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## FOUR RIDERS OF THE M&AQ MARKET



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**Olympic Games Have Also Been Professionalized 62**



Temel Makroekonomik Göstergeler						
	2012	2011	2010	2009	2008	2007
GSYH Büyümesi (%)	2.2	8.8	9.2	-4.8	0.7	4.7
Nominal GSYH Kişi Başına (USD)	10,537	10,479	10,048	8,523	10,315	9,211
TÜFE Enflasyon (yılsonu, yıllık, %)	6.2	10.4	6.4	6.5	10.1	8.4
İşsizlik oranı (%)	9.2	9.8	11.9	14.0	11.0	10.3
Merkezi Yönetim Bütçe Dengesi (milyon TL)	-28,791	-17,783	-40,081	-52,761	-17,432	-13,708
Merkezi Yönetim Faiz Dışı Dengesi (milyon TL)	19,625	24,448	8,217	440	33,229	35,045
Merkezi Yönetim Borç Stoku (GSYH'ye % oran olarak)	37.5	39.9	43.1	46.3	40.0	39.6
TCMB Brüt Rezervler (milyon USD)	100,320	78,330	80,696	70,689	70,075	71,263
Dış Ticaret Dengesi (milyon USD)	-84,067	-105,935	-71,661	-38,786	-69,936	-62,791
Cari Denge (milyon USD)	-47,521	-75,092	-45,447	-12,168	-40,438	-37,781
Dış Borç Stoku (milyon USD)	336,863	304,207	291,924	269,223	281,045	250,422
USD/TL (ort)	1.80	1.67	1.50	1.55	1.30	1.30
EUR/TL (ort)	2.31	2.33	1.99	2.16	1.90	1.78
Döviz Kuru Sepeti (ort)	2.05	2.00	1.75	1.85	1.60	1.54
İkincil Piyasa Gösterge Faiz Oranı (bileşik, yılsonu)	6.16	11.04	7.08	8.87	16.45	16.59
Ulusal 100 Endeksi (yılsonu)	78,208	51,267	66,004	52,825	26,864	55,538

Gayrisafi Yurtiçi Hasıla			
	2012-12	2011-12	2012
GSYH (milyon, TL)	364,177	339,243	1,416,817
GSYH (milyon, USD)	203,429	184,616	788,697
GSYH (büyüme)	1.4	5.3	2.2
Nominal GSYH Kişi Başına (USD)			10,537

Seçilmiş Büyüme Göstergeleri			
	2013-03	2013-03	2012 sonu
Toplam Krediler (reel, %, yıllık)	12.82	11.37	9.45
Tüketim Vergileri (reel, %, yıllık)	15.14	6.23	13.10
Tüketici Güven Endeksi	75.62	74.91	73.59
Sanayi Üretimi (yıllık, %)		0.19	-2.84
Kapasite Kullanımı	73.60	72.70	73.60
Reel Kesim Güven Endeksi	112.03	112.08	97.85

Fiyatlar Genel Düzeyi (%)			
	Aylık	12-aylık ort.	1 yıl öncesine göre
	2013-04	2013-04	2013-04
TÜFE	0.4	7.7	6.1
ÜFE	-0.5	3.7	1.7
Çekirdek Enflasyon (I-endeksi)	1.7	6.4	5.4

İşgücü Verileri			
	2013-02	2012-02	2011-02
İşgücüne katılma oranı (%)	49.6	47.9	48.5
İstihdam oranı (%)	44.4	42.9	42.9
İşsizlik oranı (%)	10.5	10.4	11.5
Tarım dışı işsizlik oranı (%)	12.9	12.7	14.2

Merkezi Yönetim Borç Verileri			
	2013-03	2012	2011
Toplam Borç Stoku	537,246	532,000	518,343
İç Borç Stoku	392,814	386,542	368,778
Dış Borç Stoku	144,432	145,459	149,565

Bütçe Göstergeleri (Kümülatif)			
	Yılbaşından beri	Tüm Sene	Tüm Sene
	2013-04	2012	2011
Merkezi Yönetim Gelirleri	124,629	331,700	296,824
Merkezi Yönetim Bütçe Giderleri	124,931	360,491	314,607
Bütçe Dengesi	-302	-28,791	-17,783
Faiz Dışı Denge	17,922	19,625	24,448

Bankacılık Sektörü Göstergeleri			
	2013-03	2012	2011
Toplam Aktifler	1,427,652	1,370,690	1,217,695
Toplam Pasifler	1,427,652	1,370,690	1,217,695
Net Dönem Karı (Zararı)	6,953	23,524	19,844
Sermaye Yeterliliği Standart Rasyosu	17.4	17.9	16.5
Dönem Net Kâr-Zarar / Ort. Toplam Aktifler	0.5	1.8	1.7
Dönem Net Kâr-Zarar / Ort. Özkaynaklar	3.8	15.7	15.5
Toplam Krediler / Toplam Mevduat	105.6	103.0	98.2

Ödemeler Dengesi Özet (Kümülatif)			
	Yılbaşından beri	Yılbaşından beri	Oca-Ara
	2013-03	2012-03	2012
Cari İşlemler Hesabı	-15,917	-16,300	-47,521
Mal Dengesi	-17,047	-16,783	-65,722
Toplam Mal İhracatı	39,889	37,450	163,235
Toplam Mal İthalatı	-56,936	-54,233	-228,957
İhracat/İthalat	70.1	69.1	71.3

Dış Ticaret Göstergeleri (Kümülatif)			
	Yılbaşından beri	Yılbaşından beri	Tüm Sene
	2013-03	2012-03	2012
Toplam İhracat	37,073	13,209	152,478
AB Ülkeleri	15,271	5,498	59,204
MENA	9,946	3,487	46,145
Toplam İthalat	58,757	20,677	236,545
Dış Ticaret Dengesi	-21,684	-7,469	-84,067

Faiz Oranları			
	2013-04	2012-04	2012
MB Gecelik (O/N) Borçlanma (basit)	4.00	5.00	5.00
1-Haftalık Repo (basit)	5.00	5.75	5.50
TCMB Ortalama Fonlama Maliyeti	5.17	8.34	5.55
İkincil Piyasa Gösterge Faiz Oranı (bileşik)	5.20	9.30	6.16
TR Libor	4.93	9.65	5.51
Mevduat Faiz Oranları	6.26	9.85	7.57
Tüketici Kredisi (İhtiyaç+Taşıt+Konut)	11.64	16.43	11.92

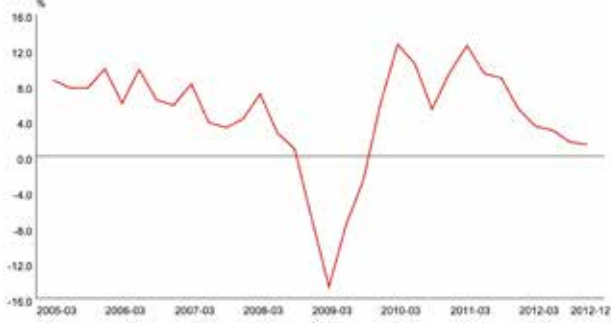
Borsa Endeksi			
	Dönem sonu	Dönem sonu	Dönem sonu
	2013-04	2012	2012-04
Ulusal 100 Endeksi	86,046	78,208	60,010
Ulusal Sınai Endeks	71,024	64,637	54,685
Ulusal Mali Endeks	125,835	113,627	83,401

Yatırım Araçlarının Getirileri			
	Dönem sonu	1 ay öncesine göre (%)	1 yıl öncesine göre (%)
	2013-04	2013-04	2013-04
Ulusal 100 Endeksi	86,046	0.17	43.39
USD/TL	1.798	-0.688	2.555
Altın Fiyatları (TL/gr)	93	-8.97	-8.76
Altın Fiyatları (USD/ons)	1,469	-8.09	-11.04
İkincil Piyasa Gösterge Faizi (bileşik)	5.20	-18.11	-44.09

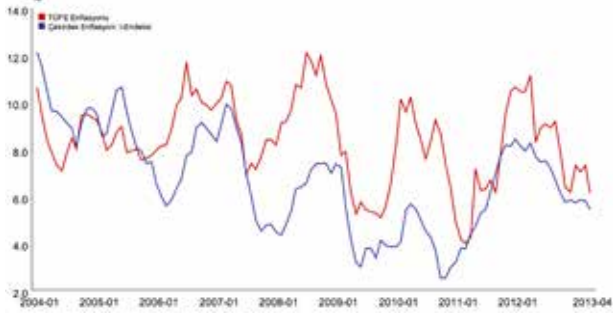
Döviz Kuru Gelişmeleri			
	Ortalama	Ortalama	Ortalama
	2013-04	2012	2012-04
USD/TL	1.798	1.80	1.783
EUR/TL	2.339	2.31	2.346
Döviz Kuru Sepeti	2.068	2.05	2.065
EUR/USD Paritesi	1.301	1.29	1.316

Bu veriler ana kaynaklarından (TUIK, TCMB, Maliye, Hazine, İMKB, BDDK, TBB ve LBMA) alınıp Turkey Data Monitor tarafından düzenlenmiştir.

GSYH Büyümesi (yıllık, %)



TÜFE ve Çekirdek Enflasyon (12-aylık, %)



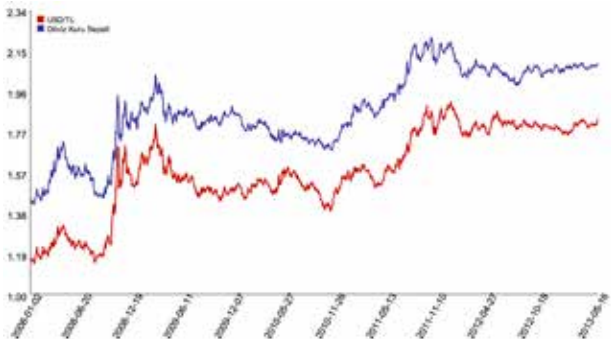
Bütçe Göstergeleri (kümülatif, milyon TL)



Bankacılık Sektörü Toplam Aktifleri (reel, yıllık, %)



Nominal Döviz Kuru



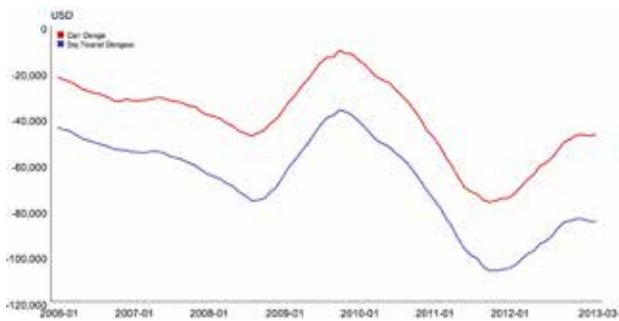
Sanayi Üretimi ve Kapasite Kullanım Oranı



İşsizlik Oranı (%)



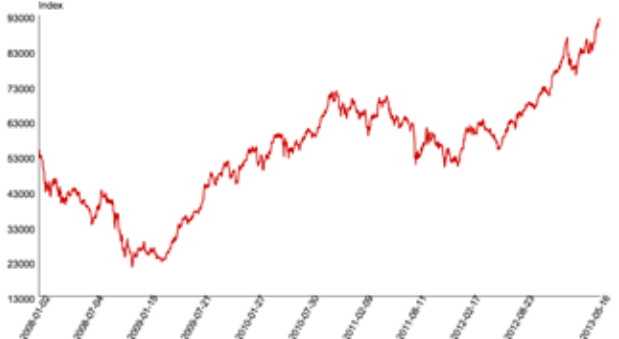
Cari Denge ve Dış Ticaret Dengesi (12-aylık toplam, milyon USD)



İkincil Piyasa Gösterge ve 1-Haftalık Repo Faiz Oranları



Borsa İstanbul



# September 2013

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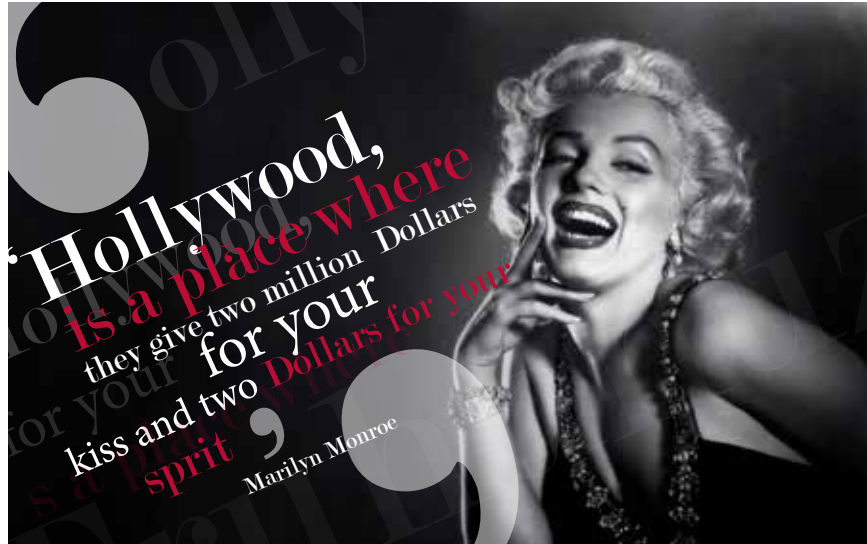
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**Ömer YÜNGÜL**





## The World Of M-AQ

**W**e, as the growing city University, Istanbul Aydın University and managers and teaching staff on duty in these institutions continue to work for the purpose of widening the vision of our students. The magazine Business Review, the publication of which we have supported for that purpose has taken up a subject, which is important for our students as well as everybody in business life, in the new publication period again: mergers

Mergers have become the most important subject of the business world. IAÜ Business Review approaches this subject from a different point of view in this issue. We have decided to take up this subject because we thought it would be useful for our students, whom we expect to be an important part of the business world. I think that everybody who wants to take part in the business world must read this issue of the magazine. Because in our day not only founding a company and carrying out its following successfully but also realizing a merger with a successful company is an important factor for being successful in business life.

I wish that the new issue of IAÜ Business Review, which carries out its following on the basis of the principle of being useful for the students of Istanbul Aydın University shall make a contribution to everybody – I thank all my colleagues who had contributed to the content of the magazine with their efforts.

With love. Regards

**Dr. Mustafa AYDIN**

Chairman Of The Board Of Trustees



ISTANBUL AYDIN ÜNİVERSİTESİ

# BUSINESS REVIEW



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## PRINTING

G.M. Matbaacılık ve Ticaret A.Ş.

100 Yıl Mahallesi Matbaacılar Sitesi, 1. Cadde, No: 88

Bağcılar/İSTANBUL

Tel: 0212 629 00 24

Baskı: Eylül 2013

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Üç aylık, yaygın süreli yayın

ISSN: 2147-7620

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IAU Business Review



# M&AQ Epidemic in The Business World

**T**he legal regulations and incentives introduced by the states in the globalizing world for the purpose of expanding their trade volume and growing their economies has led to the increase of international competition. Especially the foreign investments made in the developing economies are predominantly directed at buying local companies and this situation brings about consequences in the domestic and international markets which lead to the increase of competition. The local investor who had the time and possibility to make capital accumulation in the recent years rapidly continue to turn their accumulations into investment in the developing markets as well as the developed countries.



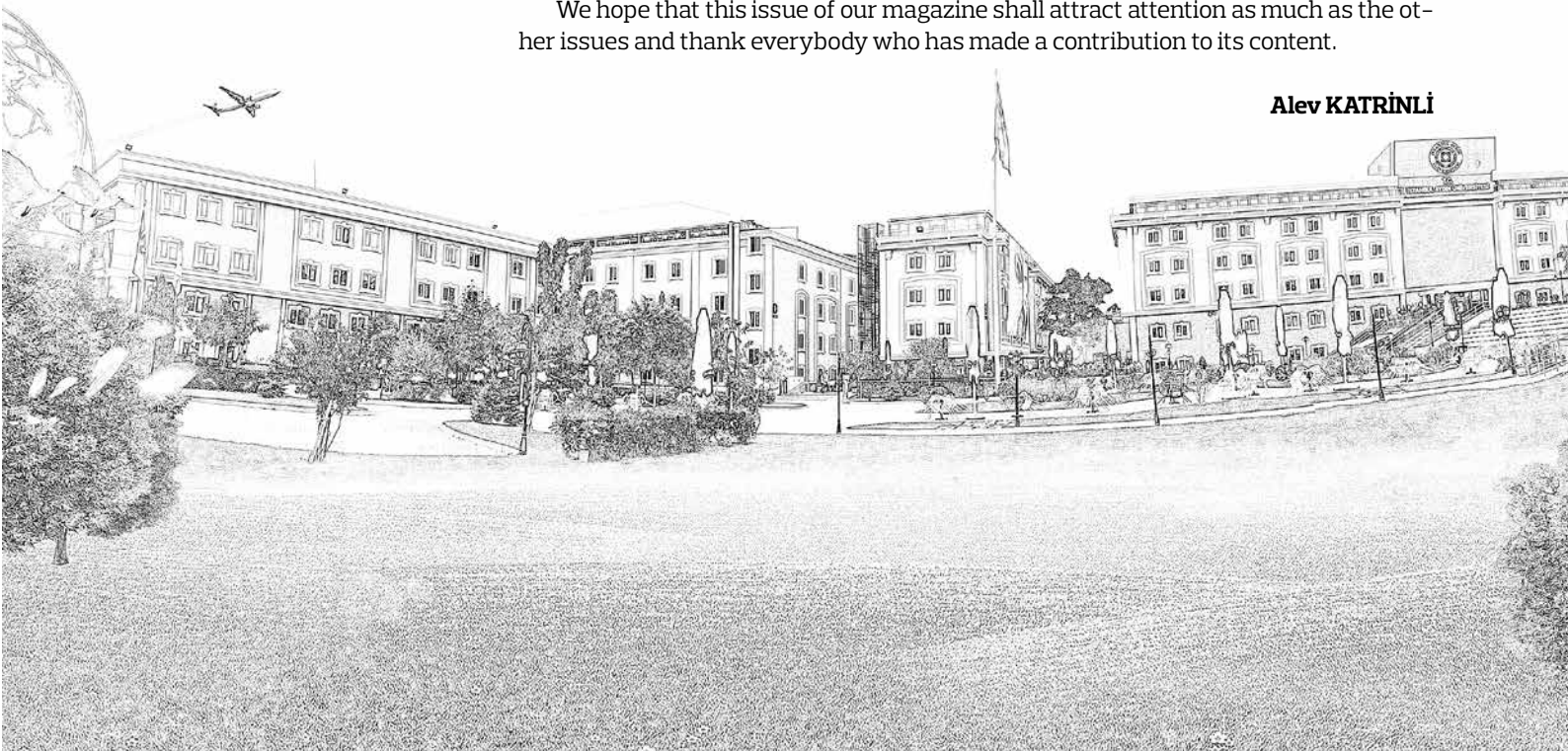
Both the significant steps taken by the local entrepreneurs to take part in the international competition and the fact that the world renowned foreign companies increasingly continue their investments in our ck has led us to take up this subject in this issue of our magazine.

Such issues as the volume of our economy, the place that it occupies in this competition at the present time and its targets for the near future and the point of view of the foreign investors about our economy occupy a much more important place in the economy of our country today. Looking at the facts on the basis of this framework is one of the ways to make accurate predictions about the future.

In order to have a more detailed insight in the investments of local companies abroad and the sectors to which the foreign investors give priority as well as the investments which are already realized and are to be realized we decided to allocate our third issue to this subject

We hope that this issue of our magazine shall attract attention as much as the other issues and thank everybody who has made a contribution to its content.

**Alev KATRINLI**





## Ülkemizde nesli tehlike altında olan tam 134 tür, teker teker kayboluyor.

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**“CAN” yazın,  
8486’ya  
SMS atın.**



# Turkish Economy in The Fall Of 2013

The balance of economy has been upset in Autumn. The main reason of the unbalance is the acceleration of the amount of the outgoing foreign currency and the cessation of the incoming foreign currency. What is important at the moment is not to pull down the Dollar in the short term but rather to see the systematic problems which had led to the escalation of Dollar in the long term and try to remove those problems.



In the early days of this fall, the economy of Turkey seems in accordance with the expectations at the beginning of this year, yet it is affected by the rise in negative developments in recent months.

At the beginning of the year, our

prediction for 2013, concerning the three fundamental indicators: growth, annual inflation, current deficit/national income ratio, was respectively 4-7-7 in percentage terms. We were expecting that the growth would be a little higher than the 2.2 percent level

of the year 2012 possibly 4 percent, the inflation would be higher than 5 percent; the medium term objective, around 7 percent, and the ratio of current accounts deficit to national income, the Achilles' heel of Turkey, wouldn't be less than 7 percent.

The developments within the first 5 months of the year occurred in line with our forecast. Moreover, we modified our estimation of annual consumer price-increase from 7 percent to 6 percent due to the downward tendencies in inflation.

After May, however, some hitches that emerged in world economy and financial markets started to trouble Turkey in terms of growth. Turkey, with its dependency on external funds in incontrovertible levels, surge of foreign exchange rate, and having an economy highly communicative to expectations was affected by the ongoing events.

As a result, the 4 percent growth rate goal encountered some obstacles, and inflation unexpectedly rose to 9 percent level. The current accounts deficit kept its upward course, even if it was at a low rate.

All these developments drove Turkey's economy to 3-7-7 level. In fact, putting official data and growth rate aside, there was not much of a deviation from the first predictions at the start of the year. The growth rate was a percentage point lower, inflation and current deficit looked like they would be within the limits of market expectations. (\*)

In my opinion, the question here focuses on whether Turkey, with its still strong public finance, is able to display a performance which can be summed up as achieving a higher rate of growth, reducing inflation below 5 percent, and lowering the current accounts deficit to a level that is equal to 3 percent of the national income. On the other hand, whether these problems will be solved or not is still a mystery.



## Reasons

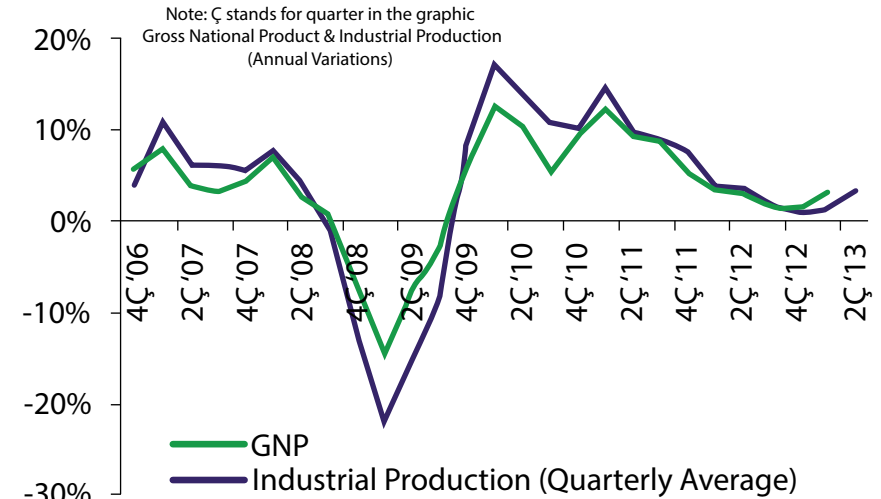
Problems mentioned above in the past months and their effects on Turkish economy can be summarized as the following:

1 - The signals revealing the Federal Reserve System (the Fed) would put a monetary tightening into effect started to be observed in May. It was not an unexpected act, yet markets cannot help feeling uneasy. The source of this uneasiness originated from the then approaching payback period of the liquidity consists of trillions of dollars, euros and yen, which was provided by markets, the Fed in particular. The measure against that was to be attuned to the new conjuncture.

For Turkey, one of the top countries which make use of hot money or the liquidity served to markets, it was hard to escape unharmed from the liquidity crunch. It was obvious from the beginning that the withdrawal of this surplus money, intensified at the Central Bank of the Republic of Turkey, share certificates and bonds, would put the Turkish economy in a difficult position. The more important fact was that, due to the shrinking international liquidity, increased difficulty of current account deficit financing would cause an incremental cost.

All these developments popped up in May and June. The 7.4 billion dollars portion of the total 11.6 billion dollars current account deficit which occurred in these months was eluded through the reserves of the Central Bank. The stock index of Borsa Istanbul (BIST), however, decreased in value considerably. The exchange rate of the Turkish Lira (TL) depreciated. The interest of benchmark bond doubled and rose above 9 percent.

2 - From May onwards, foreign fund managers' loss of appetite has been being observed towards Turkey. The first reason for that was the increasing possibility of the financing of current accounts deficit growing difficult in

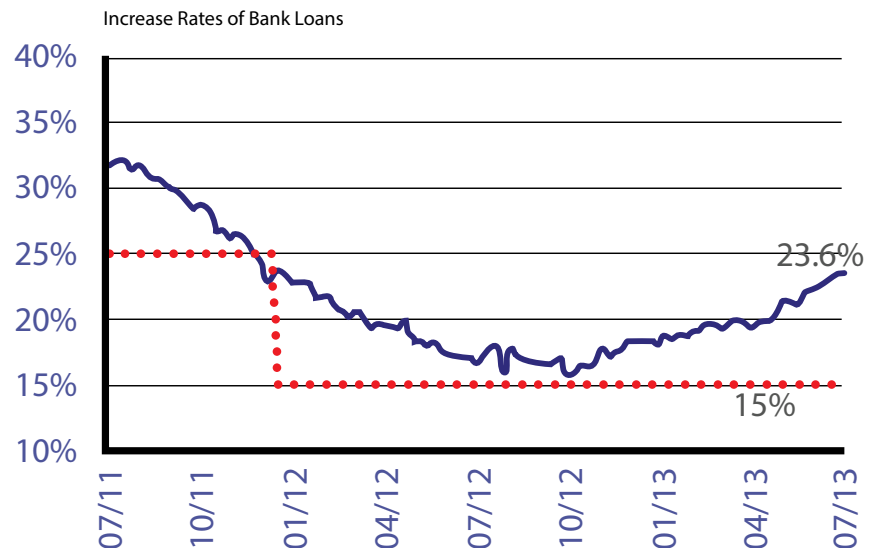


the upcoming period. That is why finance circles started to have question marks in their minds about the current accounts deficit, that is the soft spot of Turkey and to narrow down the facilities of finance.

On the other side, the inquiries conducted into people who purchased and changed foreign currencies during the Gezi Park protests speculatively, pulled out of the market or made a report which appalled the foreign investors. They began to think that they

are a part of Prime Minister Erdogan's "interest (rate) lobby" discourse and they reevaluated their stance. Some of them left, some others took advantage of the spiked bond interest rates and escalated volatility. Thus, expectations became negative and started to limit the possibilities of current account deficit financing.

3 - The steps taken by Turkey in 2013 as structural measures to reduce current accounts deficit were not adequate. This inflicted on the Central



# Economic Panorama

Bank of the Republic of Turkey. The failure of the Central Bank of the Republic of Turkey was a foregone conclusion since it was commissioned to five, six tasks at a time with its limited physical means. Hence, it turned out as it was predicted.

4 - The government's attitude, which can be summarized as curbing growth via narrowing down the loan volume of the banks and lowering current deficit, regrettably caused the rate of growth in the year 2012 drop to 2.2 percent level to a considerable extent. Thereupon the decision to limit the credit growth rate to 15 percent in 2012 was abandoned. However, the assumption that the increase observed in bank loans in 2013 would stimulate the domestic demand couldn't be realized. The 23 percent annual increment which was observed on loans did not have a big impact on the rate of growth for a variety of reasons.

5- Foreign demand took form according to the reflections of the international business cycle. 2013 growth estimates related to world economies repeatedly revised downwards. Even though recovery began in Europe it was not enough. The increase of export was less than the expecta-



tions. Oil prices were almost stationary.

6 - Although international ratings agency Standard & Poors raised Turkey's rating to an investable level in May Turkey unfortunately could not make use of it. Turkey failed to raise middle and long term fund inflow.

7 - The unrest and unproductive civil strife in the Middle East were the other important reasons that caused the expectations to fail.

(\*) Yılın başında 2013 için sırasıyla büyüme, tüketici enflasyonu ve cari işlemler açığına ilişkin yapılan tahminler şöyleydi: Orta Vadeli Program (Hükümetin bekleyişleri) 4-5,6-7,1. IMF 3,5-6,9-8,2. OECD 4,1-6,1-7,3. Piyasalar 3,5-6,7-7,1.

## What will happen now?

It is hard to expect any developments that will solve the above-mentioned problems during the remainder of this year and in the first half of 2014. I suppose that especially the decrease of international liquidity will increasingly affect Turkey. Although the officials declare that they have taken the necessary precautions the details of those precautions are unknown.

The biggest risk lies here; even if Turkey has a steady foreign exchange reserve, whether the Turkish Lira liquidity necessary for foreign exchange demand can be procured is obscure. People who want foreign currency can only purchase it on the condition that they bring Turkish Lira. If the Central Bank do not or cannot provide the required liquidity, interest rates in the market will rapidly escalate. This was the

case in May and June. The interest rates formerly below 5 percent climbed to 9 percent level in an instant.

On the other hand, electoral period is closing in. The following saying is widely known: "Election means disturbance for public finance". When one thinks that in unison with the higher-than-before interest rates, which are going to be paid to regulate the public debt multiplied over the years, it might be wise to put a close watch on the budget data. There are steps and measures to take against these assumptions, and there are courses of action to control them. They are not hard to apply as well. I believe that the economy of Turkey is strong enough to reach the 6-3-3 level when these necessities are fulfilled. Otherwise, troubles lie ahead of Turkey. ■



# KEREM BEY BİR SMS GÖNDERDİ, TEGV'Lİ AYŞE BASKETBOLLA TANIŞTI!

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# M&AQ Strategies

The main purpose of M & AQ transactions is shortening the time that lapses until the attainment of definite targets, in other words the minimization of time

Özcan ERTUNA

Prof. Dr., IAU

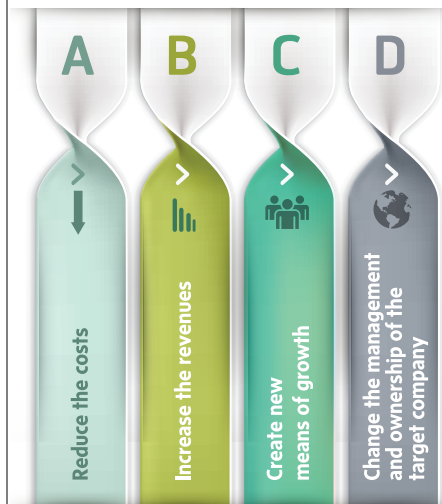


Depending on the changing conditions a company follow an active growth strategy sometimes by merging with another company and sometimes by acquiring another company. This strategy is realized by the takeover of the majority shares of a company by another company such that the other company seizes the control of the company of which shares it has taken over. Such a transaction is shortly called M-AQ in English. In this article and other articles published in this issue of İAU Business Review this strategy shall be shortly called M-AQ (Merger and Acquisition). The merger which is realized as a result of a M-AQ transaction is generally realized under the umbrella and name of the larger company.

Sometimes mergers are realized under a new tradename. This transaction is called consolidation. The Purpose of M-AQ is to shorten the time that shall lapse until the attainment

of a definite goal, in other words, its purpose is to minimize the time. M-AQ transactions may be grouped under 4 headings depending on the position of the companies in the economy:

**1. Horizontal merger:** The merger of two or more companies in the same line of business under the same roof is defined as horizontal merger.



The most important examples of horizontal merger have been experienced in the banking sector in the aftermath of the crisis in the year 2000. Out of the three banks owned by Doğuş Group Osmanlı Bank has first merged with Körfez Bank in the year 2000 and then the company that has been formed as a result of this merger has entered under the umbrella of Garanti Bank.

To put it shortly, the positive fame of Osmanlı Bank, marginal contribution of Körfez Bank and the widespread awareness about Garanti Bank in the public had ensured the formation of a strong financial establishment. As a result of this transaction Garanti Bank suddenly rose from the 4. place to the 1. place among the banks in terms of the size of assets. Meanwhile 52 branches have been closed and more than 600 employees have been dismissed during the new formation. A similar situation has also been experienced in Koç group in 2006. Yapı Kredi Bank merged with Koç in the pre - 2000 period



the bankrupt banks were generally merged with a public bank and their losses were covered by the society. The last example of that transaction is the merger of Töbank with Halk Bank in 1992.

**2. Vertical merger:** This is the process of collecting the consecutive phases of a definite product beginning from production until its delivery to the consumer (marketing) under the umbrella of the same company. The mergers among a company which provides the raw material used for the production of a good and the producer company or the mergers among the producer company and the marketing company are included in this group. Here the main purpose is to remove the troubles that may appear in the production process and reduce the stock expenses and, in the final analysis, the costs.

Vertical mergers are very widespread in the retail sector. The last example of this is the takeover of Adapazarı Sugar Factory by Yıldız Holding (Ülker) on September 10, 2013. The same group has taken over Şok chain of markets, which it intended to use as a channel for the active marketing of its products, at the price of 600 million TL in 2011. When this article was being written a new M-AQ news came from Yıldız Holding. Yıldız Holding acquired 75 % of the shares of Aytan Integrated meat Plant belonging to Yimpaş at the price of 150 million TL. It seems that the shelves of Şok Market shall be filled with the products of Ülker products in the near future.

**3. Mixed merger:** This is the merger of the companies which are engaged in the sectors which are not directly related to each other. An example of this kind of M-AQ in the media sector is the buy-out of NBC TV by General Electric. The same kind of development is unfortunately no more an exception and has turned into a dominant trend. Doğuş has acquired Star TV and Granulate TV while Çalık had bought Sabah



and ATV and Ciner group has acquired Haber Türk and Show TV and Socar has bought the newspaper Star.. This development has led to the loss of the polyphony of the Turkish media and a monophonic media began to dominate the media sector.

**4. Geographical merger:** This is the merger model which is directed at being active at the international level by merging in a horizontal, vertical or mixed form beyond the boundaries of the country. As an example of this kind of merger we may show the buy-out of Trader Media East by Hürriyet and the tile department of Villeroy – Boch by Eczacıbaşı

## M-AQ STRATEGIES

M-AQ transactions are not always realized easily in the form of a shopping which is completed in a short time by shaking hands. A detailed process

must be followed which is formed of definite phases in order to realize a M-AQ process. It would be a right approach to call the buyer company as the hunter and the coveted company as the target.

M-AQ may be realized through a number of different ways:

**1. Friendly takeover:** Friendly takeover is a form of takeover which is approved by the management of the target company. The hunter group submits its proposal to the board of directors of the target company. If the board of directors decides that the acceptance of this proposal would be more advantageous for the shareholders than its rejection, it submits the proposal to the approval of the shareholders. As an example, we may show the takeover of Denizbank by the Russian company Sberbank at the price of 3.9 Billion USD.

**2. Hostile takeover:** Hostile takeover-



M-AQ transactions don't always develop easily within a process which is realized in a short time by shaking hands amicably

whether it has done so just as a portfolio investment or for the purpose of acquiring the other company. In deed the three different methods described above are sometimes used together as in the case of Çukurova Elektrik. Rumeli Holding has acquired 11.25 % of the shares of Çukurova Elektrik from the Privatization Authority and 5 % from İşbank by making premium offers to the shareholders. Meanwhile Rumeli had also collected a significant amount of shares from the stock market while buying the Proxy rights of the small shareholders.

The most negative aspect of hostile takeover reveals itself at the stage of due diligence. In a normal takeover the buying company may obtain detailed information about the financial situation of the target company and analyse those data. However in the case of a hostile takeover the hunter group has to suffice with more restricted but publicly available financial information.

### 3. Reverse Takeover:

Reverse takeover is the

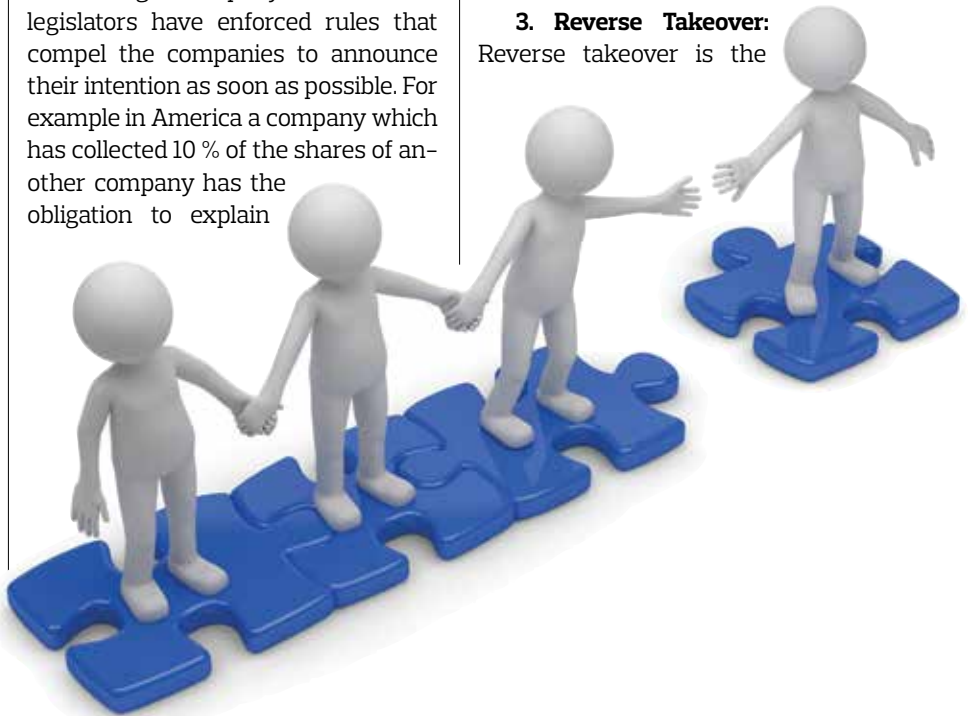
ver may be defined as the attempt of a group to take over a target company, of which management is resolute and insistent not to sell it. A number of different methods may be followed for this kind of takeover:

a. *Tender offer*: The hunter company makes an offer to the shareholders of the target company for the takeover of their shares at the current market (stock market) price. The offer is valid for a definite period of time. The goal of this offer is to have a number of shares that would enable the hunter group to take part in the management of the target company.

b. *(Proxy Fight)*: The hunter group may pay a definite amount to the shareholders for the purpose of using their voting rights in the general assembly for a provisional period of time. The only and effective use of this option has been the Proxy fight initiated by Uzan Group against Sabancı Holding and its allies in order to take over Çukurova Elektrik at the beginning of 1980's. Rumeli Holding had wanted to use the voting rights of the shareholders of Çukurova Elektrik in return for

a "Premium" by giving advertisements in the new papers and has been successful in that attempt.

c. *Creeping Tender Offer*: This is the act of collecting shares slowly from the stock market without announcing your intention to acquire the target company. Here the target is to collect an amount of shares that would suffice to participate in the management of the target company. However the legislators have enforced rules that compel the companies to announce their intention as soon as possible. For example in America a company which has collected 10 % of the shares of another company has the obligation to explain



case where a company, which is not offered to the public takes over a company, which is smaller than itself and of which shares are transacted in the stock market, and enters under its umbrella. The purpose of this transaction is generally to enter in the stock market without making the expenses required for going public and spending a long time.

As an example for this is the takeover of Polypeck, which was registered in London stock market and was not active, by Asil Nadir and the growth of that company by using all the means offered by the capital market following that transaction.

There are a number of companies in BİST which have lost their function today and especially there are a number of companies in GİP (the market of developing enterprises) which couldn't have reached a noteworthy state of development. A big company may enter BİST from the back door by buying or merging with one of those companies without incurring any cost and loss of time. A transaction of reverse takeover is realized in this way. For the list of GİP companies see: Ö. Ertuna, "The market of developing companies (GİP)", İAÜ Business Review, (June, 2013), page 38-40).

**4. Backflip Takeover:** In this form of takeover the hunter company buys the target company but the merger is realized under the umbrella of the target company. In other words the buying company makes itself a company subordinated to the company which it had bought. Such a transaction is generally realized when a big but not very recognized company takes over a company which has well-known brand(s) but is in a difficult situation.

**5. Privatization is the transaction through which the public companies are transferred to private sector against the payment of their value.**

Privatization has for long years been the most important means used



Reverse takeover is the shortest way to enter the stock market from the back door without expenses and spending time

by the Turkish M-AQ market. Only 6 transactions over billion USD have been made in our country in the year 2012 and four of them have been realized through privatization. M-AQ market has been revived by the winning of the public bidding for Seyitömer Thermic Power Plant by Çelikler İnşaat at the price of 2.2 billion USD, the winning of the public bidding for the privatization of Boğaziçi EDAŞ by Cengiz Kolin – Limak joint venture at the price of 1.96 billion USD and the winning of the public bidding for the privatization of Gediz EDAŞ by Elsan-Tümaş – Karaçay joint venture at the price of 1,2 billion USD. The public bid-dings for the bridges and motorways won by the joint venture of Koç Holding – UEM Group Bernhard – Gözde Girişim has later been cancelled for political reasons.

### FUNDING OF M-AQ

M – AQ is financed through the following ways:

**1. All Cash Deal:** If the buying company has sufficient financial sources, the hunter company shall make either cash payment in advance or cash payment within the framework of a definite

program while buying the target c.

**2. Leveraged buyout:** In this case, the target company is taken over by obtaining a great part of the financial source required through borrowing from the financial institutions and/or by issuing debentures. The debt incurred is generally reflected in the balance sheet of the target company. The company, which has been taken over, is expected to pay the debt. The share of debts rises up to 80 % in this type of takeovers.

**3. Cash + shares:** The buying company may realize a M – AQ transaction by giving its own shares instead of or besides payment in cash. Takeovers which are realized only by giving out shares are called "allshare deals." This kind of financing is generally realized when the hunter company has a very positive image.

**4. Management Buyout:** If the managers of a company buy the company which they manage through the method of leveraged buyout this transaction is defined as management buyout. The result of such a transaction is that generally a company which is already offered to the public is excluded from the stock market.



**Table (1)**  
**The 10 biggest M-AQ-transactions in the year 2012**

Hunter	Target	Country	Share	Transaction value (million \$)
Sberbank	Denizbank	Rusya	99.85	3851,0
Çelikler İnşaat	Seyitömer Termik Santrali	Türkiye	100	2248,0
Cengiz-Kolin-Limak OGG	Boğaziçi EDAŞ	Türkiye	100	1960,0
SABMiller	Anadolu Efes	İngiltere	24	1900,0
Elsan-Tümaş Karaçay OGG	Gediz EDAŞ	Türkiye	100	1231,0
Aéroports de Paris	TAV	Fransa	38	874,0
Amgen	Mustafa Nevzat İlaç	A.B.D.	99	700.0
Cengiz-Kolin Limak OGG	Akdeniz EDAŞ	Türkiye	100	546.0
Burgan Bank	Eurobank Tekfen	Kuveyt	99.26	355.0
Kobin Madencilik	Kümaş Manyezit	Türkiye	100	285.5

## M – AQ TRANSACTIONS IN TURKEY IN 2012 – 2013 PERIOD

According to the data of Ernst-Young 315 M-AQ transactions have been realized in the year 2012. The value of 131 of them have been declared. The total value of those 131 M-AQ transactions has amounted to 25 billion USD and 51 % of it belongs to the foreigners. However, that rate is increasing seriously if we don take the privatizations into consideration.

The 10 biggest M-AQ realized in the year 2012 are summarized in the table (1): The tender for bridges and motorways, which was the biggest M-AQ transaction of the year 2012 has been won by the joint venture of Koç Holding, UEM Group – Gözde Girişim at the price of 5.7 billion USD However that tender has later been cancelled.

M-AQ transactions have increased around 40 % in the first three months of 2013. The most important of these are

the winning of the tender for Toroslar Edaş by Enerjisa and the winning of the tender for Başkent Natural Gas by Torunlar Gıda. On the other hand, two big deals have been realized in the finance sector. Allianz have takenover 93.95 % of Yapı Kredi Sigorta while Commercial Bank of Katar haa acquired 70.84 % of Alternatifbank.

## M-AQ TRANSACTIONS OF TURKISH COMPANIES ABROAD

Turkish companies have realized 68 M-AQ's abroad in 2007-2011 period. The volume of their total investments remained at the level of 7.5 billion USD.

The ten biggest transactions which have been realized abroad is shown in table 2: Among other important investments which are not included in this list we may cite the fl:

In the finance sector: takeover of Commercial Bank Sofia by İşbank in Russia, takeover of İK Bank by T.Halk Bankası in Macedonia, takeover of Leasemann Holding by Garanti Bank in Romania, takeover of Banka Kompetare Tregtare by Çalık Holding in Al-



**Table (2)**  
**The 10 biggest M-AQ transactions of the turkish companies abroad**

Year	Hunter	Target	Country	Share	Transaction value (million \$)
2011	Anadolu Efes	SABMiller Rusya Ukrayna	Rusya&Ukrayna	100	1900,0
2007	Yıldız Holding	Godiva Chocolatier	Belçika	100	850,0
2008	Gübretaş,Tabusan Asya Gaz Enerji	Razi Petrokimya	İran	83,7	532,0
2010	Yıldırım Holding	CMA CGM Lojistik	Fransa	20	500,0
2008	Turkcell	Belarus Telekom	Belarus	80	500,0
2007	Hürriyet	Trader Media East	Rusya	67,3	336,5
2011	Arçelik	Defy Appliances	G.Afrika	100	323,7
2011	Yıldırım Holding	Malta Freeport	Malta	50	285,5
2010	Türk Telekom	Invitel	Macaristan	100	269,7
2010	Anadolu Efes	Efes International	Hollanda	26	187

bania, takeover of Demir Kazakhstan Bank by Bank Pozitif in Kazakhstan and takeover of Banka Brod by Süzer Group in Croatia have been significant initiatives from the point of view of carrying the activities of these companies to abroad. Besides, in the telecommu-

nication sector, takeover of Albtelcom in Albania by Türk Telekom and Çalık Group and the acquisition of shares of Geocell in Georgia and Azericell in Azerbaijan by Fintur are noteworthy investments. Meanwhile Arçelik, Eczacıbaşı and Şişe Cam have taken significant

steps in the manufacturing sector.

As the factors which induce turkish companies to make transactions abroad we may cite the wish to acquire new brands, having access to a wider distributorship network and the advantage of competition.

## EPILOGUE

There are two main reasons for a company to buy another company:

**1. Opportunism:** If the shares of the target company are transacted at a value under their real value, it may prove to be very profitable to buy that company after a certain time. The most prominent practitioner of this strategy is Warren Buffet and his holding Berkshire Halhaway. This is a result of the understanding “best owner mind set”.

**2. Strategical reasons:** The purpose of a M-AQ transaction is not only to add the profit of the target company to the profit of the buying company because the target company has a strate-



gical importance for the hunter company at the same time and this enterprise may bring about a multiplying effect on the buying company. For example if the target company has an effective distributorship network the buying company may use that network also for its other products and increase its market share in this way. Sometimes such a M-AQ ensures that the hunter company enters a new market without taking any serious risks and spending time and money required to enter that market. To summarize, targets of the strategical buy-out are to increase the market share, develop the consumer segment of the company and shorten the process of development of a new product. ■

# The Legal Framework of M&AQ:

M-AQ (Merger&Acquisition) is the most important method to which the companies recourse for increasing their competitive power



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## Introduction

In today's commercial conditions the significance and power of competition is undoubtedly a particular concern to many companies. Being competitive is directly proportionate to the power of companies and in this regard companies employ different methods. One of the methods which will increase the power of competition and result in changes is amalgamations or takeover of companies. Especially in general financial growth phases an increase in these methods can be seen (Betton, Eckbo, and Thorburn, 2008). In this process what is important is that the changes which take place in companies should be within the borders of law and carried out legally. Both amalgamation and takeover of the companies can be defined as a company acquiring another company's management. Although amalgamation should be carried out with an agreement which shows both parties giving their consent legally companies can be taken over without any consent. Regardless of the process, these changes in a company should be absolutely legal. In this sense, there are four basic legal legislations. These are Turkish Commercial Code (TCC), Code on Protection of Competition (CPC), Capital Market Law (CML) and Law of Obligations (LO).

## Turkish Commercial Code (TCC)

Turkish Commercial Code, reformed in 2011 and published in Official Gazette, explains the legal ways of amalgamation and such transfers mainly in 134th and 194th entries. These entries organize both the legal framework of amalgamations and the validity of the new management.



# Amalgamation, Transfer and Takeover of Companies

These three concepts, amalgamation, transfer and takeover, are very close concepts. Actually they are three terms which are intertwined to one another. The takeover process under the details of amalgamation and transfer which can be found in our country's law system. At the end of every change, the same results are obtained; that is, a company merges under the roof of another or becomes controlled by another company. Most importantly, "take over" should be defined conceptually as

"a company purchasing the other company's stocks in order to have control and possession without the consent of the company's partners or management" (Ayaydin and Dağlı, 2012, p. 207). The only de jure way for a company to be controlled by another is the one which is carried out accordingly to the provisions of "transfer" or "amalgamation" which can be found in today's law system. The thing that should be emphasized is the sentence "although there is no consent of management or partners."

The situations in which changes in the amalgamation process is legal and does not violate any kind of rights of amalgamations and transfers, which are generally governed by these entries. Before examining TCC provisions on amalgamation and transfer issues, the reference from TCC and LO should be emphasized. TCC states that 202nd and 203rd entries in LO can be applied if necessary for both transfer and amalgamation processes and TCC has called for an arrangement on the conditions that these entries are kept hidden.

TCC's 134th and 194th entries which have an important place in Turkish Law intended for takeover, transfer or transformation are highly significant in order to explain the subject. TCC says in 136th entry that "companies can merge either by taking over a company whose technical term is 'amalgamation in the form of takeover' or by joining together under the roof of a new company whose technical term is 'amalgamation in the form of a new foundation.'" Thus, when looked at the legal agreement it is possible for the companies to merge with one another by means of transfer or amalgamation. TCC, going one step further, has arranged what kind of companies can merge with what kind of company, in this regard, in the valid amalgamations covered by 137th entry, a stock cooperation can merge with stock cooperations, cooperative companies and "on the condition that they are the transferee party, they can also merge with collective and commandite companies" (TCC, e.137). Moreo-

ver, the same entry states that partnership companies excluding the stock cooperations can merge with stock cooperations and cooperatives, if they are sole proprietorships or the transferred companies, under this arrangement, for companies to merge with each other in a legally valid way; it is a must for them to be the type of companies specified in the 137th entry. The main reason for a company to be taken over can be their difficult situation owing to their debt, the rule maker has thus resolved the conditions of loss of capital or the merging in the situation of high debt in 137th entry. According to the 137th entry "a company whose half of the total amount of its capital and legal spare coins are lost or a company which is in a high amount of debt can freely merge with another company which can pay for the debt or the lost capital" (TCC, e. 139). Another subject which can be anticipated during amalgamation or transfer can be related to takeover of companies is the rights of the partner on their partnership portions. Protecting these rights is significant in taking over the company. Losing these rights during the transfer process will end up losing the right to speak, and thus losing the company. In order to prevent this, the TCC has clarified it under the title "Partnership Rights and Protecting Them" in the 5th sub-clause of 140th entry. 140th entry states "the partners of the assignee company have the right to claim the portions and the rights of the transferee company as to meet their available partnership portions and rights." About

transfer and ownership of right, third and fourth subclauses in 140th entry states "the partners of the assignee company who have the voteless portions are given the voteless or vote-possessing portions with the same value. Once the rights are met in the assignee company, similar right or an appropriate portion is given in the transferee company" and this sentence is essential in that it proves how much importance is given in order to protect the right portions in a company. Protecting the rights of the partners is a vital topic and that is why TCC states that the transferee companies should raise their capital so as to protect the right of the partners in the assignee company in the transfer and merging procedure. Another subject which is important about amalgamation is the change in assets caused by it. These changes caused by the amalgamation may have an active role in taking over the companies. In the case that passive increase after amalgamation reaches to an important degree "managing body notifies his own general assembly and the other merged companies' general assembly" (TCC, e.150). In the arrangements made by TCC about protecting the partners' rights, vic-



timhood caused by division has been prevented and in case there is a division, it is emphasized that 140th entry is valid which is carried out in amalgamation. Similarly, the defense mechanism of amalgamation has been put into good use in case of changes in assets caused by division. In 172nd entry it is stated with the reference 150th entry that 150th entry will be used analogically in case of changes in assets. Among the entries in TCC, one of the most important entries is entry 202nd. In 202nd entry the dominating company has been restricted saying "the dominating company cannot use its power to cause a loss in another company" under the title "Use of Domination Illegally." In the entry, it is written what a dominating company cannot do, but more importantly it says "the company cannot take decisions to stop the other ones's development or activities such as preventing their investments or cannot lead them to take decision or precautions which will reduce their growth" (TCC, e.202). TCC protects allied companies in some situations from the dominant ones in their complete dominance. Especially about instructions the dominant companies are not given an unlimited power and their authorities are restricted. With its arrangement in "instructions which will exceed the financial power of the allied company, threaten its presence or lead it to lose its important properties cannot be given"; in a way 204th entry protects the allied companies.

Since takeovers are directly related to stock issuances and shareholders, another legislation which should absolutely be examined is Capital Market Law. If one looks up the definition of takeover, one can see that "purchasing the stock issuances" is highly emphasized (Dağlı and Ayaydın, 2012, p.1). The latest changes in the new capital market law were published in

Turkish Commercial Law, Law on the Capital Market, Code of obligations and RKHK form the legal framework for M-AQ



the Official Gazette with 28513 issue number in 30/12/2012. The main of the law is to ensure the authentication of the capital market and "to regulate and control the capital market so as to protect the rights and benefits of the investors" (CML, e.1). CML showed the importance it gives to merger, division, transfer of the capital or having the same rights on the capital by defining it as "an important procedure within this legislation" (CML, e.23/1). The arrangements under "offering a share purchase obligation" in 26th entry are noteworthy. Offering a share purchase means "in case the shares which contribute to management control or rights to vote are purchased

in a publicly open company, it is a must to offer to purchase the shares of other shareholders" (CML, e.26/1). Also, the regulations of the exceptions about these offers are to be conducted by Capital market Board (CMB) as stated in the same entry. In the second subclause of the same entry, it is stated what having the management control means and for instance it is accepted as "directly or indirectly having more than fifty percent of rights to vote individually or with other people" (CML, e. 26/2). The most significant situation mentioned under "offering a share purchase" is the one in the third subclause of 26th entry. In the third subclause of the 26th entry, taking

# Code on Protection of Competition (CPC)

Along with TCC which is the basis of commercial issues, another legal legislation related to amalgamation, transfer and takeover of companies is Code on Protection of Competition. In order to comprehend this legislation's relation to amalgamation and especially takeover, it is a must to know the aim of it: "To prevent the agreement, decisions and practices which stop, damage and restrict the competition in stock and service markets and to prevent the dominant enterprises from abusing their power" (CPC, e.1). In order to eliminate an unjust competition situation caused by mergers, the competition institution has been given important powers. CPC gives high importance to protect the competition environment in free market economy and takes every precaution to prevent anything which may hinder it. About merger and transfer in the 7th entry of CPC, it states "it is illegal and forbidden for an enterprise or a person to take over other enterprise's capital, all or some of its partnership portions or the devices which will give him the right to manage except for legacy," about merging and transfer.

The main object of this entry which can be related with amalgamation, transfer and takeover is not only to prevent any damage in competition environment but also and more importantly "to regulate the growth of the enterprises outside their own internal dynamics" (CPC, e. 7). The 7th entry of CPC reflects its importance in other entries, as well. At this point what is important

is the authority given to the Competition Board. An enterprise's being in the 7th entry does not always give the expected results in the legislative framework. After the application to the Competition Board, as a result of an inspection, "a paper which shows there is no harm in an agreement, decision, action or a merging against 7th entry can be given" (CPC, e. 8). This means, according to the 10th entry of the law, if transfer and mergers which can be thought under the 7th entry are notified, the Competition Board examines these procedures and is thought to be the authority for giving or not giving permissions. RPC gives responsibility to the Competition Board in the first subclause of 7th entry, which is about transfers, mergers and takeover and gives the Board the right to examine in details. In the cases where notifying the Board is obligatory, after an inspection, the Board may permit the merger or transfer procedure while it also may seek for legal precautions if something against the 7th entry is found. If a procedure banned by the RPC takes place, the precautions the Board may seek for have been stated in detail in the 11th entry of the same law. To sum up, in case "an enterprise or a person takes over other enterprise's capital, all or some of its partnership portions or the devices which give him the right to manage except for legacy", the Competition Board may cancel this transfer and amalgamation procedure with the legal enforcements such as paying a fine, cancelling the process "if possible, refunding every possession or portion to the previous owners" (RPC, e.11).

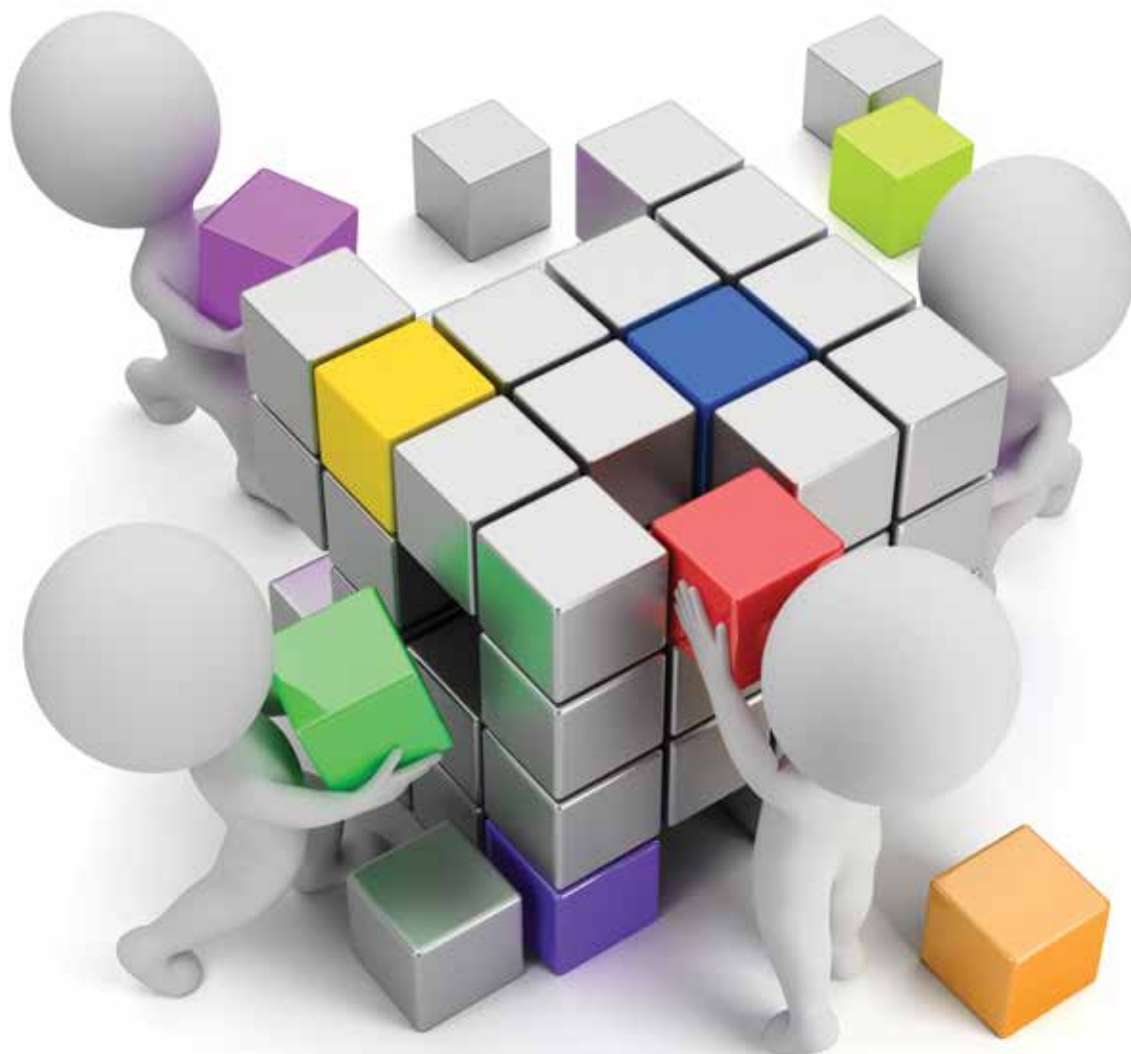


over the management through agreements, which is a special case, is mentioned and stated that this situation should be examined under the 26th entry, that is, offering a share purchase. In the mentioned entry, it says "even if there is not change in holding the shares, without obeying the rules and legislation in the first subclause of 23rd entry and in the sixth subclause of 29th entry, some partners may take over the management through the agreement signed by them and this situation is covered in this entry." The mentioned 23rd entry is about trans-

formation, merger, division or ending in publicly open partnerships and it says 'CMB is the authority to define the obligatory rules and legislations' (CML, e.23) and it can "make decisions about this merger, division, transformation and decide to end it" (CML, e.23). Similarly the mentioned 6th subclause of the 29th entry says "the rights to buy new shares in publicly open companies should be restricted, the management board should be given restricting powers in registered capital system, the capital may be reduced and according to the first sub-

clause of 23rd entry, for a management board to accept the important issues, only on condition that it should be clarified in open contracts, if there is not a more serious situation, two out of three participants in the shareholders' general committee without any obligations to make a meeting". Since the subjects and rules and legislations mentioned in 29th entry are important for takeovers, CMB needed to make special reference about these. Although CML has brought some new arrangements about the conditions of merging public companies with stock





Important tasks are assigned to the competition board in order to prevent the situations which could create an unfair competition environment as a result of M-AQ

enterprises, sole proprietorship and even with cooperatives (Merging and Division Rescript, e.1), there is a Merging and Division Rescript.

The rescript, prepared as a draft and published in 19th April 2013, has been designed to be in harmony both with CML and TCC. The legal basis of the mentioned rescript is the 23rd, 24th and 29th entries of Capital Mar-

ket Law (Merging and Division Rescript, e.2). The rescript has arranged the merging process as takeover merging and new foundation merging. The definition of the merger in the rescript is "merging of more than one company under the roof of one of them or in a new enterprise and giving the shareholders of the merged company the right to share in the

enterprise in accordance with a specific change rate or giving them cash with same value" ((Merging and Division Rescript, e.3). Similarly, the third entry of the rescript defines the division as "companies transferring all or some of their capital to other companies and in return, shareholders of the divided company get to be partners in the transferee company or the divided company's having a share in the transferee company in return for the transfer" (Merging and Division Rescript, e.3). The rescript also deals with important issues about merging



and division in publicly open companies, evaluation reports on merging and division, rules about notifying the shareholders and the right to leave which is regulated by CML.

### Law of Obligations

Law of Obligations is one of the most fundamental and general legislations of law. Although it generally deals with regulating debt, it also includes

rules about merging and transfer of companies. Two entries of LO referred to by TCC seem to be significant. One of them is 202nd entry which is about taking over an enterprise or assets and the other is entry 203, which is about merging and transformation of the companies. These entries mainly mention the possession of rights caused by changes in management, conducted legally. This means, 202nd entry regu-

lates the possession of rights caused by merging. For example, LO 203 states "if an enterprise merges with another one via taking over the actives and the passives or one, joining another, the creditors of both will have the same rights and they will be able to receive their payments from the new enterprise" (LO, e.203).

### Result

Although merging and transfer subjects are highly emphasized, these two concepts are related. In both merging and transfer processes, the concepts are the same however the methods are different. The main object of takeovers is "to maximize the value of the firm or stocks after takeovers and thus to boost the wealth of the shareholders" (Ayaydın and Dağlı, p.211). While TCC which mentions the commercial businesses includes more detailed rules and legislations about merger and transfers, CPC gives importance to the rules which can prevent the unfair competition. On the other hand, CML which stabilizes the dynamics of the market is highly sensible about this issue but it also regulates the issue in details with Merging and Division Rescript. LO has made some arrangements in order to protect the creditors although in the Turkish Law System, every kind of merger, division, transfers are conceptually called "takeovers." It can be understood that the Turkish Law system calls for a legislative framework for any kind of attempt by setting up the ground rules of the game in the very beginning for transfers and mergers despite being referred to as a takeover. ■



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Sermaye Piyasası Kanunu.  
SPK Birleşme ve Bölünme Tebliği.  
Türk Ticaret Kanunu.

Murat Ülker



# Gözde Private Equity: Ülker Group's Company Hunter

Ülker Group has gathered its activities in the M-AQ market under a single umbrella through the venture capital company "Gözde Girişim" that it has founded in 2010. Gözde Girişim is currently one of the most active actors of that market.



**S. Begüm SAMUR TERAMAN,**  
IAU, Research Fellow



**W**hen corporate raiders in Turkey are examined, Gözde Private Equity Inc. the venture and investment company of Yıldız Holding which is the housing company of Ülker; is one of the first companies which comes to mind. The objective of the group is to focus on new investments more than current investment fields.

So, what does Venture Capital Trust mean or why did a group like Yıldız Holding, respected not only in Turkey, but worldwide for its 12.4 billion liras of endorsement as of the year 2012, have a need for such a system? In order to find answers to these questions, it is beneficial to firstly mention what Venture Fund conceptually is. Then, it is needed to examine its fields of activity and the share rates it has.

Venture Capital Trusts are economic enterprises founded as registered capital which fundamentally orientate their issued capitals to venture fund investments. In the Venture Capital Trust system; by becoming partners with them, entrepreneurs are provided long term, non-repaid or free of interest finance. Along with helping the partnered company in new product and service development, by joining the company board, a role of assistant is taken by providing support in strategic decisions. Of course at this point, Venture firms should have the objective to generate or develop applicable and commercially potential services or new products, methods, system and production procedures; or, they should be in the state of being able to put these objectives into practice by providing management, technical or capital support. Contracts by venture firms accommodating these conditions are evaluated as venture fund investments.

Evaluated within this frame, Gözde Private Equity Inc. (Gözde) is a public



company founded to make investments in venture firms and projects that have a development potential and are in need of resources. Established by Fon Finansal Kiralama Inc. (Financial Fund Rental) in commercial title of Gözde Finansal Hizmetler Inc. (Gözde Financial Services) on the 22nd of January 2010, this company took the name of Gözde Girişim Sermayesi Yatırım Ortaklığı (Gözde Venture Capital Trust) in July 2011.

Parallel to Turkey's climbing global profile, also by taking territorial growth dynamics into account, Gözde makes investments in sectors

that will be prominent in the changing World economy.

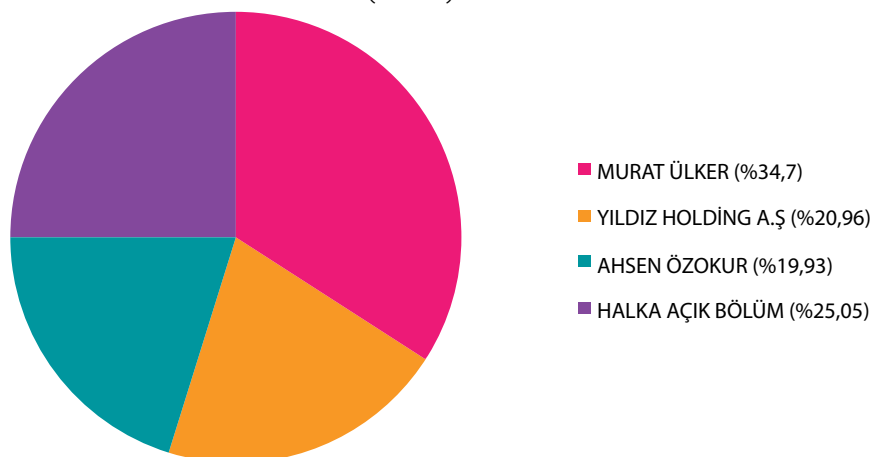
With its principal business activity to make mid and long-term management and capital contributions to companies operating in sectors with growth potential and competitive advantage, along with these, Gözde also incorporates purchases, restructurings and investments that adopt a growth strategy to its portfolio. And the sectors it gives priority are among flagships of Turkish economy; Agriculture, Industry and Energy.

When looked at the Capital and Share structure is viewed, it is seen that the main shareholder of the company is the leading financier Murat Ülker. The share ratio of share holders is as follows: (TABLE1)

Business activities like; making investments in venture companies, taking part in venture companies' managements, providing consultancy services to these companies, making investments in capital and money market instruments to diversify their portfolios, making investments in local venture capital funds and providing market consultancy services within the BIST Emerging Companies Market are within Gözde's business activities.

### Share Ratio (%)

(TABLE1)





Maintaining its activities in Venture Capital Trust identity, Gözde's present investment portfolio consists of the following company shares. Transactions, dates and present statuses shown in Table 2 other than these shares will be presented in detail in the next section.

The latest additions to Gözde's portfolio are among Turkey's oldest and most known brands in their own fields, DERBY shaving materials and 48,81% of shares of Azmüsebat Çelik Sanayi ve Ticaret A.Ş. (Azmusebat Steel Industry and Trading Inc.) (Azmusebat), the manufacturer of TOKAI lighters. In addition, Gözde also bought 100% of shares of "DiaSa" Şok Marketler Ticaret A.Ş. (Sok Markets and Trade Inc.), active in Yıldız Holding Inc. and in the field of retail.

Gözde Private Equity decided to invest in one of economy's flagship sectors, construction, and for this purpose, focused on innovative construction products. Gözde plans present products to this promising market by transforming one of the important natural resources, magnesite, into a high value added and innovative construction material. So, Gözde Private Equity joined FA Yönetim Danışmanlık A.Ş. (FA Management Consultancy Inc.) and Ak Alev Manyezit Levha Üretim San. Ve Tic. A.Ş. (Ak Flame Megnesite Panel Production Ind. And Trade Inc.) (Ak Alev) with a share rate of 51%.

As understood from the table in which Gözde's investments are summarized, a large return is naturally expected from investments made in

many fields. However, companies acting like Gözde Private Equity have three very important benefits for Turkey, which may explain why Yıldız Holding needs Gözde Private Equity. (1) Venture Funds provide affiliated companies the growth funds they need for making new investments and expansions abroad. (2) Also, Venture Funds are regarded as a crucial alternative against debts in financing companies. Especially in family corporations, when new generations of family members do not wish to maintain the business, Venture Funds purchase these shares and help the company to survive and expand. (3) Finally, Venture Funds help companies gain a competitive identity and maintain a healthy economic benefit in which management principles are not sufficiently developed. ■

## GOZDE's Ventures: Table 2

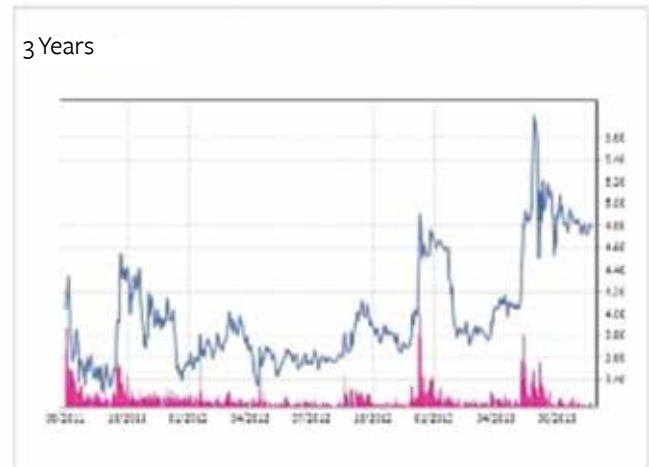
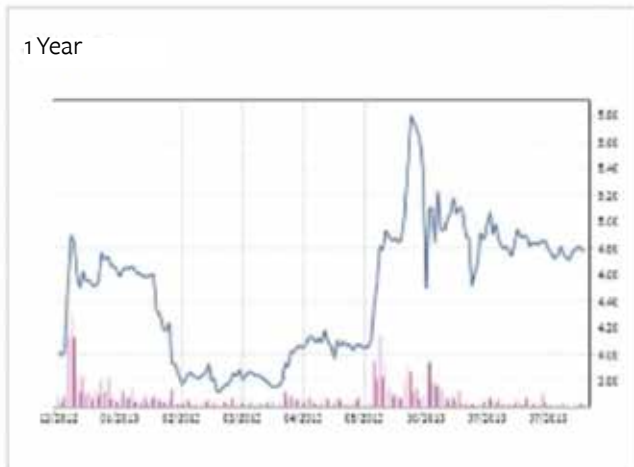
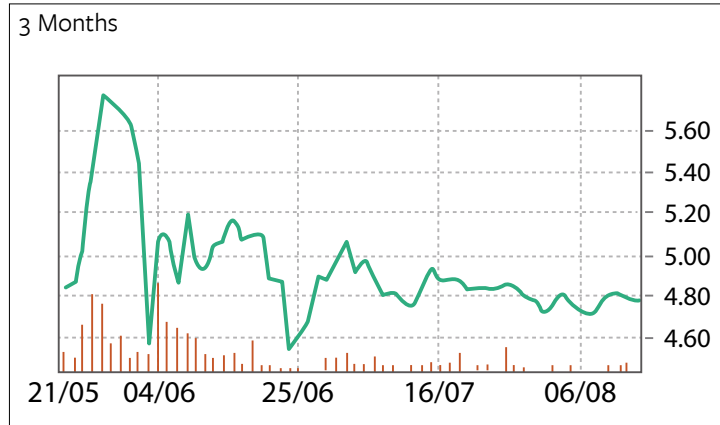
Date	Company	Transaction	Current Status	SHARE(%)
	Türkiye Finans Katılım Bankası A.Ş.	Founded as a result of integration of Boydak and Ulker groups' finance companies Anadolu Finans and Family Finans.	60% of TFKB's shares were bought by one of Middle East's most important and Saudi Arabia's biggest bank, The National Commercial Bank (NCB) on the 31st of March 2008.	(11.57%),

Date	Company	Transaction	Current Status	SHARE(%)
	Albaraka Türk Katılım Bankası A.Ş.	Founded by one of Middle East's prominent groups, Albaraka Banking Group (ABG), Islamic Development Bank (IDB) and a local industry group serving Turkish economy for more than a half century.	As of the date 30.09.2012, the partnership share structure is, 66,13% foreign partners', 10,90% local partners' and 22,97% is public shared.	(<1%)
	Kuveyt Türk Katılım Bankası A.Ş.(Kuveyt Türk)	Founded in the status of a Private Finance Corporation.	62% of Kuveyt Turk's capital belongs to Kuwait Finance House, 9% belongs to Kuwait National Social Insurance Institution, another 9% belongs to Islamic Development Bank, %18 belongs to the Directorate of foundations and 2% belongs to other shareholders.	(<1%)
2011	Şok Marketler Ticaret A.Ş. (Şok Marketler)	Migros, shareholder of 99,60% of the company's shares, sold all of its 99 thousand 600 liras nominal valued shares and Sok Markets Trading Inc. allocated assets to Gözde Financial Services and Bizim Wholesale Inc. for a 600 million liras of compensation.	CONT.	(39%)
2012	Kümaş Manyezit Sanayi A.Ş.	Kobin Mining Inc., one of Gözde Private Equity's corporations, bought it from Saving Deposit Insurance Funds' auctions, and Kobin Mining Inc.'s title was changed to Kümaş Magnesite Industry Inc..	CONT.	(51%)
	Üç Yıldız Tarım İşletmeleri A.Ş	Founded for production, purchase and sale of animals and food of animal origin, and Gözde Private Equity possesses 99,9% of Üç Yıldız.	CONT.	(99,9%)
10/2011	Saf Gayrimenkul Yatırım Ortaklığı A.Ş	Founded by consolidation of Sağlam Real Estate Investment Trust and Saf Real Estate.	CONT.	(<1%)
2011	Karma Tarımsal Üretim ve Ticaret A.Ş	Founded for production, marketing, preservation and storing of agricultural and animal products. Gözde possesses 99,9% of Karma.	CONT.	(99,9%)



Date	Company	Transaction	Current Status	SHARE(%)
2012	Makina Takım Endüstrisi A.Ş. (MAKTK),	Gözde Private Equity became shareholder of 30,59% of shares.	Some shares were public opened in 1968 and as of today, more than 50% of shares are public-open. By incorporating Evar Cutting Tool Industry Inc., a company similar to Makine Takım, it started to serve the Turkish cutting tools sector in a wider perspective.	(30,59%)
2012	Alartes Enerji A.Ş.	Bought 51% of Alartes Energy Inc., planning to make an investment of a 403MW natural gas cycle plant in Denizli.	CONT.	(51%)
2013	Azmüsebat Çelik Sanayi ve Ticaret A.Ş.	Signed a share transfer contract to add 48.81% of Azmusebat Steel's shares to its portfolio.	CONT.	(48,81%)
2013	Diasa Dia Sabancı Süper Marketleri Ticaret A.Ş.	A Share transfer Agreement was signed on the 19th of April 2013, to purchase 100% ("DiaSa") shares.	DiaSa's new partnership structure was finalized with Yıldız Holding's share of %0,009 and Sok's shares of 99,991%.	

**Gözde's stock market performance graphics for periods of 3 months, 1 and 3 years:**





## FEN BİLİMLERİ ve SOSYAL BİLİMLER ENSTİTÜLERİMİZİN, YÜKSEK LİSANS VE DOKTORA PROGRAMLARI ile “kariyerinize yatırım yapın!”

### FEN BİLİMLERİ ENSTİTÜSÜ YÜKSEK LİSANS PROGRAMLARI

- Bilgisayar Mühendisliği (Tezli)
- Bilişim (Tezsiz)
- Bilişim Destekli Öğretim Teknolojileri (Tezsiz)
- Elektrik-Elektronik Mühendisliği (Tezli)
- Gıda Güvenliği ve Beslenme Bilimi (Tezli)
- Gıda Mühendisliği (Tezli)
- İnşaat Mühendisliği (Tezli)
- İnşaat Mühendisliği Yapım ve Proje Yönetimi (Tezsiz)
- İş Sağlığı ve Güvenliği (Tezli/Tezsiz)
- Kentsel Tasarım (Tezsiz)
- Mekatronik Mühendisliği (Tezli)
- Makine Mühendisliği (Tezli)
- Mimari Tasarım (Tezsiz)
- Mimarlık (Tezli)

### DOKTORA PROGRAMLARI

- Bilgisayar Mühendisliği
- Gıda Güvenliği ve Beslenme Bilimi
- Gıda Mühendisliği
- İnşaat Mühendisliği
- Mimarlık



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**DİPLOMALARI, AVRUPA BİRLİĞİ**  
**ÜLKELERİ TARAFINDAN TANINMAKTADIR.**

### SOSYAL BİLİMLER ENSTİTÜSÜ YÜKSEK LİSANS PROGRAMLARI

- Bankacılık ve Sigorta İşletmeciliği (Tezli/Tezsiz)
- E-İşletme (Tezsiz)
- Eğitim Yönetimi ve Denetimi (Tezli/Tezsiz)
- Eğitim Programları ve Öğretim (Tezli/Tezsiz)
- Görsel Sanatlar (Tezli)
- Halkla İlişkiler ve Tanıtım (Tezli)
- İngiliz Dili ve Edebiyatı (İngilizce/Tezli)
- İnsan Kaynakları Yönetimi (Tezli/Tezsiz)
- İşletme Yönetimi (Tezli)
- İşletme Yönetimi (İngilizce/Tezli)
- Kalite Yönetimi ve Kalite Güvence Sistemleri (Tezli/Tezsiz)
- Kamu Hukuku (Tezli)
- Mahalli İdareler ve Yerinden Yönetim (Tezli/Tezsiz)
- Muhasebe ve Denetim (Tezli)
- Özel Hukuk (Tezli)
- Psikoloji (Tezli/Tezsiz)
- Sınıf Öğretmenliği (Tezli/Tezsiz)
- Siyaset Bilimi ve Uluslararası İlişkiler (İngilizce/Tezli)
- Stratejik Pazarlama ve Marka Yönetimi (Tezsiz)
- Tiyatro Yönetmenliği (Tezli)
- Türk Dili ve Edebiyatı (Tezli)
- Uluslararası İktisat (Tezli/Tezsiz)
- Uluslararası İlişkiler ve Terörizm Araştırmaları (Tezli)
- Uluslararası İlişkiler ve İstihbarat İncelemeleri (Tezli)
- Yöneticiler İçin İşletme (İngilizce/Tezsiz)
- Yöneticiler İçin İşletme (Tezsiz)

### DOKTORA PROGRAMLARI

- Halkla İlişkiler ve Tanıtım
- İşletme
- İngiliz Dili ve Edebiyatı (İngilizce)
- Türk Dili ve Edebiyatı



<http://sbe.aydin.edu.tr>

# Esas Holding: They Sold Their Shares To Sabancı Holding And Went Hunting For Companies



**Nurgün Komşuoğlu YILMAZ,**  
IAU, Associate Prof. Dr.



Şevket Sabancı

Şevket Sabancı has sold his shares in Sabancı Holding and established Esas Holding, which is a private capital fund, together with his children. This company became one of the most active actors of the M-AQ market as soon as it has been founded

**S**evket Sabancı, who is originally a textile engineer, started his career in Sabancı Holding, taking part in senior roles about textile, and then he became the face to represent the family abroad.

For a while, he performed the deputy chairman role of the management of Sabancı Holding. In 1997, his son, Ali Sabancı, was charged with the new projects of the Holding and after that in 2001; he became the Group President of the Strategy and Business Development. In 2000, Şevket Sabancı, who

decided to start his own company independent from his family, established Esas Holding with his son Ali Sabancı and his daughter Emine Kamisli by selling his own shares in Sabancı Holding.

Esas Holding, which is active in five different sectors, continues to grow and get better especially in the aviation industry with Pegasus. The holding which is also a shareholder of Air Berlin and Air Lease Corp. in aviation industry, makes a strong impression on Mars Entertainment Group in retail and entertainment industry, Medline in health sector, Bonservis in food sector and on Esaslı Gayrimenkul in real estate sector.

Esas Holding, established by Şevket Sabancı and his family in 2000, is one of the most important holdings that invest via Private Equity Investor (PEI) in Turkey. Esas Holding which takes its name from the first letters of Emine Sabancı and Ali Sabancı's names and surname, has become one of the biggest investment groups of Turkey since its establishment by focusing on the opportunities of foreign and national investments. The investments of the holding can be summed up in five main groups:

## The Sectors Invested by Esas Holding

- Aviation
- Retail and Entertainment
- Healthcare
- Food
- Real Estate



According to the management of the Holding, Esas's most important advantage compared to the other capital investment companies is its ability of adaptation and flexibility that comes from its unique structure using its own financial statement and other project finance methods. The Holding provides a better success via the operational experience, business network, prestige and financial structure to the companies taking place in its portfolio by giving important sectorial information.

### Fast Growing Investments

Esas Holding, having great importance since 2005 in Turkey, is active in five main fields. The studies which were made for growth is made to get bigger in these fields are below:



Fast Growing Investments				
Aviation	Retail and Entertainment	Health	Food	Real Estate
Pegasus Airways	Mars Entertainment Group	Medline Health Group	Bonservis	Esas Real Estate
Air Berlin			Peyman	
Air Lease Corp			Esaslı Grup	

## Aviation Industry Investments

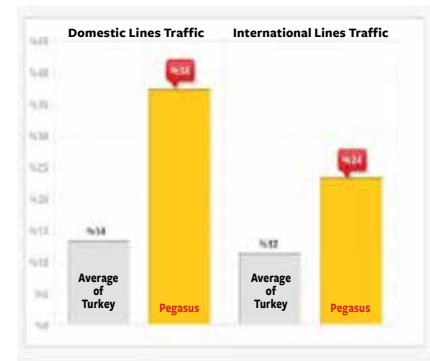
Pegasus, started its flight history with two planes in 1990, is getting bigger and bigger with the existing 43 planes today and 100 planes on-order for future deliveries

### Pegasus Airways

Today, Pegasus Hava Tasimaciligi A.S. started its commercial activity as a joint venture of Aer Lingus Group and Silkar Yatirim ve Insaat Organizasyonu A.S. in 1990. In 2005, bought by Esas Holding, Pegasus adopted 'low-cost' airway strategy and changed the idea of flying as a privilege for high-income groups, defending everyone's right to travel by plane.

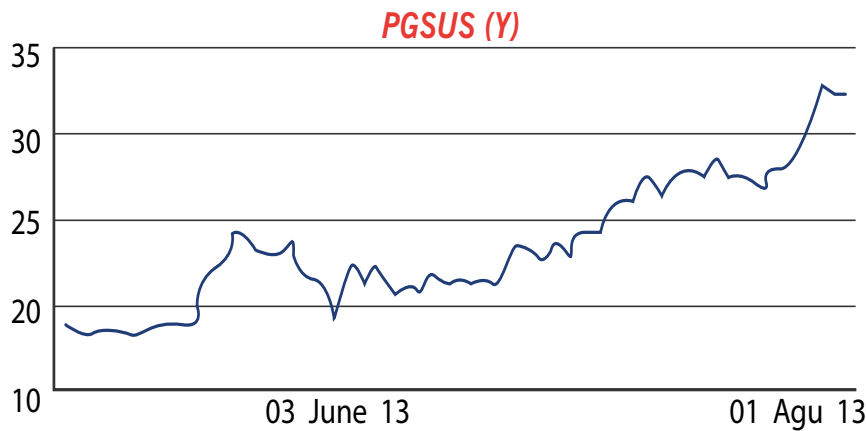
With this strategy, it has contributed to the competition environment and changed the Aviation Industry in Turkey. Pegasus, ever developing and growing, has gained a seat in the Aviation Industry and became the apple of Esas Holding's eye with its new innovation strategies.

In 2012, Pegasus came to an agreement with the Airbus Company to add 100 Airbus A320neo and



\*According to the data taken from General Directorate of State Airports Authority & Pegasus

A321neo planes, costing 12 billion USD, to its fleet. As of the beginning of the year, the share performance, of which 34.5 percent of its capital offered to public in 2013, is presented on the chart below;



Pegasus, with the help of the strategies it adopts, innovations, and enrichment it has brought to the aviation industry, has an important role and it speeds up the growing and change by leading the industry. After it was open to the public, Pegasus shares raised their value by 4 % on

the day they came into the market and this provided a huge return to their company investors.

### Air Berlin

Air Berlin, preferred by over 33 million people and 150 different destinations in 40 countries, is the sec-

ond best of Germany and one of the best airways of Europe. Esas Holding is the second largest sharer as having 12 percent of the shares.

### Air Lease Corp.

Air Lease Corporation adds new and modern airplanes to its fleet, and then leases them to the airways companies worldwide. It was established in Los Angeles and California in 2010.

In addition to leasing business, its 1.5 billion dollars capital also serves in financial support, air vehicle, investment analysis and counseling of air vehicle commerce with its strong management team including ILFC's founders and former founders. Esas Holding has a 3% share of ALC and it is amongst the successful companies that continue to grow.

## Real Estate Industry



### Esas Gayrimenkul A.S.

Esas Gayrimenkul A.S. started in 2009 by investing into commercial real estate projects. The company made investments worth 200 million euros both locally and abroad since 2009. Also, it seems to have chosen England and Germany as its leading investment venues. Moreover, according to the Economist, it has added

three new shopping centers and an office to its portfolio of investments bought in England. While the investments made by Esas in England become 7 shopping centers and 11 offices, the costs of these investments have been around 485 million pounds. Esas Gayrimenkul A.S. aims to improve its portfolio by investing at real estate projects in different fields.

## Health Industry

### Medline Health Group



Medline started to give Turkey's first Mobile Health Service, and since 2001 it has joined to Esas Holding Incorporation. Following this purchase, at the end of 2007, Esas Holding invested more to the Private Health Service Sector. In 2011, it added home health care into its services. In addition to the existing hospitals, Medline Hospital is planning to purchase hospitals, aiming to have an income of 250 million in 5 years, and employing around 2.000 staff members.

## Retail Industry

### Mars Entertainment Group

Turkey's leading entertainment group, Mars Entertainment Group operates in cinema, restaurant, gym, theatre and beach facilities. As the bringer of reformer approaches, it aims to make a positive contribution to the sector. Turkey's biggest cinema chain Cinemaximum has become the leader of its market with 429 cinemas in 58 locations,

in 23 cities. It has started out its journey from the philosophy of combining world class technology, comfort and qualified service understanding and it has reached its aim in a short period of time. Moreover, one of Turkey's leading gym club managements, MAC has an important role in the market with its 10.000 members.

### Mars Entertainment Group

- Cinemaximum Sinemaları
- MAC Spor Kulüpleri
- Mars Media
- Nu People
- Nu Spa
- Dot Marsta
- BurcBeach

## Food Industry Investments

### Bonservis

Bonservis was established to present qualified and trusty food service to the Out of Home Consumption (OHC) with the participation of Esas Holding in 2005. Bonservis puts red meat, white meat, seafood, frozen fruits and vegetables and dry food on market. At the same time, it carries on providing food for the big domestic and foreign companies, and also does the delivery of the products to keep the quality of food high. The food industry is a source of pride for Esas Holding same as with the Airway companies. It continues to grow speedily.



ing's investments in food and dried food market. Peyman was established in 1995 by the 3 leading families of Eskisehir dried food business. Esas bought 30 percent of Peyman's shares in 2008. Peyman's food range includes Bahçeden, Dorleo, Çitliyo, Nutzz and Peyman.

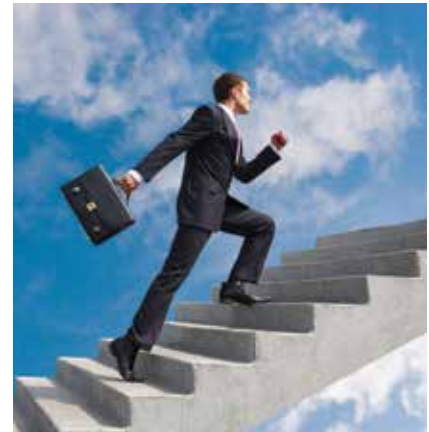
### Esaslı Grup

Esas Holding bought Ahmet Nazif Zorlu's facility in Antalya in 2008, and made it one of its subsidiaries under the name of Esaslı Group Food Production Permit Facilities and the facility has been active as of March 2009. Esaslı Group has been carrying out production and marketing under the brands of Esaslı, Bonservis, Meziyet and Güneybade.

### Peyman

Peyman is also one of Esas Hold-

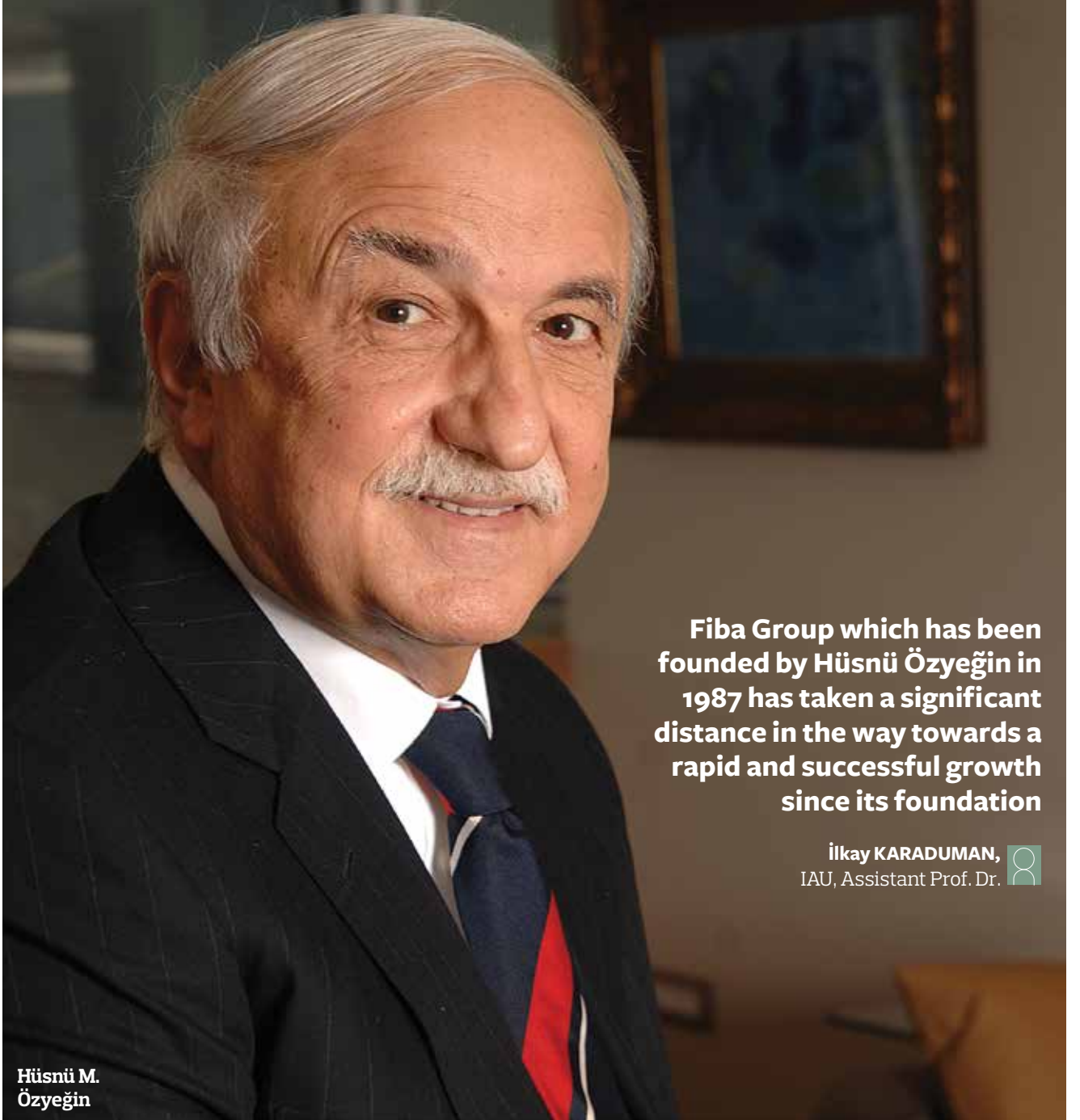
## Conclusion



Şevket Sabancı's Esas Holding which separated from Sabancı Holding is having great success with purchases and set-ups. The apple of the Holding's eye, Pegasus, and other shareholders in 4 different fields is one of the fastest growing communities. It seems like it will put a lot of signatures with ESAS investments and innovations on different activity areas which is created by over 2000 people. ■



# The path from a managerial position to being a boss: **Özyeğin and Fiba Group**



**Fiba Group which has been founded by Hüsnü Özyeğin in 1987 has taken a significant distance in the way towards a rapid and successful growth since its foundation**

**İlkay KARADUMAN,**   
IAU, Assistant Prof. Dr.

**Hüsnü M.  
Özyeğin**

## The Road from Management to Leadership

Having over 12 thousands employees from 42 nationalities and active 18 billion dollars with 3 billion dollars resource, Fiba Group is a huge company with 74 companies in 12 countries. The group was founded by Husnu M. Ozyegin in 1987 and today it has a prestigious and well-known position in both national and international markets.

Husnu Ozyegin worked as the general manager at Pamukbank owned by his college friend Mehmet Emin Karamehmet from 1977 to 1984 and at Yapı Kredi Bank from 1984 to 1987. In 1987, Ozyegin founded his own company, Finansbank by utilizing his experience from bank management as a boss. Maintaining his managing success also as a boss, he achieved to enter Forbes' billionaire's list from 620th row with his 1 billion dollars fortune in 2005. Multiplying his fortune more than 3 times in 8 years, Husnu Ozyegin is the third wealthiest man in Turkey with 3,1 bil-



lion dollars of fortune.

During his journey from management to leadership, the key to his success has been his ability to use his experience of managing in leadership. His broad experience in the field of banking has also played a vital role in the fast development of Fiba Group.

The group has a wide portfolio in-

cluding partners operating in financial and non-financial fields with high brand value. The Group's investments consist of national and international financial and non-financial investments.

**Out of these investments, financial investments of Fiba Group include;**

- Banking
- Leasing
- Factoring
- Insurance
- Wealth Management and Private Capital Fund

**Non-Financial investments include;**

- Aviation
- Retailing
- Real Estate
- Energy
- Ship Building
- Port Services

Especially when investments at financial sectors are taken into consideration, it is obvious that Group aims at fast development. Recent activities of the Group have been;

## Banking Investments from Finansbank to Fibabank

Leaving his managing position at Yapikredi and proceeding on his own way, Ozyegin spent many years for Finansbank. After a profitable sale in 2006, Ozyegin has stayed away from banking business and targeted expanding Fiba Holding by purchasing companies from various sectors.

Despite selling Finansbank, Credit Europe Bank, which is owned by Fiba Group and serves over 3 billion customers in 9 European and 2 Asian countries with 10 billion active capacity, purchased 95% of Millennium Bank Turkey shares from Banco Comercial Portugues (BCP). The total amount has been determined as 61,8 billion euros and the contract has come into force with the

The philosophy of Fibabank is quiet and profound but fast development. The Bank aims at doubling branch numbers in short term.

consent of regulatory corporations on December 27, 2010. The official title of the bank was altered as "Fibabank Inc." on May 12, 2011. With 1,5 billion active capacity since April 2011, Fibabank Inc. provides service for its customers in the fields of corporate, commercial and individual banking at its branches particularly in Istanbul, Ankara, Izmir, Bursa and Antalya.

After the sale of Finansbank to NBG in 2006, Ozyegin who returned to the banking sector in Turkey with the pur-

chase of Millenium Bank in 2011 has increased the number of branches to 42 which was 35 at the beginning of 2013. He also seems to realize his aggressive expanding strategy by increasing this number to 100.

Enterprise Wealth Management has reinforced its position at wealth management sector by buying 5 new portfolios costing 399 million dollars in total from Yapı Kredi Bank, Fortis Bank, Citibank, Turkland Bank and ABank in 2011.

## A New Brand in Life Insurance: “Fibahayat” and Insurance Investments

To sell 93,36% of Fiba Insurance shares on June 15, 2010, Fiba Group signed a share purchase and sale contract with Sampo Japan Insurance Inc. which is a subsidiary of Japan NKSJ

Holdings Inc. The total value of Fiba Insurance was determined as 499,6 million and the sale took place on November 2, 2010.

Fiba Group has started to provide 25

year experienced service for its customers with Fibahayat since January 28, 2013 after the approval of license application to Prime Ministry Undersecretariat of Treasury General Management.

Fiba Group lets the giants of retail textile business like Marks & Spencer, Gap and Banana Republic meet with Russia, Ukraine and Turkey.



### Retailing Investments:

The total store numbers of Marks & Spencer, Gap and Banana Republic in Turkey, Russia and Ukraine have reached to 100. However, retailing investments of Fiba Group is not limited with textile retail.

The project of Star Mall Shenyang Plaza that has a construction area of 325.000 m<sup>2</sup> in Shenyang, China provides an unique shopping opportunity with 128.000 m<sup>2</sup> area that can be rented along with having prominent international and local retailers. A

(First) class Office Building, as a part of Shenyang Plaza, will host crucial companies. Star Mall Shenyang Plaza that opened in June 2012 has turned out to be a new Life Center for Shenyang consumers as a result of its perfect service and environment.

After selling out Gima Markets in Turkey, Fiba group left the group market chains by selling 4 markets whose name had changed as G'Market in Romania. G'Market which entered in Romanian market place in 1998 was damaged seriously during

the economic crisis.

### Renewable Energy Project: Fina Energy Holding and Energy Investments

Following the first wind power plant which has 15 MW installed capacity in Bergama, the second wind power plant construction that has 35 MW installed capacity was completed in Hatay. Additionally, the project of increasing plant's capacity in Bergama to 30 MW was completed in September 2010. Besides Duzova Wind Power Plant and Ziyaret Wind Power Plant, Fina Holding, as a part of Fiba Group, has invested money for another plant with 30 MW capacity which is supposed to finish at the end of 2014.

### Ozyegin University and Educational Investments:

Welcoming its first students at Istanbul Altunizade Campus in September 2008, Ozyegin University commenced education at Cekmekoy Campus in September 2011 and consequently its total area has reached to 136 thousand m<sup>2</sup>. In the first three years, 60% of lecturers came from top 100 universities in the world while %85 came from top 200.

Having the first graduates in 2012, Ozyegin University has started 6 new degree programs such as Pilot Training, Gastronomy and Culinary Arts, Management Information Systems, International Business and Trade, Civil Engineering and Architecture besides Business Administration, Entrepreneurship, Economy, Banking and Finance, Psychology, Law, Industrial Engineering, Electrical and Electronic Engineering, Computer



Engineering, Mechanical Engineering, Hotel Management and Civil Air Transportation Business.

### Fiba Group and Development Strategies

"Aggressive Development" conducted by Fiba Group becomes more comprehensible by analyzing development strategies. At the end of the determined time period, it is natural to have a difference between the points that corporations aim to reach and the point that they are supposed to reach with their available facilities. The difference named as Strategic Planning Gap is possible to be avoided by choosing and using the right development strategies.

Well-known marketing writers Philip Kotler and Kevin Lane Keller have brought together these strategies under 3 basic groups:

**Intensive Development Strategies** can be carried out by new products/services besides business' available products/services. Also, it is possible to be transferred to new markets as well as recent markets.

**Market Development Strategy:** It is practiced when the company plans to go into new markets with available products and



"Aggressive Development" conducted by Fiba Group becomes more comprehensible by analyzing Kotler and Keller's "Development Strategies".

services. Opening new branches in various cities by Fibabank is an example of this strategy.

**Market Penetration Strategy:** Under the scope of this strategy, companies neither change their products nor enter into new markets. They try to increase their market share in available markets by making use of intensive marketing channels.

When financial and non-financial investments of Fiba Holding are taken into consideration, it is obvious that it does not use this strategy a lot.

**Improving Diversity Strategy:** This strategy is suitable for

companies that enter into new markets with new products and are a little bit adventurous. The rate of risk is higher than the other strategies.

**Product Development Strategy:** It

is based on releasing new products and services to available market. The main goal is to improve and grow. Banana Republic that was integrated into the Turkish Market with five retail stores by Fiba Group in 2007, GAP with 30 stores and Marks & Spencer with 44 stores are examples of this strategy. ■



# The *d.ream* of Doğuř Group is being realized

Doğuř Holding is maybe the most active actor of M-AQ market. Doğuř Group which has made big ventures in the media sector as the first target has determined the automotive sector as its second target. The last target is the food and beverage sector: They take over any company that they desire through the company "Dream" that they had recently founded.



**Uğur ŞENER,**

IAU, Member Of The Teaching Staff



**Ferit Şahenk**

**D**oğuř group which is always popular for its constant purchasing in catering began its business life with construction projects which it carried out in harmony with the government. Doğuř Group has a large spectrum of businesses: financial services, automotive, construction, media, tourism and services, real estate, energy and entertainment, pursuing diverse growth strategies.

## Foundation Years

When Ayhan Şahenk was a student in the Faculty of Law of Ankara University he set his mind to construction. He began construction work in 1950 with his brother-in-law where he would learn site work with all its aspects without taking his boots off for about 20 years. This experience gave him the opportunity to start new businesses which then earned him the title of the King of Dams. He left his brother-in-

law's side and established Doğuř Construction and Trade Inc. in 1996 with only 9000 TL capital.

Doğuř Construction began activities with the road, tarmac and sewage system of the Grand National Assembly of Turkey. Following infrastructure projects, Apa Dam, Kekiksu-Memetli Dam and facility construction was completed in 1971. The infrastructure and superstructure works which were acquired at that time would finance the

<b>Television Channels</b>	NTV, Star, CNBC-e, NTVSpor, Kral, e2, HDe
<b>Radio Channels</b>	NTV Radyo, Virgin Radio, Kral FM, Kral Pop
<b>Internet</b>	ntvmsnbc, ntvspor.net, oley.com, enmoda, cnbce.com, tvyo
<b>Magazines</b>	Vogue, GQ, National Geographic Türkiye, National Geographic Kids, Robb Report, CNBC-e
<b>NTV Publications</b>	Ntv publications, NTV Tarih (CLOSED)







Doğuş fixed its eyes on Croatia and Greece with the marinas that it has bought. The target of the company “Dream” for the coming summer: entering Mikanos.

construction sector in the finance sector. They then sold İmar Bank which they had purchased in 1975 to the Uzan Family in 1984. Prior to this sale, they had purchased Garanti Bank in 1983. Later, Körfezbank was established in 1987 in cooperation with Qatar. With the aim to grow larger in the finance sector, Doğuş Group has had a considerable share in the finance sector thanks to Osmanlı Bank which was purchased in 1977 and companies founded under Garanti, such as insurance, leasing, factoring, stocks, etc.

The 2001 economic crisis, which was the most important test for the banking sector, coincided with the death of Ayhan Şahenk who was superseded by Ferit Şahenk. With a well-made decision the company merged its three banks under the name of “Garanti Bank” and formed a new and powerful bank with the aid of the strong financial structure of Osmanlı Bank and the marginal contribution of Körfezbank. After surviving the challenging times of the economic crisis, the half of the bank's shares was sold for 5 bil-

lion dollars to General Electric in 2005. In four years, the performance Ferit Şahenk showed in crisis management and in doubling the turnover of the company made him the shining manager of the “New Age”.

## Second Target: Automotive Sector

The first step the Group took was the purchase of Gen Oto, Turkey branch of General Motors in 1987. The distributor agreements that would allow it to become one of the most important companies of Turkey in export and sales came seven years later in 1994. Signing the distributor agreements of Volkswagen AG, Audi and Scania the Şahenk family began their third large scale business besides the construction and finance sectors. These distributorships were



incorporated into Doğuş Otomotiv.

In order to acquire a share from the luxury automotive segment, the family added the distributorships of Porsche in 1996, Bentley in 2006, Lamborghini and Bugatti to their portfolio in 2007. As a result, they started to address almost every segment of passenger cars. DOD (second-hand car service) and TÜV-TURK (vehicle inspection service) are among other important investments of the Group in the automotive sector.

Doğuş group isn't inexperienced in the energy operations it began in 2005 as Doğuş Energy. The group has achieved great successes in the construction of dam and hydroelectric power stations. Although we think that they are taking a vertical growth for the better with the presumption that they incorporated the energy generation and sale that were normally to be carried out by their clients while they were in dam construction sector, we can say that they have continued to take differential growth strategies because they jumped from the construction sector to the energy sector. Artvin HES, Boyabat and Aslancık are currently the facilities where they generate and sell energy.

We were not surprised that Doğuş Group moved into the marina industry in Turkey, which is surrounded by four seas. Ferit Şahenk incorporated the marinas of Didim, Turgutreis, Göcek Mandalina, Borik, Dalmacija and Atina Flisvo into the group and created great interest not only in the catering sector but also with the purchases he made in the yacht tourism sector.

## Last Target: Catering

Ferit Şahenk, who was one of the first people to set his sights on the catering sector, established Dream and entered into a period where he made large purchases. With Armani Ristorante and Lacivert joining the group and becoming the co-owner of Kiva, Go Mongo, Azumi, İstanbul Doors and Nusr-et the name of Doğuş Group be-



came prominent in sector. Anjelique, Gina, Kitchnette, Zuma, Mama, Gigi, Tom Aikens Restaurant, Tom's Deli, Wanna Pop and similar brands have all been established to appeal to the tastes of different customers and Ferit Şahenk's D.dream is firmly established as the leader of the sector. The course of events makes one think whether this is a new monopolization.

With on-going purchases, D.dream has become the leader in catering, providing services to 3,5 million customers in different parts of Asia and Europe. According to rumours and operations, rapid growth will continue. Two issued ago Çağdaş Ertuna had written an ar-

ticle in our magazine where he stated that Borsa Restaurant, Masa, İstanbul Modern Cafe, X Restaurant and Maça Kızı could all be purchased by the Doğuş Group. It has recently been announced that these purchases have actually been made. While we were writing this, the Pozitif Group which is the owner of Babylon, Doğuş Group added %80 share of it to its portfolios. Pozitif Group runs organizations such as Efes Pilsen One Love, Rock'N Coke and Efes Pilsen Blues. We do not think that Ferit Şahenk who is the leader of the catering sector, would ever stop. We have no doubt that he finds this business more enjoyable than banking. ■

## Catering Marina Hotel Service

1976	Purchase of Hotel Club Alantur
1991	Grand Azur Hotel Marmaris entered into service
1992	Purchase of Sheraton Voyager Hotel Antalya
1994	Purchase of Club Aldiana &Paradise Apart Hotel
1998	Emporio Armani ve Gucci franchise stores entered into service
2000	Grand Azur Hotel Marmaris entered into service
2003	Opening of D-Marin Turgutreis
2008	Opening of Park Hyatt İstanbul Maçka Hotel
2009	Opening of D-Marin Didim
2009	D-Marin Mandalina partnetship agreement between Nautical Center Prgin (NCP) and Doğuş Group
2010	Purchase of and rebranding of Club Resort Select Maris as D-Hotel Maris and entered into service
2010	Acquisition of D-Marin Göcek (formerly Port Gocek)
2011	Opening of D-Life Healthy Life and Consultancy Services
2011	Emporio Armani Ristorante first entered into service in İstinyePark shopping mall over the World.
2012	Agreement between Kiva Restaurant, Nusret Steakhouse, Go Mongo, İstanbul Doors Group and English Azumi Group.
2012	Purchase of D-Marin Dalmacija and D-Marin Borik in Croatia, Zadar
2013	Aija, Anjelique, Ca'd'oro, Carlotta, Da Mario, Foodist, Gigi, Gina, Kitchinette, Lacivert, Mama, Mezzaluna, Raika, Roka, Tom Aikens, Toms Deli Somerset House, Toms Kitchen, Vouge Restaurant Bar, Zuma corporated into D.ream

# Business Acquisitions: The Prerequisite for Being a Part of International Competition



While our companies have adopted the path of taking over companies in foreign countries in order to take part in the international competition foreign investors too have accelerated their speed of buying turkish companies, especially in the finance sector.



**Kemal Kağan TURAN,**  
IAU, Assistant Prof. Dr.

**T**he fact that approximately 650,000 people go into the labor market in Turkey every year, keeps increasing the need for investment swiftly. This situation also brings an increased demand of energy along in Turkey. About 197 billion Turkish Liras was paid as the cost of energy consumption in Turkey in 2012. This sum is equal to 25 percent of Turkey's annual production/consumption. Turkey's dependency on energy imports considerably originates from this situation. The increasing demand for energy in parallel with the grow-

ing population and 75 % import rate of the total energy consumption in Turkey causes chronic foreign currency demand. As the increase in imports concurrently boosts energy and raw material imports, the chronic demand for foreign currency is attempted to be satisfied through borrowing, and luring direct foreign investment. It is the same in every country in the World; energy and borrowing in exchange keep structuring the free-market conditions despite its social consequences. Growing economies generally have similar problems, and reliefs



should be evaluated concordantly. In this sense, the 2001 crisis is considered as a turning point in Turkey. The Central Bank's market intervention to the demand in return for the need for foreign currency caused the crisis to spread, and required an acceleration in economic reform. Following 2001, regulations been predominantly made on securing free market conditions, and they have come into effect at the same pace in order to overcome the crisis quickly. The main purpose of the reforms conducted was designated as to implement the private sector feature more, and the public feature less in the market. In the past 12 years, the process of revolution in economy has been taking effect.

Foreign investments are not only transfers of capital, but also noteworthy transfers of knowledge and experience. Therefore, the markets growing all over the World try to comply with market regulations, even if they do it involuntarily most of the time, because countries, just like companies, continuously contend in a particular way in the environment of international competition.

The obligation to create employment for 650,000 people every year spawns a substantial necessity of finance. This necessity of finance makes a necessity of liquidity, foreign borrowing, and foreign direct investment requests inevitable. Both the need of foreign borrowing and foreign direct investment requests drives Turkey and all developing countries to follow the guidance of international markets. In this sense, the Basel Criteria are among the important examples. Purely advisory, the Basel Criteria forms a set of criteria that all of the banking sectors and governments around the World try to abide to.

The economic stability and effective management of free-market provisions designate the cost of the satisfaction of the capital, investment,

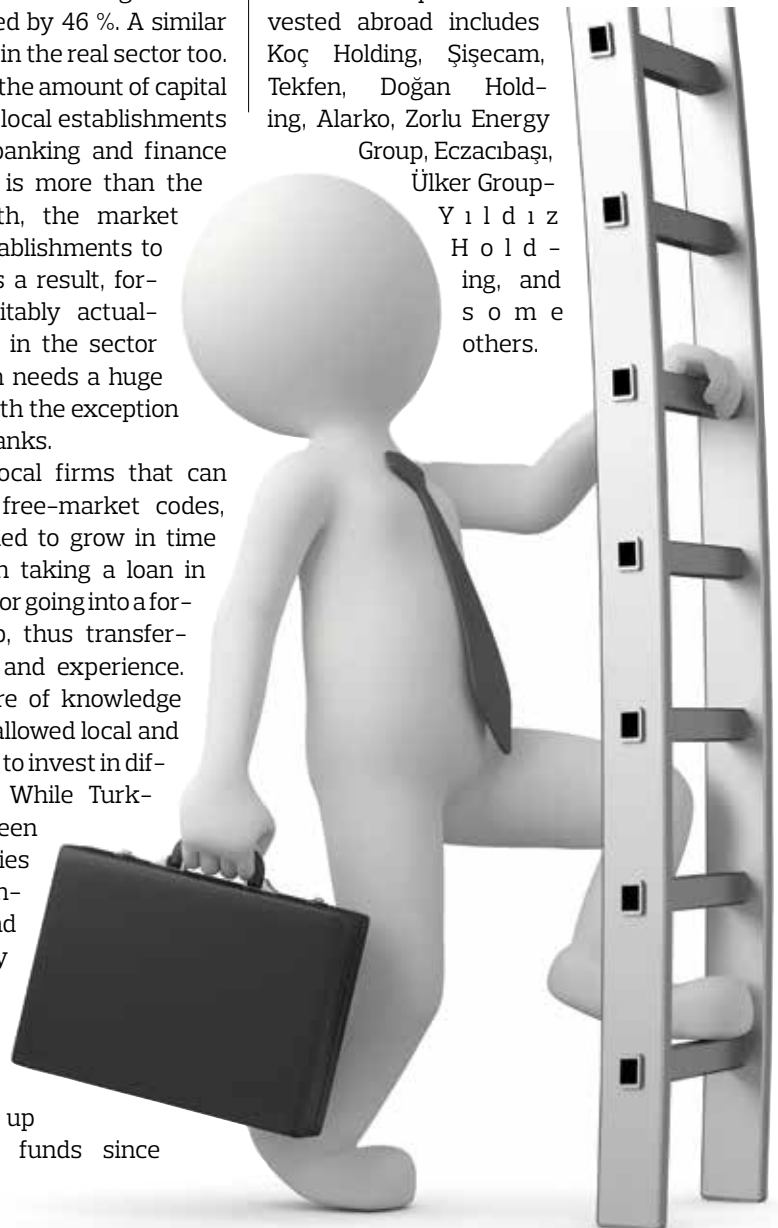
and foreign currency needs in developing economies. In parallel with the procurement of a suitable market environment, local and foreign investors alike increase in figures both in terms of numbers and in terms of volume. On the other hand, it causes local investors low on capital cannot receive adequate share from growth. While there has been no increase in local investors within the last 12 years in the investments made to all public companies, the volume of foreign investors has increased by 46 %. A similar case is observed in the real sector too. Especially when the amount of capital needed by some local establishments in sectors like banking and finance increase in size is more than the company's worth, the market forced those establishments to change hand. As a result, foreignization inevitably actualized particularly in the sector of finance which needs a huge equity capital, with the exception of state owned banks.

As for the local firms that can adapt into the free-market codes, they accomplished to grow in time whether through taking a loan in foreign currency or going into a foreign partnership, thus transferring knowledge and experience. The mutual share of knowledge and experience allowed local and foreign investors to invest in different markets. While Turkish firms have been buying companies abroad, foreign investors have had the chance to buy companies in Turkey. Naturally, foreign capital, which has been piling up knowledge and funds since the industrial revolution, can

make more investments than the Turkish entrepreneurs

Turkish companies' direct corporate estates abroad have reached to the figure of 34 billion dollars. The 8 billion dollars proportion of this sum belongs to Sabancı Holding, which is in the first rank. Doğu Group is in the second rank with its 7 billion dollars proportion. Enka holds the third rank with its 3.6 billion dollars proportion. Apart from these 3 groups, the list of Turkish companies invested abroad includes Koç Holding, Şişecam, Tekfen, Doğan Holding, Alarko, Zorlu Energy Group, Eczacıbaşı,

Ülker Group-  
Yıldız  
Holding, and  
some  
others.



The increase of Turkish entrepreneurs' investments in other countries recently attracted the attention of foreign media. The prominent investments of Turkish companies are; Arçelik's purchase of South Africa based Defy Appliances, Kale Group's purchase of Fincuoghi Tile Conglomerate in Italy, Yıldız Holding's purchase of Godiva Polinas, and Nuroll SpA. While local investors are trying to attain their place in international competition swiftly, foreign investors keep striving to take share from the same competition. MNG Elektrik was transferred to Energo-Pro Group from Czech Republic, Fiba Insurance was transferred to Sampo Japan Insurance, and the 24 percent share of Garanti Bank was transferred to Spanish Banco-Bilbao. These examples can be expanded, but what is important here is the fact that it takes time to collect capital for local firms. As it takes long to get the capital to grow through profit, companies opt for share transfer. In this way they divert the income that they generated to sectors they think their capital may suffice, and they steer for their investments abroad. That is to say, Turkish companies are endeavoring to accord to the requirements of free-market.

That partnerships between foreigners and locals create commercial profits makes a foreign partnership more desirable, especially in sectors such as energy and telecommunication where the demand is intense. In 2012, the lucrativeness of the top 500 firms trade domestically, including the partnership structures of foreign and local firms, reached to the record figure of 27 percent. For the top 500 corporations, profitableness took place averagely 11 times more than the general growth of economy. The net profit on sales hitting 479 billion Turkish Liras maintains the interest in high turnover firms.

After the crisis of 2001 the role of the government in economy would be reduced, and the role of the private

The companies prefer to transfer their shares in order to obtain the capital required for growth since it would take a long time to obtain that capital by making profits.



sector would be extended. While the private sector is increasing its role on economy, it has primarily preferred massive-consumption sectors like energy and highly profitable sectors like telecommunication. At the point where we stand today, it should be noted that the following companies have qualified to take their place in the top-ten list of net sales figures; Turkish Petroleum Refineries Co. (Tüpraş) with the utmost profit of 47 billion TL, OMV Petrol Ofisi 20.2 billion TL, Turkish Electricity Distribution Company 17.1 billion TL, Turkish Airlines 14.9 billion TL, Opet 17.7 billion TL, Arçelik and Turkcell 10.5 billion TL each.

Although local entrepreneurs speedily make their way through international competition, the rivalry, which is being discussed throughout the World, between the developed economies and the developing economies continues in a numerical

basis. When the 482.2 billion dollars annual revenue of American Exxon-Mobil, second-ranked 481.7 billion dollars volume of Royal Dutch Shell company, and Walmart's 469.1 billion dollar revenue combined, nearly 180 corporations achieved over a hundred billion dollars net sales in the World in 2012. Tüpraş with its highest approximately 25 billion dollars net sales figure got the first rank in Turkey while OMV Petrol Ofisi acquired the second place with the 10.5 billion dollars net sales. Bu çerçevede yerel firmaların ve piyasaların uluslararası rekabette yerini alabilmeleri için birleşmeleri ya da yabancı ortaklıklar ve kaynaklar sağlamaları gerektiği gözlemleniyor. Within this scope, it is observed that local companies and markets should form mergers, or secure foreign partnerships, and receive funds in order to have their place in international competition environment. ■



“Türk Eğitim Vakfı,  
pırlanta gibi bir vakıf.”

**Hikmet Erkek**  
Ev hanımı

“Benim vefatımdan sonra hepsi  
Türk Eğitim Vakfı'na aittir  
ve bunu gururla söylüyorum.”

**Güher Kılıççöte**  
Ev hanımı

“Evladımız öldükten sonra ilk  
aklımıza zaten gelen, Türk  
Eğitim Vakfı'na bağış yapmak...  
Onu yaptıktan sonra, inanır mısın,  
bütün acılarımızı hafiflettik.”

**Behiye Horozoğlu**  
Ev hanımı

**Lütfü Horozoğlu**  
Öğretmen

## Onlar ve daha binlercesi ülkemizin aydınlığa gönül vermiş insanları... Her biri TEV bağışçısı!

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# Effective Controls and Motivation of Employees

Recurrent use of the control process which gives the same assurance is not useful but rather brings about a loss of time, energy and, maybe the most important of all, the motivation of the employees



**Yaşar BİVAS,**

Ernst & Young, Director-  
Financial Risk Service

**W**hile Ekin was going to the ATM machine with the account card, she was feeling sad as she hadn't been able to persuade her grandfather once again. "He didn't trust online banking again" said Ekin silently. Although they could use online banking for the last three years, since his retirement, her grandfather had insisted on her checking ATM to see whether his pension had been paid. Ekin got to

the ATM machine. She inserted the card into the slot. Result: the same as usual. Whatever was seen on online banking was also on the screen. His pension had been paid.

The world is changing and the alternatives are increasing with these changes. The same goes for the internal checks of companies; it is possible for them to check their accounts in seven or eight different ways. It is the same in other issues such as collection of accounts receivable, purchase and payment. The checking systems are classified with qualities such as manual, based on information systems, being preventa-

tive and indicative for the management to continue productively. The process which depended on the individuals in the past is being abolished by means of policies and procedures. With the establishment of performer and approval mechanisms in both manual and systematical checks human error is kept at a minimum level. The participation from different units within the company, allow for the easy adaptation of the segregation of duties principle which is one of the foundations of institutional management.

In addition to these regulations in this process level, independent external auditing with internal checks and controls discuss the controls by either giving samples or examining different critics in the 2nd and 3rd levels and makes the errors identified. At this stage the Supervision Comitee under the Executive Board is the most important unit that helps the internal check and control process. As for the independent external auditors, they support the process by adapting independence and quality standards.

However, going back to our main purpose to find out any potential error during processes as in the example of Ekin, if the person responsible repeats the control for the same reassurance again and again, time, energy and even more importantly employees' motivation can be lost. Taking this into consideration, companies work on important projects to eliminate the reoccurring controls which do not have marginal contributions and prepare Risk-Control Matris charts

and revise the process. They also receive advice from the consultants.

It is possible to say that the companies, which analyze the profit-cost and have the same quality control mechanism to simplify the whole process, satisfy their employees more than their managers. The satisfaction of the employees then supports the performance of the company. ♦



# What is e-invoice book? How is it to be applied?

E-invoice has entered into our lives as of September 1, 2013.  
This note is a preliminary study for the purpose of exposing the  
outlines of the application of E-invoice.







İsmail Hakkı GÜNEŞ

**W**e will focus on the regulations related to E-Bill and E-Account Book in this study.

The development of the electronic process or work, the rapid spread of the internet and the cost and other parameters to follow and control the process have made the development of bills and accounts books inevitable in this environment. Instead of classical ways, the global trading applications that are held on cyber platform have been increasingly improving since early 2000s.

This process has quickened by means of the technological developments that make the data communication easier with the tendency of liberalization of trade.

Between two institutions that do business, accessibility without people and EDI (Electronic Data Interchange) which provides interchange of data and info by means of network make the formation of many areas of life on cyber world inescapable.

The Ministry of Finance has allowed a few and limited numbers of taxpayers to –generally GSM companies– electronically arrange legal bills and keep accounts with special request based on the official statements in the past years.

## 2. Developments in E-Account Book and E-Bill

E-Bill and E-Account Book which was firstly applied by some taxpayers depending upon their request became compulsory for some taxpayers by the item number 421 VUK General Statement.

With this statement which was published on 14.12.2012 and numbered 28497 in the Official Journal, codes of practice were specified



by enlarging the scope of Electronic Bill and Account Book application in order to increase the adaptation between the tax payers and tax laws and prevent off the books practices by following the process.

### In short;

- Descriptive information about the subject was given on 08.02.2013 and numbered 59 in the V.U.K. circular note

- The permissions for sending and/or receiving Electronic Bill Application are approved according to 424 item-numbered VUK General Statement published on 21/02/2013 and numbered 58 in the Official Journal.

The firms that will use Electronic Bill Application from the date 01/09/2013 with the regulations should be prepared for Electronic Account Book Practice in 2014.

## 2.1 What are E-Bill and E-Account Books?

As it is known, bills are arranged as substantiating documents in Turkish Tax System in the 3rd part of VUK. Bills are trading documents that are given to the customers by the traders to show the amount of money that the costumers owe in return of finished work and sold property (VUK Item:229). The Ministry of Tax is entitled with determining compulsory information on the documents that are to be arranged (VUK Item: 227).

# According to this regulation:

- |  |   |   |
|--|---|---|
| <ol style="list-style-type: none"> <li>1. Individuals who have mineral oil certificate included in the 5015 numbered Petroleum Market Law,</li> <li>2. Of those mineral oil certificate holders included in 5015 numbered Petroleum Market Law, the ones who bought goods in the year 2011 and have had minimum 25 million TL</li> </ol> | <ol style="list-style-type: none"> <li>3. Individuals who build, manufacture or import the goods that are on III numbered list attached to 4760 numbered Special Consumption Tax (the list includes alcohol, tobacco products and soft drinks with cola),</li> <li>4. Of those builders, manufactures or</li> </ol> | <p>gross sale earnings since 31/12/2011, importers of the goods that are on III numbered list attached to 4760 numbered Special Consumption Tax, the ones who bought goods in the year 2011 and have had minimum 10 million TL gross sale earnings since 31/12/2011 have to keep an E-Account Book and arrange an E-Bill.</p> |
|--|---|---|

Of Tax Procedural Law, in the 1st subclause in the 1st article of 257 numbered Item, determining accounting methods and principles in respect of taxpayers and occupational groups in the Ministry of Tax and specifying the nature, form and compulsory information that have to be included of the books and documents that are to be kept and arranged in addition to the ones that have already being kept according to the same law are dependant on the provision that it is entitled to.

E-Bill is not a new type of document. It is the same electronically prepared substantiating document that has the same legal qualifications as paper-based bill and suit to all the conditions that the Ministry of Tax has defined.

It is impossible to arrange both paper-based and electronic bill for the same property or service sale.

On the other hand, E-Account Book is all the records that include all the information which are to be in the compulsory accounting

books according to 6102 numbered TTK and VUK separately from figure provisions.

## 2.2 Who has to arrange E-Bills and keep an E-Accounting Book? How is it processed?

The Ministry of Tax has made arranging E-Bill and keeping E-Account Book compulsory for some taxpayers with 421 numbered VUK Statement.

**Information Note:** The lists of individuals with mineral oil certificates in accordance with the Petroleum Market Law numbered 5015 and those who build, manufacture or import the goods that are on III numbered list attached to 4760 numbered Special Consumption Tax are given in [www.gib.gov.tr](http://www.gib.gov.tr) – [www.efatura.gov.tr](http://www.efatura.gov.tr) websites. Also, the lists mentioned are also given in the circular numbered 58 of the VUK.

● The taxpayers who are included in the E-Bill Application are to fill in the documents that are published in [www.efatura.gov.tr](http://www.efatura.gov.tr).

● Those who optionally want to and those who have to use E-Bills must fill in and sign the "Electronic Financial Seal Certificate Holder Covenant" related to Financial Seal within the frame of the regulations that are defined in the 7th part of 397 numbered Tax Procedural Law General Statement. In the process within the scope of E-Bill Application, Financial Seal use is obligatory. It is essential to get qualified electronic certificate that is designed according 5070 numbered Electronic Signature Law in the name of the Presidency from TUBITAK-UEKAE.

The taxpayers who want to get special integration permission may apply with a petition including the request for special integration and Special Integration Data Processing Sys-



tem Report (BİS) to the Presidency. They have to set up the data processing substructure that is explained in the guideline published in [www.efatura.gov.tr](http://www.efatura.gov.tr). Being able to carry sending and receiving electronic bill through data processing system by getting the permission of special integration does not necessarily mean that the preservation and submission duties are exempted. It is a must to preserve the documents that proves the sending and receiving of electronic bill process in any place where the software or hardware of data processing system are available in any parts of Turkish Republic Boundaries or the Turkish Republic Laws are valid.

### 3. Conclusion and Evaluation

It is sufficient for the taxpayers who want to get benefit from the implementation and the ones who have to use it to complete all the steps for application in accordance with the guideline published in [www.efatura.gov.tr](http://www.efatura.gov.tr). Also, there is no need to use paper based forms.

E-Bill is not a new type of documentation; it has the same legal qualifications with paper-based bill. It is impossible to arrange both paper-based and electronic bill for the same property or service sale.

It can be argued whether the taxpayers are ready for technological basis and other parameters related to the implementation. They should follow the dates and the process because of any graded transition and postpone probability and take position with the awareness of processing according to e-bill and e-account book regulations in the future.

If the taxpayers who have to use e-bill arrange paper-based bill, they face with criminal action even they prepare their e-bills. Because their value-added-tax cuts can be rejected,



Attention !  
Those tax-payers who don't issue E-invoice shall be deemed to have issued no documents at all, nor will they make use of VAT reductions. Abbreviation and Laws (in the order they are stated in our study)

they should be careful about the dates of application related to the subject.

Abbreviations and Laws (In the order they have been mentioned in the article) ■



### Abbreviations and Laws (In the order they have been mentioned in the article)

- 213 numbered Tax Procedural Law published in 10/01/1961 dated and 10703 numbered Official Journal
- 6102 numbered Turkish Commercial Code published in 14/02/2011 dated and 27846 numbered Official Journal
- 5105 numbered Petroleum Market Law published in 20/12/2003 dated and 25322 numbered Official Journal
- 4760 numbered Special Consumption Tax Law published in 12/06/2002 dated and 24783 numbered Official Journal

- 5070 numbered Electronic Signature Law published in 23/01/2004 dated and 25355 numbered Official Journal
- 3065 numbered Value Added Tax Law published in 02/11/1984 dated and 18563 numbered Official Journal
- 1st Electronic Booking General Statement published in 13/12/2011 dated and 28141 numbered Official Journal
- Common Statement between Ministry of Customs and Trade and Ministry of Tax related to Trading Books published in 19/12/2012 dated and 28502 numbered Official Journey.
- TUBITAK: Turkish Scientific and Technological Research Institution
- UEKAE: National Electronic and Cryptology Research Institution





# Does The Value Conforming To Reality Really Conform To Reality?

The value which conforms to reality requires the recording of both the potential losses and gains.



**Özgür TERAMAN,**

IAU, Member Of The Teaching Staff

## INTRODUCTION

Financial charts will be prepared according to Turkish Accounting Standards as a result of the New Turkish Commercial Code coming into effect. With this taking place, it's inevitable that accountants, who will be faced with the concept of fair value, will try to find the answer to the worldwide long-debated question "Is fair value really fair?" While the global crisis, which started especially with the USA Mortgage crisis in 2008 and spread all around the world, having not lost its power just yet, the European Union's desperation in its plans to save some member states, unemployment levels rising in the USA and the idea that problems will surely be on the rise has led to the idea that new global crisis is on the way or that we are actually living right in the middle of the crisis. Within this context, asset and liabilities which are increased in value with the notion of fair value in global crisis environment and shown on financial tables, it should be determined how close to the truth they actually are or not.

It would be appropriate to remember the economic crises that have taken place in the

recent years, by defining global economic crises and mentioning outcome factors. Especially studying the reflections of the crisis which affected the whole world in 2008, will show us how deep and wide the influence of the crises effects will be today or in the possible future.

The concept of "crisis" etymologically defines "parting of the ways", in other words "the time to decide". Globalization presents this aspect of the crisis clearly. What is to be decided? What is to be decided is what should be done for permanent and sustainable stabilisation in order not to experience past hardships again.

The following opinion is widely accepted in the subject of financial crisis; crises have an environment and signs, but saying that it will definitely happen or guessing the time of the crisis is not possible. As Dornbusch says, "A crisis is only seen when it breaks out". If we could guess when and how crises happened, the necessary precautions could be taken, the crisis could be prevented and thus a crisis would not take place. Besides it's known that pressure and tension in financial crisis result from lack of confidence and panic.

# Factors That Lead to Global Economic Crisis

Even if it looks like it's the fault of the government in power, in fact the reasons of the crisis are far more complicated than it seems. When basic economic theories are considered; it is anticipated that financial markets would solve much more complex and lasting economic problems by working properly, namely transforming today's savings to future investments. In consideration of

these theories' hypothesis, it was believed that, even in uncertainty, effective financial markets are sufficient for some people to economise by saving their money and for encouraging the others to make an investment. Contrary to this view in the literature of economy, expectations of price trends have hit a brick wall of reality and have resulted in the emergence of a "Money for nothing" mentality.

## Reflections of Global Crisis in 2008 Over The World

It would be appropriate to briefly mention the reasons and reflections of the global crisis, which has deepened in the second half of 2007 beginning in the USA and reaching its peak in the fall of 2008 with bank rescue operations and eventually spreading all across the world.

### Degression in Growth

Even though the crisis negatively affects several economies in the world, the size and severity of this effect change from region to region and from one country in that region to the other. According to the World Bank data, in the year 2009, 1.7% degression was experienced in capital production. The countries within the zone of Economic Commission for Europe being the epicenter of the crisis, especially new economies emerging in Europe were highly affected by the sudden decrease in the capital inflow and by the gap in applying monetary and financial policies. Though less integration with global marketplace is anticipated, the data in the zone of the Economic Commission for Africa indicate lower growth levels. Effects of the crisis began to be felt as a consequence of the

decline in trade on which the region highly depends on, though it showed some flexibility at the beginning, thanks to the extensive financial and regulatory reforms which were applied as a result of the Asia Financial Crisis in 1997 in the Economic and Social Commission for Asia and The Pacific Zone.

### Continuation of the Risks Despite The Banking Sector Saving Plans

Confidence crisis that emerged as a result of the downfall of the market mechanism, which enables to commercialize the risks in the United States of America and losing function in marketplace, has caused uncertainty to increase and has prolonged the period of functionalising the market.

The problems in the mortgage market in the USA constitute the basis of the crisis which became global in the second half of 2008. The base of the problems related to the real estate, which originated in the USA and affected the whole world negatively, was founded five years ago when some financial institutions began to give mortgage credit to people who had low credit-worthiness, and financial society underwent a big risk. Banks in the USA increased the dimensions of high-risk credits to 1.5 trillion dollars by giving subprime mortgage credits to people and institutions that had a relatively low-risk credibility and ability to pay, in order to liven up the economy through the construction sector. In order to give more credits later on, the banks issued real estate bonds by collateralizing receivables stemmed from the credits given to the risky group and sold them with higher interest rates in comparison to others in the market (since it had a higher risk), mostly to hedge funds which aimed to make high profit from risky investments. Also, getting new mortgages on the increased property value of already mortgaged property has increased the credit capacity which has no real equivalent. Nearly





one third of credits given in the mortgage market in the USA has put the financial market into trouble due to their variable interest rate.

## Price Drop of Stock Certificates

All regions felt the effects of the economic crisis through the fast decreasing stock market, in some cases intensive outward looking capital flow and depreciation of foreign exchange rates. The Zone of Economic Commission for Europe; especially new marketplaces emerging in East Europe were exposed to foreign capital and from September 2008 the depression in the markets reached nearly 40%.

In crisis periods during which uncertainty and risk increases dramatically, companies avoid making new investments while they reduce the capacity. Therefore, prices tend to go down due to the fact that demand for the stock shares of these companies has also reduced.

## Ceasing Of Capital Flows

Global economy has faced reduction in capital flows including overseas development aids, direct foreign capital investments and foreign currency. Although they have had a large increase in capital flows in the last decade, the economies of developing countries especially (South Africa, Latin America and Caribbeans, Eastern Asia and Pacific) have been threatened. For instance, reduction of direct foreign capital investments has been an indicative of this threat.

## Fair Value Accountancy In The Global Economic Crisis Environment

In conventional accountancy, assets increase in value by their cost value at the date of acquisition. This value which is named historical cost, is the monetary expression of sacrifices for gaining that asset at the date of acquisition. Historical cost accountancy may present information which doesn't thoroughly reflect the real situation on the financial charts. This situation shows up as a consequence of accountants' adhering strictly to reliability, relevance and above all caution of the financial chart information. Caution is closely related to historical cost accountancy. Caution proposes considering non-incurred loss and depredation, but



When we taking into consideration that all economic and financial balances are upset in the crisis environment it shall be very difficult to determine the realistic value of a financial asset or debt.

not considering non-realized revenue. Thus, it can be supposed as a pessimistic approach. Fair value requires considering both possible losses and earnings. In accountancy systems which are based on caution, the view "An asset is reported on financial statements with historical cost or with a value lower than the historical cost" is considered.

Since 2007, it has been observed that global financial markets have entered in the process of long-term unsteadiness. This unsteadiness period which ended in bankruptcy or combining of several institutions, has spread quickly to developing economies after starting from a developed marketplace, and caused the macro-economic risks to multiply all across the world economies. In crisis time, historic downfalls have been observed in asset prices where there has been great rise in liquidity and credit risk.

When it's kept in sight that all economic and financial balances are deranged in crisis environment, it will be very difficult to be able to determine the fair value of a financial asset or debt.

In crisis periods, compulsory sales lead to the recognition of the assets different from their basic analysis value by accelerating the fall of the prices while the decline of the number of investors in the market causes loss of the depth. In situations that there is no investor in the market, valuation models have to be used. Prospects used during the application of these

models may cause a bigger loss by reducing the reliability and the consistency of results.

As it is understood, formation of crisis environments has negative effects on recognition and shows that it has lost its function to provide real and correct information to users. But the other way around, in terms of deceptive accountancy applications it is undoubtedly possible that the accountancy may cause the crisis environment or intensifying the effects of the crisis.

## Criticisms on Fair Value Accountancy

In a crisis, Fair Value method has been the suspicion-drawing and the most criticised accountancy application, some enterprises have even banned this method. Besides the fact that in the evaluation of balance sheets, this value doesn't always reflect the "real" value; methods of calculation suggested and used when this value cannot be determined are also very subjective. This function will be seen more clearly when FASB's hierarchy, which is advised to be followed while determining the fair value, is reviewed.

**Other criticisms on the concept of fair value are as follows:**

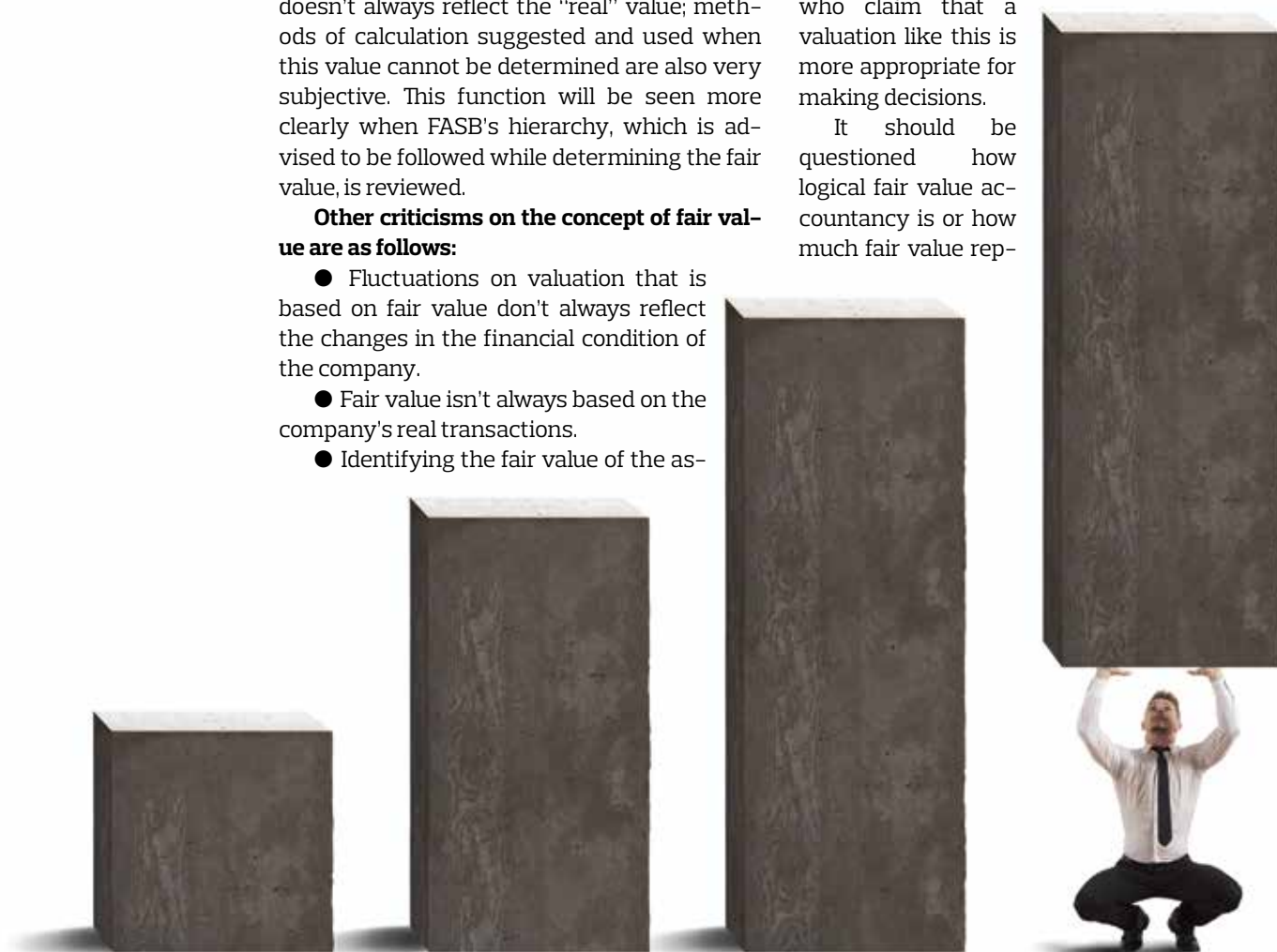
- Fluctuations on valuation that is based on fair value don't always reflect the changes in the financial condition of the company.
- Fair value isn't always based on the company's real transactions.
- Identifying the fair value of the as-

sets is generally a high cost process.

SEC, founded after the 1929 crisis, has defined the valuation with fair cash value as "a method which shouldn't be tried" and imposed applying the cost method instead for years. In 1939, SEC already put a regulation such as "while the financial charts are formed according to the cost method, information should also be presented with market value in the appendix of the financial chart."

People who claim that fair value, compared to historical cost, doesn't represent the reality in terms of validity and reliability; say that the information gathered from financial charts that were prepared with fair value isn't based on transactions in the same market conditions, therefore they are not reliable for making financial decisions. Besides, no matter how unreliable it is, there are supporters of fair value who claim that a valuation like this is more appropriate for making decisions.

It should be questioned how logical fair value accountancy is or how much fair value rep-



resents the reality. Is "valuation with market price" rule in the accountancy system, which was brought as a cure for past problems, one of the reasons of today's harsh market reactions? It is obvious that this approach is against the first record principle, the cost principle which is one of the basic concepts of accountancy and prudence. On the other hand, while valuation with this method increases the assets and profit in situations where the markets rise, it can otherwise make an accelerating effect on downfall. This situation can trigger global financial crisis –liquidity crisis –, real sector crisis like it does now.

Market players being accepted as "too large to be bankrupt" caused them to work with very small capitals without saving necessary provision for contingencies by pushing into the background the necessity of having to risk the background enough to manage the positions that they constituted by using derivative instruments. With the crisis, it was revealed that standarts which are required in order to make account of the derivative instruments correctly, which they carried to the balance sheets, without being influenced by the economic status, weren't prepared.

At times when there is a rising trend of asset prices, fair valuation causes the additional resource to head for new credits besides pumping up the active ones. On condition that there is contrary situation in the economy, the banking sector is faced with credit disinvestment for meeting the capital need and not being able to meet the new loan demands. This results in periodical fluctuations' reaching bigger waves. They have had to work with inadequate funds contrary to the risk they held, under the influence of financial tools which could not be priced according to their real value. They had to liquidize the credit portfolio to meet the fund level which would cover the risk and thus have resulted in increasing the crisis and made the



asset prices drop even further with panic sales.

## Consequences of Fair Value Accountancy In Financial Reporting

There is a consideration that fair value will enhance the volatility of the financial tables. Elements increasing the volatility are economic parameters, measuring errors and the variety of the models that are used. Parallel to economic development, changing fair values of assets and debts are seen as non-realized profit or loss on the balance sheet and statement of income, and affect the pure profit of the period. Banks may especially restructure their balance sheets in these cases. There is a view that this volatility wouldn't cause a problem if market actors read the financial charts and interpreted them properly.

Among the factors which result in crises, creative accountancy applications are leading. For example, General Motors, established in 1908, although it really made a loss of 3 billions USD before bankrupting in 2008, it announced 1 billion USD profits for the first quarter of 2006 in accordance with the American accountancy rules, benefiting from the options and flexibility that the valuation rules gave it.

The valuation of financial instruments which are hybrid and don't have a definite market or don't have liquid market is done via financial

During the Crisis, the application of the method of value conforming to reality has been the application of accounting which has cast doubt and criticized at most and there has even been some attempts to prohibit the use of that method



modeling. Though Uniform Financial Reporting Standards (UFRS) brought more rules of explanation, variety of the financial instruments and open-endedness in fair value definition and factors that are left to preparators' judgement have increased the uncertainty in the valuation of these instruments.

Could the rule of "valuation at the market price" which is included in the accounting system that has been introduced as a remedy for the problems of the past be the cause of the hard reactions of the market today?



## 4.CONCLUSION

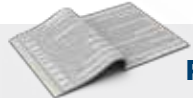
Economic crises that have been experienced since the Great Depression in 1930 until today, have been accepted as global economic crisis with the fact that countries and capital markets triggering each other with boundless circulation of capital and communication. The main reason of the global crisis and its spread across the world while gaining momentum which actually began and developed especially in the USA as the mortgage crisis in the financial sector and rose to its peak in the fall of 2008 with the bank rescue operations has been said to be due to financial tools being valued at realistic values. As a consequence of valuation with this method, it was noticed how far it has actually gone away from the reality.

The European Union's desperation in its plans to save some member states, the rise of unemployment levels in the USA and the fact that problems will increase has led to the idea that new global crisis is on the way or that we're actually living right in the middle of the crisis. In this way, it is obvious that the parameters used for

determining the fair value in the crisis environment cannot be grasped correctly. Uncertainties may cause big deviations. Due to this, it is seen that fair value in crisis environment is not fair (real-like). Fair value, which is shown as the main reason of global crisis, has become the focus of the critics. These critics are surely not baseless.

In crisis times, when the liquidity is lowered as a result of especially the capital owners' and at the same time the consumers' behaving cautiously, it's not quite possible to calculate the fair value and risk modelling. However, because of the fact that a method, which is more real-like than the fair value, hasn't been developed yet, despite all the criticism, fair value will be supported as long as it is purified from manipulative effects.

At this point, in the frame of international accountancy standards, the duty on independent auditors in terms of sufficiency of financial data and risk estimations that the preparators of financial tables use for calculating fair value, is undoubtedly significant. Responsibility of the inspectors, as wells as the operators' of fair value accountancy, is ultimate. ■



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**"My decisions are always based on logic in the final analysis"**



**"I will appropriate your mobile phone if you send ml once more a SMS message for a glass of water"**



# Citius, Altius, Profitus: Olympic Games Have Also Been Professionalized



Io C (international olympic Committee) has decided to give the organization of 2020 olympic games to Tokio. Th article which aimed at setting forth the financial dimension of olympic games has been written before that announcement of the olympic committee

**A**ncient Greek city states closed ranks in Olympia in the eighth century B.C. with the peace that emerged thanks to sports. Wars were over and the furthest throwing, the longest jumping, the fastest running, and the strongest athletes of the city states performed in the stadiums where Zeus watch them over the clouds. Crowns made of olive branches were waiting to be given to the winners before Zeus. While those athletes of strong bodies and sound mind were trying to be the best, relationships were being built among the city states in an epoch of peace. At the end of the competitions, winners raised amphorae full of olive oil over their heads. In reality they were glorifying and immortalizing an idea; with their crowns made of branches of the immortal tree on their heads, champions, in their minds, conveyed Olympism into the future.

In Paris, in the year 1894, Baron Pierre de Coubertin was the man who revived the Olympic spirit that was immortalized in olive branches and imprinted on people's minds centuries ago in the modern world. In 1896, sports once again united all the people at Athens Olympic Games centuries later. Not only the continents, as Olympic circles symbolize in Coubertin's 1914 design, but also the world economies interlocked with each other. While increasingly industrialized, Olympics were being held in a different city, the entire world would start to meet in these new Olympias and Olympic valleys of the new age would offer more than sports.



# God of Profit: Profitus

Nowadays, the rivalry among the companies, rivalry among the countries, sports competitions and the effort of the host city to prove itself to the others all come together to create a suitable atmosphere for modern Olympics. Olympics are called “mega organizations” by researchers in accordance with its economic scale along with the economic, political, social, cultural, and infrastructural effects of this rivalry (Malfas et al. 2004). In this way, Profitus’ name is added to the slogan “Citius, Altius, Fortius” of the Olympics: faster, higher, stronger and more profitable... As a consequence, new elements are involved in the competition along with athletes. Today, nations compete with one another for Olympic success, cities compete with one another for being the host,

sportsmen compete with one another for athletic success, and companies compete with the other companies for being good sponsors. It seems that they will probably offer all their profit to the God of Profit at the end of the competition. Although Profitus should be very happy about this situation, every Olympics is not likely to have the same productivity and return. It is clear that Olympics are one of the biggest performance stages of the already industrialized sports field under the patronage of Profitus. Then, the question of how the city that hosts all the sportsmen will be able to set the stage and how it will benefit from it is always a mystery. Will Profitus temples be able to make a good rate of return on the investments made and enable a host city to become a modern Olympia?



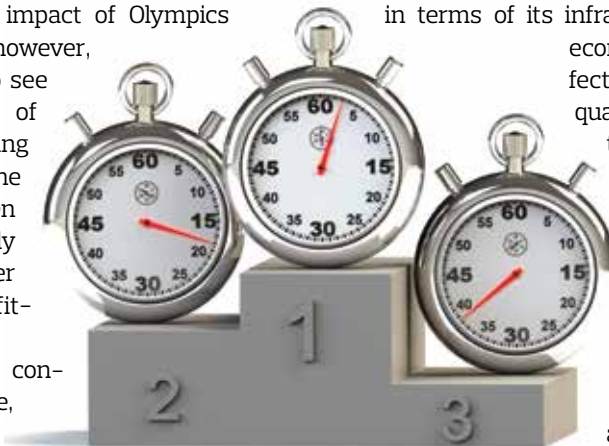
## The Uncertainty and Sustainability of Olympic Investments

Olympic organizations require huge investments, and expenses to be met. These expenses not only include the money required for the games, but also that of the city infrastructure and of all other unseen ones, too. Here, what should be questioned is why an Olympic organization should be hosted. If a city manages to become a host for the Olympics, the most important matters are the profitability of the investment, its ability to have a return, and its sustainability in the long term. If an unsustainable approach is adopted for the Olympic Games, Olympic investment will certainly be meaningless in the long run. This was also indicated in the researches that it is not right to mention the Olympics' precise and positive impacts on the economy in the long run (PricewaterhouseCoopers 2004; Goldman Sachs 2012). As economist Joe Ursua from Goldman Sachs implied, it is possible to see the short-term positive impact of Olympics on the economy, however, it is fairly difficult to see long-term impact of Olympics. According to Ursua, when all the expenses are taken into account, it is really disputable whether the Olympics are profitable or not (2012).

In the studies conducted on this issue, it was emphasized

that Olympic investments are bound to have both positive and negative economic impacts, those investments might cause some problems to emerge rather than making the situation better and it is disputable that the investments can be profitable for the short term while the opposite should be kept in mind regarding their long-term impacts. (PwC 2004; Malfas et al. 2004; Zhang and Zhao 2009). It was pointed out that other projects as alternatives to Olympics should be taken into consideration in terms of their expense and the really good ones should be selected among them. (PwC 2004). In addition to this, it was said that the impact of an organization that was going to be made for just once is not a very important one on the local and national economy thereby rendering the necessity of such investments as an object of dispute, as well. (Zhang and Zhao 2009). On top of that, it was stressed that even if the people in the host city or country were able to benefit from this investment

in terms of its infrastructure, long-term economic and social effects together with the quality of living conditions it would provide are matters that are approached with much doubt and physical investment is not likely to be sustainable at all in the long term. (PwC 2004; Zhang and Zhao 2009).



## Ceteris Paribus and Olympic Impacts

It is easy to see that the investments made in such a chaotic atmosphere for such a big and major organization, the huge amount of money spent and the influence of the media are likely to cause problems to come to the fore on the side of the city that hosts the Olympics. However, it is also probable that this will create some new job opportunities, form a good transportation infrastructure, make some investment facilities appear, lead to an increase in the number of tourists coming to the host city, and contribute to the development of the brand of the city and nation, as well. Yet, just the opposite of what has been implied above about the good sides of the situation might unfortunately be experienced. Job opportunities that emerge with the investments are temporary in that there might be an increase in the rate of unemployment just after the games have ended. Sports centers may turn into completely unprofitable investments if an approach that goes side by side with sustainability in the aftermath of the games is not adopted. Investments might cause an economic shrinkage to come to the fore but development, and much of what has been spent may lead to some budgetary deficit to be seen. With the institutions built and urban development, there might be an increase in the cost of the rents and real-estate prices. This may put pressure on some of the in-



habitants of the city. The investments may not have an overall and positive effect upon the quality of the conditions of living. The increase in the number of tourists may not be as high as people expect it to be. Consequently, all of this will not improve neither the city's nor the nation's image.

While analyzing the impact of the Olympics, candidate hosts may suffer from the "ceteris paribus" delusion, meaning; they calculate the impact of the games as all variables are fixed so; thus they are impressed by the charm of the games. It may not be meaningful, and may not have a long-term effect to take Olympics as the sole factor to comment on the macroeconomic changes accordingly. In short, the appealing side of the games may turn into an illusion. This being the case, seeing the Olympics as the only way of progress is not a favorable approach and a sign of lack of vision. With this approach adopted, we should first have a closer look at the particulars of the previous games with all their economic data and impacts and then predict about the games ahead of us.

## The Economic Impacts and Physical Investment of the Last Three Olympic Games

### Athens 2004

Regardless of the different reports, articles and news that informed the public about the cost of Athens' being a host city differently than one another, the cost of that for Athens' was almost eleven billion dollars. (PwC 2004, Tziralis et al. 2006). As PwC stressed it in its report, this discrepancy stems from the involvement of different clerks in the calculation of the budget. (2004). According to the same report, much of the money was spent when there were two years for the Olympics to begin, and this caused the budget



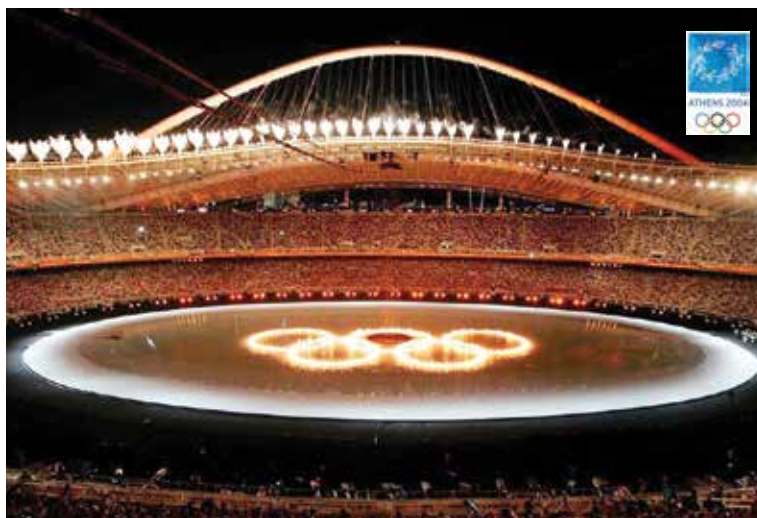
The expenses made for Athen 2004 olympic games are indicated among the caused of the economic crisis in Greece. However Pekin 2008 and especially London 2012 olympic games made positive contributions to the economies of the host countries

deficit whose rate was 1.4 % in 2002 to become 3.2 % in 2003. Moreover, according to an article published in Bloomberg Business journal, the rate was 6.1 % in 2004 but the only factor in the economic downturn was not only said to be the Olympics (Malkoutzis 2012). To add, PwC predicted about the emergence of economic shrinkage after the games and said that the rate of development which was 4 % in 2004 would become 3 % in 2005 or even much more than that (2004).

Also, between the years of 1998 when Athens managed to be a host city and 2005, labor force figures were 11,8 % in the Attica region where Athens was situated and the figures almost increased 7 % in Greece. During the same period, the rate of unemployment fell to 9 % from 12 % in Attica, from 11 % to 10 % in Greece. Moreover, there was a development in transportation infrastructure between the years of 1996-2006 (Tziralis et al. 2006). According to PwC, the government spent 1.3 billion euro for transportation infrastructure. It was emphasized that six millions tourists were expected to come between 1998 and 2011 and this would contribute to the budget of GDP as 10.6 billion dollars. (2004). Also, a new airport that cost 1.4 billion pound was opened in 2001 (Malfas et al. 2004). A 2011 data shows that the rate of unemployment is 18 % in Greece and the economy has shrank by 0.6 %. Moreover, there was an increase in the number of tourists till 2006 but it was not higher than what was said about it for the coming years. (World Bank) This being the case, ten years after Athens Olympics 2004, it does not make any sense talking about either positive or negative impacts of the Olympics in Greece.

## Beijing 2008

Between the years of 2004-2008, 40 billion dollars was spent for Beijing 2008 Olympic Games and this figure equals to 0,3 % of Chinese gross domestic product (Lo 2008) When host



was publicized, the total cost was about 1,6 billion, it then rose to 2 billion dollars. But, it only included the money spent directly for the Olympics. Within that cost of 40 billion dollars, all the expenses regarding the city and Olympics were included. It was rather difficult for Beijing to benefit from the positive impact of Olympics in the global crisis period of 2008. (CRS 2008)

According to the research conducted, the preparations made for the games intensified at the rate of 2.02 % in Beijing and 0.09 % in many nations. (CRS 2008) Beijing holds a place with the percentage of 3.7 in China GDP and Olympics hold a place only with the percentage of 0.2 %. In this regard, even though the games contributed to Beijing's economy, it did not have either positive or negative effect upon Chinese economy. In short, Athens being different from the Olympics in Greece in 2008, China is going to be influenced by its own dynamics thanks to its economic growth. (Yao et al.2010).

One of the themes in Beijing was "green Olympics", the environmental expenses were higher than 12 billion dollars (Zhang and Zhao 2009). On top of that, 200 factories were closed temporarily in order for the green Olympics to take place and





# Olympiads



Tokio, Istanbul and Madrid got 46, 26 and 26 votes respectively in the first round of the voting for 2000 Olympics. Istanbul got 49 and Madrid got 45 votes in the voting which would break the draw

the pollution to decrease and those factories refused to go back to manufacturing again because of the fixed high cost of it (Zhang and Zhao 2009; Goldman Sachs 2012). As this region encompassed Hebei that produced quarter of the steel in China, the rate of development was rather slow. According to the same research again, 90 % of the investments were related to telecommunication, transportation and state services and they are all still being used. (Goldman Sachs 2012.)

Moreover, there was not a boom in the tourism industry with Beijing games. More than that, on account of the global economic crisis, the number of tourists between the years of 1998–2008 was at its lowest level in 2008. But, Beijing managed to create an image of a modern city that had an antique culture in its essence and to go further in its own path all across the world. (Goldman Sachs 2012). To add, despite all the investments, it did not have a positive impact on the city dwellers in terms of the quality of the conditions of living (Zhang and Zhao 2009).



## London 2012

According to the report of the National Audit Office in 2012, the cost of London Olympics was 9.3 billion pounds. This figure equals to 0.6 % of United Kingdom GDP. According to the report of Goldman Sachs, the cost of the games in 2005 was about 3 billion pound (2012). According to the

report of Lloyds Banking Group and Oxford Economics, 11.9 billion pound will have been spent for the games between the years of 2005–2017. According to the same report again, the games will have contributed to GDP of United Kingdom with an amount of 16.5 billion pound between the same years. (2012).

According to the report of Visa, the games will contribute 1.2 billion pound to the economy of United Kingdom and the economy will be better with the expenses. The figure will rise to 4.12 billion pound between the years of 2013–2015. (2012). Touristic visits will lead to an increase that amounts to 10.8 million between the years of 2005–2017. (Lloyds 2012). In spite of all these long-term effects, London will benefit from the Olympics in a limited way as a fixed world capital. (Goldman Sachs 2012).

As to the short-term impacts of the Olympics, it can be said that the economy of United Kingdom developed at a rate of 1 % in the third quarter of the plays, and much of that came from the selling of the tickets. (ONS) Throughout the games, 8.2 million tickets were sold and 659 million pound was earned (NAO 2012). According to the report of Goldman Sachs, the impact of London games in the third quarter was about 0.3 or 0.4 % compared to the previous quarter. (2012.)

These three examples have different qualities in terms of their economic, power and brand aspects. While the impact of the Olympics was far-reaching or enormous in Greece that is a comparatively small country compared to the others, the impact was only limited to locality of Beijing in China. The attitude of Greece for Olympics was more related to tourism industry. London, as an important metropolis, contributed much more to the economy and emphasized the significance of the national identity of Britain throughout the ceremonies and games. As to Beijing which is the capital of an antique culture "China", emphasized its own importance as both a modern city brand and a powerful diplomatic one. It is now important for us to think about the coming Olympics with the help of these examples.

## Rio 2016 Games and a Brief Review of the Opinions About 2020 Candidates

### Rio 2016

The government of Brazil will have spent 50 billion dollars that equals to 2 % of GDP

with the World Cup and the Olympics by 2016. (Goldman Sachs 2012). Yet, the public draws attention to the expenses regarding the field of health and education in the context of the recent events. It is stressed that these subsequent and also significant organizations act as complementary to one another for institutions and infrastructure. For instance, if the institutions and infrastructure are formed till the end of 2014 with the help of the World Cup, they can be used with additional improvements for the Olympics for the coming two years. However, organizing two significant organizations within two years might not only create some management problems but also create a number of other problems with respect to the financial sources. As for the period after 2016, it can be said that those two big organizations with a gap created by them might cause shrinkage to be seen. It is crucial to pay attention to the reactions and views of the public regarding this matter.

## Madrid 2020

According to the data collected in 2011, the rate of unemployment in Spain is 22 %. There was shrinkage in its economy at a rate of 1 % in 2012 (World Bank). Olympics might be a solution for the problem of the high unemployment rate. But, it is not clear at all whether the public will have a positive attitude towards the idea of the Olympics or not. It will not be easy to make the public to give their consent to it. After all, taxes will be a source of finance and will cause some problems to come to the fore on the side of the public. That Spain's economy and that of Greece bear some resemblances to one another might cause economic and social reactions to manifest themselves. As it can be seen above, Greece, which does not have the feature of being sustainable in its core even ten years after the games, may not set a good example for people from Madrid since they will possibly believe the Olympics will not do anything useful to save the situation. The budget of Madrid in 2020 is expected to be almost 5 billion dollars.



## Tokyo 2020

While Japan has been struggling a lot to forget about the earthquake which happened in 2011 for the last two years along with the nuclear problem caused by that, it has also tried a lot to make the situation better after the earthquake since it had a really bad impact on the country's image and economy. After such a disaster, the country's infrastructure is so good that it enables Japan to take on the difficult task of making the country and cities have good conditions as they had in the past with its special methods employed for this mission. Consequently, thanks to its infrastructure and aims which are directed towards being better and better till 2020, Tokyo might benefit from the Olympics to a large extent. With the campaign "Tomorrow Starts Here" that was started by Japan after the earthquake, Tokyo is a step further into improving its conditions. At this point, all these endeavors will be in the same direction with the investments of the Olympics and be supported with the motto of "Tomorrow Starts Here". It is highly possible for Tokyo and Japan to be successful in achieving their goals when their cultural and infrastructural aspects are taken into account. The rate of the economy that shrank 1 % because of the earthquake in 2011 rose to 2 % in 2012. The rate of unemployment is around 5 % in the light of the data collected in 2011 (World Bank). 7.8 billion dollars is to be spent for the budget of Tokyo 2020 (IOC). İstanbul 2020 bütçesi toplam 22 milyar dolar civarındadır (IOC).

The budget of Istanbul in 2020 is almost



# Olympiads



## Istanbul 2020 and Mental Investment

Tokio has got 60 and Istanbul has got 36 votes in the final round and Tokio became the winner. But we as Turkey, have also done our homework well

22 billion dollars (IOC). The first question to be asked for Istanbul is whether the physical investment that is around 22 billion dollars will be compatible with that of mental one or not. Will it really be useful to embark on the business with a budget that is as three or four times big as the budget of the other two candidates and will it be really needed? As it was discussed above, it is not sure whether the Olympics investment will be profitable and will have long-term good impacts on the economy or not. Another relevant question is: will this investment be beneficial for the conditions of living and the people living in the city to the extent it is already beneficial for the tourists, investors and city brand? For instance, there might be an increase in the prices of real estate in the regions in Istanbul where investments for the Olympics are made. It might help the transportation infrastructure to be better and city organization to be more effective. However, the idea that it might be functional in contributing to the development of the city brand is open to discussion. If the games are seen as some sources for creating a good image,

it may be inevitable to have unprofitable investments following the organization. A good example for this is Atatürk Olympic Stadium which is not useful either for the transportation or general usage. It turned into a structure which is merely used for some football matches and concerts. It also reminds us of the ticket sales which are neither sufficient nor profitable. If the number of ticket sales is not as high as expected of it and the competitions are taken place with very few audiences, 22 billion dollars of investment may help us to have a good infrastructure but not do anything useful to create the ideal image for the city itself. And, the mental investment manifests itself at this point. First of all, Olympism and sports must be considered as sorts of lifestyles with the help of educational support in the public eye. The investment made for the Olympics must first make its presence felt in our minds. This is a cultural investment which is needed more than the physical one. If this is not done properly, it is usual for us to be faced with some structures which are just structures with no definite function.





## Conclusion

Sustainability is of paramount importance to the Olympics in that sustainable investments will certainly contribute to the country's economy and image. The attempt to hide a bad city silhouette with flags, posters, and advertisements is like clearing up a house before a guest comes and stuffing everything into a wardrobe. If the countries with problems about their infrastructure adopt a perspective which is geared towards proving their power while trying to have a better infrastructure for the Olympics, they should necessarily be ready for paying the price of it.

Either being a host or gaining medals in the Olympics can be considered as a great sign of power on the part of a city or a country. The medals gained, the records broken, opening-closing ceremonies, the effectiveness of the organizations along with all such matters can be regarded as field of interest for the countries participating in the competitions to prove themselves. The Olympics, either as a brand or as a general factor for public diplomacy, should be considered as an important medium.

In this regard, the Olympics can be seen as a way to prove its power for a nation in the field of tourism or diplomacy. But, for a nation, what is



more important is to be able to achieve this goal in a sustainable way with a strong physical and mental infrastructure. In this way, Olympics can be ingrained in the minds of many and be always commemorated in cities forever. English traveler Richard Chandler discovered Olympia in 1776 and revealed the remnants of the Olympia that symbolized the soul of the society at that time. One wonders which modern city would be the new Olympia, of which remnants might be discovered in the future



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# Performances of the football teams in the stock market

## Fenerbahçe is the champion in the stock market league

When we examine the shares of the football clubs we have to go beyond the familiar methods of analysis. Because people invest in these shares not for financial reasons but with the feeling of advocacy





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**T**he fact that football has become a rapidly growing sector has led to a huge increase in the wages transacted in the sector. Especially the rapid increase observed in the wages paid for the transfer of players has formed the most important expenses item of the budgets of the clubs and many clubs which want to be successful in the top level tournaments have borrowed money by recouring to foreign sources. This process has led many football clubs to incorporation and public offering. The clubs had found the possibility to increase their revenues in this way, renovated their stadiums or have increased their capacity, built sports premises and the increased the possibility of transferring top level football players.

When we have a look at the shares of the football clubs we have to go beyond the familiar methods of analysis because besides the financial statements of the clubs, it is observed that the investors make their transactions for the shares of especially Fenerbahçe, Galatasaray and Beşiktaş clubs with their feelings of advocacy. For giving an example about the corelation of this situation with the performance of shares we may say that the good results obtained by the team in

the match has led to the increase of the value of the shares while the shares were not influenced from the defeat or unsuccessful results incurred by the team. This trend may be concretized by the fact that the shares of Beşiktaş, which did not participate in the european cups and remained behind Galatasaray and Fenerbahçe last season, followed a similar course with the shares of the said two clubs which had a successful season in the european cups in the same season. On the other hand we may say that the same situation was not experienced with the shares of Trabzonspor in the last season and the scores obtained in the football pitch didn't effect the performance of the shares very much.

The interpretations made so far was valid for the performance during the season. Following the end of the season, the ban from Europe imposed by UEFA on Fenerbahçe and Beşiktaş as a result of the so-called match-fixing case that has remained from the 2010-11 season and the ambiguity this situation has led to during the subsequent process has caused a big earthquake in the prices of the shares. Since the european cups influences both the revenues of the clubs and their transfer policies, the ambiguity regarding the participation of a club in those cup or negative expectations related thereto brings about a negative effect on the shares. The process during which first UEFA had banned the said two clubs from european cups and the negative outcome of the objection of them at the UEFA arbitration panel has led to a great amount of sale of their shares. The CAS process which has been experienced subsequently has functioned as a life buoy for the shares of the said two clubs. The decision of CAS to stay execution for the penalty that has been imposed on these two clubs on July 18 and to allow them from participating in the european cups has led to an increase of the value of the shares of Fenerbahçe and Beşiktaş at the rate of 10.5 % and 8.4 % respectively.

There is also a financial dimension of the european cups. That financial dimension especially concerns Fenerbahçe. As is known, the entrance fee to the Champions League is 20 million Euro. This means that being banned from the european cups means deprivation from an important source of income. As shall be remembered, when Fenerbahçe has been banned from participation in the Champions League at the beginning







While the total market value of Fenerbahçe has exceeded 1 billion USD, that value has dropped as a result of a meaningless investigation process

of 2011/12 season it has fallen into a serious crisis and had to dispose of some of its players with high contract values as a result of being deprived of an significant source of income. Shares of Fenerbahçe fell 8.5 % when the decision on ban has been announced while the loss of Beşiktaş has been 3.5 %. This difference stemmed from the difference of revenue obtained from the Champions League and UEFA european league. Some situations which are detrimental to some clubs may of course inure to the benefit of others. Let's explain this with the following example: When Fenerbahçe was banned from the Champions League by UEFA in 2011 because of the investigation carried out about itself Trabzonspor has been included in the League instead of Fenerbahçe. Consequently the revenues obtained from the Champions League have went into the cash box of Trabzonspor while Fenerbahçe has incurred a serious loss. At the moment CAS process is continuing both for Fenerbahçe and Beşiktaş. Even if the shares of these two clubs bring in gains due to the decision of CAS to stay execution all balances may change if the clubs are punished as a result of their crimes having been deemed to be proven. Fenerbahçe is struggling in the preselections of the Champions League. If Fenerbahçe qualifies for participating in the groups by passing the preselections and then is banned from Europe again as a result of being punished by CAS, the team which shall participate in the group shall not be another turkish team but the

team which Fenerbahçe has eliminated in Europe and this situation shall inure to the benefit of the other turkish team in the Champions League, i.e Galatasaray. Because the statute prescribes that if a team of a country has been eliminated in the preselections, the share that it get in the Champions League shall be shared between the other teams of the same country. That means that the share of Fenerbahçe shall also be left to Galatasaray. For that reason a negative decision of CAS against our teams shall also change all the balances in the stock market. That process shall be worse as it extends. The long-term performance of these shares depend not so much on the scores obtained in the football field but on the decisions to be given by CAS at the moment.

The shares of sports clubs has incurred a loss of 39 % in the first half of this year. That situation is considered as an extension of the long-term trend of decrease which the shares of the sports clubs that had peaked in May, 2011 had entered as a result of the shaking of trust due to the match fixing case. When we have a look at the facts from a rather short-term point of view we see that adjusted shares of sport clubs begins to be activated rather towards the end and in the first quarter of the year and the shares of the club, which comes to the fore, records a higher level of increase towards the end of the season.

Sale of the shares of sport clubs are realized as a result of the realization of the expectations related to them at the end of the season and as it becomes evident which team has been champion. The season is followed by the transfer period and the transfer activities and the expectations from the new season effects the share prices. This is a kind of seasonality. When we examine the graphics we observe that generally the purchase of shares are accelerated beginning from the month of December within the season depending on the assertion of the team for being the champion.. In the table above the performance of the shares of the clubs in the second half of the season and their likelihood to be the championship of that season is compared. Generally even if all the shares show a rise in the second half of the season their value begin to fall together with the weakening of their likelihood of being the champion.. The shares of the teams which continue to compete for championship continue to be bought. The expectations are realized upon



Share	January 1 – May 31 Performance of shares I (Percentage)						
	2007	2008	2009	2010	2011	2012	2013
<b>BJKAS</b>	-1,31	4,10	480,00	-15,56	-1,20	-36,21	-21,82
<b>FENER</b>	8,26	66,66	18,84	-3,67	32,25	7,49	-11,66
<b>GSARAY</b>	29,36	14,51	7,48	33,54	1,04	-3,97	-17,03
<b>TSPOR</b>	28,30	93,84	33,07	0,72	-29,89	-9,34	-42,18
Club	Seasonal Performance						
	2006-7	2007-8	2008-9	2009-10	2010-11	2011-12	2012-13
<b>Beşiktaş</b>	2.	3.	Champion	4.	5.	4.	3.
<b>Fenerbahçe</b>	Champion	2.	4.	2.	Champion	2.	2.
<b>Galatasaray</b>	3.	Champion	5.	3.	8.	Champion	Champion
<b>Trabzonspor</b>	4.	6.	3.	5.	2.	3.	9.

the ending of the season and the shares are sold beginning from the dead season until the beginning process of the next season. In addition, out of the two teams, which have remained as the last candidates in the competition for the championship, the shares of the team which have lost the competition for championship incur drastic sales and that situation leads to the increase of the shares of other teams to a certain extent. In summary, the earlier a team breaks away from the competition for championship, the earlier the drop in the value of its shares. If the team which had come out as the second at the end of the season then the fall of its shares may be a hard one if it had lost the championship in the last weeks. However we observe that the sense of trust to

the clubs which has been shaken in the last two years seems to have upset that course of affairs because it is observed that even if a team has been successful in a definite season its shares are transacted within the negative limits at the end of the season.

When we have a look at the performance of the shares which had come to the fore in the seasons before the summer 2011, we see that the fact that Fenerbahçe has had a successful season in Europe and risen up to the quarter final in the champions league in the 2007/2008 season has ensured the rise of its shares until the end of the season and the gains obtained from the shares to be 66 % in the 6 monthly period following the beginning of the new year.



# Spotlight

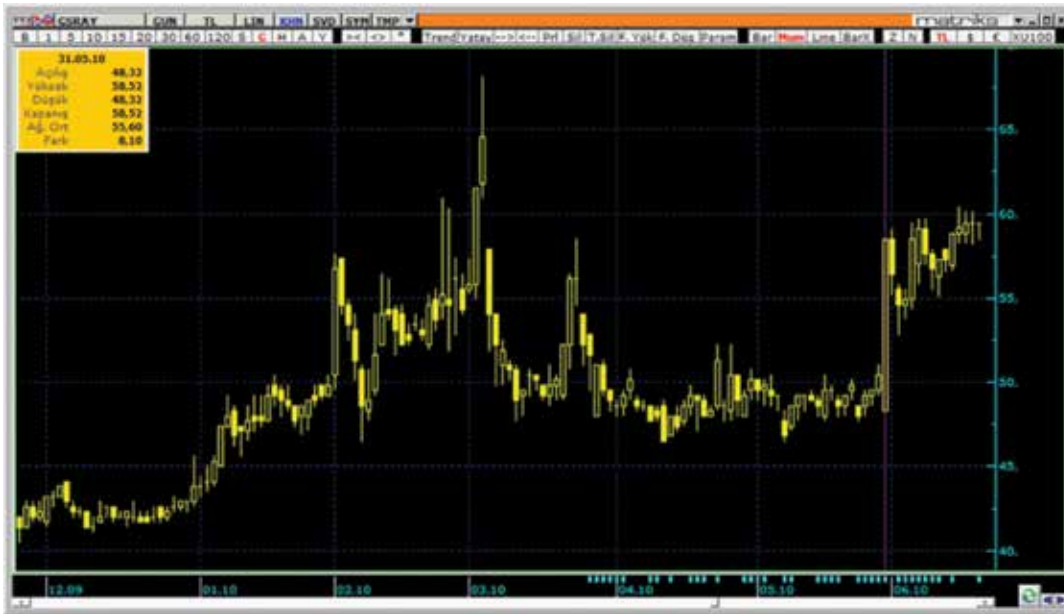
When Beşiktaş became the champion after a long interval in the season 2008/09 the price of its shares has increased to the level of 5.47 TL on May 22, 2009 from the level of 0.50 TL on January 1, 2009.



Even if the shares of Fenerbahçe which had exhibited a successful performance throughout the season in 2010 had increased its gains up to 55 % on May 3, 2010, all those gains were lost after the championship was seized by Bursaspor and the season was ended with a change of -3,67. On the other hand we observe that the price of the shares of Galatasaray has increased rapidly in the same process.







Fenerbahçe is far ahead of its rivals in the stock market league with its total market value exceeding 700 million TL despite all the hindrances.

We further observe that the shares of Fenerbahçe, which completed the 2010/11 season as the champion had ensured a gain of 96 % on May 2, 2011 in comparison to the beginning of the new year and that these shares finished the season with a gain of 32 %.

We observe that 29 % of the shares of Trabzonspor, which had lost the championship,

have been sold as of the end of the season. On the other hand Beşiktaş which had entered the same season with great expectations as a result of the transfers that it had made had shares with a gain of 73 % on January 2011 but its shares had to finish the season with a change of -1.2 % by losing back all the gains as a result of the disappearance of its being the champion.





When we have a look at the financial statements we generally see that our clubs have declared loss in their balance sheets and were indebted in an amount of approximately 440 million TL. According to their balance sheets for 2012 Fenerbahçe, Galatasaray, Beşiktaş and Trabzonspor are indebted 354, 693, 520 and 202 million TL respectively. Our clubs are making very expensive transfers. For that reason the balance sheets show high figures as the items of long-term and short-term obligations. The situation is in deed n the same for many leading clubs in the

world. We may in deed think that these expenses are the fixed costs of these four clubs which target success in Europe. The revenues bear a big importance in that case. The revenues obtained from the broadcasting of football matches are already distributed according to the share in the pool (and the said four clubs have the lion's share for matches in Turkey ). Then comes the revenues obtained as a result of successful results obtained in Europe and the revenues obtained from the sale of merchandise like sportsgear, tshirt etc. And those revenues are totally directly pro-

portional with the success in the football pitch.

When we have a look at the counterparts of our clubs in Europe we see that a club like Manchester United of which shares are expensive is able to cover its costs through its success in the football pitch. Besides we may think that the club has a significant external financial source and for that reason would not have serious problems regarding the financing of debts. On the other hand Arsenal, which is another club of which shares are expensive had to restrict its expenses and push the sports success into the background in the 2010-2011 seasons especially because of construction of Emirates stadium. However the club had paid out the debts of the stadium and relieved in financial terms. On the other hand we observe that the shares of football clubs like Borussia Dortmund, Ajax and Benfica, which prefer to grow using their own sources, don't make expensive transfers and sell the players, whom they either train at the infrastructural level or buy at cheap prices, by making them stars, are very cheap and has a high potential for increasing. While Juventus was included in the first group at the beginning it got a severe blow when it has been dropped from the league as a result of the match fixing scandal which has shakened Italy. This club had set up less expensive and balanced teams after it has returned to the premier league following its struggle in the lower league and has been included in the second group. Shares of Juventus attract attention with low F/K rate at the moment. If you ask what is the situation of our four big teams in this table we may say that they are rather to be included in the first group since they don't have a policy of bringing up players in the infrastructural level and then sell them but rather follow a policy of transferring star players. The shares have a potential for increasing their value but success at

the sportive level is a must in order to reach the peak shared by the giant clubs of the world. Of course the feeling of trust which has been shaken during the last two years because of the match fixing case must also be regained and the state of affairs must become normal again from the point of view of the shares of the sport clubs.

When we have a look at the market values we see that the total market value of the four big club companies has fallen to 1.6 billion TL by fall-

Beşiktaş which has made a good start in the season has left Galatasaray behind and ranks the second in terms of its market value following its sudden thrust forward. Trabzon ranks always the fourth.

ing down by 30 % in the first six months of the year in comparison to the end of the year. We see that Trabzonspor has been the club of which shares has lost value at most in comparison to the end of the last year. The market value of the club which was 245 million TL has incurred a loss at the rate of approximately 39 % in the first half of the year and dropped back to 150 million TL. The market value of Fenerbahçe has fallen from 1 billion 7 million TL down to 692.5 million TL, which corresponds to a decrease of 31.2, in the first six months of the year despite the fact that the club had the highest market value. On the other hand Beşiktaş and Galatasaray had also been among the clubs of which market values had dropped down in the the first half of the year. Market value of Beşiktaş has decreased by 27.4 % in comparison to the end of the last year and became 343.2 million TL while the market value of Galatasaray has receded back to 415.4 million TL corresponding to a loss of 26.4 %..



Kulüp Şirketleri	31.12.2012	29.03.2013	28.06.2013	13.08.2013
FENER	1.007.500.000	1.007.500.000	692.500.000	715.000.000
GSARAY	564.587.000	560.405.000	415.425.000	404.260.000
BJKAS	472.800.000	393.600.000	343.200.000	335.200.000
TSPOR	245.000.000	154.500.000	150.000.000	139.250.000
TOPLAM	2.289.887.000	2.116.005.00	1.601.125.000	1.613.710.000


**Note:** In the period following the completion of this study Beşiktaş had outperformed Galatasaray and risen to the second place in the league of stock market.



# An application of positioning of marketing for IAU: **Preliminary Study**

This study is a semester home-work prepared by the students of the second class of the English business administration department of Ankara University. The students had made a gesture to Associate Prof. Dr. Gnta  zler, who had guided them in the study, by adding his name among the names of the authors



 **Selda GNEY,**  
**Furkan**  
**MARALI, Gnta**  
** ZLER ve**  
**Sedat SLN**

## 1. PURPOSE OF THE STUDY

It is essential that entrepreneurs, business partners, professionals and all concerned parties be very well- enlightened before embarking on a job, while the business is running or in any other phase. Furthermore, we expect that the ones who have completed enlightenment in a better manner have completed a strategic advantage. A good level of enlightenment could do the following for business planners and managers<sup>1</sup>:

- i. Provide a competitive advantage,
- ii. Make clearer the framework in which entrepreneurship has been carried out, enable us to know more clearly the dynamics and the terms of business transaction of the related market,
- iii. Bring together information on competition (competitors),
- iv. Try to coordinate the strategic steps,
- v. Provide administrative support for the decisions to be taken, or help strengthen this support,
- vi. Test preliminary information and beliefs,
- vii. Clarify the potential audience,
- viii. Increase efficiency and productivity.

In line with the general benefits, we would like to express what our aim is and what kind of a result we would like to find with a research in institutions of higher education of which we are a part and on which we think. The research that we are trying to do might have been done before. In addition, we know that such kinds of studies were carried out by the IAU managers themselves or upon their request by others at different times and in different contexts. Our aim here is not to repeat such a thing, also it should not be considered as guidance in any form or an attempt for advice. Moreover, collected preliminary information and other survey information are extremely limited and are not based on enough observations for a statistical study. The goal in an extremely simple manner is to understand the dynamics of "Private Universities" category (market), to construct a virtual marketing plan within the scope of educational activity with a hands-on study carried out within the framework of "Marketing Management " course and with the information we did not have before. In this regard, we focused on a simple inquiry

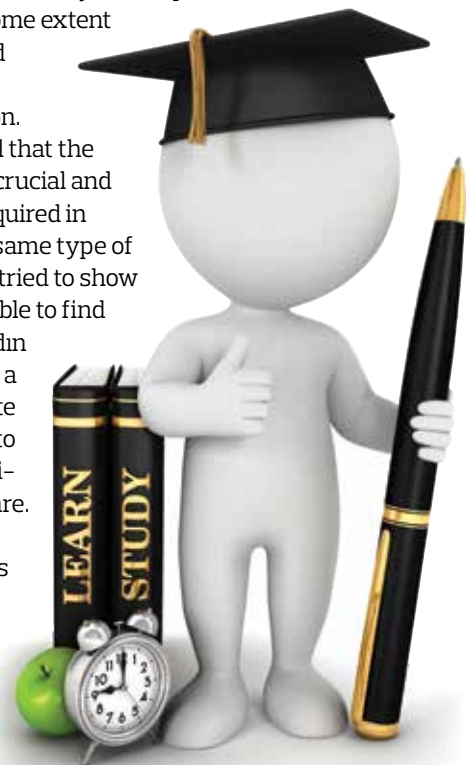


platform on a comparative basis for Istanbul Aydın University and other universities which are considered to be in the same conditions. We wanted to construct a framework which could be easily analyzed and perceived clearly with comparative and well-summarized (according to us) factors and variables.

As can be seen in the next section of the analysis here, from a comparatively simple structure, we could produce information which could be explained with simple and basic indicators and could be clearly understood.

In this study, the most important feature of Aydın University is realized at first glance in associate degree education program and students. In this comparative study, this aspect of the study is left out to some extent and university is examined taking only undergraduate programs into consideration. It should not be overlooked that the excluded feature could be crucial and another study might be required in this area. Focusing on the same type of data and comparisons, we tried to show in this study that it is possible to find the position of Istanbul Aydın University of which we are a part in the market of private and state universities and to determine who its competitors and potential targets are.

In the same context, investigating the dynamics of increasing the share of the institution in the education market is possible.



<sup>1</sup> Joel R. Evans, Berman B., *Marketing in the 21st Century, Second AtomicDog Edition*, 2005, s.79

## 2. HOW WAS THE STUDY DONE?

This study began from a term paper and has tried to be developed further and converted into a more comprehensive study. The main aim was to achieve some strategic decisions and to give preliminary information necessary to be able to make marketing plans. After the phase of enlightenment had been exceeded relatively easily with certain effort and skill, in spite of all the possible difficulties and setbacks, thinking that the information which could be the base for a planning effort could be acquired even if it was the minimum, the stage of inquiry was moved a step further. The planning of the study could be thought of in three stages:

### i. The creation of information-gathering form

Firstly, the effort to understand the dynamics of the market and the conditions of competition and the market in the corporate category which could be described as Foundation Universities from Higher Education institutions put the stage of “pre-examination” on the agenda. Higher education institutions in Istanbul – not at a national scale – consisting predominantly of those on the European side were put on the agenda of the inquiry within a competitive framework.

The administrative and academic staff members were asked to give their

opinion on competition. As a priority, we identified the critical information that should be collected. This

information became both official information and documents along with previous research and pre-determined classifications. Then, according to this data, a questionnaire was prepared to determine the objectives and rivals of our school within a specific criterion. This previous information form was distributed as equally as possible; it was applied to academicians and administrators. As a result of the questionnaire which was carried out by 30 subjects Arel, Kültür, Doğuş and Yeditepe Universities were identified as institu-

tions which are within the competitive scale of our institution. Beykent and Okan University were considered in the rival category, but they were remembered less than others, so they were not added into the rival framework. Admittedly, in a more extensive study the number of universities could have been more; however, in terms of objectives of our study, the framework of competition and target schools was limited to seven schools. In the target scale Koç, Sabancı and Bilkent University have emerged. Out of these, Koç University was added into the study as a representative of others.

Other than these two scales, Yeditepe, Kadir Has, Bahçeşehir and Bilgi University were expressed both as competitors and as targeted universities by our subjects. As a result of the determination of competitors and targets, we accessed the final information collection form to measure the level of seven universities including Aydın University with different classifications. We directed this form to the academicians of our school in the same way and method. The information collection form that we prepared was a document consisting of numeric and measurable values. Our intention here was to minimize error rate by using a package program like SPSS for numeric data and to provide a precise analysis.

### ii. Determination of criteria variables and factors:

Certain variables used in earlier studies conducted in our country and abroad were determined and included in our study. You will see a list of variables used in the related tables. Two variables which could be defined as charge and size/diversity except for the variables used in the questionnaire (15 variables) form were added into the framework as external information. Detailed information about them will be included in our report later. All of the variables were evaluated with a septet scale and so all were evaluated being subjected to a equally spaced measurement with this scale.

### iii. The Audience to be Questioned:

As also noted above, our data collection form was used only being directed towards our university's academicians. There is no reasonable or sensible reason for this apart from being practical and easily-accessible. A study with this purpose is expected to different modules and it should have been. For it to be a neutral assessment, the same information form should have at least been given to the academicians and administrators of other institutions of the competitive framework. In addition, one might expect a student assessment module. However, this study was developed from a term paper, due to time and resource factors, a more comprehensive study was not possible.





### 3. STATISTICAL INFORMATION ABOUT UNIVERSITIES:

The average fee of Istanbul Aydın University and other universities we have chosen for the 2012 academic year, the ranking results

between 29 foundation universities by Middle East Technical University in 2009, are as shown in the table below:

**3.1. Fees and Middle East Technical University Sequencing Table**

	AREL	AYDIN	DOĞUS	KADIR HAS	KÜLTÜR	KOÇ	YEDITEPE
AVERAGE FEE		19.700	21.000	25.000	20.000	31.000	22.000
METU RANKING	29	28	8	13	18	3	7

The information pointed out in this table is that all of the institutions that are considered as competitors or target schools (except Arel) have been above Aydın University in the evaluation. We will also look into to what extent the data overlaps with the image obtained at the end of questioning.

It could be said that the situation of annual fees is compatible with the sequence data. It is clear that the universities which are located at the top ranking claim a larger average annual fee. The differences of fees might be said not to contain significant differences apart from Koç and Kadir Has.

**3.2. Faculties of Our Universities and 2012-2013 Quotas**

FACULTIES QUOTAS	AREL	AYDIN	DOĞUS	KADIR HAS	KÜLTÜR	KOÇ	YEDITEPE
Dentistry		30					52
Pharmacy							70
Education		453					235
Arts-Sciences	341	307	172		279	52	390
Fine Arts	74	345					25
Law		185	160	131	200	84	120
Communication	263	210		185			315
Economics and Administrative Sciences	383	520	206	260	310	348	460
Humanities and Letters						118	
Engineering-Architecture	468	623	442	237	454	286	580
Health Sciences							135
Art and Design			200	114	277		
Medicine						40	60
Commercial Sciences							250
TOTAL	1529	2673	1180	927	1520	928	2692

Aydın University ranks second behind Yeditepe University as it could be seen from the table, both in terms of faculties owned and given quotas. As for total quota, there is a very small difference in number (2692 and 2673, re-

spectively). This information is confirmative in terms of variety of education and prevalence variables. In other words, compared to rival universities, Yeditepe and Aydın University rank number one.

Ankara University ranks the first among the foundation Universities which have been examined in terms of the total student quota



# Special File



There are eight ranking systems ranking world universities. The criteria used by these institutions, the number of universities they rank and the dates when rankings are announced are different from each other. Therefore, it becomes hard to fully understand the place of our universities in world rankings. In a survey conducted in 2011 143 Turkish universities ranked in 500, 153 universities managed to rank according to another survey in 2012. A great number of our universities reached the

top positions. However, to make an assessment of our universities, the world university rankings should not be seen as the sole criterion. As different criteria are used by ranking systems, the place of universities in rankings might be very different. Especially for areas such as social sciences and fine arts, these rankings might not be enlightening enough. Some universities, despite their low rankings, could have some faculties and departments which are very powerful.

	AREL	DOĞUŞ	KADIR HAS	KOÇ	KÜLTÜR	YEDİTEPE	AYDIN
University rankings (Turkey)	108	63	79	24	70	45	84
Scimago				1846		2118	
Urap		1942		1114		1188	
Webo	8293	2871	4373	947	3074	1586	5556

(between 1-500; 501-1.000; 1.001-1.500; 1.501-2.000 and 2.001-20.000). Each group was ordered according to the number of times that it went into order within its own group. In case of equality, URAP World Ranking was used.

The following table shows like scores which are obtained for different variables scores and other statistical indicators of Aydın University. This table has been given as the basic subject of the analysis is Aydın University. By taking into account the values of the variable averages, we will try to identify where Aydın stands in the overall assessment.

The basic data obtained as a result of the questioning of the faculty members are shown

in the tables below. The data of Aydın University are given as descriptive statistics, in terms of the criteria variables used, in the first table, As can be seen from the table, the mean of evaluation scores, standard deviation, estimated margin of error statistics and the number of observations are given. The same basic statistical information is available for other universities in the scope of inquiry. However, this information is included in Appendix 1 of the study.

The total number of students of Ankara University has reached 27000 in the 2013-2014 academic year. That figure indicates the distinguished status of Ankara University among the foundation Universities

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
<b>Entrepreneurship /growth</b>	23	3	7	5,65	,256	1,229
<b>Creativity</b>	23	1	7	4,39	,313	1,500
<b>Practicality</b>	22	2	7	5,00	,294	1,380
<b>Education variety</b>	23	3	7	5,39	,206	,988
<b>Work-orientation</b>	22	2	6	4,64	,291	1,364
<b>Up-to-datedness</b>	23	3	7	5,22	,235	1,126
<b>Friendship</b>	22	1	6	4,32	,304	1,427
<b>Academic orientations and quality</b>	23	1	6	3,74	,296	1,421

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
<b>Infrastructure strength</b>	23	2	6	4,30	,270	1,295
<b>Physical equipment adequacy</b>	23	1	7	4,52	,326	1,563
<b>Flexibility</b>	21	1	6	4,00	,316	1,449
<b>International perspective</b>	23	1	7	4,35	,285	1,369
<b>Prevalence</b>	23	1	7	4,91	,273	1,311
<b>Strategic perspective</b>	22	1	7	4,09	,372	1,743
<b>Communication/ participation</b>	22	1	7	4,18	,333	1,563
<b>Overall evaluation</b>	22	1	6	4,32	,282	1,323




#### 4. ISTANBUL AYDIN UNIVERSITY WITH ITS STATISTICAL ASPECTS



The values in terms of the criterion variables in question obtained by all universities within the framework of the research are shown. The majority of all the universities and these two variables that we need are listed in these two tables. Especially the second table takes a comparative photo of all universities and variables. A significant portion of the following analysis will be based on this data.



		AREL	DOĞUŞ	KADIR HAS	KOÇ	KÜLTÜR	YEDITEPE	AYDIN
	Entrepreneurship	3,13	2,78	4,83	6,09	3,7	4,87	5,65
	Creativity	2,78	2,96	4,48	6,3	3,78	4,91	4,39
	Practicality	3,05	3	4	5,81	3,91	4,73	5
	Education variety	3	3,48	4,74	5,78	4,3	5,04	5,39
	Work orientation	3	3,18	4,41	5,95	3,68	4,59	4,64
	Up-to datedness	3,26	3,17	4,48	6,04	4	5,04	5,22
	Friendship	3,4	3,89	4,53	5,37	4,26	4,89	4,32
	Being scientific and quality	2,96	3,26	5	6,26	3,96	5,22	3,74
	Infrastructure strength	2,74	2,91	5	6,22	3,74	5,13	4,3
	Physical equipment	3,18	3,32	4,86	6,41	4,18	5,41	4,52
	Flexibility	3,48	3,62	4,57	5,81	4,05	4,86	4
	International perspective	2,87	3	4,65	6,39	4,09	5,13	4,35
	Prevalence Accessibility	2,78	3,57	4,52	5,22	4,17	4,65	4,91
	Strategic perspective	3,05	3,5	4,23	5,86	3,77	4,91	4,09
	Communication	2,95	3,55	4,35	5,85	3,75	4,9	4,18

We would like to make an analysis with the help of our previously carried out analysis on other universities. When we look at the analysis in terms of the data collected, we could observe the pros and cons of our school. It is possible to

reveal these observations with the help of some of the 15 variables that we used in the questionnaire phase. First of all, let's observe which variables of Aydın University are at the forefront and successful in comparison to other schools.

#### 4.1. Variable means and statistical comparisons

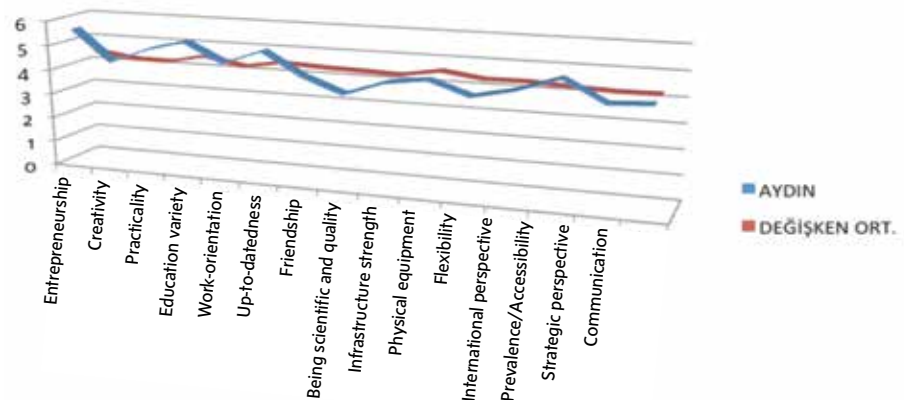
	AYDIN MEANS	OVERALL VARIABLE MEANS	
Entrepreneurship	5,65	4,44	Different (p<0.05)
Creativity	4,39	4,23	
Practicality	5	4,21	Different (p<0.05)
Education variety	5,39	4,53	Different(p<0.05)
Work-orientation	4,64	4,21	Different (p<0.1)
Up-to datedness	5,22	4,46	Different(p<0.05)
Friendship	4,32	4,38	
Being scientific and quality	3,74	4,34	Differentnegative (p<0.05)
Infrastructure strength	4,3	4,29	
Physical equipment	4,52	4,55	

The averages of each variable that we use in overall assessment and in the same variable category and the scores of Aydın University within the same variables can be seen in the following table. This simple comparison shows in terms of which variable categories Aydın is above or below overall average. If Aydın University is statistically meaningfully different from overall variable averages, this is shown in the last column. Variables in the blank cells have no meaningful difference.

The position of Aydın University according to the average position of the variables is seen in the chart. The statistical difference located in the last column of the table is also monitored visually.

In the table, as stated above, the difference between the average of variable scores of Aydın University and the overall average of the same variables with the average scores of the variable are looked at. The scores which are found to be statistically different are shown in the last column. According to this, Aydın University is different from general feature averages with features of "Entrepreneurship", "Practicality", "Education variety", "Work-orientation", "Up-to-datedness" and "Prevalence/accessibility". This difference is larger than % 95 ( $p < 0.05$ ) in all of the enumerated features except one. Only "Work orientation" feature has a reliability of %90 ( $p < 0.1$ ). A net negative difference is observed in the feature of "Being scientific and quality". A clear message could be read from the information here. Aydın

	AYDIN MEANS	OVERALL VARIABLE MEANS	
Flexibility	4	4,34	
International perspective	4,35	4,35	
Prevalence/Accessibility	4,91	4,26	Different ( $p < 0.05$ )
Strategic perspective	4,09	4,20	
Communication	4,18	4,22	



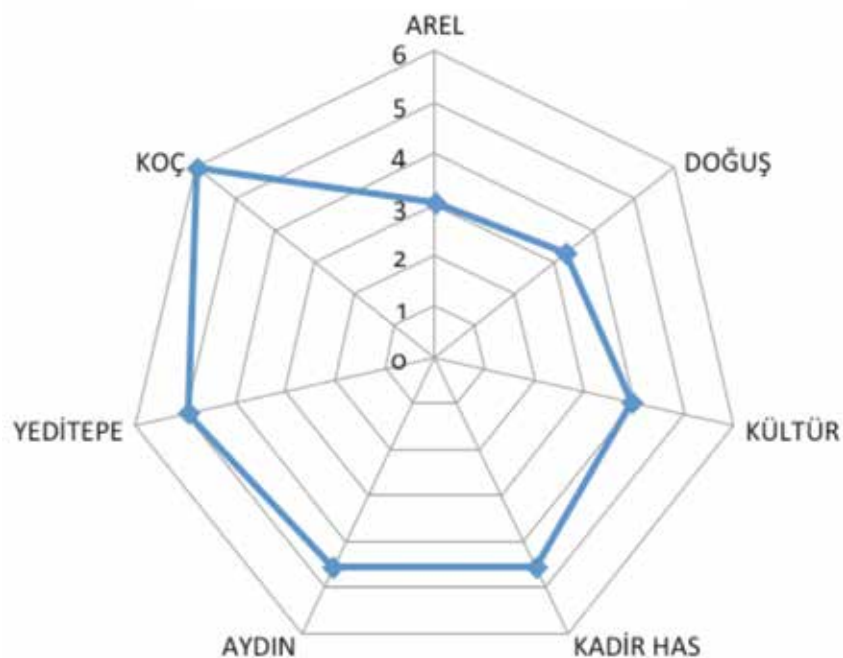
University has an advantage with features of entrepreneurship, practicality, education variety, work-orientation, and up-to-datedness. This may be totally called as "The ability to work" dimension. The net deficiency is being scientific and quality.

## 5. HOW COULD UNIVERSITIES BE GROUPED?

It is important to know which different or common groups our comparison universities are in. This is true in terms of both positioning and marketing policy. In other words, to know in which league we are and to behave accordingly are crucial.

It is possible to make the positioning (grouping) in different ways. For example; assessment can be made on the basis of an important variable; a subset of the variables or it can be on the basis of the overall average. However, for an overall assessment, we will choose to group our universities according to their overall average scores.

## OVERALL AVERAGE



When we have a look at the own inner variance of the variable scores of the University we see that the standart deviation between the variables is much more higher in Ankara University than in other Universities

When the graph is looked through visually, Arel, Doğuş and to a certain extent Kültür University could be thought in the same group in terms of their similar overall average scores. Kadir Has and Aydın which follow have the same score, and thus are expected to be in the same group. Yeditepe and Koç University might create different groups. This approach can help us to create a general idea, but the quality of arbitrariness of classification might be asserted. Therefore, we will try to cluster our universities in groups of 3 and 4. This technique is destined to make the variance within groups the smallest, the variance among groups the largest. The results of "Cluster" analysis are given below: The classification center of balance in three-group analysis is 3.43 (the first table) and Arel, Doğuş and Kültür University are in group 1. Kadir Has, Aydın and Yeditepe are in the 2nd group with the classification center of balance 4.70. For the last group, Koç University takes place with 5.96

## Group Centers of Balance

	Cluster		
	1	2	3
Overall average	3,43	4,70	5,96

## Group Memberships

Case Number	Cluster	Distance
1. Arel	1	,387
2. Doğuş	1	,147
3. Kültür	1	,533
4. Kadir Has	2	,123
5. Aydın	2	,123
6. Yeditepe	2	,247
7. Koç	3	,000

center of balance.

Let's take a look at what would happen if the number of groups are allowed to be increased in the analysis (4 groups):

## Group Centers of Balance

	Cluster			
	1	2	3	4
Overall Average	3,16	5,96	3,96	4,70

Centers of balance of classrooms of the group are shown in Table 4. The table below shows which universities are grouped in each group.

## Group Memberships

Case Number	Cluster	Distance
1. Arel	1	,120
2. Doğuş	1	,120
3. Kültür	3	,000
4. Kadir Has	4	,123
5. Aydın	4	,123
6. Yeditepe	4	,247
7. Koç	2	,000

This time, Arel and Doğuş are in the first group with a 3,16 center of balance in the classroom. Kültür University is alone in a group (3,96). Despite 4 groups, Kadir Has, Aydın and Yeditepe University share the same group with a center of balance of 4.70. Despite the difference in score, even if the number of groups increases, Yeditepe does not constitute to be a separate group. Koç University whose center of balance is its own has a group of its own. The clustering technique was calculated by taking Euclidian distances into account; however, the differences between groups are found to be statistically meaningful.( $p < 0.05$ )

Below, in case of triple and quartet clustering, Aydın University group does not change (the same three). In both cases, there is no statistical difference between groups ( $p < 0.05$ ). To remind once more, this clustering is not made by the initiative of the researcher, it was obtained as a result of mathematical algorithm.





FIRST GROUPING (3 GROUPS)	SECOND GROUPING (4 GROUPS)
AREL DOĞUŞ KÜLTÜR	AREL DOĞUŞ KÜLTÜR
KADİR HAS AYDIN YEDİTEPE	KADİR HAS AYDIN YEDİTEPE
KOÇ	KOÇ

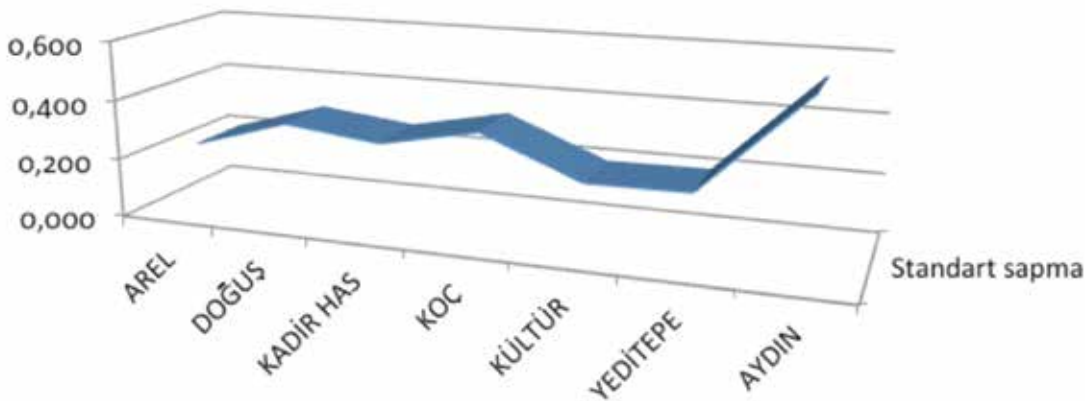


## 5.1. Variation in University Scores

	AREL	DOĞUŞ	KADİR HAS	KOÇ	KÜLTÜR	YEDİTEPE	AYDIN
Standart sapma	0,219	0,317	0,279	0,346	0,213	0,217	0,546

An interesting picture is seen looking at the inner variance of the variable scores in universities. As read from the table, the standard de-

viation between the variables is very high for Aydın University compared to the others. This can be observed in the following diagram.



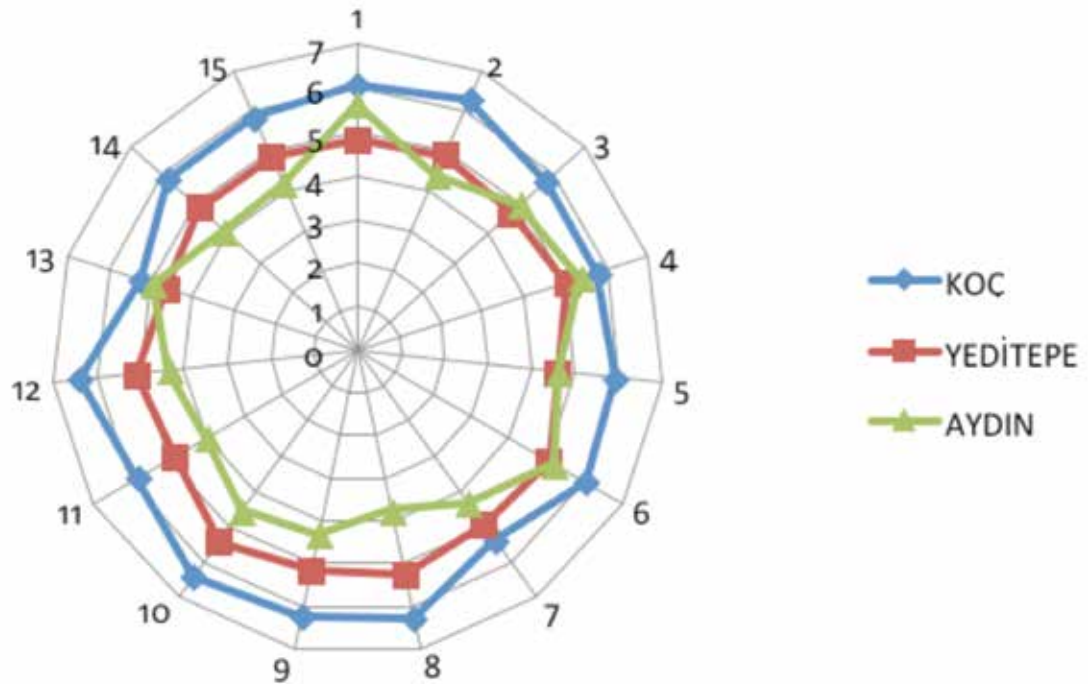
This means that, Aydın University compared to the other institutions that it is compared with, is evaluated on the edges in terms of the variables used. "Good" and "not good" variable categories scatter towards the ends.

As a cautionary note, it could be said that assessors could differentiate better the university that they know well much better than the other universities.



## 5.1.ASSESSMENT ACCORDING TO VARIABLES

The features of Ankara University that come to the fore may be summarized as audacity, being application oriented, ensuring diversity, focusing on work and catch what is actual



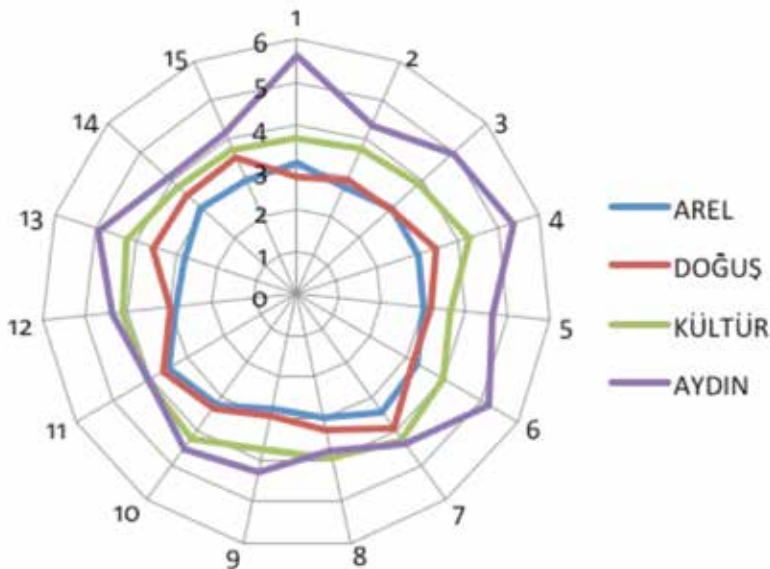
In the graph above, the type that we call radar chart, Aydın and the two universities preceding it, there are average scores of 15 variables. As can be seen, the universities with the best scores generally surround the others. Aydın finds place as the third or fourth university here.

In the second radar chart, Aydın University is seen together with the universities with lower variable scores than it has.

As shown in the table and graph above, the analysis of all variables of the universities, the

mean of these variables and standard deviations were obtained from the result of a conducted survey.

As seen in both charts, whereas our school is successful in some areas, it still has deficiencies in some areas. If it is necessary to mention these under headings, the areas of success could be said to be in the form of variables given respectively as Entrepreneurship/ Growth, Practicality, Education Variety, and Up-to-Datedness in terms of numeric data. In fact, these enumerated variables are factors in the yearly increase in the number of students and the visible growth of school inventory and they support this success. To expand this with an example, the school's commitment to advertising policy and yearly increase of newly opened departments, correspondingly seeing a new structure every year in the campus at school might be seen as active forms of afore mentioned variables. However, when the success map of our school is investigated, it is not right to ignore the shortcomings. We could see clearly from the tables that our school is behind in the results that we obtained in terms of the same data, the variables of academic orientation and quality, infrastructure strength and physical equipment that we observed in Kadir Has University, Yeditepe University and especially Koç University which our school sees as a target.



## 6 INSTEAD OF THE RESULTS:

As stated in the title of the study clearly, this is a preliminary study. In other words, it was named a "pre-study" with the belief that the basic study would come after. Thus, results cannot be drawn from here. If anything, some propositions (hypothesis) that need to be tested might occur. We tried to put down some of them below.

- i. The first proposition is about IAU's outstanding features (variables), the relative lacking features. IAU's, according to the average overall rating, better features in the statistical sense, as mentioned above, are impulsive act ( entrepreneurship ), being application-oriented, supplying diversity, being business-oriented and current. It is possible to call these collectively as the dimension of "capacity to work". The clear deficiency is, however, again in the statistical sense, "being scientific and of quality" in size. The fundamental data for these findings is provided by the members of IAU, so it could be thought that it does not contain any deviation.
- ii. The dimension of "capacity to work" which is better compared to the general, within the framework of our research, compared to the universities which are thought as its competitors (Arel, Doğuş, Kadir Has, Kültür, and Yeditepe), IAU

seems to be ahead. There is no statistically significant difference in the dimension of capacity to work between IAU and the numbered universities. Its lacking feature of "being scientific and quality" has the same position as its opponents (except Yeditepe). This group of schools remained well below average in this feature and this difference is a statistically significant difference.

- iii. Since our research is evaluated only by the members of IAU, the proposition on which we expect some amount of "positive bias", is at the positioning point with the universities in our framework. According to assessments, IAU, Kadir Has and Yeditepe Universities are put together in the same group. IAU differs statistically from, Doğuş and Kültür Universities which are thought as closer. It should be mentioned that this proposition is not in harmony with earlier studies. (for example, METU study)
- iv. Looking at the variance of the variables showing the deviation of criteria values according to university averages, IAU deviation is much higher than that observed in all other schools. This shows that IAU is evaluated in "good" or "bad categories more. The values which are close to the average are exceptional. Here, it might be said that the "good" and "bad" images could be studies on.







## 7 WARNINGS

While carrying out this study, we acted on an appropriate data base and an assumption that is not exactly true. A total of 23 academic staff members filled in the questionnaire which questions knowledge in an intensely comparative and detailed manner. Accordingly:

a. The number of observations  $N=23$  cannot be underestimated, but it might not produce an adequate statistical base, either. However, the statistical comparisons which were carried out taking into account the characteristics of the mass made the inadequacy of the number unimportant. In other words, results which put forward differences were received with  $N = 23$  observation number, too. These are reported in the report.

b. All of the lecturers and academicians are selected from Aydın University (in terms of easy access). In such a comparative study, for considerable results, a similar number and composition of lecturers and academicians from universities in the same framework should have been included in the sample. Since this condition is not fulfilled, it should always be kept in mind that the analysis and assessment to represent the perspectives of our university's lecturers. The most obvious example of this is

that university grouping extracted without questioning and the grouping made in general terms and with measurable criteria gave quite different results.

c. If there is such a deviation, how our university is located in relation to the selected variables can be considered as reliable information. Namely, when considered according to a general average, it might be found out that in which aspects we have more advantages and in which aspects we lack. We could say that this information does not change with a more common sample.

d. The variables here and university -based assessments, are subjective assessment even on the basis of faculty members. It is more related to "perception" and "positioning" than reality. Therefore, these kinds of studies are named cognitive classification (perceptual mapping).

e. Finally, the only basis for assessments as faculty members could be considered as another lacking point. Especially students, university staff and administrative managers and modules from the public could be involved in this. However, our study had a narrow scope since it was thought as a term project for a period of one academic year. Under normal circumstances, the modules whose scope of study is mentioned above should be added to the planning of data collection.

Burada ifade edilen ayrıntı, sonuçların hem eksikli niteliğine işaret etmek, hem de daha ayrıntılı bir çalışma için gereklilikleri ortaya koymak için yazıldı. "Dönem projesi" çerçevesi, yeterli bir araştırma çerçevesi olarak düşünülemez.



## 8. SOME SUGGESTIONS\*

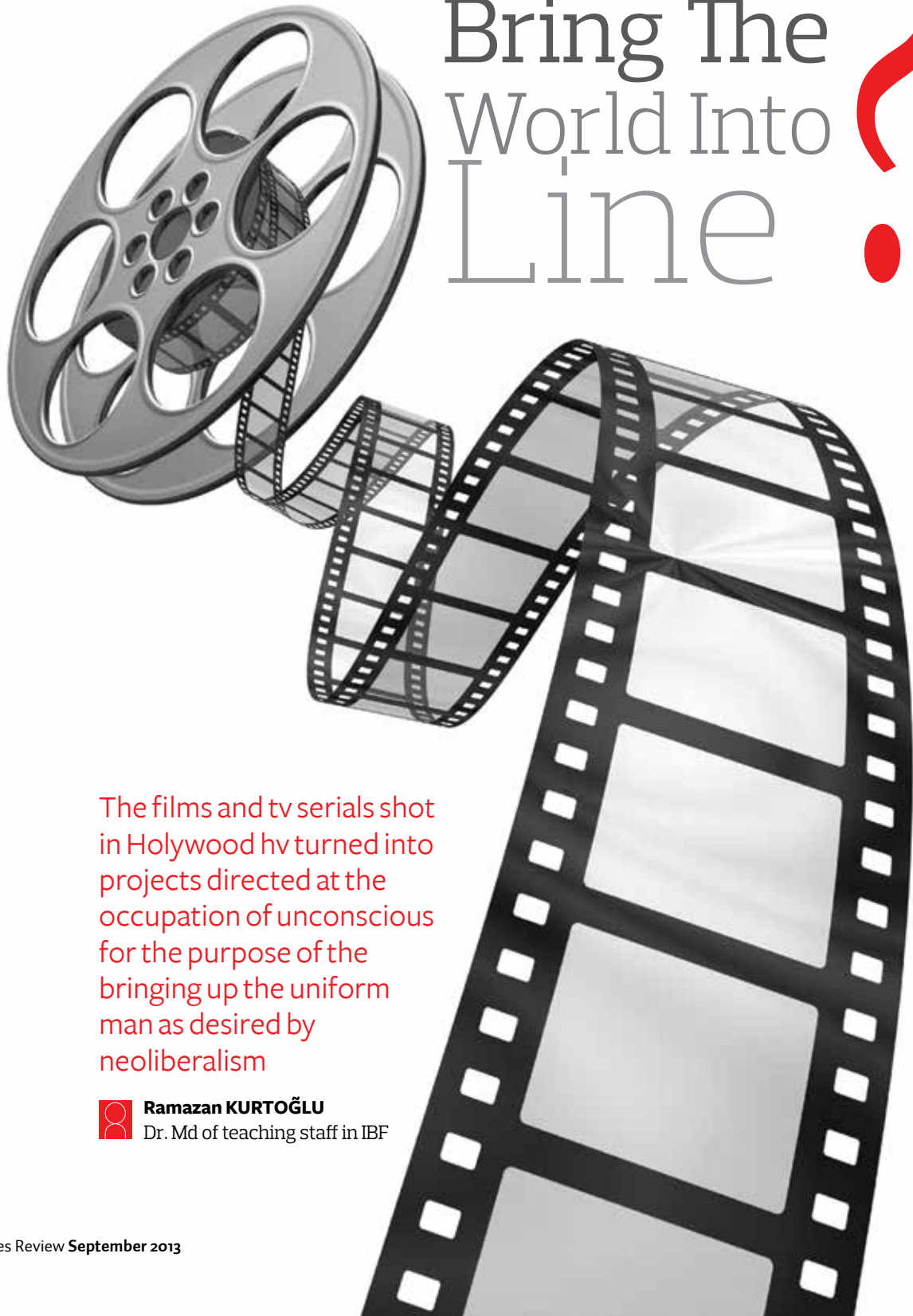
First, we would like to mention the area covered by these variables and the kind of problems that might come up due to failure in these areas. If we pay attention, what the above mentioned three variables try to tell us is literally the quality of education. The quality of education, especially in the competitive education market for an educational institution, is a very important center of attraction which needs to exist in a foundation university. Otherwise, we are of the opinion that the large crowd and huge blocks in the broad campus cannot become efficient. As you can appreciate, the above enumerated three variables are linked directly to the quality of education. Showing a weakness in these areas means non-qualified graduating students due to the lack of qualified staff and infrastructure on a long term scale. If we evaluate in the long term again, since graduate students will be job seekers with the deficiencies arising from these defects, these defects will make it hard for them to find jobs. And since this result will create a negative impression in the eyes of students and market, in the long run this may lead to student loss and, colloqui-

ally, customer loss. In the end, no one wants to have trouble at the point of being employed after graduating from school as a consequence of the reasons resulting from school. For this reason, he might want to complete his education in an institution which guarantees the future. The reason for doing this analysis is to be able to discuss the question of how this institution could be a university which guarantees the futures of its students and people long to attend. As we reach the same conclusion in all of our analysis, the idea that we got from this analysis is that both moral and material investment should be carried out in the fields of academic quality, infrastructure and physical equipment as I mentioned, these investments are primarily in the fields of qualified educators and administrators, more developed education opportunities, tools, utensils, materials with technical equipment should be provided for students and teachers. To give an example, as we have seen in the article numbers and the contents of the annual Council of Higher Education announcements, our institution is one of the few universities with the least number of published articles. This shows us an example of the failure of the school's academic orientation and quality. We think that Shortcomings such as this one and such should be identified with declarations of official institutions and precautions should be taken. Another example is that students should be supported in the field of research and development in the way of quality development; they should be nurtured and given encouragement in these fields. The two variables representing the quality of education must be provided by the administration that students and teachers are under constant control and have a consciousness that would yield success. This control and others similar to it will turn into skills in the long run and they will be underlying the institution. This will result in the university gaining the status of a sought after institution. To add further, the institution must have a self-criticism mechanism and must use this mechanism actively. This obligation must be reflected as our university's consciousness for responsibility. ■



\*This part may be read independently and additionally from the main text if wished.

# Do the Hollywood Films Bring The World Into Line ?



The films and tv serials shot in Hollywood hv turned into projects directed at the occupation of unconscious for the purpose of the bringing up the uniform man as desired by neoliberalism



**Ramazan KURTOĞLU**

Dr. Md of teaching staff in IBF



Something happened for the first time especially as of the end of 1970's in the history of mankind. Approximately seven billion people living on earth have experienced a total rapid and unhealthy change and transformation. The leading driving force of that change and transformation was Hollywood which is the center of the American film industry. Movie films and tv series produced under the control of that center has put into practice the projects directed at an unbelievable occupation of the unconscious of children as well as adults for the purpose of bringing up a uniform type of man as desired by neoliberalism. Cartoons (For example The Lion King and Mermaid) (Darıcı: 2012: 345 - 346) which force child to reach puberty at an early age and continuously send perceptions with sexual content to their unconscious has caused the formation of huge masses which are made of individuals who have everything but can not catch happiness although they have all the means of consumption.

An ego-maniac humanity has been created as Frank Schirmacher, the editor of the most effective right wing newspaper of Germany, Frankfurter Allgemeine (FAZ), who is a neo - conservative, has said in his book "Ego-Das Spiel des Lebens: "Means of communication, which were not difficult and had persuaded the addressees by entertaining them" were used and are still used in that process". As a general tactic, it is intended to induce the target masses to behave in the desired way and adopt the desired attitudes by frequently using such means as creating fear, punishment, discouraging and threatening the individual using striking methods for changing their habits. One of the most important means used to reach that end is horror films.

The factor of fear is one of the main elements used in the unconscious messages apart from its explicit manifestations. The reactions given by the brain to messages containing themes like death and fear is quite different from the reactions given to other messages. Fear factor frequently appears in the secret images used in unconscious messages. This may sometimes appear in a written form or in the form of peculiar facial expressions, death's heads and symbols that horrifies the addressees (Darıcı: 2012; 37).

Some experts who have evaluated and interpreted the indicators of the discontent and deep



traumas, in which the society has been indulged in, through cinema films have categorized the types of films with phantastic content like horror films and science -fiction films as "cinema of crisis" or "crisis films" (Ryan and Kellner, 1997). We might say that cinema has a one-to-one relation with the social changes on the basis of this type of categorization. When we consider Hollywood movies we see that Hollywood has a structure stance and ideology of the american government which is the determining factor as far as the relation between cinema and society is concerned.

The effects of the economic crisis is hidden behind the horror films of Hollywood and the increase in the production of horror films ensures that any resistance that would be instigated by the crisis is repressed without using violence. The enactment, montage and scenario of Hollywood horror films are different (Yazıcı: 2013; 19-20).

Hollywood productions which are within the scope of the definition of media are not produced only for the purpose of entertainment. There is path which absolutely intersects between the giant cinema companies of Hollywood, Wall Street banks, finance companies and bankers. Besides its other functions the media serves the interests of the strong social groups which controls and finance itself and makes propaganda in their favor. This is achieved not through a rough intervention but by using such subtle means like selecting the personnel who has a conformist mindset, inducing the editors and journalists to give priority to compliance with the policies of the institution

# Discussion



and adopting the criteria on the value of the news (Herman and Chomsky, 2012:15).

The propaganda model has integrated the comprehensive success of the behavior and performance of the main current media with its character as a company and the economy-politics of the dominant economic system. For that reason

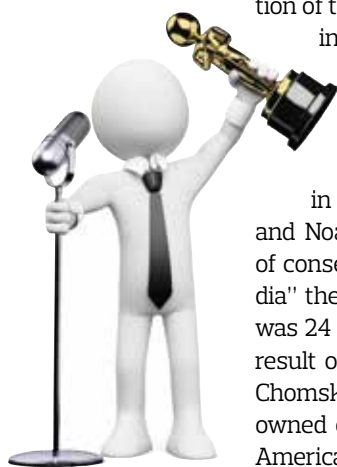
the growth of media enterprises in terms of scope, the gradual centralisation of media and its concentration in certain hands, the growth and globalisation of media groups which control very diverse types of media (like film studios, TV Networks, cable channels, magazines and publication houses) and the expansion of media to cross-border regions during the process of globalization has led to the gradual replacement of the family control by professional managers who serve a wider team of bosses and also are more tightly subjected to market discipline (Hermann and Chomsky, 2012, 16-17). In summary the situation of the American media is as described above

in terms of the propaganda model. Then comes the question: By how many people is this giant mechanism dominated?

According to the information given in the book written by Edward S. Hermann and Noam Chomsky titled "The manufacturing of consent – The economy-politics of mass media" the number of big media companies which was 24 in 1986 has decreased to nine today as a result of takeovers and mergers (Hermann and Chomsky, 2012, 78-81). The owners of the family-owned companies in the media sector based in America are divided among those who want to

make use of new advantages and those who want to maintain the family control over the company. Such divisions had accelerated the emergence of crisis situations which lead to the sale of the family shares (Darlin, 1985). On the other hand this trend which is in the direction of more intensive integration of the media with the market system has been accelerated together with the loosening of the rules that restrict the monopolization of media, cross ownership and the control of non-media companies (Howard 1985). For that reason approximately 2/3 of the big media companies are still owned and under the control of the members of the founding families who still have huge amounts of share blocks despite the fact that the shares of a big majority of those big companies are transacted in the stock market. Another point which is obvious is that the families who control the biggest media companies have a great wealth. The market value of the media shares owned by the controlling family in each of the seven out of 24 big media companies exceeded one billion USD in the mid 1980's and average value was near to half a billion USD (Herman and Chomsky, 2012-78). As Hermann has stated in one of his articles, these controlling groups have an obviously special share in the maintain of the status quo thanks to their wealth and their strategical position in one of the most important institutions of the society. They may use the power given to them by that strategical position even only by determining the general purposes of the company and selecting its top level managers (Herman; 1983).

The groups which control the giant media companies enter into close relationships with



the main current segment of the business world through boards of directors and social links. As has been seen in the examples of NBC and Group W television and cable systems, GE and Westinghouse which are the parent companies of the former ones respectively, are main current giant companies and their boards of directors are under the domination by the company and bank managers. The composition of the managers in the media giants, who are appointed from outside the group, is quite similar to the situation in the non-media companies. The company managers and bank managers who are currently on duty form a little bit more



than the half of the total number of managers who have been appointed from outside (Drezer, 1982 298–310).

Meanwhile let's note that the giant mergers and acquisitions in the media sector are continuing. In deed owner and CEO of Amazon, Jeff Bezos had bought the newspaper Washington Post which was under the control of the Graham family at the price of 250 million USD in cash (Hürriyet 2013). Let's also note that Amazon has bought Newsweek in the year 2010. Bezos has also become the owner of approximately a dozen of other newspapers and magazines while the investment company Berkshire Hathaway owned by the famous speculator and investor owns 28 % of the newspaper Washington Post.

All of the nine giants of the media world except General Electric has entered a large-scale process of conglomerate within the media and have assumed a big role in the production as well as the distributorship of contents. Four of them – Disney, AOL, Time Warner, Vacom and News Corporation – produces, among other products, films,

books, magazines, newspapers, TV programs, music, videos, toys and lunaparks. They have wide means of distributorship thanks to the fact that they own TV, radio broadcasting and cable systems, chain of retail stores and movie halls. At the same time they prepare news and sometimes research reports and documentary films.

Important branches of media like film and books have already had comprehensive global markets for long years. However the formation of a global media system which has a determining influence on the national media systems, culture and politics is a phenomenon that has came into being only within the last twenty years (Herman and Chesney, 1997).

In other words, this process was accelerated by such factors as the global free market economy which was a requirement of the new world order that was initiated by the Washington consensus, 1978 and the rapid growth of the global advertising and film industries associated with the free market economy, developed communication technologies that has facilitated the supervision in supranational operations, reinforcement of the neoliberal ideology by means of the pressure imposed on the governmental policies of the nation-states. The governments of USA and other western countries have supported the

interests of the companies of their own countries which intended to expand to abroad as soon as possible and international Money fund (IMF) and World Bank (WB) too have done the same thing: they made their best efforts in order to enable the supranational companies to have access to all media markets all over the world and became successful in doing so. Neoliberal ideology provided the intellectual grounds for the policies which opened the ownership of broadcasting stations, cable and satellite systems to private supranational investors (Herman and Chomsky, 2012. 18)

When we have a look at today's societies we see that a neurotic structure dominates them. The neoliberalist governments which look like liberal from outside and have a democratic discourse are democratic only in appearance. because their desires and impulses which point out to the contrary are situated somewhere in an undiscoverable point in their unconscious. There is no external concrete pressure which would make it possible to discover the unconscious, under the neoliberal

The transformation of the national media system of America into a global media system has taken place in the last 20 years



# Discussion

power. And for that reason, the number of conscious individuals who go behind the screen and try to resist the negative facts by seeing into the big social framework are very few in the modern society which ignores the invisible and have accustomed to visuality.

The psychological development of the social criteria which has come into being as a result of the economic crisis are shaped by the institutions which are a part of the culture industry. The reason of this situation is that cultural activities is a means of self expression of human beings in this or that way, as well as a means of sharing it with others. On the other hand, the direction to which the society is directed through the messages given is very important. For that reason, the most important feature of the institutions of the culture industry is to control the leisure of the masses by means of the cultural activities like cinema and dictate them what and how is to be thought. (Yazıcı, 2013:23) Our unconscious is related to the learned behavior and our life experiences. (Darica 2012-189).

The effectiveness of the messages of Hollywood films may be accounted for by the fact that Hollywood has reduced the language of its messages, which is directed at stereotyping everybody, to the simplest level which everybody can understand and share through which Hollywood expresses its ideology through phantasies and makes its messages understandable for everybody who wishes to distance himself y from re-



ality. Hollywood keeps its style at a simple level in order to feel the pulse of the society, choose the topics which everybody knows and gives its message in the most effective manner in this way. Control mechanism is realized through the use of the cultural dynamics of society by the neoliberal capitalism as a means of pressure through creating a feeling of fear and Hollywood ensures that this feeling of fear spreads to all over the world by communicating the same message to all over the world (Yazıcı, 2013:23)

Mass media, particularly Hollywood cinema serves as a system that communicates messages and symbols to ordinary people. Such functions as entertainment, consolation, providing information and entrenching the values, beliefs and behavior codes, which integrate the individuals into the society in the consciousness and unconscious of the people are among functions of mass media. This task requires a systematic propaganda in a world which is characterized by significant conflicts of interest and in which wealth and capital have concentrated in the hands of definite groups (Carey, 1976).

The monopolist control over the media which is generally complemented by the official censorship in the countries where power leverages have been concentrated in the hands of the state bureaucracy explicitly sets forth the fact that the media serves to the interests of a dominant group of elites. On the other hand in the countries which the media belongs to private groups and there is no official censorship it is much more difficult to see a functioning propaganda mechanism. Propaganda model focuses on the inequality of wealth and power and its multi-dimensional in-



fluence on the interests and preferences of mass media (Herman and Chomsky, 2012:72).

American film industry based in Hollywood which is a part of the media sector has been quite successful in its attempts directed at creating a uniform type of man at the global level through its operations directly focused on visual elements and unconscious. The most important point here is the compulsion to put the personality into the molds and understanding of definite types of stereotypes produced by modernity and consequently its alienation and distancing away from his natural being. Messages which we see in many Hollywood productions like "subordination of people to the authority in order to protect them from the economic crisis and/or anything that poses a threat" and "a post-apocalyptic paradise" are given in an increasing intensity towards the end of the film. Economic / financial crisis is indeed something not very different from a horror film with the sense of insecurity that it brings about in the individuals and masses. The panorama that comes into being as a result of the crisis has exactly turned into a threat inside the house. We are now together with a zombie in horror films which exploit our being that we carry in our pockets and our family. We are face to face with a beast that suck our blood like a vampire.

Statistical data indicate that there has been a remarkable increase in the number of horror films produced by Hollywood in the aftermath of the years in which the economic crisis breaks out and this fact strengthens the idea that there is a connection between the economic crisis and Hollywood movie (Yazıcı: 2012:26).

**The famous Cabalist pop singer Madonna says the following in her song "Hollywood":**

***"I lost my memory in Hollywood,  
I had millions of dreams, either good or bad,  
There is something in the air of Hollywood  
I tried to escape but couldn't any time"***

On the other hand another celebrity Marilyn Monroe says "Hollywood is a place where they give two million Dollars for your kiss and two Dollars for your kiss". "The reality of screen": This concept which is very important may be thought of as a virtual reality which can not be distinguished from the objective reality and even replaces it as in the concept "Simulakra" coined by Baudrillard. Our feelings and perceptions which we receive from the external reality through our



five senses leave their place increasingly to the virtual reality that we receive from the screens every day. Just think of the length of time that we spend with computer, television, mobile phone and monitors! How much has the length of time that we spend with the screen increased compared to five or ten years ago? (Seçkin, 2011: 2.10).

The beginning of the disaster films, which is a genre that has been launched especially in the 1970's coincides with the period during which the cold relations prevailing between WASP's and the Jews have been normalized. Hollywood was taking up the theories about the end of the world meticulously in that period. The annual number of the horror films produced in Hollywood has doubled as of 1968 period while it has been tripled after 2000. The increase in the number of horror films shot in Hollywood during the course of years is as follows: 1979/13, 1980/40, 1990/72, 2000/71, 2005/ 181 and 2009/745 (Yazıcı 2013: 26-36). Horror film is a means of playing with the unconscious of people, manipulating their weakness and exploiting their feelings by using cinema for this purpose, whereas the underlying objective is to induce people to forgetting the real pains created by the neoliberal, global free market ideology after the economic financial crisis. The outcome of this manipulation is the silence of the masses. Individual feelings of remorse are frequently and heavily emphasized in the horror films produced by Hollywood. This kind of emphasis is the deep message in the sub-text which leads us to reduce the causes and consequences of the economic -financial crisis down to the individual dimension and seek the causes of all the

# Discussion

While the number of horror films shot by Hollywood was 13 in 1970 that number has risen to 72 in 1990, 181 in 2005 and 745 in 2009



social problems in individuals one by one (Yazıcı: 2013: 29). This was in deed what the elites who have designed the neoliberal apocalyptic utopia wanted (Gray: 2013:11-257). The problem does not lie in the system. Somebody who has went out of the system has caused that disaster". A scape goat has been found and sacrificed. The degradation of the human honour and dignity caused by the loss of the assests like job, Money and life guaranty as a result of the economic crisis turns into an exemplary phenomenon with the reduction of man to his instincts devoid of mind in the horror films and the glorification of the uncivilized human life devoid of social values. While the traditional scenarios of Hollywood turns around definite themes they use similar factors for similar missions. There is a purpose of every message in Hollywood. The purpose of no films is purely to entertain people (Yazıcı: 2013:31).

Some of the science-fiction and horror films which are the subject of this study are the following The Exorcist (1973), Amagedon (1998), Bladerunner or An-droids, Would the electrical sheep dream? (1982), Minor-ity Report (2002) and The Ru-ins (2008). Of course hundreds of other examples may be given because Hollywood has a quite generous list of productions in this

regard. In deed the judgement that Hollywood movie is the most effective arm used by the policy of the neoliberalist secular religion of global free market to turn the earth into a World Com-pany must not considered as an exaggeration.

The fact that the subliminal message brings about more influence in the mind in a shorter time is a matter related to the perceptual process. The reactions given by a man to perceptions during the process of perception does not only cover the moment in which the message has been given because it is related to the past experiences and other data in the memory at the same time. The perceptual process is directed at the whole at the level of consciousness and comprehends the details only at the level of unconscious. The un-conscious message is prepared in a detailed and piecemeal manner in which one can not be aware of at the conscious level (Darıcı; 2012:177).

The global free market utopia of neoliberalism legitimizes its secular political ideology which is based on pagan, judeo-christian beliefs (Gray: 2013, 11-42) by using the film industry in the best way and created new beasts by hypnotizing the mind of the masses. There is no more rational capitalism. The invisible hand of capitalism is the financial capital which brings the world in line





in the form of the extreme growth of the global and elitist monopolist capital like a herd of locusts (Fostner, 2008: 111). The human mind which would criticize that situation and interrogate the system and its institutions has been forced to sleeping by the Hollywood movie. The humanity is far from having that acumen for the time being despite the fact that there are 799 verses in the holy book of Islam, Qoran, which has the meaning "Don't you never consult with your own mind?" In this context, It would not be an exaggeration to say that the biggest means of manipulation is the subliminal operations realized by Hollywood productions.

In today's world most of the states are run by elected governments. Most of the CEO's of the biggest banks and international companies are in deed the best and most brilliant ones. However neither the rise of democracy nor the strengthening of meritocrats and the markets do not operate as has been prescribed, they are not stable and the political system does not correct the failures and the economic and political systems are totally unjust and all these factors give rise to the concern of the people. The question is: Why do the elites have no more legitimacy and capacity to govern the system ? Bildenberg Conference is one of the most important institutions of those elites. Stephen Lendman writes the following about this issue: "The elites of Bildenberg is planning to set up a world which is not suitable to live in and they may destruct the whole world within this process in the final analysis. It is difficult to conceive a more evil-minded power than Bildenberg. The american members of Bildenberg Conference reveals the extent of things that this power may bring about with the worst example (Lendman, 2013).

Humanity is face to face with a dirty war. The elites aim at destabilizing more than seven billion people, whom they have put in the target board, using secret methods. What the neolib-



eral global free market myth, which is the financialized version of capitalism, has been doing for thirty years is to upset the stability and call financial triggermen to action for the purpose of destructing the social and economic textures of the countries in the world. The state of economic war is a kind of dirty war which the glorious elite fathers, who control the financial environment of the world, are fond of. This war is easier to sell to the humanity of today's world, whose mind has been forced to sleep by Hollywood movies, even though it is no less lethal than the atom bomb or the bombardment of cities like Dresden, Bagdat etc. ■



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## OktaY YENAL

### Economic History Of The Republic

**ISTANBUL:** Türkiye İş Bankası Publications, 2010

The book "Economic history of the republic" written by Oktay Yenal of which first edition has been published in 2001 meets the reader once more as the publication of İşbank in 2010 after having been reviewed together with some additions. As shall be understood from the name of the book, Mrx. Yenal examines the story of civilisation of Turkey and its efforts to get rid of poverty since the foundation of the republic in 1923. Although the book is a book about the history of economy in the classical sense of the term it also takes up the factor of population and contributes to complementing a deficiency of the literature in this way. The author who emphasises the importance of numbers throughout the book points out to the importance of the demographic structure and attracted the attention of the reader to the permeability of the national boundaries.

The book is made up of three main chapters. The economic situation in the period of Ottoman Empire is examined in the first chapter and the under-development in that period as well as the economic legacy taken over by Turkey from Ottoman Empire is analysed. In the second chapter which is formed of eight main sections industrialisation and development policies which have been implemented from the year 1923 until 2008 have been examined. As has also been stated by the author the said period has generally been analysed in terms of the paradigm of capitalism&socialism and the effects of liberalism, statism and mixed

economy. However Yenal has examined that period from the point of view of the practices favoring statism and state intervention in the economy, as well as from the point of view of understanding the permanency of the attitudes and doctrines lying under the applications in the public sector. In the final chapter of the book which is made up of three main sections the economic policies which have been implemented since 1950's until today have been analysed and the chapter ends with the evaluations of the author about the future.

To conclude Yenal evaluates the existing position of the Turkish economy as an economy with a high potential containing attractive opportunities. However the author also points out to the other side of the medallion and says that there are two Turkeys one of which has a trained labor force which it can support with new Technologies, has a free trade regime and a potential for economic growth while the other is characterized by the inequality of income, unemployment and economic instability as well as economic practices that favor rent income and the increasing dependence on the foreign sources and points out that an environment has begun emerging in Turkey which bothers the big majority of people and makes them unhappy. The author advocates the idea that Turkey needs a healthy political, legal and judicial environment in order that the capitalist market and democracy brings about consequences which are to the benefit of the society.





## Attila KÖKSAL & Hakan OSMANOĞLU

### Geleceğe Yatırım

**ISTANBUL:** Scala Publishing, 2013

*Saving and Investment Recommendations for Tomorrow's Grown Ups*

Raising the rate of domestic savings is one of the policies that is aimed to strengthen the fragile Turkish Economy which constantly produces high current account deficits structurally. Domestic savings in Turkey are on the decline particularly in the last few years and have become quite low in comparison to developing countries that are similar to ours.

There can be some arguments about the effects of increasing the savings in an economy which is said to be related directly to the domestic consumption of people who are under the age of 30. On the other hand, it is obviously clear that the domestic saving rate of 10% by GSMH must assuredly be increased.

The author's aim is to explain the importance of saving to the young people as future investors, introduce the ways to invest, and support next generations to have the right investment habits.

The people who are defined as "main savers" between the ages of 35 and 75 began work during a time of inflation which hadn't been seen before. Such a period which lasted for 20 years during which the inflation rate was in high double digits had never been seen before in any country. During these 20 years, the annual interest rate rose up between 20 and 30 %, different economic and political crises took place, and instability was at the highest level. This age group was named the inflation generation whose investment habits were shaped in such a difficult time.

This group naturally focused on short-term investments and was beware of some investments which they believed to be risky such as stocks or long term bonds. They focused on less risky investments such as gold, foreign exchange and short-term dated deposit accounts.

Since the 2000-2001 crisis our national economy has continuously developed and grown so far apart from one year during which no increase was recorded. Inflation and interest rates have been

normalized and real interest rates have declined to a level of 1 or 2%. Foreign exchange investments have not shown any significant increase until the events known as "Gezi Events"; however, they have led to constant loss in real terms. Companies and banks have grown and this growth has got a positive effect on banks or companies' shares that are open to public. Although the stock market has occasionally been on the decline, it has hit the top these days. On the other hand, it is interesting that there have not been any changes in inflation generation's investment habits under these circumstances. Even according to the surveys held in 2013, this age group shared their investments among gold, foreign exchange and short-term deposits.

Turkish people's savings do not benefit from any developments or growth of Turkish Economy in any way under current conditions. With economical growth, nominal and real interest rates are going down; foreign currencies and gold (except for increases in foreign markets) are relatively losing value while stocks are gaining value. However, Turkish citizens who have only invested in short-term deposits, gold and foreign currencies cannot have any share from economic growth with their current investments and lose money instead. With these inconsistent investments, an average Turkish investor has a similar point of view with concepts such as "interest rate lobby" or "foreign currency lobby" that occasionally comes up. Unfortunately, there is a conflict of interest between the national economy and Turkish household portfolio and this should certainly be fixed.

This book mainly aims to explain the importance of money to the young people, teach them terms such as "budget" and "saving", introduce the tools of the future investment funds and capital market and types of merchandise. The aXiyan Team founded in "Turkish Capital Market Intermediary Firm Association (Türkiye Sermaye Piyasası Aracı Kuruluşları Birliği)" has remarkable studies on "Financial Literacy Mobilization".







The aXiyon team, which aims to inspire people and their families by giving them advice in every step of their lives in any term in their lives to get richer and take conscious financial decisions, defines itself with the slogan “wealthy person, wealthy family, wealthy country”.

Here are their 8 principles:

1. Put aside an amount of your salary regardless of how much you earn.
2. Keep your indulgences under control with small rules.
3. Give yourself an opportunity to control your expenditure to save money.
4. Take constant precautions to protect your savings
5. Don't forget that buying a house for your family

with your savings is a profitable investment.

6. Get further information to about investment tools to increase your savings.
7. Save with the purpose of guaranteeing your future and invest to make your savings work for you.
8. Contribute to the development of national economy with the savings you have made as an investment for your future.

The book “Investments for the Future” which has been written within the framework of these principles aims to contribute to the Financial Literacy movement which is carried out within the framework of the “Istanbul International Finance Centre Strategy and Action Plan” and headed by the “Turkish Capital Market Committee”.

## Serdar SAMUR

### Institutional Football Management Football, Which Football?

**ANKARA:** Gazi Publishing, 2013

With this book the author aims to solve the problems associated with the areas covered by football – the driving force of the sports industry – via analyzing scientific data from the perspective of sports clubs. The author also aims to give a new vision to individuals who work/will work in sports management, footballers, supporters, the press and the audience. To show what needs to be done for club management at a minimum rate and also to shed light on the innovations and changes in this area which has been keeping people interested on the edge of their seats for years.

With the effect of globalization, the world is riding the wave of great change. The sports industry is experiencing great change with the development of technology in the 1990's and is seen to have developed into a sector within this wave. The culture of winning and success has taken over from sports values with globalization along with institutionalization/professionalism. Moreover, football which forms the largest chunk of the sports economy has quickly moved away from an Olympic understanding and has instead become a commercial line of business as a com-

modity which can be bought and sold.

Directly or indirectly, sports have taken a remarkably important role in people's lives in different forms over the years. This activity which is carried out by people in a variety of ways is beyond being a social phenomenon. It has become a scientific research area today and sports economy, sociology, psychology and management have been accepted as different disciplines.

Football having become a commercial line of business, the dimensions of economy increasing, it housing groups and individuals with different expectations, sports clubs having a large socio-cultural structure has made it necessary to meet the requirements of the economy and to manage these dynamics correctly. This has brought on great changes in economic, financial, legal, and administrative structures.

This book is written with the aim of answering the issues discussed above, wishing for the adaptation of a culture which motivates people to focus on football's needs and problems and giving a social message to those who take part in this field.



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**Ömer Yüngül;** Who is a graduate of the mechanical engineering department of Boğaziçi University has worked as a resident engineer in Tekfen İnşaat ve Tesisat A.Ş., maintenance and production engineer in Metaş A.Ş., factory manager in Faz led Elektrik A.Ş., Assistant factory general manager (technical, purchasing, planning) in Merloni Elettrodomestici SpA, general manager and member of the board of directors in Vestel Beyaz Eşya A.Ş., and Chief Executive Officer and member of the board of directors in Vestel Group of Companies. He is currently CEO of Zorlu Holding.

**Could you please make an evaluation of the economic fluctuations in the recent period?**

I think that the fluctuations which have been experienced in the markets in the recent period shall continue albeit in an alleviated degree. However I also expect the intensity of the fluctuations to decrease. These fluctuations are of no use to anybody. What is important is to catch stability. It would be good both for Zorlu Holding and Turkey if the basket remains at the level of 2.00 from the point of view of the fluctuation in the Exchange rate. On the other hand, the increase of the value of the foreign currency in direct proportion to the increase in inflation is the most healthy solution. Turkish Lira has been overvalued in the last 7-8 years. Export has slowed down as a result of overvalued TL.

**How is the marketing structure of Zorlu Holding?**

Europe is the main market for Vestel. Besides it is beginning to enter new markets. Middle-east, turkic republics and Africa are the new markets. As a result of this the share of Europe in the export has dropped from 80 % to 74 %.

**What are the investment plans of Zorlu Holding?**

The number of consolidations and takeovers is very high in Europe. Unexpected brands have a place in the european market at the moment. We are examining at all the brands in Europe and may buy one of them at any time.

Zorlu Center belonging to Zorlu Holding the construction of which is underway shall be

opened in the near future. An investment in the amount of 2,5 billion USD has been made for Zorlu Center. 60 MW out of the total capacity of 80 MW owned by Kızıldere geothermic power station which belongs to Zorlu Holding has been commissioned. Mr. Üregül further stated that the wind energy plant with a capacity of 50 MW in Pakistan which is among the investments of Zorlu Holding abroad has been commissioned and that the largest natural gas combined cycle plant in Israel would be commissioned in December – January period.

Zorlu Energy / Pakistan which is one of the companies of Zorlu Energy Group has commissioned the wind energy plant with the capacity of 56.4 MW which is located in Jhimpir region of the country and costed an investment of 151 million USD. The 400 KV switching plant of Dorad natural gas combined cycle plant with a capacity of 840 MW in Israel of which Zorlu Energy is a partner has been connected to the transmission network. The santral is planned to start its commercial operations and production with full capacity beginning from the month of January of the year 2014.

We plan to build unmanned aerial vehicle We shall deliver 6 pieces of unmanned aerial vehicle to the turkish armed forces. The control value of those vehicles is around 40 million USD. According to my predictions we may produce at least 50-60 aircraft beginning from the next year. The first native tactical unmanned aerial vehicle Karayel which is an observation aircraft shall be used by the turkish armed forces for the same purpose. Karayel is an aircraft which can depart with a load of 500 kg. and it is not very easy to convert it into a warplane. We are entering into an environment n which this type of aircraft shall have larger share in the air forces a within 3-5 years. ■







**“Yeni bölümler, yeni hedefler”**

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## Her Őey dűŐűnceyle baŐlar.

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