

Chapter 45

International Business Initiatives of the Turkish Enterprises in Global Trade: The Case of Outsourcing

Aytaç Gökmen
Çankaya University, Turkey

ABSTRACT

The amount of trade and international business volume in the world has amounted considerably as a result of the fast moving globalization and declining borders especially after the 1990s. International business and trade are important tools for countries and enterprises to increase their volumes of production and commerce as well as enhance employment, increase the national income and raise revenue for enterprises to make further investments. Turkey is located at the threshold of Europe and Asia, consolidating East and West, and North and South at the convergence of various trade routes. However, despite of being close to various countries, a great deal of Turkey's export potential is focused on the EU and developed countries. However, the production means in Turkey are not adequate, so it imports factors of production from abroad by way of international business operations. Thus, the aim of this study is to review the theory of globalization, international business, firm internationalization process of businesses, impact direction of multinational businesses as well as the commercial operations of the Turkish enterprises, real and commercial abilities of the Turkish firms and international business activities on the global basis; compare this to its entire trade volume and propose comments on these issues resting on credible national and international publications and figures.¹

INTRODUCTION

21st century is the age of international trade and business activities. All the countries are not capable of producing everything they need and

consume. That's why meeting the multilateral necessities of countries, organizations and individuals by international business and trade activities are vital. International business is the cross –border business, investment, economic and trade

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activities. It is also the free circulation of business operations, commodities, services, people and capital. Furthermore, international trade is the exchange of goods, services and capital across national boundaries. It also bares importance for a country with respect to economic, social and political dimensions (Çavuşgil et al., 2012; Keegan, Green, 2013, 27-32; Gomez-Meija, Balkin, 2012: 56-57; Gürsoy, 2009: 19-20; Yüksel, 1999: 16-17).

What facilitates the improvement of the volume of international business affairs and international commerce is the unprecedented development of the process of globalization. Globalization is a process which has been affecting the world for centuries. Globalization is a concept which dates back to ages and began with the discovery of navigators. The invention of the steam machine and development of communication facilities gave impetus to the process of globalization. The amounting volume of the global commercial volume and the control of this trade potential by western countries are significant issues in this process. Globalization, on the one hand positively contributes to the technological and know - how developments, but on the other hand could make negative developments with the spread of air pollution, environmental degradation, climate change and unequal allocation of global gross domestic product (GDP) (Çavuşgil et al, 2012: 70-80; Keegan, Green, 2013; 30-31; Deresky, 2014: 25-25).

Globalization is the expanding interconnect-edness of national economies and increasing dependency of states with respect to financial, commercial, cultural and economic regards. With his respect, globalization facilitates the convergence of markets and speed of international trade. It improves the flow of knowledge, know - how, technology, goods, services and capital at various levels. Therefore, an incredible and unprecedented process like globalization is expected to have numerous impacts on countries, especially the ones which adopt the free market principles and enjoy liberal economic structures. Additionally, if a country adopts the liberal policies with respect

to political, commercial, economic and financial means in the widest sense, it would become a part of the globalization comprehensively. Yet, multinational enterprises (MNEs) are the main drivers of globalization. MNEs are the forerunning entities of the international business arena. They posses huge resources as human, financial capital, knowledge, know - how and equipment. They can attain billions of dollars of sales volumes each year and are able to influence the world and countries with economic, financial, commercial and cultural aspects. They make their investments in host countries by way of subsidiaries and/or affiliates also by means of mergers, acquisitions, franchising transactions and foreign direct investments (FDI) (Anderson, 2001; Bordo, 2002).

Globalization is a cultural, social, economic, commercial motion which has gained impetus with the decline in government restrictions on the free circulation of goods, services, capital, knowledge at large and the circulation of man power in some extent. Regarding to his view, the states which take advantage of the process of globalization more efficient than the other ones may improve their economic output and come to fore in the global market place. Yet, for the other states which fail to take advantage of the process of globalization efficiently, could loose prosperity in the eventual phase (Anderson, 2001; Bordo, 2002).

The concept of globalization has always been a prominent issue in the global business, economics and politics; but, it gained more importance after 1980s with the collapse of the Soviet Socialist Republics. Liberal economic policies began to surge the world much more than ever and this process presented lucrative commercial and investment opportunities to MNEs. Globalization makes it easier for the countries to develop economic, commercial, financial and cultural relations. It terminated the polarization of ideologies and intensified the relations among countries with multiple respects. Regarding to this, both the merits and negative impacts of globalization is circulated around the world. Therefore, globalization is a

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