



## **INT 220 Business Brief Template Course Project**

### **Section One: Drivers for Global Entry**

#### **Country Selection**

Turkey

#### **Purpose of Global Expansion**

These benefits include the availability of supplies, new markets, lower labor costs, access to finance capital, and avoidance of tariffs and import quotas.(Rosenbusch,2016) As a domestic organization plans to expand its offering overseas, it seeks lower costs and financial gains. As the United States has been known for offshoring its operations to cheaper areas such as "Mexico, Ireland, Brazil and Vietnam", this benefits the organization because it would have to pay higher prices domestically, thus increasing its net profit.(Dunung,2019)

#### **Business Impacts of Global Business**

In 1949, the French communist party opposed Coca-Cola from globalizing and Americanizing parts of Europe.(Hunt,2015) However, social benefits of global business include its "environmental protection" being "significantly higher than...other companies".(pubmed.ncbi.nlm.nih.gov,2022) Transportation and infrastructure also have positive impacts, like establishing "efficient and reliable ocean and air cargo" in "low-cost manufacturing hubs" within Asia to trade with the US and Europe.(hbr.org,2021) Global expansion has also brought unethical actions to those they employ. However, these actions aided to assemble the International Labor Organization in 1919, which "aim at ensuring and promoting a safe and healthy working environment." (ilo.org)

#### **Societal Impacts of Global Business**

With the organization's desire to seek out new markets, properly preparing and training managers to operate in new nations is essential to ensure organizational success. Without this, managers "sent abroad...return early" because "they cannot cross-culturally adjust to that culture".(Rosenbusch,2016) Therefore, operations, like marketing and human resources, will falter because proper education does not exist. In Turkey, higher management is viewed as a "father figure" as "employees expect to be told what to do".( hofstede-insights.com) This is antithetical to the United States and demonstrates how an improper global expansion strategy can devastate business operations overseas in all aspects.

#### **Cultural Considerations for Global Business**

Researching a culture can prevent organizations from not being perceived as relevant to customer wants and needs. Eating while walking in Japan is considered rude, so KFC promoting their new sandwich this way will appear aloof.( jannihon.com,2023) In Turkey, citizens value collectivism, are less indulgent than Americans, and value order through regulation.( hofstede-insights.com) Turkey is becoming a consumer culture in the following categories: islamist, spectacularist, nationalist, and historical.(igi-global.com,2023)



This particular information can assist in its understanding of what products to market and promote.

## Section Two: Market Profile

### Cultural Profile

Turkey utilized a bargaining negotiation style, with the U.S. being more "Direct and transparent" with its dealings.(commisceo-global.com) Business etiquette is comparable in both nations with suit and tie attire. English in the U.S. and Turkish in Turkey are the major languages. The majority religion in both regions is an Abrahamic one, Christianity and Islam.(news.gallup.com,2021;state.gov,2021) Turkey is a very collectivist nation, opposed to the individualism in the U.S. Turkey differs from the U.S. in its low levels of immigration and usage of megaphones for prayer time.(macro trends.net,2023; incirlik.af.mil,2006)

Both countries require children around 6 to attend school until 18, attending Monday through Friday for around 7 hours daily.( allaboutturkey.com,2023; nces.ed.gov,2020) Both nations possess similar female violence statistics, with 40% of women being victims compared to 35.6% of women in the U.S. (hrw.org,2022;thehotline.org,2011) Both nations also share diversity scores, with their largest race at 70% of the population, along with other races existing in smaller percentages.(worldatlas.com,2023;census.gov,2022)

| Category  | United States                                    | [Insert Country Selection From Course Project] |
|---|--|--|
| Commonly Spoken Languages   | English<br>Spanish<br>Mandarin(weforum.org,2021) | Turkish<br>Kurdish<br>Arabic(ktb.gov.tr)       |
| Commonly Practiced Religions  | Christianity(news.gallup.com)                    | Islam(state.gov)                               |
| Power Distance Index (PDI)  | 40   | 66   |
| Individualism Versus Collectivism (IDV)                             | 91   | 37   |
| Masculinity Versus Femininity (MAS)                                 | 62   | 45   |
| Uncertainty Avoidance Index (UAI)                                   | 46   | 85   |
| Long-Term Orientation Versus Short-Term Normative Orientation (LTO) | 26   | 46   |
| Indulgence Versus Restraint (IVR)                                   | 68   | 49   |

### Political and Economic Profile

Both countries are democratic, with the U.S.' federal democratic republic and Turkey's parliamentary democracy. This allows both markets to operate within similar political climates. Both countries share a diverse political spectrum. Kemalism and the democratic party are progressive and liberal thinking, with political Islam akin to the Republic party in its conservative ideology and religious ties, as "82% of Republicans identify as



Christian".(pewresearch.org,2023) Each nation has leaders of differing parties, with Turkey's Recep Erdoğan in an "Islamic-conservative" party with the U.S.' Joe Biden in a liberal party favoring environmental, "social, and economic equality".(dw.com,2023;Britannica,2023)

Both nations share measures of market evaluation, allowing equivalency of capital measurement. Both utilize GDP, PPP, and GDP per capita to measure wealth and economic growth. Each government possesses similar trade intervention tactics, aiming to establish trade agreements to promote cooperation and strengthen relations. Turkey has current free trade agreements with 22 countries, and the U.S has agreements from Africa to Europe.(trade.gov,2022; weforum.org,2023)

| Category                                 | United States  | Turkey  |
|--|--|---|
| <b>Political System</b>                  | Federal democratic republic  | Parliamentary democracy (britannica.com,3)  |
| <b>Current Leaders</b>                   | Joe Biden  | Recep Erdoğan   |
| <b>Economic Classification</b>           | "Capitalist, market economy"(Americanhistory.si.edu)   | "Mixed economy": allows for both "state and private enterprise" contributions (britannica.com,3)  |
| <b>Economic Blocs Impacting Trade</b>    | North American Free Trade Agreement<br><br>World Trade Agreement<br><br>Dominican Republic-Central America-United States Free Trade Agreement<br><br>(ustr.org,2023) | Common External Tariff(CET)<br><br>"Turkey and the EU formed a Customs Union in 1995"(trade.gov,2022,3)<br><br>"Member of the World Trade Organization"(trade.gov,2022,3) |
| <b>Gross Domestic Product</b>            | 20.25 Trillion dollars (ycharts.com,2023)  | "Turkey was worth 819.04 billion US dollars in 2021" (tradingeconomics.com,2023,3)  |
| <b>Purchasing Power Parity</b>           | \$19,390,000,000,000(Dunung,2019)  | \$2,173,000,000,000(Dunung,2019)  |
| <b>Gross Domestic Product Per Capita</b> | "\$59,400"(Dunung,2019)  | "13,341.60 US dollars in 2021 (tradingeconomics.com,2023,3)   |

### Legal and Regulatory Profile

In Turkey, the Turkish Labor Law and the Workplace Health and Safety Law accomplish the same goals as the U.S.' Fair Labor Standards Act and Occupational Safety and Health Act. The Turkish WHS law aims to "ensure occupational health and safety at workplaces", with OSHA's promotion of a "safe and healthful workplace". (mondaq.com,2014,osha.gov,2023) Turkey has rules on importing items requiring a "control document" issued by their Ministry of



Environment, like chemicals.(trade.gov,2022) The U.S. prevents exporting items potentially causing "mass destruction...or human rights abuse".( trade.gov,2023)

Each requires special clearance to transport specific items and possess versions of the standardization for legal business transactions: the Turkish Commercial Code and the U.S.' Uniform commercial code. These remove arbitrary business dealings through a code of conduct. Both nations' respective departments determine import documentation, The U.S. Customs and Border Protection, and the Turkish Ministry of Trade, require certificates to ensure validity and safety.

### **Section Three: Market Considerations**

#### **Monetary Considerations**

The organization's expansion decision depends on exchange rate changes and economic history. The Turkish Lira has been losing value, from 0.0070 in 1992 to 23.630 currently. (tradingeconomics.com, 2023) Turkey adopted a floating exchange rate system with government support to assist economic stability. This offers autonomy to the market but makes rates unstable. Floating currencies like Bitcoin demonstrate this instability, with "7.3 billion... locked in losses" in 2022. (decrypt.co, 2022) The market's CPI also matters to see what consumers can afford, with a 2003 base of 100 units of currency now at 1,191 due to an inflation of 43.68%. (economy.com, 2023; inflationtool.com, 2023)

| Category      | The U.S. Dollar | [Insert Country Selection From Course Project's Currency] |
|---------------|-----------------|---|
| Exchange Rate | 1.00 USD        | 23.63 TRY (www.xe.com,2023)                               |

#### **Management and Logistics Considerations**

Management and logistics within Turkey strongly emphasize its geographic position and Islamic faith. As the country resides between three continents, this allows for extensive trading potential, from Africa's petroleum to Asia's computer components. This provides more alternatives when deciding who to partner with when importing products. As Turkey ranks higher than average in the power distance dimension, human resources will be less autonomous and expect direction. This, paired with the nine principles of Islamic human resource management from Intention to Patience, a business will be highly scrutinized by society and employees if they do not maintain a high-level treatment to their stakeholders.

#### **Mode of Entry Considerations**

Turks possess high brand awareness, with apparel and electronics at 76%, and smartphones at 73%.(statista.com,2023) To benefit from this awareness, franchising can be a safer option than establishing a new brand identity. This is due to the lower risks involved with founding an identity and faster means of entry into the market. As "90% of startups fail", franchising can be effective for entering the Turkish market.(explodingtopics,2023). Disadvantages of this mode come with limited business control and franchising fees. A McDonald's franchisee has a set annual "\$45,000 franchising fee" with a "4% on gross sales".(mobile-cuisine.com,2023) However, the average revenue per location is "\$2.9 million".(wolfffranchises.com) This demonstrates the security and financial soundness of this mode.



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