TURKISH SMEs GOING GLOBAL: OVERCOMING the CONSTRAINTS

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Abstract
The definitions of learning organisation contain some key words: change, transformation, development, continuity, adapting and innovation. Becoming a learning organisation requires radical structural transformations, innovative human resource policies and an 'extensive' use of information technology. As it is evident in the philosophy and 'best practices' of learning organisation approach, it is seen as a key strategy for the transformation processes of mainly large companies. So there is a lack of empirical knowledge or a 'research gap' as there have been a few studies aiming at the possible implications of learning organisation approach for the SMEs.

This study is an attempt to bring these two frameworks together as a central theme. Being aware of the fact that learning organisation concept has been considered as an innovative strategy mainly for large companies, the question of ‘how feasible is learning organisation in SMEs?’ should be answered. This paper aims to evaluate possible implications for SMEs as learning organisations and also the parameters of such a transformation will be analysed.

Keywords: SMEs, Learning Organisation, Globalisation.

Introduction
Organisational learning is currently the focus of considerable attention from academics and mostly large companies are adapting the practices of this ‘fashion’. The reasons why studying organisational learning is so fashionable are explained by Dodgson (1993:376) under three main headings:

1. Large companies attempt to develop structures and systems which are more adaptable and responsive to change; The rapid technological change affecting products, processes and organisation increases the uncertainties facing firms; and the concept of ‘learning’ has a broad analytical value.

In other words, being learning organisation was seen as a vital point in corporate transformation processes aiming at responding to the changes well and keeping up with the competitors: “promoting learning within organisations is increasingly seen to be vital to sustaining and creating a competitive advantage” (Easterby-Smith, 1997). However, if organisations are to successfully adopt the learning approach to competitiveness, they need to understand both the theory and practice of organisational learning. Many of the characteristics of learning organisation appear to have time, resource and structural implications more relevant to the large organisations and the examples used to exemplify the learning organisation more often are large organisations. So there is a ‘research gap’ as there have been a few studies exploring the implications of learning organisation approach or the SMEs.

Another popular research area, Small and Medium-sized Enterprises (SMEs), have been recognised as enhancing the economic prosperity of a nation. Several studies show that the small business sector has a great importance for the national economy, the employment and the innovative climate (Storey 1994). In Storey’s words: “There used to be a phrase, common in the 1960s, that ‘What’s good for General Motors is good for the United States’. It may be the case today in the UK that the small business sector regards what is good for it as being good for the UK” (p.1). It is quite extendable to most of the national economies today that growth in small business enterprises will be the solution for saving the welfare society.

This study is an attempt to bring these two frameworks together as a central theme. Being aware of the fact that learning organisation concept has been considered as an innovative strategy mainly for large companies, the question of ‘how feasible is learning organisation in SMEs?’ should be answered. This paper aims to evaluate possible implications for SMEs as learning organisations and also the parameters of such a transformation will be analysed.

Learning Organisation in Theory
The idea of learning organisation was picked up but not developed by Peters and Waterman (1982) when they said ‘excellent companies are learning organisations’. The recent interest in learning organisation seems to be originating from the fact that being a learning organisation means transforming and updating the organisation
in order to sustain its competitive advantage. However, most of the authors tend to focus on the development of normative models.

In its simplest form, a learning organisation can be an organisation that deliberately constructs structures and strategies to enhance and maximise organisational learning. It is different from 'learning in organisations' as Casey (1993) provided the learning process in particular groups such as management teams, the CEOs and small groups within the organisations.

A useful framework for our study would be reviewing the research done by Pedler et al. (1991). According to them, the characteristics of the learning organisation are as follows: The Learning organisation has a climate in which individual members are encouraged to learn and to develop their full potential; extends this learning culture to include customers, suppliers and other significant stakeholders; makes human resource development strategy central to business policy and continually undergoes a process of organisational transformation.

Garvin (1993) indicates that, while many organisations can develop skills in acquiring and creating knowledge, few are successful in applying that knowledge to their own activities and behaviour. This draws attention to the importance of understanding processes by which an organisation can develop and change itself, rather than being forced to change by outside forces. The implication of this is that if the organisation recognises that it is an open system operating in a dynamic environment, then, through the application of organisational learning, it can exercise a degree of control over its own destiny (Morgan, 1997; Stacey, 1996). On a practical level, many writers (including Senge, 1991 and Coopey, 1996) argue that learning organisations are skilled at a range of activities that enable them to develop and integrate their learning.

In theory, learning organisations are supposed to control their actions in the light of the overall vision of the organisation, which is shared by every single individual in the organisation. Contemporary descriptions of the learning organisations portray them as capable of adapting to changes in the external business environment by practising continuous transformation of their structures and practices. As emphasised in the introduction of this paper, all the theoretical arguments have been made within the scope of the learning organisations.

DiBella at MIT's Organisational Learning Centre identifies three perspectives on learning and change: normative, developmental, and capability. Those perspectives shape the approaches that companies take to become a learning organisation. Normative and developmental perspectives assume that organisations learn only when certain conditions are met. Normative-based approaches are probably the most common. Typically, companies using such approaches begin by deciding to leverage learning in pursuit of a particular business goal. Leaders play a key role by setting the tone, establishing the vision, and creating the supporting structure and systems. Internal task forces test for people's buy-in, help identify present and future conditions, measure and prioritise gaps, and make decisions about where and how to intervene. Normative approaches are characterised by a 'willingness to experiment'. The results of new initiatives are checked constantly and used to adjust interventions, launch new project phases, and periodically assess the learning-organisation strategy. Developmental approaches, which share some features with normative approaches, assume that companies become learning organisations in 'stages'. Consequently, developmental approaches take a long view: They seek fundamental changes in an entire system and favour organisational-development efforts. Developmental approaches begin with recognising that the company isn't meeting business needs as well as desired. Typically, an internal or external consultant "partners" with the company's leaders to conduct an assessment using diagnostic tools to gauge progress through each stage. The transition from one stage to the next is not always even; different people or parts of the organisation may move forward at different rates. In contrast, capability-based approaches assume that organisations learn naturally as they respond to change, no matter what the conditions are. Such approaches also assume that no form of learning is superior to another. What's needed to improve learning is to discover, affirm, and enhance the current patterns of learning. Leaders need to identify those patterns so that they can make informed decisions about what to learn, who should learn it, and when and where learning should happen. Without a predefined ideal, capability approaches to learning organisations aren't proactive; they unfold as journeys of discovery in which the guiding leaders and consultants uncover insights into the kind of learning at which they're best.

There are a variety of useful instruments that reflect, to different degrees, the three perspectives--normative, developmental, and capability. These tools can help companies become learning organisations. All of the tools emphasise organisational learning. Some focus only on individual and team learning. Most emphasise the systems and processes for facilitating the flow of information between employees, for managing knowledge, and for rewarding learning in performance appraisals. Most also emphasise a culture that encourages learning and cares about employees' well-being. Differences in the tools have to do with the degree to which they stress these
areas: (1) the ability to measure the link between learning organisations and performance, (2) the importance of executive leadership, change management, and organisational structure in learning, and (3) the role of technology.

Some instruments can be used as self-assessments; others must be administered and scored by outside experts. Some can be completed within an organisation; others must be analysed by a third party. The time frames for completion vary from a few hours to several weeks. Most are intended to be used as part of a large-scale change effort, such as business process redesign or quality improvement. The aim of this paper is to find out the effective tools for Turkish SMEs.

Learning Organisation in Practice

Jones and Hendry (1992) investigated several companies from both the public and private sector and their activities as learning organisations. In the literature there are a group of companies introduced as learning organisations: Shell Group, Motorola, Sony, Honda, Kodak, Xerox and others. Their image of being a learning organisation is based on their experience in consciously or unconsciously attempts towards achieving the learning organisation standards that are emphasised by several commentators in the literature. There is a tendency towards going from the ‘best practices’ to the theoretical principles of the learning organisation. In theory, learning organisation concept may catalyst which is needed to push forward in a holistic way. However, there is the fact that there is no sufficiently detailed work undertaken measuring whether the practice fits in the theory and to what extent. Also there is a danger that the management team may use learning organisation vision as a means of motivating the employees rather than having the intention to transform their organisational structures and more importantly update their ‘mental configurations’ complying with a genuine learning organisation transformation. Jones and Hendry recommend a cautious approach in adapting a learning strategy as differentiating the reality from the myths.

As a final note, there is no limit in transforming the organisation towards learning organisation that you never say ‘we are learning organisations, any more than you can say, I am enlightened person’.

The Nature of Turkish SMEs

One of the key difficulties facing researchers interested in studying SMEs is that there is no commonly held definition of what constitutes a small or a medium-sized business (Gibb, 1993). Different quantitative (such as the number of employees, capital, profit, energy consumption, sales, value-added and market share) and qualitative (such as managed by owner-managers, lower level of hierarchy and specialisation, insufficient financial resources and absence of modern managerial techniques) criteria have been used (Dincer, 1996). However, the most common criterion used in the classification of SMEs is the number of employees or persons engaged since it is easily measurable and readily available in most cases (Coskun and Altunisik, 2002).

Small firms dominate the developed economies around the World. According to Destici (1998), the first decade of the 21st century has been labelled as the ‘decade of the SMEs’ in Turkey (p.138). Such firms are expected to play a leading role in textile and metallic goods industries while their existence becoming more evident in every industry ranging from electronic to automotive (Power, January 1998). In Turkey, the proportion of the SMEs (which can be defined as those with 10 or fewer employees) currently constitutes over %98.8 of all firms (KOSGEB-Small and Medium Sized Enterprises Development and Support Office) and their contribution to the economy in a number of areas is evident. Such firms are expected to play a leading role in textile and metallic goods industries while their existence becoming more evident in every industry ranging from electronic to automotive (Power, January 1998). They create 79.7 per cent of the employment and 38 per cent of the total value-added. A survey carried out by KOSGEB reveals that in the manufacturing sector alone, 99.5 per cent of the firms are SMEs. They create 61.1 per cent of the employment and 27.3 per cent of the value-added (Power, Ocak, 1998; p.150). These areas include job creation, self-employment, a flatter income distribution and spreading the risks of the economy. SMEs’ role is not limited to their economic and employment contribution, they help in: improving the adaptability of the economy to changing market conditions and forces, supplying necessary raw and semi-manufactured materials for large firms, creating a competitive environment, providing flexibility in the adoption of new technology and production systems, helping economic revival of regions and localities by creating new economic centres, and diffusing capital to the lower stratum of the society and preventing an oligopolistic economic development (Budak, 1993; Ozgen and Dogan, 1997).

In Turkey, the support and the encouragement provided by the Government have a number of positive effects on this trend. Among the key aspects of the challenge facing all economies are issues such as the increased emphasis on technology and product development, the growing demands for specialisation and flexibility, and the changing labour supply arising from global demographic shifts. The development of small and medium enterprises (SMEs) in developing countries is generally believed to be a desirable end in view of their perceived contribution to decentralised job creation and generation of output. SMEs constitute the dominant source of industrial
employment in Turkey. The actual performance of SMEs, however, varies depending on the relative economic efficiency, the macro-economic policy environment and the specific promotion policies pursued for their benefit.

Recognising the importance of SMEs in the stability of the economy, the Turkish government has set up programs such as KOSGEB-Technology Development Centres. The aim of the centre is to encourage co-operation between SMEs and universities. With the support of the universities, the centre aims to provide necessary help to the SMEs in the areas of new product development, production and R&D. Other services provided by the centre are consultation services for marketing, provision of online access to university libraries and Internet facilities, arrangement of conferences, exhibitions and fairs, and co-ordination of co-operation programs between SMEs and the EU. Also, KOSGEB has been working on creating a ‘financial investment partnership’ project with the aim of providing financial support to SMEs. The partnership is intended to operate as a private firm managed by SMEs’ representatives or participating firms. On the other hand, Eximbank (the export promoting credit bank of Turkey) has been taking important steps to provide cheaper loans to encourage the SMEs to export (Muftuoglu, 1994; Power, January 1998). However, regardless of such supports, the success of small firms in the global market depends on their ability to manage their human and technical assets, to realise how environmental factors affect them (Cox, 1997; Kalantaridis and Levanti, 2000; Pichler, 1997).

Globalisation

Despite a lack of clear understanding of the term of ‘Globalisation’, the most commonly cited contexts or the meanings attributed to the term globalisation were: wide spread use of TV and Internet type communication technologies (Barker ve Aydin, 1991), emergence of new markets (Levitt, 1983), disappearance of distance between countries, American style eating and living, Western (more specifically American) imperialism, increase in foreign competition (Sheth, 1986) in Turkey, and joint venture formation (Dunning, 1993).

The majority of the managers of SMEs have considered globalisation as an opportunity for the following reasons: it pressures the Turkish business enterprises to operate more effectively and efficiently, helps managers to broaden their vision, forces the governments and business community to adopt a global approach, it helps the enrichment of culture, life-styles, and perception, and improves the consumers’ awareness of better qualities and thus the emergence of more sophisticated consumer segments.

However, some entrepreneurs may display negative attitudes towards globalisation. The main reasons behind this negative attitude are that globalisation will, kill local business (SMEs in general) since local business are very small and weak, negatively influence the economy by increasing imports, and make local tastes, cultural values and national heritage disappear or become less important.

Important Constraints of Turkish SMEs

Besides many supportive facilities, Turkish SMEs still have some major constraints within the global context. These problems, the strengths and the weaknesses of SMEs in comparison with large organisations are given as follows:

1. Many Turkish SMEs cannot use e-business facilities effectively (www.kobinet.org.tr).
2. In general, Turkish SMEs serve to the local markets (www.oecd.org), but they do not have enough economical power for structuring separate marketing departments and for employing marketing experts.
3. Most of the Turkish SMEs are family firms and they cannot give optimal decisions for new investments (Yalcin, 1998). Therefore they cannot develop rapidly. They also do not know the importance of forming new structures (like joint-ventures) for development within the global context.
4. The old technologies decrease the competition power of Turkish SMEs in global arena (www.foreigntrade.gov.tr/ead/DTDERGI/nisan98/kobi.htm).
5. Turkish SMEs also have important financial problems especially in the economic crisis. They do not have enough experience and knowledge about financial functions and they also do not employ financial experts. In the global markets, financial needs of Turkish SMEs will increase. They do not have financial power for advertisements, promotions, product differentiation and R&D activities.
6. A major constraint upon the sustainable development of the small business is its difficulty in relating to its external operating environment.
7. A learning organisation requires the commitment of top management to learning including provision of development opportunities. Within the small business, owner-manager attitudes, values can be constraining.
8. Such an owner-manager related constraint may not reside fully within the owner-manager’s control. For example many small businesses face a marginal labour market.
9. The learning organisation prerequisite of creating opportunities for learning from everyday actions may be more difficult to implement in the small business context.

How Turkish SMEs can Overcome the Constraints within the Learning Organisation Perspective: A Model in Adapazari

There is no single definition of a small firm. The reason for that is even when the definitions relate to ‘objective’ measures of size such as number of employees, sales turnover, profitability, net worth etc., the meaning of small is dependant upon the sector type. In the UK, one of the earliest attempts to overcome this problem, The Bolton Committee (1971) differentiated ‘economic’ definition and a ‘statistical’ definition. The economic definition regarded firms as being small if they satisfied three criteria:

- They had a relatively small share of their market place;
- They were managed by owners or part-owners in a personalised ways, and not through the medium of a formalised management structure;
- They were independent, in the same sense of not forming part of a large enterprise.

Within this context, factors which have specifically increased the role of SMEs are identified as:

- an increased emphasis on marketing and producer services,
- the reduced benefits of economies of scale as a result of technological change,
- the restructuring of traditional industry (e.g. subcontracting),
- the desire for greater innovation,
- the contracting out of public services,
- a desire for greater job satisfaction, particularly from management staff (Bennett and McCoshan, 1993).

It is concluded that the small business to becoming a learning organisation it must satisfy many imposing criterion and overcome structural problems including the small business culture and structure; owner-manager and size-related constraints; and personal and political human processes (Wyer et al., 2000).

The key steps in becoming a learning organisation are found to be: the mental transformation of the managers; supporting the innovative ideas from all levels in the organisations; developing organisational culture for sharing the visions of the organisation; and creating the suitable learning atmosphere.

On the other hand, some applications show different expansions like SIMEKS Model in Adapazari in Turkey. In terms of methodology of case study (Yin, 1994) using qualitative data, Adapazari was chosen as economic intersection area of Marmara region which is the centre of industrialisation of Turkey. As it is known, Adapazari and Kocaeli will combine and form a metropolis in near future. Additionally, the line of Adapazari-Tekirdag (Istanbul is centre) will be mega-metropolis of Turkey in terms of industrialisation. At the end of this development, Adapazari will be the door of Anatolia of this mega-metropolis. Therefore, new entrepreneurs evaluate Adapazari as alternative investment area. This county has many economic and business facilities for entrepreneurs.

In Adapazari, a research about e-business facilities, shows that 85 % of the SMEs do not export because they do not know how to export (Ozkan, et. al., 2002). For overcoming many constraints listed above, nine SMEs (Yazar, Ucler, Busan, Kutsert, Yilka, Saglamis, Tug Dokum, Rodop Teknik, Kaynakcioglu- for details: simeks.com.tr) in Adapazari, organised a Shared Service Company based on ‘reciprocal collaboration and trust’. The name of this company is SIMEKS-Sakarya Import Export, and it is established in July 2000 in automotive sector in Adapazari. The members employ 15-100 workers and their capital is in between $ 500000-700000. Seven firms provided products for big companies, and they had many problems on export functions.

SIMEKS established easily and it does not give capital responsibility to its members a lot. There is only membership fee for SIMEKS. In addition to fees, SIMEKS take 2 % of the experts as commission. The members organise meetings in every week. After establishment, the first activity was to employ two experienced marketing experts who know foreign languages and use Internet effectively. The members were introduced to the experts in many ways, and the experts learned the products of the firms in detail. They also realised the missions and visions of the members, and they also prepared presenter catalogues for every SMEs. They started commercial programs for the firms, opened shared web sites, listed the addresses of related international firms, and formed data base for the members.

SIMEKS also prepared a showroom to present the products of the members. In a very short time, export agreements with international firms were increased. SIMEKS has learning climate and it take on every functions of learning organisations.

SIMEKS realised developmental learning process, and used two important instruments presented above. The instruments are ‘information flow between employees’ and ‘managing knowledge’. As it is seen, only normative approaches and theoretic suggestions may not enough for establishing learning organisations.
Especially managers who are innovative, should follow these type of applications and they also able to form this kind of company. They should know that, their functional area was not limited and they could have many opportunities of learning organisations. On the other hand, public policy makers should follow these developments and they can also provide many facilities to the SMEs and themselves by using new forms of learning organisations.

Discussion and Conclusion
As an increased interest in organisational learning among academics is prevalent, an improved understanding of how organisations will be of great interest in strategic management. Knowledge creation and organisational learning are important factors to promote transformation of Turkish SMEs to increase productivity and growth and this transformation process must evaluated from a holistic view.

As a result of literature review, the key steps in becoming a learning organisation are found to be: the mental transformation of the entrepreneurs; supporting the innovative ideas of the employees (or intrapreneurs); developing organisational culture for sharing and digesting the visions of the organisation by the individuals; and lastly creating the suitable learning atmosphere for efficiency in knowledge creation and innovation.

As it is evident in the philosophy and ‘best practices’ of learning organisation concept, this approach is seen as a key for the transformation processes of the large companies. This paper emphasised that the SME context of learning organisations should be considered and more empirical studies should be undertaken to get the full benefits from the SMEs as learning environments. Learning environments can also be formed by Shared Service Companies based on ‘reciprocal collaboration and trust’. This establishments play important roles for Turkish SMEs going global.

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