ISTANBUL BILGI UNIVERSITY
INSTITUTE OF SOCIAL SCIENCES
ORGANIZATION STUDIES PhD PROGRAM

ENTREPRENEURIAL ORIENTATION AND INTERNATIONALIZATION OF SMEs: THE MEDIATING IMPACT OF NETWORK TIES

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İSTANBUL
2019

2019

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KÜÇÜK VE ORTA ÖLÇEKLİ İŞLETMELERDE GİRİŞİMCİLİK EĞİLİMİ VE ULUSLARARASILAŞMA: NETWORK BAĞLANTILARININ ARACI ROLÜ

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Date of Approval: 01.07.2019

Total number of pages: 170

Keywords (Turkish)	Keywords (English)
1) Uluslararasılaşma	1) Internationalization
2) Küçük ve Orta Ölçekli İşletmeler	2) Small and Medium-Sized Enterprises
3) Girişimcilik Eğilimi	3) Entrepreneurial Orientation
4) Network Bağlantıları	4) Network Ties

to my father and my son

ACKNOWLEGMENTS

First and foremost I present my sincerest gratitude to my advisor, Prof. Dr. Ekrem TATOĞLU, who has supported me throughout my thesis with his patience and knowledge. I became able to achieve the level of my PhD degree with his encouragement and effort. This thesis would not have been finished without his advice and support.

I am grateful for the supports, different viewpoints and opinions and constructive comments presented to me by Assoc. Prof. Zeynep ÖZSOY, Assoc. Prof. Serdar KARABATI, and Assoc.Prof. Evren HOŞGÖR ÇİMEN, Prof. Dr. Beyza OBA, Yüksel AYDEN, and Cemil KUZEY.

I would like to offer my deepest gratitude to The Scientific and Technological Research Council of Turkey (TUBITAK) for providing financial support to attempt and complete my thesis.

A special thanks to my family. Words are not enough to express how I am grateful to my wife, my father, my mother, my sisters and brothers for all of their sacrifices and supports.

Yusuf ÇUKURÇAYIR

İstanbul, 2019

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ABBREVIATIONS

AGFI: The Adjusted Goodness of Fit Index

AI: Advertising Intensity

ASV: Average Shared Variance

AVE: Average Variance Extracted

CB-SEM: Covariance Based Structural Equation Modeling

CFI: The Comparative Fit Index

CFA: Confirmatory Factor Analysis

CMB: Common Method Bias

CR: Critical Ratio

DOI: Degree of Internationalization

EC: Emerging Country

EO: Entrepreneurial Orientation

ESTS: Export sales as a percentage of total sales

EU: European Union

FATA: Foreign Assets to Total Assets

FETE: Foreign Employee to Total Employee

FOTO: Foreign Office to Total Office

FPTP: Foreign profit as a percentage of total profit

FSTS: Foreign Sales to Total Sales

GIF: The Goodness of Fit Index

IFI: The Incremental Fit Index

LV: Latent Construct

MNC: Multinational Corporation

MSV: Maximum Shared Variance

OLI: Ownership, Location, Internationalization

OSTS: Overseas Subsidiaries as a Percentage of Total Subsidiaries

PDIO: Psychic Dispersion of International Operations

PLS: Partial Least Squares

RMSEA: The Root Mean Square Error of Approximation

R&DI: Research and Development intensity

TLI: The Trucker-Lewis Index

TIME: Top Managers International Experience

SEM: Structural Equation Modeling

SME: Small and Medium-sized Enterprises

SRMR: The Standardized Root Mean Square Residual

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ABSTRACT

This study is located at the intersection of entrepreneurship and international business literature; more specifically, at the intersection of the literature on entrepreneurship orientation (EO) and the network view of internationalization. First, the effects of EO on Turkish SME internationalization were examined. Second, potential network ties that a firm establishes and utilizes were categorized into three different types as social, business, and institutional ties, and the effects of these network ties on the internationalization of SMEs were analyzed. Third, the relationship between EO and network ties in SME internationalization was investigated. By doing so, this research was intended to generate answers to the research questions presented. (1) What is the role of EO in Turkish SME internationalization? (2) What types of network ties are utilized by SMEs to internationalize? (3) What are the roles of these different types of network ties in Turkish SME internationalization? (4) What is the nature of the relationship between EO and different network ties in EC SME internationalization?

To generate answers to these research questions, SMEs from Turkey—a medium-sized emerging economy with a unique geographical location at the intersection of Europe, Asia, and Africa—were investigated. This research is designed as a quantitative research built on primary cross-sectional survey data and conducted in three phases. The first step of the research includes a review of the literature on EO, network ties, and firm internationalization with a particular emphasis on EC SMEs. In this phase, the research questions and the type of research are clarified. Theoretical foundations of the study are also clarified, and a research model is developed. Since the aim of research is to test a set of hypothesized relationships within a theoretical framework, a cross-sectional research design is employed, and an empirical study is conducted. In the second phase of this research, the relevant measures, scales, and the data collection instrument are developed. The sampling frame of the study, which includes Turkish SMEs involved in international business, is identified. The questionnaire is tested via a pilot study including interviews with experts in academia and industry. Primary survey data collected from 401 Turkish SMEs is analyzed to test the hypothesized relationships in the research model indicated. The third phase is the discussion of findings to generate answers to the predetermined research questions, and to highlight the theoretical and managerial contributions of the research. Structural equation modeling was applied to the hypothesis and the results indicated. According to the test results, the association between EO and internationalization of Turkish SMEs are positive and significant. The relationship between EO and network ties (social, business, and institutional) is significant and positive. In addition, the relationship between network ties and internationalization of Turkish SMEs are positive. The results of the relationship between

business and social network ties and internationalization of Turkish SMEs are strongly supported by the findings; however, the relationship between institutional network ties and internationalization of SMEs in Turkey was supported weakly. Finally, the findings of mediation analysis indicated that there is a partial mediation in the relation between EO and internationalization of Turkish SMEs via network ties.

The main contribution of this study is the integration of EO and network theory in the international business literature in the context of emerging countries particularly in Turkey as an emerging country. This study contributes to the research on entrepreneurship, internationalization, network ties, emerging market firms, and SMEs. Based on the findings of the quantitative research, several implications for managers and policy makers were suggested.

ÖZET

Bu çalışma girişimcilik ve uluslararası işletme literatürünün kesiştiği noktada yer almaktadır; daha spesifik olarak girişimcilik eğilimi ile uluslararası network görüşünün kesiştiği noktada konumlanmıştır. İlk olarak, girişimcilik eğilimin küçük ve orta ölçekli işletmelerin (KOBI) uluslararasılaşması üzerindeki etkileri incelenmiştir. İkincisi, bir firmanın geliştirdiği ve kullandığı network bağları sosyal, iş ve kurumsal bağlar olarak üç farklı tipte kategorize edildi ve bu network bağlarının KOBİ'lerin uluslararasılaşması üzerindeki etkileri analiz edildi. Üçüncü olarak, KOBİ uluslararasılaşmasında girişimcilik eğilimi ve network bağları arasındaki ilişki araştırıldı. Böyle yaparak, araştırmada sunulan sorulara cevap üretmek amaçlanmıştır. Araştırma soruları: (1) Türk KOBİ uluslararasılaşmasında girişimcilik eğilimin rolü nedir? (2) KOBİ'ler uluslararasılaşmak için hangi network bağlarını kullanılır? (3) Türk KOBİ uluslararasılaşmasında bu farklı network bağlarının rolleri nelerdir? (4) Türk KOBİ'lerin uluslararasılaşmasında girişimcilik eğilimi ve farklı network bağları arasındaki ilişkinin doğası nedir?

Bu araştırma sorularına cevap üretmek için, Avrupa, Asya ve Afrika'nın kesiştiği noktada eşsiz bir coğrafi konuma sahip orta ölçekli yükselen bir ekonomi olan Türkiye'den KOBİ'ler araştırıldı. Bu araştırma, birincil kesitsel araştırma verisine dayanan ve üç aşamada yürütülen nicel bir araştırma olarak tasarlanmıştır. Araştırmanın ilk adımı, girişimcilik eğilimi, network bağları ve KOBİ'lerin uluslararasılaşması ile ilgili literatürün gözden geçirilmesini içermektedir. Bu aşamada araştırma soruları ve araştırma türü açıklığa kavuşturulmuştur. Çalışmanın teorik temelleri de açıklığa kavuşturulmakta ve bir araştırma modeli geliştirilmektedir. Araştırmanın amacı, teorik bir çerçeve içinde bir dizi hipotez ilişkisini test etmek olduğundan, kesitsel bir araştırma tasarımı kullanılıp ve ampirik bir çalışma yapıldı.

Bu araştırmanın ikinci aşamasında, ilgili ölçekler ve veri toplama belirlenmiş ve geliştirilmiştir. Uluslararası alanda faaliyet gösteren Türk KOBİ'lerini içeren çalışmanın örnekleme çerçevesi belirlenmiştir. Anket Akademi ve sanayi uzmanlarını kapsayan bir grup tarafından pilot bir çalışma ile test edilmiştir. 401 Türk KOBİ'sinden toplanan birincil anket verileri, belirtilen araştırma modelinde kurulmuş hipotez ilişkileri test etmek için kullanılmıştır. Üçüncü aşama, önceden belirlenmiş araştırma sorularına cevap üretmek ve araştırmanın teorik ve yönetimsel katkılarını vurgulamak için bulguların tartışıldığı aşamadır.

Hipotezler yapısal eşitlik modelinde test edildi ve sonuçlar gösterildi. Test sonuçlarına göre, girişimcilik eğilimi ile Türk KOBİ'lerinin uluslararasılaşması arasındaki ilişki olumlu ve anlamlı çıkmıştır. Girişimcilik eğilimi ve network bağları (sosyal, iş ve kurumsal) arasındaki ilişki de önemli ve anlamlıdır. Buna ek olarak, Türk KOBİ'lerinin network bağları ile

uluslararasılaşması arasındaki ilişki de olumludur. İş ve sosyal network bağları ile Türk KOBİ'lerinin uluslararasılaşması arasındaki ilişkinin sonuçları, bulgularla güçlü bir şekilde desteklenmektedir; ancak Türkiye'deki KOBİ'lerin kurumsal network bağları ile uluslararasılaşması arasındaki ilişki zayıf bir şekilde desteklenmiştir. Son olarak, aracılık (mediation) analizi bulguları, girişimcilik eğilimi ile Türk KOBİ'lerinin network bağları yoluyla uluslararasılaşması arasındaki ilişkide kısmi bir aracılık olduğunu göstermiştir.

Bu çalışmanın ana katkısı, girişimcilik eğilimi ve network teorisinin uluslararası iş literatüründe, özellikle yükselen piyasalardan biri olan Türkiye'de entegrasyonudur. Bu çalışma girişimcilik, uluslararasılaşma, ağ bağları, gelişmekte olan piyasa firmaları ve KOBİ'ler üzerine araştırmalara katkıda bulunmaktadır. Kantitatif araştırmanın bulgularına dayanarak, yöneticiler ve politika yapıcılar için çeşitli değerlendirmeler önerilmişti

1. CHAPTER ONE
INTRODUCTION

1.1. STUDY BACKGROUND

Advances in technology and the fall of trade barriers have turned the world markets into a more integrated and competitive landscape. Technological innovations in telecommunication and transportation have facilitated the flow of information, goods, and services around the world. The collapse of the Iron Curtain and the transformation of planned economies into market economies have opened new markets for global business, thereby increasing market competition. The integration of the Chinese economy into world trade and the rise of emerging markets have established a new global business environment for companies from every country and every sector. The fall of trade barriers and economic cooperation between countries have also facilitated the free movement of products and increased the mobility of the labor force. The results of these tremendous changes are the globalization of world markets and production.

On the one hand, globalizing of markets offers opportunities for firms and pulls them to internationalize. On the other hand, intense competition and high market dynamism generate threats for firms in their domestic markets and push them to go beyond their national boundaries. This is because local markets that were assumed to be secured revenue sources are at risk of being lost. Whether due to pull or push factors, any firm in any corner of the world feel the impact of globalization on their existing businesses. Even local firms are now more aware of the threats and opportunities arising from the globalization of markets and productions, and many of them internationalize their operations.

Internationalization is a firm's involvement in cross-border business activities that occurs in several ways, such as international trade (exports and imports), franchising, licensing, or international investments (Johanson & Vahlne, 1977; Paul, Parthasarathy, & Gupta, 2017). Internationalization requires resource commitments in foreign markets and is inherently risky. Firms need to allocate resources to expand their operations beyond their national boundaries regardless of the form of their foreign operations. They have to learn about overseas markets in order to cope with the liability of foreignness that they face (Johanson & Vahlne, 1977, 2009) and deal with the new industrial and institutional conditions, all of which require significant resources.

Resource-rich large firms with strong financial, human talent and physical assets can fund long learning processes since they are generally able to manage various supply channels, multiple

revenue sources, and dissimilar institutional environments. They can also pursue a more risky but accelerated internationalization process through aggressive acquisitions and large greenfield investments (Luo & Tung, 2007; Madhok & Keyhani, 2012). However, the new realities of the globalizing business world are not only for large companies but also for small firms with relatively restricted resources (De Maeseneire & Claeys, 2012; Hessels & Parker, 2013). Small and medium-sized enterprises (SMEs) are usually considered as companies with limited financial and human resources. They are generally more vulnerable to the risks of operating in multiple countries under different industrial and institutional conditions. Although they use less risky and less demanding forms of international operations, such as exports, they confront challenges of internationalizing (Paul et al., 2017).

There seems to be a contradiction when it comes to SME internationalization. SMEs must internationalize to differentiate their suppliers and markets to be more effective and efficient. In order to achieve this, however, they need resources and capabilities to deal with the challenges of internationalization that include liability of foreignness (Sethi & Guisinger, 2002), liability of outsidership (Johanson & Vahlne, 2009), and risks of engaging in cross-border operations (Lu & Beamish, 2001). Many scholars argue that SMEs compensate for the deficiencies in their resources and capabilities with resources and capabilities that are peculiar to them, such as entrepreneurship and networks (Baum, Schwens, & Kabst, 2015; Oparaocha, 2015).

The problem of SME internationalization becomes more interesting when the local firm under investigation is an SME from an emerging country. Emerging countries do not generally offer institutional infrastructures that allow firms to easily achieve tangible and intangible resources like financial capital, knowledge, and human talent (Luo & Tung, 2007; Tung & Aycan, 2008). In these countries, not only small but large enterprises have difficulty developing firm specific advantages that are competitive in advanced international markets.

Hessels & Terjesen (2008) argued that SMEs from emerging countries suffer from the liability of "emergingness" and the liability of small size along with the liability of outsidership during their internationalization. It is thus important to discover which strategic orientation, resources, and capabilities enable emerging country SMEs (EC SMEs) to internationalize in our rapidly changing and competitive business world. Considering the fact that SMEs contribute to the well-being of their national economies, understanding the challenges they face during internationalization is also critical (Paul et al., 2017).

Internationalization of EC SMEs is not an under-researched phenomenon. Findings suggest that entrepreneurship, networks, government support, and top-level management attributes play

critical roles in international expansion of EC SMEs. Particularly, international entrepreneurship literature highlights the role of organizational-level entrepreneurship in the internationalization of EC SMEs. The network view of firm internationalization has also been one of the prominent perspectives to understand firm foreign expansion (Johanson &Mattson, 1988; Kontinen & Ojala, 2010; Coviello, 2006; Crick & Spence, 2005). However, the intersection of these two mainstream research avenues of international business has been less investigated from an emerging country setting. The role of a firm's different network types in the relationship between SME entrepreneurship and the degree of firm internationalization is unclear. This study is designed to address this research gap with respect to emerging countries by focusing on the internationalization of EC SMEs in Turkey.

1.2. OBJECTIVES AND RESEARCH QUESTIONS

This research is located at the intersection of entrepreneurship and international management literature. Based on the literature on entrepreneurship orientation (EO) and the network view of internationalization, we will first examine the effects of EO on the internationalization of EC SMEs. Second, the potential network ties that a firm establishes and utilizes will be categorized into three different types (social, industrial, and institutional), and the effects of these network ties on the internationalization of EC SMEs will be analyzed. Third, the relationship between EO and network ties in EC SME internationalization will be investigated. Finally, the effect of EO on internationalization of EC SME via network ties will be investigated. There are relatively few studies investigating the empirical relationships between EO, network ties, and degree of internationalization; for EC SMEs, the studies are very rare. Therefore, this study endeavors to investigate the relationship between EO, network ties, and DOI in EC SMEs.

This research intends to generate answers to the following questions:

1. What is the role of EO in the internationalization of EC SMEs?
2. What types of network ties are utilized by EC SMEs to internationalize?
3. What are the roles of these different types of network ties in EC SME internationalization?
4. What is the nature of the relationship between EO and different network ties in EC SME internationalization?

To generate answers to these research questions, SMEs in Turkey—a medium-sized emerging economy with a unique geographical location at the intersection of Europe, Asia, and Africa—

will be investigated. As SMEs are the backbone of the Turkish economy, their role in the economy is crucial.

1.3. CONTRIBUTIONS AND POSITIONING OF STUDY

The research domain of this study is at the intersection of the literature on international entrepreneurship, network view, and firm internationalization. To understand the antecedents of EC SME internationalization, EO is employed as a driver of EC SME foreign expansion. Based on the network approach to internationalization, three different types of networks—social ties of SME owners/managers, industrial, and institutional ties of SMEs—are defined and employed in the research model. Therefore, the theoretical foundations of this study are built on EO, network theory, and firm internationalization literature.

This study intends to contribute to the research on entrepreneurship, internationalization, network ties, emerging market firms, and SMEs. The study aims to contribute to international business literature with the integration of EO and network theory in the context of emerging countries.

EO literature originated and was improved in developed countries, and most of the studies investigating the relationship between EO and the degree of internationalization are from developed countries. This thesis aims to analyze the effect of EO on internationalization in EC SMEs and will contribute to the EO research field by responding to the call of Slevin and Terjesen (2011), Wiklund and Shepherd (2005), and Kemelgor (2002) for increasing the understanding of EO literature and internationalization implications in the EC context.

In addition, the study aims to contribute to the literature by using a multi-item measurement of the extent of EC SME internationalization. In this study, the internationalization of EC SMEs will be analyzed with a multi-item index. This study will thus be one of the first studies that measures internationalization with a multi-item measurement that analyzes the relationship between EO, network ties, and internationalization in EC SMEs.

The research will generate implications for practitioners and policy makers so that internationalization of EC SMEs can be increased. The study aims to provide suggestions to managers and policy makers in order to increase the internationalization of EC SMEs in accordance with the findings.

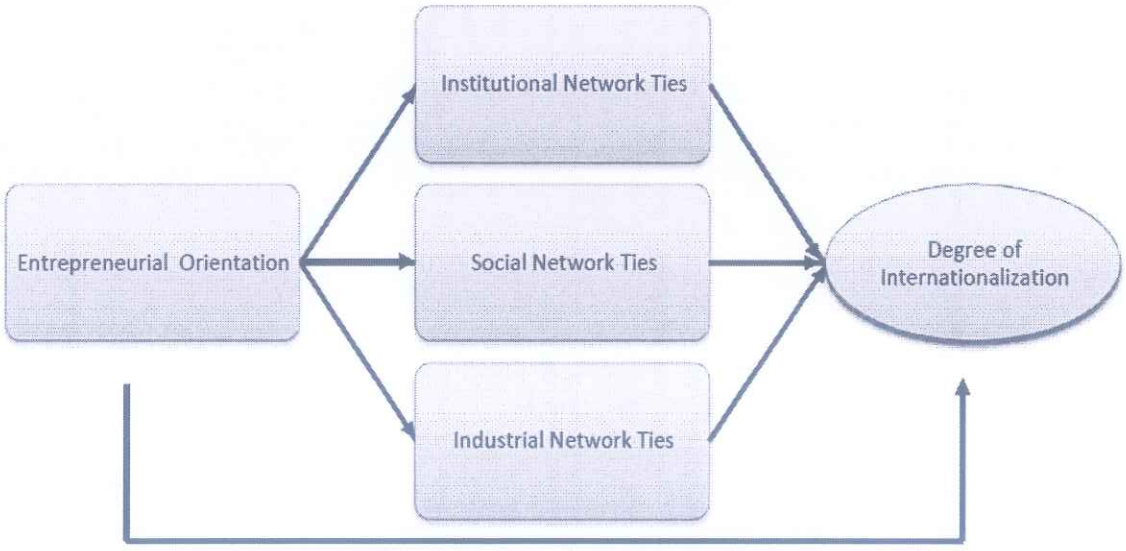
1.4. RESEARCH DESIGN AND THEORETICAL FRAMEWORK

This research is designed as a quantitative research built on primary cross-sectional survey data and conducted in three phases. The first step of the research includes a review of the literature on EO, network ties, and firm internationalization with a particular emphasis on EC SMEs. In this phase, the research questions and the type of research are clarified. Theoretical foundations of the study are also clarified, and a research model is developed. Since the aim of research is to test a set of hypothesized relationships within a theoretical framework, a cross-sectional research design is employed, and an empirical study is conducted.

In the second phase of this research, the relevant measures, scales, and the data collection instrument are developed. The sampling frame of the study, which includes Turkish SMEs involved in international business, is identified. The questionnaire is tested via a pilot study including interviews with experts in academia and industry. Primary survey data collected from 401 Turkish SMEs is analyzed to test the hypothesized relationships in the research model indicated in Figure 1.1.

The third phase is the discussion of findings to generate answers to the predetermined research questions, and to highlight the theoretical and managerial contributions of the research.

Figure 1.1: Research Model



1.5. KEY TERMS AND DEFINITIONS

In this section, definitions of the most important concepts are provided in order to understand the following chapters and discussion. Some of these terms are discussed in detail in subsequent chapters.

Internationalization

Researchers have variously defined internationalization. The network model of internationalization defines it as "the development of network relationships with other firms belonging to a network in a foreign market" (Johanson & Mattsson, 1988, p.303). Those relationships between firms play roles as bridges facilitating international market entry and development in different markets (Chetty, Blankenburg, & Holm, 2000; Johanson & Vahlne, 1990). The model assumes that firms can reimburse their limited resources either by founding new network relationships or developing their position in the existing network (Johanson & Mattsson, 1988). SMEs lack resources, therefore network relationships are important resources for firms to cover resource problems and facilitate internationalization (Kontinen & Ojala, 2010). This is the definition that has been adopted for this study.

Small and Medium-sized Enterprises

There is not yet a consensus on the definition of SMEs. According to literature, there are major differences in the definition of SMEs. Governments, international organizations, and statistical agencies use different indicators and measures to define SMEs. Therefore, there is not a universally accepted definition of SMEs.

According to Leopoulos (2006), there is no universally accepted definition of SMEs; country specific legislation and geographical placement of SMEs creates numerous SME definitions (OECD, 2002). For example, the definition of SMEs in the United States (USA), European Union (EU), and China varies (Hall, 2007). SME definition varies according to the international institution, national law, and industry definitions. To define a universally accepted definition of SME, there is a necessity of cooperation among international institutions, academicians, and industry representatives (Nwankwo & Gbadmosi, 2011).

To make an alignment with the EU definition of SMEs, and to minimize the differences in SME definitions between institutions in Turkey, the Turkish definition of SMEs was revised in 2012. In 2006, SMEs were defined as firms that have fewer than 250 workers and an annual return of less than 25 million Turkish Liras. The definition of SMEs was revised again in 2018 and, according to this last definition, companies that have annual sales of less than 125 million Turkish Liras will be regarded as SMEs. In this study, SMEs are defined according to the last revision in Turkey.

Emerging Countries

There are different definitions of emerging countries (EC) in the literature. An EC is defined as "economies that have undergone adjustments in structure and reforms, below advanced markets level, but possessing increased levels of economic capabilities and international engagements" (World Bank, 2012). According to Hoskisson et al. (2000), an EC constitutes "low income, rapid growth economies using economic liberalization as their primary engine of growth." (Hoskisson et al., 2000, p.249). This definition incorporates the EC definition from East European Countries, African Countries, Latin American Countries, and Asian Countries. This definition also incorporates Turkey as an EC.

In this study, the definition of Hoskisson et al. (2000) is used. The research for this study is located in Turkey as an EC. In addition to EC, some researchers use different concepts interchangeably such as "emerging markets" and "developing countries." In this study, EC will be used to define the context of the research country.

Entrepreneurial Orientation

In early research, an entrepreneurial strategy was defined as new endeavors to find opportunities to grow the firm (Miller, 1983). Although Mintzberg (1973) and Khandwalla (1987) have investigated the risk-taking behaviors of firms, entrepreneurial orientation (EO) was first studied by Miller and Friesen (1982) and Miller (1983). There are different conceptualizations of EO. Miller (1983) disclosed EO through firm level characteristics. He revealed that "an entrepreneurial firm is one that engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with proactive innovations, beating competitors to the punch" (p.135). Lumpkin and Dess (1996) developed another conceptualization that suggests EO contains five dimensions: "innovativeness, risk-taking, proactiveness, autonomy, and competitive aggressiveness" (p.770). n addition, they assert that entrepreneurial dimensions are context specific, and the dimensions of entrepreneurship may variously take place according to the context (Venkatraman, 1989).

According to Lumpkin and Dess (1996), "EO refers to the entrepreneurial process that reflects the methods, practices and decision-making styles managers use to act entrepreneurially" (p.135). EO has been considered as an "organizational-level behavior" that presents a base for entrepreneurial activities (Raunch et al., 2009). Most of the studies propose that EO is an important factor of organizational success and a basis of competitive advantage. Therefore, EO is important for SMEs in EC in order to gain a competitive advantage and to compensate for their limited resources and capabilities (Covin & Slevin 1989; Wiklund & Shepherd, 2005). This study endeavors to answer the call from Wales et al. (2011) and Rauch et al. (2009) for more EO and business research.

Network Ties

In internationalization literature, there are different categorizations of network relationships. Some researchers define networks relationships according to the formality of the relationship. In this category, network relationships are categorized as formal, informal, and intermediary network relationships. Other researchers divide network relationships into two categories, inter-organizational and inter-personal network relationships.

According to the study of Kontinen and Ojala (2010), network relationships are important sources that facilitate internationalization. In particular, network relationships among managers or entrepreneurs of SMEs with limited resources for internationalization play a very critical role (Crick & Spence, 2005; Ellis, 2008). There are several studies indicating that network relationships are a major factor in starting the internationalization process in new markets (Coviello, 2006; Crick & Spence, 2005). That assumption is consistent with the study of network models of internationalization (Johansson & Mattson, 1988) stating that network relationships of firms "act as a bridge to foreign markets" (Kontinen & Ojala, 2010, p.49).

Oparaocha (2015) developed a network typology that divided network ties into three categories. Social network ties are regarded as "how SME owner-managers develop and/or expand social capital through individual interactions" (Oparaocha, 2015, p.861). Business network ties can be described as "comprising dyadic interactions and value chain integrations aimed at optimal resource advantage" (Oparaocha, 2015, 861). "An institutional network is defined in terms of the firm's collaboration with publicly funded formal institutions, such as the ministry of foreign trade/industry, trade promotion councils, internationalization assistance organizations, research institutions, credit unions, embassies, chambers of commerce, and national trade delegations" (p.867). The same definition is used in this study. Network ties will be investigated in the three categories of social network ties, business network ties, and institutional network ties in accordance with the study of Oparaocha (2015).

Degree of Internationalization

The DOI of firms had been a vital research topic for many years (Sullivan, 1994; Contractor, 2012). There are many studies in the last decades that endeavor to determine a proper way to measure the degree of internationalization. In internationalization literature, the DOI of firms has been conceived in different terms, such as degree of internationalization, export intensity, geographic diversity, international business intensity, and scale and scope of internationalization (Sullivan, 1994; Cavussgil & Zou, 1994; Lu & Beamish, 2001; George et al., 2005; Zahra et al., 2000).

Early studies generally used a single-item approach to measure internationalization, with the ratio of foreign sales to total sales (FSTS) the most frequently used indicator of the DOI of firms that confines the contribution of international returns generating activities. Because of the complexity of internationalization, later researchers used multidimensional indices to measure degree of internationalization. In this study, we aim to create an index (consisting of different dimensions of internationalization) to measure different dimensions of internationalization (Dunning, 1988; Cavusgil & Zou, 1999; Lu & Beamish, 2001; George et al., 2005; Delios & Beamish, 1999). This diversity depends on the aim of the study and the data availability. It is necessary to have a credible means to measure the degree of internationalization. In this study, a multi-item measurement of the DOI will be used that incorporates the ratio of foreign sales to total sales, foreign employees to total employees, and foreign assets to total assets.

1.6. STRUCTURE OF THESIS

In Chapter Two, a detailed literature review of related fields will be undertaken. In this chapter, literature relevant to the internationalization of SMEs will be reviewed. The first part of this chapter will define small and medium-sized enterprises and the context of SMEs in Turkey and other emerging countries. The theories of SME internationalization will then be reviewed, and network relationships and their influence on SME internationalization will be discussed. Entrepreneurial orientation and its effect on SME internationalization will also be examined. Finally, a literature review of degree of internationalization will be provided.

In Chapter Three, the theoretical foundations of the study are described, and the hypothesized relationships of the research model are developed. First, the key research fields and theories are illustrated, and then the conceptual framework of the study is explained. Based on the conceptual framework, the empirical research results, and reviews of the existing literature, hypotheses are developed, the research model is built, and the hypotheses developed for this study are presented.

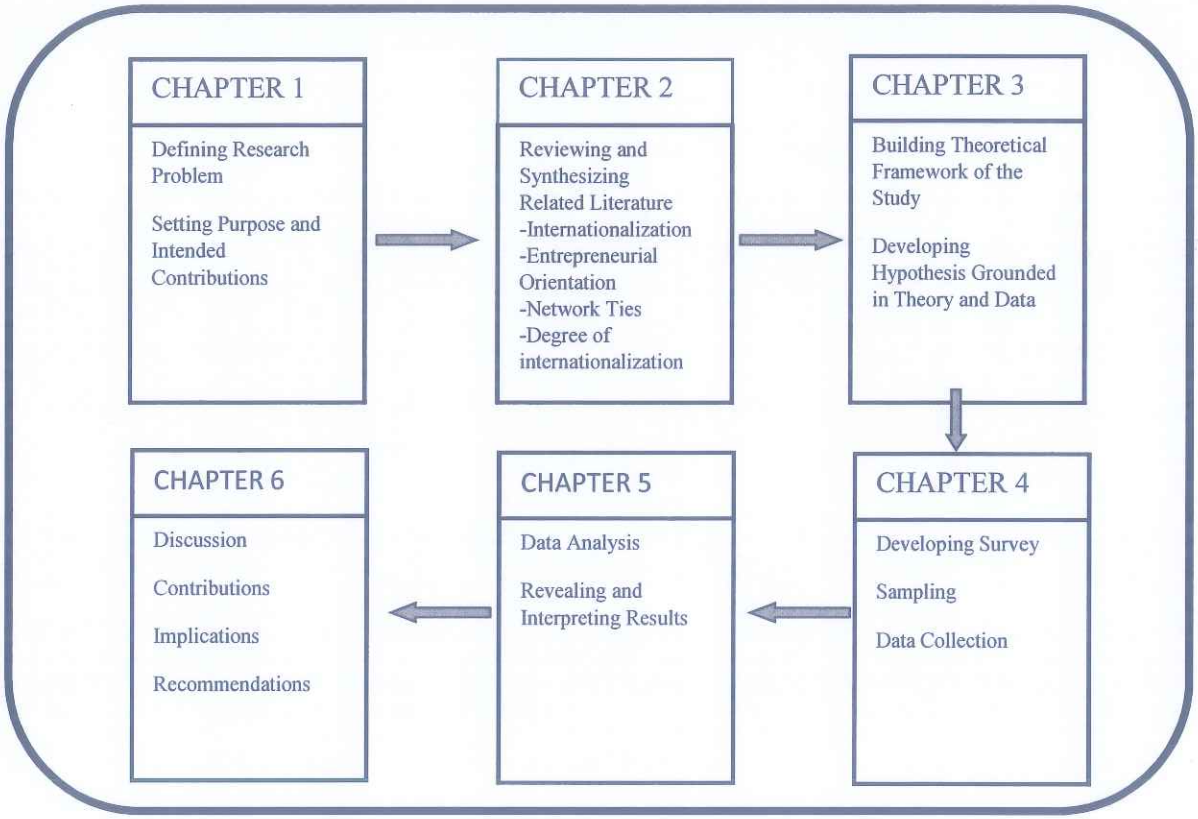
Chapter Four describes the research methodology of the study and depicts the rationale behind the choice of research design and research methods. The chapter presents the data collection process, questionnaire development, the research sample, and the response pattern for the survey. Finally, it provides the measurements of the variables that are constructed and defines the analysis method.

Chapter Five provides data preparation and data screening for the quantitative investigation, explains the descriptive statistics of the sample of Turkish SMEs as an emerging market,

presents the confirmatory factor analysis that is utilized to analyze construct validity of the measurements, and analyzes the results of the tested hypotheses.

Chapter Six includes a discussion of the findings and the theoretical and managerial implications of this study. The study ends with a conclusion that includes the limitations of the study and further research avenues. The structure of the thesis is illustrated in Figure 1.2.

Figure 1.2: Structure of the Thesis



2. CHAPTER TWO
LITERATURE REVIEW

2.1. INTRODUCTION

In this chapter, literature related to the internationalization of small and medium-sized enterprises (SMEs) will be reviewed. In the first part of this chapter, the definition of small and medium-sized enterprises and the context of SMEs in Turkey and other emerging countries (EC) will be given. The theories of SME internationalization will then be reviewed, and network relationships and their influence on SME internationalization will be discussed. Entrepreneurial orientation and its effect on SME internationalization will also be reviewed. Finally, a review of the degree of internationalization will be presented.

2.2. SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

In this part of the literature review, the definition of SMEs, their role in the economy, and some of the research studies about internationalization of SMEs will be reviewed. Small and medium-sized enterprises play a crucial role in the world economy. They are the main source of employment, innovation, and entrepreneurial capabilities. In EU countries alone, there are 23 million SMEs that provide nearly 75 million jobs and correspond to 99% of all enterprises (Leopoulos, 2006).

2.2.1. SME Definition:

According to Leopoulos (2006), there is no universally accepted definition of SMEs. Rather, country specific legislation and geographical placement of SMEs creates numerous SME definitions (OECD, 2002). For example, in the USA, firms are accepted as SMEs if they have less than 500 employees; in some industries, the number of employees can increase to 1,500 (European Commission, 2016). The EU definition includes firms as SMEs if they have less than 250 employees (European Commission, 2005). In addition, balance sheet and annual turnover are important determinants for the definition of SMEs in EU countries. The EU definition also categorizes firms as medium (50-249 employees), small (10-49 employees), and micro-sized (less than ten employees). The definition of SMEs varies in other parts of the world as well. In China, for example, firms regarded as SMEs can have up to 2,000 employees in industrial sectors and 3,000 employees in the construction sector (Hall, 2007).

There are three aspects of the differences in SME definitions. The SME definition varies according to international institutions, national law, and industry definitions. To define a universally accepted definition of SME, there is a necessity of cooperation among international institutions, academicians, and industry representatives (Nwankwo & Gbadmosi, 2011).

The Bolton Report (1971) was one of the first studies that tried to define SMEs. According to this report, "there are two approaches to the definition: quantitative approach and qualitative approach. Academics, policymakers, international institutions and statistical agencies may apply qualitative criteria in defining SMEs" (Carter et al., 2006, p.572).

European Commission defines "the criterion of the number of staff is the main criterion, however, introducing a financial criterion is nonetheless a necessary adjunct in order to grasp the real scale and performance of an enterprise and its position compared to its competitors" (European Commission, 2005, p.7). The European Commission uses three items to define SMEs: "number of employees, annual turnover, and balance sheet" (p.8). Finding the criteria of the employee number is obligatory; on the other hand, financial criteria depend on the choice of the enterprise. A new definition of SMEs from the European Commission was initiated in 2005. According to that definition, firms are regarded as micro-sized if their annual turnover is less than 2 million Euros and they have fewer than 10 employees; as small-sized if their annual turnover is between 2 and 10 million Euros and the number of employees is between 10 and 50; and as medium-sized if their annual turnover is between 10 and 50 million Euros with the number of employees between 50 and 250 (European Commission, 2005).

The World Bank employs three criteria to define SMEs: "number of employees, total assets in U.S. dollars and annual sales in U.S. dollars". According to this definition, "a business must meet the quantitative criteria of number of employees and at least one financial criterion to be categorized as micro, small or medium business" (European Commission, 2005, p.8). Firms are regarded as micro-sized if their annual turnover is less than 100.000 USD with fewer than 10 employees; as small-sized if their annual turnover is between 100.000 USD and 2 million USD with employees between 10 and 50; as medium-sized if their annual turnover is between 3 and 15 million Euros with employees between 50 and 300 (European Commission, 2005).

As can be seen above, there are differences in the definition of SMEs. Different institutions variously use both numbers and criteria to define SMEs. The World Bank conducted research to see how countries define SMEs. According to the research, 46 of 132 countries define SMEs "as businesses with fewer than 250 employees" (Kushir et al., 2010). However, there are differences in the definition of SMEs according to country.

There are also some researchers who use qualitative criteria to distinguish SMEs from larger firms. Stokes and Wilson (2010) pointed out that that there are three important characteristics of SMEs: "management of firm by its owner(s) in a personalized manner; relatively small share of the market in economic terms; independence in the sense that it does not form part of a larger enterprise and is relatively free from outside control in its principal decisions" (p.95).

According to literature, there are thus important differences in the definition of SMEs. Governments, international organizations, and statistical agencies use different indicators and measures to define SMEs. Therefore, there is not a collectively accepted definition of SMEs.

Researchers face challenges with data accessibility when studying SMEs. Large firms have information departments to arrange annual statistics and reports, but small firms generally do not have departments for arranging annual statistics. Nor do they have the managerial capabilities and human resources to accumulate those kinds of information and reports. Moreover, it is difficult to convince SMEs to participate in studies and obtain data from their websites because of limited information and lack of foreign languages.

2.2.2. SMEs in Turkey

There are differences in SME definitions between institutions in Turkey, and differences in definitions between Turkey and the EU. To align with the EU definition of SMEs, and to minimize the differences of SME definitions between institutions in Turkey, the Turkish definition of SMEs was revised in 2012. In 2006, SMEs were defined as firms that have fewer than 250 workers and an annual return of less than 25 million Turkish Liras. In 2012, the definition was revised and, according to the new definition stated in the Official Gazette, SMEs are firms with fewer than 250 workers and an annual return less than 40 million Turkish Liras. The definition of SMEs was revised again in 2018 and, according to that definition, companies with annual sales of less than 125 million Turkish Liras will be regarded as SMEs.

SMEs are of crucial importance in the Turkish economy; according to statistics from 2013, nearly 2.7 million SMEs were active in industry and service sectors in Turkey. TUIK (2015) indicates, "SMEs constitutes 99.8% of total number of enterprises, 74.2% of employment, 54.7% of wages and salaries, 63.8% of turnover, 52.8% of value added at factor cost and 53.3% of gross investment in tangible goods" ((TUIK, 2015, p.42). In 2015, 99.8% of enterprises were SMEs and those firms employed 74.2% of the labor force (TUIK, 2015).

Regarding industrial classifications, SMEs are mostly active in the trade sector: "39.9% of SMEs were active in wholesale and retail trade, repair of motor vehicles and motorcycles;

15.7% were active in transportation and storage; 12.6% were active in manufacturing industry" ((TUIK, 2015, p.42). According to indications of TUIK (2015) "with regards to size category, 61.4% of SMEs with 1–19 persons employed worked with low technology, 30.2% of SMEs worked with medium-low technology and 8.2% of SMEs worked with medium-high technology. While in SMEs with 20–49 persons employed the shares in same technology levels were respectively 54.3%, 27.7% and 17.1%; in SMEs with 50–249 persons employed the shares were 50.4%, 30.5% and 17.6%. It was seen in three size classes, more than half of employment was low technology SMEs" (p.43).

According to external trade statistics, 56.4% of exports and 37.8% of imports were made by SMEs in 2014. Research and development expenditures (R&D) were 17.6 billion in 2014 and SMEs performed 17.4% of that R&D expenditure. In addition, according to the results of innovation surveys analyzing data between 2012 and 2014, 50.8% of SMEs were regarded as innovative firms (TUIK, 2015).

As can be seen from the statistics, SMEs play a crucial role in the Turkish economy as well as in the world economy. They are the main source of employment, innovation, and entrepreneurial capabilities. However, research about EC SMEs is not extensive enough. It is thus important and necessary to investigate the factors of SME internationalization.

2.3. INTERNATIONALIZATION

The main aim of internationalization theories is to clarify why and how firms involve themselves in international activities. There are different approaches and theories that explain the internationalization behavior of firms. The economic school, the behavior school, and the network theory of internationalization are the mainstream of internationalization theories (Coviello & McAuley, 1999; Andersson, 2006). These and other theories will be reviewed in this chapter.

Economic theories of internationalization are primarily studied for larger corporations as they are more appropriate for big companies. The production of big multinational companies may be explained by Eclectic paradigm, but it is not enough to explain behavioral aspects of internationalization (Ruzzier et al., 2006). Eclectic theory is the prevailing theory in economic theories of internationalization. This theory combines location, monopolistic competition, and transaction cost theories (Johanson & Vahlne, 1990). The study of Dunning (1980) is the best-known theory in eclectic paradigms. According to his study, foreign direct investment decisions

are taken according to ownership advantages, location advantages, and internationalization advantages.

The behavioral school includes incremental stage models and innovation-related models (Johanson & Paul, 1975; Bilkey & Tesar 1977; Johanson & Vahlne, 1977). International entrepreneurship theory also tries to explain the internationalization behavior of firms, but not incrementally in a short period of time (three years). This theory will be reviewed apart from behavioral theories (McDougal & Oviatt, 1994).

Network theory of internationalization is derived from behavioral theories. Those theories have similar roots; however, network theories expanded enough to be classified as separate theories. There are thus several different theories that endeavor to explain the internationalization of firms. In the next part of the literature review, economic theories will be reviewed, then behavioral theories, including the incremental stage theories and the innovation model of internationalization. After that, the network theory of internationalization, which is an extension of the incremental theory, will be discussed. Finally, the resource-based view, the international entrepreneurship theory, and the rapid internationalization views will be reviewed.

2.4. MAINSTREAM THEORETICAL PERSPECTIVES ON INTERNATIONALIZATION OF MULTINATIONAL CORPORATIONS

Internationalization of multinational corporations (MNCs) are analyzed by economic theories of internationalization, such as internalization theory, transaction cost theory, eclectic paradigm, and monopolistic advantage theory. Since multinational corporations are not in the scope of this study, those mainstream theories will be but briefly reviewed.

2.4.1. Internalization Theory

This theory endeavors to explain internationalization as an effort to reduce transaction costs while increasing commitments to international markets. This theory was conceptualized by Buckley and Casson (1976). Internalization theory is closely related to transaction cost economics studied by Coase in 1937. The main point of the analysis depends on the exchange between different agents of production by considering the transaction costs of the exchange. If the cost of production is lower internally, companies should make transactions internally; however, if the transaction cost of production is lower in external markets, firms will choose to make production externally (Buckley & Casson, 1976). The internalization is based on benefits and costs to the firm.

Briefly, internalization theory states that: "(1) Firms choose the least cost location for each activity they perform; and (2) firms grow by internalizing markets up to the point where the benefits of further internalization are outweighed by the costs" (Buckley, 1983, p.126).

The main point of this theory is that a firm will continue to develop its internal transactions until those transactions are cheaper in outside markets. A firm can internalize three typical foreign activities: exporting, foreign direct investment, and licensing (Rugman, 1980; Buckley & Casson, 1998).

In conclusion, it can be said that internalization theory states that firms will choose to operate in ways that will minimize transaction costs. As Buckley (1988) states, "firms choose the least cost location for each activity they perform, and that firms grow by internalizing markets up to the point where benefits of further internalization are outweighed by costs" (p.126).

2.4.2. The Transaction Cost Approach to Internationalization

Another economic theory of internationalization is the transaction cost approach. This approach is very similar to the internalization theory; the only difference between these theories is the unit of analysis. In internalization theory, the unit of analysis is the international markets and the firm, while in the transaction cost approach, the unit of analysis is transactions (Gilroy, 1993).

According to Williamson (1985), who developed transaction cost theory, there are three means that firms use to manage their transactions:" market contracting (no integration), transactions that are internalized within the organization (full integration), and transactions that are between full integration and no integration". The most efficient of these is the one that minimizes transaction costs according to the type of transaction.

Some researchers use the transaction cost theory to understand why multinational companies choose different kinds of entry modes in foreign markets. According to this research, there are several conditions that affect a firm's choice, such as "transaction-specific assets", "external uncertainty," "internal uncertainty," "free-riding potential," "cost of international coordination," "cost of adaptation, performance, evaluation, and safeguarding," "cost of making contract," "cost of competitive market," "cost of managing relationships," and "cost of finding, negotiating and monitoring" ((Ruzzier et al., 2006, p.482).

2.4.3. The Monopolistic Advantage Theory

This theory states that a multinational firm initiates and operates in the international market because of its critical sources that bring competitive advantages to the firm over other foreign firms in the market (Caves, 1971). According to this theory, the motivation for multinational

firms to be international is to utilize their monopolistic advantages such as brand value, manufacturing ability, superior management skills, superior manufacturing process, and differentiated products in other markets (Hymer, 1976). Those advantages are not easy to copy by other firms because of high development costs and necessary tacit knowledge (Ruzzier et al., 2006).

The monopolistic advantage theory proposes that those advantages are important to have sustainable advantages in foreign markets. Those advantages need to provide two circumstances: they have to bring superior advantages over competitors both in domestic markets and foreign markets; and they might be transferable from domestic markets to international markets (Lall, 1980).

2.4.4. The Eclectic Paradigm

The eclectic paradigm is one of the most studied approaches in economic theories of internationalization. Eclectic paradigms have been studied by many researchers, although Dunning's studies are the best known (Dunning 1980, 1988, 1993). His studies are called Dunning's eclectic paradigm or OLI paradigm. According to his studies, there are three factors that verify the international decisions of multinational firms: ownership (O), location (L), and internationalization (I) advantages (Rugman, 2010). OLI paradigm tries to explain external foreign direct investment. According to the OLI paradigm, multinational firms organize production capacities in another market based on ownership, location and internationalization factors. This theory states that multinational firms build up competitive ownership advantages and then convey these advantages abroad to other countries through foreign investment (Rugman, 2010). Transferring ownership advantages to another country lets multinational firms internationalize ownership advantages.

Dunning aims to examine the "why and where" of the multinational firm's decision regarding ownership, location, and internalization advantages (OLI model). Ownership advantages are the unique features of firms that make them more competitive than others. These features enable them to take advantage in foreign market investments. Ownership advantages can be easily relocated in the case of internalization. Location advantages are country specific advantages, and foreign investors aim to invest in countries with location advantages. Internationalization advantages are the benefits that draw from internal markets and that enable firms to bypass external markets and the costs associated with them. Firms benefit from internationalization

advantages when the cost of exporting is higher than the establishment of a production facility in a foreign market.

It can be said that the eclectic paradigm is a synthesis of economic theories of internationalization. Dunning (1988) states that three conditions should be considered in making foreign investment decisions:

1. "The firm must have ownership-specific advantages (O) vi's-à-vis other competitors of other nationalities in the market it serves";
2. "The firm must have benefits from internalizing the use of resources in which an (O) advantage exists rather than from selling them. These advantages are the internalization advantages (I)";
3. "The global interest of the firm is served by creating (O) advantages in a particular foreign location, assuming that (O) and (I) conditions are satisfied. This will confer the firm an (L) advantage". (p.18)
4. "Dunning's eclectic paradigm supports multinational firms in analyzing market advantages, both at the firm level and the international level. By using OLI theory, multinational firms may be able to predict the countries or regions where they can generate higher profitability or lower their production cost" (Dunning 1993; Ietto-Gilles, 1992).

In this part of the literature review chapter, emphasis will be on the theories or approaches that are used to explain behavioral aspects of internationalization and to explain internationalization of SMEs (Ruzzier et al., 2006).

Even though there are different theories and approaches for SME internationalization, there is not one comprehensive theory or model that fully captures SME internationalization. Therefore, it is necessary to study those theories and models integrated (Coviello & McAuley, 1999). The theories that will be reviewed in this part are behavioral theories including stage models of internationalization and innovation-related models, the network theory of internationalization, the resource-based view, the international entrepreneurship view, international new ventures, and born-globals (Aharoni, 1966; Johanson & Vahlne, 1977; Coviello & McAuley, 1999)

2.5. THEORATICAL PERSPECTIVES ON SME INTERNATIONALIZATION

2.5.1. Incremental Internationalization Models

Because of the static nature of economic theories that endeavor to explain internationalization of SMEs, a shift began in the internationalization field. The new trends in the studies of internationalization are based on behavioral theory, which has a more dynamic view and

considers internationalization as a process (Cyert & March, 1963). The development of the behavioral school is based on a study by Aharoni (1966) that examined the international investment decision processes of multinational enterprises. His study is considered one of the first and key studies in this area ((Ruzzier et al., 2006).

According to Aharoni (1966), the elements in any decision process consist of the following steps: "First, any one choice made in the organization depends on the social system in which the process takes place; second, the process, although not each one of the decisions from which it is composed, takes a long time; third, decisions are made under uncertainty; fourth, organizations have goals; and finally, there are many constraints or the freedom of action of the decision-maker to be reckoned with". (p.14)

The behavioral approach is also named the process approach, and this approach has its base in organizational theory. In the behavioral approach, economic man is replaced with behavioral man, and this approach is considered as behavior-oriented (Andersen, 2000).

International experience and organizational knowledge are important aspects of the behavioral approach. The internationalization process is considered as a sequence of steps in which firms gain knowledge and experience about foreign markets through incremental commitment of resources and "learning by doing" (Seifert & Machado, 2007). The focus is on the knowledge and experience of key decision makers or a decision-making unit.

There are different models and theories following the behavioral approach that have been used to study the internationalization process of firms. The best known among those models and theories are the learning models of internationalization (the Uppsala model) and the innovation-related internationalization models. Those models will be reviewed and discussed next.

Learning Model of Internationalization

These models of internationalization are grounded on the behavioral school of management, and they aim to explain the activities of firms according to their constraints and behaviors. The first studies (Johanson & Paul, 1975; Johanson & Vahlne, 1977, 1980) comprised SMEs as the analysis unit as well as MNCs. "Incremental nature of learning theories" of internationalization can better explain the internationalization of SMEs than economic theories (Ruzzier et al., 2006).

According to incremental stage models, internationalization of firms occurs in incremental stages after they have impoverished domestic market opportunities. Firms first obtain experience in local markets, then they gradually enter foreign markets. They start from closer countries (culturally and/or geographically) and move to those farther away. There are different

models that explain the internationalization of firms incrementally, but the most well-known is the Uppsala model (U-model).

The Uppsala model of internationalization, or the process model of internationalization, has its theoretical grounding in Aharoni's study of foreign investment decision processes and Penro's research on growth of firms (Aharoni, 1966; Penrose, 1959). The studies of Johansson and Wiedersheim-Paul (1975) and Johansson and Vahlne (1977, 1990) are the fundamental research studies of the Uppsala model.

The Uppsala model of internationalization describes how firms incrementally expand their international activities (Johansson & Vahlne, 1977; Johansson & Wiedersheim-Paul, 1975). According to this model, internationalization is a process in which firms progress in sequential steps with involvement in foreign markets that occurs as a result of knowledge and learning. Firms gradually obtain, integrate, and utilize knowledge about new markets and operations. Having that knowledge, firms are supposed to enhance their commitment to foreign markets (Johansson & Vahlne, 1977).

According to Oviatt and McDougall (1997), the process model of internationalization is considered more general and is more appropriate to a wider range of business sizes and international activities. The model assumes that the main constraint of firms in entering a foreign market and the development of international activities is lack of knowledge about the target market (Johansson & Vahlne, 1977).

Johansson and Vahlne, (1977) state that firms progress their internationalization from low psychically distant markets to high psychically distant markets. The logic behind this is that it is easier to understand and develop operations in close countries than in far countries. Psychic distance is defined by Johansson and Wiershiem-Paul (1975) as "factors preventing or disturbing the flow of information between firm and market; examples of preventing factors are differences in political systems, culture, language, level of industrial development, and education" (p.312). In addition to the internationalization process of firms, the model also identifies the mode of entry of firms into foreign markets.

The stages of internationalization start with exporting, and progress to the final stage of establishing the firm's own production facilities in a foreign market based on higher knowledge and growing commitment to direct investment. According to Johnson and Wiedersheim-Paul (1975) the theory explains internationalization in four sequential stages:

1. "No regular export;
2. Export through independent subsidiaries;
3. Establishing a subsidiary in the foreign market; and

4. Founding production facilities". (p.316)

According to this stage model, the main factor that explains the internationalization behavior of firms and decision-making processes is incremental learning at the firm level (Anderson, 2000).

Firm activities in a foreign country are expected to begin through indirect methods in Stages 1 and 2 that do not require ownership of a facility in the target market. However, as knowledge of the target market increases, direct entry modes can be found as seen in Stages 3 and 4.

The model focuses on "the development of the individual firm and particularly on its gradual acquisition, integration, and use of knowledge about foreign markets and operations and on its successively increasing commitments to foreign market" (Johnson & Vahlne, 1977, p.24).

Johanson and Vahlne (1977) improved the previous version of the Uppsala model in order to clarify the incremental nature of the internationalization of enterprises. According to the refined model, there are two aspects to the process of internationalization of firms. They are static aspects and change aspects. Market commitments and knowledge about target markets and operations are the static aspects, while commitments, decisions, and current activities are the change aspects of internationalization (Anderson, 1993). Johnson and Vahlne (1977) state that "the basic assumption of the model is the lack of such knowledge that is an important obstacle to the development of international operations and that necessary knowledge can be acquired mainly through operations abroad" (p.26). Johansson and Vahlne (1977) have developed a model that explains the process of internationalization of firms. Consequently, firm internationalization is regarded as a process of increasing international involvement of firms by means of a learning process (Ruzzier et al., 2006).

In conclusion, according to the learning model, firms gradually obtain knowledge from the foreign market, and that knowledge increases foreign market commitment. The growing knowledge and experience about international markets reduces transaction costs and perceived risk, thereby increasing the commitment to foreign markets.

There are some limitations and criticisms with respect to the learning model. One of the main criticisms is that the learning model of internationalization states that firms become international incrementally and slowly. However, there are some firms that very rapidly become international or are international from their inception (Oviatt & McDougall, 1994, Knight & Cavusgil, 2004). Another criticism is that the Uppsala model of internationalization is too deterministic. According to stage theory, firms have to follow stages to become international, although they may skip some of the stages (Reid, 1983). In addition, some researchers state that this model is not a proper model to explain internationalization of service firms.

Innovation Related Internationalization Model (I-model)

The other behavioral model that explains the incremental internationalization of firms is the innovation-related model. This model developed in North America at the beginning of the 1980s. The model considers the internationalization process as an "innovation-adoption cycle" or "learning curve" (Reid, 1981).

The innovation-related model (I-model) developed on the basis of learning theories (Uppsala model). Both models explained internationalization in incremental stages. The main focus of the I-model is the export development process of SMEs.

There are a number of studies that identify internationalization related with the I-model. However, the studies of Bikley and Tesar (1977), Cavusgil (1980), Reid (1981), and Czinkota (1981) are the best-known studies among those models of internationalization. Leonidou and Katsikeas (1996) propose that the model can be summarized in the phases of I-models:

1. "Pre-engagement-Firms only interested in the national market; firms seriously planning to export; firms that have already exported but not regularly.
2. The initial phase —Firms engaging in irregular ways in export while having the potential to extend their activities abroad.
3. The advanced phase —Firms exporting regularly with experience extended abroad; firms considering other forms of engagement in international activities"(p.92).

Researchers using this model aim to discover the triggers of the internationalization process. There are some common points and differences between those studies; the empirical results of those studies have different results. For example, Cavusgil (1980) found internal factors as triggers, while some other studies (Axinn, 1988) propose external factors or the role of the entrepreneur as the main triggers of the internationalization of firms.

Andersen (1993) undertook a comprehensive review of the literature of I-models. He concluded that the models are close to each other, but there are differences in terms of the number of stages of internationalization and the terminology used in the models. There are different numbers of stages of the internationalization process; however, these models mainly concentrate on the learning sequence relating to innovation and internationalization decisions (Andersen, 1993)

According to Anderson's (1993) review, I-models, other than Cavusgil's model, examined exporting as the entry mode to foreign markets. Cavusgil (1980) studied more complex and advanced modes of entry. His model claimed that managerial characteristics and firm specific factors are the most influential factors in the internationalization of firms. Reid (1981) considered internationalization as an "innovation adoption process" (p.216). He claimed that there should be a necessary managerial approach to exporting in order to succeed in the

internationalization process. Bilkey and Tesar (1977) stated that the internationalization (export) process has been founded on the increasing involvement of firms in internationalization of psychically close markets.

As with the Uppsala models, the innovation models consider firm internationalization as a process. However, while Uppsala models focus on learning theory, the I-models describe internationalization as a "step by step" development. Each stage (step) has more involvement and/or experience than the earlier stages. Some of the main contributions of innovation-related models are the explanations of how the internationalization process begins, and the role of firm-specific factors including decision makers on the internationalization process (Andersen, 1993). I-models consider the internationalization process is itself an innovation for firms. The logic behind this is that changing a domestic firm to an international enterprise needs an innovative change. Firms should change and improve their network ties, organizational capabilities, routines, and skills to provide for the demand of foreign markets. The internationalization process becomes incremental and slow because it is a time consuming and challenging process for a domestic firm to change organizational routines, to establish new skills and capabilities, and to internalize new resources (Andersen, 1993).

There are some criticisms of I-models as well. First, the model is regarded as too deterministic; researchers state that firms may skip some steps, but the models claim that the process can be completed only incrementally (Andersen, 1993). Second, Andersen points out that the demarcation between stages is not well established. Finally, such models have mainly studied high technology companies; there is a need for research on other firms as well (Bell, 1995).

According to Ruzzier et al., (2006) stage models (U-models and I-models have some common points. Both types focus on small firms in order to explain the international activities and the development of the internationalization process. The core idea of both models is the incremental nature of the internationalization process of companies, particularly SMEs.

Both stage models can appropriately be considered as behaviorally oriented. According to research studies, the gradual pattern of internationalization of firms points to two reasons: firms have lack of knowledge, particularly experiential knowledge; and there is an uncertainty with the firm's decision to internationalize (Andersen, 1993).

2.5.2. Rapid Internationalization Models

Studies on SME internationalization were initiated in the 1970s in Nordic Countries with researchers such as Johansson and Vahlne (1977) and Cavusgil (1980) developing stage

models. Stage models claim that companies complete their internationalization process incrementally from psychically close to far markets. However, beginning in the 1990s, stage models have been criticized because they do not explain the internationalization of some SMEs. Oviatt and McDougall (1994) stated that some companies can be internationalized more rapidly than the incremental stage models assume.

Rapid internationalization models developed because of the evidence that many companies do not follow the incremental patterns of stage models in their internationalization process. The rapid internationalization models state that enterprises begin their international activities from their birth (McKinsey et al., 1993; Oviatt et al., 1994; Bell, 1995). This view is related to many other concepts such as High Technology Start-ups (Jolly, Alahunta, & Jeanet, 1992), Born Globals (Rennie, 1993), Global Start-ups (McDougall et al., 1994), International New Ventures (Oviatt et al., 1994), Born International, Instant Internationals (Preece et al., 1999), and Virtual Instant Global Entrepreneurs (Katz et al., 2003).

Stage theories have made considerable contributions to understanding the internationalization process, but they are not enough to explain the behaviors of some types of firms. Knowledge intensity is a crucial factor for firms to gain competitive advantage; therefore, firms in high technology industries or knowledge-based industries can internationalize without following some of the stages (Bell et al., 2004).

The rapid internationalization models are determined by the scope, the speed of internationalization, and the total turnover of firms. International New Ventures or Born Globals are assumed to gain at least 25% of international sales in total sales and to initiate international activities within three years after their foundation (Rasmussen, 2007). Oviatt and McDougall (2005) state there are four main elements of rapid internationalization of firms. The first one is the country scope, which can be defined as the number of countries the firms enter. Second is the time between foundation of the firm and its initial international activity. International commitment is the last element, which can be defined as the increase in international revenues in a particular time period.

Although there are many forms of rapid internationalization models, the best known are International New Ventures and Born Global (Hammoudi, 2005). Those two concepts will be discussed in the next part.

International New Ventures

Oviatt et al. (1994) define an international new venture (INV) "as a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries" (Oviatt et al., 1994, p.52). This model combines

internationalization theories, market imperfections, and transaction cost analysis. It states that sustainable new ventures need four elements:

> "Element 1: Internationalization of some transactions that define how the firm internalizes some transactions due to lack of resources;
>
> Element 2: Alternative governance structures where the new ventures are distinguished from established firms because abundant resources are available. In monitoring vital resources, the firms may go hybrid structures rather than taking an internal handling approach;
>
> Element 3: Foreign location advantage refers to the cross-border movement of firm economic transactions where the INVs find advantages to relocate transferable resources. This moves the INVs one-step higher from new ventures. At this stage, the INVs are perceived to possess unique resources, providing a competitive advantage to operating in foreign markets; and
>
> Element 4: Unique resources such as excellent and diverse knowledge are created; this creates sustainable competitive advantage" (p.56).

McDougall et al. (1994) reviewed the literature about INVs and concluded that the mainstream theories (monopolistic advantage theory, internalization theory, and stage theory of internationalization) are not enough to clarify the internationalization process of INVs. Since these theories state that the internationalization process occurs over the long term, they are not able to explain the internationalization process of INVs. The focus of those theories is mostly firm level and they do not investigate the effect of individual and network relations. Social capital is regarded as a prerequisite of international expansion and helps researchers to understand rapid internationalization of firms (Coviello & Munro, 1997). In addition, firms may benefit from their network relations in order to overcome resource limitations and to help in obtaining experiential knowledge.

Spienza and Almedia (1996) pointed out that having specific advantages, knowledge, and experience may play a crucial role in early and rapid internationalization of firms. Network theory of internationalization also contributes to understanding the early and rapid internationalization of firms. This theory states that the network relations of firms may accelerate the internationalization of small firms.

Born Globals

The first academic study on "born global firms" was prepared by Cavusgil (1994), in which he stated that there is a new type of Export Company. He used an Australian report study to interpret this new kind of Export Company. He stated that: "There is emerging in Australia a

new breed of exporting companies, which contribute substantially to the nation's export capital. The emergence of these exporters though not unique to the Australian economy, reflect two fundamental phenomena of 1990s: First, 'small is beautiful'; and second, gradual internationalization is dead" (Cavusgil, 1994, p.4).

Some common characteristics of born global firms in the literature were identified by Knight & Cavusgil (1996): (1) they have global vision and strategy; (2) they are mostly small and technology-oriented firms; (3) they generally become international companies in three years; and (4) they have at least 25% of international sales (Oviatt & McDougall, 1994; Knight & Cavusgil, 1996). With regard to these characteristics, different scholars have developed different definitions of born global firms.

According to Gabrielsson (2005), born global have similar characteristics with INVs because they mostly exist in high technology and knowledge-based industries. Knight and Cavusgil (2004) describe born global as "business organizations that, from or near their founding, seeks superior international business performance from application of knowledge-based resources to the sale of outputs in multiple countries" (Knight & Cavusgil, 2004, p.136).

Some researchers state that there are two important reasons that clarify the early adoption of internationalization by born global. They are technological improvements in communication and information technologies, and globalization of markets (Moen & Servais, 2002; Rennie, 1993; Knight & Cavusgil, 2004). The barriers for the global-born have decreased through globalization of homogenous products, while improvements in communication technologies, such as the internet, have reduced the risks and costs of global-born to enter into international markets.

In conclusion, the born global view of internationalization states that the internationalization process does not happen for some firms; rather, those firms internalize from their inception. Some of those firms do not even have sales operations in their home market (Oviat & McDougall, 1994).

2.5.3. Network Approach to Internationalization

The network model of internationalization is another approach that aims to explain internationalization of firms, especially SMEs. According to this model, firms consider "networks" as the beginning point of internationalization. Companies utilize networks to obtain necessary knowledge for the internationalization process. In this model, firms aim to benefit from the "experiential knowledge" of networks (Johanson & Vahlne, 1977).

The network model of internationalization was initiated at the end of the 1980s in the study of Johanson and Mattsson (1988), as it was obvious that many firms used their networks for international activities. The main difference between stage theories and the network model is that stage theories aim to explain internationalization as incremental stages, while the network models do not consider internationalization as a gradual process. In addition, the network model does not mention psychic distance to explain internationalization. This model frames internationalization as a product of relationships (Johanson & Vahlne, 2003). Johanson and Mattsson (1988) state firms need resources gained by other firms and may have access to these resources by establishing relationships or improving their position in the network (Johanson & Mattsson, 1988, 1992; Johanson & Vahlne, 2003).

The network model of internationalization defines internationalization as "the development of network relationships with other firms belonging to a network in a foreign market" (Johanson & Mattsson, 1988, p.318). Those relationships between firms play a role as bridges facilitating international market entry and development in different markets (Chetty & Blankenburg Holm, 2000; Johanson & Vahlne, 1990). The model assumes that firms can reimburse their limited resources either by founding new network relationships or developing their position in an existing network (Johanson & Mattsson, 1988). SMEs lack resources, therefore network relationships are important for firms to cover resource problems and facilitate internationalization (Kontinen & Ojala, 2010).

Network theories have their basis in learning theories, especially from the Uppsala model. Johanson and Mattson (1988) introduced the network model of internationalization in the 1980s when it was obvious that firms utilized networks to recognize international opportunities and to develop international activities. Johanson and Mattson (1988) claim that internationalization is associated with establishing network ties with other firms which belong to a network in another country. Those network relations play a role as bridges to foreign market entry (Johanson & Vahlne, 1990).

Johanson and Vahlne (1990) continued to study the internationalization process model by implementing network *perspective.* According to their extended model, firms make investments in networks, which may provide new opportunities for the firm. Firms may have the potential to penetrate new markets by maintaining their positions and improving their resource commitments in their networks. Firms can integrate foreign networks with the coordination of the members of their network. The relationship between those firms can be considered as networks and firms internationalize because of those relationships (Ruzzier et al., 2006).

This model aims to explain internationalization of firms by regarding the environment as a market and business network. According to the model, firms have been embedded in a network, and their level of internationalization is closely related to their position in the network and/or their relations with the members of that network. Johansson and Mattson (1988) describe internationalization as an "evolutionary process" which has three stages:

- "Market Expansion: Finding a new position in a new market as a network;
- Market Penetration: Improving existing position and increasing resource commitment to the network; and
- Market Integration: Improving harmony between different positions in the market" (p.481).

Incremental learning and the improvement of market knowledge are primarily emphasized in the model of Johanson and Vahlne (1993). Firms are able to gain gradual learning and market knowledge by interacting within networks. The situation of the firm can be seen both from a macro (firm to network) or a micro (firm to firm) perspective. In a micro perspective, both competitive and reciprocal relationships make very important contributions to the internationalization of firms. There is thus interdependency between firms through cooperation and competition. A macro perspective includes both direct and indirect relations. Direct relations refer to the relations of firms within the network, whereas indirect relations refer to the relations of firms that are not in the network (Ruzzier et al., 2006).

According to Johansson and Mattson (1988), one of the main factors of firm internationalization is the position of the firm in the network. There are two elements that define the position of the firm: "Degree of internationalization of the firm and the degree of internationalization of the network (market)" (Johansson & Vahlne, 1990, p.52) It can be said that the position of a firm depends on both macro (firms to network) and micro (firm to firm) perspectives. Johansson and Mattson (1988) classified four positions in the network by combining the macro and micro perspectives. Covering two elements, the network model of internationalization expands the process model of internationalization by allocating mutual influences on the decision-making of firms (Johanson & Mattson, 1988; Johanson & Vahlne, 1990). The positions are: "early starter, lonely international, late starter, and international among others".

Early starter

In this category, firms do not have enough knowledge about internationalization and are not able to use their relationships to obtain the necessary knowledge. Both the firm and its environment (competitors, suppliers, and cooperators) do not have enough knowledge and experience to access foreign markets. Therefore, firms have few and unimportant relationships

with firms in foreign markets (Johansson & Mattson, 1988). Firms may use agents to cover their lack of knowledge after they acquire essential knowledge and investment from their agents about their agent they may initiate to internationalize in the foreign market by distributers or customers (Chetty & Holm, 2000).

Lonely international

In this category, the environment of the firm does not offer enough knowledge and experience of internationalization, although the firm itself has enough knowledge and experience to facilitate international activities. This kind of firm has a superior position as compared to its competitors since it has the ability to enter into international markets (Johansson & Vahlne, 1993). This firm has essential experience and knowledge in foreign markets and it is the only company which may be able to internationalize its market (Chetty & Holm, 2000).

The late starter

In this case, the environment of the firm has experience and knowledge of internationalization, but the firm does not have the necessary knowledge to access international markets. This kind of firm has relationships with foreign markets through their environment. The position of this type of firm is weaker than its competitors, and building relationships are costlier and more difficult than for other types of firms (Johansson & Vahlne, 1993). "If the suppliers, customers, and competitors of the firm are international, even the purely domestic firm has a number of indirect relations with foreign markets. Relationships in the domestic market can be driving forces to enter foreign markets" (Johansson & Mattson, 1988, p.312)

International among others

In this category, both the firm and other actors are highly internationalized, and they have enough knowledge and experience to access foreign markets and facilitate international activities. Firms are able to have relationships with external actors to benefit from external resources (Johansson & Mattson, 1988).

According to the study of Johansson and Mattson (1993), internationalization is defined "as the establishment and development of positions in foreign networks". Firms can achieve this development by establishing and developing relationships with firms and networks both in domestic markets and international markets (Johansson & Mattson, 1993; Ruzzier et al., 2006). The strong side of the network model of internationalization comes from identifying the process instead of subsistence of international or multinational firms (Ruzzier et al., 2006). According to the network model of internationalization, firms need to characterize an internationalization strategy to:

- "Minimize the need for knowledge development;

- Minimize the need for adjustment; and
- Exploit established network positions" (Johansson & Mattson, 1993).

The network model of internationalization suggests that improving the position of the firm in an existing network and/or forming network relations with other firms can compensate for limited resources. The main motivation among firms to establish a network relation is to create mutual benefits with each other (Johansson & Mattson, 1988). There are different kinds of network relations that will be mentioned in the next part of this section. However, the network relationships can be classified as formal, informal, and intermediary relations (Ojala, 2009). There is a stream of network model research in the internationalization field that concentrates on international relationships of the firm. They see the firm as "a set of interlinked relationships" that connect the firm with others related with the network (Blankenburg et al., 1992, p.16).

Network models of internationalization can help researchers clarify how actors, activities, and resources affect the degree of internationalization and different dimensions of internationalization of firms, particularly for SMEs. Those analysis' can be made both at the level of groups of firms or an individual firm (Hakansson & Snehota, 1995; Ruzzier et al., 2006).

According to the study of Holm et al. (1996), "while most research on foreign market entry has focused on entry mode selection our findings indicate that the development of cooperative relationships with customers or other business partners may be critical" (p.1042). Thus, the effect of external actors on organizations can be examined with the network model of internationalization.

Axelson and Easton (1992) defined networks as "sets of two or more connected exchange relationships". Drawing on this definition; "markets are depicted as systems of social and industrial relationships among, for example, customers, suppliers, competitors, family, and friends" (Coviello & Munro, 1997). Sharma (1993) assumed that "the nature of relationships established between various parties will influence strategic decisions, and the network involves resource exchange among its different members". The networks, relationships are regarded as more valuable than transactions. There may, however, be opportunistic behavior, which should be expected and minimized. In the study of Johansson and Vahlne (1993), it was found that network relationships are important in foreign market entry and foreign market development. Similarly, Sharma and Johansson (1987) found that network relationships can be considered as "bridges to foreign markets" that make firms recognize the opportunities and help motivate for internationalization. Furthermore, Johansson and Mattsson (1988), pointed out that a firm's

relationships within foreign markets and its position in networks are more significant in the success of entering a new foreign market than other cultural and market characteristics (Coviello & Munro, 1997).

In the network model of Kontinen&Ojala (2010), it is stated that "internationalization is related to the developments of network relationships with other firms belonging to a network in a foreign market; these relationships between firms in different markets act as bridges facilitating foreign market entry" (p.446). The model assumes that firms can reimburse resource problems by building new network relationships or improving their position in a current network (Johanson & Mattsson, 1988; Johanson & Vahlne, 1990).

According to the literature reviewed above, a firm's internationalization strategy occurs as a pattern of behavior affected by different types of network relationships. The network model of internationalization thus goes further than the stage models of internationalization (Coviello & Munro, 1997). As Benito and Welch (1994) pointed out, "the sometimes erratic character of internationalization for individual firms appears to be related to the seeming randomness with which opportunities and threats relevant to international activity arise in a company's external environment" (p.18). Network relationships may present such threats or opportunities to the firms. Internationalization of small firms may be driven, facilitated, or inhibited by the network relationships of firms (Coviello & Munro, 1997).

Manalova et al., (2002) studied the importance and the influence of entrepreneurs in SME internationalization. Managers or owners may have crucial roles in internationalization of firms through close social relationships. Those social relations or "social networks" may affect internationalization issues such as foreign market development, time of internationalization, entry mode, and market selection (Oviat & McDougall, 1994).

2.5.4. Social Network Theory

The term "social network" was first used by Barnes (1954), who defined a social network as a social structure that consisted of nodes made up of organizations or individuals. Social network analysis has been studied in different disciplines such as social psychology, sociology, anthropology, and organizational studies. Social networks can be defined as the "net of personal relationships and connections" to secure the favors of organizational and personal achievement (Granovetter, 1985; Burt, 1992). The relationships are at the center of network resources (Adler & Kwon, 2002). According to Björkman and Kock (1995), social networks consist of relationships between individuals entrenched in business connections, such as strategic

partnerships or supplier-buyer relationships. Those networks are based on personal connections and can be established on the basis of trust.

Coleman (1988) states there are three functions of social networks. The first function is to compose a "social capital" through establishment expectations, obligations, and trust of actors in the network. Second, social networks manage the information among the members of the network. Burt (1992) states:

"There are limits of the volume of information you can use intelligently. Given a limit of volume of information that anyone can process, the network becomes an important screening device. It is an army of people processing information who can call your attention to key bits, keeping you up to date on developing opportunities, warning you of impending disasters. The second-hand information is often fuzzy or inaccurate, but it serves to signal something to be looked into more carefully"

The final function of social relations is to produce norms that function as an efficient way of sanctions (Ellis, 2011). Social network theory analyzes social ties in terms of ties and nodes. Nodes are the actors in the networks and ties are the relationships between different actors. There are different sorts of network ties between the actors. A social network is "a map of all the relevant ties" between actors analyzed. Social networks are also utilized to understand how firms interrelate with each other by analyzing informal relationships between executives, associations, and individual employees. Those relationships establish ways for firms to collect information and make strategies. Social network theory identifies the structure of social relationships that affect the value of information (Ellis, 2011; Oviat & McDougall, 2005).

The main principle of social network theory is that "any set of social relationships is embedded within a larger structural context that precludes or makes possible various kinds of social contacts" (Ibarra, 1995, p.688) The social concept view tries to clarify who connects with whom and how many interactions happen within the network of an individual. Thus, a set of individual nodes is entailed by social network analysis, which indicates a set of specific types of social relationships (Laumann et al., 1978). Those relationships can be in any form of "social behavior" such as competitive, cooperative, helpful, or hostile (Krause et al., 2007). According to this theory, networks have a significant role on the performance of firms. Information about new developments and opportunities primarily spread via relationships that connect individuals in different social groups (Burt, 1992; Granovetter, 1973). In terms of international opportunities, those social groups should be linked in some manner to international markets (Ellis & Pecotich, 2001). For example, Ellis (2000) states that, "the notion of structural holes refers to the unique information benefits available to those that are connected by non-redundant

network ties; a non-redundant network tie bridges a hole between individuals who possess complementary information or resources" (p.452). In this view, interpersonal network relationships of individuals have a significant effect on international opportunity recognition and exploitation of firms (Ellis, 2000).

Social network theory has been studied in different disciplines such as social science, information technology, communication systems, and psychology. Interest in social network theory in the management discipline increased in the 1990s (Bruton et al., 2004). In the management research field, social network theory had been mainly used in knowledge management studies to understand how organizations can gain and distribute knowledge more effectively. Although some researchers had studied social network antecedents, studies mostly focused on the consequences of social networks (Borgatti et al., 2009). However, very little attention was paid to the social network theory in the context of firm internationalization (Bruton, et al., 2004; Ellis, 2011). Very few researchers studied social network theory in the business context; the study by Ellis (2000) is one of the first that examined the effect of interpersonal network relationships on international opportunity recognition and exploitation. According to Andersen (2006), the international experience of managers and the use of information technology by SMEs are important determinants of the value of information obtained by social networks. Recently, Ellis (2011) studied the opportunities and limits of interpersonal network relationships, and Zhou et al., (2007) studied the internationalization of born global utilizing social network theory. According to Zhou et al. (2007), domestic social networks can be effective ways to reply to the needs of international networks. Local firms may reach global supply chain networks with the help of social networks. Some researchers noted the importance of social networks on information and knowledge exchanges: (1) Network relations have strategic importance on internationalization of firms because they help firms recognize opportunities, and they provide experiential knowledge for international markets (Zhou et al., 2007); (2) Social networks help firms to find partners in foreign markets (Ellis, 2001); (3) Network relations motivate firms to start internationalization (Ellis and Pecotich, 2001); and (4) Those ties provide firms with managerial capabilities and international vision (Chen, 2003).

In conclusion, even though an extensive literature on social network theory exists, the study of internationalization using social network theory is not extensive enough. Therefore, there is a necessity for additional research on internationalization using the social network theory.

Network Relationships and Internationalization

Firms are motivated to expand and continue network relationships with each other because of mutual benefits occurring from interactions. In international markets, firms need to establish relationships with different kinds of actors such as suppliers, customers, competitors, non-profit organizations, and government institutions in order to enter the market and to have access to the knowledge and distribution channels of the market (Kontinen & Ojala, 2010; Johanson & Mattson, 1988; Johanson & Vahlne, 1990). Ellis (2011) indicated that research studying the network model of internationalization focused on the relationships between organizations and ignored relationships at the individual level. It is vital to utilize network relationships at individual levels as well (Ellis, 2011; Kontinen & Ojala, 2010).

According to a study by Kontinen and Ojala (2010), network relationships are important sources that facilitate internationalization. Network relationships of managers or entrepreneurs among SMEs with limited resources for internationalization play a very critical role (Crick & Spence 2005; Ellis, 2008). There are several studies indicating that network relationships have been considered as a major factor in starting the internationalization process in new markets (Coviello, 2006; Crick & Spence, 2005). That assumption is consistent with the study of the network model of internationalization (Johansson & Mattson, 1988) stating that network relationships of firms "act as a bridge to foreign markets" (Kontinen & Ojala, 2010, p.448). Ellis (2011) indicated the positive relation between network relationships and opportunity recognition in international markets, while Coviello and Munro (1997) stated that "network relations impact foreign market selection and mode of entry, as well as product development and market diversification activities" (p.112).

Types of Network Ties

In internationalization literature, there are different categorizations of network relationships. Some researchers define network relationships according to the formality of the relationship. In this category, network relationships are divided as "formal, iformal, and intermediary network relationships". Other researchers divided network relationships into two categories, interorganizational and interpersonal network relationships.

According to the study of Johanson and Mattsson (1988), "firms may have relationships with different actors, including suppliers, competitors, customers, distributers, public administration, non-profit organizations, and so on; the different types of network relationships are divided into formal relationships, informal relationships, and intermediary relationships" (p.312).

A formal ties refers "to an existing relationship between individual business partners where products or services are exchanged by means of money or barter" (Kontinen and Ojala, 2010, p.450). On the other hand, it can be said that the frame between the formal and informal

relationships is not always clear, and the form of relationship can change over time (Adler & Known, 2002; Larson & Starr, 1983; Granovetter, 1985)

Informal ties are related to social ties, such as relationships with relatives or friends (Larson & Starr, 1993; Coviello, 2006; Kontinen & Ojola, 2010). However, the literature studying network relationships in international business is a bit confusing. For example, Birley (1985) suggested that formal ties are linked with financial resources, while informal tiess are related to the contacts between friends, family members, and other business actors (Coviello, 2006; Coviello & Munro, 1995, 1997; Coviello & Martin, 1999; Harris & Wheeler, 2005; Sharma & Johanson, 1987; Westphal, 2006; Ojala, 2009).

In contrast, Dubini and Aldrich (1991) proposed that "formal relationships contains between all the employees of each firm whose role is boundary-spanning whereas informal networks are related to all persons that an entrepreneur can meet directly. Despite that ambiguity, there is a common agreement in the existing literature that formal relationships refer to business activities between two or more players in the network, and informal relationships are associated with personal relationships with friends and family members" (p.318)

In addition to formal and informal ties, several researchers stress the importance of intermediary relationships (Ellis & Pecotich, 2001; Oviatt & McDougall, 2005). In intermediary relationships, there is a third party such as an organizer of an exhibition or an export promotion organization that promotes the founding of relationships between the parties. There is not a direct business transaction (relationship) between the buyer and the seller (Ojala, 2009). According to Oviatt and McDougall (2005), these third parties can establish relationships between actors and begin an international business transaction between the buyer and seller.

In conclusion, according to the first category of network relationships in literature, the types of network relationships can be divided into formal, informal, ad intermediary network relationships. The formal relationships are related to relationships with other business actors, while informal relationships refer to the social relationships with family members and friends. In the intermediary relationships, there is a "third party" that connects the seller and the buyer (Ojala, 2009).

O'Donnell et al. (2003) proposed that in network contexts, network relationships can be divided into two principal categories: inter-organizational and interpersonal network relationships. In the following section, these two types of network relationships will be briefly reviewed.

Inter-organizational network relationships

Inter-organizational network relationships are a form of inter-organizational cooperation. Eberhard (2013) indicates "network relationships can exist through formally contracted

collaborative arrangements such as specialization within a diligently chosen subset of value chain activities" (p.392). Logistics, research and development activities, and contract manufacturing are some examples of these activities.

Inter-organizational network relationships create opportunities for firms to access and obtain a variety of crucial resources and complementary skills. Using these relationships, firms may be able to gain specialized knowledge to increase their competitiveness (Chetty & Wilson, 2003). Some examples of inter-organizational network relationships are relationships between firms and their foreign or domestic customers; and relationships between firms and business partners, suppliers, competitors, solution providers, public institutions, non-profit organizations, and research and development centers (Ojala, 2009; Coviello and Munro, 1995).

Interpersonal network relationships

Interpersonal network relationships comprise the relationships between managers and/or owners of the firms and other people. In the existing literature, researchers utilized different terms to define interpersonal relationships, such as social ties (Ellis, 2011), personal connections (Andersen, 2006), social networks (Zhou et al., 2007), and informal network relationships (Coviello & Munro, 1997). Björkman and Kock (1995) stated that interpersonal network relationships are networks among individuals who are mainly connected through social context-based relations; thus, business exchanges and information may occur though these relationships. These researchers put the definition of interpersonal relationships in a broader perspective and study social relationships with family members and friends as well as personal relationships with government officials and business professionals as interpersonal network relationships.

Interpersonal network relationships can be differentiated from inter-organizational network relationships by the level of analysis. Inter-organizational relationships are defined as a set of network relationships connecting one organization with other organizations, whereas interpersonal network relationships are the sum of relations connecting one person with other people (Burt, 1992; Johanson & Mattson, 1998).

In this study, we will focus on both personal and organizational levels of network relationships. There are some studies examining the effect of inter-organizational relationships on the internationalization process or degree of internationalization; however, in emerging markets, and especially in Turkey, there is a need to study the effect of network relationships on both personal and organizational levels.

In the current literature, most studies have focused on inter-organizational network relationships. The effect of interpersonal network relationships should also be studied for

several reasons. First, there is a lack of analysis to understand the effect of interpersonal network relationships on the DOI, especially in emerging markets (Ellis, 2011; Ojala, 2010; Zhou et al., 2007). Second, information exchanges and opportunity recognition are carried out mostly by individuals, not organizations (Ellis, 2011). To understand the effect of interpersonal network relationships more comprehensively, it is proper to regard this kind of relationship discretely from other types of relationships. Third, knowledge transfer in SMEs mostly occurs through individuals. Therefore, interpersonal network ties are very important for managers/owners SMEs firms to achieve international growth.

Interpersonal network relationships can be divided into different categories. Some researchers divide interpersonal network relationships into formal and informal types (Birley, 1985; Ibarra, 1993; Coviello & Munro, 1995; Ojala, 2010). According to Ibarra (1993), formal interpersonal network relationships are "composed of a set of formal specified relationships [...] among representatives of functionally differentiated groups who must interact to accomplish an organizationally defined task. Example of that kind of network ties is venture capitalists, banks, trade associations, accountants, and consultants" (p.668).

In contrast, informal interpersonal network relationships "involve more discretionary patterns of interaction, where the content of relationships may be work related, social, or a combination of both" (Ibarra, 1993, p.668). Relations with friends and family members are some examples of informal relationships. The key difference between formal and informal interpersonal networks is that formal personal relationships are established in business primarily through legally binding arrangements and contracts in which each side has clear duties and rights. However, informal interpersonal relationships are based on personal relationships and are trust-based relationships (Das & Teng, 1997; Burt, 1992).

Oparaocha (2015) has made a network typology that divides network ties into three categories. Social network ties are regarded as "how SME owner-managers develop and/or expand social capital through individual interactions" (Oparaocha, 2015, p.868). Business network ties can be considered as "comprising dyadic interactions and value chain integrations aimed at optimal resource advantage" (Oparaocha, 2015, p.868). Finally, "an institutional network is defined in terms of the firm's collaboration with publicly funded formal institutions, such as the ministry of foreign trade/industry, trade promotion councils, internationalization assistance organizations, research institutions, credit unions, embassies, chambers of commerce and national trade delegations" (p.868). "Institutional relationships are more common among firms from or entering emerging markets. Networks with institutional relationships indeed play a crucial role in eliminating uncertainties and information asymmetries, which stem from the lack

of rules of the game Institutional relationships not only allow firms to gain contacts and connections during market entry process, but also provide legitimacy for establishing in the foreign market network" (Jansson, 2007). Chetty & Blankenburg Holm (2000) pointed out that "the traditional business network approach has given little space to discussing actors outside the production network. The presence of institutional actors and the linkages with them is a persisting phenomenon in studies of the internationalization of the firm, however these were rather neglected and lack clarity in early research". The same definitions are used in this study.

Empirical Studies on Network Ties and Internationalization

In this part of this chapter, existing literature studying the relationship between network relationships and internationalization will be reviewed. According to Zhou et al. (2007) networks take the role of "infomediaries" to utilize the transition of important information. The role of network relationships for firm internationalization has been studied by different researchers. There are both positive and negative impacts of network relationships on internationalization (Coviello & Munro, 1997; Ellis, 2000; Johansson & Vahlne, 1992; Kontinen & Ojala, 2011). Some of the findings will be summarized below.

In this study, network ties will be divided into three categories, social network ties, business network ties, and institutional network ties. This categorization is taken from the study of Oparaocha (2015) and explained in detail in previous sections of this chapter.

In this part, a comprehensive review of the literature on the effect of network relationships on internationalization of firms will be given. The positive effects of network relationships will be reviewed first, and then the negative effects will be given.

(1) According to some researchers, network ties have an important *impact on international opportunity recognition* of SMEs (Ellis, 2000; Oviat & McDougall; Kontinen & Ojala, 2011). Information between firms is important to facilitate the recognition of international opportunities. Since SMEs have limited financial and managerial resources, they have difficulty accessing information that is necessary to realize opportunities in foreign markets (Pangarkar, 2008). The importance of network relationships is clearer where there exists the liability of foreignness as well as cultural and geographic distance between firms and international markets (Ghemawat, 2001). Social network theory states that international opportunities are based on specific information that can be obtained through network relationships (Ellis, 2000). This kind of network relationship may enable firms to have diverse and novel kinds of knowledge about opportunities in international markets (Andersen, 2006; Ellis, 2000).

(2) Zain and Ng (2006) state that network relationships motivate firms to start internationalization. Even if firms can recognize international opportunities, it may not be enough to initiate internationalization. Ellis and Pecotich (2001) assumed that initiation of internationalization is decided by four possible circumstances: "(1) seller-initiated; (2) buyer-initiated (unsolicited order); (3) broker-initiated; or (4) imitated as a result of exhibition" (p.124). They point out that most of the initiation begins as unsolicited, which means network relationships of firms have crucial importance to start internationalization (Ellis & Pecotich, 2001). Coviello and Munro (1997) had similar findings that indicated, "International expansions were triggered by opportunities that arose from network partners" (p.372)

(3) Another positive impact of network ties on SMEs internationalization is to identify potential partners in international markets. Firms may monitor and evaluate potential partners in foreign markets by their formal and social ties in those markets (Björkman & Kock, 1995; Ellis, 2000).

(4) Network relationships may also allow firms to gain initial legitimacy and credibility. It is vital for firms, especially SMEs, to be legitimized to be successful in an international market (Coviello & Munro, 1997; Oviatt & McDougall, 2005). One of the main obstacles of SMEs in foreign markets is lack of legitimacy of their firms and products. According to some researchers, network relationships can enhance the reputation of a firm in international markets. Gaining reputation is a useful way of increasing credibility and legitimacy (Coviello & Munro, 1997; Oviatt & McDougall, 2005; Chetty & Patterson, 2002).

(5) One of the main contributions of network relationships to the internationalization of firms is to provide access to local market knowledge and established channels (Zain & Ng, 2006). Establishing a business in international markets necessitates developing and accessing distribution channels in the target market. Access to channels is not easy for resource-limited firms; therefore, firms need to improve network relationships with established distribution channels to overcome resource obstacles (Coviello & Munro, 1995). Norms and laws may make it difficult for firms to obtain information about business practices. Network relationships may facilitate firms in obtaining valuable local market knowledge and in meeting with potential customers (Bjorkman & Kock, 1995; Chetty & Patterson, 2002). In addition, small firms can develop market penetration in foreign countries by establishing relationships with local firms (Welch, 1992). Network relationships enable firms to access established distribution channels and market knowledge.

(6) According to Bell (1995), network ties have an important role on entry mode and market choice of small firms. Small and medium sized firms need to choose the correct target

market and entry mode in order to be successful with their limited resources. Therefore, choosing an entry mode and the choice of a target market are very important for SME success in international markets. One of the key factors to the success of rapidly internationalized and small internationalized firms is their involvement with international networks (Coviello & Munro, 1997). Network ties have an important influence on the decision of entry mode and market choice of small firms.

(7) According to a study by Zain & Ng, (2006) firms may reduce their cost and minimize their risks in international markets by using their network relationships. When they encounter uncertainties in entering a foreign market, they use their relationships to cover potential uncertainties. For example, Asian firms, especially Quanxi in China, are able to obtain a competitive advantage by reducing their transaction and research costs with their network relationships (Chetty & Patterson, 2002; Coviello & Munro, 1995; Katsikeas & Morgan, 1994). Network relationships of SMEs reduce the cost of internationalization.

(8) According to recent international business literature, network relationships influence the innovation of small and medium sized firms that have international activities. Network relationships facilitate the innovativeness of firms because innovative knowledge comes from different network resources (Zain & Ng, 2006). Obstfeld (2005) states organizational innovation is a "process of creating new social connections between people and the ideas and resources they carry so as to produce novel combinations" (p.122). Therefore, network ties can be regarded as an important factor in firm innovativeness and, as a result, firm internationalization.

Although network relationships have positive effects on internationalization of SMEs, there are some studies that indicate network relationships may also limit the internationalization of firms (Coviello & Munro, 1995; Ellis, 2011). Some of the potential negative effects of network relationships will be mentioned in the following part.

(1) If a firm has become dependent on a network partner, it may not be able to access different market knowledge and channels in order to benefit from other options. The constraints of networks can generate opportunity cost, and network relationships established over time become self-reinforcing. That situation may limit market diversification activities and new product development because of the firm's high dependency and network bond (Zain & Ng, 2006). Portes & Sensenbrenner (1993) claim that the gains generated by network relationships may also create obligations to the network, and the firm may not follow new opportunities. Researchers call that situation "network rigidity", "lock-in effect," or "over- embeddedness" (Zain & Ng, 2006).

(2) Another negative impact of network relationships is the time and resources to develop and sustain the relationships. Firms may need to invest for a long time and commit too many resources to build network relationships before they start to generate profits from those relationships (Zain & Ng, 2006). This means they may have less time and resources to concentrate on the other challenges of international markets, and they may not gain a sustainable competitive advantage without existing network relationships.

(3) The third potential risk of being part of a big network, or having international business through network relationships, is to share and thereby lose the tacit knowledge of the firm. Partners may act opportunistically and use the crucial knowledge for their own interests in the future. Firms can be confronted with this kind of risk especially in inter-organizational networks where they share obligatory knowledge in order to merge value chain activities. For example, when the market opportunities are shared with network connections, they may use this information for their own purposes (Zain & Ng, 2006).

To summarize, network relationships have both positive and negative effects on internationalization (Coviello & Munro, 1997; Ellis, 2000; Johanson & Vahlne, 1992; Kontinen & Ojala, 2011). The positive effects are:

- "Network relationships help firms recognize international recognition
- Network relationships motivate firms to start internationalization.
- Network relationships help to identify potential partners in international markets.
- Network relationships may also provide firms with initial legitimacy and credibility.
- Network relationships provide access to local market knowledge and established channels.
- Network relationships have an important influence on the decision of entry mode and market selection of small firms.
- Network relationships of SMEs reduce the cost of internationalization.
- Network relationships can be regarded as an important factor of firm innovativeness and, as a result, firm internationalization".

The negative effects of network relationships on firms can be summarized as follows (Coviello & Munro, 1995; Ellis, 2011):

- "Network relationships may create "path dependency."
- Building network relationships is time and resource consuming.
- Cooperating with network relationships may cause a loss of crucial firm knowledge".

Although there may be some negative effects of network relationships on the internationalization of firms, it is well recognized that network relationships are a significant resource in increasing internationalization. Particularly for SMEs with limited resources, network relationships between firms and individuals have a significant function in internationalization (Ellis, 2008; Crick & Spence, 2005). Some studies indicate that network relationships are one of the main facilitating factors of the internationalization process, and that network relationships of firms function as a bridge to international markets (Johansson & Mattson, 1988; Coviello & Munro, 1997).

In general, the network model of internationalization moves beyond the stage models of internationalization by proposing that the internationalization strategy of a firm occurs as a pattern of behavior affected by different kinds of network ties (Coviello & Munro, 1997). Benito and Welch (1994) state that "the sometimes erratic character of internationalization for individual firms appears to be related to the seeming randomness with opportunities and threats relevant to international activity arise in a company's external environment" (p.18). Network relationships may present such kinds of threats and/or opportunities and may facilitate or inhibit the international development of firms (Coviello & Munro, 1997).

2.5.5. International Entrepreneurship View

The first studies in the international entrepreneurship research field were undertaken in the late 1980s when some small firms were viewed as entrepreneurial firms in international markets. However, there were not many studies to understand their behavior in the 1980s. Oviatt & McDougall (1994) studied a theoretical framework to understand why some firms become international from inception. They stated that the logic behind rapidly internationalizing firms is related to entrepreneurial behavior of firms that "seek to derive significant competitive advantage from the use of resources and sale of outputs in multiple countries" (Oviatt & McDougall, 1994, p.56). Changes in communication technologies, transportation, and increasing international competition in global markets have expedited rapid and early internationalization. Characteristics and network relationships of owners and managers (entrepreneurs) are important personal level factors to reveal the logic of early and rapid internationalization of firms (Oviatt & McDougall, 2005).

The research field of international entrepreneurship incorporates the disciplines of entrepreneurship and international business; the field of international business studies big multinationals; and researchers on entrepreneurship focus on how firms facilitate in the

domestic context. Researchers in international entrepreneurship have mostly studied "early internationalizing firms," such as international new ventures and born globals in high technology and knowledge-intensive sectors (Dimitratos & Jones, 2005; Coviello & Jones, 2004). These researchers investigated the factors of rapid and early internationalization, networks in internationalization, and firm international performance (Kontinen & Ojala, 2010). There are different studies that developed the definition of international entrepreneurship. Table 2.1 summarizes those definitions so that we can follow the evolution of the term "international entrepreneurship."

Table 2.1: Definition of International Entrepreneurship

Author	Definition and Key Concepts
McDougall, 1989	"As the development of international new ventures or start-ups that, from their inception, engage in international business, thus viewing their operating domain as international from the initial stage of the firm's operation"
Zahra, 1993	Risk-taking behavior, Corporate Entrepreneurship
Giamartini et al., 1993	"Entrepreneurship-division-wide panel"
Oviat and McDougall, 1994	"A business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and sale of output in multiple countries"
Wright and Ricks, 1994	"Firm level activity crossing national borders and focusing on the relationships between business and international environment"
McDougall and Oviat, 1997	"New and innovative activities that have the goal of value creation and growth in business organization across national borders"
McDougall and Oviat, 2000	"(1) Combination of innovative, (2) risk-taking behavior that crosses national borders, (3) is intended to create value in business organization"
Shrader et al., 2000	"Accelerated internationalization"
Autio et al., 2000	"Firms that internationalize virtually from their inception"
Zahra et al., 2002	"The process of creatively discovering an exploiting opportunities that lie outside a firm's domestic markets in the pursuit of competitive advantage"
Oviat and Mcdougall, 2005	"The discovery, enactment, evaluation, and exploitation of opportunities-across national borders- to create future goods and services"
Aspelund and Moen, 2005	"Firms that operate internationally right from or close to inception"

Ruzzier et al., 2005	"A research approach to the internationalization of SMEs from the entrepreneurial perspective, which best integrates all the relevant approaches to internationalization with entrepreneurship, as a composite part of SMEs' internationalization"
Keupp and Gassmann, 2009	"The study of new small and young firms that venture abroad"

As can be seen from the table, there are different definitions and approaches to "international entrepreneurship." The table gives a brief chronological development of the international entrepreneurship definition and research field.

Zahra et al. (2002) described international entrepreneurship as "the process of creatively discovering and exploiting opportunities that lie outside a firm's domestic markets in the pursuit of competitive advantage" (Zahra et al., 2000, p.941). They state that earlier studies focused on speed of internationalization, the degree and extent of internationalization, and the scope of internationalization. Those studies neglected some factors, such as ability to gain competitive advantages and ability to recognize opportunities. As a result, they developed a model that integrates organization, environment, and strategic factors (Zahra et al., 2002). The model indicates that there are many factors that contribute to internationalization of SMEs; however, the networking capabilities of firms are not integrated into the model.

According to Jones and Dimitratos (2004), there are two characteristics affecting the international entrepreneurship view: advances in communication and information technologies; and networking capability. Network relations can occur through formal, informal, and intermediary channels. They indicated that international opportunities can be realized and utilized with those network channels, and improvements in communication and information technologies can create opportunities for firms to become international rapidly and early (Jones and Dimitratos, 2004). Although the international entrepreneurship view is a recent field, Mtigwe (2006) points out that this view is incorporated by many models and theories within entrepreneurship and international business research fields. Another definition comes from Oviatt and McDougall (2005), who describe international entrepreneurship as "the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services" (Oviatt and McDougall, 2005, p.542). This definition is more comprehensive as it considers not only rapid internationalization firms but also firms such as family SMEs in the international entrepreneurship research field (Kontinen & Ojala, 2010).

Clercq & Fried (2005) determined the important points of internationalization from the international entrepreneurship approach. First, some firms are more eager to internationalize

than are others. The logic behind this situation is that entrepreneurial firms are more risk oriented and more open to facilitate in foreign markets. Second, entrepreneurial firms are more proactive and more open to recognizing international opportunities.

The research field of international entrepreneurship incorporates the disciplines of entrepreneurship and international business; the field of international business studies large multinationals; and researchers on entrepreneurship focus on how firms facilitate in the domestic context. Researchers in the international entrepreneurship field aim to understand why and how some firms become international while, others cannot, even with the same kinds of conditions. Most of the studies have focused on "early internationalizing firms" such as international new ventures and born globals in high technology and knowledge-intensive sectors (Dimitratos & Jones, 2005; Coviello & Jones, 2004). These researchers have investigated the factors of rapid and early internationalization, networks in internationalization, and firm international performance (Kontinen & Ojala, 2010).

2.5.6. Resource Based View

In this part of the literature review, the resource-based view (RBV) of internationalization will be discussed. The RBV will first be briefly explained, and then the resource-based view of internationalization will be reviewed.

The RBV states that "firms can earn sustainable supra-normal profits if and only if they have superior resources and those resources are protected by some form of isolating mechanism preventing their diffusion throughout industry" (Barney, 1991, p.632). Penrose (1959) initiated this approach: "a firm is more than an administrative unit; it is also a collection of productive resources the disposal of which between different users and over time is determined administrative decision. When we regard the function of private business firm from the point of view, the size of the firm is best gauged by some measure of the productive resources it employs" (Penrose, 1959, Prahalad & Hamel, 1990). The RBV developed in the 1980s and 1990s after the seminal studies of Wernerfelt ("The Resource Based View of the Firm"), Prahalad and Hamel ("The Core Competence of the Corporation"), and Barney ("Firm Resources and Sustained Competitive Advantage"). Barney's study is the most comprehensive and formalized description of the firm level RBV (Priem & Butter, 2001).

The RBV analyzes the relationship between a firm's resources and the competitive advantage of the firm within the industry. The RBV concerns a "theoretical framework that states how firms gain a competitive advantage and sustain that advantage in a long-run" (Barney, 1991,

p.634). According to the RBV, as a bundle of internal resources, strategic capabilities are considered strategically important to obtain competitiveness (Lorenzi & Lipparini, 1999).

In this regard, the RBV claims that firms gain a competitive advantage that doesn't emerge from external environments; rather, the derivation of competitive advantage of firms is coming from their internal resources (Barney, 1991).

As Barney (1991) states, "there are two main assumptions of the RBV in examining the sources of a firm's competitive advantage. First, in the same industry, the resources are not distributed homogenously; the resources are allocated heterogeneously between firms. Second, available resources are not perfectly mobile, and they cannot be transferred within the industry without cost; In order to create a sustainable competitive advantage, the resources of a firm should be valuable, rare, imperfectly imitable, and not sustainable" (Barney, 1991, p.635). These are called VRIN attributes.

According to Barney (1991), "resources that improve an industry's market effectiveness are called valuable resources. In addition, resources are considered rare if they are not widely available, but they can produce a competitive advantage. The resources are inimitable and non-substitutable if they are simultaneously costly to imitate and to substitute by other firms.

Firms can obtain a competitive advantage if they have both rare and valuable resources; If the resources that firms have are imperfectly imitable and non-substitutable firms may gain a sustainable competitive advantage" (Barney, 1991, p.636).

Barney (1991) states "firms can have competitive advantages if they have both rare and valuable resources. And these firms can have long lived (sustainable) competitive advantages if their resources are also imperfectly imitable and not substitutable. Resources consist of routines, processes, capabilities, assets, and knowledge acquired by the firm". The RBV considers human, physical, and organizational assets as resources that may be utilized to employ value-adding strategies for sustainable competitive advantage (Barney, 1991; Wernerfelt, 1995).

In accordance with firm unique resources and firm heterogeneity, firms may generate sustainable competitive advantages (Barney, 1991). "Recourses can be divided into three categories: Physical capital resources, human capital resources, and organizational capital resources.Physical capital resources include the physical technology used in a firm, a firm's plant and equipment, its geographic location, and its access to raw materials. Human capital resources include the training, experience, judgment, intelligence, relationships, and insight of individual managers and workers in a firm. Organizational capital resources include a firm's formal reporting structure, its formal and informal planning, controlling, and coordinating

systems, as well as informal relations among groups within a firm and between a firm and those in its environment". (Barney, 19911, p.636).

Because of the limitations of stage theories, the RBV occurred as a framework to explain small and medium scaled firm internationalization.

The rapid internationalization of small firms such as high-tech SMEs cannot be explained well using traditional stage theories. Researchers indicated that that some firms can internationalize very rapidly; some firms can even be international when founded. As a result of those studies, the "born global theory of the firm" emerged (Oviatt & McDougall, 1994; Knight & Cavusgil, 1996, 2004).

In line with the RBV, the unique resources and capabilities that firms possess can explain the rapid internationalization of some small firms. Those firms may have competitive advantages with their unique resources and capabilities that accelerate the internationalization process of those firms (Knight et al., 2004).

According to the RBV, entrepreneurs, managers, entrepreneurial managers, and their relationships are heterogeneous recourses that are rare and difficult to imitate. Firms having those resources can have advantages when entering foreign markets and can thus internationalize rapidly. "Entrepreneurial alertness, entrepreneurial knowledge, and the ability to coordinate resources are resources in their own right; The entrepreneur's dynamic learning and resource configurations represent unique knowledge, cognitions, and learning, which enable value creation" (Barney, Wright, & Ketchen, 2001, p.630). Amit and Shoemaker (1993) claim that a firm can have superior performance because of its "valuable, rare, imperfectly imitable and non-substitutable resources and capabilities" (Barney, 1991, p.636).

Some studies have investigated whether the unique resources that firms have are important factors for internationalization of firms. Johanson and Mattson (1988) stated that if the owner or key managers have resources such as specific knowledge, network capability, social ties, and entrepreneurial orientation, they can be key drivers for successful internationalization (Johanson & Mattson, 1988; Knight, 2000).

Some researchers have examined resources such as knowledge, ability to network, and human relationships to examine their effects on internationalization. Those researchers indicated that such resources helped firms in their internationalization (Bell et al., 2004).

The RBV can connect with other internationalization approaches since the RBV "allows one to see the possible linkages between the learning aspects of gradual approaches, networks. And ownership aspect of eclectic paradigm" (Bell et al., 2004, p.32). Thus, the RBV is appropriate with learning theories, the network model of internationalization, and the rapid approach to

internationalization. For example, the RBV has been used to revise the Uppsala model (Johansson & Vahlne 2003). In addition, the RBV has made contributions to the rapid internationalization model (Chetty & Wilson, 2003; McDougall et al., 1994). Interpersonal relations have a role in developing networks and they help small firms when they are encountering challenges in their international activities. Therefore, the RBV will be one of the main theoretical frameworks of this study.

The RBV concentrates on "sustainable and unique-to-copy attributes of the firm as the sources of economic rents, i.e., as the fundamental drivers of the performance and sustainable competitive advantage needed for internationalization" (Ruzzier et al., 2006, p.482). The major theories of SME internationalization, such as stage models and the network theory, do not focus on "the strategic view" of firms and decision makers and the resource needs of SMEs; therefore, the RBV can be a valuable theoretical basis for internationalization of SMEs (Ruzzier et al., 2006).

There are a few papers that have studied the RBV in the context of SME internationalization. Ahokangas (1998) studied one model that examined the internationalization behavior and resource development of small firms. According to his study, small firms rely on the adjustment of external and internal resources, which can be provided within the firm and/or obtained from their environment. This model states that there are two dimensions that examine the adjustment of resources. The first dimension asks, "where do the resources reside; are they internal or external to the firm?" The second dimension asks, "if the development of resources is inward oriented (firm-oriented) or outward oriented (network-oriented)?" (Ruzzier et al., 2006, p.482). This model (resource adjustment model) states that firms can apply different development strategies of internationalization over time. The choice of firm-oriented or network-oriented resource development strategies, or a combination of both strategies, can be facilitated according to the context of the firm.

The RBV helps to understand how small firms can internationalize rapidly and without following the "incremental stages" of the internationalization process; therefore, the role of the RBV on the emergence of international entrepreneurship is important. Tacit knowledge is one of the key resources of small firms to get a competitive advantage in international markets (Peng et al., 2000). According to Liesch and Knight (1999), the logic of the RBV proposes that, "precisely because it is difficult to obtain, a surplus of tacit knowledge of internationalization is likely to provide the firm with a competitive advantage in foreign markets" (p.386).

Ruzzier et al., (2006) determined that the development of network perspective and the RBV go together in terms of SME internationalization. In both models, external and internal resources

presented to the enterprises are regarded as comprising "the total set of resources" available to the firm. Firms can move vertically to increase integration on the value chain or move horizontally via network relations in order to obtain access to new strategic resources (Ruzzier et al., 2006). Ayden et al. (2018) pointed out that "internationalization is a strategic decision, and strategy literature suggests that three forces—firm resources, industry conditions, and institutional environment—determine strategy" (p.127). Therefore, firm resources are important for SMEs to establish their internationalization strategy. According to Ahokangas' (1998) model, the network view and the RBV also sometimes merge because the network model states that network relationships are important resources of internationalization. In addition, tacit knowledge and networks of firms or individuals are regarded as resources from entrepreneurial perspective (Ruzzier et al., 2006).

In conclusion, RBV studies in the internationalization context are rare. There is an important necessity for new studies using the RBV to understand internationalization of small firms.

2.6. REVIEW OF EXISTING STUDIES ON INTERNATIONALIZATION OF SMEs

Studies of SMEs increased at the beginning of the 1990s in order to understand the behavior and challenges of SMEs. Some researchers have reviewed the internationalization of small firms (Aaby & Slatter, 1989; Coviello & McAuley, 1999; Fillis, 2001; Zou & Stan, 1998).

According to the literature reviewed, there are two different streams in SME internationalization (McDougall & Oviatt, 2000). The first stream concentrates on "new ventures" that are considered as global firms from the inception. On the other hand, the second stream studies SMEs that follow the incremental process of internationalization. Researchers in the first stream analyze both ancestors and the results of the internationalization of SMEs. The studies in the second stream generally focus on international performance of SMEs, the process of internationalization, SME export ancestors, and the patterns of internationalization (Zahra & Gravis, 2000; Bell, 1995; Coviello & McAuley, 1999).

After a review of the literature, Calof and Beamish (1995) stated that SMEs have a complex process of internationalization; some of them follow incremental stages but others have rapid internationalization. They concluded that one theory is not enough to examine the process of internationalization of SMEs due to the complexity of the process of internationalization of

SMEs. In addition, incremental stage theories do not clarify the internationalization process of SMEs in high-tech and knowledge-intensive industries (Rialp & Knight, 2005).

There is a body of research on the internationalization of SMEs that examines the factors affecting internationalization. Several researchers have found that the influences of managerial capabilities on international activities are significant (Johanson & Vahlne, 1977; Johanson & Wiedersheim, 1975). Management can affect the mode, speed, and direction of internationalization of firms (Zou & Stan, 1998). According to Leonidou et al. (1998), both subjective and objective managerial factors have an influence on SME internationalization. Objective factors such as experience, foreign exposure, and education positively impact the international activities of small firms. Managerial approaches to risk, objective and subjective perceptions of opportunities and obstacles also influence the internationalization of SMEs.

Some researchers claim that size and resources are influential factors in SME internationalization (Holden, 1986; Moen, 1999). Bilkey and Tesar (1977) found that small firms need to make greater investments to enter into new foreign markets. They examined 164 Japanese SMEs and found that SMEs are confronted with "liability of foreignness" when they enter into a new foreign market. As they gain experience, the "liability of foreignness decreases (Lu & Beamish, 2001). However, size is not regarded as a big barrier to internationalization, and SMEs can overcome their small size (Baird et al., 1994). Early studies indicated that SMEs: (1) were affected as much as large firms by adverse external changes, (2) were more flexible, (3) were capable of adjusting prices more quickly in changing conditions, such as currency fluctuations, and (4) were more risk taking (Ali & Swiercz, 1991).

2.6.1. Emerging Country SME Internationalization

A vast amount of enterprises are SMEs; they are the key players in every modern economy. Although they are considered as the backbone of economic and social development with their considerable contributions to innovation, employment, and social renewal, their small sizes and limited resources may hinder their internationalization (Hessels & Parker, 2013; Oparaocha, 2015). When compared to resource-rich multinational enterprises (MNEs), SMEs are generally considered as having limited resources and capabilities. Thus, they usually face idiosyncratic challenges when they internationalize.

These internationalization barriers can be internal or external to the firm, such as financial, managerial, firm-specific, market-based, and industry-specific barriers (Shaw & Darroch, 2004). These disadvantages and challenges that SMEs encounter are not only associated with

emerging country SMEs but also advanced country SMEs (De Maeseneire & Claeys, 2012; Hessels & Parker, 2013). Yet SMEs from emerging countries that are usually characterized as having weak institutional environments and unfavorable market conditions (Luo & Tung, 2007) may experience additional difficulties, particularly negative institutional factors such as the regulatory environment (Oparaocha, 2015; Torkkeli et al., 2012).

Unlike MNEs that have extensive financial and human resources and are more skillful in the use of network ties, SMEs usually depend on external resources for both new and further foreign market entry (Coviello & Munro, 1997; Johanson & Vahlne, 2009; Oparaocha, 2015). To overcome the various international business limitations, external sources are exploited to collect cultural, commercial, and technical skills that enable SMEs to go beyond their national boundaries (Johanson & Vahlne, 2009). Thus, SMEs have the advantage of accessing network resources to mitigate their liabilities in internationalization depending on which network resources they utilize (Oparaocha, 2015).

A firm's networks affect the extent of business opportunities and the variety of resources it can access and leverage for international business activities. This perspective demonstrates a shift from the mainstream perspective that looks at resource allocation as an essential component of internationalization to a perspective highlighting the importance of networks for a firm's cross-border activities (Cerrato, Crosato, & Depperu, 2016; Coviello & Munro, 1997). The network approach to internationalization proposes that internationalization opportunities and decisions are primarily driven by relationships which consequently allow firms to leverage critical external resources (Chetty & Wilson, 2003) and to mitigate limitations due to their size or limited experiences (Cerrato et al., 2016; Zou & Stan, 1998).

Previous studies on SME internationalization have examined the extent to which SMEs experience barriers to cross-border expansion (De Maeseneire & Claeys, 2012; Hessels & Parker, 2013; Hessels & Terjesen, 2010; Hollenstein, 2005; Paul et al., 2017; Shaw & Darroch, 2004). Barriers related to access to information about foreign markets can discourage SMEs from internationalization because internationalization without reliable information about the foreign markets is risky and uncertain. Attempts to collect relevant information about foreign markets and institutional environments, however, may be burdensome for resource-constrained SMEs (Hessels & Terjesen, 2010), and the presence of financial constraints can prevent SMEs from pursuing foreign direct investments in foreign markets which, in turn, limits their growth (De Maeseneire & Claeys, 2012).

2.7. ENTREPRENEURIAL ORIENTATION AND INTERNATIONALIZATION

In early research studies, an entrepreneurial strategy was defined as new endeavors to find opportunities to grow the firm (Lawyer, 1945). Although Mintzberg (1973) and Khandwalla (1987) had investigated the risk-taking behaviors of firms, entrepreneurial orientation (EO) was first studied by Miller and Friesen (1982) and Miller (1993).

The roots of entrepreneurial orientation (EO) come from the strategy making process field (Mintzberg, 1973). Strategy making is "an organization wide phenomenon that incorporates planning, analysis, decision making, and many aspects of an organization's culture, value system, and mission" (Hart, 1992, p.327). EO corresponds to the practices and policies that determine the entrepreneurial actions and decisions. Therefore, EO can be regarded as a firm level strategic process that key decision makers utilize to perform the purpose and vision of the firm and gain a competitive advantage (Rauch et al., 2009).

It is important to clarify the difference between entrepreneurial orientation and entrepreneurship. Miller and Friesen (1982) state that "entrepreneurial firms" are attempting to achieve a competitive advantage through risk-taking and innovations. Innovations in product line or services are a vital part of firm strategy. "Innovation strategy is a natural state of entrepreneurial firms and it is forced through management. Miller and Friesen's definition of entrepreneurial firm undertakes innovation and risk-taking. Miller (1983) later included proactiveness to the definition of entrepreneurial firms" (Rauch et al., 2009).

The focus of entrepreneurial research shifted from the individual level to the organizational level in the study by Miller (1983). This study established a basis for an entrepreneurial scale measure, which is submitted as an entrepreneurial orientation by Naman and Slevin (1993) and Covin and Slevin (1989). The measure integrates two proactiveness items from Miller's scale, two innovation items from Miller and Friesen (1982) and two risk-taking items from Khandalla (1977). The EO measure developed by Miller (1983) and Covin and Slevin (1989) is the most used measure in the entrepreneurship research field. In practice, EO stands for "the process, practices, and decision-making activities that lead to new entry" (Lumpkin & Dess, 1996, p.135). Miller (1983) disclosed EO through firm level characteristics. He revealed that "an entrepreneurial firm is one that engages in product market innovation, undertakes somewhat risky ventures, and is first to come up with proactive innovations, beating competitors to the punch" (Miller, 1983, p.780).

Lumpkin and Dess (1996) developed another conceptualization and suggested that EO contains five dimensions: "innovativeness, risk-taking, proactiveness, autonomy, and competitive aggressiveness" (p.135). Compared to the study by Miller (1983), this study has two new dimensions, autonomy and competitive aggressiveness. Autonomy refers to "an individual or group creation of an idea or vision that is then implemented independently" (p.782). Competitive aggressiveness represents "the firm's propensity to challenge its competitors directly and its importance in new market inter-firm competition" (Lumpkin & Dess, 1996, p.135). According to Lumpkin and Dess (1996), competitive aggressiveness differs from proactiveness in terms of the position of a firm in relation to its competitors. They also state that firms may have EO even if they do not follow the entrepreneurial dimensions mentioned above (Lumpkin & Dess, 1996). In addition, they assert that entrepreneurial dimensions are context specific, and, depending on the context, the dimensions of entrepreneurship may take place variously (Venkatraman, 1989).

Since Miller's study (1983), which shifted the focus of entrepreneurial studies from the individual level to the organizational level, interest in EO studies has increased, and large-sized companies have entered the focus of EO studies. At this time, EO has emerged as a research topic of several disciplines (Covin & Slevin, 1991). Researchers in organizational studies, strategic management literature, and management science have started to study proactiveness, risk-taking behavior, and innovativeness (Khanswalla, 1987; Covin & Slevin, 1991; Miller & Friesen, 1982).

As interest in EO rises, researchers maintain the definition and meaning of EO, but use different terms to determine the phenomenon, including "entrepreneurial orientation" (Naman & Slevin, 1993), "entrepreneurship" (Miller, 1983; Venkatraman, 1989), "entrepreneurial style" (Covin & Slevin, 1991), and "entrepreneurial posture" (Miller, 1983). Naman and Slevin (1993) propose a description of entrepreneurship "as aggregate measure of three dimensions: the willingness to take business related risks, the willingness to be proactive when competing with other firms, and the willingness to innovate to favor change and innovation in order to obtain competitive advantage" (p.142). EO literature indicates that most of the studies use three dimensions of entrepreneurial orientation in order to define and investigate EO. Those dimensions are "innovativeness, risk-taking, and proactive behavior (Naman & Slevin, 1993; Zahra & Gravis, 2000; Lumpkin & Dess 2001; Zhou & Yim, 2005; Wiklund & Shepherd, 2005). There are studies that investigate the effects of EO at the individual level, departmental level, and firm level. According to EO literature, the impact of firm level entrepreneurship on firm performance is the most significant (Covin & Slevin, 1989; Miller, 1983; Miller & Friesen,

1982). However, the impact of EO on firm performance is still controversial. Some studies show that companies having EO do perform better (Wiklund, 1999; Zahra, 1991), while other researchers state that there is no significant relation between EO and firm performance (Smart & Conant, 1994). Furthermore, Hart (1992) found that the EO of a firm may lead firms to have poorer performance.

In the next part of this section, the three main dimensions of innovativeness, risk-taking, and proactiveness of entrepreneurial orientation will be briefly discussed.

2.7.1. Innovativeness

Innovativeness reveals a firm's inclination to absorb and sustain the production of creative processes and new ideas that can generate technological processes, new products/services, and new markets (Lumpkin & Dess, 2001). Hult et al.(2004) proposed that innovativeness plays a crucial role in solving challenges and problems. The innovative capability of SMEs to renovate products/services becomes significant to improve their skills and to grow and survive when they are facilitating under international competitive conditions, quick technological advancement, and limited resources (Damanpour & Wishevsky, 2006). Innovativeness describes "a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes" (Lumpkin & Dess, 1996). Schumpeter (1934) identified innovation in market dynamics as "creative destruction" that includes the actions and the reactions of firms in following opportunities in markets in which new firms are able to allocate resources and initiate new goods or services. He is one of the first academicians to discuss that innovation is the crucial attempt of entrepreneurial firms to invent new processes and develop new products. Therefore, he pointed out that innovation could improve the competitive advantage of firms. Similarly, Covin and Miles (1999) suggested that innovation is a fundamental part of company strategy and entrepreneurship is not present without it. According to Peter Drucker (1985): "Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced. Entrepreneurs need to search purposefully for the sources of innovation, the changes, and their symptoms that indicate opportunities for successful innovation. And they need to know and to apply the principles of successful innovation" (p.132).

There are some inconsistencies in measuring and conceptualizing innovation; innovation is defined differently by various researchers. Coulthard (2007) reviewed the previous studies on EO. According to his study, innovativeness is one of the important dimensions of performance, but it is not the most important one. He stated that study respondents understood innovativeness differently. Some respondents understood innovation as only new ideas, while others understood it as both new ideas and modifications.

Innovativeness of a firm is very significant to gain a competitive advantage and to reach superior performance. The innovativeness of a firm is indicated by the firm's actions in developing new processes, making new services/products, or implementing new technologies. The process of innovativeness is continuous, and firms need to invest in innovativeness continuously. In addition, both incremental and radical innovations increase the competitiveness of firms.

2.7.2. Risk-taking

According to Venkatraman (1989), risk-taking is regarded as one of the main dimensions of entrepreneurship. Researchers have attempted to describe term risk-taking at organizational levels.

Lumpkin and Dess (1996) define risk-taking as "the degree to which managers are willing to make large and risky resource commitments, i.e., those that have a reasonable chance of costly failures" (p.135). According to Zahra and Covin (1995) "risk-taking is the company's willingness to engage in business ventures or strategies in which the outcome may be highly uncertain" (p.50) Risk-taking can be utilized as the degree that owners/managers implement a strategy or path that has consequences in anticipated results. It can also be financially defined as a probable financial failure or negative conclusion (Venkatraman, 1989). Risk-taking behavior in entrepreneurial firms means using resources or taking on debt to gain possible higher profits (Lumpkin & Dess, 1996). Miller (1983) states that risk-taking firms do not only leverage financially but are also involved in technological innovation or in product markets.

Dess and Lumpkin (2005) describe three types of risks that organizations and their managers confront. Those risks are personal, financial, and business. Financial risks are heavy debts or the use of a high percentage of firm resources for some specifics projects in order to grow. Business risks are related to new investments or entering new markets without being able to test the potential returns or losses. Personal risks are associated with decisions of executives about the strategic actions of firms (Dess & Lumpkin, 2005).

According to a study by Avlonitis and Salavou (2007), risk-taking firms invest in projects with higher risk levels in order to get more returns, while risk-averse firms invest in projects with lesser risk levels even though they assume low level returns. However, there are some interesting results in the literature. According to a study by Rauch et al., the contribution of a risk-taking dimension has a lower effect on the performance of firms than on other dimensions of EO. In addition, Naldi et al. (2007) indicated a negative relationship between performance and risk-taking behavior of Swedish SMEs. Naldi et al. (2007) also stated that risk-taking can be affected by organizational context, national culture, and governance.

2.7.3. Proactiveness

According to Venkatraman (1989), "proactiveness is a future oriented perspective". He determined proactiveness to be a firm's strategic orientation. Miles et al. (1978) defined a proactive firm as "finding and exploiting new product and market opportunities and maintaining a reputation as an innovator". Likewise, Venkatraman (1989) explained entrepreneurial proactiveness as "proactive behavior in relation to participation in emerging industries, continuous search for market opportunities and experimentation with potential responses to changing environmental trends" (p.946). Miller and Friesen (1982) stated that proactiveness shows how companies react to their environment, for example, "does it shape the environment by introducing new products, technologies, administrative techniques, or does it merely react" (p.872). Rauch et al. (2009) defined proactiveness as "an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competition and anticipation of future demand" (p.772). Therefore, "proactiveness" can be defined as opportunity recognition activities for future demands, and the proactiveness of a firm is indicated by its responsiveness and awareness to market indications.

Proactive firms identify and evaluate new opportunities and monitor market trends. They enter new markets and initiate new services or products before their competitors do. This suggests that proactive firms can be regarded as leader firms rather than followers (Lumpkin & Dess, 1996).

Hughes and Morgan (2007) state the effect of proactiveness on the performance of firms is changeable. It is more critical in the earlier years of a firm and less important once a firm is established.

According to entrepreneurship literature, the level of proactiveness is positively associated with the ability to gather data relevant to resources and opportunities in target markets. Proactive

firms can view the environment and recognize opportunities in their environment. Such firms may have more knowledge about the resources they need and more market information than less-proactive firms. Thus, proactive firms can perform better than their competitors.

2.8. DEGREE OF INTERNATIONALIZATION

Internationalization is an active and progressive process; thus, the internationalization strategy of a firm can differentiate according to environmental changes, firm strategy, and business goals for entering the international market over time (Chiao et al., 2002). The participation by firms in international business varies and therefore generates differences in performance. There are diverse perspectives and views about the internationalization and performance of firms. For that reason, the indicators that researchers used to calculate the degree of internationalization (DOI) are varied. In this part of the literature review, the degree of internationalization will be examined.

The DOI of firms has been a vital research topic for many years (Sullivan, 1994; Contractor, 2012). The study by Ansoff (1957) was one of the first studies to identify an internationalization measurement, which simply defines DOI as "the performance of a company in foreign markets" (Ietto-Gillies, 1998, p.24). There are many studies over the last decades that have endeavored to determine an appropriate method to measure the degree of internationalization. In internationalization literature, the DOI of a firm has been conceived in different terms, such as "degree of internationalization", "export intensity", "geographic diversity", "international business intensity", and "scale and scope of internationalization" (Sullivan, 1994; Cavusgil & Zou, 1994; Lu & Beamish, 2001; George et al., 2005; Zahra et al., 2000).

Researchers have used different approaches to measure the degree of internationalization, and early studies mostly examined the scale of internationalization. The common indicators of DOI are the ratio of foreign sales to total sales (FSTS), the ratio of foreign assets to total assets (FATA), and the ratio of foreign subsidiaries to total subsidiaries.

Early studies generally used a single-item approach to measure internationalization, with the ratio of foreign sales to total sales (FSTS) as the most frequently used indicator (single-item measurement) of the DOI of a firm and confined the contribution of international returns generating activities. There are some other measures that researchers have used to assess the DOI of a firm, including the percentage of foreign employees (FETE), the ratio of foreign profits to total profits, and the number of foreign countries in which the firm has international

activities (Dunning, 1985; Cavusgil & Zou, 1999; Lu & Beamish, 2001; George et al., 2005; Dellios & Beamish, 1999).

Sullivan (1994) has reviewed the literature of DOI and has concluded that single-item measurements of the degree of internationalization do not fully indicate heterogeneity of internationalization; thus, he concluded that a multidimensional measurement should be used. However, the choice of measurement items depends on the availability of data, and it is especially difficult to find different kinds of data to measure the internationalization of small and medium sized firms because those firms are generally not willing to reveal that data.

According to researchers, it is important to choose correct measurement items to calculate the DOI of firms. Hitt et al. (2006) stated that the measures should be carefully chosen to confine the theoretical aims of the study in order to expand content validity; thus, a potential blur between internationalization and its effect can be separated. In some studies, researchers have attempted to make a separation between measures that define the firm's scope, scale, and speed of internationalization as ancestors of financial performance (Cavusgil & Zou, 1994; Lu & Beamish, 2001; Tseng et al., 2007). Measures of international sales growth and the change in international sales ratio to total sales are used as a measurement of the degree of internationalization of a firm (Oviant & McDougall, 2005; Wagner, 2004; Zhou, 2007).

The geographic scope of international expansion has also been analyzed as a measurement of the degree of internationalization. In order to operationalize the geographic scope of internationalization, the number of (1) foreign employees, (2) countries in which firms have international activities, (3) foreign offices/subsidiaries, and (4) geographic regions have been employed (Hitt et al., 2003, 2006).

Bausch and Krist (2007) made an extended literature review on internationality and performance. They summarized the types of measures employed to determine the degree of internationalization. According to their study, the measures employed in the internationalization literature are as follows:

1. Ratio type measures aim to measure the degree of internationalization and are used in most of the studies (57%). These studies employ a "proportion or percentage" of international operations over total operations. The most frequently used ratio is "Foreign-to-Total Sales" ratio.
2. Count measures are the second most employed measures and indicate the number of countries in which a firm has activities and/or offices.

3. Concentration type measures are used in about 18% of the studies. They aim to measure the degree of internationalization by determining "degrees of concentration of economic activity."
4. Composite type measures are also widely used to measure the degree of internationalization. Combining two or more ratios derives this type of measure. The best-known example is Sullivan's Study (1994).
5. Finally, some researchers have employed a categorical type of measurement. Vernon (1971) is an early example of these studies. He categorized firms as "domestic firms" or "international firms." According to his study, a firm is regarded as an international firm if its foreign sales are more than 10% of total sales. The study by Rugman (2000) is a current example for categorical type of measurement that classifies firms into four groups: global, home region oriented, bi-regional, and host region oriented (Bausch and Krist, 2007).

There are different dimensions of the degree of internationalization. Dörrenbacher (2000) reviewed the literature and collected the indicators that have been used to measure the DOI. According to researchers, the number of possible indicators may be larger Ficher (2004) pointed out that there are more than 47 indicators of internationality (Sommer, 2017).

To assess internationality, indicators can be evaluated individually, or they can be grouped into several categories. According to a study by Ficher (2004), there are different possible approaches to use in grouping indicators. Three categories can be made to group indicators. In the next part of this section, three main approaches will be discussed.

The "first category" can be made according to typology. The aim is to define differences between firms. For example, Ficher (2004) identified four types of firms, "the international, the multinational, the global and the transnational firm" (p.70). Perlmutter (1969) uses another typology approach that points out the "attitude of management" as a dimension. It is stated that the degree of internationalization is not only a quantifiable issue like international sales or profits but can also be examined by "the attitude of management toward the international business" (p.122). There are some other studies that make different typology categories that concentrate on networking features of an international firm (Perlmutter, 1969; Cheng & Ramasway, 1989). Ficher (2006) found that attributes or characteristics in the literature can be classified under one of the following dimensions: structure, performance, behavior, environment, strategy, and resources (Sommer, 2009).

According to a review by Sommer (2009), the first category—typology—does not present a comprehensive analysis of the degree of internationalization since the quantitative view is not

adequately combined. The second possible category incorporates an index of quantitative indicators to evaluate the degree of internationalization of firms. This method is a multidimensional concept that combines several measurements and unites them in one index in order to obtain data reduction. Some advantages of multidimensional analysis will be discussed in the latter part of this section. In the literature, there are three most frequently used indices that will be reviewed one by one (Dörrenbacher 2000).

- Transnationality Index: This index was developed by the United Nations Conference on Trade Development (UNCTAD, 1995). The objective of this index is "to capture fully the extent of involvement of transnational companies in the world economy" (UNCTAD, 1995)
- Transnational Activity Spread Index: Ietto-Gillies (1998) stated that the transnationality index pays no attention to the "spread of foreign activities" and merges two indices. She proposed improving the transnationality index by combining "network spread index." (p.24)
- DOI: This index was developed by Sullivan (1994, 1996). He employed five different indicators to make an index to measure the degree of internationalization. Sullivan's index will be examined in the latter part of this section.

According to Sommer (2009), the third possible category of indicators to examine internationality of firms is used to form internationalization profiles. Kutschker and Schmid (2006) aimed to measure the internationality of firms in three-dimensional mountains. Another interesting study is by Hassel et al. (2003) in which a two-dimensional structure was formed that indicated profile character. These studies measured intentionality of firms for illustrational purposes; therefore, only a few studies are reviewed (Sommer, 2009).

There is not one accepted model to measure the degree of internationalization of a firm (Ramasway et al., 1996; Sullivan, 1994). Using single item to measure the DOI is a common method in the internationalization field. However, utilizing single indicators to evaluate such a complex process may lead researchers to incorrect results. Therefore, many researchers (for example, Reid, 1981; Welch & Luostarinen, 1988; Dalli, 1994; Sullivan, 1994) state that there is a necessity to use a multidimensional index or composite measure to evaluate a firm's level of internationalization.

There are different studies that have used multi-item means to measure the level of internationalization. For example, Lu and Beamish (1994) evaluated DOI by utilizing two variables, the number of international subsidiaries and the number of countries in which those subsidiaries were founded. Another study is the one of Kundu and Chin (2003), in which they

examined levels of internationalization by calculating "eigenvector-weighted averages" of the ratios of FSTS (foreign sales to total sales), FETE (foreign employees to total employees) and FOTO (Foreign offices to total offices). Reuber and Fisher (1997) utilized the ratio of foreign sales to total sales, percentage of employees for international business, and geographic scope to measure DOI. Allan and Panzalis (1996) used the dimensions of breadth (number of foreign countries in which a firm has subsidiaries) and depth (number of foreign subsidiaries) to examine the relation between level of internationalization and performance.

DOI has been generally assessed by three main indices (Hassel et al., 2003; Dörrenbacher, 2000). In the next part of this section, DOI (Sullivan, 1994), the transnationality index (UNCTAD, 1995), and the transnational activity spread index (Ietto-Gillies, 1998) indices will be discussed.

Sullivan (1994) stated that most of the studies used single-item measurements in order to analyze the degree of internationalization of firms. He claims, however, that there are some problems with using single-item measurements such as:

- "A single item does not permit one to take measurement error into account in analysis.
- The impossibility of determining the reliability of a single measure increases the probability of a Type I and Type II error.
- A single measure creates the risk that the measure will be confounded by existing method biases.
- A single item only represents a limited portion of the domain and tends to misrepresent the construct". (p.332).

Internationalization is a very complicated and multidimensional process, and researchers may not be able to measure the actual degree of internationalization of firms by using only one measurement. For that reason, Sullivan (1994) suggested the creation of an index from different indicators that measure different dimensions of internationalization.

According to Sullivan (1994), there are three attributes of degree of internationalization: performance (what goes on overseas; Vernon, 1971), structural (what resources are overseas; Wells, 1972) and attitudinal (what is top management's international orientation; Perlmutter, 1969). He found that there are five measures to operationalize the performance attribute of internationalization, two measures to operationalize the structural attributes of DOI, and two measures to attitudinal attributes of DOI.

Performance measures:

- **FSTS**: a common measure of DOI is foreign sales as a percentage of total sales

- **R&DI**: Research and development intensity
- **AI**: Advertising intensity
- **ESTS**: Export sales as a percentage of total sales
- **FPTP**: Foreign profit as a percentage of total profit

Structural measures:

- **FATA:** Foreign assets as a percentage of total assets
- **OSTS:** Overseas subsidiaries as a percentage of total subsidiaries
- **Attitudinal Measures**: Measuring the attitudinal attributes of DOI is difficult in that archival data do not inventory the psychometric attributes of firm managers.
- **TMIE**: Top managers international experience
- **PDIO:** Psychic dispersion of international operations

Sullivan (1994) used these indicators and created an index called "degree of internationalization" to measure the internationality of firms. After analyzing research results, Sullivan (1994) used only five indicators (OSTS, FSTS, FATA, PDIO, TMIE) in the final calculation of degree of internationalization to create an index.

The transnationality index was developed in 1995 by UNCTAD; the index is a three-dimensional measurement that has been reported in the World Investment Report (1995). This index is calculated based on the simple averages of three indicators: "Foreign sales to total sales, foreign assets to total assets, and foreign employment to total employment" (p.87). To balance different dynamics of internationalization in different industries, the transnationality index averages three different indicators (Ietto-Gillies, 1998). The calculation of transnationality index is:

Let:

A = Company's Total Assets and Af = Company's Foreign Assets

S = Company's Total Sales and Sf = Company's Foreign Sales

E = Company's Total Employment and Ef = Company's Foreign Employment

There are three dimensions of the index:

Ai = Foreign Assets index = Af/A

Si = Foreign Sales index = Sf/S 4

Ei = Foreign Employment index = Ef/E

The index is the average of three indicators:

TI = Transnationality index = [Ai + Si + Ei] : 3

There are some studies that employed the transnationality index (TI). For example, Tuselmanna et al. (2008) utilized TI to evaluate the significance of industry internationalization in the USA.

In addition, in some countries, business schools adopted the transnationality index to examine internationalization of domestic firms. Outreville (2008) and Ruzzier et al. (2007) utilized TI as an internationality measurement to draw a framework for internationalization of firms.

The major problem of TI is that it only measures the percentage of foreign activities of firms; it does not consider the geographic dispersion of a firm that has international operations. TI considers a firm with foreign activities in two or three countries the same as another firm with foreign activities in more than 80 countries. The number of countries (or the concentration of subsidiaries) may be important indicators to measure internationalization. If the geographic spreading of a firm increases, some political and structural risks may be diversified.

Finally, the last index used to measure the degree of internationalization of firms is the transnational activity index (TASI) which was developed by Ietto-Gillies (1998). According to Ietto-Gillies, "there is no single way of assessing the degree to which companies, industries or countries are internationalized: it all depends on what patterns and aspects of internationalization we choose to emphasize" (p.22). This index combines the transnationality index with "physic dispersion of foreign activities" as developed by Sullivan. (Ietto-Gillies, 1998). This approach takes two dimensions into consideration, intensity level and the level of geographic extensity of international activities. This index has also been used by other researchers; for example, Frenz et al. (2005) utilized this index to examine the relationship between innovation and internationalization of firms.

There are many different indicators and indices to measure the degree of internationalization. This diversity depends on the aim of the study and the data availability. It is necessary to have a credible means to measure the degree of internationalization. The first efforts to measure DOI used single-item measurements based on foreign sales percentage and foreign assets percentage. Because of the complexity of internationalization, later researchers used multidimensional indices to measure the degree of internationalization. In this study, we aim to create an index (consisting of different dimensions of internationalization) to measure different dimensions of internationalization.

2.9. CONCLUSION

The aim in this chapter is to understand the previous studies about the internationalization of SMEs, and to have the knowledge to establish the theoretical framework of the proposed study. To do that, the theories of internationalization, the studies of SME internationalization, entrepreneurial orientation, and network relationships and their effects on internationalization,

and the degree of internationalization research fields have been reviewed. In the next chapter, the theoretical framework of this thesis and the hypotheses development will be provided.

3. CHAPTER THREE
CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

3.1. INTRODUCTION

This chapter introduces the theoretical background of this study on which the research model is built. Firstly, the research fields and theories that frame the theoretical background of the study will be mentioned. Since a review and a discussion of the internationalization of SMEs, international entrepreneurship, and the main hypothesis or/and views that the theoretical base of that study established are provided in the literature review chapter, they will not be reviewed in this chapter again. Then, the conceptual framework of the study will be presented, and later the hypothesis will be presented in the last section of this chapter.

The hypothesized relationships in the research model of this study are developed based on the arguments from the literature on entrepreneurship, networks, and small and medium-sized enterprises' (SMEs) internationalization. In the next part of this chapter the theoretical background of the study and hypothesis development sections will be provided.

3.2. THEORETICAL BACKGROUND

In this section of the third chapter, the main research fields and the theories/views that will be base for the conceptual framework of this thesis will be illustrated.

3.2.1. Key Research Fields

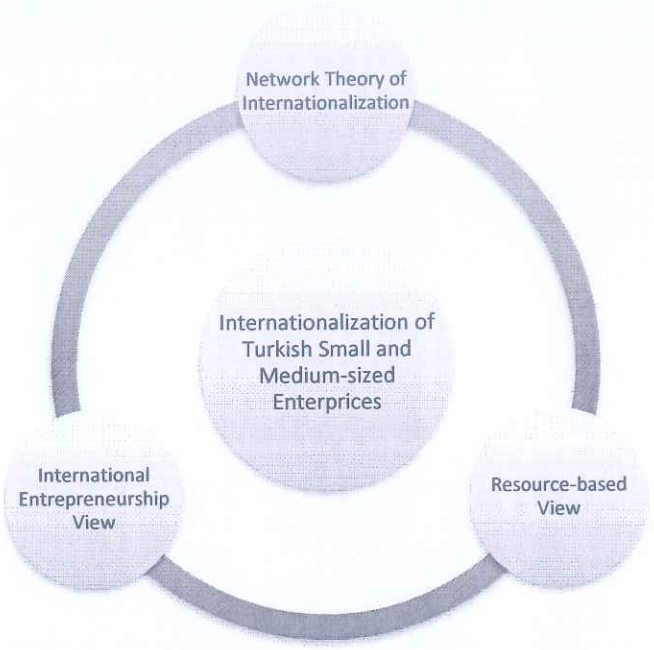
As figure 3.1 illustrates, this study on the internationalization of SMEs is situated between the research areas (i) small and medium-sized enterprises, (ii) entrepreneurship, (iii) international business, and (iv) international entrepreneurship. The two most important research areas are (i) small and medium-sized research area, and (ii) international entrepreneurship research. Since these research areas were deeply reviewed in the literature review chapter, they will not be repeated in this chapter.

Figure 3.1. Key Research Fields

3.2.2. Key Theoretical Perspectives

As Figure 3.2 demonstrates, key theories of this study are (i) the network theory of internationalization, (ii) resource based view, (iii) international entrepreneurship view. Those theories have been reviewed in more detail in the literature review chapter. Therefore, in this part of this chapter we will not repeat theories or views. Theoretical framework of this thesis is based on the theories of network theory of internationalization and international entrepreneurship view

Figure 3.2. Key Research Theories



3.3. CONCEPTUAL FRAMEWORK

A conceptual framework is a construction that researchers use to explain the development of the phenomenon to be examined. As Peskhin (1993) noted, "it is linked with the concepts, empirical research and important theories used in promoting and systemizing the knowledge espoused by the researcher" (p.25). The conceptual framework helps researchers to enlighten how the research problem will be investigated. It provides an integrated method of looking at a problem to be studied, and it defines the association between the main concepts of the research. In this section, the conceptual framework of this thesis will be indicated by integrating the main concepts.

3.3.1. Internationalization of Emerging Country SMEs: The role of EO and Network Ties

SMEs make up the vast amount of enterprises and are the key players in every modern economy. Although they are considered as the backbone of economic and social development with their considerable contributions to innovation, employment, and social renewal, their small sizes and limited resources may hinder their internationalization (Hessels & Parker, 2013; Oparaocha, 2015). When compared to resource-rich multinational corporations (MNCs), SMEs are

generally considered as having limited resources and capabilities. Thus, they usually face idiosyncratic challenges when they internationalize.

These internationalization barriers can be internal or external to the firm, such as financial, managerial, firm-specific, market-based, and industry-specific barriers (Shaw & Darroch, 2004). These disadvantages and challenges that SMEs encounter in internationalization are not only associated with emerging country SMEs but also advanced country SMEs (De Maeseneire & Claeys, 2012; Hessels & Parker, 2013). Yet SMEs from emerging countries are usually characterized as having weak institutional environments and unfavorable market conditions (Luo & Tung, 2007), and they may experience additional difficulties, particularly negative institutional factors such as the regulatory environment (Oparaocha, 2015; Torkkeli et al., 2012).

Unlike MNCs that have great financial and human resources and are more skillful in the use of network ties, SMEs usually depend on external resources for both new and future foreign market entry (Coviello & Munro, 1997; Johanson & Vahlne, 2009; Oparaocha, 2015). To overcome the various international business limitations, external sources are exploited to collect technical, cultural, and commercial skills that enable SMEs to go beyond their national boundaries (Johanson & Vahlne, 2009). Thus, SMEs have the advantage of accessing network resources to mitigate their liabilities in internationalization depending on which network resources they utilize (Oparaocha, 2015).

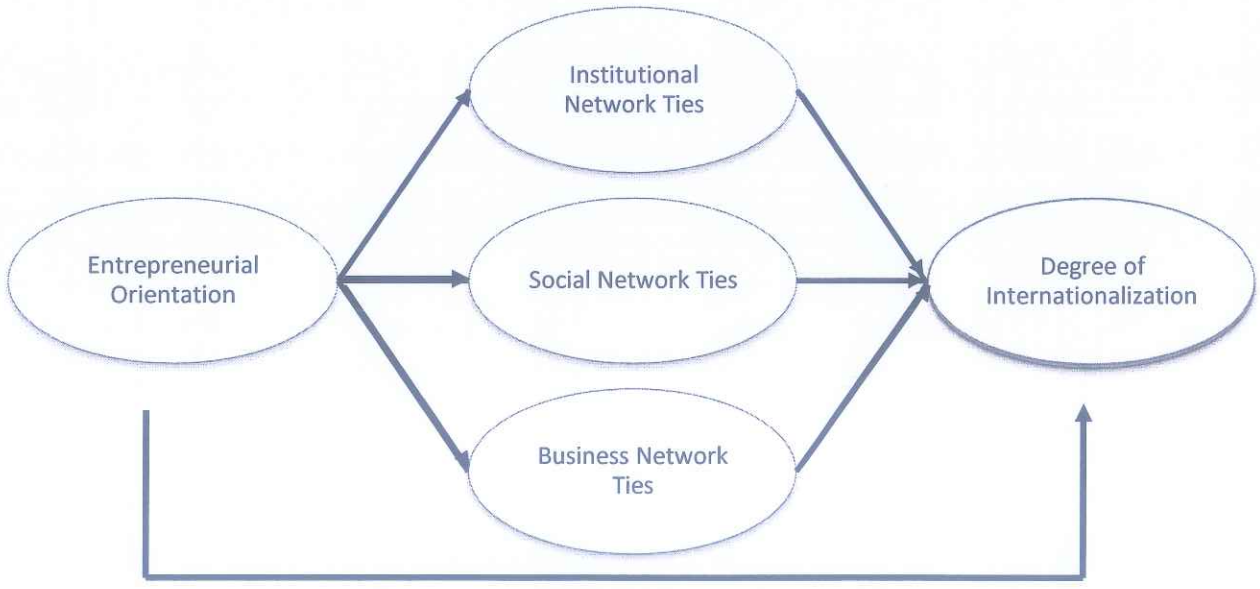
A firm's network ties influence the extent of business opportunities and the variety of resources it can access and leverage for international business activities. This perspective demonstrates a shift from the mainstream perspective that looks at resource allocation as an essential component of internationalization to a perspective highlighting the importance of networks for firm's cross-border activities (Cerrato, Crosato, & Depperu, 2016; Coviello & Munro, 1997). The network approach to internationalization proposes that internationalization opportunities and decisions are primarily driven by the relationships which consequently allow firms to leverage critical external resources (Chetty & Wilson, 2003), and to mitigate the limitations due to their size or limited experiences (Cerrato et al., 2016; Zou & Stan, 1998).

Previous studies on SME internationalization have examined the extent to which they experience barriers to cross-border expansion (De Maeseneire & Claeys, 2012; Hessels & Parker, 2013; Hessels & Terjesen, 2010; Hollenstein, 2005; Paul et al., 2017; Shaw & Darroch, 2004). Barriers related to access to information about foreign markets can discourage SMEs to internationalize because internationalization without reliable information about foreign markets is risky and uncertain. Attempts to collect relevant information about foreign markets and

institutional environments may be burdensome for resource-constrained SMEs (Hessels & Terjesen, 2010), and the presence of financial constraints can prevent SMEs pursuing foreign direct investments in foreign markets which, in turn, limits their growth (De Maeseneire & Claeys, 2012).

EO can enable SMEs to engage in international activities and can drive them to identify and exploit international opportunities or to overcome the barriers in cross-border expansion. Since EO incorporates proactive, risk-taking, and innovative behaviors, it is likely that a firm with a high level of EO engages in internationalization. However, the driving role of EO can result in the increasing use of network ties to identify and exploit international opportunities; therefore, the use of social, business, and institutional ties may play a significant role in the relationships between EO and internationalization. Figure 3.1 represents the proposed relationships between EO, network ties, and SME internationalization.

The Figure 3.3: Relationships between EO, Network Ties, and SME Internationalization



3.4. HYPOTHESIS DEVELOPMENT

The hypotheses are identified after a broad and comprehensive review of SME internationalization literature and researches done in the field. In addition, the hypotheses for the empirical study are based on "the conceptual framework" of the study.

Based on the conceptual framework (see Figure 3.3), the empirical research results, and the review of existing literature the following hypotheses group are developed:

- EO and firm internationalization,
- Network Ties and internationalization of EC SMEs,
- Entrepreneurial orientation and network ties,
- The mediating role of networks in the EO and firm internationalization relationship.

The hypotheses will be presented in the following subsections.

3.4.1. Entrepreneurial Orientation and Firm Internationalization

EO is a set of organizational level behaviors including proactiveness, risk-taking, and innovativeness (Hakala, 2011). Organizations with a high level of EO act proactively rather than responsively and endeavor to challenge the constraining factors in their environment (Lumpkin & Dess, 1996). These firms are characterized by risk-taking behaviors that encourage them to act even under environmental uncertainties due to limited information. The proactive and risk-taking behaviors along with their inclination to innovation allow them to introduce new market offerings or business models and to adapt to the requirements of new institutional environments.

Zahra et al. (2000) examined the relationship between EO and international performance and found that EO improves the knowledge and learning capability of companies and has a positive effect on the competitive advantage of companies. Yiu et al. (2007) analyzed the relationship between internationalization and the constructs of EO. They determined that EO had a crucial role on internationalization; particularly, risk-taking has a significant effect on internationalization. Furthermore, Florida (1997) indicated that EO leads SMEs to take higher risks and increase their market shares with their innovative products in international markets. A study by Knight (2000) found that EO plays an important role in rapidly changing business environments to quickly respond to customer demands in international markets. Thus, EO makes firms increase their internationalization. As mentioned in earlier studies, SMEs with higher EO indicate better performance to create new opportunities, to establish new relationships, and to actively follow international activities (McDougall et al., 1994). In order to see the determinants of internationalization, Zuccehella (2002) examined 200 Italian SMEs. According to her study, the interaction between EO and organizational capabilities, such as network capability, had significant importance to achieve internationalization.

There are also some recent studies that examined the important role of EO on internationalization. For example, Yoon et al. (2018) examined the determinants of

internationalization of family SMEs by analyzing 191 Spanish SMEs and found that EO has meaningful and significant role on internationalization. A study by Perlines et al. (2016) investigated "mediating effect of competitive strategy on international entrepreneurial orientation and international performance in family business" (p.18). They concluded that EO had a significant contribution in the international performance of family-owned businesses. Another study to investigate the mediating effect of marketing capability on the relationship between EO and internationalization was conducted with 401 Korean SMEs. According to this study, the impact of EO on internationalization of Korean SMEs is critical.

In conclusion, firms with high levels of EO can overcome the liability of foreignness through proactive, risk-taking, and innovative behaviors, and can develop new business opportunities abroad that can increase the percentage of profits and sales derived from international markets (Shaw & Darroch, 2004). Therefore, we hypothesize that:

H1. Entrepreneurial orientation positively affects the degree of internationalization of SMEs.

3.4.2. Entrepreneurial Orientation and Network Ties

Social network theory argues that networks are developed and sustained at different levels of analysis such as individual and organizational through the actions of social agents (Oparaocha, 2015). Individuals and organizations commit resources and develop dyadic relationships with multiple actors in their environment which result in the establishment of broader networks leading to information exchanges (Luo, 2003; Manolova, Manev, & Gyoshev, 2010).

There is a positive and close tie between EO and firm capabilities and resources (McDougall & Oviatt, 2003). Social or business ties are vital resources for firms to be more entrepreneurial oriented. With those relationships, firms can obtain earlier and better access to information, new markets, and channels, and those relationships may help firms to recognize new opportunities and create new products. Not only personal relationships but also inter-organizational relationships are important recourses for SMEs that have limited resources to be more entrepreneurial oriented. There is a significant relationship between organizational resources and EO (Teece, 2007).

Entrepreneurship behavior consists of three diverse yet independent behaviors, proactiveness, risk-taking, and innovativeness (Lumpkin & Dess, 1996), that can give birth to the creation and exploitation of networks. An SME's entrepreneurial strategic orientation can lead the organization and its owners/managers to search for opportunities to form and use new networks.

An organizational posture manifested in EO is composed of proactiveness, risk-taking, and innovativeness, which can act as behavioral drivers of networking activities (Chen & Miller, 2012). This argument leads to the conclusion that an SME firm characterized by a high level of EO will be more likely to form and benefit from network ties at different levels, and its owners/managers will be more inclined to demonstrate networking behaviors. Therefore, we hypothesize that:

H2a. EO positively affects the use of social network ties of SMEs.
H2b. EO positively affects the use of business network ties of SMEs.
H2c. EO positively affects the use of institutional network ties of SMEs.

3.4.3. Network Ties and Internationalization of SMEs

In networks, firms are motivated to expand and continue network ties with each other because of mutual benefits occurring from interactions. In international markets, firms need to establish relationships with different kinds of actors, such as suppliers, customers, competitors, non-profit organizations, and government institutions, in order to enter the market and gain access to the knowledge and distribution channels of the market (Kontinen & Ojala, 2010; Johanson & Mattson, 1988; Johanson & Vahlne, 1990). Ellis (2008) indicated that research studying the network model of internationalization focuses on the relationships between organizations, but the relationships at the individual level were ignored. It is important to also utilize network relationships at the individual level (Ellis, 2008; Kontinen & Ojala, 2010).

In the existing literature, several researchers have studied the influence of network relationships. We will build our hypothesis according to existing literature. There will be a literature summary in the following part.

According to some researchers, network ties have an important effect on international opportunity recognition of small and medium-sized firms (Ellis, 2000; Oviat & McDougall; Kontinen & Ojala, 2011). Zain and Ng (2006) stated that network relationships motivate firms to start internationalization. Even if firms can recognize international opportunities, it may not be enough to initiate internationalization. Another positive impact of network relationships on firm internationalization is to identify potential partners in international markets. Firms may monitor and evaluate potential partners in foreign markets through their formal and social ties in those markets (Björkman & Kock, 1995; Ellis, 2000). Network relationships may also enable firms to gain initial legitimacy and credibility. It is important for firms to be legitimized,

especially for SMEs, in order to be successful in foreign markets (Coviello & Munro, 1997; Oviatt & McDougall, 2005).

One of the main contributions of network relationships to the internationalization of firms is to provide access to local market knowledge and established channels (Zain & Ng, 2006). Establishing a business in international markets necessitates developing and accessing distribution channels in its target market. Accessing channels is not easy for resource-limited firms; therefore, firms need to improve network relationships with established distribution channels to overcome resource obstacles (Coviello & Munro, 1995).

According to Bell (1995), network relationships play an important role in entry mode and market selection of small firms. Small and medium sized firms need to choose the correct target market and entry mode in order to be successful with their limited resources. Therefore, choosing entry mode and target market selection are very important for SME success in international markets; one of the key factors of the success of rapid and small-internationalized firms is their involvement with international networks (Coviello & Munro, 1997). It can be said that network relationships have important influences on the decisions of entry mode and market selection of small firms.

Firms may reduce their cost and minimize their risks in international markets by using their network relationships. When they encounter uncertainties in entering a foreign market, they use their relationships to cover potential uncertainties. For example, Asian firms, especially Quanxi in China, are able to have a competitive advantage by reducing their transaction and research costs with their network relationships (Chetty & Patterson, 2002; Coviello & Munro, 1995; Katsikeas & Morgan, 1994). Therefore, it can be said that network relationships of SMEs reduce the cost of internationalization. Finally, network relationships have an effect on the innovation of small and medium sized firms that have international activities. Network relationships facilitate the innovativeness of firms because innovative knowledge comes from different network resources (Zain & Ng, 2006). According to Obstfeld (2005), organizational innovation is a "process of creating new social connections between people, and ideas and resources they carry, so as to produce novel combinations" (p.115). Therefore, network relationships can be regarded as an important factor of firm innovativeness and, as a result, firm internationalization.

There are several studies that indicate network ties are a major factor in starting the internationalization process in new markets (Coviello, 2006; Crick & Spence, 2005). This assumption is consistent with the study of the network model of internationalization (Johansson & Mattson, 1988) that stated network relationships of firms "act as a bridge to foreign markets"

(Kontinen & Ojala, 2010). In addition, Ellis (2008) indicated the positive relation between network relationships and opportunity recognition in international markets. In a study by Coviello and Munro (1997), it is stated that "network relations impact foreign market selection and mode of entry, as well as product development and market diversification activities" (p.372).

Baum et al. (2011) stated that network strength and size is a type of resource that affects SME internationalization. Network strength confines "the frequency of contact with international network partners while network size encompasses the number of partnership or network ties a firm holds with foreign companies" (Baum et al., 2011, p.312). They also indicated that "since SMEs suffer from lack of resources such as financial and managerial, the number and the quality of network contacts can significantly impact firm's internationalization" (p.313)

SMEs have contacts with different kinds of actors in the international business area, and different researchers have studied different aspects of network relationships. If the interaction is built on the social aspects of an organization, it is called social networking (Oparaocha, 2015). On the other hand, "if the focus of the interactions and exchanges emphasize understanding the inter-connections and dynamics of a dyadic relationship, it can be perceived as business networking or a corporate relationship" (Slotte & Coviello, 2009. However, it is important to understand the need to separate institutional network relations from business relations. Institutional network relations include the relations with government institutions, NGOs, and research and development centers (Oparaocha, 2015).

According to a study by Kontinen and Ojala (2010), network relationships are important sources that facilitate internationalization. The network relationships of managers or entrepreneurs of SMEs with limited resources for internationalization play a very critical role (Crick & Spence, 2005; Ellis, 2008).

Social network relationships comprise the relationships between managers and/or owners of the firms and other people. In the existing literature, researchers utilized different terms to define interpersonal relationships, such as social ties (Ellis, 2011), personal connections (Andersen, 2006), social networks (Zhou et al., 2007), and informal network relationships (Coviello & Munro, 1997). Björkman and Kock (1995) state that interpersonal network relationships are networks among persons who are mainly connected over social context-based relations; thus, business exchanges and information may come about though these relationships.

Manalova et al. (2002) studied the importance and the effect of entrepreneurs in SME internationalization. Managers or owners may have a crucial function in the internationalization of firms through close social relationships. Those social relations or social networks may affect

internationalization issues such as foreign market development, time of internationalization, entry mode and market selection, and related international activities (Oviat & McDougall, 1994).

According to the social network theory, networks have a significant influence on the performance of firms. Information about new developments and opportunities mainly spread via relationships that connect individuals in different social groups (Burt, 1992; Granovetter, 1973). In terms of international opportunities, those social groups should be linked in some manner to international markets (Ellis & Pecotich, 2001). Burt (1992) stated that, "the notion of structural holes refers to the unique information benefits available to those that are connected by non-redundant network ties. A non-redundant network tie bridges a hole between individuals who possess complementary information or resources" Coviello and Munro (1997, p.372).

Interpersonal network relationships of individuals thus have a significant effect on the international opportunity recognition and exploitation of firms (Ellis, 2000).

Based on prior studies, we hypothesize that:

H3a. Social networks positively affect the degree of internationalization of SMEs.

Business network tiess create opportunities for firms to access and obtain a variety of crucial resources and complementary skills. Using those relationships, firms may be able to gain specialized knowledge to increase their competitiveness (Chetty & Wilson, 2003).

There are several studies indicating that business network relationships are a major factor in starting the internationalization process in new markets (Coviello, 2006; Crick & Spence, 2005). That assumption is consistent with the study of the network model of internationalization (Johansson & Mattson, 1988) stating that network relationships of firms "act as a bridge to foreign markets" (Kontinen & Ojala 2010). In addition, Ellis (2008) indicated the positive relation between network relationships and opportunity recognition in international markets. In the study of Coviello and Munro (1997), it is stated that "network relations impact foreign market selection and mode of entry, as well as product development and market diversification activities" (p.372)

According to the network model of internationalization, SMEs consider "networks" as the beginning point of internationalization. Companies utilize networks to obtain necessary knowledge for the internationalization process. In this model, firms aim to benefit from the "experiential knowledge" of networks (Johanson & Vahlne, 1977).

In addition, firms may have the potential to penetrate new markets by maintaining positions and improving resource commitments in their networks. Firms can integrate foreign networks with the coordination of the members of their network. The relationship between those firms can be considered as networks, and firms internationalize because of those relationships (Ruzzier et al., 2006). Similarly, Sharma and Johansson (1987) found that network relationships can be considered as "bridges to foreign markets" that make firms recognize opportunities and motivate internationalization. Furthermore, Johansson and Mattsson (1988), pointed out that a firm's relationships within foreign markets and its position within networks is more significant to the success of entering a new foreign market than other cultural and market characteristics (Coviello & Munro, 1997).

The network model of internationalization suggests that improving the position of the firm in an existing network, and/or establishing network relations with other firms, can compensate for limited resources. The main motivation between firms to establish a network relation is to create mutual benefits (Johansson & Mattson, 1988). According to a study by Johansson and Mattson (1993), internationalization is defined as the establishment and development of positions in foreign networks. Firms can achieve this development by establishing and developing relationships with firms and networks both in domestic markets and international markets (Johansson & Mattson, 1993; Ruzzier et al., 2006).

Finally, Kontinen (2010) stated that "internationalization is related to the developments of network relationships with other firms belonging to a network in foreign market; these relationships between the firms in different markets act as bridges facilitating foreign market entry" (p.444). The model assumes that firms can reimburse resource problems by building new network relationships or improving their position in a current network (Johanson & Mattsson, 1988; Johanson & Vahlne, 1990). Based on prior studies, we hypothesize that:

H3b. Business network ties positively affect degree of internationalization of SMEs.

Institutional network relations concentrate on the relations with semi-public or public agencies to obtain resource advantages that may not be gained through business relationships or social exchanges. According to Oparaocha (2015); "The benefits of institutional networks can be both 'hard and soft'; that is, tangible resources which a firm may rely upon to be able to internationalize, and intangible resources that may have various degrees of influence on the actual resource control of the firm; Thus, institutional network relationships could have significant implications for the entrepreneurial behavior of an SME in foreign market environment" (p.475).

Gibb (1993) pointed out that institutional networks improve the business success of firms both internationally and locally by creating an environment that can encourage investments and supporting functions. Most of the supports for those institutional networks are without charge; they are primarily funded by governments and they have an effect on the growth of SMEs (Martin & Scott, 2000). In addition, Bruton et al. (2004) determined that "institutional factors impacting entrepreneurial efforts include the direct action of governments in constructing and maintaining an environment supportive of entrepreneurship as well as societal norms toward entrepreneurship" (p.82)

According to the current literature, institutional networks help firms to access new markets and market information, reduce bureaucratic costs, gain legitimization in the target markets, and improve the ability of firms to capitalize on "economies of scope" (Oliver, 1997; Peng et al., 2005). Based on prior studies, we hypothesize that:

H3c. Institutional networks positively affect the degree of internationalization of SMEs.

3.4.4. The Mediating Role of Networks in the Entrepreneurial Orientation and Firm Internationalization Relationship

Internationalization is an inherently risky operation. In order to achieve a successful foreign expansion, firms need not only to establish new markets but also to meet the requirements of operating in a changing environment. This enables them to achieve a sustainable position in international networks and allows them to generate financial returns to exceed the initial costs of cross-border business development.

SMEs with limited recourses have difficulty accessing market information, new markets, and new opportunities. It is thus important for SMEs to have EO and to have some organizational resources such as network relationships to overcome those obstacles (Brouthers et al., 2015). Brouthers et al. (2015) investigated the determinant of internationalization of SMEs and found that network relationships help SMEs to access important resources, reduce cost of entry, and operate in international markets. Therefore, network relations and EO help SMEs to increase their international performance (Gulati et. al., 2000). Network relationships may have influence on the relationship between EO and DOI.

Network capability, technological capability, and marketing capabilities are critical factors in improving internationalization of firms. Most SMEs lack resources, such as managerial and financial, and need to establish network relations and utilize those relations in order to cover

that lack of resources. EO has crucial importance in promoting internationalization; however, when integrating EO with those capabilities, firms may have competitive advantage in order to be successful in international markets (Zuccehella, 2002).

Yoo and Kim (2016) found that EO influences performance through organizational capabilities and network resources or marketing capabilities. Therefore, international EO is not just the ancestor of internationalization, but also other organizational competencies. Resources are important determinants of internationalization, and there is a need to investigate the impact of those resources on the relationship between EO and internationalization (Huggings & Thompson, 2015). In conclusion, the relationship between EO and organizational capabilities is significant and positive. In this study, we want to examine the impact of network relations on the relationship between EO and DOI. Based on prior studies, the following hypotheses were developed:

H4a. Social network ties mediate the influence of entrepreneurial orientation on the degree of internationalization of EC SMEs.

H4b. Business network ties mediate the influence of entrepreneurial orientation on the degree of internationalization of EC SMEs.

H4c. Institutional network ties mediate the influence of entrepreneurial orientation on the degree of internationalization of EC SMEs.

Mediating Hypothesis

H4a: EO→INT→DOI

H4b: EO→SNT→DOI

H4c: EO→BNT→DOI

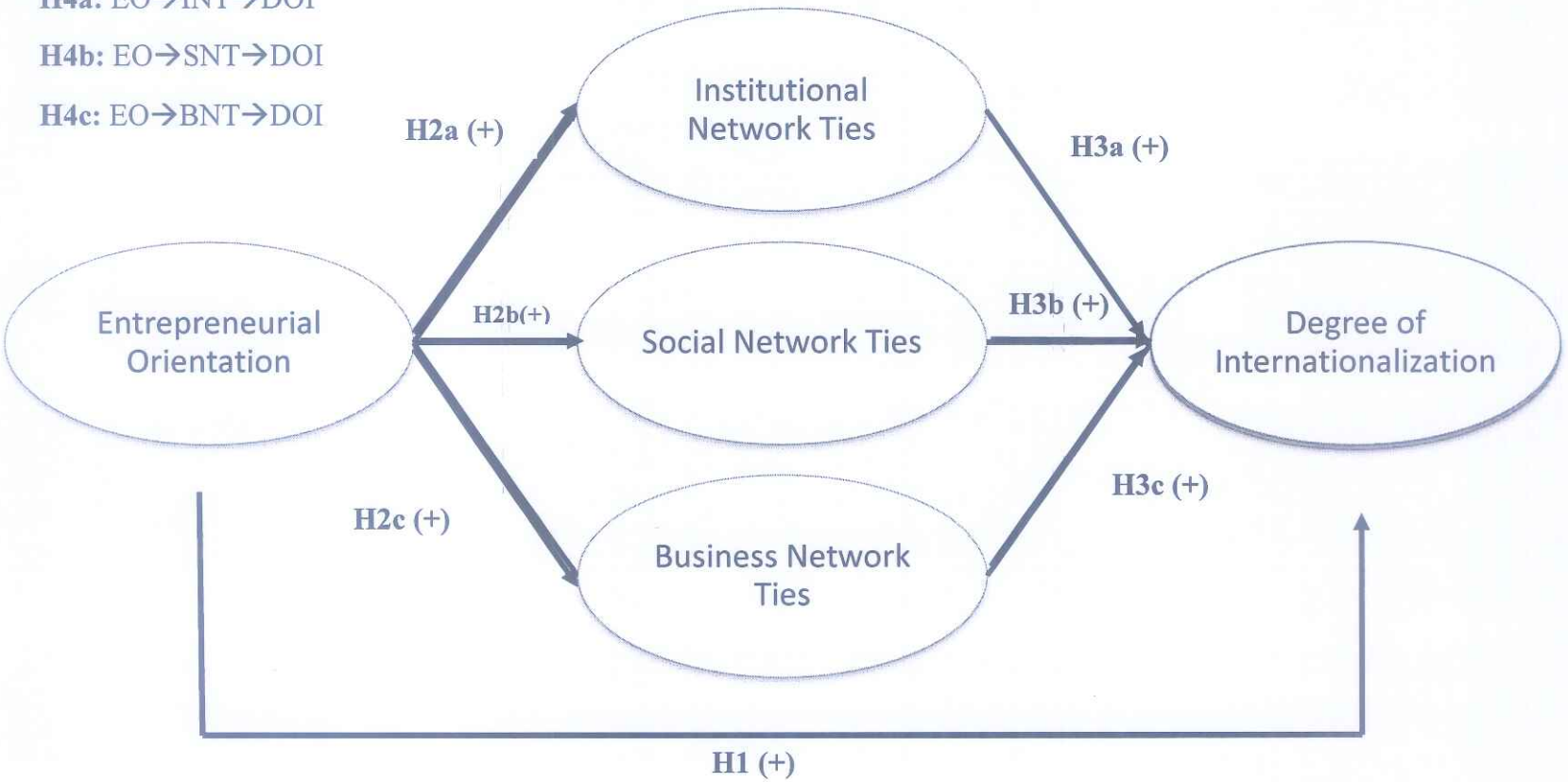


Figure 3.4. The Research Model

3.4.5. Summary of Hypotheses

Table 3.1 summarizes the hypotheses. It shows that there are ten hypotheses and the predicted effects of those hypotheses are positive.

Table 3.1: List of Hypotheses

Hypothesis	*Relationship*	*Expected Sign*
H1	*EO positively affects DOI of Emerging Country Small and Medium-sized Enterprises*	(+)
H2a	*EO of EC SMEs positively affects the use of social network ties*	(+)
H2b	*EO positively affects the use of business network ties ties*	(+)
H2c	*EO positively affects the use of institutional network ties*	(+)
H3a	*Social network ties positively affect DOI*	(+)
H3b	*Business network ties positively affect DOI*	(+)
H3c	*Institutional networks positively affect DOI*	(+)
H4a	*Social network ties mediate the influence of entrepreneurial orientation on firm's DOI.*	(+)
H4b	*Business network ties mediate the influence of entrepreneurial orientation on firm's DOI.*	(+)
H4c.	*Institutional network ties mediate the influence of entrepreneurial orientation on firm's DOI.*	(+)

3.5. CONCLUSION

This chapter aimed to provide the conceptual framework of the study and to develop the hypotheses. To do this, key research fields and theories were illustrated, and then the conceptual framework of the study was determined. Based on the conceptual framework (see Figure 3.4), the empirical research results, and the review of existing literature, the research model was built and the hypotheses were developed for this study.

In the next chapter of this study, the research methodology and the data collection processes of the thesis will be presented.

4. CHAPTER FOUR
RESEARCH METHODOLOGY

4.1. INTRODUCTION

A research methodology identifies the research goals, procedures, activities, analysis, measurements, and applications of the study. According to Pickard (2007):

"Most research studies are informed by and based on certain theoretical stances called methodologies. The research methodology refers to the general theoretical perspective of the research that is, the overall nature of the research activity. It concerns the perspective or the angle that the researcher wishes to take on the question being asked. There are two fundamental methodologies, namely, qualitative and quantitative" (p.336).

Methodology is defined as "the philosophical stance or worldview that underlines and informs the style of research. It could be termed the philosophy of methods" (Sage Dictionary of Social Research Methods, 2006, p.276).

In this chapter, the research methodology of the study will be presented. To do that, the research design of the study will be explained. Then the data collection process, questionnaire development, sampling of the research, and the response pattern for the survey will be provided. Furthermore, the variables will be operationalized. Finally, the analysis method, CB-SEM, will be defined and discussed. In the next part of the chapter, the research methodology of the study will be provided.

4.2. RESEARCH STRATEGY

Research strategy should be shaped by the context of the study and should correspond to the research questions stated. For this study, the research question is the impact of EO on the degree of internationalization of SMEs in emerging markets, and the mediating effect of network relations between EO and internationalization of SMEs. According to Marshall and Rossman (1999); "the strategy is as a road map, an overall plan for undertaking a systematic exploration of the phenomenon of interest" (Marshall and Rossman, 1999, p.150). A researcher may have a variety of research strategies to complete their research. For example, Yin (1994) has stated different research strategies, including case studies, histories, experiments, analysis of archival information, and surveys. There are different ways of data collection and analysis methods for each of these strategies. According to Yin (1994), "three conditions distinguish these strategies: (1) the type of question posted; (2) the extent of control an investigator has over actual

behavioral events; and (3) the degree of focus on contemporary to historical events" (Yin, 1994, p.288).

In this study, the research problem and the research questions are the impact of EO on the degree of internationalization of SMEs in emerging market contexts, and the mediating effects of network relations between EO and internationalization of SMEs. To collect data to analyze the research questions, a quantitative research strategy is applied in this study.

Quantitative research methods can be defined as statistical research that includes measurements and numbers. In this study, the research stresses statistics and frequencies. For example, Leedy and Ormrod (2005) defined "quantitative research as the approach that defers quantitative information that can be analyzed through statistical analysis. According to Struwig and Stead (2001), data should be gathered and expressed by numbers in quantitative research. In addition, Pickard (2007) stated that "quantitative research starts with a theoretical framework derived from a literature review. According to this framework, a hypothesis can be derived, and variables used in the hypothesis can be categorized. After choosing the most appropriate research method, the researcher evaluates the sample and plans the data collection tools according to that method, then gathers and analyzes the data". After the data analysis, there would be enough evidence to support or negate the hypothesis (Pickard, 2007; Struwig & Stead, 2001).

After defining the broader research methodology, the research method should be decided. There are a variety of research methods in the literature. Pickard (2007) explains the research method as "the bounded system the researcher wants to use to engage in empirical investigation, it is the overall approach that is often referred to as strategy" (p.123). He identifies eight research methods: "case study, survey, ethnography, experimental research, action research, grounded theory and historical research" (p.123). Some researchers (Leedy & Ormrod, 2005; Wang, 2001) categorize a survey as a "standard quantitative research model," while others (Aldridge & Levine, 2001) claim that a survey can be regarded as both qualitative and quantitative research methods. After a careful examination of the different research methods in the literature, the survey is chosen as the most appropriate research method for data collection in this study.

4.3. RESEARCH DESIGN

A research design can be defined as "a plan that describes how, when and where data are to be collected and analyzed" (Parahoo, 1997, p.60). In the next part of this section, the research design of the study will be presented.

4.3.1. Sample and Data Collection

The present study used a quantitative survey method. The target sample in this study was small and medium-sized enterprises in Turkey as an emerging market with international activities. The SMEs in this research were described as firms with less than 125 million Turkish Lira and less than 250 employees. The data for this study was collected from the owners/managers of small and medium-sized firms in Turkey that have international business activities. Turkey was chosen as a country of emerging markets. Those firms were selected from KOSGEB (the register of Small and Medium-sized Industry Development Organization), and TIM (Turkish Exporters Assembly). A sampling frame of 2000 exporting SMEs was randomly determined from the database that was used. Firms are selected from the most exporting industries in the database of TIM and KOSGEB. The selected industries are leather and related products, textile and apparels, machinery and electrical equipment, and retail and wholesale trade. In addition, the Kompass Directory was used to get contact information for some of the randomly selected firms.

The structured questionnaire used for the survey was pre-tested with 5 Turkish SMEs and academicians from different Universities. By doing so, the comprehensibility of the questionnaire was assured. The data collection was conducted between January 2016 and June 2016. In the first stage of data collection, managers/owners in the sample firms were initially contacted by email or phone call to affirm their participation before the survey was sent. The questionnaire was sent to the owners/managers of the firms of those institutions via email with a cover letter explaining the aim of the research. However, the response rate was very small and some of the responses were not available for data analysis. Three weeks after the original email, a second email was sent to the firms that did not respond to the survey. Among these 2000 surveys, 476 responded (23% return rate). After canceling the questionnaires with missing responses, 401 were retained. Around 30 questionnaires were revised by making phone calls after receipt of the responses. Therefore, a total of 401 questionnaires were used in the analysis.

Figure 4.1: The Data Collection Process

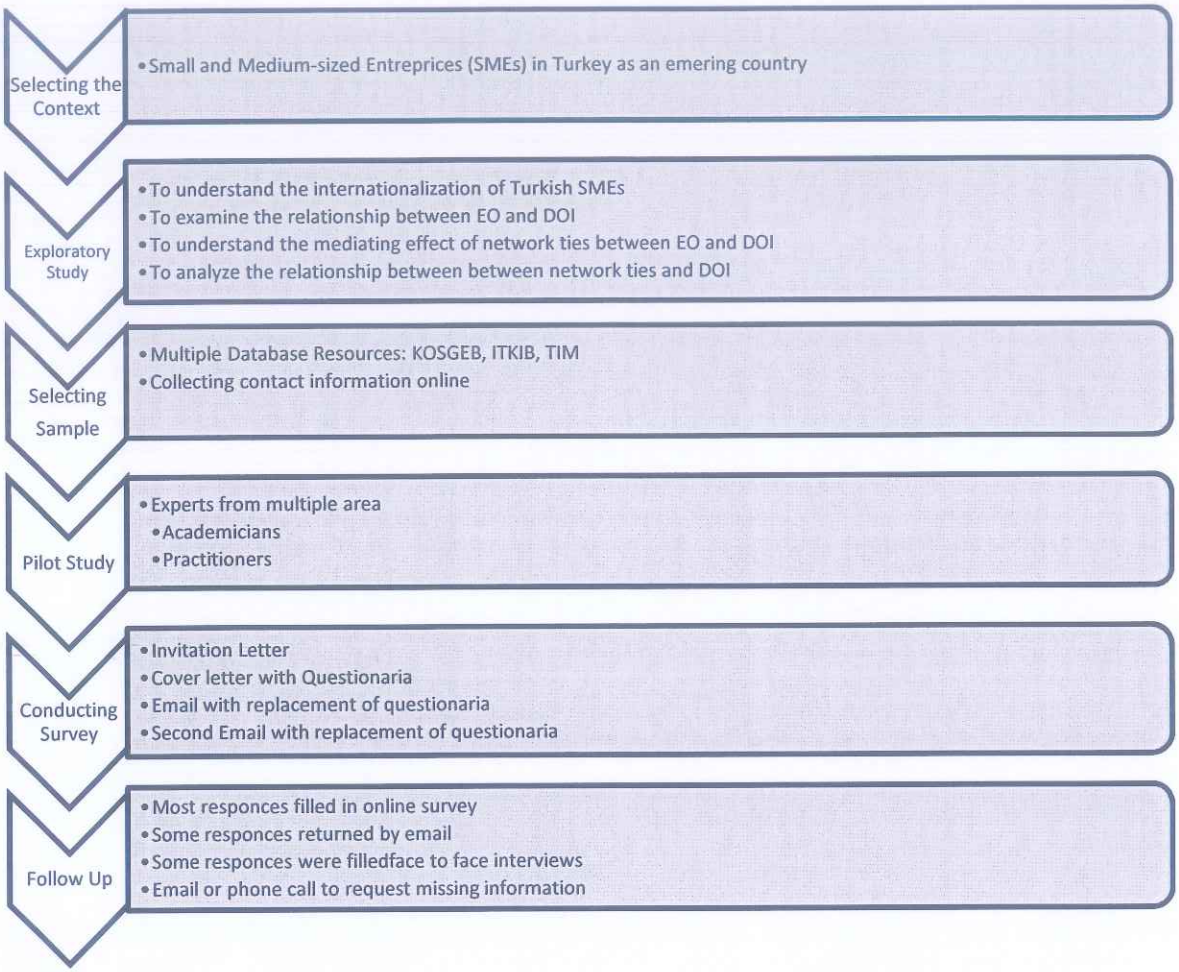


Figure 4.1 indicates the process of data collection that was followed in this study. According to the aim of the research, the research sample was identified, the research database was selected, and the questionnaire was developed. The survey was then conducted to collect data and the follow up process was utilized.

4.3.2. Survey Development

To collect the data, we developed and used a survey instrument. First, the existing related literature was reviewed. After reviewing the literature, and according to the aim of the research, the survey was designed. In the survey, there are 10 parts. The survey is attached in the appendix in Turkish and English languages. The survey was sent to the firms in the Turkish language since all the firms are in Turkey.

The first two parts of the survey are included to measure the influence of the network relationships of Turkish SMEs on both organizational and personal levels. The questions included in those parts were established according to the existing literature. In the literature, there was no related scale to measure the effect of network relationships on internationalization.

Therefore, the scale in order to measure the organizational and personal level relationships was developed for this study. This part was developed by reviewing different resources that examined the impact of SME network ties on internationalization (Coviello & Munro, 1997; Oviat & McDougall, 1994; Kontinen (2010); Ellis & Pecotich, 2001; Oviatt & McDougall, 2005; Kontinen & Ojala, 2010; Zhang et al., 2015). The questions and the sources of the questions for parts I and II can be seen in the Appendix.

The third part of the survey is about strategic networking activities of the firms. Strategic networking activities of the firms are explored in this part of the questionnaire. You can see the questions and sources of the questions in the Appendix.

The fourth part of the survey is one of the main parts of the research. The questions are taken from the literature. In this part, the scale was taken from exiting studies in order to measure EO. The questions and resources are as follows:

The fifth part of the survey focuses on the human resource capabilities of Turkish SMEs. There are six questions in this part; the questions and the sources of the questions for Part V can be seen in the Appendix.

The sixth part of the survey includes questions about the "family involvement" of the firms to measure the influence of the family on the internationalization of SMEs. However, this part was not included in the model of the study. Family involvement of the firms was not analyzed in this study, but the data is available for further study. The questions of this part were derived from different sources (Fernandez & Nieto, 2005; Kontinen & Ojola, 2010; Merine et al., 2012; Zahra, 2003; Graves & Thomas, 2008; George et al., 2005; Kontinen, 2011; Claver, 2007; Okoroafo, 1999).

The seventh part of the survey focuses on the international business activities of the firms. In this part, an index is created to measure the degree of internationalization. This part is one of the most important parts of the survey; according to data from this part, the dependent variable of the study was calculated. There are eight questions in this part and those questions were taken from different studies (Ruber & Fisher, 1997; Sullivan, 1994; Contractor et al., 2000; Kundu & Chin, 2003; Sundaram & Black, 1997; Lu & Beamish, 2001; Pangarkar & Hussain, 2013; Hennart & Reddy, 1997; Ietto-Gilles, 1998).

The eighth and ninth parts of the questionnaire are about the performance of the firms. The eighth part examines the international performance of Turkish SMEs, and there are nine questions in this part of the survey. The ninth part of the survey investigates the general performance of the firms. This part of the survey has three sections: financial performance, market performance, and innovation performance. The financial performance section has five

questions, the market performance section has four sections, and the innovation section of this part of the survey has four questions. The questions of the eighth and ninth parts are drawn from existing literature.

The final part of the survey collects general information about the firms. This part of the survey is designed to obtain information about the firms such as their size, age, industry, level of competition of the industries, and number of employees. The questions in this part have been taken from existing literature.

4.3.3. Characteristics of the Sample

Characteristics of the sample are indicated in Table 4.1. There were 401 firms in this sample. Most of the firms were in industrial sectors. In the sample of this study, the firms were from different industries, such as textiles, leather and leather products, construction and construction materials, retail, chemical, food, and electronics.

The sample contains three kinds of SMEs according to their sizes: micro, small, and middle size. The sample included 198 firms with less than 50 employees, 82 firms with the number of employees between 50 and 99, and 212 firms with employees between 100 and 249.

The annual revenue of most of the firms was less than 10 million Turkish Lira (TL), and there were 90 firms with annual revenue between 25 and 50 million TL, and 53 firms with annual revenue between 50 and 125 million TL. In addition, the age of 30 of the firms was less than 5 years, and 32 firms were older than 40 years.

Table 4.1: Distribution of Firm's Characteristics

Variables	Categories	Frequency	Percent
Industry	Leather and related products	144	35.9
	Retail and Wholesale Trade	51	12.7
	Textile and Apparels	114	28.5
	Machinery and Electrical Equipments	92	22.9
	Total	*401*	*100.0*
Number of Employee	> 50	198	49.4
	50 - 99	82	20.4
	100 - 249	121	30.1
	Total	*401*	*100.0*
Total revenue (Turkish Lira)	< 10,000,000	138	34.4
	10,000,000 - 25,000,000	120	29.9
	25,000,000 - 50,000,000	90	22.4
	50,000,000 - 125,000,000	53	13.2
	Total	*401*	*100.0*
Age	< 5 Years	30	7.5
	5 - 10 Year	69	17.2
	10 - 20 Years	141	35.2
	20 - 40 Years	129	32.2
	> 40 Years	32	8.0
	Total	*401*	*100.0*

4.4. OPERATIONALIZATION OF VARIABLES

The survey questionnaire (research model) consisted of three dimensions of network relationships, three dimensions of entrepreneurial orientation (IV), and the degree of internationalization (DV).

4.4.1. Entrepreneurial Orientation

The credibility of the study closely depends on the improvement of tools used to measure the principal concepts in quantitative research (Golafshani, 2003). To measure entrepreneurial behavior of firms, researchers use the Entrepreneurial Orientation scale based on the principal studies of Khanwalla (1976, 1977) and Miller and Friesen (1982). The first study that empirically studied EO is the study by Miller (1983). Miller pointed out that the "firm's degree of entrepreneurship could be seen as the extent to which they innovate, take risks and act proactively" (p.778). After this study, Covin and Slevin (1986, 1989) refined and widened the instrument of EO. Later, Lumpkin and Dess (1996) suggested two extra dimensions: competitive aggressiveness and autonomy. Therefore, the total number of dimensions of EO became five. As was mentioned in the literature review, there are different dimensions of EO. The number of dimensions varies according to the researchers. For this study, EO is defined as the combination of proactiveness, innovativeness, and risk-taking behavior of Turkish SMEs. In this study, those three dimensions of EO will be used to measure EO (Miller, 1983; Covin & Slevin, 1986; Lumpkin et al., 2009). The measurements of those dimensions are taken from different studies that will be mentioned below.

The data for this study was obtained by questionnaire. In this questionnaire, a Likert-scale was used from 1–5 (Strongly Disagree–Strongly Agree) representing the stage of the agreement and tendency in each question. The measurement for innovativeness was taken from the study of Lumpkin et al. (2009). There are four questions in the innovativeness part of the survey. The first question asked the level of the agreement of the firms 'to seek to find new methods in dealing its business." The second question asked the level of agreement of the firms "to seek to find new methods to make its business better." The third question was the level of the agreement of the firms "to endeavor to implements new ideas." And the final question was the level of the agreement of the firms "to give importance to develop new products/services."

In the proactiveness part, there are five questions, and those questions were taken from the study of Covin and Slevin (1986, 1989). The first question asked the firms the level of agreement with the statement that they are faster "in generating new products/services." The second question asked the firms the level of agreement with the statement that they are better than their competitors. The third question inquired the level of agreement with the statement that their firm is "not passive and reactive, but pioneering and proactive, while making strategic movements." The fourth question investigated if the firms "aim to make first movement instead of waiting the movement of our competitors." And the last question asked the level of

agreement of the firms with the statement that "In dealing with competitors, they aim to make comprehensive and strategic movements (attacks)."

The third dimension of innovativeness is risk-taking. To measure risk-taking, five questions were asked of the firms. The first and fifth questions were taken from the studies of Lumpkin et al. (2009) and Covin and Slevin (1986, 1989). The other questions were taken from the study of Lumpkin et al. (2009), and those questions are measured with a five level Likert scale. The first question asked the level of agreement of the firms that "in general, the top managers of their firm have a strong propensity for high risk projects." The second question asked the level of agreement of the firms that risk-taking is a positive behavior to their firms. In the fourth question, it was asked of the firms if most of the employees in their firm tend to risk-taking behaviors. And the last question inquired the level of the agreement of the firms that "those firms tend to take risk more than their competitors."

As previously mentioned, EO measurements were taken from the existing literature and those measurements were used to analyze the effect of EO on the degree of internationalization of Turkish SMEs.

4.4.2. Mediating Variable: Measurements of Network Relationships

There are two parts in the questionnaire that measure the network relationships of SMEs in Turkey. In the first part of the questions pertaining to network relationships, organizational level network relations were investigated. In order to measure those relations, the firms were asked to "indicate the frequency of usage of network ties of your company within last three years in the international activities of their company." And in order to measure those questions, a five level Likert-scale was used.

There are fifteen questions asked of the firms in order to measure the organizational network relationships of Turkish SMEs. The scales for this part were not taken from the existing literature but were developed for this study in order to see the effect of network relationships on the degree of internationalization, and the mediating effect of network relationships between EO and DOI. This scale was developed by reviewing different resources that examined the impact of network ties of SMEs on internationalization (Coviello & Munro, 1997; Oviat & McDougall, 1994; Kontinen (2010); Ellis & Pecotich, 2001; Oviatt & McDougall, 2005; Kontinen & Ojala, 2010).

In the second part of the questionnaire, the questions were asked of the firms in order to measure the personal level relationships of managers/owners of Turkish SMEs. This scale was

also developed by reviewing different resources that examined the effect of SME network ties on internationalization (Coviello & Munro, 1997; Sharma, 1993; Oviat & McDougall, 1994; Kontinen & Ojala, 2010; Ellis, 2011; Zhang et al., 2015). In this scale, the effect of social relationships (the relationships gained through friends, family members, and relatives), business relationships (past work and business contacts of key decision makers of our company), and political relationships of the key decision makers of Turkish SMEs on internationalization was investigated (the relations with political parties, bureaucrats, public banks, public institutions, etc.).

As can be seen in Table 4.1, the frequency of usage of the social relationships, business relationships, and political relationships of key decision makers in the international activities of Turkish SMEs were asked in order to measure personal level network relationships.

After conducting confirmatory factor analysis, three dimensions of network relationships were found. Those dimensions are social, industrial, and institutional network relationships. The analysis of confirmatory factor analysis and those dimensions of network relationships will be explained in Chapter 5.

4.4.3. Dependent Variable: The measurement of Degree of Internationalization

Internationalization is an active and progressive process; thus, the internationalization strategy of a firm can differentiate the firm according to its environmental changes, firm strategy, and business goals for entering the international market over time (Chiao et al., 2002). Firm participation in international business varies and therefore generates different performances. There are diverse perspectives and views about the internationalization and performance of firms; for that reason, the indicators that researchers have used to calculate the degree of internationalization (DOI) varies.

Researchers have used different approaches to measure the degree of internationalization, with early studies primarily examining the scale of internationalization. The common indicators of DOI are the ratio of foreign sales to total sales (FSTS), the ratio of foreign assets to total assets (FATA), and the ratio of foreign subsidiaries to total subsidiaries. Early studies generally used a single-item approach to measure internationalization; the ratio of foreign sales to total sales (FSTS) was the most frequently used indicator (single-item measurement) of DOI of firms and confined the contribution of international returns generating activities. There are some other measures that researchers have used to assess the DOI of a firm, including the percentage of foreign employees (FETE), the ratio of foreign profits to total profits, and the number of foreign

countries where the firm has international activities (Dunning, 1985; Cavusgil & Zou, 1994; Lu & Beamish, 2001; George et al., 2005; Dellios & Beamish, 1999).

Sullivan (1994) reviewed the literature of DOI and concluded that single-item measurements of the degree of internationalization do not fully indicate heterogeneity of internationalization; thus, a multidimensional measurement should be used. However, the choice of measurement items depends on the availability of data. It is especially difficult to find different kinds of data to measure internationalization of small and medium sized firms because those firms may not be willing to display those data.

As reviewed in the literature chapter, there are many different indicators and indices to measure the degree of internationalization. This diversity depends on the aim of the study and data availability. There is a necessity of having a credible means to measure the degree of internationalization. The first efforts to measure DOI used single-item measurements, based on foreign sales percentage or foreign assets percentage. Because of the complexity of internationalization, later researchers used multidimensional indices to measure the degree of internationalization. In this study, we aim to create an index (consisting of different dimensions of internationalization) to measure different dimensions of internationalization.

In this study, we have developed (or used the indices) an index that consists of the ratio of foreign employees to total employees (FE/TE), foreign assets to total assets (FA/TA), and foreign sales to total sales (FS/TS).

4.4.4. Control Variables

Age, size, and the industry of the SMEs were the main control variables in the research model. Firm size was "measured as number of full-time equivalent employees" (Das, 1997). The number of years since incorporation was used to measure firm age (Carr et al., 2010).

As can be seen from Table 4.1, the annual revenue of most of the firms is less than 10 million Turkish Lira (TL), and there are 90 firms with annual revenue between 25 and 50 million TL, and 53 firms with annual revenue between 50 and 125 million TL. In addition, the age of 30 of the firms was less than 5 years, and 32 firms were older than 40 years. In addition, there were 4 different industries in this research sample—leather and related products, textiles and apparels, machinery and electrical equipment, and retail and wholesale trade.

4.5. DATA ANALYSIS

Structural equation modeling (SEM) was used in this research as the analysis method; more particularly, co-variance-based SEM was utilized. SEM is a statistical model that is designed to clarify the associations among various variables. It analyzes the structure of interrelationships articulated in a series of multiple regression equations (Hair et al., 2010). In this study, for example, "network ties" is an example of a latent construct (LV) among the other latent variables.

According to Hair et al. (2012), structural equation models are differentiated in three ways. "First, SEM allows the estimation of multiple and interrelated relationships. Secondly, SEM provides an ability to represent unobserved concepts in these relationships and account for measurement error in the estimation process. Thirdly, SEM defines a model to explain the entire set of relationships" (p.423).

There are two methods of SEM, the covariance-based approach and the component-based approach (variance-based) which is also known as partial least squares (PLS). Co-variance based SEM is utilized with software such as LISREL, EQS, and MPLUS, while PLS is utilized with software like smartPLS and WarpPLS. Co-variance based SEM integrates the regression analysis and factor analysis identifying variables such as the observed and unobserved or latent variable. This method incorporates the error elements in "observed variables of exogenous construct and disturbance terms in endogenous construct" that are not figured out in other multivariate analysis. Co-variance based SEM is a series of methods that integrates factor analysis, change analysis, path analysis, and regression analysis. PLS-SEM has similar functions; however, it includes small sample-sizes and does not construct assumptions about the distribution of data.

Co-variance based SEM identifies in advance the items or the indicators of the factors to perform confirmatory factor analysis. Next, the relationships between independent and dependent variables are examined in path analysis. Then the outcomes are modeled using structural regression. Co-variance based SEM also analyzes the reliability and validity, and the mediator and moderator examination with different fit indices. Researchers can graphically indicate relations and analyze them by using software programs.

4.6. CONCLUSION

In this chapter, the research methodology of the study was presented. To do that, the research design of the study was determined. Then the data collection process, questionnaire development, sample of the research, and the response pattern for the survey were discussed. In addition, the analysis method, co-variance-based SEM, was described and how the structural model will be assessed was defined. Finally, the measurements of the variables were constructed, and the analysis method was defined.

5. CHAPTER FIVE
ANALYSIS AND FINDINGS

5.1. INTRODUCTION

This study investigates the role of EO and network ties on DOI, and the mediating role of network ties in the relationship between EO and DOI. To address the research questions, a quantitative research design was employed. The justification for applying a quantitative research method in this study was provided in the previous chapter. In addition, the previous chapter described the data collection process and the analysis method for this study. The chapter also provided the measurements of EO, network ties, and DOI. The sample selection has been utilized in this study.

The aim of this chapter is to examine the quantitative data gained from the survey questionnaire. The quantitative analysis contained five stages: data preparation and data screening to quantitative investigation; the descriptive statistics of the sample of Turkish SMEs as an emerging market; confirmatory factor analysis which is utilized to analyze construct validity of the measurements; structural equation modeling that is used to predict the relationships between EO and DOI, EO and network ties, and network ties and DOI; and mediation analysis to investigate the mediating role of network ties between EO and DOI. Finally, a summary of the data analysis is presented.

5.2. DATA PREPROCESSING

Screening of the data is a crucial step to take before conducting the analysis to make sure that the data is clean, useable, reliable, and valid. Preprocessing includes the missing data analysis, checking the outliers, normality, linearity, and multicollinerity.

The data was subject to data screening. The problematic respondents with either a large portion of the data left unanswered or no variations on the given values of the answers were handled by eliminating them.

The missing data were analyzed using Little's MCAR test on whether the missing values were random or not. Based on the MCAR test results, the missing values were not random (= 5472.81; df: 4805; sig.=.00001). The missing values were imputed using linear regression as the model for scarce variables.

The scores of each variable were converted to z scores (standard scores) to identify outliers. The scores higher than 3.29 are regarded as potential outlier; however, in this study all standard score are smaller than 3.29, therefore the statistical output indicates that outliers were absent in

this study. In addition, normality was investigating by checking its kurtosis and skewness values. Kline (2015) explains "a variable with an absolute skew-index value greater than 3.0 is described as extremely skewed, and a kurtosis index greater than 8.0 is categorized as extreme kurtosis. An index smaller than an absolute value of 2.0 for skewness and absolute value of 7.0 is the minimal violation of the assumption of normality". According to the results indicate the assumption of normality for this study was satisfies.

In addition, the multicollinerity analysis showed that there were no high associations among the independent variables since the variable inflation factors (VIF) were all less than the cut-off value of 10 (Hair et al., 2010), ranging between 1.38 and 1.65.

5.3. DESCRIPTIVE ANALYSIS

In the previous chapter, the characteristics of the sample were provided. In this chapter, the frequency analysis of some of the firm characteristics will be presented. The overall sample size after the data screening process was 401.

The results showed there are four industry groups in this study which were obtained from the database of TIM and KOSGEB. "Leather and related products" had the highest portion with 36%, followed by "textile and apparels" with a portion of 28%. The third industry group was "machinery and electrical equipment" with a portion of 23%. The "retail and wholesale trade" sector was the final sector of this study. Figure 5.1 indicates the distribution of industries for the firms in this study.

Figure 5.1: The Distribution of Industries

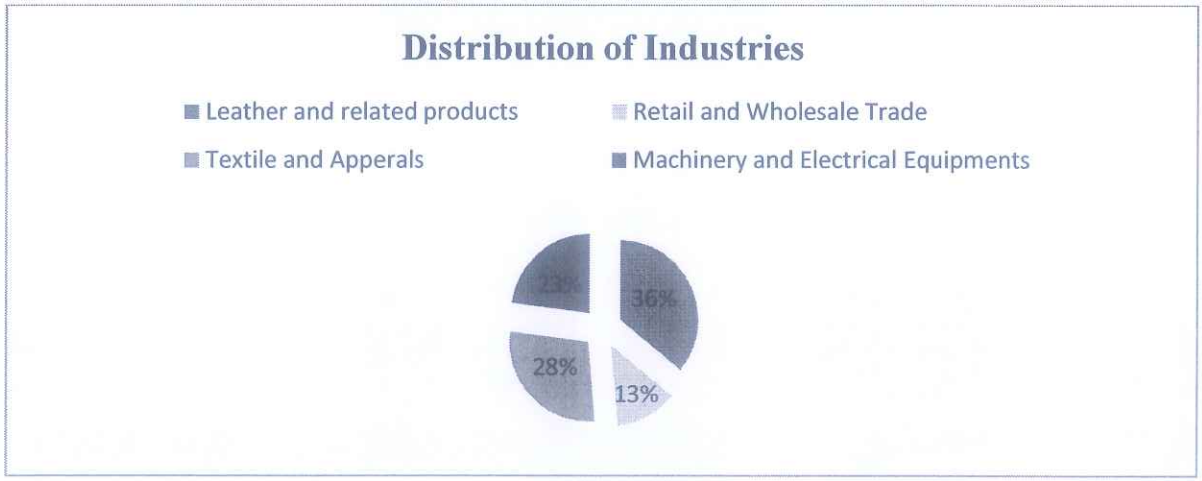
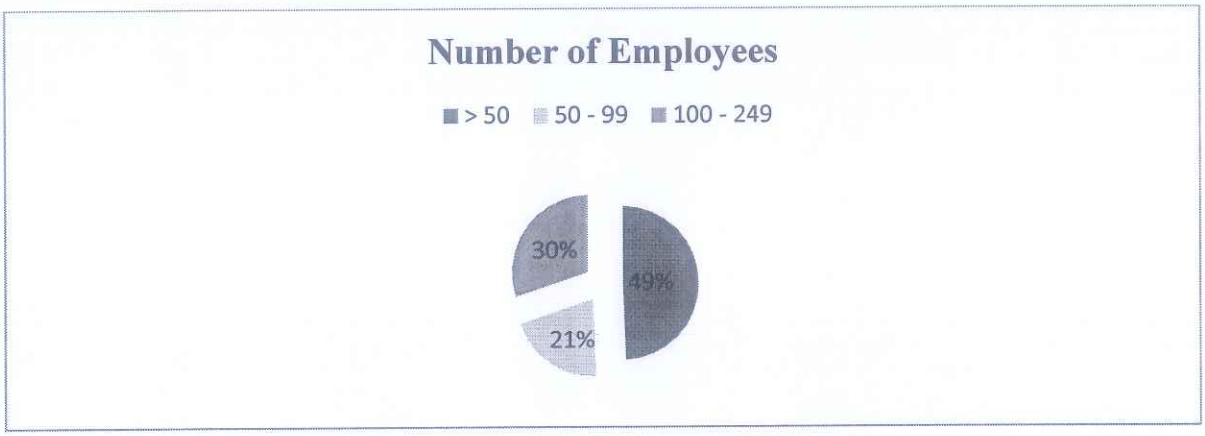


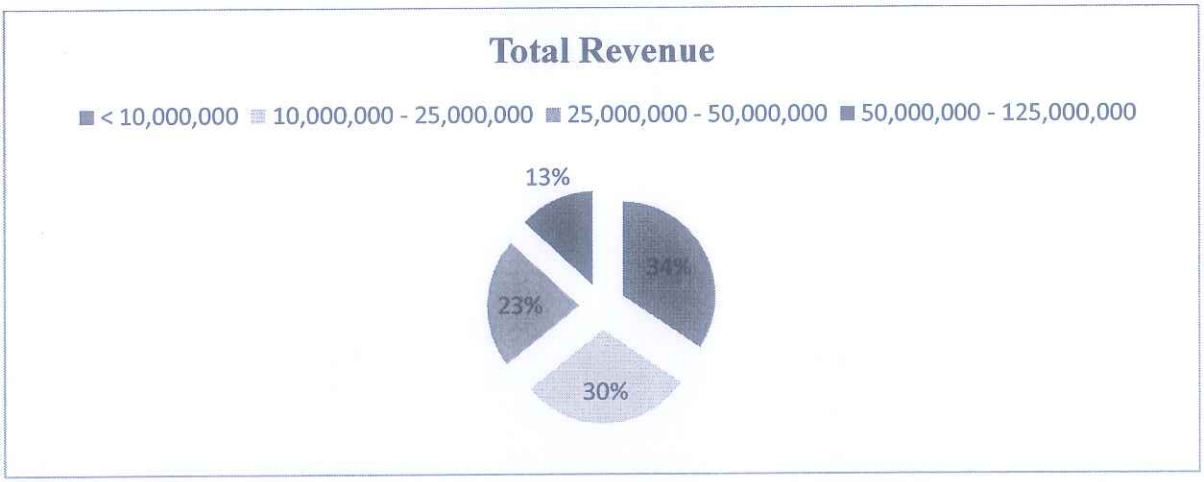
Figure 5.2 indicates the distribution of sizes of the SMEs in this study. According to the frequency analysis, the sample contains three kind of SMEs according to their sizes; micro, small, and middle size. 198 firms have less than 50 employees, 82 firms have employees between 50 and 99, and 212 firms have employees between 100 and 249.

Figure 5.2: The Distribution of Number of Employees



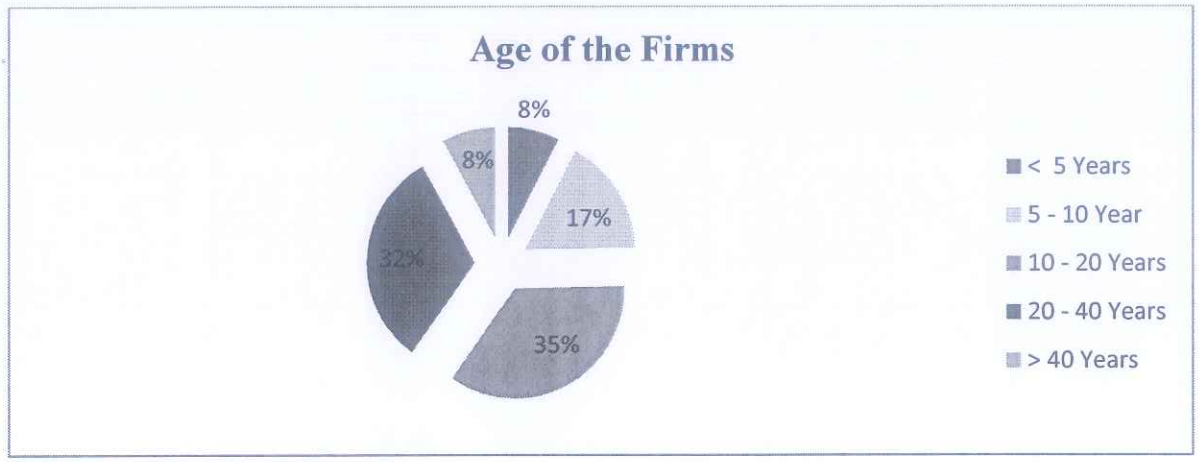
The figure 5.2 indicates the distribution of annual revenues of the SMEs in this study. According to the frequency analysis, the annual revenue of the most of the firms is less than 10 million Turkish Lira (TL), and there are 90 firms having annual revenue between 25 and 50 million TL, and 53 firms having annual revenue between 50 and 125 million TL.

Figure 5.3: The Distribution of Total Revenue



In addition, Figure 5.2 indicates the distribution of ages of the SMEs in this study. According to the frequency analysis, the age of 30 firms are less than 5 years, and 32 firms are older than 40 years.

Figure 5.4: The Distribution of Age of the SMEs



5.4. CONFIRMATORY FACTOR ANALYSIS (CFA)

To determine the factor structure of the research dataset, CFA was performed. Thus, the constructs were subject to CFA analysis. As Hair et al. (2010) explained:

"CFA is a part of structural equation modeling, which consists of two steps: the measurement model and the structural model; in the first step, the researchers validate the measurement model through CFA, which shows the extent to which the observed variables (indicators) represents an underlying latent construct" (p.414). Each observed indicator is allocated to one specific latent variable or construct. CFA is performed to evaluate "the construct validity of the measurement. (p.414)

The path analysis (the structural relationship) between constructs or latent variables was performed after the measurement model was validated in order to clarify the causal association and the "amount of unexplained variance" (Hair et al. 2010, p.414)

In this thesis, CFA (the measurement model) was performed to present confirmatory tests for the three constructs that represented network ties, one construct for EO, and one construct for DOI. The association between EO, the dimensions of network ties, and DOI were investigated after the constructs of the model were validated.

To determine how well the proposed model accounted for the correlations between variables in the research data set, goodness of fit measures are provided in Table 2. Various metrics were used for determining the goodness of fit such as Chi-Square/df, Goodness of Fit Index, Adjusted Goodness of Fit Index, Comparative Fit Index, Incremental Fit Index, Tucker-Lewis Index, Root Mean Square Error of Approximation, and Standardized Root Mean Square.

Goodness of fit indices

Hair et al. (2010) explains "the goodness of fit indices indicates the extent to which the theoretical model is similar to the reality (sample data); This means that the more similar or closer the values of the estimated covariance matrix (theory) are to the observed covariance matrix (realty), the better is the model fit" (p.440). The five latent variables were included in a single model to investigate the reliability, validity, and model fit of the proposed research model.

In order to investigate the fit of the model used in this study, different kinds of fit statistics were applied. Those statistics will be mentioned below.

Chi-square Statistics represents differences "between the observed and estimated covariance matrices. The value of chi-square is influenced by the sample size and model complexity. As the sample size increases, the value of chi-square also increases. Likewise, the more observed variables are used in the model, the bigger value of chi-square. A low value of chi-square is preferable, as it indicates that there is no difference between the observed and estimated covariance matrices. The smaller the chi-square, the better fit of the model, as it implies that the specified model is supported by the data" (Hair et al., 2010, p.414)

The results from CFA analysis with the maximum likelihood approach indicated that the Chi-square/df (*df*) was 2.24, which is an acceptable level.

The Goodness of Fit Index (GIF) is less sensitive to sample size. Hair et al. (2010) mentioned a recommended GFI rate of higher than 0.90 points out of a reasonable fit. The GIF for this data is .88 which is between 0 and 1. This value can be considered acceptable for model fit.

The Adjusted Goodness of Fit Index (AGFI) was measured and the result was 0.84 which is above the threshold values.

The Root Mean Square Error of Approximation (RMSEA) is explained by (Ping, 2004, p.130) as follows:

"It is} regarded as one of the most informative indicators of fit due to the tendency of the chi-square test statistics to reject models with a large sample or a large number of observed variables. A lower RMSEA values indicates a better fit. An RMSEA value below 0.05 suggests good fit, and values up to 0.08 indicate acceptable fit." (p.130)

RMSEA value of this data was 0.056 which indicates acceptable fit.

The Standardized Root Mean Square Residual (SRMR) is provided and the result is 0.5 which is within the acceptable level.

The Incremental Fit Index (IFI) "measures how well the estimated model fits relative to some alternative baseline model. The latter is commonly referred as a null model, and it assumes that

all observed variables are uncorrelated" (Ping, 2004, p.132). *The Comparative Fit Index (CFI)* and *The Trucker-Lewis Index (TLI)* are two frequently implemented incremental fit measures. The values of those indices change between 0 to 1, and the values higher than 0.90 are considered to point out adequate fit (Hair et al., 2010). The results from CFA analysis with maximum likelihood approach indicated that the comparative fit index (CFI) was .94, the incremental fit index (IFI) was .94, and the Tucker-Lewis index (TLI) was .93. Based on cut-off values recommended by Hair et al. (2010), the model fit metrics met the threshold values. Thus, the model fit was met according to CFI, TLI, and IFI.

Table 5.1: Summary of Goodness-of-Fit Indices Used in the Study

Name	Abbreviation	Acceptable Level	Real Values
Chi-square Statistics	$\chi 2$	$\leq$ 2.0 is very good 2.0-5.0 is acceptable	2.24
Goodness of Fit Index	GFI	$\geq$ 0.90	0.88
Adjusted Goodness of Fit Index	AGFI	$\geq$ 0.90	0.84
Root Mean Square Error of Approximation	RMSEA	$\leq$ 0.05 is good $\leq$ 0.08 is acceptable	0.056
Standardized Root Mean Square Residual	SRMR	$\leq$ 0.05 is good $\leq$ 0.08 is acceptable	0.05
The Incremental Fit Index	IFI	$\geq$ 0.90	0.94
Comparative Fit Index	CFI	$\geq$ 0.90	0.94
The Trucker-Lewis Index	TLI	$\geq$ 0.90	0.93

Table 5.1 provides the summary of goodness-of-fit indices. Based on cut-off values recommended by Hu and Bentler (1999), Bagozzi and Yi (1988), and Hairet et al., (2010) the model fit metrics met the threshold values. Thus, the model fit was met.

Table 5.2: Confirmatory Factor Analysis results

Latent Variable	Item	Standardized Regression Weight	t-Values
Entrepreneurial Orientation	EO 01 (Proact1)	0.87	Scaling
	EO 02 (Proact2)	0.88	25.74
	EO 03 (Proact3)	0.88	21.14
	EO 04 (Proact4)	0.82	19.69
	EO 05 (Proact5)	0.83	18.07
	EO 06 (Risk1)	0.77	Scaling
	EO 07 (Risk2)	0.76	15.84
	EO 08 (Risk3)	0.93	12.93
	EO 09 (Risk4)	0.71	15.75
	EO 10 (Risk5)	0.99	14.78
	EO 11 (Innov1)	0.84	Scaling
	EO 12 (Innov2)	0.87	23.22
	EO 13 (Innov3)	0.90	19.49
	EO 14 (Innov4)	0.92	20.14
Social Network Ties	SCLNT 03 (PerNT3)	0.43	Scaling
	SCLNT 02 (PerNT2)	0.79	7.79
	SCLNT 01 (PerNT1)	0.76	8.03
	SCLNT 04 (OrgNT 14)	0.62	7.05
Business Network Ties	BUSNT 01 (OrgNT 02)	0.70	Scaling
	BUSNT 02 (OrgNT 05)	0.44	7.35
	BUSNT 03 (OrgNT 06)	0.46	7.41
	BUSNT 04 (OrgNT 07)	0.72	11.62
	BUSNT 05 (OrgNT 04)	0.76	10.89
Institutional Network Ties	INSNT 01 (OrgNT 13)	0.65	Scaling
	INSNT 02 (OrgNT 11)	0.76	11.25
	INSNT 03 (OrgNT 10)	0.66	10.53
	INSNT 04 (OrgNT 09)	0.82	12.13
	INSNT 05 (OrgNT 08)	0.73	11.70
Degree of Internationalization	DOI 05 (FETE)	0.55	Scaling
	DOI 03 (FATA)	0.64	10.89
	DOI 01 (FSTS)	0.94	10.40

Chi- df= 2.24; GFI= .88; AGFI=.84; NFI= .90; CFI= .94; RFI= .88; IFI=.94; TLI=.93; RMSEA= .056; SRMR=.05.

In the next section of this chapter, the adequacy of the validity and reliability of the construct will be investigated.

Construct Validity

According to Hair et al. (2010), "construct validity shows the extent to which a set of measure items actually reflect the theoretical latent construct those items are designed to measure. One of the primary purposes of CFA is to test construct validity of a proposed measurement theory" (p.418). To do this, Average Variance Extracted (AVE), Maximum Shared Variance (MSV), and Average Shared Variance (ASV) were calculated (Table 3). In this study, construct validity was implemented to test the measurement model of relationship between network ties, EO and DOI.

Construct validity is examined through discriminant and convergent validity. "Convergent validity is the extent to which the latent constructs correlates to observed variables designed to measure that same construct. On the other hand, discriminant validity is only established when the items or indicators of theoretically unrelated constructs are indeed empirically found to be unrelated" (Hair et al., 2010, p.417).

The convergent validity of the constructs in this thesis was investigated by assessing the magnitude of the standardized regression weights and corresponding t-values or critical ratio (CR). The factor loadings need to be statistically significant, generally at 95% level of significance. The CR (t-values) should be more than 1.96 (CR>1.96). "Items with insignificant factor loading should be dropped from the analysis. These factor loadings should be 0.5 or higher, and ideally 0.7 and above to ensure that the construct has convergent validity" (Hair et al., 2010, p.417). In this study, there was no issue about the convergent validity of the constructs since the AVE values ranged between .54 and .69 and are greater than the cut-off value of 0.50. Discriminant validity "refers to the degree to which the items representing a latent variable differentiate or discriminate that construct from other items representing another construct. In other words, it is the degree of uniqueness achieved from items measures in defining a latent construct" (Hair et al., 2010, p.416). In this study, discriminant validity was examined by comparing the "average variance extracted" (AVE) with "the squared correlation" between constructs. Discriminant validity emerges if AVE for a construct is more than squared correlation between this construct and all other constructs. The suggested threshold value recommended by Hair et al. (2010) for discriminant validity is ASV and MSV< AVE; Square root of AVE > inter-construct correlations).

Finally, the discriminant validity was met since the values of ASV, which range between .14 and .27, as well as the values of MSW, which range between .21 and .39, are all less than the values of AVE. The discriminant validity was also shown by comparing the square root of AVE to the inter-construct correlations. The square root of AVE values was located at the diagonal of the correlations coefficient matrix. These values are significantly higher than the values of the inter-construct correlation coefficient values in the matrix.

Reliability

"Reliability refers to the extent to which the observed variable measures the true value and is error-free. It assesses whether a set of items or observed variables measure the same underlying construct" (Hair et al., 2010, 424).

Cronbach's alpha is the most common measure used to examine reliability, and it is suggested at values of 0.7 and higher for consistent reliability. In this study, it is between 0.77 and 0.94 which is above 0.70 and that means reliability is provided. Construct reliability is another method to measure reliability in conjunction with CFA. In order to point out internal consistency, construct reliability must be higher than 0.70 or above. "Construct reliability is calculated from the squared sum of factor loadings, for each construct and the sum of the error variance terms for a construct" (Hair et al., 2010, p.426) According to the obtained results, the reliability was satisfied since the CR values ranged between .82 and .94 which are well above the threshold value of .70. The third way to examine reliability is to calculate AVE, for some researchers it is suggested that AVE should be 0.50 or higher than for any other construct.

In conclusion, the reliability as well as the validity of the constructs was satisfied. Table 5.3 indicates the obtained results for reliability and validity.

Table 5.3: Descriptive statistics, correlation analysis and reliability measures of the variables (N=401)

Variables	Mean	SD	MSV	ASV	1	2	3	4	5
1) EO	3.58	.72	.21	.17	**.74**				
2) Social Network Ties	2.72	.90	.25	.18	.41**	**.73**			
3) Business Network Ties	3.22	.85	.39	.27	.44**	.53**	**.73**		
4) Institutional Network Ties	1.98	.90	.23	.14	.31**	.37**	.51**	**.80**	
5) DOI	2.42	1.23	.39	.22	.43**	.41**	.57**	.36**	**.83**
Average Variance Extracted (AVE)					.55	.54	.54	.63	.69
Composite Reliability					.94	.82	.82	.87	.87
Cronbach's Alpha					.94	.71	.72	.81	.77

***p<.05; EO: Entrepreneurial Orientation; DOI: Degree of Internationalization; SD: standard deviation; MSV: maximum shared variance; ASV: average shared variance; AVE: average variance extracted;*
The elements on the diagonal are the square root of AVE, while the elements on the off-diagonals are the correlations between latent variables.

Common Method Bias (CMB)

Common method bias is a bias that results from an issue external to the measures in the dataset. The response by the participants is influenced by this external issue. Collecting the data set using a single method may produce a systematic response bias. As a result, the bias might have a negative effect on the responses. The CMB was measured using the Harman one-factor test (Podsakoff & Organ, 1986). It is used to determine if a large portion of the variance is explained by only one factor. To achieve this, the items of the constructs were included in an unrotated principal component analysis by constraining the number of factors extracted to one. A single factor with a large proportion of variance in the model, more than 50%, is considered to have CMB issue. According to the Harman one-factor test, the items of the proposed model constructs were constrained to be a single factor using the unrotated principal component analysis, and the single factor accounted for only 33% of the variance in the model. This indicated that CMB is not an issue in this research.

5.5. STRUCTURAL EQUATION MODELING

Following the confirmatory factor analysis, the direct hypothetical relationships were tested using Covariance Based Structural Equation Modeling (CB-SEM) approach. As presented in the previous chapter, SEM is a statistical model that aims to clarify the associations among variables. It analyzes the structure of interrelationships articulated in a series of multiple

regression equations (Hair et al., 2010). In this research, network relationships are an example of a latent construct (LV) among the other latent variables.

According to Hair et al. (2010), structural equation models are differentiated in three ways. "First, SEM allows the estimation of multiple and interrelated relationships. Secondly, SEM provides an ability to represents unobserved concepts in these relationships and account for measurement error in estimation process. And thirdly, SEM defines a model to explain the entire set of relationships" (p.428).

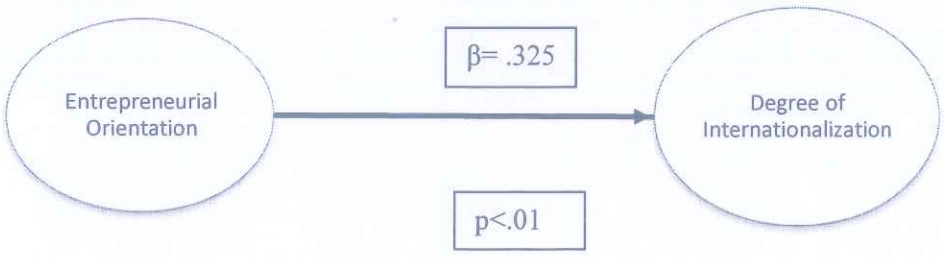
There are two methods of SEM, the covariance-based approach (CB-SEM) and the component-based approach (variance-based) which are also known as partial least squares (PLS-SEM). In this study, CB-SEM has been applied as it is stated in previous chapter. CB-SEM is a series of methods that integrates factor analysis, change analysis, path analysis, and regression analysis. PLS-SEM has similar functions, but it includes small sample-sizes and does not construct assumptions about the distribution of data. CB-SEM identifies the items or the indicators of the factors in advance to perform confirmatory factor analysis. The relationships between independent and dependent variables are then examined in path analysis. Outcomes are later modeled using structural regression. CB-SEM also analyzes the reliability and validity, and the mediator and moderator examination with different fit indices. Researchers can graphically indicate relations and analyze them by using software programs (Hair et al., 2010).

Each hypothesis with the paths, path coefficients, t-statistics, and the significance levels are shown in Table 4.

5.5.1. The Relationship between EO and DOI

The results revealed that entrepreneurial orientation has a positive and significant impact on degree of internationalization ($\beta = .325$, $p < .01$). This relationship has been indicated in Figure 5.5

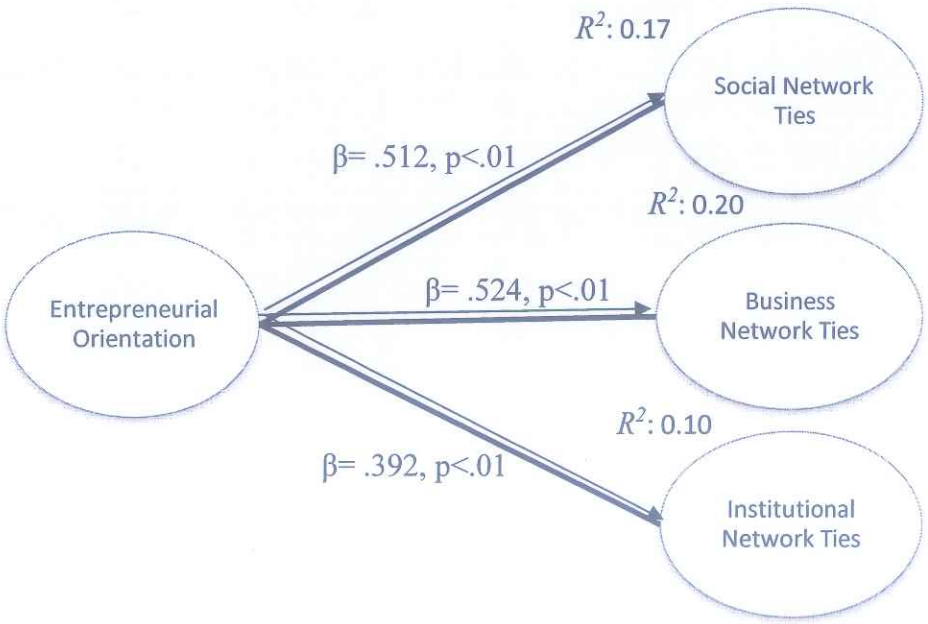
Figure 5.5: Findings on the Relationship between EO and DOI



5.5.2. The Relationship between EO and Network Ties

On the other hand, the relationship between EO and network ties has been tested. According to SEM results, EO has positive and significant effects on social network ties (β= .512, p<.01), on business network ties (β= .524, p<.01), and on institutional network ties (β= .392, p<.01). The relationships between EO and network ties have been illustrated in figure 5.6.

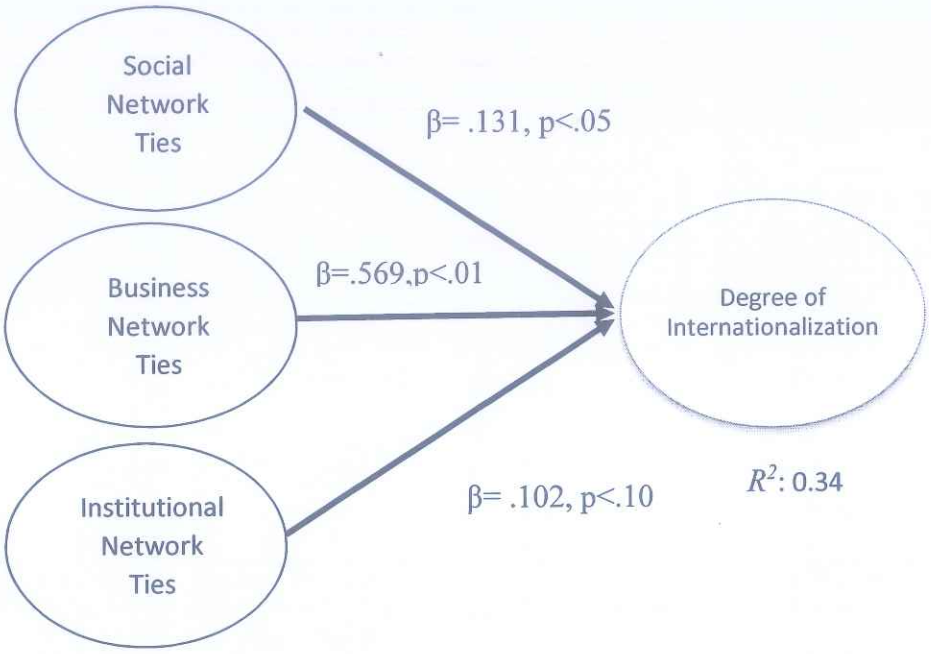
Figure 5.6: Findings on the Relationship between EO and Network Ties



5.5.3. The Relationship between Network Ties and DOI

As can be seen from Figure 5.7, social network ties (β= .131, p<.05), business network ties (β=.569, p<.01), however the relationship between institutional network ties and DOI (β= .102, p<.10) is not significant. The results show that the relationship between institutional network ties and DOI is not supported.

Figure 5.7: Findings on the Relationship between Network Ties and DOI



The results indicated that hypothesis H1, H2a, H2b, H2c, H3a, H3b are supported, and however H3c is not supported because of significance level.

Finally, the control variables, such as the firm's age and the industry type, were included as control variables in the analysis. There was a negative and significant relationship between the industry type and the degree of internationalization, while the age of the firm had no significant impact on the degree of internationalization.

Table 5.4: Structural Equation Modeling Results

Hypothesis	Paths			Beta	*p* Value	T-stat	Result
H1	EO	→	DOI	.325***	0.01	3.851	Supported
H2a	EO	→	Social Network Ties	.512***	0.01	8.986	Supported
H2b	EO	→	Business Network Ties	.524***	0.01	9.882	Supported
H2c	EO	→	Institutional Network Ties	.392***	0.01	6.623	Supported
H3a	Social Network Ties	→	DOI	.131**	0.05	2.221	Supported
H3b	Business Network Ties	→	DOI	.569***	0.01	8.946	Supported
H3c	Institutional Network Ties	→	DOI	.102*	0.1	1.796	Not supported
	Industry Type	→	DOI	-.436**	0.05	-2.309	
	Age of the Firm	→	DOI	.023	0.05	0.493	

**p<0.10; **p<0.05; ***p<0.01; EO: Entrepreneurial Orientation; DOI: Degree of Internationalization;*

The Explained Variance

The magnitude of the explained variance in the dependent variables that is explained by the independent variables are measures using the coefficient of determination (R^2) in order to determine the explanatory and predictive power. The level of explained variance is considered to be substantial if R^2>.26, moderate if .13<R^2<.26, and weak if R^2<.13. CB-SEM analysis results showed that the explained variance of degree of internationalization was .34, of social network ties was .17, of business network ties was .20, and of institutional network ties was .10. The explanatory powers based on the classification criteria showed that the degree of internationalization had substantial, industrial networks, and the social networks had moderate power, and institutional network had weak power.

5.6. MEDIATION ANALYSIS

To test the effect of entrepreneurial orientation on the degree of internationalization through social network ties, business network ties, and institutional network ties, a multiple mediation analysis was performed. The bias-corrected bootstrapping method was used with 5000 bootstrap re-samples to obtain the 95% confidence interval of the indirect effects recommended by Preacher and Hayes (2008). Baron and Kenny (1986) guidelines were utilized in which the effect of the independent variable on the dependent variable is significantly decreased by adding a mediator that has a significant effect on the dependent variable. The mediation analysis included three mediators between entrepreneurial orientation and degree of internationalization; thus, a multiple mediation with bootstrapping approach was used as recommended by Preacher and Hayes (2008). The bootstrapping approach, introduced by Efron (1979), allows us to analyze the total indirect effects, as well as the specific indirect effects, of the independent variables on the dependent variable. It estimates standard errors, confidence intervals, and biases, and it reduces the chance of parameter bias caused by the omitted variables.

The three steps to perform the mediation analysis were followed. In Step 1, a simple regression analysis was conducted to test for path 'c' between independent variable (X) and the dependent variable (Y). Step 2 involved conducting a simple regression analysis with independent variable (X) and mediator (M) to test for path between X and M (path 'a'). Step 3 included a multiple regression analysis with independent variable (X), mediator (M), and dependent variable (Y) to test for path between M and Y (path 'b') and to test for path between X and Y (path 'c``). According to the Baron and Kenny (1986) guidelines, after paths c, a, and b are determined to be statistically significant, a full mediation is obtained if path c` is no longer significant when

M is controlled, or a partial mediation is obtained if 'c` is significant but the beta value is decreased compared with the beta value in path c.

The association between entrepreneurial orientation and the degree of internationalization via social network ties, business network ties, and institutional network ties were examined and the results are provided in this section of the chapter.

5.6.1. Indirect effect of EO on DOI via Social Network Ties

The results indicated that there is a significant association between EO and DOI, between EO and social networks, and between social networks and DOI, thus path a, b, c are all significant in Steps 1–3. Though the direct effect (c`) between EO and DOI when controlling for social networks is significant, the beta is decreased, thus there is a partial mediation. As a result of the three step guidelines, social networks partially mediate the relationship between EO and DOI (Effect=.194; LLCI: .118 -ULCI .283) since the confidence interval does not include zero. Table 5.5 indicates the association between EO and DOI via social network ties.

Table 5.5: Indirect effect of EO on DOI via Social Network Ties

Step	Predictor	Outcome	β	*p* Value	R^2
1	EO	DOI	.727***	0.001	.181
2	EO	Social Network Ties	.512***	0.001	.168
3	Social Network Ties	DOI	.379***	0.001	.244
	EO		.533***	0.001	
	Indirect effect of EO on DOI via Social Network Ties	Effect=.194	LLCI=.118	ULCI=.283	

**p<0.05; **p<0.01; ***p<0.001; EO: Entrepreneurial Orientation; DOI: Degree of Internationalization; LLCI: Lower Limit Confidence Interval; ULCI: Upper Limit Confidence Interval*

5.6.2. Indirect effect of EO on DOI via Business Network Ties

When investigating the mediation effect of business network ties between EO and DOI, Steps 1–3 stated that path a, b, and c are all significant. There is a significant relationship between EO and DOI, between EO and industrial networks, and between industrial networks and DOI. Similarly, in Step 3, the path c` is significant, but the value of beta is decreased compared to the value of beta in path c. Thus, there is a partial mediation. This partial mediation is significant (Effect=.360; LLCI: .284 -ULCI .459) since the confidence interval does not include zero;

therefore, business network ties partially mediate the relationship between EO and DOI. Table 5.6 indicates the association between EO and DOI via business network ties.

Table 5.6: Indirect Effect of EO on DOI via Business Network Ties

Step	Predictor	Outcome	β	*p* Value	R^2
1	EO	DOI	.727***	0.001	.181
2	EO	Business Network Ties	.524***	0.001	.196
3	Business Network Ties	DOI	.687***	0.001	.362
	EO		.367***	0.001	
	Indirect effect of EO on DOI via Business Network Ties	Effect = .360	LLCI=.284	ULCI=.459	

**p<0.05; **p<0.01; ***p<0.001; EO: Entrepreneurial Orientation; DOI: Degree of Internationalization; LLCI: Lower Limit Confidence Interval; ULCI: Upper Limit Confidence Interval*

5.6.3. Indirect effect of EO on DOI via Institutional Network Ties

When investigating the mediation effect of institutional network ties between EO and DOI, Steps 1–3 stated that path a, b, and c are all significant. There is a significant relationship between EO and DOI, between EO and industrial networks, and between industrial networks and DOI. Similarly, in Step 3, the path c` is significant, but the value of beta is decreased compared to the value of beta in path c. Thus, there is a partial mediation. This partial mediation is significant (Effect=.135; LLCI: .083 -ULCI .207) since the confidence interval does not include zero; therefore, institutional network ties partially mediate the relationship between EO and DOI. Table 5.7 indicates the association between EO and DOI via institutional network ties.

Table 5.7: Indirect Effect of EO on DOI via Institutional Network Ties

Step	Predictor	Outcome	β	*p* Value	R^2
1	EO	DOI	.727***	0.001	.181
2	EO	Institutional Network Ties	.392***	0.001	.099
3	Institutional Network Ties	DOI	.345***	0.001	.238
	EO		.592***	0.001	
	Indirect effect of EO on DOI via Institutional Network Ties	Effect = .135	LLCI=.083	ULCI=.207	

**p<0.05; **p<0.01; ***p<0.001; EO: Entrepreneurial Orientation; DOI: Degree of Internationalization; LLCI: Lower Limit Confidence Interval; ULCI: Upper Limit Confidence Interval*

5.7. SUMMARY OF FINDINGS

As can be seen from Table 5.8, all hypothesized relationships in the proposed model of entrepreneurial orientation, network ties, and degree of internationalization of Turkish SMEs in emerging market contexts were supported. Examination of path coefficients provided strong relationships between EO and DOI, EO and social network ties, business network ties and institutional network ties. In addition, results indicated that the relationship between DOI and social network ties and business networks ties were supported strongly, while the relationship between institutional network ties and DOI were not supported.

Figure 5.8 illustrates the relationship between variables and indicates the results of the hypothesis testing of the study. In summary, according to the Table 5.8., the results of the hypothesis testing are positive. The association between EO and DOI of EC SMEs are positive and significant. The relationship between EO and network ties (social, business, and institutional) is significant and positive. In addition, the relationship between network ties and DOI of EC SMEs are positive. The results of the relationship between business and social network ties and DOI of EC SMEs are strongly supported by the findings; however, the relationship between institutional network ties and DOI of EC SMEs was not supported. Finally, the findings of mediation analysis indicated that there is a partial mediation in the relation between EO and DOI of EC SMEs via network ties.

Table 5.8: Summary of the Hypothesis and Results

Hypothesis	*Relationship*	*Predicted Effect*	*B Coefficient*	*P-Value*	*Research Findings*
H1	*EO positively affects DOI of EC SMEs*	*Positive*	.325***	0.01	*Positive*
H2a	*EO of EC SMEs positively affects the use of social network ties of EC SMEs*	*Positive*	.512***	0.01	*Positive*
H2b	*EO positively affects the use of business network ties of EC SMEs*	*Positive*	.524***	0.01	*Positive*
H2c	*EO positively affects the use of institutional network ties of EC SMEs*	*Positive*	.392***	0.01	*Positive*
H3a	*Social networks positively affect DOI of EC SMEs*	*Positive*	.131**	0.05	*Positive*
H3b	*Business network ties positively affect DOI*	*Positive*	.569***	0.01	*Positive*
H3c	*Institutional network ties positively affect DOI of EC SMEs*	*Positive*	.102*	0.1	*Not Significant*
H4a	*Social network ties mediate the influence of entrepreneurial orientation on firm's DOI of EC SMEs.*	*Positive*	.533***	0.01	*Positive*
H4b	*Business network ties mediate the influence of entrepreneurial orientation on firm's DOI of EC SMEs.*	*Positive*	.367***	0.01	*Positive*
H4c.	*Institutional network ties mediate the influence of entrepreneurial orientation on firm's DOI of EC SMEs.*	*Positive*	.592***	0.01	*Positive*

Mediating Hypothesis

H4a: EO→SOCIALNT→DOI: (β= .533, p<.01)

H4b: EO→BUSINESSNT→DOI: (β= .367, p<.01)

H4c: EO→INSTITUTIONALNT→DOI: (β= .592, p<.01)

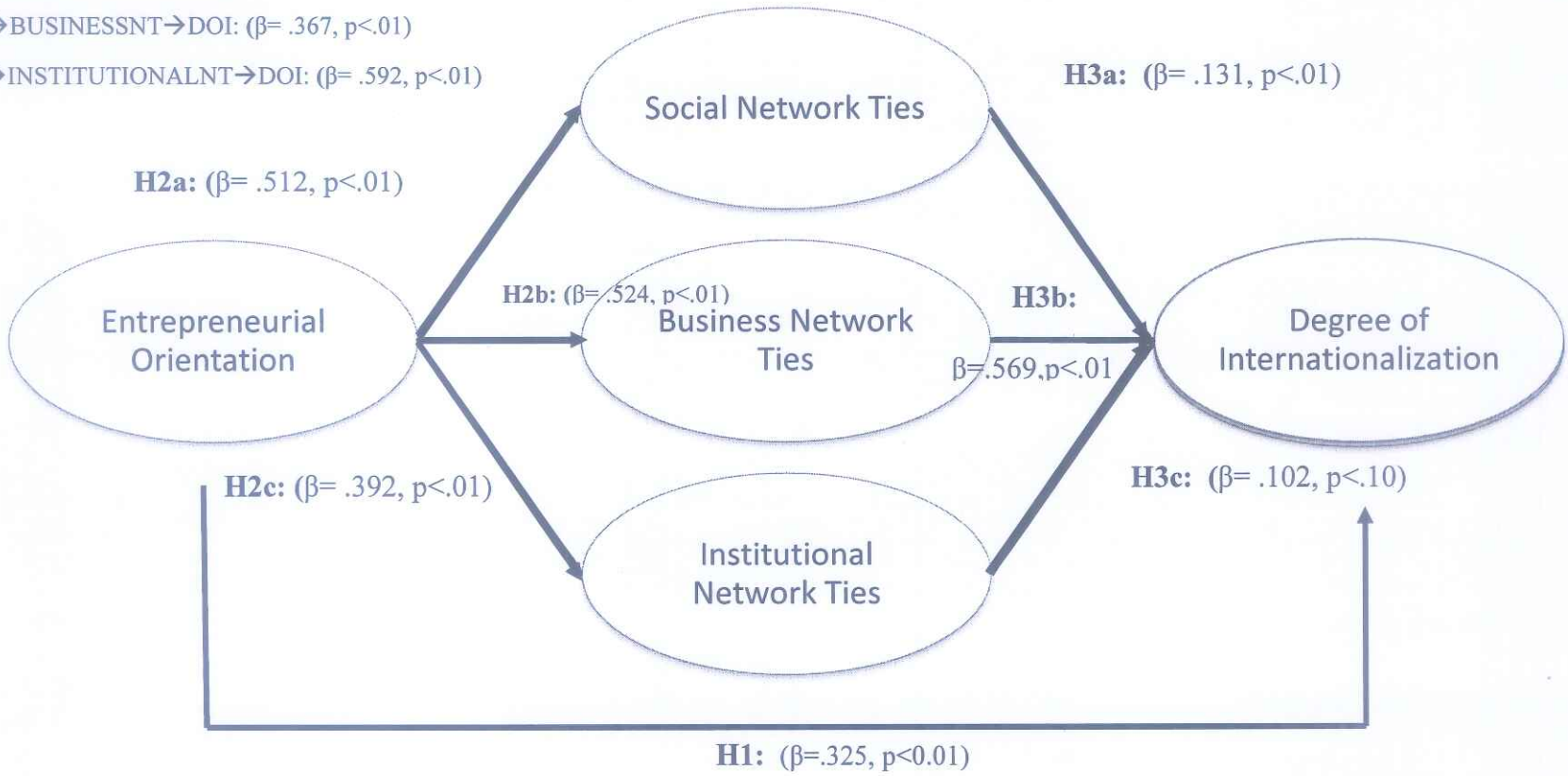


Figure 5.8: Results of SEM Analysis

5.8. CONCLUSION

In this chapter, the quantitative data gained from a questionnaire survey was analyzed and the results were declared and illustrated. To examine the obtained data, CB-SEM was applied. To do this, data preparation and data screening were provided. The descriptive data analysis was then done. Confirmatory factor analysis was later utilized to construct the variables to investigate validity and reliability of the measurements. After that, SEM was applied to predict the relationships between variables that are mentioned in the previous sections of this chapter. Finally, the mediation analysis was utilized to investigate the indirect effect of EO on DOI via network ties. The results of the analysis were determined and have been indicated in each section of this chapter. In addition, in the last section of the chapter, a summary of findings was provided.

In the next chapter, the discussion and conclusion of this thesis will be provided. First, the summary and findings of the thesis will be given. The theoretical and empirical contributions, managerial implications, policy implications, the limitations of the study, and recommendations for future studies will then be presented.

6. CHAPTER SIX
DISCUSSION AND CONCLUSION

6.1. INTRODUCTION

In this chapter, the discussion and conclusion of this thesis will be provided. The summary and findings of the thesis will be given, followed by the theoretical and empirical contributions of the study. Managerial implications will be provided, and policy implications will be offered. The limitations of the study will then be discussed. Finally, recommendations for future studies will be mentioned.

6.2. SUMMARY AND DISCUSSION OF FINDINGS

This study is located at the intersection of entrepreneurship and international business literature; more specifically, at the intersection of the literature on entrepreneurship orientation (EO) and the network view of internationalization. First, the effects of EO on Turkish SME internationalization were examined. Second, potential network ties that a firm establishes and utilizes were categorized into three different types as social, business, and institutional ties, and the effects of these network ties on the internationalization of SMEs were analyzed. Third, the relationship between EO and network ties in SME internationalization was investigated. By doing so, this research was intended to generate answers to the research questions presented: (1) What is the role of EO in Turkish SME internationalization? (2) What types of network ties are utilized by SMEs to internationalize? (3) What are the roles of these different types of network ties in Turkish SME internationalization? (4) What is the nature of the relationship between EO and different network ties in EC SME internationalization?

To generate answers to these research questions, SMEs from Turkey—a medium-sized emerging economy with a unique geographical location at the intersection of Europe, Asia, and Africa—were investigated. The investigation included a detailed literature review of related fields with a focus on literature about small and medium-sized enterprise internationalization. To do that, Chapter Two defined small and medium-sized enterprises and the context of SMEs in Emerging Countries and Turkey. Then the theories of SME internationalization were reviewed. Next, network relationships and their effects on SME internationalization were discussed. In addition, entrepreneurial orientation and its effect on SME internationalization were reviewed. Finally, the literature review of the degree of internationalization was provided.

In Chapter Three, the conceptual framework of the study and the hypothesis development sections were provided according to the theoretical background of the study. To do that, the key research fields and theories were illustrated, and the conceptual framework of the study was determined. Based on the conceptual framework, the empirical research results, and the review of existing literature, the hypotheses were developed and the research model was built. Finally, the hypotheses developed for this study were presented.

After the conceptual framework and hypotheses development chapter, the methodology chapter was provided. To address the research questions and to investigate the aims of the study, a quantitative research design was employed. A justification for applying a quantitative research method was provided in Chapter Four. In addition, the data collection process and analysis method of this study were described, and the measurements of EO, network ties, and DOI were provided. The sample selection was utilized in this study, the analysis method, CB-SEM, was described, and the assessment approach for the structural model was defined. Finally, the measurements of the variables were constructed, and the analysis method was defined.

In the previous chapter, the relationship between the variables was investigated. To do that, the role of EO and network ties on DOI was examined. In addition, the mediating effect of network ties on the relationship between EO and DOI was investigated. In order to analyze the data and obtain the findings, data preparation and data screening were completed, and the descriptive data analysis was done. Confirmatory factor analysis was then utilized to construct the variables and to investigate validity and reliability of measurements. After that, SEM was applied to predict the relationships between EO and DOI, EO and network ties, and network ties and DOI. Finally, the mediation analysis was utilized to investigate the indirect effect of EO on DOI via network ties. The results of the analysis were included in each section of this chapter.

When the relationship between EO and DOI has examined, it was found that there is a positive and significant association between those variables ($\beta = .325$, $p < .01$). This result indicates that the direct impact of EO on DOI of Turkish SMEs is positive and statistically significant, and the findings propose that SMEs with higher EO are more internationalized. This result is consistent with the existing literature; for example, according to a study by Zahra et al. (2000), EO can improve the competitive advantage of SMEs by improving knowledge and learning capabilities in international markets, thereby improving the international performance of the firms. In addition, Yiu et al. (2007) investigated the relationship between EO and internationalization. They found that EO plays an important role in internationalization, with risk-taking having the most significant role. McDougall et al. (1994) discussed "firms,

including SMEs with a greater EO, indicate an aggressive attitude in seeking new opportunities to enter international markets, as well as to establish and operate departments that actively carry out the internationalization activities. Thus, EO plays a pivotal role in overcoming changes and improving international performance throughout organizational capabilities" (McDougall&Oviatt, 2000, p.905).

In SMEs engaged in exporting that lack recourses and have problems entering a new foreign market, EO acts as the most important factor to perform creative activities and utilize internal resources efficiently to recognize and develop international opportunities. Zhou (2007) conducted an empirical study on EO and concluded that "because understanding customers' needs more exactly and hence analyzing and managing them effectively are critical to successfully penetrating international markets, EO should positively influence international performance" (p.288). In line with previous studies, this study determined that EO plays an important role in explaining DOI of SMEs. Therefore, unlike the big international companies that have great financial and human resources and that are more proficient in the use of networks, SMEs that depend on external resources for international markets can overcome their limited financial and managerial resources and capabilities with investing EO of their firms.

The findings indicated that the relationships between EO and network ties are positive and significant. Examination of path coefficients provided strong relationships between EO and social network ties ($\beta = .512$, $p<.01$), business network ties ($\beta = .524$, $p<.01$), and institutional network ties ($\beta = .392$, $p<.01$). Therefore, EO had a positive effect on network ties. Studies that investigate the relationship between EO and network ties are very rare, and this study is one of the first studies to investigate the relationship between EO and different network ties separately, in particular for Turkish SMEs as an emerging country. Yoon et al. (2018) investigated the relationship between EO and network capability, and their results are consistent with the findings of our study. This study examined the importance of EO in order to improve the different kinds of network ties for SMEs. SMEs can develop and utilize their network ties when they have higher EO. Therefore, those results contribute to the growing body of international entrepreneurship and network perspective of internationalization literature.

These findings are important to understand how SMEs can utilize their network ties more efficiently especially in less developed countries such as Turkey. There are many real life examples that owners and manager have strong network ties however they do not utilize network ties because of lack of some other capabilities. This study indicates the importance of EO for SMEs to have and to utilize their network ties. However, to understand how EO of

SMEs in Turkey develop and utilize network ties in order to increase internationalization, it is necessary to make in-depth research with SMEs.

The relationship between networks ties and DOI is positive and their significance is different according to the types of network ties. Results indicate that the relationship between DOI and social network ties ($\beta = .131$, $p<.05$) and business networks ties ($\beta=.569$, $p<.01$) were supported strongly; however, the relationship between institutional network ties ($\beta = .102$, $p<.10$) and DOI were not supported. These results are mostly consistent with existing literature. The findings indicate that the effects of social network ties and business network ties on internationalization of SMEs are consistent with existing literature. Although the studies about institutional network ties are very rare, our results differentiate from some of the existing studies. For example, Oparaocha (2015) investigated the effect of institutional networks on DOI of SMEs in Finland and Sweden as developed countries. Their findings showed that there is an obvious impact of institutional networks on internationalization of Finnish SMEs, whereas in our study, the impact of institutional network ties is not supported. The reasons for this weak support should be investigated. The data is collected from Turkish SMEs as an EC. The reason for the insignificant relationship between institutional network ties and DOI is important. The reason could be due to the low level of institutionalization of public and semi-public institutions in EC SMEs. In addition, the difference between the impact of institutional network ties in Finland and Turkey can emerge because of the different development levels of the countries. This study indicates that the relationship between Turkish SMEs and public institutions are not as strong as in SMEs in developed countries. This can also be an interesting topic for further research studies

As it is mentioned above the reasons explaining the insignificance of the impact of institutional network ties, should be investigated to develop and utilize institutional network ties more efficiently. There can be three different reason of the insignificant relationship of institutional networks. The first reason can be the lack of institutional network ties of SMEs (Oparaocha, 2015). In this case owners/managers of SMEs should invest to improve their institutional network capacity and capability. Sometimes even the owner of SMEs have higher network ties they do not (or cannot) utilize their network ties because of lack of motivation, lack of other capabilities or resources such as EO, and or they don't have aim to use their network ties on any specific aim. For example, I was board member of Turkish Footwear Association in 2014, there were some other members who have really high institutional network capital with universities, public institutions, and with many associations however they do not utilize their network capital to improve internationalization (Kontinen & Ojola, 2010; Zain & Ng, 2006).

Thus, their internationalization level did not change significantly. However, at the same time, when I was a board member of Turkish Footwear Association, I have contacted with many public and semipublic institutions, then we have developed frequent and strong relationships with some of them, accordingly we have increased our DOI dramatically in the last six years. Before I was the board member, our foreign sales were less than five percent, and now our foreign sales are higher than 75 percent. According to the findings of this study, if SMEs aim to increase their DOI, they should improve their network capital and, they should increase other capabilities to develop and utilize their network ties. As it is indicated in our findings, to increase EO is one of the ways to develop and utilize network ties. Therefore, SMEs need to increase EO to benefit better from their network ties.

The second reason of insignificant support for the impact of institutional network ties on internationalization of SMEs can be because of the lack of communication capabilities of public and semi-public institutions with SMEs in emerging countries (Khanna&Palepu, 2010). In Turkey, most of the governments support, motivate and push public institutions to contact, support and train SMEs to be more internationalized. The governments support those institutions financially; however most of those institutions unfortunately cannot touch most part of SMEs in Turkey. Only, some part the SMEs that have developed different kind of capabilities themselves are able to access and benefit from those institutions. In general those institutions have better relationships with big companies.

Third reason can be the institutional structure of the country that the research is done. As it is mentioned in literature review chapter, SMEs from EC which are usually characterized as having weak institutional environments and unfavorable market conditions may have additional difficulties, particularly negative institutional factors (Oparaocha, 2015;Torkkeli et al., 2012; Khanna&Palepu, 2010). For example, according to the study of Oparaocha (2015) there is a positive and significant relationship between institutional networks and internationalization of SMEs in Sweden and Finland. Therefore the impact of institutional context can be an important determinant on the internationalization of and utilization of EO and network ties.

To test the effect of EO on DOI through social network ties, business network ties, and institutional network ties, a multiple mediation analysis was performed. According to this analysis, the social network ties ($\beta = .533$, $p<.01$), the business network ties ($\beta = .367$, $p<.01$), and the institutional network ties ($\beta = .592$, $p<.01$) partially mediated the relationship between EO and DOI. This study indicates that network ties can mediate the relationship between the EO and DOI of SMEs in Turkey. Network capability may have a positive role on

internationalization when it is integrated with EO. The integration of EO and network ties provides Turkish SMEs to be more internationalized. The findings of this study are consistent with past studies. Zuccehella (2002) analyzed the factors of internationalization by combining network capability, marketing capability, and technological capabilities of SMEs. He found that SMEs can achieve successful entry into new foreign markets and improve their international performance by integrating these capabilities with EO (Yoon et al., 2018). In addition, Brouthers et al. (2015) stated that: "SMEs with greater EO will perform better in foreign markets because they possess the capabilities needed to develop innovative strategies that provide an advantage in the foreign market, identify and use technologies that better align with foreign market customer needs, and are willing to take business risks associated with adopting new strategies and technologies in foreign markets". (p.521)

As a result, it can be said that the integration of EO and network ties provides EC SMEs to have higher DOI. This indicates that EC SMEs should invest on EO and network ties to be more internationalized.

6.3. THEORETICAL CONTRIBUTIONS OF THE STUDY

The main contribution of this study is the integration of EO and network theory in the international business literature in the context of emerging countries particularly in Turkey as an emerging country. According to empirical results of the study, the relationship between EO and different kind of network ties are positive and significant, and their impact on internationalization of SMEs is positive, and EO is one of the key elements of internationalization process. Those findings are consistent with existing results, according to existing studies SMEs develops and use network ties to overcome their limited resources (Kontinen & Ojola, 2010; Zain & Ng, 2006). However, it is not very clear that what motivates SMEs to develop and use network ties to be more internationalized. The findings of that study indicate that EO is positively and significantly affects the network ties of SMEs in Turkey. Therefore, EO can be regarded a kind of firm resource to develop and use the network ties. As a result, the findings indicate that, the motivation behind the developing and using network ties is the strong EO of SMEs. Therefore, this study has extended the literature of international entrepreneurship, network view of internationalization and international business fields.

In addition, there are very few studies that investigate the factors and capabilities affecting the relationship between EO and internationalization SMEs, and even fewer studies analyzing EC SMEs. However, this study is one of the first studies that examine the mediating factor of

network ties between EO and DOI of EC SMEs. The result indicates that the different types of network ties have positive mediating results. As a result, this study has extended network theory literature by integrating with EO, and by classifying network ties into different categories. EO literature originated in developed countries, and most studies examining the relationship between EO and DOI are from developed countries. This thesis analyzed the effects of EO on DOI in EC SMEs; it contributes to the field by responding to the call of Slevin and Terjesen (2011), Wiklund and Shepherd (2005), and Kemelgor (2002) for increasing EO literature and the understanding of internationalization implications in the EC context. This study seems to be the first study in the literature that examines the effect of EO on DOI in Turkey SMESs with integrating network ties. According to the findings of this study, the integration of EO and network ties has a positive effect on the DOI of EC SMEs.

This study also contributes to RBT literature, as the findings indicate that social network ties, business network ties, and institutional network ties have a positive contribution to the internationalization of EC SMEs which have limited resources. Those firms can use their network ties in order to overcome resource problems. Another contribution to RBT literature is the integration of EO and network ties as a resource that provides SMEs in EC to increase their DOI.

This study is one of the first studies to investigate the effect of different kinds of network ties on DOI in EC SMEs. In particular, studies that have investigated the effect of institutional network ties on DOI are very rare. Researchers have the same opinion that how institutional network ties affect SMEs' performance and internationalization (Oparaocha,2015) There are only a few studies examining the institutional networks in some developed countries, this study will be one of the first studies that investigate the impact of institutional network ties on internationalization of SMEs in emerging countries. Therefore, this study contributes to international business literature by studying the impact institutional network ties on Turkish SMEs in an EC context. This is one of the novel contributions of this study, and also contributes to the growing body of international entrepreneurship literature by integrating institutional network ties with EO of SMEs.

Another important contribution of this study is the use of a multi-item measurement of the dependent variable DOI. Most of the studies use a single-item measurement to examine DOI; however, this study used a multi-item measurement of DOI. Thus, one of the most important contributions from this study in analyzing the effect of EO on DOI of the Turkish SMEs is the

use of a multi-item scale that includes (1) the ratio of foreign sales to total sales, (2) foreign employees to total employees, and (3) foreign assets to total assets.

6.4. MANAGERIAL IMPLICATIONS

There are also some managerial implications of this study. As the findings indicate EO is a crucial factor of DOI, EO can perform an important role in developing the DOI of Turkish SMEs. Thus, this study contributes to the literature and practice of firms by motivating them to be aware of how EO generates higher DOI through network ties. Therefore, decision makers in SMEs should improve the EO of their firms.

In addition, network ties are also considered an important factor of DOI and a mediating factor between EO and DOI. This study implies that key decision makers should concentrate on how to improve network ties of their firms in order to develop their degree of internationalization. In other words, the empirical findings of this study show that if firms have stronger and greater network ties, they will be more able to extend their internationalization. To recover insufficient recourses such as managerial, financial, and technological resources, SMEs must develop and employ useful network ties within their environments. Managers of EC SMEs should especially focus on improving the institutional network ties; according to the findings, the contributions of institutional network ties are weakly supported. The reasons for that weak support should be investigated and the methods to establish stronger institutional network ties should be determined. If the reason is because of the firm they should try to increase the frequency and quality of institutional network ties with necessary institutions.

According to the findings of this study, there is a positive relation between the EO and different kind of network ties. This point differentiates our study from the existing studies; although in existing studies there are some similar findings about the impact of network ties and EO on internationalization of SMEs, the existing studies did not examined the relationship between EO and different kind of network ties. And in the existing studies the question of how SMEs develop and use network ties more than other ones is not clear. According to our findings, there is an answer for this question as it is indicated that EO has positive impact on network ties, it can be concluded that the impact of network ties of SMEs with higher degree of EO on internationalization is stronger than the others in Turkey as an emerging country. Therefore owners/managers of SMEs should invest on EO to develop and use more efficiently to increase their degree of internationalization. In other words EO has positive impact on network ties of Turkish SMEs therefore; managers of EC SMEs should pay attention to EO of their firms in order to increase the network capability of their firms.

In conclusion, if managers of Turkish SMEs which lack managerial, financial resources, and institutional based network resources, aim to increase the internationalization of their firms, they need to focus on and improve EO, network ties, and the integration of both. As the results of this study clearly indicate that the integration of network ties with EO has a crucial impact on the DOI of firms, therefore managers/owners of EC SMEs should improve other managerial capabilities to increase the effect of EO and to become more internationalized.

There is another finding of this study for the managers of SMEs in Turkey. According to this study the impact of network ties vary according to their types. Therefore managers should examine their network capital and they should improve the each network ties separately. Additionally, managers should try to understand the relationship between each network type, because the different network types can improve the impact of each other. For example strong institutional network ties may improve the impact of business or social network ties or vice versa. As it is mentioned in discussion section, in real life different kind of network ties has strong effect on each other. For example, the institutional ties of the firm that I am working, developed and utilized business network ties; and those business network ties has increased our degree of internationalization dramatically. At the same time, same kind of network ties also develops and utilizes each other. For instance, again from the same company, we have very strong relationships with our suppliers in China for long years, when we have started to work Inditex Group (we gained the access to that customer over our institutional network ties) our deep relationship with our existing suppliers provided us to gain competitive advantage in cost, quality, and speed of our production. Therefore, managers should check their network capital, and they should know in which kind of ties they are strong and weak, and they have to establish ways of integrations of those ties to increase their performance and internationalization. To better understand the relationship and impact of network ties with each other, there is a need of a quantitative research, because the approach applied in this study is not adequate for considering firms' in-depth opinions.

6.5. POLICY IMPLICATIONS

The results of this study show the importance of EO on internationalization of SMEs; therefore, this study proposes the need for developments in the business environment to increase EO in SMEs in Turkeys as an emerging country context. In the context of EC, there are problems of the prevalence of corruption, highly bureaucratic governments, and low levels of institutional development (Benzing et al., 2005). Environmental improvements are particularly important to SMEs with limited managerial and financial resources that are more vulnerable to

environmental conditions. Therefore, policy makers should improve the environmental conditions of SMEs to provide them with more EO and enable them to become more internationalized.

SMEs are the backbone of the Turkish economy as of most of the EC economies; however, they lack managerial and financial capabilities. Since improving EO and developing network ties are time consuming and resource demanding, to increase internationalization of SMEs and the entire country, policy makers should distribute more resources for SMEs to improve their network ties and to increase their EO. Most of the financial resources are going to big companies, SMEs have difficulties to get credits from banks, and most of the times they do not have the skills to benefit from governments incentives and supports. Therefore public and semi-public institutions should have closer contact with SMEs to encourage and train them to be able to benefit from the opportunities; and the amount of resources distributed to small firms should be increased.

According to the findings of this study, the relationship between social and business network ties and DOI are positive and strong, while the relationship between institutional network ties and DOI is positive but weak. Therefore, policy makers should investigate the reasons for that weak relationship and should enact policies to improve this relationship. SMEs should be encouraged to have stronger relations with governmental and semi-governmental institutions. The findings indicate that institutional network ties play a vital role on internationalization of EC SMEs. However, the effect of institutional network ties on DOI is not significant (weakly supported) than other kinds of network ties. For that reason, policy makers, public institutions, and governments should support and encourage SMEs which have limited financial and managerial resources to have stronger relations with them in order to improve international competitiveness. SMEs can be informed as to how they can have better relations with those institutions, and how to utilize their institutional ties in order to increase their DOI. For example, different kinds of "institutional support and direct government assistance programs, including market intervention packages or platforms" can be arranged by policy makers to encourage EC SMEs to increase their DOI (Oparaocho et al., 2015, p.870; Green and Mole, 2006). Therefore, some bureaucratic difficulties could be reduced, and the ability of EC SMEs to access institutional network-based resources would be increased. The institutional environment of SMEs in EC should be improved to have better relationships with institutions.

6.6. LIMITATIONS

This study was dependent on the quantitative method in the use of a survey. This approach may not be adequate to consider in-depth situation of firms. For that reason, for future research qualitative methods should be applied as research methodologies. As it is mentioned above sections, there are some questions which are not answered in quantitative methods. For example, the questions of the impact of network ties between each other, the reasons of low support of the impact of institutional network ties, and how to develop stronger networks are not answered very clearly in this methodology. Those questions should be investigated with a quantitative methodology.

There are also some academic limitations. This study aimed to investigate the impact of EO and network ties as mediating factor on internationalization of SMEs, but it is also necessary to investigate the other mediating and moderating factors and capabilities such as managerial, marketing, technological, digitalization, and regulatory factors.

In this study EO was considered as one factor, however, EO has different constructs (Lumpkin & Dess, 1996; Covin & Slevin 1989; Wiklund & Shepherd, 2005; Miller, 1983). Thefore, the constructs of EO should be analyzed separately. Because each of those constructs may have different impacts on the other variables. Therefore, it may be useful to study each of those constructs separately.

6.7. DIRECTIONS FOR FUTURE STUDIES

This study used a quantitative methodology. In future studies, a qualitative study or mixed methodology should be used to examine the impact of EO and network ties on DOI. As we have mentioned above, there are some issues should be investigated in a qualitative method in future researches; (1) the impact of network ties on between each other. For example, what is the impact of institutional network ties on business network ties and on social network ties, or how the relationships with suppliers affect the relationship with customers? (2) How can EO of SMEs develop and utilize the network ties of SMEs for to increase internationalization. This study indicated the significant impact of EO on network ties however we are not able to explain how EO develops and utilizes network ties to increase performance and internationalization of Turkish SMEs.

The relationship between different kinds of network ties is also important, and should be investigated qualitatively. the network ties are affecting and developing themselves too (Kontinen & Ojola, 2010; Zain & Ng, 2006) ; if firms have high level of institutional network ties, those ties can help SMEs to improve high level of business ties and social network ties,

and those ties can increase the level of internationalization of firms. We can give example from the family SME that I am managing the international relations; because of our institutional network ties we have developed strong business network ties. After we have utilized those business network ties, we have become to increase our institutional network ties. We have able to access most of the public and semipublic institutions. For example, after we have good network ties with TASD we have taken some business contact, we have developed those business contacts, and we have increased our business volume and foreign sales. Then we have realized the impact and power of other public institutions, we have learned ways to access those institutions, and benefit from them. As a result, for the future researches, a qualitative study or mixed methodology may help researchers to investigate above mentioned topics.

A comparative analysis can be done to check and compare the effects of EO and network ties on DOI in developed and emerging markets. In addition, a cross-cultural analysis can be done to check the effects of EO and network ties on DOI in two or more emerging markets such as in BRIC countries.

As it is mentioned in the limitations section, this study has some academic limitations too; in this study, to understand the relationship and impact of EO on internationalization of SMEs, network ties are regarded as mediating factor, however, it is necessary to investigate other mediating or moderating factors such as environmental variables (support policies, regulations), technology orientation, digital orientation, and family involvement etc.

In this thesis, EO was considered as one factor. However, EO consists of with different constructs such as proactiveness, risk-taking, and innovativeness. Each constructs of EO should be analyzed separately to see their effect separately. Further studies can also investigate EO not only at the firm level but also at department levels (Monsen & Boss, 2009).

As indicated in the findings, the impacts of institutional network ties on DOI are weakly supported. The reasons for insignificant impact (weak support) of institutional network ties on DOI should be investigated. Researchers can make a comparative study with some developed countries and EC to investigate how the development level of countries impacts SMEs to develop and utilize their institutional network ties.

Finally, as the findings indicate the impact of network ties on EO and DOI vary according to their types. Therefore the relationship between EO, DOI and each kind of network ties separately should be investigated in a qualitative methodology to understand how is the relationship between them, how they develops and utilizes the other ones. Additionally, managers should try to understand the relationship between each network type, because the

different network types can improve the impact of each other. For example strong institutional network ties may improve the impact of business or social network ties or vice versa.

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APPENDIX A: SURVEY IN ENGLISH

THE IMPACT OF ENTREPRENEURIAL ORIENTATION AND NETWORK TIES ON INTERNATIONALIZATION OF EMERGING COUNTRY SMALL AND MEDIUM SIZED ENTREPRISES

PART 1: THE NETWORKS TIES OF YOUR COMPANY ON ORGANIZATIONAL LEVEL

Please indicate the frequency of usage of network ties of your company within last three years in the international activities of your company

1: Never	2:Almost Never	3: Sometimes	4: Almost Everytime				5: Everytime
1	The relations with domestic customers of our company		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	The relations with foreign customers of our company		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	The relations with local business partners of our company		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	The relations with foreign business partners (strategic partners, joint ventures)		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	The relations with the suppliers of our company		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
6	The relations with the competitors of our company		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
7	The relations with the local government departments (institutions).		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
8	The relations with the foreign government departments		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
9	The relations with local trade and industrial associations		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
10	The relations with foreign trade and industrial associations		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
11	The relations gained with the attendance to local fair/trade exhibitions		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
12	The relations gained with the attendance to international fair/trade exhibitions		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
13	The relations with research and development centers (universities, academicians, research centers, consultants).		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
14	The relations with Turkish citizens (ethnic relations) in foreign markets		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
15	The relations with professional trade platforms (Alibaba, Tradekey)		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

PART 2: THE NETWORK TIES OF KEY DECISION MAKERS (OWENRS AND MANAGERS) OF YOUR COMPANY

Please indicate the frequency of usage of personal network ties of decision makers of your company within last three years in the international activities of your company

1: Never	2:Almost Never	3: Sometimes	4: Almost Everytime				5: Everytime
1	The social relationships of the key decision makers of your company (the relationships gained through friends, family members and relatives)		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	The business relationships of the key decision makers of your company (Past work and business contacts of key decision makers of our company)		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	The political relationships of the key decision makers of your company (the relations with political parties, bureaucrats, public banks, public institutions and etc.,)		1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

PART 3: STRATEGIC NETWORKING

Please indicate the level of agreement to the below statements						
	1: Strongly Disagree 2:Disagree 3:Neither Agree or Disagree 4:Agree 5:Strongly Disagree					
1	Plans networking activities based on business goals	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	Regularly evaluates and prioritizes business relationships according to their contributions to business goals	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	Regularly compares the company's functions, role, and power with those of the partners in business relationships	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	Regularly reviews and improves networking approaches in alignment with business goals.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	Plans networking activities based on business goals	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

PART 4: ENTREPRENUERIAL ORIENTAION OF YOUR COMPANY

Please indicate the level of agreement to the below statements						
	1: Strongly Disagree 2:Disagree 3:Neither Agree or Disagree 4:Agree 5:Strongly Disagree					
Proactiveness						
1	In dealing with competitors, our firm aims to faster in generating new products/services	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	In dealing with competitors, our firms endeavors to be better than competitors	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	While making strategic movements, our firm is not passive and reactive, but pioneering and proactive	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	Our firm aims to make first movement instead of waiting the movement of our competitors.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	In dealing with competitors, our firm aims to make comprehensive and strategic movements (attacks).	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
Risk Taking						
6	In general, the top managers of our firm have a strong propensity for high risk projects	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
7	Our firm is not reluctant to make investment to Project with high risks.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
8	In our firms, risk taking is a positive initiative and behavior.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
9	In our firm, most of the employees tend to take risk	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
10	Our firm tends to take risk more than competitors.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
Innovativeness						
11	Our firm always seeks to find new methods in dealing its business.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
12	Our firm seeks to find new methods to make its businesses beter.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
13	Our firm endeavors to implements new ideas	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
14	Our firm gives high importance to develop new products/services.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

PART 5: HUMAN RESOURCE CAPABILITIES

Please indicate the level of agreement to the below statements						
	1: Strongly Disagree 2:Disagree 3:Neither Agree or Disagree 4:Agree 5:Strongly Disagree					
1	We have expertise to manage our network relationships	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	We have the industry knowledge to pursue foreign markets	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	We have the necessary managerial expertise to access foreign market potential	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	We have the necessary technical expertise to access foreign market potential	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	We have necessary experience to do business in new markets	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
6	We have international experience to cooperate with other firms	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

PART 6: QUESTIONS ABOUT FAMILY BUSINESS

Please answer the below questions for year 2015.						
1	Is your company family firm? (If your answer is NO please continue from next part)	Yes ( )			No ( )	
2	What is the percentage of family ownership?	%1-10 ( )	%11-20 ( )	%21-30 ( )	%31-40 ( )	%41-50 ( )
		%51-60 ( )	%61-70 ( )	%71-8 ( )	%81-90 ( )	%91-100 ( )
3	What is the percentage of family board members?	%1-10 ( )	%11-20 ( )	%21-30 ( )	%31-40 ( )	%41-50 ( )
		%51-60 ( )	%61-70 ( )	%71-8 ( )	%81-90 ( )	%91-100 ( )
4	What is the proportion board members belonging to the family?	%1-10 ( )	%11-20 ( )	%21-30 ( )	%31-40 ( )	%41-50 ( )
		%51-60 ( )	%61-70 ( )	%71-8 ( )	%81-90 ( )	%91-100 ( )
5	Which generation is managing the company?	First Generation ( )			Second Generation and plus ( )	
6	Which generation is holding the company?	First Generation ( )			Second Generation and plus ( )	
7	In which generation did your company start international business?	First Generation ( )			Second Generation and plus ( )	

PART 7: INTERNATIONAL BUSINESS ACTIVITIES OF YOUR COMPANY

Please answer the below questions.						
1	What is percentage of foreign sales in your total sales (Average rate of last three years)?	%1-10 ( )	%11-20 ( )	%21-30 ( )	%31-40 ( )	%41-50 ( )
		%51-60 ( )	%61-70 ( )	%71-8 ( )	%81-90 ( )	%91-100 ( )
2	What is the percentage profit from international market in your total profit (Average rate of last three years)?	%1-10 ( )	%11-20 ( )	%21-30 ( )	%31-40 ( )	%41-50 ( )
		%51-60 ( )	%61-70 ( )	%71-8 ( )	%81-90 ( )	%91-100 ( )
3	What is percentage of foreign assets in your total assets in 2014?	%1-10 ( )	%11-20 ( )	%21-30 ( )	%31-40 ( )	%41-50 ( )
		%51-60 ( )	%61-70 ( )	%71-8 ( )	%81-90 ( )	%91-100 ( )
4	What is the percentage of foreign shareholder of your company?	%1-10 ( )	%11-20 ( )	%21-30 ( )	%31-40 ( )	%41-50 ( )
		%51-60 ( )	%61-70 ( )	%71-8 ( )	%81-90 ( )	%91-100 ( )
5	What is the percentage of foreign workers in your total workers?	%1-10 ( )	%11-20 ( )	%21-30 ( )	%31-40 ( )	%41-50 ( )
		%51-60 ( )	%61-70 ( )	%71-8 ( )	%81-90 ( )	%91-100 ( )
6	What is the number of countries that your company operates?	1( )	2-3 ( )	4-9 ( )	10-19 ( )	20-29 ( )
		30-50( )	More than 50 ( )			
7	How long does your company operate in international markets?	1-3 ( )	4-5 ( )	6-9 ( )	10-15 ( )	15-25 ( )
		26-40( )	41-50( )	More than 50 ( )		
8	Please choose the entry mode of your company to foreign markets? (You can choose more than one market)	Export ( )		Licensing ( )		
		Direct Investment ( )		Acquisition ( )		

PART 8: COMPETITION INTENSITY

Please indicate the level of agreement to the below statements						
	1: Strongly Disagree 2:Disagree 3:Neither Agree or Disagree 4:Agree 5:Strongly Disagree					
Competition Intemsity						
1	The competition in our domestic market is intense	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	We need to compete very strong cometitors in our domestic market	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	Yerel pazarımızdaki rekabet çok yüksektir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	The price competition in our local market is very important	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

PART 9: INTERNATIONAL PERFORMANCE OF YOUR COMPANY

Please indicate the level of agreement to the below statements						
	1: Strongly Disagree 2:Disagree 3:Neither Agree or Disagree 4:Agree 5:Strongly Disagree					
1	Existing foreign market shares have increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	The number of new foreign market entries has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	The market shares in foreign markets has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	Profitability from foreign market has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	The investments returns of foreign sales has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
6	The number of the customers in existing markets has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
7	The sales to existing customers has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
8	The satisfaction of foreign customers has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
9	The competitiveness of our firm in foreign markets has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

PART 10: FIRM PERFORMANCE

Please indicate the level of agreement to the below statements						
	1: Strongly Disagree 2:Disagree 3:Neither Agree or Disagree 4:Agree 5:Strongly Disagree					
Financial Performance						
1	Total return on assets (profit/total assets) has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	Total sales profitability (profit/Total Sales) has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	Total investment profitability has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	Profits have increased in general	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	The cost has reduced in general					
Market Performance						
1	Total sales has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	Market share has increased					
3	Customer satisfaction has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	The awareness of the firm has increased	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
Innovation Performance						
1	New production/service development capability of our firm has increased in general	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	The processes of new product/service development of our firm has fastened	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	New production/service development capability of our firm has increased thanks to new R&D investments	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	The new product/service development processes of our firm depend on the needs of our customers	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

PART 11: GENNERAL INFORMATION ABOUT YOUR COMPANY

1. In which industry does your company operate?

Leather and related products	( )	Textile and Apparels	( )
Retail and Wholesale Trade	( )	Machinery and Electrical Equipments	( )

2. How many workers does your company employ?

Less Than 10	( )	100-249	( )	1000-1999	( )
10-49	( )	250-499	( )	2000-4999	( )
50-99	( )	500-999	( )	More Than 5000	( )

3. What is the annual return of your company?

Less Than 1.000.000	( )	10.000.000–25.000.000 TL	( )	100.000.000- 249.999.000	( )
1.000.000–4.999.000 TL	( )	25.000.000- 39.999.000	( )	250.000.000-499.999.000	( )
5.000.000–9.999. 000 TL	( )	40.000.000-99.999.999	( )	More Than 500.000.000	( )

4. How long does your company company operate?

Less Than 5 years	( )	5-10 years	( )	11-20 years ( )	21-40 years ( ) More Than 40 ( )

5. How long do you work in this company?

Less Than 5 years	( )	5-10 years	( )	11-20 years ( )	21-40 years ( ) More Than 40 ( )

6. What is your position in this company?

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7. What is the level competition of the industry in which your company operates?

High competition ( )	Middle competition ( )	Low competition ( )

APPENDIX B: SURVEY IN TURKISH

İş Ağı (Network) Bağlantılarının Türk Firmalarının Uluslararasılaşma Düzeyine ve Firma Performansına Etkisi

Sayın Bay/Bayan .....,

Elinize ulaşmış bulunan anket formu, İstanbul Bilgi Üniversitesi ile Bahçeşehir Üniversitesi tarafından ortaklaşa yürütülmekte olan "İş Ağı (Network) Bağlantılarının Türk Firmalarının Uluslararasılaşma Düzeyine ve Firma Performansına Etkisi" adlı ulusal bir araştırma projesi ile ilgilidir. Türkiye ölçeğindeki bu araştırmada firmanızın sahip olduğu iş bağlantılarının (network ties) firmanızın uluslararasılaşma düzeyine ve performansına olan etkisi ortaya konulacaktır.

Bu anket bir başarı testi olmadığından, soruların ***doğru ya da yanlış cevapları yoktur***. Araştırmanın başarısında sizlerin katkısı çok önemli olduğu için anketin üzerinde düşüncelerinizi yazabilir ve düzeltmelerde bulunabilirsiniz. Verilerin analizinde yanıtlanmamış bir soru ciddi problemlere yol açacağı için, tüm soruları cevaplandırmaya çalışınız.

Anket, firmanızda uluslararası faaliyetler ile ilgili konularda yetkinliğe sahip bir yönetici veya uzman tarafından doldurulabilecek şekilde tasarlanmıştır. Diğer taraftan, bu anket çalışmasının işletmelerin tepe yöneticilerine yönelik öğretici bir yönü de bulunmaktadır. Dolayısıyla projenin, Türkiye'deki firma yöneticilerine ve konu ile ilgili araştırmacılara, hem süreci hem de sonuçları itibariyle faydalı olacağı kanaatini taşıyoruz.

Projenin gerçekleşmesine çok büyük katkı sağlayacağı için araştırmaya katılımınızı şükranla anacağız. Araştırma ile ilgili doldurmanızı arzu ettiğimiz **anket formu** ekte yer almaktadır. Anket formunu doldurmanın çok fazla bir zamanınızı almayacağını umuyoruz. Eğer anketi şahsen doldurmanız mümkün değilse, konu ile ilgili bilgiye sahip bir meslektaşınızın doldurması da bizim için uygun olacaktır. Doldurulmuş anket formunu lütfen üzerinde geri dönüş adresi yazılı olan zarf içerisinde bize iletiniz. Araştırma tamamlandığında, eğer arzu ederseniz, araştırma bulgularını içeren ***özet bir raporu*** size takdim edeceğiz.

Anketten elde edilen bilgiler özenle muhafaza edilecek ve sonuçlar ***toplu*** olarak istatiksel analizlere tabi tutulacaktır. Dolayısıyla ne siz ne de işletmeniz ile ilgili kimlik bilgilerine asla **yer *verilmeyecektir***.

Saygı ve teşekkürlerimizle...

Prof. Dr. Ekrem Tatoğlu Doç. Dr. Zeynep Özsoy Doç. Dr. Serdar Karabatı

Yusuf Çukurçayır, MA

BÖLÜM 1: FİRMANIZIN İŞLETME DÜZEYİNDE SAHİP OLDUĞU İŞ AĞI BAĞLANTILARI (NETWORK TIES)

Lütfen firmanınızın **son üç yıl** içerisinde uluslararası faaliyetlerinde aşağıdaki bağlantı çeşitlerini (network ties) **ne sıklıkta** kullandığını belirtiniz.

	1 = Hiçbir Zaman 2 = Nadiren 3 = Bazen 4 = Sık Sık 5 = Her Zaman					
1	***Yerli müşteriler*** ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	***Yabancı müşteriler*** ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	***Yurt içindeki iş ortakları*** (ortaklık kurulan firmalar) ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	***Yurtdışındaki iş ortakları*** ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	***Tedarikçiler*** ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
6	***Rakipler*** ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
7	***Çözüm ortakları*** (Nakliye firmaları, dış ticaret firmaları, gümrük müşavirleri gibi) ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
8	***Yerli kamu kurumları*** (TİM, İTKİB, KOSGEB ve, Bakanlıklar gibi) ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
9	***Yabancı kamu kurumları*** (Ticari ataşelikler, Bakanlıklar, Sanayi ve Ticari Birlikler vb.) ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
10	***Yerli sivil toplum kuruluşları*** (sektörel dernekler, iş adamları dernekleri vb.) ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
11	***Yabancı sivil toplum kuruluşları*** (sektörel dernekler, iş adamları dernekleri gibi) ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
12	***Fuarlar*** (ulusal ve uluslararası) aracılığıyla kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
13	***AR-GE merkezleri*** (üniversiteler, teknoparklar, danışmanlık firmaları vb.) ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
14	***Yurtdışında yaşayan Türk vatandaşları*** (etnik bağlar) ile kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
15	***Sanal platformlar*** (Tradekey, Alibaba vb.) aracılığıyla kurulan bağlantılar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

BÖLÜM 2: FİRMANIZDAKİ KARAR VERİCİLERİN (FİRMA SAHİPLERİ VE YÖNETİCİLER) ŞAHSİ BAĞLANTILARI

Lütfen **son üç yıl** içerisinde firmanızdaki **karar vericilerin** (firma sahipleri ve/veya yöneticiler) firmanızın uluslararası faaliyetlerine yönelik aşağıdaki şahsi bağlantılarını **ne sıklıkta** kullandığını belirtiniz.

	1 = Hiçbir Zaman 2 = Nadiren 3 = Bazen 4 = Sık Sık 5 = Her Zaman					
1	Firmanızdaki karar vericilerin ***sosyal bağlantıları*** (örn. arkadaşları, aile üyeleri ve akrabaları aracılığıyla kurdukları şahsi bağlantılar).	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	Firmanızdaki karar vericilerin ***iş bağlantıları*** (örn. daha önceki işlerinden edindikleri bağlantılar, profesyonel yöneticiler ve uzman kişilerle kurdukları şahsi bağlantılar).	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	Firmanızdaki karar vericilerin ***politik bağlantıları*** (örn. siyasi partiler, bürokratlar, kamu bankaları, kamu kuruluşları ve benzeri kişi ve kurumlar ile kurulan şahsi bağlantılar).	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

BÖLÜM 3: İŞ AĞI OLUŞTURMAYA (NETWORKING) YÖNELİK STRATEJİ

Lütfen, aşağıdaki ifadelere ne ölçüde katıldığınızı belirtiniz.

	1 = Kesinlikle Katılmıyorum 2 = Katılmıyorum 3 = Kararsızım 4 = Katılıyorum 5 = Kesinlikle Katılıyorum					
1	Firmamız iş ağı bağlantılarını, stratejik hedefleriyle uyumlu bir şekilde planlar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	Firmamız düzenli olarak iş ağı bağlantılarını stratejik hedeflerine sağladıkları katkıya göre değerlendirir ve önceliklendirir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	Firmamız faaliyetlerini ve etkinliğini iş yaptığı (ilişki içinde olduğu) firmalar ile düzenli olarak kıyaslar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	Firmamız "iş ağı bağlantısı oluşturma" yaklaşımlarını düzenli olarak stratejik hedefleriyle uyumlu olacak şekilde gözden geçirir ve iyileştirir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	Firmamız stratejik hedefleriyle uyumlu olan iş ilişkilerini korumak ve güçlendirmek için kaynak (zaman, para vb.) ayırır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

BÖLÜM 4: FİRMANIZIN GİRİŞİMCİ YÖNELİMİ

Lütfen, firmanızın girişimciliğine yönelik aşağıdaki ifadelere ne ölçüde katıldığınızı belirtiniz.

1 = Kesinlikle Katılmıyorum	2 = Katılmıyorum	3 = Kararsızım	4 = Katılıyorum	5 = Kesinlikle Katılıyorum

Proaktiflik						
1	Firmamız pazara yeni ürün/hizmet sunmada rakiplerinden daha hızlı davranmayı hedefler.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	Firmamız her konuda rakiplerinden önce davranmak için çalışır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	Firmamız stratejik hamlelerini yaparken pasif veya reaktif değil, aksine öncü ve aktiftir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	Firmamız rakiplerinin hamlelerini bekleyip onlara cevap vermek yerine ilk hamleyi kendisi yapmaya çalışır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	Firmamız rakiplerine karşı iddialı ve geniş kapsamlı stratejik hamleler (eylemler) yapmayı tercih eder.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
Risk alma						
6	Firmamız yöneticileri belirsizlik ve risk içeren projelere/yatırımlara çok değer verir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
7	Firmamız yüksek riskli projelere/yatırımlara girişmekten kaçınmaz.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
8	Firmamızda risk alma, olumlu bir girişim ve davranış olarak görülür.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
9	Firmamızda çalışanların çoğu risk almaya yatkındır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
10	Firmamızın rakiplerine kıyasla risk alma eğilimi daha yüksektir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
Yenilikçilik						
11	Firmamız işlerin yürütülmesinde yeni yöntemler arayışındadır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
12	Firmamız işleri daha iyi yapabilmek için yeni yollar arar.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
13	Firmamız yeni fikirleri hayata geçirmeye çalışır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
14	Firmamız yeni ürün ve hizmet geliştirme konusuna çok önem verir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

BÖLÜM 5: FİRMA YÖNETİMİNE İLİŞKİN BİLGİLER

Lütfen aşağıdaki soruları cevaplayınız.

1	Firmanız aile şirketi mi? (Cevabınız **Hayır** ise lütfen **6. Bölümden** devam ediniz.)	Evet ( )	Hayır ( )
2	Firmanızdaki aile mülkiyet oranı ne kadar?	_____ %	
3	Firmanızın yönetim kurulundaki aile üyelerinin oranı ne kadardır?	_____ %	
4	Firmanızın yönetiminde bulunan aile üyelerinin oranı ne kadardır?	_____ %	
5	Firmanızın yönetimi hangi kuşak aile üyeleri tarafından yürütülmektedir?	Birinci Kuşak ( )	İkinci Kuşak ve Üstü ( )
6	Firmanızın mülkiyeti hangi kuşaktadır?	Birinci Kuşak ( )	İkinci Kuşak ve Üstü ( )
7	Firmanız hangi kuşakta uluslararası faaliyetlere başlamıştır?	Birinci Kuşak ( )	İkinci Kuşak ve Üstü ( )

BÖLÜM 6: İNSAN KAYNAKLARI İLE İLGİLİ BECERİLER

Lütfen, aşağıdaki ifadelere ne ölçüde katıldığınızı belirtiniz.

1 = Kesinlikle Katılmıyorum	2 = Katılmıyorum	3 = Kararsızım	4 = Katılıyorum	5 = Kesinlikle Katılıyorum

1	Firmamız iş ağı ilişkilerini yönetebilecek uzmanlığa sahiptir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	Firmamız yabancı pazarları takip edebilecek sektör bilgisine sahiptir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	Firmamız yabancı pazar potansiyelini değerlendirebilecek gerekli yönetim uzmanlığına sahiptir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	Firmamız yabancı pazar potansiyelini değerlendirebilecek gerekli teknik uzmanlığa sahiptir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	Firmamız yeni pazarlarda iş yapabilecek uluslararası tecrübeye sahiptir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
6	Firmamız diğer firmalarla iş yapabilecek uluslararası tecrübeye sahiptir.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

BÖLÜM 7: PAZARDAKİ REKABET YOĞUNLUĞU

BÖLÜM 8: FİRMANIZIN YURTDIŞI FAALİYETLERİ

Lütfen aşağıdaki soruları cevaplayınız.

1	Lütfen firmanızın yurtdışı pazarlardan elde ettiği satışların toplam satışlarınız içindeki yüzdesini belirtiniz.	%1-5 ( )	%6-10 ( )	%11-25 ( )		
		%26-50 ( )	%51-75 ( )	% 75'den fazla ( )		
24	Lütfen firmanızın yurtdışı pazarlardan elde ettiği karın toplam karınız içindeki yüzdesini belirtiniz.	%1-5 ( )	1 (%6-10 ( )	3 (%11-25 ( )	5 ( )	
		%26-50 ( )	%51-75 ( )	% 75'den fazla ( )		
3	Lütfen firmanızın yurtdışı pazarlardaki varlıklarının toplam varlıklarınız içindeki yüzdesini belirtiniz.	YOK ( )	%1-10 ( )	%11-25 ( )		
		%26-50 ( )	%51-75 ( )	% 75'den fazla ( )		
4	Lütfen -varsa- firmanızın yabancı ortaklarının toplam mülkiyet içindeki hisse yüzdesini belirtiniz.	YOK ( )	%1-10 ( )	%11-25 ( )		
		%26-50 ( )	%51-75 ( )	% 75'den fazla ( )		
5	Lütfen firmanızın yabancı uyruklu çalışanlarınızın toplam çalışanlar içindeki yüzdesini belirtiniz	YOK ( )	%1-10 ( )	%11-25 ( )		
		%26-50 ( )	%51-75 ( )	% 75'den fazla ( )		
6	Lütfen firmanızın faaliyette bulunduğu ülke sayısını belirtiniz.	1-3 ( )	4-6 ( )	7-10 ( )	11-20 ( )	20'den fazla ( )
7	Lütfen firmanızın yatırım yaptığı ülke sayısını belirtiniz.	YOK ( )	1-6 ( )	7-10 ( )	11-20 ( )	20'den fazla ( )
8	Lütfen firmanızın kaç yıldır uluslararası faaliyetlerde bulunduğunu belirtiniz.	1-3 ( )	4-6 ( )	7-10 ( )	11-15 ( )	15'ten fazla ( )

BÖLÜM 9: ULUSLARARASI PERFORMANS

Lütfen, **firmanızın <u>son üç yıldaki</u> uluslararası performansını göz önüne alarak** aşağıdaki ifadelere ne ölçüde katıldığınızı belirtiniz.

1 = Kesinlikle Katılmıyorum	2 = Katılmıyorum	3 = Kararsızım	4 = Katılıyorum	5 = Kesinlikle Katılıyorum

1	Mevcut yurt dışı pazarlarımızda büyüme olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	Yeni yurt dışı pazarlara açılmalar artmıştır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	Yurt dışı pazarlardaki pazar payımız artmıştır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	Yurt dışı büyümeden kaynaklanan karlılığımız artmıştır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	Yurt dışı satışların yatırım getirisi artmıştır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
6	Mevcut yurt dış pazarlarda yeni müşterilerin sayısı artmıştır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
7	Mevcut müşterilere yönelik satışlarda artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
8	Yabancı müşteri memnuniyetinde artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
9	Firmamızın yurt dışı pazarlarındaki rekabet gücü artmıştır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

BÖLÜM 10: FİRMA PERFORMANSI

Lütfen, **firmanızın <u>son üç yıldaki</u> performansını göz önüne alarak** aşağıdaki ifadelere ne ölçüde katıldığınızı belirtiniz.

1 = Kesinlikle Katılmıyorum	2 = Katılmıyorum	3 = Kararsızım	4 = Katılıyorum	5 = Kesinlikle Katılıyorum

Finansal performans						
1	Toplam aktif karlılığında (kar/toplam varlıklar) artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	Toplam ciro karlılığında (kar/toplam satışlar) artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	Toplam yatırım karlılığında (kar/toplam yatırımlar) artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	Karlarda genel bir artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	Genel maliyetlerde azalma olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
Pazar performansı						
1	Toplam satışlarda artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	Pazar payında artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	Müşteri memnuniyetinde artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	Firmanın ün ve şöhretinde artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
İnovasyon performansı						
1	Mevcut ürün yelpazesinde yeni ürünlerin oranında artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
2	Yeni ürün ve hizmet projelerinin sayısında artış olmuştur.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
3	İş süreç ve yöntemlerine dair geliştirilen yeniliklerin sayısında artmıştır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
4	Geliştirilen yeni ürün ve hizmetlerin kalitesi artmıştır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
5	Patent alabilecek ya da patent alınmış yeniliklerin sayısı artmıştır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
6	Firmanın çevresine uyumlu olarak yönetim sisteminde ve düşünce yapısında yenilikler yapılmıştır.	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )

BÖLÜM 11: FİRMANIZ HAKKINDA GENEL BİLGİLER

1. Faaliyette bulunduğunuz ana sektörü tek bir seçeneği işaretleyerek belirtiniz.

Çimento, cam ve seramik ( )	İnşaat ve inşaat ürünleri ( )	Perakendecilik ( )
Dayanıklı tüketim aletleri ( )	Metal, demir-çelik ve makine ( )	Petrol ve enerji ( )
Elektrikli aletler ( )	Mobilya ve türevleri ( )	Tekstil ve konfeksiyon ( )
Ayakkabı ( )	Deri ( )	Otomotiv ve ilgili ekipmanlar ( )
Elektronik, bilişim ( )	Orman ürünleri ve kâğıt ( )	Tıp, kimya ve ilaç sanayi ( )
Gıda, yiyecek ve içecek ( )	Diğer _____	

2. Firmanızda yaklaşık olarak kaç kişi çalışmaktadır?

50'den az ( )	100-249 ( )	500-999 ( )
50-99 ( )	250-499 ( )	1000 ve üstü ( )

3. Firmanızın cirosu yaklaşık olarak ne kadardır?

10.000.000 TL'den az ( )	25.000.000–49.999.000 TL ( )	100.000.000-249.999.000 TL ( )
10.000.000–24.999.000 TL ( )	50.000.000- 99.999.000 TL ( )	250.000.000 TL ve üstü ( )

4. Firmanız kaç yıldır faaliyet göstermektedir?

5 yıldan az ( )	5-10 yıl ( )	11-20 yıl ( )	21-40 yıl ( )	40 yıldan fazla ( )

5. Mevcut firmanızda kaç yıldır çalışmaktasınız?

5 yıldan az ( )	5-10 yıl ( )	11-20 yıl ( )	21-30 yıl ( )	30 yıldan fazla ( )

6. Lütfen şu anki pozisyonunuzu belirtiniz? _____

ETİK KURUL DEĞERLENDİRME SONUCU/RESULT OF EVALUATION BY THE ETHICS COMMITTEE

(Bu bölüm İstanbul Bilgi Üniversitesi İnsan Araştırmaları Etik Kurul tarafından doldurulacaktır /This section to be completed by the Committee on Ethics in research on Humans)

Başvuru Sahibi / Applicant: Yusuf Çukurçayır

Proje Başlığı / Project Title: Internationalization of SMEs in Emerging Countries

Proje No. / Project Number: 2019-20604-120

1.	Herhangi bir değişikliğe gerek yoktur / There is no need for revision	XX
2.	Ret/ Application Rejected Reddin gerekçesi / Reason for Rejection	

Değerlendirme Tarihi / Date of Evaluation: 27 Haziran 2019

Kurul Başkanı / Committee Chair

Doç. Dr. Itır Erhart

Üye / Committee Member

Prof. Dr. Aslı Tunç

Üye / Committee Member

Prof. Dr. Turgut Tarhanlı

Üye / Committee Member

Prof. Dr. Hale Bolak Boratav

Üye / Committee Member

Prof. Dr. Koray Akay