

THE REPUBLIC OF TURKEY

BAHÇEŞEHİR UNIVERSITY

**THE PERSPECTIVES OF THE
OWNERS/MANAGERS OF THE SMEs
OPERATING IN PRINTING SECTOR IN ANKARA
ON THE CONCEPT AND OBSTACLES OF
INSTITUTIONALIZATION**

Master Thesis

NİRAY TUNÇEL

ISTANBUL, 2011

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THE GRADUATE SCHOOL OF SOCIAL SCIENCES

M.A. PROGRAM IN MARKETING

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Thesis Supervisor: ASST. PROF. ELİF KARAOSMANOĞLU

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Name of the Thesis: *The perspectives of the owners/managers of the SMEs operating in printing sector in Ankara on the concept and obstacles of institutionalization*
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Date of Thesis Defense: *28.01.2011*

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ACKNOWLEDGEMENTS

I want to thank my father, Muzaffer Tunçel, for his efforts to arrange the interviews with his colleagues who are honorable entrepreneurs of printing sector in Ankara. I also want to thank to these eight entrepreneurs for allocating their time for my interviews and answering my questions sincerely. And, my advisor, Dear Elif Karaosmanođlu, thanks to you for your help and guidance throughout this process. Also, Dear Mehmet Akça, thank you for your contribution to the design of my thesis.

Hope, this study will guide and help other researchers and contribute to overcome the obstacles of institutionalization in Turkish SMEs.

Sincerely,

ISTANBUL, 2011

Niray TUNÇEL

ABSTRACT

THE PERSPECTIVES OF THE OWNERS/MANAGERS OF THE SMEs OPERATING IN PRINTING SECTOR IN ANKARA ON THE CONCEPT AND OBSTACLES OF INSTITUTIONALIZATION

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M.A. Program in Marketing

Thesis Supervisor: Asst. Prof. Elif Karaosmanoğlu

January 2011, 85 pages

Small and medium enterprises (SMEs) are expectant to be institutionalized to cope with the obstacles related to uncertainty and growth. It is a fact that the term “institutionalization” is attributed variety of different contents and meanings in Turkish context. The main purpose of this paper is to understand the perspectives of the entrepreneur managers of the SMEs towards the concept of institutionalization and its obstacles. The paper firstly explains the concept of the SME, institutionalization and obstacles. Then, the study is qualitative in nature which presents primary data collected through ten in-depth interviews, eight of them are with the owners/managers of the SMEs in printing sector in Ankara who are determined according to the convenience sampling method and the rest of two is with the chairman of Ankara Chamber of Printers, Binders and Craftsmen and the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen.

The interviews with the chairman of Ankara Chamber of Printers, Binders and Craftsmen and the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen focus on the printing sector, institutionalization and SMEs in the sector. The interviews with the owners/managers focus on the concept of institutionalization and barriers. In accordance with the collected data, the similarities and differences on how they define the concept of institutionalization and barriers are intended to reveal. Institutionalization is associated with various terms such as sustainability, rules and standards, growth and professional management and it is confirmed that there are similarities and differences among the perspectives of the owners/managers. It is also determined that obstacles pertaining to institutionalization are seen as similar and different financial, managerial, human resources, production and sector specific factors.

Even the owners/managers have a knowledge and interest in institutionalization at a certain level but not adequate, that may be claimed to influence institutionalization attempts negatively and to cause paradoxes related to remedies. In accordance with the data gathered in this research, the paper concludes with the implications related to the institutionalization and the printing sector SMEs, theoretical contribution of the study and recommendations to the policy makers and managers.

Key Words: Institutionalization, SMEs, Owners/Managers, Obstacles, Printing Sector

ÖZET

ANKARA'DA MATBAA SEKTÖRÜNDE FAALİYET GÖSTEREN KOBİ SAHİP VE YÖNETİCİLERİNİN KURUMSALLAŞMA KAVRAMI VE DARBOĞAZLARI HAKKINDAKİ GÖRÜŞLERİ

Tunçel Niray

Pazarlama Yüksek Lisans Programı

Tez Danışmanı: Yrd. Doç. Elif Karaosmanoğlu

Ocak 2011, 85 sayfa

Küçük ve orta büyüklükteki işletmelerin (KOBİ'lerin) belirsizlik ve büyümeyle ilgili darboğazları aşabilmeleri için kurumsallaşmaları beklenir. Bu açıdan bakıldığında, Türkçe kaynaklarda "kurumsallaşma" terimine çok çeşitli içerik ve anlamlar yüklenmektedir. Bu çalışmanın amacı, KOBİ sahip ve yöneticilerinin kurumsallaşma kavramı ve darboğazları üzerindeki görüşlerini anlamaktır. Çalışmada öncelikle KOBİ kavramı, kurumsallaşma ve darboğazları açıklanmaktadır. Çalışma nitel araştırma deseninde olup verileri elde edebilmek amacıyla on kişiyle derinlemesine mülakat yapılarak gerçekleştirilmiştir. Bunlardan sekizi kolay ulaşılabılır durum örnekleme yöntemiyle belirlenen Ankara'da matbaa sektöründe faaliyet gösteren KOBİ sahip ve yöneticileriyle, ikisi ise Ankara Matbaacılar, Ciltçiler ve Sanatkârlar Odası Başkanı ve İstanbul Matbaacılar, Ciltçiler ve Sanatkârlar Odası Genel Sekreteriyle gerçekleştirilmiştir.

Ankara Matbaacılar, Ciltçiler ve Sanatkârlar Odası Başkanı ve İstanbul Matbaacılar, Ciltçiler ve Sanatkârlar Odası Genel Sekreteri'yle olan görüşmelerde matbaa sektörü, kurumsallaşma ve sektördeki KOBİ'lere ağırlık verilmiştir. Sahip ve yöneticilerle yapılan görüşmelerde kurumsallaşma kavramı ve darboğazları üzerinde durulmuş ve elde edilen veriler doğrultusunda kurumsallaşma kavramını ve darboğazlarını nasıl tanımladıkları ile ilgili farklar ve benzerlikler ortaya konulmaya çalışılmıştır. Kurumsallaşma süreklilik, kurallar ve standartlar, büyüme ve profesyonel yönetim gibi terimlerle ilişkilendirilmiş, söz konusu sahip ve yöneticilerin görüşleri arasında benzerlikler ve farklılıklar olduğu tespit edilmiştir. Kurumsallaşmaya ait darboğazların ise finansal, yönetsel, insan kaynakları, üretim ve sektöre özel benzer ve farklı faktörler olarak görüldüğü belirlenmiştir.

Sahip ve yöneticiler kurumsallaşma hakkında belli bir bilgi ve alaka düzeyine sahip olsalar dahi bunun yeterli olmadığı ve bu durumun kurumsallaşma isteğini olumsuz etkilediği ve çözümlere yönelik çelişiklere neden olduğu söylenebilir. Sonuç olarak, bu çalışmada elde edilen veriler doğrultusunda kurumsallaşma ve matbaa sektöründeki KOBİ'lere yönelik çıkarımlar, çalışmanın kuramsal katkısı ve politika oluşturanlar ve yöneticilere yönelik öneriler yer almaktadır.

Anahtar Kelimeler: Kurumsallaşma, KOBİ'ler, Sahip ve Yöneticiler, Darboğazlar, Matbaa Sektörü

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ABBREVIATIONS

Ankara Chamber of Industry (Ankara Sanayi Odası)	: ASO
European Statistics Office	: EUROSTAT
European Union	: EU
International Organization for Standardization	: ISO
Organization for Economic Co-operation and Development	: OECD
Research and Development	: R&D
Small and Medium Industry Development Organization (Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme Daire Başkanlığı)	: KOSGEB
Small and Medium Sized Enterprise (Küçük ve Orta Ölçekli İşletme)	: SME, KOBİ
Turkish Banking Regulation and Supervision Agency (Bankacılık Düzenleme ve Denetleme Kurulu)	: BDDK
Turkish Republic Prime Ministry State Planning Organization (Devlet Planlama Teşkilatı)	: DPT
Turkish State Planning Organization - Small and Medium Sized Enterprise Specialization Commission	: KOBİ ÖİK
Turkish Statistics Institute (Türkiye İstatistik Kurumu, Devlet İstatistik Enstitüsü)	: TURKSTAT, TÜİK DİE
Turkish Standards Institute (Türk Standardları Enstitüsü)	: TSE
United Kingdom	: UK
United States of America	: USA
Value Added Tax	: VAT

1. INTRODUCTION

Most of the operating firms in Turkey, as well as in other countries, are small and medium enterprises (SMEs) (Akgemci 2001). SMEs are the impulsive power of the economy and international competition in many countries (Ulukan 2005, p. 30). In Turkey, even if the SMEs make a significant contribution to both total value added and employment, they face many problems related to finance, management, human resource, production and many other issues. Most of the SMEs are tend to overcome their problems on their own as much as their resource let them (Ulukan 2005, p. 30).

Entrepreneurs, managers, academicians, business consultants are in consensus that solution of problems of the SMEs can only be possible with institutionalization. However, there are too many perspectives on institutionalization, which cause a concept clutter and institutionalization to be regarded as a complicated concept (Ulukan 2005, p. 30).

Even if being an institutionalized firm is a wish of the owners/managers of SMEs, the previously conducted researches show that the most important problem of SMEs is not to be able to get institutionalized (Karpuzođlu 2000; Okur 2003; Tetik and Uluyol 2005). It is because there are several obstructive factors that prevent SMEs to progress in institutionalization process. Therefore, the importance of institutionalization and obstacles are actual subjects that are considered.

According to another research that is conducted with 150 high level managers (Fındıkçı 2007), nearly all of the respondents (94 percent) state that there are institutionalization and planning problems in their companies. These problems in question are assumed to be related to the wrong assumption and lack of information (Çakıcı and Özer 2008, p. 42).

This research aims to address the concept of institutionalization and obstacles from the perspectives of owners/managers and focuses on the SMEs in printing sector in Ankara. The paper firstly explains the concept of the SME including its definition, importance and place in world economy, characteristics. Then, SMEs in Turkey focusing on the weakness of SME sector is depicted. And then, the concept of institutionalization in

literature is considered with regard to the different perspectives on definition, institutionalization and obstacles in SMEs.

The following section then gives the analysis of the research, which is conducted by in-depth interview technique with the chairman of Ankara Chamber of Printers, Binders and Craftsmen, the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen and the owners/managers of SMEs in printing sector.

Findings related to the sector, institutionalization and SMEs in the sector and findings related to the perspectives of the owners/managers on the concept of institutionalization are given respectively. The paper concludes with the implications about institutionalization and SMEs in printing sector, theoretical contribution of the study and recommendations for policy makers and owners/managers of SMEs.

2. LITERATURE RESEARCH

In this part, firstly the concept of the SME including its definition, importance and place in world economy, and characteristics are examined. Then, SMEs in Turkey focusing on the weakness of SME sector is depicted. And then, different perspectives about institutionalization in national and international basis, institutionalization in SMEs, and obstacles of institutionalization in SMEs are focused on respectively.

2.1. SMEs

2.1.1. Definition of the SME

The concept of the SME is used in almost all countries. The extent of which the concept means differs across countries related to the economy, industrialization level, market size and production method used (Karataş 1991). Also, countries put various policies and programs to increase the contribution of SMEs to the economy as well as; to determine the target group of those policies and programs; hence they develop their own definitions of SMEs (Alpugan 1994, pp. 3-6).

Countries, in the frame of their policies and resources, determine their SME definitions based on some significant factors such as capital amount, headcount and turnover (Cansız 2008, p. 3). Criteria of some countries' definitions are given in Table 2.1.

Table 2.1 : Criteria that the countries consider while determining their SME definitions

Countries	Bangladesh, Indonesia, Ghana, India, Nepal, Nigeria, Kenya, Sri Lanka	Brazil, Malaysia, OECD Thailand	EU, USA, Philippines Japan, Peru, Sudan Turkey, Venezuela
Criteria	Capital	Headcount	Turnover + Capital + Headcount

Source: Sanayi Politikaları Özel İhtisas Komisyonu Raporu, DPT, 2000, p. 82, 83

As it is seen from the table, countries use different criteria to define SMEs. In some countries, such as the USA, there is no formal definition of SMEs. However, headcount and turnover are the most important criteria to define SMEs.

SBA (Small Business Administration), which has operated since 1920 in the USA usually, adopts number of employees and turnover as definition criteria. For instance, in textile sector SBA accepts 250 employees and 9.5 million dollars turnover as the maximum limit to define a company as a small enterprise. (Müftüoğlu 2007, p. 111)

In European countries, there are different definitions of the SME. For instance, In Italy, enterprises that employ at most 250 workers are considered SMEs. Besides, if a company has a professional manager, it is classified as a big enterprise. Classification factors of some European countries are exhibited below in Table 2.2.

Table 2.2 : SME definitions of different countries in Europe

	Size	Headcount	Turnover	Balance Sheet
Italy	Micro	1-19 (included)		
	Small	20-99 (included)		
	Medium	100-250 (included)		
	Big	>250		
England	Small	< 50	< £ 5,6 million	< £ 2,8 million
	Medium	< 250	< £ 22,8 million	< £ 11,4 million
France	Small	1 - 49 (included)		
	Medium	50 - 249 (included)		
	Big	≥ 250		
Germany	Small	1-49 (included)		
	Medium	50-249 (included)		

Source: Adnan Çelik, Tahir Akgemci, (2007). Girişimcilik Kültürü ve Kobi'ler, Ankara: Gazi Kitabevi, Genişletilmiş 2.B., p. 118, 119

In England, SME definition is written in Company Law. According to the law, to classify a firm as SME, it has to provide at least two of the criteria above in Table 2.2.

In statistical use, the Ministry of Trade and Industry of England usually uses the definition below:

Micro size: Firms that have 0-9 employees

Small size: Firms that have 0-49 (including micro size firms)

Medium size: Firms that have 50-249 employees

Big size: Firms that have more than 250 employees

In France, SMEs are defined as the companies, managers of which undertake financial, technical, social, moral, and legal obligations personally and directly and also, based on the headcount, they are separated into different sizes (Celik and Akgemci 2007, p. 118) as it is shown in Table 2.2.

SME definition in Germany, which is dependent on various industries, headcount and, annual sales revenue, has been changed in order to comply with EU. As a result, the final SME definition is now based on headcount as it is in two other countries, France and Italy, shown in Table 2.2.

As it is seen from Table 2.2, in many countries firms that have less than 250 employees are considered SMEs but still, definitions differ among countries. EU, not to cause any confusion in neither national nor union bases, for the first time in 1997, developed a SME definition valid for all EU countries and became effective in 1998. This definition classified SMEs in three groups; Micro, small and medium size enterprises. This classification was based on four criteria three of which are quantitative and one is qualitative respectively; headcount, balance sheet amount, turnover and autonomy criteria. Then, these criteria were changed in following years. Personnel and autonomy criteria were remained while balance sheet amount and turnover criteria were pushed up. As well, until the final definition, for micro size enterprises, no numerical value was given for balance amount and turnover criteria but in final definition made in 2005, balance amount and turnover criteria were determined for micro size enterprises. Eventually in 2005, EU, as a single market, developed a common SME definition that is shown in Table 2.3.

Table 2.3 : SME definition of EU

Size	Number of employees	Turnover	OR	Balance Sheet Total
Medium	< 250	≤ € 50 million	Or	≤ € 43 million
Small	< 50	≤ € 10 million	Or	≤ € 10 million
Micro	< 10	≤ € 2 million	Or	≤ € 2 million

Source : http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm

Enterprises qualify as micro, small and medium-sized enterprises (SMEs) if they fulfill the criteria which are summarized in Table 2.3. In addition to the staff headcount ceiling, an enterprise qualifies as an SME if it meets either the turnover ceiling or the balance sheet ceiling, but not necessarily both.

Also, according to the autonomy criterion which is a qualitative one, an enterprise has to be autonomous to be classified as an SME.

Your enterprise is autonomous, if it is totally independent, if it has no participation in other enterprises and no enterprise has a participation in yours. It is also autonomous if it has a holding of less than 25% of the capital or voting rights (whichever is the higher) in one or more other enterprises and/or outsiders do not have a stake of 25% or more of the capital or voting rights (whichever is the higher) in your enterprise.
(European Commission 2005, p. 16)

As all other countries, Turkey had different SME definitions until it developed one that was adapted to EU's. Generally legal SME definitions were generated based on quantitative properties. Definitions that have been developed and used up till now are shown in Table 2.4.

Table 2.4 : SME definitions used in Turkey

Institution	Definition scope	Definition Criterion	Micro-sized Enterprise	Small-sized Enterprise	Medium-sized Enterprise
KOSGEB	Manufacturing Industry	Headcount	-	1-50	51-150
Halkbank	Manufacturing industry, tourism, software development	Headcount Fixed investment amount (EUR)	- -	- -	1-250 Total: Less than 600 billion TL
Undersecretariat of Treasury	Manufacturing Industry, tourism, agricultural industry, education, health, software development	Headcount	1-9	10-40	50-250
		Investment amount which is subjected in SME Incentive Certificate (EUR)	-	350 Billion TL	Less than 950 billion TL
		Autonomy Criterion	-	-	Capital amount that is owned by other enterprises less than 25%
Undersecretariat of Foreign Trade	Manufacturing Industry	Headcount	-	-	1-200
		Fixed Investment amount (EUR)	-	-	Before 2000 less than \$1,8 million; after 2000 less than \$2 million
EximBank	Manufacturing Industry	Headcount	-	-	1-200
		Fixed Investment amount (EUR)	-	-	Less than \$2 million
TÜİK and DPT		Headcount	1-9	10-49	50-99

Note: Assuming EUR 1 = TRL 1, 700 000.

Source: Adnan Çelik, Tahir Akgemci, (2007). Girişimcilik Kültürü ve Kobi'ler, Ankara: Gazi Kitabevi, Genişletilmiş 2.B., p. 111

Above, limited number of SME definition is given. Besides them, there are a lot of different definitions. In Table 2.4, it is seen that each institution determines different limitations for headcount, investment amount and sales revenue defining SME. Here, the most important characteristic of the definitions is that they are related to the sectors and this restricts enterprises in some sectors to benefit from some reinforcements and privileges.

Finally, to avoid any confusion, to create a comprehensive definition, which includes all sectors, and comply with the SME definition of EU, in 2005, Turkey developed a new SME definition that is shown in Table 2.5.

Table 2.5 : SME definition of Turkey adapted to EU's (with respect to the regulation)

Size	Headcount	Financial Sheet	Balance	Net Sales Revenue
Micro	< 10	≤ 1 million YTL (≤ € 606.000)		≤ 1 million YTL (≤ € 606.000)
Small	< 50	≤ 5 million YTL (≤ € 3 million)		≤ 5 million YTL (≤ € 3 million)
Medium	< 250	≤ 25 million YTL (≤ € 15 million)		≤ 25 million YTL (≤ € 15 million)

Source: Küçük ve Orta Büyüklükteki İşletmelerin Tanımı, Nitelikleri ve Sınıflandırılması Hakkında Yönetmelik, Karar Sayısı: 2005/9617 R.G. Tarih ve No: 18.11.2005 / 25997

As it is shown above, according to the regulation concerned with SME definition adapted to EU's, to classify an enterprise as an SME, it is supposed to have less than 250 employees and a financial balance sheet or net sales revenue less than 25 million YTL. Also, it must not be a linked enterprise included in group of a big company.

As well, it is necessary to indicate that in the SME definition above; there is no sector-related discrimination as it was the point in definitions of some institutions. This is a constructive improvement. Thus, in addition to the manufacturing industry, many others are involved in the content of new definition.

2.1.2. Increasing Importance of SMEs

As globalization and international competition emerged in the last quarter of 20th century and have increased their effects, resources that give competitive advantage to companies and nation have changed. In other words, globalization that is parallel with the technological development puts forward that economies are supposed to have different qualifications today to carry their businesses to the world market level and obtain competitive advantage (Bayrak and Akdis, 2000).

Accordingly, economies of scale that provide competitive advantage to companies traditionally have begun to lose its importance. This idea, which is especially promoted by the economist Schumpeter supports that big companies play a very important role on mass production and fast increase in production. According to Schumpeter, costs can be reduced by the production in large capacity facilities, profitability can be increased by internal and external savings and therefore competitive advantage can be gained (Bayrak and Akdiş 2000).

However, since 60s, breakdowns in economical data, the sharp increase in energy prices specifically in industrialized countries and in relate onto this, increase in input costs and shortage in demand volume caused the extinction of the stability model that is dependent on big-sized enterprises. However, it also caused the small and medium sized enterprises, which survived in competitive war with flexibility, diversity and nimbleness, to gain strength and spread over (Bayrak and Akdiş 2000).

The author of Global Paradox, John Naisbitt (1994, p.8) summarizes this process as “The bigger the world economy, the more powerful its smallest players”. Naisbitt (1994) also states that there is a transition from the economies of scale to the non-economies of scale. The bigger players are not better any more. On contrast, they are less effective, high costly, unnecessarily bureaucratic, far from flexibility, more terrible. Paradox is that passing to the global frame in a broader area, smaller and faster players will be more successful.

As a result of long-continuing crisis, although large number of big companies collapsed, positive characteristics of SMEs such as being flexible, able to maneuver and change made them more attractive. Besides, SMEs, as a result of the changes in economic structure and the effects caused by technological re-structuring, increase their

importance by creating net and more job opportunities than the big ones do (Ekin 1996, p. 70). Many research conducted in both EU and the USA shows that SMEs respond the economic recovery earlier, adapt themselves changing business conditions quickly and keep their capacities in more effective level (Karataş 1991, p. 272).

SMEs are considered one of the strongest parts of the economy rather than a problem. Before, these enterprises were considered as the indicators of paralyzed economic structure but today, they are seen as the guarantee for dynamism and flexibility in a country's economy. As everything is changing very quickly, these characteristics are very significant for economic success (Müftüoğlu 2007, p. 36).

SMEs do not only have economic importance but also have social and political importance. From social aspect, the importance of SMEs is widely accepted due to their contribution to the employment, middle-class characteristics. Their role on dynamic structure that makes social transition easier increases their importance. Moreover, SMEs are one of the fundamental elements of middle-class theory in sociology. From political aspect, SMEs are accepted to be a guarantee for employment and an assurance for democracy. In the country of coalitions, such as Italy, permanency of democratic system is related to the strong structure of SMEs (Müftüoğlu 2007, p. 37).

In the world of which everything is in a permanent change process, it is recognized that this trend has accelerated in recent years not only in technological areas but also in economic and social areas. This fast change phenomenon demonstrates its impacts on the evaluation of SMEs and perspectives about them. The most significant elements of this change process rooted in science and technology for SMEs since 70s are:

- i. The developments in non-mechanic technology especially in electronic technology decreased the importance of big sized machines. Or, with its name in economic terminology, economies of scale have decreased its importance (Müftüoğlu 2007, p. 32).
- ii. Radical changes in transportation, communication and information technologies have brought new qualifications to marketing, financial accounting, finance, planning and, governance areas (Friedman 2006).

- iii. Information itself has become a production factor and researches aimed at implementation have become favorable and implementation of innovations has become faster (OECD 2004, p. 13).
- iv. The role that science and technology play created “techno-parks”. Business cooperation and flow of information have been a pushing power for small players. Science-technology integration has engendered big-jumps in production systems (Friedman 2006).
- v. Automation applications have become widespread, mental power of human has outshined rather than physical power and, decision making and creativeness traits have risen in consideration. Moreover, innovations have augmented value added products in SMEs (Akdiş and Bayrak 2000).
- vi. World markets have taken the place of national markets. Demand diversification has risen and demand gaps that small enterprises can target have emerged. These demand gaps named “niche” consist of huge opportunities for SMEs and fresh investments (Müftüoğlu 2007, p. 33).
- vii. Widespread independency conscious and individualism trend have been a motivating factor for people who have entrepreneurship potential to start their own businesses (Akdiş and Bayrak, 2000).
- viii. There has been a transition from centralization to de-centralization, from representative democracy to participating democracy (Müftüoğlu 2007, p. 33).
- ix. “Self-sufficiency” phenomenon makes running business independently, being business men/women and entrepreneurs more favorable and SME entrepreneurship accelerates progressively (Moore and Buttner 1997, pp. 8-9).
- x. As a result of privatization policies, transportation, catering, cleaning and such services have been taken over by SMEs (Müftüoğlu 2007).

Müftüoğlu (2007, p. 33) states that changes listed above can be best expressed by E.F. Schumacher’s book (1973) entitled as “Small is Beautiful” which has been a widespread slogan representing all those changes all over the world. Due to those reasons, importance of SMEs has been far greater than before.

2.1.3. Place of SMEs in World Economy

Take a look at any big company. Now, look back through time and track down when the company actually began. Not too many were born the size of the National Federal Bank or Procter&Gamble. Almost every company we know of began as an SME. The all-powerful Microsoft began as a couple of guys in a small garage in North-America; Vodafone as we know it today was once a little spin-off from Racal; Hewlett-Packard started in a little wood shack; Google was begun by a couple of young kids who thought they had a good idea; even Volkswagen at one point was just a little car maker in Germany (as opposed to being a giant small car maker globally). (Lukacs, 2005, p. 3)

Lukacs (2005, p. 3) stated the importance of SMEs as a starting point with these sentences. SMEs have become a really important part of the world economy with their fast growth capabilities, regional development roles, and contributions to decrease the unemployment and provide new job areas. Due to these positive sides and many others, SMEs maintain a considerable role in economic and social development of the countries (Cansız 2008, p. 1).

Table 2.6 : Basic facts about SMEs and large enterprises in Europe

	SME	Large	Total
Number of enterprises (1000)	20.415	40	20.445
Employment (1000)	80.790	40.490	121.750
Persons employed per enterprise	4	1.020	6
Turnover per enterprise (Million €)	0,6	255,0	1,1
Share of exports in turnover (%)	13	21	17
Value added per person employed (€ 1000)	65	115	80
Share of labor cost in value added (%)	63	49	56

Source: Estimated by EIM Business & Policy Research; estimates based on Eurostat' s SME Database. Also based on European Economy, Supplement A, June 2001 and OECD: Economic Outlook, No. 65, June 2001.

Table 2.6 shows that on average, an enterprise in Europe - even including all very large enterprises- provides employment to 6 people; the average for SMEs only is 4 people. However, this varies between 2 people in micro enterprises, and over 1 000 in large enterprises. Between countries, there are large differences as well. On average, an enterprise has 2 occupied persons in Greece and in Hungary too; and 3 in Italy,

compared with 10 in Ireland, Luxembourg, Austria and the Netherlands (Lukacs 2005, p. 6).

Of the 19.3 million enterprises in the European Union (EU) today, 99.8 percent are defined as SMEs and employ some 75 million people. There are only 35,000 enterprises, with more than 250 employees, but 18 million enterprises employ fewer than 10 people - the micro- enterprises (6th Annual Report of the European Small Business Observatory).

On a global scale, small and medium-sized enterprises provide some 66 percent of jobs in the European Union (EU) - a percentage which is predicted to rise as SMEs face challenges and opportunities associated with increased globalization, largely through e-commerce and greater Internet usage by entrepreneurs. In the last decade, SMEs were the principle creators of new jobs, whilst on average; big industry has downsized and reduced employment. EU SMEs currently generate 56.2 percent of the private sector turnover (Lukacs 2005, p. 7).

In table 2.7, the places of SMEs in some countries' economies are given. As it is seen from the table;

- i. Most of the enterprises are SMEs
- ii. SMEs provide more than half of the employment
- iii. Approximately 1 / 3 of the investments are realized by SMEs
- iv. SMEs have a considerable share on the value added and export.

Table 2.7 : Places of SMEs in some countries' economies

	USA	Germany	India	Japan	UK	South Korea	France	Italy	Turkey*
Rate of SMEs to the total enterprises	97.2	99.8	98.6	99.4	96	97.8	99.9	97	98.9
Rate of SME employees to the total employment	50.4	64	63.2	81.4	36	61.9	49.4	56	76.7
Share of SMEs in investment	38	44	27.8	40	29.5	35.7	45	36.9	38
Share of SMEs in production	36.2	49	50	52	25.1	34.5	54	53	37.7
Share of SMEs in export	32	31.1	40	38	22.2	20.2	23	-	10
Share of SMEs in value added	36.2	49	50	52	25.1	34.5	54	53	26.5
Share of SMEs in credits	42.7	35	15.3	50	27.2	46.8	48	-	28.4**

Source: OECD 2002, *DPT KOBİ Stratejisi ve Eylem Planı 2003, **BDDK, Finansal Piyasalar Raporu, Eylül 2007, p. 39

Moreover, Table 2.8 shows the range of the enterprises in manufacturing industry and the employment according to the enterprise size in some countries. Analyzing the table, it is seen that in OECD countries SMEs generate 98% of the enterprises in manufacturing industry and 60 percent of the employment being the main job providers. Moreover, countries consider SMEs key factors for industrial structuring and construct their national SME politics and programs (Cansız 2008, p. 5).

Furthermore, Table 2.8 shows that SMEs form a high percentage of total enterprises in regarding countries. However, big enterprises provide the larger part of total employment in most of those countries despite their small share in number of total enterprises. Yet, in Italy SMEs are better in terms of creating employment than big enterprises (Cansız 2008, p. 6).

Table 2.8 : The Range of enterprises and employment with respect to the size of enterprises in some countries

Countries Size of the Enterprise	1-9		10-49		50-249		250+	
	Number of enterprises (%)	Employment (%)	Number of enterprises (%)	Employment (%)	Number of enterprises (%)	Employment (%)	Number of enterprises (%)	Employment (%)
Turkey	90,3	27,6	7,8	20,9	9,1	34,9	0,4	30,5
Australia	72,6	14,1	21,8	20,5	4,1	17,8	1,5	47,7
Austria	71,0	10,3	21,8	18,9	5,5	26,9	1,6	43,8
Belgium	79,4	11,6	15,5	18,9	4,1	23,8	1,0	45,8
Czech Republic	89,2	14,2	7,6	15,6	2,6	25,5	0,7	44,7
Denmark	71,4	7,4	21,1	18,9	6,0	26,3	1,5	47,4
Finland	84,0	9,0	11,4	14,8	3,6	22,5	1,0	53,7
France	81,6	12,0	14,0	19,0	3,4	22,3	0,9	46,7
Germany	62,1	6,7	27,3	14,5	8,4	23,7	2,2	55,1
Greece	79,4	26,6	17,1	34,0	3,5	39,5
Hungary	87,2	16,1	9,4	16,5	2,7	23,2	0,8	44,2
Ireland	39,0	4,4	42,0	19,2	15,2	32,3	3,8	44,2
Italy	83,4	25,5	14,4	31,0	1,9	20,8	0,3	22,8
Japan	50,9	10,8	39,2	28,4	8,5	29,9	1,4	30,9
Korea	88,6	42,9	8,3	20,7	2,9	23,2	0,2	13,3
Netherlands	74,7	9,9	18,9	23,3	5,2	30,6	1,2	36,2
Norway	60,6	8,7	29,4	22,9	7,6	28,3	1,7	40,1
Poland	89,7	19,4	6,5	12,8	3,0	27,9	0,8	39,9
Portuguese	78,9	18,9	16,7	28,1	3,9	29,3	0,5	23,7
Spain	78,4	19,2	18,4	31,9	2,8	22,6	0,5	26,2
Sweden	85,4	11,1	10,8	15,2	3,0	20,7	0,8	53,0
U.K.	71,7	10,1	21,0	18,8	5,9	25,8	1,5	45,3

Source: TÜİK 2002, OECD 2005

2.1.4. Characteristics of SMEs

SMEs, in terms of size, are small and flexible and, have different characteristics from big enterprises (Koç 2008, p. 15). These specific characteristics should be analyzed in order to be closely acquainted with the SMEs.

While determining a definition of the SME in literature, “size of the enterprise” is taken into consideration and the size is defined as “economic operating volume and capacity” (Müftüoğlu 1978, p. 7). Measuring these economic operating volume and capacity are based on some specific criteria. These criteria are first separated in two groups; qualitative and quantitative (Müftüoğlu 1978, p. 73).

In literature, qualitative characteristics can be determined differently. In some studies, lots of qualitative characteristics are listed in detail whereas in others, just general characteristics are stated. Müftüoğlu (2007, p. 47) separated qualitative characteristics in two main groups; the first one is the primary (original) indicators that are related to the owner of the enterprise-entrepreneur, the second one is secondary (derivative) criteria that are related to the structure of the enterprise. The details are explained in the following sub-sections of SMEs.

2.1.4.1. Qualitative characteristics of SMEs

2.1.4.1.1. *Qualitative characteristics of SMEs related to the entrepreneur*

Entrepreneur is the primary factor to determine the identity of an SME. Therefore, this factor should be considered specifically. Main characteristics related to the entrepreneur are listed below.

- i. In SMEs, the owner of the enterprise, entrepreneur, and manager are embodied in a single person. Therefore, success of the SME is highly dependent on this person (Muftuoglu 2007, p. 49). Unfortunately, there is a resultant pressure on the owner/manager to be an expert in all fields of management, and he or she is often conceived as the only one who can make management decisions as a result (Kelliher and Henderson 2006). The merging of ownership and management in micro-firm setting creates a one-person centered organizational structure (Dutta and Evrard 1999; Palvia *et al.* 1994; Simpson 2001). Therefore, education of the owner about management and entrepreneurship issues is a critical factor for success of the enterprise.
- ii. In SMEs, the owner/manager takes over all the risks related to the enterprise. At this point, professional manager and owner/manager are separated because in case of a failure, professional manager does not lose much more than his salary and can continue his position in a different company whereas the owner cannot. An enterprise is far more than a source of revenue for its owner/manager. It is not an independent object. Therefore, there is a strong emotional bound between the enterprise and owner/manager. As a result, risk taken by an owner/manager is not just monetary, it is far more complex (Müftüoğlu 2007, p. 50).

- iii. In SMEs, there is an absolute integration between the owner/manager and enterprise. We can call it identification. For an owner, his enterprise is a very important part of his life because he puts a great effort in establishing it; hence his future depends on it (Muftuoglu 2007, p. 50).
- iv. This tie between the owner/manager and enterprise affects family members. Any failure or success has an influence on the family members both at affective and rational level. Therefore, the relationship is subjective-irrational whereas in big enterprises, the relationship between the professional manager and enterprise is objective-rational (Müftüoğlu 2007, pp. 50-51).
- v. In SMEs, the owner/manager works actively in the enterprise. Especially, in micro firms, the owner is the one who is a craftsman working on his table, a buyer of the materials and a marketer of the products, is a borrower of the banks, is a tax payer, and is responsible for all managerial issues at the same time. Time is a particular concern in the micro-firm environment, where the owner is likely to be responsible for all aspects of the business operation (Muftuoglu 2007, p. 51). Time constraint often manifests itself in owners who are primarily interested in immediately applicable performance (Freel 1999). Entrepreneurs are mainly concerned with the day to day demands of running their own business (Storey and Cressy 1996), often to the detriment of long term planning (Kelliher and Reinl 2009).
- vi. In SMEs, usually, family members work actively or are grown up with a hope that they will take over the management of the enterprise and are brought up in accordance with this purpose. Otherwise when the owner dies, the enterprise dies with him. This is an importance issue because more than 70 percent of the all businesses in the world are family businesses (Leeders and Waarts 2003). For instance, in USA, 80 percent of all businesses are family businesses. This rate is 80 percent in Spain, 95 percent in Italy and 85 percent in Switzerland (Gümüştekin 2005, p. 74). Therefore, they should get in institutionalization process in time so as to support the sustainability of their businesses.
- vii. In SMEs, the relationship between the owner and employees is not indirect and formal rather informal and personal (Muftuoglu 2007, p. 51). There is less

internal uncertainty in this environment as the owner is aware of conditions and sentiment through regular contact with workers (Storey and Cressy 1996), creating a link between the micro-firms' small size and more effective communications (Kelliher and Reinl 2009). As the size grows, this relationship loses its intensity and extent. The form of this relationship turns into an organized or institutionalized relationship from a personal relationship.

In summary, due to the strong tie and identification between the entrepreneur and his enterprise, the role of an entrepreneur is more significant and effective in an SME than it is of a professional manager in a big enterprise.

2.1.4.1.2. *Qualitative characteristics of SMEs related to the management function*

Management functions in an SME are performed by the owner. Thus, quantitative characteristics related to the entrepreneur are expected to collide with the ones related to the management function. Those characteristics can be summarized as below:

- i. Management of the enterprise is carried out by the owner naturally with his property right. Therefore, the owner can last his management functions until he dies or devolve his rights to someone else (Hamer 1987, p. 129)
- ii. In SMEs, management functions are performed by the owner on behalf of himself and also he takes all the risks but in big enterprises, professional managers are under the control of the owners or some other boards and parties (Hamer 1987, p. 129).
- iii. In SMEs, the direct and personal relationship between the owner and employees requires owner to be a role model. For example, if the owner works from 6 am to 10 pm, he could expect employees to do so. However, if he gives this directive when he is on a blue cruise, employees will not perform this instruction as they are supposed to do. Yet, in big enterprises, managerial hierarchy is institutionalized, authorities and responsibilities are determined. There is an informal and indirect relationship between the management and employee and tends to be hierarchical (Hamer 1987, p. 129).
- iv. This natural way of management structure increases the flexibility in SMEs. In big enterprises, hierarchical structure makes relationships between the

management and employees more informal, it becomes harder to reach people who are in upper hierarchical level. Moreover, this bureaucratic relationship decreases the flexibility (Hamer 1987, p. 129).

- v. There is a centralized management style in SMEs because the owner has all the management authority in hand. In big enterprises, management function is separated by division of labor. Therefore, all managers have authority on managerial issues related to their divisions (Hamer 1987, p. 129).
- vi. In SMEs, the owner is responsible for all managerial issues and only one, who determines enterprise's policy so in this respect, he is a generalist. However, in big enterprises, because there is a division of labor in management, the managers of the divisions are supposed to be experts on their professions. For example, marketing manager is expected to be an expert on marketing; as well as finance manager is expected to be an expert on financial issues (Hamer 2007, p. 129).
- vii. In SMEs, because of his powerful position, the owner is able to give subjective-irrational decisions whereas in big enterprises, decisions are taken on more objective and rational basis. That is why professional managers work in big enterprises (Hamer 1987, p. 129).
- viii. In SMEs, the owner can prevent any possible hitches but in big enterprises, the division managers try to solve the problem from their points of view. Thus, there is a need to take the issues from different perspectives. As a result, there can be delays in problem solving process (Hamer 1987, p. 129).
- ix. In SMEs, the goal of the enterprise is determined by the owner so there is no conflict related to the objectives. In big enterprises, the goal is created as result of a negotiation. However, the conflicts, oppositions and polemics can continue (Hamer 1987, p. 129).
- x. In SMEs, short term planning is more favorable. In other words, tactics maintain importance. Big enterprises are run in accordance with long term plans. Therefore, strategic planning is significant (Hamer 1987, p. 129).

- xii. Moreover, in SMEs, improvisation is a really important success factor. The owner gives more importance on improvisation in management. As the enterprise gets bigger in size, improvisation gives its place to planning (Hamer 2007, p. 129).

To sum up, management of the enterprise is performed by the owner so the management style is centralized. Also, the decisions are taken by the owner and tend to be short term, subjective and irrational. However, centralized management structure induces SMEs to be more flexible than the big enterprises.

2.1.4.1.3. *Qualitative characteristics of SMEs related to the finance function*

Usually, financial problems take the first place in SMEs and it is the case for both Turkey and other countries. Here, financial characteristics considered important are listed;

- i. In SMEs, there is no separated finance department. Usually, there is a department that is responsible for one of three; financial affairs, administrative affairs or financial accounting. However, in those departments financial issues are taken as secondary concern and the personnel is responsible for all of the financial, administrative and accounting issues at the same time (Müftüoğlu 2007, p. 59).
- ii. Big enterprises can benefit from opportunities of capital market. But generally, capital markets are closed for SMEs. Also, SME owners are reluctant to have new business partners (Müftüoğlu 2007, p. 60).
- iii. SMEs usually face unfavorable conditions taking credits from banks. They take little amount of credits compared to big enterprises and credit cost is higher for them (Müftüoğlu 2007, p. 62).
- iv. In case of a bankruptcy of an SME, the owner of the enterprise faces to lose his personal assets in addition to assets of the enterprise (Müftüoğlu 2007, p. 62).
- v. SMEs are in trouble in terms of self-financing. Usually, they use labor intensive technologies instead of capital intensive ones. As a result, depreciation amount, which is a self-financing factor and supposed to be separated from fixed-assets, remains inadequate. Therefore, since SMEs allocate fewer funds for

depreciation, they cannot use finance source through depreciation effectively and thus cannot benefit from the capacity increase effect of depreciations (Koç 2008, p. 5).

Concisely, non-existence of a separated finance department, difficulties in taking bank credits and self-financing are common financial characteristics of SMEs. Also, SMEs cannot take advantage of the capital market as big enterprises do. Besides, the owner is at risk of losing his personal assets in case of a bankruptcy.

2.1.4.1.4. *Qualitative characteristics of SMEs related to the marketing function*

Main quantitative characteristics related to the marketing function of SMEs can be stated as below:

- i. In SMEs there is no separated marketing department in which professionals are employed. In medium sized enterprises there are departments named purchase and sale or trade management where marketing is considered a subordinated issue. In small sized businesses, marketing function is handled by the owner. From this angle, we can talk about an underdeveloped marketing understanding in SMEs (Freter 1981; Hamer 1987).
- ii. SMEs do not benefit from marketing tools adequately due to financial insufficiencies. Economically use of marketing tools (ads, after sale service, credit sale, etc.) usually exceeds the operating volume of these enterprises (Müftüoğlu 2007, p. 65). The most commonly used media for advertising in SMEs are word of mouth, newspaper ads, brochures and PR exercises (Krake 2005). Big enterprises are in a more favorable position using contemporary marketing tools (Müftüoğlu 2007, p. 65).
- iii. In SMEs, no regular marketing research is conducted. Instead, marketing related decisions are given based on intuitions and inadequate experience of the owner. This is a typical characteristic of SMEs (Müftüoğlu 2007, p. 65).
- iv. Generally, export markets are closed for SMEs. The most significant reason for this situation is the cost of entry to foreign markets. Thus, governments apply various measures for stimulus to make export markets easier to enter for SMEs (Müftüoğlu 2007, p. 66).

- v. SMEs do not use expensive and complicated sale channels or organizations to market their products. Instead, they build a direct relationship with the customers. This is an advantage for SMEs because they can make their customers loyal to their enterprises. These strong and trustful personal relationships with customers are the key success factor in long term and fundamental condition for persistence (Müftüoğlu 2007, p. 66).
- vi. SMEs reach to the nearby markets and accept them as their target market. Yet, the accessibility carried out by globalization and technology requires that target markets should not be distance-focused (Koç 2008, p. 6).
- vii. SMEs usually have a restricted market share and cannot be effective on the market (Koç 2007, p. 6). Research suggests that micro-firms have framed relations with the outside environment (Dutta and Evrard 1999), wherein these firms have limited competitive influence, operating from their position in a perfectly competitive market (Simpson 2001; Storey and Cressy 1996). As internal and external interaction is paramount due to the more limited ability of micro-firms to shape their external environment (Smallbone *et al.* 1999; Kelliher 2007).
- viii. One of the most important competencies of SMEs lies under their flexibilities and, therefore, meeting their customers' special wants and demands. As a result, order oriented production maintains a huge importance for SMEs (Müftüoğlu 2007, p. 68).

In summary, SMEs do not employ professionals in marketing department and financial problems hinder SMEs use marketing tools sufficiently. Also, SMEs do not conduct marketing research and use expensive and complicated sale channels for marketing. Moreover, SMEs reach to nearby markets in which they are ineffective, and also have trouble to enter into export markets. However, the main marketing success of SMEs is their flexible strategies to meet their customers' special wants and needs.

2.1.4.1.5. *Qualitative characteristics of SMEs related to the production function*

According to Müftüoğlu (2007, pp. 70-74), quantitative characteristics related to the production function are listed below:

- i. In SMEs, the labor intensive production techniques are more common especially in small enterprises. Today, in big enterprises, mechanization and automation level (capital intensive production technique) is higher. Thus, in SMEs production planning and controlling are harder.
- ii. In big enterprises, mass production is acceptable but in SMEs customized production is common and the smaller the size, the more significant it becomes.
- iii. Big enterprises usually produce for big markets. Whereas SMEs produce in accordance with orders.
- iv. As a result of order oriented production in SMEs stock problem does not maintain importance. In big enterprises, stock cost can become a huge part of total cost.
- v. Due to simple production or production in few quantities, division of labor is low. Big enterprises wherein standardized goods are produced by mass production; division of labor is much more improved.
- vi. In big enterprises, each employee is interested in the part he produces or operation he performs. The employee has to do the same work every single day. Thus, he cannot build a relationship with the product and this can make the employee become alienated to his work. In SMEs, due to underdeveloped division of labor, employees tend to work in different sections of production so it makes them feel involved with the whole process.
- vii. Big enterprises have competitive advantage in terms of price and quality because of automation and economies of scale. Yet, SMEs have competitive advantage in terms of fast delivery, and customization over special customer requirements regarding products and delivery conditions.
- viii. There are skillful and experienced employees in production process in SMEs and it creates a great potential for education of apprentices. From this perspective, SMEs can be considered training centers.

- ix. In SMEs, the owner/manager is usually experienced about production technique, has improved his qualifications in professional life. This gives a huge potential on product and technical innovations. However, SMEs are far behind of big enterprises considering innovations that need systematic R&D operation because they do not have enough qualified personnel and financial resource to meet the cost.

To sum up, SMEs use labor intensive production techniques rather than capital intensive ones. Also, customized and order oriented production is common for SMEs. Moreover, because of simple production, division of labor is low which makes employees feel involved with the whole process. Competitive advantage of SMEs in production is customization and skillful and experienced employees in production process. Besides, experience and qualifications of the owner/manager in production technique affords an opportunity for product and technical innovations but the cost of R&D operations impedes these innovations.

2.1.4.1.6. *Qualitative characteristics of SMEs related to the human resource function*

Main quantitative characteristics related to the human resource function of SMEs can be stated as below:

- i. Due to use of labor intensive technologies, human factor has a greater significance for SMEs compared to big enterprises. Also, there is no hierarchical structure in these enterprises and as a result there is an informal relationship among personnel and the management (Müftüoğlu 2007, p. 74).
- ii. SMEs usually have a qualified labor force because of order oriented production, which requires different operations for special demands. In contrast, big enterprises mostly employ labors who have straight skills (Müftüoğlu 2007, p. 74).
- iii. In SMEs, upper and middle management level personnel are knowledgeable about marketing, management, financial accounting, finance and R&D. In reality, it is unlikely that micro-firms will have the resources to employ specialists. They instead tend to employ staff with generalist skill sets (Simpson 2001). There can also be a lack of career path for specialists in this type of

organization, and as a result these firms often experience marginal labor markets (Curran 1988).

- iv. In SMEs, there is a direct relationship between the management and personnel. Especially in small businesses, the owner works with employees in manufacturing (Müftüoğlu 2007, p. 75).
- v. In SMEs, the unionization rate is lower than it is in big enterprises because there is no need for an intermediary in SMEs since employees have a direct relationship with the management (Müftüoğlu 2007, p. 75-76).
- vi. In SMEs, the workers' salaries are lower than their counterparts in big enterprises because big enterprises are capital intensive organizations that make them increase efficiency and, hence higher salaries (Müftüoğlu 2007, p. 76).
- vii. Because of very low alienation rate in SMEs, the employees are much more satisfied than the employees in big enterprises despite the lower salaries they earn (Müftüoğlu 2007, p. 76).
- viii. The first remedy towards sustaining profitability that big enterprises apply in downturns is to lay off their employees. In contrast, SMEs want to keep their employees accepting the risks of sacrifice. This attitude originates from the qualifications of the employees (Müftüoğlu 2007, p. 77).
- ix. SMEs are considered "society educators". In Germany, education of 90 percent of qualified apprentices and 60 percent of employees who have managing and trading qualifications is provided by SMEs (Hamer 1987, p. 165).

Briefly, human factor is really important for SMEs due to labor intensive production and so SMEs usually have a qualified labor force. Employees have generalist skills because employing specialists is costly. There is a direct relationship between the management and personnel so the unionization rate is low in SMEs. Also, employees in SMEs are much more satisfied than their counterparts in big enterprises in spite of the lower salaries because they are more involved with the whole process. SMEs provide both technical and managerial qualifications to their employees so lay off rate in downturns is lower than it is in big enterprises.

SMEs, as they are explained in sub sections above, have idiosyncratic characteristics related to the entrepreneur and management, finance, marketing, production and human resource functions. To remind them as a whole, all of these characteristics are summarized in Table 2.9.

Table 2.9 : Qualitative characteristics of SMEs

Entrepreneur	Management	Finance	Marketing	Production	Human Resource
<ul style="list-style-type: none"> • Manager and owner is the same person. • Owner/manager takes all the risks. • There is integration between the owner/manager and the enterprise. • Owner/manager-enterprise relationship is subjective-irrational. • The owner/manager actively works in the enterprise. • Family members also work actively in the enterprise. • The relationship between the owner/manager and the employees is personal. 	<ul style="list-style-type: none"> • Management is performed by the owner. • Owner is required to be a role model. • Personal relationship with the employees provides flexibility. • There is a centralized management style. • The owner prevents any possible hitches. • The goal of the enterprise is determined by the owner. • Short term planning is more favorable. • Improvisation is a really important success factor. 	<ul style="list-style-type: none"> • There is no separated finance department. • Self-financing is difficult. • Capital markets are close for SMEs. • Bank credits are costly for SMEs. • Owner loses his personal assets in case of a bankruptcy. 	<ul style="list-style-type: none"> • There is no separated marketing department. • SMEs do not use marketing tools effectively. • No regular marketing research is conducted. • Direct relationship with the customers is a key success factor. • SMEs reach to the nearby markets. • SMEs have a restricted market share. • SMEs are flexible to meet special wants. 	<ul style="list-style-type: none"> • Labor intensive production is common. • Customized production is acceptable. • SMEs produce for small markets. • Order oriented production decreases stock cost. • Division labor is low due to simple production. • Employees work in different section of production. • Customization is a key success factor. • There are skillful employees in production process. • Owner/manager is experienced about production technique. 	<ul style="list-style-type: none"> • Human factor is really important for SMEs. • SMEs have qualified labor force. • Employees have generalist skill sets. • There is a direct relationship between the manager and personnel. • The unionization rate is low. • Salaries of the workers are low. • Alienation rate is low among employees. • Employees are usually satisfied. • SMEs are considered society educators.

2.1.4.2. Quantitative characteristics of SMEs

SMEs are classified by some institutions and organizations based on some qualitative characteristics. However, it is hard to talk about integrity among those qualitative characteristics (Koç 2008, p. 6). Some of the qualitative characteristics written in literature are listed below (Müftüoğlu 1978, p. 76).

i.Headcount/working period

ii.Total salary/total cost of labor force

- iii. Value of fixed assets
- iv. Utilization area/utilization volume
 - v. Cost/amount of materials used
 - vi. Cost/amount of energy used
- vii. Total capital/total effective capital/capital stock
- viii. Number of orders/number of work stations
 - ix. Operating capacity/ utilization rate of capacity
 - x. Number of labor shift
 - xi. Number of machines/value of machinery/operating period of machines
 - xii. Annual depreciation amount
- xiii. Manufacturing deepness (number of manufacturing stages)
- xiv. Sales amount
 - xv. Profit volume
 - xvi. Added value
- xvii. Market share
- xviii. Amount of tax to paid
 - xix. Export amount and etc.

2.1.5. SMEs in Turkey

Small and medium-sized enterprises (SMEs) constitute a major part of the Turkish economy, accounting for a large proportion of the country's businesses and total employment (OECD 2004). In Turkey, including service sector, SMEs generate 99.8 percent of total enterprises and 76.7 percent of total employment. SME investments have a share of 38 percent in total investments and 26.5 percent in total value added (KOBİ Stratejisi ve Eylem Planı 2004, p. 13). The share of SMEs in total export differs year by year but approximately it is between 25-30 percent (KOBİ ÖİK 2006) and their share in total bank credits is usually below 25 percent (BDDK 2007).

Table 2.10 : The range of the enterprises in Turkey in according to the size

Size (headcount)	Number of the enterprises	%
Only the owner/manager	23,762	1.38
1-9	1,633,509	94.94
10-49	53,246	3.09
50-99	5,080	0.30
100-150	1,804	0.10
151-250	1,387	0.08
250+	1,810	0.11
Total	1,720,598	100

Source: <http://www.kosgeb.gov.tr/dosyalar/istatistik/imalat%20Sanayi.pdf>

Table 2.9 shows that 94 percent of the total number of the enterprises is micro size enterprises. The number of the enterprises that have less than 250 employees is almost equal to the total number of the enterprises. Therefore, the numbers demonstrate that SMEs are the dynamics of the economy and their improvement is inevitable for the economic development.

According to the General Industry and Enterprises Counting; in Turkey there are approximately 1.7 million enterprises and 14 percent of these enterprises (nearly 247,000) are in manufacturing industry. Number of employees working in manufacturing sector is 2,043,815 and its rate to the total number of employees is 32 percent (Cansız 2008, p. 34). Only a small share of SMEs is in the manufacturing sector. According to TURKSTAT (Turkish Statistical Institute) data, on 1 January 2001 there were around 210 000 SMEs (1-250 workers) in the sector (99.6 percent of the total number of manufacturing firms). Just over 1 million persons are employed by these SMEs (64.3 percent of the manufacturing total) and they accounted for 34.5 percent of the sector's value added (OECD 2004, p. 28).

In geographical terms, the distribution of SMEs reflects the population intensity of the country. They are concentrated in the coastal regions along the Marmara and Aegean Seas, with 38 percent and 17 percent of the enterprises, respectively, and in Central Anatolia, with 16%. The Mediterranean coastal region (11 percent), the Black Sea region (9 percent), south-eastern Anatolia (6 percent) and eastern Anatolia have far less organized formal economic activity (OECD 2004, p. 28).

2.1.5.1. Fundamental weaknesses of the SME sector in Turkey

A significant proportion of Turkish SMEs, especially the smallest ones far from urban centers, produce for either the national or local markets. The design of their products is sometimes outmoded and in lots of cases they are produced with incompetent methods and outdated tools (OECD 2004, p. 29).

After the customs union with the EU was put in place, Turkish SMEs faced pressure to raise their technical level and acquire know-how in order to meet European competition and take advantage of opportunities in the domestic market. Even if rapid development has been made in recent years, investment in information and communication technologies remains low in Turkey. Second, the support policies that would have been required for their technological development were not available, on account of a lack of public funding (OECD 2004, p. 29). Moreover, to be fully successful, technical standards should have been raised prior to the opening of the borders. Additionally, an unfavorable economic environment and the drop in domestic demand following economic crises in a climate of heightened competition slowed SMEs' technological development (OECD 2004, p. 29).

The low level of technology is linked to weakness in innovation. According to a study by the World Bank (2003, p. 23-28), several factors explain this situation:

- i. Turkey's R&D effort suffers from too little participation by the private sector: The share of the business sector in total R&D expenditure is around 35 percent, against the OECD average of 65 percent, although the number of companies conducting R&D has increased between 1996 and 2000. Most of the rest of the R&D infrastructure is in government laboratories.
- ii. University-based intellectual potential is high, however, university-industry interactions are weak because there is inadequate funding for cooperative projects at the universities, and research laboratories and equipment are limited in some faculties.
- iii. Finance for innovation and R&D is in short supply. Tax incentives have also been modest and benefit only large firms.

Furthermore, even if more Turkish SMEs wished to improve their technological capacity and modernize their plant and equipment, they would find it difficult to do so because of the difficulty of obtaining financing and of access to credit and equity. Less than 5 percent of available bank credit is provided to industrial SMEs, even though they account for 99.5 percent of the establishments, 66.5 percent of employment and 34 percent of value added in the industrial sector (OECD 2004, p. 27).

2.2. THE CONCEPT OF INSTITUTIONALIZATION

The concept of institutionalization is defined in different ways in literature. There are various perspectives about the concept. In this part, different perspectives about institutionalization in national and international basis, institutionalization in SMEs, and obstacles of institutionalization in SMEs are focused on respectively.

2.2.1. Different Perspectives about Institutionalization

There are different perspectives about institutionalization in both national and international literature. In Turkey, there are two points related to the each other: concept conflict about institutionalization and the concept of institutionalization unique to Turkey. In Turkish literature, institutionalization and some other concepts such as corporate culture and corporate management are used as synonyms in several sources (Ulukan 2005, p. 30). For instance, Özkara (1999, p. 83) states that “corporate culture” is created by commonly shared beliefs and values and the management of an enterprise in frame of this system and rules is institutionalization. According to the author, there is a positive relationship between the company culture and institutionalization, so company culture develops as much as institutionalization develops. The factors construct this culture are; use of initiatives, risk-proneness, determination of a purpose, ability of the departments to work together, how workers describe themselves, revenue system, promotion, salary parameter and way of communication (Ulukan 2005, pp. 30-31).

According to Karpuzoğlu (2003, p. 72), institutionalization is being a company that has standards and procedures independent from persons; that sets up the systems, which can follow changing environmental conditions, and forms its organizational structure in line with the improvements; that creates its culture making its own type of work methods, greeting styles and as a result has a distinctive identity from other enterprises.

Other definitions and explanations related to the institutionalization are far from offering a clear perspective as:

“... a professional system that should be performed completely based on management knowledge and against one person-centered management” (Us 2003, p. 1). “... it is to become a system” (Pazarcık 2004, p. 36). “... being a company that is accepted affectionately and respectfully by its workers, customers, suppliers, and the public” (Atılğan 2003, p. 1). “... The word, institutionalized, is a broad adjective. (...) Big, trustful, maybe hulky, heavy, standardized, clarified work and process definitions, crowded, respectful...” (Türkmenoğlu 2003, p. 1).

In Turkey, “institutionalization” is perceived as managerial efforts that aim consistency, to recover organizations from a person-centered management system in terms of task-performance and determining responsibilities. Being an institution is admitted significant. It is strongly believed that institutionalized enterprises overcome uncertainties, operate effectively and efficiently, tasks and actions are performed systematically (Ulukan 2005, p. 32).

In international literature, especially in organizational sociology, an institution does not only refer to work organizations; marriage, family, handshake are accepted as institutions (Ulukan 2005, p. 31). In this term, institution is a social system or model which reaches to a certain level or a character (Jepperson 1999). Institutionalization searches how repeated actions, habits become standards in communities or gain a role as rules do (DiMaggio and Powell 1991).

For example, in a firm, greeting and discourse styles of personnel, reward and punishment methods, decision-making styles, dialogue building styles with customers, and likely actions and behaviors can be institutionalized. The critical point here is that actions and behaviors become habits by being repeated. However, institutionalized actions and behaviors should not be accepted as positive; bribery, lie, and accounting frauds can be institutionalized (Ulukan 2005, p. 32).

According to Jaffe (2001, p. 227), as an organization begins to seem as an institution, it turns into a sociological character that carries less rational, formal, and goal-oriented features. Organization refers to “action” and “change”, institution refers to “stability” and “persistence” (Rowlinson 1997, p. 82).

2.2.2. Institutionalization in SMEs

Generally, in literature, institutionalization in SMEs is accepted as giving a systematic structure to the enterprise (Baraz 2006, p. 114), operating according to the specific rules (Findıkçı 2007, p. 86), standards and procedures (Karpuzoğlu 2003, p. 72), adopting the family and enterprise to the environmental conditions (Tetik and Uluyol 2005, p. 20), removing instable, disordered and narrow technical operations and providing balance, order, certainty and social integration (Selznick 1996, p. 271), having a corporate identity (Leaptrott 2005, p. 216) and saving the future of the organizations to ensure consistency (Çakıcı and Özer 2008, p. 42). Institutionalization is about to develop shared rules and includes processes and responsibilities that concern all stakeholders (Sharfman 1994, p. 239).

Therefore, from all these emphasis on the concept of institutionalization, institutionalized SMEs can be explained as companies that have their own distinctive characteristics, strong organizational culture, perform in the frame of certain rules, standardize their businesses and operations, carry out responsibilities to their stakeholders, balance their family-business relationships, briefly, can be explained as professionally managed companies (Çakıcı and Özer, 2008, p. 42).

According to Müftüoğlu (2007, p. 259), as an SME reaches to a certain point in its growth period, a need for institutionalization occurs. This stage, the owner of the enterprise falls behind to meet all managerial activities. Therefore, employment of a professional manager becomes urgent. This need occurs as organization rules take place of personal relationship between employees and management and typical characteristics of big enterprises show up in organizational structure. Müftüoğlu calls this stage “critical growth stage”.

Kavuncu (Interview, ASO Dergisi, July-August 1988, p. 910) states:

At first, an SME is founded as a small enterprise. In this stage, it tries to convert its revenue to investment, gives all its effort to grow by going through investments persistently. It copes with several problems (technical personnel, financial resources, government interventions and so on) and enters into the group of medium-sized enterprises. Here, the current enterprise comes to the critical point. There are two options; go up or go down. In Turkey, the lifetime of industry enterprises is too short. They start small, grow to medium, sometimes grow more but then bust. Approximately, lifetime of a medium-sized enterprise is 30 years because of person-centered management and being late for institutionalization.

Additionally, there is a strong relationship among institutionalization, growth and permanency that is why institutionalization is quite essential (Çakıcı and Özer 2008, p. 42). Finding of a research (Müftüoğlu 1997, p. 229) shows that the lifetime of many founded enterprises is limited with their founders' lifetime. However, economical development is related to the increasing number of the enterprises that gain permanency by accomplishing institutionalization (Çakıcı and Özer 2008, p. 43). Thereof, national and international congresses and academic papers present important tools for the success and permanency of family businesses and also the government encouragements and contributions are available for the same purpose (Allred and Allred 1997; Findikci 2007).

Furthermore, for a planned growth in the long term, sustainable success and protection of stakeholders' rights, institutionalization is necessary (Çakıcı and Özer 2008, p. 43). Besides, when an organization institutionalizes, it has a distinctive identity and living from its founder and organs (Robbins 1998, p. 594). Additionally, globalization and in related to this necessity of being a global company, significant role of changes in competition, technology as a critical factor, increasing institutional pressure and expectations necessitate institutionalization (Bayer 2005, p. 140). Thus, completion of institutionalization maintains a great importance (Çakıcı and Özer 2008, p. 43).

Generally in business environment, there is a common idea that micro and small enterprises do not need to institutionalize. Yet, researchers put forward that even a small enterprise should construct fundamental principles and gain a personality and system (Doğan 1998, p. 158; Tetik and Uluyol 2005, p. 20). Fundamental principles should be placed when an enterprise is small (Çapan 2005, p. 656). Even in establishment stage, adopting to be a simple, coordinated, planned, explicit, and trustful enterprise as a policy, continuing in line with this goal and creating a strong organizational culture would be a good beginning for all enterprises regardless of the business type or the size (Çakıcı and Özer 2008, p. 43).

2.2.3. Obstacles of Institutionalization in SMEs

Despite all benefits of the institutionalization, SME managers do not give sufficient importance on it; they get to a certain conscious level about the institutionalization of the enterprise. However, they are not focused on the institutionalization of the family

relationships (Çakıcı and Özer, 2008, p. 114) sufficiently. They also do not understand the concept of institutionalization completely (Fındıkçı 2007, p. 293). Although practitioners indicate their ideas about institutionalization, they do not take it serious in implementation (Ulukan 2005, p. 37). These research-based statements constitute intellectual obstacles about the concept of institutionalization, which can come from cultural characteristics of Turkey, some managerial characteristics such as consciousness, will and ability and being a family company (Çakıcı and Özer 2008, p. 43). Factors that hinder institutionalization are analyzed in four parts (Özdevecioğlu 2004, pp. 107-131):

- i. Inadequate Knowledge:** Managers who do not know what institutionalization means exactly, think the cost would be high and institutionalization would be redundant in country conditions. What managers understand from institutionalization is to employ professionals instead of family members as an obligation. However, institutionalization at SMEs context implies making family members and other employees professional.
- ii. Problems related to the management and organization:** These problems are regarded as idiosyncratic structuring of family companies, uncertainties in employment conditions, job description and distribution of duty, informality of hierarchical relationship, authority and responsibilities, performance criteria, recruitment and dismissal conditions and centralized authority.
- iii. Problems related to the family relationships:** Internal mechanism of the family, family culture, conflicts among family members and favor of kinship ties are listed under this title.
- iv. Problems related to the performance of managerial functions:** Insufficiency of the capital, inadequacy of planning and controlling, low education level of the employees, using traditional ways of management, marketing, and financial accounting instead of modern ways are the most common ones.

According to the another research (Bayer 2005, pp. 131-140) the fundamental obstacles in institutionalization are; uncertainty of vision, mission, goals and strategies, absence of development plans, disregard of corporate environment, lack of participating management culture, centralized management understanding, weak authority delegation,

interference of the manager (prevent people who are open to developments and successful, give authority to people who do not have sufficient skills and abilities and are obedient, establish dictatorship), favor of kinship ties rather than professionalism.

Moreover, “be small, be mine” understanding erects a crucial barrier against growth and moving to professional management (Akgemci *et al.* 2008, p. 117). Owners of SMEs are usually in trouble with working with professionals because owners accept themselves smarter, more experienced, and knowledgeable. Besides, because institutionalization necessitates change, most of the owners do not intend to run the risk of this change process and cannot manage it successfully. As a result, they frown on institutionalization (Fındıkçı 2007, pp. 93-111).

It can be argued that cultural norms have effects on institutionalization. According to the research on Turkish culture, high power distance, vertical collectivism, and patriarchy are the explicit characteristics of widespread cultural structure in Turkey (Çakıcı and Özer 2008, p. 44). Cultural characteristics take place in some statements such as “I know everything!”, “Do not trust even your father!”, “Be small but be mine!” (Çakıcı and Özer 2008, p. 45).

It is indicated that even if SMEs are not institutionalized in fact, some of them seem so due to adopting some determinants of institutionalization (Atila and Küskü 2006, p. 193). Although it is not true, to believe mistakenly that “Our Company is institutionalized.” can prevent progress in institutionalization.

Institutionalization of family companies is addressed in two bases; institutionalization of the company and institutionalization of family relationships. Determinants of institutionalization of the company are; a strong organizational culture, proactive leadership, education and training opportunity, skillful and efficient human resource, organizational structure, employment policies, professionalism and standardization of work processes (Akat and Atılğan 1992, p. 21). Determinants of institutionalization of family relationships are; preparation of family company constitution, formation of board of directors and family assembly and planning of delegation of authority (Fındıkçı 2005, pp. 150-200; Karpuzoğlu 2003, p. 160).

According to Çakıcı and Özer (2008, p. 45) owners of SMEs know and implement some of those determinants they know and think that they accomplish institutionalization of

their companies. Besides, there are concerns that institutionalization necessitates financial power and progressing with rules can slow down the process, job description can stop flexibility, management employment from outside of the company can reduce control and power. Also, perception of the owner that institutionalization is to leave the management completely can generate an important obstacle. Furthermore, even if owners believe in the necessity of institutionalization, they do not know how to accomplish it.

Because of all those reasons, how owners/managers of the SMEs perceive institutionalization can be an obstacle all on its own. Therefore, how they define institutionalization and what they see as an obstacle of institutionalization are subjects that should be examined.

3. THE RESEARCH DESIGN AND METHOD

3.1. AIM AND SCOPE OF THE RESEARCH

The main purpose of the research is to understand the perspectives of entrepreneurs and managers towards the concept of institutionalization and its obstacles focus on the SMEs in Turkish printing sector, which has not been researched in this respect. Thus, better understanding of the concept and obstacles associated with it from entrepreneurs and managers aspects will help comprehend the problems of Turkish SMEs related to the institutionalization and propound appropriate solutions.

Correspondingly; in the first part of the study, the concept of institutionalization is considered briefly. Reviewing Turkish literature, different meanings attributed on the concept of institutionalization are discussed. Then, the concept of institutionalization in international literature is analyzed and the differences and similarities with Turkish literature are expressed. Moreover, reviewing literature about institutionalization, institutionalization of SMEs and its obstacles are examined.

In the second part, printing sector is analyzed within the frame of history, current situation of the sector and institutionalization in the sector. Later, the findings of the research conducted in Ankara are evaluated. Based on the responses to the questions reflecting several extents of the institutionalization, perspectives of the owners/managers related to the institutionalization are exposed in detail.

Finally, evaluating the perspectives about institutionalization and its obstacles, what should be done for contribution to the problems of Turkish SMEs occurred in institutionalization process is examined.

3.2. RESPONDENT SELECTION

To understand the sector and the institutionalization of SMEs in printing sector, research questions asked to the chairman of Ankara Chamber of Printers, Binders and Craftsmen and the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen. To understand the perspectives of the owners/managers of the SMEs in printing sector on the concept of institutionalization and to get general information about them and their enterprises, research questions asked to the owners/managers of the SMEs.

The SMEs operating in printing sector in Ankara, mostly in Ivedik Organized Industry Zone, generate the main body of the research. In the research, “The Legislation about the Definition, Characteristics and Classification of SMEs”, which was publicized in Official Gazette and became effective on 18 November 2005, is taken into consideration. Accordingly, SMEs that have number of employees less than 10 and balance sheet less than 1 million TL are classified as micro firm. SMEs that have number of employees less than 50 and balance sheet less than 5 million TL are classified as small firm. SMEs that have number of employees less than 250 and balance sheet less than 250 million TL are classified as medium-sized firm. According to this definition, eight respondents are selected, using convenience sampling method, from the owners/managers of SMEs operating in printing sector in Ankara. Two of these companies are medium sized and six of them are small sized companies. General information about the companies and the owners/managers is given in a table in findings and conceptual framework part.

3.3. DATA COLLECTION METHOD : INTERVIEW TECHNIQUE

In this research, individual in depth interview, also called one-on-one technique is used. Interviews take place at the respondents’ offices. All interviews last approximately a full hour. In depth interview technique is conducted so there is no potential for influence or contamination by others, respondents find it easier to deal with the issue in a one-on-one setting, each respondent get equal time and thorough in depth probing of each respondent is possible and also it is easier to schedule at their offices (Mariampolski 2001, pp. 49-50).

Additionally, with one-on-ones conducted with the owners/managers of the SMEs, also a questionnaire is applied to get additional information about and to learn the demographic characteristics of the owners/managers and to get general information about the enterprises. Data gathered from the questionnaire is exhibited on tables in analysis and parts.

Interviews are conducted using face to face technique between the dates 15.11.2009 and 09.01.2010 written down to provide the confidence with the respondents. Five open ended questions are asked to the owners/managers. They aim to understand the perspectives of the owners/managers on the concept of institutionalization in SMEs with

regard to its definition, advantages and disadvantages, steps and obstacles. In the analysis of the data obtained from the interviews, descriptive analysis technique is used. Based on the interview questions, the answers of the respondents are integrated for each question. The findings of the research are accepted to be the concept based on the responses to the interview questions. The subjects are strengthened with the striking views of the respondents by means of quoting directly from the interviews are supported with the literature and findings of other related researches. For confidence, names of the respondents are saved and coded with the letters A to H.

4. ANALYSIS AND FINDINGS

Here, firstly, the printing sector is analyzed in the frame of the history, current situation of the sector, SMEs in the sector and the institutionalization. In this respect, Literature search and the findings of the in depth interview questions, which are responded by the chairman of Ankara Chamber of Printers, Binders and Craftsmen and the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen, are depicted.

Secondly, general information about the respondents and the SMEs are given with respect to the questionnaire conducted with the owners/managers of these SMEs. Then, the perspectives of the respondents about the concept of the institutionalization, including its definition, advantages and disadvantages, steps for it and its obstacles are given with respect to the findings of in depth interview related to the concept of institutionalization.

4.1. PRINTING SECTOR

4.1.1. History

In this part, the literature search and the findings of the in depth interview with the chairman of Ankara Chamber of Printers, Binders and Craftsmen and the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen related to the history of the printing sector are given.

The first Turkish Printer is İbrahim Müteferrika at the same time he is the one who introduced the printing house to Ottoman Empire. The first Turkish printing house was established in the Tulip Period of Ottoman Empire in 1726. The reason of the late-entrance of printing house into Turkey is religious conservatism but also no need of society for such a development, low rate of literacy, being calligraphy a very widespread profession and no required infrastructure for the print house.

The first book published in Ottoman printing house is Kitab-ı Lügat-ı Vankulu (Vankulu Dictionary). Müteferrika published 17 different works of art. However, high cost of books and in related to this, high sale prices prevented spread of printing. After Müteferrika passed away, printing house continued to operate sometimes being dormant.

In 1796, Abdurrahman Efendi Muhendishanesi Printing House was founded. Then, Uskudar Printing House (1802), and Takvimhane-i Amire Printing House (1831) were founded. Meanwhile, in Egypt Kavalalı Mehmet Ali Pasha Printing House (1822) was established. In 1833, there were 54 printing houses (15 were lithography), in 1948 there were 509 printing houses and in 1983 there were 3537 printing houses.

The chairman of Ankara Chamber of Printers, Binders and Craftsmen says that 80s was a revolution for printing sector because moving to the offset presses was peak among printing houses. Then, the widespread use of single color presses and rare use of multicolor presses were really important steps in developing process of the sector.

Akciyer and Ardiç (2007) from Matbaa Haber Journal say that well-founded change in the sector goes back to the second half of the 90s by investments in technology. Before, the number of printing houses that had multicolor presses was very few even in the large cities. Yet, four-color and two-color press sales started to accelerate in the second half of 90s. However, the firms investing to second hand single color presses were making up a majority. Approaching 2000, the Marmara earthquake and then followed by the three-year recession of the early 2000s slowed down this pace but could not stop it. Even if the second hand market still dominated the sector, post 2003 possibilities of new financing methods such as leasing, etc., the brand new presses started to be bought heavily. After 2004, it became a usual scene in the investments at the centers outside of the large cities to see four or five-color press investments.

As a close monitor of the sector, Matbaa Haber conducted surveys to ascertain and/or foresee the developments in the sector. The 2007 findings in this respect showed that there was a strong inclination and planning towards modernization, technological renovation and creative innovation.

4.1.2. Current Situation

Today, Turkish printing sector maintains its improvement depending on technological developments. Also, Turkish printing houses compete with European printing houses in terms of quality. Technology is imported from the producer countries but applied successfully. Turkish printing sector like many others, excluding some exceptions, is not a technology producer, but a good follower.

Although the sector is increasing its capacity and developing its technology very fast, in order to be realistic, actual situation should be reviewed. Akciyer (2008) stated that the sector in Turkey is affected mainly by three major problems. The global recession triggered by the adverse developments in the US economy is filtering down primarily to weaker economies but is also affecting the emerging vast Asian economies as well. This is true for the economy of Turkey also and the sector is inevitably affected negatively.

Akciyer (2008) also pointed that the Turkish economy and especially the SMEs and the printing sector were hit by the hike of the VAT rate from 1 percent to 18 percent for purchases via leasing agreements. One would expect the easing of credit conditions in periods like this but just the opposite happened and the sector is discouraged from investments. This problem reflects itself into further difficulties of payments and increasing arrears.

According to Akciyer (2008) the third and related issue is the need for skilled and educated work force that is required by the new technological investments. To be able to hire manpower that is capable of operating machines that handle variable data and output personalized material and monitor all the complex control facilities of the new technology one must be prepared to pay high wages. However, in the light of the collection and payment difficulties, this turns into an additional bottleneck.

In spite of these major problems, there has been an increase in the number of printing houses in Turkey. According to the publicized tables of TURKSTAT (Turkish Statistical Institute) the total number of printing houses is 6623 in 2000, and is 8164 in 2008. The general secretary of Istanbul Chamber of Printers, Binders and Craftsmen explains this situation as “There are too many printing houses and most of them are not capable and do not have sufficient knowledge about the sector and printing. They enter into this sector just because of money not because they know the job.”

Even if the sector seems to grow in accordance with the increasing number of printing houses, the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen points that the sector is shrinking and business volume is getting smaller, small enterprises have difficulties following technology and the global economic crisis has been affecting the sector roughly. Another point is that, new machines brought by

technology such as printers, scanners and photocopiers let people do their stuff at home and offices and reduce the need for micro and small printing houses.

Besides, the chairman of Ankara Chamber of Printers, Binders and Craftsmen states that printing schools are inadequate to train skillful employees. Therefore, it is too hard to find skilled and educated people to operate new technological machines. Also, cash receipts have been a big problem in the sector due to the economic crisis and this creates financial trouble especially among small enterprises in the sector. Therefore, firms are looking for different ways to cut their expenditures, as a result, they lean to employ unskillful workers illegally without paying for their insurances instead of employing skillful workers with paying legally because it is cheaper.

Furthermore, the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen states that there are agencies, intermediate firms, which are finding printing houses that can reduce prices to very low amounts. It is because chamber does not have enough power to prevent this price inequality. It creates an unfair competition because those printing houses do not pay taxes, do not have even proficiency certificates so they modify prices as they wish. This is a very serious problem especially for micro and small firms, which follow the tariff card prepared by the chamber. However, free market economy prevents price control in practice.

The chairman of Ankara Chamber of Printers, Binders and Craftsmen points another issue about the sector as “Public printing houses should be deactivated because public institutions, in subjected public printing tenders, firstly ask State Procurement and Supply Office if it can manage the tender itself and because it almost always undertakes the responsibility, there is nothing left for us. Therefore, we want our government to accelerate privatization in printing sector as it has done in other sectors. We are looking forward to public printing houses’ closing up.”

4.1.3. SMEs in the sector and the Institutionalization

In this part, SMEs in the sector and the institutionalization and the role of the chambers is analyzed in the frame of the questions related to the institutionalization asked to the chairman of Ankara Chamber of Printers, Binders and Craftsmen and the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen.

Firstly, the obstacles of institutionalization in printing sector SMEs are examined. Then, the relationship between the institutionalization of SMEs in the sector and the chambers is considered.

4.1.3.1. Obstacles of institutionalization in printing sector SMEs

Lack of professionalism

The most important obstacle both the chairman of the of Ankara Chamber of Printers, Binders and Craftsmen and the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen mention is the lack of professionalism. They state that the problems start from the beginning establishment process. There are many printing houses, which are founded without proficiency certificate even if it is mandatory document. If they have the tax signboard, proper authorities do not trace the rest of the procedures. Therefore, entrepreneurs cannot start as professionals from the beginning.

Lack of knowledge

Moreover, the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen states that the owners/managers of SMEs are unformed about many subjects. There is lack of information about many subjects to run a business. For example, cost calculation. Especially small enterprises can be incompetent to calculate electric, labor force, insurance and such expenses. They are inadequate to apply fundamental knowledge to run the business. He points that there are owners/managers who still think “I buy the product for 1 TL, sell it for 2 TL and I profit for 1 TL”.

Financial Constraints

Besides, in printing sector, SMEs are inadequate to invest in technology due to financial constraints. The general secretary of Istanbul Chamber of Printers, Binders and Craftsmen states “to institutionalize, SMEs should invest in technology but in this sector, machinery is too expensive and SMEs have financial inadequacies.” He adds that if small enterprises buy these machines and cannot gain the expected profit from the production these machines run, which should meet the money they pay for, these enterprises can go bankruptcy because they have to give what they have on hand for such an investment. Even if there are 50-60 year old SMEs still survive without

institutionalizing, they are convicted to disappear due to not following technological developments.

Lack of Planning

Another point they mention is that in this sector most of the owners/managers of the SMEs are not interested in future planning. They run their businesses in accordance with “save the day” approach. The general secretary says “they are satisfied with what they accomplish so far and think this is all I can do. That is to say, they do not want to institutionalize their enterprises.” Thus, institutionalization process cannot start without the attempt of owners/managers.

Lack of professional managerial experience

Moreover, they point that for institutionalization of the enterprises in printing sector owners/managers should be professional in management and organization as they are in production. Yet, the chairman says “in this sector, most of the owners/managers are proficient in production because they gain technical experience for a long time and establish their firms without no or few professional managerial experience then they become manufacture oriented managers.” Managerial and organizational issues do not obtain adequate significance from owners/managers. Therefore, the owners/managers are professional in technical issues but are not in managerial issues.

Hesitation in delegation of authority

Another issue they reveal that in this sector the delegation of authority related to the managerial functions from the owners/managers to the professionals is an evaded subject because the owners/managers hesitate to lose control over the enterprise. From the perspective of owners/managers, working with professionals is a risk factor because they think that no one can manage their enterprises better than they do. They do not want to share the authority with an outsider because of their strong involvement with the enterprise.

Lack of professionalism, lack of knowledge, financial constraints, lack of planning, lack of professional managerial experience and delegation of authority are the obstacles of institutionalization in according to the perspectives of the chairman of Ankara Chamber

of Printers, Binders and Craftsmen and the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen. Those obstacles are exhibited below in Table 4.1.

Table 4.1 : Obstacles of institutionalization in printing sector based on the perspectives of the chairman of Ankara Chamber of Printers, Binders and Craftsmen and the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen

	Obstacles of Institutionalization in Printing Sector					
	Lack of Professionalism	Lack of Knowledge	Financial Constraints	Lack of Planning	Lack of Professional Managerial Experience	Hesitation in Delegation of Authority
Chairman	√			√	√	√
General Secretary	√	√	√	√	√	√

4.1.3.2. Chambers and the institutionalization in printing sector SMEs

In this part, what chambers do to support institutionalization in printing sector is analyzed with respect to the responses of both the general secretary of Istanbul Chamber of Printers, Binders and Craftsmen and the chairman of Ankara Chamber of Printers, Binders and Craftsmen.

Initially, the general secretary states that chambers give information to their members about some subjects, such as cost accounting, that are not directly related to the institutionalization but certainly beneficial steps for running their business professionally. Also, they help their members get financial support from Credit Bail Cooperative.

Actually, both the general secretary and the chairman state that *chambers should not give effort to help the SMEs in the sector with institutionalization because if small enterprises disappear, chambers will disappear*. Thus, they give importance on professional management more than institutionalization because they point that there are SMEs that try to institutionalize just for a company name, just for a label despite lack of financial resources.

Another point they express is that *SMEs in this sector do not consider the chambers necessary to consult for such issues*. Instead, they prefer to get help from either their friends or their accountants who are not right people to direct them. As a result they try to progress with inadequate information due to not going with professionals.

Furthermore, *SMEs in this sector do not trust the chambers and believe that they can be sufficient to meet their needs.* The general secretary says “Owners/managers think that what a chamber could do for us about institutionalization and what a chamber could understand from institutionalization. If they consulted us, we would make connections with the right people on behalf of them to get help or we would provide meetings with the owners/managers who have succeeded institutionalization in their enterprises but SMEs do not ask for help.” However, the chairman says “*Chambers have not been able to get institutionalized so chambers cannot help for something they have not accomplished.*”

To sum up, chambers help their members about some issues that can help them run their businesses but may not help them get institutionalized. Besides, both respondents think that they should not help the SMEs institutionalize because chambers will not survive if SMEs get institutionalized. Another point is that, printing sector SMEs do not accept chambers as competent consultants and do not believe they are sufficient to meet their needs. And it is revealed that chambers are not institutionalized so they cannot help the SMEs about it.

4.2. THE CONCEPT OF INSTITUTIONALIZATION

In this part, the questionnaire and the responses of the owners/managers to the in depth interview questions related to the concept of institutionalization are analyzed. Initially, the data about the respondents and their SMEs gathered from the questionnaire is given in the first part. Then, the concept of institutionalization is generated based on the perspectives of the owners/managers.

4.2.1. General Information about the Respondents and the SMEs

The findings of the questionnaire give general information about both the respondents and the SMEs. The data considering respondents and the enterprises are exhibited in separate tables. Findings related to the regarding enterprises are exhibited in Table 4.2.

Table 4.2 : General information related to the regarding SMEs

Enterprises	Year of Foundation	Foundation Type	Year of Corporatization	Headcount	Generation in the saddle
1	1994	Limited Company	1994	24	First and Second Generation
2	1984	Limited Company	1984	35	First and Second Generation
3	1985	Limited Company	1985	15	First and Second Generation
4	1980	Private Company	1999 (Limited Company)	15	Second Generation
5	1987	Private Company	1997 (Limited Company)	70	First Generation
6	1993	Limited Company	1993	50	First Generation
7	2000	Limited Company	2000	29	First Generation
8	1984	Limited Company	1984	40	First Generation

Table 4.2 shows that five of the enterprises were founded between 1980 and 1990, two of them were founded between 1990 and 1999 and just one of them was founded in 2000. The youngest enterprise is 10 and the oldest enterprise is 30 years old. Six of the enterprises were founded as limited company and just two of them were founded as private companies but then got incorporated in 1997 and 1999 respectively.

Moreover, headcounts show that six of the enterprises are medium sized and two of them are small sized companies. In three of the enterprises, first and second generation manage the company together. First generation is in the saddle in three of the enterprises and just one of the enterprises is managed by the second generation.

Table 4.3 : General information about the respondents

Respondents	Gender	Age	Educational Status	Position in the Enterprise	Managerial experience time	Way of getting work experience in printing sector
A	M	53	High School	Owner/Manager	26 years	Start as an apprentice
B	M	26	High School	Manager	7 years	Start working in this enterprise
C	M	60	Elementary School	Owner/Manager	32 years	Start as an apprentice
D	M	33	University	Manager	10 years	Start working in this enterprise
E	M	40	High School	Owner/Manager	23 years	Start working in this enterprise
F	M	54	University	Owner/Manager	30 years	Start working in this enterprise
G	M	47	University	Owner/Manager	18 years	Start working in this enterprise
H	M	55	High School	Owner/Manager	33 years	Start as an apprentice

Table 4.3 gives general information about the respondents and shows that all of the respondents are male. Except two of them, they are middle aged. Additionally, three of the respondents have university degree, four of them have high school degree and just one of them has elementary school degree. Besides, six of the respondents are owners/managers (entrepreneurs) and two of them are manager because they are second generation and manage the enterprise with their fathers. As it is exhibited in table 4.3, managerial experience time of the respondents ranges between seven and thirty three years. It shows that all of them have sufficient experience in management. Lastly, most of the respondents have got work experience in printing sector since they started working in their current enterprises. Yet, three of them started working as apprentices at early ages in different enterprises in the sector.

4.2.2. Perspectives on the Concept of Institutionalization

The concept of institutionalization is examined within the frame of its definition, potential advantages and disadvantages, steps should be taken and its necessity in accordance with the findings of the in depth interviews.

4.2.2.1. Definition

There are different perspectives among owners and managers defining the concept of institutionalization. It is important to understand these perspectives to take right steps to institutionalize their companies. Hence, based on the responses, similar perspectives are grouped and analyzed together. As a result, some general notions associated with the concept of institutionalization are obtained.

Initially, the concept of institutionalization is defined as “*sustainability*” of the enterprise. Half of the respondents think that if an enterprise’s lifetime is not restricted with the owners’ or managers’ lifetime, it is institutionalized. Therefore, to call an enterprise institution, it should last its existence independent from persons. Respondent C says “Institutionalization means sustainability, transfer of an enterprise generation by generation.”

Besides, “*professional management*” is pointed out to define the concept of institutionalization by four respondents. Respondent D states that for institutionalization, it is necessary to discard traditional management style. According to the responses, what is mentioned from the professional management is to work with

professional and visionary managers using professional techniques and adapting decentralized management style. Two of the respondents state that management function should not be performed by a single person because in this way the lifetime of the enterprise is usually restricted with the lifetime of this person. Therefore, that kind of enterprises become private companies rather than institutionalized. Moreover Respondent C says “Decentralized management style is a must for institutionalization because otherwise managers of the enterprises look after their own interests rather than the enterprises’.”

The concept of institutionalization is related to the “*rules and standards*” by four respondents. They think that those standards can be national, international or specific for the enterprise and should be implemented in each part of the organization from production to financial accounting. Hence, four of the enterprises have TSE (Turkish Standards Institution) certificate and the other four have both ISO and TSE certificates. Moreover, Respondent C says “An organization should put rules and standards to build up a systematic structure within the company and as much as those rules and standards are repeated, they become institutionalized.” Respondents think that an institutionalized company is managed and controlled according to some certain rules and standards. Employees also act and behave in line with some certain rules and standards. This established mechanism is inevitable for institutionalized companies.

Moreover, “*systematic mechanism and structure*” is stated to define the concept of institutionalization by four of the respondents. Respondent G states that in an institutionalized company, from purchasing of the raw materials to delivering of the goods to the customers, each process works autonomously and systematically without any problem. This autonomous systematic mechanism induces enterprises to provide a qualified service without a hitch to their customers.

Another term associated with institutionalization is “*division of labor*”. Three respondents state that in institutionalized companies, division of labor and job definitions are determined clearly so any possible confusion among employees is prevented. Additionally, Respondent A says “Institutionalization is that an enterprise completes its background and departmentalization process.” Therefore,

institutionalization is perceived as creating appropriate divisions among departments, employees and jobs.

Institutionalization is also defined as “*growth*” of an enterprise. Two of the respondents state that an enterprise gets institutionalized as it grows because when an enterprise grows, departmentalization, division of labor, professionalism, rules and standards, organizational culture and corporate governance come naturally. Therefore, according to the respondents, all of the giant companies are institutionalized. Also, “*employment*” is stated to define institutionalization by one respondent. Respondent E states “Institutionalization is to provide much more employment as the enterprise grows.”

Furthermore, institutionalization is associated with “*efficient customer relationship*” by two of the respondents. Respondent G states that to institutionalize your enterprise, satisfying your customers’ wants and needs is a must. A customer should be satisfied with what he gets from your company. Respondent B says “An institutionalized company keeps beneficial and positive relationships with its customers.”

Respondents refer to “*planning*” to define institutionalization. Two of them state that long and short term planning and scheduling all of the jobs is necessary for institutionalization and it becomes more important when the enterprise and business volume grow. Also, the long term planning maintains huge importance for institutionalized companies.

Furthermore, “*R&D*” is another term associated with institutionalization but it is stated by only one of the respondents. Respondent C states that institutionalization is also to develop R&D system in the enterprise.

Lastly, one of the respondents also refers to “*common goal*” to define institutionalization. Respondent G states “Institutionalization is that all of the employees in an enterprise make sacrifices to accomplish a common goal.”

Table 4.4 : Institutionalization dimensions expressed by the respondents

	Dimension 1	Dimension 2	Dimension 3	Dimension 4	Dimension 5	Dimension 6	Dimension 7
Respondent A	Sustainability	Division of labor	Systematic structure and mechanism				
Respondent B	Rules and standards	Systematic structure and mechanism	Efficient customer relationship				
Respondent C	Sustainability	Professional management	Rules and standards	Systematic structure and mechanism	R&D	Planning	
Respondent D	Professional management	Division of labor					
Respondent E	Rules and standards	Growth	Employment				
Respondent F	Professional management	Rules and standards					
Respondent G	Sustainability	Division of labor	Systematic structure and mechanism	Growth	Efficient customer relationship	Common goal	Planning
Respondent H	Sustainability	Professional Management					

Table 4.4 shows the institutionalization dimensions with respect to the perspectives of the respondents. As it is exhibited in the table, each respondent expresses at least two at most seven dimensions. Four of the respondents accept sustainability, professional management, rules and standards and systematic structure and mechanism, three of them accept division of labor, two of them accept growth, efficient customer relationship and planning, one of them accept R&D and employment as institutionalization dimensions. It is also shown that institutionalization is a comprehensive concept associated with different terms, which are related to the management, organization, human resource, finance, marketing, and production functions.

4.2.2.2. Potential advantages and disadvantages

In this part, after defining institutionalization with related terms, potential advantages and disadvantages of the institutionalization for an SME as a whole are examined with respect to the perspectives of the respondents. Based on this, the advantages of the

institutionalization outweigh the disadvantages of the institutionalization. Hence, firstly the advantages are analyzed.

The first advantage of the institutionalization is sustainability of the enterprise. Respondent C states that an institutionalized enterprise perpetuates its existence for a long time, generation by generation.

The second advantage is that quality standards of the firm increases if it is institutionalized. Two of the respondents point that institutionalization provides high quality standards to the enterprises. Since, when a firm is institutionalized; it has to keep some certain standards (national, international or firm based) to offer high quality products or services.

The third advantage of the institutionalization is that because R&D system is performed effectively, adopting of the enterprise to the environmental changes and tracking of the innovations become easier. Therefore, enterprises change or create their strategies effectively in accordance with the changes and innovations.

The fourth of the advantages is that since the division of labor is applied efficiently, conflicts are reduced to minimum. Respondent D says “In an institutionalized enterprise, an employee knows what he exactly must do and so there would be no possible responsibility clutter.” Moreover, Respondent H adds “Due to an effective division of labor, employees would work in a more comfortable work environment. Shirking and burdening of the responsibilities on a single person are prevented.”

The fifth advantage of the institutionalization is that in an institutionalized enterprise, the manager gets rid of the excessive responsibilities that include nearly all functions of the enterprise from management to marketing. Respondent F states that an institutionalized firm can survive without its manager or owner and all employees in each level take responsibilities and initiatives so burden on the managers is relieved.

Furthermore, working with professionals and trained people in each position, possible hitches are reduced to minimum. Respondent H states that in an enterprise managed by professionals, there would be very few problems related to the management function.

Another advantage of the institutionalization in SMEs is that customer satisfaction increases. In accordance with that, the enterprise can provide customer sustainability.

Respondent G says “When your firm is institutionalized, customer satisfaction increases because of the increased quality standards. When a customer is satisfied, he keeps choosing your enterprise and by time becomes loyal. Then, he suggests you to other people and as a result, the number of your customers increases.”

Moreover, when an enterprise is institutionalized, a systematic mechanism occurs and the problems related to the disorganization and dependency on certain employees decrease. Respondent F states that this systematic mechanism provides a happier and more peaceful work environment because in this system tasks and responsibilities are already designated.

Besides, Respondent C points that in an institutionalized enterprise, long term and short term planning becomes inevitable and they help providing autonomy and scheduling of the tasks and priorities within the company.

Furthermore, Respondent E states that institutionalization is inevitable for the growth of the firm and he adds that firms should get institutionalized to be corporate brands and have corporate identities.

Moreover, Respondent H expresses that institutionalization provides a formal-rational relationship rather than an informal-irrational relationship between the manager and employees.

When an enterprise is institutionalized, some certain rules and standards (international, national or company based) are applied. Respondent F says “institutionalization, because it brings certain rules and standards, prevents off the record within the enterprise.”

Lastly, Respondent B states that institutionalization is a very important factor that contributes to create corporate culture. Creating corporate culture and adopting employees to this culture becomes easier when an enterprise gets institutionalized. Also, institutionalization provides firms to change its customer and partner portfolio and start working with corporate companies easily according to Respondent B.

On the other hand, according to the perspectives of the respondents, institutionalization also has some disadvantages for SMEs. However, six of the respondents think that there

are not any disadvantages of the institutionalization. Only Respondent A and G state some disadvantages, which are explained below.

Firstly, Respondent A states that in institutionalized enterprises, professionals are employed and it can cause cost increase because professionals are paid more than the employees with generalist skills.

Secondly, Respondent G states that when an enterprise is institutionalized, it can be extra bureaucracy and as a result the enterprise can lose its flexibility. Institutionalization can make firms sluggish and cumbersome like the enterprises in public sector due to occurrence of red tape.

Moreover, Respondent G says “In institutionalized enterprises, employees can avoid taking extra responsibilities which are out of their professions. Therefore, they can sneak off the tasks related to other areas of specialization. Hence, specializing of employees on certain issues increases dependency on them and decrease task swap among employees.

As it is stated above, perspectives of the respondents show that the advantages of institutionalization outweigh the disadvantages. It can be stressed that institutionalization in SMEs is perceived as a positive term by the respondents.

Finally, Table 4.5 summarizes the advantages and disadvantages of the institutionalization based on the perspectives of the respondents stated above.

Table 4.5 : Advantages and disadvantages of institutionalization based on the perspectives of the respondents

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • Sustainability • Higher quality standards • Easy adopting to the environmental changes and tracking of innovations • Minimizing conflicts related to the division of labor • Lower responsibility of the manager • Fewer problems related to the management function • Educated and trained workforce • Higher customer satisfaction • Systematic mechanism and autonomy • Happier and more peaceful work environment • Easy scheduling of the tasks • Creating corporate culture • Growth of the enterprise • Formal-rational relationship with the employees • Off the record prevention • Change of customer and business partner portfolio • Working with corporate companies easily 	<ul style="list-style-type: none"> • Cost increase • Extra bureucracy • Loss of flexibility • Sneaking off • Increasing dependency on certain employees

4.2.2.3. Steps for institutionalization

In this part of the analysis, steps for institutionalization of the SMEs are adverted based on the perspectives of the respondents. It is an essential point to be considered because institutionalization is a comprehensive concept and steps are also interconnected and to institutionalize an enterprise, it is a must to learn or know all necessary steps for an owner or manager. It is also important to apply these steps in accordance with each other and needs of the enterprise. Considering the one but ignoring the other can impede the whole process. In this manner, these steps are explained in detail in further paragraphs.

Firstly, it is stated that institutionalization of an enterprise starts with the manager. What he understands from the institutionalization is really important. Therefore, the first step is that managers are expected to know exactly what the institutionalization of an

enterprise is. Otherwise, institutionalization process ends up with a disappointment due to misunderstanding of the managers.

Additionally, the responses of the interview show that after the manager understand what the concept of institutionalization is, he should reconsider that at this point whether it is necessary for the enterprise or whether it is right time to start the process. Then, the manager should analyze the current condition of the enterprise with regard to the institutionalization in terms of strengths, weaknesses, advantages and disadvantages because each enterprise has idiosyncratic characteristics. In accordance with the findings of this analysis, the manager charts a course for the institutionalization.

It is also stated that the manager can get professional support about the issues that he feels inadequate. For instance, Respondent C states that managers should carry both the professional and leadership qualities and the leadership qualities of the manager hold a huge importance for the institutionalization of an enterprise. Therefore, if a manager just holds professional experience, he should get professional help to improve managerial and leadership qualities. It is essential because the manager is supposed to put first himself and the employees into this process effectively and it is not possible to accomplish it without leadership qualifications. Respondent F says “The enterprises are not different from the empires or sport teams. Although the players are really good, the team cannot be successful if the coach is bad. Therefore, good manager and strategy are really important.”

Furthermore, planning is a very essential step for the institutionalization according to the respondents. Respondent C states that a manager, who takes the institutionalization as a goal, should make a good plan of the process to avoid any possible failure. Planning should be comprehensive from financial issues to the training of the employees. All subjects related to the institutionalization of the enterprise should be planned before starting the process.

Besides, it is responded that start working with professionals especially in managerial positions is a significant step for institutionalization because usually in SMEs most of the managerial functions are performed by a single person and as the enterprise grows, his efforts become insufficient to meet all the needs. Therefore, working with professionals in managerial positions takes the extra responsibilities from the

owner/manager and contributes to a successful institutionalization process. Besides, Respondent H states that people, who have sufficient knowledge about and love their jobs, should be assigned for each position within the enterprise. Especially, these people should be given responsibilities and authority in managerial positions.

Moreover, another step specified by the respondents is the training of the employees. Three of the respondents state that employee training is definitely necessary and it should be about the technical issues as well as company culture mission, vision and goals of the company. Therefore, employees can understand the expectations of the managers from them better, adapt to and take active role in institutionalization process effectively.

Besides the training of the employees, five of the respondents think that business consultant support can be a step for the institutionalization to instruct the managers about the process in accordance with the situation of the enterprise.

Moreover, respondents think that getting information from the managers who have accomplished institutionalization in their enterprises in printing sector can be a beneficial step. Respondent F says “Getting opinions of the managers of the institutionalized firms in printing sector and other sectors and learning how they have succeeded institutionalization in their enterprises can be very useful.” Additionally, Respondent H states “Consulting to the managers of the institutionalized SMEs in this sector is far more effective than getting business consultancy service because consultants do not take active role in business so cannot know the sector, situation of the SMEs in the sector. I don’t think such a consultant can be beneficial for the institutionalization of my enterprise.”

Additionally, it is stated that investment in technology and R&D are considered to be steps for institutionalization of the SMEs. Especially, employees in managerial positions should get support to improve or create R&D systems. It is also important to follow the developments (in the sector, market, country, and world) in institutionalization process to keep the enterprise innovative and dynamic. Moreover, Investment in technology is inevitable for the institutionalization because SMEs that do not adapt to and follow technological developments cannot even survive. Customers also prefer firms that invest in and follow technology.

Furthermore, one of the respondents state that cooperation and mergers between the enterprises in the sector can be a step for institutionalization because he states that printing sector is saturated, there are too many printing houses in the sector and almost all of them are SMEs. Therefore, it is required that these SMEs create union of forces, get stronger and institutionalized by mergers and cooperation.

In addition to all, branding and having quality standards and proving them with certificates are also accepted to be steps for the institutionalization of the SMEs.

Eventually, according to the perspectives of the respondents, institutionalization starts with the manager. Therefore, firstly the manager should know what the institutionalization of an enterprise is. Then, he should reconsider if it is necessary and the right time or not. And then, the current condition of the enterprise should be analyzed with regard to the institutionalization. Then, before starting the process the manager can get professional help about the issues that he feels inadequate especially to improve his leadership skills.

Also, planning is a very essential step for the institutionalization according to the respondents. Besides, start working with professionals especially in managerial positions is considered to be a significant step. Moreover, employee training can contribute to the process if it is about the technical issues as well as company culture, mission, vision and goals of the company. Business consultant support and getting information from the managers who have accomplished institutionalization in their enterprises in printing sector can be beneficial steps. Additionally, investment in technology and R&D is inevitable for the institutionalization process of an SME. Cooperation and mergers are accepted to be alternative steps. Branding and quality standards are regarded to be necessary for institutionalization.

Table 4.6 : Steps for institutionalization according to the perspectives of the respondents

Steps for Institutionalization
<ul style="list-style-type: none"> • Managers should get sufficient information about the concept of institutionalization. • Managers should analyze the current condition of the enterprise. • Managers should reconsider whether the institutionalization is necessary. • Managers should reconsider whether it is right time to start the process. • Managers can get professional support about the issues he feels inadequate. • Managers should make a comprehensive plan of the process. • Managers should hire professionals to the managerial positions. • Managers should provide training of employees (about both technical and organizational issues). • Managers can get business consultant support. • Managers can get information from the managers of the institutionalized companies (especially from the ones in printing sector) • Managers should invest in technology and R&D. • Cooperation and mergers between the enterprises in printing sector can be a step. • Branding and putting quality standards (proving them with certificates) can be a step.

As it is mentioned above and shown in Table 4.5, there are several steps for the institutionalization of the SMEs according to the perspectives of the respondents. These steps should be organized or chosen in line with the situation of the SME and requirements of the process, which differ among the enterprises, for successful results.

4.2.2.4. Obstacles of institutionalization

The concept of institutionalization has been analyzed with respect to its definition, advantages and disadvantages, steps should be taken and its necessity. In accordance with the findings, although the owners/managers of the SMEs in printing sector think that institutionalization has several advantages and it is definitely necessary for the SMEs, they face various obstacles in this process some of which are difficult to overcome and also common for the SMEs in other sectors. Therefore, this analysis based on the aspects of the owners/managers is expected to be a guide in terms of disclosing obstacles for practitioners throughout the institutionalization process in their SMEs.

Respondents state several obstacles that hinder institutionalization process in their SMEs. According to their responses, obstacles are coded into five main themes which

are financial obstacles, managerial obstacles, obstacles related to the production, obstacles related to the human resources and sector specific obstacles. Firstly, these obstacles are explained in detail below. Then, they are summarized in Table 7.4.

Financial obstacles

Five of the respondents over eight show the financial obstacles as the reason for why they cannot accomplish institutionalization in their SMEs. Respondent D states that in institutionalization process, high prices of consultancy firms and getting standardization certificates cause extra cost for the enterprise. In addition to this, Respondent A points that employing professional managers and increasing the number of skilled work force can put the enterprise into a financial hardship. Financial power of SMEs is insufficient to meet institutionalization activities.

Managerial obstacles

These obstacles arise from the owners/managers or family members. All of the respondents point out at least one obstacle that is regarded as managerial. Four of the respondents state that delegation of authority is an obstacle because the owners/managers feel like they lose control over their enterprises and so they avoid delegation of authority. Another reason for this hesitation is that the owners/managers do not trust the competences of the second generation and professional managers and believe no one else can manage their enterprises better than they do. According to the perspectives of the respondents, this is actually because the identification between the owners/managers and their enterprises is too strong and does not let anyone else ruin this unique relationship even if this person is the son or daughter.

Another obstacle is the conflicts between the business partners. Three of the respondents state that being in conflict with your partner is always an obstacle of institutionalization. Most importantly, conflict of opinions and favoritism of personal benefits can impede the institutionalization process. Respondent C states that due to favoritism of personal benefits, partnership did not work then he had to continue alone and the separation of partnership made the enterprise smaller than it was at the beginning.

Moreover, three of the respondents indicate that owners/managers are not open to the innovations. They are rigidly tied with the old-fashioned ideas and methods and

contended with what they have succeeded so far. They think that their experiences have shown the right way of doing business is what they do. Therefore, they cannot give up this ordinary and ongoing system.

Moreover, three of the respondents state that the age of the owners/managers can be an obstacle of institutionalization because when people get old, they are afraid of taking risk of losing what they own currently and starting the institutionalization process is somewhat about taking risk. They do not want to take the responsibility of any fiasco. Respondent F states “Managers have the fear of losing and hesitate to take the responsibility of a bankruptcy at the end of all efforts for institutionalization. For instance, the printing house of Nurool Holding was one of the few institutionalized printing houses and went bankruptcy. It was a really disappointing case for all the small and medium enterprises that wish to be institutionalized firms in future.”

Furthermore, two of the respondents specify that managers do not have the sufficient information about what the institutionalization of an enterprise is and what should and should not be done for this process. Respondent C states that managers do not believe in and cannot adapt to institutionalization. Respondent F thinks that the owners/managers of the SMEs do not see a need for institutionalization in their enterprises and this approach prevents the starting of the process.

Furthermore, mistrust to skills and abilities and knowledge scope of the employees is accepted to be an obstacle of institutionalization by two respondents. They state that even if owners/managers want to institutionalize their enterprises, they do not think that they can succeed it with an uneducated workforce. The responses show that owners/managers do not trust the skills and abilities of the employees and do not believe that they can fulfill what is required and expected from them in institutionalization process.

Besides, one of the respondents states that conflicts between the generations in saddle can be an obstacle for the institutionalization especially in the SMEs which are managed by both the first and the second generation. Personal problems between two generations can become more important than the business. In family companies, family relationship can have dominancy in professional life and father-son, father-daughter or other kinships continue to be effective in the enterprise. Moreover, conflicts between

generations can prevent institutionalization because to start the process and accomplish a successful consequence, there should be a consensus on this goal.

One of the respondents states that traditional management style approach is an obstacle of institutionalization. In SMEs, managers are usually responsible for all issues from production to management. The manager is the key person for the SME because he is the generalist. Therefore, he can be a sales person, technician, accountant at the same time. Respondent C says “I still wear a work uniform and operate the machines with the employees in production process. A man doing this can be a manager?”

Furthermore, one of the respondents points that when the managers of the SMEs do not follow the technological developments, their enterprises are confined to be outdated and conservative because the firms that aim institutionalization should be technology follower and open to the innovations.

Finally, personal relationship between the manager and the employees is regarded as an obstacle by one of the respondents. He points that it is especially seen in the SMEs employees of which have worked in the enterprise for a long time. It is an obstacle of institutionalization in SMEs for him because personal relationship means less authority on the employee. He adds that if the manager does not have the authority, employees begin accepting their manager as someone from their families such as a father, or a brother. After this point, gaining the authority again becomes so hard and institutionalization cannot be accomplished in such circumstance.

Obstacles related to the human resources function

Human resource function is really important for institutionalization in SMEs because this process does not only concern managers but also the employees. Thus, skills and abilities of the employees and adaptation to this process have a considerable effect on the success of this process. All of the respondents state that it is too hard to find skilled employees that can take responsibilities. One of the respondents points that most of their employees are not even graduated from elementary school and these employees are still weak about technical issues as well as adaptation to the innovations. He adds that it is too hard for the employees to operate the new technological machines and training of them can take a long time.

Also, Respondent E states that the work process is still performed by the chain of command system because self decision making mechanism of the employees is really insufficient. He mentions that they are used to be told what they have to do and even if they have the authority to give a decision about a daily based issue, they ask the super ordinates and this decision mechanism hitches the work process. Therefore, it is seen that SMEs are in trouble with creating a systematic organizational structure because skills and abilities of the employees are not adequate to accomplish it.

Obstacles related to the production function

Three of the respondents specify that obstacles related to the production can hinder the institutionalization process. The findings show that order based production and with respect to this customization prevent SMEs in printing sector to standardize their production process. Respondents mention that product diversification is really high, from the business card to the encyclopedia. Thus, machine, labor, and time change in line with the type of the product and it becomes difficult to organize the production process systematically. Respondent F indicates that standardization in production process would be easier if a certain type of product was produced.

Sector specific obstacles

These obstacles include the obstacles caused by Four of the respondents show these factors as obstacles of institutionalization. The first one is related to the current situation of the sector. He states that in printing sector, there are too many small and medium sized enterprises and there is a fierce competition among them. In this condition, SMEs try to survive and save the day. Thus, they cannot allocate time for the endeavors related to the institutionalization.

Moreover, one of the respondents states that demand uncertainty in the sector is an obstacle of institutionalization. Demand usually depends on gaining a tender bid and SMEs do not know which tender bid they will gain. He adds that financial situation of the SMEs in printing sector is highly dependent on the sustainability of the demand because financial savings are very limited. Thus, because of this uncertainty, they cannot make future plans accordingly. Whereas, planning is really important step for institutionalization of the SMEs

Furthermore, one of the respondents states that in 90s technical power of the managers in printing sector was really significant, experience and knowledge of the managers assured the quality, however, technological developments have brought automation in all areas and management approach has changed. He adds that SME managers who still want to continue only with their technical powers lose while SME managers who have changed their traditional management approach and developed their leadership qualities win. Thereby, not adapting to the contemporary management approach in the sector is an obstacle of institutionalization in SMEs.

Table 4.7 : Obstacles of institutionalization according to the perspectives of the owners/managers

Financial Obstacles
<ul style="list-style-type: none"> • Insufficient financial power of SMEs to meet the institutionalization activities (training, consultancy, standardization certificates, etc.) • Financial hardships for SMEs to employ professional managers and qualified workers
Managerial Obstacles
<ul style="list-style-type: none"> • Delegation of authority • Conflicts between business partners • Favoritism of personal benefits • Avoidance of innovations • Afraid of taking risk and change after a certain age • Lack of knowledge about institutionalization • Mistrust to the skills, abilities and knowledge scope of the employees • Conflicts between the generations in saddle • Traditional Management Style • Not following of technological developments • Personal relationship with the employees
Obstacles related to the Human Resource
<ul style="list-style-type: none"> • Unskilled and uneducated workforce • Weak decision making mechanism of the employees • Avoidance of responsibility
Obstacles related to the Production
<ul style="list-style-type: none"> • Difficulties in planning and standardization due to high product diversification, customization and order based production
Sector Specific Obstacles
<ul style="list-style-type: none"> • Demand uncertainty • Fierce competition in a saturated sector • Contemporary management approach in the sector

5. CONCLUSION AND DISCUSSION

5.1. INSTITUTIONALIZATION AND SMEs IN PRINTING SECTOR

The importance and place of SMEs is an unquestionable reality for countries' economies. Due to this reason, for development, augmentation and sustainability of SMEs, development plans of the countries give a specific consideration on SMEs. Some idiosyncratic characteristics of SMEs play an important role on their sustainability. While some of these characteristics threaten their sustainability. Being flexible, easy adapting to environmental changes, accomplishing technological innovations when they are supported, having simple organization structure and keeping entrepreneurship soul are considerable superiorities of SMEs. Whereas, having weak division of labor, favoring personal benefits of managers and, protecting family relationships in business, going on with traditional management style are some of their weaknesses. These weak sides can generate the obstacles of institutionalization in SMEs.

The research is conducted to learn “what the perspectives of the owners/managers on institutionalization and obstacles are?” and “if perspectives on institutionalization can cause an obstacle?” Based on the findings of the research, from the perspectives of the owners/managers of SMEs, the inferences below can be mentioned in related to institutionalization perception and obstacles.

5.1.1. Definition of the Institutionalization

Sustainability, professional management, rules and standards and division of labor are associated with institutionalization. Sustainability refers to an enterprise that lasts its existence independent from its owners or managers and generation by generation. Moreover, professional management is referred to working with professional and visionary managers, adapting decentralized management style and using professional techniques. It is seen that a clear division of labor and in related to this, departmentalization and job definitions are regarded as institutionalization. Besides, rules and standards are associated with institutionalization according to the perspectives of owners/managers because they organize all the functions and employees and are necessary to build up a system within the enterprise. Systematic structure and mechanism are referred to define institutionalization. In this frame, institutionalization is perceived as operating of each process autonomously and systematically.

Furthermore, growth and employment are considered as institutionalization. It is believed that an enterprise gets institutionalized as it grows. Another perspective is that institutionalization is to provide much more employment as the enterprise grows. Efficient customer relationship planning, R&D and sharing a common goal are also referred to define institutionalization.

5.1.2. Advantages and Disadvantages of the Institutionalization

According to the perspective of owners/managers, the advantages of institutionalization outweigh the disadvantages of it so institutionalization is regarded as a positive term. The advantages of institutionalization are perceived as sustainability, higher quality standards, easy adapting to the environmental changes and tracking of innovations, minimizing conflicts related to the division of labor, lower responsibility of the manager, fewer problems related to the management function. Additionally, educated and trained work force, higher customer satisfaction systematic mechanism and autonomy, happier and more peaceful work environment, easy scheduling of the tasks, creating corporate culture, growth of the enterprise, formal-rational relationship with the employees, off the record prevention, change of customer and business partner portfolio and working with corporate culture easily are also perceived as advantages of the institutionalization. Whereas the disadvantages are stated as cost increase, bureaucracy, loss of flexibility, sneaking off, increasing dependency on certain employees.

5.1.3. Steps for Institutionalization

According to the perspectives of the respondents, manager is the key point for institutionalization. Therefore, the first step for manager is considered to get sufficient information about institutionalization, why it is necessary and analyze the current condition of the enterprise. Also, getting professional support of managers is accepted to be beneficial if it is necessary.

Also, planning is a very essential step for the institutionalization according to the respondents. Besides, start working with professionals especially in managerial positions is considered to be a significant step. Also, it is stated that business consultant support and getting information from the managers who have accomplished institutionalization in their enterprises in printing sector can be beneficial steps. Moreover, it is believed that employee training can contribute to the process if it is

about both technical and organizational issues. Additionally, investment in technology and R&D is considered to be inevitable for the institutionalization process of an SME. Cooperation and mergers are accepted to be alternative steps. Branding and quality standards are regarded to be necessary for institutionalization.

5.1.4. Obstacles of the Institutionalization

According to the findings of the research, it can be specified that SMEs face financial, managerial, external obstacles and obstacles related to the human resources and production. It is conceived that institutionalization activities cause extra cost for the SMEs and employing professional managers and skilled workforce can put them into financial hardship. Besides, it is stated that managers avoid delegation of authority due to risk of losing control, not trusting to the competences of the second generation and strong identification with the enterprise.

Besides it is seen that owners/managers are close to innovations and tied with the old-fashioned ideas and methods. It is also related to the age of the owners/managers because old people hesitate to change and take risks. Moreover, it is specified that managers do not have the sufficient information about institutionalization and some of them do not believe in, see a need for and cannot adapt to institutionalization.

Furthermore, mistrust to skills and abilities and knowledge scope of the employees is accepted to be an obstacle of institutionalization. Besides, it is stated that conflicts between generations in saddle, business partners and dominancy of family relationship can be obstacles. Traditional management style approach is considered to be an obstacle of institutionalization. In addition to this, not following of technological developments by the manager and personal relationship between the manager and employees are also regarded as managerial obstacles.

Additionally, difficulty of finding skilled employees and weak self decision mechanism of the employees are the main obstacles related to the human resources. Moreover, order based production and high product diversification are regarded as obstacles related to the production because they prevent SMEs to standardize and plan their production process. Finally, fierce competition, demand uncertainty and contemporary management approach in printing sector are considered to be main sector specific obstacles of institutionalization.

5.1.5. Paradoxes related to the Concept of Institutionalization

All of the inferences above show that the owners/managers of SMEs have a certain level of knowledge about institutionalization. However, when the answers of each respondent are analyzed, it can be said that some of institutionalization indicators are not known by the managers and their perspectives on institutionalization are different from each other. One of them regards sustainability as institutionalization whereas the other associate institutionalization with division of labor. Four of the respondents refer to professional management but other four do not even talk about this subject. It can be mentioned that several meanings are attributed on institutionalization and these meanings are dependent on the perspectives of owners/managers.

Furthermore delegation of authority is not mentioned by any of the respondents to define institutionalization or as a step; however, it is regarded as a managerial obstacle of institutionalization by four owners/managers. Additionally, even if all of the enterprises have national or international quality standard certificates, four of them think that it is not necessary for institutionalization. They believe that these certificates just provide prestige and a company can get institutionalized without these certificates. It can be said that there is a paradox related to the perspectives of owners/managers on institutionalization.

The owners/managers of SMEs state that lack of qualified workforce is an obstacle. However, they also state that they do not have financial power to employ qualified people. Additionally, the owners/managers complain that their employees do not want to take responsibility but at the same time they do not trust their employees' skills and abilities. Another paradox is that the owners/managers think that a manager should have sufficient information about institutionalization; however, some of them do not believe the benefit of business consultant support. Therefore, these paradoxes also hinder institutionalization in SMEs.

Besides, perceiving institutionalization costly is a very important obstacle. In such a case, there are two kinds of delusions. One is that with or without family members, institutionalization is to performing of operations professionally. However, some of the owners/managers of SMEs comprehend this as a necessity to employ someone outside the family. Second delusion is that skilled and specialized workforce increase the cost.

This situation only increases the labor wages. Nevertheless, in long term, contribution of professional workforce to the enterprise may be higher than the cost of low waged and unskilled workforce to the enterprise. Therefore, misunderstanding of the concept by the owners/managers prevents institutionalization in SMEs.

Another paradox is that the owners/managers do not mention any step to regulate family relationships even if they think that it is an obstacle of institutionalization. For example they never mention preparation of family company constitution, formation of board of directors or family assembly. And also, owners/managers of SMEs complain about burden of responsibility but at the same time they avoid delegation of authority.

Another delusion of the owners/managers is to believe that institutionalization process should start when an enterprise reach to a certain size. However, even the micro and small sized firms can take steps for institutionalization, for example, they can put rules and standards to regulate operations and organizational structure or create a clear division of labor. Therefore, this improper approach can impede SMEs to get institutionalized because it gets difficult to overcome obstacles when it is too late. Also in this research, the owners/managers think their enterprises are institutionalized even if they are not in fact just seem so due to adopting some determinants of institutionalization. This perception also hinders institutionalization process.

5.2. THEORETICAL CONTRIBUTION OF THE STUDY

The concept of institutionalization in SMEs has been a popular issue to be analyzed and many researchers have studied on this subject focusing on the SMEs in different sectors in order to help the owners/managers of these enterprises define the concept of institutionalization and obstacles and find appropriate solutions to these obstacles. This study is also aimed to define the concept of institutionalization and its obstacles from the owners/managers of printing sector SMEs in Ankara.

The findings of this study have some similar points with previous studies. For example, lack of knowledge about institutionalization referred in other researches (Çakıcı and Özer 2008, pp. 41-57; Ulukan 2005, pp. 29-42) also emerges in this research. Lack of knowledge is shown as an obstacle of institutionalization in SMEs. The owners/managers perceive institutionalization differently from each other as a result of insufficient knowledge about the concept.

Perspectives of the owners/managers participated in this study on institutionalization also support the institutionalization approaches in literature such as being a company that has standards and procedures independent from persons, forms its organizational structure (Karpuzoğlu 2003, p. 72), a professional system (Us 2003, p. 1), has departments, division of labor, performs tasks and actions systematically and operates effectively (Ulukan 2005, p. 34). However, the owners/managers in question in this research associate institutionalization also with R&D, technology and employment.

Besides, institutionalization is mostly perceived as a positive term by the owners/managers except some of disadvantages mentioned such as cost increase, bureaucracy, loss of flexibility, sneaking off and increasing dependency on certain employees. However, Ulukan (2005, p. 32) points that institutionalized actions and behaviors should not be accepted as positive; bribery, lie, and accounting frauds can be institutionalized if they are repeated. The owners/managers in question do not take the subject from this side.

The perspectives of owners/managers on the disadvantages of institutionalization such as loss of flexibility and bureaucracy are supported with the approach of Jaffe (2001, p. 227), which states that organization refers to action and change, institution refers to stability and persistence.

Moreover, the obstacles of institutionalization according to the perspectives of owners/managers in question support the researched based obstacles in literature. For instance, lack of participating management culture, centralized management understanding, weak authority delegation (Bayer 2005, pp. 131-140), lack of knowledge about institutionalization, conflicts among family members and favor of kinship inadequacy of planning and controlling, low education level of the employees, using traditional ways of management, (Özdevecioğlu 2004, pp. 107-131) and managers' risk avodiance (Fındıkçı 2007, pp. 93-111) are also mentioned by the owners/managers in question. However, uncertainty of vision, mission and strategies (Bayer 2005, pp. 131-140) is not mentioned by any of the respondents as an obstacle but the owners/managers want their employees to learn the vision, mission and strategies of their enterprises.

Besides, the owners/managers in question state some sector specific obstacles which may not be considered as obstacles in similar researches such as demand uncertainty

and fierce competition in a saturated sector. They are seen as obstacles by the owners/managers in question because they prevent SMEs to make short and long term planning. Besides this, high product diversity, customization and order based production, which may not be regarded as obstacles for other SMEs, are considered to be obstacles because they prevent standardization in production.

This research is conducted with the limited number of the owners/managers of SMEs. Obtained findings include the SMEs operating in printing sector in Ankara. Firstly, it is believed that this study may help to understand the printing sector and printing sector SMEs in Ankara, their needs and wants, problems, strengths and weaknesses, what the term “institutionalization” refers to according to their owners/managers and why they cannot succeed institutionalization. However, it is also believed that these results may be beneficial for the SMEs in other sectors and cities. Also, it is expected that this study may be the pioneer of similar studies related to the printing sector. Conducting of similar researches also for other sectors throughout Turkey will provide to understand institutionalization problematique better and to make comparisons possible.

5.3. RECOMMENDATIONS FOR POLICY MAKERS AND MANAGERS

An important consequence emerged from the research is that SMEs should not be deprived of support about institutionalization subject. Providing sufficient information about institutionalization to the owners/managers of SMEs would be very beneficial and overcome paradoxes. In this respect, lack of information about institutionalization can be overcome by the training and consultancy services provided by KOSGEB, Chambers of Trade and Industry and universities. Therefore, cooperation between SMEs and business consultancy agencies should gain importance. If it is necessary, these supports should be free for SMEs. And also the owners/managers of SMEs should not be biased and make an effort on and allocate time for this process. Besides, academicians should share and give information about the findings of their researches on institutionalization.

Also, government supervision should be strengthened on SMEs in all sectors. Due to weak supervision, they take the benefit of informal employment and economy and their quality standards are still low. If government supervision is strengthened and the punishments become deterrent, taking steps for institutionalization become easier. And also, the government should make specific regulations SMEs such as SMEs must have

TSE or ISO quality certificates, owners/managers of the SMEs that has certain number of employees must receive training to manage their companies professionally and also the employees must be trained continuously, and SMEs must have some certain organizational rules and standards. These regulations should be sector specific because the dynamics of each sector is different. Besides them, government should increase financial supports to SMEs because one of the most important obstacles of institutionalization is financial inadequacies.

Furthermore, the owners/managers of SMEs should regulate all of the operations, activities and relationships within the organization and also try to develop an organization independent from persons. The owners/managers should provide training of people within the organization professionally for managerial positions, instead of employing professional managers outside the firm. They should also provide technical and organizational training for their employees thinking short term cost will be a long term benefit. All of these efforts should start in the establishment process; the owners/managers of SMEs should not wait for growth. If these developments are succeeded early stages, they will provide the enterprise to stand on a strong institutional basis.

Even if there is a high identification between the owner/manager and his enterprise, he should realize that his enterprise should survive without him. Therefore, the owner/manager should not take all the decisions and determine all policies by his own. He should be agreed that growth and sustainability are provided by determining the future of the management and providing trust to the corporate environment and to succeed them, enterprises should accomplished institutionalization.

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APPENDICES

APPENDIX 1 – In Depth Interview Questions with the Chairman of Ankara Chamber of Printers, Binders and Craftsmen and the General Secretary of Istanbul Chamber of Printers, Binders and Craftsmen

1. What is the current situation of the printing sector in Turkey? (advantages, disadvantages, problems and etc.)
2. What are the obstacles of institutionalization in SMEs in printing sector?
3. What do chambers do to support institutionalization in SMEs in printing sector?

APPENDIX 2 – In Depth Interview Questions with the Owners/Managers

1. What do you understand from the institutionalization?
2. What are the potential advantages and disadvantages of the institutionalization?
3. What steps should be taken to institutionalize?
4. Do you see a need for institutionalization? If yes, why, If not, why?
5. What are the obstacles of institutionalization?

APPENDIX 3 - Questionnaire

Question related to the Enterprises

1. Year of Foundation
2. Foundation Type (limited company, private company, etc.)
3. Year of Corporatization
4. Headcount
5. Generation in the Saddle

Questions related to the Owners/Managers

1. Gender
2. Age
3. Educational Status
4. Position in the Enterprise
5. Managerial Experience Time
6. Way of Getting Work Experience in Printing Sector