



BEYKENT
UNIVERSITY



GEBZE INSTITUTE
OF TEKNOLOJY



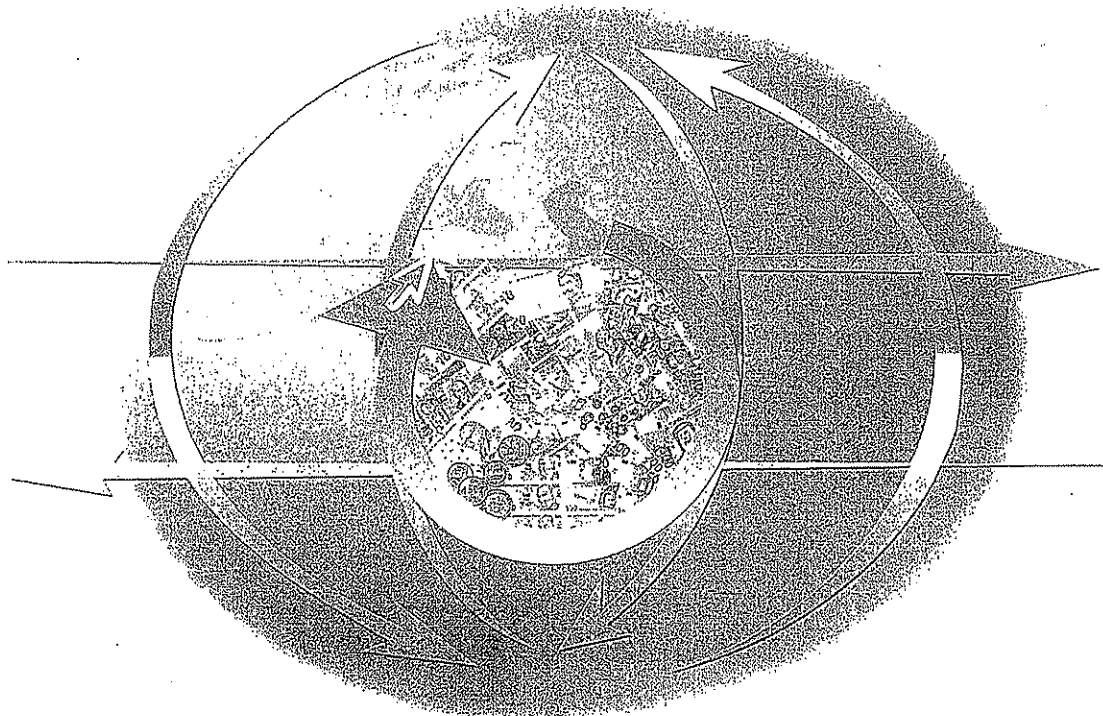
CANAKKALE ONSEKIZ
MART UNIVERSITY



T.R. PRIME MINISTRY STATE
PLANNING ORGANIZATION

6th INTERNATIONAL STRATEGIC MANAGEMENT CONFERENCE

“Searching For Strategies Out Of The Global Recession”



The Proceedings of 6th International
Strategic Management Conference

July 8-10, 2010
St. Petersburg, Russia

THE PROCEEDINGS OF
6th INTERNATIONAL
STRATEGIC MANAGEMENT
CONFERENCE

Searching For Strategies Out Of The Global Recession

July 8-10, 2010 St. Petersburg, Russia

6th. INTERNATIONAL STRATEGIC MANAGEMENT CONFERENCE

“Searching For Strategies Out Of The Global Recession”

July 8-10, 2010
St. Petersburg, Russia

Honorary Presidents
Ahmet YÜKSEL (Ph.D.)
Ali AKDEMİR (Ph.D.)
Alinur BÜYÜKAKSOY (Ph.D.)

Chairman
Erol EREN (Ph.D.)

Co-Chair
Oya ERDİL (Ph.D.)

Typesetting
Mehtap ÖZŞAHİN

ISBN

Organizing Institutions

Beykent University
Gebze Institute of Technology
Canakkale Onsekiz Mart University
Prime Ministry State Planning Organization of The Republic of Turkey

Statements of facts or opinions appearing in Proceedings of the 6th International Strategic Management Conference are solely those of the authors and do not imply endorsement by the Organization Committee or publisher

TABLE OF CONTENTS

STRATEGIES FOR THE GLOBAL CRISIS

<i>Managing Large Corporate Crisis In Italy. An Empirical Survey On Extraordinary Administration</i> (ALESSANDRO DANOVI)	3
<i>Impact Of The Global Crisis On The Governance Structures Of International Financial Institutions</i> (ADEM ÇABUK, GÖKHAN ÖZKAN, İSMAIL AKTAR)	15
<i>A Strategic Management Approach During The Time Period Of Coping With Global Crisis: Rightsizing</i> (MEHMET TIKICI, ALI AKSOY, RABIA ECE OMA, NESLIHAN DERİN, ŞEYDA NUR SEÇKİN)	25
<i>Moderating Effects Of Government Assistance And Turnaround Strategies: A Research On Private Manufacturing Companies</i> (TENGGU MOHAMMAD CHAIRAL ABDULLAH, ZOLKAFLI HUSSIN)	37
<i>The Relationship Between Strategic Orientation And Cultural Values: The Effect Of Business Owners' /Leaders' Cultural Values On The Strategic Behavior In Condition Of Crisis: A Research On Small Enterprises In Istanbul Chamber Of Industry</i> (BINALI DOĞAN, ATA ÖZDEMİR)	47
<i>The Effects Of Global Economic Crisis To The Marketing Strategies Of Hospitality Business: Istanbul Field Research</i> (BURHANETTİN ZENGİN, LÜTFİ MUSTAFA ŞEN)	59
<i>The Global Recession After The Recent Crisis And Its Effects On The Turkish Economy</i> (ENGİN ERDOĞAN, MELİHA ENER, MURAT GÜVEN, FEYZA ARICA)	71
<i>Marketing Strategies During Recession and Economic Crisis</i> (GÜNAL ÖNCE, MEHMET MARANGOZ)	85
<i>Information Communication Technologies And Global Financial Crisis</i> (NURDAN COLAKOĞLU, SERKAN DİLEK)	95
<i>Personnel Turnover In Turkish Banking System During Global Crisis: A Comparison With Pre-Crisis Period</i> (MEHMET TIKICI, ALI AKSOY, M. RECEP ARMUTLU, SİNEM GÜRAVŞAR GÖKÇE, RABIA ECE OMA)	105
<i>Strategic Financial Leadership: Can It Take Us Out Of Global Crisis?</i> (KORKMAZ ULUÇAY)	115
<i>Management Measures To Be Taken For The Enterprises In Difficulty During Times Of Economic Crisis</i> (SUDİ APAK, MİKAIL EROL, GÜLGÜN ERKAN)	121
<i>Differentiated Marketing Policies In Terms Of Company Size And Sector During Global Recession</i> (A. KAZIM KIRTIŞ, FILİZ KARAHAN)	127

COMPETITIVENESS

<i>Maintenance Management Is Now Of Strategic Importance: So What Strategies Are Your Competitors Using?</i> (KYM FRASER, JANEK RATNATUNGA)	139
<i>Strategies For Competitive Advantage In Electronic Commerce</i> (SIAMAK AZADI)	153
<i>A Framework For Measuring Strategic Competition</i> (THEMIN SUWARDY, JANEK RATNATUNGA, ERWIN WALDMANN, KYM FRASER)	161
<i>Target Costing System For Gaining Power Of Sustainable Competition And An Application Of System In A Manufactory Enterprise</i> (ŞERAFETTİN SEVİM, ORHAN ELMACI, ABDULLAH GAYRET)	179

<i>International Competitive Analysis Of Boron In Energy Sector According To Michael Porter's Diamond Model (ŞERAFETTİN SEVİM, ORHAN ELMACI, EMEL ALTIN)</i>	191
<i>Technological Specialization And The International Competitive Position Of The European Union's Enterprises (ALINA HYZ)</i>	201
<i>Competitive Strategies And Firm Performance: A Literature Survey (İ.HAKKI ERASLAN, İZZET KİLİNC, YUNUS EMRE TAŞGİT)</i>	211
<i>The Art Of Publishing In Scholarly Journals (REFİK CULPAN)</i>	221
<i>ICT Investments And Firm Productivity: A Case Study In Industrial Sites In Turkey (NURDAN COLAKOĞLU, SERKAN DİLEK, FATMA ATIGAN)</i>	227
<i>A New Approach To Menu Analysis; 3p Method: How To Analyze A Menu By Using Profitability, Popularity And Performance Of Menu Items (MEHMET SARIISIK, MUHSİN HALİS, OĞUZ TURKAY)</i>	237
<i>A Study On The Impact Of Flexible Manufacturing Systems On Business Profitability (MUSTAFA SOBA, TUNGA BOZDOĞAN)</i>	245

STRATEGY FORMATION, CHANGE & CONTROL

<i>Evaluating The Quality Of Corporate Mission Statement (A. DABBAGHI, A.M. MALEK, A.R. AULIZADEH)</i>	259
<i>A Comparative Research On Whether Employees Participate In The Process Of Vision Determination (HARUN DEMİRKAYA, GÜROL ÖZCÜRE)</i>	265
<i>Strategic Intent, Organizational Ambidexterity And Performance: A Test Of The Moderating Role Of Perceived Environmental Uncertainty (MEHMET ŞERİF ŞİMŞEK, ŞEVKİ ÖZGENER, METİN KAPLAN, SEHER ULU)</i>	273
<i>Developing Strategic Foresight For Strategic Transformation (GARY J. STOCKPORT)</i>	287
<i>Organizational Change For The Environmentally Sustainable Airport Management (VILDAN DURMAZ)</i>	295
<i>Strategies To Respond To Change: An Exploratory Study (BELLA BUTLER, CAROLYN DICKIE, MARITA NAUDÉ)</i>	301
<i>The Assumptions Behind Strategy Theories And Issues Addressed And The Alternative View Of Complexity (SITHULISIWE MAZWI)</i>	315
<i>The Strategic Pragmatism Of Central Asian States (OSKAR KAYASAN)</i>	319
<i>The Alignment Of Business Environment Scanning Strategy And It Strategy In The Enterprise (DOROTA JELONEK)</i>	329
<i>Effects Of Environmental Scanning And Planning Flexibility Over Firm Performance In SMEs (TÜRKAN DOĞAN, ASİM ALTUNBAŞ, LÜTFİHAK ALPKAN)</i>	339
<i>Evaluation Of The Paradoxes In Strategy Formation From The Perspective Of Strategic Management Schools (SÜLEYMAN AGRAS, REFIKA BAKOĞLU DELİORMAN)</i>	357
<i>The Role Of Design In Business Strategies (CELAL HAKAN KAĞNİCİOĞLU)</i>	367
<i>The Performance Analysis Of Banking Companies (GÖKHAN ÖZER, METİN UYAR)</i>	377
<i>A New Balancing Approach In Balanced Scorecard By Applying Cooperative Game Theory (M. JAFARI-ESKANDARI, A.R. ALIAHMADI, M. HEIDARI AND A. AGHA-BOZORGI)</i>	387
<i>View Of The Organizations That Are In The First 500 In Turkey On Balanced Scorecard Method (AHMET UÇAKTÜRK, MUSTAFA BEKMEZCİ, TULAY UÇAKTÜRK)</i>	393

<i>The Key Differences Between Balanced Scorecard Framework For Public And Private Sector (MARCELA KOZENA, MICHAELA STRITESKA)</i>	403
--	-----

ENTRY STRATEGIES AND STRATEGIC ALLIANCES

<i>Management Of Strategic Alliance Making Process And The Case Study (İNAN ÖZALP, SENEM BESLER, BURCU ŞEFİKA DOĞRUL)</i>	413
<i>A Study On The Entry Strategies Of Turkish Companies To The Developing Economies: Case Of Romania (İBRAHİM ANIL, GAYE ÖZKASAP)</i>	425
<i>Coopetition Strategy: The Influence Of External Workplace And Technology Flexibilities (ANGEL MARTINEZ-SANCHEZ, SILVIA ABELLA-GARCES, MANUELA PEREZ-PEREZ, MARIA-JOSE VELA-JIMENEZ)</i>	435
<i>Effective International Expansion Strategies Of Developing Countries: Turkish Home Appliance Companies And The Global Recession (TANSES GÜLSOY, ÖZLEM ÖZKANLI, RICHARD LYNCH)</i>	445
<i>Risk Perception Of Turkish Exporters In Transportation: An Example Of Aegean Region (AYKAN CANDEMİR, ALİ ERHAN ZALLUHOĞLU, ERDAL DEMİRALAY)</i>	465
<i>Self-Assessment Of Several Companies In Order To Establish A Holding (İMRAN ASLAN, ORHAN ÇINAR)</i>	477

FINANCE STRATEGIES

<i>The Effects Of The Foreign Direct Investment On Turkish Economy Between 2000-2009 Period (FURKAN DISKAYA, SENEL SECIL OLMEZ, EBRU TERAZI)</i>	501
<i>Systemic Risk And Hedge Funds (NURAY TERZİ)</i>	509
<i>Price Transmission And The Globalization Of Stock Markets: Evidence From Five Countries (RUI MENEZES)</i>	517
<i>Criteria For Off-shoring Decisions In Emerging Economies (FABIENNE FEL, ERIC GRIETTE)</i>	527
<i>Market Asymmetries, Arbitrage And Transition: The Case Of Russia (MIKHAIL GLAZUNOV)</i>	537

SMEs STRATEGIES

<i>Internationalization Of Small And Medium Sized Enterprises (SME) In Germany (CHRISTOPHER STEHR)</i>	545
<i>How To Improve Innovativeness Of Small And Medium Enterprises (ZLATKO NEDELKO, VOJKO POTOČAN)</i>	557
<i>A Strategic Tool For The Success Of SMEs: Entrepreneurial Culture (SABIHA KILIÇ, EMRE ÇAĞLAR, EREN GÜNGÖR, İRFAN ÇAĞLAR)</i>	567
<i>Continuous Improvement Culture In SME's: An Interpretive Field Studies In Industrial Sites (SEYFİ TOP, NURDAN ÇOLAKOĞLU, SERKAN DİLEK)</i>	575
<i>Small To Medium, Sized Enterprises And The Strength Of Weak Network Ties (LYNNE BUTEL, DABABRATA CHOWDHURY)</i>	587
<i>Female Directors And SMEs: An Empirical Analysis (ANTONIO MINGUEZ-VERA, RAQUEL LOPEZ-MARTINEZ)</i>	599

ENTREPRENEURSHIP & INNOVATIVENESS

<i>How Do Social Entrepreneurs Develop Intentions To Create A Social Venture?: A Case Study</i> (AYTÜL AYŞE ÖZDEMİR)	611
<i>Learning, Entrepreneurship And Innovation Orientations In Turkish Family-Owned Firms</i> (ERKUT ALTINDAĞ, CEMAL ZEİR, A.ZAFER ACAR)	623
<i>Can Innovation Be A Reason For A Long Term Survival? (BIGE ASKUN, REFIKA BAKOGLU)</i>	633
<i>The Role Of Innovation For Reducing The Effects Of The Crises</i> (SEFER ŞENER, MESUT SAVRUL, CAN KÖSE)	647
<i>Measuring The Innovation Performance Of Turkish Science&Technology Parks: An Application Of Data Envelopment Analysis (ILKER MURAT AR, BIRDOGAN BAKI)</i>	657
<i>A Study On The Relationship Between Innovation Performance And Competitiveness Ranking Of Some Countries In The Global Economic Crisis Period</i> (SELMA KARATEPE, RABIA ECE OMAI, SINEM GÜRAVŞAR GÖKÇE)	665
<i>Predicting Micro-Level Innovation Potential With Neurofuzzy Hybrid Modeling – A Model Framework</i> (RICHARD KÁSA)	675
<i>Istanbul: A Candidate City For The Global Innovation League?</i> (DILEK ÇETİNDAMAR, AYŞE GÜNSEL, SEMA TÜRKKANTOS)	685
<i>The Relationship Between Organizational Learning And Firm Performance: The Mediating Roles Of Innovation And TQM (İPEK KOÇOĞLU, SALİH ZEKİ İMAMOĞLU, HÜSEYİN İNCE)</i>	697
<i>Knowledge Management In Providing Value Added To Organizations</i> (EDWARD WONG SEK KHIN, ABDUL RAZAK İBRAHİM)	715
<i>Linking Dynamic Capabilities And Digital Technologies: A Case Study Of Small Firms In The UK Audio Visual Sector (KEITH RANDLE, MARIANA DODOUROVA)</i>	723

CORPORATE GOVERNANCE & CORPORATE CULTURE

<i>Corporate Governance And ERM In A High Risk Industry</i> (JANEK RATNATUNGA, KYM FRASER, MANZURUL ALAM)	737
<i>Does CEO Duality And Board Heterogeneity Affect Firm Performance? Evidence From Istanbul Stock Exchange (ISE) Services Index (SERHAT HARMAN, EBRU KANYILMAZ POLAT)</i>	751
<i>Corporate Governance And Financial Performance With A Perspective On Institutional Ownership: Empirical Evidence From Turkey (ALI OSMAN GÜRBÜZ, ASLI AYBARS, ÖZLEM KUTLU)</i>	759
<i>How Institutional Corporate Governance Effect Organizational Commitment: Developing A Framework For Research Model (PINAR ÖZTÜRK, MURAT KASIMOĞLU)</i>	769
<i>Managing The Banking Crises Through The Corporate Governance: The Case Of Turkish Banks</i> (GÜRAN YAHYAOĞLU, MEHTAP ÖZŞAHİN)	775
<i>Cross-Cultural Strategic Marketing, Approach To Analyze The High-Context And Low-Context Cultures (Edward Hall Model) In Web Development (EHSAN FAKKAR, FARHAD SIASAR DJAHANTIGHI, MOHAMAD HAGHIGHI, ABOLGHASEM MIRA)</i>	789
<i>Changing Corporate Culture To Improve Business Performance: Case Of The Australian Automobile Industry</i> (CLARK LI KE YU, MAX COULTHARD, SONJA PETROVIC-LAZAREVIC)	797

<i>The Effect Of Family Culture On Family Business: A Research On Family Business In Istanbul Chamber Of Commerce (CANAN ÇETİN, ATA ÖZDEMİR, ERKAN TAŞKIRAN, ESRA DİNÇ ÖZCAN)</i>	807
<i>Integrating Both Negative And Unrecognized Positive Implications Of Cultural Diversity For Strategic Management Of Companies Operating Across The Borders (SALİH YEŞİL, ADNAN ÇELİK, İBRAHİM AKBEN)</i>	813
<i>The Strategic Benefits Of Using Items Parcels On Ad Hoc Goodness-Of-Fit Indices (TAREK KANDIL, DABABRATA CHOWDHURY)</i>	825
<i>The Influence Of Historic, Geographic And Cultural Factors As An Important Explanation For Corporate Culture And Economic Development: A Comparison Between Latin America And The United States (PAULO ROBERTO FELDMANN)</i>	835

ETHICS AND SOCIAL RESPONSIBILITY

<i>Developing Hypernorms For Corporate Codes Of Ethics (TIMO HEROLD, CHRISTOPHER STEHR)</i>	845
<i>Can Prosocial Corporate Behavior Conceal Unfair Business Practices? An Experimental Study In The Banking Industry (ÜMIT ALNİAÇIK, KÜLTİĞİN AKÇİN, ORKUN BAYRAM, ERŞAN CİĞERİM)</i>	855
<i>Who's Mobbing Whom? (FATMA ZEHRA SAVI, BEHİÇ ÇELEBİ)</i>	865
<i>The Relationship Between Personality And Being Exposed To Workplace Bullying Or Mobbing (NEVIN DENİZ, ÖZNUR GÜLEN ERTOSUN)</i>	871
<i>Investigating Corporate Social Responsibility Of Turkish Company Websites Through Content Analysis (DENİZ KAĞNICIOĞLU)</i>	883
<i>The Relationship Between Perceptions Of Ethical Climate Types And Affective Commitment: The Case Of Turkish Hotel Employees (ADEM OGUT, METİN KAPLAN)</i>	893
<i>The Role Of Corporate Social Performance/Responsibility In Building And Protecting Corporate Reputation (A. ASUMAN AKDOĞAN, AYŞE CİNGÖZ)</i>	901
<i>Does Companies' Corporate Social Responsibility Enhance Economic Value Added? Empirical Evidence From Turkey (GÜLER ARAS, ASLI AYBARS, ÖZLEM KUTLU)</i>	909
<i>Effects Of Corruption On Reinvestment Decisions: A World Wide Analysis With MNEs (MARTINA MCGUINNESS, NİZAMETTİN BAYYURT, MEHMET DEMİRBAG)</i>	917
<i>The Relationship Among Charismatic Leadership, Ethical Climate, Job Satisfaction And Organizational Commitment In Companies (CEMAL ZEHRİ, EBRU ERDOĞAN, DOĞAN BAŞAR)</i>	925

STRATEGIES FOR HEALTHCARE MANAGEMENT

<i>The Strategy Of Managed Care Health Funds (YAFFA MACHNES)</i>	937
<i>Relationship Marketing Approach And An Application In Service Sector: Karaman Private Health Organizations (SELDA BAŞARAN ALAGÖZ, MAHMUT SAMİ İŞLEK, NEZAHAT EKİCİ)</i>	943
<i>Word-Of-Mouth (WOM) In Health Care Marketing: A Study On Dimensions Of WOM Towards Physicians (MEHPARE TOKAY ARGAN, METİN ARGAN, ALPER ÖZER)</i>	953
<i>Research On Determining Employee Satisfaction Of Physicians Who Work At Primary Health Services (SAVAŞ BAŞAR KARTAL, METİN ATEŞ, SELMA SÖYÜK, İRFAN ÖZCAN)</i>	961

TOURISM AND HOSPITALITY MANAGEMENT

<i>The Impacts Of Globalization On Service Quality And Innovation Of Firms In Tourism Sector In Antalya</i> (OYA ERDİL, ADNAN KALKAN)	973
<i>Human Capital Heterogeneity And Organizational Performance Analysis: An Empirical Study About International Hotel Chains In Turkey</i> (ALI HALICI, RAMAZAN AKTAŞ, MURAT KASIMOĞLU, AHU GENIS GRUBER)	991
<i>Russian And German Tourist Potential And Satisfaction In Sustainable Competitive Advantage Of Alanya Destination</i> (HULUSI DOĞAN, SÜLEYMAN BARUTÇU, ENGİN ÜNGÜREN)	997
<i>Destination Competitiveness Of Turkey At Global Tourism Platform</i> (MUHSİN HALİS, DIDAR SARI)	1007
<i>Institutional Strategic Consciousness And Its Reflections: A Research On Qualified Hotels In Istanbul</i> (MUHSİN HALİS, MEHMET SARIŞIK, OĞUZ TURKAY)	1015
<i>The Importance Of Customer Focused Marketing Strategy By Relationship Marketing Approach And A Boutique Hotel Application From Turkey</i> (GÜZİDE ÖNCÜ EROĞLU PEKTAŞ, MUSTAFA KARADENİZ)	1025

MARKETING STRATEGIES

<i>The Effects Of Consumer Ethnocentrism And Consumer Animosity On The Re-Purchase Intent: The Moderating Role Of Consumer Loyalty</i> (M. ŞÜKRÜ AKDOĞAN, ŞEYKİ ÖZGENER, METİN KAPLAN, AYŞEN COŞKUN)	1035
<i>Detecting Customer Defections: An Application Of Continuous Duration Models</i> (SOFİA PORTELA, RUI MENEZES)	1045
<i>Mobile Marketing Opportunities Via 3g Mobile Communication Technology</i> (VOLKAN POLAT, FATİH GEÇTİ, MESUT ÇİÇEK)	1055
<i>Consequences Of Service-Workers' Customer Orientation And Perceived Organizational Support: Proposing And Testing A Model In Cafe Chains</i> (F. OBEN ÜRÜ, UĞUR YOZGAT)	1067
<i>Market Orientation And Business Performance Of BH Enterprises</i> (VESNA BABIC-HODOVIC, ELDİN MEHİC, EMİR AGİC, AMELA JAHİC)	1083
<i>The Effect Of Advertisement On Improving Brand Perception: An Evaluation In Automobile Sector</i> (T. SABRİ ERDİL, ÖNER BAŞARIR)	1093
<i>Concept Of Artificial Scarcity In Fast Fashion In The 21st Century Modern Marketing: "Zara Turkey Example"</i> (MUSTAFA AKSU, GÜZİDE ÖNCÜ E. PEKTAŞ, KAZIM KARABOĞA)	1101
<i>The Impact Of Gender And Education On Perceptions Of Organizational Reputation</i> (AYŞE OĞUZLAR ULUDAĞ, MEHMET EYMEN ERYILMAZ)	1111
<i>Measuring Customer Satisfaction In Turk Telekom Company Using Structural Equation Modeling Technique</i> (SELİM ZAIM, ALİ TURKYILMAZ, MEHVES TARIM, BİLAL UCAR, OĞUZ AKKAS)	1133
<i>The Role Of Personality Traits In Status Consumption, A Study Into Domestic And Foreign Brands</i> (AYSEL ERCİS, SEVTAP UYAL, BİLSEN BİLGİLİ)	1143
<i>The Impacts Of External Image Formed By Customer Perception On Consumer Emotion And Behavior</i> (MEVLÜT TÜRK, NESLİHAN DERİN, ŞEYDA NUR SEÇKİN)	1157
<i>Nostalgic Gale On Marketing</i> (SELDA BAŞARAN ALAĞÖZ, MAHMUT SAMİ İŞLEK, NEZAHAT EKİCİ)	1167
<i>Sales Persons' Work Methods Influence On Customer Satisfaction And Organisation Activities</i> (KATRİ JAKOSUO)	1173

<i>Exploring Lifestyle Versus Consumption Patterns In Emerging Markets (YULIA LUKINIH, ZOLTÁN VERES)</i>	1183
<i>Performance Risk Perception In Service Projects(ZOLTÁN VERES)</i>	1193

SUPPLY CHAIN MANAGEMENT

<i>Managing Supply Chain-Based Conflict: A Study From Textile Exporters Perspectives (SÜLEYMAN BARUTÇU, HULUSI DOĞAN, ESİN BARUTÇU, ATIK KULAKLI)</i>	1205
<i>Impact Of Relational Factors On Suppliers Performance: The Malaysian Experience (MOHAMMAD IKRAM AHMED FADZIL, SHARIFAH FARIDAH SYED ALWI, TENGKU FAZIHARUDEAN DATO FEISAL)</i>	1215

HUMAN RESOURCE MANAGEMENT AND ORGANIZATIONAL BEHAVIOR

<i>Effects Of Core Employees On Organizational Capabilities And Firm Performance (OYA ERDİL, HAKAN KITAPÇI, BEYZA TIMURLERK)</i>	1225
<i>Moderator Effects On Human Resource Flexibility And Innovation (ANGEL A. RTINEZ-SANCHEZ, MANUEL A. PEREZ-PEREZ, SILVIA ABELLA-GARCES, MARIA-JOSE VELA-JIMENEZ)</i>	1233
<i>The Importance Of People Capability Maturity Model In A Strategic Approach In Human Resource Development (HESSAM ZANDHESSAMI, SHAHRZAD ALIJANI, ZEINAB MOLAEI, GHAZALEH GOUDARZI)</i>	1243
<i>University Student's Perceptions And Attitudes About Time Using, And How To Deal With Their Daily Life Stress: An Investigation From Turkey(MEHMET SARIISIK, HATICE GUCLU NERGİS, OZGUR ERGUN)</i>	1253
<i>The Effects Of Mentor's Emotional Intelligence In Relationship Management: The Evaluation Of Lecturers' Emotional Intelligence's Effects (ALI ŞAHİN ÖRNEK, TANJU ÇOLAKOĞLU)</i>	1261
<i>The Influence Of Key Occupational Stress Sources On Employee Turnover Intention During Global Economic Recession(MERAL ELÇİ, İRGE ŞENER.)</i>	1269
<i>Exploring Companies' Behavioral Paradox By Using "The Corporation" Documentary (SELİM YAZICI, AYŞEGÜL ÖZBEBEK, ESRA KILIÇARSLAN TOPLU)</i>	1277
<i>The Effects Of Affective Commitment And Organizational Citizenship Behaviors On Creative Behavior: An Empirical Investigation In Turkish Chemistry Industry (HÜLYA GÜNDÜZ ÇEKMECELİOĞLU, İRGE ŞENER, MERAL ELÇİ)</i>	1283
<i>Management Of Behavioral Issues In Strategic Projects(MOJTABA AZIZI, AMİR ALBADVI, EHSAN FORSATKAR, SAEED ROKOOEI)</i>	1293
<i>Perceived Organizational Support And Organizational Citizenship Behavior: A Study Of Hotel Employees In Cappadocia(EMİNE OGUT, MELİS ATTAR, İBRAHİM İLHAN)</i>	1303

INFORMATION TECHNOLOGIES AND E-BUSINESS

<i>The Impact Of Information Technology Investments On Firm Performance In National And Multinational Companies(CEMAL ZEHIR, BÜLENT AKYÜZ, ALİ CELEP, BÜŞRA MÜCELDİLİ)</i>	1311
<i>Measurement Of Travel Supplier's Website Quality By View Of Its Intermediaries' Sales And Operation Divisions (CAN DENİZ KÖKSAL, MELTEM CABER)</i>	1321
<i>Workplace Internet Leisure Browsing (BRENT ÇOKER)</i>	1331
<i>The Factors Influential On The Web Site Selections Of Consumers In Electronic E-Commerce (NİYAZI GUMUS, FERUDUN KAYA)</i>	1339

STRATEGIC MANAGEMENT IN PUBLIC SECTOR

<i>Leadership Style In Public Services Sector, Employee Silence And Organizational Commitment Relationship: A Study In The Province Of Ordu(M. TURAN ÇUHADAR)</i>	1353
<i>Strategic Planning For Local Government: A Case Study (SEHER ARSLANKAYA, TULAY KORKUSUZ POLAT)</i>	1365
<i>Adoption Of Performance Measurement Among Public Sectors In Malaysia: An Exploratory Study (RUZITA JUSOH, RUDYANTO AZHAR, HASLIDA ABU HASSAN)</i>	1371
<i>Strategic Change In Public Sector Management In Turkey: A Brief Appraisal (SEFA ÇETİN)</i>	1393
<i>An Application Of Strategic Management To The Public Sector: What Accounts For Adoption Of Reinventing Government Strategies Across The States Of The United States(MURAT ÖNDER)</i>	1403

ENERGY AND DEVELOPMENT STRATEGIES

<i>Financial Policies On Rural Development: EU Funds And The Example Of Turkey (CEM KOLUKIRIK, H.SELÇUK ETİ)</i>	1415
<i>Forecasting Turkey's Natural Gas Consumption By Using Time Series Methods (MUSTAFA AKKURT, OMER F. DEMIREL, SELIM ZAIM)</i>	1423
<i>Current Energy Strategy Of Turkey And Eastern European Countries And Nuclear Energy (SUDI APAK, GÜNGÖR.TUNCER, ERHAN ATAY)</i>	1433
<i>Recomputation Of UNDP's HDI Rankings By Data Envelopment Analysis (MEHMET TOLGA TANER, BÜLENT SEZEN, LÜTFİHAK ALPKAN, SELIM AREN)</i>	1443
<i>Management Of Agriculture Complex Of Russia Maintaining Food Security (The Regional Aspect) (NICOLAY G KUZNESOV, ULIAY V SOLDATOVA, VIKTOR N OVCHINNIKOV, MICHAEL A CHERNYSHEV, IRINA Y SOLDATOVA)</i>	1453

ORGANIZING COMMITTEE

- Erol Eren (Chairman, Beykent University, Istanbul-Turkey)
- Oya Erdil (Co-Chair, Gebze Institute of Technology, Kocaeli-Turkey)
- Ali Akdemir (Co-Chair, Canakkale Onsekiz Mart University, Canakkale-Turkey)
- Kemal Madenoğlu (Undersecretary, Prime Ministry State Planning Organization - Turkey)
- Erhan Usta (Deputy Undersecretary, Prime Ministry State Planning Organization - Turkey)
- Ahmet Çelenkoğlu (General Directorate of Economic Modeling and Strategic Research, Prime Ministry State Planning Organization - Turkey)
- Anıl Yılmaz (Strategic Planning Department, Prime Ministry State Planning Organization - Turkey)
- Lütfihak Alpkın (Gebze Institute of Technology, Kocaeli-Turkey)
- Richard Lynch (Middlesex University, London, UK)
- A. J. Strickland III (The University of Alabama, Tuscaloosa, Alabama - USA)
- Uğur Yozgat (Marmara University, Istanbul, Turkey)
- Cemal Zehir (Gebze Institute of Technology, Kocaeli-Turkey)
- Tanses Gülsoy (Beykent University, Istanbul-Turkey)
- Güngör Tuncer (Beykent University, Istanbul-Turkey)
- Fuat Oktay (Turkish Airlines, Istanbul, Turkey)
- Gülruh Gürbüç (Marmara University, Istanbul-Turkey)
- İrem Erdoğan (Marmara University, Istanbul-Turkey)
- Esin Sadıkoğlu (Gebze Institute of Technology, Kocaeli-Turkey)
- Meral Elçi (Gebze Institute of Technology, Kocaeli-Turkey)
- Mehtap Özşahin (Gebze Institute of Technology, Kocaeli-Turkey)
- Erdal Aydın (Canakkale Onsekiz Mart University, Canakkale-Turkey)

ADVISORY BOARD & REVIEW COMMITTEE

- A. Asuman Akdoğan (Erciyes University, Kayseri-Turkey)
- A. J. Strickland III (The University of Alabama, Tuscaloosa, Alabama - USA)
- A. Zafer Acar (Okan University, Turkey)
- Abdurrahman Benli (Canakkale Onsekiz Mart University, Canakkale-Turkey)
- Adem Ögüt (Selçuk University, Konya - Turkey)
- Adnan Çelik (Sütçü İmam University, Kahramanmaraş-Turkey)
- Adnan Ceylan (Gebze Institute of Technology, Kocaeli-Turkey)
- Ahmet Kesik, Ph.D., Associate Professor (President of Strategy Development Unit, Ministry of Finance, Republic of Turkey)
- Alain Crochet (University of Sorbonne Nouvelle - Paris 3, France)
- Alexander Egorshin (The Nizhny Novgorod Institute of Management and Business, Russia)
- Alexi Danchev, Fatih University, Istanbul, Turkey
- Ali Akdemir (Canakkale Onsekiz Mart University, Canakkale-Turkey)
- Ali Ekber Akgün (Gebze Institute of Technology, Kocaeli-Turkey)
- Ali Halıcı (Baskent University, Ankara-Turkey)
- Alistair M Brown (Curtin University of Technology, Western Australia)
- Amar KJN Nayak (Xavier Institute of Management, Orrissa-India)
- Andrei Burenin (Irkutsk State University, Russia)
- Andrey Dashkov (Moscow State University, Russia)
- Asım Şen (St. John Fisher College, USA)
- Atilla Dicle (Yeditepe University, İstanbul-Turkey)
- Aurea Helena Puga Ribeiro (Fundacao Dom Cabral, Brazil)
- Ayse Günsel (Gebze Institute of Technology, Kocaeli-Turkey)
- Ayşen Hiç Gencer (Beykent University, Turkey)
- Ayten Akatay (Canakkale Onsekiz Mart University, Canakkale-Turkey)
- Bahadır Akın (Selçuk University, Konya-Turkey)
- Birol Bumin (Gazi University, Ankara-Turkey)
- Borisas Melnikas (Vilnius Gediminas Technical University, Lithuania)
- Branko Bucar (Pace University, USA)
- Bülent Sezen (Gebze Institute of Technology, Kocaeli-Turkey)
- Canan Çetin (Marmara University, İstanbul-Turkey)
- Celso Claudio Hildebrand Grisi (University of Sao Paulo, Brazil)
- Cemal Zehir (Gebze Institute of Technology, Kocaeli-Turkey)
- Cengiz Yılmaz (Bogazici University, İstanbul-Turkey)
- Cevat Gerni (Gebze Institute of Technology, Kocaeli-Turkey)
- Ceyhan Aldemir (Dokuz Eylül University, İzmir-Turkey)
- Chien-Chung Nieh (Tamkang University, Taipei Country- Taiwan)
- Con Korkofingas (Macquarie University, Sydney-Australia)
- Dursun Bingöl (Atatürk University, Erzurum-Turkey)
- Dzevad Sehic (Faculty of Economics University of Sarajevo, Bosnia)
- Ebru Kabadayı (Gebze Institute of Technology, Kocaeli-Turkey)
- Ekrem Tatoglu (Bahçeşehir University, İstanbul-Turkey)
- Enver Özkalp (Anadolu University, Eskişehir-Turkey)
- Ernst Neuland, Institute for Business Innovation, South Africa;
- Erol Eren (Beykent University, İstanbul-Turkey)
- Esin Can Mutlu (Yıldız Technical University, İstanbul-Turkey)
- Esin Sadıkoğlu (Gebze Institute of Technology, Kocaeli-Turkey)
- Eyüp Aktepe (Gazi University, Ankara-Turkey)
- Fahri Karakaya (University of Massachusetts, Dartmouth-USA)
- Feyzullah Eroğlu (Pamukkale University, Denizli-Turkey)
- Fuat Oktay (Turkish Airlines, İstanbul, Turkey)
- Garry L. Adams (Auburn University, USA)
- Gökhan Özer (Gebze Institute of Technology, Kocaeli-Turkey)
- Gönül Budak (Dokuz Eylül University, İzmir-Turkey)
- Gülruh Gürbüz (Marmara University, İstanbul-Turkey)
- Gültekin Yıldız (Sakarya University, Sakarya-Turkey)
- Güneş Berberoğlu (Anadolu University, Eskişehir-Turkey)
- Gürcan Papatya (Süleyman Demirel University, Isparta-Turkey)
- Güven Alpay (Boğaziçi University, İstanbul-Turkey)
- Güven Murat (Karadimas University, Zonguldak-Turkey)

- Hakan Kitapçı (Gebze Institute of Technology, Kocaeli-Turkey)
- Halil Çivi (İnönü University, Malatya-Turkey)
- Halim Kazan (Gebze Institute of Technology, Kocaeli-Turkey)
- Halis Kahmıř (Canakkale Onsekiz Mart University, Canakkale-Turkey)
- Halit Keskin (Gebze Institute of Technology, Kocaeli-Turkey)
- HA-Nguyen (Vietnam National University, Hanoi School of Business, Vietnam)
- Hasan İbiciođlu (Süleyman Demirel University, Isparta-Turkey)
- Hayat Kabasakal (Boğaziçi University, İstanbul-Turkey)
- Hikmet Timur (Hacettepe University, Ankara-Turkey)
- Hisao Fujimoto (Osaka University of Economics, Japon)
- Howard Clayton (Auburn University, USA)I
- Hüseyin İnce (Gebze Institute of Technology, Kocaeli-Turkey)
- İnan Özalp (Anadolu University, Eskişehir-Turkey)
- Jamaluddin H. Husain (Purdue University)
- Jiri Mezulanik (Silesian University, Opava-Czech Republic)
- JoAnn D. Hawkins, Howard Community College, Columbia, Maryland, USA
- Johan Hough (Stellenbosch University, South Africa)
- Julie Barker Lebo, Ball State University, Muncie, Indiana, USA
- Jungwan Lee (Bang College of Business, Kazakhstan)
- Kamil Kozan (St. John Fisher College, USA)
- Kathleen Marshall Park (Massachusetts Institute of Technology, USA)
- Kenneth Holland, Ball State University, Muncie, Indiana, USA
- Lars Ehrengren (Stockholm University, Sweden)
- Ljiljana Maurovic (University of Rijeka, Croatia)
- Lonnie Strickland (The University of Alabama, Tuscaloosa, Alabama - USA)
- Lütfihak Alpkın (Gebze Institute of Technology, Kocaeli-Turkey)
- M. K. Sharma (Himachal Pradesh University, Shimla-India)
- Mahmut Özdeveciođlu (Erciyes University, Kayseri-Turkey)
- Mariana Dodourova (University Of Hertfordshire, UK)
- Marius Ungerer (Stellenbosch University, South Africa)
- Mehmet Barca (Sakarya University, Sakarya-Turkey)
- Mehmet Sahin (Anadolu University, Eskişehir-Turkey)
- Mehmet Şahin (Canakkale Onsekiz Mart University, Turkey)
- Mehmet Zor Kaya (Diyalog Avrasya, Chisinau, Republic of Moldova)
- Muhsin Halis (Gaziantep University, Gaziantep-Turkey)
- Mümin Ertürk (Beykent University, İstanbul-Turkey)
- Münevver Çetin (Marmara University, İstanbul-Turkey)
- Murat Azaltun (Beykent University, İstanbul-Turkey)
- Murat Kasimoglu (Canakkale Onsekiz Mart University, Turkey)
- Murat Kayalar (Süleyman Demirel University, Isparta-Turkey)
- Musa Pınar (Valparaiso University, Indiana-USA)
- Mustafa Delican (Beykent University, İstanbul-Turkey)
- Mustafa Köksal (Kocaeli University, Kocaeli-Turkey)
- Nazan Yelkikalan (Canakkale Onsekiz Mart University, Canakkale-Turkey)
- Necdet Timur (Anadolu University, Eskişehir-Turkey)
- Neil Bechervause (Swinburne University of Technology, Melbourne- Australia)
- Nurhan Papatya (Süleyman Demirel University, Isparta-Turkey)
- Nurullah Genç (Kocaeli University, Kocaeli-Turkey)
- Ömer Adil Atasoy (Osman Gazi University, Eskişehir-Turkey)
- Ömer Torlak (Osman Gazi University, Eskişehir-Turkey)
- Ömür Özmen (Dokuz Eylül University, İzmir-Turkey)
- Orhan Elmacı (Dumlupınar University, Kütahya-Turkey)
- Oya Erdil (Gebze Institute of Technology, Kocaeli-Turkey)
- Özlem Özkanlı (Ankara University, Ankara-Turkey)
- Paul Z. Jackson, The Solutions Focus, St. Albans, United Kingdom
- Pauline Magee-Egan (St. John's University, USA)
- Peet Venter (University of South Africa, Pretoria-South Africa)
- Radhi Al-Mabuk, University of Northern Iowa, Cedar Falls, Iowa, USA
- Recep Şener (Muğla University, Muğla-Turkey)
- Refik Culpan (Pennsylvania State University, Harrisburg-USA)
- Refika Bakođlu (Marmara University, İstanbul-Turkey)
- Rezan Tathdil (Ege University, İzmir-Turkey)
- Richard Alan Nelson, Louisiana State University, Baton Rouge, Louisiana, USA;

- Richard Lynch (Middlesex University, London-UK)
- Rıdvan Karalar (Anadolu University, Eskişehir-Turkey)
- Riza Atiq Abdullah (Universiti Ke Bangsaan-Malaysia)
- Sabahat Bayrak (Pamukkale University, Denizli-Turkey)
- Sadi Can Saruhan (Marmara University, İstanbul-Turkey)
- Sefer Şener (Canakkale Onsekiz Mart University, Turkey)
- Selahattin Sarı (Beykent University, İstanbul-Turkey)
- Selen Doğan (Niğde University, Niğde-Turkey)
- Selim İter (St. John Fisher College, USA)
- Selim Özdemir, Qafqaz University, Baku, Azerbaijan
- Selim Zaim (Fatih University, Turkey)
- Şerafettin Sevim (Dumlupınar University, Kütahya-Turkey)
- Sergei Mordovin (International Management Institute St. Petersburg, Russia)
- Sevinç Köse (Celal Bayar University, Manisa-Turkey)
- Şevki Özgener (Nevşehir University, Nevşehir-Turkey)
- Shamsul Nahar Abdullah (Northen University of Malaysia, AmanMalasia)
- Sharan L. Oswald (Auburn University, USA)
- Shaukat Ali (University of Wolverhampton, Shropshire-Great Britain)
- Sonja Petrovich Lazarevic (Monash University, Victoria-Australia)
- Stanislav Poloucek (Silesian University, Opava-Czech Republic)
- Subodh Bhat (San Francisco State University, San Francisco - USA)
- Sudi Apak (Beykent University, Turkey)
- Süleyman Türkel (Çağ University, Mersin - Turkey)
- T. Diana A. De Macedo- Soares (Pontifical Catholic University of Rio de Janeiro, Brazil)
- Tanses Gülsoy (Beykent University, İstanbul-Turkey)
- Tatiana A. Burenina (State University of Management, Russia)
- Tijen Harcar (İzmir University of Economics, Turkey)
- Tuğba Karabulut (İstanbul Commerce University, Turkey)
- Tuna Taner (Celal Bayar University, Manisa-Turkey)
- Uğur Yozgat (Marmara University, İstanbul-Turkey)
- Ülkü Dicle (Yeditepe University, İstanbul-Turkey)
- V. Dolyatovskiy (The Rostow State University, Russia)
- Victor Gnevko (St. Petersburg Institute of Management and Economics, Russia)
- Vojtech Malatek (Silesian University, Opava-Czech Republic)
- Warren J. Keegen (Pace University, USA)
- Xavier Richet (University of Sorbonne Nouvelle-Paris 3, France)
- Yasemin Arbak (Dokuz Eylül University, İzmir-Turkey)
- Yonca Gürol (Yıldız Technical University, İstanbul-Turkey)
- Yücel Acer (Canakkale Onsekiz Mart University, Canakkale-Turkey)
- Zeyyat Hatipoglu (Dogus University, İstanbul-Turkey)
- Zoltán Veres (Budapest Business School, Budapest, Hungary)

EFFECTIVE INTERNATIONAL EXPANSION STRATEGIES OF DEVELOPING COUNTRIES: TURKISH HOME APPLIANCE COMPANIES AND THE GLOBAL RECESSION

Tanses Gülsoy
Beykent University, Istanbul, Turkey

Özlem Özkanlı
Ankara University, Ankara, Turkey

Richard Lynch
Middlesex University, London, UK

ABSTRACT

Over the last twenty years, Turkey has significantly increased its international trade in manufactured products. It is possible that this has been built on the basis of its lower labour costs compared with those of developed countries and the willingness of both Turkish national companies and multinational enterprises (MNEs) to invest in Turkey. While the basic evidence of Turkish trade development is clear, there has been only limited research on the business logic behind such growth, the reasons for choosing particular forms of expansion and the outcomes of such strategies at the present time for Turkish companies.

In order to explore these issues, we have undertaken a preliminary study of the Turkish manufacture and export of home appliances companies. Our findings show that companies have largely focused on European markets. We have some preliminary evidence on the reasons for this. We will be investigating this in the next stage of our research. It is possible that our later research may provide some assistance both to individual companies and to Turkish national policy makers on future export development. However, our primary purpose will be to shed further light on the content and process by which developing countries pursue effective international expansion strategies.

Keywords: *Global strategy; Developing country strategy; Turkey export strategy; Turkish home appliances manufacture*

LITERATURE REVIEW AND RESEARCH FRAMEWORK

Although the literature in international business research is extensive and continues to grow (Werner, 2002), Axinn and Matthyssens (2002) have argued that most theories on international strategies focus on explaining the behaviour of large firms from developed countries. They do not provide the same insights into the behaviour of firms from developing nations in the international market place. Given the emergence of companies from new international trading nations like India, China, and Turkey, the authors claim that it is imperative to look at new empirical evidence, rather than rely on existing theories of international trade. Equally, Buckley (2002) commented that the entry of developing countries as major players in the global

economy may give new impetus to such research. This is echoed by other scholars' calls for research into strategies for firms from emerging economies (Peng, 2005).

In view of the preliminary nature of the research developed in this paper, we have chosen to summarise the main strands of the literature in the table below. We make the assumption that readers will be broadly familiar with the relevant papers and focus on drawing out the main highlights.

Strategic issues	Some references
International business expansion	Dunning and Lundan 2008, Werner 2002; Axinn and Matthysens 2002; Buckley 2002, Johanson and Vahlne 1977
Global strategy and related issues in regional strategy	Levitt, 1983; Douglas and Wind, 1987; Ghoshal, 1987; Yip and Coundouriotis, 1993; Dunning 1993; Dunning 1995; Ghemawat and Ghadar, 2000; Ghemawat 2003; Rugman and Verbeke 2003a, Rugman and Verbeke 2003b
Turkish international strategy – including routes to development	Taylan and Aari 2008, Çakır, 2004, Karabati and Tan 2005
Strategic process	Reger and Huff, 1993; Pettigrew, 1992; Papadakis and Barwise, 1997; Chakravarthy and White, 2002 – who identify four routes
Entry and expansion strategies of MNEs	Dunning and Lundan 2008, Delios and Henisz 2003, Forsgren 2002, Bartlett and Ghoshal 1989, Doz et al 2001
Company resource management – international decisions and expansion	Doz, 1986; Ohmae, 1983; Doz and Prahalad, 1991; Barney, 1991; Peteraf, 1993; Murtha et al 1998; Grant, 2002; Lynch 2008

This research builds on a previous study undertaken on the Turkish television industry (Gülsoy et al., 2009). In that study we set out the trends for international expansion in that industry. This new paper builds on this earlier work with new data on Turkish home appliances. Importantly, we now add new empirical evidence on the reasons for the trends.

RESEARCH METHOD

At this early stage in our research, we have taken an eclectic approach to the gathering of data. We have been more concerned to see where the strands of information might lead us than to address specific hypotheses. Our approach has therefore been to examine the existing trade and company data in Turkey from an international development perspective.

In addition to undertaking a statistical analysis of the Turkish home appliances industry, we have also, on a historical basis, conducted four face-to-face interviews over a period of one year in order to gain a historical and in-depth perspective on the trends in the industry. They were also undertaken to develop an understanding of why various strategies were adopted. For reasons of confidentiality, we do not identify the individual managers and the senior industry representatives that we interviewed. However, we are confident

that the insights offered by these senior Turkish figures throw new light on the international development strategies of the Turkish domestic appliance industry.

Prior to the interviews, we identified the relevant senior executives and made appointments to see them. The four interviews each lasted one-and-a-half to two hours. Two interviews were tape-recorded, and two interviews were documented by written notes. For the tape-recorded interviews we hold the full evidence and have used this in the research material after presenting the industry data.

The main data sources have been developed under the guidance of the Turkish Statistics Institute (TÜİK 2010a, 2010b and 2010c), the Export Promotion Center of Turkey İGEME (Esen, 2009), the State Planning Organisation of Turkey DPT (Demir, 2001), and the Istanbul Chamber of Commerce (Çesmecioglu, 2001).

We have drawn heavily on these sources in our initial examination of the issues. However, some of this data has been summarised in reports prepared by the Turkish government and other official organisations and may therefore be subject to the opinions of those tasked with drawing up reports on Turkish international performance. To ensure that our data is accurate and not subject to interpretation bias, we have used the raw data from the relevant Turkish government offices in the compilation of our research rather than rely solely on the finished reports.

In addition to the overall data, we have examined in depth the individual product areas. However, for reasons of space, we are not presenting that data in this paper. The researchers interested in those details may contact the authors for further information.

Initially we had some difficulty with the Turkish statistical data, but we have now resolved these problems. We are confident that our basic research information provides an adequate picture of the state of home appliances production and international trade up to 2008. However, we would caution that the international trade downturn in 2009 is only partially reflected in our data set. Nevertheless, three of our in-depth interviews were conducted in late 2009 and in 2010. Hence, we have some evidence on how companies have coped with the world economic recession.

In addition to Turkish government official statistics, we have used the business press and other reports to develop as full a picture as possible at this stage of the Turkish home appliances industry, its role and strategies in international trade development.

RESEARCH RESULTS

We present our research results in two parts. First, we outline the industry data, especially with regard to international expansion. Second, we present our interview evidence to explore in more depth the reasons for the trends in the industry. As part of this, we look in depth at Turkey's leading home appliances company Arçelik.

Section I. An Overview of the Home Appliances Industry in Turkey

Definition of terms

The term "home appliances," also referred to as "household appliances" or "domestic appliances," is commonly used to indicate electrical appliances used in the home such as refrigerators, washing machines, dishwashers, ovens, cookers, and small kitchen appliances. The Trade Statistics Branch of the United Nations includes under the category of "domestic appliances" refrigerators and freezers, dishwashers, washing machines, electric blankets, household sewing machines, vacuum cleaners, irons, small kitchen appliances, cookers and ovens, as well as water heaters and heating resistors. Sometimes the term "white goods" is used to refer to large household appliances such as refrigerators and washing machines that used to be typically finished in white enamel (Bonaglia and Goldstein, 2007: 8). The category commonly includes refrigerators, washing machines, dishwashers, ovens and cookers, and heating, cooling and air conditioning appliances. Sometimes white goods is considered a subcategory of home appliances which also includes small home appliances. Small home appliances are further divided into small kitchen appliances (such as toasters, blenders, coffee machines, etc.), personal care appliances (such as electrical shavers, hair dryers, electrical toothbrushes, etc.), and other small home appliances (such as vacuum cleaners, electrical irons, sewing machines, and floor waxing machines) (Özbek, 2001: 3).

Turkey's White Goods Industrialists Association (TÜRKBEŞD) monitors data on refrigerators, washing machines, dishwashers, and ovens and cookers while there is another association that is chiefly dedicated to small home appliances - (KESİD). In this paper the term "home appliances" will be used chiefly to indicate refrigerators, washing machines, dishwashers, and ovens and cookers.

Brief History of the Home Appliances Industry in Turkey

The Turkish home appliances industry has had its beginnings in the late 1950s. The first washing machine was produced in 1959 by Arçelik, using a Belgian license, and the first refrigerator was again produced by the same company in 1960, assembling the parts supplied by an Israeli company (Buğra, 2000: 71).

Until the 1980s the industry's development was arrested by a variety of factors: As Turkish industry was protected by import tariffs and quotas, there was little foreign competition to encourage growth, which was also hampered by dearth of qualified personnel, lack of high technology, and the low purchasing power of the consumer (Çeşmecioğlu, 2001: 6).

Following the introduction of a major stabilization program in January of 1980, aimed at curbing inflation, overcoming the scarcities that hindered production, and reducing the foreign trade deficit through the promotion of exports and trade liberalization (Aktan, 1997: 174), the industry entered a period of rapid growth and several foreign companies began investing in the Turkish market. It was during this period, for instance, that the German company BSH Bosch Siemens Hausgeräte was founded in the Turkish market, in 1992 (BSH plans new dishwasher plant," 2006), and again it was during this period, in 1994, that the Italian company Indesit established its first production plant here ("Indesit confident in Turkey," 2010). The entry of foreign competitors increased competition. In the mid-1980s the industry speeded up its efforts to modernize both its product range and its technologies (Özbek, 2001: 5). The end result was the availability of better quality product choices for the consumer (Çeşmecioğlu, 2001: 6).

Today the status reached by Turkey's home appliances industry belies its modest beginnings. Turkey is the world's fourth biggest exporter of home appliances (considering the four major categories of refrigerators, washing machines, dishwashers, and ovens and cookers). The country is considered to be a production center for BSH (BSH plans new dishwasher plant," 2006), and Indesit expresses an interest in turning Turkey into a base to serve the Balkans, the Middle East, Central Asia, and Africa ("Indesit confident in Turkey," 2010). Furthermore, Turkish manufacturers are held up as models for other companies from emerging economies to emulate. How has this miracle happened? This question has formed the starting point of this paper, the rest of which will be devoted to exploring the reasons behind. Just from the face of it, however, it appears that the reasons lie as much in some astute government initiatives as in clever business management.

Turkey's Place in the World Home Appliances Industry

In 2008 the world trade for the major household appliances of refrigerators, washing machines, ovens, and dishwashers occurred at around 40.7 billion dollars (Please see the table below). In the last four years world trade has grown by an average of 10.40%. The growth rate for 2008 is 2.38%. When vacuum cleaners, electrical smoothing irons, and electrical kitchen appliances are also included, the world trade for home appliances reaches 61.6 billion dollars, with growth occurring at an average of 11.9% over the last four years, and the 2008 growth rate occurring at 9.9% (Esen, 2009: 7), indicating that future trade growth may depend on small rather than large home appliances.

Table 1: World exports for major household appliances, 2004-2008

World Exports for Major Household Appliances, 2004-2008 (USD)					
	2004	2005	2006	2007	2008
Refrigerators	11.070.641.000	12.415.001.000	14.857.543.000	17.670.327.000	18.056.795.000
Washing machines	7.973.792.000	8.823.335.000	9.427.554.000	10.522.477.000	10.622.073.000
Dishwashers	2.486.525.000	2.665.246.000	2.983.973.000	3.499.471.000	3.913.835.000
Ovens and cookers	5.949.543.000	6.462.699.000	7.056.084.000	8.011.765.000	8.057.640.000
World total for four major home appliances	27.480.501.000	30.366.281.000	34.325.154.000	39.704.040.000	40.650.343.000
Source: Trade Map, 2010. Retrieved from www.trademap.org on Feb. 1, 2010.					

China has the largest share in world exports of the major household appliances with 20.49%, followed by Italy (11.76%) and Germany (10.94%). Turkey commands an important place in home appliances trade as the fourth biggest exporter, with a share of 5.63% in 2008 (Please see Table 2).

Table 2: Turkey's place in world exports of home appliances, 2004-2008

Turkey's place in world exports of home appliances*, 2004-2008 (Top 40 exporters)					
Unit: US Dollars.					
Exporters	Exported value in 2004 (\$)	Exported value in 2005 (\$)	Exported value in 2006 (\$)	Exported value in 2007 (\$)	Exported value in 2008 (\$)
'World	27,480,501,000	30,366,281,000	34,325,154,000	39,704,040,000	40,650,343,000
'China	3,492,745,000	4,937,505,000	6,173,356,000	7,565,804,000	8,327,406,000
'Italy	4,693,030,000	4,522,479,000	4,565,179,000	4,915,661,000	4,782,443,000
'Germany	3,413,344,000	3,710,339,000	3,984,352,000	4,467,242,000	4,447,628,000
'Turkey	1,169,025,000	1,415,787,000	1,778,112,000	2,203,577,000	2,289,049,000
'Mexico	985,249,000	708,072,000	1,675,799,000	1,632,245,000	2,228,166,000
'Thailand	1,286,771,000	1,526,639,000	1,791,273,000	1,940,778,000	2,098,403,000
'Republic of Korea	2,325,858,000	2,336,303,000	2,257,941,000	2,303,748,000	2,092,735,000
'Poland	782,261,000	1,025,496,000	1,328,608,000	1,791,621,000	1,950,293,000
'United States of America	1,248,588,000	1,413,348,000	1,586,772,000	1,738,996,000	1,576,831,000
'Spain	844,971,000	859,710,000	778,263,000	805,091,000	945,802,000
'Sweden	632,641,000	568,184,000	601,536,000	789,750,000	745,519,000
'Singapore	403,861,000	456,574,000	477,227,000	644,313,000	652,810,000
'Hungary	280,839,000	391,484,000	484,320,000	646,304,000	594,897,000
'Slovenia	413,789,000	426,997,000	463,357,000	571,828,000	549,210,000
'Slovakia	418,296,000	388,820,000	425,932,000	505,917,000	532,983,000
'Belarus	376,270,000	351,319,000	377,986,000	453,550,000	497,263,000
'France	535,740,000	470,183,000	455,114,000	522,658,000	466,008,000
'Brazil	417,220,000	450,173,000	468,083,000	491,525,000	449,256,000
'United Kingdom	390,049,000	424,623,000	434,770,000	466,935,000	401,061,000
'Czech Republic	174,216,000	242,706,000	303,300,000	404,366,000	381,431,000
'Netherlands	243,605,000	250,687,000	293,460,000	392,143,000	348,037,000
'Malaysia	283,741,000	304,405,000	331,314,000	332,074,000	331,801,000
'Austria	74,445,000	207,012,000	219,423,000	262,554,000	253,633,000
'Belgium	147,464,000	165,495,000	161,658,000	211,937,000	235,860,000
'United Arab Emirates	0	125,368,000	0	193,969,000	230,743,000
'Romania	82,850,000	108,610,000	158,849,000	192,818,000	202,688,000
'Colombia	72,586,000	97,245,000	108,173,000	181,430,000	193,165,000
'Japan	104,362,000	123,767,000	124,283,000	142,067,000	190,403,000
'Denmark	244,265,000	260,075,000	228,962,000	268,580,000	188,056,000
'Bulgaria	51,204,000	65,432,000	76,955,000	122,185,000	176,228,000
'Russian Federation	71,680,000	97,838,000	138,949,000	172,800,000	168,450,000
'Ukraine	101,195,000	129,223,000	154,161,000	172,497,000	166,427,000
'Finland	232,762,000	231,017,000	159,057,000	167,969,000	158,074,000
'India	40,419,000	56,882,000	75,152,000	81,156,000	149,784,000
'Portugal	93,245,000	69,100,000	97,317,000	121,900,000	128,861,000
'Ecuador	26,216,000	39,957,000	64,578,000	98,248,000	120,589,000
'Greece	122,494,000	135,209,000	150,010,000	129,458,000	118,302,000
'New Zealand	175,388,000	164,711,000	172,229,000	204,539,000	117,147,000
'Lithuania	104,341,000	109,093,000	103,857,000	116,720,000	102,639,000
'Canada	179,307,000	163,776,000	135,897,000	109,482,000	98,689,000
* The products included above are refrigerators, washing machines, dishwashers, and ovens and cookers. The following codes have been used in constructing the above table: Refrigerators - 8418.10, 8418.21, 8418.29, 8418.30, 8418.40; Washing machines - 8450.11, 8450.12, 8450.19; Dishwashers - 8422.11; Ovens and cookers - 7321.11, 7321.12, 7321.13, 7321.19, 8516.50.					
Note 1: Trade Map Sources : ITC calculations based on COMTRADE statistics.					
Note 2: The world aggregation represents the sum of reporting and non reporting countries.					
Source: Trade Map (2010). Retrieved from www.trademap.org on Feb. 1, 2010.					

For individual product categories, as of 2008 Turkey is the world's sixth biggest exporter of refrigerators (6.13%), fifth biggest exporter of washing machines (6.27%), fifth biggest exporter of dishwashers (6.75%), and seventh biggest exporter of ovens and cookers (3.2%).

Table 3: Turkey's place in world imports of home appliances, 2004-2008

Turkey's place in world imports of home appliances*, 2004-2008 (Top 40 importers)					
Unit : US Dollars					
Importers	Imported value in 2004	Imported value in 2005	Imported value in 2006	Imported value in 2007	Imported value in 2008
'World	25.771.049.000	29.440.212.000	33.418.934.000	39.857.051.000	40.157.594.000
'United States of America	4.099.815.000	4.957.198.000	6.797.498.000	7.287.474.000	6.368.507.000
'France	1.966.065.000	2.045.452.000	2.163.945.000	2.335.554.000	2.666.933.000
'Germany	1.776.763.000	1.910.037.000	2.166.474.000	2.319.434.000	2.545.825.000
'United Kingdom	1.946.674.000	2.159.155.000	2.137.725.000	2.496.101.000	2.332.604.000
'Russian Federation	914.400.000	1.197.375.000	1.264.914.000	1.622.970.000	1.761.286.000
'Japan	965.513.000	1.148.949.000	1.201.137.000	1.481.634.000	1.691.283.000
'Canada	989.431.000	1.137.897.000	1.298.396.000	1.458.085.000	1.428.327.000
'Italy	704.888.000	804.467.000	924.362.000	1.202.999.000	1.294.536.000
'Netherlands	815.397.000	887.518.000	948.944.000	1.144.813.000	1.094.666.000
'Spain	988.081.000	1.057.366.000	1.197.779.000	1.360.976.000	1.089.164.000
'Australia	638.562.000	628.774.000	727.609.000	853.905.000	920.243.000
'Sweden	550.042.000	579.075.000	632.559.000	897.480.000	877.595.000
'Belgium	538.835.000	556.520.000	583.825.000	692.083.000	778.582.000
'Poland	476.983.000	522.389.000	583.104.000	763.669.000	762.232.000
'Venezuela	133.229.000	247.340.000	312.667.000	0	571.084.000
'Ukraine	167.460.000	277.340.000	373.293.000	435.108.000	548.454.000
'Denmark	332.135.000	365.609.000	381.448.000	499.473.000	468.628.000
'Greece	300.239.000	310.944.000	316.060.000	395.001.000	425.754.000
'Iran (Islamic Republic of)	106.128.000	119.341.000	28.979.000	523.483.000	415.224.000
'Norway	259.300.000	290.846.000	322.780.000	392.247.000	412.935.000
'Austria	275.419.000	295.198.000	278.551.000	360.968.000	399.990.000
'Finland	351.433.000	378.830.000	328.555.000	361.253.000	380.168.000
'Romania	241.613.000	272.121.000	257.578.000	365.355.000	363.814.000
'Czech Republic	278.014.000	265.265.000	228.850.000	333.183.000	362.423.000
'Switzerland	240.905.000	270.535.000	289.455.000	331.105.000	360.082.000
'Portugal	282.725.000	287.430.000	293.820.000	338.637.000	356.708.000
'United Arab Emirates	0	174.079.000	0	239.735.000	344.909.000
'Ireland	209.753.000	218.298.000	267.340.000	317.734.000	272.790.000
'Turkey	140.194.000	143.288.000	203.698.000	213.247.000	271.203.000
'Saudi Arabia	201.839.000	259.200.000	238.087.000	260.907.000	270.388.000
*The following codes have been used in constructing the above table: Refrigerators - 8418.10, 8418.21, 8418.29, 8418.30, 8418.40; Washing machines - 8450.11, 8450.12, 8450.19; Dishwashers - 8422.11; Ovens and cookers - 7321.11, 7321.12, 7321.13, 7321.19, 8516.50.					
Note 1: Trade Map Sources : ITC calculations based on COMTRADE statistics.					
Note 2: The world aggregation represents the sum of reporting and non reporting countries.					
Source: Trade Map (2010). Retrieved from www.trademap.org on Feb. 1, 2010.					

In imports of the major household appliances of refrigerators, washing machines, dishwashers, and cookers and ovens, the US is the leading country (15.86%), followed by France (6.64%), Germany (6.34%), the UK (5.81%), and Russia (4.39%). Turkey's share in world imports of home appliances is less than 1% (0.68%), but it has grown on an average of 0.57% over the past five years.

Production and Sales

The first company in Turkey's home appliances industry – Arçelik – was established in 1955. In 1959 the first washing machine was assembly-manufactured, followed by the first refrigerator a year later (Özbek, 2001: 5). Until the 1980s only a few firms were operating in the industry, and product types and technologies were considered outdated (Özbek, 2001: 5).

Table 4: Home Appliances Production in Turkey, 1968-2008

Home Appliances Production in Turkey, 1968-2008								
	Refrigerato rs	Year-on- year growth	Washing machines	Year-on- year growth	Cookers and ovens	Year on year growth	Dishwashers*	Year- on-year growth
	(Units)	%	(Units)	%	(Units)	%	(Units)	%
1968	87.826		51.951					
1969	133.656	52,18	66.453	27,91				
1970	126.508	-5,35	60.009	-9,70				
1971	213.145	68,48	84.811	41,33				
1972	235.145	10,32	103.303	21,80				
1973	293.636	24,87	97.187	-5,92				
1974	332.379	13,19	130.992	34,78				
1975	409.618	23,24	163.322	24,68				
1976	548.872	34,00	206.969	26,72	465.735			
1977	285.915	-47,91	151.364	-26,87	422.961	-9,18		
1978	753.588	163,57	304.852	101,40	609.011	43,99		
1979	814.643	8,10	297.340	-2,46	632.791	3,90		
1980	629.049	-22,78	231.099	-22,28	476.821	-24,65		
1981	739.814	17,61	236.638	2,40	476.247	-0,12		
1982	580.491	-21,54	191.073	-19,26	337.724	-29,09		
1983	413.253	-28,81	231.455	21,13	367.444	8,80		
1984	500.669	21,15	223.511	-3,43	330.358	-10,09		
1985	487.767	-2,58	344.848	54,29	295.372	-10,59		
1986	658.641	35,03	643.461	86,59	394.388	33,52		
1987	884.193	34,25	698.426	8,54	475.897	20,67		
1988	862.681	-2,43	665.502	-4,71	646.892	35,93		
1989	815.876	-5,43	621.077	-6,68	696.957	7,74		
1990	986.574	20,92	743.957	19,78	931.191	33,61		
1991	1.019.627	3,35	836.986	12,50	942.757	1,24		
1992	1.040.127	2,01	801.661	-4,22	1.029.235	9,17		
1993	1.253.791	20,54	979.717	22,21	1.061.445	3,13		
1994	1.258.353	0,36	780.015	-20,38	1.088.273	2,53		
1995	1.662.835	32,14	865.747	10,99	2.103.009	93,24		
1996	1.655.956	-0,41	1.051.499	21,46	2.528.030	20,21		
1997	1.945.920	17,51	1.481.934	40,94	2.656.856	5,10		
1998	2.032.529	4,45	1.403.966	-5,26	2.391.573	-9,98	370.198	
1999	2.099.723	3,31	1.226.553	-12,64	2.335.436	-2,35	335.198	-9,45
2000	2.543.354	21,13	1.391.111	13,42	2.312.509	-0,98	373.318	11,37
2001	2.372.953	-6,70	1.022.120	-26,52	2.257.666	-2,37		
2002	3.164.922	33,37	1.684.687	64,82	3.029.356	34,18		
2003	4.123.501	30,29	2.470.644	46,65	3.584.216	18,32		
2004	4.863.762	17,95	4.057.729	64,24	4.527.759	26,32		
2005	5.303.394	9,04	4.433.810	9,27	5.560.558	22,81		
2006	6.383.255	20,36	5.410.212	22,02	6.473.001	16,41		
2007	6.281.707	-1,59	5.407.789	-0,04	6.970.746	7,69	1.832.608	
2008	5.640.634	-10,21	4.791.315	-11,40	7.688.018	10,29	2.139.610	16,75
2009**	5.348.523	-5,18	4.804.349	0,27	7.439.481	-3,23		

Source: TÜİK İstatistik Göstergeler 1923-2008.

* According to the legislation pertaining to data confidentiality, figures pertaining to dishwashers were not released for the years before 2007. The years 1998-2000 are from the Turkish Statistics Bureau as they were cited in 2001 (*Dünya*, 2001: 1) before the legislation went into effect.

** Source: TÜİK data file 2010c. 2009 figures are provisional.

Production figures for the four major household appliances – refrigerators, washing machines, ovens and cookers, and dishwashers – are given in Table 4 for the 42-year period between 1968 and 2009.

The production of the four major home appliances has shown a steady increase over the years with occasional contractions reflecting recessionary periods (for example, the years 1994, 2001, and 2009 are notable for considerable contraction of production).

The Market for Home Appliances in Turkey

Domestic market sales of home appliances may be considered a better indicator of national economic trends than production figures alone as the latter could be harboring export-slanted production.

Table 5: Home market sales of home appliances in Turkey, 2004-2009

Home market sales of home appliances in Turkey, 2004-2009								
	Refrigerators		Washing machines		Cookers and ovens		Dishwashers	
	Home Market Sales**	Year-on-year growth	Home Market Sales**	Year-on-year growth	Home Market Sales**	Year-on-year growth	Home Market Sales**	Year-on-year growth
	(Units)	%	(Units)	%	(Units)	%	(Units)	%
2004	2.003.525		1.916.831		598.687		525.645	
2005	2.092.728	4,45	1.827.998	-4,63	636.581	6,33	631.827	20,20
2006	2.109.663	0,81	1.778.523	-2,71	726.408	14,11	838.722	32,75
2007	1.940.274	-8,03	1.575.269	-11,43	785.911	8,19	1.054.100	25,68
2008	1.906.573	-1,74	1.452.735	-7,78	699.858	-10,95	1.107.602	5,08
2009	1.615.262	-15,28	1.351.272	-6,98	605.116	-13,54	1.093.775	-1,25

** Only sales data from the members of the White Goods Industrialists Association of Turkey is included. Therefore, the data does not include importers or non-members of the association.

Source: White Goods Industrialists Association of Turkey, 2010.

Today there are around eight large manufacturers (Please see Table 6), nearly 100 small- and medium-sized manufacturers, and 15-20 importers operating in a largely oligopolistic market (Çeşmecioğlu, 2001: 7).

Table 6: Major manufacturers of home appliances in Turkey

Main Companies in Turkey's Home Appliances Industry	
Manufacturer	Brands
Arçelik	Arçelik, Beko, Altus
BSH	Bosch, Siemens, Profilo, Gaggenau
Indesit	Hotpoint Ariston, Indesit
Süsler-Candy	Hoover, Süsler, Candy
Türk Demirdöküm	Demirdöküm
Vestel	Vestel, Regal, Whirlpool

Source: White Goods Industrialists Association of Turkey, 2010.

Although not a member of the White Goods Industrialists Association of Turkey, two other manufacturers that should be included among the country's important manufacturers of home appliances are Kumtel, which manufactures mainly ovens, cookers, and heaters under the brand names of Kumtel and Luxell, and Auer, which manufactures ovens and cookers under its own brand name. In addition, there a myriad oven and cooker manufacturers mainly in the Kayseri and Ankara areas.

Home Appliances Exports

Turkey's exports in the four major categories of home appliances in 2008 accounted for 1.73% of Turkey's entire exports for that year in value. More than half of production is exported, and more than half of Turkey's total exports of home appliances are destined for European Union countries.

Table 7: Turkey exports of home appliances by country grouping, 2008

Turkey's Home Appliances* Exports by Country Grouping, 2008		
	US Dollars	Percentage in total exports (%)
OECD Countries	1,508,103,522	70,11
European Union 27 (EU 27)	1,464,935,771	68,10
European Union 25 (EU 25)	1,360,983,103	63,27
European Union 15 (EU 15)	1,230,274,880	57,19
G-8 (Group of 8)	978,225,841	45,48
Organization of the Black Sea Economic Cooperation	335,975,572	15,62
Organization of the Islamic Conference	302,263,506	14,05
Mediterranean Countries	236,764,292	11,01
Commonwealth of Independent States	203,110,891	9,44
Organization of the Petroleum Exporting Countries (OPEC)	163,704,670	7,61
Asia Pacific Economic Cooperation (APEC)	142,989,384	6,65
EU 10	130,708,223	6,08
Economic Cooperation Organization	103,311,548	4,80
Turkic Republics	60,737,698	2,82
Developing Countries (D-8)	53,680,107	2,50
African, Caribbean and Pacific Group of States (ACP)	46,740,797	2,17
NAFTA	43,856,831	2,04
EU Candidate Countries	28,839,238	1,34
Latin America	13,926,309	0,65
MERCOSUR	12,279,922	0,57
EFTA	8,927,845	0,42
South Asian Association for Regional Cooperation	5,365,493	0,25
Association of Southeast Asian Nations (ASEAN)	2,106,973	0,10
Total Home Appliances Exports for 2008: \$ 2.151.077.039		
* The home appliances included are refrigerators, washing machines, dishwashers, and ovens and cookers.		
Source: TÜİK Turkish Statistics Institute, 2010b.		

When examined by product group, top export markets appear to be again European Union countries. The main markets for Turkey's refrigerator exports are France, the UK, Germany, Italy, and Spain; the main markets for washing machines are Germany, Italy, France, the UK, and Spain; the main markets for ovens and cookers are the UK, the Russian Federation, France, Ukraine, and Germany; and the main markets for dishwashers are France, Spain, the UK, Italy, and Germany.

More than half of Turkey's refrigerator exports go to five countries: Germany, France, the UK, Italy, and Spain. The same holds true for washing machine exports and dishwasher exports. The only market diversity appears in the exports of ovens and cookers, where Russia and Azerbaijan join other European countries in the list of top export markets.

Home Appliances Imports

While Turkey has been running an unremitting trade deficit for decades, the category of white goods is one area where the trend is reversed. Turkey's white goods imports are a fraction of exports: For the year 2008, exports of the four major product groups (refrigerators, washing machines, dishwashers, and ovens and cookers) totaled \$2,151,077,039 for a mere \$199,683,020 in imports of the same items (TÜİK, 2010).

In the home appliances industry, imports mainly consist of raw materials and semi-manufactured goods which range anywhere from 10% to 70% of the finished good, and they are imported mostly from the EU countries (Çeşmecioğlu, 2001: 23). With the reduction of customs duties in 1989, home appliances imports have increased significantly, and some foreign companies and brands have thereby entered the Turkish market (Çeşmecioğlu, 2001: 23).

Again, the EU countries appear to be the main trade partner, but the Asia Pacific Economic Cooperation (APEC) countries also emerge as a significant source of imports. The share of APEC countries in 2008 is around 33% in Turkey's total white goods imports. South Korea, China, Thailand, and Mexico account for sizeable shares in the dollar value of imports of various product groups.

Table 8: Turkey's imports of home appliances by country grouping, 2008

Turkey's Home Appliances* Imports by Country Grouping, 2008		
	Imports (USD)	Share in total imports by value (%)
OECD Countries	157.704.129	78,98
European Union 27 (EU 27)	129.271.747	64,74
European Union 25 (EU 25)	127.266.654	63,73
European Union 15 (EU 15)	111.738.436	55,96
G-8 (Group of 8)	102.130.720	51,15
Asia Pacific Economic Cooperation (APEC)	66.274.655	33,19
EU 10	15.528.218	7,78
Association of Southeast Asian Nations (ASEAN)	10.213.029	5,11
Organization of the Black Sea Economic Cooperation	9.733.462	4,87
NAFTA	8.193.564	4,10
Latin America	7.714.321	3,86
MERCOSUR	3.085.225	1,55
Organization of the Islamic Conference	1.821.376	0,91
Developing Countries (D-8)	1.778.452	0,89
Mediterranean Countries	1.282.208	0,64
Commonwealth of Independent States	891.833	0,45
Turkic Republics	39.724	0,02
Economic Cooperation Organization	39.724	0,02
EFTA	13.102	0,01
South Asian Association for Regional Cooperation	2.570	0,00
Organization of the Petroleum Exporting Countries (OPEC)	1.276	0,00
African, Caribbean and Pacific Group of States (ACP)	890	0,00
EU Candidate Countries	410	0,00
Turkey's Total Home Appliances Imports for 2008: \$ 199.683.020		
* The home appliances included are refrigerators, washing machines, dishwashers, and ovens and cookers.		
Source: TÜİK Turkish Statistics Institute, 2010b.		

When examined by product group, nearly one-third of refrigerator imports in 2008 appear to have come from South Korea (29.27%), more than half of washing machine imports come from Italy (55.61%), and an overwhelming majority of ovens and cookers arrive from China (60.29%). In dishwasher imports Italy tops the list with 40.12%, followed by Germany with 33.44% in 2008.

The impact of the global recession in 2008-2009 can be seen in the reduction of Turkey's home appliances imports. From 2008 to 2009, imports in all major appliance categories imports have declined. Specifically, the total value of refrigerator imports have declined by 28.4%, washing machines by 30.1%, ovens and cookers by 38.8%. Only in dishwasher imports the decline in total value of imports has been negligible (1.8%).

Section II. International Expansion Strategies of Turkey's Home Appliances Manufacturers

Beginnings of International Expansion

Before the introduction of the 1980 stabilization program referred to in the "History" section at the beginning of this paper, the Turkish home appliances industry engaged in limited exportation. In 1980, for instance, Turkey's exports for refrigerators, washing machines, and dishwashers totalled 7 million dollars (TÜİK 2010), and the number of units exported accounted for a miniscule fraction of production. This is in sharp

contrast to the situation today where more than half of all production is exported, and exports of the four major categories of home appliances account for nearly 2% of Turkey's entire exports in value.

In the early 1980s the biggest export markets were Iran, Iraq, and Jordan (TÜİK, 2010b).

Following the establishment of the stabilization program, policies of export incentives helped the Turkish home appliances manufacturers take a big leap in their export-oriented efforts. Between 1985 and 1986, two years after the import regime had been liberalized, import value of home appliances for the four major product groups increased by 60% from 2.9 million dollars to 4.8 million dollars. Exports from 1985 to 1986, on the other hand, recorded an even more impressive increase, climbing from 3.5 million dollars to 8.6 million dollars – increasing by 148%. Within the three years between 1986 and 1988, to take another example, Turkey's home appliances exports for the four main product categories of refrigerators, washing machines, dishwashers, and ovens and cookers increased from 8.6 million dollars nearly fivefold to 41.8 million dollars (TÜİK, 2010b).

Table 9: Turkey's foreign trade in major household appliances, 1989-2009

Turkey's foreign trade in home appliances ^a , 1989-2009						
	Exports (Units)	Exports (USD)	Year-on-year export growth by value (%)	Imports (Units)	Imports (USD)	Year-on-year import growth by value (%)
1989	454.254	30.850.237		18.710	7.967.073	
1990	484.715	34.615.679	12,21	133.136	47.412.066	495,10
1991	643.641	49.120.291	41,90	206.602	59.982.738	26,51
1992	1.162.241	76.177.129	55,08	176.603	50.356.267	-16,05
1993	1.732.887	99.743.232	30,94	239.353	83.247.587	65,32
1994	1.838.765	128.524.767	28,86	154.198	50.699.624	-39,10
1995	2.324.178	195.904.946	52,43	215.002	61.986.651	22,26
1996	1.827.630	185.382.878	-5,37	508.794	141.894.044	128,91
1997	2.341.727	228.463.840	23,24	617.137	224.411.033	58,15
1998	2.668.929	250.493.253	9,64	964.174	261.100.157	16,35
1999	2.805.633	286.128.164	14,23	754.138	182.514.030	-30,10
2000	3.463.685	305.021.768	6,60	915.753	195.532.875	7,13
2001	4.153.120	372.760.843	22,21	523.651	87.292.782	-55,36
2002	6.091.529	605.558.239	62,45	462.394	70.056.286	-19,75
2003	8.327.252	970.805.390	60,32	523.819	93.805.090	33,90
2004	9.409.051	1.261.470.029	29,94	897.773	128.108.911	36,57
2005	10.738.311	1.484.944.611	17,72	963.503	128.724.597	0,48
2006	12.725.895	1.785.465.025	20,24	1.260.467	164.686.875	27,94
2007	13.163.592	1.993.267.958	11,64	1.467.269	165.245.764	0,34
2008	13.237.224	2.151.077.039	7,92	1.510.667	199.683.020	20,84
2009*	13.269.070	2.015.291.390	-6,31	1.025.247	151.700.213	-24,03
^a The home appliance categories included are refrigerators, washing machines, dishwashers, and ovens and cookers.						
* Figures for 2009 are provisional.						
Source: TÜİK, 2010b.						

In the 1990s exports continued to grow, but imports grew even faster. Early elections in 1995 led to an expansionary monetary and fiscal policy, which led to a steep climb in Turkey's imports (Serin, 2001: 310). The effects of this policy can be detected also in the imports of home appliances in Table 9 above.

The Customs Union that went into effect in 1996 signals an important turning point in Turkey's foreign trade. The removal of protective barriers meant that Turkish goods would now be exposed to foreign competition from import brands. In fact, the Customs Union could be considered a litmus test of a brand's competitiveness. One year before, a formidable competitor – Bosch Siemens Hausgeräte – bought Profilo, one of the two main competitors in the Turkish market of home appliances, increasing competition in the industry.

In 1996 and 1997, while Turkey fulfilled its obligations arising from the Customs Union, the European Union could not fulfill its own obligations for various reasons (Serin, 2001: 310). Other factors that unfavorably affected Turkey's exports in 1996 and 1997 were the economic recession in Europe and the war in former Yugoslavia, which very much hampered land transportation (Serin, 2001: 310), and these factors may have also contributed to the contraction in Turkey's home appliances exports in 1996 (Please see Table 9).

The Turkish home appliances industry continued to increase its exports with vigor throughout the 2000s. Between the years 2000-2008 export volume expanded seven-fold. Also notable from Table 9 is that in recessionary years or in their immediate aftermath Turkey's white goods manufacturers appear to have redoubled their efforts to sell to export markets – probably to compensate for the reduced home market sales (Please note the years 1995 and 2002, two years that immediately followed two recessionary years).

Although not much mentioned in accounts of the growth of Turkey's foreign trade, the impact of the modernization and standardization of the country's official airline, Turkish Airlines (Kaynak, 2001: 182), and the opening up of new flight routes to Turkey's trading partners and potential trading partners also needs to be underlined (Please see Kozlu, 2007: 95).

In 1980, for instance, the share of refrigerator production exported was a mere 5.5%. Less than 1% of the washing machines manufactured were exported that same year, and only two dishwashers were exported. (No export figures are available for ovens and cookers for 1980.) Protected by tariffs and customs duties, Turkey's manufacturers of home appliances appeared content to manufacture mainly for the home market, which, with its young population, continued to grow.

The majority of early home appliances exports were headed to the countries of the Middle East, Libya, Iraq, and the Turkish Republic of Northern Cyprus notable among them. In 1989, for instance, Iraq accounted for 33.91% of Turkey's washing machine exports by value and 17.73% of oven and cooker exports. More than one-third of refrigerator exports went to Libya that year, and 70.77% of dishwasher exports were bought by the Turkish Republic of Northern Cyprus.

Part of the reason for the choice of destination may have been logistics. Regarding refrigerators, the biggest export item in the home appliances category, noted an Arçelik executive: "As refrigerators are voluminous items, their transportation across long distances presented many insurmountable problems for us in those days," (Mamulattan Markaya, 2001: 315).

Another reason may have been the standards demanded in Western markets. "There was a more discriminating consumer in the West," explained another Arçelik executive (Mamulattan Markaya, 2001: 313), before adding that Arçelik managed to live up to this challenge also.

Government initiatives may also have played a part in the choice of export market at this stage. As recounted by an Arçelik executive, in the early 1980s exportation was an activity spearheaded by the government: "A delegation of 400 to 500 people, including mainly high-level government officials and bureaucrats and some businesspeople, would go to a country, for instance Iran or Iraq, and first would engage in a number of official meetings, and then under the supervision of a committee called the "mixed economic committee" a series of protocols would be signed that would stipulate that Turkey would sell to the country in question so many quantities of certain goods and would buy in turn so many quantities of certain other goods. What was interesting about this was that in this exportation effort, our competitors were not the countries of the Far East or other countries, but companies from our own country, and we would have to share the export agreement with that competitor," (Mamulattan Markaya, 2001: 313).

Yet another factor may have been "psychic distance," defined as "the factors preventing or disturbing firms learning about and understanding of a foreign environment" (Vahlne and Nordstrom, 1992: 3, as cited in Dunning and Lundan, 2008: 92). Hence, according to the model, firms in the early stages of internationalization would choose markets where the psychic distance would be smaller, but as their organizational learning and experience increased, they would increase resource commitment to foreign markets (Vahlne and Nordstrom, 1992: 3, as cited in Dunning and Lundan, 2008: 91).

With the fall of the Berlin Wall in 1990, the unification of East and West Germany, the increasing disintegration of the Soviet Union, and the regime changes in the former Eastern Bloc countries, demand for home appliances rose. Again, Turkish manufacturers appeared ready to take advantage of this opportunity.

Within the year between 1990 and 1991, Turkey's exports for the four major home appliances categories rose by 41.9% from 34.6 million dollars to 49.1 million dollars (TÜİK, 2010b).

Turkey's home appliances export boom continued unabated throughout the 1990s. In the ten-year period from 1990 through 1999 exports increased more than eight-fold in value, from 34.6 million dollars to 286 million dollars. This was all the more noteworthy considering that in 1996 Turkey had joined the Customs Union, which meant that Turkey's manufacturers were no longer protected against foreign competitors. In 1996 a considerable 39% of refrigerator production was exported. By 1999, 40% of the refrigerators manufactured in Turkey were being exported, in addition to 14% of the washing machines, 30% of the dishwashers, and 73% of the ovens and cookers.

Table 10: Home market sales of home appliances in Turkey, 1986-2009

Home market sales of home appliances in Turkey, 1986-2009								
	Refrigerators		Washing machines		Ovens		Dishwashers	
	Home Market Sales**	Year-on-year growth	Home Market Sales**	Year-on-year growth	Home Market Sales**	Year-on-year growth	Home Market Sales**	Year-on-year growth
	(Units)	%	(Units)	%	(Units)	%	(Units)	%
1986	637.513		104.378		374.897		16.023	
1987	830.633	30,29	170.036	62,90	453.821	21,05	21.140	31,94
1988	728.162	-12,34	207.963	22,31	452.854	-0,21	25.603	21,11
1989	669.934	-8,00	243.068	16,88	456.021	0,70	33.775	31,92
1990	792.899	18,35	415.584	70,97	579.097	26,99	84.915	151,41
1991	848.656	7,03	616.276	48,29	551.853	-4,70	169.048	99,08
1992	796.715	-6,12	774.718	25,71	539.977	-2,15	211.425	25,07
1993	927.180	16,38	914.378	18,03	597.264	10,61	322.317	52,45
1994	767.267	-17,25	762.429	-16,62	403.407	-32,46	266.588	-17,29
1995	833.775	8,67	785.794	3,06	444.670	10,23	241.087	-9,57
1996	969.350	16,26	1.067.360	35,83	518.928	16,70	318.811	32,24
1997	1.230.743	26,97	1.464.279	37,19	607.629	17,09	426.804	33,87
1998	1.407.145	14,33	1.493.863	2,02	587.124	-3,37	477.597	11,90
1999	1.257.749	-10,62	1.222.201	-18,19	473.978	-19,27	405.528	-15,09
2000	1.467.539	16,68	1.416.528	15,90	535.794	13,04	502.534	23,92
2001	1.017.595	-30,66	795.304	-43,86	336.735	-37,15	264.795	-47,31
2002	1.088.035	6,92	823.925	3,60	339.399	0,79	281.864	6,45
2003	1.361.804	25,16	1.075.589	30,54	377.868	11,33	261.108	-7,36
2004	2.003.525	47,12	1.916.831	78,21	598.687	58,44	525.645	101,31
2005	2.092.728	4,45	1.827.998	-4,63	636.581	6,33	631.827	20,20
2006	2.109.663	0,81	1.778.523	-2,71	726.408	14,11	838.722	32,75
2007	1.940.274	-8,03	1.575.269	-11,43	785.911	8,19	1.054.100	25,68
2008	1.906.573	-1,74	1.452.735	-7,78	699.858	-10,95	1.107.602	5,08
2009	1.615.262	-15,28	1.351.272	-6,98	605.116	-13,54	1.093.775	-1,25

** Only sales data from the members of the White Goods Industrialists Association of Turkey is included. Therefore, the data does not include importers or non-members of the association.

Source: White Goods Industrialists Association of Turkey, 2010.

As can be seen from Table 10 which shows home market sales of the four major home appliances for the 24-year period between 1986 and 2009, the recessionary years in Turkey can be virtually handpicked from the growth figures (please note the years 1994, 1999 – the year of a devastating earthquake, 2001, and the year 2009).

Also important to note is that a big change had taken place in the 1990s. The top destinations for Turkey's home appliances were no longer the same as those of ten years ago. Now, the European Union topped the list of Turkey's export markets for home appliances. This development could partly be attributed to the crisis in Iraq that began in 1990 and later erupted into the Gulf War. Other reasons remained to be explored.

Research evidence on opportunities and challenges for the industry

In order to understand the trends outlined above, we conducted four research interviews. This section of our paper summarizes the evidence collected. In addition, we have, when appropriate, linked this evidence to previously published papers.

If export volume is any indicator of an industry's competitiveness, Turkey's home appliances industry could be called competitive. A report by Turkey's State Planning Organization in 2001 predicted that by 2006 the industry could reach an export potential exceeding two billion dollars (Demir, 2001: 107). The Turkish home appliances industry appears to have fulfilled this prediction: In 2007 exports of the four major home appliances (refrigerators, washing machines, dishwashers, and cookers and ovens) had exceeded two billion dollars (Trade Map, 2010). In fact, in all four of these product categories, Turkey is among the world's top five to ten exporters for the five-year period between 2004 and 2008.

The industry's main problem appears to be the fluctuations in home market demand. High taxes imposed on home appliances, lack of stringent controls, and unrecorded sales compound the problems in the home market (Çeşmecioğlu, 2001: 31). To combat fluctuations in home market demand, the industry has traditionally relied on promotions and extended payment plans, recently receiving government support in the form of temporary removal of the special consumption tax (ÖTV) levied on luxury goods (the tax removal was effective for three months from March 17 to June 15 of 2009). Exportation appears to be the main means of escaping the fluctuations in home demand. Among suggestions for improving home sales are increased attention on the training of sales personnel in product features and sales, relaxing product return policies for consumers and using the information gained thereby in product development (Demir, 2001: 109).

To increase their market shares abroad, manufacturers of home appliances are advised to harmonize production to European Union regulations and concentrate on developing environmentally friendly and energy-efficient products. One industry observer in the US remarks that while the number one reason people replace their home appliances is because the appliances no longer functioned properly, the number two reason is that people have made the decision to upgrade to energy-efficient appliances before their existing appliances have expired (Bulk, 2007, as cited in Gilliland et al., 2008: 5).

Also, manufacturers should aim for increasing economies of scale by increasing overseas sales. Finding ways of entering the US market is one of the main suggestions forwarded (Demir, 2001: 109).

Research evidence on Arçelik: How it managed to cope with the Turkish economic recessions of 2001 and 2009 by international expansion

Arçelik is the leading manufacturer in Turkey's home appliances market with over a 50% market share (Arçelik Annual Report, 2008: 26). In fact, the company's two main brands, Arçelik and Beko, have maintained a combined market share of around 50% for well over a decade (Ghemawat and Thomas, 2008: 1). In 2008 the company produced nearly 10 million units and had sales of 5.27 billion dollars, making it the leading firm in Turkey's consumer durables. Koç Holding, Turkey's largest conglomerate, owns 40.51% of Arçelik; Bursa controls around 19.53%, other Koç companies hold another 16.69%, and the remaining 23.26% are publicly traded on the Istanbul Stock Exchange (Koç Holding Annual Report, 2009: 44).

Founded as Turkey's first home appliances manufacturer in 1955 and enjoying the largest share of the home appliances market in Turkey, Arçelik could perhaps be thought of as a company that did not need to expand beyond its home market. Apparently, so did Arçelik - until about the mid-1990s.

How has it then happened that this well-established Turkish company turned its eyes outward with vigor - so much so that today it is Europe's third largest manufacturer of home appliances (Koç Holding Annual Report, 2008: 25)? In fact, today the company has 11 production plants in four different countries, is active in 18 different countries, and offers its products and services to more than 100 countries (Arçelik Annual Report, 2009: 19, 37).

The answer may be a difficult one to disentangle. As with any complex issue, there are usually several factors at play that need to be uncovered.

In fact, exportation of Arçelik production began in 1967 (about 12 years after the company was founded). It could be said, however, that the company exported on an "opportunistic" basis. In the words of one Arçelik executive, the attitude towards exportation was "selling abroad what was left over after domestic demand was met" (Mamulattan Markaya, 2001: 309). The efforts appeared to be sporadic and mostly a reaction to government incentives. It is important to note, however, that the Group's founder Mr. Vehbi Koç had recognized the importance of foreign trade even in the earliest days of the company.

In 1970 Mr. Koç instigated the establishment of a foreign trade company within the conglomerate: Ram Dış Ticaret. With the 1980 stabilization program and the concomitant export incentives, Ram became a very important company. In 1983, an export department was established within Arçelik. In 1988, this export department contracted to supply refrigerators on an OEM basis to Sears Roebuck for distribution in the Caribbean and Latin America under the Kenmore name (Root and Quelch, 1997: 8).

In the 1980s Arçelik licensed technology from GE and Bosch-Siemens that could be used for domestic production only. In 1997 the OEM contract in the US with Sears Roebuck in 1988 was followed by a much larger European deal with Whirlpool for dishwashers. As a condition of these deals, Arçelik committed not to sell similar products in Europe under own brands (Bonaglia and Goldstein, 2007: 22). In 1996, 50% of washing machine exports and 30% of refrigerators' were under OEM contracts (Bonaglia and Goldstein, 2007: 22).

In 1994 there was a steep devaluation of the Turkish lira. To guard against future devaluations, Arçelik decided to open an industrial plant outside Turkey, and in 1998 the Tunisia plant was built, which would enable the company to avoid high customs duties (Çarkman, 2009: 126, 128).

The early export efforts were mainly targeting the countries of the Middle East.

One reason was the proximity of those markets, as noted in the previous section. Another was the standards required by West European markets that made it difficult for Arçelik to enter those markets (Mamulattan Markaya, 2001: 315).

But, in time Arçelik turned its eyes westward. We now use the evidence from our four research interviews, labeled A, B, C, and D [Full details are given at the end of the paper].

Respondent A listed the difficulties encountered in the markets of the Middle East and Africa as protectionist import regimes, transportation costs, some problems in banking transactions (such as the difficulties in opening letters of credit in some markets), and the necessity of training the after-sales personnel. Respondent C, in an interview conducted with him in January of 2010, pointed out that one of the reasons for moving away from the markets of the Middle East was the small size of the markets and the different type of products demanded. The Saudi Arabian market, for instance, noted Respondent C, demanded American-type side-by-side refrigerators and again American-type ovens.

The psychic distance, however, was probably smaller in the Middle East and Africa, and this may have helped Arçelik in increasing its market share. In an interview conducted in March of 2010, Respondent D noted that Turkish executives could easily adapt to the corporate culture in these countries because their way of conducting business was similar to that in Turkey. The company's success in these markets may have helped it become a more seasoned exporter and thereby given the company a stronger position in Western markets.

A big part of the reason for taking on the European market was the existence there of a market with a higher purchasing power, noted Respondent B, and consequently, of larger profit margins (Çarkman, 2009).

Arçelik may have wanted to enter the European market also for political reasons. Europe's attractiveness may lie in its political and economic stability compared to other parts of the world, its clear laws, and transparent administration (Çarkman, 2009: 140).

Consequently, exporting to the West European markets appears to have become an ideal, and its achievement was regarded a significant accomplishment. "What has carried us to a market share of 11% in as developed an economy as that of the UK is the quality concept at Arçelik and new technology investments," remarked another Arçelik executive (Mamulattan Markaya, 2001: 308). Today, with a 15% market share, Arçelik holds

the number two position in the UK market, and in Romania, the company holds the leading position with 35% (based on information in the company's website, retrieved April 11, 2010, from www.arcelik.com.tr).

Arçelik entered the UK by opening its first sales office there in 1989. One of the factors that appeared to favor Arçelik in Europe was the change of regime in the former Soviet bloc countries. Before the fall of the Iron Curtain, the UK would purchase its table-top refrigerators from East European countries. Following the fall of the Curtain, prices of the table-top refrigerators increased and this gave Arçelik an opportunity to move in (Çarkman, 2009: 141). The change of regime may also have helped Arçelik to gain a foothold in Europe. The company entered these markets around the same time as big global players, noted Respondent D, indicating that low brand loyalty to global brands here may have helped Arçelik.

While in West European markets the distribution channel most often used for white goods is big chain stores, in the former Soviet bloc countries these chain stores were often nonexistent, and therefore Arçelik could easily capitalize on its decades-old experience of setting up and maintaining an exclusive distributor network. Respondent D pointed out that especially in some of the East European markets and in some of the Turkic Republics, Arçelik's home market experience of establishing a network of exclusive dealerships proved a competitive advantage. The strength of Arçelik's competitive advantage had formed the content of an earlier analysis (Buğra, 2000: 63-96).

While circumstances in Europe in the 1990s may have played in Arçelik's favor, company reports underline that Arçelik's ensuing success in these markets is actually predicated on the company's informed efforts to build its brands.

In preparation for the removal of import tariffs, Arçelik invested heavily in upgrading its manufacturing quality and productivity to world class standards. Between 1991 and 1996, capital expenditures totaled \$247 million, approximately 6% of sales (Root and Quelch, 1997: 4). By 1995 all Arçelik plants had received ISO 9001 quality certification. Through the incorporation of just-in-time and flexible manufacturing systems, the company reduced raw material and labor costs, thereby increasing productivity (Root and Quelch, 1997: 4).

According to Respondent D, the company's success in international markets today should be attributed to those important investments in the past, including investments in manufacturing quality, productivity, technology, and human resources. Also noted was the significance of Ram in Turkey's export efforts as well as in helping Arçelik gain a foothold in international markets; this was underlined by Respondent C, in an interview conducted with him in January of 2010.

Arçelik's investment in human resources and in technology development are credited with a big share in the achievements of today. Manufacturing under license brought with it contractual restrictions. "Even back in [the period 1980-1990] it was apparent what the features of a refrigerator or a washing machine had to be for it to have a competitive advantage internationally. The solution was obvious: to create our own technology and to make important investments in R&D towards that end," noted one company executive (Mamulattan Markaya, 2001: 282). To get around the restrictions accompanying licensed technology and to support its internationalization, in 1991, Arçelik established its R&D Center (Company reports). In the early 1990s the company invested in its technology and made it compatible with European standards. The company secured World Bank funding to research how to eliminate CFCs from refrigerators (Root and Quelch, 1997: 4). Between 1990 and 1995, \$69 million or 1.5% of sales was allocated to R&D (Root and Quelch, 1997: 4). One consequence was that Arçelik was the first white goods manufacturer in Turkey to completely eliminate the CFC in its refrigerator production long before the year 2006, which was stipulated by the Montreal Protocol for Turkey (Arçelik Annual Report, 2008: 69).

Another Arçelik executive explained: "When looking on [Arçelik's] international successes from the perspective of the year 2000, I believe Arçelik is ready to face global competition. ... Our investments in technology are at international levels. In short, in terms of both our 'hardware' (that is, our plants) and our 'software' (our human resources), we have all it takes to be a global brand," (Mamulattan Markaya: 301).

Investments in R&D have begun to produce positive returns. Over the last few years Arçelik has come up with innovative products built around environment friendliness. In 2008, for instance, the company produced the world's first A++ no-frost refrigerator with the lowest electric consumption in its class (Company reports).

In other words, the company has also relied on firm-specific advantages in its international expansion efforts.

The importance of the company's human resources in the results achieved was also underlined by Respondent D: "The serious investment in human resources in the 1980s and 1990s has paved the way for the company's achieving competitiveness in foreign trade." The work force is highly educated and many company managers have attended business schools in North America and Europe (Root and Quelch, 1997: 4).

The ability to develop its own technology and the experience it gained in foreign markets helped the company stand against the competition ensuing after Turkey joined the Customs Union in 1996, noted Respondent D.

In 1995, an important development occurred in Turkey's home appliances market. The German BSH (Bosch Siemens Hausgeräte) bought the Turkish company Profilo (based on the company's website, retrieved from www.profilo.com.tr on April 11, 2010) and thereby acquired Profilo's distribution network. It is testament to Arçelik's strength that it could stand up against such a formidable competitor, again remarked Respondent D.

Also important for Arçelik's expansion efforts were the two-pronged strategy of acquisitions and organic growth by investing in its brands.

Between 1998 and 2001 the firm was reorganized, and the five existing firms were brought together to form Arçelik A.Ş. In that period it was decided to export white goods and TV under the Beko brand since this was already known in major European markets. Arçelik decided to develop as an OBM in the UK and in France while continuing to operate as an OEM in Germany, and sales offices were opened in all such markets in the second half of the 1990s (Bonaglia and Goldstein, 2007: 22).

Despite these export efforts, Respondent D noted that even as recently as 1999, international sales accounted for only about 16% of the Arçelik's annual revenues. Interestingly, however, in 2008, international sales accounted for 52% of the company's annual revenues (based on the company's 2008 annual report).

The crunch appears to have come in 2001. The economic crisis in Turkey in February 2001, as well as the subsequent rise in unemployment, contributed to a 35% reduction in domestic demand for household appliances, and the company revised its strategy at that time: The key goal was to be international growth (Ghemawat and Thomas, 2008: 1).

The company's CEO at the time remarked that the company had then turned its attention to increasing exports and also to international acquisitions with the aim of "gaining an international identity as well as decreasing our high dependency on the volatile local market" (Ghemawat and Thomas, 2008: 1). Respondent D agreed that this was the turning point at which Arçelik realized that over-reliance on a single market was not a sustainable growth strategy.

Arçelik needed to increase sales to maintain economies of scale, and the devaluation in the Turkish lira had increased the company's existing price competitiveness in international markets (Ghemawat and Thomas, 2008: 1).

In 2004 Arçelik's holding company, Koç Group of Companies, announced in its annual report that for 2005 signs of contraction in the domestic market were noticed, and that the Group would try to compensate for this by its activities in foreign markets and by virtue of its competitive power. The goal was expressed as acquiring half of Group revenues from international sales (Koç Holding Annual Report 2004, p. 7).

In 2002 Arçelik bought the German home appliances company Blomberg, the Austrian home appliances company Elektra Bregenz and its brands Elektra Bregenz and Tirolia, the British home appliances brands Leisure (cookers) and Flavel (appliances and TV sets), and the Romanian refrigerator producer Arctic. Arçelik invested to modernize Arctic's operations and expand the product range, and made the subsidiary the largest production site for cool appliances for the EU market (Bonaglia and Goldstein, 2007: 23). In 2002 the company thus acquired four European brands, thereby increasing its revenues and market share in Europe.

In 2005 the company invested in Russia, where it initially produced laundry machines, then refrigerators and television sets. In 2007 this time Arçelik invested in China to produce laundry machines.

In 2009 the company achieved the highest profitability level in its history, which Respondent D claimed was due to careful cost analysis and astute management. As testament to the company's success, Arçelik managed to increase its market share in a contracting European market. In fact, in Europe sales increased by 15%, in Africa and the Middle East by 21% (Arçelik Annual Report 2009: 8). In Turkey the company also achieved significant results despite the recession. In addition to careful inventory management and using variable interest rates in its loan positions, the company has not refrained from marketing and technology investments, diversified its product range and achieved higher sales in bigger-ticket items (such as built-in kitchen appliances).

"Even when external circumstances offer some opportunities, you cannot take advantage of those opportunities unless you have the necessary groundwork," noted Respondent D.

International expansion appears to be ongoing. In 2009 the company realized revenues of 6.6 million Turkish liras (around 4.26 billion USD), 52% of the company's revenues came from international sales (Arçelik Annual Report, 2009: 9; Koç Holding Annual Report, 2009: 44). Even more importantly, however, is the fact that 80% of those international sales were for branded goods (Arçelik Annual Report, 2009: 9).

Arçelik appears to have used economic recessions as opportunities in disguise to build itself into a global player. With the results of the last recession in, the company appears to be poised to take advantage of other opportunities.

DISCUSSION AND CONCLUSION

In terms of the validity of the research evidence presented in this preliminary study, we are confident that it is statistically valid. Moreover, the data is longitudinal unlike immediate survey data and therefore presents a useful historical perspective on Turkish international development through the year 2009. We are also confident that we have been able to separate the factual evidence from the judgements of opinion formers in the industry.

This report essentially summarizes the current information on the Turkish home appliances industry. It identifies several important factors that have helped Turkish companies cope with the global recession. In addition, the evidence shows that one company – Arçelik – has succeeded in growing throughout this period. Our early evidence shows that there are five principal factors helping Turkish home appliance companies to cope with the global recession. They are investment in human resources, research and development, international acquisitions, and branding, coupled with some national government support. In addition, we note that background economic political factors (for example, the fall of the Berlin Wall) provided additional business opportunities.

In conclusion, this is only a preliminary examination of the Turkish home appliances market. The questions we will be exploring in further research will include the reasons why Turkish exports have mostly headed to the European Union within the context of international expansion strategies. What are the elements of cultural distance, administrative distance, economic distance, and in some instances, geographic distance, that will encourage Turkish manufacturers to expand more into other markets beyond the EU? Why have Turkish exporters chosen particular strategies to export their goods? The answers may have critical implications for Turkish exporters in a variety of markets. In the next stage of our research we are seeking a larger research sample of Turkish domestic appliance manufacturers to shed further light on these questions.

NOTE

The respondents to the four interviews conducted for this paper are indicated below with the following designations:

Respondent A: Senior executive from a leading company. The interview was conducted in April of 2009.

Respondent B: Senior executive from an industry body. The interview was conducted in December of 2009.

Respondent C: Senior executive from an industry body. The interview was conducted in January of 2010.

Respondent D: Senior executive from a leading company. The interview was conducted in March of 2010.

REFERENCES

- Aktan, C. C. (1997). Turkey: From Etatism to a More Liberal Economy. *The Journal of Social, Political, and Economic Studies*, 22 (2): 165-184.
- Arçelik Annual Report. (2009). Dünyaya saygılı, dünyada saygın. İstanbul: Arçelik A.Ş.
- Arçelik Annual Report. (2008). Retrieved from www.arcelik.com.tr in December 2009.
- Axinn, C. N. and Matthyssens, P. (2002) Limits of internationalization theories in an unlimited world. *International Marketing Review*, 19(5), 436-449.
- Barney, J.B. (1991), "Firm resources and sustained competitive advantage", *Journal of Management*, Vol. 17, pp.99-120.
- Bartlett C.A. and Ghoshal S. (1989) *Managing Across Borders: The Transnational Solution*, Century Business, London.
- Bonaglia, F. and Goldstein, A. (2007). Strengthening productive capacities in emerging economies through internationalisation: Evidence from the appliance industry. Working Paper No. 262. OECD Development Centre.
- BSH plans new dishwasher plant in Turkey, (2006, January 2), *Hürriyet Daily News and Economic Review*. Retrieved from www.hurriyetdailynews.com on April 5, 2010.
- Buckley, P. J. (2002) Is the international business research agenda running out of steam? *Journal of International Business Studies*, 33(2), 365-373.
- Buğra, A. (2000). Piyasa Oluşturmanın Piyasa Dışı Mekanizmaları: Türkiye'de Dayanıklı Tüketim Malları Sektörünün Gelişimi [Non-market mechanisms of market formation: Development of the consumer durables industry in Turkey]. In *Devlet-Piyasa Karşıtlığının Ötesinde: İhtiyaçlar ve Tüketim Üzerine Yazılar*, pp. 63-96. İstanbul: İletişim Yayınları.
- Çakır, E. (2004). Report on the Turkish Television Industry (*İTO Televizyon Sektör Raporu*). İstanbul: The İstanbul Chamber of Commerce.
- Çarkman, A.E. (2009). *Examining the underlying reasons behind the outward foreign direct investment: The case of Arçelik*. Unpublished master's thesis, Koç University, İstanbul, Turkey.
- Çeşmecioğlu, S. (2001). Research Study of the [Turkish] White Goods Industry (*Beyaz Eşya Sektörü Araştırması*). İstanbul: The İstanbul Chamber of Commerce.
- Demir, İ. (2001). Report on the competitive power and future of Turkey's white goods industry (*Türkiye Beyaz Eşya Sanayinin Rekabet Gücü ve Geleceği*). Ankara: State Planning Organization of Turkey.
- Delios, A. and Henisz, W.J. (2003) Policy uncertainty and the sequence of entry by Japanese firms 1980-1998, *Journal of International Business Studies*, Vol 34, No 3, pp 227-241
- Douglas S. and Wind Y. (1987) The Myth of Globalization, *Columbia Journal of World Business*, Volume 22, No.4, Winter, pp 19-29.
- Doz, Y.L., Santos, J and Williamson, P (2001) *From Global to Metanational: how companies win in the global economy*, Harvard Business School Press, Boston, MA
- Doz, Y. L. and Prahalad, C.K. (1991). Managing DMNCs: A search for a new paradigm. *Strategic Management Journal*, Vol. 12 (Summer): 145-164.
- Dunning J.H. (1995) *The Globalization of Business*, Routledge, London and NY, Ch 5.
- Dunning, J.H. and Lundan, S. M. (2008) *Multinational Enterprises and the Global Economy*, 2nd Edition. Cheltenham, UK: Edward Elgar.
- Dünya*. (2001, 26 July). Beyaz Eşya (Special Supplement on the White Goods Industry), v. 57: 1-12.
- Esen, B. (2009). Beyaz Eşya Sanayisi [*Household Appliances*]. Ankara: IGEME Export Promotion Center of Turkey.
- Forsgren, M (2002) The concept of learning in the internationalization process model: a critical review, *International Business Review*, Vol 11, No 3, pp 257-277.
- Ghemawat, P. (2003) Semiglobalization and international business strategy, *Journal of International Business Studies*, Vol 34, pp 138-152.
- Ghemawat, P. and Ghadar, F. (2000) The dubious logic of global megamergers, *Harvard Business Review*, July August, Vol 78, Issue 4.
- Ghemawat, P. and Thomas, C. (2005). Arçelik Home Appliances: International Expansion Strategy. Harvard Business School, No. 9-705-477.
- Ghoshal, S. (1987) Global Strategy: an Organising Framework, *Strategic Management Journal*, Vol 8, pp 424-440.
- Gilliland, A.; Kiti, C.; Cole, Stephen; Yang, H.; Andriyenko, D. and Pignetti, T.D. (2008). Arçelik Corporation: Analysis and Recommendation for US Market Entry. Unpublished report. Georgetown University, Washington, D.C.

- Gülsoy, T.; Özkanlı, Ö. and Lynch, Richard. (2009). Effective international expansion strategies of developing countries: Some preliminary evidence from the Turkish manufacture and export of television sets. *Journal of Global Strategic Management*, v. 3, no. 2 (December), pp. 28-51.
- Indesit confident in Turkey (2010, March 21), *Hürriyet Daily News and Economic Review*. Retrieved from www.hurriyetdailynews.com on April 5, 2010.
- Johanson, J. and Vahlne, E. (1977) The internationalization process of the firm – a model of knowledge development and increasing market commitments, *Journal of International Business Studies*, Vol 8, No 1, pp 23-32.
- Karabatı, S. and Tan, B. (2005). Vestel Electronics: Transition into the leading European TV manufacturer, Koç University Graduate School of Business, Istanbul, Turkey, Case Number 605-015-1.
- Kaynak, M. (2001). Türkiye’de Ulaştırma ve Haberleşmenin Gelişimi (Foreign Trade and Foreign Trade Policy). In: Şahinöz, A. (ed.), *Türkiye Ekonomisi: Sektörel Analiz* (Turkish Economy: Sectoral Analysis), (pp.167-201). Ankara: İmaj Yayınevi.
- Koç Holding Annual Report. (2008). Retrieved from www.koc.com.tr in December 2009.
- Kozlu, C. (2007). *Bulutların Üstüne Tırmanırken: THY, Bir Dönüşüm Öyküsü*. Istanbul: Remzi Kitabevi.
- Levitt, T. (1983). The globalization of markets. *Harvard Business Review*, pp. 92-102.
- Lynch, R. (2008) *Strategic Management* fifth edition, Pearson Education, Harlow. Chapter 4.
- Mamulattan Markaya: Arçelik Kurum Tarihi 1955-2000* [Arçelik Company History 1955-2000]. (2001). VTR Araştırma Yapım Yönetim: Istanbul.
- Murtha, T. P.; Lenway, S. A. and Bagozzi, R. P. (1998). Global mind-sets and cognitive shift in a complex multinational corporation. *Strategic Management Journal*, Vol. 19 (February): 97-114.
- Özbek, O. (2001). Report on the Turkish White Goods Industry (*Teknoloji ve Pazarlama Yapıları Değişirken Beyaz Eşya Sektörü*). Izmir: The Izmir Chamber of Commerce.
- Peteraf, M. A. (1993). The cornerstones of competitive advantage: A resource-based view. *Strategic Management Journal*, Vol. 14 (March): 179-191.
- Pettigrew, A. M. (1992). The character and significance of strategy process research. *Strategic Management Journal*, Vol. 13 (Winter): 5-16.
- Reger, R. K. and Huff, A. S. (1993). Strategic groups: A cognitive perspective. *Strategic Management Journal*, Vol. 14 (February): 103-124.
- Root, R. and Quelch, J. (1997). Koç Holding: Arçelik White Goods. Harvard Business School, No. 9-598-033.
- Rugman, A.M. and Verbeke, A. (2003a) Regional Multinationals: the Location-Bound Drivers of Global Strategy. In: Burkinshaw, J., Ghoshal, S., Markides, C., Stopford, J., Yip, G., (eds) *The Future of the Multinational Company*, Wiley, Chichester.
- Rugman, A.M. and Verbeke, A. (2003b) Extending the theory of the multinational enterprise: internationalization and strategic management perspectives, *Journal of International Business Studies*, Vol 34, pp 125-137.
- Serin, Necdet. (2001). Dış Ticaret ve Dış Ticaret Politikası (Foreign Trade and Foreign Trade Policy). In: Şahinöz, A. (ed.), *Türkiye Ekonomisi: Sektörel Analiz* (Turkish Economy: Sectoral Analysis), (pp. 305-321). Ankara: İmaj Yayınevi.
- Trade Map (2010). Retrieved from www.trademap.org in February 2010.
- TÜİK. (2010a). *Home appliances production output, 1968-2008*. [Data file]. Ankara: The Turkish Statistics Institute.
- TÜİK. (2010b). *Foreign trade statistics related to selected items between the years of 1968-2008*. [Data files] Ankara: The Turkish Statistics Institute.
- TÜİK. (2010c). *Home appliances production output, 2005-2009*. [Data file]. Ankara: The Turkish Statistics Institute.
- Werner, S. (2002) Recent developments in international management research: A review of 20 top management journals. *Journal of Management*, 28 (3), 277-305.
- White Goods Industrialists Association of Turkey. (2010). [Data file]. Istanbul: White Goods Industrialists Association of Turkey (Türkiye Beyaz Eşya Sanayicileri Derneği).
- Yip, G. S. and Coundouriotis, G. A. (1991). Diagnosing global strategy potential: The world chocolate confectionery industry. *Planning Review*, Vol. 19 (1): 4-14.