



Characteristics of Born Globals in Turkey: A Survey for Turkish Companies

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Abstract: A stream of literature on the “born global” emerged in the early 1990s (McKinsey & Co., 1993; Knight and Cavusgil, 1996; Oviatt and McDougall, 1994). They conceptualise the idea of born global (BG) small-medium firms who derive significant competitive advantages through the deployment of resources to foster international development. Although the interest in “born global firm” concept increased notably over the past two decades, there has been numerous issues yet to be researched. Definition of the concept and role of the entrepreneur are on the top of the list. Likewise, many characteristics of the born global companies such as time lag to start exporting, the sectors that are most likely to allow for the emergence of born global companies or the factors urging companies to be born “global” differ considerably across countries and regions.

With regard to Turkey, although born global firms have been researched to some extent, number of up-to-date and detailed academic work specifically focusing on the subject is limited. Therefore generating models that explain and help increase the number of born global firms is essential for Turkey, particularly in terms of reaching Turkey’s long term targets.

In this respect a survey is conducted with the aim of defining the structure of born global firms in Turkey. Prior to the survey study, conceptual and theoretical context of the born global firms is drawn out in the first section. In the following section, development of born global firms in various countries is investigated. In the final section, the results of the survey, the purpose of which was to determine the characteristics of born global firms in Turkey are discussed.

Survey questions are distributed to exporting companies in 26 different sectors and managers from top 1.000 exporter companies from 11 different sectors (textile, machinery, electric, electronic and informatics, iron, steel and non-ferrous metals, herbal products, cereals, grains and cereal products, wood, forestry products, chemicals and chemical products, automotive industry, minerals, jewelry, aquacultural and animal products, cement, glass, ceramic and soil products) who are also board members of Exporter Associations responded to the questions. The scope of the survey study aims to uncover the structure of the firms and characteristics of founders & managers of the firms.

Keywords: Born Globals, Exporter, Internalization

1. CONCEPTUAL AND THEORETICAL FRAMEWORK OF THE BORN GLOBAL FIRMS

“Born global firm” concept was first put forward and took its place in literature in a 1993 research by McKinsey & Company that was carried out in Australia. The study identified two types of emerging exporters in Australia, which are “born global firms” and “home market based firms”. Approximately 700 emerging exporters operating in diverse industries in Australia were investigated under the research. Whereas 25% of those emerging exporters in Australia were identified as “born global firms” which started exporting within two years following the start up on average and exports of which amounted to 76% of the total sales; 75% of them were “home based firms” which started exporting twenty seven years after the establishment of the company on average and where exports accounted for approximately 20% of the total sales (McKinsey&Company, 1993: ii).

With respect to born global companies, various descriptions are used in the literature (Kalyoncuoğlu ve Üner, 2010: 12), such as “Born Globals” (Rennie, 1993; Çavuşgil, 1994a; Çavuşgil, 1994b; Knight ve Çavuşgil, 1996; Madsen ve Servais, 1997; Aspelund ve Moen, 2001; Moen ve Servais, 2002;

Knight, Madsen ve Servais, 2004; Hashai ve Almor, 2004:465; Gabrielsson ve Kirpalani, 2004: 555; Freeman ve Çavuşgil, 2007), “International New Ventures” (McDougall, Shane ve Oviatt, 1994; Oviatt ve McDougall, 1994, 1997; Welbourne ve De Cieri, 2001: 652; Oviatt ve McDougall, 2005a; Oviatt ve McDougall, 2005b; Coviello, 2006), “Instant Internationals” (Fillis, 2001), Instant Exporters (McAuley, 1999), “Born Internationals” (Kundu ve Katz, 2003), “Global Start-ups” (Oviatt ve McDougall, 1995; Hordes, Clancy ve Baddaley; 1995), “High Technology Start-ups” (Johnson, 2004) and “Early Internationalising Firms” (Rialp, Rialp ve Knight, 2005). Ganitsky (1989) defined the companies that served foreign markets from their inception as “born exporters”, and Rennie (1993) demonstrated that Australian new companies exported a large share of their total output within two years following their establishment. In their comparative study on the European manufacturers Madsen ve Sevais (1997) revealed that more than 50% of the manufacturers were global start-ups, whereas Simon (1996) showed that international niche players across Europe and North America which he calls “500 secret champions” became global within one year of foundation.

1.1. General Properties of Born Global Companies

1.1.1. Time Lag to Start Exporting

One of the defining characteristics of the born global company concept is the time lag to start exporting. Born global companies are observed to have started exporting immediately or very shortly after foundation. The time lapsed from the foundation date to the first export activity is called the “time lag to start exporting”. Although the prevailing view in the literature with regard to the length of the time lag is three years (Knight ve Çavuşgil, 1996: 18; Harveston, 2000: 4; Madsen, Rasmussen ve Servais, 2000: 247; Andersson ve Wictor, 2001: 6; Rasmussen, Madsen ve Evangelista, 2001: 77; Madsen ve Knudsen, 2003, 18; Knight, Madsen ve Servais, 2004: 649; Karra ve Phillips, 2004a: 1; Freeman ve Çavuşgil, 2007: 10), time lag period may vary across countries. However, the statement “short time upon foundation” that is employed in the literature with reference to the activities of born global companies in foreign markets generally refers to a period of time of *three years or less*.

1.1.2. Share of the Exports in Total Sales

Another definitive characteristic of the born global company concept is the “share of the exports in total sales”. The companies that commenced exporting immediately or in a short time after the foundation could be called “born global company” provided that the share of the exports in the total sales is minimum 25% (Knight ve Çavuşgil, 1996: 18; Knight, 1997: 34; Harveston, 2000: 4; Madsen, Rasmussen ve Servais, 2000: 247; Knight ve Diğerleri, 2000: 2; Andersson ve Wictor, 2001: 6; Rasmussen, Madsen ve Evangelista, 2001: 77; Moen, 2002: 158; Madsen ve Knudsen, 2003, 18; Knight, Madsen ve Servais, 2004: 649; Karra ve Phillips, 2004a: 1). The 25% export threshold is exercised in order to determine the degree of regularity of the exports in sales and the weight of the realized exports as to indicate materiality.

1.1.3. SME Conditionality

Another parameter employed in the literature is the condition of “being small and medium sized (SME)” (McKinsey & Co., 1993: 10; Rennie, 1993: 46; Çavuşgil, 1994a: 18; Çavuşgil, 1994b: 4; Knight ve Çavuşgil, 1996: 12; Knight, 1997: 2; Bell ve McNaughton, 2000: 176; Çavuşgil ve Knight, 2009: 11, 14; Çavuşgil, Knight ve Üner, 2011: 14, 18). Although the criteria used in defining SMEs differ across countries, born global companies are predominantly small and medium sized enterprises.

Companies that meet all of the three conditions stated above are commonly referred to as born global companies in the literature. Born global company concept stands as an alternative to the conventional models that stipulate long term and progressive efforts with respect to the internationalization of companies.

One prominent attribute of the born global companies is their management, that is born global companies are generally directed by experienced entrepreneurs with extensive international business network, who hold a global point of view and see the world as a borderless whole.

Born globals are also defined as the technology driven SMEs that operate internationally starting from their inception or commence international business shortly after thereof.

While many of the works in the literature discuss that born global companies generally originate in high technology demanding industries, there are researches arguing that born global companies emerge in various industries including the ones that are not high technology intensive (McDougall,

Shane ve Oviatt, 1994: 472; Madsen ve Servais, 1997: 580; McAuley, 1999: 79; Knight, Madsen, Servais ve Rasmussen, 2000: 10; Madsen, Rasmussen ve Servais, 2000: 264; Andersson ve Wictor, 2001: 6; Rasmussen ve Madsen, 2002: 15, Çavuşgil ve Knight, 2009: 11; Çavuşgil, Knight ve Üner, 2011: 14). In this respect while McKinsey ve Company (1993), Bell (1995), Knight ve Çavuşgil (1996) argue that born global companies emerge in knowledge and technology intensive industries, Knight vd. (2002), Rasmussen ve Madsen (2002) demonstrate that born globals could also emerge in conventional sectors such as sea products, furniture, household tools, chemical products, etc.

1.2. Characteristics of the Founders / Senior Managers as a Medium to Explain Born Global Companies

Although there does not exist a consensus over the factors inducing companies to internationalize in a short span of time, the literature addresses born global companies at three different levels i.e. “founder/senior manager”, “business”, “environment” (Madsen ve Servais, 1997: 581). Taking cognizance of the details in each level and the importance attached to the role the founders/senior managers play in the internationalization process, Kalyoncuoğlu ve Üner (2010:14) have defined the characteristics of the founders / senior managers in the process of rapid internationalization. The prominent characteristics are listed as follows:

- Most of them hold graduate degrees (educational level) (Andersson ve Wictor, 2001)
- They are proficient in foreign languages (Bilkey, 1978: 43; Karra ve Phillips, 2004a: Karra ve Phillips, 2004b: 21)
- They tend to be younger (Riddle ve Gillespie, 2003: 117; Luostarinen ve Gabrielsson, 2006: 787)
- They are effectively guided by their families (encouraged and supported for foreign language education, traveling abroad, education, internships etc.) (McAuley, 1999: 77; Andersson ve Wictor, 2001: 14)
- They are male (gender) (Riddle ve Gillespie, 2003: 111,117)
- They are grown up in city centers, they are thought to behave bold and liberally
- They are able to urge and implement innovation (Mort ve Weerawardena, 2006: 563)
- They are risk seeking (Knight, 1997: 79; Harveston, 2000: 83; Chetty ve Campbell-Hunt, 2004: 62; Freeman, Edwards ve Schroder, 2006: 51)
- They tend to develop alternative action plans in a preemptive manner (Knight, 1997: 79; Rialp-Criado, Rialp-Criado ve Knight, 2002: 26)
- They have the know-how regarding the business operations (Vesper ve Vorhies, 1979: 8; Andersson, 2000: 72; Rhee, 2002: 56; Kundu ve Katz, 2003: 31; Sharma ve Blomstermo; 2003: 745)
- They use advanced communication skills so as to carry out daily operations in a cost efficient, high quality, rapid and effective manner (Oviatt ve McDougall, 1999: 11, Knight, 1997: 26-27; Madsen ve Servais, 1997: 578; Oviatt ve McDougall, 1997:90; Larimo ve Pulkkinen, 2002: 14; Moen, 2002: 166; Chetty ve Campbell-Hunt, 2004: 74; Çavuşgil ve Knight, 2009: 12; Çavuşgil, Knight ve Üner, 2011: 16)
- They aspire to take advantage of high profit opportunities in foreign markets (Çavuşgil, Bilkey ve Tesar, 1979: 94; McDougall, Shane ve Oviatt, 1994: 479; Lin ve Wang, 2008: 45)
- They have high growth expectation (Rennie, 1993: 51; McDougall, Shane ve Oviatt, 1994: 470)
- They aim at focusing on niche markets (Rennie, 1993: 48; Çavuşgil, 1994b: 5; Knight ve Çavuşgil, 1996: 21; Knight, 1997: 28-29; Madsen ve Servais, 1997: 577; Madsen, Rasmussen ve Servais, 2000: 249; Aspelund ve Moen, 2001: 222; Zucchella, 2002: 21; Larimo ve Pulkkinen, 2002: 8; Rialp-Criado, Rialp-Criado ve Knight, 2002: 26; Bell ve Diğerleri, 2003: 348; McNaughton, 2003: 299; Knight, Madsen ve Servais, 2004: 661; Rialp, Rialp ve Knight, 2005: 160; Rialp ve Diğerleri, 2005: 156; Luostarinen ve Gabrielsson, 2006: 791; Lin ve Wang, 2008: 45)
- They work with foreign language speaking employees (Çavuşgil, 1994a, Oviatt ve McDougall, 1995)
- They participate in organizations held abroad (trade fairs, congresses) (Reid, 1981: 102; McAuley, 1999, Andersson ve Wictor, 2003, Bingman ve Cederäng, 2008)

- They consider foreign markets to create more value added
- They do not insist on expanding in conventional markets (Madsen ve Servais, 1997: 577; Bell ve McNaughton, 2000: 178; Madsen, Rasmussen ve Servais, 2000: 249; Bell ve Diğerleri, 2003: 348; Chetty ve Campbell-Hunt, 2004: 72; Dow, 2005: 17; Freeman ve Çavuşgil, 2007: 32)
- They realizethe financial investments required (Knight, 1997: 78; Kandasami ve Huang, 2000: 12; Çavuşgil ve Knight, 2009: 11; Çavuşgil, Knight ve Üner, 2011: 15) and assign qualified workforce (Knight, 1997: 78; Çavuşgil ve Knight, 2009: 11; Çavuşgil, Knight ve Üner, 2011: 15) in line with their decision to expand into international markets
- They take the global market as their target market starting from inception (Knight ve Çavuşgil, 1996: 12; McDougall, Shane ve Oviatt, 1994: 469; Oviatt ve McDougall, 1995: 34; Kandasami, 1998: 4; McAuley, 1999: 79; Andersson ve Wictor, 2001: 19; Rialp-Criado, Rialp-Criado ve Knight, 2002: 25; Zucchella, 2002: 20; Moen, 2002: 166; Larimo ve Pulkkinen, 2002: 14; Dimitratos ve Diğerleri, 2003: 164; Knight ve Çavuşgil, 2004: 137; Johnson, 2004: 149; Karra ve Phillips, 2004a: 4; Rialp, Rialp ve Knight, 2005: 160; Rialp ve Diğerleri, 2005: 152; Knight ve Çavuşgil, 2005: 32; Laanti, Gabrielsson ve Gabrielsson, 2007: 1114; Gabrielsson ve Diğerleri, 2008: 16; Çavuşgil ve Knight, 2009: 11; Çavuşgil, Knight ve Üner, 2011: 15)
- They always consider customer demands and expectations as determinative factors (Çavuşgil, 1994b: 4; Kandasami, 1998: 5; Aspelund ve Moen, 2001: 222; Rialp-Criado, Rialp-Criado ve Knight, 2002: 26; Zucchella, 2002: 20; Knight, Madsen ve Servais, 2004: 658; Rialp,Rialp ve Knight, 2005: 160; Rialp ve Diğerleri, 2005: 160)
- They establish export department (Bilkey ve Tesar, 1977: 96)
- Their overseas experience help identify opportunities in international markets and mobilize companies (Madsen ve Servais, 1997: 574; Zou ve Stan, 1998: 349; Evangelista, 2005: 194; Andersson ve Evangelista, 2006: 654)

2. EXAMINATION OF BORN GLOBAL COMPANIES IN DIFFERENT COUNTRIES

Knight, G. et al. (2004) have investigated born global companies in Denmark and the U.S.A. The authors define companies which started exporting within three years of inception and have a 25 per cent share of exports in total sales as born global companies. In addition, globalization and high information and communication technology are considered the most important factors in the emergence of born global companies. In this respect, the diffusion of internet, computer and other technologies encourages emergence of born global companies. Figure 1 shows that 106 and 186 born global companies are investigated in Denmark and the U.S.A. respectively.

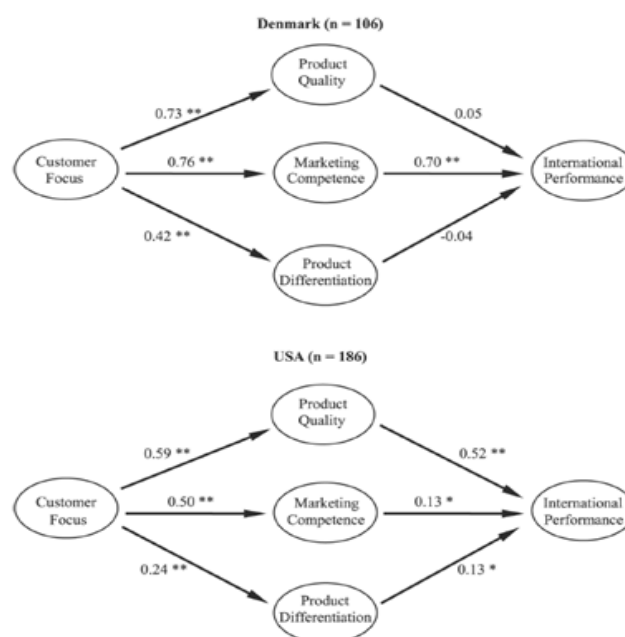


Figure1. Born Global Companies in Denmark and the U.S.A.

Source: Knight, G. et al. (2004)

Despite the structural differences between the two countries, the authors investigated manufacturing companies which are established after 1980 and export at least 25 per cent of their total output as part of their research.

The U.S.A. was selected on the ground of being the largest consumer market and having a very large number of born global companies. On the other hand Denmark is a representative of the European Union, and stands as a country with a high concentration of international companies. Moreover, literature and research carried out until today with regard to born global companies originate in Denmark, which was also influential over selecting this country. In Denmark, CEOs or marketing directors of 20 companies were also interviewed. These companies mostly operate in metal pieces, furniture, processed food, machines and consumer goods sectors and have 60 employees on average, were established in 1986 and started exporting within three years of inception. Major trading partners of these companies are European countries. Additionally 12 American born global companies were interviewed. These companies have 210 employees on average, were established in 1983 and started exporting within three years of inception that operate in information technologies, electronic hardware, consumer goods and medical products sectors. Trade partners of these companies are Europe, Asia and Latin America. The interviews carried out with the companies in Denmark and the U.S.A. focus on profitability indicators such as internationalization performance, profitability, market share, sales growth and return on investment of born global companies. The outcomes of the interviews carried out in two countries demonstrate that almost all of the companies focus on strong international orientation and target markets. Case studies also show that born global companies allocate resources toward customer orientation. Knight, G., et al. (2004:9) specify marketing competency and product differentiation as the key determinants of performance in international markets for born global companies. Knight ve Cavusgil (2004: 2) on the other hand investigate the role of innovation culture and organizational capacity in the internationalization process of born global companies. The authors assert that born global companies are inherently innovative and entrepreneurial. According to Knight ve Cavusgil (2004: 8),

According to Knight and Cavusgil (2004: 8), the most remarkable strategies of born global companies are their concentration on global technological competence, investing in development of unique products, and focusing on quality.

Table1. *Characteristics of Born Global Companies Across Different Countries*

Country	Maximum time lag to start operating internationally	Minimum share of the foreign sales in total sales	Number of export markets (Min.)
Australia	2 years	75%	More than one
Great Britain	3 years	-	More than one
Denmark	3 years	25%	-
China	3 years	20%	More than one
Sweden	4 years	25%	-
U.S.A.	6 years	-	-
Italy	6 years	25%	-
Spain	7 years	25%	-

Source: Calculations based on various studies

Certain studies point out that born global companies could also operate in conventional manufacturing and services sectors manly due to their market positioning. As seen in Table 1, whereas Italian researchers encountered family businesses mainly operating in conventional sectors such as textile and machinery in the 60s and 70s, they observed that new wave born global companies of the past 20 years operate in high technology and value added sectors such as e-commerce, design and information technologies. In France, sectoral distribution of born global companies reveals that 36% of born globals operate in conventional manufacturing sectors and 22% focus on professional, scientific and technical fields.

Born global companies are also defined as global innovation leaders. A research carried out in the UK suggest that born global companies are more innovative and have a higher share of research and development expenditure per employee in comparison to non-exporting companies. The study additionally demonstrates that innovation activities increase capacity to enter new markets.

3. THE SURVEY ON THE CHARACTERISTICS OF BORN GLOBALS IN TURKEY AND EVALUATION OF THE RESULTS

The survey encompassing exporters in 26 different sectors is first of its kind in Turkey and it is important in terms of its emphasis on differentiating born globals from conventional exporters and revealing characteristics in terms of definition of born globals.

Main objective of the research is to distinguish «born global» companies in exporting companies, identify their characteristics and determine whether they differentiate from conventional exporting companies in terms of structure and orientation. Nonetheless born global companies play an important role in shaping of global economy and international business environment. Born global companies are generally high technology businesses that commence operating in international markets starting from or shortly after their inception, which internationalize differently from other companies that adopt conventional means in their market expansion process.

Scope of the Research

<p>Company Structure</p> <ul style="list-style-type: none"> • Year of foundation • Year of first export activity • Share of exports in total sales (<i>within 2-3 years of foundation</i>) • Number of employees • Net annual sales & balance sheet total • Sector (field of activity) • Continents as export destinations (actual and planned) • Use of high technology in new product development 	<p>Characteristics of Founders/Senior Managers</p> <ul style="list-style-type: none"> • Demographic characteristics • (<i>gender, age, most recent academic degree and institution</i>) • Foreign language proficiency • International experience • Factors that influence expansion into foreign markets
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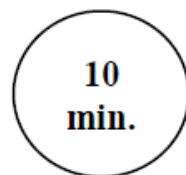
The survey is carried out via CAWI (computer aided web interviewing) method. Research universe is comprised of senior managers of companies that rank within top 1000 exporting companies who are also board members of Exporter Unions in 2014. Repeating entries are eliminated on the computer system and a database of 2.000 companies is obtained.

The questionnaire is uploaded and data collection phase commenced on the 26th of November. An invitation is sent to all of the companies; 201 companies accepted the invitation and participated in the survey. Data collection is completed on Friday, the 11th of December. Following the sorting out of the data, analysis and reporting process is performed between 14 – 22 December, 2015.

SampleSize



Average length perinterview



3.1. Key Findings: Company Structure

3.1.1. Year of Foundation & Year of Starting Export Activity

Year of foundation and commencement year of export activity for the 201 companies are analysed and as shown in Figure 2, foundation year of the participating companies is found 1988 and

commencement year of export activity is 1995 on average. More than half of the participating companies are younger than 25 years.

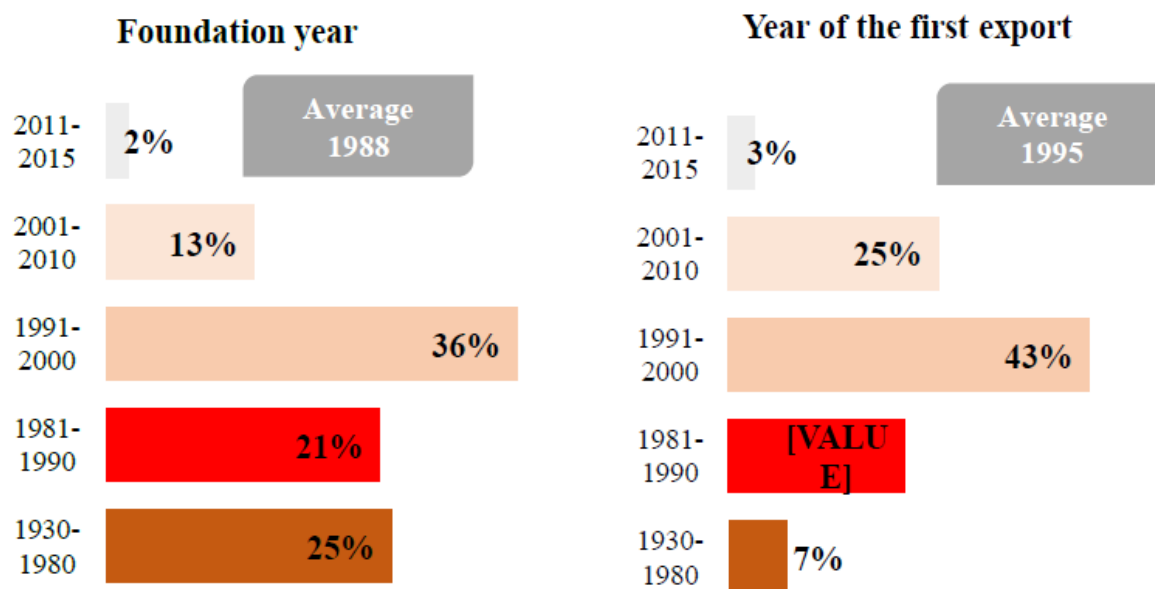


Figure 2. Year of foundation and first export activity of participating companies

Source: Calculations by the author

3.1.2. Time Lag to Start Exporting

It is acknowledged that born global companies start exporting immediately or within 3 years of their inception. The literature defines the lag from the inception of the company to the first export activity as the “time lag to start exporting”.

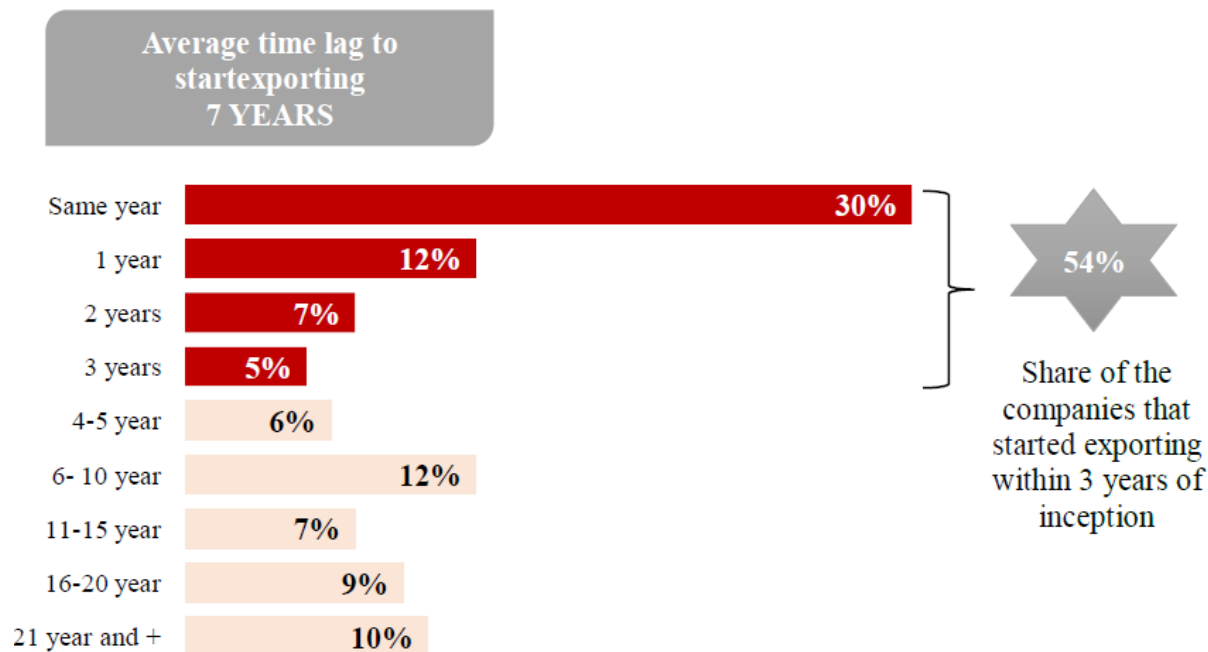


Figure 3. Time lag to start exporting for the participating companies

Source: Calculations by the author

As displayed on Figure 3, average time lag to start export activity is 7 years for the participating companies. Share of the companies that started exporting within 3 years of inception, which is a characteristic of born global companies, is found 54%. On the other hand, 30% of the participant companies stated that they started exporting within the calendar year, 12 % within 1 year and 7% within 2 years of inception.

3.1.3. Share of the Exports in Total Sales

Share of the exports in total sales indicates significance of exports in terms of permanency and frequency in total sales of the company. Companies are referred to as “born global” when export activity starts within 3 years of inception and share of the exports is **minimum 25%** of total sales.

Under the survey, the companies are asked to state the share of their exports in total sales taking into account the first 2-3 years of the company. If the company is established sooner than one year, the same is asked for the relevant period.

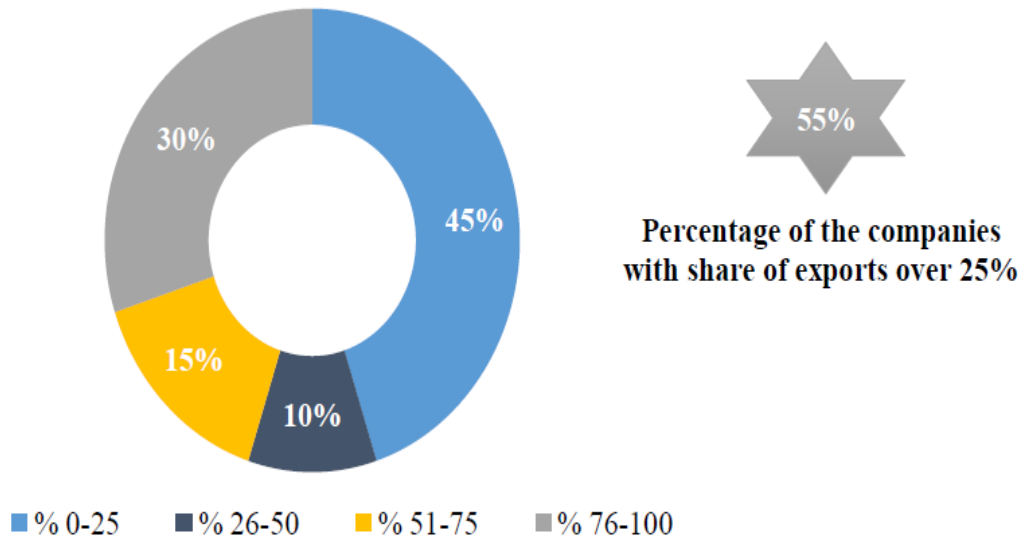


Figure4. Share of the exports in total sales for participating companies

Source: Calculations of the author

Concordantly, Figure 4 shows that the companies that have an export volume exceeding 25% of total sales account for 55% of the companies that took part in the survey.

3.1.4. Born Global Companies

Under the scope of the survey, the percentage of the companies that meet the two criteria i.e. a share of exports exceeding 25% and starting export activity within 3 years of inception is determined.

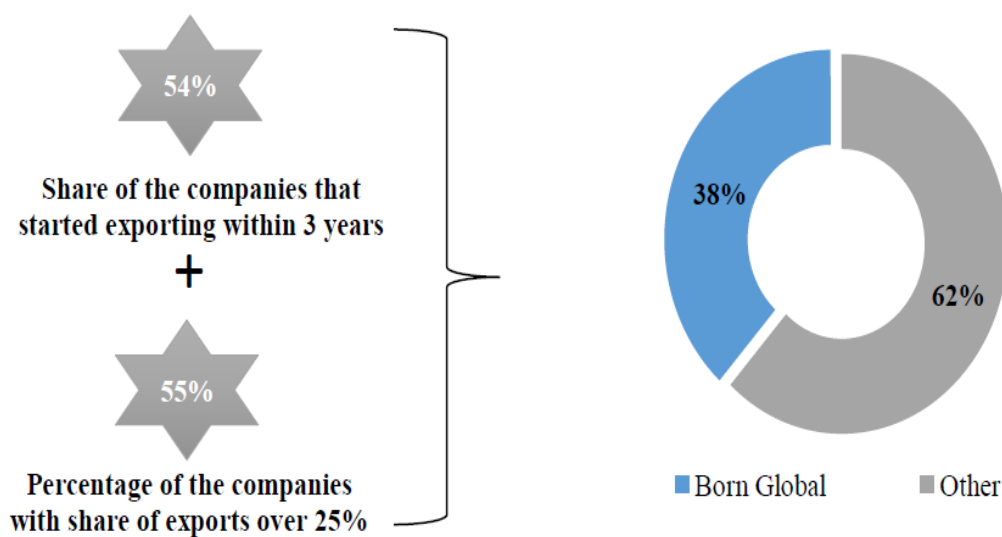


Figure5. Identification of Born Global Companies

As seen in Figure 5, The share of born global companies that started exporting within 3 years of inception and have a minimum 25% share of exports in their sales for the respective period is calculated as 38% of the participating companies.

a) Distribution of Born Globals by Sectors

	Base	OVERALL	Born Globals	Others
1 Textile		201	77	124
Machinery Electric Electronic and Informatics		%23	%40 ↑	%13
2 Iron Steel and Non Ferrous Metals		%16	%6	%22 ↑
Vegetable Products		%12	%5	%16
Grains Cereals ve Cereal Products		%9	%12	%7
Wood and Forestry Products		%9	%5	%12
Chemicals and Chemical Products		%7	%5	%9
Otomotive Industry		%6	%6	%6
3 Minerals and Jewellery		%6	%5	%7
Aquacultural and Animal Products		%4	%9 ↑	%1
Cement, Glass, Ceramic and Soil Products		%3	%1	%4
		%3	%4	%2

Figure6. Sectors of operations of born global companies

Source: Calculations of the author

Analysis of sectoral distribution of born global companies reveals that textile sector accounts for the largest share. As seen in Figure 6, Textile sector is followed by Vegetable Products and Minerals and Jewelry sectors. With regard to the companies that fall under “others” category, Machinery Electric Electronic and Informatics, and Iron Steel and Non Ferrous Metals sectors are leading.

Many of the studies in the literature suggest that born globals largely emerge in high technology industries. Despite this view in the academy there are research demonstrating that born global companies emerge in various sectors. Our findings support sectoral diversity as well.

b) Field of Activity

When field of activity for born global companies is examined, as seen in Figure 7, it is found that agent exporters which account for 19% of all companies reach 30% share among born global companies.

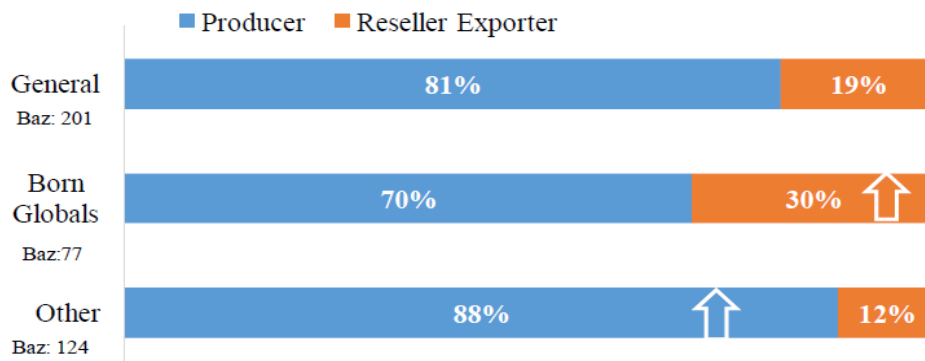


Figure7. Field of Activity of Born Globals

Source: Calculations of the author

c) Total Number of Employees

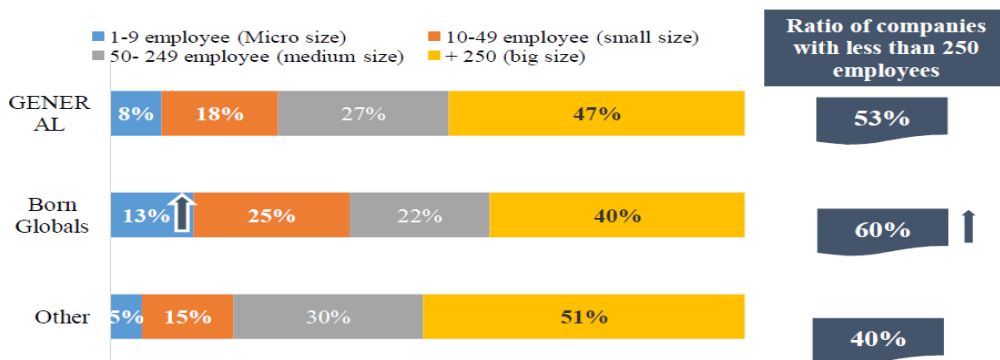


Figure8. Total Number of Employees in Born Global Companies

Source: Calculations of the author

Literature research point out that born global companies are largely small enterprises. Percentage of companies with less than 250 employees is as high as 60% when born global companies are considered.

d) Net Annual Sales & Balance Sheet Total

With regard to net annual sales, born global companies exhibit similar results to those companies classified as others.

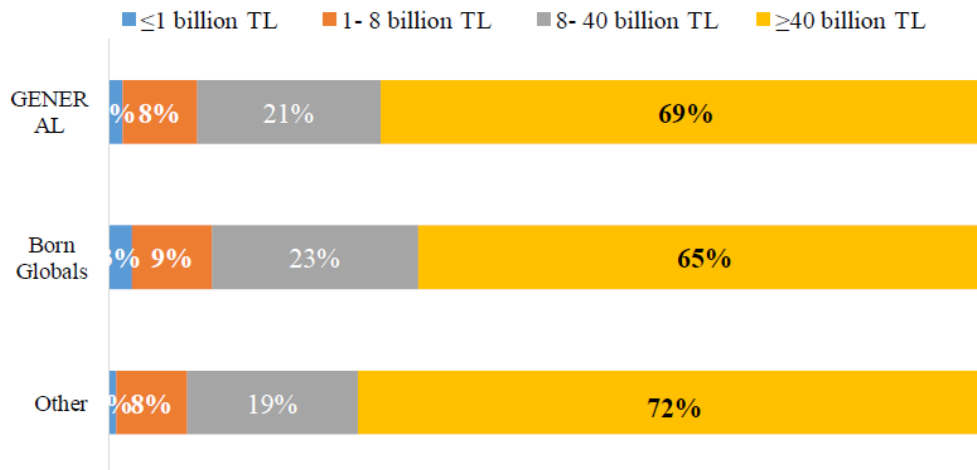


Figure9. Net Annual Sales and Balance Sheet Total for the companies that took the survey

Source: Calculations of the author

Likewise Figure 9 shows that whereas companies with net annual sales equal to or more than 40 million Turkish Liras account for 69% of all of participating companies, the ratio of this group falls to 65% for born globals and rises to 72% in other companies.

e) Target Continents as Actual and Planned Export Destinations

This section aims to determine whether physical distance is influential over the preferences of companies with regard to export destinations. Figure 10 shows that while “Europe” is the main export destination for born global companies, other companies export or intend to export primarily to “Asia and Africa”.

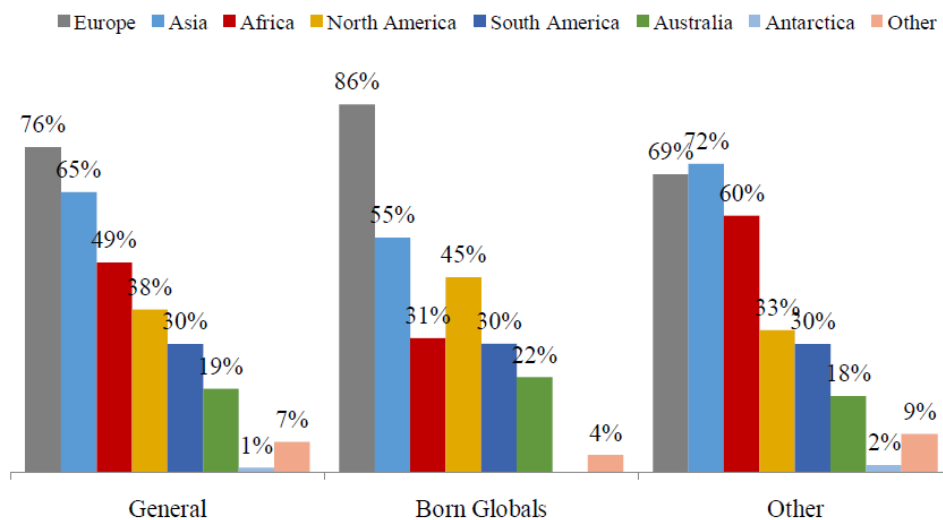


Figure10. Actual and Planned Export Continents

Source: Calculations of the author

Above displayed results are supportive of the argument that selection of target geographical markets is independent of physical or psychological distance for born globals (Madsen ve Servais, 1997: 577; Bell, McNaughton ve Young, 2001: 178; Chetty ve Campbell-Hunt, 2004: 63; Dow, 2005: 10; Freeman ve Çavuşgil, 2007: 12).

f) Use of High Technology

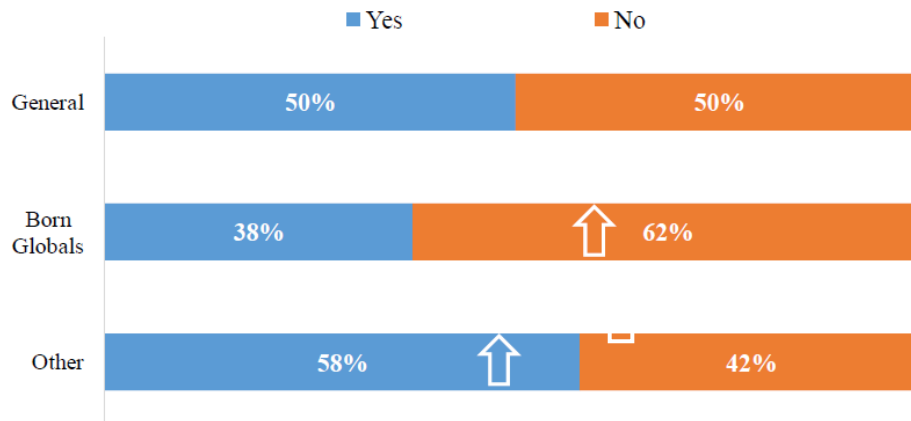


Figure11. Use of High Technology by Companies

Source: Calculations of the Author

Ratio of companies that state to have resorted to high technology for the purpose of new product development fall to 38% in born globals. This finding could be attributed to the higher share of the agent exporters in born globals (i.e. 30%) in comparison to the other segment.

3.2. Key Findings: Characteristics of Founders and Senior Managers

3.2.1. Demographics

It is worthy of note that women founders reserve a higher share in born globalsthan in other segments. In general, founders and senior managers of companies are predominantly male and comprised of adults from 46-50 age group.

	GENDER		AGE					+ Average Age
			31-40 years old	41-45 years old	46-50 years old	51 years old		
FOUNDER	Overall	2%	98%	5%	5%	14%	75%	50,1
	Born Globals	6%	94%	5%	8%	16%	71%	50,0
	Other	-	100%	5%	4%	13%	77%	50,2
SENIOR MANAGER	Overall	9%	91%	15%	17%	28%	41%	47,0
	Born Globals	9%	91%	17%	17%	29%	37%	46,6
	Other	10%	90%	13%	16%	27%	42%	47,2

Base (Founder): 201 Base (Manager): 108

Figure12. Demographic Characteristics of Founders & Senior Managers

Source: Calculations of the author

3.2.2. Educational Level

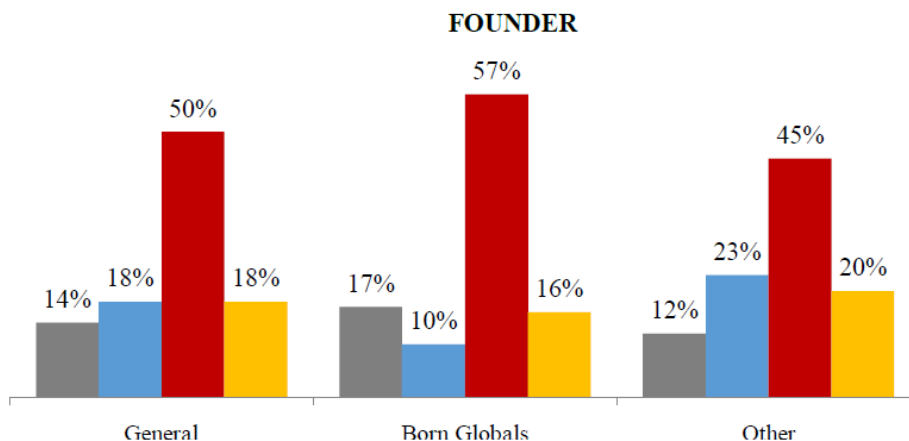


Figure13. Educational Level of Founders

Number of high school graduates in born globals is lower in comparison with the companies in other segments. It may be inferred that founders of born global companies have a higher educational level.

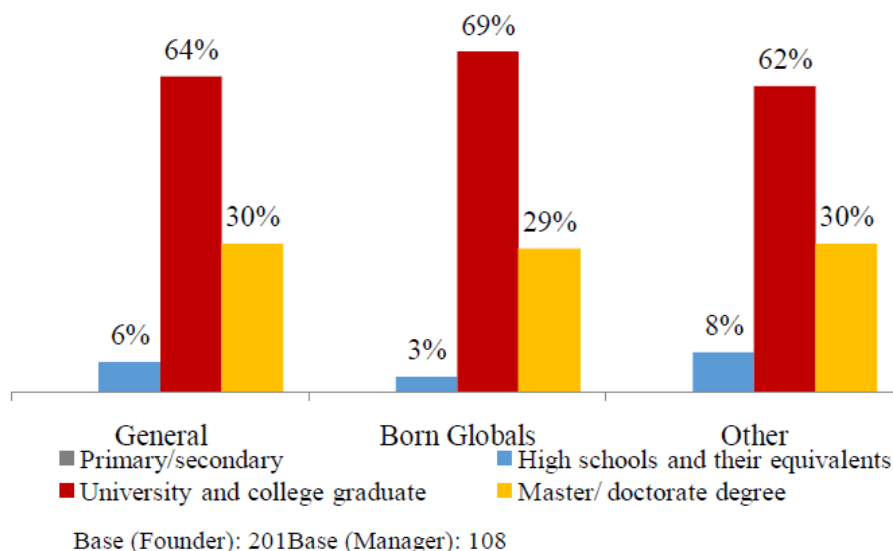


Figure14. Educational Level of Founders and Senior Managers

3.2.3. Foreign Language Proficiency

Table2. Foreign Language Knowledge of Founders

	FOUNDER		
	OVERALL	Born Globals	Other
None	22%	14%	27%
English	68%	73%	65%
German	13%	13%	13%
French	7%	12%	5%
Italian	4%	8%	2%
Spanish	4%	4%	5%
Russian	3%	5%	2%
Arabic	5%	6%	5%
Other	3%	3%	4%
Average number of foreign languages spoken	1,06	1,21	0,97

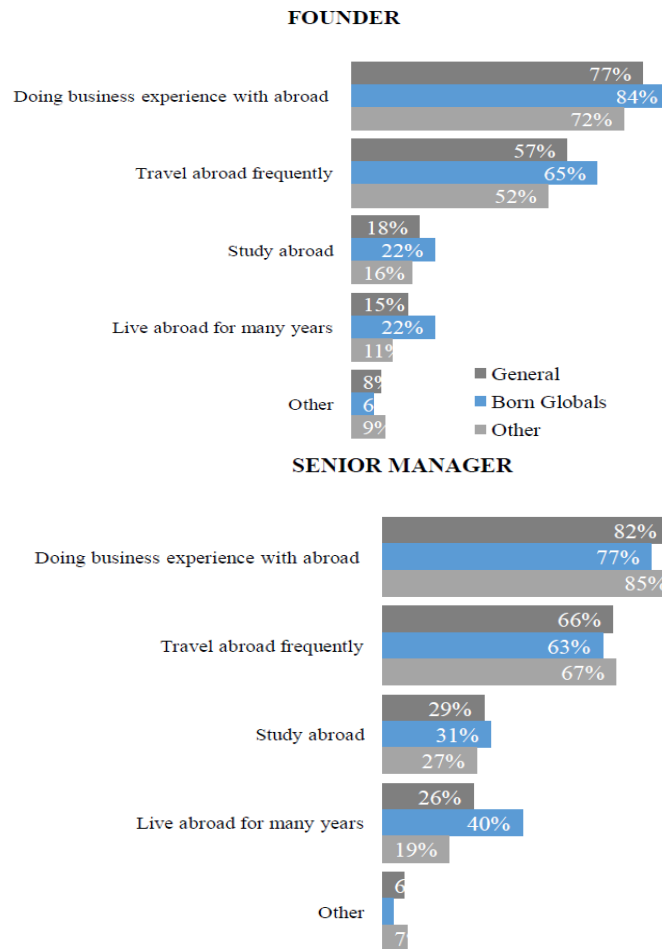
Table3. Foreign Language Knowledge of Founders

	SENIOR MANAGER		
	OVERALL	Born Globals	Other
None	6%	-	10%
English	92%	94%	90%
German	12%	14%	11%
French	9%	11%	8%
Italian	3%	-	4%
Spanish	3%	3%	3%
Russian	2%	6%	-
Arabic	2%	-	3%
Other	2%	-	3%
Average number of foreign languages spoken	1,06	1,21	0,97

Base (Founder):201 Base (Manager): 108

Born global companies have a higher number of founders who are proficient in foreign languages. Whereas foreign language knowledge of senior managers exhibit similar ratios in both segments, Russian is spoken by a higher share of senior managers in born global companies.

3.2.4. Source of International Experience

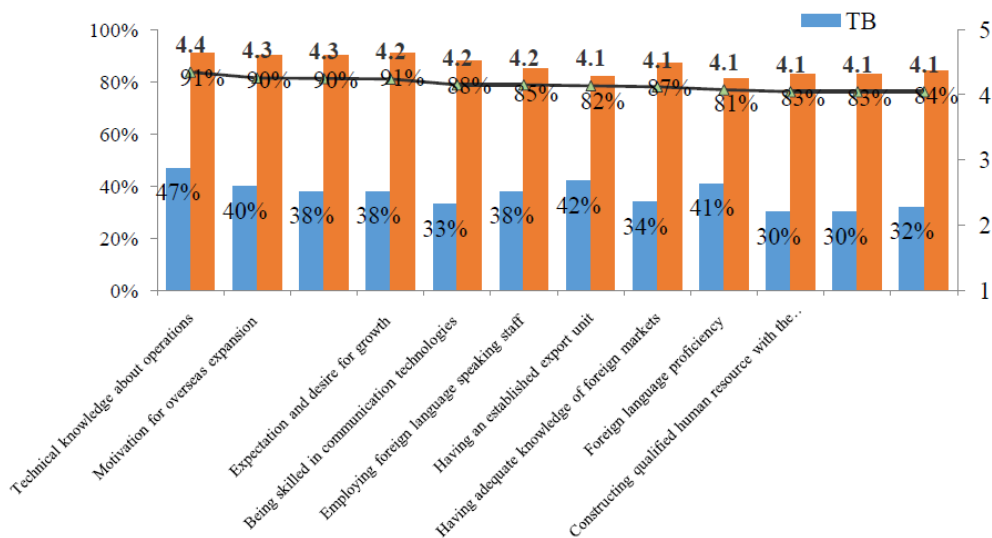


Base (Founder): 201 Base (Manager): 108

Figure15. Source of International Experience for Founders and Managers

3.2.5. Factors Affecting Expansion into Foreign Markets

Selected factors that are considered to be effective over overseas expansion of companies are presented and survey participants are asked to assess the impact of each factor on expansion into foreign markets.



Base: 201

T2B; indicates the sum of “very effective” and “effective” responses.

Figure16. Factors Affecting Foreign Market Expansion

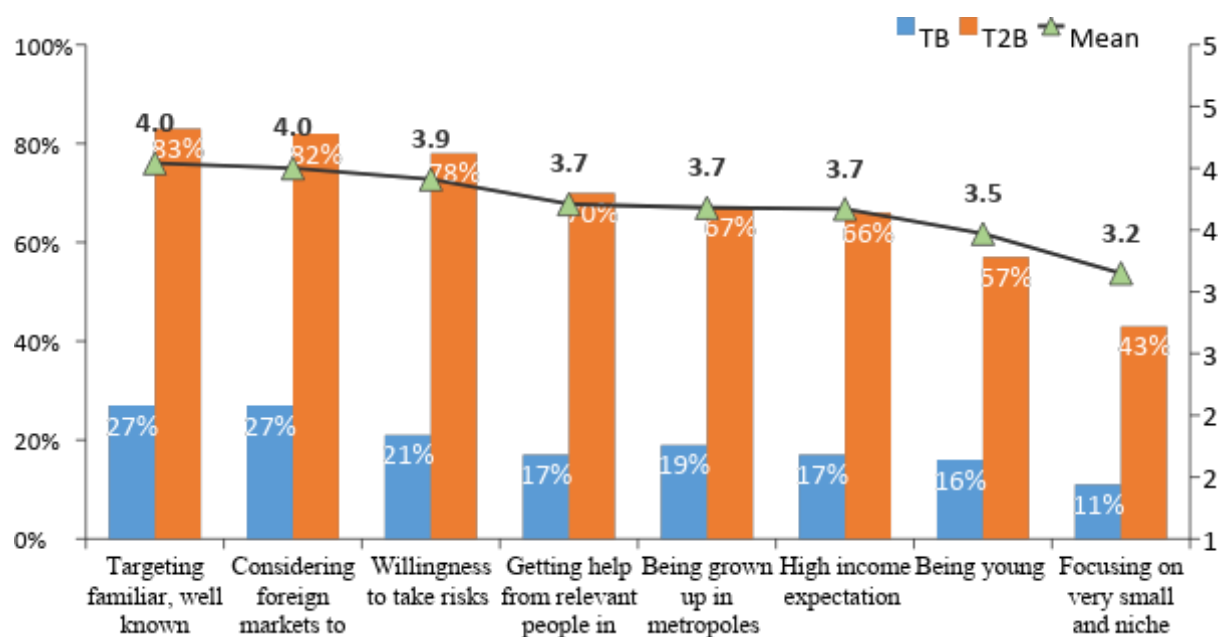


Figure17. Factors Affecting Foreign MarketExpansion

Table4. Factors Affecting Expansion into Foreign Markets (Born Globals& Other)

		OVERALL	Born Globals	Other
	<i>Base</i>	201	77	124
1	Technical knowledge about operations	91%	94%	90%
2	Motivation for overseas expansion	90%	94%	88%
3	Expectation and desire for growth	91%	94%	89%
4	Having adequate knowledge of foreign markets	87%	91%	85%
5	Ensuring innovations are implemented in the business	90%	90%	90%
6	Targeting familiar, well known markets	83%	90%	78%
7	Having an established export unit	82%	88%	77%
8	Being skilled in communication technologies	88%	87%	89%
9	Considering foreign markets to create relatively more value added compared to other markets	82%	86%	80%
10	Employing foreign language speaking staff	85%	84%	85%
11	Foreign language proficiency	81%	84%	78%
12	Considering the whole globe as a potential target market from inception	83%	84%	82%
13	Constructing qualified human resource with the establishment of the company	83%	83%	83%
14	Taking part in business related foreign fairs, conferences and congresses etc.	84%	83%	85%
15	Willingness to take risks	78%	81%	77%
16	Getting help from relevant people in case inadequacies occur in terms of foreign language and know-how	70%	73%	68%
17	High income expectation	66%	69%	64%
18	Being grown up in metropolises	67%	68%	67%
19	Being young	57%	62%	54%
20	Focusing on very small and niche market segments	43%	44%	43%

Percentages in the table display total share of the respondents who opted for ‘T2B-very effective and effective’ and the arrows denote statistically significant difference. (@95% confidence level)

4. CONCLUSION

This study shed light of literature review to better understand the early internalization phenomenon and provide information about the first of its kind in Turkey focusing on exporters in 11 different sectors and determines born global companies which started exporting within 3 years of inception and

where share of the exports accounts for minimum 25% of total sales. The findings indicated that majority of the firms are conventional companies and they have not a strong international outlook and international entrepreneurial orientation.

Average establishment year and year of first export activity for participating companies are 1988 and 1995 respectively, whereas time lag to start exporting is 7 years on average. Share of the born globals with a record of first export activity in the first 3 years of establishment and with export volume corresponding to 25% of total sales is calculated as 38%.

When sectoral breakdown of born globals is analysed, textile sector is found to take the largest share. This finding is not considered surprising for Turkey since textile sector performs as the engine of the Turkish exports. Turkey has become one of the countries with fastest growth rate in textile export over the last 10 years. Textile export has risen from 4 billion dollars in 2004 to 9 billion dollars in 2014. Value added outlook of the sector also presents considerable opportunities for improvement.

In the sectoral breakdown of the born globals, textile sector is followed by herbal products, metals and minerals, and jewellery sectors respectively. In this respect, the outcomes of the survey targeting particularly Turkey based exporters demonstrates that contrary to the majority of the research on the subject, Turkish exporters emerge in less technology intensive sectors. Although limited in number, research findings also bring into view born global companies operating in sectors that require advanced manufacturing technology such as machinery, electric, electronic and informatics, chemical products, and automotive industry. Accordingly, results of the survey coincide with the studies arguing that any restriction shall not be imposed with regard to the sector of newly emerging born global companies. On the other hand, share of the companies resorting to high technology remains low with 38%, which indicates that born global companies possess a more traditional structure.

Research in the born global literature suggest that born global companies are mostly small sized companies. Share of the born global companies under the survey with less than 250 employees reach as high as 60%. In terms of net annual sales, born globals and companies in other segments profile similarly.

With respect to existing and planned export market and continent, whereas Europe takes the lead for born globals, Asia and Africa take higher shares in other segments. Such results support the argument on the decision making process of born globals which asserts that physical distance is not definitive over geographical market selection for born globals.

Contrary to the findings of the literature which identify males and 46-50 years old adults as the majority group constituting founders and senior executives of companies, remarkably the ratio of women founders in Turkey based born global companies is higher when compared to other segments. Moreover, whereas the ratio of women is 6% for founders, this ratio rises to 9% for senior executives. Concordantly, it is inferred that the efforts aiming to promote women entrepreneurship have increased the number of women entrepreneurs in Turkey.

The research sets forth that founders of born global companies are well educated and proficient in foreign languages. Whereas born global companies do not differ from other segments in terms of the proportion of foreign language speaking senior executives, Russian is more widely spoken by the senior executives of born global companies. With regard to the factors which are considered to be influential over foreign market expansion, technical knowledge of the business, motivation for foreign expansion and growth expectation are worthy of note.

This study suffered from several limitations which may affected our results. The most important limitation is to use limited data and case studies which are from Turkey. In order to be better understand the nature of fast growing firms current literature needs to be further studies which are focus on surviving of these firms.

In conclusion, better substructure shall be set up so as to provide the basis for the emergence and strengthening of born globals in Turkey. On this account, taking steps to increase the number and quality of born globals in every sector is considered significant in terms of expanding entrepreneurship ecosystem and consequently ensuring a sustainable increase in high value added exports. Considering this study about born-globals in 2015, Turkish Exporters Assembly expanded the content of annual Turkey Innovation and Entrepreneurship Week to Born Global and the platform

has become a notable example in its field, aiming to make Turkey an international hub for entrepreneurship and to raise “born global” companies in 2017.

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Citation: Suna OZYUKSEL, Kubra ULUTAŞ. "Characteristics of Born Globals in Turkey: A Survey for Turkish Companies" *International Journal of Managerial Studies and Research (IJMSR)*, vol 6, no. 5, 2018, pp. 40-56. doi:<http://dx.doi.org/10.20431/2349-0349.0605004>.

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