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**MAJOR MOTIVES AND BARRIERS OF  
INTERNATIONALIZATION FOR TURKISH FURNITURE SMEs**

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*Abstract*

This paper examines main motives and barriers of internationalization for Turkish furniture SMEs. The main purpose of this paper is to explore and identify the major motives and barriers that Turkish furniture SMEs dealt with during the process of their internationalization. Therefore, the survey tries to address one major research question: What are the main motives and the barriers of internationalization for Turkish furniture SMEs? A qualitative exploratory approach is adopted in order to find a better understanding of the phenomenon and to show a clear picture of challenges and obstacles that SMEs encountered during the process of their internationalization. Findings revealed two motives that are not classified before: (1) cash sales in foreign market opposite to credit sales in the domestic market, and (2) maintaining flexibility in both domestic and foreign markets. Moreover, almost all barriers are related to political risks including civil strife, revolution, and wars in Middle East region.

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**Keywords:** Motives and barriers; Turkish Furniture SMEs; internationalization process.



## 1. Introduction

Internationalization occurs when the firm expands its R&D, production, selling and other business activities into international markets. In larger firms internationalization may occur in a relatively continuous fashion, with the firm undertaking various internationalization stages on various foreign expansion projects simultaneously, in incremental steps, over a period of time. However, for SMEs, internationalization is often a relatively discrete process; that is, one in which management regards each internationalization venture as distinct and individual (Hollensen, 2007). Coviello and McAuley (1999) noticed that before the 1990s there was a common opinion that small and medium-sized enterprises (SMEs) have limitation for expanding activities in the international markets. SMEs usually have less financial resources and international experience compared to larger firms (Karagozoglu & Lindell, 1998) as well as limited managerial experience (Buckley, 1989). These factors had a big impact on the role of SMEs in the international marketing activities and were the reason why SMEs considered to be unlikely to internationalize (Bilkey & Tesar, 1977). However, during the 1990s, SMEs became a significant part of advanced market economies and transitions economies (Fillis, 2001), and further different research began to describe other ways of internationalization process of SMEs (Knight & Cavusgil, 1996).

The main purpose of this paper is to explore and identify the major motives and barriers that Turkish furniture SMEs dealt with during the process of their internationalization. Therefore, the survey tries to address one major research question: What are the main motives and the barriers of internationalization for Turkish furniture SMEs?

Furniture sector in Anatolia has exhibited traces from Mesopotamia and Hittite civilizations which were established in ancient age. Industrialization of furniture making in Turkey has begun in the 1970s (as cited in Serin et al., 2014). Today furniture sector in Turkey has become important knowledge and capital-intensive subsection by the production of 3% country manufacturing industry. The main reason for this transformation is emerging internationalization in the 1990s. With the increase of competition in these years, plants that produce at the economy of scale and world standards were established, which helped the furniture sector in Turkey to find a good position of selling products to both domestic and foreign markets (Serin et al., 2014). As a result, Turkey is included among 5 countries which had the most increased export ratio in recent year. These countries are China 26%, Mexico 21%, Portugal 17%, Vietnam 16%, and Turkey 15%. These facts and figures obviously indicate that furniture firms in Turkey have had an incredible effort in order to internationalize their products ranging from hotel, hospital, vehicle, and office furniture to bathroom, kitchen, garden, and bedroom furniture in the recent years. Accordingly, furniture sector in Turkey become one of the limited industry sectors with no foreign trade deficits and gradually increasing export value since 2001 (TOBB, 2014).

To achieve the aim and provide a more accurate answer to the research question, the study focuses on the furniture SMEs located in the Bursa-Inegol zone. Six companies are selected in order to find a better understanding of the phenomenon and to show a clear picture of drivers and obstacles encountered by Turkish furniture SMEs on the way of internationalization.

The remainder of this paper is structured as follows. First, an overview of the literature on the related issues including the motives and barriers of internationalization will be provided. Then, motives and barriers of internationalization for Turkish SMEs provided in previous studies will be investigated. After the research methods selected for this study are presented, the empirical findings resulted from the interview

with six Turkish Furniture SMEs will be discussed in relation to the reviewed literature. Finally, conclusions and suggestions for further research will be provided.

## 2. Literature Review

According to Korsakiene and Baranauskiene (2011), the success of internationalization depends on the motivating and impeding factors. Besides, Morgan (1997) suggested that the export decision-making process is influenced by both, motivating and hindering factors. Export motivating factors are defined as “all those factors influencing a firm’s decision to initiate, develop or sustain export operations” while hindering factors are “all those attitudinal, structural, operational, and other constraints that hinder the firm’s ability to initiate, develop or sustain international operations” (Leonidou, Katsikeas, & Piercy, 1995).

There are different classifications for internationalization motives. According to Kubičková et al. (2014), some authors argue that incentive factors can be divided into internal and external motives, some researchers differentiate them between pull and push factors, and some others distinguish between reactive and proactive motives. Hollensen (2007), provides a framework for reactive and proactive motives. He defines proactive motive as an incentive to change firm’s strategy in order to acquire unique competencies such as a particular technological information or knowledge. On the other hand, he defines reactive motives as an incentive to change activities of the firm during the time in order to protect the firm from various threats and pressures in the international or the domestic markets. In other words, proactive incentive indicates the interest of the firm to exploit and use its own internal strong-points to gain opportunities in foreign countries, while reactive motives are a reaction to the external or environmental threats and pressures (Leonidou, 1989). Proactive and reactive motives are shown below in Table 1.

**Table 1.** Proactive and Reactive Motives

Proactive Motives	Reactive Motives
<ul style="list-style-type: none"> <li>• Profit and growth goals</li> <li>• Managerial urge</li> <li>• Technology competence/unique product</li> <li>• Foreign market opportunities/market information</li> <li>• Economies of scale</li> <li>• Tax benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive pressures</li> <li>• Domestic market: small and saturated</li> <li>• Overproduction/excess capacity</li> <li>• Unsolicited foreign orders</li> <li>• Extend sales of seasonal products</li> <li>• Proximity to international customers/psychological distance</li> </ul>

**Source:** Albaum et al. (as cited in Hollensen, 2007)

### 2.1. Proactive Motives

**Profit and Growth Goals:** Profit is an important motivator for companies to become engaged in overseas markets (Czinkota & Ronkainen, 2007). However, Initial profitability may be quite low, particularly for those firms which have not previously engaged in international market activities. The incentive for growth in the international markets can also be an important factor for firms to begin export. The attitudes of the firm over development can be changed during the time based on the feedback that the firm gains from its experiences (Hollensen, 2007).

**Managerial Urge:** The managerial urge is a motivating force that shows the enthusiasm and desire of firm's managers towards international operations (Hollensen, 2007). There are some reasons for existing of this desire in managers. First, personally, managers are willing to work in companies that have foreign activities. Second, when they are working in a global company, often they have a good reason for traveling to various countries. However, the stimulus for internationalization in managers can be also because of their entrepreneurial incentive to extend and develop their business in the markets more and more. Moreover, some factors such as traveling to foreign countries, born or living in overseas countries, being a member of a trade association, or previous working in an export firm, may impact the incentive of managers towards foreign marketing (Hollensen, 2007). Leonidou et al. (1998), divided decision-maker characteristics that may influence exporting in two broad categories: objective and subjective. Objective characteristics include various personal or cultural characteristics of the decision maker such as educational background, professional experience, language proficiency, foreign travel and time spent abroad. Subjective characteristics are related to the attitudes, perceptions, and behavior of the decision maker including risk tolerance, quality and dynamism, flexibility, commitment, innovativeness and perception on risk, cost, profit, growth and complexity of foreign markets (Leonidou et al., 1998). On the other hand, subjective factors are more related to the entrepreneurial characteristics of owners or managers, which can be more significant for SMEs managers because of their lack of resources.

**Unique Product:** The unique product provides a competitive edge and thus can highly influence the way of firm's internationalization. However, the problem is that many firms declare that their products or goods are unique, but in reality, it is not a case. One important point on this issue is that the unique advantage of the product, service, or technology for how long will continue. Historically, a company with a unique product could be a single supplier for a long time in global markets, but in today reality because of the modern technologies and the problem of imitation this type of advantage has become less valuable (Hollensen, 2007; Czinkota & Ronkainen, 2007).

**Market Information:** The next proactive motive is market information or market opportunities. This knowledge is about international market situations, marketplaces, and customers, which can be acquired through different ways such as company's particular relationships, global research, or by being in the right place at the right time (for instance, identifying business opportunities in a vacation travel) (Czinkota & Ronkainen, 2007). The market information can be a motivation factor only if the company have the ability to use this knowledge for responding to different opportunities. Sometimes some international markets expand suddenly and thereby provide many opportunities for expansion-minded companies. For example, the eastern European markets attracted firms because of some new freedoms in their politic, while the Southeast Asian markets attracted firms because of their successes in economic (Hollensen, 2007).

**Economies of scale:** Economies of scale refer to accumulating or increasing the output volume, which as a result can reduce the per-unit costs (Hollensen, 2007). Some studies have shown that a doubling of production can decrease the production costs about 30% (Czinkota & Ronkainen, 2007). Accumulated output for global markets can also decrease the cost per units of domestic production, and thereby help firms to be more competitive in domestic markets as well as international ones. Here the main purpose of the firm will be increasing the market share, which can be started by a research about countries for export, then instituting sale subsidiary and finally production in the host markets (Hollensen, 2007).

**Tax Benefits:** This proactive motivator factor is closely related to profit incentive because it allows

the company to supply its outputs at a lower cost, and thus to gain more profits. However, there is a global law named as the World Trade Organization (WTO) agreement that almost all countries in the world have signed it. This law supports and protects the local production in each country by punishing international manufacturers who sell their goods at very low prices in the domestic markets (Hollensen, 2007).

## 2.2. Reactive motives

**Competitive Pressures:** In this reactive incentive, the company tries to perform proper reaction for responding to competitive pressure in the markets rather than starting a new way. In this reaction, the company may fear to lose either international or domestic markets shares to new rivals permanently. However, inadequate preparation for attendance in markets can lead to a quick entry and thus a quick withdrawal similarly (Czinkota & Ronkainen, 2007). On the other hand, knowing about competitors' internationalization can be also a high external incentive factor. For example, Coca-Cola globalized before the Pepsi, but certainly whatever influenced the Coca-Cola movement in the way of internationalization impacted the movement of the Pepsi as well (Hollensen, 2007).

**Domestic Market:** Sometimes small or saturated domestic market may cause a company to export its products. For instance, most of the US car manufacturers at first of their work entered overseas markets as a result of locally saturated markets (Hollensen, 2007). Therefore, companies can attend to foreign markets to extend the life cycle of their outputs as well as the lifetime of their organization (Czinkota & Ronkainen, 2007).

**Overproduction:** Another main reactive incentive is overproduction. If the local sales of the company are behind expectations, exporting products to the overseas markets can be an ideal way of reducing inventories level. These export activities can represent a low commitment and thus continue for a short period of time (Czinkota & Ronkainen, 2007) until the domestic market demand back to the prior level (Hollensen, 2007). However, companies that employ this strategy may find the problem if decide to use it again, because usually, overseas consumers are not interested in short-term or temporary relationships. Therefore, this reaction from international markets can cause a reduction in the significance of this reactive motivator during the time (Hollensen, 2007).

**Unsolicited Foreign Orders:** Sometimes unsolicited demands from foreign countries provide many opportunities for development of the firm into international markets. These demands can be provided via an international exhibition, through advertising in a famous business journal with a global circulation, or by other means. Therefore, a lot of foreign demands for the company's productions can be unsolicited orders initially (Hollensen, 2007).

**Extend Sales of Seasonal Products:** Different seasons in different countries throughout the world can provide a persistent demand for the companies' outputs. Therefore, when seasonality in demand decreases in the domestic markets, seasonality in demand in foreign markets can fill this gap. As a result, this can become a permanent motivation for a company to explore overseas markets in order to find a constant demand during the year. For example, an agricultural machine manufacturer in Europe has orders from the local markets only in the spring months of the year. Therefore, the company in order to receive a constant demand rate decides to enter markets located in the southern hemisphere such as Australia, where the season is summer when it is winter in Europe and vice versa (Hollenson, 2007). As a result, the Australian markets will be a substitute for the domestic market, which will ensure more stable demands for

firm's products or services over the year.

**Psychological Distance:** The last main reactive internationalization motive is the short psychic distance to international consumers because psychical closeness can persuade the firms towards foreign activities. In Europe, becoming an international company is simple since European countries are so close physically to each other. For instance, a firm that is currently working in Belgium just requires traversing 80 kilometers to be a multi-international firm (Czinkota & Ronkainen, 2007). However, physical proximity to international markets may not always regard as close psychic distance, because sometimes some factors such as the host country's politic system, language, culture, or other societal norms make the country psychologically distant even though it is geographically close. For instance, some researchers have shown that the US companies realize England much closer than Mexico psychologically (Hollensen, 2007).

## 2.2. Barriers

According to Hollensen (2007), a wide variety of barriers can be identified that hinder successful export activities of the firms. Some impediments influence the initiation of export, while others impact the process of internationalization.

### 2.2.1. Barriers Hindering Export Initiation

Distribution problems always have been a major barrier for the beginning of internationalization, because finding a dependable distributor who will try enough for representing the firm's products is difficult (Cardoso, 1980). Access to information is another important factor. For example, irrespective of the location of manufacture in some industries such as in those that product design is important, the requirement for constant and stable flows of information between producers and design setters has been vital (Lall, 1991). Export knowledge problems can be seen as the result of lack of trained and experienced human resources. Agarwal (1986), for example, stated that the quality of the production in Chile, Argentina, and Venezuela stopped at a very low level because in these countries the quality of human resources is very low (as cited in Tesfom, 2003). In some studies, a lack of managers' export commitment to grow in the international markets has been mentioned as a barrier (Tesfom, 2003). As a result, significant factors such as educated workforce and managers' propensity towards export activities can highly influence the internationalization of the firms (Naidu et al., 1997). Lack of enough promotion or advertising attempts has been another mentioned obstacle of export processes (Brooks & Frances, 1991). Frances (1987), in the research of 75 Venezuelan producers realized undesirable financial facilities as the main export obstacle (as cited in Tesfom, 2003). In conclusion, Hollensen (2007), classified the most important factors that impede the initiation of internationalization as follows: expenditures of distribution and financing, cost escalation due to high export manufacturing, management emphasis on development of local markets, lack of foreign channels of distribution, lack of productive capacity to dedicate to foreign markets, lack of capital to finance expansion into foreign markets, lack of export commitment, lack of foreign market connections, insufficient knowledge, and insufficient finances.

### 2.2.2. Barriers Hindering the Process of Internationalization

According to Hollenen (2007), the most important factors that impede the process of

internationalization can be classified into three categories: general market risks, commercial risks, and political risks.

General risks involve the complexity of shipping services to overseas buyers, differences in product specifications in foreign markets, difficulties in finding the right distributor in the foreign market, language and cultural differences, differences in product usage in foreign markets, competition from other firms in foreign markets, and comparative market distance (Hollenen, 2007). Some authors also mentioned the size of the firm as the main risk. Bodur and Cavusgil (1985), argue that size of the company has often influenced the firm tendency toward international activities. Larger companies have greater resources in finance, management, and production line, which help them to have more propensity for internationalization (Reid, 1987). Another general barrier of internationalization can be the difficulty of access to new technology. Dicle and Dicle (1991), state the lack of new technology not only in the production line but also in exporting activities as a major obstacle for Turkish manufacturing firms (as cited in Tesfom, 2003). Therefore, those exporters that produce their products in developed countries, have competitive superiority over their domestic firms, because of accessibility to latest technologies (Christensen et al., 1987).

Commercial risks on the process of internationalization can be categorized as follows: difficulties in obtaining export financing, delays or damage in the export shipment and distribution process, failure of export customers to pay due to contract dispute, bankruptcy, refusal to accept the product or fraud, exchange rate fluctuations when contracts are made in a foreign currency (Hollensen, 2007). Bodur (1986), argued that the main problem of Turkish producers companies on the way of internationalization has been high costs included in export credit (as cited in Tesfom, 2003).

In the literature review of internationalization obstacles, Figueiredo and Almeida (1988), mentioned the laws regulated by government, Cardoso (1980) argued regulated laws to protect domestic manufacturers, lack of governmental support, and import substitution, and Naidu et al. (1997), indicated the insufficiency of export promotion by government policies either by lack of providing enough information about existing opportunities in the international markets or by inadequate promotion of domestic productions in foreign markets as major political barriers for firms. Hollensen (2007), categorized the political risks on the process of internationalization as follows: civil strife, revolution and wars disrupting foreign markets, enforcement of national legal codes regulating exports, complexity of trade documentation, confusing foreign import regulations and procedures, high foreign tariffs on imported products, high value of the domestic currency relative to those in export markets, lack of tax incentives for companies that export, lack of governmental assistance in overcoming export barriers, foreign exchange controls imposed by host governments that limit the opportunities for foreign customers to make payment, national export policy, and foreign government restrictions (Hollensen, 2007).

### **2.3. Motives and Barriers for Internationalization of Turkish SMEs**

So far, little attention has been devoted to the internationalization process of Turkish furniture SMEs in terms of their internationalization motives and barriers. The surveys on internationalization of Turkish firms have been frequently conducted on large scale firms in other industries. One research has been identified in the field of internationalization process of Turkish furniture sector, which has been conducted by Yardibi in 2016. Yardibi (2016), mentioned searching efficiency and profitability as the

main internationalization incentives and technical and logistical problems as the major internationalization challenges for FDI of Turkish furniture companies.

A study conducted by Erdil (2012), about internationalization of Turkish firms, argues that motives of Turkish firms for internationalization have been market differentiation, maintaining long-term market penetration, energy costs saving, labor costs saving, and confronting with tariffs and quotas. In another study conducted by Turkish Ministry of Economics in 2011, motives of internationalization for Turkish firms have been proximity to potential markets, resources advantage, openness to foreign markets, ability to use technology, and market knowledge respectively (as cited in Erdil, 2012). According to Karabulut (2013), barriers of internationalization for Turkish firms have been high competition, economic factors, legal factors and technical standards. In a research carried out by Yılmaz, Yüksekaya, Vardin, & Karaaslan (2015), opportunity development of a Turkish firm in Romania has been examined. The main motives of internationalization for the firm have been resource seeking in the initial stages and market seeking in the rest of processes. In another study, Dicle and Dicle (1991) mentioned the lack of new technology as an export barrier to Turkish manufacturing firms. They argue that neither the development of new production technology nor improvement of new technology for exporting has been given sufficient consideration. One study presented by Kaya (2014), about strategic motives of Turkish firms for Foreign Direct Investment (FDI), says that market-related motives such as market potential, market access, market protection, and low cost of inputs appear to be the most important motives for FDI of Turkish companies.

Among the limited surveys on internationalization of Turkish SMEs, Yener et al. (2014), conducted a survey about challenges of internationalization for this type of Turkish firms. The study found out that the main barriers of internationalization for Turkish companies are lack of managerial commitment to non-domestic markets, lack of ownership of marketed products, lack of knowledge on marketing and fostering networks on the international stage, lack of trust and cooperation in the firm's own network, and lack of trust and building insidership with new networks in foreign markets. Another study about obstacles of internationalization for Turkish SMEs conducted by Özkanlı et al. (2006). The study argues that the main export barriers for Turkish SMEs are satisfaction in the domestic market, lack of resources, lack of international market relations, difficulty in finding an agent, insufficiency of quality and quantity and lack of foreign language skills.

### **3. Research Methodology**

As discussed previously little attention has been devoted to the motives and barriers of internationalization for Turkish furniture SMEs. As a result, the main purpose of this study has been to identify those incentives and obstacles, and thereby fill the gap by providing a better understanding of the phenomenon. Therefore, in order to fulfill this aim, the purpose of this research would mainly be exploratory. By using exploratory elements, which are the interview with furniture companies' owners and the review of the related literature, the study tries to draw a better picture of the internationalization motives and barriers for Turkish furniture SMEs. Besides, the qualitative research approach was adopted since through qualitative approach researchers can achieve a closer observation of behavior of a firm (Firestore, 1993), discover the true inner meaning and new knowledge about it (Zikmund & Babin, 2010), and thereby describe, decode, and translate a certain naturally occurring phenomenon in the social world (Van Maanen, 1983). Both primary and secondary data collections methods were used to provide an



accurate answer for the research question. First, research started by reviewing and collecting secondary data about motives and barriers of internationalization from related journals, websites, and books. Then, primary data was collected by conducting face to face interviews with owners and managers of six Turkish furniture SMEs which already had a presence in international markets.

It would be superlative to use the whole population in every type of research to gather data, however, often it is not possible because of some restrictions. In practice, external factors such as time or financial resources may limit the collection of information (Robson, 2002). Because of above-mentioned restrictions, this study applied convenience sampling technique for selecting eligible furniture companies. Dörnyei (2007) argues that convenience sampling is a type of nonrandom or nonprobability sampling where members of the target population meet certain practical criteria such as easy accessibility, geographical proximity, availability at a given time, or the willingness to participate. Therefore, convenience sampling includes gathering data and information from those members of the population who are accessible to provide it conveniently (Sekaran, 1992). In that case, researchers often plan the sample size in advance (Eisenhardt, 1989). Eisenhardt (1989), suggests that four to ten cases are enough to provide material for analysis. As a result of above discussion, six Turkish furniture SMEs were targeted that geographically were close and accessibility to the owners of those companies was convenient. These case studies were selected according to the following criteria: (1) Turkish furniture SMEs which are located in Bursa-Inegol zone. (2) Those Turkish furniture SMEs which are already internationalized and have a presence in foreign markets. The firms are Kenderler Orman Ürünleri, Alan Mobilya, Eral Mobilya, Pianta Koltuk, Saka Mobilya, and VA Home.

### 3.1. Sample Profile

The research is based on information gathered from a sample of six Turkish furniture SMEs (Table 1). Interviews were conducted with the owners and managers of these six firms. Owners are the most relevant source of information for the researched area since they are directly involved in decision making regarding the export activities of firms. Respondents' length of work in the furniture companies varies from 7 to 19 years which show this fact that they had enough experience to satisfy the aims of this study. They are in order 9, 18, 19, 8, 12, and 7, for Kenderler Orman Ürünleri, Alan Mobilya, Eral Mobilya, Pianta Koltuk, Saka Mobilya, and VA Home managers. The numbers of full-time employees for mentioned SMEs are 23, 140, 28, 35, 65, and 30, respectively (see Table 2).

**Table 02.** Profile of six furniture SMEs

Name Of The Firm	Kenderler Orman	Alan Mobilya	Eral Mobilya	Pianta Koltuk	Saka Mobilya	VA Home Furniture
Sector	Timber Furniture	Furniture	Furniture	Chair	Home Furniture	Furniture
Respondent's length of work	9	18	19	8	12	7
Respondent's position	Owner & Manager	Owner & Manager	Manager	Owner & Manager	Owner & Manager	Owner & Manager
Number of Full-Time Employees	23	140	28	35	65	30
Foreign Sales/Total Sales Rate	10%	25%	40%	40%	35%	100%
Number of Foreign Markets	1	5	11	10	15	15

Source: Interview (2016)

## 4. Analysis and Discussion of the Findings

In this part, the research question “What are the main motives and barriers of internationalization for Turkish furniture SMEs” will be addressed based on Hollensen’s (2007) framework including proactive and reactive motives, and hindering barriers for initiation and process of internationalization.

### 4.1. Proactive Motives:

**Profit and Growth:** Owners and managers of all six investigated Turkish furniture SMEs unanimously believed that making a profit has been the first incentive for initiation of their international activities. Profit is an important stimulus for companies to become engaged in foreign markets (Czinkota & Ronkainen, 2007). This has been a case, especially for four furniture companies (Eral, Pianta, Saka, VA Home) because of their fast growth in the international markets in the last decade. The incentive for growth in the international markets can also be an important factor for firms to begin export. The attitudes of the firm over development can be changed during the time based on the feedback that the firm gains from its experiences (Hollensen, 2007).

**Managerial Urge:** Personal characteristics of owners have been another incentive of internationalization for firms. These factors which motivated owners of six furniture firms towards international markets were generally entrepreneurial abilities such as risk-taking and self-reliance. According to Hollensen (2007), the urge to internationalize can be a reflection of general entrepreneurial motivations which are related to the personal propensities of managers of firms. Leonidou et al. (1998), also argue that firms with an entrepreneurial orientation engage in product market innovations, undertake relatively risky ventures, and initiate proactive innovations which are subjective characteristics of owners. According to the results, some furniture firms’ managers follow innovative perspectives and some follow sociability in their work. Sociability or the ability to connect via social networking can be categorized in the subjective characteristics of companies’ managers since Leonidou et al., (1998) express that subjective characteristic is related to the attitudes, perceptions, and behavior of the decision maker. On the other hand, objective characteristics of decision makers include various personal or cultural characteristics of the decision maker such as demographics, educational background, professional experience, language proficiency, foreign travel and time spent abroad (Leonidou et al., 1998). Results indicate that managers or owners of furniture companies did not experience living or studying in foreign countries. Besides, they did not have knowledge of the second language before or after beginning their internationalization activities. But the managers’ experience accumulated during the years as well as their travels to foreign countries helped some SMEs to increase their international activities. Therefore, according to the results, it seems that the subjective factors of managerial urge were stronger incentives than objective ones for starting and developing firms’ business activities in the overseas markets.

**Unique Product:** Findings illuminate that the sample case studies have more focus on special types of furniture sectors such as chair, table, or home furniture. Kenderler Orman entered to market by producing kitchen cabinet. Laminate Flooring, Panel Door, Door, and PVC membrane are other products of this firm which have made the principle of providing high-quality service and confidence for the company in the competition with rivals. Alan Mobilya produces different furniture products for bedrooms, dining rooms, TV units, and sitting groups with coffee tables fitted with them. Eral Mobilya products include living room

furniture, wall units, consoles, tables, coffee tables, bookshelves, and accessories. Pianta Koltuk adopted its field of activity as a concept of the modern sofa and living groups' furniture. Saka and EV Mobilya focused more on the home furniture products fitted for the bedroom, dining room, and wall unit. The specific characteristic of the product which facilitated entering foreign markets for six Turkish furniture SMEs was the quality of their products. According to Kenan Kender owner of Kenderler Orman, innovation in production was another important factor for the company. For Alan Mobilya and VA Home, based on their managers' view products' design was important forces. According to Ismet Mollaer, Ahmet Saka, and Muammer Mercan, founders of Eral, Saka, and Pianta furniture firms, the price of their products which is competitive with foreign rivals was a significant factor for going international markets. According to owners of Pianta Koltuk, Alan Mobilya, and VA Home Company, they also have tried to be innovative in furniture markets and produce products based on needs and interests of customers. Findings also show that they change their production based on the customers' needs and desires which help them to maintain flexibility in the markets. According to some studies (Hollensen, 2007; Czinkota & Ronkainen, 2007), product uniqueness can provide a competitive edge and result in major business success abroad. Two furniture firms' managers believe that their product's design is unique (Alan Mobilya; VA Home) and three owners mention the competitive price of products as a motivational factor. However, it is hard to say that the furniture products of these firms are unique since many firms believe that theirs are unique products or services, even though, on a global level, this may not be the case (Hollensen, 2007).

**Tax Benefits:** Manager of Saka Mobilya mentioned some facilities provided by government such as export without payment of tax has been another proactive motivational factor for the internationalization of furniture SMEs. According to Hollensen (2007), this proactive motivator is closely related to profit incentive because it allows the company to supply its outputs at a lower cost, and thus to gain more profits. All of six furniture SMEs' managers stated that government provided some facilities for them to increase their export rates such as tax benefits, however, they also believed that the help of government is not as much as it should be. For example, one of the managers of sample cases argued that furniture firms located in the Bursa-Inegol zone make profits for the country more than other sections, therefore, they expect more attention from the government. One another manager also argued that European country governments support their local companies, for instance by imposing national export policy, which they also expect from the government.

**Market Information:** Market information or market opportunities is a further stimulus. This includes knowledge about foreign customers, marketplaces, or market situations that are not widely shared by other firms (Czinkota & Ronkainen, 2007). None of the managers of six furniture companies directly talked about their knowledge as an incentive for internationalization. However, some stated that their personal experience accumulated during the years helped them to increase their international activities. Besides, findings show that the six firms' managers used various methods and techniques to gather data and information about potential and new foreign markets opportunities which can be considered as an incentive factor for increasing their growth in overseas markets. For all cases, presence in foreign fairs regarded as the most valuable source of gaining information and acquiring knowledge about international markets. Other important sources of knowledge have been unions or associations which provided very useful and up to date information about foreign market opportunities for Turkish firms. The two sources

are in line with Czinkota and Ronkainen (2007) that such knowledge may result from a firm's international research, special contacts, or by being in the right place at the right time.

#### 4.2. Reactive Motives

**Psychological Distance:** When the internationalization process of the six furniture firms analyzes, it can be realized that the concept of psychic distance is a significant issue for all cases because they initiated their internationalization process from nearby countries especially those of close in culture and language. Kenderler Orman just has export to Azerbaijan, which is a neighbor country. Alan Mobilya exported its products to 5 foreign markets including Azerbaijan, Libya, Saudi Arabia, UAE, and Algeria which all started in 2008. Azerbaijan official language has high similarity with that of Turkey. Furthermore, the similarity of culture also can be seen between Turkey and Azerbaijan, and to some extent between Turkey and Arab countries. Eral Mobilya in 2002 started to export its products to Greece, Kosovo, and Albania which are the northwestern neighbors of Turkey. Soon after in 2003, the company increased its presence in other markets, like Jordan and Iraq the Southern neighbors. In 2004, Eral entered to markets of Iran, another country with similarity in culture and language. In 2005, the firm started activity in Austria and Israel. After five years in 2010, the firm entered to Azerbaijan and Libya. Finally, the company engaged in Kazakhstan a northwestern neighbor of Turkey in 2011. Pianta Koltuk has export to Iraq, Iran, Azerbaijan, Jordan, Algeria, Macedonia, UAE, Austria, Oman, and Israel markets. All markets that the company entered are nearly close to Turkey in terms of distance. It also seems that except Austria and Israel there is a similarity in terms of culture with other countries. Saka Mobilya exported its products to 15 countries including Azerbaijan, Jordan, Iraq, Libya, Oman, Kosovo, Bulgaria, Saudi Arabia, Algeria, UAE, Georgia, Germany, Palestine, Belgium, and France markets. VA Home started internationalization from UAE, Iran, and Azerbaijan in 2009. The firm engaged in Libya, Germany, and France in the following year. The firm kept up its growth by entering to three other European countries, Swiss, Netherland, and Austria as well as Saudi Arabia in 2011. The international activities of EV Home were increased in 2012 to four other countries including Belgium, Oman, Georgia, and Jordan. Finally, Israel was another market that the firm entered in 2013. Therefore, the results confirm this idea that physical closeness to foreign markets can encourage the international activities of a firm (Czinkota & Ronkainen, 2007).

**Unsolicited Foreign Order:** Sometimes unsolicited demands from foreign countries provide many opportunities for development of the firm into international markets (Hollensen, 2007). Results demonstrate that demands of the international markets for Turkish furniture products have been another reactive incentive for the internationalization of Turkish furniture companies. Hollensen (2007) argues that unsolicited foreign order is as a result of the fact that SMEs have become aware of opportunities in export markets because their products generated inquiries from overseas. Managers of VA Home and Eral Mobilya mentioned that the reasons of international demands for Turkish furniture products especially from neighbor countries have been mainly similarity in culture, quality of their products, and reasonable price compare to the other international competitors. These demands can be provided via an international exhibition, through advertising in a famous business journal with a global circulation, or by other means (Hollensen, 2007). According to the owners and managers of six furniture enterprises, they made their relationships mostly by meeting their foreign counterparts in the international furniture fairs or exhibitions.

In addition, owners of Pianta Koltuk and Alan Mobilya argued that they used consultancy firms and trade companies to create a connection with foreign partners. Managers and owners of furniture SMEs said that unsolicited demand of international markets was an important factor to initiate their process of internationalization. Hollensen (2007) explains that a lot of foreign demands for the company's productions can be unsolicited orders initially.

**Domestic Market:** VA Home furniture firm even had not any activity in the domestic market since the firm started its presence in the foreign market from the inception. However, five other companies initially established their operations in the domestic markets and then entered to the foreign markets. Almost all of the six furniture firms were agreed that their conditions in the domestic markets such as their size and limited resources before taking action toward internationalization had no effect on their attendance in foreign markets. According to Hollensen (2007), a company may be pushed into exporting because of a small potential of its home market. For five furniture firms except for Kenderler, limited domestic demand was a reason for starting and increasing international activity. Therefore, findings of this study show that another reactive motive of internationalization for Turkish firms has been small or saturated domestic markets. Companies can attend to foreign markets to extend the life cycle of their outputs as well as the lifetime of their organization (Czinkota & Ronkainen, 2007).

Besides, owners of VA Home and Saka furniture firms added that their sales to foreign markets are cash sales, but in the domestic market is credit sales, thus their preference is more for exportation. In other words, cash sales in foreign market opposite to credit sales in domestic market motivate firms to engage in international markets, which was not classified before. Therefore, this survey revealed an unclassified motivation factor related to both domestic and foreign market. Another motivation that is not classified is maintaining flexibility in two markets. Manager of Alan Mobilya discussed that his firm tried to maintain a balance between domestic and foreign markets to not only take benefits of both but also be more flexible at the time of economic crisis in the world or recession in the home country. Therefore, they had activities in both domestic and foreign market simultaneously.

#### **4.3. Barriers**

None of the six furniture SMEs faced barriers for the initiation of their internationalization such as insufficient finances; insufficient knowledge; lack of foreign market connections; lack of export commitment; lack of capital to finance expansion into foreign markets; lack of productive capacity to dedicate to foreign markets; lack of foreign channels of distribution; management emphasis on developing domestic markets; cost escalation due to high export manufacturing, distribution and financing expenditures. Therefore, results indicate that the most important challenges and obstacles for Turkish furniture SMEs occurred during the process of internationalization.

According to managers of Alan Mobilya, Eral Mobilya, Pianta Koltuk, Saka Mobilya SMEs Visa requirements for traveling to foreign countries has been a significant issue to them. Therefore, visa requirements for traveling to foreign countries especially the European ones is the first problem for furniture managers since their travel to different countries as well as their presence in the international fairs are important ways of meeting and connecting with foreign counterparts.

Findings also show that political problems of the country to some other countries influenced the export ratio for furniture firms to some extent. Furthermore, the regional problems in the Middle East such as the war in Syria intensified the barriers for further growth of furniture SMEs (Kenderler Orman, Alan Mobilya, Eral Mobilya, Pianta Koltuk, Saka Mobilya, and VA Home). Founder of Alan Mobilya indicated that regional problems caused the company to have a constant growth rate in the five past years, even though the firm diversified their products. According to the manager of Pianta Koltuk, “Iran was an important partner for the Turkish furniture firms until 2012” where they had more than 70% export annually. However, Iran’s sanctions caused the firm to nearly stop the export of furniture products to Iran and finally lose its market share in Iran. The owner of Saka Mobilya had a similar opinion and added that Iran was a foremost foreign partner because of similarity in culture and good market size for Turkish furniture SMEs. However, after imposing sanctions some problems such as money transfers constrained the process of export of products to Iran. They state that now the condition is getting better for transferring money to Iran, but another problem is high tariffs. Manager of Saka Mobilya expressed that for each thousand dollars products that they send to Iran, they should pay three thousand dollars tariffs. Therefore, the Political conditions and the high tariff of host countries are other problems encountered by the six investigated furniture SMEs.

Finally, results demonstrate that even though the government provided some facilities for the furniture exporters, they need and expect more support for increasing their international activities, such as what some other European countries did for their exporters. This is in line with findings of Figueiredo and Almeida (1988), as inadequate diplomatic support for firms with small and medium sizes.

According to Hollenen (2007), critical barriers in the process of internationalization divided into three groups: general market risks, commercial risks, and political risks. Based on the findings of this study, it can be concluded that the main obstacles and barriers faced by Turkish furniture SMEs can be classified in the political risks group such as foreign government restrictions, to some extents lack of governmental assistance in overcoming export barriers, high foreign tariffs on the host countries, and finally civil strife, revolution and wars disrupting foreign markets. Besides, there was the problem of Visa requirement for Turkish furniture managers that it also can be lied in the group of political problems.

Dicle and Dicle (1991) mentioned the lack of new technology as an export barrier to Turkish manufacturing firms and Bodur (1986) argued the high costs involved in export credit. The results of this study show that lack of new technology has not been a case for the investigated Turkish furniture SMEs. Besides, the interesting issue is that the findings are against results of Bodur (1986) since furniture companies have more preference for export to international markets because of cash sales which they do more by credit in the domestic one. In another study conducted by Özkanlı et al. (2006), argued that the export barriers for Turkish SMEs are “Satisfaction in the domestic market”, “Lack of resources”, “Lack of international market relations”, “Difficulty in finding agent”, “Insufficiency of quality and quantity”, and “Lack of foreign language skills”. However, none of these barriers are supported by the results of the current study. See table 3 for internationalization motives and barriers of Turkish Furniture SMEs.

**Table 03.** Internationalization Motives and barriers of Turkish Furniture SMEs

Name of the firm	Motives of internationalization	Barriers of internationalization
Kenderler Orman	Innovation in production; Limited domestic market	Regional problems
Alan Mobilya	Risk-taking; Manager's innovative views; Tax benefits; Limited domestic market; avoid a potential crisis	Visa requirements; Regional problems
Eral Mobilya	Risk-taking; Manager's experience; Sociability of the Manager; Competitive price; Limited domestic market; Demands of international markets	Visa requirements; Regional problems
Pianta Koltuk	Manager's experience; Manager's innovative views; Competitive price; Limited domestic market	Visa requirements; Political problems; Regional problems; Host countries problems
Saka Mobilya	Self-reliance; Sociability of the manager; Competitive price; Limited domestic market; Cash sales	Visa requirements; Regional problems; Host countries problems; High tariffs
Va Home Furniture	Risk-taking; Manager's experience; Manager's innovative views; Product design; Limited domestic market; Cash sales; Demands of international markets	Political problems; Regional problems

Source: Interview (2016)

## 5. Conclusion and Implication for Further Research

This paper explored the major motives and barriers of internationalization for Turkish furniture SMEs in the sample of six companies that are located in the Bursa-Inegol region. Since little attention has been devoted to the internationalization of firms in Turkey, the paper tried to fill this gap by providing a better understanding of the role motivational and inhibitor factors on the way of internationalization of furniture SMEs in Turkey.

The research findings show that the main forces which motivated Bursa-Inegol based Turkish furniture SMEs toward international markets include both proactive and reactive factors. Proactive incentives are classified as (1) profit and growth goals, (2) managerial urge, (3) products with a good design and competitive price, (4) tax benefits provided by the government, and (5) foreign market opportunities or market information. The reactive motives of internationalization for Bursa-Inegol based Turkish furniture SMEs are explored as (1) limited domestic market, (2) unsolicited foreign orders, and (3) proximity to international customers or psychological distance. Furthermore, this survey revealed two motives that are not classified by Hollensen (2007) as proactive or reactive. The first is cash sales in foreign market opposite to credit sales in domestic market. The second is maintaining flexibility in both domestic and foreign markets.

On the other hand, findings indicate that major barriers constrain the process of internationalization rather than the initiation of internationalization. Moreover, almost all barriers are related to political risks rather than general or commercial barriers, which were discussed in the literature review part. Based on the findings, it can be concluded that the major internationalization obstacles faced by Bursa-Inegol based Turkish furniture companies are: (1) foreign government restrictions, (2) lack of governmental assistance in overcoming export barriers (3) high foreign tariffs and (4) civil strife, revolution, and wars in the Middle East region. The regional problem seems to be the most important barrier to growth in the international markets for Turkish furniture SMEs.

The scope of this study is limited to the internationalization process of six Turkish furniture SMEs located in the Bursa-Inegol zone. However, it is recommended that further research should be carried out to strengthen existing knowledge on the subject matter: A more comprehensive research is needed that will involve more sample cases. The purpose of this survey was exploratory with a focus on a qualitative research methodology. However, other and more detailed researches can be conducted by taking more case studies with quantitative approach. Since quantitative research can cover more furniture firms, it would be interesting to make a comparison between the results of those studies and findings of the current study. Besides, this survey is conducted on furniture SMEs in Turkey, a developing country. In a developed country the internationalization motives and barriers for SMEs may differ. Moreover, in any other industry, the same research may reveal different results. So it would better to repeat this survey on SMEs operating in other industries, in developed countries, and in under-developed countries. The results will provide a better explanation of motives and barriers that SMEs deal with in the way of internationalization.

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