

A Research on Perceptions of Manufacturing Firms about Marketing and Financial Problems with the Method “Qualitative Analysis”: Adiyaman Case

Asst. Prof. Dr. Osman Uluyol

Asst. Prof. Dr. Yavuz Akçi

Adiyaman University
Fakulty of Economics and Administrative Sciences
Department of Business
Adiyaman
Turkey

Abstract

The structure and functioning of industrial enterprises of varying sizes have an undeniable impact on the development of emerging cities. Particularly the manufacturing firms have a greater influence on the development of such cities as they contribute higher added values. In this study, miscellaneous marketing and financial activities of the manufacturing firms operating in Adiyaman were first identified and then an attempt was made to find if they had any problems relating to these activities. The data was gathered and assessed collectively through activity research and purposeful sampling methods that are qualitative research methods. In conclusion, it was found that the firms focused on short-term activities, didn't estimate demands, didn't put significant efforts for the firm image and positioning, used various promotional tools, couldn't use internet effectively, suffered from distribution challenges in the domestic market, didn't prefer partnership or external funding, met their funding needs through personal resources or their relatives, lacked knowledge about and thus didn't use many of the financial management techniques.

Key Words: Manufacturing industry, marketing problems, financial problems, Adiyaman, qualitative research

1. Introduction

Small and medium scale enterprises play an important role in the economy of the country with their share in the industrial production and contributions to the national revenue. Considering that SMEs outnumber the other firms in the economy and contribute a great deal to employment and production, they draw attention and are explored in many studies.

SMEs are getting increasingly important thanks to their fast decision-making capabilities, low capital utilization, flexibility, low administrative expenses and low-cost manufacturing. These enterprises have fulfilled an important mission in the economic growth of USA, Japan and EU. SMEs are also important for the large enterprises because they supply inputs for these enterprises and thus contribute to their growth.

Today SMEs have to be competitive at global level due to the current competition environment of the global economy. Therefore, many studies on SMEs have been performed so far and are still performed. These studies have analysed various problems faced by SMEs and suggested certain solutions for these problems. Although the problems have been resolved to a certain extent, there are still certain problems they face at various levels.

SMEs in our country experience problems most commonly in their marketing, planning and funding activities. SMEs face problems due to their non-scientific operational methods, funding challenges, technological incapability and marketing issues. However, lack of education underlies all these challenges (Oktay and Güney, 2002: 6).

SMEs go through various marketing challenges. The main issues faced in the marketing activities are as follows: enterprises are established without any market research or on the basis of insufficient or poor market research; production, marketing, sales and distribution costs are high; it is not easy to access the markets; markets are not sufficient; it is challenging to access the external markets and competition is hard.

SMEs start facing funding problems at the establishment stage and go through such challenges for their entire life. Financial problems sometimes arise due to insufficient funding sources on hand, while on the other hand inefficient financial management or the lack of competence of relevant staff in the field of financial management, that is the inefficient utilization of funds, may lead to financial problems. For that reason, while the financial problems should be addressed and the underlying causes of these problems should be put forward explicitly; feasible, practical and realistic solutions should be suggested.

The financial problems faced by SMEs are inseparable from the overall economic state of the country. In any country where the inflation rate is high and that goes through crises very frequently, it is impossible to create low-interest loans or other sources for the SMEs. SMEs can be supported through certain measures once the overall economic state is improved (Oktay and Güney, 2008: 15).

In this study, findings about the marketing and financial problems that are amongst the most important problems faced by SMEs as well as the views of SME owners and managers regarding the solution of these problems are presented while also some suggestions are offered.

2. Definition and Importance of SMEs

There isn't any consensus in our country on the definition of SMEs. As there is no agreement on the criteria for the definition, there are miscellaneous SME definitions. Different authorities related to SMEs and the government in our country usually define SMEs by their functions. Therefore, an enterprise might be covered under a certain SME category by a certain definition, whereas it might be excluded from that category by another definition.

Nonetheless, it would be necessary and helpful to adopt a definition for SMEs at least in order to determine the target group and the scope of the study. Certain parameters such as the number of employees, technology used, annual turnover and market size etc. are taken as the basis to define SMEs.

Every authority operating in the field of SMEs have developed their own definitions. The limits in the definitions often vary depending on the size of the country's economy. For that reason, the concept of SME has rather an economic meaning than a legal one. As in the other countries, the common criterion used in all these definitions is the number of employees of an economic enterprise (Türköz, 2008: 4). The number of employees is important in certain definitions, whereas other authorities have imposed some limitations on the definitions based on the annual turnover of the companies. The following table shows the SME definition proposed by the State Planning Organization (SPO) in Turkey and SME definitions proposed in the EU. The SME definition proposed by SPO is taken as the basis in this study as it is in parallel to the EU's definition.

Table: 1. SME definitions in Turkey and EU

| | CRITERIA | MICRO ENTERPRISE | SMALL-SIZED ENTERPRISE | MEDIUM-SIZED ENTERPRISE |
|---------------|--------------------------------|-------------------------|-------------------------------|--------------------------------|
| EU | Number of employees | Up to 10 employees | Up to 50 employees | Up to 250 employees |
| | Annual Net Sales Revenue | 2 million Euros | 10 million Euros | 50 million Euros |
| | Annual Financial Balance Sheet | 2 million Euros | 10 million Euros | 43 million Euros |
| TURKEY | Number of employees | 0-9 | 10-49 | 50-249 |
| | Annual Net Sales Revenue | 1 million TRY | 5 million TRY | 25 million TRY |
| | Annual Financial Balance Sheet | 1 million TRY | 5 million TRY | 25 million TRY |

Source: <http://ekutup.dpt.gov.tr/esnaf/kobi/strateji/2007.pdf>

As per the "Regulation on the Definition, Characteristics and Classification of Small and Medium Sized Enterprises", enterprises that employ 250 or fewer people and have an annual net sales revenue or financial balance sheet lower than 25 million TRY are defined as SME. Although enterprises with more than 25% of their capital or voting right owned by public institutions or bodies fall within the abovementioned limits, they are not considered as SMEs (KOSGEB, 2011: 24).

The previous regulation on the definition of SMEs that was published in 2005 defined the upper limit for annual net sales revenue or financial balance sheet as **25 million** Turkish Liras, whereas the new regulation that has entered into force recently has upgraded the limit up to **40 million** Turkish Liras but the upper limit for the number of employees has remained unchanged as **250** (Official Journal, 2012).

The importance of SMEs in the economic and social life can be understood only by considering their contributions to production, employment and investments. According to the annual industrial production and service statistics, 2.483.300 firms operated in 2009 and 99,9% of these firms were SMEs. Amongst all enterprises, SMEs contributed to 77,8% of employment, 51,5% of the salaries and wages, 64,8% of turnover, 55,5% of the factor cost and added value and 41,1% of gross investments in tangible goods (<http://www.tuik.gov.tr>, 2012, 1). As regards the foreign trade by countries in 2011, 53,3% of export to European countries and 32,6% of export to Asian countries were realized by SMEs. SMEs had a significant share in the importation from Europe (51.8%) and Asia (36.7%). (<http://www.tuik.gov.tr>, 2012: 1).

3. Literature Review

There are many studies on the financial, marketing and other problems faced by SMEs. Each study has contributed to this field to a certain extent. The main studies in the literature regarding the financial and marketing problems are summarized as follows.

Yörük (2001) stated in his study that 70% of the SMEs faced financial problems, while he found that lack of equity, inability to collect the receivables, lack of net current assets and challenges in finding loans were the main causes of those financial problems.

Tarлак and Uçkun (2005) found that shortage of cash, market stagnation, high loan interest rates were the most significant financial problems faced by the enterprises. As regards the marketing problems, it was observed that the firms experienced difficulties in developing new products, and some challenges due to the rapidly changing consumer preferences and price agreements of competitors. Furthermore, it was also concluded that the financial and marketing problems faced by SMEs did not vary by the size of the enterprises or the sectors that they operated.

Özder (2006) concluded in his study that the SMEs faced most commonly legislative, bureaucratic, incentive and managerial problems; furthermore, the financial problems continued to have the greatest impact on the SMEs.

Yılmaz (2007) chose the SMEs operating in the tourism sector for his study and found that the greatest problems faced by the SMEs were funding, staffing and marketing problems. It was concluded that the most important financial problems were difficulty in finding loans, high-cost loans and incapability of SMEs to utilize the modern financial management methods.

Ayık and Keskin (2008) concluded in their study that the SMEs faced most commonly the professional management and funding problems, financial problems were the underlying cause of many other challenges, and the main financial problems were lack of equity and difficulty in accessing loans.

Türköz (2008) studied the SMEs in Isparta region and concluded that they faced various issues but majority of these issues arose due to the financial problems. He found that the perspectives of owners-managers and financial institutions, government and other institutions contributed to the financial problems.

Koyuncuğil and Özgülbaş (2008) found that only 36,23% of the SMEs listed in Borsa Istanbul had a good financial performance. Lacks of knowledge and capital, inability to access foreign markets, lack of professional financial management philosophy were considered as the main reasons for such low performance. They also emphasized that university-industry cooperation should be improved and managers of the SMEs should be trained on topics such as financial planning, net current assets management, capital budgeting and debt management.

Ersöz (2010) concluded that the financial problems faced by SMEs were inseparable from the overall economic structure, it was impossible to create low-interest loans or other sources for SMEs in a country where the inflation rate was high and that went through crises very frequently, while it would be possible to support the SMEs through certain measures once the overall economic state was improved.

Emir et al. (2012) conducted a study on SMEs and found that 60,5% of the SMEs included in the study did not face a significant financial problem, those firms that faced funding problems had challenges particularly with respect to collecting their receivables, increased costs, lack of equity, and accessing loans.

4. Research Method and Findings

4.1. Purpose of the Study

This study aims to identify the basic and most important marketing and financial problems faced by the manufacturing firms established and operating in the developing province of Adıyaman and offer solutions for these problems.

4.2. Scope and Limitations of the Study

This study is limited to the firms operating in the province of Adıyaman and information provided by the owners of these firms.

4.3. Research Method

This study was performed using qualitative research method. The best source of knowledge regarding the marketing and financial problems faced by the firms is known to be the owners or professional managers of the firms. The reasons why the qualitative research method was selected were that they were very busy and not willing to respond to the questionnaires that were prepared by using the quantitative data collection methods or they were not objective.

Qualitative research is a very comprehensive concept that is based on various perspectives such as anthropology, psychology, sociology, linguistics, political sciences and philosophy (Patton, 2002: 131-133). McMillan (2004: 9-12, 256-257) claimed that qualitative research focused on deriving meanings based on verbal narratives and observations. Qualitative research is all about exploring naturally occurring phenomena. “*Qualitative research* is an umbrella term that is used to express various research strategies that share common characteristics. For instance, many terms such as *Field Study/ Natural Research, Ethnographic Study* are related to this type of research.”(Uzuner, 199: 175)

Qualitative studies that employ the qualitative data techniques use the interview, observation and document analysis tools and follow a qualitative process to identify the facts and perceptions in the natural environment in a holistic and realistic way (Yıldırım and Şimşek, 2006, 39). The concept of qualitative research is a general term that covers different research approaches (McMillan, 2004: 257; Flick et al., 2004: 5). Qualitative research is categorized under 5 groups that are narrative, phenomenology, grounded theory, ethnography and case study (Creswell, 2007: 9-10).

In this study, “*activity research*” pattern was used as a qualitative research method as it was aimed to enable the firms’ owners or managers explain their practices and express their rights and wrongs regarding their practices. In activity research, “the practitioners explore their implementation process on their own or with the help of the researchers in order to find effective solutions for the problems they face in practice. This is, in a sense, a functional combination of research and practice”(Şimşek, 2012: 99-100).

Important aspects of qualitative research are as follows:

- ✓ Truth is relative and there may be more than one truth in qualitative research.
- ✓ Truth is created with the participation of the individuals in the qualitative research.
- ✓ Qualitative research is subjective.
- ✓ Qualitative research is performed in the natural environment.
- ✓ Qualitative research employs an inductive approach.
- ✓ The whole is not the sum of parts in qualitative research.
- ✓ Qualitative research seeks answers for “why and how”.
- ✓ Qualitative research aims to provide an in-depth analysis and understanding of the phenomena or an underrecognized problem.
- ✓ The variables must be explained in a qualitative research.
- ✓ Purposeful sampling is performed in qualitative research.
- ✓ Documents, verbal explanations, images and etc. are used to gather data in a qualitative research (Şimşek, 2012: 89-90).

Purposeful sampling method was used in this research. Purposeful sampling allows in-depth exploration of cases that are assumed to be rich sources of information (Patton 2002, 238). Furthermore, “interview technique” was used to gather data and semi-structured interview was performed.

4.4. Implementation of the Research /Data Collection

First the firms in the manufacturing industry that operated in Adiyaman were identified. These firms were selected especially from the manufacturing sector that was the locomotive of industry. The owners of these firms (owner or the president of the board of executives) were contacted by phone to set an appointment. Interviews were held on 27 December 2013, 28 December 2013 and 15 February 2014 at the appointment times. Each interview lasted approximately 2 hours. As the results of the interviews held with 9 firms in total were similar in many aspects, this number was agreed to be sufficient.

Codes such as A, B, C were used to show the views of the firms because the firms' owners were informed that the firm titles and details would be kept confidential. In-depth information could be obtained relating to both the marketing and financial activities as the interviews were held in a warm setting and like a chat. Information obtained through semi-structured questionnaires was noted down. The owners at the end of the interviews confirmed information obtained and any parts of notes that they didn't want to share were excluded. Information about 9 firms interviewed in this way is presented in Table 2.

Table 2: Information about Firms and Interview Dates

| No | Firm | Field of Activity | Scale | Interviewed on | Interviewed at |
|----|------|------------------------|--------|------------------|----------------|
| 1 | D | Textile | Large | 27 December 2013 | 09:00-11:00 |
| 2 | E | Textile | Large | 27 December 2013 | 11:30-13:00 |
| 3 | B | Food manufacturing | Medium | 27 December 2013 | 13:15-14:45 |
| 4 | F | Chemical manufacturing | Medium | 27 December 2013 | 17:30-19:15 |
| 5 | A | Metal manufacturing | Medium | 28 December 2013 | 10:00-12:00 |
| 6 | I | Furniture | Large | 28 December 2013 | 12:30-14:30 |
| 7 | C | Iron metal | Small | 28 December 2013 | 15:00-17:10 |
| 8 | G | Food manufacturing | Large | 15 February 2014 | 10:15-12:30 |
| 9 | H | Wood, furniture | Small | 15 February 2014 | 13:00-15:00 |

5. Findings of the Study

A qualitative research was performed in order to identify the marketing and financial practices of various firms operating in the manufacturing industry in Adiyaman.

5.1. Marketing Practices of Firms

Data/findings obtained in order to identify the marketing practices of the firms operating the organized industrial zone of Adiyaman province are presented as follows.

Findings regarding the future demand estimations and market research performed by the firms: Taking account of the views of the firms interviewed regarding the future demand estimations and market research, it was understood that the firms didn't use any scientific methods and statistical methods. It was found that all firms didn't know what to do in this regard and had significant challenges especially in estimating the demands. All firms stated that there was a high uncertainty about the future. Furthermore, they also stated that they didn't take any significant initiative to perform a market research. As the companies D and E are the contracted manufacturers, they highlighted that the demand depended totally on the companies that they supplied products and thus they did not estimate the demand themselves.

Findings regarding the determination of the sales prices of products: It was found that the firms had different practices regarding the sales prices of the products. As the company A manufactured on order basis, it used order costing system and set the sales price by adding a certain profit margin to the cost of the finalized order. The companies B, F and used the traditional price-setting method in which they determined the production cost and added the profit margin to that cost. As the company C had a complicated production system, they used an estimated method for the costs, profit and sales prices. The company H stated that the sales price varied totally depending on the raw material price they purchased, and thus the sales price usually fluctuated, as they could not purchase the raw materials at the same price, quality and with the same properties. As the company G was an agricultural producer and purchased the seasonal agricultural products as the raw materials, they applied the sales price comprised of cost + profit during the whole year.

The companies D and E were contracted manufacturers; therefore, they set the sales prices based on the contracts they concluded with the companies they supplied products to.

Findings regarding the advertising and promotional activities: It was found that majority of the firms interviewed placed ads on local TVs and newspapers at various times. The company H stated that they didn't place ads so frequently because they found buyers themselves by word of mouth marketing. Company B stated that they placed ads on various magazines, billboards at the entry into and exit from the city in addition to local TV channels and newspapers. Company A stated that they placed ads on an employers' magazine to reach out to the target consumers that are the industrial clients. Company G tried to draw the attention of individual consumers through corporate advertisements on national newspapers, and because they had a very short history they highlighted their "organic product" position that many other competitors in that market lacked. Company I mentioned that they tried to promote their activities by placing the firm data on the catalogue of the state supply office, whereas the companies C, E and F distributed the catalogues containing images and various properties of their products to their target consumers as advertising and promotional activities.

Practices regarding the company image: It was found that the firms interviewed didn't implement a scheduled plan for the company image. Therefore, the firms had different positions in their markets. Company A used quality and robustness, company B used quality, companies F and G used differentiation, company H used trust and company I used low price as the positioning tool. Companies D and E did not have any positioning efforts, while company C put an effort to create a corporate company image.

Findings regarding the customer databases and customer complaints: Companies A, B, F, G and I stated that they used a computer based databases for their customers. However, it was understood that they didn't use the databases effectively but used the databases only to obtain information. Company C didn't have any customer database, while company H tracked the customers by paper files. Companies D and E stated that they didn't need such a database because they didn't produce for or sell products to the other companies except for the ones they are contracted. All companies stated that they listened to the customer complaints and tried to resolve the complaints.

Findings about web page and e-commerce: All firms stated that they were aware of the importance of a web page. Companies A, B, F and I had web pages, while companies C and G they were in the process of constructing their web pages, companies D, E and F stated that they didn't need a web page. Companies A, G and I expressed that they were thinking of performing e-commerce and took initiatives for that purpose, while the other firms stated that they were not planning to perform e-commerce in the short-term.

Findings about customer profiles and target markets: companies C and G from which data was collected addressed only the local market (only Adiyaman market) and didn't make so many efforts to enter into the other markets. As company D operated as a national supplier, it depended on the customers, while company E depended on the customers in the countries where they exported their products. Companies B, F, G and I tried to address the domestic market and aimed at scaling up to the country. Company A tried to address both the domestic and foreign markets, sold products particularly to Iraq region and aimed at enlarging this market.

Findings about distribution practices: It was found that the companies C and H didn't experience any distribution challenges as they sold products in Adiyaman. It was also found that companies A and I faced some problems in distribution due to the geographical location of Adiyaman as they distributed products to the domestic market. Adiyaman is not located on a certain route despite the routes passing through the north and south of the city, which is the basic reason of this problem. Companies stated that this problem led to increased costs or delays in the delivery of the ordered products. Companies B, D, E, F and G didn't face any significant challenges regarding distribution.

5.2. Financial Management Practices of the Firms

Data/findings regarding the financial management practices obtained during the interviews held with the firms operating in the organized industrial zone of Adiyaman are as follows.

Findings about the financial structures of the firms: According to the responses of nine firms to the question about the debts and equity utilization asked to assess their financial structures, only companies C and G used external funds but these funds amounted to only 15-20% of the total funds. Furthermore, the owners of the firms stated that they didn't have any challenges in finding funds.

It was also understood that the banks extended loans to the firm as long as they knew the owner and they had personal relationships rather than corporate relationships with the financial institutions. The same companies stated that they didn't suffer from any problems in discharging the debts. It was understood that they didn't face any challenges thanks to the use of low-interest loans and adequate cash flow. Considering the common feature of the firms that used external funds, they were relatively larger companies and they were making an attempt to get institutionalized. The firms that operated with their equities were relatively small and medium sized enterprises and desired to continue their operations in a safe way without taking any risks and with only their financial facilities. As a matter of fact, those firms that did not use external funds could not use the appropriate loans that would create a financial leverage to increase the return on capital.

Findings about the financial support and incentives: Companies A, C, B and F used financial supports and incentives at least once. These companies stated that they received financial support from KOSGEB (An institution for supporting and developing SMEs). Other companies mentioned that they didn't have any tendency to apply for any financial support from KOSGEB or any other institutions because there were too many formalities and they could not receive the support in due time.

Findings about the terms of purchasing and sale of the firms: It was found that the firms interviewed tried to adopt a balanced approach in the terms of purchasing and sales through both cash and forward sale and buying. However, company H stated that they had to purchase the raw materials in cash but sell some of products through forward sale and thus faced certain financial challenges. Furthermore, they occasionally faced some problems in the collections, albeit very few, due to the forward sale and collection of some of the outstanding debts were delayed.

Findings about the challenges faced in the collection of outstanding debts due to the forward sale: The firms were asked if they had any challenges in collecting the outstanding debts due to the forward sale, companies A, C, D, E and G didn't face significant problems in the recovery of the debts, whereas companies I, H, F and B faced problems in collecting the outstanding debts from time to time. It was understood that the firms tried to collect the outstanding debts according to the business customs and tradition of that region. They didn't initiate the legal proceedings immediately to avoid damaging their long-lasting trust-based relations.

Findings about the financial decisions: Companies C and G that were trying to get institutionalized stated that their boards of executives took the financial decisions, while the other companies mentioned that the owner of the firm took the financial decisions alone or jointly with the accountants.

Findings about the cash planning: The findings derived according to the responses given to the question about "how the firms use the excess cash and how they finance the cash deficiency" asked to obtain information about the cash planning methods of the firms are as follows: All company owners mentioned that they invested the excess cash in the stocks and raw materials. Companies C and G obtained funds from the banks in case of cash deficiency; whereas the other companies stated that they used their personal sources as well as their families' and relatives' funds. There wasn't any firm that invested the excess cash in the investment instruments such as securities, repo and etc.

Findings about the new investments and growth: The responses to the question "if you had a sizeable amount of money, how would you use it?" asked to obtain the firms' views about the new investments and growth are as follows: Company A stated that it would establish a R&D department, while company H would grow vertically. Company I would invest in the stocks, whereas the company G would start up a firm in Africa as the labour force and raw material costs were very low, and the other companies would decide on growing horizontally in the same sector. This finding also shows that the entrepreneurs still possess the spirit of entrepreneurship.

Findings about partnership, mergers and cooperation: The firm that were interviewed, excluding company C, expressed negative views about partnerships, mergers and cooperation, whereas only one firm leaned towards establishing a partnership abroad in order to open up to foreign markets. In general, the partnership culture has not flourished yet in the SMEs interviewed.

Findings about the utilization of the new funding techniques: The firms were asked if they used funding techniques such as factoring to manage their receivables; leasing for the fixed assets; swap, future and options to manage the financial risks. None of the firms used any of these techniques and they didn't even know much about them.

Findings about the financial analysis: It was found that the firms interviewed didn't perform any financial analyses. For example, company C didn't even know the cost of the products and thus the sales prices were set inferentially. In fact, the firm was aware that it made a profit, various outcomes especially high amount of cash showed that the firm made a profit but the amount of the profit was not clear because they could not determine the costs exactly. They run their business based on the approximate and estimated figures. None of the firms interviewed had any managers who were specialized in the field of finance. All firms got support from accountants for financial matters. Therefore, financial decisions were usually taken by the firm owners and/or managers and sometimes by the owners/partners jointly with the accountants. For instance; companies D, H and I expressed their views in this way.

As the firms do not perform a sound financial analysis, their weaknesses and strengths cannot be identified, and maybe the problems that can be solved in due time are likely to end up with greater issues in the future.

6. Concluding Remarks

The problems identified and solutions offered in this study aiming at identifying the marketing and financial problems of the manufacturing firms operating in Adiyaman that is one of the developing cities in the Southeast Anatolia Region are presented below.

It is understood that the firms operating in Adiyaman can not use the modern methods and techniques effectively to manage their financial and marketing activities, while they run their businesses by means of traditional marketing and financial management practices.

The firms interviewed run their businesses mainly through their equities, whereas they don't prefer external funds as they think it is risky or due to other reasons. As the firms don't favour using external funds, this prevents them from using the growing opportunities and financial leverage impact of the external funds. However, use of limited amount of external funds reduces the financial risk that the firms are exposed.

The firms are not competent in the field of financial management because there is a lack of finance managers in the firms. Therefore, the owners and partners of the firms take the financial decisions. For that reason, they cannot perform the financial analysis in a robust and realistic way, and thus they estimate the outcomes of their activities relying on their experiences.

As regards the cash management, the firms do not keep idle cash, invest excess cash usually in raw materials and similar assets, while they close the cash deficiency by means of their personal sources as well as funds of their family members and relatives. If they had a sizable amount of money, they think they would use that money to grow vertically or horizontally.

The firms do not carry out a market research based on scientific and statistical methods, whereas they usually try to make a market analysis based on their personal relations. Furthermore, they don't estimate future demands and they face a high degree of uncertainty in this regard. Therefore, they plan their production relying on their experiences.

With respect to the promotional and advertising activities, the firms place ads on local TVs and newspapers but not at a professional degree, while they also distribute product catalogues to the corporate customers. They don't assume significant initiatives to create a corporate image, while they usually focus on quality and try to survive at the same position in all markets.

The firms don't use databases effectively to track the customer, assess and solve the customer complaints, whereas those firms that have certain databases cannot use them properly. Although the firms agree that the customer complaints must be resolved, they don't collect statistics about the customer complaints.

The most important problem faced by the firms that preferred to be present in the domestic market is related to logistics and distribution. This negative aspect of Adiyaman due to its geographical location leads to increased distribution costs or delays in the delivery of the orders. This results in a lower profit margin or customer satisfaction. Although the cities around Adiyaman (Gaziantep, Şanlıurfa, Diyarbakır, Malatya and Kahramanmaraş) are well developed in terms of trade and located on frequently used routes, Adiyaman is outside these routes, which is why it faces logistics and distribution problem.

Industrial firms in Adiyaman expect more incentives and financial support from the government, as it is a developing city.

Furthermore, all company owners expressed their willingness to get assistance from the universities more actively. Furthermore, they said that they would support any cooperation between the industry and university. Majority of the problems identified in this study are similar to the ones that are usually faced by small and medium sized enterprises. It is suggested that sector-specific analysis should be performed in future studies and solutions should be offered accordingly. It is also suggested that offices should be established in especially Middle East countries in order to improve the export market of the firms. University- industry cooperation should be facilitated through initiatives; joint projects should be developed and implemented with the chambers of industry and commerce in order to propose joint solutions to the problems faced by the industrialists.

7. References

- Ayık, Y. Z. & Keskin, G. (2008). “KOBİ’lerin Genel Sorunları ve Düşünülen Çözüm Önerileri Üzerine Erzurum’da Bir Uygulama” (Common problems of SMEs and solution problems, an implementation in Province of Erzurum), *Atatürk Üniversitesi (Atatürk University), Sosyal Bilimler Enstitüsü Dergisi (Journal of Social Science Institut)*, Vol. 12, Num. 2, pp. 469-481.
- Creswell, J. W. (2007). *Qualitative inquiry and research design: Choosing among five approaches* (2nd ed.). Thousand Oaks: Sage Publications.
- Emir, M., Sevim, U. & Arslantürk, D. (2012). “KOBİ’lerde Finansal Yönetim Uygulamalarının Finansman Sorunları Üzerindeki Etkisi: Trabzon İli Örneği” (The effect of financial management applications on financial management problems of SMEs), *Gümüşhane Üniversitesi, (Gümüşhane University), Sosyal Bilimler Enstitüsü Dergisi (Journal of Social Science Institut)*, Num. 6, June.
- Erhan, O. & Güney, A. (2002). “Türkiye’de KOBİ’lerin Finansman Sorunu ve Çözüm Önerileri”(The financial problems and solution proposals of SMEs in Turkey), *21. Yüzyılda KOBİ’ler: Sorunlar, Fırsatlar ve Çözüm Önerileri Sempozyumu*, (SMEs in 21. Century: Symposium on problems, opportunities and solution proposals), January the 3-4rd, 2002, Doğu Akdeniz Üniversitesi, K.K.T.C. (University of East Mediterranean, Turkish Republic of Northern Cyprus).
- Ersöz, V. (2010). *AB, Türkiye ve Konya’da KOBİ’lerin Yapısı, Sorunları ve Çözüm Önerileri*, Etüd-Araştırma Servisi, Şubat, Konya Ticaret Odası. (EU, The structure and problems of SMEs in Konya and in Turkey, and solution proposals, Attitude-Research Service, February, Chamber of Commerce, Konya-TR)
- Flick, U., Kardorff, E. ve Steinke, I. (2004). *A Companion to qualitative research*. London: Sage Publications.
- Koyuncugil, A. S. & Özgülbaş, N. (2008). “İMKB’de İşlem Gören KOBİ’lerin Güçlü ve Zayıf Yönleri: CHAID Karar Ağacı Uygulaması” (The strenghts and weaknesses of SMEs’ traded in İstanbul Stock Exchange), *Dokuz Eylül Üniversitesi, İ.İ.B.F. Dergisi*, (9. September University, Journal of Social Sciences Institut), Vol. 23, Num. 1, Year, 2008, pp. 1-21.
- McMillan, J. H. (2004). *Educational research: Fundamentals for the consumer* (Fourth edition). Boston: Pearson Education.
- Özder, M. R. (2006). “Küresel Rekabet ve Değişim Sürecinde Yöresel KOBİ’lerin Sorunları ve Çözüm Yolları: Türkiye Üzerine Bir Uygulama”, (The problems and solutions of local SMEs in global competition and changing environment: An application in Turkey), *Pamukkale Üniversitesi, Buldan Sempozyumu 2006*, (Pamukkale University, Buldan Symposiom), 23-24 November, pp. 913-919.
- Patton, M. Q. (2002). *Qualitative research & Evaluation methods* (3rd edition).Thousand Oaks: Sage Publications.
- Şimşek, Ali (2012), “Sosyal Bilimlerde Araştırma Yöntemleri” (Research Methods in Social Sciences), AÖF Yayını, (Anadolu Distance Education Fak. Pub. Num: 1619, Eskişehir, August, 2012.
- Torlak, Ö. & Uçkun, N. (2005). “Eskişehir’deki KOBİ’lerin Pazarlama ve Finansman Sorunları Arakesiti”(Intersection of finance and marketing problems of SMEs in Eskişehir), *Osman Gazi Üniversitesi, Sosyal Bilimler Dergisi*, (Osman Gazi University, Journal of Social Sciences), Num. 1, pp. 199-215.
- Türköz, P. (2008). *KOBİ’lerin Finansman Sorunları ve Bankaların KOBİ’lere Yaklaşımı: Isparta Alan Araştırması*, (The financial problems and aproach of banks to the SMEs: A field study in Isparta), S.D.Ü., Sosyal Bilimler Enstitüsü, Yayınlanmamış Yüksek Lisans Tezi, (Social Science Institut, Unpublished Master Thesis), Isparta, 2008.

- Uzuner, Y. (1999). *Niteliksel Araştırma Yaklaşımı, Ünite 9, Sosyal Bilimlerde Araştırma Yöntemleri*, Anadolu Üniversitesi, AÖF yayını, (Qualitative Research Approach, Chapter 9, Research Methods in Social Sciences, Anadolu University, Faculty of Distance Education), Num:601, Eskişehir.
- Yılmaz, H. (2007). “Turizm Sektörü KOBİ’lerinin Finansman Sorunlarının Diğer Sektörlerle Karşılaştırmalı Analizi: Bodrum Örneği” (A comparative analysis of financial problems of SMEs in tourism with other industries’), *MUFAD-Muhasebe ve Finansman Dergisi*, (Journal of Accounting and Finance), Num: 33, January, pp. 162-170.
- Yörük, N. (2001), “KOBİ’lerin Kredi Yoluyla Finansmanında Karşılaştıkları Sorunlar ve Tokat İlinde Bir Uygulama”, (The credit financing problems of SMEs and an application in province of Tokat), *Selçuk Üniversitesi, İ.İ.B.F. Sosyal ve Ekonomik Araştırmalar Dergisi*, (Selçuk University, Faculty of Economics and Administrative Sciences, Journal of Social and Economical Researches), Num. 1-2, pp. 187-204.
-(2012). *Küçük ve Orta Büyüklükteki İşletmelerin Tanımı, Nitelikleri ve Sınıflandırılması Hakkında Yönetmelikte Değişiklik Yapılmasına Dair Yönetmelik, 4.Kasım.2012, 28457 Sayı, 4.Kasım.2012 Tarihli Resmi Gazete.*(Regulation on Change in the Regulation about Definition,Qualitatives and Classificaton of SMEs, Official Gazette, Number 28457, November the 1.,2012.
-(1997). *Türkiye İmalat Sanayinde KOBİ Profili*, (SMEs profile in Manufactuting Industry in Turkey), KOSGEB Pub., Ankara.
-(2011). *2011-2013 KOBİ Stratejisi ve Eylem Planı*, (SMEs strategies and action plan), KOSGEB Pub. April, Ankara.
- <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=13146>, (available: 20.01.2014).
- <http://ekutup.dpt.gov.tr/esnaf/kobi/strateji/2007.pdf>, (available: 20.01.2014).