KEY FACTORS AFFECTING THE SUCCESS OF BUSINESS OPERATIONS OF TURKISH FIRMS OPERATING IN BULGARIA – AN EMERGING MARKET PERSPECTIVE

Yüksek Lisans Tezi

ZAYDE HALIBRYAM

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ABSTRACT

The main objective of this research is to find out the key factors assuring success for Turkish business organizations operating in the Bulgarian market. Describing the characteristics of these firms, identifying the factors affecting their market choice, and defining the most preferred mode of entry are also between the objectives of the study.

Turkey and Bulgaria are neighbours and important trade partners. Both of them are Emerging Markets, which are described by some authors as "major growth opportunity in the evolving world economic order" (Arnold and Quelch, 1998). Therefore it is very important to investigate the success factors from the EM perspective.

The study includes the review of literature and a field survey. For the field survey, a questionnaire was e-mailed to the Turkish firms operating in Bulgarian market.

The findings of the research show that the majority of the firms contacted are small and medium sized firms which prefer the strategy of direct exporting in their operations in Bulgaria. The results of the survey emphasize that the Turkish firms operating in Bulgaria see as a most important success factors implementing competitive pricing strategies and meeting the needs of the customers. Quality in products, and production and innovativeness in products and production technologies are also between important success factors.

ÖZET

Bu araştırmanın temel amacı Bulgaristan pazarında faaliyet gösteren Türk işletmelerinin başarısını sağlayan temel faktörleri tespit etmektir. Bu şirketlerin özelliklerini tanımlamak, pazar seçim süreçlerinde etkili olan faktörleri belirlemek, en çok tercih ettikleri pazara giriş stratejisini tanımlamak çalışmanın diğer amaçları arasında yer almaktadır.

Türkiye ve Bulgaristan hem önemli ticari partner hem de komşular. İkisi de, bazı yazarlar tarafından "Gelişen dünya ekonomik düzeninde temel büyüme fırsatı" şeklinde tarif edilen Yükselen Pazarlar arasında yer almaktadırlar. (Arnold and Quelch, 1998). Bu yüzden başarı faktörlerinin Yükselen Pazarlar perspektifinden incelenmesi çok önemlidir.

Çalışma, literatür taraması ve saha araştırması içermektedir. Saha araştırmasında, Bulgaristan'da faaliyet gösteren Türk şirketlerine e-mail yoluyla bir anket gönderilmiştir.

Araştırmanın sonuçları, anketi yanıtlayan firmaların küçük ve ya orta ölçekli olan ve doğrudan ihracat stratejisini tercih eden şirketler olduğunu göstermektedir. İncelemenin sonuçları, Bulgaristan'da faaliyet gösteren Türk şirketlerinin en önemli başarı faktörü olarak, rekabetçi fiyat stratejileri uygulamayı ve müşterilerin ihtiyaçlarını karşılamayı gördüklerini vurgulamaktadır. Ürün ve üretimde kalite, ürün ve üretim teknolojilerinde inovasyon da başarı faktörleri arasında yer almaktadır.

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1. INTRODUCTION

Every day the world becomes smaller, people all around the world tend to speak the same language and distances become shorter. Joining different unions, countries remove physical, cultural and economical borders among them. The main driving forces of these events are the economical developments.

Basic contributions to economical developments in a country are attempts of business organizations from a variety of sectors which have different goals. They operate to maximize their profits, maximize the shareholder's revenues, and increase the benefits of their clients and whole society. Assuring market presence, image, market penetration and market share are other reasons for the organizations to exist and to grow in a market.

In order to achieve their goals, some of these companies go abroad. They export or invest overseas to increase the benefits of their clients and the whole society. The successful achievement of these goals is related to many and different factors and a variety of operations.

Effective accomplishment of the firm's objectives is of vital importance for the companies, but guaranteeing this success in long term is another essential point to be considered in the process of internationalization. Therefore the firms, especially from emerging markets, have to keep their competitive position in international operations, especially in other emerging market economies. Because in today competitive environment it is not just about manufacturing some products or providing some services, (i.e. running various operational systems where certain inputs such as row materials, labour, capital into certain outputs), to the different markets. There are many offers to compete with and many conscious consumers to please in the competitive market settings.

The studies and reports concerning investment opportunities and business operations characteristics in emerging markets are still carried out mainly by different agencies and researchers from advanced markets, and reflect the perspective of these economies and are rather to be used by investors who are from the economically

developed side of the world. They hence focus mainly the managers of multinational global companies. Still, studies from emerging markets addressing investors from emerging markets are rather rare. The starting concern was stated in the working paper "Rethinking Marketing Programs for Emerging Market" by Dawar and Chattopadhyay (2000) and following their path, different studies were completed. One of the important contributions in this field is written by Bilgin et al. (2004), analyzing success factors of the firms from emerging markets both in emerging and advanced markets. This thesis builds its focus on the dimensions developed by Bilgin et al. and tries to further fill the gap in this field.

1.1.   Aim and Objectives of the Study

The aim of this study is to research the Bulgarian market environment and find out the key factors assuring success for Turkish business organizations operating in the Bulgarian market.

The specific research questions are as follows:

1.   What are the characteristics of the Turkish firms operating in Bulgarian market?

2.   Which are the factors affecting the market choice?

3.   Which are the factors affecting the choice of market entry mode?

4.   Which market entry modes are preferred by Turkish firms?

5.   Which factors are important for success in the Bulgarian market?

According to Research questions listed so far, the following objectives are defined:

1. to describe the characteristics of Turkish firms operating in Bulgarian market

2. to identify the factors affecting market choice

3. to define the most preferred mode of entry

4. to detect the internal and external issues affecting the success of Turkish firm`s business operations in the Bulgarian market

5. to identify how these factors are linked with the firm`s characteristics and their market entry mode

1.2. Significance of the Study

Analyzing the factors influencing the business operations of Turkish firms in Bulgarian market is interesting and valuable not only for the businessmen but also for the academicians. This investigation contributes to improvement of emerging markets literature by handling an issue which is little researched. Arnold and Quelch (1998) describe emerging markets as a major growth opportunity in the evolving world economic order. Therefore studying the business relationships among them appears as a very important subject.

Turkey and Bulgaria are neighbours which have long historical and economical relations. Both of them were parts of the Ottoman Empire for five centuries. Their economic relations were affected by different political factors throughout the years. Bulgaria declared its independence in 1908 and after the Second World War, Bulgaria became the most loyal ally of the Soviet communist regime. Turkey joined NATO in 1952 and the relations between the two countries were determined by the bipolar structure of the world politics, and bilateral contacts were dependent upon the state of re1ations between the two superpowers, as well as Turkey's relations with the Soviet Union. (Demirtaş-Coşkun, 2001).

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Bulgarian electricity export to Turkey was the main trade subject between the two countries until 1989 (Lütem, 2000), when the communist regime in Bulgaria collapsed. Bulgarian attempts to form a free market economy have established the ground for improvement of Turkish-Bulgarian economic relations (Demirtaş-Coşkun, 2001). Rapid developments in Turkish-Bulgarian economic relations were seen after the change of political regime in Bulgaria. In 1990, the former Turkish Minister of State for Economic Affairs, Işın Çelebi, visited Bulgaria and soon after the visit Ankara offered Bulgaria a loan of 100 million dollars; half of that was to be used to purchase basic consumer goods, other half for investments. Turkey also agreed to give Bulgaria 50,000 tons of crude oil to help reduce its fuel and energy crisis (Engelbrekt, 1991).

Moreover, Turkey helped Bulgaria through Türk-Eximbank credits. In 1991 Türk-Eximbank and Bulgarian Foreign Trade Bank signed an agreement; according to which Turkey provided 50 million dollars trade credit to Bulgaria. Another 50 million dollars were given in November 1992. Bulgarian-Turkish Council of the Business People was established by Bulgarian and Turkish businessmen in 1991 (Jozioldash, 1993). In June 1992, Bulgaria (along with Greece, Albania, Romania, Russia, and five former Soviet republics) joined the Turkish-inspired Black Sea Economic Cooperation organization, which is designed to promote trade and business links. (Bishku, 2003).

Turkey and Bulgaria signed different agreements which regulate their economic relations. Agreement for Preventing the Double Taxation from 1994, Agreement for Mutual Encouragement and Protection of the Investments form 1994, Cooperation in Tourism form 1997, Free Trade Agreement from 1998 (Terminated in 2007 and replaced by Turkey-EU Custom Union) (Bulgaristan Ülke Raporu, 2008).

These agreements developed the trade between the two countries and as it can be concluded form Table 1.1., trade volume between Turkey and Bulgaria has an increasing trend since 1999.

Table 1.2.Turkish-Bulgarian Trade Data (from Turkey`s point of view and in1000USD)

Years	Export	Change (%)	Import	Change (%)	Balance	Volume
1999	233.595	-	295.572	-	-61.977	529.167
2000	252.933	8,3	465.408	57,5	-212.474	718.342
2001	299.414	18,4	393.516	-15,4	-94.101	692.931
2002	380.332	27,0	508.448	29,2	-128.116	888.781
2003	621.684	63,5	689.462	35,6	-67.777	1.311.146
2004	894.325	43,9	959.470	39,2	-65.144	1.853.796
2005	1.179.313	31,9	1.190.079	24,0	-10.765	2.369.392
2006	1.568.006	33,0	1.663.424	39,8	-95.418	3.231.430
2007	2.060.170	31,4	1.951.656	17,3	108.514	4.011.826
2008	2.151.534	4,4	1.840.007	-5,7	311.526	3.991.542
2008/9	1.726.440	16,2	1.575.823	10,3	150.617	3.302.263
2009/9	995.220	-42,4	765.915	-51,4	229.305	1.761.136

Source: Dış Ticaret Müsteşarlığı,

http://www.dtm.gov.tr/dtmweb/index.cfm?action=detay&yayinID=236&icerikID=210 &dil=TR, 03.01.2010

Trade volume between Turkey and Bulgaria exceeded 4 billion USD by the end of 2007. Turkey is Bulgaria's most important commercial partner in the Balkans and Bulgaria is Turkey's second biggest partner in the region. (The Anatolian News Agency Ankara, 2009) Table 1.2. shows the main items which Turkey exported to Bulgaria in 2007 and 2008 and part of 2009. Significant part of the export consists of textiles, clothing, iron, and road vehicles.

Table 1.2. Basic Items Turkey Exports to Bulgaria (in USD)

SITC		2007	2008	2009/9	Change %
05	VEGETABLES AND FRUIT	61.932.642	131.208.066	165.031.372	25,78
65	TEXTILE YARN/FABRIC/ART	247.800.913	277.832.113	149.347.534	-46,25
66	NON-METAL MINERAL MANUF	47.411.908	63.556.505	52.591.024	-17,25
77	ELECTRICAL EQUIPMENT	154.000.128	125.279.417	50.815.714	-59,44
67	IRON AND STEEL	276.572.771	224.266.578	50.244.416	-77,60
69	METAL MANUFACTURES NES	120.100.765	134.200.268	49.850.405	-62,85
68	NON-FERROUS METALS	132.659.965	128.935.092	49.027.271	-61,98
89	MISC MANUFACTURES NES	67.690.800	81.266.464	38.130.736	-53,08
78	ROAD VEHICLES	168.770.616	190.533.653	35.670.155	-81,28
84	APPAREL/CLOTHING/ACCESS	75.377.486	64.040.285	33.060.260	-48,38
	Total	2.060.170.568	2.151.534.436	995.220.761	

Source: Dış Ticaret Müsteşarlığı http://www.dtm.gov.tr/dtmweb/index.cfm?action=detay&yayinID=236&icerikID=210 &dil=TR, 03.01.2010

Significant part in the import from Bulgaria constitutes the raw materials like iron, petroleum, non-metal minerals and chemicals. See Table 1.3.

Table 1.3. Basic Items Turkey Import from Bulgaria (in USD)

	SITC	2007	2008	2009/9	Change %
68	NON-FERROUS METALS	542.145.627	436.768.510	246.634.531	-43,53
22	OIL SEEDS/OIL FRUITS	108.867.518	203.390.214	88.225.986	-56,62
33	PETROLEUM AND PRODUCTS	179.005.471	295.121.761	83.101.744	-71,84
28	METAL ORES/METAL SCRAP	61.710.696	138.722.653	38.924.159	-71,94
52	INORGANIC CHEMICALS	85.059.532	101.771.769	38.471.920	-62,20
57	PLASTICS IN PRIMARY FORM	45.526.426	38.117.942	28.555.981	-25,09
51	ORGANIC CHEMICALS	87.764.729	100.252.143	26.837.232	-73,23
63	CORK/WOOD MANUFACTURES	24.549.679	19.183.474	25.757.421	34,27
04	CEREALS AND PRODUCTS	26.369.391	59.964.642	21.469.170	-64,20
77	ELECTRICAL EQUIPMENT	32.199.061	27.448.233	19.015.456	-30,72
	Total	1.951.656.373	1.840.007.677	765.915.437	

Source: Dış Ticaret Müsteşarlığı

http://www.dtm.gov.tr/dtmweb/index.cfm?action=detay&yayinID=236&icerikID=210&dil=TR, 03.01.2010

In 2007, Turkey is the leading country in list of Bulgarian Foreign Trade Partners for which Bulgaria exports with 1.548.4 million € (Bulgarian National Bank). On the other hand, for the same period Bulgaria is the 17th country in the list of the countries where Turkey exports. (Dış Ticaret Müsteşarlığı, 2009).

Turkey is the main trade partner of Bulgaria, at the same time it is one of the significant investors in that country. Turkish investment in Bulgaria marked a continuous growth in the period between 1992 and 2005, reaching a total of $157 million (http://www.bg-developments.co.uk/bulgaria_property_news_article_804.htm ,01.02.2009). According to the Turkish Ministry of Foreign Affairs, Turkish companies' investments in Bulgaria topped 600 million U.S. dollars in the year 2006 (Ministry of Foreign Affairs). According to data presented during the Bulgarian-Turkish business forum organized in Ankara in 2008, the fully-owned Turkish firms with business activities in Bulgaria are 1 900; there are also 1 500 joint Bulgarian-Turkish enterprises as well as 50 representations of Turkish companies located in Bulgaria. (Sofia News Agency, 2009).

The biggest Turkish investment in Bulgaria is of Trakya Cam, which is the biggest foreign direct greenfield investment in Bulgaria at the same time. It set up a plant for flat glass, processed glass and mirror at Targovishte in 2006. Besides, in order to realize the export shipments of the jumbo-sized flat glass products from the Bulgarian plant, the Trakya Glass Logistics EAD was established (Trakya Cam, 2009).

Another investment is Mikroak Ltd., manufacturer of electromechanical components used for consumer electronics, which is the first ever Joint-Venture Company in Bulgarian Economy after 1989. It has been established in 1992 between the government semiconductor concern "Microelectronica A.S." and the majority share holder Turkish Company "Aksan Kalip San ve Tic A.S.". By the end of 1997, Aksan has bought the rest of the government shares, thus Mikroak Ltd. has become 100% foreign owned (Mikroak LTD, 2009).

The Turkish company Faf Metal A.S owns the majority of the Alcomet AD shares, the major Bulgarian non-ferrous producer (Alcomet AD, 2009).

Sahinler Holding is another Turkish company which operate in Bulgaria. It produces women's and men's knitwear since 2001 in its plant with production capacity 120 000 pcs/monthly knit wear (Sahinler Holding, 2009).

Zorlu Linens and Damat opened stores in Sofia, Altınbas Kuyumculuk opened stores in Sofia, as well as in Dobric and Burgaz (Bulgaristan Ülke Raporu, 2008).

Bulgaria become the member of European Union in 2007 and with the support of the European structural funds it develops its infrastructure. Bulgaria has the lowest corporate income tax rate in the region, which is 10%, and cheap labour force (Invest Bulgaria Agency, 2008). All these factors together with the stable and predictable business and political environment and also the geographical proximity to Turkey appear as important advantages for the Turkish firms investing in Bulgaria.

All these facts mentioned make it worth to focus on the factors assuring success in investments and operations for long term relations and profitability.

1.3. Scope of the Thesis

The thesis is organized in the following way. Chapter two is a literature survey, covering internationalization of firms, market entry modes, emerging markets literature, and factors affecting the success of the business operation in emerging markets. Chapter three discusses the methodology of the research. Chapter four presents research findings. Conclusion and implications are in the final chapter.

2. INTERNATIONALIZATION OF FIRMS, EMERGING MARKETS AND FACTORS AFFECTING THE SUCCESS OF BUSINESS OPERATIONS IN EMERGING MARKETS

This chapter covers internationalization of firms, the choice of market and entry modes, emerging markets literature, and factors affecting the success of the business operation in emerging markets

2.1. Internationalization of Firms

Kotler and Armstrong (2005) point out the main factors which motivate the firms in their international expansion decisions. Companies may decide to go international when they discover foreign markets that present higher profit opportunities than the domestic market does, need an enlarged customer base in order to achieve economies of scale, want to reduce its dependence on any one market so as to reduce its risk, want to counterattack the competitors in their home markets, or to satisfy the needs of their customers which are expanding abroad.

Bradley (1995) sees as a main incentive for internationalization the presence of excess or unused resources within the firm. These may be physical resources such as money, excess capacity in production or special knowledge, highly specialized labour and machinery or by-products form existing operations.

Some authors (Hassel et al., 2003) claim that there are two dimensions of internationalization: one which refers to the production activities of firms abroad and one which focuses on the corporate governance dimension of firms. While the production dimension focuses on turnover abroad and international production sites, the corporate governance dimension of firms focuses on the type of investors firms look at and whose interests they take into account. Hassel et al. (2003) argue that internationalization of firms occurs not only when the firm invest and produce goods across borders, but also when they aim for international investors and implement shareholder value policies. Corporate governance dimension is characterized also by having introduction of international accounting methods, stock option schemes for

management, engagement in share buy-back processes and co-operation with rating agencies (Hassel et al., 2003).

2.1.1. Market Choice

Market selection is the first of the most critical decisions the firm faces when have decided to expand globally.

According to Kotler and Armstrong (2005), before going abroad, the company should try to define its international marketing objectives and policies. First, it should decide what volume of foreign sales it wants. Second, the company must choose how many countries it wants to market in. Third, the company must decide on the types of countries to enter.

Possible markets should be ranked on several factors, including market size, market growth, cost of doing business, competitive advantage, and risk level. The goal is to determine the potential of each market, using indicators such as those shown in Table 2.1.

Table 2.1. Indicators of Market Potential

Demographic characteristics	Sociocultural factors
Education	Consumer lifestyles, beliefs, and values
Population size and growth	Business norms and approaches
Population age and composition	Social norms
	Languages
Geographic characteristics	
Climate	**Political and legal factors**
Country size	Government bureaucracy
Population density-urban, rural	Political stability
Transportation structure and market accessibility	
	National priorities
Economic factors	Government attitudes toward global trade
GDP size and growth	Monetary and trade regulations
Income distribution	
Industrial infrastructure	
Natural, financial and human resources	

Source: Kotler, P. and Gary Armstrong, (2005). Principles of Marketing. New Jersey: Prentice Hall

Ghauri and Cateora (2006) claim that the country selection for an entry depends upon the proactive versus reactive approaches of the company. In a proactive market selection, a company does marketing research and collect information on different markets to assess the potential of the market. In a reactive market selection, the company is not actively collecting information or analyzing any market, it waits for an initiative taken by importers from a potential market.

Albaum et al. (1989) indicate as a major strategic alternatives of market expansion the market concentration and market spreading strategies. A market concentration strategy is characterized by channelling available resources into a small number of markets, devoting relatively high levels of marketing effort and resources to each market in an attempt to win a significant share of these markets. After building strong positions in existing markets the company slowly expand the scope of its operation to other countries and/or customer segment. A market spreading strategy is characterized by allocating marketing resources over a large number of markets in an attempt to reduce risk of concentrating resources (Albaum et al., 1989).

2.1.2. Choice of Market Entry Mode

The choice of entry method in foreign markets is one of the most critical decisions because this choice defines the firms operation and affects all future decision in that market (Cateora and Graham, 1999). At the same time it is a macrodecision: the level of involvement in foreign   markets determines the marketing program of the firm there. (Terpstra and Sarathy, 2000)

According to Terpstra and Sarathy (2000), the selection of method of entry to foreign markets depends on some factors peculiar to the firm and its industry. Some of these are:

1.   Company goals regarding the volume of international business desired, geographic coverage, and the time span of foreign involvement.

2.   The size of the company in sales and assets

3.   The company's product line and the nature of its products (industrial or consumer, high or low price, technological content)

4.   Competition abroad

Douglas and Craig (1995) divide the factors influencing the market entry mode decisions into two: external and internal factors. External factors are country characteristics, trade barriers, and product market characteristics. Internal factors are firm objectives and country selection strategies.

Three are the main categories of country characteristics which have to be considered**:** country size and growth, political end environmental risk and the economic and market infrastructure. Market size and rate of market growth are key parameters in determining mode of entry. While large market and increasing rate of growth push the managers to commit resources in this market and establish wholly owned subsidiary or sales organization, small and geographically isolated markets are less attractive for investment. They may be supplied by exporting or licensing. Political end environmental risks influence also the management decision of committing resources. High political risks result in selecting market entry modes which don't envision the production or warehousing activities. Another determinant is the physical infrastructure. If the physical infrastructure (transportation system, communication network or energy supply) is poorly developed, management may have to cope with substantial difficulties and development costs in establishing its own production, distribution or sales facilities (Douglas and Craig, 1995).

Trade barriers and government regulations also influence the management entry mode decision. Direct trade barriers restricting the import of foreign goods, such as tariffs and quotas impact decision relating to local production or assembly. Indirect trade barriers, such as product regulation, preference for local supplier, customs, and certification formalities, encourage establishment of contractual agreements with local partners (Douglas and Craig, 1995).

Product characteristics also effect where the production should be located. While management wishes to keep control over the production of expensive products

with low weight/value ratios like watches, companies typically prefer to establish licensing agreements, or invest in local production facilities when it is about products with high transportation costs like soft drink and beer (Douglas and Craig, 1995).

Firm and management objectives for international operations are determinant in entry mode selection. Limited objectives lead to preferring export agent or establishing licensing agreement, which require minimal financial recourses and limited management attention. Aggressive approach to international market growth on the other hand, leads management to establish an export sales organization and to move rapidly towards modes of operation such as joint venture or wholly owned operations (Douglas and Craig, 1995).

The speed and sequence of entry also play a role in entry modes selection. Option like a licensing, franchising, or acquisition may be appropriate for companies which desire to take advantage of emerging market opportunity by entering rapidly. If a company decides to adopt a more cautious strategy to enter into international markets, management may choose to export firstly, gradually shift to establishment of a local sales force and establish a production in foreign markets (Douglas and Craig, 1995).

Koch (2001) also categorizes the factors influencing the market entry mode decisions into internal and external, but he adds a third categorization, the mixed factors. As can be seen at Figure 2.1., Internal factors are: company size/resources, management locus of control, experience in using market and market selection process, management risk attitudes, market share targets, calculation method applied, and profit targets. Mixed factors are: competencies, capabilities and skills required/available for each market entry mode, sufficiency and reliability of information inputs. External factors may be list as: characteristics of the overseas country business environment, market barriers, industry feasibility/viability of market entry mode, popularity of individual market entry mode in the overseas market, market growth rate, image support requirements, and global management efficiency requirements.

Figure 2.1. Factors Influencing Market Entry Mode Selection
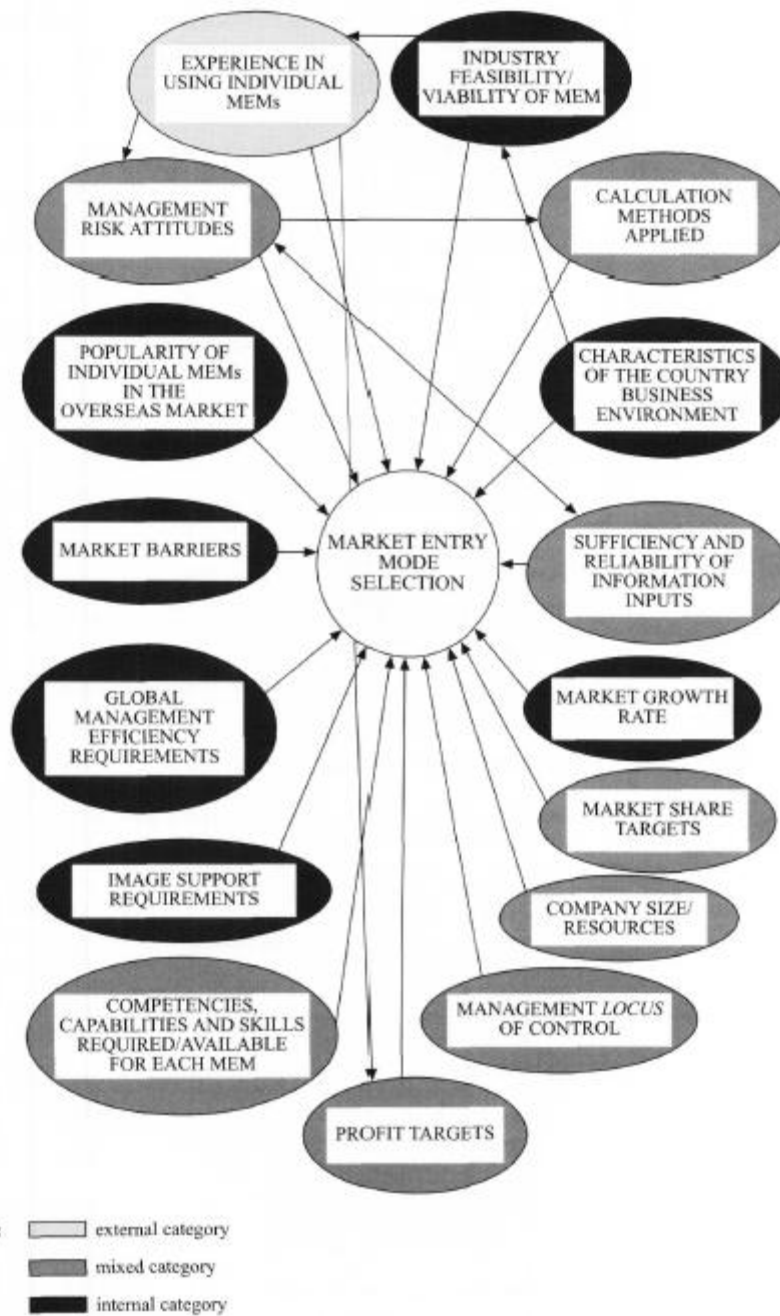
Source: Koch, A. J. (2001). "Factors Influencing Market and Entry Mode Selection: Developing the MEMS Model". Marketing Intelligence and Planning. 19:5

Root (1994) identified three distinct decision rules for entry mode selection, which can be distinguished by their degree of sophistication: the naive rule (use the same entry mode for all foreign markets), the pragmatic rule (use a workable entry mode for each target market), and the strategy rule (use the right entry mode for each target market).

Managers follow the naive rule when consider only one way to enter foreign markets. This rule obviously ignores the heterogeneity of individual foreign markets and entry conditions. At some point in time managers that use this rule will make mistakes of two kinds: either a promising foreign market that cannot be penetrated with their ' only entry' mode will be given up or a market will be entered with an inappropriate mode. An illustration of the pragmatic rule is the company that ordinarily starts doing business in foreign markets with a low-risk entry mode. Only if the particular initial mode is neither feasible nor profitable will the company continue to look for a workable entry mode. The advantages of pragmatic rule are: the risk of foreign market entry with the wrong type of entry mode is minimized since unworkable modes are rejected, also the cost of information collection and management time are reduced since not all potential alternatives are investigated once a workable mode has been found. The strategy rule simply states that the company should use the right entry mode. This approach requires that all viable alternative modes be systematically evaluated and then compared. Entry comparison needs to be made between projected costs and benefits over a future time period (Root, 1994).

In sum, it can be stated that the choice of entry mode is highly affected by the internal and external groups of factors. We can summarize these factors in the table below.

Table 2.2. Factors Influencing the Entry Mode Decision

Author	Factors influencing the entry mode decision
Terpstra and Sarathy, (2000)	- Company goals - The size of the company in sales and assets - The company's product line - Competition abroad
Douglas and Craig, (1995)	- **External Factors:** country characteristics trade barriers product market characteristics - **Internal Factors:** firm objectives country selection strategies
Koch (2001)	- **Internal factors** : company size/resources management locus of control experience in using market and market selection process management risk attitudes market share targets calculation method applied profit targets - **Mixed factors**: competencies, capabilities and skills required/available for each market entry mode sufficiency and reliability of information inputs - **External factors**: characteristics of the overseas country business environment market barrier industry feasibility/viability of market entry mode popularity of individual market entry mode in the overseas market market growth rate image support requirements global management efficiency requirements

2.1.3. Market Entry Modes

There is no wholly accepted model of market entry modes classification. Different authors suggest different classifications.

Cateora and Graham (1999) state that firms can choose between four major types of market entry when making their decision: exporting, the internet, contractual agreements, and direct foreign investment. Exporting can be either direct or indirect. Contractual agreements include licensing, franchising, joint venture, and consortia.

Terpstra and Sarathy (2000) develop another classification of entry modes. As can be seen in the Figure 2.2., they classify the entry modes using place of production approach. Indirect and direct exporting are used when the production is at home market. Indirect exporting forms are trading companies, export management companies and piggyback. Direct exporting can be realized by foreign distributor, agents and overseas marketing subsidiary. Contract manufacture, licensing, assembly, joint venture and 100 percent ownership are forms of foreign market entry when foreign sources are used in the production.

Figure 2.2. Alternative Methods of Foreign Market Entry
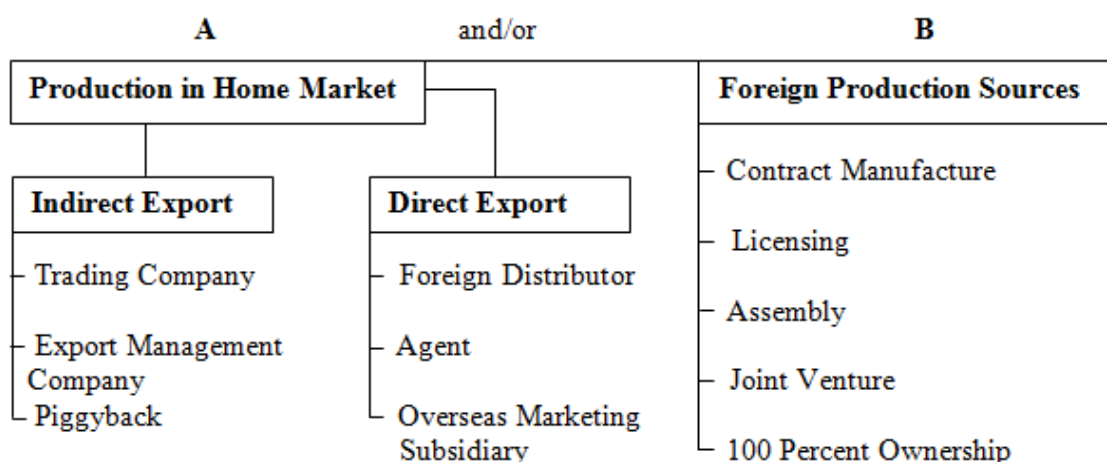
Source: Terpstra, V. and Ravy Sarathy, (2000), "International Marketing", Eight Edition, The Dryden Press, p.375

Another author, Bradley (1995) identifies four principal options of entry: exporting, competitive alliances, international direct investments, and acquisitions. Licensing and joint venture are the main forms of competitive alliances.

Kotler and Armstrong (2005) state that in determining the best mode of entry, the firm has opportunity to choose between exporting, joint venture, and direct investment. Exporting may be indirect or direct. Joint venturing has four types: licensing, contract manufacturing, management contracting, and joint ownership. Direct investment consists of assembly facilities and manufacturing facilities. The approach used in this classification is the amount of commitment, risk, control, and profit potential. As it can be seen in the Figure 2.3. , each succeeding strategy or market entry mode involves more commitment and risk, but also more control and profits (Kotler and Armstrong, 2005).

Figure 2.3. Market Entry Strategies
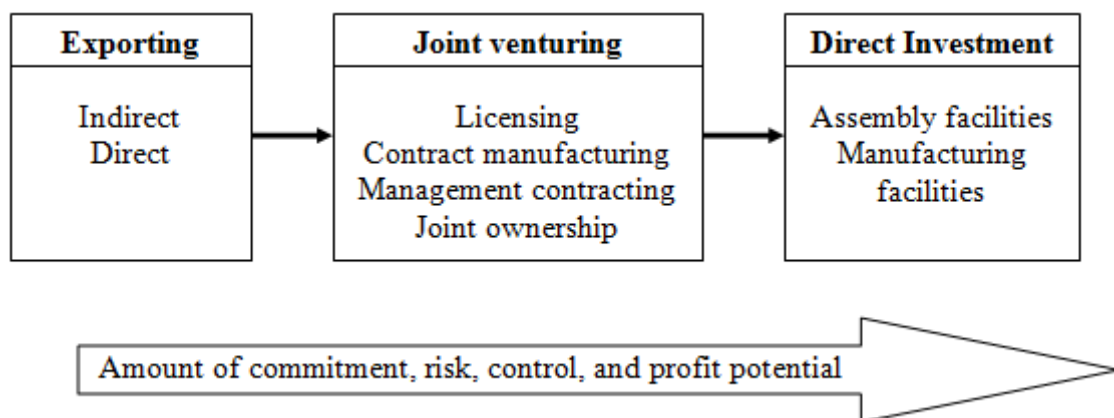
Source: Kotler, P. and Gary Armstrong. (2005). Principles of Marketing, New Jersey: Prentice Hall, p.602

Estrin and Meyer (1999) develop the market entry modes theory by identifying a new entry strategy which is highly relevant for investment in emerging markets, the Brownfield Market Entry. Brownfield is defined as a special case of acquisition, in which the resources transferred by the investor dominate over those provided by the acquired firm (Estrin and Meyer, 1999).

Based on the literature investigated above, we can say that main market entry modes are: exporting, contractual agreements which include licensing, franchising, and contract manufacture, direct investment, and joint venture.

a) Exporting

Exporting is entering a foreign market by selling goods produced in the company's home country, often with little modification (Kotler and Armstrong, 2005). This means of foreign market development is the easiest and most common approach employed by companies taking their first international step because the risk of financial loss can be minimized (Ghauri and Cateora, 2006).

Companies usually start with indirect export, working through independent international marketing intermediaries. Indirect exporting involves less investment because the firm does not require an overseas marketing organization or set of contacts (Kotler and Armstrong, 2005). In fact, with indirect exporting the firm is not engaging in international marketing in any real sense. Its products are carried abroad by others, and although this way of exporting can open up new markets quickly, the firm`s control on the process remain very limited (Terpstra and Sarathy, 2000). Using agents or export management companies for exporting, the company has little or no control over the way product or service is marketed in other countries. The firm`s products can be sold through inappropriate channels, with poor servicing or sales support and inadequate promotion, or be under-or overpriced and this can damage the reputation or image of the product or service in foreign markets (Douglas and Craig, 1995).

Cooperative exporting is an alternative for companies which want to exercise some degree of control over international sales but lack the resources to establish its own export sales organization. Exporting company enters in collaborative agreement with another firm to cooperate on research, promotion, shipping, distribution or other activities. Piggybacking is a type of cooperative agreement in which one company markets its products or services through the distribution organization of another company in a foreign market (Young et al., 1989). Important here is that the products

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sold by both companies need to be compatible rather than competing. The products of the piggybacking company have to fill out the product line of the distributing company.

Direct exporting occurs when the manufacturer performs the export task rather than delegating it to others. In direct exporting, the task of market contact market research, physical distribution, export documentation and pricing all fall on the firm. Usually direct exporting results in more sales than does indirect exporting (Terpstra and Sarathy, 2000).

Three are the criteria used to measure the performance of exporting firms: export sales as a percentage of total sales (called Export Intensity), export growth and current financial profitability of the exporting operations (Ogunmokun and Ng, 2004). Using these criteria Ogunmokun and Ng (2004) identify high performing firms and find out the main characteristics which differentiate them from the firms with low level of export performance. Ogunmokun and Ng (2004) conclude that the organizations with a high level of export performance are firms with marketing expertise which are developed export strategy. These are the firms which believe that exporting is a more profitable venture than domestic operations, have strong motivation to export and extrovert responsible for the exporting operations.

As a result we can say that high performance in exporting is closely related with strong motivation, expertise, developed strategy, and extrovert manager.

b) Contractual Agreements

Contractual agreements are long-term, nonequity associations between a company and another in a foreign market. Contractual agreements generally involve the transfer of technology, processes, trademarks, or human skills. In short, they serve as a means of transfer of knowledge rather than equity. Contractual agreements include licensing and franchising (Cateora and Graham, 1999).

Licensing is a method of entering a foreign market in which the company enters into a licensee in the foreign market, offering the right to use a manufacturing process, trademark, patent, trade secret, or other item of value for a fee or royalty. It is a simple way for the manufacturer to enter international marketing at little risk, at the same time, without having to start from scratch, licensee gains production expertise or a well-known product or name (Kotler and Armstrong, 2005).

Licensing is seen as a low-risk, low- reward way of entering foreign markets that the firm is not really interested in developing or believes to be very complicated and risky. This type of entry mode is frequently taken as a "better than nothing "strategy (Bradley, 1995).

Licensing of technology along with the research and development is seen as an important way of improving the technological level of an economy. As technology licensing is usually a less expensive way of improving technological quality compared to local R&D, many countries are encouraging their firms to engage in technology licensing (Mukherjee, 2005).

Terpstra and Sarathy (2000) pay attention to the disadvantages of the licensing. They see licensing as a potential of establishing a competitor for the licensor. During the period of licensing agreement the licensee can receive enough expertise to go it alone. Licensor may lose that market and perhaps neighbouring markets to the former licensee. Another disadvantage of the licensing is the limited returns it provides. Controlling the licensee is another problem which the licensor may face. Although the contract spells out the responsibilities of each party, misunderstandings can arise in its

implementation. Quality control, the marketing effort of the licensee, and interpretation of the extent of the territorial coverage are the most often faced areas of conflict.

Cardinale (1961) also emphasizes the difficulty in controlling the quality and stresses that the licensor is responsible in doing it because there is threat of trademark loss. According to him, the licensor is in difficult position to control or supervise prices and costs. Licensing minimize the political or economical risks, but also minimize the possibilities (Cardinale, 1961)

Franchising is a rapidly growing form of licensing in which the franchisor provides a standard package of products, systems, and management services, and the franchisee provides market knowledge, capital, and personal involvement in management. Franchising is an attractive form of corporate organization for companies wishing to expand quickly with low capital investment (Cateora and Graham, 1999).

One drawback of franchising is the need for careful and continuous quality control. If the franchisor does not perform, the company might have to terminate the contract. Such close supervision of the various aspects of far-flung operations requires well-developed global management systems and labour-intensive monitoring. Because of the managerial skills required, international franchising has become successful largely among those businesses having long experience with franchising at home before venturing globally (Johansson, 1997).

The main differences between licensing and franchising can be seen in Table 2.3.

Table 2.3. How Licensing and Franchising Differ

Licensing	Franchising
1. The term 'royalties' is normally used	1. Management fees are regarded as the most appropriate term.
2. Products, or even a single product, are the common element.	2. Covers the total business, including the know-how, intellectual rights, good-will, trade mark and business contacts. (Franchising is all-encompassing, whereas licensing concerns just one part of the business.)
3. Licenses are usually taken by well-established businesses.	3. Tends to be a start-up situation, certainly as regards the franchisee.
4. Terms of 16 to 20 years are common, particularly where they relate to technical know-how, copyright and trade marks. The terms are similar for patents.	4. The franchise agreement is normally for five years, sometimes extending to ten years. Franchises are frequently renewable.
5. Licensees tend to be self-selecting. They are often an established business and can demonstrate that they are in a strong position to operate the licence in question. A licensee can often pass his licence onto an associated or sometimes unconnected company with little or no reference back to the original licensor.	5. The franchisee is very definitely selected by the franchisor, and his eventual replacement is controlled by the franchisor.
6. Usually concerns specific existing products with very little benefit from ongoing research being passed on by the licensor to his licensee.	6. The franchisor is expected to pass on to his franchisees the benefits of his ongoing research programme as part of agreement.
7. There is no goodwill attached to the licence as it is totally retained by the licensor.	7. Although the franchisor does retain the main goodwill, the franchisee picks up an element of localized goodwill.
8. Licensees enjoy a substantial measure of fee negotiation. As bargaining tools, they can use their trade muscle and their established position in the marketplace.	8. There is a standard fee structure and any variation within an individual franchise system would cause confusion and mayhem

Source: Perkins, J.S. (1987). "How Licensing, Franchising Differ". Les Nourelles, 22 (4), 157, as cited in Young, S., James Hamill, Colin Wheeler, and J.Richard Davies . (1989). International Market Entry and Development. Harvester Wheatsheaf-Prentice Hall

c) Joint venture

Joint venture is a partnership of two or more participating companies that have joined forces to create a separate legal entity. Four factors are associated with joint ventures (Ghauri and Cateora, 2006):

1. Joint ventures are established, separate, legal entities

2. They acknowledge intent by the partners to share in the management of the joint ventures

3. They are partnerships between legally incorporated entities, such as companies, chartered organizations or governments, and not between individuals

4. Equity positions are held by each of the partners

A joint venture offers a number of advantages as a mode of entering a foreign market. While it requires some commitment of recourses to the foreign market, it provides potentially greater returns and control over the management of production and marketing operations in this market. Equity risks are shared with the local partner. The local partner also provides familiarity with and understanding of local market conditions, and also often has contacts with local distributors and other key agencies in the marketplace. The company gains knowledge and feedback on market conditions, customer requirements and response, key competitors, and their likely reactions, and gradually acquires experience in operating in this market (Douglas and Craig, 1995).

Although the joint venture offers many advantages to the firms entering foreign markets, this is an entry mode where different mistakes may occur. Lyles (1987) list the main areas where the joint venture partners experience mistakes; the partners often behave wrongly in the partner rapport, don't evaluate healthy the transfer of technology, undervalue the cultural differences, make mistakes in the sphere of the human resources management.

d) Direct investment

Direct investment is entering a foreign market by developing foreign-based assembly or manufacturing facilities. Foreign production facilities offer many advantages for firms which have gained experience in exporting and invest in large foreign market. The company may have lower costs in the form of cheaper labor or raw materials, foreign government investment incentives, and less shipment cost (Kotler and Armstrong, 2005).

When a company decides to invest equity in a foreign country, it has to decide if to establish a foreign operation from scratch (invest in a greenfield facility) or to engage in an acquisition (buy equity share in an existing foreign entity).

Greenfield is the most costly and risky direct investment. The advantage is that the subsidiary is exactly what the company wants and has potential to be highly profitable. The disadvantage is that the company has to acquire all market knowledge, materials, people, and know-how in different culture, and mistakes are possible. (Daft, 2002)

Acquisition offers a number of advantages; it enables rapid entry and often provides access to distribution channels, an existing customer base, and in some cases established brand names or corporate reputation. In some cases existing management may remain, providing a bridge to entry into the market and allowing the firm to acquire experience in dealing with local marketing environment (Douglas and Craig, 1995).

Although the many advantages which offer, there are some potential limitations to the acquisition approach. First of all, finding available companies is not always easy. Many of the potentially good ones are hard to convince that it would be advantageous for them to sell while those that are up for sale are quite likely to be in some type of distressed condition (Albaum, Strandskov and Duerr, 2002).

In addition to the usual concerns in acquiring a company-paying a fair price, melding two management teams, and gaining the elusive 'synergy' that is supposed to

add to profits-there are special risks and costs attached to cross border mergers, as follows (Albaum, Strandskov and Duerr, 2002):

- Foreign acquirers usually pay more than a domestic buyer would, often with unrealistic hopes of future synergies.
- Differences of language and national and corporate cultures aggravate integration of two management teams, and possibly two headquarters.
- Misperceptions about the home market of the acquired company can lead to marketing mistakes.
- Vertical integration is much harder in cross-border deals than intracountry deals.
- Employees tend to be even more frightened of new management if bosses are from another country.

A special case of acquisition, Brownfield is developed recently by Estrin and Meyer (1999). They define Brownfield as: a foreign entry that starts with an acquisition but builds a local operation that uses more resources, in terms of their market value, from the parent firm than from the acquired firm.

Figure 2.4. General Model of Brownfield Market Entry
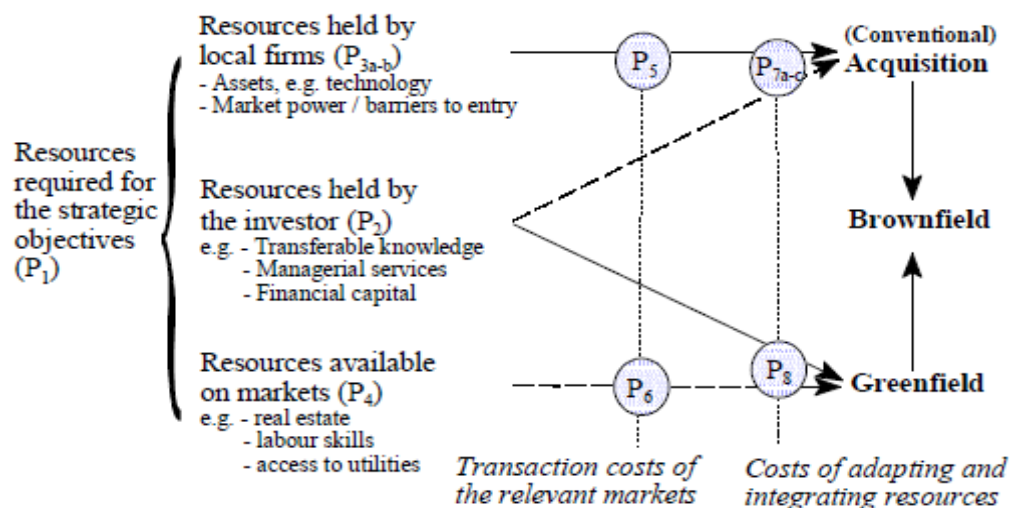
Source: Estrin, S. and Klaus E. Meyer. (1999). Entry Mode Choice in Emerging Markets: Greenfield, Acquisition and Brownfield. CIS-Middle Europe Centre London Business School, Discussion Paper Series: 57

Figure 2.4. presents the general model of Brownfield Market Entry. The mode choice depends first on the resources required for the envisaged project (P1), and on the resources available in local firms (P3a,b), in the investing firm itself (P2), and on local markets (P4). However, each resource has to be evaluated under consideration of the costs of the transaction, and the subsequent adaptation to the investors' needs. In buying the desired resources, transaction costs are incurred on markets for equity (P5) or on markets for unbundled resources (P6). Subsequently, resources have to be transformed to meet the requirements of the project; firms vary considerably in their ability to transfer their resources internationally (P8), and to manage the integration of acquired firms (P7a-c). Brownfield combine aspects of both modes and can therefore draw upon more sources of resources enabling projects that neither the foreign investor nor the local firm could implement themselves (Estrin and Meyer, 1999).

Companies decide to go international when they discover foreign markets that present higher profit opportunities than the domestic market does, want to reduce its dependence on any one market so as to reduce its risk, have excess or unused resources within the firm. When the firms decided to expand globally, they face the first of the most critical decisions, the decision related with the choice of market. In their searching the firms should consider to the first place the type of markets classified as Emerging Markets, since they are seen as the most promising for the future.

2.2. Emerging Markets

The term emerging markets (EM) was first coined by the International Monetary Fund (IMF) and the World Bank in the early 1980s to describe performance in countries with changing institutional frameworks (Sevic, 2005).

According to Samli and Kaynak (1984), emerging markets are similar to less developed countries, which are characterized by agrarian economies, dual economies, rapidly growing populations, low levels of per capita income, illiteracy, low labour productivity, poor infrastructures, lack of capital, unsatisfactory amounts and types of

food intake, high infant mortality, low life expectancy, and a paucity of public facilities (Samli and Kaynak, 1984).

On the other hand, the summary of the indicators used to identify countries as emerging markets; rapid economic growth, privatization of state-owned enterprises, an expanding middle class, trade and imports and a general sense of `globalization`, made by Bilgin et al. (2004), present a new picture for emerging markets. For approximately two decades, the appearance of ``emerging markets`` changed. Now consumers in emerging markets have stronger purchasing powers, these markets enjoy higher income growth than developed nations. Different risks in these markets are increasingly manageable and they offer many opportunities for business. Cavusgil et al. (2002) demonstrated the ``emerging markets`` definition evolve of in Table.2.4.

Cavusgil et al. (2002) indicate several main events as the reason for the shift in the emerging market look: the end of the Cold War, enlargement of European Union, rapid development in telecommunication and transportation technologies, economic liberalization of countries such as China, India, Mexico, and Turkey, rapid growth of economies such as Indonesia, Malaysia, and Thailand.

Table.2.4. Paradigm Shift in International Business

Developing countries (prior to 2000)	Emerging markets (2000 and beyond)
• High risk for foreign business • Economically and technologically backward • Consumers had poor purchasing power • Few opportunities for business	• Risk increasingly manageable • Higher income growth than developed nations • Technologically competitive • Increasing purchasing power among customers • Offer many opportunities as large Untapped markets and low-cost, high-quality sources

Source: Cavusgil, T. Pervez N. Ghauri, and Milind R. Agarwal. (2002). Doing Business in emerging Markets: Entry and Negotiation Strategies. Thousand Oaks: Sage

Several international bodies (World Bank, United Nations, and ets) and magazines (Economist) have created a list of 24 leading Emerging Countries (ECs) (25 as per the Economist). It is estimated that well over 50 per cent of the world population lives in the same, that they will achieve a growth rate of more than 6 per cent per year during the next two decades and that their share of the world trade reach almost 27 per cent by 2010 (Cavusgil et al., 2002). By the same date their total GDP is expected to be 50 per cent of that of the industrialized world and the amount of foreign investments flowing in them will be many times more than (almost ten times) what it used to be only 20 years before (almost USD 65 billion) (Pelle, 2007)

2.2.1. Types of Emerging Markets

Bilgin et al. compiled the information about the types of emerging markets, which appears in different researches. Table 2.5.

Table 2.5. Types of Emerging Markets Categorization

EMs	BEMs/second curve	SEMs
BEMs	Argentina	Poland
+	Brazil	Czech Republic
SEMs	Chinese Economic Area	Slovakia
	China + Taiwan + Hong Kong	Albania
+	India	Hungary
Brunei	Mexico	Hungary
Malaysia	Poland	Romania
Philippines	South Africa	Bulgaria
Singapore	South Korea	former Yugoslavia
Vietnam	Turkey	Russia
Thailand	Indonesia	Ukraine
	Russia	Belarus
		Baltic States

Source: Bilgin, Z., Ven Sriram and Gerhard A. Wührer (2004). <u>Drivers of Global Business Success Lessons from Emerging Markets.</u> New York: Palgrave Macmillan

Emerging markets (EMs) are divided basically in two groups: Big Emerging Markets (BEM) and Starting Emerging Markets (SEM). Bilgin et al. (2004) call SMSs starters or transition economies (TEs), because they are still in the process of transition from the closed, centrally planned (Soviet) system to that of a free market.

The BEMs include Mexico, Brazil, Argentina, Poland, Turkey, South Korea, South Africa, Indonesia, India, and Chinese Economic Area (China, Hong Kong and Taiwan) (Garten, 1996) . TEs are Poland, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, the former East Germany, former Yugoslavia, and the former USSR (Russia, Ukraine, Belarus, and the Baltic states) (Money and Colton, 2000). As Bilgin et al. (2004) indicate, different literature sources reflect different categorization for the same countries. For example some authors put countries like China, India, Indonesia, Brazil, Russia and South Africa in the ``key emerging second-curve countries`` group (Morrison, 1996) instead of BEMs.

2.2.2. Characteristics of Emerging Markets

EMs are high-growth developing countries that represent attractive business which have a young labour force. They have undertaken significant economic reforms; enjoy outstanding growth rates and prospects for market expansion. As a group, they comprise more than half of the world population and account for a large share of global output. They offer promising opportunities for trade as their need increases for capital equipment, machinery, power transmission equipment, transportation equipment, and high technology products (Cavusgil, 1997).

EMs have many common characteristics: 1. the absolute level of economic development is indicated by GDP per capita, or the balance between the economic activities; 2. the relative pace of economic development indicated by the growth rate; and 3. The system of market governance is indicated by extend and stability of a free market system (Arnold and Quelch, 1998)

The BEMs are characterized by large territories, big populations with massive demands for infrastructure. These countries have undertaken significant economic

policies that have already contributed to faster growth and expanding trade and investment with the rest of the world. They aspire to be technological leaders. All of these countries have significant political and economical influence in their neighbourhood (Garten, 1996).

SEMs or TEs are characterized by large-scale privatization of state owned enterprises. Privatization refers to transfer of state-owned industries to private concerns. These countries are gradually introducing legal frameworks to protect business and consumer interests and ensure intellectual property rights (Cavusgil el al., 2007).

Johansson (1997) describes the consumers in these countries: 1. In the past, basic needs were satisfied in these markets through the state planning system; people did not enjoy variety but were basically not starving, and were able to afford necessities. 2. Education level of the citizens is high and people in these markets are used to enjoying a secure life; they also have considerable pride in past accomplishments by their countries and hope for a better future. 3. For them the free market system mentality, i.e., the idea that the consumer is ahead of the producer and there is variety of choice, is new (Johansson, 1997)

Bilgin et al. (2004) summarize and compare the main characteristics of BEMs and SEMs. As can be seen in Table 2.6., BEMs are more advanced in their marketing orientation and structures while SEMs are in the process of adapting their strategies to the new economic system.

Table 2.6. Classification of the New Economic Powers, the EMs

BEMs	SEMs
More promising; very fast, more established	Slowly learning to emerge
Larger	Smaller
More advanced in international trade	At infancy stage of trade (esp. for cons. goods)
Marketing orientation already established	Marketing orientation still lacking
Infrastructure developing fast	Infrastructure needs improvement
Stability: higher	Stability: lower
Very many reforms, growth spillover effects to other regions	Reforms slowly come

Source: Bilgin, Z., Ven Sriram and Gerhard A. Wührer (2004). <u>Drivers of Global Business Success Lessons from Emerging Markets.</u> New York: Palgrave Macmillan

Cavusgil et al. (2007) point out that EMs are attractive to internationalizing firms because they are target markets, manufacturing bases, and sourcing destinations.

Emerging markets have become important for marketing a wide variety of products and services. The growing middle class in these countries imply substantial demand for a variety of consumer products such as electronics and automobiles and services such as health care. Governments and state enterprises in emerging markets are major targets for sale of infrastructure-related products and services such as machinery, power transmission equipment, transportation equipment, high-technology products, and other products that countries in the middle stage of development typically need. (Cavusgil et al., 2007).

Emerging markets have long served as platforms for manufacturing by MNEs. Firms from Japan, Europe, the United States, and other advanced economies have invested vast sums to develop manufacturing facilities in emerging markets. The reason is that these markets are home to low-wage, high-quality labour for manufacturing and

assembly operations. In addition, some emerging markets have large reserves of raw materials and natural resources (Cavusgil et al., 2007).

2.3. Factors Affecting the Success of Business Operations in Emerging Markets

Bilgin et al. (2004) analyze several case studies of companies from EM which operate in emerging and advanced markets in order to identify the factors influencing the success of the firms. They group the results in four: organization related factors, market related factors, people related factors, and operation related factors.

As organization related factors, Bilgin et al. (2004) recognize corporate values, quality focus, innovativeness, customer focus, and external resource access.

Entering new markets, the firms develop its systems approach to overcome the challenges. The main characteristics of the EM firms' corporate culture are the managerial and the cost control, which they build up in the domestic market. Bilgin et al. (2004) state that managerial control can be achieved by implementing strong central leadership but also sharing and delegating the managerial responsibilities with the top managers. Cost control, on the other hand, assures competitiveness by guaranteeing low-cost production, which decrease cost in general and increase profitability. Low cost production can be attained through the use of low-cost, high-quality labour and by moving production to low-cost manufacturing areas (Bilgin et al., 2004).

Bilgin et al. (2004) emphasize the quality as the main issue which the firms in EM should not neglect in their products and production. Customers from EM who were exposed to low-quality products for a long time are very sensitive to the quality.

Customer focus is another important issue to be considered in assuring the success. Satisfaction of the customer needs is one of the main objectives of the firms. Existence of different needs, different income and educational levels among the customers, enforce the firms to produce different products which fit to the different needs.

Innovativeness is seen mainly as improvement of technology and increase in environmental consciousness. Thanks to widespread telecommunication systems, consumers from EM have opportunity to learn about all the advancements in the world. Firms operating in EM should emphasize the innovativeness to satisfy the consumers' desire for high technological products.

EM consumers are concerned about environmentally pollution and preventing it. Demand for healthy and environmentally friendly products is increasing in these societies.

Access to information and knowledge is seen as crucial by Bilgin et al. (2004) for firms operating in EM. Research and development centres, government institutions and financial institutions are the most important source of information about the local market.

The very first step of the firms which are decided to operate abroad is the market selection step. The right choice play very important role in the firm's success in their operations. Analyzing and selecting potentials markets for entry are important, but choices relating to the timing and mode of entry, segmentation and targeting and marketing tactics are important as well. Four market related factors are seen by Bilgin et al. (2004) as important for firms operating in EM: market selection process, flexible market entry, multy-segment approach, management of environmental uncertainty.

Two are the main reasons which lead the firms in deciding to operate in foreign markets: first for the opportunities they present as result of their domestic market size and growth, and second, as a location for the manufacture of products not necessarily intended for sale there (Brouthers, 2002). Szanyi identifies market-driven and production-driven investments in transition economies (Szanyi, 1998). Emerging market firms are leaded from the same motives in deciding to operate in foreign market but what is seen in their market selection process is that the firms from emerging markets rely significantly on cultural, historical, linguistic, geographic and other non-economic criteria as well (Bilgin et al., 2004).

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The chain theory (or "stage model") of internationalization suggests that managerial learning dictates the pattern of internationalization followed as firms start with low-risk indirect exporting to physically close markets, and as they gain knowledge and experience begin to expand to more distant markets using more committed forms of entry (Johanson, Vahlne, 1977). Bilgin el al. (2004) claim that this is not always true for the EM firms investing in EM. Emerging markets companies not favour the mechanistic and rigid approach which offer the chain theory and prefer to use flexible market entry. The flexible market entry for which Bilgin el al. (2004) talk here can be linked to the Root's (1994) entry mode selection rules. As stated before under 2.1.2. Choice of Market Entry Mode, Root (1994) argue that firms use naive, pragmatic and strategy rules in their market entry mode selection. While following the naive rule firms use the same market entry mode for all markets, the pragmatic and strategy rules provide more flexible market entry strategies. Efes provide perfect illustration. We see how Efes enter in Romanian market via a Greenfield investment in production, but quickly restructured its operation there as a 50-50 joint venture with Interbrew (Eren-Erdogmus et al., 2004). Efes entered the Kazakh and Moldovan markets through local acquisitions, but preferred a joint venture in Ukraine, answering to the local markets requirements. Firms from EM operating in another EM not follow the systematic and deliberate path of selecting entry mode recommended by the chain theory.

Bilgin et al. (2004) accentuate also the importance of serving a multitude of segments with different brands, models and channels simultaneously. Ability to manage the environmental uncertainty, which results from political and economical volatility and turbulence, is seen as important success driver too.

The people dimension which composed from 3 factors is of the tremendous importance to emerging-market companies according to Bilgin et al. (2004). Analyzing the emerging-market companies, the authors emphasize the importance of competent human resources at all management levels, relationship and connection, and the localization of management.

Citing different authors (Law et al., 2003), Bilgin et al. (2004) state that competent personnel always play an essential role in the creation and implementation of successful strategies in EMs. They quote different studies where the competent personnel is explained as managers who take fair decisions, show creativity and risk-taking or competence is measured by variables such as 'experience' of management, 'entrepreneurial profile' , 'contact network', intelligence and planning activity' (Law et al., 2003, Poisson et al., 2003). Personnel competencies may also be in management, skilled and trained labour, and technical skills (Bilgin et al., 2004). Indeed, Bilgin et al. (2004) observe that the managers of the successful companies which they analyze are highly skilled and experienced people with high education and innovative thinking. For example Kompen select and hire only people with superior educational backgrounds for its international marketing team.

Relationship and connections are the second sub-component of the people factor. Bilgin et al. (2004) detect different links for relationships and connections. On the one side there are the personal ties assuring some kind of power links that also help to overcome challenges in the market. On the other hand, there are certain networks different to the personal ties in that they are more institutional in nature. Here Bilgin et al. (2004) talk about 'Fraternity-building', which is a very special way of creating, sustaining and managing relationships and connections. For example, for Indian firms, fraternities are consumers, trade partners, governments, social groups or vendors. The 'family idea' is used as a metaphor in that many Indian companies have a loose umbrella that connects their various partners via a complex web of formal and informal relationships.

Localization of management was observed as another factor assuring success in EMs markets. Efes relied on selected and trained local managers and employees to manage its distribution and logistics operation in the one of its foreign markets, and by so doing it concentrated and took into account local cultural differences. This strategy helped the company not to be seen as 'foreign', but rather as tailored for the local customer. The localization of management helped to form natural bonds between the company and local stakeholders.

The operation related factors are the fourth and the final group of issues which Bilgin et al. (2004) studied. Customization of the marketing, supplier and distribution networks, and brand building are identified as sub-components of this final groups.

Several options for customizing marketing to the needs and demand of the customer are seen as possible by the authors, based on the stage of the emerging market. The companies which they studied use different strategies, with product-based customization being the most prominent, followed by the communication strategies, pricing and relevant distribution adjustments to fit to host-market needs. Betek formed its prising strategies in Azeri market taking into consideration the income levels of the people there and also focused on product differentiation by providing different colours of paint for different markets in order to match the decoration tastes of different cultures (Zamantılı-Nayir and Bilgin, 2004) Another Turkish company, Kompen, customized its integrated market communication by using the services of the famous Turkish media development firms, which prepared the advertising and sales promotion programmes according to each country's cultural characteristics (Ünüsan, 2004).

In the result of Bilgin et al. (2004) analysis, brand building appears as another important success factor in EMs. Here the authors observe two different approaches used by the companies. The first one is a step-by-step approach in which products exported from the home emerging-market country penetrate overseas markets through independent distributors serving discount channels. The second approach is to buy an established brand that has perhaps fallen on hard times and then move its production either to the home country or keep it in another emerging market if benefits from lower labour costs are possible. Here again we can see the Efes example, which created new brands such as Stary Melnik but also improves local acquired brands in Russia.

Another author who investigates the success factors in EM is Knab (2008). In his dissertation, he tried to identify the success factors that contribute to mass market penetration in consumer goods by multinational corporations (MNCs). His research used the perceptions of a panel of industry experts to examine their lived experience and identify the factors that contribute to emerging market success.

Knab (2008) used Delphi method in his research, which is an exploratory research technique with 3 steps. In the first round of the Delphi method Knab identified the success factors and used the second round of the Delphi method to move the participant to consensus. In the third and final round Knab asked the participants to rate on a 5 point Likert-type scale the degree to which they agreed or disagreed with statements regarding the identified success factors.

Utilizing the Delphi method of inquiry and the knowledge of over forty sales and marketing executives experienced in the development of emerging markets, Knab (2008) identified three success factors which are seen as the most important for success in EMs: (1) assembling and developing a strong organizational staff of experienced local managers that (2) who understood the local culture and marketplace and (3) were able to translate that understanding into product features and options that met the needs of the local market.

We observe that the results of Knab`s (2008) research match with the results of Bilgin et al.(2004) analysis. Both Knab`s (2008) and Bilgin et al. (2004) emphasize the importance of experienced local staff for the firm's success. While Knab`s (2008) talks about understanding the local culture and marketplace and translating that understanding into product features and options, Bilgin et al. (2004) called it customizing marketing.

Another author working on EMs, Pelle (2007) identifies timing as critical factor which can considerably influence the result of the launch in an EM. Pelle (2007) talks about the advantages created by the opportunity of being an early mover in the market, even greater if the move is the first of a category. The most evident advantage which he stresses is the benefit of creating a market and succeeding in making the consumers associate the innovative brand with the product category (Cola in the soft drink, Frigidare in the refrigerators, etc.). The clear difference in favour of an early mover in an emerging market versus a developed one is the reaction time of the competitors. The relatively low competition, together with some additional positive circumstances normally experienced in these markets, such as a limited number of

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advertisers, relatively low cost of advertising and absence of strongly organized trade with high listing fee, may enable the first movers to obtain in a short time a good level of revenues.

Additional benefit accruing to the first movers in an EM is the opportunity of creating good relationship with the local authorities and institutions, whose presence and interference in the business are usually rather heavy in these markets; this could allow to effectively lobbying in order to obtain special concessions which might not be granted to successive entrants. (Pelle, 2007)

Pelle (2007) also talk about the importance of active involvement of the foreign companies in social responsibility activities. Pelle (2007) claims that by "acting as a good corporate citizen a company gains credibility and reinforce its image vis-a-vis the local authorities" (p.2) and at the same time obtain mileage which could spend at the appropriate moment. He gave the example of the activities undertaken by companies with manufacturing facilities for the benefit of the people living in the villages or towns in the proximity of the same. Specifically in the EMs, say Pelle, while helping the closely villages to improve the local infrastructure, donating the necessary funds to build a stretch of road for example, or to bring the electric power to another neighbourhood, the company increase the goodwill of the society, gain visibility and good reputation and at the same time increase its negotiating power in case of possible future problems.

Another important point which Pelle takes into consideration is about the marketing mix of the firms operating in EMs. He gives a great importance to adapting of both products and packaging to the local regulation and environment. He recommends the foreign firms to create their own distribution network through a number of local dealers who would act as stock keepers and redistributors to the local trade.

Not only are the academicians interested in the subject of success factors in EMs. In 2008 the Economist Intelligence Unit of The Economist conducted a survey to find out the success factors in the EMs and also the barriers which investors face in

these countries (An Economist Intelligence Unit white paper, 2008). 1,300 executives from 15 emerging markets; China, India, Thailand, Poland, Russia, Turkey, Brazil, Chile, Mexico from Egypt, Saudi Arabia, the United Arab Emirates, Angola, and Nigeria, representing all major industry segments, took place in this survey. The author of the survey identified 10 success factors and asked the managers to select the three most important ones for their operations in the foreign market where they operate.

The number one success factor selected by executives responding to this survey as can be seen in Figure 2.5. is high-quality products/services. Competitively priced products/services, ability to move and adapt rapidly, good local contacts and relationships, ability to attract and retain the best local talent, and strong brand appeal are the next most selected factors by the managers. Appreciation of local consumer culture/values also is seen as a major success factor. The rest of the alternatives have less importance.

Figure 2.5. Success Factors in Economist Intelligence Unit survey
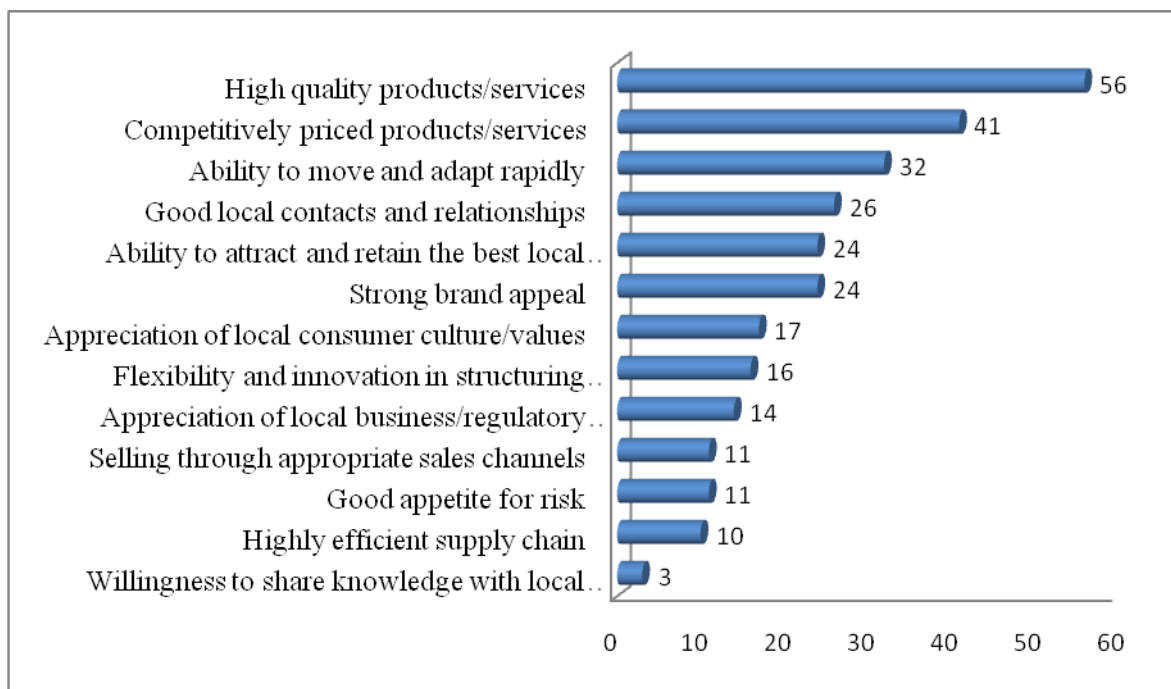
Source: Economist Intelligence Unit survey; June-August 2008

If we have to summarize the studies on success factors in EMs, we can present the results in the Table 2.7. below.

Table.2.7. Review of the Studies on Success Factors

Study	Success Factors

Bilgin et al. (2004)	**1.** Organization related factors**;**
	     - corporate values
	     - quality focus
	     - innovativeness
	     - customer focus
	     - external resource access
	 2. Market related factors;
	     - market selection process
	     - flexible market entry
	     - multy-segment approach
	     - management of environmental uncertainty
	 3. People related factors;
	     - competent human resources
	     - relationship and connection
	     - localization of management
	 4. Operation related factors;
	     - customization of the marketing
	     - supplier and distribution networks
	     - brand building

Pelle (2007)	1. Timing of entry- first mover advantages 2. Corporate Social Responsibility 3. Justifying the marketing mix to EMs conditions
Knab (2008)	1. Experienced local managers 2. Understanding the local culture and marketplace 3. Product features and options that meet the needs of the local market

Table.2.7. Review of the Studies on Success Factors (Continued)

Study	Success Factors
Economist Intelligence Unit survey (2008)	1. High quality products/services 2. Competitively priced products/services 3. Ability to move and adapt rapidly 4. Good local contacts and relationships 5. Ability to attract and retain the best local talent 6. Strong brand appeal 7. Appreciation of local consumer culture/values 8. Flexibility and innovation in structuring deals/offers 9. Appreciation of local business/regulatory norms 10. Selling through appropriate sales channels 11. Good appetite for risk 12. Highly efficient supply chain 13. Willingness to share knowledge with local partners

3. RESEARCH METHODOLOGY

This chapter of the study give details about the research design and methodology of the field study conducted.

3.1. Problem Statement and Study`s Objectives

Throughout the previous chapters trade relations between Turkey and Bulgaria and their importance were analysed. While Turkey is the leading country in list of Bulgarian Foreign Trade Partners for which Bulgaria exports in 2007, (Bulgarian National Bank), Turkey is significant investors in that country. The biggest foreign direct greenfield investment in Bulgaria is an investment of Turkish company. The importance of investigation of these relations arise also from the fact that these two countries belong to the group of Emerging markets, which are seen as the main   actors of world trade and investments in the near future (Cavusgil et al., 2002, Pelle, 2007).

The significance of these two countries to one another trade and economy require analysis of the factors influencing the successful economic relationship to ensure the continuance and development. We are interested in Turkish business organizations operating in the Bulgarian market as one of the main cornerstones of these relations and the key factors assuring their success. To examine and explore this subject the following objectives are defined:

1. to describe the characteristics of Turkish firms operating in Bulgarian market

2. to identify the factors affecting market choice

3. to define the most preferred mode of entry

4. to detect the internal and external issues affecting the success of Turkish firm`s business operations in the Bulgarian market

5. to identify how these success factors are linked with the firm`s characteristics and their market entry mode

3.2.   Hypotheses

In order to identify and describe relationships between firm characteristics and success factors several hypotheses were developed. These relationships are shown in the Figure below.

Figure 3.1. Proposed Research Model
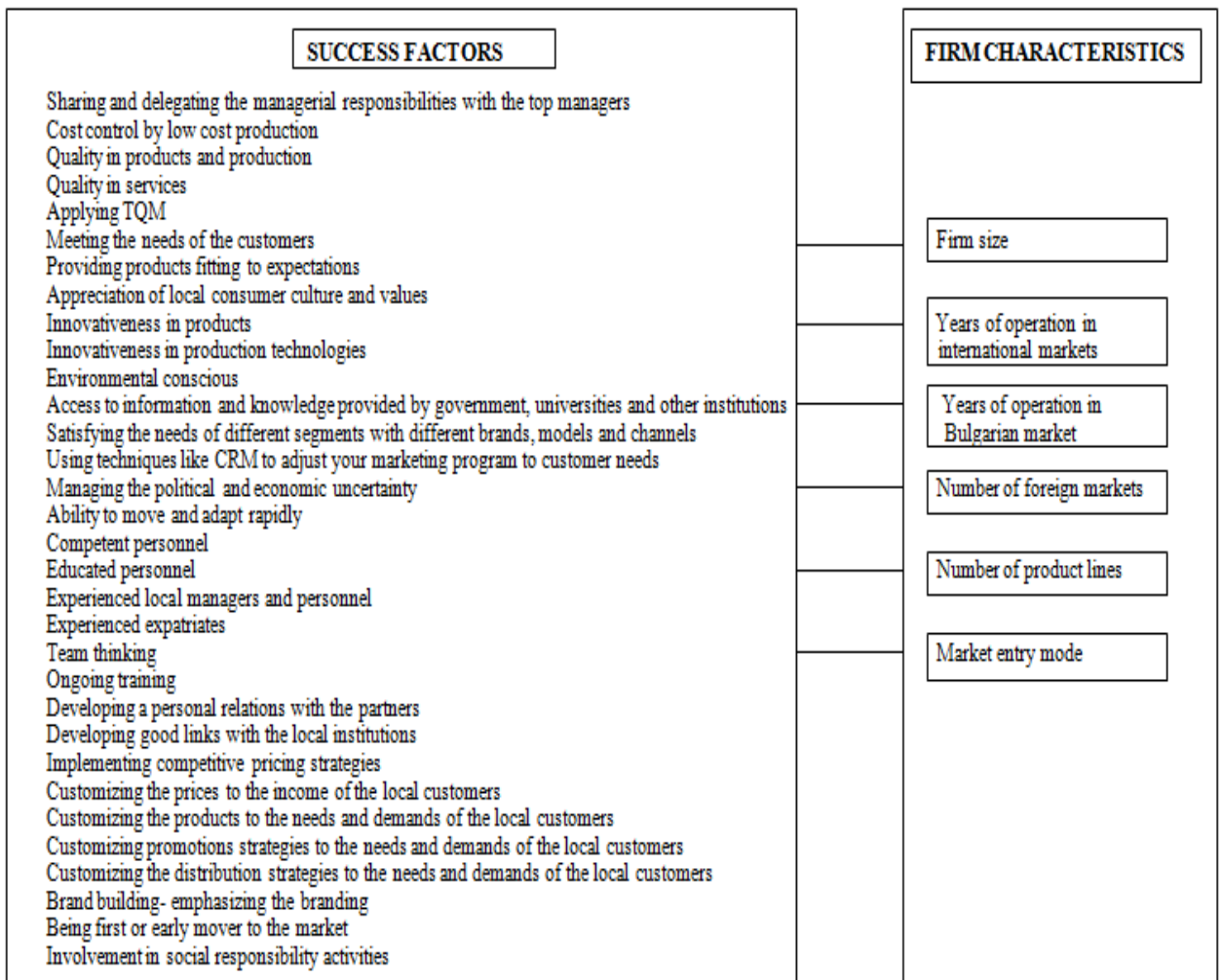
Source: Developed by Researcher

The hypotheses state that:

H1: There is significant relationship between firm size and degree of importance of the success factors.

H2: There is significant relationship between years of operation in international markets and degree of importance of the success factors.

H3: There is significant relationship between years of operation in Bulgarian market and degree of importance of the success factors.

H4: There is significant relationship between number of foreign markets where the firms operate and degree of importance of the success factors.

H5: There is significant relationship between number of product lines which the firms offer in the Bulgarian market and degree of importance of the success factors.

H6: There is significant relationship between market entry mode and degree of importance of the success factors

3.3. Research Design

Literature survey was conducted in order to specify the variables to be used in the descriptive research. Literature about the EMs and the success factors in EMs was reviewed and the main success factors are identified. In the next step the study aims to explore the Turkish firms in Bulgarian market. The descriptive nature of the study can be linked to the hypotheses. The information from the sample was conducted only once, hence it is a cross sectional study. .

3.4.   Data Collection Method and Instrument

In order to collect data, both primary and secondary sources have been used. Secondary data have been acquired through sources such as books, periodicals, journal databases and theses in Marmara and Bogaziçi University libraries and the Internet for the literature survey. The primary data collection method is mail survey, email interview and the instrument of this research is a questionnaire with structured and open ended questions. The survey questionnaires were administered by electronic interviewing method, which was conducted via e-mail. This method was preferred due to geographical dispersion of the sample and the difficulty in reaching the firms for face to face interviewing.

Different attitude measurement scales such as nominal, ordinal and interval were used in this quantitative research. . One open ended question was used in order to get direct answers without the aid of the researcher. The open ended question was edited, categorized and coded according to master response categories.

The aim of the first 10 questions in the survey is to describe the characteristics of Turkish firms operating in Bulgarian market, their size, age, international involvement and experience (Objective 1), questions 11 and 13 find out which are the most preferred modes of entry by these firms (Objective 3). Questions number 14 identifies the main characteristics of the Bulgarian market that influence the Turkish firms in their market selection process (Objective 2). In Question 15 participants were asked to respond to the items related with the success factors using a Five-Point Likert scaling format ranging from "Not Important at All"(1) to "Very Important"(5) (Objective 2) (Morrel-Samuels, 2002).

3.5.   Sampling

Respondents' selection of this research was based on judgment. Judgmental sampling is a form of convenience sampling in which the population elements are selected based on the judgment of the researcher, who believes that the selected elements are representatives of the population of interest (Malhotra, 2006). Respondents

are managers or owners of Turkish firms operating in Bulgarian market. They are knowledgeable and experts in the field of interest.

The questionnaire was e-mailed to 500 companies, which are registered in Turkish Exporters Directory published by Undersecretariat of the Prime Ministry for Foreign Trade and Directory of Turkish Businessmen Settled in Bulgaria published by Office of Commercial Counsellor of Turkish Embassy in Sofia. The mails sent to the firms from the Directory of Turkish Businessmen Settled in Bulgaria contained a massage from the Turkish Commercial Counsellor in Sofia Çetin Yılmaz which encourages the businessmen to participate to the survey. Respondents from the Turkish Exporters Directory were firstly reached by the phone to guarantee their participation. A reminder mail was sent after a week, and another one after a week again. 116 of the emails were undelivered due to technical reason, so the survey resulted in % 76,8 delivery rate and %12 response rate of which % 11 were usable (n=55 usable questionnaires).

3.6. Data Analysis Techniques

The data is analyzed through 15.0 version of SPSS (Statistical Package for Social Sciences) computer program First of all, descriptive analyses were used to describe the sample. For statistical analysis, analysis such as one way ANOVA and factor analysis has been performed. A significance level of .05 was determined for the evaluation of the statistical analyses. For reliability analysis, the Cronbach's alpha was accepted to have a value of .70 and above to confirm reliability.

3.7. Variable List

Important variables were figured out based on the literature survey conducted. These variables were then transformed into questions, and then the questionnaire was designed. Table 3.1. presents the variables, question numbers and the sources.

Table 3.1.

List of Variables Measured by the Questionnaire

Variables	Variable No	Question	Statement	Source
Organization size	V1	Q1	Number of employees working • X < 50 • 51-200 • 201-500 • 501-1000 • 1001-2000 • X > 2000	Developed by the author
Firm age	V2	Q2	Time the firm was established	Developed by the author
International experience (years)	V3	Q3	Years of experience in international markets • 1-2 • 3-5 • 6-10 • 11-15 • 16-20	Developed by the author

Table 3.1.

List of Variables Measured by the Questionnaire (continued)

Variables	Variable No	Question	Statement	Source
Experience in Bulgarian market	V4	Q4	Years of experience in Bulgaria • 1989-1994 • 1995-1999 • 2000-2006 • 2007-2008	Developed by the author
	V5	Q5	Any exit from the market • Yes • No	Developed by the author
	V6	Q6	Continuous business • 1989-1994 • 1995-1999 • 2000-2006 • 2007-2008	Developed by the author
Size of international markets	V7	Q7	Number of countries operated in • 1-5 • 6-10 • 11-15 • 16-20 • X >20	Developed by the author

Table 3.1.

List of Variables Measured by the Questionnaire (continued)

Variables	Variable No	Question	Statement	Source
Important markets for firms operating in maximum 5 countries	V8	Q8	5 most important countries and beyond	Developed by the author
	V9			
	V10			
	V11	Q8	5 most important countries and beyond	Developed by the author
	V12			
Important markets for firms operating in minimum 5 countries	V13			
	V14			
	V15			
	V16			
	V17			
Product diversity	V18	Q9	Number of product lines/ categories • 1 • 2-5 • 6-10 • X >10	Developed by the author

Table 3.1.

List of Variables Measured by the Questionnaire (continued)

Variables	Variable No	Question	Statement	Source
Bulgarian Involvement	V19	Q10	The share of sales generated from Bulgaria • X<10% • 10%-25% • 26%-50% • X >50%	Developed by the author
Entry strategy	V20	Q11	First entry strategy to Bulgarian market • Indirect Exporting • Direct Exporting • Licensing • Franchising • Joint venture • Brownfield • Greenfield	Developed by the author

Table 3.1.

List of Variables Measured by the Questionnaire (continued)

Variables	Variable No	Question	Statement	Source
International Market Entry Strategy	V21	Q12	The strategy applied in international operations • The same market entry mode for all markets • Different market entry modes for different markets (Strategic rule) • Change in the market entry mode in time at the same market (Pragmatic rule)	Root(1994)
Current entry strategy	V22	Q13	Latter entry strategy to Bulgarian market for firms which exit the market • Indirect Exporting • Direct Exporting • Licensing • Franchising • Joint venture • Browfield • Greenfield	Developed by the author

Table 3.1.

List of Variables Measured by the Questionnaire (continued)

Variables	Variable No	Question	Statement	Source
Market selection criteria		Q14	4 most important market selection criteria	Kotler and Armstrong(2005) Bilgin et al. (2004)
• Being an Emerging Market	V23			
• privatization of state-owned enterprises	V24			
• expanding middle class	V25			
• development of telecommunication and transportation technologies	V26			
• rapid economic growth	V27			
• low cost of doing business	V28			
• manageable risk level	V29			
• similar culture	V30			
• common history	V31			
• geography	V32			
• language	V33			
• positive climate	V34			
• positive investment opportunities	V35			
• Bulgarian Government encouragements	V36			

Table 3.1.

List of Variables Measured by the Questionnaire (continued)

Variables	Variable No	Question	Statement	Source
• opportunities to move to SIC countries	V37	Q14	4 most important market selection criteria	Kotler and Armstrong(2005) Bilgin et al. (2004)
• opportunities to move to other EU countries easily	V38			
• Other	V39			
Success Factors				
Managerial responsibilities	V40	Q15.1	Sharing and delegating the managerial responsibilities with the top managers	Bilgin et al. (2004)
Cost control	V41	Q15.2	Cost control by low cost production	Bilgin et al. (2004)
Quality	V42	Q15.3	Quality in products and production	Bilgin et al. (2004) An Economist Intelligence Unit White Paper, 2008 (EIUWP, 2008)
Quality	V43	Q15.4	Quality in services	Bilgin et al. (2004) (EIUWP, 2008)
TQM	V44	Q15.5	Applying TQM	
Customer Needs	V45	Q15.6	Meeting the needs of the customers	Bilgin et al. (2004)
Customer expectations	V46	Q15.7	Providing products fitting to expectations	

Table 3.1.

List of Variables Measured by the Questionnaire (continued)

Variables	Variable No	Question	Statement	Source
Local Culture	V47	Q15.8	Appreciation of local consumer culture and values	(EIUWP, 2008)
Innovativeness	V48	Q15.9	Innovativeness in products	Bilgin et al. (2004)
Innovativeness	V49	Q15.10	Innovativeness in production technologies	Bilgin et al. (2004)
Environment	V50	Q15.11	Environmental conscious	Bilgin et al. (2004)
Knowledge	V51	Q15.12	Access to information and knowledge provided by government, universities and other institutions	Bilgin et al. (2004)
Different segments needs	V52	Q15.13	Meeting the needs of different segments with different brands, models and channels	Bilgin et al. (2004)
CRM	V53	Q15.14	Using techniques like CRM to adjust your marketing program to customer needs	Developed by the author
Political and economic uncertainty	V54	Q15.15	Managing the political and economic uncertainty.	Bilgin et al. (2004)
Adaptability	V55	Q15.16	Ability to move and adapt rapidly	(EIUWP, 2008)
Competence	V56	Q15.17	Competent personnel	Bilgin et al. (2004)
Education	V57	Q15.18	Educated personnel	Bilgin et al. (2004)
Managers Experience	V58	Q15.19	Experienced local managers and personnel	Bilgin et al. (2004) Knab(2008) (EIUWP, 2008)

Table 3.1.

List of Variables Measured by the Questionnaire (continued)

Variables	Variable No	Question	Statement	Source
Expatriates Experience	V59	Q15.20	Experienced expatriates	Bilgin et al. (2004)
Team thinking	V60	Q15.21	Team thinking	Bilgin et al. (2004)
Training	V61	Q15.22	Ongoing training	Bilgin et al. (2004)
Personal relations	V62	Q15.23	Developing a personal relations with the partners	Bilgin et al. (2004)
Local institutions links	V63	Q15.24	Developing good links with the local institutions	Bilgin et al. (2004) (EIUWP, 2008)
Product/services prices	V64	Q15.25	Implementing competitive pricing strategies	(EIUWP, 2008)
Customized prices	V65	Q15.26	Customizing the prices to the income of the local customers	Bilgin et al. (2004) Knab (2008)
Customized products	V66	Q15.27	Customizing the products to the needs and demands of the local customers	Bilgin et al. (2004) Knab (2008) Pelle(2007) (EIUWP, 2008)
Customized promotions	V67	Q15.28	Customizing promotions strategies to the needs and demands of the local customers	Bilgin et al. (2004) Knab (2008) Pelle(2007) (EIUWP, 2008)

Table 3.1.

List of Variables Measured by the Questionnaire (continued)

Variables	Variable No	Question	Statement	Source
Customized distribution strategies	V68	Q15.29	Customizing the distribution strategies to the needs and demands of the local customers	Bilgin et al. (2004) Knab (2008) Pelle(2007) (EIUWP, 2008)
Brand	V69	Q15.30	Brand building- emphasizing the branding	Bilgin et al. (2004)
Early moving	V70	Q15.31	Being first or early mover to the market	Pelle (2007)
Social responsibility	V71	Q15.31	Involvement in social responsibility activities.	Pelle (2007)

4. FINDINGS

4.1. Characteristics of the Firms

Characteristics of the firms are analyzed with frequency analysis. The tables presenting the results are followed by the explanations.

4.1.1. Firm Size

Table 4.1. Firm Size

Number of employees	Frequency	Percent (%)
Less than 50	34	61,8
51-200	13	23,6
201-500	3	5,5
501-1000	3	5,5
1001-2000	2	3,6
More than 2000	0	0,0
Total	55	100,0

Firm size was presented through the number of the employees working at the company. Six groups were formed in order to identify the size of the firms. As it can be viewed from the Table 4.1., the group of the firms which employ less than 50 employees is the largest one with 61,8% followed by the group of firms which number of employees is between 51-200, which is 23.6%. The percent of the firms which employ between 201-500 and 501-1000 employees is equal, 5.5 %. Only two of the firms contacted employ between 1001-2000 employees. No one of the firms contacted has more than 2000 employees. It can be said that the majority of the firms contacted were small and medium sized-firms.

4.1.2. Firm Age

Table 4.2. Firm Age

Year of establishment	Frequency	Percent (%)
1945-1969	4	7,3
1970-1979	5	9,1
1980-1989	8	14,5
1990-1999	11	20,0
2000-2009	27	49,1
Total	55	100,0

The analysis of the firm age shows that there are very experienced firms included in our survey, but the main group is formed by the firms established after 2000 (49.1%)The results indicate that the firms which have trade relations or operations in Bulgarian market are relatively new firms.

4.1.3. Presence in International Markets

Firm's characteristics in regards of their international involvement were analysed. The years of experience in international markets, number of countries where operate and most important countries for their operations were investigate in order to take a clear picture on the firms contacted.

a) Experience in International Markets

Table 4.3. International Experience

International Experience	Frequency	Percent (%)
1-2 years	8	14,5
3-5 years	16	29,1
6-10 years	15	27,3
11-15 years	10	18,2
16-20 years	6	10,9
Total	55	100,0

In terms of international experience the large group (29.1%) is formed by the firms with 3 to 5 years experience, followed by the firms with 6 to 10 years experience (27.3%). 10% of the firms have 11 to 15 years experience.

b) Number of Foreign Countries Where the Companies Operate

Table 4.4. Number of Foreign Markets

Number of countries	Frequency	Percent (%)
1-5 countries	30	54,5
6-10 countries	3	5,5
11-15 countries	6	10,9
16-20 countries	7	12,7
more than 20 countries	9	16,4
Total	55	100,0

The overwhelming majority of the firms (54.5%) have operations up to 5 foreign countries and 16,4% have operations in more than 20 foreign countries. 12.7%, 10.9% and 5.5% are the percent of the firms which operate in 16-20 foreign countries, 11-15 countries and 6-10 countries respectively.

c) Most Important Countries Where Companies Run Their Operation

The contacted firms were asked to rank the countries where they operate according to their importance. They were divided in to two groups: firms which operate in up to 5 countries and firms which operate in more than 5 countries.

> **Firms operating in up to 5 countries**

Table 4.5. The Most Important Country (operations in up to 5 countries)

Country	Frequency	Percent (%)	Valid Percent (%)
Bulgaria	16	29,1	45,7
Georgia	1	1,8	2,9
Germany	1	1,8	2,9
Greece	1	1,8	2,9
Morocco	1	1,8	2,9
Romania	1	1,8	2,9
Russia	1	1,8	2,9
Turkey	10	18,2	28,6
Ukraine	1	1,8	2,9
Jordan	1	1,8	2,9
Tunisia	1	1,8	2,9
Total	35	63,6	100,0
Total	55	100,0	

Among the 55 firms contacted 63.6% stated to operate in up to 5 countries where for about 46% of them the most important country is Bulgaria.

Table 4.6. The Second Most Important Country (operations in up to 5 countries)

Country	Frequency	Percent (%)	Valid Percent (%)
Azerbaijan	2	3,6	7,4
Bulgaria	10	18,2	37,0
England	1	1,8	3,7
Germany	1	1,8	3,7
Libya	1	1,8	3,7
Macedonia	2	3,6	7,4
Netherlands	1	1,8	3,7
Romania	2	3,6	7,4
Russia	1	1,8	3,7
Syria	1	1,8	3,7
Turkey	2	3,6	7,4
Ukraine	2	3,6	7,4
Denmark	1	1,8	3,7
Total	27	49,1	100,0
Total	55	100,0	

Among the 55 firms which participated in this survey 27 firms stated their second most important country for their international operations. For this group which constitute about 49% of the sample, Bulgaria is represented at 2nd place of importance with 37% (10 firms)

Table 4.7. The Third Most Important Country (operations in up to 5 countries)

Country	Frequency	Percent (%)	Valid Percent (%)
Azerbaijan	1	1,8	4,3
Bulgaria	3	5,5	13,0
Czech Republic	1	1,8	4,3
Croatia	1	1,8	4,3
France	2	3,6	8,7
Georgia	1	1,8	4,3
Germany	1	1,8	4,3
Iran	1	1,8	4,3
Kosovo	1	1,8	4,3
Macedonia	2	3,6	8,7
Morocco	1	1,8	4,3
Poland	1	1,8	4,3
Romania	4	7,3	17,4
Serbia	1	1,8	4,3
Uzbekistan	1	1,8	4,3
Spain	1	1,8	4,3
Total	23	41,8	100,0
Total	55	100,0	

23(41.8%) firms working in up to 5 countries from totally 55 which constitute the sample of the current survey indicated Romania (4 firms) followed by Bulgaria (3 firms) as the third most important country for their operations.

Table 4.8. The Fourth Most Important Country (operations in up to 5 countries)

Country	Frequency	Percent (%)	Valid Percent (%)
Bulgaria	2	3,6	14,3
Czech Republic	1	1,8	7,1
France	2	3,6	14,3
Greece	1	1,8	7,1
Karabakh	1	1,8	7,1
Kazakhstan	1	1,8	7,1
Macedonia	1	1,8	7,1
Poland	1	1,8	7,1
Russia	1	1,8	7,1
Saudi Arabia	1	1,8	7,1
Slovakia	1	1,8	7,1
UAE	1	1,8	7,1
Total	14	25,5	100,0
Total	55	100,0	

14 (25.5%) from totally 55 contacted firms stated their fourth most important country for their international operations. 14.3% of this group ranked Bulgaria and another 14.3% ranked France to the fourth place in the list of important countries.

Table 4.9. The Fifth Most Important Country (operations in up to 5 countries)

Country	Frequency	Percent (%)	Valid Percent (%)
England	1	1,8	11,1
Germany	1	1,8	11,1
Iran	2	3,6	22,2
Romania	1	1,8	11,1
Turkmenistan	1	1,8	11,1
Ukraine	1	1,8	11,1
Yemen	1	1,8	11,1
Moldova	1	1,8	11,1
Total	9	16,4	100,0
Total	55	100,0	

Iran is the ranked to the fifth place in regard of importance according to 22.2% of the firms which stated the fifth most important country for them, they operate in up to 5 countries and constitute 16.4% of the analyzed 55 firms.

➢ **Firms operating in more than 5 countries**

Table 4.10. The Most Important Country (operations in more than 5 countries)

Country	Frequency	Percent (%)	Valid Percent (%)
USA	2	3,6	10,0
Azerbaijan	1	1,8	5,0
Bulgaria	1	1,8	5,0
Germany	2	3,6	10,0
Italy	1	1,8	5,0
Kazakhstan	1	1,8	5,0
Kosovo	1	1,8	5,0
Romania	2	3,6	10,0
Russia	3	5,5	15,0
Syria	1	1,8	5,0
Turkey	2	3,6	10,0
Lebanon	2	3,6	10,0
China	1	1,8	5,0
Total	20	36,4	100,0
Total	55	100,0	

When we come to the firms operating in more than 5 countries we see that Russia is selected as the most important country by the 15% of the 20 firms taking place in the survey and operating in more than 5 countries.

Table 4.11. The Second Most Important Country (operations in more than 5 countries)

Country	Frequency	Percent (%)	Valid Percent (%)
Brazil	1	1,8	5,0
Bulgaria	2	3,6	10,0
Egypt	1	1,8	5,0
France	1	1,8	5,0
Greece	1	1,8	5,0
Iran	3	5,5	15,0
Kazakhstan	1	1,8	5,0
Libya	1	1,8	5,0
Macedonia	2	3,6	10,0
Qatar	1	1,8	5,0
Ukraine	2	3,6	10,0
Norway	1	1,8	5,0
UAE	1	1,8	5,0
South Africa	1	1,8	5,0
Taiwan	1	1,8	5,0
Total	20	36,4	100,0
Total	55	100,0	

Iran appears as the second most important country for 3 of the 20 firms operating in more than 5 countries which stated their opinion in this part of the survey (15%).

Table 4.12. The Third Most Important Country (operations in more than 5 countries)

Country	Frequency	Percent (%)	Valid Percent (%)
Egypt	3	5,5	15,0
England	1	1,8	5,0
Germany	2	3,6	10,0
Greece	2	3,6	10,0
Iran	2	3,6	10,0
Israel	1	1,8	5,0
Kazakhstan	1	1,8	5,0
Poland	1	1,8	5,0
Qatar	1	1,8	5,0
Russia	2	3,6	10,0
Serbia	1	1,8	5,0
Syria	1	1,8	5,0
Turkmenistan	1	1,8	5,0
Thailand	1	1,8	5,0
Total	20	36,4	100,0
Total	55	100,0	

36.4% of the firms which participated in the survey and operate in most than 5 countries (20 firms) stated totally 14 countries as the third most important country for

their operations. Egypt is the most frequently mentioned country for 3 firms (15%) followed by Germany, Greece, Iran and Russia (for 2 firm each).

Table 4.13. The Fourth Most Important Country (operations in more than 5 countries)

Country	Frequency	Percent (%)	Valid Percent (%)
Azerbaijan	1	1,8	5,0
Bulgaria	3	5,5	15,0
France	1	1,8	5,0
Georgia	1	1,8	5,0
Greece	1	1,8	5,0
Italy	2	3,6	10,0
Russia	1	1,8	5,0
Saudi Arabia	3	5,5	15,0
Jordan	1	1,8	5,0
Canada	1	1,8	5,0
Tunisia	1	1,8	5,0
Iraq	2	3,6	10,0
Algeria	1	1,8	5,0
UAE	1	1,8	5,0
Total	20	36,4	100,0
Total	55	100,0	

Bulgaria and Saudi Arabia are the mostly mentioned countries by the 20 firms (3 firms each, constituting 11% of the total sample) which state their choice for the fourth most important country.

Table 4.14. The Fifth Most Important Country (operations in more than 5 countries)

Country	Frequency	Percent (%)	Valid Percent (%)
Austria	1	1,8	5,3
Bulgaria	4	7,3	21,1
England	1	1,8	5,3
France	1	1,8	5,3
Greece	1	1,8	5,3
Israel	1	1,8	5,3
Romania	1	1,8	5,3
Russia	1	1,8	5,3
Saudi Arabia	1	1,8	5,3
Syria	2	3,6	10,5
Ukraine	1	1,8	5,3
Yemen	1	1,8	5,3
Ghana	1	1,8	5,3
Nigeria	1	1,8	5,3
Hungary	1	1,8	5,3
Total	19	34,5	100,0
Total	55	100,0	

19 firms from the sample of 55 stated their fifth most important countries (34. 5%). Bulgaria is most mentioned country in this category by 4 firms with valid 21.1%.

In short, the firm characteristics analyse shows that the firms which participate in this survey are rather small firms with less than 50 employees (61.8%), established mainly after 2000. They have 3 to 10 years international experience (56.4%); about half of them operate in up to 5 foreign countries (54.5%). For operations covering also Turkey, Bulgaria is selected as the most important and second most important market by the firms operating in up to 5 countries, firms operating in more than 5 countries rank it in the fifth place.

d) Strategy in International Operations

Table 4.15. Strategies Applied in International Operations

Strategy	Frequency	Percent (%)
Using the same market entry mode for all markets	4	7,3
Using different market entry mode for different markets (Strategic rule)	39	70,9
Changing the market entry mode in time at the same market (Pragmatic rule)	12	21,8
Total	55	100,0

Significant majority of the firms contacted (70.9%) use different market entry modes for different markets and 21.8% of the firms declared that they change the market entry mode over time in the same market.

4.2. Bulgarian Operations

Entry strategy to Bulgarian market, years of entry, the numbers of product lines marketed and share of sales generated from Bulgaria are analyzed here.

4.2.1. Entry, Exit and Presence in Bulgarian Market

a) First Enter in Bulgarian Market

Table 4.16. First Enter in Bulgarian Market

Years	Frequency	Percent (%)
1989-1994	3	5,5
1995-1999	8	14,5
2000-2006	32	58,2
2007-2008	12	21,8
Total	55	100,0

As it can be seen from Table 4.16., majority of the firms (58.2%) entered Bulgarian market between 2000 and 2006. About 22% of the firms entered Bulgarian market between 2007 and 2008, and 14.5% entered this market for first time in the period between 1995 and 1999. As one can observe first market entries to Bulgaria in the first 10 years is the same to market entries in last only 2 years (after EU membership). It is also interesting to note that entries in the pre-accession period to EU between 2000 and 2006 are nearly 3 times compared to the entries in the period 1989-1999. Then after being full membership to EU in a 2 years period nearly 49% of 2000-2006 period market entry took place.

b) Exit and Continuously Presence in Bulgarian Market

Table 4.17. Exit and Continuously Presence in Bulgarian Market

Exit	Frequency	Percent (%)	Presence Since	Frequency	Percent (%)
Yes	4	7,3	1989-1994	3	5,5
No	51	92,7	1995-1999	8	14,5
			2000-2006	30	54,5
			2007-2008	14	25,5
Total	55	100,0	Total	55	100,0

Table 4.17. shows that only 4 firms (7.3%) of the sample exited Bulgarian market and came back later. From this table we also can see the interval of years from when the firms operate in Bulgarian market continuously. When we take into account Table 4.16. we see that two of the firms which exit Bulgarian market in 2000-2006, come back in 2007-2008. The other 2 firms exit this market and come back in the same interval of years, but we couldn't see which one exactly.

4.2.2. Products and Sales in Bulgarian Market

Two groups with equal number of answers were formed in result of analysis of answers related with the product diversity. 15 firms (27.3%) market 2-5 different product lines in Bulgarian market and another 15 firms more than 10. In regard of the sales share, 19 firms (34.5%) generate 10-25% of their sales from Bulgarian market, which are followed by 18 (32.7%) firms with less than 10% share in their total sales. The percent of the firms which generate more than 50% of their sales from Bulgarian market is 21.8%.

Table 4.18. Number of Product Lines and Share of Sales Generated from Bulgaria

No of Product Line	Frequency	Percent (%)
1	13	23,6
2-5	15	27,3
6-10	12	21,8
more than 10	15	27,3
Total	55	100,0
Sales Share		
less than 10%	18	32,7
10-25%	19	34,5
26-50%	6	10,9
more than 50%	12	21,8
Total	55	100,0

4.2.3. Entry Strategy to Bulgarian Market

Table 4.19. First and Current Entry Strategy to Bulgarian Market

Entry strategy	First entry strategy		Current entry strategy	
	Frequency	Percent (%)	Frequency	Percent (%)
Indirect Exporting	6	10,9	7	12,7
Direct Exporting	27	49,1	27	49,1
Licensing	3	5,5	4	7,3
Franchising	1	1,8		
Joint venture	4	7,3	4	7,3
Brownfield	4	7,3	3	5,5
Greenfield	10	18,2	10	18,2
Total	55	100,0	55	100,0

Table 4.29. presents the entry strategies of the firms. Participants were questioned about their firms' entry strategy to Bulgarian market and if there is any change in these strategies in time. It was observed that approximately half of the firms have direct exporting activities to Bulgarian market (49.1%). Next important group are the firms which have Greenfield investments in Bulgaria (18.2%). Indirect exporting was applied by 10.9% of the firms and this percent increase to 12.7 % in time. A similar increase is also observed for the firms which licensing, from 3 firms to 4 firms. While the percent of firms which have Joint venture operations in Bulgaria remained the same in time (7.3%), the present of firms with Brownfield investments decrease from 7.3% to 5.5%. Since one firm withdrew from that type of operation.

4.2.3. Market Selection Criteria

Firms are asked to state the four most important market selection criteria for the Bulgarian market.

Table 4.20. Market Selection Criteria for Bulgarian Market

Criterion for Market Selection	Frequency	Percent (%)
Being Emerging Market	46	83,6
Geography	33	60,0
Low cost of doing business	26	47,3
Opportunities to move to other EU countries easily	23	41,8
Manageable risk level	19	34,5
Expanding middle class	18	32,7
Rapid economic growth	14	25,5
Positive investment opportunities	8	14,5
Privatization of state-owned enterprises	7	12,7
Similar culture	5	9,1
Development of telecommunication and transportation technologies	4	7,3
Language	4	7,3
Bulgarian Government encouragements	4	7,3
Opportunities to move to SIC countries	2	3,6
Positive climate	1	1,8
Custom union, tax allowance	1	1,8

Frequency analyses were executed for each criterion and the results are shown in Table 4.20. Being Emerging Market is the most indicated criterion which influences market selection of the firms. About 84% of the firms contacted stated that they chose Bulgaria since it is an Emerging market. For 60% of the firms its another factor for choosing Bulgarian market is its geographical location. Low cost of doing business is selected among the four most important market selection criteria by 47.3% of the firms. Opportunity to move to other EU countries easily is also seen as important factor which influence the firms market entry decisions, for 41.8 % of the firms. Manageable risk level, expanding middle class and rapid economic growth are among the other important market selection criteria also. Positive investment opportunities, privatization of state-

owned enterprises, similar culture, development of telecommunication and transportation technologies, language, Bulgarian government encouragements, opportunities to move to SIC countries and positive climate are seen as less important factors by the firms. When it is about moving to other countries from Bulgaria, important to note is that firms see Bulgarian market rather as an opportunity to enter other EU markets than the CIS countries. Only one participant of the survey stressed the importance of custom union and tax allowance, which don't take place in our list. The criterion "common history" lack from the analyse, since it's not stated by any company.

4.3. Success Factors

In this section the importance of success factors for Turkish firms operating in Bulgarian market are analyzed with the descriptive analysis. First of all reliability analysis was conducted for measuring internal consistency of the scale.

4.3.1. Reliability Analysis

Reliability is used to indicate the extent to which the different items, measures, or assessments are consistent with one another and the extent to which each measure is free from measurement error (Leech et all, 2008). There are different types of reliability techniques in the literature: Cronbach's Alpha Scale is used in this study as a reliability measure. In social sciences value of over .70 is evidence of reliability of the variables in social sciences. Therefore, in this study, the alpha value of .70 is acceptable. Reliability analysis was conducted for the items measuring success factors.

Table 4.21. Cronbach's Alpha for the Success Factors

Cronbach's Alpha	N of Items
,956	32

Table 4.22. Cronbach's Alpha for Each Item

Factors	Item Deleted
Sharing and delegating the managerial responsibilities with the top managers	,957
Cost control by low cost production	,957
Quality in products and production	,954
Quality in services	,954
Applying TQM	,955
Meeting the needs of the customers	,956
Providing products fitting to expectations	,955
Appreciation of local consumer culture and values	,954
Innovativeness in products	,955
Innovativeness in production technologies	,955
Environmental conscious	,956
Access to information and knowledge provided by government, universities and other institutions	,957
Satisfying the needs of different segments with different brands, models and channels	,955
Using techniques like CRM to adjust your marketing program to customer needs	,955
Managing the political and economic uncertainty	,954
Ability to move and adapt rapidly	,954
Competent personnel	,955
Educated personnel	,955
Experienced local managers and personnel	,954
Experienced expatriates	,957
Team thinking	,954
Ongoing training	,954
Developing a personal relations with the partners	,954
Developing good links with the local institutions	,955
Implementing competitive pricing strategies	,955
Customizing the prices to the income of the local customers	,956
Customizing the products to the needs and demands of the local customers	,954
Customizing promotions strategies to the needs and demands of the local customers	,955
Customizing the distribution strategies to the needs and demands of the local customers	,954
Brand building- emphasizing the branding	,955
Being first or early mover to the market	,956
Involvement in social responsibility activities	,954

The alpha for the 32 items was .956, which indicates that the items form a scale that has very good internal consistency reliability. Table 4.24 shows that all 32 expressions are reliable.

4.3.2. Descriptive Analysis

Respondents were asked for degree of importance of each statement for their business operations in Bulgarian market. The responses were measured by a 5-point Likert scale ranging from not important at all to very important (1-Not Important at All; 2- Not Important; 3-Partially Important; 4- Fairly Important; 5- Very Important). Results are presented in Table 4.23.

In result of the analysis it was observed that all of the statements were found important by the respondents in different degrees. The range of the responses' means values change between 3.13 and 4.40. The highest mean score (4.40) was acquired for the statement "Implementing competitive pricing strategies" followed by "Meeting the needs of the customers" and "Competent personnel" with mean values 4.35 and 4.33 respectively. Approximately the same are the mean values of "Quality in services", "Quality in products and production", "Providing products fitting to expectations" and "Team thinking", (with means 4.25; 4.24; 4.22 and 4.2). Still fairly important are the mean values of the statements: "Innovativeness in products", "Educated personnel" and "Brand building- emphasizing the branding"(means 4.18). The other statement where mean values are above 4 are "Cost control by low cost production" (4.16), "Innovativeness in production technologies" (4.09), "Customizing the prices to the income of the local customers" (4.05), "Ability to move and adapt rapidly" (4.04), "Experienced local managers and personnel" (4.00).

Seventeen statements have mean values in range between 3.00 and 4.00. The three statements which appear as the factors with minimal importance for the firms are: "Involvement in social responsibility activities" (3.27), "Experienced expatriates" (3. 25), and "Access to information and knowledge provided by government, universities and other institutions" (3.13).

Table 4.23. Success Factors for Firms Operating in Bulgarian Market

Success Factors	Mean	Std. Deviation
Implementing competitive pricing strategies	4,40	0,87
Meeting the needs of the customers	4,35	0,80
Competent personnel	4,33	0,92
Quality in services	4,25	0,89
Quality in products and production	4,24	1,00
Providing products fitting to expectations	4,22	0,98
Team thinking	4,20	0,83
Innovativeness in products	4,18	0,90
Educated personnel	4,18	0,86
Brand building- emphasizing the branding	4,18	1,04
Cost control by low cost production	4,16	1,01
Innovativeness in production technologies	4,09	1,01
Customizing the prices to the income of the local customers	4,05	1,01
Ability to move and adapt rapidly	4,04	1,00
Experienced local managers and personnel	4,00	1,11
Customizing promotions strategies to the needs and demands of the local customers	3,98	0,98
Customizing the products to the needs and demands of the local customers	3,98	1,05
Developing good links with the local institutions	3,96	1,02
Customizing the distribution strategies to the needs and demands of the local customers	3,93	0,96
Being first or early mover to the market	3,93	1,14
Developing a personal relations with the partners	3,91	0,93
Applying TQM	3,85	1,13
Managing the political and economic uncertainty	3,76	1,15
Environmental conscious	3,75	0,89
Ongoing training	3,75	1,04
Using techniques like CRM to adjust your marketing program to customer needs	3,75	0,97
Appreciation of local consumer culture and values	3,70	1,12
Satisfying the needs of different segments with different brands, models and channels	3,45	0,92
Sharing and delegating the managerial responsibilities with the top managers	3,38	1,25
Involvement in social responsibility activities	3,27	1,21
Experienced expatriates	3,25	1,14
Access to information and knowledge provided by government, universities and other institutions	3,13	1,00

4.4. Relations Between Firm Characteristics and Success Factors

The hypotheses designed to identify and describe relationships between firm characteristics and success factors were tested with ANOVA. F-score and df (degrees of freedom) are calculated. Then based on the statistical table on critical values of F, the critical value of F is determined. If the particular F-score exceed the critical value, then the tested hypothesis is acceptable (Berenson and Levine, 1996). 0.05 significance level is selected for all tests. All results are presented in tables followed by explanations.

In result of this analyze we can also see which factors are important and not important for all groups and which one are important for each group too. The results of Scheffe Analyses can be seen at Appendix 3.

4.4.1. Success Factors and Firms Size

The hypothesis H1 stating that there is significant relationship between firm size and degree of importance of the success factors is tested here. There are five groups of firms categorized by firm size: Gr1: Up to 50 employees (n=34), Gr2: 51-200 employees (n=13), Gr3: 201-500 employees (n=3), Gr4: 501-1000 employees (n=3), Gr5: 1001-2000 employees (n=2). The results are presented in Table 4.24.

"Cost control by low cost production", "Quality in products and production", "Quality in services", "Providing products fitting to expectations", "Competent personnel" and "Educated personnel", "Team thinking", "Implementing competitive pricing strategies" and "Brand building" are found fairly important by all groups.

To sum up, if we look at the factors indicated as important by each group, we see that the three most important success factors for the firms with up to 50 employees are "Implementing competitive pricing strategies", "Competent personnel" and "Meeting the needs of the customers".

Important Success Factors for Firms with up to 50 employees	Mean
Implementing competitive pricing strategies	4,44
Competent personnel	4,35
Meeting the needs of the customers	4,29

Firms with 51-200 employees consider "Quality in services", "Quality in products and production" and "Meeting the needs of the customers" as the most important for operations in Bulgaria.

Important Success Factors for Firms with 51-200 employees	Mean
Quality in services	4,54
Meeting the needs of the customers	4,46
Quality in products and production	4,46

Firms from the Group 3 which employ 201-500 employees give weight to "Meeting the needs of the customers", "Providing products fitting to expectations", "Competent personnel" and "Implementing competitive pricing strategies".

Important Success Factors for Firms with 201-500 employees	Mean
Meeting the needs of the customers	4,67
Providing products fitting to expectations	4,67
Competent personnel	4,67
Implementing competitive pricing strategies	4,67

"Customizing the distribution strategies to the needs and demands of the local customers", "Innovativeness in products", "Customizing promotions strategies to the needs and demands of the local customers", and "Customizing the products to the needs and demands of the local customers" are the success factors indicated as important by companies with 501-1000 employees.

Important Success Factors for Firms with 501-1000 employees	Mean
Customizing the distribution strategies to the needs and demands of the local customers	5
Innovativeness in products	5
Customizing promotion strategies to the needs and demands of the local customers	5
Customizing the products to the needs and demands of the local customers	5

Among the very important success factor for firms with 1001-2000 employees are "Implementing competitive pricing strategies", "Innovativeness in production technologies", "Cost control by low cost production", "Developing good links with the local institutions" and "Providing products fitting to expectations".

Important Success Factors for Firms with 1001-2000 employees	Mean
Implementing competitive pricing strategies	5
Innovativeness in production technologies	5
Cost control by low cost production	5
Developing good links with the local institutions	5
Providing products fitting to expectations	5

Most of the factors are considered as important in varying degrees by all groups in general, but there are several factors that are indicated as not important rather by the firms with 201-500 employees: "Appreciation of local consumer culture and values", "Access to information and knowledge provided by government, universities and other institutions", "Managing the political and economic uncertainty" and "Developing good links with the local institutions".

The results of ANOVA are presented in Table 4.24. According to results, for only one factor there is statistically significant relationship. So, the H1 is accepted only for "Access to information and knowledge provided by government, universities and other institutions", which F-score (F=3.199) exceed the Critical value of F =2.57. For the rest of the statements calculated H1 is rejected.

As we see from results in Table 4.24., while "Access to information and knowledge" is important for firms in Group 1, Group 2, Group 4 and Group 5, the importance of this factor dropped sharply for firms in Group 3 (201-500 employees).

Table 4.24. Relation Between Firm Size and Success Factors

	Gr1 mean	Gr2 mean	Gr3 mean	Gr4 mean	Gr5 mean	F	Sig.
Sharing and delegating the managerial responsibilities with the top managers	3,26	3,46	3,33	3,67	4,50	,505	,732
Cost control by low cost production	4,12	4,08	4,33	4,33	5,00	,405	,804
Quality in products and production	4,09	4,46	4,33	4,67	4,50	,513	,726
Quality in services	4,15	4,54	4,00	4,33	4,50	,545	,703
Applying TQM	3,71	4,00	4,00	4,33	4,50	,493	,741
Meeting the needs of the customers	4,29	4,46	4,67	3,67	5,00	1,112	,361
Providing products fitting to expectations	4,12	4,31	4,67	4,00	5,00	,617	,653
Appreciation of local consumer culture and values	3,76	3,62	2,67	3,67	5,00	1,408	,245
Innovativeness in products	4,15	4,23	3,33	5,00	4,50	1,397	,248
Innovativeness in production technologies	4,09	4,00	3,33	4,67	5,00	1,118	,359
Environmental conscious	3,65	3,69	4,33	4,33	4,00	,806	,528
Access to information and knowledge provided by government, universities and other institutions	3,21	3,15	1,33	3,67	3,50	**3,199**	,020
Satisfying the needs of different segments with different brands, models and channels	3,41	3,54	3,00	4,00	3,50	,475	,754
Using techniques like CRM to adjust your marketing program to customer needs	3,68	3,77	4,00	4,00	4,00	,173	,951
Managing the political and economic uncertainty	3,65	4,15	2,67	4,00	4,50	1,413	,243
Ability to move and adapt rapidly	4,00	4,15	3,33	4,33	4,50	,583	,677
Competent personnel	4,35	4,23	4,67	4,00	4,50	,240	,914
Educated personnel	4,18	4,08	4,33	4,33	4,50	,152	,961
Experienced local managers and personnel	3,97	4,08	3,33	4,67	4,00	,548	,701
Experienced expatriates	3,00	3,69	3,33	4,00	3,50	1,271	,294
Team thinking	4,15	4,15	4,33	4,67	4,50	,353	,841
Ongoing training	3,68	3,69	3,33	4,67	4,50	1,016	,408
Developing a personal relations with the partners	3,91	3,85	3,33	4,33	4,50	,645	,633
Developing good links with the local institutions	4,06	3,77	2,67	4,33	5,00	2,210	,081
Implementing competitive pricing strategies	4,44	4,08	4,67	4,67	5,00	,829	,513
Customizing the prices to the income of the local customers	4,18	3,62	4,33	4,00	4,50	,892	,476
Customizing the products to the needs and demands of the local customers	3,94	4,00	3,00	5,00	4,50	1,575	,195
Customizing promotions strategies to the needs and demands of the local customers	3,91	4,08	3,00	5,00	4,50	1,932	,120
Customizing the distribution strategies to the needs and demands of the local customers	3,91	3,69	3,67	5,00	4,50	1,410	,244
Brand building- emphasizing the branding	4,15	4,15	4,33	4,33	4,50	,085	,987
Being first or early mover to the market	4,03	4,00	2,67	4,00	3,50	1,086	,374
Involvement in social responsibility activities	3,21	3,31	2,00	4,00	5,00	2,371	,065

Critical value of F= 2.57, Df=4/50

4.4.2. Success Factors and International Experience

The hypothesis H2 stating that there is significant relationship between years of operation in international markets and degree of importance of the success factors is tested in this subsection. There are five groups of firms categorized by their international experience: Gr1: 1-2 years (n=8), Gr2: 3-5 years (n=16), Gr3: 6-10 years (n=15), Gr4: 11-15 years (n=10), Gr5: 16-20 years (n=6). The results are presented in Table 4.25.

To sum up, it is interesting to note that two factors that have stated as the most important success factors for firms which are very new in international markets and for the most experienced firms are the same.

Important Success Factors for Firms with1-2 years international experience	Mean
Cost control by low cost production	4,00
Meeting the needs of the customers	3,88
Developing good links with the local institutions	3,88
Brand building- emphasizing the branding	3,88

Important Success Factors for Firms with 16-20 years international experience	Mean
Meeting the needs of the customers	4,83
Implementing competitive pricing strategies	4,83
Cost control by low cost production	4,67

The two groups attach importance to "Cost control by low cost production" and "Meeting the needs of the customers". While "Implementing competitive pricing strategies and "Developing good links with the local institutions" are important factors for firms with 3 to 5 years experience, firms with 6 to 10 years experience in international markets find besides "Competent personnel" and "Quality in products and production" also "Implementing competitive pricing strategies" as important.

Important Success Factors for Firms with 3-5 years international experience	Mean
Implementing competitive pricing strategies	4,63
Developing good links with the local institutions	4,50
Customizing the prices to the income of the local customers	4,44

Important Success Factors for Firms with 6-10 years international experience	Mean
Competent personnel	4,60
Implementing competitive pricing strategies	4,53
Quality in products and production	4,53

"Innovativeness in products", "Brand building", and "Meeting the needs of the customers" are stated to be the most important for firms in the fourth group with 11 to 15 years experience.

Important Success Factors for Firms with 11-15 years international experience	Mean
Innovativeness in products	4,6
Brand building- emphasizing the branding	4,6
Meeting the needs of the customers	4,5

"Managing the uncertainty" and "Experienced expatriates" seem to be not important for firms in Group 1 and "Access to information" is not important for firms in Group 3.

The results of ANOVA are presented in Table 4.25. The hypothesis H2 is acceptable for four out of 32 statements: "Quality in products and production" (F=3.571), "Quality in services" (F=2.674), "Managing the political and economic uncertainty" (F=3.026) and "Implementing competitive pricing strategies" (F=2.740), which F-scores exceed the Critical value of F =2.57

When we analyze the results presented in Table 4.25. , we see that the degree of importance of quality in products and production and also quality in services for the firms increase with the years spend on the international markets. Managing the political and economic uncertainty seems to be not important for firms which are very new in international markets. Low importance of implementing competitive pricing strategies is indicated also by these firms.

Table 4.25. Relation Between International Experience and Success Factors

	Gr 1 mean	Gr2 mean	Gr3 mean	Gr4 mean	Gr5 mean	F	Sig.
Sharing and delegating the managerial responsibilities with the top managers	3,00	3,06	3,47	3,80	3,83	,929	,455
Cost control by low cost production	4,00	4,31	3,93	4,10	4,67	,695	,599
Quality in products and production	3,13	4,31	4,53	4,40	4,50	**3,571**	,012
Quality in services	3,38	4,38	4,47	4,30	4,50	**2,674**	,042
Applying TQM	3,25	3,69	4,13	4,00	4,17	1,050	,391
Meeting the needs of the customers	3,88	4,13	4,53	4,50	4,83	1,997	,109
Providing products fitting to expectations	3,63	4,13	4,40	4,40	4,50	1,129	,353
Appreciation of local consumer culture and values	3,13	3,81	3,60	4,20	3,67	1,112	,362
Innovativeness in products	3,75	4,25	4,00	4,60	4,33	1,227	,311
Innovativeness in production technologies	3,38	4,38	3,87	4,30	4,50	2,020	,106
Environmental conscious	3,63	3,75	3,67	3,80	4,00	,188	,944
Access to information and knowledge provided by government, universities and other institutions	3,00	3,50	2,80	3,10	3,17	,991	,421
Satisfying the needs of different segments with different brands, models and channels	3,50	3,75	3,20	3,50	3,17	,849	,501
Using techniques like CRM to adjust your marketing program to customer needs	3,50	3,63	3,87	3,60	4,33	,852	,499
Managing the political and economic uncertainty	2,88	4,25	3,40	4,20	3,83	3,026	,026
Ability to move and adapt rapidly	3,63	4,38	3,73	4,40	3,83	1,605	,188
Competent personnel	3,75	4,44	4,60	4,40	4,00	1,409	,245
Educated personnel	3,63	4,31	4,40	4,10	4,17	1,206	,320
Experienced local managers and personnel	3,63	3,94	4,13	4,40	3,67	,747	,565
Experienced expatriates	2,75	3,13	3,33	3,80	3,17	1,042	,395
Team thinking	3,75	4,13	4,40	4,40	4,17	,996	,418
Ongoing training	3,25	3,81	3,80	3,90	3,83	,527	,716
Developing a personal relations with the partners	3,38	4,00	4,00	4,00	4,00	,761	,556
Developing good links with the local institutions	3,88	4,50	3,60	3,80	3,83	1,794	,145
Implementing competitive pricing strategies	3,63	4,63	4,53	4,20	4,83	**2,740**	,039
Customizing the prices to the income of the local customers	3,38	4,44	4,13	3,80	4,17	1,787	,146
Customizing the products to the needs and demands of the local customers	3,63	4,00	3,87	4,40	4,00	,664	,620
Customizing promotions strategies to the needs and demands of the local customers	3,75	3,94	3,87	4,30	4,17	,478	,752
Customizing the distribution strategies to the needs and demands of the local customers	3,25	4,00	3,87	4,30	4,17	1,569	,197
Brand building- emphasizing the branding	3,88	4,25	4,00	4,60	4,17	,697	,598
Being first or early mover to the market	3,50	4,00	3,80	4,50	3,67	1,066	,383
Involvement in social responsibility activities	3,13	3,31	3,07	3,50	3,50	,269	,896

Critical value of F= 2.57, Df=4/5

4.4.3. Success Factors and Bulgarian Experience

The hypothesis H3 stating that there is significant relationship between years of operation in Bulgarian market and degree of importance of the success factors is tested here. There are four groups of firms categorized by their Bulgarian experience: Gr1: 1989-1994 (n=3), Gr2: 1995-1999 (n=8), Gr3: 2000-2006 (n=30), Gr4: 2007-2008 (n=14). The results are presented in Table 4.26.

To sum up, quality in products and production is very important for firms which entered Bulgarian market between 1989 and 1994. These firms further see "Quality in services", "Applying TQM" and "Innovativeness in products" as very important for their operation in Bulgaria.

Important Success Factors for Firms which Enter Bulgarian Market Between 1989-1994	Mean
Quality in products and production	5
Quality in services	5
Applying TQM	5
Innovativeness in products	5

Quality also is very important for firms in the next group, firm which enter Bulgarian market between 1995-1999.

Important Success Factors for Firms which Enter Bulgarian Market Between 1995-1999	Mean
Quality in products and production	4,75
Quality in services	4,75
Implementing competitive pricing strategies	4,75

"Meeting the needs of the customers" and "Competent personnel" are indicated as fairly important by the firms which entered Bulgarian market between 2000-2006 and also the firms from the period 2007-2008.

Important Success Factors for Firms which Enter Bulgarian Market Between 2000-2006	Mean
Implementing competitive pricing strategies	4,57
Competent personnel	4,50
Meeting the needs of the customers	4,43

Important Success Factors for Firms which Enter Bulgarian Market Between 2007-2008	Mean
Cost control by low cost production	4,14
Meeting the needs of the customers	4,07
Competent personnel	3,93
Providing products fitting to expectations	3,93

"Managing the political and economic uncertainty" seems to be fairly important for all groups except for firms which entered this market in 2007-2008. We see a similar picture for "Developing personal relations with the partners"; again firms which entered the market in 2007-2008 give less importance to this factor.

"Meeting the needs of the customers" is the factor indicated by all groups as fairly important for their operations.

The results of ANOVA are presented in Table 4.26. The hypothesis H3 is acceptable for seven out of 32 statements: "Quality in products and production" (F=2.833), "Appreciation of local consumer culture and values" (F=3.133), "Managing the political and economic uncertainty" (F=3.797), "Developing a personal relations with the partners" (F=2.903), "Implementing competitive pricing strategies" (F=2.871), "Customizing the prices to the income of the local customers" (F=3.888), and "Customizing the distribution strategies to the needs and demands of the local customers" (F=4.009), which F-scores exceed the Critical value of F =2.80.

Table 4.26. Relation Between Bulgarian Experience and Success Factors

	Gr1 mean	Gr2 mean	Gr3 mean	Gr4 mean	F	Sig.
Sharing and delegating the managerial responsibilities with the top managers	4,67	4,00	3,10	3,36	2,371	,081
Cost control by low cost production	3,67	4,38	4,17	4,14	,345	,793
Quality in products and production	5,00	4,75	4,27	3,71	**2,833**	,047
Quality in services	5,00	4,75	4,23	3,86	2,721	,054
Applying TQM	5,00	4,25	3,87	3,36	2,445	,075
Meeting the needs of the customers	4,33	4,50	4,43	4,07	,760	,522
Providing products fitting to expectations	4,33	4,38	4,30	3,93	,550	,650
Appreciation of local consumer culture and values	3,67	4,25	3,90	3,00	**3,133**	,033
Innovativeness in products	5,00	4,50	4,17	3,86	1,833	,153
Innovativeness in production technologies	4,67	4,50	4,10	3,71	1,463	,236
Environmental conscious	3,67	4,00	3,77	3,57	,400	,754
Access to information and knowledge provided by government, universities and other institutions	3,00	3,13	3,27	2,86	,536	,660
Satisfying the needs of different segments with different brands, models and channels	3,33	3,63	3,60	3,07	1,182	,326
Using techniques like CRM to adjust your marketing program to customer needs	4,00	4,38	3,67	3,50	1,623	,196
Managing the political and economic uncertainty	4,00	4,00	4,07	2,93	**3,797**	,016
Ability to move and adapt rapidly	4,00	4,25	4,23	3,50	1,954	,133
Competent personnel	4,00	4,50	4,50	3,93	1,475	,232
Educated personnel	3,67	4,50	4,33	3,79	2,139	,107
Experienced local managers and personnel	4,33	4,38	4,07	3,57	1,145	,340
Experienced expatriates	4,00	3,75	3,13	3,07	1,172	,330
Team thinking	4,33	4,66	4,23	3,86	1,607	,199
Ongoing training	4,33	4,00	3,90	3,14	2,448	,074
Developing a personal relations with the partners	4,33	4,38	4,00	3,36	**2,903**	,044
Developing good links with the local institutions	3,67	4,38	4,13	3,43	2,232	,096
Implementing competitive pricing strategies	4,33	4,75	4,57	3,86	**2,871**	,045
Customizing the prices to the income of the local customers	3,00	4,00	4,40	3,57	**3,888**	,014
Customizing the products to the needs and demands of the local customers	4,00	4,50	4,07	3,50	1,789	,161
Customizing promotions strategies to the needs and demands of the local customers	4,00	4,38	4,10	3,50	1,810	,157
Customizing the distribution strategies to the needs and demands of the local customers	3,67	4,50	4,10	3,29	**4,009**	,012
Brand building- emphasizing the branding	4,67	4,00	4,30	3,93	,695	,559
Being first or early mover to the market	4,00	4,25	4,03	3,50	,964	,417
Involvement in social responsibility activities	3,00	4,00	3,33	2,79	1,887	,143

Critical value of F= 2.80,   Df=3/51

4.4.4. Success Factors and Number of Foreign Markets

The hypothesis H4 stating that there is significant relationship between number of foreign markets where the firms operate and degree of importance of the success factors is tested in the present subsection. There are five groups of firms categorized by the number of countries where they operate: Gr1: 1-5 countries (n=30), Gr2: 6-10 countries (n=3), Gr3: 11-15 countries (n=6), Gr4: 16-20 countries (n=7), Gr5: more than 20 countries (n=9). The results are presented in Table 4.27.

Firms which operate in up to 5 countries indicate as highly important working with "Competent personnel", "Innovativeness in products" and "Implementing competitive pricing strategies".

Important Success Factors for Firms Which Operate in up to 5 Countries	Mean
Competent personnel	4,37
Innovativeness in products	4,33
Implementing competitive pricing strategies	4,33

"Quality in services" and "Competent personnel" are highly important for firms which operate in 6 to 10 countries.

Important Success Factors for Firms Which Operate in 6 to 10 countries	Mean
Quality in services	4,67
Competent personnel	4,33
Implementing competitive pricing strategies	4,33

Implementing competitive pricing strategies are also important for these firms along with the firms operating in 11 to 15 countries and firms operating in 16 to 20 countries. "Meeting the needs of the customers", "Customizing the prices to the income of the local customers" and "Brand building" appear also as important for success in the Bulgarian market for the fourth group.

Important Success Factors for Firms Which Operate in 11 to 15 countries	Mean
Cost control by low cost production	4,83
Implementing competitive pricing strategies	4,50
Meeting the needs of the customers	4,50

Important Success Factors for Firms Which Operate in 16 to 20 countries	Mean
Implementing competitive pricing strategies	4,71
Meeting the needs of the customers	4,71
Customizing the prices to the income of the local customers	4,71
Brand building- emphasizing the branding	4,71

"Competent personnel", "Educated personnel", "Quality in product and production" and "Quality services", "Team thinking" and "Competitive pricing strategies" are considered as fairly important by the firms in all groups for their operations in the Bulgarian market.

The firms from Group 2 indicated many factors without any importance for their operations than other groups. These are: "Environmental conscious", "Access to information and knowledge provided by government, universities and other institutions", "Satisfying the needs of different segments with different brands, models and channels" and "Managing the political and economic uncertainty", "Involvement in social responsibility activities".

Analyzing the results of ANOVA from Table 4.27. we see that H4 is accepted for "Managing the political and economic uncertainty" (F=3.117), and "Involvement in social responsibility activities" (F=2.584), which F-scores exceed the Critical value of F =2.57.

Table 4.27. Relation Between Number of Foreign Markets and Success Factors

	Gr1 mean	Gr2 mean	Gr3 mean	Gr4 mean	Gr5 mean	F	Sig.
Sharing and delegating the managerial responsibilities with the top managers	3,47	4,33	3,17	3,14	3,11	,661	,622
Cost control by low cost production	4,17	3,33	4,83	4,29	3,89	1,386	,252
Quality in products and production	4,23	4,00	4,33	4,57	4,00	,361	,835
Quality in services	4,27	4,67	4,17	4,43	4,00	,412	,799
Applying TQM	3,90	3,33	3,67	4,00	3,89	,231	,920
Meeting the needs of the customers	4,30	4,00	4,50	4,71	4,22	,630	,643
Providing products fitting to expectations	4,13	4,33	4,17	4,57	4,22	,285	,886
Appreciation of local consumer culture and values	3,93	2,67	3,33	4,29	3,11	2,483	,055
Innovativeness in products	4,33	3,67	3,67	4,57	3,89	1,564	,199
Innovativeness in production technologies	4,23	4,00	3,50	4,57	3,67	1,535	,206
Environmental conscious	3,70	2,67	3,67	4,14	4,00	1,776	,148
Access to information and knowledge provided by government, universities and other institutions	3,30	2,33	2,83	3,29	2,89	,996	,419
Satisfying the needs of different segments with different brands, models and channels	3,60	2,00	3,33	3,43	3,56	2,329	,069
Using techniques like CRM to adjust your marketing program to customer needs	3,70	3,33	4,00	4,14	3,56	,622	,649
Managing the political and economic uncertainty	3,80	2,00	3,50	4,57	3,78	**3,117**	,023
Ability to move and adapt rapidly	4,17	3,00	3,50	4,57	3,89	2,069	,099
Competent personnel	4,37	4,33	4,33	4,57	4,00	,400	,808
Educated personnel	4,17	4,33	4,17	4,43	4,00	,254	,906
Experienced local managers and personnel	4,07	3,33	4,17	4,43	3,56	,958	,439
Experienced expatriates	3,30	3,00	3,17	3,86	2,78	,933	,453
Team thinking	4,13	4,33	4,17	4,57	4,11	,432	,785
Ongoing training	3,90	3,00	3,50	4,00	3,44	,922	,459
Developing a personal relations with the partners	3,93	4,33	4,00	4,29	3,33	1,365	,259
Developing good links with the local institutions	4,23	3,00	3,67	4,00	3,56	1,790	,146
Implementing competitive pricing strategies	4,33	4,33	4,50	4,71	4,33	,291	,882
Customizing the prices to the income of the local customers	4,00	3,33	4,00	4,71	4,00	1,183	,330
Customizing the products to the needs and demands of the local customers	4,07	4,00	3,83	4,57	3,33	1,566	,198
Customizing promotions strategies to the needs and demands of the local customers	3,90	4,00	4,17	4,57	3,67	,988	,423
Customizing the distribution strategies to the needs and demands of the local customers	3,93	3,33	3,67	4,43	3,89	,871	,488
Brand building- emphasizing the branding	4,23	3,67	3,50	4,71	4,22	1,348	,265
Being first or early mover to the market	4,03	3,67	4,33	4,29	3,11	1,718	,161
Involvement in social responsibility activities	3,40	2,00	2,67	4,14	3,00	**2,584**	,048

Critical value of F= 2.57, Df=4/50

4.4.5. Success Factors and Number of Product Lines

The hypothesis H5 stating that there is significant relationship between number of product lines which the firms offer in the Bulgarian market and degree of importance of the success factors. There are five groups of firms categorized by the number of product lines: Gr1: 1 (n=13), Gr2: 2-5 (n=15), Gr3: 6-10 (n=12), Gr4: more than 10 (n=15). The results are presented in Table 4.28.

Firms which take place in Bulgarian market with only one product line, determine as very important success factors "Cost control by low cost production" , followed by "Implementing competitive pricing strategies" and "Quality in products and production".

Important Success Factors for Firms Which Take Place in Bulgarian market with One Product Line	Mean
Cost control by low cost production	4,77
Implementing competitive pricing strategies	4,54
Quality in products and production	4,46

While "Quality in products and production" is common for firms with one and firms with 2-5 product lines, "Meeting the needs of the customers" is the common important factor for firms with 2-5 and 6-10 product lines for success during their operation in the Bulgarian market.

Important Success Factors for Firms Which Take Place in Bulgarian market with 2-5 Line	Mean
Quality in products and production	4,6
Meeting the needs of the customers	4,6
Innovativeness in products	4,6

Important Success Factors for Firms Which Take Place in Bulgarian market with 6-10 Line	
Implementing competitive pricing strategies	4,67
Meeting the needs of the customers	4,50
Educated personnel	4,50

"Brand building" is the most important success factor for firms which offer more than 10 product lines to Bulgarian market, followed by "Team thinking" and "Competent personnel".

Important Success Factors for Firms Which Take Place in Bulgarian market with more than 10	Mean
Brand building- emphasizing the branding	4,33
Competent personnel	4,13
Team thinking	4,13

Factors which are indicated as fairly important by all groups on this categorization are "Meeting the needs of the customers", "Innovativeness in products", "Competent personnel", "Team thinking" and "Implementing competitive pricing strategies".

The results of ANOVA are presented in Table 4.28. The hypothesis H5 is acceptable for two out of 32 statements: "Cost control by low cost production" (F=3.067) and "Appreciation of local consumer culture and values" (F=3.158), which F-scores exceed the Critical value of F =2.80.

The importance of cost control by low cost production decrease with the increase in the number of the product lines.

Table 4.28. Relation Between Number of Product Lines and Success Factors

	Gr1 mean	Gr2 mean	Gr3 mean	Gr4 mean	F	Sig.
Sharing and delegating the managerial responsibilities with the top managers	3,77	3,33	3,67	2,87	1,512	,223
Cost control by low cost production	4,77	4,13	4,17	3,67	**3,067**	,036
Quality in products and production	4,46	4,60	4,17	3,73	2,328	,085
Quality in services	4,31	4,47	4,42	3,87	1,426	,246
Applying TQM	3,92	4,20	3,92	3,40	1,331	,275
Meeting the needs of the customers	4,23	4,60	4,50	4,07	1,386	,258
Providing products fitting to expectations	4,38	4,33	4,33	3,87	,896	,450
Appreciation of local consumer culture and values	3,39	4,20	4,08	3,20	**3,158**	,032
Innovativeness in products	4,00	4,60	4,08	4,00	1,538	,216
Innovativeness in production technologies	4,08	4,53	4,00	3,73	1,699	,179
Environmental conscious	4,00	3,87	3,50	3,60	,886	,454
Access to information and knowledge provided by government, universities and other institutions	3,46	3,20	3,00	2,87	,909	,443
Satisfying the needs of different segments with different brands, models and channels	3,15	3,80	3,50	3,33	1,287	,289
Using techniques like CRM to adjust your marketing program to customer needs	3,54	4,07	3,83	3,53	1,027	,389
Managing the political and economic uncertainty	3,61	4,13	3,83	3,47	,926	,435
Ability to move and adapt rapidly	4,00	4,40	4,00	3,73	1,142	,341
Competent personnel	4,31	4,47	4,42	4,13	,360	,782
Educated personnel	4,31	4,20	4,50	3,80	1,679	,183
Experienced local managers and personnel	4,15	4,27	4,25	3,40	2,187	,101
Experienced expatriates	3,54	3,20	3,58	2,80	1,437	,243
Team thinking	4,31	4,07	4,33	4,13	,328	,805
Ongoing training	4,00	3,73	4,08	3,27	1,821	,155
Developing a personal relations with the partners	3,92	4,00	4,08	3,67	,516	,673
Developing good links with the local institutions	4,08	4,13	4,17	3,53	1,264	,297
Implementing competitive pricing strategies	4,54	4,40	4,67	4,07	1,225	,310
Customizing the prices to the income of the local customers	3,77	4,07	4,50	3,93	1,217	,313
Customizing the products to the needs and demands of the local customers	3,85	4,33	4,17	3,60	1,468	,234
Customizing promotions strategies to the needs and demands of the local customers	3,92	4,13	4,17	3,73	,595	,621
Customizing the distribution strategies to the needs and demands of the local customers	3,69	4,27	3,83	3,87	,941	,428
Brand building- emphasizing the branding	3,77	4,27	4,33	4,33	,905	,445
Being first or early mover to the market	3,69	4,07	4,17	3,80	,487	,693
Involvement in social responsibility activities	3,31	3,47	3,33	3,00	,383	,765

Critical value of F= 2.80, Df=3/51

4.4.6. Success Factors and Market Entry Mode

The hypothesis H6 stating that there is significant relationship between market entry mode and degree of importance of the success factors. There are seven groups of firms categorized by the number of product lines: Gr1: Indirect Exporting (n=7), Gr2: Direct Exporting (n=27), Gr3: Licensing (n=4), Gr4: Joint venture (n=4), Gr5: Brownfield (n=3). Gr6: Greenfield (n=10). The results are presented in Table 4.29.

"Implementing competitive pricing strategies" is important both for firm with indirect and direct exporting activities, but while the first ones emphasise the quality, firms which have direct exporting activities see working with "Competent personnel" and "Implementing competitive pricing strategies" as important.

Important Success Factors for Firms Which Have Indirect Exporting Activities	Mean
Quality in services	4,43
Implementing competitive pricing strategies	4,43
Quality in products and production	4,29

Important Success Factors for Firms Which Have Direct Exporting Activities	Mean
Implementing competitive pricing strategies	4,30
Meeting the needs of the customers	4,30
Competent personnel	4,26

"Quality in products and production" along with the "Cost control" is important for firms with licensing activities in Bulgarian market.

Important Success Factors for Firms Which Have Licensing Activities	Mean
Quality in products and production	4,75
Implementing competitive pricing strategies	4,50
Cost control by low cost production	4,50

Firms with joint venture activities stress the importance of "Quality in products and production" too, also "Meeting the needs of the customers" and "Innovativeness in production technologies" for success.

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Important Success Factors for Firms Which Have Joint venture Activities	Mean
Meeting the needs of the customers	5,00
Quality in products and production	4,75
Innovativeness in production technologies	4,75

The excerpts below show the main success factors for Brownfield and Greenfield investments. While competent personnel and cost control are very important for success of Brownfield investments, implementing competitive pricing strategies and providing products fitting to expectations appears as very important for success of Greenfield investments in the Bulgarian market for Turkish firms.

Important Success Factors for Firms Which Have Brownfield Activities	Mean
Competent personnel	5,00
Cost control by low cost production	5,00
Providing products fitting to expectations	4,67

Important Success Factors for Firms Which Have Greenfield Activities	Mean
Providing products fitting to expectations	4,7
Implementing competitive pricing strategies	4,7
Developing good links with the local institutions	4,7

The results of ANOVA are presented in Table 4.29. The hypothesis H6 is acceptable for four out of 32 statements: "Sharing and delegating the managerial responsibilities with the top managers" (F=2.523), "Appreciation of local consumer culture and values" (F=2.685), "Ability to move and adapt rapidly" (F=3.043) and "Managing the political and economic uncertainty" (F=2.565), which F-scores exceed the Critical value of F =2.41.

Table 4.29. Relation Between Market Entry Mode and Success Factors

	Gr1 mean	Gr2 mean	Gr3 mean	Gr4 Mean	Gr5 mean	Gr6 mean	F	Sig.
Sharing and delegating the managerial responsibilities with the top managers	4,00	2,89	4,25	3,50	4,67	3,50	**2,523**	,041
Cost control by low cost production	3,57	4,15	4,50	4,00	5,00	4,30	1,035	,408
Quality in products and production	4,29	3,96	4,75	4,75	4,33	4,50	,973	,444
Quality in services	4,43	4,04	4,50	4,50	4,33	4,50	,638	,672
Applying TQM	4,00	3,63	4,25	3,75	4,00	4,20	,516	,763
Meeting the needs of the customers	4,00	4,30	4,00	5,00	4,33	4,60	1,194	,326
Providing products fitting to expectations	4,14	4,00	3,75	4,75	4,67	4,70	1,359	,256
Appreciation of local consumer culture and values	3,29	3,41	3,50	4,75	3,67	4,50	**2,685**	,032
Innovativeness in products	3,86	4,11	4,50	4,50	3,33	4,60	1,420	,234
Innovativeness in production technologies	4,00	3,85	4,50	4,75	3,33	4,60	1,764	,138
Environmental conscious	3,29	3,56	4,00	4,00	4,00	4,30	1,690	,155
Access to information and knowledge provided by government, universities and other institutions	2,86	3,11	3,25	2,75	2,33	3,70	1,296	,281
Satisfying the needs of different segments with different brands, models and channels	2,86	3,48	3,50	3,50	3,33	3,80	,883	,500
Using techniques like CRM to adjust your marketing program to customer needs	3,86	3,63	3,75	4,25	4,00	3,70	,338	,887
Managing the political and economic uncertainty	2,86	3,67	4,25	4,50	3,00	4,40	**2,565**	,039
Ability to move and adapt rapidly	3,00	4,00	4,00	4,75	4,00	4,60	**3,043**	,018
Competent personnel	3,71	4,26	4,25	4,75	5,00	4,60	1,353	,258
Educated personnel	4,14	4,07	4,25	4,25	4,67	4,30	,303	,909
Experienced local managers and personnel	3,71	3,78	4,00	4,25	4,00	4,70	1,173	,336
Experienced expatriates	3,29	3,19	3,00	4,25	3,33	3,10	,687	,635
Team thinking	4,14	4,04	4,25	4,25	4,67	4,50	,657	,657
Ongoing training	3,71	3,52	4,00	3,50	4,00	4,30	,951	,457
Developing a personal relations with the partners	4,00	3,59	4,00	4,00	4,67	4,40	1,723	,147
Developing good links with the local institutions	3,57	3,74	4,00	4,00	4,33	4,70	1,698	,153
Implementing competitive pricing strategies	4,43	4,30	4,50	4,25	4,33	4,70	,329	,893
Customizing the prices to the income of the local customers	3,86	4,15	3,50	3,75	4,33	4,20	,479	,790
Customizing the products to the needs and demands of the local customers	3,43	3,93	4,25	4,00	4,00	4,40	,764	,580
Customizing promotions strategies to the needs and demands of the local customers	3,57	4,00	4,50	3,50	4,00	4,20	,760	,583
Customizing the distribution strategies to the needs and demands of the local customers	3,43	3,89	4,25	4,00	4,00	4,20	,625	,682
Brand building- emphasizing the branding	3,87	4,22	3,75	4,25	4,00	4,50	,469	,797
Being first or early mover to the market	3,43	3,96	3,75	4,50	3,00	4,30	1,126	,359
Involvement in social responsibility activities	2,43	3,11	3,25	4,25	3,33	3,90	2,016	,093

Critical value of F= 2.41, Df=5/4

4.5. Factor Analysis

Factor analyses describe the interrelationships between questions and group them in terms of smaller number of factors.

In this research factor analysis is performed for Q15 which includes 32 questions. While performing factor analyses some of the data were extracted because of the following reasons;

- Double factor loading
- Anti-Image Correlation Less Than 0.50
- Question which define a factor alone

Factor analyses of the Q18 are performed for 8 times and each of the statements were eliminated one by one for 8 times. The following table shows us the extraction reasons of each data.

Table 4.30. Reasons for Eliminating the Items While Factor Analysis were Performed

Anti-Image Correlation Less Than 0.50	Double Factor Loading	Question which Define A Factor Alone
Q 15.2	Q15.3	Q15.31
	Q15.4	
	Q15.5	
	Q15.7	
	Q15.13	
	Q15.21	
	Q15.23	
	Q15.30	
	Q15.32	

Table 4.31. KMO and Bartlett's Test for Perceived Service Quality (Q15)

KMO	Chi-Square	df	Sig.
,803	796,811	210	,000

As a result of 8 steps 21 items in four factors are found.

Table 4.32. Results for Factor Analysis for Success Factors

	Factor Loading	Variance Explained	Cronbach Alpha	No. Of Items
Factor 1: Customizing the Marketing Mix and Innovation		44.880	.907	8
Customizing the products to the needs and demands of the local customers	.794			
Customizing promotions strategies to the needs and demands of the local customers	.776			
Customizing the distribution strategies to the needs and demands of the local customers	.719			
Meeting the needs of the customers	.685			
Appreciation of local consumer culture and values	.671			
Innovativeness in products	.660			
Using techniques like CRM to adjust your marketing program to customer needs	.643			
Innovativeness in production technologies	.545			
Factor 2: Knowledge of the host country		9.650	.838	5
Access to information and knowledge provided by government, universities and other institutions	.807			
Managing the political and economic uncertainty	.682			
Ability to move and adapt rapidly	.643			
Environmental consciousness	.592			
Developing good links with the local institutions	.588			
Factor 3: Pricing strategies and personnel policy		7.225	.816	4
Customizing the prices to the income of the local customers	.784			
Implementing competitive pricing strategies	.708			
Competent personnel	.694			
Educated personnel	.594			
Factor 4 : Importance of Managers		5.458	.807	44
Experienced expatriates	.816			
Sharing and delegating the managerial responsibilities with the top managers	.721			
Ongoing training	.607			
Experienced local managers and personnel	.605			
Total Variance explained		67.212		

In result of factor analysis conducted, success factors for Turkish firms operating in Bulgarian market are grouped in four dimensions which are named as: Customizing the Marketing Mix and Innovation, Knowledge of the host country, Pricing strategies and personnel policy, and Importance of Managers.

To test the internal consistency of factors, Cronbach's coefficient alpha reliabilities are computed. It is suggested a value of 0.70 as lower limit in social sciences. Reliabilities for "F1", "F2", "F3", and"F4" were above 0.70 (0.91, 0.834, 0.82, and 0.81 respectively) so it can be said that the reliability of the scales used for this study are quite high.

The first factor which we obtain in result of factor analysis, "Customizing the Marketing Mix and Innovation" incorporate success factors as "Customizing the products to the needs and demands of the local customers", "Customizing promotions strategies to the needs and demands of the local customers", "Customizing the distribution strategies to the needs and demands of the local customers","Meeting the needs of the customers", "Appreciation of local consumer culture and values", "Innovativeness in products", "Using techniques like CRM to adjust your marketing program to customer needs", "Innovativeness in production technologies". "Knowledge of the host country " include "Access to information and knowledge provided by government, universities and other institutions", "Managing the political and economic uncertainty", "Ability to move and adapt rapidly", "Environmental consciousness", and "Developing good links with the local institutions". "Pricing strategies and personnel policy" consist of "Customizing the prices to the income of the local customers", "Implementing competitive pricing strategies", "Competent personnel", and "Educated personnel". The final factor, "Importance of Managers" incorporate "Experienced expatriates", "Sharing and delegating the managerial responsibilities with the top managers", "Ongoing training", and "Experienced local managers and personnel".

5. SUMMARY, CONCLUSION AND IMPLICATIONS

Conclusions along with the discussions, implications of the study and prospects for future research as well are presented in this last chapter.

5.1. Turkish Companies Operating in Bulgaria

The analyze of firm characteristics shows that majority of the firms contacted are small and medium sized firms.

The firm age analyze shows that although there are very experienced firms included in the survey, the majority of the firms contacted are established after 2000. The results indicate that the firms which have trade relations or operations in Bulgarian market are relatively new firms. We can conclude that the new firms prefer geographically near markets for their international expansions.

Another finding of the study indicates that with regard to international experience two main groups are formed: firms with 3 to 5 year international experience and firms with 6 to 10 years international experience. If we take into account the results for the firm age we can state that Turkish firms have tendency to enter fast in international markets soon after their foundation.

It was also found that half of the firms contacted operate in less than 5 countries. These firms indicated Bulgaria, Romania, France and Iran as the major markets for their operations. On the other hand, firms which operate in more than 5 countries indicate as important markets for them Russia, Iran, Egypt, Saudi Arabia and Bulgaria. While Bulgaria is selected as the most important market by the firms operating in less than 5 countries, firms operating in more than 5 countries rank it in the fifth place. Therefore we can say that increase in the number of the markets decrease the importance of the Bulgarian market for the Turkish firm.

When we look closely to the operations of Turkish firms in Bulgarian market, we see that the number of the firms which enter this market immediately after the collapse of the socialist regime in 1989 is very small. Significant access to this market is

realized in the period between 2000 and 2006; it is nearly three times compared to the entries in the period 1989-1999. Then after being full membership to EU in a 2 years period nearly 49 % of 2000-2006 period market entry took place.

There are two main reasons that explain the increase of Bulgarian market attractiveness: first ten years after the collapse of the socialist regime Bulgaria made efforts to settle the liberalization and market economy, privatization process of state enterprises increased at the end of this period preparing the ground and opportunities for intensive foreign trade and investments. The other main reason is the application and adoption of Bulgaria in EU and related financing of Bulgaria with European funds, improving of infrastructure, European legislation which provides security for the investors.

Although the majority of Turkish firms operating in Bulgarian market are small and medium sized, it is interesting to see that along with the firms which offer one or up to five product lines, there are also significant number of firms which offer more than 10 product lines to Bulgarian market. Bulgarian consumer enjoy the opportunities offered by the market economy for 20 years, but given the reforms delayed until 1990, it can be said that this market still is new and is not saturated.

One-third of the firms contacted generate 10-25% of their sales from Bulgarian market. This group is followed by the firms with less than 10% share.

With regard to entry strategy, it was found that the half of the Turkish firms contacted prefer the strategy of direct exporting in their operations in Bulgaria. Bulgaria as a relatively new market is perceived to be of high risk. Majority of Turkish firms operating in Bulgaria are small and medium sized firms, which are likely to suffer from lack of necessary resources to take the risk of investing. However the existence of firms with Greenfield investment in the survey shows that conditions for investment are sufficiently attractive for Turkish firms.

The Greenfield investments and the minor changes in the entry strategies of the firms in time provide support for the flexible market entry theory. Firms from EM

investing in EM not favour the chain theory of internationalization which suggests that firms start with low-risk indirect exporting to physically close markets, and as they gain knowledge and experience begin to expand to more distant markets using more committed forms of entry (Johanson, Vahlne, 1977).

Questioned about four main criteria which influenced their market selection, being emerging market is pointed by almost all of the firms. Characteristics of EM like expanding middle class, manageable risk level, rapid economic growth and privatization of state-owned enterprises are between most stated criteria. Geographical location is the second most indicated factor which influenced the market selection process, which partly support the position of Bilgin et al. (2004) that EM rely significantly on cultural, historical, linguistic, geographical and other non-economic criteria in their market selection. The analyze of Turkish firms market selection criteria figured out that these firms don't care much about language, culture and common history. Development of telecommunication and transportation technologies and Bulgarian government encouragements also are not seen as very important by Turkish firms, since they have not reached the necessary level yet.

5.2.   Factors Affecting the Success

The most important success factors pointed out by the contacted Turkish firms operating in Bulgaria are "Implementing competitive pricing strategies" and "Meeting the needs of the customer". The high mean value of the success factor related with the competitive pricing strategies indicates that price is seen as the most important element determining market share and profitability by these firms. Due to low per capita income and purchasing power, Bulgarian consumers are highly price sensitive, which increases the importance of compliance with competitors pricing strategies. Setting the price based upon prices of the similar competitor products suggest that Turkish firms face significant competition in the Bulgarian market. The intensive reforms formed favourable conditions for trade and investments in Bulgaria in the late 90's. Bulgaria's membership in the European Union and subsequent enter of European firms in Bulgarian market created a more competitive environment.

In the past, basic needs of Bulgarian consumers were satisfied through the state planning system. After the collapse of the socialist regime in 1989 the free market system mentality, the idea that the consumer is ahead of the producer and there is variety of choice, was new. However, now the Bulgarian consumers search and require quality and diversity in the products, goods and services.

It's not surprising that employing "competent personnel" is also at the top of the important success factors list. Competent personnel are critical for business success considering the highly developed technology and managerial techniques in the very competitive businesses environment. Bulgaria's workforce officially consists of approximately 3,5 million well educated and skilled people. Many Bulgarians have strong backgrounds in engineering, medicine, economics, and the sciences, but there is a shortage of professionals with Western management skills (Doing Business in Bulgaria, 2009).

"Quality in products, production and services", "Innovativeness in products and production technologies", "Emphasizing the branding" take place between fairly important success factors. Here again we see accentuation on personnel; education of the employees is indicated between important success factors. Turkish firms operating in Bulgaria should not have problems in this aspect, since the adult literacy rate in Bulgaria is 98 percent and high percentage of the workforce has completed some form of secondary, technical, or vocational education.

Success factors with smallest mean value are "Involvement in social responsibility activities", "Experienced expatriates" and "Access to information and knowledge provided by government, universities and other institutions". Turkish firms don't see involvement in social responsibility activities as important success factor may be because the Bulgarian consumer is not very conscious about the social responsibility. Bulgarian consumer is price sensitive, their preferences are formed mainly by the prices, and the firms' involvement in social responsibility activities doesn't increase the attractiveness of the firms at the moment.

In order to identify and describe relationships between firm characteristics and success factors several hypotheses were developed.

Figure 5.1. Revised Research Model
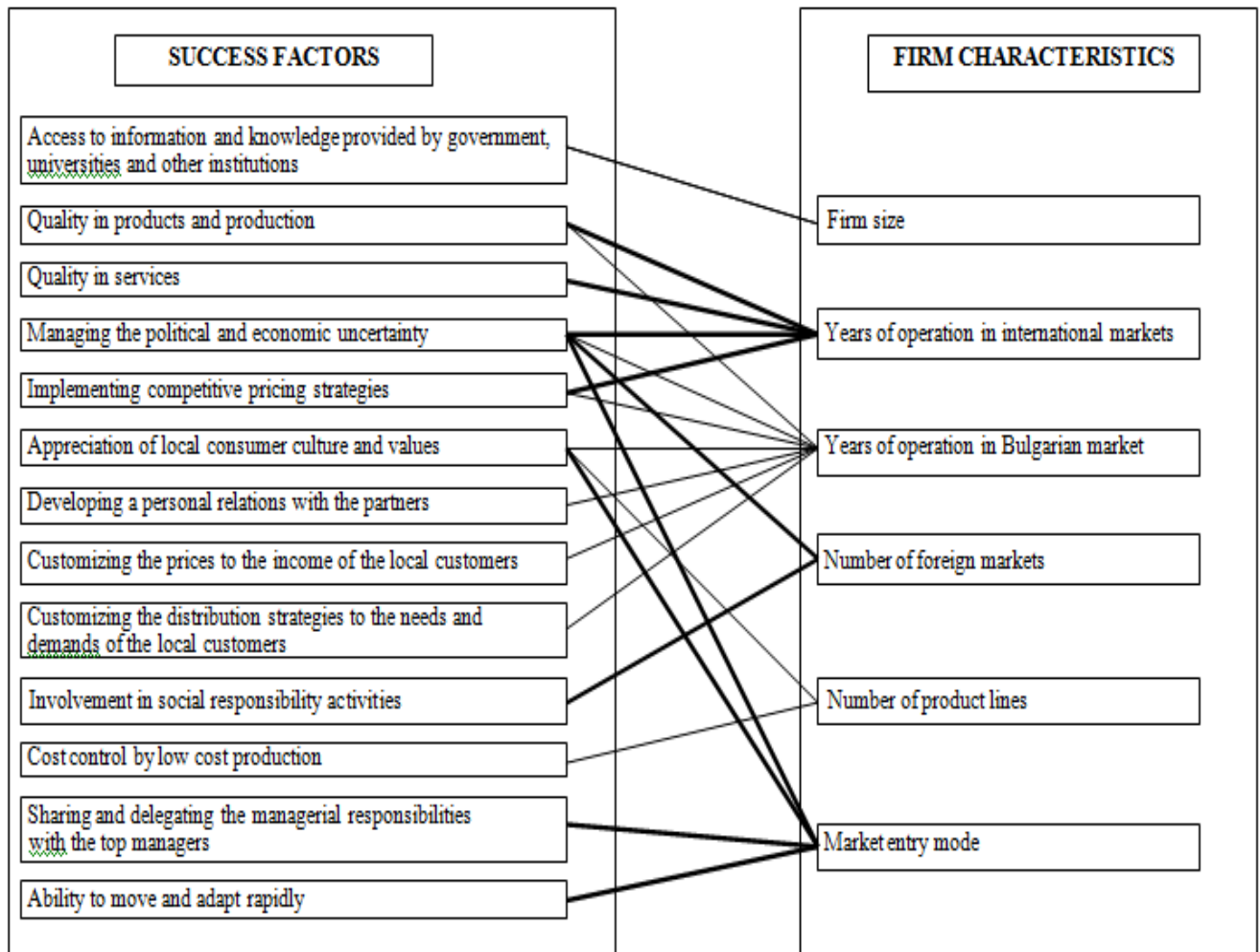
Source: Adapted by the Researcher

In result of the analysis it was found that when the firms are grouped by the size, significant relationship was observed for only one success factor. While "Access to information and knowledge provided by government, universities and other institutions" is relatively important for small and big firms, this factor is not important at all for firms which employ between 201 and 500 employees (Table 4.24.)

When the firms are grouped based on the international experience criterion it was found that more experienced firms give much importance to "Quality in products and production" and also "Quality in services". It is true also for "Implementing competitive pricing strategies". Another success factor for which there is significant relationship between years of operation in international markets and degree of importance is "Managing the political and economic uncertainty" On the other hand most important success factor for firms which are very new in international markets is "Cost control by low cost production" (Table 4.25.).

Analyzing Bulgarian experience of the firms it's observed that there is significant relationship between years of operation in Bulgarian market and degree of importance of the following success factors: : "Quality in products and production", "Appreciation of local consumer culture and values", "Managing the political and economic uncertainty", "Developing a personal relations with the partners", "Implementing competitive pricing strategies", "Customizing the prices to the income of the local customers" , and "Customizing the distribution strategies to the needs and demands of the local customers". When we analyze the important success factors for firms with different years of experience in the Bulgarian market we see that "Quality in products and production and services" is very important for firms which enter Bulgarian market between 1989 and 1994. This may be explained with the opportunity to observe the changes in consumers' attitude in time; increasing the preference on quality after the years spent in socialist system and limited offer of centrally planned market. These firms see as very important for their operation in Bulgaria also "Applying TQM" and "Innovativeness in products". Local consumer culture and values are appreciated mostly by the firms which operate in Bulgaria from the period 1995-1999. "Managing the political and economic uncertainty" seems to be fairly important for all groups except for firms which enter this market in 2007-2008. This result is not surprising, since Bulgaria enjoy stable economic and political conditions the last years. The same picture is observed also for the "Relations with the partners". The firms which enter the market in 2007-2008 give less importance to this factor may be because they don't realize the importance of relationships for doing business in Emerging Markets yet (Table 4.26.)

Another finding of the study indicates that both "Managing the political and economic uncertainty" and "Involvement in social responsibility activities" are very important for firms which have experience in16 to 20 foreign markets.

Nevertheless, the importance of "Cost control by low cost production" decrease with the increase in the number of the product lines and "Appreciation of local consumer culture and values" is most important for firms which offer 2-5 product lines to Bulgarian market. At the same time "Brand building" is the most important success factor for firms which offer more than 10 product lines to Bulgarian market, followed by "Team thinking" and "Competent personnel".

When the firms are grouped based on their market entry mode, it's observed that "Sharing and delegating the managerial responsibilities with the top managers" is more important for firms which have brownfield activities in Bulgarian market. "Appreciation of local consumer culture and values", "Ability to move and adapt rapidly" and "Managing the political and economic uncertainty" seems more important for firms with joint venture activities.

Factor analyse was made in an attempt to form a categorization of success factors. In result of this analyse we can say that success factors are collected in four main categories: "Customizing the Marketing Mix and Innovation", "Knowledge of the host country", "Pricing strategies and personnel policy" and "Importance of Managers". The categorization of the success factors may be more precise if the there is possibility to increase the number of the participants in the survey.

5.3. Implications of the Study

5.3.1. Suggestions for Further Research

This study is focused on factors affecting the success of Turkish firm`s business operations in the Bulgarian market in the perspective of Emerging Markets theory. The future study's scope may be expanded to the other countries in Europe classified by Bilgin el all. (2004) as Starting Emerging Markets. It is going to be very interesting to compare the results from the survey on these markets and the survey on Bulgarian market in order to trace the developments and the stage of attractiveness of similar markets. Extending this study to BRIC countries should also contribute to development of Emerging Markets theory.

5.3.2. Suggestions for the Firms

The results of the survey show that although the geographical proximity, stable political and economical situation and European Membership, Turkish firms prefer exporting to Bulgarian markets than using the other entry modes, which require more risk and investments. Turkish firms must pay greater attention to this market since its offer well educated and experienced labour force, low cost of doing business and opportunities to move to other EU countries easily.

Quality both in products and production appear as very important success factor for Turkish companies. Since Turkish products suffer from a lack of good image among the Bulgarian consumers, it is very important for Turkish companies to emphasize the quality. One of the ways to overcome this setback is using of promotional and advertising activities directed to create a strong brand image.

Even though 20 years passed from the collapse of the socialist regime in Bulgaria, Bulgarian consumer still remembers the limited supply of goods in this period and search variety in the market. Turkish firms should take into account this characteristic of Bulgarian consumer and emphasize innovativeness in products.

Another issue which Turkish firms should emphasize is social responsibility projects. It seems as not very significant for these firms at the moment, but social responsibility activities are very important success factors in long term for EM.

5.3.3. Suggestions for the Bulgarian and Turkish Governments

The success of Turkish firms in Bulgarian market depends much on the countries governments' relations. There are several agreements which enhance the trade relations between two countries, but there are some issues which have to be revised like the complicated visa application process for Turkish businessmen.

Along with the different investment incentives of the governments like Bulgarian Investment Encouragement Law, there are several initiatives by governments to directly facilitate trade and investment. Agreement for cooperation between Turkish Ministry of Trade and Industry- Small and Medium Enterprises Development Organization and Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA) which is a government body under the Minister of Economy, aim to match Turkish and Bulgarian companies. There is a need of more similar initiatives which should work more efficiently.

5.4. Limitations of the Study

Because of lack of the reliable data, the total number of Turkish firms operating in Bulgaria, the study's population could not be defined properly. Registration in the Directory of Turkish Businessmen Settled in Bulgaria published by Office of Commercial Counsellor of Turkish Embassy in Sofia is not mandatory for the companies and information in the Turkish Exporters Directory published by Undersecretariat of the Prime Ministry for Foreign Trade was not updated, as it appeared from the responses of firms.

Another limitation was the unwillingness of the firms to complete the survey. Although the response rate of the survey is 12% which is very good performance for survey conducted by electronic mail, this response rate was achieved by multiple sending of reminder mails and reminder by telephone the companies located in Turkey.

The low response rate lead to carefully interpretation of the factor analyse results. The number of usable questionnaires is 55 and Factor analyse require around 300 cases, so analyzing the results of the Factor analyse this fact should be considered. (Field, 2005)

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APPENDICES

Appendix1. Turkish Version of Questionnaire

YÜKSEK LİSANS TEZİ ANKET ÇALIŞMASI

"BULGARİSTAN PAZARINDA FAALİYET GÖSTEREN TÜRK ŞİRKETLERİNİN
BAŞARISINI ETKİLEYEN FAKTÖRLER- GELİŞMEKTE OLAN PAZAR
PERSPEKTİFİ"

1.   Şirketinizde kaç kişi çalışmaktadır?

50 ve altı	
51-200	
201-500	
501-1000	
1001-2000	
2000 ve üstü	

2. Şirketiniz ne zaman kuruldu? Lütfen yılını belirtiniz.

   ……….

3. Şirketiniz kaç yıldır uluslararası pazarlarda faaliyet göstermektedir?

1-2 yıl	
3-5 yıl	
6-10 yıl	
11-15 yıl	
16-20 yıl	

4. Bulgaristan pazarına ilk kez ne zaman girdiniz?

1989- 1994	
1995-1999	
2000-2006	
2007-2008	

5. Bulgaristan pazarından bir kez girdikten sonra hiç çıktınız mı?

Evet			Hayır	

5. Soruya Hayır cevabı verdiyseniz, lütfen 7. soruya geçin

6. Bulgar pazarında ne zamandır sürekli faaliyet göstermektesiniz?

1989- 1994	
1995-1999	
2000-2006	
2007-2008	

7. Kaç yabancı ülkede faaliyet göstermektesiniz?

1-5	
6-10	
11-15	
16-20	
20'den daha fazla	

Aşağıda yer alan 8. sorunun kendi durumunuza göre lütfen 8.a ya da 8.b şıkkını yanıtlayın

8.a. En fazla 5 ülkede faaliyet gösteriyorsanız, lütfen ülkeleri önem derecesine göre sıralayınız (En önemli olanıdan başlayarak sıralayınız)

1.
2.
3.
4.
5.

8.b. 5 ülkeden fazla yerde faaliyetiniz varsa, sizin için en onemli olan ilk 5 ülkeyi sıralayınız (En önemli olanıdan başlayarak sıralayınız)

1.
2.
3.
4.
5.

9. Firmanız Bulgaristan pazarında kaç ürün yelpazesi ile yer almaktadır?
(birbirine benzer işlevsellikleri olan ürün grupları)

1	
2-5	
6-10	
10'dan daha fazla	

10. Bulgaristan satışlarınız toplam uluslararası satışlarınızın içindeki payı nedir?

10%'dan daha az	
10-25%	
26-50%	
50 %'den daha fazla	

11. Bulgaristan pazarına ilk giriş stratejiniz nedir?

Dolaylı ihracat	
Doğrudan ihracat	
Lisans anlaşması	
Franchising	
Ortaklık anlaşması – joint venture	
Satınalma - brownfield	
Doğrudan yeni yatırım – greenfield	

12. Uluslararası operasyonlarınızda hangi startejileri uygulamaktasınız?

Her ülke için aynı pazara giriş yöntemini kullanmak	
Farklı ülkeler için farklı pazara giriş yöntemleri uygulamak	
Aynı pazarda zaman içinde pazara giriş yöntemini değiştirmek	

13. Bir değişiklik söz konusu ise halen Bulgaristan pazarında uygulamakta olduğunuz pazara giriş yöntemi nedir?

Dolaylı ihracat	
Doğrudan ihracat	
Lisans anlaşması	
Franchising	
Ortaklık anlaşması – joint venture	
Satınalma - brownfield	
Doğrudan yeni yatırım - greenfield	

14. Pazar seçim sürecinizde etkili olan en önemli 4 kriteri belirtiniz:

Gelişmekte olan Pazar olması	
Devlete ait işletmelerinin özelleştirilmesi	
Gelişen orta sınıf olması	
Telekomunikasyon ve ulaşım teknolojilerinin gelişmesi	
Hızlı ekonomik büyüme	
Düşük maliyetli iş yapma imkanı	
Yönetilebilir risk düzeyi	
Benzer kültürel özellikler yansıtması	
Ortak tarih	
Coğrafi yakınlık	
Dil	
Olumlu iklim	
Olumlu yatırım fırsatları sunması	
Bulgar Hükümetinin teşvikleri	
BDT - Bağımsız Devletler Topluluğuna geçiş imkanı sunması (BDT:Azerbaycan,Beyaz,Rusya, Ermenistan, Kazakistan, Kırgızistan, Moldova, Özbekistan, Tacikistan, Rusya Federasyonu, Ukrayna)	
Diğer AB ülkelerine geçiş fırsatı sunması	
Diğer faktörler: (lütfen belirtin)	

15. Lütfen, aşağıdaki faktörlerin şirketinizin Bulgaristan pazarındaki başarısı için nekadar önemli olduğunu belirtiniz

1- Hiç Önemli değil 2- Pek Önemli Değil 3- Kısmen Önemli 4- Oldukça önemli 5- Çok Önemli

	1	2	3	4	5
Yönetsel sorumlulukları üst düzey yöneticilerle paylaşmak					
Düşük maliyetli üretim ile maliyet kontrolü					
Ürün ve üretimde kalite					
Hizmette kalite					
Toplam Kalite Yönetimi uygulaması					
Tüketicilerin ihtiyaçlarını karşılama					
Tüketicilerin beklentilerine uygun ürünler üretmek					
Yerel tüketicilerin kültür ve değerlerine önem vermek					
Ürünlerde yenilikçilik					
Üretim teknolojilerinde yenilikçilik					
Çevre bilinci					
Hükümet, üniversiteler ve diğer kurumlar tarafından verilen bilgi ve enfomasyona erişim					
Farklı Pazar bölümlerinin ihtiyaçlarını farklı markalar, ürünler ve dağıtım kanalları ile karşılamak					
Pazarlama planını müşteri ihtiyaçlarını dikkate alarak oluşturmak için Müşteri Hizmetleri Yönetimi gibi stratejiler uygulamaa					
Siyasi ve ekonomik belirsizliklerle başa çıkabilmek					
Hızlı uyum sağlayabilmek ve hareket edebilmek					
Yetenekli personel ile çalışmak					
Eğitimli personel ile çalışmak					
Deneyimli yerel yöneticiler ve personel ile çalışmak					
Deneyimli yabancı yöneticiler ile çalışmak					
Takım çalışması içinde olmak					
Sürekli eğitim					
İş Ortakları ile bireysel ilişkiler geliştirmek					
Yerel kurumlar ile iyi ilişkiler geliştirmek					
Rekabetçi fiyat stratejileri uygulamak					
Fiyatları oluştururken yerel tüketicilerin gelirini göz önünde bulundurmak					
Ürünleri müşteri istek ve ihtiyaçlarına göre değiştirmek					

Tutundurma stratejilerini müşteri ihtiyaçlarına yönelik oluşturmak					
Dağıtım stratejilerini müşteri ihtiyaçlarına yönelik oluşturmak					
Marka ve markalaşmayı önemsemek					
Pazara ilk giren olmak					
Sosyal sorumluluk projelerinde yer almak					

MASTER THESIS QUESTIONNAIRE

1. How many employees work at your company?

Up to 50	
51-200	
201-500	
501-1000	
1001-2000	
More than 2000	

2. When was your company established, please state the year?
....

3. How long do you operate in international markets?

1-2 years	
3-5 years	
6-10 years	
11-15 years	
16-20 years	

4. When did you first enter the Bulgarian market?

1989- 1994	
1995-1999	
2000-2006	
2007-2008	

5. Did you ever exit from the Bulgarian market?

Yes			No	

If your answer to Question 5 is No, please go on with Question 7.

6. Since when you are in Bulgarian market continuously?

1989- 1994	
1995-1999	
2000-2006	
2007-2008	

7. In how many foreign countries do you operate?

1-5	
6-10	
11-15	
16-20	
20 and above	

Please respond to the option of 8.a or 8.b according to your own situation

8.a. If you operate in up to 5 countries, rank them according to their importance to you.

1.
2.
3.
4.
5.

8.b. If you operate in more than 5 countries, state the most important in ranking

1.
2.
3.
4.
5.

9. How many product lines/ categories does your firm market in Bulgaria?

1	
2-5	
6-10	
More than 10	

10. What is the share of sales generated from Bulgaria in your total international sales?

Less than 10%	
10-25%	
26-50%	
More than 50 %	

11. What is your entry strategy to Bulgarian market?

Indirect Exporting	
Direct Exporting	
Licensing	
Franchising	
Joint venture	
Brownfield	
Greenfield	

12. Which strategy do you apply in your international operations?

Using the same market entry mode for all markets	
Using different market entry mode for different markets (Strategic rule)	
Changing the market entry mode in time at the same market (Pragmatic rule)	

13. If there is any change, what is your current entry strategy to Bulgarian market?

Indirect Exporting	
Direct Exporting	
Licensing	
Franchising	
Joint venture	
Brownfield	
Greenfield	

14. Choose the 4 most important criteria which were effective in your market selection process:

Being Emerging Market	
Privatization of state-owned enterprises	
Expanding middle class	
Development of telecommunication and transportation technologies	
Rapid economic growth	
Low cost of doing business	
Manageable risk level	
Similar culture	
Common history	
Geography	
Language	
Positive climate	
Positive investment opportunities	
Bulgarian Government encouragements	
Opportunities to move to SIC countries (SIC: Azerbaijan, White Russia, Armenia, Kazakhstan, Kyrgyzstan, Moldova, Uzbekistan, Tajikistan, Russian Federation, Ukraine)	
Opportunities to move to other EU countries easily	
Other : (please specify)	

15. State the importance of the factors below for your company's success in the Bulgarian Market

> 1- Not Important at All; 2- Not Important; 3-Partially Important; 4- Fairly Important; 5- Very Important;

	1	2	3	4	5
Sharing and delegating the managerial responsibilities with the top managers					
Cost control by low cost production					
Quality in products and production					

Quality in services					
Applying TQM					
Meeting the needs of the customers					
Providing products fitting to expectations					
Appreciation of local consumer culture and values					
Innovativeness in products					
Innovativeness in production technologies					
Environmental conscious					
Access to information and knowledge provided by government, universities and other institutions					
Satisfying the needs of different segments with different brands, models and channels					
Using techniques like CRM to adjust your marketing program to customer needs					
Managing the political and economic uncertainty					
Ability to move and adapt rapidly					
Competent personnel					
Educated personnel					
Experienced local managers and personnel					
Experienced expatriates					
Team thinking					
Ongoing training					
Developing a personal relations with the partners					
Developing good links with the local institutions					
Implementing competitive pricing strategies					
Customizing the prices to the income of the local customers					
Customizing the products to the needs and demands of the local customers					
Customizing promotions strategies to the needs and demands of the local customers					
Customizing the distribution strategies to the needs and demands of the local customers					
Brand building- emphasizing the branding					
Being first or early mover to the market					
Involvement in social responsibility activities					

Appendix3. Scheffe Analyses

Scheffe Analyse for Firm Characteristics and Success Factors

Success Factors and Firms Size

Scheffe Analyse require Sig >0.05 for Test of Homogeneity of Variances and Anova, so "Involvement in social responsibility activities" and "Access to information and knowledge provided by government, universities and other institutions" are excluded from the analyse since their Sig<0.05 at this step. See Table A1.

Table A1. The Significance Values for Success Factors and Firm Size

	Test of Homogeneity of Variances	ANOVA
	Sig.	Sig.
Sharing and delegating the managerial responsibilities with the top managers	,119	,732
Cost control by low cost production	,476	,804
Quality in products and production	,871	,726
Quality in services	,535	,703
Applying TQM	,610	,741
Meeting the needs of the customers	,317	,361
Providing products fitting to expectations	,509	,653
Appreciation of local consumer culture and values	,096	,245
Innovativeness in products	,154	,248
Innovativeness in production technologies	,379	,359
Environmental conscious	,181	,528
Access to information and knowledge provided by government, universities and other institutions	,918	**,020**
Satisfying the needs of different segments with different brands, models and channels	,962	,754
Using techniques like CRM to adjust your marketing program to customer needs	,065	,951
Managing the political and economic uncertainty	,323	,243
Ability to move and adapt rapidly	,755	,677
Competent personnel	,937	,914
Educated personnel	,908	,961

Experienced local managers and personnel	,468	,701
Experienced expatriates	,729	,294
Team thinking	,962	,841
Ongoing training	,676	,408
Developing a personal relations with the partners	,434	,633
Developing good links with the local institutions	,566	,081
Implementing competitive pricing strategies	,570	,513
Customizing the prices to the income of the local customers	,386	,476
Customizing the products to the needs and demands of the local customers	,311	,195
Customizing promotions strategies to the needs and demands of the local customers	,084	,120
Customizing the distribution strategies to the needs and demands of the local customers	,592	,244
Brand building- emphasizing the branding	,947	,987
Being first or early mover to the market	,494	,374
Involvement in social responsibility activities	**,019**	,065

In result of the Scheffe test, it is not observed any success factor for which there is significant difference between the firms size groups in regard of degree of importance of the success factors.

Success Factors and International Experience

Scheffe Analyse require Sig >0.05 for Test of Homogeneity of Variances and Anova, so " Quality in products and production " , " Quality in services ", " Providing products fitting to expectations", "Managing the political and economic uncertainty", "Competent personnel"," Experienced local managers and personnel", "Team thinking", "Implementing competitive pricing strategies" , "Customizing the prices to the income of the local customers"," Brand building- emphasizing the branding", "Being first or early mover to the market" are excluded from the analyse since their Sig<0.05 at this step. See TableA2.

Table A2.The Significance Values for success Factors and International Experience

	Test of Homogeneity of Variances	ANOVA.
	Sig	Sig.
Sharing and delegating the managerial responsibilities with the top managers	,564	,455
Cost control by low cost production	,180	,599
Quality in products and production	**,002**	**,012**
Quality in services	**,000**	**,042**
Applying TQM	,195	,391
Meeting the needs of the customers	,402	,109
Providing products fitting to expectations	**,001**	,353
Appreciation of local consumer culture and values	,726	,362
Innovativeness in products	,578	,311
Innovativeness in production technologies	,047	,106
Environmental conscious	,474	,944
Access to information and knowledge provided by government, universities and other institutions	,174	,421
Satisfying the needs of different segments with different brands, models and channels	,799	,501
Using techniques like CRM to adjust your marketing program to customer needs	,257	,499
Managing the political and economic uncertainty	,366	**,026**
Ability to move and adapt rapidly	,485	,188
Competent personnel	**,000**	,245
Educated personnel	,094	,320
Experienced local managers and personnel	**,019**	,565
Experienced expatriates	,991	,395
Team thinking	**,007**	,418
Ongoing training	,381	,716
Developing a personal relations with the partners	**,036**	,556
Developing good links with the local institutions	,466	,145
Implementing competitive pricing strategies	**,000**	**,039**
Customizing the prices to the income of the local customers	**,032**	,146
Customizing the products to the needs and demands of the local customers	,079	,620
Customizing promotions strategies to the needs and demands of the	,684	,752

local customers		
Customizing the distribution strategies to the needs and demands of the local customers	,068	,197
Brand building- emphasizing the branding	**,029**	,598
Being first or early mover to the market	**,002**	,383
Involvement in social responsibility activities	,575	,896

In result of the Scheffe test, it is not observed any success factor for which there is significant difference between the firms international experience groups in regard of degree of importance of the success factors.

Success Factors and Bulgarian Experience

Scheffe Analyse require Sig >0.05 for Test of Homogeneity of Variances and Anova, so "Quality in products and production","Quality in services","Applying TQM", "Appreciation of local consumer culture and values","Innovativeness in production technologies", "Managing the political and economic uncertainty","Experienced local managers and personnel"," Ongoing training", "Developing a personal relations with the partners", "Implementing competitive pricing strategies", "Customizing the prices to the income of the local customers", "Customizing the distribution strategies to the needs and demands of the local customers", "Involvement in social responsibility activities" are excluded from the analyse since their Sig<0.05 at this step. See TableA3.

Table A3.The Significance Values for success Factors and Bulgarian Experience

	Test of Homogeneity of Variances	ANOVA
	Sig.	Sig.
Sharing and delegating the managerial responsibilities with the top managers	,164	,081
Cost control by low cost production	,972	,793
Quality in products and production	**,002**	,047
Quality in services	**,018**	,054
Applying TQM	**,002**	,075
Meeting the needs of the customers	,914	,522
Providing products fitting to expectations	,368	,650
Appreciation of local consumer culture and values	,977	**,033**
Innovativeness in products	,062	,153
Innovativeness in production technologies	**,014**	,236
Environmental conscious	,075	,754
Access to information and knowledge provided by government, universities and other institutions	,115	,660
Satisfying the needs of different segments with different brands, models and channels	,230	,326
Using techniques like CRM to adjust your marketing program to customer needs	,788	,196
Managing the political and economic uncertainty	,172	**,016**
Ability to move and adapt rapidly	,308	,133
Competent personnel	,657	,232
Educated personnel	,734	,107
Experienced local managers and personnel	**,012**	,340
Experienced expatriates	,497	,330
Team thinking	,383	,199
Ongoing training	**,028**	,074
Developing a personal relations with the partners	,198	**,044**
Developing good links with the local institutions	,111	,096
Implementing competitive pricing strategies	**,041**	,045
Customizing the prices to the income of the local customers	**,012**	**,014**
Customizing the products to the needs and demands of the local customers	,514	,161
Customizing promotions strategies to the needs and demands of	,982	,157

the local customers		
Customizing the distribution strategies to the needs and demands of the local customers	**,013**	**,012**
Brand building- emphasizing the branding	,065	,559
Being first or early mover to the market	,488	,417
Involvement in social responsibility activities	**,018**	,143

In result of the Scheffe test, it is not observed any success factor for which there is significant difference between the firms Bulgarian experience groups in regard of degree of importance of the success factors.

Success Factors and Number of Foreign Markets

Scheffe Analyse require Sig >0.05 for Test of Homogeneity of Variances and Anova, so "Cost control by low cost production" and "Brand building- emphasizing the branding" are excluded from the analyse since their Sig<0.05 at this step. See TableA4.

Table A4.The Significance Values for Success Factors and Number of Foreign Markets

	Test of Homogeneity of Variances	ANOVA
	Sig.	Sig.
Sharing and delegating the managerial responsibilities with the top managers	,480	,622
Cost control by low cost production	**,024**	,252
Quality in products and production	,379	,835
Quality in services	,653	,799
Applying TQM	,235	,920
Meeting the needs of the customers	,055	,643
Providing products fitting to expectations	,809	,886
Appreciation of local consumer culture and values	,624	,055
Innovativeness in products	,396	,199
Innovativeness in production technologies	,708	,206
Environmental conscious	,110	,148
Access to information and knowledge provided by government, universities and other institutions	,489	,419

Satisfying the needs of different segments with different brands, models and channels	,057	,069
Using techniques like CRM to adjust your marketing program to customer needs	,441	,649
Managing the political and economic uncertainty	,504	,023
Ability to move and adapt rapidly	,349	,099
Competent personnel	,796	,808
Educated personnel	,876	,906
Experienced local managers and personnel	,100	,439
Experienced expatriates	,066	,453
Team thinking	,959	,785
Ongoing training	,202	,459
Developing a personal relations with the partners	,505	,259
Developing good links with the local institutions	,388	,146
Implementing competitive pricing strategies	,473	,882
Customizing the prices to the income of the local customers	,357	,330
Customizing the products to the needs and demands of the local customers	,550	,198
Customizing promotions strategies to the needs and demands of the local customers	,666	,423
Customizing the distribution strategies to the needs and demands of the local customers	,177	,488
Brand building- emphasizing the branding	**,014**	,265
Being first or early mover to the market	,879	,161
Involvement in social responsibility activities	,572	,048

In result of the Scheffe test, it is observed significant difference between the firms which operate in 6 to 10 foreign markets and firms which operate in 16 to 20 foreign markets in regard of degree of importance of the "Managing the political and economic uncertainty" as success factors.

Success Factors and Number of Product Lines

Scheffe Analyse require Sig >0.05 for Test of Homogeneity of Variances and Anova, so "Cost control by low cost production"," Applying TQM", "Appreciation of

local consumer culture and values", "Managing the political and economic uncertainty", "Ability to move and adapt rapidly", "Educated personnel", "Experienced local managers and personnel", "Team thinking", "Ongoing training", "Customizing the products to the needs and demands of the local customers" are excluded from the analyse since their Sig<0.05 at this step. See TableA5.

Table A5. The Significance Values for Success Factors and Number of Product Lines

	Test of Homogeneity of Variances	ANOVA
	Sig.	Sig.
Sharing and delegating the managerial responsibilities with the top managers	,440	,223
Cost control by low cost production	**,031**	**,036**
Quality in products and production	,111	,085
Quality in services	,290	,246
Applying TQM	**,013**	,275
Meeting the needs of the customers	,971	,258
Providing products fitting to expectations	,191	,450
Appreciation of local consumer culture and values	,527	**,032**
Innovativeness in products	,987	,216
Innovativeness in production technologies	,756	,179
Environmental conscious	,085	,454
Access to information and knowledge provided by government, universities and other institutions	,185	,443
Satisfying the needs of different segments with different brands, models and channels	,046	,289
Using techniques like CRM to adjust your marketing program to customer needs	,257	,389
Managing the political and economic uncertainty	**,034**	,435
Ability to move and adapt rapidly	**,004**	,341
Competent personnel	,326	,782
Educated personnel	**,027**	,183
Experienced local managers and personnel	**,000**	,101

Experienced expatriates	,203	,243
Team thinking	**,039**	,805
Ongoing training	**,019**	,155
Developing a personal relations with the partners	,054	,673
Developing good links with the local institutions	,081	,297
Implementing competitive pricing strategies	,183	,310
Customizing the prices to the income of the local customers	,683	,313
Customizing the products to the needs and demands of the local customers	**,000**	,234
Customizing promotions strategies to the needs and demands of the local customers	,084	,621
Customizing the distribution strategies to the needs and demands of the local customers	,207	,428
Brand building- emphasizing the branding	,313	,445
Being first or early mover to the market	,327	,693
Involvement in social responsibility activities	,419	,765

In result of the Scheffe test, it is not observed any success factor for which there is significant difference between the firms Number of Product Lines groups in regard of degree of importance of the success factors.

Success Factors and Market Entry Mode

Scheffe Analyse require Sig >0.05 for Test of Homogeneity of Variances and Anova, so "Sharing and delegating the managerial responsibilities with the top managers"," Appreciation of local consumer culture and values ",” Environmental conscious ", " Managing the political and economic uncertainty ", " Ability to move and adapt rapidly ", and " Developing a personal relations with the partners " are excluded from the analyse since their Sig<0.05 at this step. See TableA6.

Table A6.The Significance Values for Success Factors and Market Entry Mode

	Test of Homogeneity of Variances	ANOVA
	Sig.	Sig.
Sharing and delegating the managerial responsibilities with the top managers	,161	**,041**
Cost control by low cost production	,105	,408
Quality in products and production	,720	,444
Quality in services	,908	,672
Applying TQM	,486	,763
Meeting the needs of the customers	,169	,326
Providing products fitting to expectations	,116	,256
Appreciation of local consumer culture and values	,077	**,032**
Innovativeness in products	,661	,234
Innovativeness in production technologies	,220	,138
Environmental conscious	**,007**	,155
Access to information and knowledge provided by government, universities and other institutions	,501	,281
Satisfying the needs of different segments with different brands, models and channels	,303	,500
Using techniques like CRM to adjust your marketing program to customer needs	,115	,887
Managing the political and economic uncertainty	,277	**,039**
Ability to move and adapt rapidly	,946	**,018**
Competent personnel	,261	,258
Educated personnel	,874	,909
Experienced local managers and personnel	,056	,336
Experienced expatriates	,684	,635
Team thinking	,383	,657
Ongoing training	,821	,457
Developing a personal relations with the partners	**,030**	,147
Developing good links with the local institutions	,056	,153
Implementing competitive pricing strategies	,508	,893
Customizing the prices to the income of the local customers	,940	,790
Customizing the products to the needs and demands of the local customers	,156	,580

Customizing promotions strategies to the needs and demands of the local customers	,781	,583
Customizing the distribution strategies to the needs and demands of the local customers	,331	,682
Brand building- emphasizing the branding	,722	,797
Being first or early mover to the market	,765	,359
Involvement in social responsibility activities	,626	,093

In result of the Scheffe test, it is not observed any success factor for which there is significant difference between the firms Market Entry Modes groups in regard of degree of importance of the success factors.