

ADMINISTRATIVE, ECONOMICS AND SOCIAL SCIENCES

Theory, current researches and new trends 2021-2

Editor

Assoc. Prof. Yüksel Akay ÜNVAN, Ph.D.



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PREFACE

Dear Readers,

We think that we will contribute to the literature with this book. The speed of the period we live in leads to the rapid consumption of existing information. This requires new perspectives and discourses. The fields of Administrative, Economic and Social Sciences also get their share from this situation. We also claim to keep up with this change with the book chapters prepared by our valuable academicians in the field. These basic sciences are directly or indirectly affected by the processes to the maximum extent. For example, if we consider the economy, it is always of critical importance with its fragility and its role as a locomotive. The theoretical and applied studies contain valuable information for us to analyze the past, understand the situation, and make projections about the future. We hope it will be useful.

Best Regards.

Assoc. Prof. Yüksel Akay ÜNVAN, Ph. D.

Editor

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CHAPTER I

JOB MOTIVATION AND JOB SATISFACTION FROM A NEW PERSPECTIVE

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1. Job Satisfaction

Employees develop a mental attitude towards their work and their relationships at work after a certain period of time. In the emergence of this mental attitude, the level of knowledge of the employee about his job, his approaches to the result of the job and the conditions of the workplace are very important (Barutçugil, 2002). These mental attitudes can be positive or negative. As a result of the work experiences of the employee, if the mental state is positive, it is expressed as job satisfaction, but if it is negative, it is expressed as job dissatisfaction (Barutçugil, 2002).

Job satisfaction is important personally and organizationally. From a personal point of view, employees expect all their needs to be met in the workplace because they spend most of their time at work (Sat, 2011). When these needs are not met, the employee's general life satisfaction, physical and mental health are adversely affected. When job satisfaction is not provided, it causes organizational consequences such as absenteeism, indifference, negativity, slowing down the work, leaving the job, which will negatively affect the service (Sat, 2011). Providing job satisfaction in the workplace ensures that the employee is happy in his private life and at the workplace. In this context, job satisfaction plays an important role in one's life not only economically but also psychologically (Yoğun, 2014). Job satisfaction is the positive feeling that an employee has towards his job. Ensuring job satisfaction also increases the happiness of the employees, enabling them to show more efficient and higher performance in their jobs. Job satisfaction; It increases the quality of business life, regulates working conditions, meets the biological, psychological and social needs of employees and is very important in bringing the problems in business life to the lowest level (Karadavut, 2018).

1.1. Factors Affecting Job Satisfaction

1.1.1. Organizational Factors

Employers want employees to have high levels of job satisfaction. For this reason, they work to increase and maintain job satisfaction. Therefore, the factors affecting job satisfaction should be well adopted (Aydemir, 2013). Factors affecting job satisfaction are in interaction with each other.

Therefore, a single factor does not have a decisive influence. These factors are organizational and individual factors (Aydemir, 2013).

Figure 1.1. Organizational Factor that Affect Job Satisfaction

- The manager's interest for the employees
- Job creation (scope, depth, interest, perceived value)
- Financial compensation (external and internal consistency)
- The working environment
- Interpersonal relationships
- Long-term opportunities perceived
- Other opportunities perceived
- Aspirational and need-satisfaction levels

(Rue & Byars, 2005)

When employees are in a profession that is not suitable for their abilities, or when they work in such a field, they will not be satisfied with the work they have done, and this will cause them to do the job they have done unwillingly, and their performance will be low (Eryiğit, 2019). For this reason, one of the factors that provide job satisfaction is the qualifications of the job. If these qualities meet the needs of the employee and the opportunities he hopes to have, the employee will be satisfied with the job (Eryiğit, 2019).

Başaran (2008) said that the employee's satisfaction with his job is the leading factor of job satisfaction and attributes the employee's liking to his job to the following conditions (Başaran, Örgütsel davranış insanın üretim gücü, 2008);

- The job is suitable for the employee to demonstrate his/her abilities,
- Allowing business development
- The job allows the employee to introduce innovations and create an area of responsibility,
- Allowing work to eliminate problems.

In addition, working conditions are the physical, economic and social opportunities provided by the workplace for the employee to work. We can think of these as salary, social rights, job security, health rights,

transportation rights, physical environment, working hours, leave rights, subordinate and superior relations, organizational culture (Eroğlu, 2000). On the other hand, one of the most important factor that affect job saitsfaction is wage. Wage is the income earned by the employee in return for the service rendered to the employer (Taşdan & Tiryaki, 2008). Wages not only meet the economic needs of the employee, but also meet the need for social prestige, emotional satisfaction, and honor. In addition, the satisfaction of the wage; It is an important factor that there is a balance between the personal characteristics such as age, seniority, social life, the effort he has shown, the quality of the production, his innovation and the wage he has earned, and this balance is seen as positive by the employee (Başaran, 2000).

Social network in workplace is another factor that affect job satisfaction. An employee's coworkers are an important factor in job satisfaction. There are some formal and informal groupings in all working environments. Inter-member approaches in certain groups can also be a reference for different groups (Erdoğan, 2002). In groups consisting of people with the same goal and vision, the satisfaction levels of the group members are also positively affected. Therefore, relationships that include trust and sincerity in business life increase the job satisfaction of employees (Erdoğan, 2002).

The effects of the managers on the job satisfaction of the employees are based on the perceptions of the employees. Research shows that the managerial approach to human values provides more job satisfaction than the managerial approach to business discipline (Eryiğit, 2019).

It has been observed that employees working with managers who are oriented towards human values develop more sincere relations with their managers, and it has been observed that they share even their personal problems with their managers in a very comfortable way. Such situations make positive contributions to the satisfaction levels of the employees (Eryiğit, 2019).

Success in a job and, as a result, to be appreciated by the business and to be rewarded financially and morally is a requirement that every individual desires, that causes him to feel competent in his job, to be confident and ultimately satisfied. In other words, as individuals are valued by those around them and see their own success, they will be happy in their work and their job satisfaction will increase (Gül, 2004).

1.1.2. Individual Factors

As employees get older, they feel more satisfied than younger employees. Older employees gain more experience and as a result of this experience, employee and job harmony increases. As a result, the level of

satisfaction increases. Young workers, on the other hand, have different expectations such as improving working conditions and promotion opportunities.

As a result of research, it has been observed that gender is effective in the level of job satisfaction. However, the issue of which gender has more job satisfaction has not been clarified. Non-work factors such as housewife and motherhood, which affect the job satisfaction levels of female employees, also cause this complexity (Ulusoy, 1993).

With the influence of their social environment, people advance their education life for the profession. For this reason, the perspectives of people who have completed their education life and received higher education under these conditions differ from those with lower education levels. Instead of entering the working life from a young age, people who have been trained for many years and bear the cost of this enter the labor market as qualified. Demands for working conditions are increasing in return for both the money spent on education and the time spent on education (Izgar, 2003).

Employee motivation, as well as their participation and involvement in the organization, were attached by the majority of professionals and managers. Why does a staff with significantly greater abilities and competencies perform worse than an employee with lesser talents? How can such an individual be motivated to produce outcomes that are in accordance with the company's goals? (Lut, 2012).

For today's organizations, the global market is becoming a more complex place to operate, creating new demands (Kaplan & Norton, 1996). As a result of these pressures, job satisfaction and motivation at work have link between each other and they are the most extensively researched areas in the field of management. Management in all industries are undergoing fast transformation that is accelerating at an incredible rate in the contemporary economic climate.

Finck et al.(1998) emphasized that organizations should acknowledge that the people dimension is becoming increasingly vital for institutions, and that organization success can be accomplished when people are enthusiastic about their work (Finck, Timmers, & Mennes, 1998). Furthermore, unpleasant conditions such as violence, tragedy, terror, and job uncertainty cause employees to be extremely stressed, resulting in decreased working performance (Klein, 2002).

Determine the best approach to encourage people to be dedicated to their work and give their all to achieve the organization's purposes is one of the most challenging difficulties faced by managers in institutions. Managers in every institutions must motivate their employees in order to

get the best work out of them. In a market where companies are searching for a competitive advantage, motivation is crucial for employee retention and performance. Even with the strongest strategy in place, a company's employees will only be effective if they are motivated to succeed. Employees are more motivated when their superiors accomplish their duties well. Employee engagement is an important issue to address in any institutions.

Managers must be able in order to perform the best of their staff and the organization as a whole. Every decision made by a management must take into account that employees differ from one another, and that not all employees are motivated to perform at the same level. Motivation has been characterized by a variety of authors as a broad concept. Motivation, according to Denhardt et al. (2008), is an internal state that causes people to act in a certain way to reach their aims. Motivation is the process of initiating and maintaining goal-directed activity (Denhardt, 2008). Psychology, sociology, education, political science, and economics have all attempted to define motivation. Motivation is a process that starts with a physiological or psychological response and ends with the activation of a behavior aimed at achieving a specific goal. Every employee is expected to increase and demonstrate quality productivity, according to the manager.

The organization's employees' behavior is crucial in attaining this. Employees' conduct is influenced by the environment in which they work. Motivation is critical in all businesses, whether private or public, because it motivates employees to attain both personal and corporate objectives. Motivation is a collection of interconnected values, interests, perceptions, beliefs, and behaviors.

However, According to Denhardt et al. (2008), motivation is not the same as enjoyment. Motivation is preoccupied with the future. In management, motivation is significant because it explains why people behave in various ways at work. Motivation is defined as the psychological forces that control a person's level of effort as well as their perseverance in the face of obstacles. Motivation, according to Pinder (1998), is a force that causes people to behave in a certain way. This definition is thought to be the most appropriate because it expresses motivation in a straightforward and comprehensive manner (Pinder, 1998). This description was found to be less popular than others since it places motivation in a relationship with work and career. It considers the concept of work to be important to understanding motivation. This description is consistent with the findings of other researchers, and it also allows for the classification of motivation as weak or strong depending on the circumstances.

2) Motivation

After the industrial revolution, with the specialization and division of labor, the unwillingness of the employees to work began to emerge. This situation has caused researchers to focus on this issue and to think about how to motivate employees (Öndaş, 2019). The main purpose in organizations is to achieve gain and success as a result of studies or organizational activities. According to the basic entrepreneurial spirit, it is imperative for an organization to make a profit, that is, to make a profit. Otherwise, there is no purpose in establishing the organization. (Öndaş, 2019). Therefore, motivating and encouraging the working personnel will increase the profitability rate that will trigger success. This is not just for small or large businesses. This also applies to countries. For example, the social and economic opportunities provided to the investors in the countries to be invested are a motivation tool.

Institutions should attach importance to the motivation of their employees and strive to keep them at a high level continuously. It should be known that it is difficult to develop general principles about motivation, since human behaviors are complex and difficult to understand (Öndaş, 2019). Personal differences, needs are the most important factors that cause this situation. For this reason, the effectiveness of motivational tools in providing satisfaction and the set of needs may differ between institutions. A method that has been successfully applied in one institution and motivated the employees may affect the motivation of the employees in another institution at different levels. Organizations should know the motivation tools and should set out their motivation plans in accordance with the motivation tools (Eren, 2001).

It should be known that motivation is personal and will motivate individuals differently. Factors such as salary, sense of achievement, problem solving, promotion can have different effects as motivational tools. Organizations should establish and maintain a healthy communication with their employees. Communication will enable organizations to know the tools that motivate employees and act accordingly (Gümüş, 1995). Employees with the desired level of motivation will continue to work no matter how unfavorable the conditions (Gümüş, 1995).

2.1. Forms of the Motivation

Motivation is an internal force that leads to a shift in behavior and progress toward organizational objectives. Financial resources and human resources are the two broad categories of organizational resources. Because financial resources are used by human resources as well, efficient financial resource use is impossible without motivated human resources (Gelard & Rezaei, 2016). Motivation comes from within the individual

with a sense of purpose, the desire to meet a need, and to energise people and bring out their innate desire to do well. People are motivated by a variety of factors, and there are two different types of motivation: extrinsic and intrinsic.

2.1. 1. Extrinsic Motivation

When things are done to or for people to motivate them, this is known as extrinsic motivation. Rewards, such as incentives, higher pay, praise, or promotion, and penalties, such as disciplinary action, pay withholding, or criticism, are examples of these. Extrinsic motivators may have a strong and immediate effect, but they do not always remain. Extrinsic motivated behaviors, according to Deci (1975), are those in which the governing mechanism is plainly visible, while extrinsically motivated behaviors (Deci, 1975).

2.1.2. Intrinsic Motivation

Because intrinsic motivators are built into people and their work rather than imposed from the outside in the form of incentive compensation, they are more likely to have a longer-term impact. Self-generated factors impact people's behavior and are the source of intrinsic drive. It is not the result of external motivations.

It can take the form of intrinsic motivation, where people are motivated by their work because they believe it is important, fascinating, and difficult, and it gives them a reasonable amount of freedom to act, as well as possibilities to succeed and grow. Deci and Ryan (1985) proposed that intrinsic motivation is founded on the desire to be self-sufficient and competent (that is, to have a choice).

Job or role design can help to boost intrinsic motivation (Deci & Ryan, 1985). Intrinsic motivation is a type of motivation that is triggered by subjective enjoyment or satisfactiob.

As Deci et al.(1999) from their observation, “intrinsic motivation energizes and sustains activities through the spontaneous satisfactions inherent in effective volitional action. It is manifest in behaviours such as play, exploration, and challenge seeking that people often do for external rewards” (Deci, Koestner, & Ryan, 1999). Extrinsic motivation, or motivation governed by reinforcement contingencies, has long been contrasted with intrinsic motivation.

Educators have traditionally thought that intrinsic drive is more ambitoned and leads to continous learning outcomes than extrinsic motivation (Deci, Koestner, & Ryan, 1999).

In addition, intrinsic motivation also entitled to the stimulant that causes a person to gain or alter behavior in order to satisfy or fulfill own internal

needs (Ryan & Frederick, 1997). Intrinsic motivation is a form of motivation that stems from people's innate desire to engage in a variety of activities that offer variety and challenge. Internally activities that consist motivation should not necessitate other incentives that relate with environment; instead, They are a reflection of a person's identity and passions.

Extrinsic and intrinsic motivation have traditionally been compared. Extrinsic motivation entails engaging in a behavior because it leads to a secondary benefit, rather than because the behavior is fascinating and gratifying in and of itself, The same is true of intrinsic motivation. People are extrinsically driven to do something because they want to make money, avoid punishment, or follow societal standards.

Positive feedback, on the other hand, shows a tendency to gratify person's vital demand for proficiency, while adverse feedback more likely to sabotage it. When both requirements are met in connection to an activity, people are more likely to be intrinsically motivated to do that activity, whether it's learning, playing baseball, or creating a sculpture. When both requirements are not met, intrinsic motivation is very low, and when both needs are met partially, intrinsic drive is moderate. When the circumstances between people in that support or feedback are given The informative component of incentives or feedback becomes increasingly significant as autonomy becomes more important. According to Luthans (1998), motivation can be counted as process of arousing, energizing, directing, and maintaining behavior and performance (Luthans, 1998). That is, it is the process of motivating individuals to take action and complete a goal. Effective motivation, which makes workers more satisfied and committed to their employment, is one technique to stimulate individuals. Money isn't the only thing that motivates people.

Consequently, intrinsic motivation flourishes when people are able to satisfy their demands for competence and autonomy while performing enjoyable jobs. Specific events in the interpersonal setting, such as the distribution of awards, the enforcement of deadlines, and the issuing of performance evaluations, can have a direct impact on people's intrinsic motivation.

People's intrinsic drive and need fulfillment can be influenced both directly and indirectly by the general interpersonal climate and how they experience external events. Moreover, People have varying proclivities for interpreting events and circumstances in ways that aid or hinder need fulfillment and intrinsic motivation. Intrinsic motivation is significant in many areas of life and leads to better outcomes than extrinsic motivation, it appears necessary to foster autonomy and competence in our children, students, clients, employees, and patients.

Organizations have to achieve a sustainable competitive advantage by using their physical and human resources at the optimum level in a competitive environment (Gratton, 1999). In order to benefit from human resources sufficiently, it is necessary to formulate and implement human resources strategies and as a result, to improve the performance of human resources. Accordingly, the level of motivation is important for the sustainability of competition (Gratton, 1999). From this point of view, not only will the motivation of the employees be sufficient, but also the motivation of the managers will have to be at a high level in order to reach the goals of the institutions (Koçel, 2015). The motivation of the manager will affect, motivate and direct the employee. Employees will see managers as role models (Koçel, 2015). Individuals working in an enterprise or institution with loyalty and willingness to the institution will increase the efficiency or production in the institution (Öndaş, 2019). From this point of view, if the individual needs and needs are satisfied as a result of the work of the individuals in the workplace, the individual will be integrated with the workplace (Öndaş, 2019).

3) Relationship Between Job Satisfaction and Job Motivation

Employee motivation inside a company for the purpose of achieving high-performance results helps to increased job efficiency, according to psychological studies, but the rise in performance is not always exactly related to the strength of the motivation. In terms of performance, it is self-evident that motivation and performance are intertwined. It is thought that when individual expectations and organizational needs overlap, professional performance is more likely to be achieved; on the other hand, professional performance is more difficult to achieve and/or sustain (Lut, 2012).

The motivational optimum can be achieved by focusing on two variables: on the one hand, training individuals to accurately perceive the difficulty of a task (by emphasizing its importance); on the other hand, manipulating the intensity of motivation to increase or decrease depending on the situation. Individual psychological characteristics of employees (nervousness, balance, self-control, etc.) play a vital role in this context, as these are elements that can both encourage and inhibit task completion. It goes without saying that every management wants their staff to be motivated and interested in their work (Lut, 2012).

Researchers have questioned their count, doing multiple studies in this area, once it was understood that happiness has several features. They discovered that job satisfaction had between five and twenty dimensions, and as a result, their number was reduced to five: the task itself, pay, supervision, coworkers, and promotion (Lut, 2012). Motivation and job satisfaction are both related to job performance and can have a positive or

bad impact on it; the satisfaction gained as a result of an individual's engagement in organizational life is not just an individual issue, but also one of their organizational repercussions on it. (Mielu, 2007).

As a result, employees' achievements result in extrinsic or intrinsic rewards. The rewards themselves do not lead to satisfaction; rather, they do so only if they are viewed as fair in respect to the work and other incentives. As a result of the perceived fairness of the awards, drivers of employee happiness are motivated to make new efforts and attain new goals (Lut, 2012).

4) Conclusion

There is a dual relationship between job satisfaction and motivation. In general, satisfaction occurs when the wishes of individuals that they want to be realized and the impressions they get from the business environment match. Comparing the reward that an individual expects from the job with the reward he/she receives also reveals job satisfaction (Üçüncü, 2016). The satisfaction that an individual receives as a result of his work and the satisfaction he feels during his work are different. The satisfaction he gets as a result of the work is "external satisfaction", and the satisfaction he feels while working is "internal satisfaction". While extrinsic satisfaction will provide extrinsic rewards, intrinsic satisfaction will provide intrinsic rewards. It means that the necessary conditions have been prepared for a satisfied individual to be motivated. (Üçüncü, 2016). Likewise, it is possible for a motivated individual to experience inner peace and pleasure as a result of their activities. That is, "motivation can create satisfaction." As a result; Individuals who get what they expect from their jobs are satisfied to the extent they get it. This increases the motivation and performance of individuals.

To conclude, employees are one of an organization's most valuable assets, and they have shown to be critical to the company's survival in its industry. Job motivation is one of the primary concerns and grounds for organizational failure and collapse, according to the history of most enterprises. Employees that are intrinsically driven are more satisfied with their work and demonstrate a high level of passion and dedication, making them more productive and efficient than others. It is critical for company managers to have a thorough grasp of their personnel, particularly when it comes to their welfare. This feeling may arise as a result of the knowledge that most company managers are making incorrect assumptions about what their people like at work. In order to comprehend their people in the organization, managers must educate themselves with knowledge and skills of bigger issues. Human resources managers will be more equipped with methods and appropriate actions to deal with any employee-related difficulties if they have a large knowledge base.

The importance of job satisfaction in motivating employees cannot be overstated. In fact, Job Satisfaction has been employed as a foundation in most motivation theories. For example, the well-known Maslow Hierarchy of Needs, which is the foundation for most motivation theories, has employed Job Satisfaction as its base (Kian, Yusoff, & Rajah, 2014). Once an individual has met his or her present level of need, he or she will not be motivated until he or she is attempting to advance to higher levels. Clearly, the thesis underlined the significance of job-related satisfactions in activating employees' motivation (Kian, Yusoff, & Rajah, 2014).

The relationship between job satisfaction and job motivation, have long been a source of concern for researchers and practitioners. Over time, numerous perspectives on job happiness and its role in achieving job performance have emerged (Lut, 2012). Employees, on the other hand, must adhere to a set of conventions and values that are distinctive to the company's culture. Managers or business owners must have a long-term vision of the company's future and a well-defined management strategy, with human resources playing a vital role. On the other hand, managers or company owners must have a long-term broad vision of the company's (Lut, 2012).

Nonetheless, it is not possible to conclude that Job Satisfaction equals Motivation. Comparisons between the definitions of the two studies are required to distinguish distinctions between the two fields of study. Motivation is impacted by present interpretations or forward-looking views of the relationship between performance and return, whereas satisfaction refers to how people feel about the returns or rewards they have gotten for past work (Kian, Yusoff, & Rajah, 2014).

Also important in increasing both performance and happiness is the work environment, and in terms of management, the need to build an organizational culture that fosters values, innovation, fairness, and justice in order to achieve both organizational performance and employee satisfaction (Lut, 2012).

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CHAPTER II

THE COMPATIBILITY DYNAMICS OF THE FINANCIAL GLOBALIZATION PHENOMENON AND CHANGES IN TOPICAL FISCAL PURPOSES

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1. Introduction

While the concept of financial globalization aims to harmonize financial stability policies at the international level and joint global stability among countries, it also reveals a set of policies that aim to reach the target balances in macroeconomic policies and increase the effectiveness of stabilization policies (Ocampo, 2000: 54). This global fact also expresses international relations and structure that allows dynamics specific to financial infrastructure to find an influential place in the process. Besides, this phenomenon also refers to the meaningful and healthy circulation of each value-added formation and monetary value within the framework of financial relations, which can be considered technological developments and financial resources in a broader perspective, in a structure including global trade. It appears that financial crises, which are the subject of financial relations, and deviations in financial markets, also express the short and long-term effects of change in today's world where capital risks are increasing. In the globalization process, besides the international trade of countries, creating a global infrastructure aimed at creating the composition of the international investment portfolio is also among the priorities of financial globalization (İncekara and Savrul, 2012: 25).

The process of financial globalization undoubtedly means that capital circulates and opens market trades at an independent level. The reason why capital investments prefer more developed countries in the process of financial globalization stems from the search for a safe and stable economic structure regarding financial crises. It is understood that the globalization of financial markets has an important effect in the process where financial values and stocks in foreign markets and global stock markets take place with markets with high trading power. Another aspect of the financial globalization process is establishing a global stabilization process with the export sector and a mutual foreign trade balance, aiming to overcome possible financial crises and establish common global liquidity policies (Bank for International Settlements, 2011: 5). The

phenomenon of financial globalization also reveals a structure that justifies necessary financial reforms to deal with a situation where negative effects that create different effects, especially in emerging economies, are frequently to the fore. In other words, the fact that is developing economies have a designed export structure and reach a level of financial efficiency in international markets is directly related to their adaptation to the dynamics of financial globalization in terms of coping with financial crises. As a matter of fact, the structural position of the dynamics of adaptation to the global financial process constitutes a significant problem, especially in developing countries. Therefore, the fact that countries are an important centre of attraction in terms of global finance made it inevitable for countries, especially emerging economies, to increase global financial efficiency, and this phenomenon put forth the fact that is related to the level of global financial harmony. This approach has enabled the dynamics of financial globalization to be diversified, especially within the framework of financial dynamics that keep international trade on the agenda.

In addition to all these, it appears that the phenomenon of financial globalization also creates a basic level of influence between investors and financial resource providers in borrowing transactions (Snoy, 2000: 206). Therefore, the presentation of financial resources related to global investments that may arise based on states and financial institutions has been directly affected in the process of financial globalization. And also, the collapse of the Bretton Woods system in 1973 undoubtedly had an important effect on the acceleration of financial globalization and the creation of more meaningful current global dynamics. An important reason why liberal economic policies are frequently connected in financial globalization is that, besides global monetary resources, all other capital resources have been preferred on a more accessible basis for liberal policies. As a result of liberal policies regarding free entry and exit of capital between countries, directing all financial resources to investments as far away from pressure policies as possible is an important external aspect of financial globalization (Gelb, 2006: 189).

On the other hand, the liberalization of money markets and the phenomenon of financial globalization are among the factors that directly affect this structural location. Minimizing the barriers and controls that make up financial institutions, especially in banking systems, has resulted in a higher cycle of monetary liquidity and capital transformation in the globalization process due to competition between banks. Authors Mc Kinnon and Shaw, who argue that a minimum process of financial restrictions will directly impact economic growth, emphasized the "Accelerating Effect" on the positive economic growth trend directly via

the structural changes of the financial globalization process (Cho, 1990: 478-479; Yetiz, 2008: 44).

2. The Impact Dynamics of Financial Globalization And The Structure of Global Financial Adjustment

Financial incentives and capital values with a higher global dimension in the process instead of the low marginal benefit in question reveal a meaningful, concrete application of liberal financial policies in the financial globalization process. In other words, an effective financial globalization process, with financial liberalization policies taking place in the process, makes it less preferable to hold inefficient financial assets such as gold, cash, and commodity stocks (Zahler, 2006: 92).

2.1. Financial Impact Mechanisms and Global Impacts Positions Shaping the Dynamics of Financial Globalization

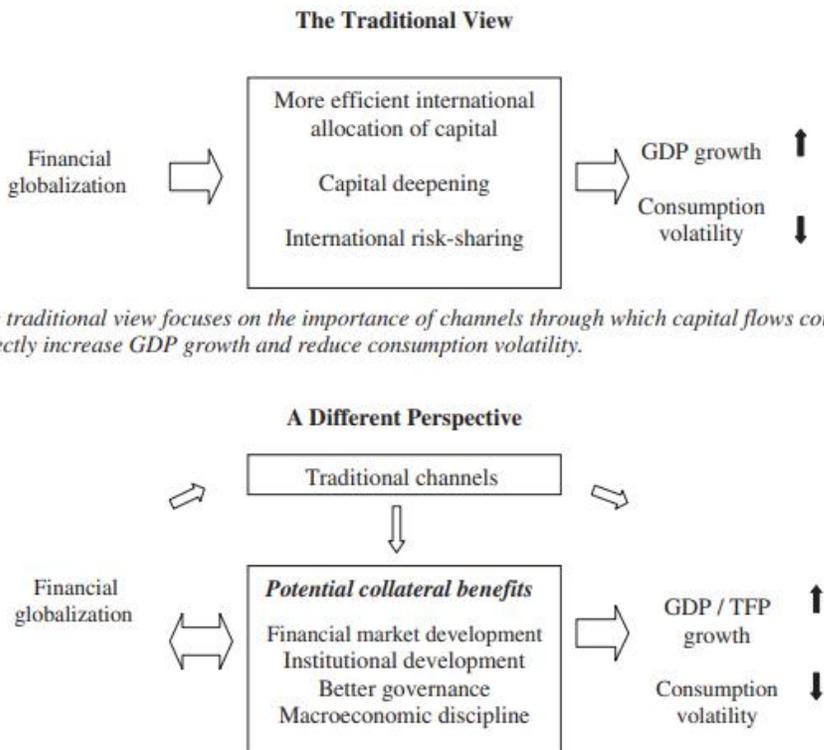
Undoubtedly, one of the most critical factors in financial globalization is the global position of interest rates. This process, in which the fundamental approach between savings and investment limits and the international status of interest rates creates structural effect dynamics, also reveals the dynamics of the adaptation process of financial globalization at the global level. In brief, high-interest rates make a meaningful financial intermediation process through increased savings, creating a crucial structural impact dynamic that will improve the efficiency of savings use (Scholtens and Van Wensveen, 2003: 41 and 43).

This situation, which also reveals the impact dynamics of the global financial structure as a financial flow process, also expresses the position of the said adaptation dynamics in the process. This situation necessitates that the financial emphasis mechanism and structural view of the financial globalization period should be considered together with some important new approaches. In this new approach, it is seen that different structural dynamics, in which some important adaptation problems arise, apart from the traditional globalization process, also take place in the process.

In particular, this structure within the financial globalization process emerges with different mechanisms, including the dynamics of a traditional globalization process, but outside the classical definitions. In the process of financial globalization, reaching higher levels of effective international capital distribution and ensuring international financial risk distribution constitute a sub-dynamic of the important globalization process as a traditional approach. This classical structural mechanism becomes meaningful with its two main objectives in the risk-sharing process of globalization dynamics. Each of these target dynamic effects is

that the risk-sharing process creates a level of impact in achieving the target GDP growth of countries, with the values continuing under a minimal negative impact; another is to ensure that the consumption volume and trends of especially developing countries are aligned with the consumption trends at the international level (Mendoza and Quadrini, 2009: 23). This harmony is also accepted as an important reason for the efficient distribution of capital in financial globalization. At this point, the necessity of providing direct capital flow and following in a financial globalization process in which consumption values are kept under control emerges.

In Figure 1 below, it is possible to monitor the structural flow of the current impact dynamics of the financial globalization process with the aimed objectives:



Source: M. Ayhan Kose, Eswar Prasad, Kenneth Rogoff, And Shang-Jin Wei (2009), *Financial Globalization: A Reappraisal*, IMF Staff Papers, Vol 56, No.1, Washington D.C.: International Monetary Fund (IMF), p. 42.

Figure 1. Impact Actors and Different Impact Projections of Financial Globalization Dynamics

As seen in Figure 1 above, a process that includes a higher emphasis on global capital and the associated global risk division is currently

supported by institutional initiatives in financial markets, and it appears that a more meaningful macroeconomic discipline process has put forth. In brief, it is understood that it is the subject of a certain adaptation process by targeting a macroeconomic discipline in which the benefit measures of the financial globalization process come to the fore.

From this point of view, when the globalization process is considered more up-to-date, it is seen that these dynamics within the traditional financial globalization process from a different perspective together with the inclusion of these dynamics in the process. In other words, in a more meaningful way, the actual financial globalization process creates a certain adaptation process in which it focuses more on potential benefit distribution processes.

In this respect, it can be said that this is one of the reasons why McKinnon and Shaw see the actuality of the financial liberalization process as a part of the economic reforms process. In this respect, supporting new investments and entrepreneurship in defining economic development and restructuring it towards targets is directly related to the current level of impact of the financial globalization process.

As seen in Figure 1, in terms of financial globalization, this phenomenon is directly related to the development of financial markets and its current alignment with financial relations at the institutional level. This relationship of better financial market management with corporate efficiency also shapes the common benefit criteria in the process, as it affects the GDP and consumption changes in the financial globalization process (Doğan and Değer, 2016: 810-811).

This global structure constitutes the concrete impact scales of the impact mechanism of the financial globalization process. And the creation of the impact dynamics of the financial globalization process should be supported by a global capital structure supported by financial structure especially aimed at increasing the savings. A global reform process in which the best technological developments in practice support this structure necessitates a controlled process of benefit targets and monetary financial values in this respect. In this respect, the scale of the impact of the dynamics of the globalization process has made it more meaningful to deal with a high audit-evaluation process at the level of institutional efficiency and in harmony with global institutional goals (Özbakan, 2011: 272).

2.2. Structural Position of Financial Globalization in the Process of Economic Growth and Impact Dynamics

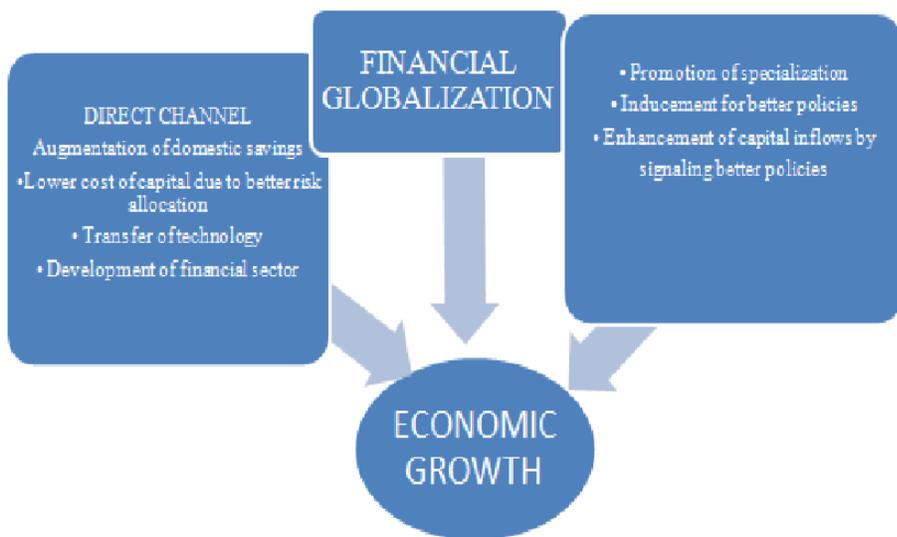
It is an inevitable fact that financial globalization has a significant impact on the national growth trend of countries in the economic growth process.

In other words, nation-states aim to reach their economic growth targets within a specific infrastructure by analysing their positive and negative relations with globalization within the globalization process. In this context, financial globalization creates an essential mechanism of influence on countries' financial sector due to several different structural reasons and directly affects the countries' macroeconomic policies (Morgan, 2011: 1). Therefore, ensuring macroeconomic stability reveals a phenomenon that directly affects economic growth and is directly related to the flexible structure of the financial system. The common point of economic growth and financial globalization process is meaningful with the emergence of the infrastructure in which the flexibility of the financial system and forms the primary conditions of the financial system with a market discipline.

An effective and efficient financial-political structure needs rational decisions, especially when monetary policies are sent correctly with economic values. This structural phenomenon reveals a process in which developing countries are faced with especially the deviations in the macroeconomic stability problem and essential problems related to the phenomenon of financial globalization. In this context, financial investment instruments are inevitably regulated by financial sanctions, and the structural costs such as borrowing costs in the globalization process are associated with economic growth.

On the other hand, this obligation aims to activate a public decision mechanism in which the economic effects of the financial globalization process are also considered. Increasing national savings and reducing the risks arising from the use of global capital to lower levels with more rational resource allocation mechanisms provide an essential economic growth dynamic for global financial integration.

Emphasizing the effectiveness of specific financial incentives in their relationship with economic growth and ensuring a capital flow on this basis is a mandatory expression of being compatible with target economic policies in the process of financial globalization. This can be interpreted as a significant negative consequential effect of the increases in global borrowing limits due to the financial costs in the process. Figure 2 shows the infrastructural relations between financial globalization and the economic growth phenomenon via structural dynamics:



Source: Bosede Olanike Awoyemi and Adebola Abass Jabar (2014), “Financial Globalization: Economic Implications for Nigeria”, *Journal of Humanities and Social Science*,19(4), p. 116.

Figure 2. Structural factors affecting economic growth in the process of Financial Globalization

As seen in Figure 2 above, the process of financial globalization consists of the combination of structural dynamics that directly affect economic growth and common structural values, through which monetary policy approaches that encourage these structural dynamics provide an effective policy presentation in the process. In other words, the financial globalization process creates a positive effect in a structure that is directly related to the contribution values of national savings to investments and economic growth, and technology transfers that make efficient in the process of lower costs within the economic growth trend.

In this respect, it appears that the development of the financial sector and the support of the technological infrastructure are directly related to national decisions and national monetary and fiscal policies. For example, the relationship between international borrowing, the financial globalization process, and economic growth is directly affected by the decisions taken regarding rational policies beyond stimulating capital flow. The infrastructure for developing the financial sector requires an up-to-date harmonization process based on supporting it with a more effective technological structure. This effect of Financial Globalization on economic variables represents an important deepening measure and financial flow that directly affects savings limits and investments connected to these limits in a financial liberalization process. This financial flow regarding the economic growth process emerges with the

common points of liquidity management and risk management of the financial sector, as seen in Figure 2.

Financial pricing mechanisms and price flexibility have always been influential in the economic growth process as an essential tool to encourage the support of this infrastructure for economic growth. In addition to the structural macro indicators, the effectiveness of the cost of change in legal, financial values in the process is a strong efficiency value of the financial globalization process in the economy (Kalemli et al, 2013: 1180-1181). However, in which capital market activities emerge through banks in financial markets and especially in banking systems where corporate transactions are seen, it is also a process that is the subject of cost-benefit analysis of financial costs. In this respect, a financial globalization process for economic growth reveals a structure that provides a co-sense expression with rational decisions and draws the framework of the effectiveness of benefit and cost analyses in the globalization process.

In this context, the effectiveness of the financial instruments of the developed countries in the money markets at the global level and the effects of the decisions that determine the interest rates such as the financial portfolios and global reports of the developed countries in the global process, are perceived as an important economic contribution value, even though they have negative effects in the globalization process (Stallings, 2001: 14-15). On the other hand, it is seen that the diversity of global financial instruments of developed countries is higher in the international finance portfolio, which also has a differentiating effect on the economic growth expectations of the countries. In other words, this financial phenomenon can result in a process that increases the effects of specially developed countries on financial rents in the globalization process and increases the negative effects on developing or emerging economies.

3. The Integrity of Structural Relationships in the Financial Globalization Process and Topical Purposes Related to Dynamics

The fact that financial globalization creates an international level of harmony undoubtedly necessitates a process of harmonization with the common structural values of the countries in the globalization process. The decreasing trend of cross-border capital flows after the global financial crisis and especially after the 2009 financial crisis can be interpreted as a negative outlook. The downward trend of these global capital flows by around 60 percent after the 2009 financial crisis also means a financial globalization process that emerged from the shrinkage of loan portfolios and moved away from a stable, inclusive structure. It is

clear that this decline in credit levels, especially in the Eurozone and US banks, adversely affected the financial globalization process (Lane, 2012).

3.1. Structural Common Dynamics of Financial Globalization in the Process of Potential Global Risks

As global financial institutions, especially banks' shrinking tendency after the 2009 financial crisis, the country's risks at the global financial level increase structurally. This phenomenon is directly related to which policies are the subject of local loans and practices based on incentive sanctions in determining the common criteria of the financial globalization process and how much they are accepted as shared values.

It appears that the weighted impact factors of financial risks in the process of financial globalization arise from institutional banks and financial institutions at the global level, and especially from the global incompatibility of countries' central banks and deviations in capital markets. The continuation of the financial globalization process in a healthy and stable structure as common criteria necessitated the evaluation of the investment stocks of the countries regarding the GDP, especially after the crisis period (Alper and Oniř, 2003: 7-89).

The international institutional financial centres' approach to the standard international dynamics, in which the global system has attained the highest level of structuring and influence, is generally accepted, especially after 2012. In addition, as in some other emerging economies, countries have become more inclined to international bank loans in the process of financial globalization. In this context, it can be said that as a common dynamic of financial globalization, especially in the search for more stability in the scope of the standard criteria, countries aim to have a higher capital share compared to the pre-crisis situation of their gross capital forces. In terms of this framework, it is possible to deal with the topical financial globalization dynamics in four main parts:

- **New Technologies and Changes in The Infrastructure of Technologies:**

Updates on the technological structure refer to the infrastructure that supports a rapid flow of capital values and financial asset values in the process of financial globalization as a meaningful structural dynamic. Besides, this structural effect, which is directly in question with the support of the technological infrastructure, also creates an essential current effect dynamic of the globalization process in ensuring a reliable system index via the existence of the technical structure. It also provides a vital control infrastructure to share and transform the benefits and costs of this current dynamic financial

globalization process between countries. Monitoring the different impact distribution of the financial globalization process with varying elements of risk and risk analyses at different levels in the risk management process makes the existence of up-to-date technological infrastructure inevitable (Waters, 2007: 69).

- **Existence of More Effective Stability Policies and Institutional Balances:**

In terms of financial globalization, a more stable structure and a healthier level of global financial interaction can be expressed as lower borrowing limits and smaller-scale imbalances taking place in the process. The more egalitarian nature of the benefit scale of the financial globalization process means fewer borrowing practices and a lower credibility risk, especially for emerging economies. Therefore, financial and monetary account imbalances that occur at the lowest level occur as a most expected stable element via the process dynamics. In this respect, financial globalization needs new programs to distribute benefits and costs, with a specific reform process and organized manner and prioritizes a method that keeps welfare priority global policies on the agenda (Tanzi, 2004: 4).

- **Position of New Actors in the Process of Financial Globalization:**

The most critical dynamics of the financial globalization process, especially the current new actors in this process and the expected that is the capital flow and financial control mechanisms from the impact levels of these actors. In other words, the role of new actors in financial globalization, with its differences from the traditional financial globalization process, aims to reveal an international financial centre-oriented structure that supports especially developing and emerging economies. These new financial players aim to increase their effectiveness in the process by transforming some centres that could be multiple finance centres into more multiple central structures and developing countries as a global adaptation dynamic. Financial as a new dynamic, these actors aim to establish an international financial balance with different scales of influence regarding the inspections and evaluations in question in the financial globalization process via this structural formation. This balance, based on new financial actors dispersed to different financial centres in different scales and regions, has a positive effect on the effort to rationalize the process based on the cost elements of financial globalization in global cost distributions and the establishment of a harmonization process (Cerny, 1994: 327).

- **The Spread of Financial Risk Factors and Financial Clustering:**

The analysis of financial risk factors in financial globalization reveals an important structural effect with the phenomenon of financial clustering in the process. The current possible risks in financial globalization and the perception of the global impact scale of these risks with different values between countries are directly related to the scale of the global financial cluster and which countries are under its control. Therefore, in a structural adjustment and the expectations process, it is thought that the increase in the speed of the financial globalization process will continue away from possible global risk factors with the existence of a stable global financial structure. It is seen that especially the control centres and digital financial platforms of European banks for borrowing limits facilitate the estimation and control of possible risk factors. However, the high rate of international loan demands in recent years and the fact that global foreign investments are at a higher level compared to the GDP of developing countries have taken place in the process as an important risk factor. In addition, it should emphasize here that financial clustering as a financial risk factor is directly related to the speed of financial capital flows. Particularly, the clustering of financial values and assets, and the changing effect of the structural phenomenon, directly affect the flow values of financial values on the global surface and often create different scale effects on countries. This phenomenon put forth a negative scale effect resulting in the creation of an impact mechanism of possible global financial risks at different scales intended to future financial balances and weak the positive expectations to the future (Ghosh, 2020: 39).

In this context, ensuring a global financial harmonization process has increased expectations from the harmonization process and reform policies with the effect of global financial clusters. In this respect, the need for a more controlled process of possible financial risks has brought up the necessity of putting forward a mutual agreement model at the international level within the framework of expectations from this process.

This structure, which directly affects the scale of foreign investments in developing countries and low profitability and foreign business potential, has also increased the impact scale of external financial risks that may cause higher financial risks in developing countries. In this regard, it should be emphasized that although common financial globalization values have taken place in the process, potential global financial risks continue. Especially the process of uncontrolled deviations of the capital forces, as well as the foreign lending variability entering

into different negative processes, is an important indicator of this. More than 60 percent of the countries in the world are experiencing a significant decline in foreign lending.

Digital platforms and financial blockchains, and new channels in cross-border capital flows require common new financial criteria (Duarte, 2020: 90). In this respect, it can be said that common borrowing and credit policy dynamics in the determination of common criteria in the process of financial globalization form global central integrity within the framework of common basic standards. However, it should not be ignored that the standard market criteria, which can directly increase the market transaction volume of financial markets, continue under the control of developed countries.

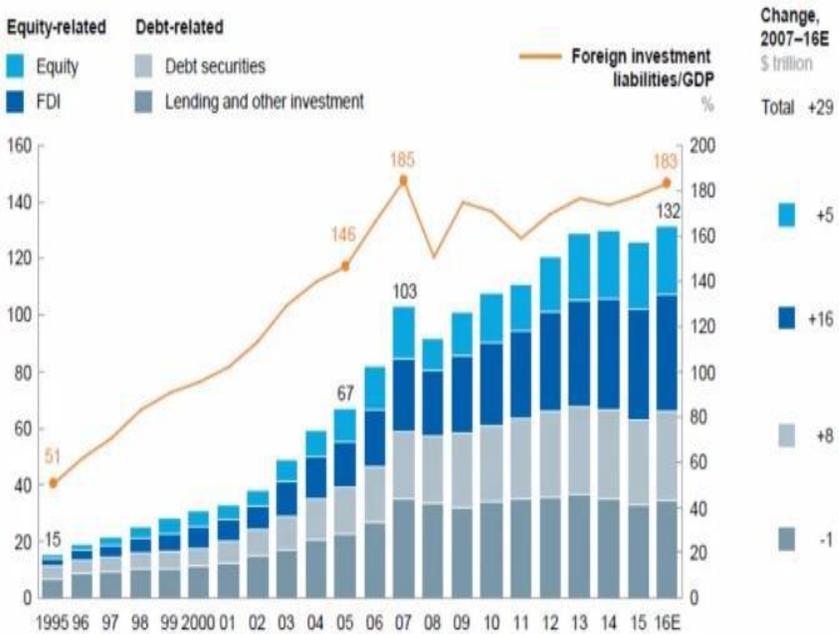
3.2. Topical Changes in Impact Dynamics in the Process, and Position of Global Financial Obligations

A current financial globalization process, which is based on the ratios of debt obligations and foreign financial-sourced investments to GDP in the globalization process, shows significantly different levels of impact with significant differences and fluctuations.

In other words, in the globalization process, financial sanctions reveal different actual scales at different levels and in different trends, especially in debt securities related to international loans and other investments related to them. It can be said that the globalization process has experienced a positive trend with a very significant effect on financial guarantees, especially in a process where the search for financial balance has increased even more after the 2009 crisis, however, with the necessary and current developments.

Although the expected position from the global financial process creates a change in the capital market values, it is seen that significant changes are in the investment demands from foreign financial sources (Torre and Schmukler, 2007: 65). Despite the lower dilution of financial collateral, which tended to increase significantly after the 2009 financial crisis, it can be said that the deviations in loan demand stemmed from unmet global financial resources.

In Figure 3 below, it is possible to monitor the recent changes in the impact dynamics of the international financial globalization process:



Source: Susan Lund, Eckart Windhagen, James Manyika, Philipp Härle, Jonathan Woetzel, and Diana Goldshtein (2017), The new dynamics of financial globalization, McKinsey Global Institute August 22, 2017/Report, <https://www.mckinsey.com/industries/financial-services/our-insights/the-new-dynamics-of-financial-globalization>, (Accessed July, 30.2021); Ecomonitor (2018), *The Metamorphosis of Financial Globalization: Financial Globalization Seems to Have Reached A Plateau and Has Morphed Since The Global Financial Crisis*, <https://www.thestreet.com/economonitor/emerging-markets/the-metamorphosis-of-financial-globalization>, (Accessed, July, 30.2021).

Figure 3. Current Changes in the Impact Levels of Financial Globalization Actors after 2000

As seen in Figure 3 above, it appears that investments originating from foreign financing have an essential place in financial globalization and its ratio to GDP is at the highest value based on a financial global dynamic effect. In the financial globalization process, there is a process in which a more harmonious process concerning GDP was achieved after 2007, mainly through the changes in foreign financial investments.

On the other hand, it is understood that the increases in debt securities did not show a significant change, especially after the 2000s, and that the effect of minimal fluctuations after the 2009 financial crisis showed almost no significance. It appears that the average change value in the

capital market after 1995 was only around 5%. In this context, it is observed that the most important starting point of the changes in foreign investments is in 2007, and it is observed that as a global financial dynamic, liabilities related to foreign investments are at a very high level compared to GDP as the world average.

On the other hand, it can be said that the economic growth trends, which are country averages, are a meaningful reason for the search for a global financial loan, with the structure that makes foreign financial investments preferable. Again, at this stage, it is not overlooked that the change in own financial funds after the financial crisis of 2009 has a positive effect of five percent in terms of the average world national income. It should also emphasize that there is no significant fluctuation in the loan volumes for debt guarantees and other investments (Blundell-Wignall and Roulet, 2014: 10).

There are two critical reasons why the average world GDP was substantial in terms of foreign investment obligations in 2007: First, it is that, despite the increase in the liabilities of global financial investments, primarily based on developing and emerging economies, there is no significant increase in the average world national income values at this level. And, then the incompatibility of the increased borrowing demand with the increasing loan demand constitutes the second stage of these justifications. At this point, the increase in the risk scale of global financial practices by the increasing global borrowing demand also created a ripple effect on the debt securities observed in Figure 3, apart from the investment-oriented global debt demands.

As intended to exceed national financial liabilities, this phenomenon has created a priority location for foreign direct investments' lending liabilities to ensure effective financial resources in the financial globalization process. Besides, this phenomenon necessitated the handling of the impact dynamics of financial globalization as a whole in the recent period and revealed the compulsory nature of the process of taking every criterion effective of financial value we mentioned in question with a common correlation. The inevitable position of increasing the target investment limits with external financial supports for developing countries and the fact that foreign financing resources are focused on direct investments after 2007 have also revealed an important global impact level (Bank for International Settlements, 2010: 2).

However, it is still difficult to say that the changes in debt guarantees and loan volume after the 2009 global financial crisis showed a significant change effect at the desired level. On the other hand, based on financial globalization, the important reason for the cross-border foreign investment obligations to reach approximately 185 percent of the world's

national income in 2007 can be shown as the fact that the equity values are not subject. In the process of financial globalization, as a result, the significant impact of equity formation on the basis of countries and the fact that equity values do not take place effectively in the global process have caused the recent negative effects of the global financial sector to come to the fore. Here, the exposure of countries to negative global effects is a structural view of the incompatibility of the financial values created by countries and presented to the global process with global financial changes (OECD, 2015: 13).

Indeed, it is difficult to say that countries, the majority of which are developing countries, provide a structural efficiency that is compatible with a financial infrastructure that will give their equities a global character, together with the added value they create. This phenomenon means that the increasing loan demands of these countries did not find sufficient support from a global financial structure and were subject to significant capital market deviations after the 2009 global financial crisis. This structure, in which there is no effective distribution of financial values in the process of financial globalization, means that the increase in national income values as a world average is negatively affected by the borrowing risks of especially developing countries, and deviations in average investment limits are the subject.

The realization of expected national income with an average below the world average has resulted in developing countries bearing more negative values regarding the global financial process on the basis of financial risk distribution. The global negative justification of the global increase in credit liabilities as a debt vicious circle and the deviations in target economic growth trends in developing countries also gains meaning (IMF, 2020: 8). It is significant that the inadequacy of own funds, especially in emerging economies, is also revealed by its incompatibility with the capital market in the global financial process as based on the global fiscal dynamics. In other words, especially recently, there has been an important structural contradiction between the global capital market expectations and the equity presentation of countries, and it has revealed a phenomenon in which the short-term high costs of credit demand of developing countries are frequently observed in the last process. This phenomenon also means a process of extreme financial volatility and an ever-increasing global debt vicious circle, where it is difficult to evaluate the benefits targeted by countries from external financial markets within the framework of financial global dynamics.

4. Conclusion

The process of financial globalization has created different levels of influence within its own dynamics in recent years and has been the subject of applications with different dynamics in terms of financial balances on an international scale. This process has also emerged by targeting a structure based on the mutual benefit distribution analysis of the common identical values of developing countries and developed countries in international financial platforms. It has been seen in recent years that the efforts in the remarkable growth objectives of emerging economies in the process of financial globalization have further increased the use of financial resources at the global level. But this phenomenon has resulted in some deviations in the real value of countries' financial liabilities based on GDP and created the global topical critical discussions. Again, in this process, it has been seen that the increasing technological digital structures have an important place in the process.

The financial resources used by countries and the importance of debt securities for foreign investments have changed and fluctuated in scales. As a consequence, this situation has also caused significant differences in the financial credibility ratios of countries regarding debt collateral and international credit use. However, it is observed that these differences cause some important imbalances in the sharing of cost-benefit analyses at the global level based on all countries. In the global process, it is seen that these developed countries have an advantageous position compared to the developing countries in terms of providing the financial resources in question mainly by the developed countries and obtaining the possible benefit values from the process. On the other hand, it is understood that some structural problems also take place in the process on the basis of the impact levels of the dynamics in the financial globalization process.

This situation in common global standards, which can create significant volatility in exchange rates and economies as a different financial criterion deviation from the target standards to be evaluated at the global level, also negatively affects global financial portfolios and continues worldwide as a risk of damaging financially. In this respect, financial centres lacking transparency seem to move in a deviant trend created by common vulnerabilities at the global level. This process, which means that the current critical standard global financial criteria are determined unilaterally, as away from the common dynamics, increases the negative effects of global financial polarization with its negative effects on international financial institutions. In financial globalization, it is observed that cross-border capital flows have decreased because almost half of the investments are due to lending. On the other hand, it should also emphasize that financial globalization continued in a more stable structure for the future due to the positive structural change effects in the

dynamics of the financial globalization process after the 2009 financial crisis.

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CHAPTER III

DYNAMICS OF PUBLIC CHOICE THEORY IN THE PUBLIC ADMINISTRATION PROCESS, AND EXPECTATIONS FROM THE PROCESS

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1. Introduction

In addition to expressing a process in which public preferences are transferred to the public decision process, the theory of public choice also reveals a process that includes the dynamics of which public decisions become effective in the public administration process. On the other hand, it is also a socio-economic analysis of the scale at which non-market institutions evaluate economic methods and possible social behaviors. At the beginning of the approaches and problems that public choice deals with as a priority, there is a sharing principle based on "Collective Action," information problems of "Transfer of Public Authority," and participatory democratic harmony (Ostrom and Ahn, 2001: 5).

In this context, it appears that it is aimed to analyze to what extent the public choice will be reflected in the decision process, especially with political actors, and some social reasons that may work outside the public interest. The public choice approach aims at a critical process that takes place with the search for efficiency of some institutional behaviors, especially the managerial behaviors of public institutions, especially the economy. Public choice reveals how political scientists and especially sociologists who analyze social behavior patterns will affect the economy with the analysis of consumption and political behavior and collective rent transformation. When the public choice theory is considered in terms of its effectiveness today, it has entered an important revolutionary phase with the works of Kenneth Arrow, Duncan Black, James Buchanan, Gordon Tullock, Anthony Downs, and William Niskanen, especially in terms of democratic decision-making processes (Shughard, 2018). The theory of public choice puts forward a consensus of the public will and public officials, which aims to encourage the collective benefit expectations of the participants in the political socialization process, especially in the realization of participatory politics, and brings all these to the process (Kamlage and Nanz, 2018: 4).

This concept point at a collective way with the traditional public interest in which public utility maximization is in question, which means

a common decision jargon, especially of economists and the phenomenon of public and personal welfare aimed at social benefit maximization. In this respect, the public choice approach means an expression in a process where traditional public officials and social dynamics representing the people's will are brought together through voters, politicians, and bureaucrats providing public services. This approach, which economists aim to transfer on benefit maximization and cultural-political communication, is also directly related to the systemic structure of the public administration in public decision-making processes (DeLeon and Vogenbeck, 2007: 9). While politicians as actors of the process in the public choice process aim to maximize political rent, bureaucrats aim to increase their institutional efficiency and power or keep up on the best institutional effectiveness intended for the public decision-making processes.

However, according to some other researchers such as Downs and Niskanen, this process also reveals a structure of public choice theory, in which non-governmental organizations also took part in the process as an active actor in the decision processes (Orchard and Stretton, 1997: 414). Therefore, the public choice theory is considered an expression of preferences in which sub-dynamics closely related to the perspective of the public administration on socio-economic events are brought to the fore, and the formation of policies depending on these preferences. In terms of the public choice theory according to the rational principles on which it is based, it is put forth to manipulate the public attitudes as a whole in the public administration process, aiming to overcome conflict with the actor components throughout the process and the public administration (Weible and Heikkila, 2017: 29-30).

2. Response Dynamics of Public Choice Theory in The Public Administration Processes

The primary dynamics related to the influence of actors on public decision processes in public decision processes are in structural interaction with public choice theory. In this context, the effectiveness of the public administration in all kinds of decision processes, including the structural change, is meaningful with the structural dynamics that the public choice theory corresponds to in this process and the aims shaped within the framework of these dynamics. This significance is expressed not as frequently as the collective social conditions in the direct expression of the purposes related to public choice (Jann and Wegrich, 48).

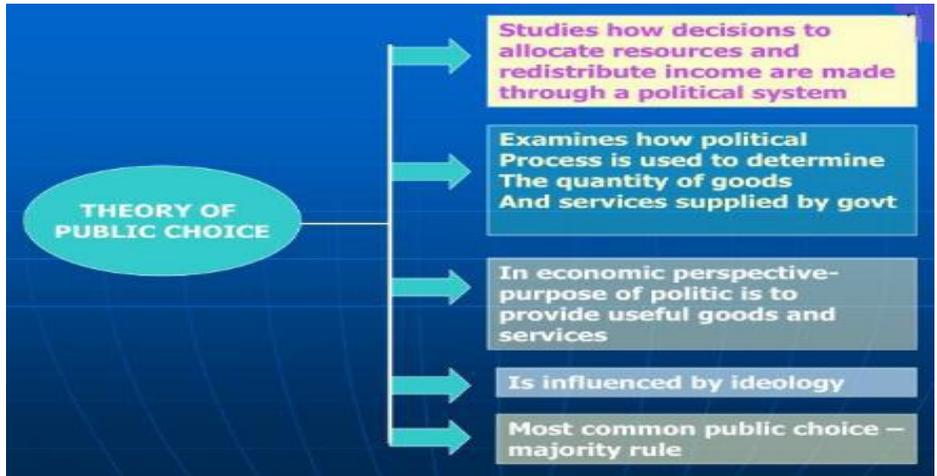
2.1. Public Ground of Public Choice Theory, and Provision-Decision Dynamics in the Process.

The public choice theory expresses a structure related to personal benefit expectations different from collective action, not the said structure of organic decision-making units such as the public or the community. In other words, a public preference structure is concerned in which the diverse and often conflicting preferences of individuals with personal interests are collectively addressed in the decision process. Therefore, the impact dynamics of the public decision-making process in the public administration process affect the theory of public choice at different levels. In this respect, the position of the public choice theory in practice has a structural feature directly affected by the dynamics in the management process (Eryılmaz, 2015: 377). Namely, the structure of the public choices process, which is reflected in the decision mechanisms, has a structure reflected in the decision-making process at different levels and is affected by the dynamics of the management process at different levels.

This structural position creates a meaningful mechanism of influence with different public priorities that emerge and are affected by different dynamics. In this context, the administrative ground on which the public election process is affected emerges by reflecting a certain mechanism of influence, which is regularly affected by political decisions and targets prominent goals in political decisions (Child et al, 2010: 7). In this respect, the structure of the actors in the public choice theory, which is reflected in the public decision mechanisms, takes place in the process as an expression of a structure that is evaluated with political content and that political decisions shape these evaluations. The fact that the effectiveness of choice theory actors often changes their priorities in ensuring public decision efficiency in the public administration process is also considered a product of political approaches.

In the theory of public choice, the need to balance the values affected by political decisions with the internal priorities of the other public administration process and the creation of a shared public decision process on this ground is also an expression of the management process (Selart, 2010: 66). Therefore, the aim of politicians, voters, and bureaucrats to primarily influence the public decision-making process becomes meaningful to effectively reflect the priorities in the public choice theory to this administration process. In this context, all kinds of decisions that can be taken regarding the public decision-making process gain different meaningful importance with the cyclical changes at the country level and the different political system approaches. In Figure 1 below, it is possible to see the structure of response dynamics that public

choice theory affects and is affected by in the public administration process:



Source: SlideServe (2014), *Public Choice*, <https://www.slideserve.com/aldenhinton/public-choice> (Accessed July, 16. 2021).

Figure 1. Impact Levels of the Public Choice Approach on the Public Administration Process

As seen in Figure 1 above, the structure in which the approach in public choice theory affects the public decision-making process starts with a re-evaluation of the resource distribution among the actors in the decision-making process. This structural fact starts with a processing activity aimed at creating a common value and contribution level of public resource values with the approaches of the political system. In other words, in the search for a common systemic compromise, it is seen that the common values of the political system approach are shaped by the expectations of the actors in the public choice theory and the common sacrifice related to the cost-benefit analysis (Miller and Robbins, 2007: 467).

In the next stage, there is a process in which the theory of public choice is based on the position of clarification of the political process regarding the determination of publicly provided services and public goods in the public administration process. It is also an expression of this process for which political purposes the goods and services offered to the public will gain priority. Cost analyses based on the research of the political process in providing public services also emerge as another stage of this process. In addition, this process reveals the cost analysis of all public goods and services in the public decision-making process with the approach of public choice theory and determining to what extent the actors in the process will contribute to these costs (Mundula and Auci, 2017: 4).

In the other third stage, the public choice theory emerges by calculating the contribution values of the economic importance of the goods and services targeted to be presented in the public decision-making process to the national income related to the actors of the choice theory in the process. In other words, this process includes the analysis of the realization of the added value of valuable goods and services to the economy from an economic perspective. In this context, it appears that the actors of public choice theory aim to reveal a meaningful joint process with the degrees of economic efficiency of the structural factors in the determination of priorities. Increasing the public socio-economic values of useful goods and services is meaningful by evaluating the priorities of public choice theory actors from an economic perspective, and the fact directs the public administration process on this basis (Thompson, 2008: 3).

Undoubtedly, it should not be ignored that the ideological approaches to the public administration system and the state's regime are always factors that determine the priorities in determining the priorities of public goods and services. The effectiveness of the public choice theory actors, which is valid primarily for liberal economies, has been the subject of discussion for closed economies where shared public resources and factors are dominated mainly by the central government and unitary structures. In this context, it appears that the shared public-national values of the main rules of the public choice theory based on an open market economy and a liberal ideology of the ideological structure have become more prominent. It is seen that this approach, which constitutes the fourth and fifth stages, increases the efficiency process by receiving systemic-ideological structural support, in which the shared public values in the public choice theory will gain more significance. At this stage, the effectiveness of public choice theory actors on the public decision-making process to increase their level of energy requires an ideological infrastructure in which the public choice theory actors in the public administration process in democratic societies can contribute to a greater level (Curristine et al, 2007: 12).

2.2. Effect Ground in Objectives of Public Choice Theory related to Political Decisions and Political Compromise

The reflection of the theory of public choice on the public decision-making mechanisms in the public administration process and the mutual influence mechanism of the decisions taken based on political decisions in the process occurs depending on some sub-dynamics in the process. In other words, political decisions evaluate a comprehensive process, from the management of public finances to the determination of public goods such as education and military forces and tax amounts, on a political basis. In this context, a public choice theory emerges with a mechanism

encompassing different efficiency mechanisms and different decision processes regarding their fiscal sources distribution and impact levels. The public election process is the expression of a mutual public administration balance process that is theoretically shaped by the decision-making dynamics in the infrastructure and reveals the relationship between each decision-process process. This fact in the structure of financial resources that can be allocated to the public, shaped by political decisions, reveals how public finance resources can be divided within the scope of targeted public service studies on political grounds. In this context, the public choice theory takes place in the process to express a process that acts with the political decision mechanism and where the political decisions are the primary determinant in the public decision-making process Rahul Shakya (2021). New financial regulations related to the determination of tax amounts, financial distribution, and incentives related to public finance policies within the scope of financial programs are the expressions of a structure directly affected by the policy process of mutual Network works of all kinds of infrastructure services. In Figure 2 below, it is possible to monitor the influence of all kinds of transactions within the public choice theory, based on which infrastructures in the political decision process:



Source: SlideServe (2014), *Public Choice*, <https://www.slideserve.com/alden-hinton/public-choice> (Accessed July, 16. 2021).

Figure 2. Impact Dynamics of Public Choice Theory in Public Decision Making Process

As seen in Figure 2 above, the primary political activity infrastructure emerges in the political decision process of the theory of public choice. The level of influence of this political infrastructure is a manifestation of establishing a balance between public administration purposes and the preferences of public choice theory actors, where public decisions are

directly affected, as we have mentioned. In this context, the political ground of the public decision-making process is the appearance of a reconciliation process. The preferences of the actors in the theory of public choice are directed in the political reconciliation process (Schnellenbach and Schubert, 2014: 4). This orientation is handled on the same ground with the interests of the public, that is, the interests of non-governmental organizations and voters. On the other hand, this process can also be evaluated as an expression of the collective and individual decision balance process, based on the mutual benefit maximization of public choice theory.

Since the utility maximization expectations and preferences of the actors in the public choice theory are concerned with a voting mechanism where they can reflect their political preferences to the public decision-making process, the political sanctions and government practices that prioritize the voting process consider (OECD, 2013: 9). That means a mutual interest consensus study regarding the benefit maximization in the decision processes in the public administration process. In this respect, the public law process, supported by all kinds of public decisions and the dynamics of the collective decision process, takes place in the process as a meaningful expression of all kinds of decisions regarding utility maximization. When the subject is considered in terms of the harmony between bureaucrats and bureaucracy practices, which are actors of public choice theory, it is seen that the responsibility of the legislative bodies to implement political initiatives and the democratic election rights of the reconciliation and structural division. This structural phenomenon express in the structure that shaped the public decision-making process. William Niskanen evaluates the public choice theory related to bureaucracy dynamics to catch the optimality in reflecting the wrong choices resulting from the asymmetric information disorder to the public decision-making process as the preferences in the public choice theory (De Rugy, 2013: 1).

The assumption of the balancing process, in which the current budget maximization of the public decisions taken in the public decision-making process and the goals of the bureaucracy are realized, is also the expression of a meaningful structure in which the ignorance of bureaucrats and rational. For this reason, it is aimed to balance the negative effects of legislative decisions on mutual personal and collective preference differences with more rational decisions taken in the public decision-making process. In addition, it should be emphasized that this process put forth a process in which the theory of public choices is discussed under the name of political methods and political behavioral assumptions, and that's why a possible legal compromise value arises from the basis of democratic harmony. In this respect, the motivating

effect of public decisions gains a concrete meaning when the effects of political choices on an experimental economy and social decisions take place in the process. The democratic basis of the public choice theory emphasized by political scientists and sociologists is also established in the public decision-making process. Since political decisions made by politicians in legislatures are often geographically based by politicians elected to represent voters, it is important to contribute via public choice theory to formulate these policies related to a national perspective in the political ground. Being subject to and promoted political sanctions, particularly as programs that benefit the delivery of pure public goods, are the main objectives in the political process as related to public choices. In this respect, the public choice theory includes the opportunity to create a common cost-benefit analysis to optimize the preferences of the group or individuals represented by each representative in the financing of all kinds of public goods in the public decision-making process. In this context, the public choice theory approach also creates an opportunity for political supports and pressure groups that act with the logic of collective action but whose interests are outward (or individual) to be included in the decision process through different campaigns in the public administration process (European Commission, 2020: 5).

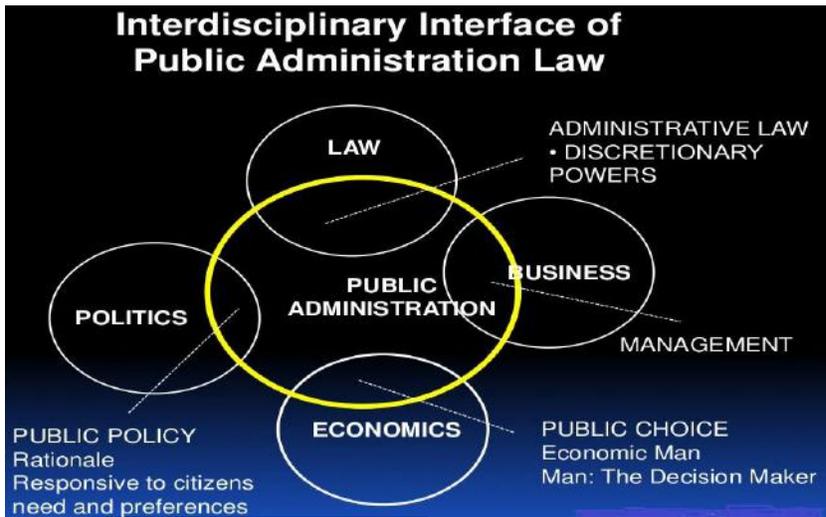
3. The Structural Law Efficiency of Public Choice Theory In The Decisions Making Process

The fact that the preferences in the theory of public choice are the subject of public decisions necessitates that the decisions taken should also be an essential subject of direct public law to establish the general structure regarding the questionability of the public choices. In other words, considering the theory of public choice in the shared decision process outside of public law is out of the question in terms of rational public administration efficiency. This legal ground also provides more importantly an opportunity for an internal audit mechanism in which decisions taken regarding public law can be questioned legally.

3.1. The Position of Public Choice Theory in The Process of Public Law and Its Interactive Location

The effective participation of the preferences of all actors based on the theory of public choice in the process needs a legal basis and a basis determined by public law in terms of reconciling them with other structural dynamics outside the decision process. This phenomenon includes the political balances between sectors and economic targets based on public laws audits. In public administration, the field of public law is included in the process as an important part of the public administration process as an important determinant of political ground and economic relations. This process refers to a process expressed by the

four main elements of public administration, including public law. In the process of public administration, as related to public choice theory, the legal basis of public decisions reveals its structure in an environment where political relations, sectoral business relations, and macroeconomic balances are discussed on a legal basis. Public law is an important legal element of public choice theory to provide a legal basis for public administration in this sense. In Figure 3 below, it is possible to see the political and legal relations of the theory of public choice in the public administration process, as well as the common values and common administration areas for macroeconomic balance purposes:



Source: Jo Balucanag – Bitonio (2014), *DPA 102 Philippine Administrative System*, <https://www.slideshare.net/jobitonio/dpa-102-philippine-administrative-system> (Accessed July, 20. 2021).

Figure 3. The Position of Public Choice Theory in the Process of Public Administration and Public Legal

As seen in Figure 3 above, common management process areas in which typical dynamics related to public choice theory occur within the public administration process are seen. These public management process' areas are directly based on the economic human model. They are evaluated as a structure that directly expresses the management process of decision-makers and shapes it on a legal basis. This is the expression of a process based on the management, supervision, and promotion of the sectoral business areas by the public administration, on a political ground that is responsible for the presentation of political decisions directly to the needs and expectations of the citizens based on public law. In this process, it appears that the relationship of public administration law with other interdisciplinary and other sub-dynamics is guided by political decisions and sectoral relations on an economic-based relationship. In

this context, the public choice theory is an expression of the identities of people who act based on the economic human model and who hold public office as a result of the decisions taken, in a process where the identities of people can take place in public law in a way that does not lead to changes (OECD, 2005: 13).

The existence of public law within the scope of democratic administration is also an expression of creating a legal ground that does not influence the voters in terms of public election theory but can motivate them with their preferences. In this context, public practices gain a structure that supports sectoral networks with the financial changes backed by the economic relations and the field of public law, with the public decisions taken institutionally over the public budget. According to the majority rule, any behavior that may occur, especially due to voting, reveals that a theory of public election expressed by private and collective election rules is necessary for the process.

The economic constitutional economic model in terms of public choice also takes place in the public administration process as another aspect in this sense. Approaches to overcome the difficulties that need to be expressed by the voters and that are intended to be reflected in public decisions are also backed up by the existence of individual decisions and preferences, which are also guaranteed within the process of public law. Besides, it is seen that the behaviors that special interest groups will benefit from, and therefore the financial contribution values that these groups are ready to pay, as related to public choice, put forth a processing activity. These publicly supports that can be expressed with financial values under public law are an appearance of public choices theory, which means that contribute democratic choices (Onifade and Taşar, 2020: 74).

An important structural contribution value of public law in terms of public choice theory is undoubtedly the "Constitutional Economics" approach, which arises from the common dynamics in the public decision-making process. In this context, the constitutional economics approach can be considered as the legal framework of the legal ground for reconciling the interest expectations of the actors of the public choice theory within the framework of public law. The legal basis of political decisions that can be taken in every sense, together with directing the process of economic formation, also expresses a certain legal limit that can act within the legal framework and reveal the limits of responsibility towards the public.

In this respect, the expression of a legal framework in determining the main targets of the economic framework and establishing the targeted macroeconomic balances is the appearance of a public choice theory in

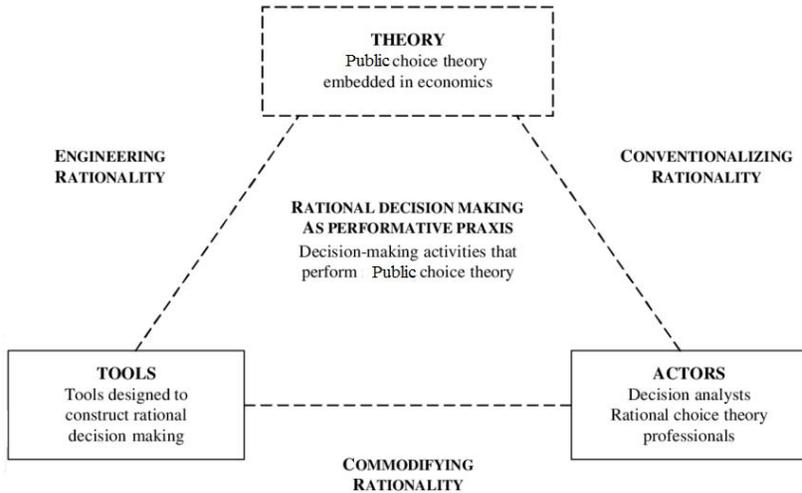
the process, which emerged as constitutional economics. This position of the public choice theory in the process finds meaning as the expression and structural strength of a structure that can be brought under control within the framework of law in the public administration process and the targets of economic formations are legally removed with public resources. To put it more briefly, the dynamics of public choice theory in the public decision-making process regarding public administration provide an important infrastructure that effectively directs economic, political, and sectoral expectations within the framework of public law. This administrative infrastructure put forth an implementation process that gains legitimacy within the framework of public law with its institutional nature in terms of constitutional economics via public choice theory (Stupak et al, 2021: 9).

3.2. Administrative dynamics of public decision making and the Position of Public Choice Theory

Evaluating the effectiveness of the public choice theory in the decisions taken in the public administration process and expressing, it as an institutional practice activity is directly related to the extent to which the criteria of the public choice theory are in the economic structure. In fact, that means transferred to a rational decision-making mechanism via the actors of public chooses theory. In other words, the understanding and analysis of rational decisions in the public decision-making process emerge by harmonizing the activities in the decision mechanisms in the public choice theory and analyzing the actors in the decision-making process with the rational choice theory.

In this context, the relationship between public institutions' effectiveness and reasonable institutional structure in public choice theory reveals the significance of public tools within the scope of a restructuring and an institutional engineering process. In brief, the presence of vehicles appears to be an important balancing factor. On the other hand, this approach in the public administration process related to the public decision-making process also means institutional pluralism. Also, it expresses an institutional adjustment process in which the effect level of institutional pluralism is compatible with the methodological individualism and the theory of public interests, and the variability of the theory of public choice. Therefore, ensuring the approach of changes in this institutional harmonization process within the field of public interest with methodological individualism and institutional pluralism is an important public choice theory approach of the public decision-making process (Shakya (2021)). In Figure 4 below, it is possible to see the infrastructure of a rational public decision-making process, which is directly affected by the public choice theory in public administration, and

the relationship of the actors related to decision analysis with the decision process tools:



Source: Laure Cabantous and Jean-Pascal Gond (2011), “Rational Decision Making as Performative Praxis: Explaining Rationality’s Eternal Retour”, *Organization Science*, 22(3), May–June 2011, p. 578.

Figure 4. The Relationship of Decision-Making and Public Choice Dynamics in the Public Administration Process

As can be seen in Figure 4 above, the position of public choice theory in the economy persists a relation to a rational decision process between traditional rational expectations and the decision transformation process of the new structural, institutional structure. Undoubtedly, this performance approach regarding the rational decision-making process is directly meaningful with the efficiency level of public decisions regarding the activities of the public choice theory. As seen in Figure 4, two important infrastructure factors directly affect this efficiency level.

These two main infrastructure factors are shaped depending on the aims of the public choice theory and its relationship with the sub-dynamics of the public decision-making process and the mutual rational effect of the decision process actors that directly affect the process's public decision-making process. The public choice theory includes the behaviors of individual behaviors in the political system, reflected in public decisions within the public administration process, and essential incentives for motivating the private sector on an institutional basis into the rational decision process.

Institutional financial amnesties are essential elements of corporate decision engineering are the encouragement of elected officials who play an important role in the decisions of public officials and encourage them,

and their satisfaction with access to information and community services in rational decision processes (Duncombe et al, 1997: 2-3). This phenomenon constitutes a critical stage of the institutional decision process tools and the relationship with the actors in making rational decisions (Dunleavy, 1991: 43-44). The effectiveness of the public decision process regarding the sectoral expectations of the competitive private economy creates a sensible decision process in which all other institutional powers and voter support make a rational contribution to the process. In this context, the process of public decisions requires common rational decision dynamics and unity of purpose in terms of conciliatory-conventional decisions. Therefore, as actors of the public choice theory, the actors in the decision process form common public choice rationality that also shapes the dynamics of the decision process. This mechanism of influence on public decision formations in the public administration process is also an expression of a process in which rational decisions are accepted at a higher rate.

On the other hand, it is also seen that the theory of public choice, especially based on bureaucratic relations, brings up the responsibilities of the bureaucracy regarding the structural preferences in the rational decision-making process. The tools in the decision-making process, the rational expectations that emerge with the influence of the actors in the decision-making process, and the result of the conciliatory rational attitude reveal the implementation responsibility of the bureaucracy with the legislatures and political initiatives. As seen in Figure 4, these structural positions, directly related to the public decision-making process, bring up career pursuits that can be secured through appointments to public services rather than democratic elections. In this context, the role of public choice theory in the process given to bureaucrats in career pursuits and the aim of increasing the budgets and financial power of various public departments with the awareness of public responsibility constitute the current common point of the public choice theory of conciliatory (OECD, 2010: 227). Strengthening the power of bureaucratic activities in the decision-making process makes it inevitable for legislators to highlight the budget as financial power as much as possible and to use legislative programs as a practical implementation tool. It appears that that the establishment of the objectives of the public choice theory appears to reveal the public financial field as a tool in terms of the responsibility of implementation in the public administration process. Therefore, this structural and institutional harmonization process between the bureaucrats and the voters in the process in question has brought the interactive shaping of the contemporary common conciliatory attitude as mandatory (Altay, 1999: 40-41).

4. Conclusion

The public choice theory approach emerges as a view of the reflection of the subjective preferences of politicians, bureaucrats, and voters, which emerged as a socio-economic-based approach to the public decision-making process through the voting mechanism. In addition, the efforts of non-governmental organizations, which these actors are also affected by, to influence the public decision-making process, reveal the structural balance dynamics of common rational expectations within the public administration process. These equilibrium dynamics can also be expressed as the structure of a common consensus decision process that is open to each change of preferences in the public choice theory within the public administration process. On the other hand, this phenomenon has found an important basis for the formation of the decisions taken on also a political basis and the implementations for political purposes.

Besides, this phenomenon is directly related to how the governments also have come to power look at these values. The preferences shaped by the theory of public choice are expressed looking for rational decision-making related to the decision process in the public administration process. In which their vote preferences guide the actors of the public choice theory, this process constitutes the common framework of a mutual political ground between practices and preferences. In a structure where personal expectations shape the motivation to vote, a structure that may arise from relative voter activity, which can be expressed in particular, can be accepted as the main motivational element of the public choice theory for decision processes.

A public decision-making process that is related to the public choice theory approach, where bureaucratic institutional obstacles can be overcome with institutional financial resources, also requires the solution of collective institutional problems that must be overcome on a ground that reflects preferences to public decisions. This approach put forth also that institutional problems can be overcome with institutional solutions in a methodological public choice approach. Besides, it appears that the effectiveness of economic rationality in the process in terms of public preferences and the effectiveness of bureaucratic behaviours in the process of public decisions constitute an important justification for administrative control. In this context, a public choice approach that prioritizes the maximization of individual benefits is expressed by a public administration structure that makes the existence of a conciliatory process between politicians and bureaucrats inevitable. The public choice theory reveals a structure in which the actors' forming the public administration within the public administration process is also involved in public choice theory and aims to create the actors' subjective objectives. In this respect, public choice theory takes place in the process of a

standard consensus decision process structure that is directly interactive with a public administration process in which a structural change process is in question. The effectiveness of public administration in the public decision-making process is meaningful with a structure in which the conflicts of interest of the actors of the public actors are moved to a rational position in a conciliatory public decision-making process. In the process in which means to determine their common goals are determined an important infrastructure regarding rational decisions as related to public administration. This approach reveals that expectations from the public administration process make the rational decision process shaped by public choice theory inevitable. Bureaucrats, voters, politicians, and non-governmental organizations included in the public choice theory also necessitate a political infrastructure that public decisions can manipulate. Pressure groups are also included in the process concerning common interests. This political infrastructure also aims to evaluate the political applications of rational choices in political applications in a sensible strategy. In this context, the public decision-making process, which emerges with different purposes and structures, but is shaped on political ground, reveals the political nature of the public choice theory as a process of political practices. Therefore, the practices in the election process in public decisions reveal the need for a voting mechanism that can reflect the actors' preferences in the process to the public decision-making processes of each different approach and individual relations of different interest groups being from different public institutions. This structural requirement also emerges as an expression of a rational process in which expectations in the public administration process are transformed into a clear-concrete implementation process.

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CHAPTER IV

STUDENTS DEFINE THE ENTREPRENEURSHIP TRAINER: PRACADEMICS¹

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1. Introduction

Although there is a consensus on teachability of entrepreneurship, new debates emerge on entrepreneurship education (Drucker, 1985; Ronstadt, 1987; Kuratko, 2005). Entrepreneurship pedagogy represents one of those continuing debate topics (Haase & Lautenschlaeger, 2011; Powell, 2013; Gedeon, 2014). While, what should be taught (Mei, 2008), how it should be taught (Fiet, 2001; Rasmussen & Sørheim, 2006), training objectives and outcomes (Alberti et al., 2004; Chen et al., 2005; Askun & Yıldırım, 2011; Raposo & Paço, 2011) are frequently studied, who should teach question (Katz, 2003) remains limitedly investigated. The main reason for this is that, who should teach question is closely related with issues like target group and what should be taught. As there is no consensus on these issues, the turn does not come to the question examining the trainer, who should be or what kind of trainer should be. In cases where entrepreneurship education is not designed and applied as a “pill” training module limited with one class, it would be easier to answer this question. As entrepreneurship education will have more components, it will not be limited with one course and include specific courses. But when entrepreneurship training is designed as a training module in one class, only focusing on preparing business model and start up processes, who should teach entrepreneurship? Or in other words, what qualifications should a trainer have?

Looking through the lens of beneficiary, can bring in a new point of view to the question. Trainers may think that they’re doing best, but do students think the same? Fiet (2001) stresses the importance of obtaining student approval for teaching theory-based activities through practice. As beneficiaries, which qualifications do students want to see in the entrepreneurship trainer? In terms of success of the entrepreneurship trainings, comparative studies with user or beneficiary approach, contribute to develop new models and improve existing ones (Türko, 2016).

¹ The primary results of this study were presented as an abstract at the 33rd EBES Congress, October 7-9, 2020, Madrid, Spain.

The study aims to make contribution to the question: who should teach entrepreneurship. With this aim, undergraduate students' perceptions about entrepreneurship trainers' entrepreneurial experiences are investigated. A brief questionnaire is applied to students, that have taken entrepreneurship classes, and results are discussed.

2.Literature

Teaching method, teaching environment and learning resources are defined as key factors in teaching entrepreneurship (Harkema & Schout, 2008). Training programmes, including mentor trainers/co-trainers from businesses achieve higher learning satisfaction among students (Chen et al., 2015). Kuratko (2005) suggests that trainers should use innovative teaching methods, and unstructured training content when relevant; teach true entrepreneur idea rather than being “opportuneurs”; and reflect real experiences of the entrepreneurs that have faced challenges and paid price. But at the same time trainers will have to overcome dilemmas while designing and implementing the courses, as well (Powell, 2013).

The term *pracademic* is initially referred in studies on public administration and proposed as a tool to integrate academic and practice communities for effective teaching of public administration (Godwin & Meek, 2016). According to Posner (2009) *pracademics* may be evaluated as bridging network brokers. Their teaching and research activities may represent important contributions, as they have mastery both on theory and practice. Thanks to their practice experience, they may use alternative ways of reaching students from different backgrounds. But this non-traditional career path is limitedly investigated.

Pracademics is recently referred in entrepreneurship ecosystem studies, as a way of entrepreneurial recycling. Entrepreneurial recycling is accepted as an important feature that drives sustainability and growth of the entrepreneurship ecosystem (Türko, 2020). Entrepreneurs keep on staying in the entrepreneurship ecosystem after selling out their company due to achieving a target or a failure. These entrepreneurs continue entrepreneurial activities by using their wealth and experience in the ecosystem, in varying forms. They may start up new ventures, become angel investors, serve in local or regional entrepreneurial infrastructure initiatives, participate various community activities, become city council members and carry out consultancy, mentoring and training activities. Among these activities, entrepreneurs carrying out entrepreneurial consultancy, mentoring and training activities, reveal a new profile that is referred as *pracademics* in some studies (Feldman & Clayton, 2019; Mason & Brown, 2014).

3.Method

A brief questionnaire is prepared by the author, and applied to students, that have taken two applied entrepreneurship classes in the fall and spring semesters of 2018-2019 academic year, at Erzurum Technical University Faculty of Economic and Administrative Sciences. Author is the trainer of these two classes. Students were taught preparing a business plan in the fall semester and using business model canvas in the spring semester. At the end of the spring semester, in June 2019, questionnaires have been applied.

Students were presented fifteen statements, prepared with five-point Likert Scale. Four statements are about students' career plans. Six statements are about trainer's entrepreneurial experiences and their effects on the training programme. In order to make an evaluation, students were presented five statements about the trainer of the current training programme, assessing trainer's competency. Students have anonymously responded to what extent they agree with the statement. (Strongly disagree, disagree, neither agree nor disagree, agree and strongly agree). And students were also asked a question with nominal scale, examining their knowledge on trainer's entrepreneurial past experiences.

104 questionnaires have been applied, but 7 questionnaires have been excluded from the data set because of missing data. Number of questionnaires included in the data set is 97. Data set is analyzed by using SPSS for Windows 22 programme. Frequency, mean (M) and standard deviation (SD) values of the variables have been used for evaluation and responses are presented in tables below.

4.Research Findings

Sample consists of 69 female (71.1%) and 28 male (28.9%) students. Mean of birth year of the sample is 1996.81. There are 47 students from department of business administration (48.5%), 45 students from department of economics (46.4%), and 5 students from other departments (5.2%).

A great majority of the students (70.1%) plan to attend central exams and if they succeed, work in the public sector. Other career plans are as; start up a business (48.4%), work in the private sector (25.7%) and work in the family business (9.3%).

Students were presented six statements about effects of trainer's entrepreneurial experiences on the training programme. Results are displayed in Table-2. Students have indicated that; trainer's having started up a business previously is important in terms of training content ($M=3.94$, $SD=.888$); successful entrepreneurial past experience of the trainer positively affect the training ($M=4.07$, $SD=.904$); but unsuccessful entrepreneurial past experience does not negatively affect the training

programme ($M=3.52$, $SD=1.191$). Among all statements, the statement expressing that academic competency is enough to carry out an entrepreneurship training, in case the trainer does not have an entrepreneurial past experience, has the lowest mean ($M=3.30$, $SD=.970$). Students are partly seemed to be undecided whether academic competency is sufficient to carry out a training programme (28.9%). On the other hand, students have expressed that, knowing that the trainer; has an entrepreneurial past experience ($M=3.64$, $SD=1.091$) and provides consultancy to entrepreneurs ($M=4.07$, $SD=.820$), would increase their interest to the class, and trust to the knowledge and experience of the trainer.

Then students were asked whether the trainer of the current programme had an entrepreneurial past experience. 70.1% responded as they didn't know, 25.8% responded as she did and 4.1% responded as she did not have an entrepreneurial past experience.

In order to make an evaluation, students were presented five statements assessing the trainer's guidance on business plan preparation process, competency of knowledge and experience; and trust she created among students. Results are presented in Table-3.

Students have expressed that the trainer; has made accurate evaluations about business life ($M=4.27$, $SD=.700$), has made appropriate guidance while they were preparing their business plans ($M=4.55$, $SD=.677$), has a good vision on current market information and new business ideas ($M=4.41$, $SD=.688$), has created trust among them with her knowledge and experience ($M=4.52$, $SD=.663$), and will not steal their business idea or share it with other people ($M=4.64$, $SD=.632$). Means of all these statements are above 4 and standard deviations are not high. Although students did not know that the trainer had an entrepreneurial past experience, they have trusted the trainer.

Table 1: Students' career plans

<i>I'd like to...</i>	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Total responses	Mean	SD
attend central exams and work in the public sector	12.4%	7.2%	10.3%	32.0%	38.1%	97	3.76	1.360
work in the family business together with my family	40.2%	29.9%	20.6%	6.2%	3.1%	97	2.02	1.070
work in the private sector	23.7%	9.3%	41.2%	21.6%	4.1%	97	2.73	1.168
start up my own business	18.6%	9.3%	23.7%	23.7%	24.7%	97	3.27	1.418

Table 2: Students' perceptions on effects of trainer's entrepreneurial activities on the training programme

<i>I think...</i>	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Total responses	Mean	SD
trainer's having started up a business previously, is important in terms of entrepreneurship training content.	-	10.3%	11.3%	52.6%	25.8%	97	3.94	.888
unsuccessful entrepreneurial past experience of the trainer, does not negatively affect the training.	6.2%	15.5%	22.7%	32.0%	23.7%	97	3.52	1.191
successful entrepreneurial past experience of the trainer, positively affect training.	3.1%	3.1%	9.3%	52.6%	32.0%	97	4.07	.904
if the trainer does not have an entrepreneurial past experience, academic competency is enough to carry out an entrepreneurship training.	3.1%	19.6%	28.9%	41.2%	7.2%	97	3.30	.970
knowing that the trainer has an entrepreneurial past experience, would increase our interest to the class, and trust to the knowledge and experience of the trainer.	4.1%	15.5%	12.4%	48.5%	19.6%	97	3.64	1.091
knowing that the trainer provides consultancy to entrepreneurs, would increase our interest to the class, and trust to the knowledge and experience of the trainer.	2.1%	3.1%	8.2%	58.8%	27.8%	97	4.07	.820

Table 3: Students' assessments on trainer's competency

<i>I think...</i>	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Total responses	Mean	SD
the trainer has made accurate evaluations about business life.	1.0%	-	8.2%	52.6%	38.1%	97	4.27	.700
the trainer has made appropriate guidance while we were preparing our business plan.	1.0%	1.0%	1.0%	36.1%	60.8%	97	4.55	.677
the trainer has a good vision on current market information and new business ideas.	1.0%	1.0%	2.1%	47.4%	48.5%	97	4.41	.688
the trainer has created trust among us with her knowledge and experience.	1.0%	-	3.1%	38.1%	57.7%	97	4.52	.663
the trainer will not steal our business idea or share it with other people.	-	2.1%	2.1%	25.8%	70.1%	97	4.64	.632

5.Results and Discussion

Informing the students about the entrepreneurial career of the trainer can be thought as promotion of the training programme. It can be obviously seen that the students trust the knowledge and experience of a trainer from business life, more. Trainer's providing consultancy to entrepreneurs ($M=4.07$) and possessing a successful entrepreneurial experience ($M=3.64$) have been expressed at high means, as leading qualifications to attract students' interest to the class and increase students' trust to the knowledge and experience of the trainer. Besides students have indicated that successful entrepreneurial past experience of the trainer would positively affect the training ($M=4.07$).

In terms of training content, students find it important that trainer have started up a business in the past ($M=3.94$). On the other hand, compared to other statements, two statements have lower means: possessing an unsuccessful entrepreneurial experience would not negatively affect the training ($M=3.52$) and academic competency would be enough to carry out a training programme ($M=3.30$).

The trainer had entrepreneurial past experiences, but the students were not informed about past career of the trainer in the class, during the term. Students were asked whether the trainer of the current programme had an entrepreneurial past experience. 70.1% responded as they didn't know, 25.8% responded as she did and 4.1% responded as she did not have an entrepreneurial past experience. Although the students didn't know trainer's entrepreneurial past experiences, they have scored all statements about the trainer's competency at high means, all above 4. Students have indicated that the trainer has made; accurate evaluations about business life ($M=4.27$), appropriate guidance while they were preparing their business plans ($M=4.55$). Students think that the trainer; has a good vision on current market information and new business ideas ($M=4.41$), created trust among them with her knowledge and experience ($M=4.52$), and will not steal their business idea or share it with other people ($M=4.64$).

When all these results are evaluated together, it can be concluded that the students would display higher interest and trust to trainers, possessing entrepreneurial experiences or connections with business life like providing consultancy services to entrepreneurs.

Compared to others, academic competency is assessed less sufficient, by the students. These results correspond to the term "pracademics", frequently referred in entrepreneurship ecosystem studies, in the recent years.

Recommendations:

According to the survey results, these recommendations can be made to improve entrepreneurship training outcomes.

If the trainer has an entrepreneurial past experience and/or connections with business life currently, CV of the trainer should be shared with the students. Interest of the students would be higher to the class, and their trust to the knowledge and experience of the trainer, would increase. When possible, entrepreneurship training programmes can be carried out by trainers with entrepreneurial experiences. At the universities, institutions like technology transfer offices, incubation centres and entrepreneurship support centres may provide support and contribution to the entrepreneurship trainings, widely held in the universities. In terms of entrepreneurship recycling, former and current entrepreneurs may be included in the programmes, such as trainers and/or mentors. Including blockbuster entrepreneurs would be a great promotion of the programme and would be expected to attract more attention of the students.

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CHAPTER V
THE DECLINE OF A GREAT IMPERIAL STATE
ENGLAND IN JOHN OSBORNE'S *THE ENTERTAINER*¹

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1. Introduction

Imperialism, a political system in which colonies are ruled from an empire center primarily for economic reasons, dates back to the fifteenth century. In the eighteenth century, the need for raw materials that emerged with the industrial revolution in European countries, especially Britain, accelerated these countries' colonial activities. Combining the power of steel and gold with human labour from the colonial lands, Britain became very powerful politically and economically and established Great Britain, the greatest empire of the new age. The wealth flowing from the colonies to Europe started The Golden Era of Europe and the Dark Ages of Africa, Asia, and South America. Until the Industrial Revolution, discoveries made by Spanish and Portuguese colonists continued to be UK-oriented with the beginning of the industrial revolution. Uniting the power of steel and gold with human labour from colonial lands, Britain established Great Britain, the greatest Empire of the new age. Thus, a period called The "Pax Britannica" was prevailed until the First World War and afterward. Britain dominated many territories from Canada to Iraq, India, to Kenya. It is quite challenging to say that the period called "Pax Britannica," which was called British peace in the West, brought peace for the world outside of Europe. The British Empire's domination of the world gave rise to a period that was bloody, particularly for Asia, the Middle East, and Africa. Throughout history, Britain occupied almost all territories, except for twenty two of the present-day countries. The countries they did not occupy were the small principalities in Europe, the internal regions, or the territories that the other colonists had already occupied.

However, Britain began to lose its power as Germany made an industrial move, the Japanese Empire and the USA gained strength, and

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the outbreak of the Second World War, which deeply affected human history and world order. (Buhara Aydoğan and Uygur: 2017) Within this scope, the 1950s were quite depressing for Europe and Britain. Britain, which was once described as the most powerful imperial state, lost its power in the political, economic and military spheres as a result of the independence of its colonies in India and Africa and nation states such as Canada, Austria and New Zealand. Nevertheless, the Suez Canal crisis proved that Great Britain lost its power and prestige in the world. Egypt's desire to nationalize Suez channel was met with great reaction from the British Government, France and Israel. To this end, a military landing of these three states was made in Egypt, which ended in a great disappointment and an embarrassment, especially for Britain. The Suez Canal Crisis and its consequent destructions are concrete facts showing that Britain's dominance in the world monopoly had diminished after the Second World War. Thus, the Second World War and the Suez Canal crisis caused to turn the current class system in England upside down; the laws enacted to solve problems such as poverty and unemployment were insufficient. Within this scope, "a mood of anxiety prevailed between many artists and writers that Britain was facing cultural decay as a result of both the loss of the Empire, and the ever-growing influence of American culture on the British way of life" (Al-Zoubi, 2012:8). Concordantly, rapid change, uncertainty, and future anxiety experienced by the society in the post-war new world order entailed alienation in individuals. This alienation initiated social movements that have caused riots, particularly among young people. The 'angry young man' movement, led by a group of writers and playwrights including John Osborne, Arnold Wesker, Kingsley Amis, John Braine, and Alan Sillitoe is one of the most influential; and is supposedly named after Leslie Paul's book, *Angry Young Man* (1951), which spoke of angry youth, left-wingism, and unemployment in the 1930s (Davis & Sinfield, 2000). Despite the presence of popular writers like Kingsley Amis, "Angry Young Man" movement was best known for John Osborne's play *Look Back in Anger* penned in 1956. Osborne who is considered one of the foremost literary figures of the movement has not hesitated to criticize the situation of post-war England, which lost its former power with a harsh language through his works. With the play *Look Back in Anger*, Osborne managed to attract attention by addressing the hostility towards the British, which emerged for various reasons, especially the economic concerns and changing social roles. This increased the interest in the play *Entertainer*, written right after.

The English playwright, actor, and critic John Osborne known as the pioneer of the movement at the British theatre called "Angry Young Man," lived during the Second World War and witnessed the fall of England. Revealing the condition of the British theatre affected by the war, Osborne has attacked both literary and political failure of right and left in order to

improve the life quality in the modern Britain. Bringing a breath of fresh air to British theatre with his play *Look Back in Anger* (1956), Osborne developed a critical perspective on ingrained social and political norms. *Luther* (1961), *Tom Jones* (1963), and *Inadmissible Evidence* (1964) are among some of his works written with a sense of anger, provocative honesty, and harsh language to call attention to the problems of his weakened country. It is also important to note that Osborne, who played a major role in English Theatre's orientation towards realistic plays on contemporary life, reflected his feeling of rage against women, his period, and his extravagant and iconoclastic life in his works. Within this scope, *The Entertainer* (1957) may be regarded as one of the most explicit example of his plays that includes all these aforementioned notions in a play. Osborne combines many fundamental themes such as cultural transformation, gender discrimination, racism, the concept of marriage and family, the generation gap, and the search for identity, but most importantly, Britain's decline in the 1950s through the metaphorical decline of the British music hall in his work. Accordingly, *Entertainer* appears as one of the remarkable plays of the playwright, which metaphorically describes the Suez Canal Crisis in 1956, which is a clear indication of the British Empire's farewell to its glorious days, through the fading Music Halls.

The music halls regarded as one of the leading entertainments of pre-war British culture first started as the drunken entertainment of amateur actors in the back streets that surprise and entertain the public. In the 1800s, music halls, which were in their heyday in England, were considered to be a main way of expression of British culture and its urban working-class pride. Music halls, rooted in the tavern of the sixteenth and seventeenth centuries, later became the mass entertainment of British society. They were so prevalent particularly in the nineteenth century that as Steven Gerrard asserts "there were thirty-one in London alone and three hundred and eighty-four around the rest of the kingdom" (2013: 493). However, by the 1950s, the music hall tradition was degenerated by cinema, television and popular entertaining arts. At its peak in the 1950s, rock and roll appealed to a younger audience that had little relevance to music hall shows, while alienating older audiences. Eventually, although some music halls tried to preserve the audience with striptease shows, the sector that could not stand out the television and cinema was doomed to disappear.

2. The Decline of a Great Imperial State England in John Osborne's *The Entertainer*

Osborne's *The Entertainer* metaphorically explores the effects on the British public of the Suez Canal crisis and Great Britain's disappearance from the global arena through the fall of the Music Hall and the rise of other forms of entertainment. The play set in a dilapidated and noisy slum

apartment during the Suez conflict in 1956, when Egypt took control of the Suez Canal, depicts a lower-middle-class British family struggling with misery. The play where the depressing post-war period of the British people is told through the members of the Rice family was “described by many critics as a social and political satire of England at the time it was written” (Çodur, 2007: 63). Using the age, personality traits, view of life and professions of these characters, Osborne portrays different aspects of the old powerful Empire and the declining England through subtle comparisons. The characters of the play are Archie Rice, his father Billy, his daughter Jean from his first wife, his wife Phoebe, his sons Frank and Mick from Phoebe, his brother Bill Rice and Jean's fiancé Graham. Osborne uses Billy as the representation of the first generation, Archie as the second, and Jean and the boys as the representation of the last generation. Billy, the family's grandfather, and his son Archie try to earn a living from the music hall that is losing its charm. However, family members who think that it is challenging to be successful in a gradually declining society are in a great depression. The family's eldest son, Frank, is sentenced to six months in prison for refusing to join the army, the younger son Mick, on the other hand, dies in the Cyprus battle. Archie's daughter Jean, who is probably the only rational person in the family, is depicted in an appropriate striving. The play was first staged at the Royal Court Theatre in 1957. Most of the thirteen-scene play takes place in the Rice family home and on the stage of the music hall, where Archie Rice is trying to keep afloat in all sorts of ways. However, towards the end of the play, there is also a funeral, as one of the crucial scenes.

In the light of the information given above, it is evident that Osborne deals with the failures and depressions of the Rice family that includes three different generations, and especially Archie Rice, who makes a living from dying music hall entertainment. Archie Rice, who cannot adapt to rock and roll, a new style used to attract the young generation to the entertainment industry, is a tragic character employing tactics that do not suit music hall etiquette and traditions in order to keep his productions alive. In general terms, Osborne tells the story of the Suez-era of England in *The Entertainer*, where the troubles of a lower-middle-class British family that struggles to adopt the new social, politic and economic order of a declining country are portrayed. Employing metaphor in his play poignantly, the playwright describes the decline of post-war British society, through the crisis, despair and disagreement in the Rice family. He foreshadows this correlation in the prefatory note to the play very dramatically, and states: "The music hall is dying, and, with it, a significant part of England. Some of the heart of England has gone; something that once belonged to everyone for this was truly a folk art" (Osborne, 1957).

Osborne draws attention to the depressing and gloomy atmosphere in the country which went into decline after the war, and particularly emphasizes the lack of communication and alienation in the Rice family. In this context, the protagonist Archie, created by the author to represent the weary and confused members of the British society in the face of new situation of the country stands out. The author's elaborately crafted character Archie Rice is a miserable music-hall artist whose familial life is as much a fiasco as his career. Briefly stated, the playwright delineates his protagonist Archie as a miserable comedian performing in third-class women strippers' show called ROCK'N ROLL NEW'D LOOK. He is a well-educated man in his fifties with three children. Although he is knowledgeable due to the good education he received, he prefers to be a music hall showman with an understanding that is far from the desire to provide for his family. He is subjected to criticism by his family and environment, especially his father, due to singing and telling jokes and using vulgar tactics to keep his business afloat in the rapidly declining music hall sector. Despite being friendly and extroverted, he has a disconnected relationship with the family members. One of the reasons for his troubled relations within the family is that he feels superior to people around him due to the education he has received. However, despite his condescending attitude, he often proves that he is no different from a swindler with his many unsuccessful experiences in business life and the vulgar methods he uses. Virtually, Archie's rude, sloppy and indifferent demeanour within the family and his failure in show business are the general reflection of the depression and confusion experienced by British society in the 1950s. Ercüment Yaşar in his article titled "The Alienation of the First Generation of Post-War British Society in Light of *Look Back in Anger* by John Osborne" attributes the alienation in the Post-War British Society to several arguments. Of the key reasons for this, isolation from the society and the idea of Englishness comes to the fore as for the playwright's emphasis on alienation in his one of the most significant plays *The Entertainer*. (Yaşar, 2015) In the play, where sections from Archie's performances on the stage are presented, the great collapse in both his career and private life draws attention. The author points out that the audience of the music hall is decreasing and those who go to watch Archie Rice are no longer having fun. The gradually declining music hall that was overshadowed by cinema and television was on the verge of extinction by the 1960s. As Steven Gerrard states "Where thousands once linked arms singing popular songs, watch acrobatics, see feats of strength, and listen to risqué jokes, now the echoes of those acts lay as whispers amongst the stalls' threadbare seats." (2013: 487) Despite this, Archie insists on making a living from Music Hall industry with an approach that goes against his father Billy Archie's old generation entertainment understanding. According to his father, Archie who takes the stage with half-naked

dancing girls behind him in order to attract the attention of the audience exhibits an inappropriate attitude to both music hall ethics and family life. However, despite all his efforts Archie cannot achieve the success he dreams of. Denis Gwynn's laying down that "War conditions were making it impossible for small businesses or individuals to continue their work" (1941: 235) reflects the plight of all members of the Rice family, particularly Archie, and indeed of the post-war British people they represent. Within this context, failure in Archie's business life also leads economic distress for the family. Adventures in show business and different employment trials induce constant criticism by his father. Consequently, the inefficacy in both his business and private life engenders an emotional depression for him. Conversely, Archie viciously ridicules both his father Billy, and his pathetic alcoholic wife Phoebe, who endures her husband's sexual infidelity by retiring into her shell. Alan Carter describes the relationship between the couple as follows:

[s]he needs to visit the cinema two or three times a week to pass the time away; she hates Archie "receiving" his young girlfriends but is incapable of doing anything about it [...] His virtues are that he admits that he is a bastard, certainly where his wife is concerned, yet he can be very tender toward her, although he betrays her constantly. (1969:68)

In post-war England, the feeling of loneliness and insecurity caused by the economic, political and sociological changes had a very negative effect on marital life and caused conflict and disconnection between couples. Osborne manages to reflect this social issue very effectively through the marriage of Archie and Phoebe. Thence, the tension, distrust and alienation between the couple actually reflect a general picture of marital life in post-war England. Within this framework, the other notable character in the play is Archie's wife, Phoebe. She is a needy, alcoholic woman in her sixties about ten years older than her husband. Neither she listens to anyone in the house nor sits still and concentrates. While trying to hide her old age with make-up, she prefers deafness instead of facing the truth. Phoebe, who finds her husband Archie's stage performances unsuccessful, is in a state of constant complaint. Phoebe's complex motions, her problems with those around her, especially her husband, represent the depressed and complex period of post-war England. While Billy believes England is still as strong as before, Phoebe portrays an England in decline. Parallel to the above argument, Osborne describes the diseased relationship of his protagonist Archie with the other members in his family and states that Archie demonstrates his secret admiration for his father and his feeling of pity for his wife by patronizing them. The following statement of the playwright about him is also striking: "Whatever he says to anyone is almost always very carefully "thrown away." Absent-minded, it is a comedian technique it absolves him seeming committed to anyone or anything" (1957:34). Within this scope, Osborne impressively portrays the turbulent state of his

country and its people who are in a great depression through Archie's convulsion, unhappiness and helplessness in his business and private life.

In the play where family members suffer from the lack of communication, the real conflict is between Billy and Archie. These two family figures in the play represent Britain's two different aspects: Billy is depicted as the symbol of the old but equally proud and powerful England, while Archie represents the crumbling, ruined and confused side of devastated England. This difference manifests itself in two different perspectives on Music Hall art. Billy supports the idea that music hall should be based on the real wit and talent that requires flair and charm. However, devoid of the folk quality Archie fails to generate any affinity with his audience and doesn't have much respect for them either. Archie attributes his poor acting and fake comedy to a lack of emotion and an inability to relate to people. Accordingly, Archie's sense of humour, which contradicts that of his father, consists of dirty jokes and sly smiles filled with the humiliation of both personal and vocational standards, just for the purpose of getting some reaction from the spectator. To this end, with financial and personal concerns, Archie displaces the Music Hall tradition by bringing naked girls to the stage at Rockliffe to present people low-cost entertainment. On the other hand, considering it is unreasonable and doltishness for a gentleman to take his family to watch third-rate prostitutes standing naked, Billy claims that such entertainment centres should be closed. Moreover, he thinks that the success of an entertainer relates to an exclusive style and a stance that ensures a high-class entertainment without using sub-standard ways or immoral tricks. In this context, Billy stresses his opposition to his son Archie as follows: "You had to have personality to be a comedian then. You had to really be somebody" (1957:38). He also realizes that Archie's departure from originality and other qualities required for showmanship will make him fail. Aware of the danger that awaits Archie, the old man also states that "You haven't got a thing you can call your own. And as sure as God made little apples, I'll lay a sovereign to a penny piece, you'll end up in the bankruptcy court again before Christmas, and you'll be lucky if you don't land up in jail as well" (1957:37). The generation conflict between father and son, in reality, symbolizes the discord between the people of the old proud and powerful England and the new declining England, which lost its power after the Suez Canal Crisis and had difficulty in accepting this new situation. As a matter of fact, the discrepancies between Billy and his son Archie are the ones between the old and post-war England. Dialogues and controversies between Billy and Archie throughout the play clearly express the decline of the old powerful Britain.

As for Billy Rice, the representative of the old powerful and proud England and the most popular Music Hall comedian of his time is a kind,

fit and honourable gentleman in his seventies. Granting a financial contribution to the family, the grandfather impresses with old-fashioned clothes of his time. Constantly criticizing and humiliating the modern show business, Billy symbolizes the old entertainment culture and powerful state with his appearance and stance. The old man, who perseveringly denies collapse of the British Empire, draws attention both with his outward appearance and noble and haughty demeanour. Despite his grumpy and stubborn attitudes, the old man who keeps the family together in every sense is also aware that the end of the music hall is coming. Unlike Archie, the fact that he has a chance to reach the pinnacle of his profession during the heyday of music hall entertainment makes the old man much more optimistic than his son and the other family members. Billy, one of the famous entertainers of his time, is much more successful in the entertainment industry than his son. Osborne, who metaphorically compares the collapse of the music halls with the decline of England, the Great Imperial power, similarly attributes Billy's proud and optimistic attitude to witnessing the strong times of the country, and the hopeless and anxious attitudes of the other members of the family to witnessing the depressed periods of the collapsed country. Within this scope, the old man realizes that Archie himself is not the only reason for his own failure in his career. He knows that it is not the right choice to go after an entertainment industry that is already on the verge of collapse; however, he cannot persuade his son. In this context, he warns and criticizes his son Archie, who insists on pursuing the dying entertainment industry, at every opportunity. In the end, his heart can't take his last stage show to support his son to relieve him financially and dies. Billy's death, who was trying to keep the family together with both financial and moral support, leads to the breakup of the family. Hence, the last representative and defender of the old powerful and respected England in the family is also removed from the scene. The sudden death of old Billy as the last representative of the powerful and proud England is the scene where the collapse of England is confirmed in the play.

Describing individuals whose teenage years coincide with England's post-war period, Kenneth Allsop characterizes the boredom and reluctance prevailing in this young generation as the manifestation of an inner vortex. According to the author, this angry generation, who has difficulty in adapting to society, is the young people who struggle not to be caught in the depressed vortex of the country. In this context, Osborne, in his play, focuses on the different versions of the aforementioned generation shaped by the response to the country's post-war situation. (Allsop, 1985) Accordingly, Archie's daughter from his first marriage, Jean, is one of the most significant representatives of the third generation in the play. The idealistic young girl in her twenties teaches at an institution that helps underprivileged children; she is also interested in politics. The young girl

who lives far away due to her job has alienated herself from her family. Nevertheless, she is a responsible, helpful and prudent person who strives to keep the family together. Unlike her father, Jean is more knowledgeable and responsible. In this respect, she succeeds in gaining the admiration of her grandfather Billy. Appreciating her success and determination, the grandfather expresses his trust in Jean as follows: "[Y]ou're a good girl, Jean. [...] I know you'll get somewhere. You're not like the lot in this house. You'll do something for yourself (1957: 21). She symbolizes the young generation of England who are against the war and pursue their freedom. Nevertheless, her participation in anti-government and pro-freedom communities and actions is a form of behavior opposed by the grandfather who longed for the old England. He is displeased upon hearing that the left-winged young girl has joined a protest at over the Suez Canal's matter expecting for different strategies in the government's stances. The main reason for this discontent is Billy's longing for his country's former powerful and reputable status. Therewith, the old man dramatically reveals his frustration and asks Jean: "What d'you make of all this business out in the Middle East? People seem to be able to do what they like to use. Just what they like" (1957:17). As may be deduced from Billy's statements, the old man wants to draw attention to the failure of Anglo-French forces in the Suez crisis and Great Britain's loss of prestige and power. Suez crisis has shown that as Britain lost its world domination, the United States used its power and forces to withdraw Britain's military units, and enabled Egypt to regain its authority over the canal. Hence, US dealt a fatal blow to the entrenched interests of Britain that wanted to remain a colonial power by controlling the Suez pass. Accordingly, Britain would no longer be regarded as a power controlling other countries. This has been a tremendous misery for all citizens, including Billy and the Rice family, who cannot accept their countries' loss of power and prestige with the feeling of humiliation.

Two brothers, Frank and Mick, who draw attention with their different characters in every sense, have an important place in the play in terms of the generation they represent. They tell us a lot with their presence, although they are not very effective in the play. Frank is a nineteen-year-old boy who does not want to do his military service and is imprisoned for six months for refusing this duty. He plays the piano and earns money by both being a porter and a hot water boiler in a hospital. He is a loving and impulsive young man who tends to adopt his father's thoughts and imagination. On the other hand, Mick is a young man who loves his country and voluntarily does his military service in the Suez Canal. Although he does not take an active role in the play, he has a very major part in the context of the concepts he symbolizes. The family's expectation of the young boy's return from the war as soon as possible is a sign of hope for the old days of the British Empire. The rise of England and its return to

its old glorious days depends on Mick's return home. However, the hopes of family and British citizens in Mick's return are dashed when the young soldier is arrested during the Suez crisis. This captivity actually indicates that England is in a difficult situation and has entered a path that has no way out. Within this scope, Mick is portrayed as the last representative of the powerful British Empire in the play. However, family members view the situation from different angles. Namely, three generations in the family have different interpretations of the news about Mick's capture in the Suez Canal Crisis. They make different comments on Mick's reputation and the news in the papers about his coming home soon. Although Phoebe says she feels that the government's attempts to bring Mick back will fail, Billy is confident that England's power and influence will save Mick and that the kidnappers will not dare harm him. From these interpretations, it is possible to realize the differences between Billy, who represents the strong England as the first generation, and Phoebe, who represents England, which is in decline as the second generation. Consequently, Mick's unfortunate death in the Suez crisis as the only member of the family fighting to protect his country's honour and reputation, in reality symbolizes the collapse of Great Britain. Within this scope, the empty and dark scene at the end of the play is depicted as the sign of Archie's failure in Music Hall and metaphorically, the collapse and failure of England in the political scene. Particularly, the last scene of the play, in which Archie addresses the audience, is quite remarkable in that Osborne severely emphasizes the collapse of Archie's career and, indirectly, the withdrawal of great imperial power Britain from the world power stage. When Archie addresses the reader stating that "Don't be too harsh; we are all in a very old building. Yes, very old" (1957: 86) he hints at his decadent career and the Music Hall. He also implies Great Britain's collapse when referring to the Nude Britannia with a helmet on saying "What about her, eh-Madam with the helmet on? I reckon she's sagging a bit, if you ask me. She needs some beef putting into her - the roast beef of old England" (86). In this context, offering a parallel view to the above argument as "[...] the world is rotten, riddled with apathy, and the theatre, as we see it and as it is summed up in the person of Archie is the symbol of this state of decay audience and actors are equally inert." (Taylor, 1971: 48). As briefly stated above, Osborne adopts the understanding of revealing the situation of the post-war British people in his play *The Entertainer*, which started with his play *Look Back in Anger*. The playwright lays bare the full confirmation that the great imperial power England is in decline after the Suez crisis through metaphorically the extinction of Music Halls, once the most popular entertainment of the country in the face of radio, television and different entertainment arts.

3. Conclusion

In conclusion, John Osborne's play *The Entertainer*, written right after *Look Back in Anger* with similar feelings, depicts the economic, political and social depression of the post-war British people in a harsh and critical language. Within this scope, Osborne, reveals the cultural and moral conflicts observed between the post-war generation that abandoned the established moral values and social norms and the proud generation that witnessed the old powerful period of their country. In his play, Osborne draws attention to the difficulties of the post-war British people in adapting to the new crisis situation of their country and the different reaction of each generation who witness the period. He handles the experiences of people, who are faced with various problems, in particular, economic and political concerns, at sociological, familial and individual levels. He shows that feelings of insecurity and loneliness in the context of these concerns and problems lead to failures in business and marriage life in post-war England society; and he reinforces this with the sharp tongue of the Angry Young Man Movement. Accordingly, the playwright, in *Entertainer*, which can be evaluated from various perspectives, draws attention to the collapse of great power England and the reaction of its people to this situation through the aptly used symbols and metaphors. The playwright, with a metaphorical approach, tells about the desperation and confusion of all the people of a declining country, through the desperate struggle of a family trying to make a living through the music hall that lost its old charm. Accordingly, in the Rice family, which draws attention with the different reactions of its members in the adaptation process to their declining country, the protagonist Archie stands out as the symbol of a nation that has lost its former strength and dignity. Archie, who is trying to earn his living from the dying Music Hall entertainment business despite his good education, is exposed to criticism by other family members, especially his father, for his approach that contradicts the traditions of this entertainment sector due to his financial concerns. Unable to make a living on his own, Archie is now dependent on his elderly father. As a consequence, he is used as the reflection of the British people who are in crisis in the face of post-war economic, political and sociological problems. Within this framework, employing a metaphorical strategy, Osborne establishes a correlation between the decline of the Music Hall, which had its heyday in the 19th century, and the decline of the British Empire, which once dominated almost all over the world as the great imperial power, after the Suez Canal Crisis and losing its power to the Soviet Union and the United States. In post-war England, where social isolation prevails, people have different reactions to the problems experienced. The older generation, having lived in England's glorious days, takes a proud and upright stance with nostalgia and gratitude, just like Billy Rice in Osborne's play *The Entertainer*. In the period when the younger generation adopted different views, a group that

completely ignores the old established order and moral values pursues their freedom, just like Jean Rice in the play; or Mick Rice, the last representative of the Rice family, who did not hesitate to give his life to protect the honour of his country. In this context, presenting a panoramic view of his country's post-war period in his play, John Osborne does not hesitate to reveal all the realities of the period with a critical and courageous language and perspective. All in all, Osborne's *The Entertainer* that draws a picture of England through the views of three different generations is a multidimensional play written with the aim of making essential social criticisms against the British Empire, which is incurably damaged by the Suez Canal crisis. When the play is analysed from a social point of view, it is observed that Osborne deals with the isolation of the post-war materialist English society due to lack of communication. On the other hand, the political analysis of the play reveals the parallelism between the depressed life of the Rice family, who lived during the Suez crisis, and the situation of the British Empire, which lost its former dignity. Within this context, the playwright draws attention to the nostalgia shared by British society for a bygone social and political order, which was also discussed in *Look Back in Anger*.

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CHAPTER VI

THE DARK SIDE OF THE LEADER: DARK LEADERSHIP STYLES

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1. Introduction

Leadership, which is the subject of many researches, increases its importance day by day because it plays important roles in all existing social structures from group level to social level (Ballı and Çakıcı, 2019). Because the leader plays a key role in man, who is a social being, in order to live in the society, to comply with the rules of the society he is in and to fulfill the duties and responsibilities that the society imposes on him. The society wants to choose the leader who will apply the best for itself during the management phase. It is understood from this choice that a leader, in its simplest definition, means being superior to his followers. Koçel (2015) defines leadership as the process of influencing and directing the activities of others in order to achieve certain personal and group goals under certain conditions. For this influence and direction, superior characteristics are required by their subordinates. When the previous literature on leadership are evaluated, it is observed that most of them are in the form of identifying and defining these positive and superior characteristics. However, within the information and technology age we live in, easy access to information and the ability of followers to succeed their leaders, closely begin to reveal the hidden and dark sides of the leaders. The mistakes made by leaders in areas that concern the large part of a society such as business life, politics and religion, now reveal the necessity of evaluating the dark aspects of leadership (Liu et al. 2012; Padilla et al. 2007). The fact that the followers express themselves more easily in front of the leader is also effective in the emergence of the sub-dimensions of the dark leadership behavior. The study conducted by Uygur and Gümüştekin (2019) identified eleven different types of dark leader behaviors in between 1994 and 2018. These are; bully leader, narcissistic leader, paranoid leader, emotionally dependent leader, petty tyranny, abusive management, passive-aggressive leader, toxic leader, destructive leadership, unethical leadership and bad leadership. In addition to the dark leader behaviors expressed, the hubris syndrome, which Koçel (2015) described in his study, reveals hubris leadership behavior, as the leader uses his power over his followers for a long time and does not recognize any obstacles to limit himself due to his success during this period. In another study on dark leadership, harassing behaviors, narcissistic behaviors, insincere behaviors and bullying behaviors are defined (Başar et al., 2016). McIntosh and Rima (1997)

defined narcissistic leadership, emotionally dependent leadership, paranoid leadership, compulsive leadership and passive-aggressive leadership as sub-dimensions of dark leadership. Higgs (2009) stated that the concept of dark leader began to emerge as a result of personal flaws and lack of success in the 1980s, and the first study was done by Conger (1990). Petty tyranny of dark leadership (Ashforth, 1994), tyrannical leadership (Kets de Vries, 1994; Gillaspie, 2009), narcissistic leadership (McIntosh & Rima, 1997; Glad, 2002; Khoo & Burch, 2008), which includes negative behaviors and attitudes that are considered close to each other, (Khoo & Burch, 2008; Uygur & Teacheroğlu, 2018; Okan, 2018), abusive management (Tepper, 2000), bad leadership (Kellerman, 2004), paranoid leadership (Williams, 2005; Gillaspie, 2009), destructive leadership (Einarsen et al., 2007; Padilla et al. 2007; Krasikova et al., 2013; Tran et al., 2014), toxic leadership (Whicker, 1996; Reed, 2004; Goldman, 2006; Yavaş 2016); emotionally dependent leadership (Cook & Goff, 2002; Gillaspie, 2009), passive-aggressive leadership (Johnson & Klee, 2007), unethical leadership (Eisenbeiß & Brodbeck, 2014; Lasakova & Remisova, 2015), hubristic leadership (Hollow, 2014; Uysal & Çelik, 2018) studies have been carried out, mostly in the international literature. In this study, dark leadership behaviors and styles are discussed and defined under separate headings and their differences are evaluated.

2. Conceptual Framework

After the first study by Conger (1990) which explains the dark aspects of leadership, many behaviors and approaches were added to the related literature by researchers. In these studies, some dark leadership behaviors were not emphasized or behaviors and styles with close characteristics were evaluated together. Keeping this point in mind, all the concepts that show the dark side of the leader in the literature have been tried to be examined in the research.



Model 1. Dark Leadership Styles

As a result of the studies carried out in the literature, the following leadership styles have been identified:

- Petty tyranny
- Bully leadership
- Narcissistic leadership
- Bad leadership
- Paranoid leadership
- Disruptive leadership
- Toxic leadership
- Emotionally dependent leadership
- Passive aggressive leadership
- Unethical leadership
- Abusive management
- Hubristic leadership

Dark leader behaviors are presented in **Model 1**.

2.1. Little Tyranny

Petty tyranny is a leadership style that emerges as a result of deviations from the authoritarian leadership style in terms of managerial and business ethics. It was expressed by Ashforth (1994) with six basic concepts. These are following: not giving initiative to subordinates, arbitrariness and raising one's self-esteem, belittlement of subordinates, displaying thoughtless actions towards subordinates, forcing subordinates to resolve conflicts, punishing in unnecessary situations, ego satisfaction. This face of dark leadership can be described as cruel and aggressive. They try to keep the level of obedience to themselves high instead of thinking about the interests or performance of the organization in every situation and condition. Akhtar and Shaukat (2016) stated in their study that petty tyranny increases work alienation and employees work uneasily in a stressful environment at work. Employees do not want to take the responsibility in the face of petty tyranny behavior that reduces organizational commitment and increases the intention to leave, and they display passive attitudes in the workplace.

2.2. Bully Leadership

Bully leadership arises because bureaucratic and authoritarian leadership styles are applied to their subordinates in an oppressive way. The organizational and intra-organizational environment in this leadership style are tense. Although managers make an effort to make their subordinates feel their status superiority at every moment of the job, subordinates do not want to come to the fore and take responsibility because of this attitude. The stressful environment within the organization works in fear and anxiety for the subordinates (Kesken & Ayyıldız, 2011). They do not want to show their subordinates, who are closely supervised (Kets de Vries, 1994), how they really feel and what they think. Bullying leaders who think of this as a weakness, believe it is right to take a tough stance for the success of the organization. They define this harsh attitude as authoritarian leadership in itself.

2.3. Narcissistic Leadership

For the narcissistic leader, the world revolves around its axis. The main characteristics and behaviors of narcissistic leaders; intense ambition, grandiose fantasies, feelings of inferiority, and excessive dependence on external admiration (McIntosh & Rima, 1997). The negativity that causes these dark aspects to be revealed is due to the lack of self-confidence of the leader. They feel an intense desire to be appreciated to compensate for this deficiency. In addition, they envy the successful subordinates around them (Uygur & Teacheroğlu, 2018). In the study conducted by Uygur and Teacheroğlu (2018), Rosenthal and Pittinsky (2006) classified narcissistic leadership as a different type of leadership, while Padilla et al. (2007)

classified it as associated with destructive leadership. In addition, Deluga (1997) claimed that narcissistic leadership and charismatic leadership have many things in common. Leaders who lack or lose their charismatic characteristics turn into narcissistic leaders when they lose their self-confidence. Narcissistic leaders, who do not support their employees and see successful employees in the organization as their competitors, constantly disrupt the organizational climate with psychological harassment.

2.4. Bad Leadership

Another dimension that creates the dark side of the leader is bad leadership. Unlike other dark leadership behaviors, it is a leadership style that has insufficient management skills in general, makes wrong decisions and cannot make subordinates successful. Kellerman (2004) defined bad leadership as unsuccessful and unethical leadership. However, Kellerman argues that leadership is not just about making the world a better place. Some leaders, such as Hitler, may have malicious intent, but they can also be highly effective. Between 1933 and 1941, Hitler achieved many striking feats that not only transformed Nazi Germany but also changed the map of Europe. The study also clarifies the ambiguity between leaders with bad goals and bad leadership (Kellerman, 2004).

2.5. Paranoid Leadership

Paranoia is the behavior exhibited by people who have paranoid thoughts (excessive worry and irrational delusions) as well as symptoms of anxiety and depression (Johns et al., 2004). For many people, friends, acquaintances or strangers can be hostile and feel constantly watched by these people. (Rachman and de Silva, 1978). Paranoid leadership, on the other hand, is a leadership attitude based on fear and anxiety displayed in the business environment, which pacifies subordinates in their work and harms the trust environment of the organization they are in. Paranoid leaders, who do not trust anyone, including themselves, want to establish a complete control mechanism over the organization (Gillaspie, 2009). The purpose of this mechanism is to prevent the subordinates from taking initiative and decision, although the activities are not coordinated and successful. Deciding all the activities to be done by a single leader will cause a cumbersome and unsuccessful management style. In addition, jealousy, another negative behavior of the paranoid leader, will create fear, anxiety and anxiety on employees. In this negative environment, the employee will begin to exhibit passive attitudes that he/she will not want to prioritize (Williams, 2005).

2.6. Disruptive Leadership

When the destructive leadership attitudes and behaviors are examined, it is evaluated that the ethical leader is a leadership style that acts on the contrary. Disruptive leaders who aim to harm the organization and its followers and act against the interests of the organization (Krasikova et al., 2013) harm the goals, duties and resources of the organization with systematic and repetitive behaviors (Einarsen et al., 2007). Krasikova et al. (2013) stated that these negativities within the organization were done on purpose. Since destructive leadership attitudes and behaviors occur outside the ethical leadership dimension and on the contrary, it will soon disrupt the entire organizational structure and create an inoperative structure.

2.7. Toxic Leadership

The concept of toxic leadership has a wide place in the studies conducted between the dark dimensions of the leader. Because he has a leadership understanding that shows bad leadership, narcissistic leadership, destructive leadership and unethical leadership. Toxic leadership with negative consequences by Yavaş (2016); It has been discussed in four dimensions with the concepts of utilitarian, egoistic, psychological dysfunction and insignificance. While toxic leaders exhibit destructive behaviors, sometimes they have a harsh attitude, and sometimes they can use a polite and soft language. While exhibiting toxic leadership behavior, they can use different action styles to achieve the desired goal and seek new ways while poisoning employees (Reed, 2004). Toxic leaders reward their employees who share the same ideas and views with them and give them decision-making and leadership roles. However, they try to keep their employees who think otherwise away from effective and important roles (Uygur and Gümüştekin, 2019).

2.8. Emotionally Dependent Leadership

The most basic characteristics of an emotionally dependent leader are a lack of self-confidence and autonomy. This situation reduces the trust and respectability of the employees to the leader and decreases organizational commitment. The emotionally dependent leader personalizes all the activities and works that take place in the organization and makes negative inferences from them. These leaders share negative implications with their subordinates and put pressure on them (Ballı & Çakıcı, 2019). Emotionally dependent leaders want to get away from the negative work environment they have created with the deterioration of the work environment of the employees and the organization. They have incompetence, which includes avoidance of responsibility and absenteeism at work, and causes a decrease in job performance (Gillaspie, 2009). The leader, who intimidates his/her followers with the display of emotionally dependent leadership behavior, causes the collapse of the organization with its deterioration in the

organizational environment. Due to emotional inner conflicts, he/she will not be able to see this destruction and will not try to stop it. Moreover, the leader will prefer to run away.

2.9. Passive Aggressive Leadership

Passive-aggressive leadership style, which is one of the five types of leadership styles defined by McIntosh and Rima (1997), emerges from sudden changes in the leader's attitudes and behaviors and inconsistent decisions. Inconsistent behavior by the leader is also an indicator of negative personality disorder. A person with passive-aggressive or negative personality disorder is characterized by the following behaviors by the American Psychiatric Association (1994).

Passively resists performing routine social and occupational duties.

Complains about being misunderstood and not appreciated by others.

Surly and argumentative, unreasonably criticizes and belittles authority.

It expresses envy and resentment towards those who are seemingly luckier.

Expresses exaggerated and persistent complaints of personal misfortune.

He/she oscillates between hostile defiance and regret.

A leader with the specified characteristics cannot achieve internal harmony and is a person to be avoided for employees. The passive-aggressive leader, who is avoided by his/her subordinates and magnifies the problems rather than solutions, reduces the performance of the organization.

2.10. Unethical Leadership

Unethical leadership, another dark behavior of the leader, reviewed by Harrison et al. (2018). He found that psychopathy, Machiavellianism and narcissism, defined by the concept of the dark triad, affect different parts of the unethical decision-making process. Narcissism motivates individuals to engage in unethical behavior for self-interest and changes their perception of their ability to successfully cheat. Machiavellianism not only motivates individuals to engage in unethical behavior, but also changes perceptions about the opportunities available to deceive others. Psychopathy has a marked effect on how individuals rationalize their fraudulent behavior. Accordingly, the elements of the dark triad were found to be strong psychological precursors of fraudulent behaviors (Harrison et al., 2018). Unethical behaviors seen in many of the dark leadership styles will completely destroy the concept of ethics in the

organization after a while and harm the organizational culture. Leaders who constantly exhibit unethical behaviors will also encourage their employees to behave unethically (Brown & Mitchell, 2010). Unethical behaviors will also affect the work discipline and competition within the organization and will disrupt the atmosphere of peace and trust among employees. A leader who exhibits unethical attitudes and behaviors will not be able to take precautions against these destructive behaviors within the organization and employee loyalty, job performance and motivation levels will decrease rapidly (Erdem, 2015). An unethical leader who sets a bad example will not be able to find solutions to problems within the organization.

2.11. Abusive Management

In Tepper's (2007) research and literature; abusive management is negatively associated with job satisfaction (Tepper, 2000; Tepper et al., 2004; Schat, Desmarais et al., 2006), organizational commitment (Duffy et al., 2002; Schat, Desmarais et al., 2006; Tepper, 2000), and positively associated with turnover intentions (Schat, Desmarais et al., 2006; Tepper, 2000). The main indicators of the abusive management style are that the leader follows a harsh communication attitude towards his subordinates, exhibits behaviors that disturb the peace of his subordinates, and threatens to terminate their jobs (Kelloway et al., 2005). Leaders who adopt this management style do not trust their employees. However, they believe they can keep them under control by treating them badly. If they establish a close relationship with their employees, they become a source of stress in the workplace, with the thought that it can be abused.

2.12. Hubristic Leadership

Hubris syndrome must be understood in order to understand hubristic leadership behavior, which is the last of the twelve different dark leader attitudes and behaviors that we have examined within the conceptual framework. Because the leader, who is successful and charismatic until he is caught with hubris syndrome, turns into a narcissistic and egoistic structure with this syndrome. Russell (2011) identified fourteen indicators of being caught in hubris (Özgüzel and Taş, 2016). These;

*“depicting the world as a space where he can display his power,
tending to constantly increase their personal image,
excessive anxiety in their actions and expressions,
implying in his speeches that he is the messiah and the chosen one,
identifying himself with the nation and the state,
do not tie the fate of society to your own,*

*using the word "we" connected to a sacred source,
showing excessive self-confidence, marginalizing and humiliating others,
presenting himself as accountable only to a superior power,
believing that he will always be right when he is judged,
away from reality, believing in the virtual world and trying to make people believe,
recklessness, meddling, restlessness, instability, conflict of consciousness,
basing one's mistakes on religion, holiness, and righteousness,
personality disorder behaviors exhibited as a result of the thought of never doing wrong given by excessive self-confidence”*

describes hubris syndrome (Özgüzel & Taş, 2016; Russell, 2011). People with at least three or more of these substances show signs of hubris syndrome. To put it simply and clearly, hubristic leaders see themselves in divine pride and do not feel the need to obey moral rules. Greed and arrogance from the Greek belief to the present are one of the oldest dark leadership sub-dimensions (Özgüzel & Taş, 2016; Uysal & Çelik, 2018). Bektaş (2016) stated that the Hubristik leaders do not give importance to the ideas of their employees and that they manage their employees in the direction they think with a lot of self-confidence. In order for hubris leaders to get out of hubris syndrome and not be affected by the power poisoning they experience, they need to establish a healthy intra-organizational communication and train and trust their employees.

3. Conclusion

Leadership studies have been one of the most important topics in both the academic and business world for many years. Much of what has been written about leadership in the literature has focused on defining an effective and successful leader. Academia and the business world, which define successful leaders in order to achieve success, have not given enough attention to the leader's dark behaviors. With the compilation study, twelve different dark leadership styles including the dark behaviors of the leader were examined. During this examination, it is seen that some leadership styles form sub-dimensions of the concept of dark leader, as in McIntosh and Rima's (1997) study. Although different styles create sub-dimensions in different studies, it is seen that it constitutes the independent variable in studies in the field of organizational behavior and management psychology.

It has been argued that the literature on the dark leader starting with Conger (1990), has gained a certain place in international literature. However, it is seen that the studies carried out in our country are still new. The subject of leadership has been discussed until today with the characteristics of the leader. How these superior characteristics can be developed and how new ones can be gained has been the main problem of studies in the field of leadership. The subject of dark leadership, which is a negative concept, has been an area that is not preferred much. In the researches, it is seen that positive results can be obtained for the employees and the organization when the dark behaviors of the leader are detected and corrected. It has been evaluated in the study that correcting mistakes is a more direct and constructive attitude than seeking the truth. In the literature review conducted by Damar and Öztürk (2020), dark leadership; it decreases organizational commitment and job satisfaction, organizational support, organizational citizenship behavior, employee performance and organizational performance; It is stated that it increases anti-productive behaviors, burnout and job stress, intention to leave, and organizational silence. It is considered that the determination and causes of dark leadership styles with its positive effect on negative variables and its negative effects on positive variables are important for the development of the field of literature in future studies.

In the business world, where competition has increased with the 21st century, the determination of the dark behaviors of the leaders will enable more accurate decisions to be taken in election and promotion decisions. It will contribute to the correct determination of the training needs within the enterprise and to reduce the training expenses. It will increase the peaceful working environment within the organization and reduce the conflict within the organization (Sara & Yancey, 2010). The leader must learn to keep his dark behaviors under control in order to be successful. This is where organizations need to have a mechanism that controls the leader. Everything cannot be left to the initiative of the leader. It should be evaluated by organizations that there is a human being in its leader, that it can be deceived and that it can make wrong decisions. It should not be forgotten that the mistakes that the leader can make can bring the end of the organizations they manage, cause great losses for the employees and cause destruction in other organizations and structures around them. For this reason, it is considered that the subconscious aspects of the dark side of the leader can be revealed in the short and sometimes long term as a result of uncontrolled and uncontrolled one-man administrations. Like the Hubris syndrome, successful leaders with the syndrome reveal the need for the existence of a control mechanism. In this regard, modern, contemporary and up-to-date approaches in management science offer creative solutions for the business world.

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CHAPTER VII

A CONCEPTIONAL STUDY ON INDUSTRIAL MARKETING

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1.Introduction

The quantity of research related to industrial marketing in marketing journals do not represent the economic power of industrial marketing transactions. Industry marketing discipline dates deep-rooted history and researchers have been trying to understand and explain how the industrial markets works for a long time. The issues between companies have been since the birth of commerce. According to LaPlaca (2011), business to business marketing dates back 1980s. A great amount of research in marketing largely focused on consumer markets most of 20th century. In 1971, there was presented a way out to the researchers with the introduction of Industrial Marketing Management Journal which dedicated itself to industrial marketing. The aim of marketing activities is to present more value and benefit than competitors products. There are two kinds of consumer in the market. First group is households (consumers) who buy the products for their satisfaction and convenience and the other groups are the buyers who do not buy the product for their satisfaction (such as car producers). These consumers are called industrial consumers. Industrial goods are typically used in production of products and these goods account for the big part of total sales in modern economy. Although the monetary value of B2B transactions is high, even so, most of marketing research have focused on consumer markets. However, it has changed with the emerging of industrial marketing-focused journals (Günay,1999:226, Cherunilam, 2015:2, Seth and Sharma, 2006:422-423, LaPlaca,2011:135).

According to the statistics of American Department of Commerce, the transactions of B2B marketing was \$10,7 trillion in 2010, in other words it accounted for 42 percent of the total US revenues which is \$25 trillion (Lilien,2016:543). In 2011, the amount was \$11,9 trillion and it accounted for 43,3% of US revenues. When we look at e-commerce transactions, B2B e-commerce volume was \$3,7 trillion (88,7% of total sales) while B2C e-commerce was \$473 billion (11,2% of total sales) in 2010. While B2B e-commerce was \$4,2 trillion (88,7% of total sales), B2C was \$539 billion in 2011. Considering the economic weight of B2B and B2C marketing, while it is expected to same academic interest between them but just 1204 (6,7% of total) of 17,853 articles published in 24 marketing journals in 1936-2006 associated with industrial marketing (Lilien,2016;543,

Cortez,2017:90). There are many differences between B2B and B2C, however the key to difference is demand. The demand is derived demand in B2B. The purchase decision process, buying center, decision-making unit separate the B2B from B2C (Cortez and Johnston 2017:90).

Table 1: USA Sales Transactions

2011			2010	
Sales (million \$)			Sales (million \$)	
Sector	Total	E-commerce	Total	E-commerce
Business	11,967,721	4,274,436	10,672,209	3,777,578
Consumer	15,671,497	539,964	14,999,035	473,023
Total Sales	27,639,218	4,814,400	25,671,244	4,250,601
Percent of Total Sales			Percent of Total Sales	
Business	% 43.30	% 88.78	% 41.57	% 88.87
Consumer	% 56.70	% 11.22	% 58.43	% 11.13

Source: LaPlaca,2011:135

The various special sections have emerged in marketing discipline such as international marketing, service marketing and social marketing. However, industrial marketing that is known as organizational marketing, enterprise marketing, business marketing has not gained importance it deserves even in USA where the market is huge. The brands such as ExxonMobil, Salesforce, Oracle, Caterpillar and Boeing are important parts of B2B sector. Some brands such as Apple, Microsoft, Google and Facebook get substantial amount of revenue from B2B customers. Johnson& Johnson, Pfizer and Merck maintain their presence in the market with detailed salesforce (Mittal and Shrihari,2020:396; Cherunilam, 2015:2).

2. Industrial Marketing

Big or small all firms operating in industry and producing industrial product and services are known as industrial firms. Industrial firms produce product and services such as raw material, auxiliary product, education, maintenance and repair. When we look the definition, industrial firms not only produce products but also produce services. The market consisting of that kind of firms is called industrial markets and the products industrial firms produce are called industrial products (Şaylan and Esmer,2020:183). Business to business commerce widely involves transactions between businesses such as service, source, technology, produced parts and components, capital equipment, wholesale trade. It also involves financial transactions such as insurance between businesses,

commercial credit, bond, and financial assets. The place of business-to-business commerce in economy is rather large. (Reiley and Spulber,2001:55). Industrial marketing has increasingly become important for economies and firms across the world (Leonidou and Hultman,2019:102). The market economy relatively depends on end consumers; indeed, the buying of these consumers are less than industrial customers (Morris et.al; 2001:11). The Marketing Association defines the industrial marketing as the selling of products and services to the businesses. The companies use or resell the products they bought. They either use the products to support their operations or directly sell to others. Industrial marketing is also called business-to-business marketing (B2B) (Miller and Washington, 2016:15). Industrial marketing activities are not directly for households and end users. Cherunilam (2015) defines the industrial marketing as all activities that include marketing of the product and services to organizations which use them to produce another product and services and to make easy their operations (Cherunilam, 2015:1-2).

According to Lilien (1987), industrial marketing is the marketing of products and services to the industrial customers (Lilien,1987:3). Industrial customers (organizations) are production firms, governments, private sector firms, training institutes, hospitals, and distributors. Businesses buy the products in order to produce other products, earn profit, reduce the costs. Contrary to this, marketing to consumers is marketing the products to the individuals, families, and households. Organizations selling steel, machinery tools, computers, courier service and the other product and services to other firms should know the needs, sources, policies and buying procedure of buyers. The important point in industrial marketing is to create value for buying organization with product and services that focus on the firm's needs and wants (Havaladar,2005;1-2). If a producer sells their products as raw material, components or sell their products for consumption, using, reselling, and adding value to the other firms, these activities are called industrial marketing (Mukerjee, 2009:5).

3.Differences Between Industrial Marketing and Consumer Marketing

The goods that are directed to use of individual final consumers are called consumer goods. Industrial goods that are used the production of other business or industry goods, ease the business operations. It consists of facility and land, equipment, raw materials, produced products that are required to business objectives (IMCRB,1954). The differences that distinguish the industrial market from the consumer market are:

3.1. Market Structure

There are vast number of households that have geographically dispersed across the country for the consumer goods and services but there are firms

that are less than 1000 for the industrial goods and services in the market. For example, the mass market can be whole consumers for a consumer goods such as toothpaste and soap in Turkey. However, there are limited buyers such as state electric company for industrial products such as power transformer or high voltage power breaker. Although there are generally fewer buyer and seller in industrial markets, these fewer buyer and seller make purchase and sell in large quantities. The relationship between buyers and sellers generally are long-termed and based on the relative power in industrial marketing. Industrial marketers tend to geographically concentrate the places that are close to raw materials, cheap labor, and industrial buyers. The segmentation in industrial markets is not done by demographic basis. End users and the market serviced are used in segmentation of market. To offer the new products, the industrial marketers invest the majority of funds to the research and development. The interaction between buyer and seller, importance of key customers and knowledge of buyers makes the industrial marketing completely different game (Mukerjee, 2009:5, Havaladar,2005:4, Lilien,1987:4).

3.2. Buying Process

The buying process of industrial marketing is more complex than consumer marketing. The buying process takes a long time due to including high costs products, large number of participants in the purchasing process and technical structure of products (Lilien,1987:4). The customer finding and researching process are made rigorously in industrial marketing on the contrary consumer marketing. The industrial buyers generally do not change their suppliers and loyalty is the most important component in industrial marketing. Loyal customers become a regular customer of products and they are highly rest on the purchase. The suppliers are called “partner” in industrial marketing because any change in suppliers will give rise to “the replacement costs.” Industrial buyers have been more informed, and they are more professional in comparison with consumers. An ultimate consumer has less technical information about the product purchased while the industrial buyers have been trained professionally (Günay, 1999:234; Şaylan and Tokgöz, 2020:248). Purchasing decisions based on several factors such as cost efficiency, product quality, after-sell service, availability, and delivery on time. Purchasing decision generally takes a long time and a good number of people from finance, commercial and technical departments of the firm participate the buying process. After the first offer that is made by seller, the negotiations and information interchange start between the seller and buyer. Thus, the contact between organizations is made and interpersonal relationships are developed. Relationships between seller and buyer are valuable and it becomes a steady state after a certain time. Contrary to this the relationship between buyer and seller is not personal in consumer

markets. Consumers often change their buying habits and the buying decisions of consumers generally based on social and psychological needs of households and family members. The buying center and decision-making unit characterize the industrial marketing (Havaladar,2005:5; Mukerjee, 2009:11; Cortez and Johnston 2017:90; Günay,1999:234).

3.3. Product, Price, Place and Promotion

Products and services are generally complicated from a technical aspect in industrial marketing. They are used to serve the firms' activities (Havaladar,2005:4). The product lifecycles are short since technological change takes place rapidly in industrial marketing. The risk of products becoming obsolete is higher than in consumer markets. Industrial products are designed to the specifications that are determined by industrial buyer. Service and quality are considerably important in industrial markets.

The pricing of industrial products is bargained price. Competitive bidding is more common in government contracts and big projects. Installment buying and leasing became important fields in recent years. The industrial distribution channels are shorter than consumer distribution channels, but it is more complicated. The channels are direct. Most of industrial sales require technical assistants to get closer contact between buyer and seller. This is the evidence of why channels are shorter and direct. Trade fairs, catalogues and brochures and direct mail are used in sales promotions, but personal sale is the best form of promotion. Because the buying process requires to solve to many problems, personal sale has underpinned the industrial sales (Mukerjee, 2009:11).

3.4. Derived Demand

We should ask a simple question to divide business to business (B2B) and business the consumers (B2C) from each other. Is the demand for product derived or primary? One of the characteristics of industrial market is the derived demand which means that industrial product demand is derived from end customer's product and service demand. Intel is the first company that understand the importance of derived demand. Intel has comprehended that the demand of computer producers to Intel chipsets contingent upon the end consumers' computer demands, thus Intel has firstly advertised an industrial goods to the end users (very popular "Intel Inside" advertisement campaign). While an average computer customer did not normally interest the hardware of computer, they started learning what chipset the computer has thanks to the Intel advertisements. They felt safe when they discerned it was Intel chipset. Intel company had sales boom thanks to this advertisement campaign. Other companies such as Teflon, Lycra, Şişecam, Tetrapak that witnessed the successful of Intel followed the similar strategy. The direct demand for most of industrial product are inelastic. This means that if there is a substantial rise in steel

prices used in tire production, the demand of tire for car producers will not decrease. Therefore, products are bought to satisfy the customer needs by firms. Impulse buying is not common (Lilien,1987:3, Lilien, 2016: 544, Arslan,2012:21).

Table 2: Some key differences between B2B and B2C markets

Business to consumer (B2C)	Business to business (B2B)
• Marketing culture	• Production/technology culture
• Market to end of chain	• Market to value chain
• Value in brand relationship	• Value in use
• Large customer segments	• Small number of customers
• Smaller-unit transactions	• Large-unit transactions
• Transaction linkage	• Process linkage
• Direct purchase	• Complex buying
• Consumer decides	• Web of decision participants

Source: Lilien, 2016:544

4. Industrial Market Segmentation

A market segment is a group of current and potential customers who have common characteristics and is to homogenously identify customer groups (Harrison and Kjellberg 2010:785). Market segmentation based on the assumption that customers display heterogeneous preferences and buying behaviors. The segmentation approach helps to organizations to manage the diversity by focusing the resources on the specific customer groups. Segmentation also helps to organizations to better meet demand of customers and to develop competitive advantage and strategic planning (Dibb and Wensley, 2002:231). As the company knows the needs and wants of specific market segment, it directs all its efforts to this market, therefore both the strategies are effective and the company resources are used effectively (Arslan,2012:167). One of the greatest challenge the marketers experienced is to improve the value of customer segment and to identify the customer needs to serve these segments. Although there are demographical data about industrial customers, the proper needs of these customers do not find out from these data (Powers and Sterling,2008:170). There are two classical approaches to segment the industrial markets. Both firstly aim to define homogenous customer groups in terms of descriptive characteristics (Harrison and Kjellberg 2010:785). These approaches are Macro-Micro Segmentation developed by Wind and Cardoza (1974) and Nest Approach which is developed by Bonoma and Shapiro (1984).

Macro-Micro Segmentation Approach is a hierarchical approach which initially analyzes macro segmentation variables then analyzes micro segmentation variables. Macro segmentation based on the criteria such as firm's sales, number of employees, customer location, competition, technology, sector type, structure of demand. If these variables result with the determination of sufficient segments, there is not necessity to advanced research. If there do not provide sufficient knowledge from macro segments, micro segments are utilized. Micro segments based on firm's specific data such as benefit sought, product knowledge, buyer's experience, decision making unit's specifications, purchase policies. Nest Approach is based on the management knowledge level to identify a specific market. The outmost nest based on the demographical variables and required to specific knowledge about potential buyers. These include information such as understanding customer needs and situational variables, size of enterprise, sector knowledge. Second nest includes variables, which require greater knowledge, such as potential buyer's technology, customers skills, types of products used by the company. Third nest includes purchase approach and potential buyer's structure. It involves criteria such as buyer's organization, power structure, buyer-seller relation, purchase policy. Forth nest consists of situational factors such as order completion, scope of application, order size. Individual factors that are the fifth nest requires a large amount of customer information. The important point of Nest Approach is to segment market as needed. For example, if the homogeneous market segments are achieved at the third stage, the segmentation should cut at this stage and it does not conduct to fifth stage (Powers and Sterling,2008:171; Arslan,2012:199-205).

5. Development of Industrial Marketing and Studies in This Field

The trade between organizations has existed since the development of organizations. This means that industrial marketing has been for thousands of years. Even if the first research dates back 1980s, the important contributions in this field have taken place for 30 years, in other words comprehensive industrial marketing research have existed only 30 years. In these days when the academic discipline was new, the key research questions and approaches and analytical technics were standard. As the researchers started to find some solutions to the research questions, more researchers began to enter the industrial marketing discipline and simple solutions of basic structure substituted complex measures. Even if industrial marketing did not completely represent the general marketing field, it undergone changes in this period and today there could be a rich marketing literature in this field (Hadjikhani and La Placa, 2013:294; Lindgreen vd., 2018:2). The changes of product demand, rapid growth in technology, the increase of industrial firms' complexity and size, the development of computer science has affected the formation of industrial

marketing's basics (Lotshaw,1970:22). According to La Placa, the pioneer of the industrial marketing thought was John Wanamaker. Understanding the customer relationship management within the context of business was firstly proposed by Wanamaker. Wanamaker who was a successful businessman in retailing sector had revealed the integrative roles of retailer and supplier. He declared that there was a proper balance between buyer and seller, and he refused the maximum profit idea regardless of customer satisfaction. Moreover, he asserted to be necessary a sustainable and harmonious system among producer, retailer and customers and a close contact among them. Interaction between companies is as old as the marketing existence. Industrial marketing has drawn attention with Melvin T. Copeland studies that are Marketing Problems and Cases on Industrial Marketing. When the 24 marketing journals in between the years 1936 and 2006 examined, 17,853 articles issued, however 1204 of those (6,7%) were about the industrial marketing. Literature reviews about industrial marketing has taken place under six important topics. These are sales management, buyer behavior, relationships, innovation and new product development, marketing strategy and distribution (Cortez,2017:90-91-92). Reid and Plank (2000) analyzed 2,194 research that obtained from 23 marketing journals, 5 academic conference and 12 scientific books and they organized the most researched titles in industrial marketing in Table 3.

Table 3: Number of Articles by Topic

Topic	n	% of Total (3473)
Advertising	58	1.7
Sales promotions	50	1.4
Public relations	9	<1
Promotion	65	1.9
Market Research	110	3.2
Forecasting	38	1.1
New product development	255	7.3
Personal sale	242	7.0
Sales training	35	1.0
Sales motivation	100	2.9
General sales management	296	8.5
Purchasing management	253	7.3
Computers in industrial marketing	29	<1
Decision support and management	58	1.7

Organizational purchasing behavior	448	12.9
Product management	89	2.6
Pricing	73	2.1
Service marketing	82	2.4
Channel management	135	3.9
Logistic	22	<1
International business marketing	125	3.6
Marketing to governments	11	<1
Market segmentation	64	1.9
Market planning and strategy	332	9.6
Marketing and other functions	67	1.9
Ethics in industrial marketing	18	<1
Buyer-seller relations	268	7.7
Others	141	4.0

Source: Reid and Plank,2000:17

According to table, the most research in industrial marketing is on *organizational buying behavior* with 448 articles. In turn *strategy and planning* with 332 articles and *general sales management* with 296 are the second and third between research topics.

The research that are being done about industrial marketing in recent years and the findings are given in Table 4.

Table 4: Recent Studies and Findings in the Field of Industrial Marketing

Authors	Subject	Findings
Leonidou and Hultman (2019)	Global marketing in B2B	Industrial buyers use the technology to establish a supply network, determine global purchase strategies, and evaluate new procurement opportunities.
Iankova et al. (2019)	Social media in B2B	B2B organization members perceive the social media as a low-impact channel, and they emphasize that it has low-importance at relationship-based usage according to other business models.
Wang et al. (2020)	Relational bonds, innovation, and performance in B2B	Managers should strategically plan the innovative activities. If there is an exploratory innovation in managers' focus, they should establish more bond with their partners and they should collect more marketing data from them.

Swani (2020)	Mobile applications in B2B	B2B mobile applications can be useful in increasing market share, supporting customer relationships, creating new businesses, buying process, and developing customer services.
Tzempelikos (2020)	Relationship value in B2B	Relationship advantage is more important than relationship costs at selection of main supplier. Cost competition is necessary, but it is not adequate to differentiate business markets
Zhang and Zhu (2019)	The improvement of B2B product innovation capacity with customer involvement	Customer involvement in B2B positively affects product innovation capacity in B2B.
Yan et al. (2020)	New product development in B2B	Customer relationship management limits in new product development process. Instead of this it is concentrated on the product development management.
Balmer et al. (2020)	Brand image in B2B	Choosing the industrial brand by managers is determined by firm's brand image. Positive brand image of industrial firm creates loyalty between industrial customers
Cortez et al. (2019)	Advertising in B2B	The available tendencies in B2B ads can be examined under the topics that are social media, creativity, country culture, brand value and trustworthiness, and competition messages.
Yilmaz et al. (2017)	Brand personality in industrial marketing	Brand managers should feature performance, emotion, and trust attributes in brand differentiating strategies
Tosun and Emirza (2014)	Customer loyalty and customer satisfaction in industrial markets	It is not always a rule to increase sales with loyal customers in industrial markets. Industrial buyers can easily change the suppliers. The study revealed that companies with low loyalty scores purchased more than companies with high loyalty scores. The satisfaction scores of companies which were high, made more purchase.

6. Conclusion

Although monetary value of B2B transactions larger than B2C, most of marketing research have focused to the consumer markets. Marketing between companies have existed since growing of organizations. Even though the researchers have tried to explain how these markets work for a long time, the studies in this area have not attract as much attention as consumer markets. The studies done have focused to the consumer markets in 20th century. However, this has changed with the emerging of the industrial market focused journals. The studies related to different titles have spawn with the increasing number of these journals. When the studies examined in industrial marketing, most of studies have been carried out

organizational buying behavior area. In addition to this, there has been extensive studies about strategy and new product development. Industrial marketing can differ from consumer marketing from various aspects. There are fewer seller and buyer in industrial markets, but these buyer and sellers buy and sell large volumes. The main difference between industrial marketing and consumer marketing is demand. The demand is derived in industrial marketing. For instance, if the demand to the tire increase, there will be a demand growth to the steel wire. The industrial buyers geographically come together where the raw materials, low-cost labor and industrial buyers are intense. Industrial products are technically complex, and the product life cycles are short as technological development is fast in industrial markets. Pricing is carried out with an agreement between two parties. The tender method is rather common in industrial buying. Distribution channels are short and direct. Personal sales are the best forms of sales promotions in industrial marketing. There are two classic segmentation approaches to segment the industrial markets. Macro- Micro Segmentation Approach was developed by Wind and Cardoza (1974) and The Nest Approach was developed by Bonoma ve Shapiro (1984). The increasing number of research about industrial marketing shows that the subject can be examine with different topics in the future. When we look the recent research in industrial marketing, there are an increase in the research topics such as new product development, social media, branding process for industrial products, industrial customer loyalty and customer satisfaction. This research is important for the researchers who will study about industrial marketing. New research with new subjects in industrial marketing will contribute to the industrial marketing literature that does not draw attention as consumer marketing.

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CHAPTER VIII

OIL PRICE SHOCKS AND STOCK RETURNS IN EMERGING MARKETS UNDER LOW VOLATILITY AND HIGH VOLATILITY REGIMES*

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1. Introduction

As the primary source of energy, the crude oil industry is one of the most important sectors in the world. Each year, 30 billion barrels of crude oil are estimated to be consumed globally, and it remains the world's leading fuel accounting for 32.9% of total global energy consumption according to World Energy Resources Report (2016) of the World Energy Council¹. The price of oil is regarded worldwide as a sort of thermometer to measure the wealth of the economy and every change in oil price influences economic growth. Indeed, over the past years, the recent dramatic change in oil prices of a crude barrel (from around \$11 per barrel in March 1986, surging to approximately \$150 per barrel in June 2008, then plummeting to \$30 per barrel in January 2016 and closing around \$53 in December 2016) has generated a lot of interest to the researchers, policymakers as well as investors. These shocks have a significant effect on financial development and economic development of emerging economies. Spectacular headlines from the financial journal such as "Rising oil prices catch emerging economies at a vulnerable moment" (Economist Journal, September 29, 2018) or "Oil shock has already started in emerging markets" (Bloomberg, October 02, 2018), draw particular attention of stock market commentators, investors and policymakers to this issue.

Following oil price fluctuations since the 1980's, a large body of literature has been developed on the relationship between oil prices and economic activities. Hamilton (1983) indicates that crude oil price shocks were a contributing factor in the United States (U.S) recession after World

¹Extracted from the PhD thesis titled "OIL PRICE SHOCKS AND STOCK RETURNS IN EMERGING MARKETS UNDER LOW VOLATILITY AND HIGH VOLATILITY REGIMES" (Anadolu University Social Sciences Institute, 2019)

War II. Mork (1989) proposed asymmetric measures to take into account both oil price increases and decreases since Hamilton (1983) did not take into account the massive oil price declines of 1985–1986. He found that the oil price shocks were still contributing factors in the US economy. However, an asymmetric response is significant, and the real effects of oil price decreases are slightly weaker than from those of oil price increases.

In fact, different empirical studies attempted to shed light on the relationship between oil price shocks and stock markets returns such as Sadorsky (1999), Abhyankar, Xu, and Wang (2013), Degiannakis, Filis, and Kizys (2014). Recent studies include Bastianin, Conti, and Manera (2016), Diaz, Molero, and de Gracia (2016), Bouri, Chen, Lien, and Lv (2017). Basher, Haug, and Sadorsky (2018), Al-hajj, Al-Mulali, and Solarin (2018) and Xiao, Zhou, Wen, and Wen (2018). Even though there is an extended number of studies on the subject, there are still controversial empirical results or ideas on the oil-stock nexus. Some studies conclude a negative relationship between oil prices and stock markets returns such as Ciner (2013), Asteriou and Bashmakova (2013) and Filis and Chatziantoniou (2014), while other studies indicate a positive relationship such as H.-M. Zhu, Li, and Li (2014) and Silvapulle, Smyth, Zhang, and Fenech (2017). On the other hand, some studies conclude mixed results or no relationship between oil price changes and stock market performance such as Apergis and Miller (2009) Jammazi and Aloui (2010) and Juan C. Reboredo and Rivera-Castro (2014).

The oil-stock nexus depends upon the status of the respective country, whether it is a net oil exporter or importer. Brazil, China, Chile, Jordan, India, Mexico, South Africa, Taiwan and Turkey, like several other emerging nations, attract a large amount of funds from developed economies and depend heavily on capital inflows from foreign investors. These funds are in the form of short-term capital inflows often characterised as “hot money”, which makes the stock market highly sensitive to foreign investors’ sentiment driven by global risk factors.

Over the last decades, emerging market economies have expanded rapidly. Consequently, oil and fuels liquid consumption has increased at an alarming pace between 2004 and 2016 to match with the economic growth of these markets. At the end of 2016, emerging economies accounted for 58.1 percent of global energy consumptionⁱⁱ, which was well higher than the last ten years average of 49.4 percent. Besides, the stock markets of these economies went through considerable trade liberalisation and have shown rapid growth regarding market capitalisation value and volume, thereby creating vast investment opportunities and attracting worldwide capital inflows.

The primary purpose of this empirical study is to examine the asymmetric relationship between oil price shocks and stock returns indices of a diverse group of nine emerging markets, which depend on foreign investments. To a large extent, we examine how and why the oil price shocks affects this capital flows in order to help policy makers and financial investors to better understand how oil price changes asymmetrically affects the stock market returns of emerging countries. Of these nine countries, Brazil and Mexico are oil producers; on the other hand, China, Chile, Jordan, India, South Africa, Taiwan and Turkey are net importers. Thus, countries with different relationships with the oil markets are studied. The inclusion of these countries in our study was based on three criteria.

First, the value of crude oil (in term of dollars) imported or exported by emerging markets was considered. Almost more than 30 percent of world total oil was imported by the sample countries of the study during 2016, which is equivalent to the amount of 210.6 billion dollars, led by China (116.2 billion dollars) and followed by India (60.9 billion dollars) and Taiwan (12.9 billion dollars). Secondly, the share of energy consumption of the emerging markets was considered. For the past decade, emerging markets' share in global energy consumption has been growing significantly and accounted for 58.1 percent of the global consumption at the end of 2016. Although Chinese energy consumption growth slowed to just 1.5 percent, India recorded another robust increase in consumption by 5.2 percent during the same year. It is expected that emerging countries' demand for oil will continue to grow by 5 percent between 2016 and 2040ⁱⁱⁱ. This energy growth is heavily tied to the economic and financial growth of these markets. Therefore, these markets are becoming vulnerable to changes in oil prices. Thirdly, the amount of capital inflows to these markets was considered. According to the Institute of International Finance Report of October 2017, capital inflows from foreign investors to emerging markets are estimated to have been more than 1 trillion U.S dollars in 2017^{iv}, which is the highest since 2014 for the first time, due to strong global economic growth and increasing global risk appetite. This increase makes emerging markets more vulnerable to international portfolio investments.

To analyse monthly data of the sample markets for the period between January 1997 and April 2017, we employ the Markov Switching (MS hereafter) model. The MS model detects two regimes: low volatility regime and high volatility regime. One unique feature of our analysis which differentiates it from other studies is that the sample period covers both regional financial crises such as the financial crisis of Turkey in 2000-2001 and Asian financial crisis as well as the global financial crisis of 2007-2008. Our study can be differentiated from the reviews of Gencer and

Demiralay (2013) and Raza, Jawad Hussain Shahzad, Tiwari, and Shahbaz (2016) which cover the sample period only for the global financial crisis onward. Besides, to the best of the researchers' knowledge, this study serves as one among other studies that adopt a Markov Switching model to investigate the relationships between crude oil prices and stock market returns in emerging economies. Previous empirical literature such as Ghosh and Kanjilal (2016), Kayalar, Küçüközmen, and Selcuk-Kestel (2017), Juan C. Reboredo and Ugolini (2016) and Gencer and Demiralay (2013) have concentrated on non-linear threshold cointegration test, Copulas approach method, Quantile and Conditional quantile method as well as VAR and VECM model respectively, while our concentration is on MS Model.

A particularly useful feature of MS model is its ability to capture frequent changes in times series data that may come as a result of external shocks, government policy, political instability as well as financial crisis, which are common for emerging market economies. The use of the MS model is justified based on the changes related to policies in the stock market of emerging countries, as well as other major domestic and international events. This assumption is modified by implementing a regime-switching model that allows for shifts in drift term as well as for changes in mean and variance.

The dynamic system of oil-stock nexus may lead to the conclusion that oil price shocks may have asymmetric significant impacts on stock returns. However, this result may be biased, if any variable which affects both oil prices and stock returns in the long-run is omitted. To avoid such a bias, we introduce two measurements of oil price shocks, the real of oil price increase and the real of oil price decrease as proposed by Mork (1989). Besides, decomposing this oil price shock helps to capture the asymmetric impact of oil price changes on the stock returns of emerging markets. Moreover, long-term interest rate (10 year interest rate) and Chicago Board of Options Exchange's (CBOE hereafter) S&P 500 market volatility index (VIX) chosen as the proxy for global volatility were included into the analyses to capture their impact, as proposed by (Kilian & Park, 2009) and (Nadal, Szklo, & Lucena, 2017b).

Considering the dramatic policy changes and the frequent financial crisis in emerging economies, this study attempts to provide further empirical evidence of the oil price-stock market returns nexus under the MS model. The rapid rise of the sample countries as emerging markets and the increasing importance of these economies offer an ideal environment to study the effects of oil price uncertainty on stock returns. The rest of the paper is structured as follows: Section 2 provides literature review,

followed by data description and methodology in section 3. Section 4 presents the empirical findings and section 5 summarizes and concludes.

2. Literature Review

Extant researches have taken a broad perspective to more detailed analysis of the relationship between oil price shocks and stock markets. Theoretically, oil price shocks can either affect stock prices directly by affecting future cash flows or indirectly by influencing the interest rate that is applied to discount future earnings (Kim, Chung, & Sundetova, 2016). Directly, oil is considered a significant input for most companies, and changes in oil prices are expected to cause changes in stock prices. For instance, rising oil prices increase the cost of doing business, decreasing the productivity of a particular firm, reducing expected future cash flows and profitability of the firm and, hence, stock returns (J. W. Park, 2007). Also, indirectly, rising oil prices may influence respected departments to raise inflation and nominal interest rates. This interest rate is used to discount expected future cash flows, which will depress anticipated future earnings of the firm and, hence reduce stock returns (Smyth & Narayan, 2018).

Several empirical studies have found that increases or decreases in oil prices have asymmetric effects on macroeconomic variables including stock returns. The empirical studies of in Hamilton (1983) and Mork (1989), are among the first and well known empirical studies that examine oil-stock nexus. In this section, we summarize some of the empirical studies on the oil-stock nexus.

Basher et al. (2018) investigate the asymmetric impact of oil-market shocks on stock returns of major oil-exporting countries only using a nonlinear approach. The findings indicate that global oil price shocks have a statistically asymmetric significant impact on stock returns for most of the major oil-exporting countries regardless of the directions of the oil shocks.

Tsai (2015) provides evidence that U.S. stock returns respond positively to the changes in oil prices during and after the financial crisis. The findings suggest that on firm-level analysis, increases and decreases of oil price changes have asymmetric effects on the US stock returns during and after the financial crisis.

Afees A Salisu and Isah (2017) re-evaluate the relationship between oil price and stock prices in oil-importing and oil-exporting markets using nonlinear ARDL model. The findings indicate that stock prices respond asymmetrically to oil price changes for both oil importing and oil exporting countries, although the response is stronger in the latter than the former.

Moreover, recent studies emphasize the need for analysing the impacts of oil price uncertainty on stock returns for emerging market economies. Considering the rapid development of stock markets in developing countries and increasing inter-connection of these stock markets with global economic activity make them even more significant to investigate the asymmetric oil-stock nexus.

Xiao et al. (2018) investigate the asymmetric impacts of oil price uncertainty on the aggregate and sectoral stock returns in China using a quantile regression model. The findings reveal that crude oil volatility index has significant adverse effects on the aggregate and sectoral stock returns in the bearish market only. In particular, these effects depend primarily on the positive shocks rather than on the negative shocks. Meanwhile, the policy reform which took place on March 27, 2013, decreased the impacts of the positive oil price shocks on Chinese stock returns.

Fatima and Bashir (2014) investigate the volatility of international oil prices and stock markets of emerging economies of China and Pakistan by employing Multivariate Co-integration Analysis along with a Vector Error Correction Model. A very low level of reaction of international oil prices fluctuations on the stock market returns is observed.

Raza et al. (2016) examine the asymmetric impact of gold prices, oil prices and their associated volatilities on stock markets of emerging economies using nonlinear ARDL model for the period January 2008 - June 2015. The results show that oil price shocks have a negative impact on stock markets of all emerging economies under the study. Furthermore, oil price volatilities have an adverse effect on stock markets of all emerging economies in both the short and the long-run.

Tursoy and Faisal (2018) investigate the impacts of gold prices and crude oil prices on Turkish stock market returns by applying monthly data for the period between January 1986 and November 2016, using the autoregressive distributed lag (ARDL) model. The findings reveal that both short-run and long-run results confirm a positive relationship between crude oil and stock prices.

Caporale, Menla Ali, and Spagnolo (2015) employ the bivariate VAR-GARCH model to examine oil price uncertainty and ten sectoral stock returns in China. They find that oil price uncertainty affects sectoral stock returns positively during periods with aggregate demand-side shocks in all cases, except for the Consumer Services, the Financials and Oil and Gas sectors. The Financials and Oil and Gas sectors are found to respond negatively during periods of supply-side shocks.

Recently, few studies use Markov switching frameworks to analyse the impact of real oil prices on stock market returns. Juan C Reboredo (2010) employed Markov-switching models to investigate whether oil price shocks have nonlinear effects on international stock returns. The results indicate that in one state of the economy, an increase in oil prices has a significant negative effect on international stock prices, while this effect is significantly positive in another state of the economy.

H. Zhu et al. (2017) examine the asymmetric effects of oil price shocks on stock returns of developed and emerging markets using a Markov-switching model with two states. The results indicate that oil supply and demand shocks have a statistically high significant impact in a high volatility regime than in a low volatility regime. They conclude that a positive aggregate demand shock significantly increases stock returns, while a positive specific demand shock decreases stock returns of the countries analysed under the study.

Aimer (2016) employ BEKK-GARCH, DCC_GARCH models to investigate the volatility spillovers and conditional correlations between stock index returns of Middle East countries and global crude oil from March 2000 to March 2015. In their study, the ARCH coefficient parameter is only significant for Turkey, suggesting that oil shocks affect the stock index volatility of Turkey significantly. Moreover, there is strong evidence of substantial transmission of the volatility of the oil market to stock indexes of Turkey. The increase in volatilities of Turkey stock indexes is related to social and political instability.

Boubaker and Raza (2017) investigate the spillover effects of volatility and shocks between oil prices and the BRICS stock markets using the multivariate approach and wavelet analysis. The results show that oil price and stock market prices are directly affected by their volatilities and news as well as indirectly affected by the volatilities of other prices.

Fang and You (2014) examine the dynamic interactions between oil price and stock returns using an SVAR approach for emerging countries of China, India and Russia for the monthly data set from January 2001 till May 2012. The results indicate that the impact of oil price shocks on these countries' stock prices has been mixed.

Ahmad and Sharma (2018) examine whether output gap along with the US economic uncertainty can explain the variations in stock market returns of G7 and the emerging market of Brazil, India, and South Africa. US economic policy uncertainty has negative and significant impacts on these stock markets. Also, the researchers indicate that the effects of the global output gap are relatively stronger compared to the country-specific output gap on stock market returns. The results show that for emerging markets

stock returns variations, global output gap along with economic policy uncertainty has a more significant influence than other factors.

Dakhlaoui and Aloui (2016) analysed the dynamics of volatility spillovers between the US economic policy uncertainty and stock market indices of Brazil, Russia, India and China (BRIC). The results indicate that although the spillover means return between US uncertainty and the stock indices of BRIC countries is negative, the volatility spillover is found to swing between negative and positive values. Besides, the correlation is found to be highly volatile during periods of global economic instability. Thus, it is highly risky for investors to invest in the US and BRIC stock markets simultaneously.

3. Data and Methodology

The data of this study consists of monthly secondary data of nine emerging markets indices: IBOVESPA index (Brazil), SSE Composite Index (China), IPSA index (Chile), ASE index (Jordan), BSE Sensex Index (India), BMV index (Mexico), JSE index (South Africa), TWSE index (Taiwan), BIST 100 index (Turkey). Brent Crude oil spot price, Chicago Board of Options Exchange's (CBOE) S&P 500 market volatility index as a proxy for Global volatility condition shocks and 10-year long-term interest rates for each country were also employed from January 1997 to April 2017. The sample countries of this study are based on the survey conducted by the International Monetary Fund (IMF) on Global financial stability report of October 2017². The study concerns the financial conditions indicators on risk to Growth, which indicates that an increase in the financial conditions indicators corresponds to the tighter financial condition, such as higher spreads and global volatility, the uncertainty of asset prices and interest rate volatility, which makes emerging countries more vulnerable. Therefore, we extend this study by including more emerging countries which are sensitive to the indicators as mentioned above by the IMF.

Monthly data are employed in the study because they are contaminated by less noise and can, therefore, better capture the interactions between variables under the study. Also, monthly data have smaller biases due to the nonsynchronous trading of some individual stocks. We utilized real returns by deflating them using CPI of their respective country. Also, we deflated Brent Crude Oil spot price and the global volatility index using CPI of United State of America. Then, the data were transformed into

² International Monetary Fund. Global Financial Stability Report October 2017: Is Growth at Risk. Available from <https://www.imf.org/en/Publications/GFSR/Issues/2017/09/27/global-financial-stability-report-october-2017>

natural logarithm to test oil price shocks on stock returns index for each of these markets by using monthly return frequencies logarithm formula; $Return_t = \ln[P_t - P_{t-1}]/P_{t-1} * 100$. Stock price index returns of each country, Brent Crude oil price and Global market volatility index have been collected from Thomson Reuters official website, while ten years long-term government interest rates of each state and CPI index of each country have been obtained from Federal Reserve Economic Data (FRED).

The Brent Crude oil price, one of the most widely recognised international benchmarks for crude oil prices, is regarded as the global oil price. It is worth pointing out that we abandon country-specific oil prices and use the global oil price in our study. This is because the worldwide oil price can better capture the impact of the oil price shocks on the stock markets than country-specific prices, which reflect the offsetting movements in exchange rates J. Park and Ratti (2008).

To control the effects of local and international macroeconomic factors that are known to affect stock returns of emerging economies, we use long-term interest rates of each country and the Global market volatility index (CBO VIX). The long-term interest rates that are used in this study are the rates of 10-year government bonds. These data are also utilized by other studies such as Nadal et al. (2017b) and Ghosh and Kanjilal (2016). Long-term interest rates incorporate market expectations about prospects for the economy and can be used as a proxy for the cost of borrowing funds. Accordingly, long-term interest rates presumably will have a critical influence on investment decisions and profitability of firms and hence, on their stock market performance. Chicago Board of Options Exchange's S&P 500 market volatility index (VIX) was chosen as the proxy for global volatility and included as a control variable. VIX has widely used a measure of market risk, often referred to as the "investor fear gauge." Analysing these "non-physical" market conditions, such as expectations about the global financial and economic indicators, may highlight the evidence of the empirical variations in stock returns. The evidence of such tri-dimensional interaction was investigated by Kilian and Park (2009).

After the first log difference of our variables we ensured the series are stationary. Then, we employed times series regression and MS modelling. To account for the asymmetric impacts of oil price shocks, we introduced two different measures of oil price shocks. The first is the real oil price increases and the second is the real oil price decreases as proposed by Mork (1989). The reason for this nonlinear measure is facilitated by the assumption that oil price changes have an asymmetric impact on the stock returns of emerging markets. The asymmetric measure proposed by Mork (1989) is based on the observation that the relationship between oil prices and the macroeconomy presented in Hamilton (1983) pertains to a period

of oil price increases and he did not take into account the massive oil price declines of 1985–1986. Mork (1989) notes ‘... *all the large oil price movements were upward, and thus it left unanswered the question of whether the correlation persists in periods of price decline*’. He puts more attention to the possibility of asymmetric responses to oil price increases and decreases. Therefore, Mork (1989) assumes that the impact of oil price changes on the macroeconomy including stock markets is asymmetric and suggests two measures.

The measure for price increases is given by

$$CRO_t^+ = \max(CRO_t^{real}, 0) \quad (1)$$

While for oil price decreases, given by

$$CRO_t^- = \min(CRO_t^{real}, 0) \quad (2)$$

Where CRO_t^{real} denotes the real oil price changes using the CPI index of the U.S.A as quoted above, CRO_t^+ and CRO_t^- are the increases and decreases of the real oil price changes, respectively.

To capture the possible asymmetric responses of stock market returns to oil price shocks, we attempt to employ Markov-Switching (MS) model, which is commonly used by Hamilton (1989), Engel and Hamilton (1990), Abel (1992), Engel (1994), among many others, and have seen some success in capturing the nonlinearity and regime shifts of the underlying time series, and shown some superiority in analysis. We assume that two regimes (low and high volatility regime) are sufficiently describing the dynamic interactions between the oil and stock prices.

Furthermore, when data are modelled with the Markov switching time series framework, the parameters of the model depend on a stochastic and unobservable state variable that represents the different phases of the economy (Baycan, 2013). These regimes are driven by an unobservable stochastic state variable where some or all of the model parameters may take different values concerning the regime prevailing at a given point in time. Our model is extended to test whether Brent crude oil prices affect the stock returns of emerging stock markets. Several studies successfully use MS models to investigate oil price shocks and stock return, such as Juan C Reboredo (2010), and (Chen, 2010). Following these empirical studies, we consider the MS model, which, with its rich structure, can accommodate the dynamic impacts of crude oil uncertainty on stock returns.

Our estimations follow the original model constructed by Hamilton (1989) where only the intercept switches between regimes. We extend this model by allowing the intercept term, slope coefficient and variance of the error term to be regime-dependent as applied by Juan C Reboredo (2010). The extension of Eq. (4) is shown as:

$$y_{i,t} = \mu_{0,i,S_t} + \beta_{1,i,S_t} CRO_{i,t}^+ + \beta_{2,i,S_t} CRO_{i,t}^- + \beta_{3,i,S_t} IR_{i,t} + \beta_{4,i,S_t} VIX_{i,t} + \beta_{5,i,S_t} y_{i,t-1} + \varepsilon_{i,t,S_t} \quad (3)$$

With $\varepsilon_t \sim ND(0, \sigma_{S_t}^2)$

While

$$\mu_{S_t} = \mu_0 S_{0t} + \dots + \mu_k S_{kt} \quad (4)$$

$$\sigma_0^2 S_{0t} + \dots + \sigma_k^2 S_{kt} \quad (5)$$

Where $S_t = 0, 1, \dots, k$ denotes the unobserved state indicator following a first-order Markov-process, which implies that the current regime depends only on the regime prevailing one period ago. Interpretation of the model depends on the value of k .

Terms μ_{S_t} and $\sigma_{S_t}^2$ are, respectively, the state dependent mean or intercept and variance in stock returns. Therefore, our MS model distinguishes between different market states by allowing for different levels of market volatility.

The description of Markov trend dynamics becomes complete after defining a probability rule for the transition between different states. As per the literature, we assume that the unobserved state variable, more precisely S_t , follows two states Markov-process with transition probability matrix given by:

$$P = \begin{bmatrix} P_{00} & P_{01} & P_{0k} \\ P_{10} & P_{11} & P_{1k} \\ \dots & \dots & \dots \\ P_{0k} & P_{1k} & P_{kk} \end{bmatrix} \quad (6)$$

Where $P[S_t = j/S_{t-1} = i] = p_{ij}; i, j = 0, 1, \dots, k$ denotes the probability that the process is in state j at time t given that it had been in state i the previous period, and by the rule of probability; $\sum_{j=1}^k p_{ij} = 0$ where $i = 0, 1, \dots, k$ and $0 \leq p_{ij} \leq 1$. The transition probabilities are supposed to be constant over time as in the original Hamilton model.

Besides, the most relevant question when dealing with Markov Switching model is how long, on average, the regime will last. Markov switching model answers this question by considering the expected duration for each regime state under the study. Let D_j denote the duration of state j whereby D_j follows a geometric distribution. The expected duration for regime j is given by;

$$E(D_j) = \frac{1}{1 - p_{jj}} \quad (7)$$

Overall, the MS model specified in Equations (5) allows us to gain insight into the effects of oil shocks on stock returns of emerging markets.

The model not only accounts for direct effects of crude oil uncertainty but also provides insight into the impact of the local and global macroeconomic conditions on the stock returns as well as on the transitions between different market regimes.

Two critical issues arise from the recent empirical literature regarding the stock market returns-oil price relationship. First, is the relationship between stock market returns and oil price changes linear or nonlinear? Second, how does one decide which test should be used? The starting point is to test for the presence of non-linearity in the data. As stated by Aloui and Jammazi (2009), we should note that the selection of the regime switching process is difficult because the identification of the nonlinearity in MS models cannot be recognised by the regular likelihood ratio, Wald test or Lagrange multiplier tests since their asymptotic distributions are non-standard. To answer the above two questions, we have used the likelihood ratio test (LR) suggested by Garcia and Perron (1996), which is approximately X_q^2 distributed with q restrictions plus the nuisance parameters that are not identified under the null hypothesis. Thus, we test the null hypothesis of no regime switching in stock market returns represented by Equation (4) against an alternative specification Equation (5) which involves regime switching in the stock market returns. The LR test statistics is defined as $LR = 2\{MS_{Eq.(5)} - Linear Reg_{Eq.(4)}\}$ and the critical value is based on the p-values of Davies (1987).

The second step is how to determine the number of regimes required by each country model and assess the quality of the M.S fitted model. Unfortunately, direct and simple criteria statistics cannot be applied. Our strategy follows Balcilar et al. (2013) and Baele (2005) who suggest selecting the number of regimes using likelihood ratio test suggested by Garcia and Perron (1996) and Regime Classification Measure (RCM) proposed by Ang and Bekaert (2002) respectively. A well-fitting M.S model is the one that shows a sharp classification of regimes and has smoothed probabilities. We use the regime classification measure (RCM) of Ang and Bekaert (2002) to identify the accuracy of the regime M.S model:

The RCM is given for $K > 0$ states by the following:

$$RCM(K) = 100 * \left(1 - \frac{K}{K-1} \frac{1}{T} \sum_{t=1}^T \sum_{h=1}^K \left\{ p_{i,t} - \frac{1}{K} \right\}^2 \right) \quad (8)$$

Where $p_{i,t} = Pr[S_t = i / I_T]$ is the probability of being in regime i at time t . The RCM measure range between 0 (perfect regime classification) and 100 (failure to detect any regime classification).

Once the MS model with a correct specific regimes number is obtained for each country, the last important aspects to consider are the below

mentioned criteria: model fit based on the residual diagnostic test, value of the log-likelihood function, values of the estimated coefficients in different regimes and the relationship between the macroeconomic factors and the probability of the regime-switching behaviour. Thus, we make a comparison of the selected models based on these criteria.

4. Empirical Findings

The first step in our empirical analysis is verifying whether stock returns of emerging markets display regime-switching properties. For this purpose, we test the null hypothesis of no regime switching against the alternative of a regime-switching MS model. Table 1 presents the results of the likelihood ratio (LR) test statistics proposed by Garcia and Perron (1996) for testing non-linearity. These findings reject the null hypothesis of no regime shifts for the emerging stock markets, which means that the nonlinear MS model better explains the behaviour of these markets.

Table 1. Likelihood Ratio Test: Linear versus MS Specifications

Country	Linear Regression	MS	LR
Brazil	263.97	283.21	38.48*** (0.000)
China	273.49	302.57	58.16*** (0.000)
Chile	393.81	418.58	49.54*** (0.000)
Jordan	390.71	428.13	74.84*** (0.000)
India	283.13	318.81	71.36*** (0.000)
Mexico	329.42	376.85	94.86*** (0.000)
South Africa	351.82	377.55	51.46*** (0.000)
Taiwan	304.44	333.02	57.16*** (0.000)
Turkey	177.16	217.63	80.94*** (0.000)

The LR test is nonstandard test since there are unidentified parameters under the null. The p-values of Davies (1987) test are given in square brackets. The asterisks ***, ** and * represent significance at the 1%, 5%, and 10% levels, respectively.

The linear regression model is estimated for each emerging economy's stock market returns, and the results in Table 2 can be analysed as the baseline results capturing the dynamic effect of oil price shocks and other control factors to emerging market stock returns in the absence of any regime switching impacts. The estimated results of oil price shocks in Table 2 indicate that only Taiwan and India stock markets returns respond to both positive and negative oil price shocks while other markets do not have any statistically significant response to both positive and negative oil price shocks. Overall, only two markets (India and Taiwan) out of nine markets under this study exhibit effects of oil price shocks on stock returns, while the remaining sample countries have no sign of response to oil price

shocks. Therefore, it can be suggested that the relationship between stock markets returns of emerging markets and Brent crude oil price uncertainty is asymmetric (non-linear).

Table 2. Estimated Coefficients of the Linear Regression Time-Series Model

Country	$\mu_{i,t}$	$CRO_{i,t}^+$	$CRO_{i,t}^-$	$IR_{i,t}$	$VIX_{i,t}$	$y_{i,t-1}$
Brazil	-0.084** (0.033)	-0.013 (0.012)	-0.008 (0.014)	0.525** * (0.079)	0.042** (0.016)	-0.070 (0.060)
China	-0.147* (0.084)	-0.017 (0.012)	-0.012 (0.014)	-0.025 (0.026)	0.043** (0.016)	0.079 (0.064)
Chile	-0.046** (0.019)	-0.012 (0.007)	-0.012 (0.008)	0.014 (0.015)	0.022** (0.009)	0.004 (0.065)
Jordan	-0.054** (0.019)	-0.014 (0.017)	-0.012 (0.008)	0.248** (0.097)	0.029** (0.009)	0.166** (0.062)
India	-0.124** (0.031)	0.025* * (0.012)	-0.024* (0.013)	-0.092 (0.110)	0.063** (0.015)	0.038 (0.064)
Mexico	0.118*** (0.026)	-0.015 (0.009)	-0.012 (0.011)	0.307** (0.065)	0.060** (0.012)	-0.134** (0.064)
S. Africa	-0.081** (0.023)	-0.005 (0.008)	-0.001 (0.010)	0.207** (0.110)	0.046** (0.011)	-0.053 (0.065)
Taiwan	-0.086** (0.029)	0.026* * (0.010)	0.028* * (0.012)	0.112* (0.067)	0.039** (0.014)	0.024 (0.066)
Turkey	-0.126** (0.048)	-0.013 (0.018)	-0.011 (0.021)	-0.166 (0.154)	0.060** (0.023)	-0.001 (0.063)

The standard errors are reported in parentheses. ***, ** and * denotes coefficients significant at the 1%, 5%, and 10% levels, respectively.

Previous studies, among others, Chkili and Nguyen (2011) and Chkili and Nguyen (2014), find similar results for Brazil, China, South Africa, India, Turkey and other emerging markets. From a theoretical point of view, this behaviour is likely to be observed in these markets. Structural economic reforms (e.g. stock market liberalisation) and occurrence of financial crises at both regional level (e.g. 2001-2002 banking crisis in Turkey) and global scale (e.g. 2007-2008 financial crises) may lead to regime shifts in emerging markets. Therefore, an MS model seems to be suitable for analysing the impact of crude oil price uncertainty on emerging markets' stock returns under the effects of regime shifts. Since nuisance parameters are unidentified under the null hypothesis, the standard asymptotic distribution theory cannot be applied as explained above in our methodology. Hence, we used the likelihood ratio test (LR) proposed by Garcia and Perron (1996) and regime classification measures proposed by Baele (2005) to choose the number of regimes for each country. We first start with a three-regime model. The results show that the Markov switching model with the three-regime specification is not suitable and it seems that a Markov switching model with two-regime specification captures the dynamic impact of crude oil price shocks on stock market returns of the sample countries better than the three-regime specification. The two regimes stand for a low-volatility regime and a high-volatility regime. Therefore, we applied a Markov switching model with two regimes.

Table 3. Estimated coefficients of Markov Regime-Switching Time-Series Model

Country	State	Sigma	Transition Probabilities		Duration	RCM	LR
Brazil	S_0	0.013***	0.592	0.407	2.453	7.765	38.48
			0.187	0.812			[0.000]
	S_1	0.084***			5.328		
China	S_0	0.054***	0.975	0.024	41.204	3.819	58.16
			0.056	0.943			[0.000]
	S_1	0.100***			17.694		
Chile	S_0	0.035***	0.971	0.028	34.657	6.179	49.54
			0.107	0.892			[0.000]
	S_1	0.066***			9.300		
Jordan	S_0	0.025***	0.965	0.034	28.628	5.276	74.84
			0.048	0.951			[0.000]
	S_1	0.063***			20.527		

India	S_0	0.039***	0.980	0.019	51.321	2.744	71.36
			0.022	0.977			[0.000]
	S_1	0.086***			44.836		
Mexico	S_0	0.035***	0.987	0.012	78.831	2.641	94.86
			0.024	0.975			[0.000]
	S_1	0.085***			40.154		
S. Africa	S_0	0.038***	0.980	0.019	50.720	5.228	51.46
			0.028	0.971			[0.000]
	S_1	0.068***			35.590		
Taiwan	S_0	0.037***	0.983	0.016	59.765	1.814	57.16
			0.011	0.988			[0.000]
	S_1	0.082***			84.334		
Turkey	S_0	0.066***	0.982	0.017	56.879	3.443	80.94
			0.033	0.966			[0.000]
	S_1	0.160***			30.170		

Notes: LR statistics is test calculated as $2\{MS_{Eq(5)} - Linear_{Eq(4)}\}$. LR test represents the null hypothesis of no regime shift. The p-values of Davies (1987) test are given in parenthesis. The asterisks ***, ** and * represent significance at 1%, 5%, and 10% levels, respectively.

The findings show that the standard deviations for all emerging markets are positive and statistically significant, while their values indicate the existence of two different regimes. The first regime, referred to as regime 0, is characterised by a low volatility value and the second regime, referred to as regime 1, is characterised by a high volatility value. Generally, a low-volatility regime is regarded as a non-crises period, while a high-volatility regime is considered to be a crisis or a volatile period.

For all emerging markets, the high volatility regime (regime 1) is almost two times as volatile as the low volatility regime (regime 0). Among the emerging stock markets, Turkey, China, India and Mexico have the highest volatility in both the low and high volatility regimes. e.g. with a 16.0 per cent volatility estimate for regime 1 compared to 6.6 per cent volatility estimate for regime 0 for Turkey.

The average estimated regime durations indicate that regime 0 (low volatility regime) is more persistent with the longer average regime durations across countries except Brazil and Taiwan. In addition, the magnitude of the probabilities (p_{00} and p_{11}) indicates that regime 0 is more persistent than regime 1 across sample countries except for Brazil and Taiwan. The probability of being in regime 0 is higher than the probability of being in regime 1, except for two countries, which means that the effects of oil price shocks on emerging stock markets returns tend to stay longer in regime 0 than regime 1. The results show that spikes in

probabilities of regime 1 of the emerging stock markets are highly related to the financial crisis periods. The RCM values are in line with plots of the smoothed probabilities of being in a low-volatility regime and a high volatility regime.

According to the literature, oil price increases have a more significant effect on the economy and the stock market than oil prices decreases do. The asymmetric measure proposed by Mork (1989) is based on the observation that the relationship between oil prices and the macroeconomy presented in Hamilton (1983) pertains to a period of oil price increases and he did not take into account the massive oil price declines of 1985–1986. In particular, one issue which draws our attention is that the pattern of crude oil price fluctuations has changed dramatically since the mid-1980. Since then, the oil market still experiences tremendous price changes, changing from around \$150 per barrel in 2008 to around \$30 per barrel in January 2016. The average magnitude of oil price decreases relatively differs from the oil price increases. Therefore, to examine the asymmetric impact of crude oil price changes on emerging stock market returns is our focus.

We estimated the MS model with two regimes by splitting real crude oil price changes into oil price increases and oil price decreases as proposed by Mork (1989), and the results obtained are displayed in show the estimated coefficients of the Markov regime-switching model for each country.

Table 4. Estimated coefficients of Markov Regime-Switching Time-Series Model (following Mork)

Country	State	$\mu_{i,t}$	$CRO_{i,t}^+$	$CRO_{i,t}^-$	$IR_{i,t}$	$VIX_{i,t}$	$y_{i,t-1}$
Brazil	S_0	0.100**	-	-	-	-	-
		*	0.048**	-0.005	0.684***	0.061***	0.138**
		(0.019)	(0.014)	(0.007)	(0.049)	(0.009)	(0.022)
	S_1	-0.074	-0.018	-0.013	0.657***	-0.044*	-0.094
		(0.048)	(0.017)	(0.018)	(0.109)	(0.022)	(0.080)
China	S_0	-0.080	-0.002	-0.002	-0.004	-0.036**	-0.047
			(0.081)	(0.012)	(0.014)	(0.025)	(0.016)
	S_1	1.054**	0.102**	-0.029	-0.403**	-0.083**	-0.051
		(0.276)	(0.031)	(0.033)	(0.103)	(0.036)	(0.123)
Chile	S_0	-0.033	-0.014*	-0.012	0.006	-0.021	0.102
			(0.031)	(0.008)	(0.008)	(0.013)	(0.015)
	S_1	0.303**	0.089**	0.118**	-0.052	-0.103**	-0.282*
		-	-	-	-	-	-

		(0.106)	(0.039)	(0.051)	(0.049)	(0.042)	(0.152)
Jordan	S_0	-0.026 (0.019)	-0.009* (0.005)	-0.010 (0.006)	0.017 (0.072)	-0.010 (0.011)	0.023 (0.098)
	S_1	0.107** (0.050)	-0.043* (0.022)	-0.049* (0.028)	-0.590** (0.201)	-0.028 (0.029)	0.157* (0.093)
India	S_0	0.302** (0.045)	-0.010 (0.011)	-0.012 (0.011)	-0.659** (0.117)	0.142*** (0.020)	-0.144* (0.084)
	S_1	0.256** (0.068)	0.108** (0.026)	0.132** (0.033)	-0.078 (0.158)	-0.094** (0.030)	-0.016 (0.086)
Mexico	S_0	-0.041 (0.027)	-0.012 (0.007)	-0.006 (0.008)	-0.161** (0.056)	-0.039** (0.016)	-0.116 (0.086)
	S_1	0.344** (0.100)	0.075** (0.031)	0.093** (0.038)	-0.387** (0.133)	-0.145** (0.044)	0.248** (0.112)
S. Africa	S_0	0.027 (0.036)	0.002 (0.008)	0.009 (0.008)	-0.117 (0.117)	-0.109 (0.014)	0.302** (0.088)
	S_1	0.286** (0.073)	0.061** (0.023)	0.073** (0.028)	-0.310 (0.195)	-0.124** (0.033)	-0.040 (0.105)
Taiwan	S_0	0.187** (0.075)	-0.002 (0.012)	0.001 (0.012)	-0.058 (0.070)	-0.074** (0.026)	-0.077 (0.111)
	S_1	0.226** (0.063)	0.099** (0.023)	0.122** (0.029)	0.169* (0.100)	-0.081** (0.029)	-0.092 (0.085)
Turkey	S_0	-0.020 (0.055)	-0.003 (0.014)	-0.001 (0.016)	0.023 (0.108)	-0.023 (0.022)	-0.144 (0.089)
	S_1	0.454** (0.183)	0.085** (0.012)	-0.109 (0.070)	-0.787 (0.502)	-0.178** (0.079)	-0.026 (0.010)

The standard errors are reported in parentheses. ***, ** and * denotes coefficients significant at the 1%, 5%, and 10% levels, respectively.

The findings indicate that stock returns of emerging markets respond asymmetrically to oil price changes. Oil price increases tend to have a stronger impact on most countries than real oil prices decreases do. Sadorsky (1999) found that oil price increases have more significant effects on stock returns than oil price decreases. In summary, for oil-exporting markets, oil price increases seem to have a more significant impact on stock market returns than an oil price decreases, regardless of the regimes and markets in general.

However, in oil-importing markets, there are mixed asymmetric response impacts. In some oil-importing countries such as China and Turkey in high volatility regime, oil price increases seem to have a more significant impact than oil price decreases. On the other hand, in some oil-importing countries such as India, Chile, and South Africa, in a high volatility regime, oil price decreases seem to have a more significant impact than oil price increases. However, the impact of an oil price increase is a little more dominant. Afees A Salisu and Isah (2017) re-evaluate the relationship between oil price and stock prices in oil-importing and oil-exporting markets. They conclude that the stock returns respond asymmetrically to oil price changes for both oil-importing and oil-exporting countries.

The asymmetric impacts of oil shocks on stock returns are in line with the literature for oil-exporting markets. For oil-exporting countries, both increases and decreases of real crude oil prices have statistically significant and negative impacts on stock returns in the high volatility regimes for Mexico, whereas only increases of real oil prices have a negative effect in the low volatility regime for Brazil. For oil-exporting markets, the real oil price increases have a more significant impact on stock market returns than an oil price decrease in general. On the other hand, for most oil-importing countries, our findings show that both increases and decreases of real crude oil prices have a null or minimal impact on emerging stock returns in the low volatility regime and a statistically significant negative impact on emerging stock returns in the high-volatility regime.

The evidence of these different impacts of the increases and decreases in real crude oil prices on emerging market stock returns are driven by their currency market situation, level of economic activities, interest rates, political situation as well as inflation rates. However, these results may differ once we observe the effect at the disaggregate level (at industry or firm level) for each stock market, because different firms or sectors may react differently to oil price changes. Obviously, stock market returns of emerging markets respond asymmetrically to real oil price changes and the results in volatility regimes are heterogeneous. These findings may motivate further research to use Markov-switching models to investigate the impacts of real oil price shocks on stock returns.

5. Summary and Conclusions

In this study, a systematic analysis of the impact of crude oil price shocks on the stock market returns of the diverse group of nine emerging markets of Brazil, China, Chile, Jordan, India, Mexico, South Africa, Taiwan and Turkey are presented. This study adopts a Markov Switching model with shifting mean, slope coefficient and variance to investigate the

relationships between crude oil prices and stock market returns using monthly data from the period of January 1997 to April 2017.

The Markov-Switching model detects two regimes, where the two regimes correspond to low volatility and high volatility regimes. Crude oil price shocks seem to have a significant impact on the emerging stock market returns. However, under linear regression models, only two markets (India and Taiwan) out of nine markets exhibited effects of oil price shocks on stock returns. Therefore, from those results, we decided to employ a non-linear framework. Under the MS model, the impact of oil price shocks on the emerging stock market returns varies between regimes as well as between oil-exporting and oil-importing countries.

The findings indicate that, for oil-exporting countries, both increases and decreases of real crude oil prices have statistically significant and negative impacts on stock returns in the high volatility regimes for Mexico, whereas only increases of real oil prices have a negative effect in the low volatility regime for Brazil. On the other hand, for most oil-importing countries, our findings show that both increases and decreases of real crude oil prices have a null or minimal impact on emerging stock returns in the low volatility regime and a statistically significant negative impact on emerging stock returns in the high-volatility regime.

The implications of these findings are useful for the policy makers, investors as well as for the portfolio managers. They can use the findings of this study to formulate the optimal oil-emerging stock markets portfolios in developing their hedging strategies. Our analysis provides interesting implications regarding how oil prices and emerging stock markets respond to each other during either low or high volatility regimes. The results support a portfolio allocation policy that is regime-dependent.

The results suggest that when the oil prices are increasing, investing in the stock markets of India, Mexico, South Africa, China, Taiwan and Turkey during the low volatility regime and Brazil during the high volatility regime may help the investors improve expected return. When oil prices are decreasing, the results suggest that investing in the stock markets of the most of the emerging markets during low volatility regime may help the investors improve expected returns, since the decreasing oil prices do not have any significant effects on the emerging stock markets when these markets are in low volatility period.

According to our findings, during either low or high volatility regimes, both increases and decreases of crude oil prices have a significant adverse impact on the emerging stock markets. It can be suggested that the governments of emerging countries may attempt to reduce the dependence on crude oil and may establish stable oil reserves to help protect themselves from the risk of the global oil price shocks. Governments and companies

may consider oil-saving measures such as promoting energy conservation policies, improving energy efficiencies and use of alternative energy sources.

The findings suggest that apart from oil prices shocks, policy makers and investors should also be aware of the other macroeconomic shocks that may influence the stock markets of emerging countries. This finding highlight that the long-term interest rate and global volatility shocks are also influential and may be incorporated in investment and hedging decisions. Therefore, it is critical for them to adopt an integrated investment and risk management approach subject to country-specific circumstances as well as international circumstances. The findings of this study offer several areas for future research. Future work may examine the effects of asymmetric oil price shocks on stock returns at the industry level using Markov-Switching models. The analysis may also be extended by employing other macroeconomic variables as control variables.

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CHAPTER IX

THE INTERNET OF THINGS IN DIJITAL MARKETING

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1. Introduction

Today's increasing use of technology is driving consumers' expectations, usage habits and trends. Because smart objects with the ability to communicate with each other through the global Internet network, make the lifestyle of consumers technology-based and eliminate the spatial boundaries.

Internet of Things applications was a technology that emerged at the end of the 20th century as a result of technological developments. The Internet of Things (IoT) provides the basis for connecting sensors and other smart technologies, enabling communication from objects to objects, from people to objects, and from people to the environment. IoT can achieve the targets set by the detection, identification, networking and data processing features, allowing objects to communicate with each other and other devices over the Internet.

Due to these technological advances, consumers are able to remotely control other technology equipment through their interaction with smart objects. People can be able to track and manage objects around the world through IoT. That opens up a unique experience for consumers who can control their smart objects around their Internet network. As a result, Iot has become an important item on the agenda in many industries, and since it has the potential to alter existing industry structures and operational processes, it is considered a key building block of industry 4.0. It is seen that IoT technologies find a wide application area in daily life. Although the areas of the application vary, they are spreading to different and new areas every day. From this broad perspective, it is possible to state that IoT will affect the behavior of consumers in their daily lives (Gao & Bai, 2014). IoT is used in many different areas such as health, environment, transportation, marketing, logistics, urbanization.

What makes IoT important is that different objects and devices can communicate with each other, analyze and deliver to people data that can be used for a range of purposes, and do it all themselves, including machine learning, powered by artificial intelligence. That's why the concept of data

plays a very important role in IoT. Beyond creating a paradigm shift in marketing soon, IoT will be seen as an enormous ecosystem that makes connections between everything, everyone, anywhere and anytime. Marketing campaigns will no longer be shaped by unclear hypotheses and predictions but by valid data, predictable behaviors and known habits. That means that the company will get rid of ineffective and expensive promotion activities (Öz & Aslan, 2019).

In the near future, IoT is expected to be the pioneer of great changes that will be at the center of people's lives, and it will affect both consumers and consumer expectations, as well as businesses and businesses' marketing activities deeply. Therefore, one can say that marketing communications will be fundamentally changed with IoT. It enables marketing communication elements to conduct personalized, real-time marketing in integration with each other and digital marketing tools including social media. With instant and detailed data from smart devices, businesses can conduct effective marketing research and develop marketing strategies accordingly. IoT has the potential to become a technology that can improve all elements of marketing. Furthermore, its technical skills will enable marketers to develop and execute marketing initiatives in wholly novel ways. Consumer behavior can be predicted by the corporation and its marketing team. The techniques of offering and purchasing a product are changing. In this process, the race for consumer loyalty and competitiveness reaches a fever pitch. Consumers will no longer be satisfied with merely offering items and services. Instead, they will favor offers that provide some extra benefits. IoT technologies enable marketers to understand consumer needs, wants, and demands. All of these components of consumer requirements will be easier to discover because of the technical capabilities of IoT (Abashidze & Dabrowski, 2017). By accurately utilizing the internet of things, businesses will reach a much more efficient and innovative level in gathering information and processing the information.

2. The Internet of Things Concept

The market for the IoT is rapidly developing. IoT allows things to connect to the internet and creates a large interconnected system in which billions of objects can be sensed and communicated. IoT devices are physical entities that have not been connected to the internet before, but now have entered a stage where they can speak to each other. IoT is an extension that enables physical things to interact with people in new ways, and it enables people to have control and the ability to monitor from afar. These devices can now access data from other places and in that way benefit the user, even if the user is a special person, a business, or the government (Holler, 2014: 14).

The basic idea of IoT is “pervasive presence around us of a variety of things or objects – such as Radio-Frequency Identification (RFID) tags, sensors, actuators, mobile phones, etc. – which through unique addressing schemes, can interact with each other and cooperate with their neighbors to reach common goals.” (Atzori, Iera & Morabito, 2010). This offers IoT-based systems the capacity to track objects in real-time and from any location. Vermesan and others defined IoT as “a concept or paradigm that considers pervasive presence in the environment of variety of things/objects that through wireless or wired connections and unique addressing schemes, are able to interact with each other and cooperate with other things/objects to create new applications/service and reach common goals”. Below are a few additional selected definitions and illustrations:

Table 1: Definition of IoT

Source	Definition
IEEE	“... a system consisting of networks of sensors, actuators, and smart objects whose purpose is to interconnect “all” things, including everyday and industrial objects, in such a way as to make them intelligent, programmable, and more capable of interacting with humans and each other.” (IEEE, 2015)
Wikipedia	“... the network of physical devices, vehicles, home appliances, and other items embedded with electronics, software, sensors, actuators, and network connectivity which enable these objects to connect and exchange data. Each thing is uniquely identifiable through its embedded computing system but is able to inter-operate within the existing Internet infrastructure.” (Wikipedia, 2017)
Gartner	“IoT is a network of dedicated physical objects (things) that contain embedded technology to communicate and sense or interact with their internal states or the external environment. The connecting of assets, processes and personnel enables the capture of data and events from which a company can learn behavior and usage, react with preventive action, or augment or transform business processes.” (Hung, 2017)
ETSI	“Machine-to-Machine (M2M) communications is the communication between two or more

	entities that do not necessarily need any direct human intervention. M2M services intend to automate decision and communication processes.” (ETSI, 2014)
U.S. GAO	The IoT refers to the technologies and devices that sense information and communicate it to the Internet or other networks and, in some cases, act on that information. These “smart” devices are increasingly being used to communicate and process quantities and types of information that have never been captured before and respond automatically to improve industrial processes, public services, and the well-being of individual consumers. (U.S GAO, 2017)
Business Insider	“A network of internet-connected objects able to collect and exchange data using embedded sensors.” (Meola, 2016)
Investopia	“IoT refers to a network comprised of physical objects capable of gathering and sharing electronic information.” (Investopia, 2017)
McKinsey	“... sensors and actuators embedded in physical objects—from roadways to pacemakers—are linked through wired and wireless networks, often using the same Internet Protocol (IP) that connects the Internet. These networks churn out huge volumes of data that flow to computers for analysis. When objects can both sense the environment and communicate, they become tools for understanding complexity and responding to it swiftly. What’s revolutionary in all this is that these physical information systems are now beginning to be deployed, and some of them even work largely without human intervention.” (Chui, Löffler. & Roberts, 2010)

Source: Mozayani J.F. (2018). *Internet of Things: The Potential Influence of Enterprise Buyers on the Security of IoT* (Unpublished master’s thesis). School of Information and Communication Technology, Sweden.

The functioning of the IoT is primarily separated into three layers: the perceived layer, the network layer, and the application layer. These layers are as follows: (1) The perceived layer is the lowest layer. The perceived layer's major duty is to recognize objects and collect information from

diverse heterogeneous sensory signals; (2) The network layer is located in the intermediate layer. The network layer is primarily responsible for the transfer and processing of data gathered in the perception layer; (3) The top layer is the application layer. To develop an intelligent application system, this layer integrates social and real-world usage needs. The “Application Support Layer,” a sub-layer between the network layer and the application layer, is primarily responsible for providing various types of platforms to link various transmission networks and application SERVICES (Yu, 2011: 6314–6317).

3. Technologies Contributing to the Emergence of IoT Technology

Industrial revolutions have occurred in the past as a result of significant technological changes. To understand the emergence of the Internet of objects that are created with industry 4.0, looking at the evolution of this phenomenon will allow us to understand the factors behind this birth. It is possible to say that the industrial production evolution process has four stages:

- The First Industrial Revolution (Industry 1.0) upon the discovery of the power of steam in the world at the end of the 18th century and the use of this power in production, has started to replace many manual manned production functions with machines (Xu, Xu & Li, 2018).

- The Second Industrial Revolution (Industry 2.0) took place in the early 20th century, introducing large-scale mass production with the innovation in the use of electricity (Schwab, 2017: 16).

- The Third Industrial Revolution (Industry 3.0) has become automated manufacturing, with the development of communications and technology. During this period, with the development of the software industry, machines have also changed. In addition, the development of fields such as nuclear, bio-agriculture, telecommunications, laser, fiber optics, micro-electronics and computing has taken production to a whole different level (Redclift, 2005).

- The Fourth Industrial Revolution (Industry 4.0) is to replace human power and become able to manage production processes on its own. The new industrial revolution has emerged thanks to novel advances in the computers and Internet technologies of machines. (EBSO, 2015: 7).

With the end of the 20th century, we are witnessing the fourth industrial revolution, termed Industry 4.0, in which new information and communication technologies give rise to a new level of intelligent networks (Barreto, Amaral & Pereira, 2017). The terms Industry 4.0 and IoT have a strong relationship in academic and practical publications (Hermann, Pentek & Otto, 2016), and the terms are used interchangeably in some contexts (Jeschke, Brecher, Song & Rawat, 2017).

4. Historical Development of the IoT and Forecast of Its Future

There are several technologies that form the basis and contribute to the development of IoT, one of today's important information technologies. Historical development events of IoT include:

- In 1969, Arpanet was founded as the first package distribution network and pioneer of today's internet (Castells, 2016).

- In 1989, Hypertext Transfer Protocol (HTTP) was created by Tim Berners-Lee (Desjardins, 2018)

- A camera system built in late 1991 to track the coffee machine in the Cambridge University computer lab is considered the first example of IoT implementation (Khvoynitskaya, 2019).

- In 1998, Steve Mann invented and built the world's first smartwatch. It was featured on the cover of Linux Journal in 2000 and demonstrated at ISSCC 2000 (https://en.wikipedia.org/wiki/Wearable_computer#cite_note-32).

- In 1999, The term IoT was initially coined by Kevin Ashton, and RFID was used at that time to link the Internet and individual physical objects (Mejtoft, 2011)

- In the early 2000s, Walmart started to replace traditional barcodes with RFID-based EPC codes for better supply chain management (Chen, 2008)

- In 2002, Amazon web services and cloud computing started (Desjardins, 2018).

- In 2006, OPC Integrated Architecture has begun to enable secure communication between devices, data sources and applications (Desjardins, 2018).

- In 2008, an international IoT conference was held for the first time in Zurich (Çeltek et al., 2015: 3)

- As of 2010, sensors at low prices are used in almost everything.

- In 2011, Nest company created the world's first IoT thermostat driven by machine learning (Yang & Newman, 2013).

- Birth control chips were invented first in 2014, which can be activated or deactivated by remote control. The same year, a smart toothbrush was launched. In this brush, 3D sensors were able to transfer one's oral hygiene habits to the smartphone (Yüksel, 2016)

- Amazon delivered a parcel with drone for the first time in the year of 2016 (Öz & Arslan, 2019: 248).

A global IoT promise in the future is based on sound technical, vision and innovation. According to global estimates for the use of internet of things technology, it is predicted that there will be 64 billion smart objects worldwide by 2025, and an economic value of 14 trillion dollars will be formed (<https://techjury.net/stats-about/internet-of-things-statistics/#gref>).

5. Big Data and Cloud Computing

The IoT together with the fact that the objects are in constant communication means that a huge amount of data is generated every second. This has brought the concept of "Big Data" to a crucial point. Big Data is the size of data that companies nowadays have access to and can analyze, due to IoT devices that inherit connection and the ability to collect data, the amount of data has rapidly increased and therefore introduced the concept of Big Data. Most of the data that is collected is from industries devices that can detect errors and ensure safety and keep up productivity. The ability to collect data and analyze exists also exists in consumer-friendly devices. These devices use data for adapting, and learning how they can suit consumer's needs via users' data sharing (Holler et al. 2014: 26). According to the IDC report; by 2025, an average connected person anywhere in the world will interact with connected devices nearly 4,800 times per day, basically one interaction every 18 seconds. In addition, IDC forecasts that by 2025 the global datasphere will grow to 163 zettabytes that is a trillion gigabytes (Reital, Gantz & Rydning, 2017).

Cloud computing is an important concept that emerges at the intersection of Big Data and Industry 4.0. During the Industry 4.0 revolution, cloud computing comes into prominence in the processing, use and storage of large data emerging from the IoT. Cloud computing is the general name of Internet-based IT services providing resources that can be used and shared between users at any time (Paugeta & Dammak, 2019). Additionally, cloud computing has a data storage function, which can be achieved through larger computers. These features offered by cloud computing minimize the need for hardware and software investments made for computers (Banger, 2016). Using a big data analysis approach, data-driven risk assessment for industrial manufacturing systems can be presented with an integrated framework and real-time data. This is of great importance in terms of manufacturing optimization (Zheng et al., 2018:137). One of the most important aspects of cloud computing is the rapid deployment of the requested service. It also provides benefits such as data storage and data protection stored on the virtual network (Greengard, 2015).

6. Usage Areas and Examples of the IoT

The IoT has also enabled new innovative applications to be developed by increasing the ability of various connected devices. Thus, with the development of technology and the introduction of smart devices in every aspect of our lives, IoT will impact existing customers of many organizations and the patterns of consumption overall (Shin, 2017). While the concept, as Anton-Haro and Dohler (2015) put it, has provided unlimited flexibility and freedom in terms of practicality, today value-generating points have been reduced to certain areas through the application of this concept. Following, these technologies and their capabilities are presented.

6.1. The Relationship between the Healthcare Industry with the IoT

The interaction between technology and health care has existed for many years. Health technology is an area ripe for innovation. The use of the IoT in healthcare will make significant changes in terms of monitoring health data, monitoring health status and storing data. In recent years, the development and deployment of an intelligent healthcare system have become possible through IoT technologies (Ray, 2018: 302). Exploring IoT practices, technology companies and healthcare organizations test large data initiatives that can change the way patients and healthcare staff operate (Reh, Korenda & Cruse, 2016: 4-5).

6.2. The Relationship between the Environment and Urban Applications with the IoT

Today, the environment and city problems are being resolved through the tools of IoT technologies that can monitor real-time data and transform data into information and communicate with each other. A disaster management system using IoT technologies can contribute to the reduction of post-disaster impacts. With the use of IoT technologies, fast and accurate information about the disaster area and those affected by the disaster is obtained. Thus, rescue personnel, equipment, vehicles, etc. resources can be managed more effectively (Sakhardande, Hanagal & Kulkarni, 2016: 185-190).

The purpose of the smart cities that will be created and created using the IoT is to improve the living standards and quality of city residents. Accordingly, traffic status is monitored and controlled, air quality is checked, measurements are provided and even the trash containers will be traceable with the appropriate technology (Whitmore, Agarwal & Xu, 2015: 265).

6.3. The Relationship between the Home and Building Automation with the IoT

One of the most common areas for IoT technologies is smart housing. Smart home applications represent the application of rapidly changing and developing IoT technology to the home environment. Smart home applications are defined as IoT systems that independently generate information and convey the information they generate to other objects and people, thus improving the quality of life by facilitating human life (Kim, Park & Choi, 2017: 2). In smart home applications, sensors play an important role both in monitoring resource consumption and defining the needs of current users proactively (Miorandi, Sicari, Pellegrini & Chlamtac, 2012; 1509). Security and alarm systems, smoke and gas detection system, smart lighting system, smart grid, smartphones managing home devices can be given as examples of smart home applications (Borgia, 2014:10). These appliances can detect the health and safety consequences of inhabitants in their homes in advance and can operate early warning systems. In smart buildings, temperature, humidity, safety, water flow and electric plug sensors are used to immediately respond to requests without disturbing occupants and requiring manual intervention.

6.4. The Relationship between the Agriculture and Livestock with the IoT

Advanced IoT services can accelerate management processes to register, change, shut down, monitor and authorize farms. By using the IoT, single farmers can break the long chain of sales from producers which are created by large companies to reach consumers and stay in direct contact with consumers (Borgia, 2014: 9). IoT devices can also help with monitoring in the agriculture field, both crops and animal farms can get benefits because of the device's abilities to adapt the water supply, food supply, and monitoring on how healthy the animals are.

6.5. The Relationship between the Transportation and Logistics with the IoT

Transport and logistics are some of the areas in which IoT technologies are highly used and have great potential for the future. Relative to supply chain management, the online tracking of travel times on transport provides benefit to the point where wireless network sensors and RFID technologies integrate such as route resolutions, expected queue lengths, air pollution, traffic situation, and noise emissions (Alaba, Othman, Hashem& Alotaibi, 2017). In this framework, with increased connectivity and data flow, businesses will be able to monitor the logistics process in real-time and monitor where the products are going and their physical state in real-time (Xu, vd., 2014: 2238). Crucial information may be received about the movement of the vehicles carrying the products, the type and

status of the products, delivery time, delays in delivery and malfunctions. That information can also be integrated into the repository's status to automate re-supply to stores (Atzori et al., 2010: 2794). It allows all of these processes to be managed by a smart central management system. At this point, one of the technologies that have been developed is Bosch IoT Cloud, to create an online map of Stuttgart's "Park et in-Progress" areas that are currently available along with the suburban rail network. The sensors detect which parking spaces are empty and send this information to the cloud. This information is being added to a real-time map that users can open on their smartphones. Another example is the "Reserve et-Park" service for truck drivers. When drivers search for a rest area where they can park their trucks, they send location data to Bosch IoT Cloud. The system reserves a nearby spare parking spot and informs the driver (<https://bosch-iot-suite.com/>).

6.6. The Relationship between the Business and Industry with the IoT

Intelligent sensors keep current information about industrial institutions, including resource planning, present appliance conditions, materials and devices, ordering and tracking, up to date. To close the gap between industrial business applications and technology development, a business technology design is essential to bring successful IoT solutions to the market. A good solution should solve both technical and business challenges at the same time (Atzori, et al., 2010). Smart energy systems and smart grid systems can also be utilized to control such situations. One of the most critical technologies to be used to control smart systems is IoT technology (Pang, Chen, Han & Zheng, 2015: 291).

7. The Impact of IoT on Business Marketing

The first phase of marketing, Marketing 1.0, which emerged in the industrial age, can be defined as a product-oriented approach. Businesses during this period have strived to produce more and put affordable products on the market. Marketing 2.0 can be described as a consumer-centric approach. This marketing period is characterized by detailed search and research on customers' needs and wants to emerge in new target markets (Jara, Parra & Skarmeta, 2012: 854). Marketing 3.0 is a people-oriented approach and beyond selling products, businesses develop a value-based relationship approach. The new approach, which emerged as a result of this, expects companies to simultaneously consider both customer requests and long-term interests, company needs and customer demands while determining their marketing strategies (Armstrong & Kotler, 2015: 39). Marketing 4.0 represents the transition from traditional marketing to digital marketing. But marketing 4.0 is not a completely transformative approach, which ignores traditional marketing, it represents a new approach

combining marketing and traditional marketing (Swieczak, 2017: 168). Marketing 4.0 integrates artificial intelligence and machinery to strengthen human-to-human, business-to-human connectivity. The increasing interaction between machinery and people has transformed marketing into digitalization (Ertuğrul & Deniz, 2018: 161). In this context, IoT technologies are considered as the significant digital developments that made the transition from marketing 3.0 to marketing 4.0. These digital developments, combined with IoT, will provide businesses with a competitive advantage.

When IoT is used in marketing, the manner and means of connecting with customers become more personal than ever before. Targeting a certain audience and segmentation precision have also advanced to new heights. It may even be regarded as a completely new sort of direct marketing. Companies will be able to provide a product or service to each customer. This feature has the potential to serve as the foundation for more complex tailored marketing. Furthermore, advertising becomes less unpleasant when a consumer demonstrates a desire to learn more about items and services. This is another proof that the future of interruption marketing becomes opaque and permission marketing becomes more and more effective. This trend can be aided by IoT Technologies (Abashidze & Dabrowski, 2017).

With IoT, it is possible to collect all kinds of customer and sales data and conduct data analysis in real-time. Thus, it allows for collecting real-time sales data such as the instant data collected from customers and to whom, when, and where the products of businesses are sold (Jara et al., 2013:1303). In other words, it is possible to determine the geographical reactions, platforms and the electronic device to which product can be accessed. Customer data can be the content of a customer database, or it can be data about the customer's desires, needs, or choices. With the internet of things technology, companies have the opportunity to increase their operational efficiency, save time and resources, keep the data obtained under constant record, and intervene quickly with a constantly controlling mechanism (OECD, 2018:3). By analyzing the data obtained in this way, marketing managers can obtain important opportunities, determine the purchasing behavior of customers and offer special offers to customers. Each step in the product/service life curve will be monitored more accurately, enabling businesses to meet their consumers' needs and requests, and improving customer relations. In this way, it will be able to contribute to the individualization of marketing in which it can offer personalized answers and solutions to customers.

The minimization of the costs of accessing information with communication technologies allows businesses to produce customer data according to customer requests, reducing marketing costs and decreasing

product promotion costs to virtually zero. Moreover, classic marketing is harder to interpret customer behavior as well as instant data from end customers can be directly transferred to the companies' databases via IoT. Implemented in the areas of big data and business analytics, information sharing, and collaboration, the IoT contribute significantly to improving customer value. Businesses can access the age, education levels, marital status, demographic qualities, and other similar data of consumers in digital marketing, and create their marketing policies accordingly (Akar & Kayahan, 2007: 43-44).

The object component is composed of devices that are physically interconnected and connected to the internet. The human component is the element that provides an active connection to IoT. The data component consists of information generated by objects and people. This data is analyzed and transmitted to people or machines as the available information. This can lead to more effective decisions and better results. The process component shows the interaction between other components and provides the right person or device access at the right time. IoT establishes communication between human-process-data-object (Gündüz & Daş, 2018). For example, Bosch IoT Cloud identifies objects that are connected to the internet, manages data exchange, and provides a wide range of service and business models. Big data management enables massive amounts of data to be analyzed. Rules for automatic decisions such as when wear and tear models should be reported and when to take the preventive measure to maintain the machine can be stored in the Bosch IoT Suite. Bosch IoT Cloud currently connects more than five million devices and machines to the network. Another solution that works at Bosch IoT Cloud is designed for heating service technicians. In the event of a failure, technicians can remotely access Bosch heating systems which are allowed to troubleshoot problems (<https://bosch-iot-suite.com/>). This way, technicians can take replacement parts required for their service visits with them, reducing the number of visits to one. Thus, cost and time savings are achieved thanks to IoT technology.

IoT-based technologies such as Quick Response (QR) codes or RFID are able to track how consumers get products from the raw material stage to the delivery (Sarni, Mariani, & Kaji, 2016: 3). For example, it is possible to scan QR codes for fruits and vegetables to view all information related to the product, such as the manufacturer, production date and place, purchasing from the manufacturer until it reaches the consumer, and selling unit prices on their mobile devices. The use of QR codes in health areas has become widespread. The diaper is also one of the New York Times newspaper's most striking products. The most important feature of these diapers is that babies are able to analyze their urine. The system works on the diaper as follows: There is a small patch on the front of the cloth, and

the area on this patch is shown by four tiles. When an abnormal reaction pops up, the colors on the QR codes change. Parents can also share the findings of the diaper with their doctors through their QR codes on the brand's app. (Hardy, 2013) Consumer is able to simultaneously state problems related to business, product, or service, and businesses can find solutions within the minimum time. Digital marketing moves manufacturers and consumers closer.

IoT technology helps transform potential customers into real customers (Jara et al., 2013: 1304). For example, In South Korea, virtual stores were established called Homeplus, bringing shopping malls to people's doorsteps. These virtual stores are placed in areas where people are concentrated, as well as metro stations. These online stores use smartphones for shopping. Using their smartphones, users can fill their shopping baskets by scanning the QR Codes on their photos and pictures on their shelves. Once online shopping is completed, the purchased products are delivered to the doors of the customers performing the transaction on the same day (Woohyoung & Hallsworth, 2015). This way, the potential customer decides to buy the product and turns the customer into a real customer. It also allows the customer to obtain information only about the product they are interested in and save the customer time. For businesses, it helps to identify the target audience and reduces the marketing costs of the business (Dubash, 2016).

Companies learn about consumer purchasing habits through IoT-connected devices and objects and use cookies to recognize consumer shopping habits on the Internet and control customer behavior through social media. The shopping website is expected to enjoy shopping and extend the time it is available. At the same time, a multitude of options helps the auditor of perceived risk, making it an effective risk reduction strategy (Park et al., 2012: 1584). The connection provided by IoT and the easy procurement of big data will strengthen the bilateral relations between the company and the customer. They will be able to gather information about the consumer through customer location, advanced analytics, and artificial intelligence, and then offer products and opportunities tailored to them in online shopping in line with these data.

8. Conclusion

Today's rapid digitalization, technological developments and changing consumer expectations and needs push companies to catch up with these technological developments rapidly. Companies equip their products with new qualities thanks to technological advances. The IoT technologies, which have entered our lives in the digital world, has great potential to develop new smart applications in almost every field. The main reason for

this is the ability to make situation-based findings and provide special services in line with these situations.

Technologies have always had an impact on marketing and strategy. The emergence of new technology changes marketing tactics, and the emergence of IoT improves marketing. With the growth of IoT, we will be able to get more information from clients. The virtual and real-world boundaries grow closer each day with IoT technology, thus the quality of information management is changing. It is important to analyze the technological developments whose effects are increasingly felt in the modern era for the benefit of the IoT and the marketing world today. IoT technology helps companies make the right decisions by enabling personalized marketing and contributes to increasing customer value. It has the ability to collect, analyze and transfer data in real-time throughout the product lifecycle, from product production to transportation and even after the product is delivered to the customer. IoT is a digital development that will radically change people's lives and improve their quality of life. The IoT technologies are available to consumers in every aspect of their lives, even if they do not know the IoT conceptually. IoT will become a key component of integrated marketing communications, transforming how firms interact with their existing and future consumers.

Companies that analyze their users with big data and artificial intelligence applications can create more consistent products, services and campaigns in line with their customers' needs. Brands can learn user habits from instant data and accurately interpret them. Just like popular internet platforms, they have the opportunity to present users' favorite content based on their habits, interests and preferences, without being requested. This can enhance brand loyalty and increase service quality efficiency. In this case, the human-object relationship will increase in the future through IoT technology and will greatly affect and change the approach and application systems in the marketing field of object-object connections. This means that the business has got rid of ineffective and expensive marketing activities.

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CHAPTER X

SECURITY ISSUE IN INTERNATIONAL DIGITAL TRADE AND SOLUTION RECOMMENDATIONS

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INTRODUCTION

The rapid change and development in technology in the 21st century has brought changes in the traditional concept of trade. With the Fourth Industrial Revolution, the infrastructure of trade over the internet with the establishment, cyber security measures have gained importance. With the COVID-19 outbreak, e-commerce, customer satisfaction, and the quality problem of digital services, whose importance has increased, has brought to the agenda. In today's world where the global economy has come to a breaking point after covid 19, digital service trade has changed the fluctuating course in the economy and started the recovery process. Electronic payment methods such as the card alternative paypal have required to focus on new governance issues. Experienced in international payment methods. Digital trade barriers have brought E-commerce entrepreneurs face to face with many problems. The backlog in logistics after Covid 19 caused disruptions in the supply of goods and services, as well as international security of payment systems seems to be a problem. The aim of this research is to investigate national and international regulations for the security of e-commerce. According to the results of the research, the most important obstacle to e-commerce is the security problem. In order to overcome this obstacle, legislative changes and banks must take the necessary measures.

1 DIGITAL SECURITY IN INTERNATIONAL TRADE

1.1. The Digitalization

According to the World Trade Organization (WTO), e-commerce is the production, advertising, sales and distribution of goods and services through telecommunications networks (World of Trade Office, 1999). According to the OECD definition, e-commerce is the conduct of all kinds of transactions related to commercial activities involving both organizations and individuals over computer networks (OECD, 2000).

According to OECD 2019 Report, Digital trade isn't new. Digitally enabled transactions, be they in relation to goods or services, have been part

of the landscape for many years and often raise the same, or similar, issues as non-digital transactions. This is because digital trade isn't just about digitally delivered services, but also about increased traditional – including supply-chain – trade in goods and services enabled through growing digital connectivity. However, the scale of transactions, the emergence of new (and disruptive) players and business models are transforming production processes and industries, including many that were previously little affected by globalisation. (Report, 2019).

International digitalization has changed the economy by globalizing social habits. As the security of personal information is under threat in international trade, the security of trade in intercontinental trade has always remained on the agenda. In accordance with the requirements of the age, many terms related to the concept of digital in the 21st century have been moved to terminology. Digital transformation has accelerated the transition from mechanical to electronic technologies as part of the Industrial Revolution. Fast technology, rapid conversion, fast threats have made fast security measures mandatory.

Many countries are adopting cybersecurity policies. According to one estimate, at least 50 percent of countries have adopted cybersecurity policies and regulations. Some of these policies recognize a need for international cooperation: the EU identified “a need for closer cooperation at a global level to improve security standards, improve information, and promote a common global approach to network and information security issues ” and the U.S. Cybersecurity Strategy reaffirms the need to “strengthen the capacity and interoperability of those allies and partners to improve our ability to optimize our combined skills, resources, capabilities, and perspectives against shared threats.” (Meltzer, Cybersecurity, digital trade, and data flows Re-thinking a role for international trade rules, 2020). Exporter or importer choose e payment methods with Credit/debit, electronic cash, wallet smart , crypto money. In International trade payment methods need security

Transport of international trade to electronic media e-document, establishment of a digital system to issue certificates of origin are considered among the requirements of global trade. Digital trade, globalization actively exchanging information with other countries for the development of the market, trading in the collection of numeric data to move to the front to control tax evasion procurement transparency and accountability in the implementation of Japan's export control system provides to this day have acknowledged the importance of cooperation with other countries, and Asia countries and industry outreach activities to increase awareness for government officials in conducting. The government also participates in international export control regimes (trade control) to review the export control system and export control items in accordance with other countries in

international trade, the secure circulation of all data within the digital network requires the protection of personal data in international trade.

The security of digital trade is as important as the defense policies of countries. Countries should fulfill the digitalization of trade logistics as a requirement of the social state to protect the security of e-commerce against future cyber attacks. Digital security, as an indicator of the development of countries, It is an element that gives prestige in international commercial law. A country that guarantees digital security expands its customer portfolio in digital commerce. Increasing market share accelerates the global movement of more goods, and the product delivered physically or digitally successfully fulfills the marketing and promotion of the business. This fast and reliable delivery means the company will grow rapidly in the future.

New technologies may help overcome logistical bottlenecks; for example, they can help navigate traffic by calculating the fastest routes or identifying the most fuel- and time-efficient pick-ups (UNCTAD, 2018). As Covid 19 accelerates digitalization, new working models, mobile applications, e-commerce, banking transactions, new payment methods are tried to be made suitable for use with artificial intelligence technology and innovative security measures with algorithms. Due to the Covid-19 pandemic in 2021, companies speeded up working from home. Internet security has replaced office security today. The logistics service needed quickly with Pandem provides file security with encrypted transactions to protect customer data against access.

Secure data transfer, IoT communication and mobile applications with the Equipped Security Module, e-mail password security with strong encryption technologies with personal data security HSM devices are among the strategies of technology companies. Throughout the next five years, the issues of focusing on people, independence from location, and fluctuation issues will come to the fore all over the world due to the pandemic and economic recession. security of personal data of all stakeholders in digital commerce.

1.1 .1 Security of International Trade

Security of international trade is the biggest challenge to the development of electronic commerce the major obstacle is seen. According to estimates made in the United States, the value of data stolen in a year is more than 10 billion dollars. According to a study conducted with 1320 companies in 1996; 78% of the participants stated that they lost money due to the breach of security, 63% of them were damaged due to viruses and 20 users stated that they lost at least \$ 1 million. The problems encountered in e-commerce and solution suggestions encountered in commercial activities carried out over the internet. security problems can be (Atalay, 2020, s. 19)

The International Telecommunication Union defines it as, “the collection of tools, policies, security concepts, security safeguards, guidelines, risk management approaches, actions, training, best practices, assurance and technologies that can be used to protect the cyber environment and organization and user’s assets. Organization and user’s assets include connected computing devices, personnel, infrastructure, applications, services, telecommunications systems, and the totality of transmitted and/or stored information in the cyber environment. Cybersecurity strives to ensure the attainment and maintenance of the security properties of the organization and user’s assets against relevant security risks in the cyber environment” (Meltzer, Cybersecurity, digital trade, and data flows Re-thinking a role for international trade rules, 2020).

Many cross border transactions and payments are used online transfers, the importance of security for both exporters and importers remains highly important. Digital security will be a critical value for every country that used e-commerce. This is because as the mode of payment changes from bank to un-banked through online transactions, security will be a concern. Data security and privacy, user privacy and customer security concerns need to be addressed; but, we must ensure that national regulations on these issues on the internet.

Digital identities, data ownership are important issues. So, too important, are “informed consent” regulations that teach consumers about the risks of online data and identity sharing and that set ground rules to help internet-based firms manage their liabilities when dealing with customer data.

After the September 11 attacks in the United States in 2001, the use of weapons of mass destruction was developed under the leadership of international terrorist organizations. Even the occurrence of armed attacks in schools has increased security concerns in the United States, digital security concerns have increased international sensitivity to environmental problems due to global climate change in the world. While Japan is taking measures on trade, the United States is looking for solutions to global problems in Asia-Europe trade. It is important that countries accused of unfair competition by other countries, such as export dumping, adopt an international trade control policy.

The security of data storage, which is often where data can be most vulnerable, is also an issue. Although companies will be at the forefront of cybersecurity, governments can provide transparency on hacking attacks, create incentives for improving security, and invest in basic research on cybersecurity initiatives, such as encryption standards. As the volume and importance of digital flows continues to grow, it is vital that policies governing these issues are harmonised across countries, recognising that countries may also have different preferences and priorities (Manyika, 2016)

The security, reliability and binding of online shopping has required urgent measures. For example, a virtual environment how will a letter or message be binding? No doubt he prepared it with a person's signature. But with a message or a letter electronically how can we sign and is there legal validity for this signature? (Altundağlı, 2006).

1.1.1.1. E Trade Increase

Worldwide trade has increased dramatically in the last three decades with trade volumes as a percentage of world GDP growing from about 27 percent in 1970 to 45 percent by year 2000. FDI and international financial flows have as well exploded over the same period. The increasing numbers of trucks and container vessels that facilitate international commerce have therefore certainly enhanced the likelihood of a terrorist successfully smuggling himself or a weapon undetected across a vulnerable border. As well, the growing number of international financial transactions has made it increasingly difficult for international monitoring and interception of money meant to support and finance terrorist activities. These evolutions may have facilitated the development and capacity of terrorist groups to undertake successfully acts of terror in foreign countries (Daniel Mirza, 2008).

According to The Global Findex (World Bank Group, 2014), in 2014, 50 per cent of people in Korea at the age of 15 and above used the internet to pay bills and purchase things. This percentage is 36 per cent in Japan, 19 per cent in China and 18 per cent in Malaysia. The number will increase exponentially in coming decades. This is why digital security needs to be an agenda item when developing digital trade facilitation (Ismail, 2020).

The Turkey's e-commerce volume has reached 136 billion liras. 85% of the total e-commerce amount in 2019 consisted of domestic expenditures 9% of purchases from other countries' e-commerce sites in our country, and 6% of purchases made by citizens from foreign sites. 97.5 billion lira (71.5%) of the e-commerce volume in Turkey consisted of card payments, 8.9 billion liras (6.5 percent) cash on delivery and 29.5 billion liras transfer/EFT payments.

While the airline industry ranks first with 15.3 billion liras in e-commerce, this sector includes clothing, shoes and accessories with 13.8 billion liras, white goods and small household appliances with 13.3 billion liras, travel sector 9.3 billion liras. Electronics followed with a transaction volume of 8.5 billion liras and the catering sector 5 billion liras. Excluding the airlines and travel sectors, the e-commerce volume in Turkey in 2019 is 111.4 billion liras. E-commerce in card transactions in terms of the number of orders, the software sector ranks first with 75 percent, while this sector is 62 percent for floristry, 60 percent for airlines, 51 percent for books and magazines, 50 percent for white goods and small household appliances, and electronics 43

percent, travel 41 percent, car rental 29 percent, and clothing 14 percent in Turkey (2019).

In Turkey, a total of 68 thousand 457 enterprises operate in e-commerce with 1 billion 366 million orders in 2020. Of the e-commerce industrial facilities in Turkey, 84 are business and industrialists, and 16 percent are tradesmen (Ministry, 2021). In addition, a total of 1 billion 366 million orders were placed for online card, payment and money order/EFT. It really has a huge volume of e-commerce since this pandemic in Turkey in 2019. As e-commerce becomes widespread in the world and in Turkey, the issue of security continues to come to the fore.

Pandem is focussing on the needs and requirements of users and first responders across the spectrum of pandemic risk management. Given the cross-border and multi-sectoral context of the health and security challenge for building pandemic risk management capacity, a systems-based methodology will be applied and the final outcome will be developed for use in a pan-European setting (<http://www.pandem.eu.com/about-pandem/>). The COVID-19 pandemic is driving the world economy to retreat from global economic integration (Baldwin and Evenett 2020). (Irwin, 2020).

There are some methods of securing payment and also smoothening transaction against open account or contracts either by way of having insurance coverage or innovative trade finance schemes. Exporters can offer competitive open account terms while substantially mitigating the risk of non-payment by using one or more of the appropriate trade finance techniques.

According to the U.S. Bureau of Economic Analysis (BEA), the United States digital economy in 2017 was valued at almost \$1.5 billion, accounting for 6.9 percent of total GDP and representing the 7th largest sector.¹² The BEA included in its measure the enabling infrastructure such as computer hardware, software, telecommunications equipment, ecommerce which includes business to business (B2B) and business to consumer (B2C) and digital content such as digital media and big data. Globally, UNCTAD estimates that ecommerce was worth \$25 trillion in 2015 and McKinsey estimates that in 2014, cross border flows of data were worth more than global trade in goods (Meltzer, Cybersecurity, Digital trade, and data flows: Re-thinking a role for international trade rules, 2020). In 2020, it is estimated at about 2 trillion dollars. Therefore, cybersecurity is now an industry arm (Ministry of Science, Industry and Technology).

In Bangladesh, a private sector bank named the First Security Islami Bank Limited offers a new trade finance product TASDIR in collaboration with a foreign trade finance company named Prima Dollar. The arrangement stipulates that the overseas partner will make payment to the exporters upon presentation of perfect documents acceptable to the buyer. The overseas

partner will collect the proceeds instantly or offer credit to the buyers. This is a deferred payment facility to the buyers. Such arrangement may be a good solution for the exporters and banks in Bangladesh to secure payment for exports and make goods more competitive. The sellers in Bangladesh and buyers in other countries are facing intense competition in overseas markets because of extra bank charges. It is unlike our competitor countries, including Vietnam, which have regulatory protection against the risk of payment for export against contracts or open account.

1. 2 Cybersecurity Policies

Many countries are adopting cybersecurity policies. According to one estimate, at least 50 percent of countries have adopted cybersecurity policies and regulations. Some of these policies recognize a need for international cooperation: the EU identified “a need for closer cooperation at a global level to improve security standards, improve information, and promote a common global approach to network and information security issues ” and the U.S. Cybersecurity Strategy reaffirms the need to “strengthen the capacity and interoperability of those allies and partners to improve our ability to optimize our combined skills, resources, capabilities, and perspectives against shared threats (Meltzer, Cybersecurity, Digital trade, and data flows: Re-thinking a role for international trade rules , 2020) .

It is important to establish a connection between ecosystems, technological infrastructure, new trends, location independence, cloud solutions, information technology operating models, technology infrastructure, management applications, security and governance policies, employee and customer interaction models, assets, and physical algorithmic logical security parameters of the device.

There are five key areas of cyber risk with implications for global data flows in a digital economy. The first is the national defense space, including all branches of the military and intelligence services. These vulnerabilities include the defense infrastructure, networks, and related software, as well as classified information stored on the networks. The second is critical infrastructure. The third area includes trade secrets and IP with commercial value. The fourth area of vulnerability includes other online information. The fifth is access to data and technology through international investment. The aim of this classification is to distinguish the types of cyber risks and the kind of rules that may be applicable to each area seeking to enhance cybersecurity while maximizing the economic and social benefits of the internet and global data flows (Meltzer, 2020).

According to Global Information Security Research Report (2018) , on cyber security, cyber security policies and civil defense measures of the digital age is important When smart phones, tablets, computers, controllers, smart

devices used in commercial transactions are transferred digital form, the security of information access within the network is seen as important. Digital transformation forces the world to change. After the 4th Industrial Revolution and Corona, the world has been forced to change much faster than we think. It was observed that developed countries were not prepared at the expected level for digitalization in the face of 3rd world countries that could not establish the infrastructure for internet networks due to digital inequality.

According to the national security decisions of the GATT, published in 2018 by the WTO,

- Access to network resources that are not authorized to access,
- Destroying and damaging information and network resources,
- Changing, mixing or adding new information to information,
- Transmission of information to unauthorized persons,
- theft of information and network resources,
- Denying received services and information sent or received,
- Causing interruption and disruption of network services,
- Claiming that it has received or sent information that it has not received or sent.

Suggested solutions to the security problem in electronic commerce are divided into three groups Firewalls can be defined as software or hardware that allows only external users with certain characteristics to enter protected networks or sites.

The lawsuit filed after Google continued to publish news stories about the Spanish journalist submitted to the European Court of Justice 16 years ago, asked for the removal of personal information. Facebook users have been asked to follow them in a lawsuit filed in Vienna against Facebook. He was sued in Europe for violating the privacy of private life (Trade Control).

Cybersecurity is as important a security process as national security. On this day, 230 thousand malicious software and viruses are spying on the network every day in the world.

For the security of digital commerce, policy makers, educators to ensure effective agreements with stakeholders in the internet community, and for the safe operational sustainability of the digital economy, international compliance of the legislation on privacy of the ownership of data is important to the codification of the law. In particular, the assistance of developed countries should be developed to eliminate the inequality of underdeveloped countries and developing countries in e-commerce and digital economy,

Public Private Partnerships trade logistics, digitalization and e-commerce. Protocols should be cooperated with regard to the expansion of e-commerce.

Various internet security protocols have been developed in order to ensure security especially in online shopping and electronic payment systems over the internet. The commonly used protocols are SET and SSL. Apart from these, PGP (Pretty Good Privacy), S/MIME (Secure/Multipurpose Internet Mail Extensions), PPTP (Point-to-point Tunneling Protocol) . There are also security applications such as SOCKSS (Adam et al., 1999:136). With the development of technology, more secure systems will be realized in payments and data transmission over the internet. The Internet is not as insecure as the users admit it, and this fact needs to be explained to users and their thoughts to be changed.

1.3. Industry 4.0 technology

IoT-based New Technology, Industry 4.0 technology, has increased the target of cyber threats. The global information security research report also states that 40% of robotics or automation companies face cyber attacks. Because this leads to a system failure, it means billions of dollars in damage to international trade. (PwC, CIO & CSO, 2018). Having intensive customer potential, Alibaba.com, on “Singles Day” 11.11.2017, it reached a trading volume of \$ 1 billion in 2 minutes and completed it in 85 seconds in 2018 (Şahinaslan, 2018,). Industry 4.0 logistics 4.0 together with the Internet of Things (IoT) is developing rapidly. As unmanned vehicles make new technologies mandatory by constantly renewing the concept of artificial intelligence and information technology, security problems also expect to be supported by new technologies. These technologies, which make it mandatory to stay connected to the internet, have recently made the Internet of Things (IoT) easier for physical objects to work connected to one another within the network. Having a global infrastructure has become an indicator of developed countries, while inequality between countries continues to grow due to infrastructure and security problems. The Internet of Things refers to a world in which any object you can think of accesses the internet and communicates with other objects more intelligently than ever before (Madakam, 2015, p. 165).

Nowadays, the share of internet usage in the total population has increased significantly. In addition, the usage of shopping applications on mobile phones has also gained as a result of smartphones becoming widespread and cheaper. Especially in developing countries, it is seen that internet usage and e-commerce volume have increased even more with the developing technological infrastructure. As a result, the productivity of countries has increased, international trade opportunities have been created more and the welfare of the countries have incremented with the rapid development of digital technologies and their use in international trade

applications (Hofman, 2016). The scope of potential cybersecurity threats includes the digital space such as cybertheft of intellectual property (IP) and personal data and manipulation of online information, as well as the physical space, such as critical infrastructure (e.g., telecommunications, transport, and health care) and IoT, which relies on software to network services (Meltzei, 2019).

1.4 E Commerce Security Stages

In order to ensure security in e-commerce, we must perform the following steps

A procedure that recognizes, reduces, or eliminates a threat

1. Intellectual property protection

- Update law
- Authentication

2. Client computer protection

- Privacy -- Cookie blockers; Anonymizer
- Digital certificate
- Browser protection
- Antivirus software
- – Computer forensics expert
- – Communication channel protection
- Encryption
 - *Public-key encryption (asymmetric) vs Private-key encryption (symmetric)
 - *Encryption standard: Data Encryption Standard (DES), Advanced Encryption Standard (AES)
- Protocol
- – Secure Sockets Layer (SSL)
- – Secure HyperText Transfer Protocol (S-HTTP)
- Digital signature
 - Bind the message originator with the exact contents of the message
 - –A hash function is used to transform messages into a 128-bit digest (message digest).
 - –The sender’s private key is used to encrypt the message digest (digital signature)
 - –The message + signature are sent to the receiver
 - –The recipient uses the hash function to recalculate the message digest
 - –The sender’s public key is used to decrypt the message digest

- –Check to see if the recalculated message digest = decrypted message digest

3 Server protection

– Access control and authentication

- Digital signature from user
- Username and password

- Access control list

– Firewalls

– International Computer Security Association's classification:

– Packet filter firewall: checks IP address of incoming packet and rejects anything that does not match the list of trusted addresses (prone to IP spoofing)

- Application level proxy server: examines the application used for each individual IP packet (e.g., HTTP, FTP) to verify its authenticity.
- Stateful packet inspection: examines all parts of the IP packet to determine whether or not to accept or reject the requested communication

4 E*TRADE logon

- Passwords must contain a combination of numbers, uppercase characters, and lowercase characters (special characters are also allowed)

- Passwords should not contain names, common words, or numerical sequences (e.g., 111, 123, ETRADE123)

- Ensure that your E*TRADE username and password differ from those you use for other online accounts and change your password periodically

- Avoid using sensitive personal information (such as your Social Security number) as your username

- While we may contact you about your account, we will never ask for your password. Never share your password.

- Always log out of your account and close your browser after each session (Bank, 2021).

6 dimensions of e-commerce security

1. Integrity: prevention against unauthorized data modification
2. Nonrepudiation: prevention against any one party from reneging on an agreement after the fact
3. Authenticity: authentication of data source
4. Confidentiality: protection against unauthorized data disclosure
5. Privacy: provision of data control and disclosure

6. Availability: prevention against data delays or removal (<http://www.uky.edu/~dsianita/390/390wk4.html>, 2021).

.Constantly Update E-Commerce Software

Software vendors release updates that fix problems across platforms. This is to fill the fixes to recover vulnerabilities from new software and cleaning to renew repairs. In addition, an enterprise-grade anti-software should not be used for use protection.

1.5 Personal Data Protection

On 7 April 2016, a new law on the protection of personal data came into force in Turkey, Data Protection Law 6698 (Data Protection Law). It is the first law of its kind, regulating the protection of personal data, and also introducing many new obligations that persons or entities dealing with personal data (data controllers) must comply with.

The Data Protection Law is a step towards harmonising the Turkish legislation with EU legislation, and it was prepared based on Directive 95/46/EC on data protection (Data Protection Directive). The Data Protection Law is very similar to the Data Protection Directive, but it is not a complete replica and, in relation to the Turkish Data Protection Law, some of the differences between them may be seen as deficiencies rather than improvements.

Furthermore, the EU has introduced new legislation on the protection of personal data in the form of Regulation (EU) 679/2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation (GDPR)), and is repealing the Data Protection Directive. As a result, the Data Protection Law is now further away from its EU counterpart, yet still closer than where Turkey would have been had it not introduced a law on the protection of personal data.

In 2017 and 2018, Turkey saw a lot of important activities in terms of personal data:

- The Personal Data Protection Board (Board) was established.
- A number of guidelines were issued in relation to the various concepts set out in the Data Protection Law.
- Various regulations and communiqués (that is, secondary legislation under Turkish law) were prepared by the Board and came into force in 2017 and 2018. The most notable ones among those regulations and communiqués are the following (Karaduman, 2021):

About Service Providers who want trust in electronic commerce and service providers in Electronic Commerce in Turkey, about “intermediary

service providers and service providers operating in their own electronic commerce environment and providers who want to reach a target in service”

It ensures that all kinds of transactions containing personal data and payment information are carried out with EV SSL or SSL on the website, mobile site and application

At most three months before applying for the trust stamp and at least once in each calendar year, A or B class penetration test companies approved by the Turkish Standards Institute take the necessary precautions by having a penetration test and a verification test is made to show that they have taken these measures (Tebliđi, 2021)..

Regulations on E-Commerce in Turkey,

The Law on the Regulation of Electronic Commerce has also been regulated.

The service provider is responsible for ensuring that the terms of the contract are clearly seen by the buyer, including the total price to be paid, during the confirmation of the order and before the payment information is entered in accordance with this law.

The service provider must confirm the receipt of the buyer's order by means of electronic communication without delay. The order and the confirmation of receipt of the order shall be deemed to have taken place as soon as the parties have access to the aforementioned statements.

The spread of the information technology connection, which has become an indicator of the development of a country in national and international policies, needs qualifications that ensure the spread of the use of fast and secure internet networks. Businesses use social networks to reach more customers to expand their web networks in competition. Competing in the face of digital inequality, SMEs and large companies focus on the use of ICT to market a transparent telecommunication network and ensure reliable trade and to establish equipment network infrastructure related to attracting investment. National and international policies are needed to address the lack of ICT connectivity in many developing countries, which is an obstacle for many enterprises to compete effectively online. Narrowing the digital divides and boosting ICT use would imply securing an open, transparent and fair telecommunications market, attracting investment and facilitating infrastructure imports of relevant equipment and services.

1.6 Common Protocols Used For Security

Information packets circulating on the Internet are sent encrypted with the help of a number of security protocols. The most popular of these are SSL (secure web session and information exchange) and SET (credit card” applications). SSL (Secure Sockets layer) and SET

Thanks to (Secure Electronic Transaction), information is securely transmitted to only the right person and a secure data communication is established between the sending computer and the receiving computer.

There are numerous vulnerabilities in these protocols which lead to their active exploitation and pose serious challenges to network security. Let us understand 14 of the most common networking protocols and the corresponding vulnerabilities present in them.

1.6.1. Address Resolution Protocol (ARP)

A communication layer protocol (mapping process between the data link layer and network layer) which is used to identify a media access control (MAC) address given the IP address.

1.6.2. Domain Name System (DNS)

IP addresses are of numerical format and hence they are not easily readable or remember-able to humans. DNS is a hierarchical system that converts these IP addresses into a human-readable hostname.

1.6.3. File Transfer Protocol/Secure (FTP/S)

It is a network protocol based on the client and server model architecture which is used to transfer files between the client and the server on a computer network. Most common FTP attacks use Cross-Site scripting when the attacker uses a web application to send malicious code, in the form of a browser-side script (or cookies) to the user.

1.6.4. HyperText Transfer Protocol/Secure (HTTP/S)

It is used for secure communication on a computer network. Its main features include authentication of the website accessed and then protecting the privacy and integrity of the data that is exchanged. A major vulnerability in HTTPS is the Drown attack which helps attackers to break the encryption, steal credit card info and passwords.

1.6.5. Internet Message Access Protocol (IMAP)

It is an Internet email protocol that stores emails on the mail server but allows the end-user to retrieve, see, and manipulate the messages as they were stored locally on the user's devices

1.6.6 Post Office Protocol (POP3)

An application-layer Internet protocol is used to retrieve emails from the remote server to the client's personal local machine. It can be used to view messages even when you're offline.

1.6.7. Remote Desktop Protocol (RDP)

Developed by Microsoft, it is a protocol that provides users with a Graphical Interface to connect to another computer over a network connection, where one user runs RDP client software while another runs RDP server software.

1.6.8. Session Initiation Protocol (SIP)

It is a signaling protocol that is used for initiating, maintaining, altering, and terminating real-time sessions. These sessions can include voice, video, messaging, and other communications applications and services that are between two or more endpoints on the IP networks.

1.6.9. Server Message Block (SMB)

It is a network communication protocol for providing shared access to files, printers, and serial ports between nodes on a network

1.6.10. Simple Mail Transfer Protocol (SMTP)

It is a communication application layer protocol and is used to send emails

1.6.11. Simple Network Management Protocol (SNMP)

It is an Internet Standard protocol for gathering and organizing information regarding managed devices on the IP networks and is also used for altering and modifying that information to change device behavior.

1.6.12. Secure SHell (SSH)

It is a cryptography-based network protocol for operating network services securely and reliably over an unsecured network.

1.6.13. Telnet

It is an application protocol that is used on the Internet or local area network (LAN) that provides bidirectional interactive text-oriented communication that uses a virtual terminal connection.

1.6.14. Virtual Network Computing (VNC)

Virtual network computing is used to establish remote desktop sharing which is a form of remote access on computer networks

1.7 Address Verification System

The AVS tool is used for credit card entry for the entry gate. Most payment systems offer these features. In fact, it is separated from transactions in transactions.

1.8 . CVV (Card Verification Value)

The Card Verification Value represents the credit card's product in three or four digits. Through PCI, transactions are made for retailers to record this number even if there are other records for their use. Also, the cybercriminal has a credit card number, still not valid. This plus makes a CVV much harder for a fraudulent transaction to occur.

SSL has become a standard that is widely used today and supported by many software. Especially the sites that provide services such as banking, electronic identity document issuance over the internet use SSL. How does SET work? SET (Secure Electronic Transaction) is a protocol developed by organizations including VISA, MasterCard and IBM to provide secure information transfer on the internet in electronic commerce. The first SET compatible shopping was on 18 July 1997 San. Virtual in Spain and Singapore with a promotion in Francisco made in stores. The aim is to make secure payments with a credit card over the internet.

- The CIA security triad model, composed of three areas;

(1) Confidentiality,

(2) Integrity and

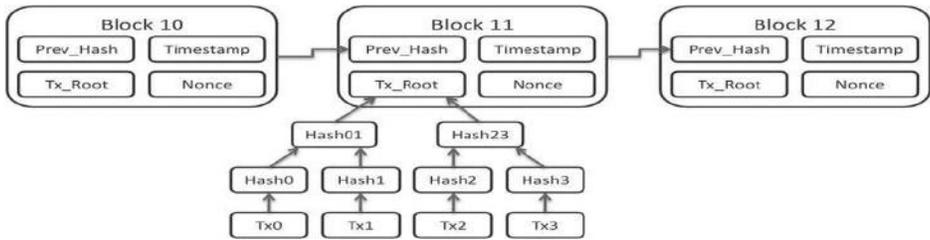
(3) Availability will be referenced to assess the current maturity level of blockchain technology • Authentication, Authorization and Audit (AAA), and Non Repudiation, fundamental security aspects for protecting information and designing / managing new systems and networks will also be addressed (Blockchain & Cyber Security. Let's Discuss, 2021) .

Frequent security check practices access controls detection of an attacker access to the local network blockchain improvement of network architecture nodes without communication or interrupted as blockchains will need data encryption, hash comparison (data Using digestion) or digital signing, ensuring the integrity of the data of system owners Blockchain technology gives the users the confidence of a secure technology.

2 CRYPTOGRAPHY and BLOCKCHAIN

A blockchain is a Distributed Ledger Technology (DLT) distributed ledger, not all DLTs are blockchains. As an example, next-generation technologies like IOTA or Hashgraph are based on blockchain-different DLT, referred to as blockless technologies that are outside the scope of this document. Proof of Work 'used in Bitcoins and Ethereum consists of adding a block to the chain and resolving a complex difficulty. Participants of the blockchain compete for a solution to this challenge in exchange for a reward. Of the blockchain Merkle tree, all transactions are verified in a block without fingerprint change. Below is the Merkle Tree as an example.

Figure 1 Merkle Tree



Source (Blockchain & Cyber Security. Let's Discuss, 2021)

Blockchains have a security system that can be used for ledgers in the public and private sectors.

Businesses using blockchain technology to increase cybersecurity when trading securely on the online network, merchants who don't want to take risks demand protection from hacker attacks from the bank they are trading with. The measures taken by large companies to increase cyber security against hackers, data cyber attacks are the subject of this research. A business's online security being compromised and stolen from hackers. As blockchain technology has been around for a decade and spreads around the world, it is possible to increase cybersecurity. The blockchain system, which consists of three keys (private, public and receiver's key), consists of adding a piece of data to the chain. Blockchain users need to use their associated keys and powerful computing systems to run algorithms that solve very complex math problems. When a problem is resolved, the block is added to the chain and the data it contains exists on the network forever, meaning it can't be changed or removed (Horbenko, 2020).

New generation technologies, such as IOTA or Hashgraph, are based on DLT different from the blockchain, being named blockless technologies, which are out of the scope of this document.

Ledger mentioned, in blockchain, the ledger is distributed between participants of a decentralized network without any central authority. In a public non-permissioned blockchain, all participants in the network keep a copy of the ledger, while in other more complex or restrictive kinds of blockchain, different ledgers can be held by subsets of participants. As an example of this statement, Hyperledger fabric is presented as a permissioned blockchain technology, which allows us to separate the different nodes into different channels, having the nodes in the same channel the same copy of the ledger. At first sight, such kind of systems could be prone to issues related to the ledger synchronization. If any participant had the ability to promote their own version of the ledger and thereby their own version of the transactions, they could try to make a profit from it (Oscar Lage, Blockchain Applications in Cybersecurity, 2019)

Blockchain can improve data mapping, strengthen authentication, and protect edge computing with authentication. Here are a few ways blockchain can contribute to cybersecurity: Blockchain technology can be used to prevent data theft, fraud, identity theft, and other forms of cybercrime.

The security system provides a specific SSL certificate for each device instead of a password. Certificate data is managed via the blockchain, making it more difficult for attackers to use fake certificates. The purpose of such attacks is often to motivate Bitcoin users to switch to other cryptocurrencies to achieve faster transaction processing times. Barclays recently filed a patent that would use blockchain technology to enhance the security of fund transfers. A clear distinction must be made between the use of blockchain in cybersecurity and the serious vulnerabilities reported by hackers who have been able to steal from cryptocurrency exchanges. The fallacy of cryptocurrency exchanges is that blockchain security is not strong enough to protect transactions that need to decrypt the data before they can be processed. This problem can be solved by integrating the blockchain into a decentralized solution that protects against such attacks.(Seker, 2020).

One of the most recent survey papers in the realm of blockchain and cyber security was performed by Salman et al. Yli-Huumo et al. conducted an SLR in 2016 to determine what research results had been published in relation to the general concept of blockchain technology.

Towards the end of 2016, Conoscenti et al. conducted an SLR concerning the use and adaptability of blockchain, specifically in relation to IoT and other peer-to-peer devices. Seebacher et al. provided an SLR in 2017 that highlighted the increasing impact of blockchain on service systems They recommended future work to include a review of real-world applications, which is the basis of our research as we look to see how blockchain can affect cyber security problems. Recent research works, in particular in the realm of blockchain and cyber security, so as to guide new research activities. A review of the latest practical applications will help with understanding the full impact of blockchain technology on cyber security. Cryptocurrency blockchains are commonly maintained through a Proof-of-Work (PoW) mechanism whereby miners can show to the rest of the network that they have invested significant resources in order to assist in the validation of transactions.

This question will look at research that addresses how a blockchain can be maintained without the requirement to incentivize miners for transaction validation

(<https://www.sciencedirect.com/science/article/pii/S2352864818301536>, 2020)

Crypto systems dont have a third party / agent, so there is no need for trust in authority. Security, integrity and accuracy of distributed ledger is publicly accessible and controlled and operated by distributed miners. The

system is extremely secure, but there is a structure based on the trust provided by the system itself, not a system based on trust between the parties. The cryptocurrency is controlled by the majority of miners producing the block chain and the blockchain is controlled by all miners or by anyone who will download the chain, miners ensure the continuity of the system as a reward for issuing new money and maintaining the continuity of the system (Yıldırım, 2015) Blockchain technology, the sending source and the recipient. It is impossible to determine who the sender and receiver are, although it is known as the address and can be accessed from anywhere in the world where there is internet. If the necessary security procedures are followed, no one other than the sender and receiver can control or seize the accounts. All accounts are stored in digital wallets equipped with digital security systems (Coin-Turk, 2017).

2.1. Blockchain Security Risks

2.1. 1. Endpoint Vulnerabilities

One of the most common points of vulnerability with DLT technology is actually outside of the blockchain. Endpoint vulnerabilities are critical because of where they take place: at the time and place humans and blockchains meet.

2.1. 2. Vendors

As DLT adoption continues to grow, many look to new solutions to provide them with the security and protection DLT technology promises. But while many new products continue to grow,

2.1.3. Untested Code

While Bitcoin has been around awhile, blockchain technology is still considered highly experimental

2.1. 4. The On-ramp

The on-ramp of digital assets is one of the most critically exposed points in the development of a blockchain-based solution. (blockchain, Cyber Security , <https://hubsecurity.io/3-blockchain-security-risks-to-consider-before-building/>)

2.1.5.Digital Signature

A signature is any symbol created with the intention of showing the accuracy of a document or letter and used by a person. It is all kinds of signs made with the intention of showing. e electronic signatures express all electronic possibilities for proving the accuracy of an electronic message.

It is accepted by signing with the symbol. This is basically a legal process. Document of every transaction considered to be of commercial

importance. It's signed. In a sense, the means of application of electronic commerce are digital signatures.

Among the main security goals covered by digital signatures:

- Confirmation of the person's identity (authentication),
- Confidentiality of personal information),
- Ensuring the integrity of data (integrity),
- Non-repudiation) is located. These criteria are the four basic elements that are also indispensable security criteria of electronic commerce. If these basic elements are counted;

2.1.6 Public Key Encryption (PKI)

Public Key Encryption (PKI), which is" asymmetric crypto technology. It can be provided by means of digital signatures.

- Digital Signature In Commercial Applications. digital verification of the sent data, person's information (verification): access Control (Access Control): ability to send it to someone else protection of the integrity of the sent data ensuring that it is shared with allowed people, the ability to encrypt the read message with its own signature when sending it to someone else. provides the possibilit (Altundađlı, 2006).

The contents of the digital signature and message cannot be opened by someone else who does not have the recipient's secret key. It is guaranteed that it cannot be replaced. Asymmetric

Cryptography technology provides security on the public key infrastructure (PKI) internet network.

Information sent with a digital signature is stored by a third-party secure person to check the information. Digital signature reduces business processes, which leads to the cost of a commercial product or service. Legally, it has the power of spat, it has the property of being evidence (Anbar, Solutions to Problems Confronted in E-Commerce).

Encryption and transaction security especially during the transmission of information over channels are great important. It is sent to the buyer without the risk of alteration. For this, various cryptography methods and tools have been developed. Cryptography or cryptology (cryptology) is a science that derives, develops and studies encryption and decryption methods for secure information communication and/or storage (Elektronik Ticaret Terimler Sözlük, 2001).

With the encryption process, the sent information is converted into digital data and sent to the receiver. The receiver, on the other hand, transforms the meaningless numerical data into its original form by using the

key password. There are cryptography types with different encryption methods and encryption infrastructures. These are different mathematical models, different software and software designed for encryption and decryption purposes. uses hardware systems. There are two types of cryptography commonly used today: public-key cryptography and single/private-key cryptography (Adam et al., 1999:126).

Bitcoin, first defined by Satoshi Nakamoto in 2008, is a common term. It is a well-known term and Blockchain implementation. Bitcoin is a cryptocurrency implementation. It is considered as a money laundering practice since it enables the exchange of foreign currency among untrustworthy people, so it does not constitute a legal currency for some countries. In addition to the crypto currency used to keep money shopping records, blockchain has an active role in international trade by being used in many services and applications today.

Nowadays, in addition to cryptocurrencies (hundreds of currencies exist today that use blockchain technology or derivatives), many other application areas rely on blockchain technology like energy trading, health, supply chain, manufacturing, identity management, e-government, etc (Oscar Lage, Blockchain Applications in Cybersecurity By Submitted: , 2019).

Trade and cybersecurity the global expansion of the Internet and the use of data flows by businesses and consumers globally the use of communication, e-commerce and as a source of access to information and innovation have led to drastic changes in the practice of international trade. Artificial intelligence, Internet of Things cloud computing a different organizational structure in the organization and operation of enterprises has raised the issue of business management and security of trade relations.

3. TECNOLOGY OF 5G

The development of 5G will require investment in cell towers and new equipment, but its most transformative impact will be in bringing faster processing speeds and increased network functionality. The Internet Protocol will be used in network architecture as well as by the applications that run on it. 5G will effectively turn everything into data as everything becomes.

There are concerns that a company's and customers' sensitive data could be compromised much faster, too, due to cyber-attacks in a 5G world. IoT devices could also pose security risks for entire networks. Once hackers have gained access to the system, they can establish control over the system. This is not difficult to do, even by drive-by hackers of today. When IoT devices are overtaken by hackers, they can steal data, control devices, and cause physical damage to the entire network and everyone connected. This is why 5G developers are hard at work to secure the technology from cybercrime and data breach. For instance, anti-tracking and spoofing features were

implemented to prevent hackers from infiltrating a network, track a device, and manipulate connections. Encryption of data must also be increased in 5G technology.

Threats will be more sophisticated and complex in 5G networks. Every device connected to the system can be a potential vulnerability if robust security measures are not in place.

For instance, even a simple, smart fridge plugged into the network can be an access point for hackers. Even security cameras that are meant to protect a company can be hacked to access high-performance data networks. Security flaws in 5G are currently susceptible to MiTM or man-in-the-middle attacks (<https://applygist.com/2020/05/5g-and-cybersecurity-major-concerns-on-new-security-threats.html>). (5G And Cybersecurity: Major Concerns On New Security Threats)

4 THE WORLD OF BANKING SOFTWARE DEVELOPMENT.

e Top Core Banking Software list in the world.

SDK.finance

[SDK.finance](#) is the core banking software provider with a strong API layer for banks and FinTechs. Founded in 2013 by a team with 15+ years of experience in FinTech and based in Vilnius, Lithuania, this banking software vendor offers a highly secure and mobile-ready solution to delight banking customers and take the lead in the open banking world.

Temenos

Founded in 1993, Temenos is one of the world's top core banking software systems. After over 25 years of providing best-selling bank software for financial institutions, The rich functionality of banking software and cutting-edge technology made Temenos the go-to for over 3,000 current clients and 41 of the world's top 50 banks, serving more than 500 million customers every day.

Mambu

As a relative newcomer, core banking software vendor Mambu has established itself as a rapidly growing supplier of banking solutions.

Today, the Berlin-based start-up services over 150 banks, fintechs, and telecom companies with over 14 million end-users. Mambu helps prominent companies like Santander, N26, and

Backbase

The core banking software vendor of choice of 80+ banks around the world, Backbase empowers financial institutions to place digital at the core of their business models.

Oracle FLEXCUBE

10% of the World's banked population has an account powered by Oracle FLEXCUBE. 600+ financial institutions use the company's universal banking solution in 140+ countries across the globe.

Finacle

Finacle, developed by Infosys, is a cloud-based core banking solution that helps financial institutions modernize their core banking capabilities. The platform is used by banks in 100+ countries and serves 1 billion end-customers worldwide.

Finastra

90 of the world's top 100 banks by asset size are partnered with real-time core banking processing engine Finastra. With clients in 130 countries worldwide and one of the broadest sets of financial software solutions on the market, Finastra is able to serve all functions of all types of financial institutions.

By harnessing the platform's flexible and open technology, Finastra's clients can go from legacy banking to transparent, innovative, and agile systems. With Finastra's modular technology stack, financial institutions can launch and deliver new functionality quickly with less risk (Malyshev, 2020).

A thorough audit is imperative before any new cyber security software is implemented. The review reveals the strengths and weaknesses of the existing setup.

Cyber security banking configuration does not only include applications. It also requires the right hardware to block attacks. With an updated firewall, banks can block malicious activity before they reach other parts of the network.

Anti-virus and anti-malware applications

— While a firewall upgrade increases protection, it won't stop attacks unless anti-virus and anti-malware applications are updated.

Multi-Factor Authentication

— This protection, also known as MFA, is extremely critical to protect customers who utilize mobile or online apps to do their banking.

Biometrics

— This is another version of MFA even more secure than a texted code. This form of authentication relies on retina scans, thumbprints, or facial recognition to confirm a user's identity.

Automatic logout

— Many websites and apps allow a user to stay logged in if they allow it. Thus, they can access their information at any time without entering their login credentials.

Education

— All of the above measures can increase cyber security in the banking sector (Khatri, 2019)

The U.S. has increased scrutiny of investments in technology and is in the process of tightening regulations affecting technology exports. Specifically, the 2018 Foreign Investment Risk Review and Modernization Act (FIRREA) extends the range of investments in the U.S. by foreign persons that are subject to CFIUS review, to non-controlling “other investments” by a foreign person where the U.S. business 1) owns or operates critical infrastructure, produces, designs, tests or manufactures critical technologies (defined broadly to include “emerging and foundational technologies”); and 3) maintains or collects sensitive personal data of U.S. citizens that may be exploited in a way that threatens U.S. national security. Another form of cybersecurity trade measures have restricted the ability for U.S. companies to sell technology to Chinese companies. The most recent high profile of such restrictions arose from the decision to place Huawei on the Department of Commerce Entity List due to the U.S. government’s belief “that Huawei has been involved in activities contrary to the national security or foreign policy interests of the United States.”⁷⁵⁴ Being on the Entity List has the effect of prohibiting exports or re-exports of U.S. goods, technology or software subject to the U.S. Export Regulations. The U.S. is also pursuing more broad technology export restrictions pursuant to the Export Control Reform Act, which calls for export restrictions on emerging and foundational technologies (Meltzer, 2020).

5 HYBRID SECURITIES

Hybrid securities, as the name suggests, combine some of the characteristics of both debt and equity securities. Examples of hybrid securities include equity warrants (options issued by the company itself that give shareholders the right to purchase stock within a certain timeframe and at a specific price), convertible bonds (bonds that can be converted into shares of common stock in the issuing company), and preference shares (company stocks whose payments of interest, dividends, or other returns of capital can be prioritized over those of other stockholders) (Kenton, 2021).

6 RFID

RFID is not a single product but a comprehensive system, a typical RFID system include three basic elements: RFID tag (transponder), reader (transceiver) and back-end application system (or database), which demands the support of the computer network. The software is used for management,

controlling, transaction, operation and maintaining record of the various users. RFID. A centralized system is being deployed for controlling and transaction operations. The door locking system functions in real time as when the user put the tag in contact with the reader, the door open and the check-in information is stored in central server along with basic information of the user. RFID technology is utilized to provide solution for secure access of a space while keeping record of the user (Awad, 2012).

There are many ways you can be duped online:

7 Email Scams

Some of the earliest forms of cybercrime were email scams, which continue to this day. Here are five of the most common types:

1. Foreign Lottery Scam

The foreign lottery scam is one of the most common types of email scams, in which you receive what looks like an official email from a foreign lottery corporation.

Here are the sure signs your winnings are false:

- **The Sender is a Person.** If the sender is an individual – or is, at least, obviously not an official lottery email mikesmith1453@earthlink.com certainly is not going to be the guy to tell you that you’ve won several million dollars.
- **Your Name isnt in the “To” Field.** If your name is not in the “To” section of the email, then this [phishing](#) email has likely been sent to thousands of people, all in the hopes of snagging a few bites.
- **The Lottery Doesn’t Exist.** Do a simple Google search. Does the lottery even exist? You may find that not only is the lottery fake, but that it’s a well-documented scam.
- **Request for Information.** Scammer emails routinely request your full name, date of birth, street address, and telephone number. The best way to avoid the common email scam is to realize this one simple rule: If you did not enter the lottery, you will not win the lottery. And even if you do enter the lottery, you probably will not win.

Survey Scam

This common email scam looks innocent enough. You've expressed interest in social issues, such as global warming or the war in the Middle East, and you've been sent a survey that requests your input. Why not participate? Unless you've specifically requested to be on a survey mailing list, what you're getting is nothing but spam.

Suddenly, you may see thousands of dollars worth of charges on your credit card bill for purchases you never made. This is result of identity theft your life can ruin (2021).

PayPal or Online Credit Card/Banking Scam

This one got me several years ago, and it was incredibly irritating. At first, you may really believe there's something wrong with your PayPal account, as you will receive an email that appears to be from PayPal with a warning message such as, "Act now, or your account will be deactivated," or "Security breach on your account." This can cause you to panic, open the email, click the link, and log in to your account.

The problem is that you're not really on PayPal's website, but rather a false website designed to look identical to PayPal. You've just given your email address and password to your actual PayPal account to a cybercriminal, who can now use that information to change your password and clean you out. They may even use this information to scam your friends and business associates.

Here are some surefire ways to tell if an email supposedly from PayPal is nothing but a scam:

- **The Sender's Email Address Is Suspicious.** Just because the sender's name is "PayPal Security Center" does not make it legitimate. An address such as "security-paypal-center@int.paypal.uk.org" is a dead giveaway that you're being taken for a ride. PayPal only sends emails from addresses that end in "@paypal.com."
- **They Don't Know Who You Are.** Whether it's PayPal or your credit card company, if you do business with them, they know your name and will use every opportunity to use it. Any correspondence beginning with "Dear valued customer" is a scam.
- **The Linked URL Is Not Legitimate.** Hover your mouse over the "click here" or "take action now" link, and if you see a strange URL that does not take you to PayPal.com, don't click.

- **The Email Includes a Threat.** This is how they got me. I was told that there was a security breach on my account, and if I didn't take the actions recommended in the email, my account would be temporarily suspended. I clicked on the link and input my email address, password, and account information. Thankfully, shortly thereafter, I was tipped off and was able to call and cancel my account.

Remember, no legitimate company will ever threaten to close your account if you ignore an email.

Mystery Shopper Scam

The secret shopper (or mystery shopper) scam has several different variations, but all are designed to steal your money, your information, or both. This common [work-from-home scam](#) attempts to suck you in with an email featuring a subject line promising you a large income, simply by working as a mystery shopper. You need no experience or education, and you can make up to \$200 to \$300 a day doing just what you love: shopping! Sounds too good to be true, right?

It is indeed. Instead of being paid to shop, here are the two ways in which you can be swindled:

- **You Have to Pay Upfront.** The money looks good, but in order to get your "training materials," you must send the company money via PayPal or with a personal check. You send the money and wait for a package that never arrives.
- **You Receive a Fraudulent Check.** This one is even worse. You provide the false company your address, and are sent a fraudulent check in the mail as your first payment. However, you are requested to send some of the money back to cover your study materials. You cash the check, wire the requested amount of money, and then discover that the check you deposited has bounced. You're responsible for \$1,000 or more worth of fraudulent check charges, plus overdraft fees.

If you didn't apply for a job, you won't be offered a job. They don't just fall out of the sky. Furthermore, if you're ever asked to spend money upfront for materials, you are likely being scammed. <https://www.in.bank/protect-your-identity> (www.moneycrasher.com, 2021)

CONCLUSIONS

International trade, countries due to global conditions, needs made them dependent on each other. This situation made it obligatory for them to consider the security of international trade and finance of international law as the main issue of protecting personal data. While money transfers to be made against

trade in a commercial business relationship are made through international banks, some banks impose restrictions on countries and determine the value of money by taking financial transfers under their own control. Cryptocurrencies, which are used as a means of payment outside of state control, accelerate commercial relations, but the state does not take responsibility for security because it is outside of state control. Blockchain technology, advocated as a democratic practice, is a practice where money will endanger the intervention of the nation state. Blockchain technology is used as an alternative to money, the internet of things, and the strengthening of the internet infrastructure. Banking software solutions have developed special banking software with secure socket layers (SSL) for Standard TCP/IP connections to protect personal data of customers. Cyber security solutions such as Precautions, MFA, One-Time Passwords (OTP), Single Sign-On (SSO) and SSH-based File Transfer Protocol (SFTP) are offered.. There are many solutions to solve the security problems in international trade These are:

Constantly update e-commerce, software common protocols used for security Information packets circulating on the Internet are sent encrypted with the help of a number of security protocols. The most popular of these are SSL (secure web session and information exchange) and SET (credit card" applications). SSL (Secure Sockets layer) and SET, Address Verification System tool is used for credit card entry for the entry gate CVV (Card Verification Value) The Card Verification Value represents the credit card's product in three or four digits. Also, the cybercriminal has a credit card number, still not valid. This plus makes a CVV much harder for a fraudulent transaction to occur.

SSL has become a standard that is widely used today and supported by many software.

Bitcoin is a cryptocurrency implementation. In addition to the crypto currency used to keep money shopping records, blockchain has an active role in international trade by being used in many services and applications today. Nowadays, in addition to cryptocurrencies (hundreds of currencies exist today that use blockchain technology or derivatives), many other application areas rely on blockchain technology like energy trading, health, supply chain, manufacturing, identity management, e-government, etc. 5G developers are hard at work to secure the technology from cybercrime and data breach. For instance, anti-tracking and spoofing features were implemented to prevent hackers from infiltrating a network, track a device, and manipulate connections. Encryption of data must also be increased in 5G technology. Security audit is oalso used at banking security

With an updated firewall, banks can block malicious activity before they reach other parts of the network. Anti-virus and anti-malware

applications. it won't stop attacks unless anti-virus and anti-malware applications are updated.

Multi-factor authentication also known as MFA, is extremely critical to protect customers who utilize mobile or online apps to do their banking.

Biometrics are another version of MFA even more secure than a texted code. This form of authentication relies on retina scans, thumbprints, or facial recognition to confirm a user's identity.

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