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A RESEARCH ABOUT DETERMINING THE INNOVATION ACTIVITIES OF TEXTILE COMPANIES IN DENİZLİ, BULDAN

İrfan Ertuğrul and Emine Utkun¹

Abstract

Weaving is a constant source of livelihood in and around Denizli. Town of Denizli, Buldan is one of the center of art of weaving. When said the town of Buldan, first comes to mind and their own self-called the "Buldan Cloth" is the art of weaving. Buldan weaving in history, is as old as the history of the district. The first time in Buldan nomadic and tribal system of social life, then turned to farming and crafts. Such as cotton and wool fabrics are produced by processing raw materials in workshops. Buldan, land of the factory is without chimneys. Textile is not only a business in Buldan, but also a way of life. In Buldan, textile began in houses, followed by small industries, workshops and factories in the collective work as a type of businesses developed. The aim of this study is to determine the status of innovation activities of 59 textile companies which located in Buldan. Survey method was applied in this study. All 59 textile companies involved in the questionnaire was filled out by one opinions. The obtained data were analyzed using SPSS.15 statistical software. As a result, the years of the first organization of businesses, their goods in terms of value, competitive aspects of domestic markets, competitive aspects of foreign markets, made or being made in R&D and P&D activities, innovations and developments related to production methods for and innovation activities between 2000-2008, were revealed.

Keywords: Buldan, Textile companies, Innovation, Research and development (R&D), Product development (P&D).

INTRODUCTION

Buldan was a parish of Aydin province in 1779 and in 1807 was still a district of Aydın. It connected to a subdivision of Denizli in 1883 and in 1923, Denizli was a city and Buldan was a district of Denizli. In addition, during the War of Independence in 1920, the Greeks occupied Buldan and gained its independence on September 4, 1922 (Buldan Governorate and Manucipality, 2011).

Geographically, the town of Buldan is located on the inside of the Aegean region. It is adjacent to the east of the town of Güney, the west of the town of Kuyucak, the north of the town of Sarıgöl and the south of the town of Sarayköy (Buldan Governorate and Manucipality, 2011).

Denizli is one of the city which factory production, hand-woven and home industry continues together and according to history it has one of the oldest heritages (Atalayer, 1980, p. 9). When examining the prevalence of weaving in Denizli and the surrounding area, the variety of types, with recognition all over the country Buldan comes to the fore immediately. Buldan town of historical, cultural, social and economic structure has very significant potential.

MATERIAL AND METHOD

The aim of this study is to determine the status of innovation activities of 59 textile companies which located in Buldan. Survey method was applied in this study. All 59 textile companies involved in the questionnaire was filled out by one opinions. The obtained data were analyzed using SPSS.15 statistical software. As a result, the years of the first organization of businesses, their goods in terms of value, competitive aspects of domestic markets, competitive aspects of foreign markets, made or

¹ Corresponding Author

being made in R&D and P&D activities, innovations and developments related to production methods for and innovation activities between 2000-2008, were revealed (Ertuğrul, Utkun, 2009, p. 57).

RESULTS AND DISCUSSION

According to the first years of establishment of enterprises operating in the town of Buldan is presented in Figure 1. 5 business has been established since before 1980, 5 business has been established between the years 1980-1989, 23 business has been established between the years 1990-1999, 12 business has been established between the years 2000-2004 and 14 business has been established in the year of 2005 and after.

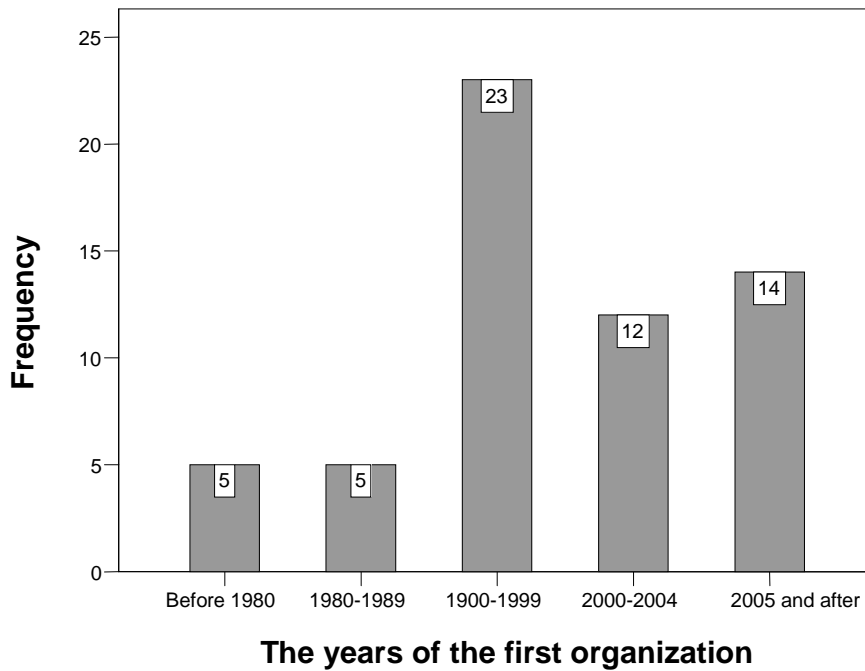


Figure 1. The years of the first organization of businesses

For businesses operating in the town of Buldan, the distribution of goods produced by the most in terms of value is shown in Figure 2. 10 companies operate in the field of home textile, 43 companies operate in the field of towel-bathrobe, 4 companies operates in the field of fabric, 1 company operates in the field of scarf and 1 company operates in the field of warping in Buldan.

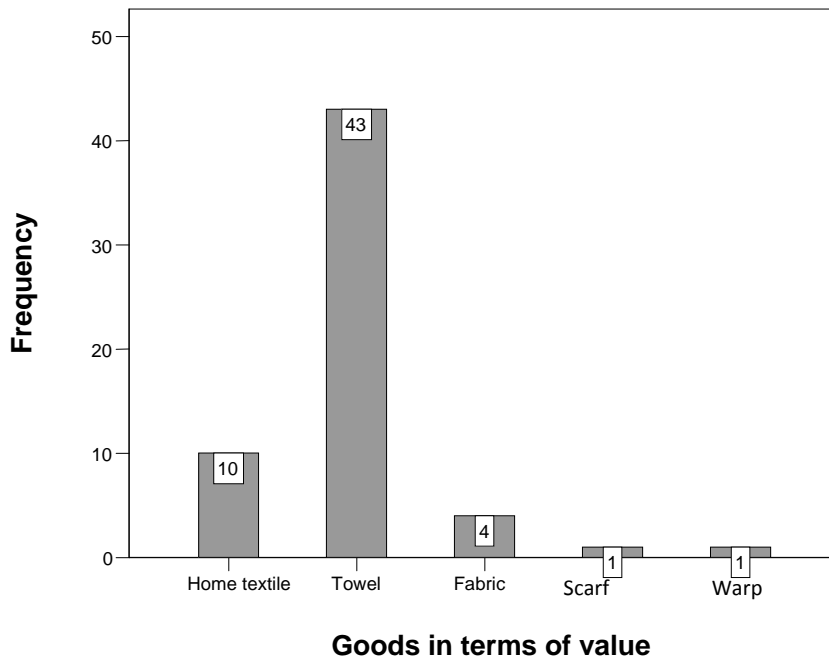


Figure 2. Businesses' goods in terms of value

Figure 3 is presented of businesses' competitive aspects of domestic markets in the town of Buldan. Businesses, 11,9 % rate of marketing strategy, 44,1 % rate of product range, 49,2 % rate of product price, 50,8 % rate of product quality, 18,6 % rate of after-sales services, 10,2 % rate of organizational structure and 13,6 % rate of qualified labour by side with them can be competitive in domestic markets. A business may find itself more competitive in many ways, each case is considered in itself.

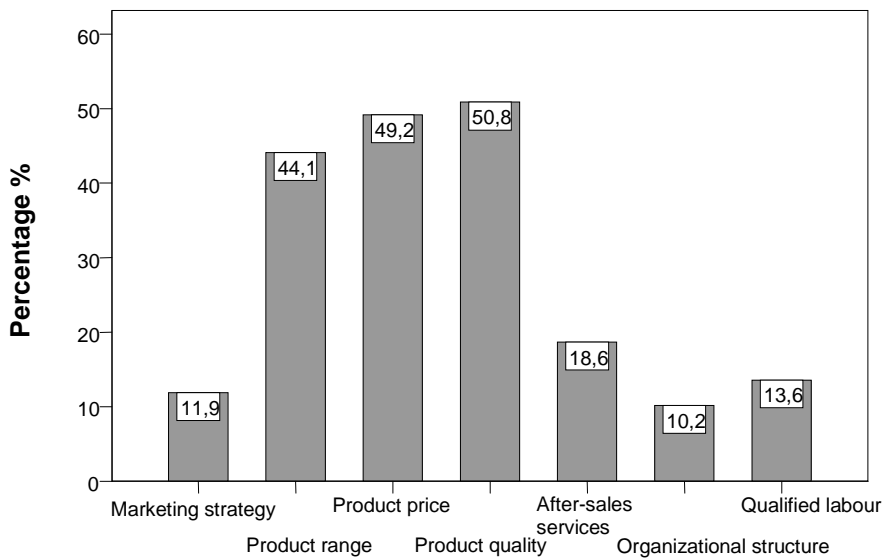


Figure 3. Businesses' competitive aspects of domestic markets

Figure 4 is presented of businesses' competitive aspects of foreign markets in the town of Buldan. Businesses, 3,39 % rate of marketing strategy, 15,25 % rate of product range, 10,17 % rate of product price, 16,95 % rate of product quality, 18,47 % rate of after-sales services, 1,69 % rate of organizational structure and 5,08 % rate of qualified labour by side with them can be competitive in

foreign markets. A business may find itself more competitive in many ways, each case is considered in itself.

As understood from the rates, businesses find them more competitive in domestic markets than foreign markets.

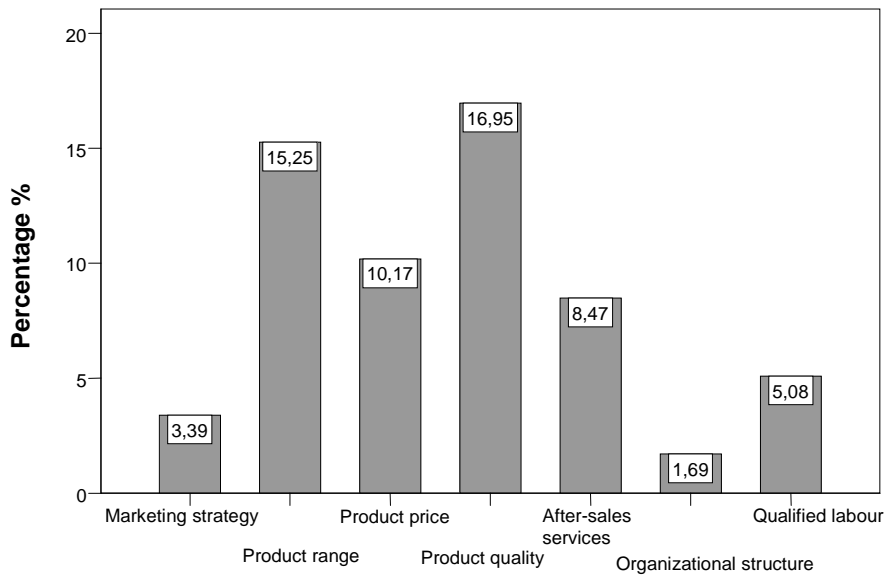


Figure 4. Businesses' competitive aspects of foreign markets

Made or being made in R&D (Research and Development) and P&D (Product Development) activities in enterprises are presented in Figure 5. 86,4 % of enterprise R&D and P&D activities are not performed. Basic research is done, or are performed by 10,2 % and applied research is done, or are performed by 6,8 %. Some companies are made both basic research and applied research, but there is no company made experimental development. Companies should be encouraged to make R&D and P&D activities.

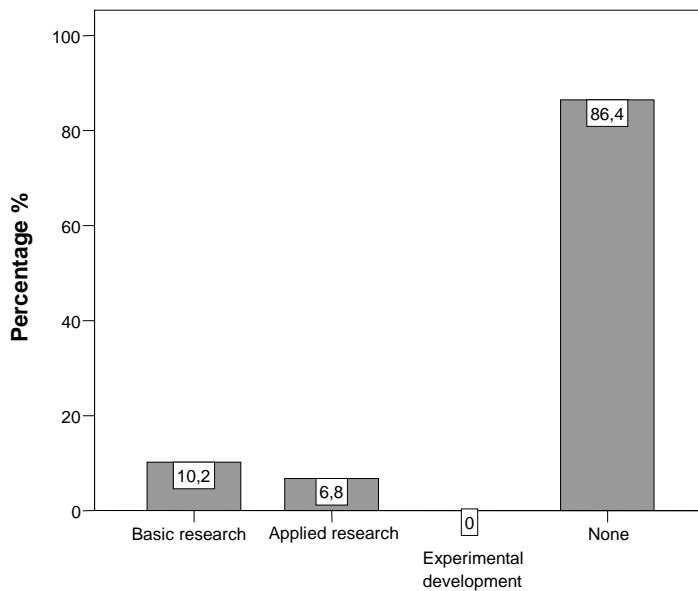


Figure 5. Made or being made in R&D and P&D activities

Enterprises operating in the town of Buldan to follow developments related to production and innovation methods are presented in Figure 6. 67,8% of businesses did not follow the rate of innovation and development, followed by trade fairs in the country that the rate of 28,2%, followed by 8,5% that trade fairs outside the country, with 42,4 % percent of products that follow-up publications and catalogs, 11,9 % percent of TÜBİTAK, KOSGEB, MPM, TSE, and so on that

cooperation, working with other establishments in the same sector by 37,3% benefited from the expertise, innovation and development with other methods 3,4% reported that they followed. Innovation and developments related to the production of any business as a method of following is not in cooperation with the university.

Every business innovation and development can follow several different ways, each method is considered in itself.

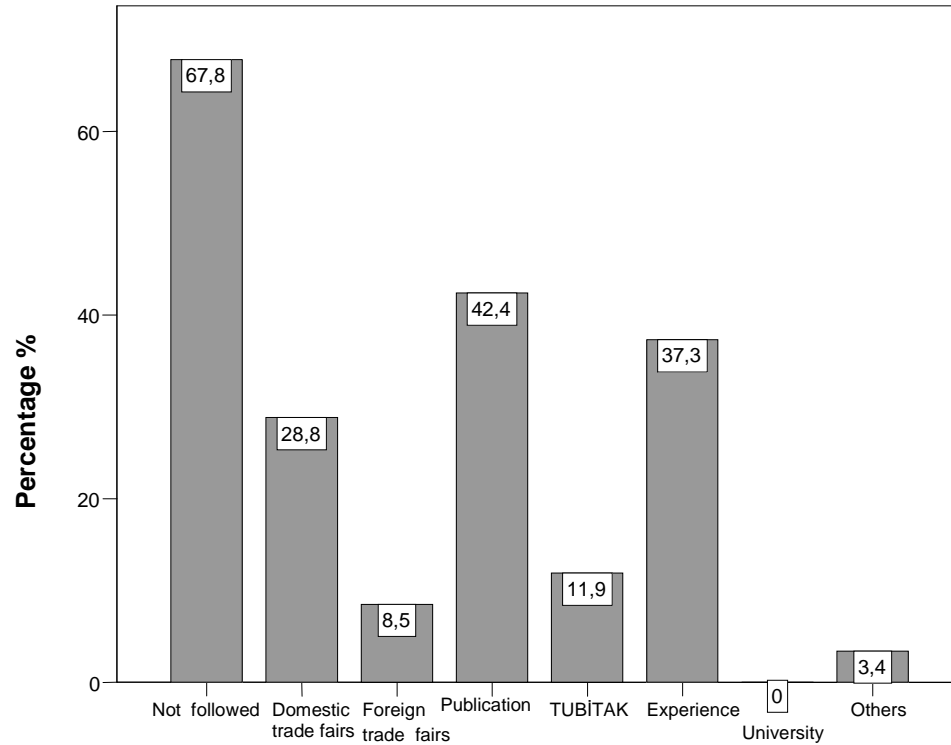


Figure 6. Methods of following innovations and developments related to production methods

Enterprises operating in the town of Buldan innovation activities between 2000-2008, is presented in Figure 7. Rate of 16,9 % of the companies, reported that between 2000-2008 did not do innovation. According to this graphic, business innovation in product development work of the improvement and quality enhancement rate of 32,2 %, product diversification rate of 42,4 %, to the imitation of products by 8,5 %, 6,8 % of foreign products adapted to the conditions in Turkey, 28,8 % new product design, by 8,5% for the adaptation of the technologies used by local and foreign companies, by 8,5% for a new production technology and reconstruction activities rate of 8.5%.

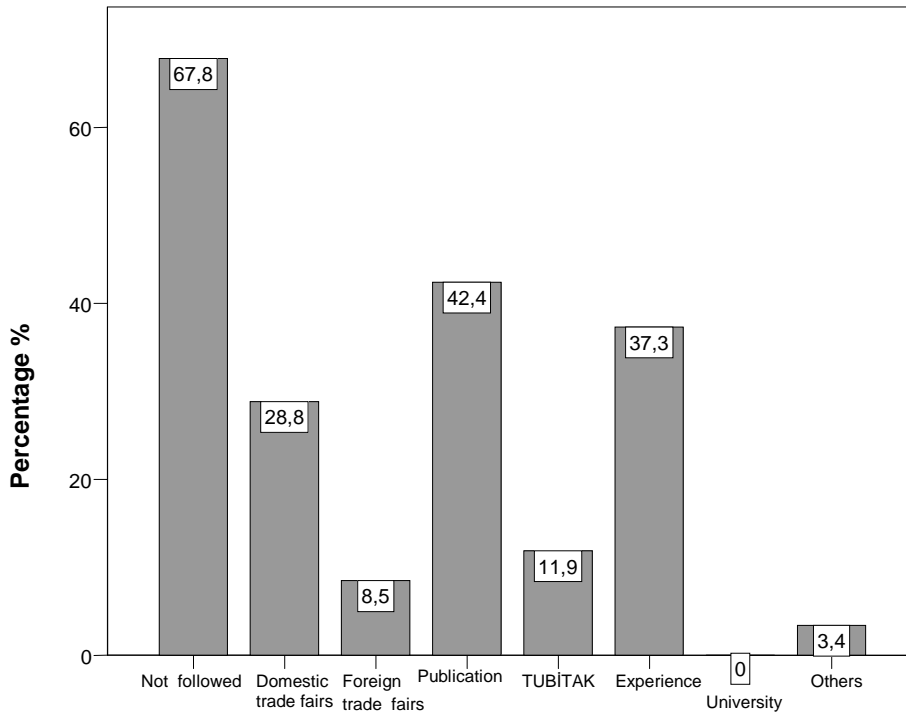


Figure 7. Innovation activities between 2000-2008

CONCLUSIONS

Entrepreneurship is described as a dimension of strategic posture represented by a firm's risk-taking propensity, tendency to act in competitively aggressive, proactive manners and reliance on frequent and extensive product innovation (Krueger, 2002, p.5).

Field research is applied in the region thanks to the production capacity owned by determining the available resources are used more effectively and efficiently. As a result of this field research these recommendations can be given to the entrepreneurs in Buldan.

Nowadays, the conditions of competition are being forced with globalisation. Today, innovative companies are surviving companies. World saturated ordinary methods. Adapt to rapidly changing and developing conditions, flexible, and different companies are preferred. Innovation is not only on the product, but also on process, organizational/managerial, and marketing innovation. Innovation in textile companies should be done in Buldan.

A research and development center should be established in Buldan. This research and development center will do their own research on the one hand, contribute to the development of the district, will hold educational programs and on the other hand give advice to people coming from different ideas. They think the issue will examine the possibility of technical, economical and convenient to do research on marketing activities that will transition to production is found in other words this center will specifically assist these people. This center will be able to be reached by anyone at any time.

Ancestral art of weaving should be more attractive among the young people in Buldan. Transferring to a new generation of this art is very important. Working conditions and marketing activities should be improved.

Improving the quality of today's markets is of great importance to strengthening the competitive position (Ertuğrul, 2006, p. 11). The current quality is necessary to continue in terms of textile production and then this the quality should be raised.

The trainings will develop the understanding of entrepreneurship of companies. In addition to the development of industry in Buldan, activities should be made more efficient, product enhancements to be provided, for the new R&D and P&D departments should be included, equipment and hardware support should be given to small and medium-sized companies, university and industry cooperation should be ensured. University and industry cooperation will develop domestic and foreign competitive aspects of Buldan. Entrepreneurs should be supported to the participation of national and international trade fairs. Presentation of goods is a very important activity in trade fairs. Efforts to capture branding and technological superiority can reach with joint-venture organization. The purpose of this joint-venture capital organization should be regional economic growth and development, branding and support on technological innovation activities, entrepreneurial ideas and the patents to support commercialization.

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BARRIERS TO REVERSE LOGISTICS PRACTICES IN SMES: AN EMPIRICAL RESEARCH IN NEVŞEHİR

Ayşen Coşkun²

Abstract

As industrial activities increased, environmental problems have become inevitable. From the producers' point of view to handle the environmental aspects of the enterprise activities, in terms of production and distribution, reverse logistics is an important tool. While implementing this environmental perspective option, as well as larger companies, Small and Medium Enterprises can face some barriers such as company policies, lack of information, financial or personnel resource. The aim of the study is to identify reverse logistics practices and evaluate the barriers to those practices in the SMEs that operate in manufacturing industry in Nevşehir. The findings of the study indicate that lack of financial resource, difficulty to measure the performance of RL activities, legal directives and lack of technology are considered to be main barriers to RL which comprise the internal barriers for the firms and those barriers differ from business to business according to their area of activity in the industry. Most of the companies have a product life cycle more than 5 years and once they get the returned product they recycle, repair or refurbish the product. Further implications for SMEs in Nevşehir are discussed and future research opportunities are mentioned.

Keywords: Reverse logistics, Internal barriers, External barriers

INTRODUCTION

Nowadays businesses, customers and governments are paying attention on environmental issues than ever before. One of the main reasons for this concern is the rapid environmental degradation and the uncontrolled consumption of scarce natural resources caused by industrial activities. To decrease the effect of their production and distribution activities, companies are transforming their processes into an environmental perspective.

Also, the increase in the flow of returns is being observed lately due to product recalls, warranty returns, service returns, end-of-use returns, end-of-life returns and so on. (Ravi and Shankar, 2005) Because of this, companies are looking for ways to handle with these returns efficiently. Reverse logistics stands an option for the companies to carry out necessary activities including collection, disassembly and processing of used products.

Besides the economic, legal and corporate motives to carry out effectively the reverse logistics practices, yet there is a need to identify the barriers that hinder those practices. It has been pointed out in the literature that the barriers are categorized in two groups as internal and external barriers which are defined in the perspective of their impact area whether they come from outside or inside the organization.

In this context, to carry out those activities properly, identifying the barriers that impede the implication is one of the main goals of this study as well as identifying the scope of reverse logistics activities within the SMEs that manufacture wood products, metallic products, agriculture and forestry tractors, motor land vehicles, furniture and recycle classified goods in Nevşehir.

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THE SCOPE OF REVERSE LOGISTICS

Reverse logistics which is a broad term are commonly discussed among academicians since 1980s but consistently related with recycling that differs in most ways. First of all recycling activities are one of the main activities of RL. Besides, RL also contains activities such as repair, reprocess, collection of used products, components and end materials. (Kokkinaki et al., 2001) In many industries reverse logistics activities are carried out, Rogers and Tibben-Lembke (1998) analyzed those industries as publishing industry, electronics industry, automobile industry and chemical industry.

Stock (1992) points out that one of the first definition is made by The Council of Logistics Management (CLM) in the early nineties as “the role of logistics in recycling, waste disposal, and management of hazardous materials; a broader perspective includes all relating to logistics activities carried out in source reduction, recycling, substitution, reuse of materials and disposal.” (de Brito and Dekker, 2004)

Rogers and Tibben-Lembke (1998, p.2) defined reverse logistics as “the process of planning, implementing and controlling the efficient, cost effective flow of raw materials, in-process inventory, finished goods, and related information from the point of consumption to the point of origin for the purpose of recapturing or creating value or proper disposal”.

In the context of reverse logistics, there are a variety of reasons for returns of which should be analyzed carefully in order to reduce the effects of the production activities. The reasons can be classified into 3 categories;

- *Manufacturing returns:* The returns that occur in the production phase referring to left-over raw materials, intermediate or final products those failed quality controls, products left-over and by-products.
- *Distribution returns:* The returns that are initiated in the distribution phase referring to product recalls, business to business commercial returns (e.g. unsold products or damaged products), stock adjustments and functional returns that involve distribution items like pallets, containers, packaging.
- *Customer returns:* The returns that occur when final customer returns the product for a variety of reasons referring to B2C commercial returns, warranty returns, service returns, end-of-use returns and end-of-life returns. (de Brito and Dekker, 2004)

Firms also seek for some motives to carry out reverse logistics activities which are;
Legal motives; They put pressure on companies so that they increase the degree of recyclability of their products and perform higher recovery rates, therefore they will be helping to reduce waste going to landfill. (Pérez, Rodríguez & Sabriá, 2003)

- *Economic motives;* The recovery of materials and used products would replace raw materials and components which could lead to decrease the manufacturing costs and/or sale price of these products. (Lacoba, 2003)
- *Corporate motives;* Recovery of products are now the responsibility of the businesses because of the extended responsibility of the producers which is set by legislations and this makes the businesses maintain programs on responsible corporate citizenship where both they care about social and environmental issues. (de Brito and Dekker, 2004)

BARRIERS TO REVERSE LOGISTICS ACTIVITIES

Businesses can benefit from the environmental change that forces them to shift their practices into ecological ones. An example to this can be the efforts of 3M (Minnesota Mining and Manufacturing) which the programme of “Pollution Prevention Pays” helped them to save 500\$ million in ten years. While preventing the pollution of their industrial activities then also improved efficiency and productivity through this programme.(Post, Altman, 1994)

Despite the advantages of RL activities, it's also necessary to identify the barriers while reaching out the planned outcomes. Rogers and Tibben-Lembke (2002) underline the importance of considering the barriers of RL activities because many organizations desire to obtain greater advantage that they would obtain as a consequence of RL implementation.

To identify the barriers, most of researches have been performed in large companies (Gonzalez-Torre et. al, 2009; Ravi and Shankar 2005). But with respect to the position of SMEs in the economies, the number of studies in this context is very scarce. In the report of European Union's Informal Environmental Council which was held in 1997, it was concluded that SMEs plays an important role for economic growth and employment in EU. The concern of EU was also on the environmental contamination of their activities since they have the data available of the pollution produced by SMEs. (Del Brío and Junquera, 2003)

In Turkey, SMEs comprises nearly %99 of the businesses and apparently their contribution to both to Turkish economy and social life especially in employment, meeting the current needs of the customers is undeniable. (Öztürk 2007) Therefore it becomes important to identify the barriers to RL in SMEs.

In the literature, the classification of barriers in RL are various such as industry-specific barriers and organizational barriers (Post and Altman, 1994; Gonzalez-Torre et.al 2009), driving barriers and driven barriers (Ravi and Shankar 2005) Industry-specific barriers are defined as the broader external barriers such as industry characteristics or the external forces in the industry. Those barriers are also called as external barriers. (Gonzalez-Torre et.al. 2009) Organizational barriers are the internal barriers that occur within the company and affect their operations and capacity to deal with the changes including environmental change. (Post and Altman, 1994)

Industry-specific or external barriers

External barriers are examined into 6 categories as follow;

- *Financial resources*; Having adequate financial funds are essential to carry out RL activities as the necessary technology and programmes are significant in RL. But setting up an advanced technological and information systems is an expensive initiative for the businesses. (Ravi and Shankar 2005)
In the studies of Azzone et al.(1997a and 1997b) and Azzone and Noci (1998b), it has been shown that SMEs have limited financial resources. Because of that they are not able to develop necessary technologies and programmes. (Del Brío and Junquera 2003). Besides, companies often consider the rate of return when they make investment and the slow rate of return on the investments as well as the cost of investments hinder implementation of RL activities. (Zilahy 2004)
- *Lack of awareness about RL*; Researches of Post and Altman (1994), Hillary (2004), Ravi and Shankar (2005) and Gonzalez-Torre et.al (2009) present that there is a lack of awareness about RL activities in the firms. Azzone et al. (1997a) and Azzone and Noci (1998b) observed that SMEs have a very low level of environmental consciousness. (Del Brio and Junquera 2003) It's pointed out that those practices are less known and the uncertainty of possible dissuades companies. Even if they are aware of the potential outcomes of RL activities, they are paying less attention regarding to other operational activities within the company. Also, the possible outcomes of RL activities are thought to be short-term and temporary. (Gonzalez-Torre et.al 2009)
- *Problems with industrial infrastructure*; Establishing the adequate infrastructure to collect the products from the end users require significant investment which is considered as an obstacle for small and medium sized firms. Post and Altman (1994) and Del Brio and Junquera (2003) underline the importance of this barrier especially in small firms given their limited capacity to develop relations with the firms in the industry that would take part in the flow of returned products.

- *Environmental legislations*, Since the extended responsibility of the producer has been made clear by current legislations, firms have to consider environmental friendly technologies in their production and distribution systems. However, according to Rayner and Malone (1998) environmental legislations caused inflexibilities in the technological choices those have impeded consideration of clean alternatives and practices. Bureaucratic barriers can refer to getting special permit and re-zoning for the implementation of RL activities such as establishing a facility may draw attention of the people living around the facility. (Gonzalez-Torre et.al. 2009)
- *Reluctance of the social actors (dealers, distributors, retailers)*; without the support of social actors that the company is in relation with, it's hard to carry out RL activities. Company return policies can facilitate the returns from customer to producer and lead to risk sharing between them. (Ravi and Shankar 2005)
- *Problems with product quality*; When a product is recovered or reproduced, the quality cannot be the same as a new product. The perception of poorer quality product acts as a barrier for the companies because in the eyes of customer, it is expected that the same quality level must be offered after processing the returned products. (Ravi and Shankar 2005)

Organizational or internal barriers

Internal barriers are explained into 3 categories as follow;

- *Human resources*; Lack of human resources and training is a significant barrier to RL. Education and training of the employees are one of the necessary elements for the success within the organizations. (Ravi and Shankar 2005) Also Hillary (2004) finds out that lack of specialist staff and inadequate technical knowledge and skills of the employees act as a barrier to RL activities.
It is pointed out in the researches of Azzone et. Al (1997a) and Azzone and Noci (1998b) SMEs' personnel have a very low level of environmental awareness. With the research of Brio (1999) the importance of training the human resource are shown and the higher percentage of educated employees lead to higher level of companies' environmental action. (Del Brio and Junquera 2003)
- *Organizational structure*; Characteristics of an organization affects the implementation of environmental actions. According to Sroufe et.al. (2000) SMEs ability to adapt environmental changes is better than larger companies. But a contrary finding is revealed by Alberti et.al. (2000) that in reality SMEs are less developed from environmental perspective than larger companies. Because the managers think that being reactive to environmental changes could make the company lose its flexibility. (Del Brio and Junquera 2003) Besides, inadequate organizational structure can discourage firms making changes in their production processes. (Post and Altman 1994)
- *Management style*; Lack of commitment to environmental issues, negative corporate attitudes towards environmental friendly activities, inadequate company culture and inconsistent top management support represent another set of internal barriers. (Zilahy 2004, Hillary 2004) Without a strategic focus on environmental issues, standard operating procedures cannot provide a company to operate environment friendly. In this context the management style of businesses are important to carry out activities concerning the environmental impacts of their procedure. The environmental perception of managers in SMEs is presented in the researches of Azzone et.al. (1997a), Azzone and Noci (1998b) and Noci and Verganti (1999) as SMEs' management style complies with the legislations without a perspective of environmental issues. The reason for that can be poor management capacities and the incompatibility of environmental objectives with the personal goals of top management. (Zilahy 2004).

METHODOLOGY

The sampling consists of SMEs that operate in manufacturing industry and also registered in the Chamber of Industry and Commerce in Nevşehir, Turkey. According to the records of Chamber of Industry and Commerce in Nevşehir nearly 3000 SMEs are registered. But most of the businesses operate in service industry because of being located in Cappadocia which is accepted as one of the main touristic places for culture tourism in Turkey. Thus, the number of sampling has been narrowed to 106 businesses those manufacture wood products, metallic products, agricultural and forestry tractors, motor land vehicles and trailer, furniture and recycle classified goods recycling manufacturing industries. The questionnaire was self-created adopted from the barriers in the studies of Gonzalez-Torre et.al (2009) and Ravi and Shankar (2004). The number of reached SMEs was 62 because some of the contact information was invalid and some of the companies didn't want to contribute. 38 of 62 responders provided useable questionnaires. This return rate has been accepted for this kind of study based on the return rate of the study Gonzalez-Torre et. al. (2009) with a response rate of %33,2.

In the research, firstly the context of RL activities within the firms is determined with related questions and their frequencies are measured. Following these, firms have responded on a 5-point Likert-type scale referring to the internal and external barriers to RL. (1 = strongly disagree, 5 = strongly agree). The instrument had reliability (Cronbach's alpha) of 0.906. Usually, a value of 0.70 in the Cronbach's alpha is considered adequate in order to ensure reliability of the internal consistency of a questionnaire (Nunnally, 1978). In the hypothesis test, to determine whether there is a significant difference between the barriers and the business that operate in manufacturing industry, T test was performed and the alternative hypothesis is accepted.

RESULTS

Table 1 provides the characteristics of respondents of the sample. In the terms of number of workers, among the 38 firms, 42,1% employ between 0-9 workers, 55,3% employ between 10-49 and 2,6% employ between 50-249. 65,8% of the firms have a total annual sale of less than 1 million Turkish Liras, 21,2% of them have a total annual sale of less than 5 million TL and 7,9% have a total annual sale less than 25 million TL. In terms of number of operation years within their industry, 23,7% of the firms operate in their industry between 5-10 years, 31,6% operate between 10-15 years and 28,9% operate more than 15 years. Most of the respondents (63,2%) are the owner of the companies which makes the results more reliable as they have all the information about the procedures within their companies. Moreover according to the area of activity, the first two industries are respectively with a percentage of 36,8 furniture manufacturing and 23, 7 classified good recycling.

Table 1. The characteristics of respondents

<i>A. Number of workers</i>	<i>F</i>	<i>%</i>	<i>D. Area of activity</i>	<i>F</i>	<i>%</i>
0-9	16	42,1	Wood products manufacturing	2	5,3
10-49	21	55,3	Metallic products manufacturing	5	13,2
50-249	1	2,6	Agriculture and forestry tractors manufacturing	4	10,5
<i>B. Total annual sale</i>	<i>F</i>	<i>%</i>	Motor land vehicles manufacturing	4	10,5
Less than 1 million TL	25	65,8	Furniture manufacturing	14	36,8
Less than 5 million TL	8	21,1	Classified goods recycling	9	23,7
Less than 25 million TL	3	7,9			
Missing	2	5,3			
<i>C. Respondent's positions</i>	<i>F</i>	<i>%</i>	<i>E. Number of the operation years</i>	<i>F</i>	<i>%</i>

Owner of the company	24	63,2	Between 1-5 years	4	10,5
Manager	5	13,2	Between 5-10 years	9	23,7
Engineer	2	5,3	Between 10-15 years	12	31,6
Other	7	18,4	More than 15 years	11	28,9
			Missing	2	5,3
Total	38	100	Total	38	100

Table 2 provides information about the frequencies of RL activities in the firms. Based on the product life cycle most of the products have a life cycle between 6-10 years (47,4%). Because the furniture manufacturers took the first place among the respondents and their products are not consumed as fast as other products and have a product life cycle more than 5 years. In terms of percentage of returned products, 76,3% of the respondents answered that less than 5% of their products return to the firm. Moreover, in terms of allocation of logistics costs compared to forward logistics activities, 65,8% of the firms has a share of less than 5% over total logistics costs.

Table 2. Frequencies of RL activities in the firms

<i>A. Product life cycle</i>	<i>F</i>	<i>%</i>
Between 1-5 years	11	28,9
Between 6-10 years	18	47,4
More than 10 years	9	23,7
<i>B. Percentage of returns</i>	<i>F</i>	<i>%</i>
Less than 5%	29	76,3
Between 5%-10%	7	18,4
More than 10%	2	5,3
<i>C. Allocation of logistics costs compared to forward logistics activities</i>	<i>F</i>	<i>%</i>
Less than 5%	25	65,8
Between 5%-10%	11	28,9
More than 10%	2	5,3

Table 3 shows the reasons and processes for returned products. Respectively, with a percentage of 55,3, end-of product life is the most common reason for returned products, defected products are returned with a percentage of 44,7 and among other common reasons with a percentage of 10,5 missing parts and recall of products exist.

Besides the processes for returned products are mostly recycling the product with a percentage of 60,5. Other options are, in turn, repairing the product, refurbishing the used product, making it ready for new product and taking some parts of used product and then using it in new product.

Table 3. Reasons and processes for returned products

<i>A. Reasons for returned products</i>	<i>F</i>	<i>%</i>
Missing parts	4	10,5
Customer dissatisfaction	1	2,6
Defected product	17	44,7
Recall of the products	4	10,5
End-of product life	21	55,3
<i>B. Processes for returned products</i>	<i>F</i>	<i>%</i>
Repair	19	50
Refurbishment of used product	11	28,9
Clearance to produce new product	5	13,2
Taking some parts of the used product and use it in new product	3	7,9
Recycle	23	60,5

Following 20 questions concerning the barriers in the questionnaire form were made subject to factor analysis. The descriptive statistics and intercorrelations among study variables are shown in Table 4. When the intercorrelations among variables are examined, it can be seen that there is a

strong relationship among variables. Therefore, as the strong relationship exist, it became possible to determine common factors. All variables were grouped into 4 factors. First factor is awareness within the company and composed of 6 variables accounting for the 49,5 of total variance. The second factor is resource and importance. It is composed of 5 variables accounting for 11,4 of total variance. The third factor is legal issues and company policies which consists 4 factors and have variables accounting for 7,6 of total variance. The forth factor is competition and yield. It is composed of 5 variables accounting for 6,2 of total variance. KMO value showing consistency of factor analysis was calculated as .708. Besides Cronbach Alpha values of variables were found as .9358. All data obtained from factor analysis are presented in Table 5.

Table 4. Descriptive statistics and intercorrelations among study variables^a

Var.	Mean	s.d.	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18	Q19	Q20
Q1	3,03	1,219	1																			
Q2	3,03	1,174	,774(**)	1																		
Q3	3,55	1,132	,518(**)	,762(**)	1																	
Q4	3,42	1,368	,269	,498(**)	,544(**)	1																
Q5	3,47	1,330	,425(**)	,598(**)	,539(**)	,630(**)	1															
Q6	3,24	1,173	,204	,133	,143	,458(**)	,619(**)	1														
Q7	3,16	,886	,196	,074	,099	-,145	,325(*)	,067	1													
Q8	3,55	1,132	,440(**)	,558(**)	,620(**)	,334(*)	,360(*)	,265	,153	1												
Q9	4,03	,545	,487(**)	,506(**)	,327(*)	,275	,206	,117	-,065	,590(**)	1											
Q10	4,05	,517	,555(**)	,621(**)	,503(**)	,579(**)	,513(**)	,291	,158	,595(**)	,763(**)	1										
Q11	2,87	1,119	,696(**)	,743(**)	,507(**)	,337(*)	,588(**)	,272	,103	,507(**)	,627(**)	,713(**)	1									
Q12	3,71	1,271	,528(**)	,693(**)	,621(**)	,569(**)	,627(**)	,301	,162	,678(**)	,441(**)	,681(**)	,618(**)	1								
Q13	2,95	1,161	,688(**)	,774(**)	,599(**)	,525(**)	,751(**)	,327(*)	,245	,434(**)	,601(**)	,725(**)	,868(**)	,648(**)	1							
Q14	2,68	1,016	,400(*)	,642(**)	,579(**)	,681(**)	,553(**)	,314	-,243	,579(**)	,406(*)	,598(**)	,533(**)	,785(**)	,535(**)	1						
Q15	3,00	1,013	,153	,182	,165	,000	,281	,045	,421(**)	,118	,245	,155	,262	,147	,322(*)	-,184	1					
Q16	2,50	1,059	,262	,359(*)	,192	,261	,269	-,054	,288	,079	,351(*)	,444(**)	,467(**)	,291	,483(**)	-,050	,579(**)	1				
Q17	3,34	1,236	,424(**)	,646(**)	,479(**)	,504(**)	,490(**)	,204	-,001	,595(**)	,548(**)	,690(**)	,561(**)	,838(**)	,540(**)	,691(**)	,129	,464(**)	1			
Q18	3,32	1,068	,492(**)	,360(*)	,165	,110	,501(**)	,543(**)	,231	,366(*)	,543(**)	,409(*)	,511(**)	,388(*)	,537(**)	,194	,574(**)	,263	,407(*)	1		
Q19	3,71	,984	,412(*)	,639(**)	,560(**)	,595(**)	,624(**)	,202	,054	,463(**)	,469(**)	,509(**)	,504(**)	,601(**)	,672(**)	,555(**)	,434(**)	,324(*)	,617(**)	,527(**)	1	
Q20	3,79	,963	,534(**)	,746(**)	,705(**)	,746(**)	,734(**)	,309	,008	,482(**)	,423(**)	,620(**)	,651(**)	,677(**)	,787(**)	,703(**)	,249	,291	,607(**)	,408(*)	,904(**)	1

^aN=38

** p<0.01 * p<0.05

Table 5. Factor Analysis Result

FACTORS (TOTAL VARIANCE EXPLAINED)	FACTOR WEIGHT
FACTOR 1 - Awareness within the company (49,521)	
Q8. The policies that explain the processes for returned products are clear and understandable in our company.	,890
Q9. Our employees are qualified and educated about processing returned products.	,877
Q10. Management is sensitive to processing returned products.	,848
Q12. Company goals are compatible with the goals of processing returned products.	,819
Q17. We effectively process returned products.	,814
Q14. We can measure the performance of processes of returned products.	,730
FACTOR 2 - Resource and Importance (11,451)	
Q1. Adequate technology to process returned products exists in our company.	,754
Q13. We have necessary financial resource to process returned products.	,748
Q11. Required equipment to process returned products exists in our company.	,721
Q4. There is no difference when recycled and new product compared in terms of quality.	,717
Q2. There is adequate infrastructure to collect used products in the industry we operate.	,655
FACTOR 3 - Legal issues and company policies (7,638)	
Q16. Current legislations make difficult the returning of the used products.	,724
Q3. In our company the current legislations about returned products are known.	,703
Q6. We don't face with bureaucratic difficulties about processing returned products.	,600
Q15. The policies for returned products in the company are not sufficient.	,569
FACTOR 4 - Competition and Yield (6,230)	
Q7. The competition in the industry we operate affects product returns.	,906
Q18. Recovering returned products provides both direct and indirect economic gains	,832
Q20. It's important to recover returned products for our target market.	,711
Q5. Through the recovery of returned products we have economic advantage.	,710
Q19. It's important to recover returned products in the industry we operate.	,695

According to descriptive statistics of barriers to RL, lack of financial resource, difficulty to measure the performance of RL activities, current legislations and lack of necessary technology are the main barriers in SMEs. These result present that among the SMEs, internal barriers are not perceived as a strong barrier than external barriers. Mostly, external barriers impede their RL activities.

Hypothesis test:

Through the obtained factors, whether the factors that make up barriers to RL differ from the businesses according to their area of activity. To determine this differentiation, T test was performed and in T test there was no difference between the factors that make up the barriers and the businesses that operate in manufacturing industry

H₀: There is not a significant difference between the barriers to RL and the businesses that operate in manufacturing industry.

H₁: There is a significant difference between the barriers to RL and the businesses that operate in manufacturing industry.

Zero hypothesis is accepted since p value is $0.001 < 0.05$ for the performed comparison of barriers to RL and businesses that operate in manufacturing industry. Thus alternative hypothesis is accepted.

CONCLUSION

With the increase of the effect of industrial activities to the environment, reverse logistics helps the companies reduce those effects and provide benefits in many ways such as economic or marketing. It involves necessary procedures such as recycling, reusing the product, decrease the usage of raw material and hazardous materials etc and thanks to those activities it minimizes environmental damage of industrial activities. The need to analyze the processes of reverse logistics for the companies, in order to react more effectively to environmental changes and legal directives, reveals the importance to identify the barriers that impede reverse logistics activities.

The aim of the study was to provide empirical data about the reverse logistics activities in SMEs and contribute to the knowledge of the barriers to reverse logistics practices. First the literature review concerning the scope of the reverse logistics activities are explained and after that the barriers are identified as internal and external barriers based on the existing literature. An empirical research was carried out among the manufacturing SMEs in Nevşehir to determine what kind of barriers hinder the reverse logistics practices. With the performed factor analysis, it has been reached out that main barriers to reverse logistics were considered to be external barriers which are lack of financial resources, difficulty to measure performance of reverse logistics activities, current legislations and lack of necessary technology. The findings are different in some ways with the previous research those identify the barriers. Such as social actors, lack of know-how information are found to be major barriers in the research of Gonzalez-Torre et.al. (2009) Contrary to this research Ravi and Shankar (2004) observed that mostly internal barriers exist to reverse logistics activities.

The classifications of the barriers may help to understand the barriers in another perspective because the field study was carried out in SMEs. A broader possible research can be studied in larger firms or other industries in other cities because the limitation of this study was the limitation of implication area. It is possible to reach out the existence of other barriers to reverse logistics because the implication of research in other industries or cities can reveal different results.

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EFFECTS OF LEARNING ORIENTATION ON SME INNOVATIVENESS

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Abstract

This paper attempts to shed light on the role of learning orientation of SMEs on their level of innovativeness. In the uncertain, complex and constantly changing business environment staying innovative is the key to sustainability. Data were collected from a random sample of 58 SMEs operating in Turkey through structured questionnaires. 20 firms were small in size while 38 were medium-sized. Findings of regressions indicate that small firms rely on market-focused learning activities to increase their innovativeness levels whereas middle-sized firms rely on internally and externally-focused learning endeavors to do so. When 58 SMEs are analyzed together, all of the learning activities are found to significantly affect the innovativeness levels. These findings are in line with the existing literature which theorizes that firms should conduct internally-focused, market-focused and externally-focused learning activities simultaneously to increase their innovativeness levels. As the literature focuses mainly on large and often multinational companies, these findings demonstrate that the Turkish SMEs' understanding of their business milieu is in line with that of large firms. Hence, the firms in the sample have understood the value of conducting various learning activities in increasing their levels of innovativeness that is needed for sustainable business conduct and ultimately enhanced dynamism.

Keywords: Learning Orientation, Innovativeness, SMEs, Sustainability

INTRODUCTION

Sustainability has become a rather aspired outcome of doing business as the companies have come to be more sensitive towards the needs of the natural environment, the consumers, their employees and other stakeholders. With every passing moment, more and more businesses realize that their ways of operating have many consequences on the societal, cultural, and economic environment whether they may be positive or negative. At the end of the day, they notice that these effects reflect on their businesses' reputation, credibility and ultimately profitability in the respective way.

However, it must not be forgotten that this is an era of uncertainty, heightened competition, complex environmental dynamics and constant change. Thus, the businesses cannot rely on tried-and-proven approaches, set ways and/or prescribed methods in order to become sustainable organizations. Further, Ghosal et al. (1999) maintain that in turbulent organizational environments, competitive advantage is anchored in the company's ability to innovate its way temporarily out of relentless market pressures. Apart from the strain to perform, sustainability as an ability to endure emerges in the face of businesses as another goal that needs to be fulfilled.

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Even though change rules the game, sustainability as a subject is still popular. Since sustainability is geared towards improving the economic, environmental and social performance of companies (Bos-Brouwers, 2010), it is very closely related to innovativeness as a concept. Thus, this paper sees innovativeness as a key driver of sustainability.

What is more, emphasis has been placed on small- and medium-sized enterprises (SMEs) as a way of helping to alleviate economic problems (Clifton et al., 2010). This is acknowledged by research concluding that growth-oriented small firms exert a growing influence on national economies around the world due to rapidly shifting and highly competitive markets (European Commission 1996; Westhead and Birley 1995; Yeh-Yun-Lin 1998). Hence, SMEs are required to be innovative to confront globalization and ever-increasing competition more than ever before (Thorgren et al., 2009) in this era which is defined by uncertainty, complex environmental dynamics and constant change.

Hence, organizations are left with the sole option of continuous innovation and an ever-lasting inclination towards innovation; also acknowledged as innovativeness. At this instance, organizational learning becomes the crucial factor for the firms to be able to be innovative so that they can compete, survive and thrive in this ever-changing environment. Therefore, the businesses need to be constantly on their toes looking for novel information and/or knowledge that are relevant for their operations, the goals of their stakeholders and their ecological, social and economic environment.

Consequently, organizational learning becomes the crucial factor for the firms to be able to be innovative so that they can compete, survive and thrive in this ever-changing environment. These factors became even more eminent as we have faced a shift in the importance the factors of production from capital to labor and intellectual labor in particular, the ever more rapid pace of change in the business environment, widespread acceptance of knowledge as a prime source of competitive advantage, the greater demands being placed on all businesses by customers, increasing dissatisfaction among managers and employees with the traditional command-and-control management paradigm and the intensely competitive nature of global business (Harvey and Denton, 1999). This proves that those businesses that are set in their ways need to shift gears so that they extend ways to learn more about their customers, stakeholders, competitors and the marketplace if they are to survive and have higher levels of innovativeness.

A considerable number of scholars reported high correlations between learning orientation and innovativeness (e.g. Hurley and Hult, 1998; Calantone et al., 2002; Hult et al., 2004; Rhee et al., 2010). However, these endeavors have been carried out in industrialized countries, with samples that include large and mostly multinational companies. Hence, it is deemed that the literature can benefit from studies whose hypothesis testing efforts are applied on samples that include SMEs.

Moreover, studies on innovativeness operationalized in emerging economies are relatively rare. Such markets nonetheless need to compete with domestic and international players while dealing with the flaws of their developing business milieu. Thus, such settings breed originality due to their ability to exhibit how firms react to dynamic environments. In particular, the majority of the firms in Turkey are exposed to internal and external competition in most of its sectors in an environment of harsh globalization and Customs Union conditions of the EU. That's why the Turkish businesses face the need to become innovative in order to overcome the defects in the marketplace whilst meeting the demands rising from competition and customer needs. Consequently, this is a study that attempts to discover the relationship between learning orientation and innovativeness. In particular, relationships between the dimensions of learning orientation and innovativeness are demonstrated with a

comprehensive model. Subsequently, the exhibited model is tested with a representative sample of SMEs operating in Turkey.

MODEL DEVELOPMENT

Conceptual Model

As motivations underlying the sustainability concept include competitive advantage, profitability, increasing stakeholder pressure, legal requirements, reputation concerns, environmental performance and internal organization improvements (Ranganathan and Willis, 1999; Daily and Walker, 2000; Van Marrewijk and Werre, 2002; Dunphy et al., 2003), innovativeness comes up as a crucial approach in juggling every different requirement by SMEs. Novel ways of dealing with and meeting these obligations are of utter importance since it is believed that enduring within the constantly changing times requires original approaches to the altering conditions. It has long been recognized that sustainability is an innovative and potentially transformational force that generates new products and processes that challenge existing practice (Blum-Kusterer and Hussain, 2001). Further, coming up with new ideas require knowledge about the environment and organized corporate learning activities also known as organizational learning becomes very relevant. Also, we believe that SMEs would be an interesting choice of context for these presumed associations as they differ from large organizations in terms of being reactive to market changes, having resource limitations, unsteady management, informal strategies and flexible structures (Hudson et al., 2001; Qian and Li, 2003). Hence, in the proposed model, organizational learning is hypothesized to be the antecedent to SME innovativeness anticipating that learning activities yield to innovative tendency in order to endure in the highly competitive and demanding market conditions.

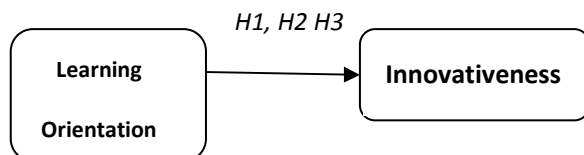


Figure 1. Conceptual Model

Hypotheses

Hult et al. (2004) describe innovativeness as the firm's capacity to engage in innovation. Therefore, the purpose of organizational innovativeness research is to discover the determinants of an organization's predisposition to innovate (Wolfe, 1994). Garcia and Calantone (2002) note that innovativeness is frequently used in the literature as a measure of the degree of "newness" of an innovation.

As for the sub-dimensions of innovativeness, Wang and Ahmed (2004) identify five main areas that establish an organization's overall level of innovativeness which are product, market, process, behavioral and strategic. According to them, product innovativeness emphasizes the novelty and meaningfulness of products launched to the market while market innovativeness points out the

originality of approaches that companies take on to penetrate and take advantage of the targeted market. In their view, process innovativeness captures the introduction of new production methods, management approaches, and technology that can be utilized to advance production and management processes. Wang and Ahmed (2004) underline that behavioral innovativeness facilitates the configuration of an innovative culture. Lastly, they refer to strategic innovation as an organization's aptitude in managing ambitious organizational purposes and identifying a divergence of these ambitions and existing resources so that it is able to extend or leverage limited resources productively.

As innovativeness is thought to require new information and knowledge so that new ideas can flourish, in volatile environments the aptitude to learn more rapidly than competitors may be the only sustainable competitive advantage (De Geus, 1988; Stata, 1989; Day, 1994; Slater and Narver, 1995). López et al. (2005) assert that businesses that are able to learn about customers, competitors and regulators have a better chance of sensing and acting upon events and trends in the marketplace. Hence, learning orientation of businesses emerges as an area of interest. Huber (1991) defines learning orientation as the advance of new knowledge or insights that possesses the capability to shape behavior through its values and principles inside the culture of the organization. Sinkula et al. (1997) conceptualize learning orientation as the collection of organizational values that influence the extent of organizational satisfaction with its system in use and, hence, the degree to which proactive learning takes place.

In the same vein, Hult et al. (2004) identify learning orientation as one of the most significant antecedents of innovativeness. Hurley and Hult (1998) assert that "a learning-oriented culture has an affinity to inspire openness to novel thoughts and innovation as elements of an organization's culture (i.e. innovativeness). Given that firms are innovative; this competence will permit them to build up competitive advantage, so that they are able to obtain desirable organizational outcomes (Cooper, 2000; Damanpour, 1991; Hurley and Hult, 1998; Hult et al., 2004). Furthermore, Hurley and Hult (1998) imply that an inclination towards learning indicates an appreciation of innovative ideas and an aspiration to incorporate them into a firm's vision. Seeing that innovativeness is depicted as a capacity to initiate and execute new ideas, it emerges to be a construct that is highly associated with learning orientation. Accordingly, numerous researchers have verified this relationship in their studies (Goes and Park, 1997; Sinkula et al., 1997; Hurley and Hult, 1998; Baker and Sinkula, 1999, 2002; Calantone et al., 2002; Hult et al., 2004; Lin et al., 2008; Rhee et al., 2010).

In terms of organizational learning research in SMEs, Badger et al. (2001) note that learning in small firms is context sensitive, firm-specific, and work-based, which is reactive and in turn, produces operational efficiency in the short-run. This fact actually signifies adaptive rather than innovative behavior. Nevertheless, utilizing information in the workplace to develop new operational practices leads to new ways of thinking and knowledge for employees (Hurley and Hult, 1998). Consequently, as people become more adaptive to different views, procedures, and ideas, they are expected become more proactive and innovative and this reflects on their organizations. For instance, the relationship between learning orientation and SME innovativeness has been hypothesized and verified in the research of Keskin (2006).

Depending on the industry of a firm, there are three different learning orientations: market focused learning, relationally focused learning and internally-focused learning (Weerawardena et al., 2006). Market focused learning is the capacity of the firm to acquire, disseminate, unlearn and use market information for organizational change. To engage in market-focused learning activities is an advantage in the speed and effectiveness of responses to industry-related and environment-related

opportunities and threats (Weerawardena et al., 2006). Day (1994) observes that market driven firms are noticeable in terms of their ability to be constantly aware of the events and trends in their markets and take action accordingly. In the same vein, Slater and Narver (1995) contend that a market-driven firm is does a good job in predicting emergent needs and responding to them by introducing innovative products and services. These views enable us to argue that to achieve higher levels of innovativeness, firms need to constantly scan, evaluate, reflect on and learn about their environments.

Therefore:

H1: Higher levels of market-focused learning will generate higher levels of SME innovativeness.

Internally focused learning is the capacity and extent a firm develops knowledge through internal sources (Weerawardena et al., 2006). It includes experiential learning, and experimental learning and in-house R and D (Dixon, 1992; Huber, 1991). Hence, it is seen as a key driver of attaining new knowledge about doing business. Kim et al. (1993) considers such activities as indispensable for effective innovation. So, we propose that this should also be true for innovativeness as technical knowledge is an indisputably noteworthy source in engendering novel and superior ideas. Hence:

H2: Higher levels of internally-focused learning will generate higher SME innovativeness.

Firms also learn from links with other firms and external research institutions, such as universities and industry associations (Weerawardena et al., 2006). Thus, Weerawardena et al. (2006) describe relationally focused learning as the capacity and extent an organization acquires knowledge through external linkages or networks and adapts them in order to build up the capabilities required to respond to environmental alterations efficiently. At this instance, we posit that possessing relations that companies have with those that might have quality knowledge at the firms' disposal is of utter importance for prompting novel ideas. Consequently:

H3: Higher levels of relationally-focused learning will generate higher SME innovativeness.

METHOD

Sample and Data Collection

The sampling enclosed available membership lists of chambers of commerce of major cities in Turkey (i.e. İstanbul, İzmir, Ankara, Kocaeli, Adana). Executives of 250 (randomly chosen) firms in the sampling frame were contacted via telephone and/or e-mail, and as a result 58 firms agreed to participate in the study. Trained interviewers visited each of the participating firms, and one respondent from each firm was interviewed using structured questionnaires. The respondents replied to questions related to firm characteristics and individual demographics, organizational innovativeness and organizational learning.

Respondents are on average 39.8 years old (standard deviation = 9.7) and have an organizational tenure of 8.5 years (standard deviation = 6.7). Eighty five percent of the respondents are male, 13.8

percent are primary, middle school and high school graduates, 58.6 percent hold undergraduate degrees, and 27.6 percent hold higher-level degrees. In terms of positions held, 93 percent of the respondents are middle- and top-managers, while 7 percent consist of specialists, experts, and consultants. The participating 58 SMEs are from a wide variety of industries, including textiles and clothing, financial services, consumer durables, construction services, tourism, food and other FMCG, automotive, and other services and manufacturing firms. In general, 45 percent of the firms are in manufacturing and 55 percent are in services industries. Firm ages range from 2 to 52 years (mean = 16.2 years; standard deviation = 9.6 years), and firm size ranges from 16 to 220 employees (mean = 98.5; standard deviation = 61.1). In terms of export income, 55 percent of the participant firms do not have any export income while 32 percent retain up to 50 percent of their income from exports, 13 percent retain 51 to 100 percent of their income from exports.

Measures

Each measure has multiple-items with 5-point summated rating scales (anchors: 1 = strongly disagree; 5 = strongly agree), except for firm and respondent demographics. For each construct, a composite score by averaging the mean scores of each dimension was used as an indicator separately. To measure innovativeness, Wang and Ahmed's (2004) 29 item innovativeness scale was utilized. After exploratory factor analyses and a purification process, 13 items were eliminated and the reliability (internal consistency) estimate for the innovativeness construct is 0.87 which is above the threshold levels suggested by Nunnally, (1978). Items for learning orientation were selected based on a literature review. Market-focused learning ($\alpha=0.76$) was measured via the 8-item scale developed by Weerawardena (2003), internally-focused learning ($\alpha=0.92$) was measured via an 8-item scale of an adapted version of measures developed by Atuahene-Gima (1993) and relationally-focused learning ($\alpha=0.66$) was measured via 8-items developed from work by Cohen and Levinthal (1990) and Rothwell (1992).

RESULTS

The descriptive statistics and the bivariate correlations across the constructs in the study are exhibited in Table 1 so as to supply a general representation of the associations of interest for this study. As can be observed from Table 1, innovativeness correlates positively and significantly with all learning orientation dimensions.

Table 1. Pearson Correlation Results

Pearson Correlation	Mean	SD	1	2	3	4
Innovativeness (1)	3,639	0,640	1			
Internally-focused Learning (2)	3,663	0,934	0,554***	1		
Market-focused Learning (3)	4,276	0,530	0,469***	0,294**	1	
Relationally-focused Learning (4)	3,974	0,592	0,510***	0,442***	0,233	1
p<0.05, *p<0.01						

Following this, three regression analyses were conducted with the purpose of testing the study hypotheses. In all of the analyses, innovativeness was the dependent variable and internally-focused learning, market-focused learning and relationally-focused learning were the independent variables. As the first step, the sample was split into two based on firm size representing small firms and medium-sized firms. As a result, there were 20 small firms and 38 medium-sized firms. Then, the first regression analysis was conducted with the small-sized firm sample, the second regression analysis was carried out with the medium-sized firm sample and the third regression analysis was performed with the whole sample. The outcomes of these analyses are depicted in Table 2 to 4. As shown in Table 2, learning orientation dimensions are capable of explaining 38,3 of the variability in small-sized firms' innovativeness in a both statistically and substantively significant sense ($R^2 = .383$; $F_{(3;16)} = 3,310$; $p < .05$). Concerning the individual effects, only market-focused learning emerges as the significant and positively related factor in determining innovativeness levels for small-sized firms ($\beta_i = .461$; $p < .05$).

Table 2. Regression Results for Innovativeness of Small-Sized Firms

	<i>Regression Coefficient</i>	<i>Standard Error</i>	<i>Std. Coefficient</i>
<i>Independent Variables</i>			
<i>Internally-focused Learning</i>	,013	,235	,011
<i>Market-focused Learning</i>	,590	,283	,461* *
<i>Relationally-focused Learning</i>	,318	,257	,265
<i>Model Summary</i>			
<i>R Square</i>	,383		
<i>F for ANOVA</i>	3,310 **		
**<i>p < 0.05</i>			

As shown in Table 3, learning orientation dimensions are capable of explaining 62,8 of the variability in medium-sized firms' innovativeness in a both statistically and substantively significant sense ($R^2 = .628$; $F_{(3;16)} = 19,108$; $p < .01$). Concerning the individual effects, internally-focused learning ($\beta_i = .540$; $p < .01$) and relationally-focused learning ($\beta_i = .265$; $p < .05$) emerge as the significant and positively related factor in determining innovativeness levels for medium-sized firms.

Table 3. Regression Results for Innovativeness of Medium-Sized Firms

	<i>Regression Coefficient</i>	<i>Standard Error</i>	<i>Std. Coefficient</i>
<i>Independent Variables</i>			
<i>Internally-focused Learning</i>	,305	,072	,540* **
<i>Market-focused Learning</i>	,213	,124	,188
<i>Relationally-focused Learning</i>	,260	,121	,265* *
<i>Model Summary</i>			
<i>R Square</i>	,628		
<i>F for ANOVA</i>	19,108***		
<i>p</i> < 0.05; * <i>p</i> < 0.01			

As shown in Table 4, learning orientation dimensions are capable of explaining 47,6 of the variability in SMEs' innovativeness in a both statistically and substantively significant sense ($R^2 = .476$; $F_{(3;16)} = 16,337$; $p < .01$). About the individual effects, all of the learning orientation dimensions, namely, internally-focused learning ($\beta_1 = .337$; $p < .01$), market-focused learning ($\beta_1 = .302$; $p < .01$) and relationally-focused learning ($\beta_1 = .291$; $p < .05$) emerge as the significant and positively related factor in determining innovativeness levels for SMEs.

Table 4. Regression Results for Innovativeness of SMEs

	<i>Regression Coefficient</i>	<i>Standard Error</i>	<i>Std. Coefficient</i>
<i>Independent Variables</i>			
<i>Internally-focused Learning</i>	,231	,077	,337***
<i>Market-focused Learning</i>	,365	,125	,302***
<i>Relationally-focused Learning</i>	,315	,120	,291**
<i>Model Summary</i>			
<i>R Square</i>	,476		
<i>F for ANOVA</i>	16,377** *		
<i>p</i> < 0.05; * <i>p</i> < 0.01			

Having gone over the results, H1, the one that hypothesizes that higher levels of market-focused learning leads to higher levels of SME innovativeness, is supported, since market-focused learning is significant for innovativeness. As for H2, which puts forward that higher levels of internally-focused learning leads to higher levels of SME innovativeness, is again supported having observed that the proposed relationship turned out to be true for innovativeness. H3, the hypothesis proposing that higher levels of relationally-focused learning yield higher levels of SME innovativeness was also supported since this relationship was significant for innovativeness as well.

DISCUSSION AND IMPLICATIONS

An increased importance has been placed on SMEs and entrepreneurship as a way for alleviating economic problems (Clifton et al, 2010). A number of endeavors acknowledged this fact since in quickly changing and extremely competitive markets, growth-oriented small firms exert a growing influence on national economies around the world (i.e. European Commission 1996; Westhead and Birley 1995; Yeh-Yun-Lin 1998). On the other hand, innovativeness, the flexibility and willingness to acknowledge new ways to generate knowledge-based solutions, is becoming an increasingly central instrument for organizations trying to deal with the complexity of today's competitive environments (Liu and Phillips, 2011).

This paper has developed a theoretical framework that aims to shed light on the influence of SMEs' learning orientation on their level of innovativeness. Initially, the small-sized firms' learning activities were regressed against their innovativeness level and it was revealed that they count on market-focused learning activities in order to stay relevant in their respective industries. Having market knowledge keeps them up to date and provides them with information about how customer requirements are shaped. They gear their innovative practices according to the information they gather from the market. As for medium-sized firms, the regression analysis reveals that these firms rely on internally and relationally-focused learning activities. This finding depicts that since such firms have grasped the dynamics of their respective markets and their learning activities are directed towards R&D and establishing trusting relations with external institutions so that their innovations are well-rounded and to the point. Finally, when all of the firms in the sample were analyzed through regression analysis, internally-focused, market-focused and externally-focused learning activities all turned out to be significant for their innovativeness levels which ultimately provide an indicator for SME sustainability in the face of harsh market realities. Since SMEs conduct all of the mentioned learning activities simultaneously, this means that they cover all of their bases in order to be able to meet rapidly changing customer needs and requirements as well as to be able to endure within altering market and global conditions.

Besides, these findings are in line with the existing literature which theorizes that firms should conduct internally-focused, market-focused and externally-focused learning activities simultaneously to increase their innovativeness levels. This finding is also corresponding to the views of Varis and Littunen, (2010) who emphasize that SMEs generally cannot just count on their internal knowledge and competences in their innovation processes; instead, SMEs are compelled to seek for complementary information from their environment (i.e the market and external institutions).

The significance of this endeavor lies in the fact that the literature focuses mainly on large and often multinational companies who are operating in industrialized countries. Thus, it is worth giving attention to the findings of this study which demonstrate that the Turkish SMEs' understanding of their business milieu is similar to that of large firms. It appears that the SMEs in the sample have

realized the value of conducting various learning activities simultaneously so as to increase their levels of innovativeness which is needed for achieving sustainable business conduct and eventually boosted dynamism.

CONCLUSION

The present study posits learning orientation as the determinants for SME innovativeness. Having seen the results, the study reveals that all dimensions of learning orientation associates significantly with innovativeness. Namely, internally-focused learning, market-focused learning and externally-focused learning all turn out to be noteworthy determinants of SME innovativeness. Therefore, it is believed that this research has shed light on how up to date the SMEs in the sample were in terms of meeting the market demands in an emerging nation setting and how their dynamism adds to their endurance and sustainability in the face of fast-paced market changes.

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SUSTAINABLE POLICIES FOR SMALL AND MEDIUM ENTERPRISES (SMEs) IN TURKISH REPUBLIC OF NORTH CYPRUS

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Abstract

Acknowledgement to the significance of Small and Medium Enterprises (SME) goes as back as to the recovery years of post WWII. Currently EU extends the crucial support to SMEs with an engaging Small Business Act (SBA). Republic of Cyprus (est.1960) could never offer even safety to Cyprus Turkish Small Enterprises. Turkish entrepreneurs were isolated until the military peace operation Turkey exercised on the island during July 1974. Legal situation of TRNC, isolations implemented by EU and others, continue to hinder sustainability and the SMEs in TRNC face by far, more disadvantages then any counterparts. The late practise in TRNC to implement EU compatible legislation, together with the 26th April 2004 decision of EU Council committing to improve contact with the Turkish Community is designed to offer reasonable improvement to sustainability of SMEs. The authors of this article provide a study confirming that success of SMEs in TRNC is achievable as long as sustainable policies are implemented. Once the disadvantages are, neutralised sustainability will create successful SMEs and micro establishments helping the budget deficits to level and creating new non-government jobs much needed in TRNC.

Keywords: TRNC, SMEs, EU, KOBIGEB, Trade Regulation, Isolations

INTRODUCTION

The concept of sustainability has evolved to such an extent that is now viewed by many businesses to mean meeting the needs of the present without compromising the ability of future generations to meet their own needs. Therefore, more and more companies are being productive and taking steps to address issues such as climate change, oil depletion, and energy usage (Horne and Wachowicz 2008, p.5).

Sustainability is **not** "about" the integration of ecological, social, and economic issues, nor is it "about" widespread consultation nor is it "about" improving quality of life. It is about maintaining or sustaining something. Many environmentalists mean 'ecological sustainability' when they say 'sustainability'. In addition, many business people mean 'economic sustainability' when they say 'sustainability'. However, increasingly many people mean 'ecological **and** social **and** economic sustainability' (a combination of the three) when they use the term 'sustainability' without qualifying it.

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However, we need to bear in mind that it is not possible to **achieve** a desired level of ecological, social, or economic sustainability (separately) without achieving at least a **basic** level of all three forms of sustainability, simultaneously. Despite differences, a number of common principles are embedded in most definitions of sustainable development or sustainability. These include: conservation of biodiversity and ecological integrity (including halting the non-evolutionary loss of biodiversity); constant natural capital and sustainable income; ensuring **intergenerational** (within generations) and intergenerational (across generations) equity; recognising the global dimension; dealing cautiously with risk, uncertainty and irreversibility; ensuring appropriate valuation of environmental assets; integration of environmental and economic goals in policies and activities; and social equity and community participation (Sutton 2000).

Janssen (2001) provided a list of ten ground rules for becoming a sustainable entrepreneur:

1. The corporation should start reducing the environmental damage, respecting human rights and treating its employees with great care;
2. Sustainable entrepreneurship has to be a self-initiated process and should not simply be a response to external pressure;
3. If a corporation wants to practice sustainable entrepreneurship, it should identify clear aims and targets;
4. The aims should be closely related to the corporation's practice and should match the corporate values and its primary activities;
5. The aims have to be closely related to the consumers' needs;
6. The corporation has to be capable of explaining the relationship between sustainability and its activities and production process;
7. The corporation should adhere to these aims on a long term basis;
8. Consumers and pressure groups should have a transparent overview of investments made by the corporation related to sustainable entrepreneurship;
9. Sustainable entrepreneurship practiced by the corporation should not shifted to the consumers via a price increase; and
10. A corporation should not attempt to overemphasize its efforts. Bos (2002) added an additional rule to the list:
11. A corporation should make sure that the corporation shares its practices, as a whole, and that they are not solely efforts of the management.

Sustainability offers SMEs a competitive advantage since their smaller size and staff allows them to be more flexible integrating sustainability into their business, making them more responsive and adaptive to shifting markets

Three main drivers typically drive businesses embarking on new environmental programs and initiatives: values, compliance, or opportunity⁷.

⁷ Titles adapted from Willard, Bob. The Sustainability Advantage. Page 11. New Society Publishers.

•Values: “the right thing to do” refers to those businesses that seek to lessen their impact on the environment as a demonstration of their values. Businesses that show concern for reducing their environmental impacts earn a reputation as a good company with employees, customers, suppliers, investors and community members.

•Compliance: “the thing you must do” focuses on reducing time spent to manage current regulation, and the advantages of staying ahead of future regulation. All regulation can affect a business’ ability to operate and its profitability. Reducing regulatory risk of fines, reducing time to understand and comply with regulations, and anticipating new regulation is just good management. For example, many businesses are working to reduce their energy use and carbon emissions, expecting that regulation will soon follow and force businesses to pay for their emissions.

•Competitive Advantage: “the thing you can do to make money” highlights that an environmental focus offers businesses the chance for increased revenues and profits. Some businesses improve cash flow by reducing resource inputs (water, energy, waste services) to lower operating costs, while others diversify existing product lines to meet new customer demand for green products and services. Once a business has embarked on this path, marketing and advertising their green successes help to build brand and market share.

After the conceptual framework detailed above we need to refer to historical and economic events in order to get an idea about the phase of sustainability in which TRNC SMEs take place.

Fiscal crises originating over the Atlantic Ocean created a domino effect to shatter down most of the essentials without which businesses, more specifically Small and Medium Enterprises (SME). Finance sources from trade banks diminished, customers’ confidence eroded, domestic and export markets shrunk. Recent natural disasters in Eastern Hemisphere and political unrest in Middle East and North Africa only contributed to worsening the business environment for even SMEs with a sound finance and market structure.

European Commission Working Document 2009⁸ came in time to act as a road map to member countries for recovery efforts of SMEs. The keyword in all national plans is ‘Think Small First Principle’

*‘Based on an SME test, the Commission proposed in February 2009 to give Member States the possibility to exempt micro-enterprises from accounting rules. Member States would be free to devise accounting regimes best suited to their micro-enterprises’.*⁹

This helped to 5.4 million micro enterprises to find a better environment related with accountings, book keeping and VAT procedures. Administrative burdens are targeted to a huge 25% reduction. The commission further estimates that the administrative burdens reduction proposed or currently under preparation by the Commission could exceed the initial target and reach 33% of the total of € 123.8 billion estimated burdens of EU origin.’¹⁰

Since establishment of self-declared Turkish Republic of North Cyprus (TRNC)1975, Governments in search of revenues for uncontrolled budget expenses, implemented ever-changing policies for local businesses literally neglecting SMEs and destabilizing mainly production sector across the range of micro to major enterprises. Liberal economic measures were implemented mainly single sided and as a result, local production suffered from high interest rates, severe competition from non-

⁸ Brussels, COM(2009) 680

⁹ Brussels, COM(2009) 680

¹⁰ Brussels, 25.6.2008 COM(2008) 394 final

taxed imports, and increase of cost values and loss of European Markets due to isolation policies of EU for North Cyprus (NC). These outdated and unfavourable conditions bankrupted most of the enterprises, which previously enjoyed growth even during the 1960-1974 political unrest with administratively and financially dominant Greek population of the island.

Triggered by EU accession of Greek Controlled Republic of Cyprus (ROC) and the political will of both TRNC and Turkey to adopt EU compatible legislation and rules, TRNC government forwards more recognition to SMEs. First measure is forming KOBİGEM, (Küçük ve Orta Büyüklükteki İşletmeler Geliştirme Merkezi; Centre for improving small and medium sized enterprises). KOBİGEM provides services to improve competitiveness. Training, Consultancy, Marketing Aid, Grant and low interest loans, Project Assistance are also planned to be offered to SMEs. TRNC Council of Ministers appoints The Minister of Economy and Energy to supervise the improvements through the Advisory Board headed by The Minister himself. Advisor to the Minister, Advisor to the Finance Minister, Secretary of State Planning, YAGA (Agency to Improve Investments) Director, and representatives from KTTO (Chamber of Commerce), KTSO (Chamber of Industry), other stakeholders and Universities on the Island also participate in the board meeting at least once per year

EU defines the territory of TRNC as a territory, where the Government of member state Republic of Cyprus cannot exercise effective control. Thus, European Commission suspends Protocol 10 of the Accession Treaty of 2003 for the territory of TRNC.

‘However, the suspension does not affect the personal rights of Turkish Cypriots as EU citizens. They are citizens of a Member State, the Republic of Cyprus, even though they may live in the northern part of Cyprus, the areas not under government control.’¹¹

This unique political and legal situation, also limits the development of TRNC SMEs when compared with counterparts over Europe.

SME POLICY IN EU AND OTHER CENTRES

TRNC as implementing adaptation programme for EU acquis should consider the potential of harmonization with EU SME policy. Moreover, policy implications put forward by Organization for Economic Co-Operation and Development (OECD) can give valuable highlights in designing SME policy in TRNC.

The second OECD Conference for Ministers Responsible for SMEs brings together 30 OECD countries and more than 50 non-member economies at Ministerial level to exchange views on “Promoting Entrepreneurship and Innovative SMEs in a Global Economy”. It offers Ministers the opportunity to take stock of the progress that has been achieved in implementing the Bologna Charter, adopted at the Bologna Conference in June 2000. They may also assess policy priorities for realizing the potential contribution that small and medium-sized enterprises (SMEs), especially innovative ones, can make to better economic performance, notably in terms of jobs and productivity. A major focus of the conference is on SMEs that are more dynamic. These develop new ideas, processes and technologies in innovative ways to prosper and grow if the business environment in which they operate permits this to happen. Some of the issues relate to policies that affect the whole economy and hence the general business environment in which SMEs must operate. Other issues relate to policies and programmes more specifically oriented to supporting enterprise creation, fostering entrepreneurship and facilitating the growth and prosperity of SMEs once established. Still others relate to mobilizing human resources, in particular women, to realize

¹¹ EU Commission 26th April 2004

their full economic potential. A second major focus of the conference is the continuing process of international economic integration and ways to encourage SMEs, especially in developing economies, to take best advantage of this process. The main messages emerging from the preparatory work for the conference incorporated in a series of background reports are synthesized here. The first four sections below summarize the material relevant to the four main Ministerial workshops: 1) Entrepreneurship and SME innovation; 2) Tools for SME innovation; 3) SMEs in the global economy; and 4) Enhancing the role of SMEs for development. The final two sections summarize work relating to two sets of issues which cut across many of the other conference themes and which are fundamental to improving SME policy formulation and implementation: a) Evaluation of SME policies and programmes; and b) Towards more systematic measurement of SME behavior. Key policy recommendations from the background reports are provided as below (OECD 2004):

- Ensure stable macroeconomic and framework conditions to underpin the entrepreneurial business environment.
- Ensure the reduction and simplification of administrative regulations and costs, which fall disproportionately on SMEs.
- Promote an entrepreneurial society and entrepreneurial culture, in particular through education and training.
- Integrate the local development dimension into the promotion of entrepreneurship.
- Ensure that programmes in support of SMEs and entrepreneurship are realistic in terms of cost and are designed to deliver measurable results.
- Strengthen the factual and analytical basis for policymaking so that policy makers can take decisions in an informed manner based on empirical evidence.
- Increase the ability of women to participate in the labor force by ensuring the availability of affordable childcare and equal treatment in the workplace.
- Listen to the voice of women entrepreneurs.
- Incorporate a women's entrepreneurial dimension in the formulation of all SME-related policies.
- Promote the development of women entrepreneur networks.
- Periodically evaluate the impact of any SME-related policies on the success of women-owned businesses and the extent to which such businesses take advantage of them.
- Improve the factual and analytical underpinnings of our understanding of the role of women entrepreneurs in the economy.
- Concentrate policies for promoting availability of risk capital to innovative SMEs mainly on early stages of the financing of the firm.
- Recognize the need for proximity between suppliers of funds and those who require finance, particularly for small-scale investment.
- Increase the managerial and technical expertise of intermediaries whose role is to evaluate and monitor companies.
- Facilitate international transfer of institutional infrastructure and expertise.
- Subject new regulations, which could adversely affect the provision of risk finance to cost-benefit tests of their likely effect before implementation and monitor their subsequent impact.
- Encourage, in conjunction with business and accounting bodies, small business to recognize, measure, and report intangible assets
- Improve SMEs access to information about networking opportunities.
- Increase the participation of SMEs in research networks and technology markets.
- Support the emergence and maintenance of innovative clusters.
- Identify and promote best practice policies, which support company innovation through cluster development.
- Enhance SME awareness and knowledge of all elements of the intellectual property system.
- Strengthen the integration of intellectual property issues in programmes and policy initiatives aimed at fostering innovation in SMEs.

- Facilitate the use of the intellectual property system by promoting the development of cost-effective mechanisms for application and for the resolution of intellectual property disputes.
- Seek, through the WTO Round and other channels, to ease trade barriers.
- Promote the role that foreign direct investment can play as a vehicle for SMEs to access international markets.
- Encourage the smooth, cross-border growth of SMEs by reducing the need for internationally active SMEs to comply with multiple sets of rules or requirements.
- Facilitate access to the information SMEs need to operate internationally.
- Enhance incentives for new public-private partnership initiatives that would help SMEs reach global markets for innovative products and access foreign sources of advanced technologies and knowledge.
- Move beyond policies for basic connectivity and ICT readiness to facilitate more widespread uptake and use of complex ICT applications and e-business uptake by small firms.
- Encourage rollout of affordable quality broadband networks to underpin the competitiveness and growth of SMEs.
- Strengthen the infrastructure for trust, security (including spam and viruses), and privacy and consumer protection.
- Expand, in conjunction with business and consumer groups, SMEs' use of low-cost on-line dispute resolution mechanisms.
- Develop and distribute digital content, including by expanding the commercial use of information about the public sector, education and health care.
- Reduce ICT skill impediments to the growth of SMEs.
- Embed strategies toward the private sector and SMEs in countries' broader national development and poverty reduction programmes.
- Strengthen SME capacities to improve their competitiveness in domestic, regional and global markets.
- Promote policy coherence at regional, national and international level.
- Maximize the spillover of management skills and knowledge from multi-national enterprises to local SMEs.
- Apply the C.O.T.E. framework to SME policy
- Develop an "evaluation culture" by making evaluation of programmes central to the policy process.
- Integrate the methodology of, and budget for, evaluation of programmes as part of the legislative process.
- Ensure that all, rather than merely some selected, programmes are subject to evaluation.
- Major evaluations should be undertaken with independent but informed assessors.
- Evaluate all programmes using the most sophisticated techniques that are feasible taking into account the need to be cost-effective.
- Promote international convergence of statistical concepts and processes.
- Foster greater international comparability of statistics.
- Develop an integrated business statistical register.
- Promote data linking to make better use of existing data and reduce respondent burden on SMEs.
- Carry out policy-relevant empirical analyses to underpin evidence-based policymaking.

Following are the current programs and policies which SMEs in EU Member States have access to help them to manage the turbulent economic crises. Recommendation 2003/361/EC regarding the SME definition as from 1 January 2005 is summarized in the following table. Enterprises qualify as micro, small, and medium-sized enterprises (SMEs) if they fulfil the criteria laid down in the Recommendation, which are summarized in the table below. In addition to the staff headcount ceiling, an enterprise qualifies as an SME if it meets either the turnover ceiling or the balance sheet ceiling, but not necessarily both.

Enterprise category	Headcount	Turnover	or	Balance sheet total
medium-sized	< 250	≤ € 50 million		≤ € 43 million
small	< 50	≤ € 10 million		≤ € 10 million
micro	< 10	≤ € 2 million		≤ € 2 million

This Recommendation concerns all Community policies applied within the European Economic Area in favour of SMEs (Structural Funds, Framework Programme for Research and Development) as well as State Aid, where SMEs can benefit from exemption provisions and higher aid ceilings. The Recommendation is addressed to the Member States, the European Investment Bank (EIB), and the European Investment Fund (EIF).

Small Business Act (SBA) drives the Member states to popularize ‘Think Small First Principle’. And justifies the fact that;

SMEs form the backbone of the European Union’s economy. They account for 99 percent of European enterprises and generate about 58 percent of the EU’s turnover, employing two thirds of the total private employment. In the last five years, 80 percent of the new jobs were created by SMEs. They are a driver of innovation, competitiveness and growth and thus a key element in the Lisbon agenda. It is therefore important that regulation does not create disproportionate burdens on SMEs and that the interests of SMEs are preserved.¹²

To establish sustainability for SMEs, TRNC is adopting new rules. Authors observe that the adopted rules are far from the level of advantages offered to SMEs in Europe. Major programs, which EU implements are as follows as summarised from ‘European Union Support Programmes for SMEs’ prepared by EC Enterprise and Industry Directorate General with additional comments from authors.

European Union Support Programmes for SMEs compose of assistance schemes, divided into the following four categories:

1. Thematic funding opportunities
2. Structural funds
3. Financial instruments
4. Support for the internationalisation of SMEs

LIFE + ¹³ with a budget foreseen for €2.1 billion for the period 2007-2013.

Competitiveness and Innovation Framework Programme (CIP) is a coherent and integrated response to the objectives of the renewed Lisbon strategy for growth and jobs. Running from 2007 to 2013, it has a budget of approximately €3.6 billion

¹² EurLex Official Journal L 107 , 30/04/1996 P. 0004 - 0009

¹³ Life+ is a Program for environmental issues

Marco Polo II (2007-2013) contributing to an efficient and sustainable transport system, has a budget of €400 million for the period 2007-2013.

The Seventh Framework Programme for Research and Technological Development (FP7), (2007-2013) pays special attention to the SMEs through its different programmes: “Co-operation” (circa €32.3 billion), “Ideas” (circa €7.5 billion), “People” (circa €4.7 billion), and “Capacities” (circa €4.3 billion). As summarized in the following table

Table 1: The Seventh Framework Programme for Research and Technological Development (FP7), (2007-2013)

Promoting SME participation in the “Co-operation” programme	SMEs are actively encouraged to participate in all research actions. The involvement of SMEs in Joint Technology Initiatives (JTIs) is also encouraged wherever such activity is considered appropriate.
“Ideas” programme open to SMEs	Just like any other organisation, research teams from SMEs can compete based on excellence.
Human potential in research and technology in the “People” programme	Greater attention is directed towards encouraging increased SME participation under “Industry-academia partnerships and pathways”.
“Research for the benefit of SMEs” in the “Capacities” programme	<p>“Research for the benefit of SMEs” aims to strengthen the innovative capacity of European SMEs and their contribution to the development of new technology-based products and markets.</p> <p>The indicative budget for the SME specific actions is circa €1.3 billion.</p>

Competitiveness and Innovation Framework Programme (CIP) is a coherent and integrated response to the objectives of the renewed Lisbon strategy for growth and jobs. Running from 2007 to 2013, it has a budget of approximately €3.6 billion

Integrated Action Programme in Lifelong Learning for the 2007-2013 periods covers four specific programmes: COMENIUS, for schools up to the end of the upper secondary level; ERASMUS for higher education level; LEONARDO DA VINCI for all other aspects of vocational education and training; and GRUNDTVIG for adult education.

European Regional Development Fund, for the period 2007-2013 the strategy and resources of cohesion policy (European Regional Development Fund [ERDF], European Social Fund [ESF] and European Cohesion Fund) with a total allocation of € 308 billion:

The ERDF is the largest Community financial instrument benefiting SMEs. It targets to decrease the level differences between regions and to support social and economic harmony within the European Union. ERDF co-finances activities in a broad range of areas:

1. Entrepreneurship, innovation and competitiveness of SME
2. Improving the regional and local environment for SMEs
3. Interregional and cross-border co-operation of SMEs;
4. Investment in human resources

ERDF programmes are not directly managed by the Commission but by national and regional authorities. Due to the extra ordinary 'de facto' situation in TRNC, local SMEs have no possibility to benefit from this programme.

Rural Development Fund focuses on three thematic axes for the period 2007-2013: improving competitiveness for farming and forestry; environment and countryside; improving quality of life and diversification of the rural economy. A fourth axis also introduces possibilities for locally based bottom-up approaches to rural development.

EU also in some Member States supports financial intermediaries with Capacity Building Scheme. This instrument (as in the case of most of other above-mentioned programmes) is inaccessible to TRNC

CONCLUSION AND POLICY IMPLICATIONS

Before formulating sustainable policies, we should consider the crucial problems faced by SMEs in TRNC. These problems essentially hinder the sustainability of the economic sectors. Therefore, solution of sectorial problems is prerequisite for achieving sustainability of SMEs in TRNC. The vital or structural problems of SMEs are as follows (Şafaklı and Ertanin 2011):

- Out-dated legislation.
- High costs due to expensive raw materials, power, water, labour,
- Lack of communication between the SMEs and Education Institutes
- Absence of long term finance
- No competition environment and no organizational structuring
- Lack of knowledge for available finance sources
- Unsatisfactory infrastructure
- Unsatisfactory infrastructure in Industrial Zones.
- Low quality and very few renewed certificate of standards
- Collateral issues
- Lack of demand and lack of finance
- High costing
- Red Tape bureaucracy
- Lack of work power
- Undersupply of raw materials

Some of the structural problems are directly related to infrastructure of the country as a whole that utilized the insufficient EU funds. On 27 February 2006 the EU approved an aid programme with Council regulation (EC) No389/2006 for the benefit of the Turkish Cypriot community aimed at putting an end to the isolation of this community and helping prepare for the reunification of the island €259 million was

voted in 2006 for this programme which is to be implemented by the Commission (DG Enlargement) over five years. The main aims are:¹⁴

- Social and economic development;
- Infrastructure, in particular energy and transport, environment, telecommunications and water supply;
- Reconciliation, confidence building measures, and support to civil society;
- Bringing the Turkish Cypriot community closer to the Union, through information on the EU, and contacts between Turkish Cypriots and other EU citizens;
- Helping the Turkish Cypriot community to be ready to implement EU rules (acquis communautaire) in case of a comprehensive settlement.

Unfortunately, there are no easily accessible private and state finance sources for SMEs to innovate and modernize their production facilities to improve their productivity and efficiency that are essential factors for the competitiveness. As can be understood above most of the problems are out of the control of SMEs. Government should take initiative to solve these problems. However, necessary national and SME policies towards solving these problems at the State level are not yet formulated and declared. Furthermore, institutional structure is also not satisfactory. Such that, KOBIGEM shown as the SME's saviour is not equipped with the required technical and financial facilities to support the SMES. Moreover, KOBIGEM directed by undersecretary on behalf of minister and hence politicians is not autonomous leading to professional and rational management perspective.

¹⁴ COUNCIL REGULATION (EC) No 389/2006 November 2008

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**BUSINESS ETHICS AND ENTREPRENEURS:
A RESEARCH AMONG SMEs IN AEGEAN REGION, TURKEY**

Levent ARSLAN¹⁵ and Canan AY¹⁶

Abstract

Business ethics is an important research area that gained attention from many researchers from different disciplines. When the business ethics literature is analyzed, it is observed that most of the research done is about large and multinational corporations. On the other hand, it is a fact that SMEs play a vital role in almost every nation's economy and they have a very important position in the social life. For these reasons, conducting academic studies that focus on business ethics in SMEs and discussing the results of these studies is important for ethical development among SMEs. In this study, the results of a research conducted in SMEs in the Aegean Region via application of a comprehensive questionnaire are presented and discussed. During data collection, the questionnaires were directly sent to the entrepreneurs and asked to be answered by themselves since the informal structures of SMEs cause that the personal thoughts and behaviors of entrepreneurs effect directly the ethical performance of an enterprise. Statistical studies of the findings is still ongoing and the preliminary results are given about the ethical and unethical behavior of the entrepreneurs, the source of their ethical behavior, comments on the general ethical performance of the business, comments on the effects of ethical performance on overall enterprise performance and ethical approaches towards different stakeholders.

Keywords: Business ethics, entrepreneurship, SMEs, stakeholders

INTRODUCTION

Business ethics became a very popular research area for scientists from different backgrounds, especially in the last two decades. When the literature on business ethics is investigated, it is seen that the most of the research is conducted in large and multinational enterprises. There are some reasons reported for this fact: First of all, the large enterprises are powerful enough to have direct impact on their stakeholders alone so they need to take their ethical responsibilities into account. Secondly, some researchers believe that ethical responsibilities of enterprises are in conflict with economic priorities of enterprises, and ethical behavior is a luxury. Third reason is that, large enterprises support research in business ethics in order to create an academic background for their activities in this field (Spence, Schmidpeter & Habisch, 2003). On the other hand, since the percentage of SMEs in almost every nation is very high, business ethics research among entrepreneurs and SMEs is an important area to focus on.

BUSINESS ETHICS, ENTREPRENEURSHIP AND SMES

OECD reports indicate that 95 to 99% of the enterprises in all nations are SMEs and SMEs are regarded as the primary basis for dynamism, innovation and flexibility in both developed and developing economies. SMEs are the most important source for employment as well and employment ratio of SMEs

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is constantly increasing (OECD, 2005). In addition to the economic impact of SMEs, they play an important role in the social life. They create employment opportunities and help to fight unemployment, they strengthen the local economy in every part of the nation and contribute to democracy and prevent immigration. These facts underline that SMEs are a very important aspect of economy and social life and the incidence of business ethics principles in SMEs is worth to investigate.

A limited number of researchers conducted research about business ethics in SMEs. There are some researches that focus on the differences of ethical perceptions and ethical performances between large enterprises and SMEs and introduced important results (Longenecker et al., 2006; Baucus & Cochran, 2009).

Some part of the studies focused on the differences of personality traits between entrepreneurs and managers of large companies and investigated the effects of common personality traits of entrepreneurs on business ethics performance; such as cognitive moral development (Teal & Carroll, 1999), locus of control (Bucar, Glas & Hisrich, 2003; Longenecker et al., 2006) and need for achievement (Özer & Topaloğlu, 2007).

Some other researchers focused on the social aspect of SMEs and try to identify the differences of business ethics approaches in large enterprises and SMEs within this point of view (Bucar, Glas & Hisrich, 2003; Spence & Rutherford, 2003; Fuller & Tian, 2006; Lynch-Wood & Williamson, 2007). There are also some papers that discuss business ethics in relation with common characteristics of SMEs such as the lack of agency theory, busy daily work of entrepreneurs and informal structures and limited resources of SMEs (Spence, 1999; Longenecker et al., 2006; Hammann, Habisch & Pechlaner, 2009)

RESEARCH METHODOLOGY

For this research, an electronic questionnaire was prepared by the researchers. It was designed to be answered online, so, it was not a document to be filled out and sent back. From the database of KOSGEB, 750 enterprises that operate in manufacturing sector in Aegean Region were selected randomly and the link of the online questionnaire was sent to the e-mail addresses of the SME owners, directly. Within the e-mail text, the aim and outline of the research was introduced to the SME owner, together with the instructions to follow. There was also a remark in the e-mail text that, the name of the enterprise and name of the participant will be kept confidential. There was also another additional remark that if the recipient of the e-mail is not the SME owner, one should not fill the questionnaire and should forward it to the SME owner. Results indicate that, out of 750, 126 SME owners started to answer the questionnaire, and 88 of them answered all of the questions and completed the whole questionnaire. The response ratio for this research is 11,7%. Although the participants were selected from KOSGEB database, there were questions in the questionnaire to test if the participant represents an SME according to the legal SME definition, but it was observed that all the participants were representatives of SMEs.

RESULTS AND DISCUSSION

Detailed statistical analysis of the research results is ongoing and in this extended abstract, only preliminary results are given and discussed.

One of the sections of the questionnaire was a three-point Likert scale, where 15 statements were introduced and participants were asked to specify their level of agreement to these statements. Table 1 represents some of the results for this section of the questionnaire.

Table 1. Results of level of agreement to some of the statements (%)

	I agree	Neither agree nor disagree	I disagree	No idea
Enterprises that comply with legal obligations do their part in business ethics	69	17	13	1
Business ethics is a concept that large companies should deal with, not SMEs	7	10	82	1
In order to observe an ethical climate in an SME, the owner should take the lead	90	7	2	1
Ethical behavior will bring additional costs to an SME	50	20	25	5
The image of “ethical enterprise” will help an SME to find new customers	71	19	6	4
Ethical behavior of an SME owner in the workplace is similar to his/her ethical behavior out of the workplace	77	14	9	0
Workplace efficiency will be improved in an SME that operates in accordance with business ethics principles	80	14	4	2
SME owners are so busy that they can not find time to issues about business ethics	9	18	70	3

The first line in Table 1 indicates a common belief among the SME owners that if they obey the laws, they are done with their ethical responsibilities. This point of view is in contrary with the idea of business ethics, because, business ethics is generally regarded as doing things that are good and beyond the rules and laws. 77% of the participants think that the image of “ethical enterprise” will help an SME to find new customers and 80% of the SME owners believe that operating in accordance with business ethics principles can improve workplace efficiency.

In another section of the questionnaire, business ethics and short and long term profitability relation was questioned. Results show that, 27% of the participants believe that behaving in accordance with business ethics principles will improve the profitability of SMEs in the short term, 49% believe that it will not have any effects, and 17% believe that it will decrease the profitability. On the other hand, when it comes to long-term effects, 90% of the participants believe that ethical behavior will improve enterprise profitability in the long term.

Evaluation of the ethical behavior performances by the participants within their own SMEs, within their sectors and within the business world in general shows interesting results. SME owners that participate to the questionnaire think that ethical behavior level is very high or high (70% in total) in their own enterprises. But when it comes to evaluating their sector, this very high or high ratio drops to 22% in total. Only 12% (in total) of the participants think that business world in general has very high or high levels of ethical behavior.

In the questionnaire the sources of the ethical values of the participants were questioned by selecting 3 choices out of 7, where the choices were; laws, religion, culture, customer demands, education, business society, personal values and family. The most selected two choices were personal values and family, with frequencies 79 and 66, respectively, while education, religion and culture were the least selected sources of ethical values with frequencies 15 and 21 respectively.

In the questionnaire, the participants were asked to select (5 out of 16) some unethical behavior cases (scenarios) that they would never do in normal conditions, but consider doing to survive from an economic bottleneck as a last choice. Unethical behavior with the highest frequency (43) was “to lie my supplier that I found the same product with a lower price from a different supplier and ask for a discount”. The second unethical behavior with the highest frequency was “to delay salary payments” (f=31) and the third one was “to exactly imitate the products of my competitors that sell well” (f=30).

When the answers to these unethical behavior cases are grouped according to stakeholders, it is observed that SME owners tend to behave unethically towards, first to their employees (f_total=65), second to their competitors (f_total=62) and third to their suppliers (f_total=58). Unethical behaviors towards society and public organizations were lastly selected (f_total=34). This was an unexpected result because; unregistered economy and fiscal evasion are very common problems in today’s business world in Turkey.

The reasons of unethical behaviour in SMEs are reported to be “loss of moral values” (f=51), “lack of education” (f=46) and “competition” (f=43) by the SME owners.

Participants think that, society and public organizations are the first stakeholder group to be exposed to unethical behavior. Employees and customers follow as the second and third stakeholder groups. On the other hand, SME owners state that, employees are the most important stakeholder group that is desired to behave ethical towards their company. Following employees, customers are desired to behave ethical. At this point, it is relevant to mention that employees is the stakeholder group that SME owners tend to sacrifice in the first place, but also is the most desired stakeholder group to behave ethically towards the enterprise.

SME owners think that (%88) ethical performance of Turkish business environment will be improved in the future and the main reason behind this fact is reported to be the idea that “ethical performance will be regarded as a competition factor like quality and price”. This result is in parallel with the results mentioned in the beginning where, SME owners believe that ethical behavior can help an SME to find new customers, improve efficiency and increase profitability in the long term.

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EXTERNAL AND INTERNAL FACTORS OF UNSECESFUL ENTREPRENEURSHIP: FIELD RESEARCH IN VAN

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ABSTRACT

This research focus on factors of long and short-term success, and important factors to explain failure of entrepreneurship. Entrepreneurs and failure of business has been the long term subject of many scientific papers. To direct the entrepreneurs it is very important to understand the external, internal factors of business success and failure. So this paper is aiming in explaining the main factors are related to successful, and failure of entrepreneurs in small industrial business in Van city. The methodology of the research is based on the pre-structured interviews. The data to answer the research problem of the paper is gathered by interviews based on a interview, those performed by using questionnaire. According to interviews, risk taking personality, otherpreneur family, strong minded, network, good knowledge of market and production, innovativeness,, education/training are most important internal factors on their weak performance and failure their business. As an external factor to explain failure of entrepreneurship, low qualification of the human resource labor in the city is indicated.

Keywords: external and internal of entrepreneurship, otherpreneur

INTRODUCTION

The entrepreneur is a factor in microeconomics, and the study of entrepreneurship reaches back to the work of Richard Cantillon and Adam Smith in the late 17th and early 18th centuries, but was largely ignored theoretically until the late 19th and early 20th centuries and empirically until a profound resurgence in business and economics in the last 40 years. Starbucks Coffee is one such successful example. Stevenson and Jarillo (1990), divided entrepreneurship studies into three main categories: the first category which is heavily influenced by economic scholars is concerned with what will happen when entrepreneurs get involved in their activities. The second category is concerned with entrepreneurial personality and seeks to find out why are some people more entrepreneurial than others (Brockhaus, 1980). Yet, the third category deals with entrepreneurial behavior that offers extensive research in the field of management (Gartner, 1989; Bygrave and Hofer, 1991). Therefore, the fundamental questions are: which factors are important for the success of entrepreneurs. Levander and Raccuia (2001) believed

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that development is one of the indicators of success in financial and non-financial concepts. Some researchers such as Driessen et al. (2001) emphasize financial aspects more specifically. Others believed that personal traits of entrepreneurs have a large influence in their success (Levander and Raccuia, 2001). However, Lescevic (2002) stated that both internal and external factors are significant determinants of success among entrepreneurs. For this study internal factors are determined as communication skills, networking, family, training/education level, market and production knowledge, risk taking personality and strong minded. External factors include such factors, financial stability, low or high qualification of the human resource in the field, financial access, legal difficulties, and access to different financial resources. Those factors are gathered from different research results.

METHODS AND SAMPLE

The research problem of the study is “what are the internal and external factors of failure of entrepreneurship in Van city. To answer the research problem is 45 minutes interviews performed by the researchers. The sample of the research is consist of head of the investment support office of East Anatolia Development Agency and head of the Programme Management Unit of East Anatolia Development Agency and general secretarial of the Van Trade and Industry Chamber. This study is aimed to gather data from the observers instead of gather those data from entrepreneurs itself. The methodology of the paper is divided into two phase. Once interviews are performed then participants are invited to result discussion meeting. So the result of the study is actually wholly agreed factors of failure of entrepreneurship. Interviews are based on pre structures questionnaire. Questionnaire is consist of two parts. The first part includes internal factors (communication skills, networking, family, training/education level, market and production knowledge, risk taking personality and strong minded); external factors (general financial stability, economic conditions, interest and inflation rates, access to financial resource, low or high qualification of the human resource in the field, legal difficulties (Driessen et al., (2001); Bagley and Boyd (1987); Hornaday and Aboud (1971); Brockhaus (1982); Perry et al. (1986); Lorrain and Dussault (1988); Bagley and Boyd (1987); Getwood et al. (1995); Paulhus (1983); Hood and Young (1993). Mengel (1972); Liles (1974), and Broehl (1978) in Ahmed(1985); Hornaday and Aboud (1971) and Hornaday and Bunker (1970))

LIMITATIONS

This exploratory descriptive study examined factors determining the failure of entrepreneurs in Van. The most used sampling is to understand such a descriptive question is to focus on entrepreneurs itself. But it has its own limitation called as actors own blind, to pass through this blindness, data gathered from close observers of business life who has strong experience and opinion on the issue. But it brings its own limitations to study. The most important limitation of the study is sample size. Secondly it must be consider that participants of the study are only observers of entrepreneurial life. Their perceptions are limited by their focus and knowledge.

DISCUSSION AND CONCLUSION

According to result of consensus meeting “lack of risk taking personality, lack of otherpreneur family, lack of strong minded personality, lack of network, low knowledge of market and production, lack of innovativeness, low level of education/training are most important internal factors on their weak performance and failure to run their business. As an external factors to explain failure of entrepreneurship, low qualification of the human resource labor in the city was the most agreed on one.

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Multipoint Competition, Cooperation among Firms and Sustainability: A Review of Literature

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Abstract

Since last three decades, research on multipoint competition has received less attention and focus. In contrast to the single point competition, the multipoint competition theory argues that firms competitive behaviors differ when they meet each other in multiple (product or geographic) markets. The research on multipoint competition has reached the mutual forbearance hypothesis which states that there will be an inverse relationship between the degree of multimarket contact between firms and the intensity of competition between them in specific geographic- product market. Although this mutual forbearance hypothesis has received enough empirical support, still other factors (antecedents and consequences) that affect the rivalry/cooperative behavior of firms competing in multiple arenas, remains unexplored. The current paper brings the previous research on multiple market competition to provide a detailed insight about the status of the field. In addition, the paper identifies some critical issues related to the competitive versus cooperative behaviors among firms which affect the sustainability of the firms and industries in particular and the society at large.

Keywords: Multi-point Competition, Cooperation among Firms, Sustainability

INTRODUCTION

The basis for multipoint competition (also termed as multimarket competition) has been derived from Industrial organization economics and game theory. According to Karnani & Wernerfelt (1985) multipoint competition can be defined as a situation “where firms compete against each other simultaneously in several markets (pp. 87).”

Research on competition assumes competition to occur in single settings while research on multipoint competition assumes that firms compete in more than one arena at a given time (Karnani & Wernerfelt, 1985). Based upon business portfolio theory, Karnani and Wernerfelt (1985) suggest that a firm should bring money from high market share, low growth rate business, and invest it into low market share high growth rate business. The scenario of competition among firms and responses to competitive moves by each firm has been captured by Karnani and Wernerfelt (1985) in an example, whereby two airline companies are competing on same routes. When one airline cuts off its prices in one or more

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routes, there comes four ways for the second airline to respond. These four options include, i) Do nothing, ii) Defend, iii) Counterattack and iv) Declare a total war, respectively. Later study by Smith and Wilson (1995) found that “Do Nothing” strategy was the most observed strategy (56%) in contrast with Karnani and Wernerfelt model which predicted that “Counter Attack” should be frequently observed.

This paper reviews the mainstream research on multipoint competition among firms and discusses its various causes and consequences. The paper attempts to develop a case for cooperation among firms, which have contacts in multiple markets, for the sustainability of these firms. The extant literature on multipoint competition is also presented in tabular form.

MUTUAL FORBEARANCE

The research on multipoint competition has reached the stage of mutual forbearance. Although this mutual forbearance argument was first developed by Edwards (1955) however it's various antecedents and consequences remain unexplored.

According to mutual forbearance hypothesis

“Firms which are multipoint competitors (i.e., firms that have competitive contacts in multiple markets or multi-market contact) will compete less intensely with one another” (Gemino, 1999: 102), maintaining an environment of implied agreement.

The first arguments of mutual forbearance were made by Edwards (1955) who argued that multimarket contact may soften the competition among firms. However, some studies did not support the mutual forbearance hypothesis (Rhoades & Heggstad, 1985; Scott, 1982). It is speculated that these contradicting results may be due to the firm or market characteristics (Bernheim & Whinston, 1990). While controlling for some factors, later studies (Evans & Kessides, 1994; Gimeno & Woo, 1996) supported the mutual forbearance hypothesis. Among the earlier studies of multipoint contact, Heggstad and Rhoades (1978) studied 187 banks and found support for mutual forbearance hypothesis. They found that rivalry in banking sector reduced as the multipoint contacts among rivals increased. Later on, Singal (1996) took data of 14 mergers among airline companies and investigated the effect of multimarket contact on airfares. He found that increase in multimarket contact leads to higher airfares. These differing results suggest that the mutual forbearance among competing firms may vary from industry to industry.

Derived from multipoint competition and resource based theory, Chen (1996) develops two firm specific constructs: market commonality and resource similarity. These authors introduced the idea of competitive asymmetry, that is, firms in a given pair may not create an equal degree of threat to each other. The authors argued that having a unique market profile and strategic resource endowment, each firm needs to have a pair wise comparison with its competitors along these two dimensions. Fernandez and Marin (1998) investigated the effects of multimarket contact on prices in hotel industry of Spain. They found that prices were higher in markets where it was difficult for multipoint competitors to collude, and conversely the prices were lower in markets where multipoint competitors could easily collude. Jan and Rosebaum (1996) studied the effects of multipoint contact on the prices of U.S cement industry. According to these authors, as the multipoint contact among firms increases the prices in a particular market also increases.

In a similar vein, Pilloff (1999) examined banking organizations from 1992 to 1995 and found that multipoint contact was positively related to profitability. As the multipoint contact increased, the competition among multimarket competitors reduced. Gimeno and Woo (1999) investigated the relationship between multimarket contact and resource-sharing opportunity of firms and their interactive effect on efficiency, rivalry, and profitability. In their study, multimarket contact was found to be reducing intensity of rivalry and increasing profitability, and this effect of multimarket contact was even more in markets with strong resource sharing opportunities with the focal market. Thus it supported the mutual forbearance hypothesis.

In contrast to previous researches which assumed that all multimarket contacts have equal importance to all firms (Baum and Kor, 1996; Evans & Kessides, 1994; Gimeno and Woo, 1996),

Gimeno (1999) studied U.S airlines and investigated that how the relative market importance (reciprocity) for multimarket competitors effects the intensity of rivalry among them. For example market A has greater strategic importance for Firm X than firm Y, while market B is more strategically important for Firm Y than Firm X. When these two firms are competing in both markets, they have a reciprocal relationship and are less likely to engage in intense rivalry. These authors concluded that reciprocal multimarket contacts decrease rivalry and increase market share sustainability more than nonreciprocal multimarket contacts

Young, Smith, Grimm and Simon (2000) investigated the effects of multipoint contact and resource dissimilarity on intensity of rivalry. They theorized that resource dissimilarity among rivals may cause aggressive behavior towards competitors. However, they found that multipoint contact tends to reduce the intensity of rivalry among firms to the extent that firms have dissimilar resources. McGrath, Chen and MacMillan (1998) speculated that a firm may divert the resource allocation of its rival firms by shifting its own resources and changing its own position in different markets. They argued that a firm may engage another firms in competition in one market and secretly take a foothold in another market. For example, a firm A can engage another firm B tactically in market X, to the extend that firm B shifts some of its resources from Market Y and invests into market X. Now firm A can easily establish a greater foothold in market Y.

ENTRY OR EXIT

Recently research on entry and exit has gained considerable amount of scholarly attention. It has been consistently found that there is an inverted- U shaped relationship between multipoint contact and market entry shaped (Baum & Korn, 1999; Haveman & Nonnemaker, 2000; Baum et al. 2000; Stephan et al, 2003; and Fuentelsaz & Gomez 2006).

According to Haveman and Nonnemaker (2000), controlling for firm characteristics, market and rivals' size and macroeconomic factors, multimarket firms do not enter or grow in markets where they face high or low levels of multipoint contact rather they enter and grow in markets where they experience a moderate level of multipoint contact. Hence, they show an inverted U-shaped relationship between level of multipoint contact and rates of growth or entry. These authors also found that the effect of multipoint contact was stronger on entry than on growth. They also found that the effect of multipoint contact is higher when markets are driven by a few dominant multimarket firms.

Baum and Korn (1999) studied pair-wise relationships among firms of airline industry and the potential of these competitor dyads for engaging in rivalrous and cooperative behaviors rather than focusing on groups of firms or individual competitors. Consistent with previous research, they found that firm's rates of entry into and exit from each other's markets were both low when multimarket contact was high. They also found that competitive interactions were higher when multimarket contact was moderate, but as the multipoint contact between firms increased, the multimarket firms relied on mutual forbearance. Furthermore, these authors also found that firm may enter a small firm's markets or it may enter the markets of firms with which they share a few markets.

The concept of multimarket competition challenges the assumption that all firms in a markets or industries are affected equally by competitive pressures (Boeker, Goodstein, Stephan, & Murmann; 1997). As the multimarket contact among firms increases, it results in mutual forbearance. Boeker et al. (1997) studied how the degree of intermarket contact among firms in hospital industry affects the particular firm to exit that market. The authors found that a firm may not usually exit a focal market where it faces competitors with whom it is competing in other markets as well. The rivalry among firms decreases in those markets which are shared by multimarket competitors.

Baum and Korn (1999) found that multimarket contact had an inverted-U relationship with rate of entry and exit. It was also found that relative multimarket contact and the interaction of multimarket contact with firm size had significant effects on entry and exit. When multimarket contact between Airlines was low, there was limited rivalry and the exit rates were low. As the multipoint contact increases the exit rates increased because the firms were under pressure to decide for the markets they

will hold or sacrifice. Airline's rates of entry into and exit from each other's markets were both low when the degree of multimarket contact reached a higher level.

Korn and Baum (1999) studied the antecedents of multipoint contact among California based air carriers having a period of 5 years. They argued that chance can be one of the antecedents that increase multipoint contacts among competing firms.

Stephan, Murman, Boeker, and Goodstein (2003) argued that once multimarket contact levels reach the point where forbearance begins to operate, the propensity of a firm to enter into additional markets of its multimarket rivals declines, thus showing an inverted-U-shaped relationship between multipoint contact and market entry. Stephan et al. (2003) also investigated the role of corporate leaders in the relationship between multipoint contact and competitive actions among multimarket competitors. Newer and longer tenured CEOs were shown to have different preferences for taking competitive actions towards their multimarket competitors. Longer-tenured CEOs adopt a mutual forbearance approach towards their multimarket competitors while newer CEOs do not.

Their results showed that relationship between multimarket contact and market entry was consistent with prior literature (inverted U-shaped) for firms having longer tenured CEOs but this relationship was positive (linear) for newer CEOs.

Liand and Greenwood (2004) studied 276 general insurance companies in Canada. Their analysis regarding multipoint competition indicated that mutual forbearance among multimarket competitors occurs under conditions of high familiarity.

Greve (2006) investigated whether multimarket contacts are made strategically or multimarket rivals entered coincidentally. The authors argued that when the intent and extent of multimarket contacts are considered by multimarket firms then strategic entry can be seen. They also provide that managers appear to be risk-averse when developing multimarket contacts. Greve (2008) tested the impact of multimarket contact on sales growth of insurance firms. Their results indicate that a firm having a few multipoint competitors in a focal market tends to defect and manipulate its sales growth.

A recent stream of research has focused on cooperation rather than competition among firms to arrive at a win-win situation (i.e. gain sustainability). Chen (2008) attempted to compare and re-conceptualize the competition versus cooperation among firms. Recently, research has focused on cooperative behaviors among firms rather than competitions (Arranz & De Arroyabe, 2008; Chen, 2008). Across various industries firms are making alliances with their rivals (Hagedoorn, Link, & Vontoras 2000). Even it is argued that firms can get financial benefits by engaging in cooperative alliances with their competitors as it will help them to expand their markets (Bucklin and Sengupta 1993; Rindfleisch and Moorman 2001). Luo, Rindfleisch, and Tse, (2007) further argued that to survive and get sustainable growth in existing and new markets in today's highly competitive environment, firms may require to cooperate rather than compete with each other.

Table 1: Empirical Research in Multimarket Competition: A Summary

Authors (year)	Data and Sample	Variables and Measures	Findings
Heggestad and Rhoades (1978)	187 local banking markets from 1966 to 1972	Dep.: Rivalry measured as market share instability Indep.: Count measure of multimarket contact Controls: growth, Concentration, unit banking dummy, limited branding dummy	Rivalry in banking sector reduces with higher multimarket contact and market share remains stable.
Scott (1982)	437 U.S top manufacturing firms (1974)	Dep.: Profit/sale per Line of Business Indep.: Probability of observing less contact and its dummy above the median value Controls: geographic market size, minimum efficient scale, advertising intensity, Concentration, assets/sales, market share	Interaction between multimarket contact and concentration has a significant effect. Profits were approx. 3% higher when both seller concentration and multimarket contact were high.
Alexander (1985)	67 market areas (banking) in six states 1975	Dep.: Performance (service charge ratio in deposits, interest rate on loans) Indep.: Multimarket contact	Quadratic interaction effects of multimarket contact with concentration were more significant. Also charges and fees were higher in those market where multimarket contact was high
Feinberg (1985)	391 U.S manufacturing firms with more than one product. (1982)	Dep.: Income/sales Indep.: Multimarket contact Controls: Company study: Market share, average sales per market, concentration, assets/sales, advertising ratio Industry study: Diversification, assets/sales, advertising ratio, market growth, imports, minimum efficient scale, consumer focus, cost disadvantage ratio	Markets where multimarket contact was higher, profit margins were also high.
Rhoades and Heggestad (1985)	154 banking areas including 1074 banks and 210 banking areas with 1443 banks	Dep.: Industry performance variables Dep.: Rivalry operationalized as change in rank Dep.: Performance (For study B and C, other variables were the same as in Heggestad and Rhoades 1978)	Results contradicting with mutual forbearance hypothesis. Multimarket contact had no relationship with returns, fees and loan rates.
Mester (1987)	171 savings and loan firms in California 1982	Dep.: Rivalry measured as instability of market shares, and performance as firm profits and prices Indep.: Multimarket contact as count and probabilistic measures	The interaction between contacts and concentration was more significant. Effects contradict mutual forbearance hypothesis. Fees and loan rates were higher but returns lower as

			multimarket contact increases.
Sandier (1988)	123 airline markets during 1974-1976 and 1978-1980	Dep.: Log of relative market share instability Indep.: Concentration, dummy for airports with slot constraints, multimarket contacts among rivals, new entry dummy, labor strike dummy, deregulation dummy	Multimarket contact is related positively to rivalry.
Barnett (1993)	Data about 48 state markets of consumer premises equipment and service sector of the telephone industry. 1981 to 1986	Dep.: Exit rate from a market Indep.: Number of single- point and multipoint competitors	Rivalry and market exit rate decrease with increase in multimarket contact
Hughes and Oughton (1993)	418 U.K manufacturing firms in 134 industries, 1979	Dep.: industry rate of return, Industry price-cost margin, Indep.: Multimarket contact Controls: development intensity, minimum efficient scale, % imports, % exports, capital-output ratio, research and Concentration, diversification, growth rate, capital stock, capacity utilization, presence of foreign multinational enterprises	Multimarket contact has significant positive effect on performance i.e rate of returns and profit margins were high where multimarket contact was high.
Evans and Kessides (1994)	1000 largest routes in U.S. airline industry 1984 to 1987	Dep.: Log of average price Indep.: Direct flight, round- trip ticket, distance, route market share, concentration (route and airport), airport market share, multimarket contact	Multimarket contact has a strong positive effect on route fares.
Baum and Korn (1996)	40 California-based commuter air carriers from 1979 through 1984	Dep.: Rate of market entry and exit Indep.: Market domain overlap, multimarket contact, concentration, spheres of influence	Multimarket contact and its interaction with spheres of influence are significantly related to lower entry and exit. However, the interaction of multimarket contact and concentration was not significant
Singal (1996)	14 mergers among airline companies between 1985 and 1988	Dep.: Fares (Dollars per mile), concentration (market shares of all firms) Indep.: Multimarket contact	Multimarket contact has a significant positive effect on airfares, as increased multimarket contact leads to higher fares in airline industry
Gimeno and Woo (1996)	U.S. 48 airlines across 3,000 city-pair markets, 1984 through 1988	Dep.: Yield (average price charged divided by the distance of the market) Indep.: Multimarket contact, strategic similarity	Multimarket contact decreases rivalry, and strategic similarity moderately increases rivalry. This finding challenges prior literature which found that strategic similarity reduces

		Controls: cost position, market structure, Service attributes, market characteristics, and firm-specific advantages	rivalry
Jans and Rosenbaum (1996)	25 regional cement markets in the United States over 16 years (1974-1989)	Dep.: Price Indep.: Multimarket contact, concentration Controls: capacity, age, size, Price of inputs, process technology	Multimarket contact has a greater positive effect on price as focal market concentration increases. As the multipoint contact among firms increases the prices in a particular market also increases.
Boeker et al. (1997)	286 California-based hospitals (1980-1986)	Dep.: Market exit (as an indirect indicator of intensity of competition) Indep.: Multimarket contact (market overlap for specific service), chief executive change, mode of service, performance Control: Density, contracting, statewide service density, historic exit rate, ownership, medical doctors per capita, hospital size	Increased multimarket contact reduces exit rates from those markets (as competition reduces).
Parker and Roller (1997)	Mobile (cellular) telephone industry in the United States	Dep.: Price-cost margin. Indep.: Regulation (none, low, high), dummy variables for specific firms and competitors in specific markets, cross ownership, multimarket contact, first entrant s lead over the second entrant, age of the cellular system	Multimarket contact explains noncompetitive prices (as a result of lower intensity of competition).
Fernandez and Marin (1998)	2221 hotels and boarding houses across 83 different geographic markets in Spain in 1996.	Dep.: Price Indep.: Multimarket contact, concentration Controls: Age, hotel category, quality distance, local wages, local demand	Multimarket contact has a positive effect on collusion at low levels of market concentration; negative effect at high levels of market concentration
Pilloff (1999)	6,233 banks organizations that existed from 1992 to 1995.	Dep: profitability Indep: Multipoint contact	Multipoint contact was positively related to profitability. Multimarket contact reduces competition
Baum and Korn (1999)	Data describing the route (i.e., city-pair market) changes of California- based commuter air carriers from January 1979 through December 1984	Dep.: yearly number of market entry and exit Indep.: Multimarket contact, multimarket contact with a rival relative to the multimarket contact with other competitors, and relative size of competitor Control: Focal and competitor airline characteristics, aggregate environmental characteristics	Multimarket contact has an inverted-U relationship with rate of entry and exit. Relative multimarket contact and the interaction of multimarket contact with firm size have significant effects on entry and exit. Airline's rates of entry into and exit from each other's markets

			were both low when the degree of multimarket contact was high.
Korn and Baum (1999)	Air carriers California from 1979 to 1984. 15 sample CACs having 105 competitor dyads.	Dep: initiation of multimarket contact between airline i and competitor j, expansion of multimarket contact between airline i and competitor j. Indep: Chance, Trait-based imitation, Vicarious learning, experiential learning, and selective search. Controls: age and size of airline	Chance market contacts among competitors pursuing un-coordinated strategies cause multimarket contact, trait-based imitation was unrelated to multimarket contact, vicarious learning was correlated to multimarket contact.
Gimeno (1999)	U.S. data on 48 airlines across 2897 markets, 1984 through 1988	Dep.: intensity of of competition Yield (average price per mile divided by distance of market) and market share Indep.: Reciprocal and nonreciprocal multimarket contact Controls: Service and market attributes, cost position, market structure, firm dominance	Reciprocal multimarket contacts decrease rivalry and increase market share sustainability more than nonreciprocal multimarket contacts. Multimarket competitors use foothold in rivals' important markets to decrease the aggressive behavior of their competitors in their own important markets.
Gimeno and Woo (1999)	U.S. data on 28 airlines across 3,008 city-pair markets from 1984 to 1988	Dep.: Cost, profitability, intensity of rivalry Indep.: Multimarket contact, economies of scope, interaction Control: average marginal cost, demand characteristics, sources of market power.	Multimarket contact has correlation with economies of scope. Multimarket contacts decrease rivalry and increase profitability, and this effect is even greater when firms share economies of scale.
Haveman & Nonnemaker (2000)	savings and loan associations (thrifts) operating in California between 1977 and 1991	Dep: market entry, growth Indep: multimarket contact Control: firm characteristics, market size, rivals' size, and geographic distribution of branch offices.	Multipoint competition affects all rivals, multi- and single-market firms alike. Firms grow in or enter markets where they experience moderate levels of multipoint contact. Inverted U-shaped relationship between level of multipoint contact and rate of entry and growth
Baum et al. (2000)	557 nursing homes in Ontario 1971-96	Dep: acquisition rate Indep: Distance from multimarket chain competitors	Inverted-U shaped effect of distance to multimarket competitors on acquisition rate
Young, Smith, Grimm and Simon (2000).	20 U.S. software firms competing in 7 software markets, five year data.	Dep: competitive behavior Indep: multipoint contact and resource dissimilarity Controls: scope of	Resource dissimilarity among rivals causes aggressive behavior towards competitors. However, multipoint contact tends to reduce the intensity of rivalry among firms to the

		the firm, competitive structure, longitudinal collinearity in observations	extent that firms have dissimilar resources
Stephan, Murman, Boeker, & Goodstein (2003)	395 for-profit and not-for-profit hospitals in California from the period 1980-1986.	Dep: Market Entry. Indep: Multimarket Contact, CEO Tenure with focal firm. Controls: general environmental condition, service-level variations, firm-level characteristics	Once multimarket contact levels reach the point where forbearance begins to operate, the propensity of a firm to enter into additional markets of its multimarket rivals declines. Inverted-U-shaped relationship between multipoint contact and market entry. Longer-tenured CEOs adopt a mutual forbearance approach towards their multimarket competitors while newer CEOs do not.
Greve & Mitsuhash (2004)	10 largest Japanese shipbuilding firms between 1974 and 1999	Dep: Patents Indep: multimarket contact	firms are more likely to take out patents if their Multimarket overlap with other firms in the market is high.
Liand & Greenwood (2004)	General insurance industry with 276 general insurance companies in Canada from 1993 to 1998.	Dep: ROA as a measure of performance Indep: multimarket contact, diversification Controls: Investment and insurance risk	Mutual forbearance among multimarket competitors occurs in high familiarity conditions. Multimarket competitors need to interpret each others behavior in order to reach a mutual forbearance.
Fuentelsaz & Gomez (2006)	Spanish savings banks industry between 1986 and 1999,. 77 banks in 1986 to 49 banks in 1999	Dep: Market Entry. Indep: Multimarket Contact, Reciprocity of contacts, Strategic similarity, Seller concentration Controls: logarithm of equity, profitability, average assets of the entity.	Provided further support to the U-inverted influence of multimarket contact on entry. both multimarket contact and strategic similarity have a significant influence over the rates at which entry into new geographical markets take place.
Greve (2006)	824 branches of 174 Tokyo-based banks	Dep; entry Indep: multipoint contact	When the intent and extent of multimarket contacts are considered by multimarket firms then strategic entry can be seen. They also provide that managers appear to be risk-averse when developing multimarket contacts.
Greve (2008)	Norwegian general insurance industry.	Dep: Sales growth	Firms having a few multipoint competitors in a specific market

	Data on sales gather from yearbooks from 1912 (volume 1) through 1986 (final volume). 329 firms and 73 years.	Indeep: Multimarket contact Control: market share	are likely to defect other firms. Firms are also likely to defect when multimarket contact between them is high. support theory of mutual forbearance in multimarket contexts
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CONCLUSION

Research on competition assumes competition to occur in single settings while research on multipoint competition assumes that firms compete in more than one arena at a given time. In contrast to the single point competition (where firms meet and compete in a single market), the multipoint competition theory argues that firms competitive behaviors differ when they meet each other in multiple (product or geographic) markets. Research on multipoint competition has received less attention and focus in the past but now many developments have been made in recent years. A couple studies have been conducted to test the mutual forbearance hypothesis and most of these studies have supported this argument (see: Table 1).

The research on multipoint competition has reached the mutual forbearance hypothesis which states that there will be a negative relationship between the degree of multimarket contact between firms and the intensity of competition between them in specific geographic- product market. Although this mutual forbearance hypothesis has received enough empirical support, still other factors (antecedents and consequences) that affect the rivalry/cooperative behavior of firms competing in multiple arenas, remains unexplored. After all, in recent years different competitive moves are being linked with the mutual forbearance and the market entry and exit by firms has been examined under the light of multipoint competition. Moreover, the differing results pertaining to the mutual forbearance among competing firms may vary from industry to industry. Hence, future research needs to explore more factors in this domain of multipoint competition.

Finally, the recent focus on sustainable growth of firms emphasizes on strategic alliance and cooperation among firms. Future research needs to further explore the conditions where firms need to cooperation and/or compete in order to ensure sustainable growths and economic development.

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IMPACT OF OWNER/LEADER BEHAVIOR ON JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT IN SMALL AND MEDIUM ENTERPRISES IN PAKISTAN

Khurram Shahzad²⁰, Maryam Arif²¹, Khansa Hayat²²

Abstract

Sustainability of small and medium enterprises (SMEs) is directly linked with performance and commitment of their employees. Ensuring high performance and retention of employees through job satisfaction and organizational commitment is relatively more important for small and medium enterprises (SMEs) than large organizations. This study investigated the impact of owner/leader behavior on these two factors. Data was collected using a questionnaire consisting of standardized scales from 96 managerial and non-managerial employees working in SMEs in Pakistan. Correlation and regression analysis were used to find the associations between study variables. The results of this study indicate that leadership behavior has significant relation with job satisfaction and organizational commitment of employees in small and medium enterprises of Pakistan. Results and implications for owners of SMEs have been discussed along with directions for future research.

Keywords: Leader/Owner behavior, job satisfaction, organizational commitment, SMEs, Pakistan.

INTRODUCTION

The most important determinant that affects an organization is the job satisfaction and organizational commitment of its employees (Kennerly, 1989). Leadership is well thought-out to be the vital antecedent of job satisfaction and organizational commitment. It has an impact on the employee's enthusiasm and commitment. This is especially true in small and medium enterprises (SMEs) where manager/owner and employee interaction is much more than in large firms. The approach of a leadership mainly emphasizes the type of leader who invigorates the group to work and cooperate and provides the group with a clear road map or "vision" (Menon, 2001). There is an increase in the performance of those employees who are more committed with the organization and satisfied with their jobs they also add value to the productivity of the organization (Samad, 2007).

In the workplace there is a need for efficient and effective leaders and managers who work together with employees to achieve organizational objectives. Organizational success is mainly/ strongly dependent on the motivation and commitment of employees and also their efforts. Job satisfaction is significant building block to retain the employees. If the employees are satisfied with their job its mean that turnover rate will be low i.e. organizational commitment by the employees will be high. Leaders' behaviors are connected by enlarged job satisfaction and work efficiency and with a decreased ratio in turnover. Leadership behaviors have shown noteworthy relationship with both job satisfaction and organizational commitment.

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In the present era the organizations around the globe are facing problems and productivity issues. To cope up with these challenges, leaders are required to be a flexible on their part. Recent crises in the organizations emphasize on and demand for the committed leadership along with the commitment of employees and managerial staff (Earle, 1990).

The aim of this research is to examine the impact of leadership behavior on job satisfaction and organizational commitment in SMEs in Pakistan. Because SMEs have less formal rules and regulations and mainly leaders/owners determine the rules and regulations to achieve the organizational goals. They set examples for their followers to act. Leaders of SMEs also change the strategies to provide the benefits to their employees. Employees in SMEs are held liable for business performance goals while working with fewer resources and impaired budgets. Under such conditions it is important to examine that how and to what extent leadership behavior determines job satisfaction and organizational commitment of employees in SMEs in Pakistan.

LITERATURE REVIEW

Leadership

Broadly speaking, leadership is the name of a vital and critical relationship amongst the person who is leading and the group of followers, towards the achievement of common goals and objectives which are pre defined (Bennis & Nanus 1985; Burns 1978). It means that there is an active and communicational relationship amongst the group and followers rather than a passive and non directional one.

Leadership can be defined from personality perspectives and group perspectives. Personality perspectives show leadership as a combination of special characteristics of individuals that enable them to encourage others to accomplish task. Group perspectives say that the leader is the centre of group change and activity and embodies the will of the group (Northhouse, 2004 p.2).

In this paper, personality perspective of leadership has been considered. In personal perspective, leadership is seen flanked by the leader relationship and employee or employees in group.

Leadership behavior

A leader is a key factor in giving and granting subordinates with the exposure and empowerment. (Liden, Sparrowe & Wayne, 2000). The leadership behavior emphasizes on the person who energizes the group of supporters to work with and follow the leader towards the achievement of common goals and future vision which is to be achieved. (Menon, 2001).

It is argued by Bartram and Casimir (2006) that there is a positive relationship of transformational leadership style/ behavior with employee empowerment. Transformational leadership is comprised of empowerment and consultancy with the followers in organizational decision-making, developing the potential in the employees, encouragement of employees, showing deliberation to the employee related problems and helps them to solve out, consent to the supporters to imagine vitally and be pleased about their diverse requirements (Avolio, Zhu, Koh & Bhatia, 2004). A leader is considered to be following/possessing transformational behavior when he/she distinguishes and appreciates the results of team groups and individuals, provides an action plan and or strategy, shares information or in other words removes the communication gap, and also motivates employees to achieve the commonly set goals of the organization.

The mainly significant characteristic that differentiates the leader subordinate association is the affective support or emotional intelligence, administrative accountability and job challenge contracted to the followers/ employees. (Liden et al., 2000). When workers perceive that the leaders are supporting, then the employees take extra responsibilities (Bordin, Bartram & Casimir, 2007).

Thus, empowerment, accountability for the results, support, consideration, participation in decision-making processes, effective communication, instruction and the growth of individuals is said to be the leadership behaviors to facilitate and help individuals to work effectively and efficiently and directs to employee job satisfaction and organizational commitment (Arnold et al., 2000; Conger & Kanungo, 1988).

Job satisfaction

The layman definition of “job satisfaction” is that it is a constructive and good feeling about the features related to job (Locke 1976; Smith et al., 1969). There is a list of determinants which influences job satisfaction including the operational circumstances, job in itself, administration, policies of the organization in which individual is working, development, compensation, employee-employer relationships, rewards and acknowledgment, and empowering employees (Castillo & Cano 2004).

Association of leader behavior with job satisfaction

Leadership styles are vital in determining the job satisfaction of employees working in an organization. There is a strong association between the employees’ behavioral attributes and the traits of the leader who leads the group (Wexley & Yukl, 1984). The satisfaction of employees’ with the job depends on the working environment within the workplace; this environment is comprised of ambiance within the organization, behavior of the organizational leadership and employee employer association (Seashore & Taber, 1975).

Workers of an organization are found to be more satisfied with those leaders who are encouraging and sympathetic rather than those who are more concerned with the task other than employee oriented (Yukl, 1971). It was found by Wilkinson and Wagner (1993) that employees don’t feel at ease and don’t give the best of their efforts with the leader who is not supportive and sympathetic. The followers work more effectively if the leader directs them and provides them support in order to achieve the goals (Wexley & Yukl, 1984). There is a strong impact of leaders’ behavior on the job attitudes and behaviors of the employees, it also impacts turnover intention of the employees if the behavior of leader is negative it will lead to inefficiency and will increase “turnover and absenteeism” (Ribelin, 2003).

This shows that leader’s encouraging behavior lead to increased job satisfaction (Appelbaum and Honegger 1998). The survey by Menon, (2001) also suggests that the leader’s behavior affect positively on employee attitude towards their jobs i.e. the higher the job satisfaction. Leader behavior is linked positively associated with job satisfaction and output and it helps to decrease the absenteeism (Koberg, Boss, Wayne, Jason & Goodman, 1999). Scott-Ladd et al., (2005) argued that involvement of employees in decision-making increase the job satisfaction of employees. Thus, as the literature suggests, it can be inferred that:

H1: There is a significant positive relationship between leadership behavior and job satisfaction.

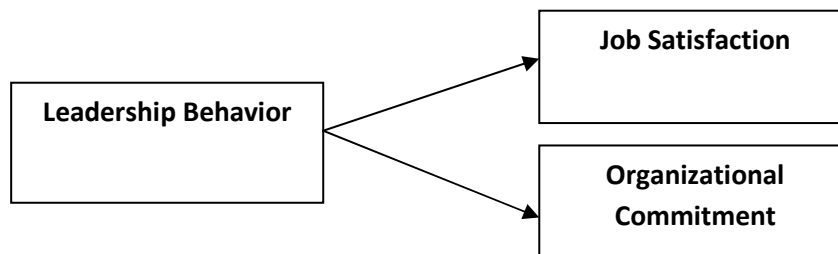
Organizational commitment

Allen and Meyer (1996) described organizational commitment as an emotional connection amongst the workers and the workplace which leads towards the decreased turnover intention. Allen and Meyer (1990) proposed a measure of organizational commitment, which is comprised of three major components: i) “Affective organizational commitment”, it is the commitment type which explains the emotional association of the employees with the organization, ii) “Continuance organizational commitment”, it is about the commitment type which is because of the costs which workers correlate by means of leaving the organization; and iii) “Normative organizational commitment”, it is a sign, feelings and emotions of a worker, these feelings are compulsion to stay with the institution, (Sarmad, 2007; Ayeni, et al. 2007, Omar, et al. 2007).

Association between leader behavior and organizational commitment

Organizational commitment is considered to be high when the employees are optimistic and they grow and learn with a positive attitude with the workplace for which they work (Opkara, 2004). In order to increase the satisfaction and commitment of employees with the organization, the organizations leaders need to develop effective plans and strategies related to motivation and retention of the employees. Supportive and instrumental leaders influence the organization commitment of employees (Djibo, Desiderio & Price, 2010). Agarwal, DeCarlo and Vyas (1999) also confirmed that relationship exists between leadership behavior and employee's commitment to the organization. Following hypothesis is inferred from the above mentioned literature:

H2: "job satisfaction is positively associated with organizational commitment".



METHODOLOGY

Participants

The participants include employees of private small and medium size organizations from manufacturing and services providing organization in Pakistan. The population includes employees from both management and non management level. A total 100 questionnaires were distributed however 96 were received back.

Measurement and Scale

a) Leadership Behavior

In the present research, leadership behavior scale has been used which is comprised of 13 items, the scale has been adapted from Harris and Ogbonna (2001). This measure is considered to be a good quality measure of subordinate's view of leadership style and behavior (Harris and Ogbonna, 2001). This scale helps to classify the leadership behavior as "participative (5 items), supportive (4 items) and directive (4 items)".

The targeted respondents were asked to explain the leadership behavior of their leader. The seven-point Likert scale was used, ranging from "strongly agree" valued as a "1" to "strongly disagree" valued as a "7". This scale was used because of 'reliability and validity' of answers (Churchill and Peter, 1984). Cronbach's Alpha of leadership behavior is found to be 0.767.

b) Organizational Commitment

In this research, the "11-item Affective Commitment Scale (ACS)" of (Allen and Meyer, 1990) is used to measure the commitment of organizational commitment of employees.

The questions were supposed to measure the response of employees towards their organizational commitment. The seven-point Likert scale was used, ranging from “strongly agree” valued as a “1” to “strongly disagree” valued as a “7”. Cronbach’s Alpha of organizational commitment is found to be 0.735.

c) Job Satisfaction

In this study, 5-item measure of job satisfaction has been adapted from Wright and Cropanzano (1998). The seven-point Likert scale was used, ranging from “strongly disagree” valued as a “1” to “strongly agree” valued as a “7”. Cronbach’s Alpha of job satisfaction is found to be 0.899.

Procedure

Data was gathered through personally administered questionnaire.

FINDINGS

The characteristics of participants are given in Table 1.

Table 1: Characteristics of Participants

Item	Category	Percentage
Age	30 years and younger	35%
	31-40	40%
	40 years and older	25%
Gender	Male	93%
	Female	07%
Qualification	Up to grade 12	00%
	Diploma and degree	30%
	Postgraduate	70%
Years of service	Less than 5 years	65%
	6–10 years	13%
	More than 10 years	22%
Industry	Manufacturing	15%
	Services	85%

The demographic information is not used in the present study to find the impact of leadership behavior. The purpose of table 1 is to show work of respondents to have better understating their responses. As Table 1 indicates, a good amount of employees (70%) was older than 30. More males (93%) as compared to females (7%) contributed in the research. The bulk of employees (70%) had post graduation credentials. The 22% respondents had more than 10 years of service, and 65% had less than five years of services.

Table 2: Correlation Matrix

		J_S	L_B	O_C
J_S	Pearson Correlation	1	.548(**)	.552(**)
	Sig. (2-tailed)	.	.000	.000
	N	96	96	96
L_B	Pearson Correlation	.548(**)	1	.544(**)
	Sig. (2-tailed)	.000	.	.000
	N	96	96	96
O_C	Pearson Correlation	.552(**)	.544(**)	1
	Sig. (2-tailed)	.000	.000	.
	N	96	96	96

** Correlation is significant at the 0.01 level (2-tailed).

The correlation matrix (see table 2) indicates that Job satisfaction is strongly correlated with leadership behavior in Pakistani private organizations i.e. 0.548**, at $P < 0.01$. This shows that if leader's behavior towards their employees is cooperative and not dominating then employees will be more satisfied from their jobs. Hence first hypothesis is supported.

Similarly organizational commitment is also significantly correlated with leadership behavior i.e. 0.544** at $P < 0.01$. This shows that leader's behavior plays an important role in organizational commitment of employees. If leader's behavior is positive towards their employees then turnover rate and absenteeism will decrease. As a result organizational commitment will increase. This proved the second hypothesis.

Table 3: Regression result of Job Satisfaction

Model		Standardized Coefficients	t	Sig.
		Beta		
1	(Constant)		6.418	.000
	L_B	.548	6.353	.000
n = 96, R square = 0.300, Adjusted R Square = 0.293, F = 40.366, sig. = 0.000, $P < 0.01$, Dependent Variable: J_S				

The result of linear regression analysis show that, this study causes 30 percent of variance as the value of R square is 0.300. But the adjusted R square is 0.293 which shows that 29 percent variation in job satisfaction is explained by independent variable that is leadership behavior in private organizations in Pakistan. F value of 40.366 shows the model effectiveness and showed that model is good fit.

Table 4: Regression result of Organizational Commitment

Model		Standardized Coefficients	t	Sig.
		Beta		
1	(Constant)		10.193	.000
	L_B	.544	6.287	.000
R square = 0.296, Adjusted R Square = 0.289, F = 39.526, sig. = 0.000				
Dependent Variable: O_C				

Table 4 shows the regression result of organizational commitment. This table shows that this proposed model causes 29 percent of variance as R square value is 0.296. But the adjusted R square is 0.289 which shows that 28 % disparity in organizational commitment is caused by independent variable that is leadership behavior in private organizations in Pakistan. F value of 39.526 shows the model effectiveness and showed that model is good fit.

DISCUSSION

The intent of this research is to test and search out the impact of leadership behavior on job satisfaction and organizational commitment in private sector employees of Pakistan. According to the statically results of the study attained through correlation and regression analysis, it is found that job satisfaction and organizational commitment are positively and significantly related with the leadership behavior in the private organizations of Pakistan. The results predicted the hypothesis and it can be infer that leadership behavior is a vital determinant of employees' job satisfaction. The results of our study are in consistence with the conclusion of Scott-Ladd et al. (2005) and Menon (2001).

Secondly the correlation and regression result of organizational commitment shows that there is positive and significant association between leadership behaviors and commitment of employees towards the organization. Which supports the second hypothesis and it can be inferred that leadership behavior is a vital determinant which determines the organizational commitment of employees. If the leader attitude is supportive in private organizations of Pakistan then it will lead the employees towards an increased organizational commitment and as an outcome of this the turnover intention will decrease to a remarkable level. These findings are supported by Scott-Ladd et al. (2005) and Konczak et al. (2000).

CONCLUSION

The rationale of this research was to investigate the impact of leadership styles and behaviors on the employees' job satisfaction and commitment with the organization in Pakistan. There is a considerable amount of research conducted in this field but no one has focused on private sector of Pakistan. From the finding of this paper we can conclude that leadership behaviors are positively associated with job satisfaction and organizational commitment. Workers with higher level of job satisfaction are a critical resource for the privately owned organizations operating in Pakistan. Therefore, leaders should create the environment where people can be more productive and contribute positively in

the productivity and performance of the organization. Leaders are very critical and key role player in getting and retaining the job satisfaction and organizational commitment.

Thus leaders should be supportive and communicative towards the needs of their employees. Leaders should provide time for the development of their employees. In order to achieve organizational commitment and job satisfaction of employee's, leaders should pass on power, empower the employees responsible for results, and give confidence to followers and be concerned with the problems and feelings of the followers, improving communication and down to top approach of decision making, information sharing, and training and mentoring of individuals.

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ECOPRENEURSHIP AS AN ETHICAL CHALLENGE

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Abstract

The accelerated pace of the current ecological crisis is pushing the current definitions of business. There is an increasing need for green management approaches. But some sectors and some organizations' present activities are harming environment as a result of their nature. For this purposes, ecopreneurship is providing new opportunities for making new business definitions and establishing new businesses based on green principles. This study aims to provide an in-depth analysis of the ethical aspects of ecopreneurship. Because, as the concept's popularity increases ecopreneurship is facing an increasing ethical challenge that is a threat to transform the concept into a greenwashing practice. A theoretical approach will be used to reach the ethical foundations of the concept and dilemmas that arise from them. Ethical foundations of the concept will be evaluated according to environmental ethic approaches. As a result of this analysis this study will provide results that can help to protect the ecopreneurship from showing management fad characteristics.

Keywords: Ecopreneurship, Green Management, Environmental Ethics.

INTRODUCTION

Today humanity is facing a major ecological crisis. Even though there are some groups trying to deny the presence of the current ecological crisis, the reality of crisis is widely accepted (Shrivastava, 1995, Smith, 1993). But the recent crisis is not something that can be dealt with just a simple recognition of the truth. The accelerated pace of the current ecological crisis is pushing all the society for new approaches to life and economy. Because of the vital role it plays in modern society, business field is the main concern of many approaches. Business is providing and at the same time destroying a great amount of resources. In the last decades, basic definitions of business have been greatly challenged. The present business paradigm is not ecological friendly. And it's not just a matter of simple incompatibility. This is a matter of core conflict. The basic nature of the business activities is challenged, so management concept needs to be redefined.

Green management is an approach that aims to fulfill this need. Mainly inside the green management approaches, there are many approaches for improving the status quo of the organizational activities. But there is a critical problem in such green management approaches. They are affected by the dominant paradigm of environmental thinking. Ecological system and its elements are seen as an asset that faces risky situation (Tietenberg, 2004). As the ecological systems are pushed to their limits, this mentality is not enough to remedy today's problems, contrarily it's making some problems to get deeper (Perelman,2003).

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IS THE ECOPRENEURSHIP A PANACEA?

Ecopreneurship is an issue of green management that can enable to grasp the new reality. It is basically seen as an entrepreneurship with environmental view. Even though there are some basic issues that are parallel in ecopreneurship, there is not a common terminology that is agreed upon (Clifford & Dixon, 2005). So we will examine the basic issues that make ecopreneurship. As a part of green management approaches, ecopreneurship's main objective and tool is maintaining sustainability. Because some sectors and some organizations present activities are harming environment as a result of their nature. For this purposes, ecopreneurship is providing new opportunities for making new business definitions and establishing new businesses based on green principles (Schaltegger, 2002, Schaper, 2002, Dixon & Clifford, 2007). That's because, in the long run, there is a need for real ecological organizations that can answer the dynamic conditions in a responsible way. To obtain this result, organizations have to go beyond the current paradigm and organizations have to transform (Bucholz, 1993, Gallarotti, 1995). Ecopreneurship provides a chance of ecological initiative and new organizations that are truly ecological. At the heart of this issue there is sustainability. Sustainability is based on the principle of consuming resources in such a responsible way that we don't destroy future generations' chance for using those resources (Welford, 1995) As the scope of the ecopreneurship is this wide, it can't be thought independent from economic and social realities (Schlange, 2007). As the ecological crisis increases, the popularity of ecopreneurship increases. But it is facing an increasing ethical challenge that is threatening to transform the concept into a greenwashing practice (Newton & Harte, 1997).

Originally the ecological activities are seen as problem making issues (Fineman, 2001, Gallarotti, 1995). Or in the case of growing economies they may be seen as unattractive because they don't seem to offer competitive and economic advantages (Pastaki, 2002). To deal with this negative conception and also increasing popularity of these approaches, there are green and competitive strategies. There is a great emphasis on the eco-efficiency and eco effectiveness, and energy use efficiency and maximization. Even though they seem to provide chances for widening the scope of the ecopreneurship, they can result in the misconception of the ecological challenge as a matter of efficiency. Also there is an issue of practicality, as easy ecological problems are solved, environmental challenges are becoming more complex and costly, regulations are destined to put more ecological costs and new ecological policies are offering new challenges (Walley & Whitehead, 1994). A reductionist approach of concentrating on the efficiency and effectiveness won't be appropriate. Another problem may arise from concentrating too much on the innovation factor of ecopreneurship can result in seeing the ecological issue as a challenge that can be met with technological improvements. These kinds of popular approaches, undermines the unique nature of ecopreneurship and threatens it to turn into another management fad. So the usage of the attractive concepts of present paradigm causes legitimacy to some wrong practices or ends in some factors deviating from their original paths (Jennings and Zandbergen, 1995). So there's a need for a new expression of the environmental truth (Starkey and Crane, 2003, Prasad and Elmes, 2005).

FALLACY OF CONVENTIONAL WISDOM & ECOPRENEURSHIP

In order to prevent the risk of becoming a subject of a green washing, management has to adopt green values. But these green values have to contain more than the conventional wisdom of ecology and economy relationship. First of all, the dominant human belief in possibility of finishing one source than shifting to an alternative source that can meet the same need has to be eliminated. Because current economic crisis is challenging this naïve assumption. In the present situation there is not a sustainable relationship between nature and society (Foster, 2002) Dominant consumerism in the developed world and developing world's struggle for reaching consumerist ideal is exactly contrary to natural world's life models (Gardner et. Al, 2004). Because of the dominance of

economic development approach, humans aim to own things instead existing (Fromm, 1990). This approach is threatening the very existence of the world and human race itself.

Even though there is an increasing awareness of environmental issues, this was not enough to change the basic nature assumptions of western world. The dominant paradigm of seeing humans separate from nature and belief in the priority of economic development is still too strong. The nature is seen as a field of conquest, usage and destroying. This kind of approach will result in humanity to face an existence struggle in a destroyed world (Plumwood, 2004). The present crisis' characteristic is pushing the humanity to challenge this dominant paradigm. The challenge is so great that it effects all organizations. Organizations' beginning to use a greener language is showing that a change process has begun. But ecological approach has to be as a part of organization's very existence. An ecopreneur has to make holistic definitions that grasp the width of the ecological concepts. Ecological surprises are an important challenge that needs mentioning at this point. Even though ecological systems are comparably stable to local and limited changes, when they pass a certain threshold of change, they can be completely changed (King, 1995). This complexity is providing an existential challenge for the current organizations. But it provides a chance for the ecopreneurs, as it provides a new world with new chances of enterprises. But at this point it shall be pointed out that ecopreneurship has to struggle to become an approach beyond the classical entrepreneurship definition.

Entrepreneurship has always been represented as a "deus ex machina" that would bring new ideas to the field and provide a progress to the related business area. A heroic personality myth is created mostly represent dominant, rational, European / American male model (Bull and Willard, 1993; Bygrave, 1993; Fondas, 1997; Van de Ven, 1993) that would overcome any kind of problems and obstacles. Such an approach to entrepreneurship would not be considered free of ideology or free of values, accordingly "*conventional entrepreneurship theory is justified in terms of its appeal to a free market system, the capitalist state and a kind of utopian goal of economic freedom for everyone*" (Ogbor, 2000; 609). Keeping in mind that characteristics of entrepreneurship discourse, today, businesses need new legitimization tools and new opportunities in order to react the demands of society regarding natural environment and global warming. So, ecopreneurship is facing a problem of becoming tool of such a legitimization process. If this can't be prevented, ecopreneurship will combine the conventional discourse of entrepreneurship with a shallow discourse of green management.

"Ecopreneurship" as a discourse or as a new representation might be assumed as a new toy of capitalism that would tame the nature and the business relationship. Today, it is very common that the criticisms are taken into consideration not just for re-arrangement or correcting the actions, but also to use the criticisms as a new way of instrumental rationality. The new spirit of capitalism (Boltanski & Chiapello, 2005) uses instrumentally all the representations or discourses that might seem against itself in order to absorb them and benefit them as commodities. The phenomena that are part of irregularities, that would create disorder are now expected and used as new tools as long as they are tamed and commoditized. Today, if there is a demand from the corporations to respect nature then we have green management, if there is a challenge regarding the role of the entrepreneur regarding using the resources then we have ecopreneurship. The management concepts and the language of the business are so adaptive to the *Zeitgeist* that shows the pragmatist nature of them. Obviously all these approaches in management are part of instrumental rationality (Alvesson, 1985) with the expectations of performativity that would bring good corporate image and in the end profit. All these formations or discourses would not necessarily be evil to the society; however, it is important to see what lies beneath. Whilst the soul of (green) entrepreneurship is blessed, the nature of the corporations in the society or the power potential of them over society should also be discussed. So in an ecopreneurship activity, the issues such as poverty, population increase and their effect on environment shouldn't be ignored. If an ecopreneur only concentrates on his/her individual production and the situation of the environment that is close to organization, he/she fails to grasp the nature of the ecology issue. And this will result in a human centered shallow environmentalism.

DEEPER UNDERSTANDING OF ECOLOGY

What can be used instead of this human centered shallow environmentalism? Ecopreneurship has to develop deeper ties with the contemporary green philosophical approaches, such as animalcentric, biocentric, ecofeminist or deeper ecology that would provide a variety of deep and ethical approaches to the environmental challenges. Green approaches offer to see beyond the shallow definitions of truth. There is an intrinsic value to the things outside humans. This is an important distinction because without understanding of this main principle, the matter of ecological approaches can be seen as a function of their extrinsic values such as their utility. It may be argued that concentrating on the extrinsic value can have its advantages but the problem is definition of this extrinsic value is a matter of human existence, because ecological system is not based on the godlike powers of humanity. Ecological systems are based on sensitive balances of the biological elements of the world. Each environmental ethic approach provides ecopreneur an understanding of a different aspect of the ecological existence. They aim to go beyond the present economic structure and try to change it for the sake of the environment. They became beyond analyzing processes and results, they also examine the socio-economic and political systems that forms these processes (Sim, 2006) The aim in this examination is the reuniting the human with the natural factors and curing the alienation between them. A holistic value system is needed. Human society and its economical constructs can't be identified as separate factors.

Animalcentric approaches are concentrated on the intrinsic values of animals as a part of ecological system. They provide an ecopreneur with an understanding of the animal life being affected by the activities. The animal life being affected isn't limited to industries using animals as resources, such as meat and dairy. The main scope is all the animals that are affected by the activities. As most of the animals have no way of expressing their problems in this interaction, we really need to look from their perspectives. Biocentric aspect examines even a bigger group, it contains of all the biological things that are in an ecological system, being alive is enough to be taken into consideration. These approaches provide the entrepreneur a better understanding of the interaction of flora and fauna in an ecological system. This holistic understanding can provide ecopreneur with a real evaluation of the surrounding environment. By this, ecopreneur can be seeing green opportunities beyond the shallow talk of the main stream greening jargon. And ecofeminism can provide an understanding of both ecology and women as revolting elements to the current social paradigm of the culture that dominates women and environment.

All these approaches are important because they provide an efficient tool to identify the nature's situation. As ecopreneurship is covering new ground outside of the traditional management thinking, we do need a deeper understanding of these new dilemmas facing us. Among this approaches, deep ecology provides a main tool. It still has to be supported from insights from the other approaches but the content and philosophy of deep ecology makes it a main tool. A deeper ecological understanding is required so that human and his/her existence can be redefined in an ecological holism. Only then the dualism between human and nature can be repaired and this is the real ecological entrepreneurship challenge. Accordingly, for this time the entrepreneurial challenges lay beyond a classical understanding of business. By gaining a deeper understanding of the nature and human relationship, we can hope to protect the ecopreneurship from becoming an issue of management fad. This way, ecopreneurship can reach the new frontiers of entrepreneurial activity that it shall explore.

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AN EXPLOTARY RESEARCH ABOUT SUSTAINABLITY OF TURKISH SMEs

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Abstract

SMEs are and will be crucial players in any economy. They provide jobs, produce goods and services, make exports, pay taxes and contribute their regions development. Turkey vitally needs SMEs to foster and activate its economy. Thus their success and stability are critically important and therefore the priority should be given to the clarification of the problems they face and working to solve them. The present study aimed to make an indepth research in the “sustainability” issue by using an “inner perspective” and asking the owners of selected SMEs about their problems and advantages regarding sustainability.

Introduction

SMEs are and will be crucial players in any economy as they provide jobs, produce goods and services, make exports, pay taxes and contribute their regions in many other ways. Turkey -a country with a large population of youngsters entering the market of employment every year, a country with noticeable amounts of national debt and an export-import imbalance, a country of wide spread tax frauds- vitally needs SMEs to foster and activate its economy. Turkish SMEs are major players in the national economy: they are the biggest employer of the country, they are the major tax payers and they have crucial contributions to regional economies and development. Thus their success and stability are critically important for the governments as the organizations that meet the needs of the present without compromising the ability for future generations to meet their own needs will foster economies (Sharma and Henriques, 2005). Knowing the problems they face and working on solutions should be among governmental priorities. Such an important topic also attracts academic attention: there are a number of academic studies focusing on the problems of these entities and one of those problems is sustainability. The present study aimed to take a deep look in the “sustainability” issue by using an “inner perspective”, by asking the owners of a number of selected SMEs their problems and advantages about sustainability.

Corporate sustainability has various definitions in the literature. Dyllick and Hockerts (2002, pp.131) defined CS (corporate sustainability) as “meeting the needs of a firm’s direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities etc), without compromising its ability to meet the needs of future stakeholders as well. Another

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definition is "... a company's activities - voluntary by definition -demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (Marrewijk and Werre, 2002, pp.1)

As can be understood from the definitions, corporate sustainability is not a single faceted concept, it has three dimensions: economic, social and environmental and success in one of these dimensions is not enough for long run sustainability (Gladwin et al, 1995a). *Economic sustainability* means a firm having enough cash-flow to guarantee liquidity besides a satisfying return to shareholders, whereas *environmental sustainability* requires the firm to have a positive ecological impact by protecting natural resources and to trying to preserve the balance of the eco-system. The last dimension *social sustainability (also called socio-efficiency by Figge and Hahn,2001)* involves contributing the community by a positive social impact: by many means such as adding value to the human capital (Dyllick and Hockerts, 2002). The main point where the concept of sustainability diverts from the general management theories is that the first one does not see economics as the sole indicator of success: it includes the environmental and social concerns as well.

METHODOLOGY

Among many other studies regarding sustainability of Turkish SMEs, this study differentially aimed to identify the problems that they face about sustainability from the perspective of the owners. Owners of 55 SMEs registered to chambers of industry and commerce of their region were asked to list the problems and obstacles they have about the sustainability of their enterprises and also the advantages they enjoy. This method was chosen in order to obtain an inner look to the sustainability issue. In the following phases of the study, a questionnaire will be prepared by utilising the results of the initial study and will be conducted among SMEs of the selected 38 cities. The final results will offer a bigger picture of the sustainability problem, the obstacles faced by SMEs and the points of strength. This initial study provided the main issues named as problems and obstacles as well as the advantages by the owners of the selected 55 SMEs.

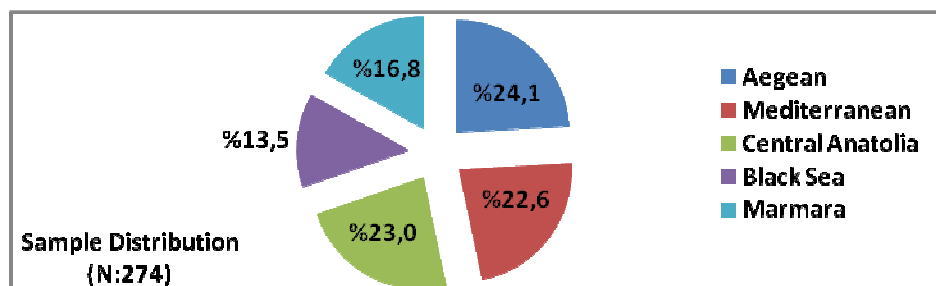
The aim of the paper is to investigate the major factors of sustainability in Turkish SMEs. The major challenge of applying a suitable measurement tool for the sustainability was the uncritical transfer of scales developed for large organizations to SMEs. The pretest of widely used sustainability measures such as Dow Jones Sustainability Index indicated that the majority of the phrases defined in the scale were not suitable for Turkish SMEs. The main reason for this disparity is the primary application of these scales among the multinationals of developed countries rather than SMEs. Secondly, all these scales are used to report the sustainability criteria for large companies in developed countries and the tracks defined in these scales are fall short of explaining the external and internal environmental factors of developing countries where the majority of industries are composed of SMEs.

Therefore in the first round of the study (between January-June,2010) we developed a questionnaire composed of two open ended questions that enables the respondents to write down the difficulties they experience and advantages they have for the sustainability of their organizations as an SMEs in Turkey. The questionnaires were developed to 70 SMEs that represent the major industrial region of Turkey where the majority of SMEs are operating in. The items are listed from the broadly repeated to least repeated reasons for both questions and 11 questions (6 for difficulties of and 5 for advantages of sustainability) that represent the 75% of the all answers are chosen for the second round (between September,2010-March,2011) of the study. The selected answers are then transformed into a 5 point Likert Scale where 1 stands for “Strongly Disagree” and 5 for “Strongly Agree”. The final version of the questioners are than distributed to 400 Turkish SMEs which are randomly selected and 165 usable questioners are collected back for the analysis. The “Statistical Package for the Social Sciences, 15” (SPSS) is used for the analysis of the results.

FINDINGS

A total of 274 questionnaires were received (with a 100% response rate), from different regions of Turkey. The regional distribution of the sample is summarized in the Table 1.

Table 1. Regional Distribution of the sample



According to the findings of first phase of the study, the major difficulties that Turkish SMEs can encounter while they try to manage the sustainability of their operations were determined as:

- The difficulty in finding “qualified employees”,
- Unfair competition due to lack of government control,
- Problems in institutionalization process,
- Lack of government support,
- Financial difficulties,

The major advantages that Turkish SMEs can encounter while they try to manage the sustainability of their operations were determined as:

- Being a family business,
- The organizational structure that support quick decision making,

- The ability of quick intervene in organizational problems,
- Harmony at work,
- Quick response to industrial changes,

After determining the difficulties and advantages which Turkish SMEs can encounter in order to manage their sustainability, the second phase of the study is conducted. The means of the disadvantages were analyzed and results presented in Table 2.

Table 2. Means of Disadvantages Distributed According to Regions

Region	Qualified Labor	Unfair Competition	Instutionalization	Lack of Government Support	Financial Difficulties
Agean	3,95	3,79	4,00	4,00	4,03
Mediterranean	4,26	4,16	3,56	3,77	3,73
Central Anatolia	4,24	3,48	3,81	3,52	3,70
Blacksea	4,24	3,86	3,65	3,24	3,65
Marmara	4,17	4,04	3,80	3,80	4,02
Total	4,16	3,85	3,78	3,70	3,83

It is observed that “The difficulty in finding “qualified employees” has highest mean and it can be assumed as a major disadvantage of SMEs against their sustainability.

The means of the advantages of SMEs toward sustainability has been presented in Table 3.

Table 3. Means of Advantages Distributed According to Reagions

Region	Being a family business	Rapid Decision Making	Rapid Intervening	Harmonic Working Conditions	Rapid Adaptation to Environmental Change
Agean	3,64	3,98	3,88	3,73	3,56
Mediterranean	3,37	3,97	4,11	3,81	3,76
Central Anatolia	3,57	4,08	3,90	3,75	3,83
Blacksea	3,24	3,78	3,95	3,76	3,49
Marmara	3,67	3,89	3,98	3,76	3,78
Total	3,51	3,96	3,96	3,76	3,69

CONCLUSION

The preliminary results indicated that the majority of the SMEs in our sample agree on the difficulty of hiring qualified employees who will contribute to their sustainable development and

unfair competition due to lack of government control. On the contrary, “Being a Family Business” is indicated by the majority of the SMEs as an advantage to provide sustainability of their operations. Beside this “The ability of quick intervene in organizational problems” is mentioned as an advantage of being a small business enterprise in most of the regions in Turkey.

This study will proceed with the contribution of SMEs from eastern parts of Turkey. The results will be presented with a final paper which will include managerial implications for Turkish SMEs about their sustainability,

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THE ROLE OF RENEWABLE SOURCES IN TURKISH ENERGY SECTOR: IMPACT ON NEW VENTURES

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Turkey's energy consumption is low relative to its young, rapidly urbanizing population. In Turkey, energy consumption has risen rapidly as a result of the economic growth experienced in recent years, in common with many other developing countries (Yesin, 2005). Accordingly, ensuring sufficient energy supply to a growing economy remains top of Turkey's agenda. While energy consumption is increasing, Turkey is becoming increasingly dependent on imports. Related to the dependency, Turkey is suffering from the effects of the climate change, economic problems and lack of diversification. These all are significant threats to Turkish energy security which therefore has become a greater focus of attention than market reform or environmental protection. This does not mean that the Turkish government has neglected the other factors, but security of supply and diversification has taken primary concern (Yıldız, 2010). Turkish energy policy is developing into a multi-dimensional one, considering the primary goals of energy infrastructure investments, affordable energy and sustainable energy growth (DPT, 2009). Accordingly, these considerations have tended to promote renewable energy in Turkish energy policy. Renewable energy resources appear to be one of the most efficient, indigenous and effective solutions for clean and sustainable energy development in Turkey (Biresselioglu, 2011).

Given this context regarding renewable sources, there are strong social and institutional elements that push towards greening. These elements create opportunities for innovative entrepreneurial firms and require existing firms to adapt to a changing business environment. Within this framework, entrepreneurship plays a role that departs from its conventional status. Although many scholars have proposed and supported the view that entrepreneurship contributes to economic growth, job creation, increased productivity and technological innovation (e.g., Acs & Audretsch 1988; Baumol 2002; Hayton et al. 2002; Kropp et al., 2006; Schumpeter, 1934; Wennekers & Thurik 1999), the underlying assumption in most studies was that it was also a source of environmental degradation and a trade-off between environmental and economic

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goods. However, recent research argues that it is no more a zero-sum game where nature loses all the time and they coin terms such as environmental entrepreneurship (Anderson, 1998), sustainable entrepreneurship (Dean & McMullen, 2007) and enviropreneurial strategies (Menon & Menon, 1997) to refer to enterprises providing energy technologies and services that reduce environmental impacts, are socially acceptable, and can be economically competitive. These firms evaluate environmental degradation as an opportunity for new value creation and integrate environmental purposes into a venture, thus contributing to sustainable development. The Turkish context provides an opportunity for new ventures since there is growing demand for renewable energy due to rise in energy prices because of finite reserves of oil and gas, lower costs for clean energy technology, climate change and other environmental concerns, changes in energy industry structure, security of supply concerns and governmental policies providing subsidies. Thus we see newly formed units of established firms such as Enerjisa, Akenerji, Zorlu Enerji and Koç Enerji Grubu as well as increasing foreign investments in the field. These ventures are contributing to environmental sustainability while maintaining their profitability. However, it should be noted that, although a growth in demand is expected in the following years in the renewable energy sector, the new ventures may face challenges of an emerging industry since it takes 2 to 50 years for an industry to stabilize (Klepper & Graddy, 1990).

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