

## **Occasional Paper Series**

# **Can Government Enhance the Competitiveness of Local SME? Evidence from the Turkish Clothing Export Industry**

**Liesl A. Riddle**

Assistant Professor of International Business and International Affairs at the George Washington University

**Kate Gillespie**

Research Associate Professor, Department of Marketing Administration at The University of Texas at Austin

The GW Center for the Study of Globalization  
**Occasional Paper Series**

The George Washington Center for the Study of Globalization (GWCSG) provides research grants to GW faculty to conduct investigations on the various forces that are driving globalization, the implications of globalization for business strategy and government policy, as well as the effects of globalization on people's day-to-day lives. The projects consider how globalization is changing the relationship between markets and governance at local, national and international levels; how globalization is affecting the stability of international financial markets, and how information technology effects globalization.

The Occasional Paper Series showcases research papers that have been funded by the GWCSG. It provides GW and the general public with access to innovative ideas, expands opportunities for research collaboration between academics and practitioners, and gives more timely access to high-quality research than is available from traditional academic or professional journals.

All papers published in this series can be found at the GWCSG Web site, located at <http://www.gwu.edu/~gwcsg>.

---

**Contact Us**

The GW Center for the Study of Globalization  
2033 K Street, NW, Suite 230  
Washington, DC 20052

Phone: (202) 994-5221  
Fax: (202) 994-5284  
Email: [gwcs@gwu.edu](mailto:gwcs@gwu.edu)  
Web: [www.gwu.edu/~gwcs](http://www.gwu.edu/~gwcs)

# **Can Government Enhance the Competitiveness of Local SME Exports?: Evidence from the Turkish Clothing Export Industry**

**Liesl A. Riddle**

Assistant Professor of International Business  
Department of International Business  
The George Washington University

**Kate Gillespie**

Research Associate Professor  
The University of Texas at Austin  
Department of Marketing Administration

## **Abstract**

Recently “born global” firms have received considerable attention in the entrepreneurship and international business literature. Managers leading these new ventures typically face substantial resource constraints when seeking information critical to internationalization. This paper examines how the owner/operators of new ventures in the Turkish clothing export industry utilize their informal and formal social networks to acquire the information they need to export successfully. Field research and a survey of 250 Turkish clothing firm owners was conducted in Istanbul, Turkey to explore this issue. Findings indicate that informal social ties – particularly friends and family connections – are key sources of information for new venture firm owners in this industry. Two formal organizations provide export information to entrepreneurs in the Turkish clothing industry, but only one was found to be socially accessible to new-venture firm owners: the Istanbul Textile and Clothing Exporters’ Union (ITKIB). OLS regression results reveal that new venture firm owners’ perceptions of ITKIB’s importance can be explained by their perceived importance of various kinds of export-oriented information offered by this organization. In particular, perceived importance of export-law, market-research, and export-process information drive their perceptions of the importance of their ITKIB membership.

CSGOP–05–37

Copyright © 2005 belongs to the author

Within an extensive literature concerning the internationalization of firms, there has long been a consensus that firms internationalize after a period of domestic experience and growth (e.g., Aharoni 1966; Bilkey and Tesar 1977; Czinkota 1982; Johanson and Vahlne 1990, 1977; Moini 1995; Reid 1981;). The universality of this model has been challenged recently (McDougall and Oviatt 1994, 1997a, 1997b; (McDougall, Shane, and Oviatt 1994). We now observe a growing number of new entrepreneurial ventures that are internationally oriented from their conception.

Managers of these new ventures face obstacles when they attempt to access information critical to internationalization, particularly information concerning the export process, foreign markets, and reliable suppliers. The entrepreneurship literature recognizes the importance of social networks – formal and informal – for information acquisition among entrepreneurs (e.g., Aldrich and Zimmer 1986; Birley 1985; Casson 1997; Galaskiewicz and Zaheer 1999; Granovetter 1973, 1985; Hara and Toshihiro 1994; Larson 1992). We will examine how newly established firms in the Turkish clothing export industry use these networks to acquire information to help them export successfully.

The Turkish clothing export industry has witnessed a substantial influx of such entrepreneurial firms since 1990; over half of the firms in this industry were formed in the past 10 years. As predominantly family-owned and operated firms, the firm owners of these organizations are actively engaged in the day-to-day management and strategic planning of the enterprise. How these firm owners utilize their informal and formal social networks to gain export-oriented information helps explain why these firms are able to internationalize so quickly.

After a brief literature review, this paper first provides an overview of the Turkish clothing export industry and the growing predominance of new ventures in this sector. Then, utilizing a survey of 250 firm owners within the industry, we present a firmographic profile of new ventures – companies formed within the past 10 years – and a demographic profile of their owners, highlighting which characteristics differentiate new venture firm owners from their counterparts in older firms. Finally, we explore how these entrepreneurs utilize their informal and formal social networks to acquire export-oriented information.

## **Literature Review**

Firm internationalization is often portrayed as a gradual process that develops after a period of domestic maturation and growth (Aharoni 1966, Bilkey and Tesar 1977; Porter 1990).<sup>1</sup> A firm's first steps toward internationalization are typically characterized as reactive – not proactive – resulting from unsolicited export orders (Aharoni 1966; Czinkota and Johnson 1983; Johanson and Vahlne 1977, 1990; Johanson and Wiedersheim-Paul 1975). Several authors have observed that firms often experience an export trial stage, in which selected export offers are filled for a limited number of customers from countries perceived as geographically (Aharoni 1966, Porter 1990) or psychologically close by firm managers (Wiedersheim-Paul, Welch, and Olson 1975; Bilkey and Tesar 1977; and Johanson and Vahlne 1977). This stream of literature suggests that positive or negative experiences during this export trial stage can often determine future firm commitment to internationalization.

Firm size is often viewed in this literature as a critical variable in explaining firm internationalization, particularly in terms of the proclivity to export (Brush 1995, O'Rourke 1985). Several authors have argued that large- and medium-sized firms are more likely to export (Culpan 1989, Czinkota 1982, Yaprak 1985), while others have found no relationship between firm size and export commitment (Bonaccorsi 1992, Czinkota and Johnson 1983). Cavusgil and

---

<sup>1</sup> Throughout much of the early work on this topic, there is a general agreement that firm internationalization is a gradual process comprised of specific stages. There is dissent in this literature concerning the actual number of stages and characteristics of each stage. For a thorough review of this issue, see Leonidou and Katsikeas (1996).

Zhou (1994) have posited that these seemingly conflicting empirical findings arise from methodological inconsistencies among these studies, including divergent operationalizations of the critical independent variable, firm size.

Recently, scholars in the field of entrepreneurship (McDougall, Shane, and Oviatt 1994; Oviatt and McDougall 1994, 1997a, 1997b) have called the universality of the stage-theory explanation of firm internationalization into question. Their criticism is based on the inconsistency between stage theory and the empirical reality of a growing number of firms internationally focused at their conception. Not only do these new ventures lack a period of gradual internationalization, but they also tend to be small firms facing volatile markets with scant experience and resources (Oviatt and McDougall 1994, 1997a).

One of the most widely cited barriers to export is a lack of access to information, particularly about the export process, export procedures and paperwork, foreign markets, and suppliers (Bauerschmidt, Sullivan, and Gillespie 1985; Bell 1992; Bilkey 1978; Bilkey and Tesar 1977; Czinkota and Johnson 1983; Dichtl et al 1984; Moini 1995; Rabino 1980). This information is especially crucial for small and new ventures, which often lack internal export expertise or experience. Several authors have suggested export promotion organizations (EPOs) provide information services targeted specifically toward new and small exporter needs (Cavusgil 1984; Czinkota 1982; Moini 1998; Seringhaus 1984, 1987).

However, EPO efforts have been largely deemed unsuccessful, particularly in terms of providing useful services to new and small exporters (Keasing and Singer 1990; 1992; O'Rourke 1985; Thomas and Araujo 1985; Vozikis and Mescon 1985). Most EPOs are located in the public-sector, and their perceived failure to adequately promote exports has led some to question whether more flexible and sector-specific private-sector associations might be better equipped to provide new and small exporters with more tailored and useful information and other services (Seringhaus and Botschen 1991).

The entrepreneurship literature has explored how entrepreneurs use social networks to acquire information and other resources they lack internally. Extensive research has explored how entrepreneurs draw upon their informal networks including business connections and non-business social relationships, such as friends, family, and ethnic kin (e.g., Aldrich 1989; Casrud, Gaglio, and Olm 1987; Casson 1997; Granovetter 1973, 1985; Greene and Butler 1996; Ostgaard and Birley 1996; Zimmer and Aldrich 1987). Formal networks, including business associations (Birley 1985), incubators (Allen and McCluskey 1990, Campbell 1989, Hansen et al 2000, Johannisson and Nowicki 1992), and religious and social organizations (Flora and Flora 1993) have also been documented as useful sources of information, resources, and contacts for entrepreneurs. Despite this rich literature, few studies have investigated how entrepreneurs in international new ventures leverage their social networks to acquire information necessary for export success.

## **An Overview of the Turkish Clothing Export Industry**

In order to fully comprehend the importance of new ventures in the Turkish clothing export industry, it is necessary to first place today's industry in its historical context. As the center of the Ottoman Empire, Turkey was famous for its production of textiles. However, trade concessions in the late 1800s made to newly industrialized European powers opened the floodgates for cheap European imports into the Ottoman economy and greatly weakened the local textile export industry (Kasaba 1988, Pamuk 1987, Quatert 1994).

Almost one hundred years later, the oil shocks of the 1970s inspired the heavily indebted Turkish government to actively seek a means to bolster weakened hard currency reserves. On January 24, 1980, the Turkish government announced a new economic development plan oriented toward the promotion of exports. A wide array of incentives was offered to encourage domestic

producers to seek export opportunities.<sup>2</sup> The incentives succeeded in stimulating exports: between 1979 and 1999, total Turkish exports rose from US\$757 million to \$US35 billion (*International Financial Statistics 1979-1999*).

Enticed by export incentives, strong international demand, and low labor costs, many new entrants flowed into the clothing industry in the 1980s. During this decade, this sector more than quadrupled in terms of number of firms (Ilyasoglu and Duruiz 1990). In 1979, Turkey exported less than \$US25 million in clothing exports, and the industry was comprised of a handful of companies mostly in the Istanbul area (*ITKIB Textile and Clothing Statistics 1998*). By 1999, Turkey had become the world's sixth largest clothing exporter, exporting approximately \$US6.5 billion each year, and its industry – still primarily concentrated in Istanbul – had grown to include over 5,000 exporting firms (*ITKIB Textile and Clothing Statistics 1998*).

There are two important business associations in the Turkish clothing industry, both located in Istanbul. The first, *Türkiye Giyim Sanayicileri Derneği*, or the Turkish Clothing Manufacturers' Association (TGSD), is a private, voluntary organization founded by four clothing exporters in 1974. Today, TGSD has over 400 members. The second organization, *Istanbul Tekstil ve Konfeksiyon İhracatçıları Birliği*, or Istanbul Textile and Clothing Export Union (ITKIB), is a semi-public organization located in the Undersecretariat of Foreign Trade within the Ministry of Foreign Affairs. All textile and clothing exporters are required by law to be a member of this organization, and there are over 5,000 clothing exporters among ITKIB's members. Both organizations are more than mere business associations; they provide exporters with information services about the export process, procedures, and paperwork, as well as foreign markets and provide an opportunity for exporters to network and learn from the experience of others in the industry.

## Research Methodology

A research plan was designed to identify which social network resources Turkish clothing firm owners leverage to acquire information they need to export successfully. Nine months of fieldwork in Turkey was conducted over three periods: May-July 1997, June-August 1998, and February-May 1999. Data collection was both quantitative and qualitative, including face-to-face interviews with a sample of 250 Turkish export firm owners and in-depth interviews with government officials and industry leaders.

Face-to-face surveys were conducted to: (1) identify sources of information used by firm-owners concerning new products, technology/innovation, buyers, and suppliers; (2) measure firm owners' awareness of business associations that provide information and assistance to Turkish clothing export firms; (3) measure firm owners' perceptions of the importance of ITKIB and its services for their business; and (4) construct an aggregate profile of Turkish textile firms and firm owners. Two sub-samples are used in this analysis: a sub-sample of new ventures, defined as firms less than ten years old (n=159), and a sub-sample of older ventures, or firms ten years or older (n=91).

Open-ended survey questions were included to explore the sources of information used by firm owners to identify new product trends, technological innovations, buyers, and suppliers. Each respondent was asked if they had ever heard of TCMA or ITKIB. If they were not a TCMA member but were aware of the organization, the respondent was asked if they would become a

---

<sup>2</sup> For example, export tax rebates were increased, and small exporters were exempt from paying the production tax on final goods, and requirements for export credits were relaxed. Exporters could also apply for a foreign exchange allocation to cover imports needed in production of exports. Imported goods that were physically incorporated into an exported product as well as machines and equipment directly used in the production of export goods were exempt from custom duties and other charges on imports. In addition, exporters were permitted to claim an exemption from their corporate profit taxes equal to 20 percent of the value of their exports and were allowed to pay a much lower rate of tax on the exempted portion (Togan and Balasubramanyam 1996).

TCMA member if they were offered membership. Positive and negative responses to this question were probed. To measure the importance of ITKIB and its services to firm-owners, respondents were asked to rate the importance of ITKIB and each of its export-promotion services (1 = not important at all; 10 = extremely important). Firmographics, including age of firm, number of employees, products produced, top-three export markets, total and export sales and firm-owner demographics, such as family-member experience in textile industry, educational background, foreign-language knowledge, ethnicity, religion, age, income, and gender, were also captured by close-ended questions in the survey.

The survey was originally written in English and translated into Turkish. Backtranslation from Turkish to English was performed independently by two bilingual Turks previously unfamiliar with the survey. Amendments to the Turkish wording were made based on backtranslation findings. The survey was pretested, and pretest respondents were asked for their interpretations, reactions, suggestions, and other feedback for each question after the survey was completed. Final changes to the survey instrument were made based on this input.

A sampling frame of Turkish clothing exporters (N = 5,313) was acquired from ITKIB. ITKIB's list is deemed a representative enumeration of the population of Turkish clothing exporters since every Turkish clothing exporter is required by law to register with ITKIB. A sample of 250 export firm owners was selected from the sampling frame. The enumeration was arranged from largest to smallest export firm (by 1998 annual export sales). In order to control for firm size effects in sample selection, the enumeration was divided into five equal strata, and 50 firms were chosen within each stratum by random selection. The sample was refreshed to achieve 50 completed interviews with firm owners of companies within each stratum.<sup>3</sup>

A field research firm, Frekans, was hired to assist in the administration of the questionnaire. Frekans was chosen because of their experience in data collection for research projects conducted by social scientists from Turkey's leading universities, Koç and Bogazici. In addition it was hoped their brand-name recognition might increase response rates among respondents. Frekans conducted most of the exit polls during the Turkish national elections, which took place during the data collection period, and their brand name and logo often appeared on the evening news and in daily newspapers. Four interviewers with experience in executive and business-to-business interviewing were chosen from among the Frekans' staff to administer the survey. Interviewers first sent selected respondents a pre-contact fax, informing them of the survey's purpose and that an interviewer would be contacting them directly to set up an appointment for the administration of the survey. One or two days after the sending of the pre-contact fax, the selected participant was contacted by telephone by a Frekans' interviewer to set up the interview appointment. Data collection took place between April 1 – May 15, 1998. The overall response rate was 45 percent (32 percent for Strata 1, 35 percent for Strata 2, 38 percent for Strata 3, 43 percent for Strata 4, and 79 percent for Strata 5 from largest to smallest firms).

## **A Comparison of New and Older Ventures**

Survey findings communicate the importance of new ventures for the Turkish clothing industry. Over 60 percent of firms in the sample (n = 159) were founded in 1990 or later. Of the remaining 40 percent of firms founded prior to 1990 (n = 91), most were founded following the export-promotion programs instituted by the Turkish government in 1980.

Firmographic comparisons of new and older ventures reveal that although new and older ventures are similar in terms of their export intensity, there are key differences between new and older ventures in terms of firm size, export destination, and product line composition (see Tables

---

<sup>3</sup> Fifty completes were not received within each of the strata. For example, 49 completes were collected from Strata 2 and 51 completes from Strata 4. In these instances, responses within the strata were weighted accordingly to yield a subsample of 50 responses.

1 and 2). New ventures are smaller, and they are more diverse concerning export destinations and product lines.

Comparisons of the firm owners of new and older ventures indicate that the firm-owners of these two groups differ in terms of many demographic variables (see Table 3). Few of the relatives of new venture firm owners have worked in the textile industry, while over one-third (28 percent) of older venture firm owners are second- or third generation textile workers. Overall new-venture firm owners have completed less education than their older-venture counterparts, although a greater number of new-venture firm owners have attended commercial high schools, secondary schools offering a trade- and commerce-oriented curriculum.<sup>4</sup> Similar proportions of new and older venture firm owners do not speak a foreign language or speak a European Union language fluently. However, greater percentages of new-venture firm owners speak a non-European Union language fluently, such as Bulgarian, Polish, or Russian. As a group, new-venture firm owners are younger than older-venture firm owners. There are also fewer female firm owners among the new venture group.<sup>5</sup> These distinct profiles are important in understanding how and why information needs and sources for export entrepreneurs vary from those of established firms.

### **Informal Sources of Information**

Open-ended questions were included on the survey to explore the types of sources Turkish clothing exporters utilize to acquire information about new product ideas, new technology and innovations, buyers, and suppliers. Table 4 presents the frequencies of the coded responses to these questions. Responses were coded into four categories: business contacts, internal sources, friends/family, and other sources. Each of these informal sources of information and their importance for new-venture firm owners will next be discussed in turn.

#### ***Business Contacts***

Business contacts are a common source of information among firm owners of both new and older ventures for all types of information needs. Aside from the direct mention of “business contacts,” mentions of “agents,” “buyers,” “models received from those I contract with,” “other firms I know,” and “firms I do business with” were coded as business contacts. New venture firm owners were more likely to mention buyers as a source of information about new products compared to older firms. Many of those mentioning buyers as a source of new product information used reactive terms when they described how they acquire the information. For example, one new venture firm owner mentioned “I get information about new products direct from my buyers’ wishes.” Another responded, “The changes we make are in response to the orders we get.” Among both new and older venture firm owners, agents and representatives from buyers are key sources of business contact information about buyers. References from other firms also had an impact, particularly among new venture firm owners. Several new venture firm-owners mentioned that they get references about buyers from their suppliers or from other firms that they know in the business.

#### ***Internal Sources***

Compared to new venture firm owners, firm owners of older firms were more likely to mention themselves and their employees as important sources for most of their information needs

---

<sup>4</sup> There are various types of vocational, industrial, and business high schools in the Turkish educational system. Other vocational high schools focus on public health, agriculture, animal husbandry, meteorology, and general industrial training. There are also a variety of technical high schools that orient their curriculum toward a specific field, such as electronics, chemistry, and construction. For further details, see Y?ld?ran and Durmin (1997).

<sup>5</sup> All but two of the 11 female older-venture firm owners are second- or third-generation textile workers.

categories. This difference is particularly significant in terms of getting information about new product ideas and technological innovations. Although new and older venture firm owners report similar use of internal sources for acquiring information about suppliers, all but one of the mentions among new ventures included the phrase “from myself,” whereas over half of the mentions among older firm owners included the phrase “from my employees.”

### ***Friends and Relatives***

Despite a larger number of second- and third-generation textile workers among older venture firm owners, owners of newer ventures mention friends and family social ties as often as older ventures in terms of acquiring information regarding new product ideas and buyers. New venture firm owners use of friends and family connections more intensely than their older venture counterparts when seeking information about technological innovations and suppliers. It is interesting to note that several new venture firm owners seem to be aware of the importance of employing all of the social contact resources they have at their disposal, particularly when seeking information about technological innovations and buyers. Twelve of the 159 new venture firm owners mentioned that they utilize their entire social network (*bütüin sozıyal çevresim*) to acquire information about technological innovations, and seven mentioned the use of their entire social network to acquire information about buyers.

### **Business Associations as Information Sources**

Field research among Istanbul clothing exporters suggested formal networks, particularly TGSD and İTKİB, were very important information resources for firm owners. Research was undertaken to further explore what kinds of information these formal networks offered export entrepreneurs, how export entrepreneurs acquired this information from these networks, and how important export entrepreneurs perceived this information to be.

#### ***TGSD***

TGSD is by far the most prestigious of the two networks and the most influential on government policy. It serves as a lobbying organization for the industry both at home and abroad at international textile and clothing conferences. TGSD is often mentioned in the popular press, its leaders often meet directly with high-ranking government officials and representatives from other nations, and the opinions and speculations of TGSD’s leaders often make top business headline news (Riddle 2001). Focus group participants recognized the prestige associated with TGSD membership. One participant mentioned, “It’s good to be a TGSD member. If you are one of us, you are pointed out as being something very important.”

A glance through TGSD’s membership directory indicates that the majority of TGSD’s membership consists of firms founded prior to 1990 – and substantial numbers created prior to the 1980 reforms. TGSD firms also tend to be fairly large in terms of sales and number of employees, and exporting TGSD firms are almost exclusively sending their goods to European Union markets. Analysis of 1998 Turkish clothing export figures reveals that although TGSD exporters account for four percent of all Istanbul clothing exporters, their exports account for almost one-quarter (22 percent) of all Istanbul clothing exports.

Survey results indicate that about three-quarters (77 percent) of firm owners of new ventures are aware of TGSD, but many do not believe that TGSD is a resource readily available to them. Although 64 percent of new firms aware of TGSD stated that they would not accept TGSD membership today if it were offered to them, open-end responses to why-not probes suggest that the majority of negative responses to this question are due to a perceived lack of ability to join. For example 19 percent did not believe they would be invited to join TGSD, and 12 percent said they would not accept TGSD membership because it was not an organization for

“their type of firm.” Twelve percent did not think they had the social connections to be invited into the organization, five percent registered concern with the “conditions” of membership, another five percent were suspicious or did not trust TGSD, and two percent reported they could not afford or did not want to pay membership fees.

### ***ITKIB***

ITKIB’s inclusive membership – all textile and clothing exporters are mandated by law to be an ITKIB member – stands in stark contrast to TGSD. ITKIB’s central goal is to “ensure the organized continuation of increasing textile and apparel exports” (“*What is ITKIB*”).

ITKIB offers a broad array of services to its members. For example, ITKIB keeps its members informed about the export process, requisite paperwork, laws affecting exporters, and industry news. In the often tumultuous Turkish political environment, export procedures, paperwork, and laws are often rapidly changing. The signing of the Customs Union decision also “necessitated a wide range of legislation covering all aspects of trade” (*Country Reports on Economic Policy and Trade Practices: Turkey 1999*). Export subsidies, including tax credits for exporters, have been slowly scaled back to comply with EU directives and GATT/WTO standards. Although Türk Eximbank has continued to provide exporters with credits, guarantees, and insurance programs, the terms of qualifications for these supports often change. All of these issues have contributed to an ambiguous legal environment for Turkish exporters.<sup>6</sup>

Each company’s customs declarations for exports are approved by ITKIB and ITKIB files all requisite customs paperwork for its members. ITKIB also keeps its members abreast of other industry news. ITKIB’s monthly magazine, *Hedef*, provides articles discussing the latest fashion trends, innovative production techniques, new input products, in-depth firm descriptions, and other industry-specific news.

Market research – both concerning domestic and foreign markets – is conducted by ITKIB. ITKIB’s statistical staff analyzes Turkey’s textile and clothing trade data and publishes reports that summarize production levels and trade flows in domestic and foreign markets. It also conducts primary and secondary research concerning domestic and foreign market demand. Market research findings are often disseminated to ITKIB members in articles published in *Hedef*.

ITKIB also provides information about the industry to the press and to the public. It “serves as a consultant not only for its members but also for everybody who wishes to receive information about importing textile, apparel, leather, leather goods, and carpets from Turkey or cooperate with the Turkish industry” (“*What is ITKIB*”).

When a country levies a quota on the importation of Turkish clothing, the amount of production needed to fill the quota is allocated among Turkish clothing exporters through ITKIB. Member firms must first qualify to participate in the quota program, and qualification is based on the number of workers employed in the company, the quality of machinery utilized by the company, and the company’s overall product quality (Uzuner Interview). Once a company qualifies for quota allotment, they are informed of the type and amount of pieces they must produce to meet their assigned portion.<sup>7</sup>

---

<sup>6</sup> Exporters are not alone in this dilemma. Bugra (1994) observes that an unstable legal environment has had a devastating effect on business-government relations in Turkey in general. Frequent amendments made to existing laws (including retroactive changes) and the tendency for the Turkish government to suddenly disregard legal provisions for practical purposes have resulted in “highly negative implications” for the relationship between the state and the business class in Turkey (Bugra 1994: 168).

<sup>7</sup> From then on, quota allotments are based on two factors: company export levels in the previous year and random distributions. Companies with increasing annual levels of exports receive increasing allotments, while companies with decreasing annual exports receive a smaller share of the quota. Actual quota allotments are calculated and assigned by a computer program. Until Turkey’s acceptance into the European Customs Union in 1996, quota allocation was the

Since 1989, ITKIB has taken a lead role in planning, organizing, and directing the participation of Turkish textile and clothing exporting firms in international trade fairs. ITKIB invites its members to participate in these events, and participants' exhibition fees are paid for by ITKIB. ITKIB contracts with professional promotion firms in the host country of each fair. They also design the exhibition space and participants' booths. The deputy general secretary describes ITKIB's holistic approach to trade fair support,

*"We do every job [at the trade fairs]. They [the exporters] only need to take their luggages and themselves to the fairs. We do all of the rest. We serve their companies by taking their product at their factories, at their plants, and we ship and take the product to the [exhibition] booths. We build up everything for them, organizing all the promotion" (Uzuner Interview).*

ITKIB also sends trade representatives to foreign markets. Two permanent trade representative offices are maintained by ITKIB: one in New York and the other in Brussels, Belgium. Established in 1992, the New York office includes a full showroom. At this showroom "the members of ITKIB can easily [make] contact with U.S. buyers and present their collections to the U.S. market" ("What is ITKIB"). The office in Brussels was established in 1995, and its main goal is to "expand the relationship and the cooperation with the European textile and apparel industry at a more intimate level" ("What is ITKIB"). ITKIB also organizes trade missions to other countries and hosts visiting trade missions from foreign markets in Istanbul.

The organization of educational seminars and conferences is another service ITKIB provides its members. Seminars are offered to all levels of exporters from the non-exporter to the more experienced exporter. For example, several conferences have been offered to educate exporters about requisite export procedures and paperwork. Other seminars have focused on production technology and managerial issues.

ITKIB has recently taken an active role in developing Istanbul's labor force for participation in semi-skilled and highly skilled jobs in the clothing and textile industry. It has opened four, two-year commercial high schools that focus their curriculum on all aspects of textile and clothing trade. The courses offered in these schools include engineering, management, marketing, and design courses. Students also take classes in Turkish language and literature, foreign languages, social sciences, and mathematics. Many schools also have research and development labs, enabling students to participate in research projects directed by the faculty. Graduates are qualified for designer, technician, and production supervisor positions in textile and clothing companies. Job fairs are conducted at the schools to introduce graduates to potential employers.

More than merely a government agency providing services to exporters, ITKIB is also a business association. Central to ITKIB's organizational structures are several "export associations," each organized around a specific sector or sub-sector. According to Ali Uzuner, chairman of the board of ITKIB's clothing export association, this association's purpose is to

*"take decisions on policies regarding the future of the industry and the protection of the interests of the industry; acts as a bridge between industry and government, conveying opinions of the industry to the government; and represents the industry in international meetings and organizations."*

The Clothing Export Association's board members meet on average every fifteen days. There are also various committees within this organization, such as those allocated to education,

---

central service offered by ITKIB to clothing exporters. Today, there are few quotas to distribute: the United States and Canada are the only two major markets with specific quotas levied on Turkish clothing imports.

research and development, European Union issues, press relations, and issues pertinent to particular product lines. These committees meet regularly and are open to all members. There is also a biannual General Assembly during which members come together to discuss issues salient to the industry as a whole.

Survey results indicate that new venture firm owners rate their ITKIB membership as important for themselves and their business. On a scale of one to ten, where one represents “not important at all” and ten represents “extremely important,” the overall average rating of ITKIB importance among new venture firm owners was a 7.00 (see Figure 1). Forty-five percent of new venture firm owners rated the importance of their ITKIB membership as an eight or higher.

Importance ratings for each ITKIB service indicates that new venture firm-owners place a premium on ITKIB’s foreign market research services (see Figure 1). On average this service received a 8.14 importance rating, and three-fourths (73 percent) of new venture firm owners rated foreign market research services an eight or higher. ITKIB’s provision of export law information (average 7.80), maintenance of trade representatives (average 7.70), organization of trade fairs (average 7.28), dissemination of industry news (average 7.20), and educational seminars (average 6.99) were also rated fairly high on the importance scale. Services of lesser importance to new venture firm owners included the provision of information about the export process, domestic market research, and the distribution of U.S. and Canadian quotas.

Regression analysis was performed to better understand if and to what extent importance ratings for ITKIB’s services might drive overall perceptions of ITKIB’s importance among new venture firm-owners. Firmographic variables were also included in the analysis to explore the degree to which firm characteristics might also predict overall ratings of ITKIB’s importance. Table 5 presents the final model from this analysis. This model accounts for approximately 37 percent (.369) of the variation of overall ITKIB ratings among new venture firm owners. The provision and dissemination of information of many types plays a substantial role in determining new venture firm owners overall perceptions of ITKIB’s importance.

Among ITKIB’s many service functions, the provision of information about export laws was the strongest predictor of overall ITKIB importance; a one-unit increase in export law importance rating accounted for more than a third of a point (.339) for ITKIB overall importance. Foreign market research accounted for approximately one-fifth of a point increase (.189) in overall ITKIB importance, and the provision of information about the export process contributed about one-tenth of a point in ITKIB importance ratings (.111).

New venture firm-owners whose business only exports to developing countries tended to rate ITKIB higher in terms of importance than did those who also exported to developed nations. Being an exporter that only exports to developing countries accounted for over a one-point increase in overall ITKIB importance ratings (1.121). Since European markets are the traditional export destinations for Turkish clothing, exporters sending their goods to less-developed export markets in developing nations perhaps are in greater need of the support and information ITKIB offers. In addition, the year a company was founded also had a significant effect on ITKIB importance ratings among new venture firm-owners. Newer companies rated ITKIB’s importance higher; on average ITKIB importance ratings decreased by one tenth of a point (-.103) for every additional year of business experience.

## Conclusions

The sharp increase in new-venture growth in the Turkish clothing industry since 1980 illustrates how quickly a national industry can develop from a small set of key industrial leaders. Government policies designed to encourage exports, especially from this sector, have inspired entrepreneurship and new-venture development, particularly among segments of the population

that have not had a family connection to the industry. Today new ventures outnumber older ventures in the Turkish clothing export industry.

Although smaller than older ventures, these new companies export with the same intensity as their older venture counterparts, and most new ventures export the majority of their production overseas. New ventures, however, tend to focus on a wide variety of export markets. More new venture firm owners send their exports only to developing countries. New venture firm owners also differ from firm owners of older ventures in several ways. Although most do not originate from families with experience in the textile or clothing industry, a significant number of new venture firm owners attended secondary schools specializing in commercial trade. In comparison to firm owners of older ventures, there are very few non-Muslims and non-Turks among new venture firm owners, yet new venture firm owners are more likely to speak several foreign languages, particularly non-EU languages. On average, new venture firm owners also are younger than firm owners of older firms, and there are significantly fewer female firm owners of new ventures.

The similarity in export behavior between new and older ventures in this industry is notable because new ventures often face resource and experience constraints due to their small size and age. These constraints are evident in the responses of new venture firm owners to questions exploring where they turn for information about new products, technological innovation, buyers, and suppliers. Only a few of the new ventures mention utilizing intra-company contacts to acquire this information. The few that did claim to use such contacts referenced themselves as the information source. Informal ties, such as friends and family, play a significant role in information acquisition among new venture firm owners, particularly in terms of seeking information about technological developments and suppliers. Since a substantial proportion of new venture firm-owners attended a commercial trade school, it is possible that the friendship networks they utilize are relationships established among former classmates.

Turkish clothing export entrepreneurs also utilize formal sources of information. New ventures often turn to ITKIB, a semi-public business association, for information and networking. New venture firm owners on average perceive their ITKIB membership as very important to them and their business. Although ITKIB offers several services to Turkish clothing exporters, new venture firm owners' perceived importance of ITKIB can be largely explained by the importance they place on ITKIB's information sources, especially that concerning export laws, foreign markets, and the export process. The acquisition of export law information from an outside source could be critical to new venture firm owners since many may lack the experience, political connections, and in-house expertise necessary to successfully navigate the ambiguous Turkish legal environment. Similarly, ITKIB's foreign market research could be particularly important to new venture firm owners who often lack the resources and staff to adequately identify and compile research on a large number of potential export markets. Finally, as likely novice or inexperienced exporters, information concerning the export process will be particularly needed by firm owners of newly established ventures.

The perceived importance of ITKIB among new venture firm owners in the Turkish clothing industry stands in stark contrast to the claims of public-sector ineptitude in export-promotion and the calls for government non-interference in export promotion activities that are prevalent in the international business literature. Two possible explanations of ITKIB's success as an export-promotion organization demonstrate that under certain circumstances the public sector can offer useful export-promotion services and support.

First, unlike most public-sector export promotion organizations in the world, ITKIB does not attempt to provide support to all Turkish exporters. Instead, ITKIB focuses its efforts on a singular industrial cluster: the clothing industry concentrated in Istanbul. As defined by Michael Porter (1998), industrial clusters are geographic concentrations of interconnected companies and institutions in a particular field. ITKIB's governmental role in this cluster is three-fold. It acts as

a policy conduit, collecting input from actors in the private sector and relaying the information back to other government entities whose actions affect the industry. By establishing industry-specific commercial high schools, ITKIB also supports an education policy to the advantage of the industry. Finally, ITKIB plays the role of information facilitator among cluster members, a role that is particularly supportive of new ventures.

A second reason underlying ITKIB's success could be the legal mandate that requires exporter membership in this organization. It is perhaps ironic in this day of economic liberalization that we find ourselves applauding Turkey's decision to require membership in an export promotion organization. Our survey suggests, however, that ITKIB membership and its concomitant membership fee do not constitute merely a hidden tax on the industry. Members rate the organization's services quite high. Legislated membership in ITKIB results in the involvement of new venture firm owners in this informative association during the initial phase of their start-up. This is a critical point when entrepreneurs, already pressed for time, need to gather information widely. Mandatory ITKIB membership efficiently informs new venture owners of an important source of information – and encourages them to use it – far more than a voluntary association is likely to do.

By arming new ventures with the information they need to better understand the export process and foreign markets, ITKIB supplements the informal information sources of entrepreneurs and prepares new venture firm owners for the challenges they face in the competitive global marketplace. In turn these new ventures have rewarded Turkey with unusual export success in both traditional and non-traditional markets, complimenting the role played by the more established firms.

## References

- Aharoni, Yair, 1966, *The Foreign Investment Decision Process*, Boston: Division of Research, Graduate School of Business Administration, Harvard University.
- Aldrich, Howard, 1989, "Ethnicity and Entrepreneurship" *Annual Review of Sociology* 16: 111-135.
- Aldrich, Howard and Catherine Zimmer, 1986, "Entrepreneurship through Social Networks" in Donald L. Sexton and Raymond W. Smilor (eds.), *The Art and Science of Entrepreneurship*, Cambridge, MA: Ballinger.
- Allen, David N. and R. McCluskey, 1990, "Structure, Policy, Services and Performance in the Business Incubator Industry" *Entrepreneurship Theory and Practice* 14 (Winter), 61-77.
- Bauerschmidt, Alan, Daniel Sullivan, and Kate Gillespie, 1985, "Common Factors Underlying Barriers to Export: Studies in the U.S. Paper Industry" *Journal of International Business Studies* (Fall), 111-123.
- Bilkey, Warren J., 1978, "An Attempted Integration of the Literature on the Export Behavior of Firms" *Journal of International Business Studies* (Spring/Summer), 33-46.
- Bilkey, Warren and George Tesar, 1977, "The Export Behavior of Smaller-Sized Wisconsin Manufacturing Firms" *Journal of International Business Studies* (Winter), 93-98.
- Birley, Sue, 1985, "The Role of Networks in the Entrepreneurial Process" *Journal of Business Venturing* 1(1), 107-117.
- Bonaccorsi, Andrea, 1992, "On the Relationship Between Firm Size and Export Intensity" *Journal of International Business Studies* (Fall), 637-658.
- Brush, Candida, 1995, *International Entrepreneurship: The Effect of Firm Age on Motives for Internationalization*, New York: Garland Publishing, Inc.
- Bugra, Ayse, 1994, *State and Business in Modern Turkey: A Comparative Study*, Albany, NY: State University of New York Press.
- Campbell, Candace, 1989, "Change Agents in the New Economy: Business Incubators and Economic Development" *Economic Development Review* (Spring), 56-69.
- Carsrud, Alan L., Connie Marie Gaglio, and Kenneth W. Olm, 1987, "Entrepreneurs—Mentors, Networks, and Successful New Venture Development: An Exploratory Study" *American Journal of Small Business* 12(2), 13-18.
- Casson, M.C. 1997, *Information and Organization: A New Perspective on the Theory of the Firm*, London: Oxford.
- Cavusgil, S. Tamer, 1984, "Differences among Exporting Firms Based on Their Degree of Internationalization" *Journal of Business Research* 12, 195-208.
- Cavusgil, S. F. and Zou, S., 1994, "Marketing Strategy-Performance Relationship: An Investigation of the Empirical Link in Export Market Ventures" *Journal of Marketing*, 58, 1-21.
- Country Reports on Economic Policy and Trade Practices: Turkey*, 1999, Washington, D.C.: Bureau of Economic and Business Affairs, U.S. Department of State.
- Culpan, Refik, 1989, "Export Behavior of Firms: Relevance of Firm Size" *Journal of Business Research* 18, 207-218.
- Czinkota, Michael, 1982, *Export Development Strategies: US Promotion Policies*, New York: Praeger.
- Czinkota, Michael R. and Wesley Johnson, 1983, "Exporting: Does Sales Volume Make a Difference?" *Journal of International Business Studies* (Spring/Summer), 147-153.
- Dichtl, Erwin, M. Leibold, Hans-Georg Koglamayer, and Stefan Muller, 1984, "The Export Decision Process of Small and Medium-Sized Firms: A Review" *Management International Review*, 21(3), 40-61.
- Erdemli, Sabahnur. Personal Interview. August 1998.

- Flora, Cornelia Butler and Jan L. Flora, 1993, "Entrepreneurial Social Infrastructure: A Necessary Ingredient" *The Annals of the American Academy of Political and Social Science* 529, 48-58.
- Galaskiewicz, Joseph and Akbar Zaheer, 1999, "Networks and Competitive Advantage" *Research in the Sociology of Organizations* 16, 237-261.
- Granovetter, M, 1973, "The Strength of Weak Ties" *American Journal of Sociology*, 6, 1360-1380.
- \_\_\_\_\_, 1985, "Economic Action and Social Structure: The Problem of Embeddedness" *American Journal of Sociology* 91(3), 481-510.
- Greene, Patricia and John Sibley Butler, 1996, "The Minority Business Community as a Natural Business Incubator" *Journal of Business Research* 36, 51-58.
- Hansen, Morten T., Henry W. Chesbrough, Nitin Nohria, and Donald Sull, 2000, "Networked Incubators: Hothouses of the New Economy" *Harvard Business Review* (September-October), 75-83.
- Hara, George and Kanai Toshihiro, 1994, "Entrepreneurial Networks across Oceans to Promote International Strategic Alliances for Small Businesses" *Journal of Business Venturing* 9(6), 489-507.
- Ilyasoglu, Eyüp and Lâle Duruiz, 1990, *The Turkish Clothing Industry*, Istanbul: Turkish Clothing Manufacturers' Association.
- International Financial Statistics 1979-1999*. Washington, DC: International Monetary Fund.
- ITKIB Textile and Clothing Statistics*. 1998. Istanbul, Turkey: Istanbul Textile and Clothing Exporters' Union.
- Johannisson, Bengt and Krzysztof Nowicki, 1992, "Using Networks to Organize Support for Entrepreneurs, Paper presented at the Babson College Entrepreneurship Conference, INSEAD, Fontainebleau, France.
- Johanson, Jan and Jan-Erik Vahlne, 1990, "The Mechanism of Internationalization" *International Marketing Review* 7(4), 111-124.
- \_\_\_\_\_, 1977, "The Internationalization Process of the Firm—A Model of Knowledge Development and Increasing Foreign Market Commitments" *Journal of International Business Studies* (Winter): 23-32.
- Johanson, Jan, and F. Wiedersheim-Paul, 1975, "The Internationalization of the Firm: Four Swedish Cases" *Journal of Management Studies* 12(3), 302-322.
- Kasaba, Resat, 1988, *The Ottoman Empire and the World Economy: The Nineteenth Century*, Albany, NY: State University of New York Press.
- Keesing, Donald B. and Andrew Singer, 1990, "Development Assistance Gone Wrong: Why Support Services Have Failed to Expand Exports," Policy, Research, External Affairs Working Paper WPS543, Country Economics Department, The World Bank, November 1990.
- \_\_\_\_\_. 1992. "Why Export Promotion Fails" *Finance and Development* 29(1): 52-53.
- Larson, Andrea, 1992, "Network Dyads in Entrepreneurial Settings: A Study of the Governance of Exchange Relationships" *Administrative Quarterly* 37:, 76-104.
- Leonidou, Leonidas C. and Constantine S. Katsikeas, 1996, "The Export Development Process: An Integrative Review of Empirical Models" *Journal of International Business Studies* 27, 3, 517-551.
- McDougall, Patricia P. and Benjamin M. Oviatt, 1997a, "Challenges for International Process Theory: The Case of International New Ventures" *Management International Review* 37(2), 85-89.
- \_\_\_\_\_, 1997b, "International Entrepreneurship Literature in the 1990s and Directions for Future Research, in D.L. Sexton and R.W. Smilor (eds.), *Entrepreneurship 2000*, Chicago: Upstart Publishing.

- \_\_\_\_\_, 1994, "Explaining the Formation of International New Ventures: The Limits of Theories from International Business Research" *Journal of Business Venturing*, 469-487.
- McDougall, Patricia P., Scott Shane, and Benjamin M. Oviatt, 1994, "Explaining the Formation of International New Ventures: The Limits of Theories from International Business Research" *Journal of Business Venturing* 9, 469-487.
- Moini, A. H., 1998, "Small Firms Exporting: How Effective are Government Export Assistance Programs?" *Journal of Small Business Management* 36(1), 1-15.
- \_\_\_\_\_, 1995, "An Inquiry into Successful Exporting: An Empirical Investigation Using a Three-Stage Model" *Journal of Small Business Management* 33(3), 9-25.
- O'Rourke, A. Desmond, 1985, "Differences in Exporting Practices, Attitudes, and Problems by Size of Firm" *American Journal of Small Business*, 9(3), 25-29.
- Ostgaard, Tone A. and Sue Birley, 1996, "New Venture Growth and Personal Networks" *Journal of Business Research* 36(1), 37-50.
- Pamuk, Sevket, 1987, *The Ottoman Empire and European Capitalism 1820-1913: Trade, Investment, and Production*, NY: Cambridge University Press.
- Porter, Michael, 1998, "Clusters of Competition" *Harvard Business Review*, (November-December), 77-89.
- \_\_\_\_\_, 1990, *The Competitive Advantage of Nations*, New York: The Free Press.
- Quatert, Donald, 1994, *Manufacturing in the Ottoman Empire and Turkey: 1500-1950*, NY: State University of New York Press.
- Rabino, S., 1980, "An Examination of Barriers to Exporting Encountered by Small Manufacturing Companies" *Management International Review* 20(1), 67-73.
- Reid, Stan. D., 1981, "The Decision-Maker and Export Entry and Expansion" *Journal of International Business Studies* 12(2), 101-112.
- Riddle, Liesl Anna, 2001, "The Social Embeddedness of Export Promotion Organization in the Turkish Clothing Industry" PhD, Dissertation, Austin, Texas: The University of Texas at Austin.
- Seringhaus, F.H.R., 1987, "Export Promotion: The Role and Impact of Government Services" *International Marketing Review*, 2: 106-116.
- \_\_\_\_\_, 1984, "Government Export Marketing Assistance to Small and Medium-Sized Ontario Manufacturing Firms: The Role and Impact of Trade Missions on a Firm's Offshore Market Involvement," PhD, Dissertation, New York University, Canada.
- Seringhaus, F.H.R. and Guenther Botschen, 1991, "Cross-National Comparison of Export Promotion Services: The Views of Canadian and Austrian Companies" *Journal of International Business* (Winter), 115-133.
- Togan, S. and V.N. Balasubramanyam, 1996, *The Economy of Turkey Since Liberalization*, NY: St. Martin's Press.
- Thomas, M.J. and L. Araujo, 1985, "Theories of Export Behavior: A Critical Analysis" *European Journal of Marketing*, 19(2), 42-55.
- Uzuner, Ali. Personal Interview. May 1999.
- Vozikis, George S. and Timothy Mescon, 1985, "Small Business Exporters and Stages of Development: Empirical Study" *American Journal of Small Business*, 10(1), 49-64.
- "What is ITKIB?," n.d. Istanbul, Turkey: The Istanbul Textile and Clothing Export Union.
- Widersheim-Paul, L.S. Welch and H.C. Olson, 1975, "Before the First Export Order: A Behavioral Model" Working Paper, No. 10, Department of Economics, University of Queensland, Queensland, Australia.
- Yaprak, A., 1985, "An Empirical Study of the Differences Between Small Exporting and Non-Exporting U.S. Firms" *International Marketing Review*, 2(2), 72-83.
- Yıldırım, Güzver and John Durnin, 1997, *Recent Perspectives on Turkish Education: An Inside View*, Bloomington, Indiana: Indiana University Turkish Studies Publications.

Zimmer, Catherine and Howard Aldrich, 1987, "Resource Mobilization through Ethnic Networks: Kinship and Friendship Ties of Shopkeepers in England" *Sociological Perspectives* 30(4), 422-445

## Tables and Figures

TABLE 1: Export Intensity and Firm Size: New and Older Ventures Compared

	<b>Firms Founded Before 1990 (percent) n=91</b>	<b>Firms Founded 1990 or Later (percent) n=159</b>
<b>EXPORT INTENSITY</b>		
Less than 10percent	9	14
10-49percent	21	18
50-99percent	41	40
100percent	29	28
MEAN (Standard Deviation)	68.27 (35.41)	63.31 (34.67)
<b>FIRM SIZE: EXPORT SALES (in US\$)<sup>d</sup></b>		
Less than \$49,999	32	43**
\$50,000 - \$99,999	14	8
\$100,000 - \$249,999	9	12
\$250,000 - \$499,999	14	8
\$500,000 - \$999,999	10	8
\$1,000,000+	21	21
MEAN (Standard Deviation)	\$669,546 (\$1,547,021)	\$748,031 (\$1,960,037)
<b>FIRM SIZE: TOTAL SALES (in US\$)<sup>b</sup></b>		
Less than \$65,800	8	23***
\$65,800 - \$263,199	18	24
\$263,200 - \$526,399	13	16
\$526,400 - \$789,599	13	8
\$789,600 - \$1,052,799	6	9
\$1,052,800 - \$1,315,999	4	2
\$1,316,000 or more	38	18***
<b>FIRM SIZE: NUMBER OF WORKERS</b>		
Less than 10	25	38**
10-24	16	28**
25-49	18	11
50-74	12	11
75-99	6	4
100+	23	8***
MEAN (Standard Deviation)	56.18 (59.83)	35.64 (59.37)***

\*p<=.10, \*\*p<=.05, \*\*\*p<=.01

<sup>a</sup> Source: Istanbul Textile and Clothing Export Union Statistics (1998).

<sup>b</sup> Total sales were collected via sales ranges in the denomination of Turkish lira. For comparison purposes, the US dollar equivalent is shown here. Thirty-six respondents (14 older firms, 22 new firms) did not respond to this question. Percentages shown refer to 77 firms founded before 1990 and 137 firms founded in 1990 or later.

TABLE 2: Destination of Exports and Product Line Composition: New and Older Ventures Compared

	<b>Firms Founded Before 1990 (percent) n=91</b>	<b>Firms Founded 1990 or Later (percent) n=159</b>
<b><i>REGIONAL DESTINATION OF EXPORTS<sup>a</sup></i></b>		
EU	81	69**
Other OECD	21	23
Middle East	19	24
CIS	19	21
North Africa	5	10
Central & Eastern Europe	6	7
Other Region	8	11
<b><i>ONLY EXPORT TO DEVELOPING COUNTRIES</i></b>	14	26**
<b><i>ONLY EXPORT TO EU COUNTRIES</i></b>	61	49*
<b><i>PRODUCT LINE COMPOSITION<sup>b</sup></i></b>		
<b><i>READY-WEAR</i></b>		
Women's Wear	67	59
Men's Wear	39	48
Children's Wear	30	36
Other Ready-Wear	3	7
<b><i>FABRIC</i></b>		
Knit Fabric	21	22
Woven Fabric	19	27
Other Fabric	0	4***
<b><i>OTHER PRODUCTS</i></b>		
	2	4
<b><i>PRODUCE READY-WEAR &amp; FABRIC</i></b>	18	21

\*p&lt;=.10, \*\*p&lt;=.05, \*\*\*p&lt;=.01

<sup>a</sup>A respondent could send exports to more than one region, so percentages shown do not add up to 100 percent.<sup>b</sup>A respondent's product line could include more than one product category, so percentages shown do not add up to 100 percent.

TABLE 3: Demographic Profile of Firm-Owners: New and Older Ventures Compared

	Owners of Firms Founded Before 1990 (percent) n=91	Owners of Firms Founded in 1990 or Later (percent) n=159
<b>GENERATION ACTIVE IN TEXTILE INDUSTRY</b>		
First Generation	72	86**
Second Generation	26	12***
Third or Greater Generation	2	2
<b>HIGHEST LEVEL OF COMPLETED EDUCATION</b>		
Less than High School	7	16**
Commercial High School	11	21**
Other High School	34	22**
College or More	48	41
<b>FOREIGN LANGUAGE FLUENCY</b>		
None	32	32
EU LANGUAGES		
English	53	46
French	7	8
German	10	9
NON-EU LANGUAGES		
Arabic	12	14
Bulgarian	0	3**
Kurdish	0	3**
Polish	0	2*
Russian	2	9***
MEAN NUMBER OF LANGUAGES ( <i>among those fluent in a language other than Turkish</i> ) <sup>a</sup>	1.3 (.6)	1.5 (.9)
<b>ETHNICITY</b>		
Armenian	3	0*
Jewish	3	0*
Turkish	90	90
Other	4	9***
<b>RELIGION</b>		
Christian	5	1*
Jewish	3	1
Muslim	92	97
<b>AGE</b>		
Under 30	9	18**
30-49	73	74
50+	18	8**
MEAN AGE <sup>a</sup>	40.5 (8.3)	37.6 (8.5)***
<b>GENDER</b>		
Male	88	95*
Female	12	5

\*p&lt;=.10, \*\*p&lt;=.05, \*\*\*p&lt;=.01

<sup>a</sup>Numbers in parentheses are standard deviations of the mean.

TABLE 4: Informal Network Information Sources: New And Older Venture Firm Owners Compared

<b>Informal Network Sources of Information</b>	<b>Owners of Firms Founded Before 1990 (percent) n=91<sup>a</sup></b>	<b>Owners of Firms Founded in 1990 or Later (percent) n=159<sup>a</sup></b>
<b><i>NEW PRODUCT IDEAS</i></b>		
Business Contacts	47	44
Sources within the Firm	6***	33
Friends/Relatives	10	11
Other Sources	56**	69
<b><i>TECHNOLOGICAL INNOVATIONS</i></b>		
Business Contacts	66	58
Sources within the Firm	11***	23
Friends/Relatives	30***	7
Other Sources	20*	30
<b><i>BUYERS</i></b>		
Business Contacts	68	62
Sources within the Firm	4*	10
Friends/Relatives	16	15
Other Sources	36	34
<b><i>SUPPLIERS</i></b>		
Business Contacts	70	66
Sources within the Firm	9	8
Friends/Relatives	20*	12
Other Sources	31	34

\*p&lt;=.10, \*\*p&lt;=.05, \*\*\*p&lt;=.01

<sup>a</sup>Coded open-end responses. A single respondent's answer could be assigned more than one code, therefore percentages do not add to 100percent.

FIGURE 1: Mean Importance of ITKIB Membership and Services to New Ventures

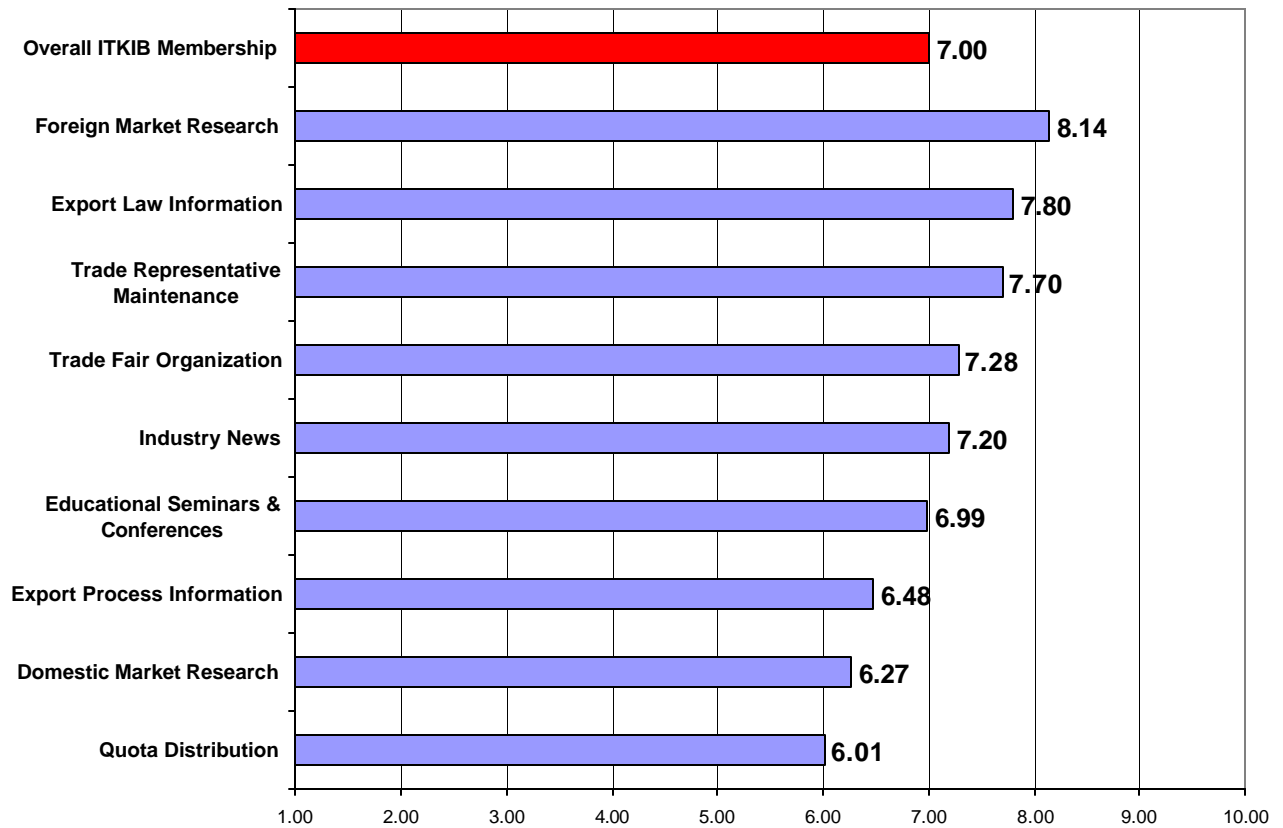


TABLE 5: Key Drivers of New Venture Firm Owners' Perceptions of ITKIB Importance:  
OLS Regression Results (Dependent Variable = Overall ITKIB Importance)

<b>Independent Variables</b>	<b>Unstandardized Coefficient<sup>a</sup></b>	<b>Standardized Coefficient</b>
<b><i>ITKIB SERVICES</i></b>		
Export Law Information	.339 (.083)***	.341
Foreign Market Research	.189 (.097)**	.168
Export Process Information	.111 (.068)*	.113
<b><i>FIRMOGRAPHICS</i></b>		
Export Only to Developing Countries	1.121 (.337)***	.220
Firm Age (in years)	-.103 (.063)*	-.100
Constant	-8.191 (6.443)	
R <sup>2</sup>	.369	

\*p<=.10, \*\*p<=.05, \*\*\*p<=.01 (two-tailed tests)

<sup>a</sup>Numbers in parentheses are standard errors.

The GW Center for the Study of Globalization  
**Occasional Paper Series**

**Publications to date:**

---

- CSGOP-02-01 **Commerce Department Antidumping Sunset Reviews: A Major Disappointment**  
*Michael O. Moore*, Associate Professor of Economics and International Affairs, The George Washington University
- CSGOP-02-02 **Globalization and the Convergence of Social Expenditure in the European Union**  
*Holger Wolf*, Associate Professor of Economics and International Affairs, The George Washington University
- CSGOP-02-03 **Commercial Purchasing and Comparative Public Procurement: Exposing the Chasm Between the United States Government's Evolving Policy and Practice**  
*Steven L. Schooner*, Associate Professor of Law, The George Washington University
- CSGOP-02-04 **The Effects of New Technologies on Cultural Protectionism**  
*Harvey B. Feigenbaum*, Associate Dean, Elliott School of International Affairs and Professor of Political Science and International Affairs, The George Washington University
- CSGOP-02-05 **How Risky is U.S. Direct Foreign Investment? A Study of Financial and Political Risks**  
*Reid W. Click*, Associate Professor of International Business and International Affairs, The George Washington University
- CSGOP-02-06 **An Econometric Analysis of US Antidumping Sunset Review Decisions**  
*Michael O. Moore*, Associate Professor of Economics and International Affairs, The George Washington University
- CSGOP-02-07 **Managers, Investors and Crises: Mutual Fund Strategies in Emerging Markets**  
*Graciela Kaminsky*, Professor of Economics and International Affairs, The George Washington University; *Richard Lyons*, Professor, Haas School of Business, U.C. Berkeley; and *Sergio Schmukler*, Senior Economist, The World Bank
- CSGOP-02-08 **Globalization and Governance: Examining the Contest Between Business and NGO Agendas in Intellectual Property Rights**  
*Susan K. Sell*, Associate Professor of Political Science and International Affairs, The George Washington University; and *Aseem Prakash*, Assistant Professor of Strategic Management and Public Policy and International Affairs, The George Washington University
- CSGOP-02-09 **Technology-Based Globalization Indicators: The Centrality of Innovation Network Data**  
*Robert Rycroft*, Professor of International Science and Technology Policy and International Affairs, The George Washington University
- CSGOP-03-10 **U.S. Economic Sanctions: An Empirical Study**  
*Hossein Askari*, Aryamehr Professor of International Business; *John Forrer*, Director, The GW Center for the Study of Globalization, The George Washington University; *Hildy Teegen*, Associate Professor of International Business and International Affairs, The George Washington University; and *Jiawen Yang*, Associate Professor of International Business, The George Washington University
- CSGOP-03-11 **Using Unilateral Economic Sanctions Effectively: A Grounded Theory**  
*Hossein Askari*, Aryamehr Professor of International Business; *John Forrer*, Director, The GW Center for the Study of Globalization, The George Washington University; *Hildy Teegen*, Associate Professor of International Business and International Affairs, The George Washington University; and *Jiawen Yang*, Associate Professor of International Business, The George Washington University

- CSGOP-03-12 **U.S. Economic Sanctions Against China: Who Gets Hurt?**  
*Hossein Askari*, Aryamehr Professor of International Business; *John Forrer*, Director, The GW Center for the Study of Globalization, The George Washington University; *Hildy Teegen*, Associate Professor of International Business and International Affairs, The George Washington University; and *Jiawen Yang*, Associate Professor of International Business, The George Washington University
- CSGOP-03-13 **Economic and Strategic Impacts of U.S. Economic Sanctions on Cuba**  
*Hossein Askari*, Aryamehr Professor of International Business; *John Forrer*, Director, The GW Center for the Study of Globalization, The George Washington University; *Hildy Teegen*, Associate Professor of International Business and International Affairs, The George Washington University; and *Jiawen Yang*, Associate Professor of International Business, The George Washington University
- CSGOP-03-14 **Global Gatekeeping, Representation, and Network Structure: A Longitudinal Analysis of Regional and Global Knowledge – Diffusion Networks**  
*Jennifer Spencer*, Assistant Professor of International Business, The George Washington University
- CSGOP-03-15 **How Governments Matter to New Industry Creation**  
*Jennifer Spencer*, Assistant Professor of International Business, The George Washington University; *Thomas P. Murtha*, Associate Professor, Carlson School of Management, University of Minnesota; and *Stefanie A. Lenway*, Professor, Department Chair, Carlson School of Management, University of Minnesota
- CSGOP-03-16 **Self-Organizing Innovation Networks: Implications for Globalization**  
*Robert Rycroft*, Professor of International Science and Technology Policy and International Affairs, The George Washington University
- CSGOP-03-17 **Analysis of Experience: The Role of Public Private Partnerships in HIV/AIDS Prevention, Control, and Treatment Programming, Part 1: Conceptual Framework**  
*Muhiuddin Haider*, Assistant Professor of Global Health, The George Washington University
- CSGOP-03-18 **Analysis of Experience: The Role of Public Private Partnerships in HIV/AIDS Prevention, Control, and Treatment Programming, Part 2: Case Studies**  
*Muhiuddin Haider*, Assistant Professor of Global Health, The George Washington University
- CSGOP-03-19 **Analysis of Experience: The Role of Public Private Partnerships in HIV/AIDS Prevention, Control, and Treatment Programming, Part 3: Lessons Learned**  
*Muhiuddin Haider*, Assistant Professor of Global Health, The George Washington University
- CSGOP-03-20 **The Gulf Crisis: Report from the Volatility Front**  
*Robert J. Weiner*, Professor of International Business and International Affairs, The George Washington University and Membre Associé, GREEN, Université Laval
- CSGOP-03-21 **Economic Fragility, Liquidity, and Risk: The Behavior of Mutual Funds During Crises**  
*Graciela Kaminsky*, Professor of Economics and International Affairs, The George Washington University; *Richard K. Lyons*, Professor, University of California, Berkeley; *Sergio Schmukler*, Senior Economist, Macroeconomics and Growth Team, Development Research Group, The World Bank
- CSGOP-03-22 **Digital Diasporas and Human Rights: Strengthening National Governments**  
*Lori A. Brainard*, Assistant Professor of Public Policy and Public Administration, The George Washington University  
*Jennifer M. Brinkerhof*, Associate Professor of Public Policy and Public Administration, The George Washington University

- CSGOP-03-23 **Digital Diasporas and International Development: Afghan-Americans and the Reconstructions of Afghanistan**  
*Jennifer M. Brinkerhof*, Associate Professor of Public Policy and Public Administration, The George Washington University
- CSGOP-03-24 **Innovation Networks and Complex Technologies: Policy Implications of the Unknown, and the Unknowable**  
*Robert Rycroft*, Professor of International Science and Technology Policy and International Affairs, The George Washington University
- CSGOP-03-25 **Globalization, the Internet, and the Voluntary Sector: the Emergence of Cyber-Grassroots Organizations**  
*Lori A. Brainard*, Assistant Professor of Public Policy and Public Administration, The George Washington University  
*Jennifer M. Brinkerhof*, Associate Professor of Public Policy and Public Administration, The George Washington University
- CSGOP-04-26 **Is the Chinese Currency Undervalued?**  
*Jiawen Yang*, Associate Professor of International Business and International Affairs, The George Washington University  
*Isabelle Bajeux-Besnainou*, Professor of Finance, The George Washington University
- CSGOP-04-27 **Changing Corporate Governance and Competition Policies in the European Union**  
*Scheherazade S. Rehman*, Director, European Union Research Center, Institute for Global Management and Research; and Associate Professor of International Finance/Business, the George Washington University
- CSGOP-04-28 **Privatization and Organizational Change: Lessons from Cross-National Research**  
*John Forrer*, Director, The GW Center for the Study of Globalization, The George Washington University  
*James Kee*, Professor, School of Public Policy and Public Administration, The George Washington University  
*Kathryn Newcomer*, Director and Professor, School of Public Policy and Public Administration, The George Washington University  
*Michelle Amante*, [mamante@gwu.edu](mailto:mamante@gwu.edu)  
*Laila El Baradei*, Professor of Public Administration, Cairo University
- CSGOP-04-29 **Alliance Strategies: Case Studies**  
*Nicholas J. Vivio*, Student Researcher, Center for International Science and Technology Policy, The George Washington University
- CSGOP-04-30 **Determinants of Technology Licensing**  
*YoungJun Kim*, Adjunct Professor of Economics, Department of Economics, The George Washington University  
*Nicholas S. Vonortas*, Associate Professor of Economics and International Affairs, Director, Center for International Science and Technology Policy, The George Washington University
- CSGOP-04-31 **Competitiveness and Corporate Governance in the EU**  
*Scheherazade S. Rehman*, Director, European Union Research Center, Institute for Global Management and Research; and Associate Professor of International Finance/Business, the George Washington University
- CSGOP-04-32 **Global Perspective on the Connections between Immigrants and World Cities**  
*Lisa Benton-Short*, Assistant Professor of Geography at George Washington University  
*Samantha Friedman*, Assistant Professor in the department of sociology at George Washington University.

- CSGOP-04-33 **Banking Sector Systemic Risk Analysis: An Application to Brazil**  
*Theodor Barnhil*, Professor in Department of Finance at the George Washington University  
*Robert Savickas*, in Department of Finance at the George Washington University  
*Marcos Rietti Souto*, Ph. D. Candidate in the in Department of Finance at the George Washington University  
*Benjamin Tabak*, Economist at the Banco Central do Brasil
- CSGOP-05-34 **Development, Poverty and Tourism: Perspectives and Influences in Sub-Saharan Africa**  
*Sheryl M. Elliott*, Associate Professor of Tourism Studies at the George Washington University  
*Shaun Mann*, Consultant at The World Bank
- CSGOP-05-35 **Global Convergence of Corporate Governance Systems and Competitiveness**  
*Scheherazade S. Rehman*, Director of the European Union Research Center and Associate Professor of International Finance/Business and International Affairs at the George Washington University  
*Frederick V. Perry*, Adjunct Professor of Business and Management at Lynn University.
- CSGOP-05-36 **Adaptation of Interorganization Networks to Environment Change: Creating Insiders and Outsiders**  
*Liesl A. Riddle*, Assistant Professor of International Business and International Affairs at the George Washington University
- CSGOP-05-37 **Can Government Enhance the Competitiveness of Local SME? Evidence from the Turkish Clothing Export Industry**  
*Liesl A. Riddle*, Assistant Professor of International Business and International Affairs at the George Washington University.  
*Kate Gillespie*, Research Associate Professor, Department of Marketing Administration at the University of Texas at Austin



---

THE GEORGE  
WASHINGTON  
UNIVERSITY

---

WASHINGTON DC