Chapter 9

Turkey’s Economic Sustainability in Global Hypercompetition

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ABSTRACT

The Republic of Turkey represents solid business opportunities for both Foreign Direct Investment (FDI) and domestic enterprises. However, the economic sustainability of these opportunities lies in several key factors such as global hypercompetition, business creativity, the informal economy, and international brand equity. While abundant talent exists in multiple industries in Turkey, a major challenge is to encourage businesspersons and government elite to harness this talent better and make it more efficient. This chapter shall explore these and other factors like human resource management and English as a Foreign Language (EFL) training to examine how the nation’s long-term economic prosperity can be maintained in a global environment which demands sustainable development.

INTRODUCTION

The Republic of Turkey is a fascinating country of approximately 81 million people with a Gross Domestic Product (GDP) of US$1.5 trillion (at Purchasing Power Parity or PPP) as of 2014 (CIA Factbook, 2015). A natural land bridge located between Europe and the Middle East, Turkey possesses a geopolitically critical position in the world due largely the strategic Bosphorus Strait linking the Black Sea to the north with the Mediterranean Sea to the south. This important connection permits relatively easy access to many markets beyond Turkey such as Bulgaria, Georgia, Romania, Russia, and the Ukraine in the northern region to Lebanon, all of Northern Africa, and many European nations (e.g., Greece, Italy, Spain) in the southern region. It is also reasonable to consider the connection to the Middle East markets via the nearby Suez Canal as an additional advantage of the Bosphorus Strait.

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As the gatekeeper of the Bosphorus and the connecting Dardanelles, the so-called Turkish Straits are governed by the 1936 Montreux Convention in which Turkey regulates the transit of naval warships from non-Black Sea nations (e.g., the USA) and guarantees free passage of civilian ships during peacetime. Therefore, the significance to international trade and continued economic performance in the region is self-evident. However, as the effects of contemporary globalism (i.e., hypercompetition) spare no country over time, the key question to ask is how prepared is Turkey to maintain its economic successes of the past decade (Undersecretariat of the Treasury, 2014)? The purpose of this chapter is to provide some potential answers to this question based on the author’s first-hand experiences and primary research activities, credible secondary sources, and a short description of two viable business projects in the manufacturing area of Gebze about one hour from Istanbul and another in the capital of Ankara that government officials and businesspersons alike should consider.

The structure of this chapter is as follows. The first section discusses the various global realities that affect all nations in contemporary globalism, and how these realities could potentially affect the economic sustainability of Turkey. The second section reviews the major challenges and opportunities in Turkey which should exist at least through 2025 (Christiansen & Erdoğdu, 2016). The third section briefly explores Turkey’s global competitiveness and the country’s “informal economy” as it relates to the potential impact on the country’s long-term economic prosperity. The last section provides a Conclusion and Future Research Directions.

Before continuing to the first section, the reader should know the author has spent the last seven years in Turkey in a variety of capacities including businessperson, writer, and professor in 18 of the 81 cities throughout the country in a variety of industries. As such, he has spent significant time interfacing with government officials at both the local and national levels (e.g., KOSGEB), university Rectors, and myriads of business executives since 2008. Therefore, this chapter essentially contains primary research on a variety of topics ranging from education to manufacturing and is best labeled as a “scholar-practitioner” effort rather than as a strict academic work. Consequently, the methodology involved in this writing is primarily qualitative in form via extensive interviews and structured qualitative surveys in a management consulting setting (see Appendix for one example).

TURKEY AND TODAY’S “GLOBAL NEW NORMAL”

Information and communication technologies (ICTs) have created disruptive forces unseen in the past in which organizations worldwide must now compete. The so-called “digital economy” means these organizations must seek a new framework for strategic planning that includes the following seven “intangibles” (Anderson & Wong, 2013): radical innovation and first mover advantages; firm strategy and positioning; intangible resources and competencies; relational optimality; network effects and externalities; organizational ambidexterity; and transaction cost efficiency.

These intangibles are the true sources of value creation and competitive advantage today, and business organizations in particular which do not recognize this fact are most likely to fail over the long-term (i.e., lack sustainability). This is especially true of industries or sectors which are inherently riskier than others due to demand and technological uncertainly which will be discussed further in the Conclusion and Future Research Directions section.

The Austrian-born American management consultant and business professor Peter F. Drucker viewed contemporary globalism as one of profound transition —potentially even more influential than the extensive structural changes triggered by the Great Depression of the 1930s or even World War II (Drucker, 2002). In his seminal book, Management Challenges for the