THE INFLUENCE OF BUSINESS NETWORKS
ON THE INTERNATIONAL TRADE OF SMALL BUSINESSES

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Abstract

Social business networking is a socioeconomic activity of like-minded entrepreneurs who share the same goals and social concerns. Participating in the social business networks at international level is an option for small businesses to penetrate and develop competitiveness in export markets. Social business networks are instrumental in overcoming the export barriers especially for inexperienced entrepreneurs since participating networks provide them with opportunities and enhance the performance of their enterprises through penetrating and developing competitiveness in overseas markets. Business networking relations of entrepreneurs provides valuable and specialized knowledge and competencies for entrepreneurs to overcome export barriers arising mainly from lack of prior knowledge of external markets and experience. The studies on export performance have addressed these barriers as impediments or limitations on the export performance of companies in general and small and medium-sized enterprises (SMEs) in particular. Most of the empirical studies in export literature mainly focus on internal or controllable factors such as managerial factors, company characteristics and competencies, and export marketing strategic capabilities, since they are significant determinants in overcoming the export barriers. This study attempts to assess the impact of engaging in the networking activities on export performance of SMEs referring these firm-level controllable determinants of export performance. The survey data collected from 248 Turkish SMEs were analyzed with SPSS AMOS 23 employing structural equation modeling

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(SEM) to test the validity of the hypothesized model. The findings of the study point out the positive correlation between engaging social business networks and the export performance of the enterprises. The findings also provide valuable information about the influence of firm level factors, such as the degree of internationalization, the education level of the manager, export marketing competency, size and export experience, on the relationship between engaging in the networking activities and export performance.

Keywords: Small and medium-sized enterprises; export barriers; determinants of export performance; social business networks; business associations.

1. Introduction

The process of internationalization of social business networks is an alternative to penetrate and develop competitiveness in international markets; especially in the case of small and medium-sized enterprises (SMEs). Network based approach argues that internationalization of a firm is a set of connected learning processes which are influenced by various network members (Naldi 2008). Social Business Networks established by business associations are important information providing platforms, especially for inexperienced firms which often face real or perceived internationalization barriers. The area that has received limited attention from researchers is the internationalization of SMEs especially of developing countries, where there is lack of theories and empirical research, which might explain the managers' social networking relations and knowledge determinants of international expansion of SMEs. Besides, there is a lack of sufficient empirical study of network influence on the export performance of the companies from developing countries.

This study analyzes the effect of social business networks, established by business associations, on the export performance of small and medium-sized enterprises. Consistent with the internationalization literature, export performance of the company is measured by "the level of the export share, export sales as share of total sales" (Prince and Dijken, 1998 in ed, Haati et al. 1998). As Chelliah et al. (2010) note, the percentage of sales from international business is used by many researchers as a way to measure export performance. The literature on export performance uses this variable since "it reflects instantaneously the amount of export sales it from export businesses". (Chelliah et al. 2010). It also seeks to contribute to export literature by analyzing the effect of firm-level determinants on the export performance of companies engaging in networking activities. Engaging in the networking activities were measured with the questions that inquire the participation degree of the activities in the networks of business associations.

The role of business associations in the international trade of small business context remains virtually unexplored and, as Barry and Wilkinson (2011) argue, they have not captured the attention of the researchers as a form of coordination among the employers since literature often treats them as marginal players (Duvanova 2007). Several descriptive studies were done about the Turkish business networks by observing their networking facilities and characteristics of network relations. However, research on the role of Turkish business associations as network facilitators is lacking in empirical network and export literature. The study, which is primarily based on the survey conducted to the managers of 248 SMEs, attempts to narrow the research gap in this field.

2. Literature / Theoretical Underpinning

2.1. Social Business Networks

Knowledge in networks. In the first stage of internationalization, as hypothesized in Uppsala model, companies only passively deal with overseas markets. In the second stage, companies have direct contact with their foreign customers abroad. However, perceived or real obstacles such as inability to contact potential overseas customers (OECD 2009; Rundh 2007; Crick 2007; Leonidou 2004) and identifying foreign business opportunities (OECD-APEC 2006; Leonidou 2004) discourages the beginning of international activities and again will have a greater impact on the export performance. Different foreign customer habits/attitudes are also noted as key obstacles to export (OECD 2009; Orlandi 2006; Leonidou 2004).

The main theoretical premise behind Knowledge and Networking theories is that the internationalization performance highly depends on the entrepreneurs' ability to take a position in a social business network and utilize the knowledge acquired in the network. Networks are noted as one of the key sources of foreign market information (Englis et al. 2007; Arenius & DeClercq 2005) for small and medium-sized enterprises (Elango & Pattnaik 2007) especially of the ones that have limited resources (Kontinen and Ojala 2011). This knowledge provides competitive advantage, and consequently affects the internationalization of the company since interaction between members of social networks reduce search costs foreign markets (Johansson and Mattson 1988). The degree of this competitive advantage is related to how accurately the company manages its activities in the network.

Networking capability and international entrepreneurship. Being an independent entrepreneurial hero is often not realistic for the managers of SMEs (Tolstoy 2010) since in their internationalization attempts small businesses come across barriers due to their lack of resources, experience and knowledge. Literature suggests that social business networks are

important instruments to faciliate these barriers (Davidsson & Honig 2003) especially for inexperienced entrepreneurs since participating networks provide them opportunities (Hills, Lumpkin, & Singh 1997), and enhance the performance in penetrating and developing competitiveness in overseas markets (Musteen et al. 2013; Zaheer & Bell 2005).

Networking among business partners (Maurel 2009) and collaboration with external network partners (Parida et al. 2010) enable entrepreneurs to overcome resource-oriented internationalization obstacles. Business networking relations of entrepreneurs may provide valuable and specialized knowledge, competencies and resources (Kwon & Adler 2014) for entrepreneurs to overcome these barriers and enable them to contact with foreign customers and increase their export performance (Racela et al. 2007).

There is overwhelming evidence corroborating the notion that entrepreneurs who have an access of wide network can identify more business opportunities (Kontinen & Ojala 2011; Englis et al. 2007). Engaging in the business networks is also very instrumental in the foreign market acquisition and even this information publicly available, entrepreneurs tend to use social network ties to obtain this information (Uzzi & Lancaster 2003), probably since it is more reliable and proven beneficial (Musteen et al. 2013). Tok (2015) argues that network embeddedness benefits from the informal links in the networks, as well as the mutual trust and solidarity among the network participants. Melen (2009) argues that a firm's knowledge intensity relates to its development of foreign market knowledge within business network relationships.

Business associations as network facilitators. Business networks can also be defined as inter-organizational ties which are strategically important for the businesses participating in these networks (Gulati, Nohria, & Zaheer 2000). Organizational networking alludes to the dynamic collaboration among organizations with an aim to improve their performance (Chen 2013). Business associations are seen as interest groups that are established to promote interests of their members, intermediaries between individual business action and state action (Bennett 1996) and facilitate opportunities for members (Lee & McGuiggan 2008).

Huffman (2003) describes business associations as the invisible hand of the economy; however, although they are significant, there is little known about them and literature often treats them as marginal players (Duvanova 2007). Business associations can contribute to SMEs supporting them to locate and contact potential overseas customers (ILO 2004). Ljung (2014) describes knowledge acquisition in social networking programs as one of the most central motives for firm–NGO collaborations. The networks established with the collaboration of SMEs and business organizations are able to cope with market and social concerns of SMEs

and answer the market needs of SMEs (Aponte 2013). A study consisting of a cross-national survey data of firms in 25 countries lists informational and marketing services in the main services of business associations (Duvanova 2007). Qureshi and Velde (2007) find that in Zambia, membership of business associations highly improved the performance of SMEs. Similarly, Velde (2006) finds that membership of a business association improves the performance of the companies in seven sub-Saharan countries.

Social business networks are important sources of foreign market information particularly for small and medium sized enterprises (Denis & Depelteau 1985). Lack of this knowledge is one of the key barriers that increase perception of the risk of opening overseas markets and affects internationalization performance (OECD 2009; EFIC 2008; Acs & Terjesen 2005; Leonidou 2004). The findings of Baldegger (2013) propose that it can be established a significant correlation between the use of networks and export performance. The information synergy created in these networks provides an opportunity for business people to obtain information about external markets, exchange their experiential knowledge and enable them to participate export promotion activities (Uzzi & Lancaster 2003).

Okpara and Kumbiadis (2008) argue that export oriented firms attend trade seminars and fairs to get export market information. Export support programs, organized by governmental or nongovernmental organizations, may enable the firms to participate in trade fairs/exhibitions, and foreign-market observation tours; and provide support for marketing products and making contacts with customers and agents in new overseas markets (ILO 2004; OECD 2013).

The study of SEQUA (2013) indicates that promotional activities and services of Business Organizations in Germany play a major role in the promotion of German small and medium-sized enterprises. Özcan and Turunç (2011) argue that Turkish business alliances provide small and medium-sized enterprises with mobilization which creates new opportunities. Buğra and Savaşkan (2012) observe in their field studies that the export promotion strategy pursued by Turkish business associations, to assist the member companies to explore business opportunities in unfamiliar market is effective and a source of inspiration for other associations. Similarly, Özdemir (2005) argues that these associations enable and encourage their members to contact potential customers and partners and do business both in domestic and oversea markets by forming a wide domestic network in Turkey and by producing weak ties in the international field. Networking activities such as trade fairs, business field trips, product exhibition, scheduled businessmen-to-businessmen (B2B) meetings enable Turkish enterprises integrate with the global business community. The foreign business trips and international trade fairs are effective to orient entrepreneurs to overseas markets through forming a global network

(Çemrek 2002). A panel data analysis of Balli et al. (2015) points out that trade between Turkey and the countries where Turkish business associations operate actively has increased greatly.

Based on this literature, the following hypothesis is proposed:

H1 Engaging in the networking activities of business associations has an effect on SME export performance.

Degree of Internationalization

The degree of internationalization is an indicator that a firm effectively internationalized its activities (Wolff & Pett 2000). It also reflects the degree of foreign market knowledge and ability to do business in foreign markets. Okpara and Kumbiadis (2008) argue the most successful firms have proactive orientation. Their findings point out that export orientation is associated with export success, and therefore, effects growth and performance of the exporting companies. In this view, companies with high export orientation adopt more competitive decision-making style.

Thus the following hypothesis is proposed:

H2 Degree of internationalization moderates the relationship between engaging in the networking activities of business associations and export performance.

Firm level determinants of export performance

The decision to open international markets and ability to use foreign market info

rmation mainly depend on firm's export preparedness (Naor and Cavusgil 1981). Export preparedness is an important step in pre-internalization stages defined in Uppsala model of internationalization (Tan et al. 2010). Level of export readiness is identified as companies' export learning experience through obtaining foreign market information (Bouncken et al. 2015; Steen & Liesch 2007), companies' ability to carry out strategies in foreign markets (Hollensen 2007), export experience of companies (Alvarez et al. 2013), organizational readiness and product readiness (Kumcu 1995), financial resources (Hollensen 2007) and managerial attributes (Wiersema and Bantel 1992; Hollensen 2011; Hsu et al. 2013). However, the literature on SME preparedness for export is not prolific (David & Cariou 2014).

Internet use enables the companies to reach information about external markets more easily and facilitates doing business transactions in foreign markets (Mohamad & Ismail 2009) and provides opportunities for SMEs through changing their business practices (Yi-Long & Chun-Liang 2006). Due to their organizational constraints and insufficient human resources, larger companies benefit more from the internet since this application of electronic commerce needs

specialized personnel and resources. Al-Qirim (2004) argues that SMEs experience several obstacles, such as technological, organizational, environmental, and social issues, in e-commerce adoption; however, in this view, they have the flexibility to apply electronic commerce to their business transactions and cycles.

Due to their organizational drawbacks (Jurado et al. 1997), SMEs are constrained by financial and informational obstacles which limit their ability to develop in foreign market conditions (Acs & Terjesen 2005). Besides, financial problems and constraints may force exporting SMEs to produce low quality cheaper products to target domestic markets as an alternative of foreign markets (Wengel & Rodriguez 2006; Patten et al. 2001). Workforce skills are needed for the companies to produce quality products, aiming at breaking into new foreign markets. However, for SMEs, it is not easy to employ skilled labor since they offer lower wages than large enterprises (Kok et al. 2013).

The literature shows consensus on that the firms having more financial resources and abilities are assumed to be more successful in exportation which is the most important stage for SMEs in their internationalization process (Dhanaraj & Beamish 2003). Therefore, having financial resources and managerial talent is essential in this process. Furthermore, Turkish SMEs' access to finance is not sufficient despite the governmental support programs, since Turkish financial institutions are not eager to support small and medium sized enterprises (Ensari & Karabay 2014).

Building on the above set of arguments, we suggest following hypothesis:

H3a Export marketing competency of the company moderates the relationship between engaging in the networking activities of business associations and export performance.

There is no consensus in the literature about the effect of company size on export performance. The findings of several studies (Ayan & Selcuk 2005; Czinkota & Johnston 1983) indicate that company size has no significant effect on export performance while some other studies (Dean et al. 2000; Kaynak & Kuan 1993; Aaby & Slater 1989) propose a positive relation between the size of the company and export performance.

Size factor is significant when considered with the export barriers that affect export performance since that smaller companies perceive or face more obstacles (Katsikeas & Morgan 1994; Ghauri & Kumar 1989; Keng & Jiuan 1989; and Hook & Czinkota 1988). However, previous research findings into the difference between Micro – Small Enterprises and Middle Enterprises in the perception of internationalization barriers are inconsistent and contradictory. Aaby and Slater (1989) argue that small-sized companies face fewer obstacles. Coviello and McAuley (1999) find that the small size hinders the ability of SMEs to become

international companies while providing flexibility in the foreign markets. Therefore, it can be drawn from these arguments that the small size does not prevent in any way the internationalization of SMEs, but limits its scope and be proposed that:

H3b Size of the company moderates the relationship between engaging in the networking activities of business associations and export performance.

Alvarez et al. (2013) note that export experience of a company significantly influences its decision to introduce a new product to a new market and reduce entry costs for these products. Export experience, which is measured by the years that the company has been exporting, may consequently affect the companies' export intensity since this experience enables the managers to obtain foreign market knowledge and experience which is essential to open to external markets. Obtaining foreign market information is an important factor to overcome informational barriers caused by lack or imperfect information about new foreign markets (Bouncken et al. 2015; Steen & Liesch 2007).

Drawing on this literature, the following hypothesis is postulated:

H3c Export experience of the company moderates the relationship between engaging in the networking activities of business associations and export performance.

Education level of the managers is another important determinant in acquiring knowledge and decision making process of the internationalization process (Wiersema & Bantel 1992). Literature suggests that export performance increases when the manager has an increased level of education (Hsu et al. 2013) since managers with higher level of education have more learning and problem-solving ability which enable them to deal with complex scenarios (Ganotakis & Love 2012). A higher education level is also significant for the formation of human capital assets which is vital for success in overseas markets (Ganotakis & Love 2012).

Drawing on this literature, the following hypothesis is postulated:

H3d Education level of the manager moderates the relationship between engaging in the networking activities of business associations and export performance.

Control variable. While not hypothesized, company age is included as a control variable to control the degree of internationalization and export performance. The reasoning behind this was that this characteristic may have an effect on the export performance and intensity of the company when considered with both domestic and international experience of the SMEs since age factor provides the entrepreneurs with significant knowledge and experience which is essential to open to external markets.

Although the effect of exporting companies' age on internationalization is analyzed in several studies (Chen & Martin 2001; Fernandez & Nieto 2006), there is no consensus in export literature about the effect of company age on export performance. Some earlier studies (Czinkota & Johnston 1983; Bilkey & Tesar 1977) argue that company age is not a significant determinant of export performance while some studies (Dominguez & Sequeira 1993; Aaby & Slater 1989) have associated the company age with export performance.

Andersson et al. (2004) suggest the age of company as a significant predictor of internationalization. Age factor, as Cerrato and Piva (2012) argue, cannot be considered as a direct measure of international experience; however, this factor is traditionally analyzed to control companies' business experience and its effect on international openings.

3. Methods

3.1. Data Collection

The primary data was collected from primary research of SMEs through an online survey of 248 Turkish small and medium-sized exporters. The population for exploration was exporting SMEs engaging in social business networks in Turkey. A two-stage cluster sampling based on this population was applied. The content validity of the survey instrument was provided through using proper measures suggested by the literature. The bulk of survey instrument of the study is developed primarily on measures previously used in the past research on internationalization and small business. The questionnaire was designed by identifying the internationalization barriers that SMEs come across in their internationalization process, the networking activities of business associations, and the characteristics of the companies and company managers that may have an effect in the export performance of the companies.

22.9 % of the respondents of the survey were from micro-sized enterprises employing 1-9 employees while 36 % of the participants were from small-sized enterprises employing 10-49 employees and 41.1 % of the participants were from middle-sized enterprises employing 50-249 employees. The sector of the companies was predominantly manufacturing sector (48 %). The majority of the companies (69%) were over 11 years in the sector. Almost all the companies were exporters (97.5 %) and 51% of them had an export experience of over 6 years. The majority of the respondents were over than 34 years old (91.9 %). The education level of the respondents was mainly secondary school (34.7 %) and BA license level (42.4 %).

The questionnaire consisted of questions which lead to the internationalization process of the SMEs and export performance. The survey instrument included factual questions, Likert-type scale questions, and questions that necessitated ratio-scale responses. Responses to the factual questions were expected to collect data to analyze the moderating effect of demographic characteristics on the relationship between the engaging in the networking activities and the export performance of SMEs. Likert-type scale instruments which provided ordinal-scale data were used to obtain descriptive statistical data to analyze the effect of engaging in the networking activities on the export performance.

3.2. Analysis

Testing Reliability and Validity. Initially, we assessed the reliability of the engaging in the networking activities (ENA) scale. Correlation analysis indicated that all the items correlated at least .6 with at least one other item. Further, we used the Cronbach's alpha to test the internal consistency as a measure of reliability. The alpha was high: .885 and over the acceptable limit of > .70 suggested by Nunnally (1978) for group analyses. This high level of Cronbach's alpha indicated very good reliability.

Secondly, we assessed the reliability of the export marketing competency (EMC) scale. Correlation analysis indicated that all the items correlated at least .5 with at least one other item. Cronbach's alpha was high: .96 and indicated very good reliability.

The results of analysis of standard residuals indicated that the data contained no outliers since the Std. Residuals were within the acceptable level of ±3 (Min = -2.42, Max = 2.729). The data also met the assumption of independent errors since Durbin-Watson value (1.799) was acceptable. The assumption of normality was tested via examination of the unstandardized residuals. Review of skewness and kurtosis statistics suggested that normality was a reasonable assumption since skewness values were within the acceptable limits of ±1 and kurtosis values were of ±2. (Gravetter & Wallnau 2014; George & Mallery 2010; Field 2009).

A further analysis, confirmatory factor analysis was conducted to check the validity of ENA and EMC scales. The determination of model fit was based on the fit indices obtained from the 2 CFAs with the suggested indices frequently cited in the literature such as, χ^2 statistic (Chi-square), the root mean square error of approximation (RMSEA), the comparative fit index (CFI) and NNFI index (non-normed fit index). Examination of these indices showed a good model fit. The overall χ^2 was not significant ($\chi^2 =34.443$; d.f. =24; p=0.078) and the ratio of χ^2 to degrees freedom (CMIN/DF) was 1.35 which is less than 3, a level indicating a satisfactory model fit (Carmines & McIver 1981). The RMSEA index of fit (0.043) was below

0.08 which also implies a satisfactory fit of the structural model (Browne & Cudeck 1993). CFI and NNFI indices of fit (CFI= 0.994, NNFI= 0.979) were over the recommended level of 0.90 (Kline 1998).

Convergent and Discriminant Validity of the Model Constructs. The analysis of the path coefficient in the model indicated that all the values were significant at p<.001, proposing the convergent validity (Sujan et al., 1994). The construct's AVE values (EMC=0.609, ENA=0.728) exceeded .5 indicating that the variance was larger than the variance due to error as suggested by Fornell and Larcher (1981). These values are an indicator of the convergent validity of the model constructs. Construct reliability values (EMC=0.902, ENA= 0.888) also indicate internal consistency of the instrument.

Structural equation modeling (SEM). Structural equation modeling (SEM) was employed to test the validity of the hypothesized model. The rationale behind this choice is that this modelling is well suited for the testing of causal models since it corrects for measurement error and provides an assessment of the model fit (Musteen et al. 2013). The study used the multi-group approach to assess company size moderating effect on the relationship between engaging in the networking activities of business associations and export performance. The parameter estimates and goodness-of fit indices are given in Table 1.

Parameter estimates reported several results. First the hypothesis that engaging in the networking activities of business associations has an effect on SME export performance (EP) was supported (b=0.76; p< .001). The hypothesis that export marketing competencies (EMC) of the company moderates the relationship between engaging in the networking activities and export performance was also supported (b=0.119; p< .05). The model provided support that degree of internationalization (DOI) was related with export performance (b=0.146; p< .001); however, moderating effect of degree of internationalization in the relationship between engaging in the networking activities and export performance was not supported (p=0.121). Similarly, the results indicated that education level of manager is related to export performance (b=0.096; p< .01); however, moderating effect of education level of manager in the relationship between engaging in the networking activities and export performance was not supported (p=0.184). The model proposed a negative moderating effect of export experience of companies in the relationship between engaging in the networking activities and export performance (t=-0.106; p< .01). The results of the first model, as expected, didn't indicate a satisfactory model fit (RMSEA= 0.101, NNFI=0.593, CFI=0.63); thus, the model needed modifications.

Table 1: Parameter Estimates in Structural Model

prior to modifications

Exogenous variable		Exogenous variables	b	SE	P
Export performance	<-- -	Export experience	0.103	0.044	0.02
Export performance	<-- -	Networking x export experience	-0.106	0.043	0.014
Export performance	<-- -	Networking	0.76	0.121	***
Export performance	<-- -	Networking x DOI	0.066	0.043	0.121
Export performance	<-- -	DOI x Networking	0.146	0.044	***
Export performance	<-- -	Networking x marketing competencies	0.119	0.045	0.008
Export performance	<-- -	Marketing competencies	0.237	0.159	0.136
Export performance	<-- -	Education level of manager	0.096	0.037	0.009
Export performance	<-- -	Networking x education level	0.05	0.037	0.184
Export performance	<-- -	Company age	0.083	0.051	0.105

(RMSEA= 0.101, NNFI=0.593, CFI=0.63) *p < .05, **p < .01, ***p < .001

b= Path Coefficients (equivalent to regression weights); *SE*=Standard Errors

Model Modifications. In that step, using fit and modification indices, all non-supported parameters were modified and excluded from the model to improve the suggested model. The modification, as expected, improved the goodness and model fit. Although the overall χ2 was significant (χ2 =198.807; d.f. =93; p<0.00), the ratio of χ2 to degrees freedom (CMIN/DF) was 2.138 which is less than 3, a level indicating an acceptable model fit (Carmines & McIver, 1981). The RMSEA index of fit (0.07) was adequate. CFI and NNFI indices (CFI= 0.966, NNFI= 0.938) implied a satisfactory fit.

Parameter estimates of the modified model reported several results. First the direct relation between the engaging in the networking activities of business associations has an effect on

SME export performance (EP) was significant (t=0.751; p<.001). The moderating effect of export marketing competency (EMC) of the company in the relationship between engaging in the networking activities of business associations and export performance was significant (t= 0.276; p<.001). The model proposed a negative moderating effect of export experience of companies in the relationship between engaging in the networking activities of business associations and export performance (t=-0.155; p<.05). (Table 2)

Table 2: Parameter Estimates in Structural Model after modifications

Endogenous variable		Exogenous variables	b(SE)
Export performance	<---	Networking x export experience	-0.163(0.068)*
Export performance	<---	Networking	0.751(0.097)***
Export performance	<---	Networking x marketing competencies	0.291(0.067)***
Export performance	<---	Marketing competencies	0.901(0.235)***

(χ2 =198.807; d.f. =93; p<0.00), (CMIN/DF= 2.138, RMSEA= 0.07, CFI= 0.966, NNFI= 0.938)

*p < .05, **p < .01, ***p < .001; b= Path Coefficients (equivalent to regression weights); SE=Standard Errors

The study used the multi-group approach to assess moderating effect of company size on the relationship between engaging in the networking activities of business associations and export performance. Therefore, a separate SEM analysis to test the moderating effect of size on the relationship between engaging in the networking activities of business associations and export performance was conducted. Although the overall χ2 was significant (χ2 =19.416; d.f. =8; p<0.05), the ratio of χ2 to degrees freedom (CMIN/DF) was 2.427 which is less than 3, a level indicating an acceptable model fit (Carmines & McIver 1981). The RMSEA index of fit (0.055) was good since it was below the acceptable level of 0.08 recommended by Browne and Cudeck (1993). CFI and NNFI indices of fit (CFI= 0.989, NNFI= 0.982) were highly over the recommended level of 0.90 (Kline 1998) which also implies a satisfactory fit of the structural model. Parameter estimates of the model reported that the direct relation between ENA and EP (micro companies: b =0.685, p > .05; small-sized companies: b = 1.128, p > .001; middle-sized companies b = 1.612, p > .001) vary by company size.

3.3. Hypothesis Test Results

The proposed hypothesis 1 that engaging in the networking activities of business associations has an effect on export performance was accepted. Statistically, engaging in the networking activities of business associations is directly associated with the export performance of companies ($b = 0.751$, $p < .001$).

The hypothesis 2 that degree of internationalization (DOI) moderates the relationship between engaging in the networking activities of business associations (ENA) and export performance (EP) was rejected. The results indicated that DOI doesn't moderate the proposed relationship between ENA and EP, as the interaction was not statistically significant ($b = 0.066$, $p = .121$).

The proposed hypothesis 3a that export marketing competency of the company (EMC) moderates the relationship between engaging in the networking activities of business associations (ENA) and export performance (EP) was accepted. The results indicated that EMC moderates the proposed relationship ($b = .291$, $p < 0.001$), supporting the hypothesis suggesting that export marketing competency strengthens the positive relationship between engaging in the networking activities and export performance.

The proposed hypothesis 3b that size of the company moderates the relationship between engaging in the networking activities of business associations and export performance was accepted. The results indicated that significant direct relationship between ENA and EP (micro companies: $b = 0.685$, $p < .05$; small-sized companies: $b = 1.128$, $p < .001$; middle-sized companies $b = 1.612$, $p < .001$) vary by company size.

The proposed hypothesis 3c that export experience of the company moderates the relationship between engaging in the networking activities of business associations and export performance was accepted. The results indicated that Export Experience (EE) negatively moderates the relationship between ENA and EP, as the interaction between ENA and EE (ENA x EE) was statistically significant ($b = -0.163$, $p < 0.05$), supporting the hypothesis suggesting that export experience dampens the positive relationship between engaging in the networking activities and export performance.

The proposed hypothesis 3d that education level of the manager (ELM) moderates the relationship between networking activities of business associations (ENA) and export performance (EP) was rejected. The results indicated that education level of the manager doesn't moderate the relationship between ENA and EP, as the interaction between ENA and ELM (ENA x ELM) was not statistically significant ($b = 0.005$, $p = .184$).

The results of study indicate that age is not associated with export performance of the networking companies. However, the findings suggest that age of the company is statistically associated with degree on internationalization (b=.345) and export marketing competencies (b=.169) at p<0.001 level.

4. Discussions and Conclusions

The obtained data are broadly consistent with the major trends in the network and knowledge approaches which claim that network embeddedness of the companies affects the export performance of networking companies. Researches so far mostly ignored the business matchmaking capacities of business associations. The study responds to this research gap by analyzing Turkish Business associations from the perspective of their role in the internationalization process of Turkish SMEs. The study analyzed the impact of networking activities of Turkish business associations that enable the SMEs an interaction in international business settings that is crucial to overcome the internationalization barriers.

Network engaging of managers has several forms such as participating in social business networks, personal contact networks, and sectorial networks. The networking which is based on the interaction between customers and sellers in the same social networks to reduce search costs of foreign markets. Business networks function as a link between knowledge and small business managers, and evolve according to the knowledge-needs change during internationalization process. The participants of the networks benefit from the informal links, mutual trust and solidaristic relationships among the members.

The most striking result emerging from the data is that export experience dampens the positive relationship between engaging in the networking activities and export performance. It can be argued that these SMEs may have outgrown such networks and need to broaden the size and nature of their networks. The reasons lying under the persistence with these networks are probably the special network relations and interaction they developed, and perceived usefulness of the export support programs organized in the networks. Furthermore, these networks may be instrumental in expanding and diversifying their social networks.

The findings suggest that degree of internationalization has no moderating effect on the export performance of networking companies; however it is associated with the size of the companies since organization capabilities of larger companies affect decision-making styles of managers, and encourage and enable them to adopt a more proactive orientation.

The test of hypothesis shows that export marketing competency of the companies moderates the relationship between engaging in the networking activities and export performance.

Organizational and product preparedness to export seem to facilitate the use of the foreign market information and benefit more from the great opportunities of the export promotion activities. As a significant determinant of export performance meeting product quality / standards / specifications of foreign markets affects the relationship between engaging in the networking activities of business associations and SME export performance.

Education level of the managers is a significant factor in developing export marketing competencies. A higher level of education is also significant in acquiring knowledge and in decision making process of the internationalization stages. Therefore, as also suggested by Hsu et al. (2013), export performance increases when the manager has a higher level of education. However, the findings of the study points out that education level do not have a moderating effect on the relationship between export performance and engaging in networking activities.

The test of the firm size effect indicated that size is an important firm level determinant of export performance. SMEs have similar characteristics such as the ability to adapt technologies of different kinds, flexibility of fitting the size of the market, lower production costs. However, larger companies have a better organization, which allows them to apply and adapt more easily to international market conditions. This adaptation ability provides them with mobility enabling to change the size of the plant and the necessary technical processes. Their organizational structure enables them to assimilate and adapt new technologies with relative ease.

The findings of the study reveal that collaboration among the entrepreneurs of small businesses is vital. Networking activities enable entrepreneurs to interact with other entrepreneurs. The information synergy created in these networks provides an opportunity for business people to obtain information about external markets and exchange their experiential knowledge.

Practical implications

The study has some implications for business associations and small business owners / managers. As (ILO 2010) report proposes business associations should respond effectively the changing needs of their members and their services should be tailored around these conditions. Being relevant which requires adaptability to socioeconomic, business and industrial changes is essential in this era of globalization which affects business conditions unprecedentedly.

Consultants should advise small business owners/managers about these unprecedented challenges brought by globalization that these challenges provide both opportunity and risk for small and medium-sized enterprises. Therefore, as (ILO 2010) suggests, they should have an access to good advice from effective business associations to reduce the risks of doing business in unfamiliar markets. Business associations, on the other hand, should inform entrepreneurs

about the benefits of membership, and convince them that their services are significant and relevant.

Entrepreneurs probably understand the value of business networks, but they should be able to actively engage in them. Engaging in networking activities can enable them to save significant amounts of money and time spent on advertising and developing export marketing strategies. Enterpreneurs should communicate with other enterpreneurs who gather at events, since these events provide opportunities to identify additional contacts and business opportunities. Attending networking activities and developing new contacts can be motivating and instrumental to renew and sustain business enthusiasm and get innovative ideas about marketing in foreign markets.

Limitations and directions for future research

The study sample is constrained to the context of Turkish business practices which include cultural aspects, and therefore, may not be generalizable to those in other countries. Clearly, further research will be needed to validate the findings of the study in different countries. Besides, the external factors such as financial, economic and political environment, which may affect the networking relations and growth dynamics of Turkish SMEs, are not hypothesized in this study; thereby provide opportunities for future researches. It should also be noted that, there is still a lack of sufficient empirical study of network influence on the export performance of the companies from developing countries; thus, further study of the issue would be of interest.

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