



NEAR EAST UNIVERSITY  
INSTITUTE OF GRADUATE STUDIES  
BUSINESS ADMINISTRATION PROGRAMME

**EFFECT OF PERCEPTION MANAGEMENT ON  
CUSTOMER LOYALTY, COMPANY PROFITABILITY  
AND AVERAGE LIFETIME**

YUNUS EMRE KAYABAŞ

PhD THESIS

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2021

## ACCEPTANCE AND APPROVAL

This study titled "**The Impact of Perception Management on Customer Loyalty Company Profitability and Company Average Life Time**" prepared by Yunus Emre KAYABAŞ was found successful as a result of the defense examination held on 19.02.2021 and was accepted by our jury as a PhD THESIS.

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## **ACKNOWLEDGEMENTS**

"The Effect of Perception Management on Customer Loyalty, Company Profitability and Average Life Time", which aims to examine how and in what way perception management affects customer loyalty, company profitability, and company life expectancy and how it will contribute to the improvement of company management systems accordingly. I would like to present my gratitudes to my thesis advisor; Asst. Prof. Ahmet ERTUGAN, our Institute director Prof.Dr. Mustafa SAĞSAN and I would also like to thank Prof. Dr. Abdullah IŞIKLAR for their valuable contribution and suggestions to my thesis.

**ABSTRACT**

**EFFECT OF PERCEPTION MANAGEMENT ON CUSTOMER  
LOYALTY, COMPANY PROFITABILITY AND AVERAGE  
LIFETIME**

The objective of this analysis is to assess the loyalty of perception management, the company's profitability and the effect on the company's life time. Perception management has opened the way for profitability of companies that have been recognized in developed countries' enterprises. A loyalty phenomenon characterized at this level supports the company's longer life span with the size of loyalty and profitability between businesses, as well as between businesses and customers. This model brings a new perspective on business management, perception management, customer loyalty, company profitability and company average life span. We see perception management as the most innovative and effective instrument implemented by day-to-day management, customer loyalty, profitability and average life expectancy of firms. It refers to a form of government that is defined by the heading of perception management and is widely used by management tools. Perception management is accepted as a new concept and it has taken its place on the agenda as an important model in the governance processes in developed countries and continues to take it.

In this context, this Ph.D. study was also conducted to measure perceived management's most important supporter of business management, customer loyalty, company profitability and the effect on company life span. To this end, perceptions management indicators, customer loyalty, company profitability and the effect on the company's average life span were analyzed. As all independent variables were found to be positively related to perception management, all the hypotheses formed within the scope of the research were accepted. When we examine the questions which correspond to the answers which are the highest average in the scope of the research, namely the average 'important' and 'very important' answers, the most important elements of the textile firm executives are; The exchange of information with

customers in various settings is a warm welcome to customers in obtaining information about the business and direct communication with employees.

Ultimately, it is crucial to understand and measure customer loyalty, company profitability and average life span of the company, which are influenced by perception management. Finding out what to do to extend customer loyalty, company profitability and company life expectancy and building strong relationships can perfect the firm in the eyes of managers. This is because the number of loyal customers will increase as managers have a high performance perception. That is, the managers will want to benefit more from the perception that they have taken it, and will constantly improve the company that they are working with.

**Keywords:** Perception management, customer loyalty, company profitability and average company life time

## ÖZ

### **ALGI YÖNETİMİNİN MÜŞTERİ SADAKATI ŞİRKET KARLILIĞI VE ŞİRKET ORTALAMA YAŞAM SÜRESİ ÜZERİNDEKİ ETKİSİ**

Bu çalışma algı yönetiminin müşteri sadakati, şirket karlılığı ve şirket ortalama yaşam süresi üzerindeki etkisini ölçmeyi amaçlamaktadır. Algı yönetimi, gelişmiş ülkelerin işletmelerinde kabul görmüş şirket karlılığının önünü açmıştır. Bu düzeyde karakterize edilen bir sadakat olgusu, gerek işletmeler kendi arasında gerekse de işletmeler ile müşterileri arasında sadakat ve karlılık boyutu ile şirketin daha fazla yaşam süresini desteklemektedir. Bu model işletme yönetimi, algı yönetimi, müşteri sadakati, şirket karlılığı ve şirket ortalama yaşam süresi üzerine yeni bir bakış açısı getirmiştir. Günümüze işletme yönetimlerinin gerçekleştirildiği en yenilikçi ve etkili enstrüman olarak algı yönetimini, müşterilerin gösterdikleri sadakat düzeyini, karlılık düzeyini ve firmaların ortalama yaşam sürelerini görmekteyiz. Algı yönetimi başlığı ile tanımlanan, yönetim araçlarının yaygın olarak kullanıldığı bir yönetim biçimini ifade etmektedir. Algı yönetimi yeni bir kavram olarak kabul görmekte ve gelişmiş ülkelerde yönetim süreçlerinde önemli bir model olarak gündemde yerini almış ve almaya devam etmektedir.

Bu bağlamda bu doktora çalışması da işletme yönetimlerinin en önemli destekleyicisi olan algı yönetiminin müşteri sadakati, şirket karlılığı ve şirket ortalama yaşam süresi üzerindeki etkisini ölçmek üzere gerçekleştirilmiştir. Bu hedef doğrultusunda algı yönetimi göstergelerinin, müşteri sadakati, şirket karlılığı ve şirket ortalama yaşam süresi üzerindeki etkisi analiz edilmiştir. Tüm bağımsız değişkenlerin algı yönetimi üzerinde pozitif yönlü bir ilişki olduğu saptandığından araştırma kapsamında oluşturulan tüm hipotezler kabul edilmiştir. Araştırma kapsamında en yüksek ortalamayı alan yani ortalaması 'Önemli' ve 'Çok önemli' cevaplarına denk gelen soruları incelediğimizde tekstil firması yöneticilerinin en çok önemsedikleri unsurlar; Müşterilerle çeşitli ortamlarda bilgi alışverişinde bulunulması, müşterilerin işletmeye ilişkin bilgi edinmelerine sıcak bakılması ve çalışanlarla doğrudan iletişime geçilmesidir.



Sonuçta, algı yönetiminin etki ettiği müşteri sadakati, şirket karlılığı ve şirket ortalama yaşam süresini iyi anlamak ve ölçümlemek çok önemlidir. Müşteri sadakatini, şirket karlılığını ve şirket ortalama yaşam süresini uzatmak için neler yapabileceğini öğrenmek ve güçlü ilişkiler kurmak, firmayı yöneticilerinin gözünde mükemmelleştirebilir. Çünkü yöneticilerde yüksek performans algısı oluştuğunda sadık müşterilerin sayısı da artacaktır. Yani yöneticiler almış olduğu algıdan daha fazla yararlanmak isteyecek, çalıştığı firmayı sürekli geliştirir hale gelecektir.

**Anahtar Kelimeler:** Algı yönetimi, müşteri sadakati, şirket karlılığı ve şirket ortalama yaşam süresi,

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## ABBREVIATIONS

<b>BBG</b>	:(Broadcasting Board of Governors)
<b>IIP</b>	:(Bureau of International Information Programs)
<b>NSC PCC</b>	:(National Strategic Communication Policy Coordinating Committee)
<b>OSI</b>	:(Office of Strategic Influence)
<b>OWI</b>	:(Office of War Information)
<b>TDK</b>	: Turkish Language Association
<b>TÜSİAD</b>	: Turkish Industry and Business Association
<b>USIA</b>	:(United States Information Agency)

## INTRODUCTION

Customer loyalty, company profitability and company life time are the most significant considerations affecting the choices taken by corporate managers who follow perception management style in companies. The translation of a manager's thoughts into experience is a process in itself. There are many steps to be taken in order to transform thoughts into positive perceptions and to support customer loyalty, company profitability and company life expectancy. If perceptions can be built positively and are sustainable, they are likely to turn into management behavior. For this reason, it is one of the most important issues for management to correctly manage the effects of manager perception in businesses where managers and managers are located. Despite developments in the economy in recent years with a very rich human resources potential of Turkey it is considered not use it enough. For this reason, the problem of the research is to measure the perceptions of middle and top-level managers in terms of perception management in enterprises and to reveal the effect degrees between perception dimensions. In sectors where competition is intense, businesses that produce similar goods and provide services are constantly struggling to exist in the sector. In the intensely competitive environment, businesses tend to differentiate the goods and services that the customers do not yet demand but need or may need in a way that increases the competitiveness of the business. Business managers who can create a strong management style can easily transform their perceptions into behaviors. In addition, businesses stay one step ahead of their competitors when they consider the perceptions of their middle and senior managers.

In this context, the aim of the study is to measure the perceptions of middle and senior managers in terms of management in enterprises and to determine the relationship between perception dimensions, in other words, to measure the relationship of each dimension with another dimension.

This research is important in terms of management in terms of shedding light on which factors can be highlighted when the perceptual factors that affect the management behavior of middle and senior managers in business management are examined.



In the first part of this study, basic concepts related to perception management and concepts related to the perception management process are specified. In the second chapter, customer loyalty, its importance, customer loyalty-related literature for businesses and consumers are presented. In the third part, company profitability, profitability measurement, and ratios showing the relations between profit and capital are analyzed. In the fourth chapter, the average life expectancy of companies is analyzed. In the fifth part of the research, the opinions of company managers on organization perceptions in terms of perception management were investigated by conducting a questionnaire in the companies located in Bursa province.

### **Research Purpose and Importance**

In sectors with heavy competition, which produce like goods and provide services, the sector continuously struggles to thrive. Firms want to differentiate goods and services which are not really necessary or would be necessary for their customers to increase their competitiveness in the more dynamic environment. Businesses that can create a strong perceived value can easily find customers for the goods and services they offer. In addition, when businesses take into account the perceptions of their customers, they stay one step ahead of their competitors. In this context, the aim of the study is to measure the effect of perception management applied by the textile sector business managers operating in Bursa province on customer loyalty, company profitability, and company life expectancy.

It is estimated that this study, carried out in Bursa province, will provide original data, findings and information to the literature. In addition, it is predicted that the study will make a significant contribution to the article on businesses, customer loyalty, company profitability and company life expectancy.

### **Limitations of the Research**

This research was carried out on middle and senior-level textile managers in Bursa province. The research is limited with the answers given by these managers to measurement tools. In addition, the features of the measurement tools constitute the other limitation of the study.

### **Hypotheses**

In this study, it was created to determine the effect of perception management variable on customer loyalty, company profitability and company life expectancy variables.

H1: There is a significant positive relationship between the perception management applied by the managers of textile companies and customer loyalty.

H2: There is a significant positive relationship between the perception management applied by the managers of textile companies and the profitability of the company.

H3: There is a positive and significant relationship between the perception management applied by the managers of textile companies and the average life expectancy of the company.

H4: There is a significant positive relationship between customer loyalty and company profitability of textile companies.

H5: There is a significant positive relationship between company profitability of textile companies and company average life expectancy.

## **CHAPTER 1**

### **PERCEPTION MANAGEMENT**

#### **1.1. Perception**

The marketer is closely concerned by perception, which can be described as 'knowing the outside world using five senses. Each individual's culture; social class, advisory group, etc. there is a perception area shaped by different socio-economic factors such as, and based on this fact, marketing managers need to establish a positive link between the perceptions of consumers and the products they produce (Özer, 2009).

Perception is not only a physiological phenomenon but also depends on the individual's beliefs, attitudes, personality traits, etc. such is a subjective interpretation affected. Individuals perceive and interpret events according to their own worldview, beliefs, and value judgments (Kardeş, 1991).

In the theoretical approach to perception, it is said that visual perception can change depending on other sources of information (non-visual) and previous past experiences. What we now perceive with our sensory organs actually uses the information we have obtained from our previous experiences. This "structure", which is called the final perception, consists of a combination of different factors (Coren & Enns, 1993).

It is possible for people to change their opinions, assumptions, theories, and ideas over time. The reason for this is that the perception process in individuals is continuous. Over time, new experiences, new discoveries, beliefs, convictions, and theories enable the processing and understanding of new information. In this way, the previous thoughts of the person can change or disappear altogether (Eren, 2014).

Perception emerges in two forms as experimental and mental perception. What we perceive through experimental perceptions, sight, touch, hearing, taste, and smell; mental perceptions are what we perceive with our sixth sense, that is, through our existing ideas about a subject (Stupak, 2001).

Perception is a two-way process, both motives and attitudes affect perception, and perception affects motives and attitudes. It also includes perception, sensory processes, symbolic processes and emotional processes, apart from these physiological factors. While sensory processes are the perception of stimuli by five senses, symbolic processes are the creation of an image in the consumer memory of the stimulus. Emotional processes determine the related liking level of stimuli (Örücü & Tavşancı 2001).

While the first perception is composed of numerical, physical and material properties, the second one is more difficult to create and obtain. In order to provide mental perceptions, it is necessary to know the limits and barriers in the perception of the other party and to deliver the message according to these frames. What should definitely not be forgotten is that emotions govern behaviors rather than reason and logic (Saydam, 2005).

The perception process is influenced by many factors such as the values of individuals, goals and objectives, needs, the cultural environment in which they grow up, their knowledge, their past experiences, and even their biological and physical characteristics. Therefore, the same warning is perceived in different ways by different people (Eren, 2014).

Perceptions arise as a result of sensations. Perceptions take shape according to the individual's previous experiences or knowledge. Therefore, perception is a personality reaction. The most important symptom is the emergence of a state of consciousness that the sensations belong to a certain object and shape. Therefore, when a person has a perception of something, he/she knows and knows that thing (Binbaşıoğlu and Binbaşıoğlu 1992).

Factors that are important in terms of perception management and affect the perception process can be grouped under three headings (Eren, 2014).

- i. Characteristics of the perceiving individual (individual's personality, personal characteristics, past experiences)
- ii. The properties of the perceived object (person, thing, event, living and non-living beings)
- iii. Perception environment (physical, social and organizational environmental conditions in which the perception process is experienced)

There is also a relationship between perception and memory. Memory is scattered across nerve cells in many different parts of the brain, at the junction points where these cells meet each other. The way the cells connect with each other enables the stored information to be presented to the conscious easily when necessary, and also facilitates the grouping of perceptions together in the memory, so that the specific piece of information that is desired to be remembered and the information connected to it can be remembered by association (Tolan, İsen, & Batmaz, 1985).

Perception does not depend on the partial data coming from the senses, but on the structuring of the holistic relations between them. For example, we cannot perceive the table completely at first glance. However, over time, we perceive the table as a holistic image by making qualifications such as four-legged or rounded (Özer, 2009).

Perception, which is influenced by expectations and motivational situations, performs the social perception activity by categorizing the information acquired at the beginning, the actions and motives of other people in the mind and updating this information as additional information comes (Arkonaç, 1998).

Along with the perception, the person takes into account the issues around him that interest him. While the person is indifferent and indifferent to some of the information he receives from his environment, he is interested and curious about others (Eren, 2014).

What is right for a person may not feel right for the same person in different situations. Similarly, what seems right for one person may not be right for another. In this sense, the concept of reality; It can be said that there is not a single truth as it varies from region to region, country to country and even

from person to person. Therefore, the realities perceived by people may differ (Friman, 1999).

The sensing process is active. Perceiving perceives objects in order, not randomly. The perception process is not limited to the perception of the physical environment. The same processes are also valid in the perception of social events (Başkaya., Pınar., Aybar, & Karakaşlı, 2003).

After the perception is formed, sub-factors such as impulse, motive, need, desire, which play a role in the formation of motivations, which are the main determinants of behavior, primarily complete their formation with emotional perception processes and become functional (Kaynak, 1990).

Each individual's; culture, social class, advisory group, etc. There is a perception area shaped by different socio-economic factors such as, and based on this fact, marketing managers need to establish a positive link between the perceptions of consumers and the products they produce (Özer, 2009).

If people's perceptions were not different, market segmentation would not have much meaning (Özer, 2009).

There is a perception model according to Young's model. The model in question is as follows (Chisnall 1975).

There are five basic issues that perception affects consumer purchasing behavior. These are (Özer, 2009):

- I. Perception of Advertisement
- ii. Product image
- iii. Price Perceptions
- iv. Judgments Regarding the Country of Production
- v. Corporate Image

#### **i. Perceptipon of Advertisement**

The first condition for a particular advertisement to begin the journey of the mind in the process of perception is the exposure of the viewer to the advertisement. But just because an ad is passing right in front of our eyes

doesn't mean we're exposed to it. There is a paradoxical relationship between our capacity to process information and our power of perception, and with the increase of technological development and knowledge, we begin to perceive more and more limited as we are exposed to more stimuli. The "absolute threshold", which indicates the lowest stimulus level that the sensory organs can stimulate, is gradually increasing in terms of advertisements. The easy or difficult passing of the ad's perception threshold is shaped by the characteristics of a particular advertisement, as well as by the viewer's impression of the advertisement and the media in which it is included (Özer, 2009).

Emotional motives are addressed in the advertising messages of consumer goods, and rational motives in the advertising messages of industrial products (Yükselen, 2006).

The benefits of perception to marketing strategies are as follows: It guides how to perceive an advertising message in accordance with the company's objectives. It helps to establish the relationship between brand positioning and message (Erdem, 2006).

## **ii. Product image**

The personal identity function is that the consumer identifies his / her personality with some brands and feels inclined towards them. In the literature, brand effects are mainly based on the product image and the compatibility of the personal image with consumer behavior. It is based on the idea of enhancing the consumer's self-image with the brand image and thus the purchasing action takes place (Del Rio, Vazquez, & Iglesias, 2001).

When individuals compare their images with their product images, they do this in a social structure. Therefore, the individual's inclusion in a group can be supported by preferring or not choosing certain images of integration (Ceritoğlu, 2005).

## **iii. Price Perceptions**

Some consumers interpret price as an indicator of product quality or prestige. Thus, the higher price is associated with a higher probability of purchasing.

Other consumers can see the price negatively and try to reduce the price with different shopping strategies (Sternquist, Byun, & Jin, 2004).

If consumers pay high prices and buy low-quality products, they will have negative feelings towards the company and their trust will be damaged. Based on this information, it can be concluded that there is a link between price and quality and quality and trust that needs to be examined. For these reasons, the relationship between the price perceived by the consumer and the trust they will have in the firm and what effect quality has on this relationship is an important issue that needs to be examined (Koç, Kaya, Özbek & Akkılıç, 2013).

In addition, price is a monetary or non-monetary tool that enables the change to occur, which the consumer accepts considering the benefit obtained as a result of his evaluation (Ferreira, Avila, & Faria, 2010).

Price perception is the opinion formed by the consumer about the prices of a particular retailer by comparing the prices of various retailers (Zielke, 2006).

#### **iv. Judgments Regarding the Country of Production**

Rather than the place where the products are produced, the country is considered to be the country of origin if a brand is perceived as belonging to the most in the minds of consumers. The perception of a country as technologically superior and having a good image in the international market should not be thought to be reflected in every brand and product produced in that country. The fact that the Japanese have advanced technology does not cause the perception that they will produce good wine. However, Japanese manufacturers can easily benefit from the perception that Japanese or Japanese computers are superior in quality and technology (Onay, 2008).

Consumers also upload the image they have about the country where the product is produced to the product. Here, if the image of the country is positive, the image of the product is also positive, if it is negative, the image of the product is also negative. The Halo Effect arises from the image of the country or the image of other products belonging to that country if there is little or no information about the product (Bati, 2010).



## **v. Corporate Image**

Corporate image refers to the sum of the images of customers, investors, employees, supporters and society in general regarding a company. (Bakan, 2005).

Company identity, business ideology and corporate culture have a bearing on the creation of corporate images in literature. Corporate identity consists of all the methods used by an institution to introduce itself. The corporate philosophy is the sum of the basic principles, intellectual models, values and moral rules followed by an institution in its activities (Sıgır & Gemlik 2007).

In this part, the main concepts that constitute the theoretical framework of the thesis will be included within the scope of literature research. In this context, it is considered that including these important concepts that constitute the theoretical environment during the literature research phase is very important in terms of better examination of the subject and serving the purpose of the research. In this section, the individual and social perception will be examined in terms of perception management and finally media perception management.

### **1.2. Definition and Extent of Perception**

Perception management has been defined by different academicians under different headings. However, in these definitions, the boundaries and scope of perception management could not be clearly drawn. In this context, very useful presentations on the subject were made by experts from different disciplines in the "Strategic Communication and Perception Management" certified training program held in Ankara on 21-22 January 2011. As a result, in parallel with the researches done abroad on the concept of perception management, these presentations also made a definition in other disciplines related to the concept, but the boundary could not be drawn clearly. The concept of perception management, derived by the US Department of Defense, is the denial and/or reveal of selected information or signs in order to influence the emotions and motivations of a selected external target audience, as well as by influencing the official calculations of the target audience's intelligence systems and leaders at all levels. to ensure that the

person who implements its management behaves in accordance with its target and acts officially. Perception management consists of many aspects, reflecting real information, operational security, deception, cover, and psychological operations (DTIC [web], 2010).

Spaiser has defined perception management in information wars. Two types of information warfare are particularly important for the rebels. These are psychological operations and perception management. Perception management, including propaganda, is done to affect the feelings, thoughts and behaviors of others (Spaiser, 2008).

According to Nye, perception management is the skillful use of persuasion or propaganda. Groups' attitudes, beliefs and behaviors are affected by perception management. For this reason, perception management is also a form of psychological operation. In addition, it can be considered as a sub-branch of strategic communication and public diplomacy (Çevik & Çevik, as cited in 2004).

From another point of view, perception management includes political pressure as well as military operations used to convince the other party, since it is to enable the other party to act as desired. For example, when America dropped nuclear bombs on "Hiroshima" and "Nagasaki" cities in Japan during the Second World War, the Japanese surrendered. However, from the perspective of perception management, military operations have to be both legal and credible. These two issues are very important in terms of the continuity of the operations, as well as the support of the internal and external public opinion (Zaman, 2007).

If perception management is seen as an operation to influence the target audience, it can be considered as a kind of propaganda. In order for perception management to be successful, public diplomacy, media relations (public relations), soft power activities (cultural communication) and psychological operations should be considered together. It is because in all these disciplines, in short, the goal is to change the truth of the others. To change the truth of the others, it is necessary to use radio broadcasts, the internet, print media and conferences, and in the long term, cultural and

educational activities. In addition, the reliability of information is also very important in order to change the truth of the society and to be persuaded according to their own wishes. That is why, parallel to this, the reliability and impact of the media becomes necessary in terms of perception management. Of course, the psycho-social structure and culture of the target country is also very important here. Especially in authoritarian regimes, information operations are more difficult than in other democratic countries (Taylor, 2002).

According to Garfield, perception management is not propaganda. Perception management is the shaping of messages in a way that the target audience can understand, and these shaped messages pioneered to the desired attitude and behavior change in the target audience (Taylor, 2002).

According to Martemucci, perception management can be thought of as strategic communication, in part. Both academic and official publications on strategic communication and perception management appeared simultaneously. However, perception management is not a synonym for strategic communication. Because perception management is to affect the emotions and motivations of the target audience, while the consequences of the given message become more important, the message itself and how it is delivered are more important in strategic communication. In perception management, the meaning of the news given to the media is not limited to the effect it will lead; besides, these discourses should be supported by actions in order to change the attitude and behavior in the target audience. In short, perception management is the most important element of the knowledge dimension of national power (Taylor, 2007).

Minds should be the target of perception management. Because, in this way, it is ensured that the target audience interprets the wrong information and do not realize their own perceptions are being managed. Deception, which is one of the methods of perception management, is different and more comprehensive than tactical deceptions such as false signals or false signals in military operations to mislead the enemy. It is because, in the target of perception management, there are strategic actors such as the administrators of the target country and the public (Zaman, 2007).

According to Siegel, perception management has three goals. The first is to create a strong public influence inside and outside (The activities carried out must be in accordance with the law in terms of credibility.); The second is to convince the adversary and third parties about what will happen to them as a result of their actions, and the last is to make the people of the target country act in line with the goals and desires of the practitioner (Zaman, 2007).

Perception management can be applied both in war and crisis and in times of peace. There is no need to use false information in perception management in peacetime. Since the aim is to correct an image or prevent a possible conflict, the senior managers of the target country are affected over a long period with correct and manipulated information (Callamari and Reveron, 2003).

As will be seen in the analysis section later, the manipulated information does not have to be wrong. Perception management also plays a key role in military operations. The perception of others is very important in perception management. It is critical to analyze these perceptions in many ways in order to change the perception of others. Especially the media has a very important role in changing the perception of others. Perception management mainly deals with the international political environment. Understanding the perception of others and focusing on the basic reasons that constitute this perception are the basis of perception management. The most important feature of perception management is that it works in times of crisis; Especially if it is applied in "low-intensity conflict" situations, it can change the results that may arise very effectively. As a result, it can be said that it is vital to implement perception management in times of crisis and conflict (Siegel, 2007).

As an example of perception management applied during the crisis period, it can be given how the crisis between the USA and China, which emerged as a result of the collision of China's F-8 fighter with America's EP-3 reconnaissance aircraft in 2001, was resolved by perception management tactics in favor of China. In order not to be accused in the international public opinion and to be labeled as an anti-American, China manipulated the media to create public opinion in its favor (Callamari and Reveron, 2003).

Perception management can be considered both tactical and strategic. Tactically, if an American soldier takes off his sunglasses while talking to the locals in his area of duty, the American soldier is not a soulless robot and becomes a good person who respects cultural values. From a strategic point of view, US President Bush's use of the word "Crusades" right after the September 11 attacks triggered many negative events happening all over the world, especially in the regions where Muslims live, against the USA. Perception management, in other words, can be defined as the application of a refined form of strategic communication by soldiers, statesmen and state organizations (Martemucci, 2007).

According to O'Neill, perception management consists of four stages. These are, in order, to attract the attention of the target audience, to present and share similar information in order to keep the target audience under control; The information presented is to be made consistent with the emotional, social, cultural and historical genes of the target audience and the last stage is to repeat the information in communication resources to keep the information in the same position (Callamari & Reveron, 2003).

According to Siegel, societies are very sensitive to certain factors in terms of perception management. With these factors, societies can be manipulated very easily. These are, respectively, to have free access to the media broadcasting worldwide; Being exposed to information flow with news sources broadcasting 24/7; exposure to real-time news (so rumors can spread quickly); Exposure to very cheap and easily produced images and symbols thanks to the media (the spread of the images taken in Abu-Ghraib prison on the internet has damaged the American image around the world.) and internet perception management are sensitive points that should not be forgotten (Callamari & Reveron, 2003).

According to Callamari and Reveron, some societies are more vulnerable and sensitive to perception management. Particularly, the foreign dependency of the target audience and the power of the public opinion and democracy in the target country are effective in this. A perception management process mainly consists of the following stages. The first is to set a strategic goal for the enemy. While determining this goal, the

psychological, cultural and sociological structure of the societies and the decision-making process should be analyzed very well and clearly. Second, the perception management campaign, that is, all efforts must be converted into a new method to be applied. The important point here is that efforts must be based on reality. In addition, feedback is one of the important fields of activity. Because if the method is unsuccessful, the method may need to be changed immediately (Callamari & Reveron, 2003).

Deception is in perception management. But military deception is to make the enemy behave biased in anticipated and calculated way by manipulating, distorting, or imitating evidence in order to mislead the enemy (Joint Publication 3-58 [web], 2011).

However, deception in perception management is a more complex and longer process than military deception. Therefore, perception management does not have to use deceptive information. Since the goal of perception management is to change the minds of the target country's public and senior bureaucrats in the long term, the decision-making process, psychological structure, culture, history and leadership structure of the target country become important in this deception principle. These principles, in turn, are more effective and persuasive to manipulate pre-existing beliefs in society (stereotypes, etc.) to change the target audience than to present false evidence or information. Second, the campaign implemented must be situational. The manipulated information should be given to the target audience bit by bit. Even if the information given in this way is contrary to the nature of the social culture, it may have a controlled and robust attitude and behavior change in the target audience. The third is the proper use of correct information. Small and accurate information should be served to reduce uncertainty. In this way, the target audience cannot understand the intention of the person applying the perception management. Care should be taken that little accurate information does not represent a whole. The fourth is feedback. It is because the effect of the campaign can be understood from the publications made by the target public. The fifth is to know and control the effects of the campaign. In the last phase, it is important to look at the campaign as a whole, that is, planning in coordination and as a whole. The

flow rate of information and the time it is given to the public is very critical. This issue should be planned in advance (Callamari & Reveron, 2003).

In order for perception management to be successful, the target audience should not be aware of the persuasion activities to change their attitudes and opinions. Because when people think that they are trying to be persuaded, they develop more counter-arguments and cling more tightly to what they are thinking and the attitudes and behaviors they have. The way to make people aware that they are persuaded against perception management is to warn people about it. It is very difficult to persuade individuals who have been alerted (Kamalski, Lentz, Sanders, and Zwaan 2008).

For these reasons, perception management is done secretly and soft power is used basically during its implementation. On the other hand, explaining and teaching that the society's opinion and attitudes can change by raising the awareness of the society and managing the perceptions of the society against perception management, in short, creating awareness in the society are some of the measures that should be implemented. The Covid 19 outbreak, which occurred in Wuhan, China on December 31, 2019, is used by perception managers as a very good perception management tool. Thanks to the perception management strategies used throughout the epidemic process, it can be used as a means of guiding the masses from behavior patterns to shopping preferences, from training processes to purchasing behaviors. In this process, hostilities can be generated by manipulative manipulations and illusions of perception that can cause a kind of diplomatic conflict between countries. People's tendency to perceive the world within the framework of their own values and their willingness to believe has made them believe in the many misleading information produced during this global epidemic and think within the framework they were guided. For example, in this process, the perception that the virus spreads from a wild animal in an animal market in Wuhan is a perception management effort of the Chinese State; The propaganda about the conscious production of the virus in the laboratory also appears as a counter-perception management effort. Since December 31, 2019, much manipulative news about this global epidemic has been circulating. Thanks to this dirty information, it is getting

harder every day to reach real information. Turkey as well as in the world of statistical information related to the outbreak an incomplete and incorrect perception of the society in which it is observed that saw considerable acceptance. The strongest precaution to be taken against such misleading and directing the society to misleading information is to share information clearly and accurately with the public.

### **1.3. Historical Development**

In the previous section, it was stated that the concept of perception management was first used by the US Department of Defense. For this reason, it can be thought that the USA has implemented activities similar to perception management under different concepts since the First World War. In this context, it is considered that examining the historical development of perception management under the campaigns implemented and made by the USA will be beneficial in terms of understanding the issue better. These campaigns implemented by the USA are considered to contain issues such as strategic communication, diplomacy, hard and soft power. Martemucci briefly summarized the historical development of perception management. According to Martemucci, the perception management campaign organized by the US during the First World War consisted of the propaganda of the state's intelligence organizations on truth. In this context, the US public was persuaded to enter the First World War. 75,000 people "men of four minutes" were assigned for this propaganda. These commissioned people made four-minute speeches praising the United States about the necessity of America to go to war. The reason for the four minutes of their speeches is that the average person at that time was believed to be distracted after four minutes. Between 1939 and 1944, US President Roosevelt established at least 12 organizations to direct and support the perception management campaign. One of them is OWI (Office of War Information, War Information Bureau). The activities of this office can be given as an example of perception management. On August 10, 1945, while the Japanese were discussing the terms of surrender with the Allied States, the Japanese State hid these discussions from the public. Taking advantage of this strategic



opportunity, OWI immediately announced the news to the Japanese people with Voice of America Radio surrendered by the Japanese. In addition, 3 million brochures were sent to Japanese cities with American warplanes. As a result, Japan officially surrendered two days later. Founded in 1946 by US President Truman, the Bureau of Cultural and Information Affairs was established to direct perception management activities after the war. USIA (United States Information Agency) was established to manage perception management activities of the USA during the cold war period. After the Cold War, the USIA was dissolved in 1999 and the "State Department's Bureau of Public Affairs" was established. This office provided consultancy in public diplomacy activities of the state.

In addition, within the scope of perception management, BBG (Broadcasting Board of Governors, State Broadcasting Board) was established in the USA in 1999. The purpose of this institution is to announce the news about freedoms and democracy to the whole world, including overseas. At the same time, strategic communication activities were carried out with IIP (Bureau of International Information Programs Office) in 1999, after the September 11 attacks, NSC PCC (National Strategic Communication Policy Coordinating Committee, National Strategic Communication Policy Coordination Committee) was established. Currently, the Undersecretariat for Public Diplomacy and Public Relations manages strategic communication activities. However, right after the September 11 attacks, the Pentagon created an office called the Office of Strategic Influence (Office of Strategic Influence). However, this office was criticized by both its own government and its own public for providing false information to the public and foreign press (Martemucci, 2007).

## **1.4. An Interdisciplinary Perspective on Perception Management**

### **1.4.1. Propaganda**

Propaganda can be defined as changing the feelings, thoughts and attitudes of the target audience in the desired direction. As explained in the previous section, this definition forms part of the definition of perception management. In this context, it is seen that perception management is broader and more comprehensive than propaganda. In other words, propaganda can be

considered as one of the most important tools of perception management. Etymologists have traced the word propaganda to the Latin word "Propaga", which means "to extend, enlarge, expand and advance". It was first used by Pope Gregory the 15th to establish the "College for the Propagation of the Faith". The term, which was initially used to spread and expand missionary activities, later gained connotations (Whitaker, 1962).

Although the word propaganda is used as new, the activities that express the term propaganda can be seen in the depths of history. In the Book of Judges in the 13th century B.C., Gideon (Gideon is an important figure in the Old Testament) Median (Median is the region mentioned in the Qur'an and the Bible, or the name given to the inhabitants of this region) in order to create confusion and fear in his people. It has been recorded that he used propaganda. In his book "The Art of War", a Chinese classic, Sun Tsu is told that he recommended lighting lanterns and playing drums at night and using flags and pennants intensively during the day in order to mislead and deceive the enemy about the number of forces he will encounter. Herodotus (the historian who lived in the 5th century BC) and Themistocles (the Athenian politician and general who lived in the 5th century BC), to threaten the Ionians from advancing, they will be able to pass the paths of the Ions. It is depicted that he used inscriptions containing threatening statements by carving (Whitaker, 1962).

Another example can be given from the years of the War of Independence. In the Kozan district of Adana, in order to deceive the enemy about the forces they will face in order to save the district from the French during the War of Independence, the sheep were taken from the plain to the Kozan Castle on the dominant land at night, and this strategy misled the enemy about the number and capability of the local forces in Kozan, It is described anonymously by the people of Kozan from generation to generation. According to Taylor, although propaganda is thought with its negative meanings, it actually has a neutral meaning. It is a process of persuasion that benefits the propaganda practitioner. According to the current NATO definition, propaganda is the direct or indirect dissemination of any ideas, doctrines and knowledge in order to gain benefit by influencing the emotions,

attitudes and behaviors of a selected group. Therefore, whether propaganda is good or bad depends on the intention of the practitioner (2002).

Laswell expresses the duty of propaganda as injecting certain concepts into people's thinking as if it were injecting under the skin. In other words, propaganda can be defined as the conscious attempts made to gain specific behaviors for the target audience by using the media (Ruddock, 2000).

Propaganda is the conscious behavior made to influence, change or control the thinking, attitudes and behaviors of the group or individuals in line with the wishes of the practitioner. In other words, propaganda enables individuals to accept an idea that they are not obliged to accept with their own will, and to make similar actions they do not have to do with their own will. The objectives of propaganda can be grouped under three headings. These can be considered as their own people, peoples of friendly states and neutral states, respectively (Özsoy, 1998).

The word propaganda implies something sinister and bad for society. Propaganda is often used in conjunction with words such as lies, deception, and brainwashing. There is a general belief that propaganda is a phenomenon that is present in the body, such as a cancer that manipulates thoughts and movements, and should be avoided (Cull, Culbert, & Welch 2003).

Propaganda is a psychological operation carried out by distorting or distorting the perceptions of individuals and large groups. That is why it can be used to create public opinion in perception management (Çevik & Çevik, 2010).

Propaganda is the most effective weapon used by psychological operations, and it is the planned and regular publication of news, information and special documents by the media in order to change the feelings, thoughts, attitudes and behaviors of the target audience (Kumkale, 2007).

Propaganda in psychological warfare can be defined as influencing and directing the target society in the desired direction (Baştürk, 2005).

Many people think that propaganda is used in advertisements to get more sales of any product, or hidden in discourses that a politician uses to persuade his voters. These are true, but in order for them to be able to

activate the individual, the individual must be willing. Apart from these, there are also perceptions that are not perceived as propaganda by the individual but that mobilize the individual. There are also incomplete or incorrect news that mobilize individuals against their will. For example, news of an epidemic can agitate and mobilize the whole society. In addition, another important way to activate an unwilling individual is repetition. In other words, the repetition of the news by different sources and ways in all segments of the society can increase the credibility of that news and information and enable the society to move in the desired direction (Avşar, 2002).

Propaganda has much to do with documentary photographs, accompanied by a headline, title, or description, in terms of manipulating the target audience and setting the background for the accusations. Although both documentary photographs and documents with an official nature such as a driver's license carry photographs, there are serious differences in terms of the emotions they evoke in the society and mobilization of the society. Therefore, documentary photographs can mobilize society by creating phenomena such as compassion in people. For example, Jacob Riis and Lewis Hine reflected their poor and slum life to the society with documentary photographs titled "How the Other Half Live". The publication of these pictures in society has led to social development and legal regulations (Cull, Culbert, & Welch 2003).

Nations whose feelings of national unity and solidarity are weakened by cultural wars are very suitable targets for propaganda. In such societies, news, comments, and information in the form of rumors can mobilize a certain segment of the society in a very short time and disturb the peace of the society. Those who have a reduced ability to think objectively and who do not have sufficient knowledge about psychological warfare and propaganda, and those whose psycho-social structure is vulnerable, are easily affected by propaganda. In addition, anti-sympathizers of the idea are also formed. As a result of these activities, polarization may begin to occur in society (Baştürk, 2005).

According to Laswell and Blumenstock, propaganda was popularly used for the first time in World War II. During the First World War, civilians and

soldiers were often warned not to fall prey to the insidious, dangerous and mysterious effects of propaganda. The propaganda used at that time can be called political propaganda. The channels for making political propaganda can be listed as mass demonstrations, public release of those judged for the demonstration, strikes, school protests, protests and petitions, telephone campaigns, public opinion polls, and boycotts. In addition to these, the publishing of written sources such as newspapers, magazines, books, brochures and notifications, the use of various institutions and organizations, and symbolic phenomena such as schools, theaters, movies, pictures and sculptures, songs, slogans, flags and uniforms are also included in these channels. (1939). Although the propaganda methods mentioned above are called the channels of revolutionary propaganda used in the cold war period, it is seen that many of these methods are still used today. According to Holt and Velde, propaganda plays a very important role in the success of states. Because Communism has survived for almost half a century only thanks to propaganda. The great propagandists of communism are also popular heroes. In fact, victory is not of the Red Army, but of propaganda (1962).

According to Kumkale, propaganda has four features. Propaganda must fulfill at least one of these attributes. These are respectively; propaganda must attract attention; propaganda must be agreed upon; propaganda must raise a need, and propaganda must respond to a need (2007).

According to Ellul, propaganda respectively; be political or sociological; uniting with its being based on provocation and anger; It can be divided into groups under main headings such as vertical and horizontal. If these evaluations are examined; In political grouping, propaganda includes activities planned by a state, a political party, or a group, whose goals are determined and limited, whose success is measurable, short-term, and which is carried out with certain symbols and methods. Propaganda by Hitler and Stalin can be given as an example. Announcements made for the surrender of the opponent in time of war, radio broadcasts or distributed brochures can also be classified under this scope. In this type of propaganda, flags, pennants, badges, etc. emblems gain importance. However, sociological propaganda has no short-term goals. It is not clear who plans the sociological

propaganda. The purpose of this propaganda is to change the lifestyle and cultural structure of the society. Sociological propaganda aims to change the whole of life, rather than changing a certain behavior pattern. In addition, this propaganda is aimed to adapt the individual to the economic, political, and social structure he lives in, and the cultural structure of the individual is tried to be changed. Hollywood cinema can be given as an example. This form of propaganda can also be used in perception management. Propaganda based on irritation and anger is propaganda used to overthrow the current system and the state. The aim here is the revolt of the target audience against the state. Therefore, provocations and provocations are made openly. Examples include the Crusades and the French Revolution. In addition, the aim of unifying propaganda is to increase the adaptation of the target audience to the state and social environment. In this type of propaganda, a common culture and belief unity is tried to be formed among the target audience. The policy implemented by the Soviet Union since 1930 is in this direction. It tried to establish a cultural link between peoples. A hierarchical structure of interaction and planning is desired in vertical propaganda. The media has a very important role in this propaganda structure. Hence, the messages of the planners are distributed through the media. In horizontal interactive propaganda, there is interaction within and outside of groups. In this type of propaganda, messages are distributed as a result of social relations within and outside the group without the need for any media (1965).

Currently, even in 2011; The use of Russian in the official speeches of the Heads of State of some Turkish Nations who left the former Soviet Union is an example of how strong the effect of unifying and sociological propaganda is. Propaganda has been grouped in different ways in the historical process. According to Başdoğan, propaganda can be divided into white, black and gray propaganda in terms of its sources. In white propaganda, the source is determined and based on the main truth, while in black propaganda the source uncertain truth is based on lies. Gray propaganda is between these two types of propaganda. In gray propaganda, the source is doubtful, and the truth is a shame (1960).

Ellul says that for propaganda to be effective, certain conditions must be met. First of all, it is beneficial for the individual to have an average standard of living in order to be affected by propaganda. Thus, the individual must have a television, a newspaper or a radio in his home. These sources are very important in terms of repeating the information, regardless of the source and the way it comes from. Second, the individual must possess a certain culture in order to be manipulated. In addition, societies with strong legends, epics and ideologies are more susceptible to manipulation. Such societies are more susceptible to manipulation if the cultural structure of society and its epics and ideologies fit together quite well (1965).

It is considered that the issues described above are also very important in terms of perception management. The destruction of the legends and legends that society gains strength, boast about and make as a part of its identity with propaganda techniques or the questioning of their unreality in the eyes of the society may cause the society to be naked, degenerate, lose its identity and seek a new identity. (2) Information Wars and Psychological Operations Information operations are the commissionings, directing and implementing of measures such as electronic warfare, computer-aided operations, psychological operations, military deception and operational security in order to affect, prevent and disrupt the adversary's humanitarian or automatic decision-making while protecting his own capabilities and capabilities (Joint Publication 3-13 [web], 2011).

In general, many academics understand perception management under the umbrella of information operations. However, the main difference between perception management and information operations is that, in perception management, the target audience's motives are more important than the target audience's motives (the wrong decision-making process), while the target audience's motives are achieved in information operations. However, perception management and information operations are close to each other in terms of non-kinetic activities. However, unlike information operations, the kinetic activities of perception management can be considered together with propaganda (Martemucci, 2007).

The information war is about the capture of minds. In other words, it is about a dominance that will make the minds of the target audience accept what is right and what is wrong. In the Policy Memorandum No. 30 dated May 6, 1993, the US General Staff decided to expand the information war to include psychological operations by mobilizing the "feelings, motives, objective reasoning and direct behavior" of the target audience. One of the important parts of the information war is psychological warfare (Özdağ, 2008).

In the movie "Tomorrow Never Dies," Archvillain told James Bond, "Now words are new weapons, satellites are new artillery batteries; Caesar had officers, Napoleon had armies, but I have brigades." "Television, news and magazine!" this discourse mentions the importance of the media in the new world order. As seen for example in Bosnia, the effect of directing the societies of military and economic power in changing their attitudes and behaviors has decreased. As a new force, information wars are now more effective than hard power in persuasion and guiding societies (Collins, 1999).

According to Tatham, the political, sociological and cultural sides of a strong adversary are targeted in the information war. In other words, the opponent's moral values are tried to be destroyed. Leaving aside the technological dimension of the event, in SunTzu's work "The Art of War", aspects of the information war that are not related to technology can be seen. According to Sun Tzu, who knows well how to use small and large forces, can catch moments when small forces can be superior to large forces during war (Tahtam, 2007).

Modern conflicts are getting more and more complex with each passing day. Inter-state conflict has now turned into asymmetrical conflicts with international organizations within a country. Therefore, normal military measures are insufficient. Instead, it becomes more important to use all the power elements of the state together with international organizations. In many crises and conflicts that occurred, the rapidly dispersing of the emerging information with the media and technology led to the initiation of an information campaign. The information campaign consists of information operations and media operations that will support information operations and civil-military cooperation activities. Information operations are coordinated



actions by affecting information systems in order to destroy the will, unity and decision-making ability of an enemy or potential enemy. Media operations are included in information operations. Information operations consist of psychological operations, operational security, deception, electronic warfare, physical destruction, and information-system supported operations (ICS [web], 2010).

Right after the September 11 attacks, the American and British Defense Concepts were shaped in accordance with the changing international threat (international terrorism, asymmetric war). These changes, which are a revolution in Military Affairs, express the use of information advantage in the best way by taking advantage of technological developments and network centric warfare. America's failure in asymmetrical conflicts despite a military victory in Iraq can be shown as an example to this issue (as cited in Benbow 2006, Briant, 2007).

Psychological Operations are the planned operations of foreign groups, individuals, organizations and states with selected information and signs in order to affect their behavior, emotions, motivation and thoughts. The purpose of psychological operations is to enable foreign audiences to behave in accordance with the goals of the practitioner or to reinforce and reinforce this behavior (Joint Publication3-53 [web], 2011).

In fact, when we look at the definition of psychological operations, it is seen that it is in parallel with the definition of perception management. But there is an important difference between them. This too; perception management, unlike psychological operations, is that it strives to influence leaders with intelligence systems at all levels. Psychological operations can be done as part of perception management. For example, with brochures and radio broadcasts in psychological operations, the enemy may be discouraged and forced to surrender. However, reflection of reality, operational safety, cover and deception can be used in both perception management and psychological operations. In short, commanders and soldiers must act by considering the local people and the world public opinion in the region where they are located. Because they are a part of his country's strategic perception management campaign (Martemucci, 2007).

Strategic psychological activities are planned psychological activities in order to gain the support of friendly and neutral countries in peace, crisis and war, and to reduce the will and capacity of the enemy countries (DTIC [web], 2011).

Every individual is different from each other due to their characteristics such as their environment, psychological structure, and psycho-social status. Since the purpose of psychological operations is to change attitudes and behaviors in human behavior, it is very difficult to make these dissimilar people change their attitude and behavior collectively and at the same time do this without making anyone noticed. That is why psychological operation is a lifelong specialty activity (Kumkale, 2007).

In other words, Psychological Operations are activities planned with at least one of the national power elements such as economic, social, political, military and technological of the target country by changing the attitudes and behaviors of the target audience in order to achieve the desired goals (Özdağ, 2008).

Psychological operations are the publication of the information, news and comments selected in order to break the target country's will to fight, by the media in order to arouse feelings such as unrest, distrust, anxiety and rebellion in the target society. However, the fact that the target audience is guided in the desired direction by external conspirators with false, unnecessary news and comments can be explained by the concept of informatics ignorance. Both activities are generally carried out by the media (Baştürk, 2005).

The 20th century is generally known as the "Century of Ideologies". In this century, national interests have been achieved through the use of the Armed Forces. After the Second World War, cold war practices started to be used because war technologies were extremely destructive on both sides and their costs were very high. In other words, the policies of conquering the castle from within have begun to be implemented. The target of a psychological operation, which is now a cold war technique, is not the man himself, but rather his thoughts and minds of emotions to change attitudes and behaviors.

In addition, the rapid development of mass media and technology has greatly increased the damage of psychological warfare on the target audience (Kumkale, 2007).

Psychological action is to change how people make sense of those objects and events, instead of directly changing objects and events in order to provoke certain attitudes, behaviors and reactions in the target audience (Holt & Velde, 1962).

Since the goal of the psychological operation is to change the attitudes and behaviors of the target audience in the desired direction, it is impossible to do it publicly. For this reason, it is not always possible to distinguish whether an event that occurs in the society is the result of a psychological act or a natural behavior (Kumkale, 2007).

- Psychological Operations are strategic. Because psychological operations do not cover a certain period of time, they are continuous and continuous. For example, US President Truman's "real campaign" is an overseas information program. The word campaign used here is the act of information with the aim of gaining victory in a certain period of time. However, in contrast to this, the word "strategic" used in psychological operations is based on success rather than a victory; It is applied worldwide and its implementation is based on very long time frames (Holt and Velde, 1962).

- Turkey has been the geopolitical, sociological and cultural permanently due to the position of some strength is in goal. For this reason, deterioration of Turkey's stability has been described in many publications on Turkey for the purpose of psychological operations is made of. In this context, the PKK terrorist organization can be given as an example. According to Özdağ, the PKK terrorist organization used psychological warfare techniques to achieve its own dirty goals. As an example, some issues taken in the so-called II Conference of the PKK terrorist organization held between 7-24 February 1990 and included under the heading of "Decisions on Psychological War Against the Enemy" are presented below. These are;

- Propaganda that contains facts and aims to destroy the enemy spiritually should be spread through larger masses,
- The weaknesses of the enemy's political and military administrators should be identified and kept under control,
- The image of being organized within enemy forces should be spread,
- The power possessed through the masses must be exaggerated and spread.

In addition to these, parallel to the above, it is also considered that the PKK terrorist organization uses selected trauma and victimization mechanisms as a tool of manipulation that can mobilize people. Ideological psychological warfare can be explained as the conquest of the country from within without entering into conflict with the armed forces of the enemy. The main target in this war is the will of the enemy. So the important thing is that the will of the enemy and the will to fight is destroyed. In this war, hypnotizing, sleeping, deceiving, misleading and misleading the enemy are the efforts made to surrender the will of the enemy. Psychological warfare has no end. So it doesn't end like conventional wars. Since the aim is national consciousness, the target audience is the leaders, intellectuals and people of that country. The most important effort to destroy the national consciousness is to be completely friends with the target country. Subsequently, distrust, uneasiness, despair, envy and jealousy are instilled in the target country society easily. Over time, this unrest turns into chaos and society begins to polarize and become hostile to each other. Security forces also suffer from these stages. The target country is now vulnerable (Özdağ, 2003).

Parallel to the statements above, Ümit Özdağ stated that there are covert operations in psychological operations. Covert operations reduce or prevent the unity of the nation, its unity, morality, moral strength, loyalty to traditions and customs, work, discipline, commitment to national values, on the contrary, psychological warfare that makes the society live and think after the above-mentioned values, and humiliates national values such as military service and citizenship. are activities. Shaping public opinion and directing its reaction, targeting the whole society or social groups, can be handled within the scope of activities (2008).

(3) Strategic Communication, Public Diplomacy and Soft Power As a result of the rapid development of media, internet and technology in recent years, concepts such as "strategic communication", "public diplomacy" and "soft power" are frequently mentioned, especially in international relations. The researches of academicians on this subject are increasing day by day. The long-term application of these concepts, especially in the period of peace, makes it very difficult to measure the concepts. In fact, although it is thought that these concepts are used as new, it is seen that traditional diplomacy started to be discussed after the Second World War and there was a need to make innovations in this subject. In November 1959, a comprehensive and comprehensive report on the information systems of the USA in foreign countries was requested by the US President Eisenhower. Issues related to diplomacy mentioned in this report shed light on the point reached in international relations. According to this report, the task and style of diplomacy has changed profoundly in some periods of history. Recently, diplomacy has been going through one of these phases. Advances in communication and technology, the influence of the public have changed the shape of diplomacy. In addition, the conflict with the communist world in ideological, economic and strategic areas threatens US diplomatic activities. In the next decade, conflicts with psychological and propaganda aspects have to be tackled, especially in Asia, Latin America and Africa. Importantly, US diplomacy should deal with public opinion in all countries, either implicitly or explicitly. For this reason, it is very important that conferences related to negotiation, selection and training of foreign services, and appropriate treatment of foreign visitors visiting the US US diplomatic representatives abroad should develop very close and friendly relations with key leaders. Particular attention should be paid to all essential sources that guide foreign societies (Sprague, 1959).

Nye, in his speech under the title of "Soft Power and Public Diplomacy in the 21th Century" at the British Parliament on January 20, 2010; He explained the concepts of "public diplomacy", "strategic communication" and "soft power" and their relations. According to Nye, while the old type of public diplomacy determines the relations of states with each other, according to the

new understanding, the level of this communication now extends to lower levels of society. Public diplomacy has three pillars. The first is daily communication and rapid response. According to this communication, if something happens in the public and action is not taken immediately, that is, if counter theses are not presented, someone can fill these gaps with dirty information. The second is the strategic communication dimension. Measuring the impact of strategic communication takes months, even years. Strategic Communication covers messages about global or global events in line with national targets, mostly by non-governmental organizations. The last part is the most important dimension of public diplomacy. This dimension is called soft power. The effect of soft power can occur years or even decades later. It is very difficult to measure. The most important element of soft power is face-to-face communication. The importance of soft power can be understood in the following example. In an interview, Tanzanian President Kikwete was asked about your daily routine. The president said that his first thing in the morning was to listen to the BBC news and then follow the national newspapers. As can be seen here, the BBC media has a reputation as a reliable news source in the international arena (British Council [web], 2010).

Public diplomacy can be simply defined as follows. It is when a state affects the people and elites of the target state in order to change the policies of the target state in line with its own interests (Potter, 2003).

According to Joint Publication 3-0, "strategic communication" is the efforts made to deal with and understand the key target audience in order to develop and achieve the conditions suitable for national goals and policies. These efforts consist of activities in sync with the coordinated program, plan, theme, message and national power elements. However, although public diplomacy is conceptually close to strategic communication, it is not the same. Public diplomacy is not public relations either. Because public relations and media are dealt with, besides it is reactive, informative and short term. In contrast, public diplomacy is concerned with all international societies, it is long-term and proactive. An example of public diplomacy is that the students from the USA go overseas within the scope of their

education programs, both receiving education and promoting the USA culture in the long term (Martemucci, 2007).

Strategic communication consists of information operations between public diplomacy and public relations processes. It is influenced by public diplomacy, cultural diplomacy and international public opinion. Public diplomacy, along with cultural diplomacy activities, tries to change the attitudes and behaviors of the elites of that country in the long term, and in the short term, it carries out psychological operations with the support of the international public opinion. Public diplomacy uses soft power as a method. In public diplomacy, a culture based on mutual love is tried to be created by meeting the elites face to face. However, psychological operations are provided by making propaganda with media. The best propaganda is truths and facts (Taylor [web], 2009).

A good example of strategic communication can be given as the speech of US President Ronald Reagan in 1987 at the Brandenburg Gate in Berlin. Gorbachev, "tear down this wall." This discourse in itself states that the USA eliminated the 50-year-old threat of communism and brought freedom to other people in line with its national goals. This discourse actually gives a message to all people in terms of strategic communication, besides symbolism; this message is that the USA brings freedoms (Martemucci, 2007).

In a conference given by Taylor in 2009, he addressed the differences between propaganda and public diplomacy. According to Taylor, the power of a country can be classified in four main ways. These are diplomatic power, economic power, military power and knowledge power. The power of knowledge, on the other hand, consists of propaganda, counter propaganda, soft power, public diplomacy, cultural diplomacy, international media, public opinion management, educational and cultural transformations. People generally perceive the world from their own window through personal experience, official information, gossip and misinformation. The main effort in publishing this information is to win hearts and minds (Taylor, 2009).

In an invitation document prepared by US Congressmen Adam Smith and Mac Thornberry on March 2, 2010, the importance given by America to public diplomacy and strategic communication is mentioned. According to this document, it is stated that in this period when many people easily enter the digital media, many false information about America's activities reached millions if timely measures are not taken, and the image of America in the world public opinion is damaged. Besides these; An important aspect of strategic communication is well understood by the radicals, the radicals are using the media to convey their messages and ideologies to millions, America needs to meet face-to-face instead of the internet first to explain its goals and messages to the masses, the strategic communication and public diplomacy that America is currently practicing It was stated that there are deficiencies in the strategy and this should be corrected (Akçadağ [web], 2010).

International Relations, strategic communication and public diplomacy are carried out in proportion to the powers of the government and states. For this reason, it is useful to examine the concept of power. Joseph Nye mentioned the concept of soft power for the first time in the literature in his book "Bound To Lead: The Changing Nature of American Power" in 1990. He strengthened the meaning of the concept with his work named "Soft Power: The Means the Success in World Politics" published in 2004.

According to Nye, soft power is the achievement of what is desired by making it attractive and attractive instead of printing and any payment. For this, it is important that the cultural and political structure of the country is seen as attractive and legal by other countries. Soft power looks at propaganda from a broader perspective. This propaganda is broader than short-term popularity and public relations. Charm is always more effective than print. Democracy, human rights etc. values are always attractive and seductive to people. An example of the use of soft power is the use of the American Freedom Monument as a symbol while demonstrating in the square of "Tiananmen". The USA has not put any pressure on Chinese students for this (Nye, 2005).



In other words, Nye examined power in three main categories. The first is coercion, the second is persuasion with money, and the third is to win the hearts of the target audience. Nye says that these two uses of hard power are insufficient in the information age. While the use of hard power includes economic and military measures, soft power uses shared universal values such as justice. Soft power means persuasion without any coercion or payment. The use of soft power can be expressed as attracting one culture to another with values such as justice and freedom. There is absolutely no coercion (2005).

The structure of the culture is effective in the use of soft power. But it should not be forgotten that, for example, while American culture is attractive for Asia, it can be bad for the Middle East. Personal communication is another source of soft power. For example, in America, quite a lot of students from China study and American culture and lifestyle may be attractive to these students. Human rights and democracy are approaches that appeal to many people in the international arena. Countries, where such rights are strong or guaranteed by the constitution, may be attractive to other systems. Cinema, music and television are important soft power sources. Hollywood has a great impact on exporting American culture (2007).

On November 6, 2006 "John. In the seminar named "Hard Power, Soft Power and Leadership" given by Nye at the school of F. Kennedy School of Government, the distinction between soft power and hard power was made very clearly. According to Nye, soft power means making it attractive and acting together. On the other hand, there is a threat in hard power. While the source of soft power is communication, the source of hard power is intimidation, intimidation, payment, and reward. Though soft power is becoming more important in terms of charisma and capacity to impress; the payment and advancement gain in value in terms of hard power. Besides, Nye talked about the concept of "smart power" in the seminar. According to Nye, soft power or hard power alone is not enough anymore. He stated that in this information age where information pollution is very high and spreads rapidly, it is necessary to use soft power and hard power together, that is, as a new concept, "smart power" should be used (Nye [web], 2006).

With another approach, soft power can also be called "Noopolitik." "Noopolitik" is an external policy behavior in which ideas, values, norms and ethics stand out. This model of behavior uses soft power instead of hard power. Its target is both state and non-state actors. In this approach, persuasion is used instead of observation. National goals are expressed in social discourses. In other words, more global discourses are preferred instead of state-centered discourses. In this approach, non-governmental organizations and public opinion are strengthened instead of governments (Arguilla & Ronfeldt, 1999).

According to Wilson, "Intelligent Power" describes what levels and how to use soft power and hard power, knowing the capability of the target audience. However, although former US Secretary of State Condoleezza Rice has created a new innovation under the name of "transformational diplomacy", the innovations in diplomatic relations do not stand out. According to this new understanding, the USA will give importance to partnership in its diplomatic activities and will allow foreign citizens to create their own countries and to determine their own future (2008).

Informal diplomacy can also be studied within the scope of soft power and public diplomacy. According to Volkan, unofficial diplomacy can be defined as academicians, journalists or opinion leaders informally providing a basis for reconciliation or mediating events, instead of bureaucrats and diplomats in order to find a solution to conflicts between societies and states. The role of the media in particular here is undeniably large. For example, during the missile crisis in Cuba in 1962, Jon Scali, a reporter journalist, acted as a mediator for compromise. Volkan says that this method can be used to solve the chronic conflict between Arabs and Israelis or between Turks and Greeks in Cyprus. It is because the events given as examples also have psychological aspects. For this reason, it is very difficult to solve these problems through traditional diplomacy (1991).

As a result, although Lippman did not use the discourse of "Soft Power" as a concept during his lifetime, he mentioned the importance of soft power in other words. According to Lippman, in order for the US to achieve its national goals, it must use soft power instead of hard power. The USA is losing its emotional ties with the people of the world, and instead of dealing with their needs, goals, and futures, it thinks of turning them against each other in the spirit of mischief. Instead, it should reveal better feelings, thoughts and beliefs for these people. In those days, it was discussed at the congress that the main struggle of the USA should be strived to gain the thoughts and loyalties of the people in the world. At the same time, there is talk that the real diplomacy should be done in order to win people's feelings, thoughts and commitments, as the Russians did once well. It is considered that all diplomatic efforts should be directed towards direct or indirect psychological goals. As a result, these psychological efforts reveal how important public diplomacy is (Holt & Velde, 1962).

### **1.5. Factors Affecting Consumer Buying Behavior**

There are many factors that affect the purchasing behavior of consumers. While some of these factors are directly related to others, some of them are indirectly related. The sub-factors that come together and make up the consumer final decision vary specific to societies and individuals. Individual tendencies that come into play in the decision-making mechanism are highly influenced by the society. Especially if the product to be purchased affects a group, the perceptions of many individuals come into play. In terms of brands, this situation creates an obligation to satisfy many consumers at the same time. Brands should design marketing activities that can affect consumers who are not in their target customer group. There is a possibility of changing the perception of the decision maker of the consumers who can affect the mentioned consumer decisions but do not belong to the target audience customer group. It is vital for brands to be able to appeal to the widest possible audience in terms of customer loyalty and satisfaction. Consumer experiences should also be taken into consideration while planning marketing activities. Often, past experiences are a clear reference

for consumers. If a brand has a negative place in consumer memory, winning that consumer group is a much more difficult and complex process than managing relationships with loyal customers. For this reason, it is necessary to reach customers with brand satisfaction and customers without brand satisfaction with different marketing activities. The issues that brands refer to in order to manage consumer perceptions are discussed in this section.

### **1.5.1. Cultural Factors**

Socio-cultural factors are an impressive factor for the products and brands that consumers will buy. Environmental factors directly affect consumer decisions. Cross-cultural expectations can vary. Therefore, the cultural components of the geography to be entered into the market should be analyzed well. Another importance of cultural factors is an important tool for consumers to internalize the brand and product. If brands cannot ensure that consumers own the brand and product, it is out of the question to ensure customer loyalty in the long term. Cultural factors within themselves; culture, subculture, and social class (Cömert & Durmaz 2006).

#### **1.5.1.1. Culture**

There are more than one definitions of culture in the literature. Some of these are: Culture is all of the material (material) and spiritual (spiritual) values of a society made by people. Culture has been created by humans to receive more of the satisfaction and emotion humans receive from natural beings. Culture is developed by the previous generations of the society and passed on to the new generations; new generations develop the culture and pass it on to the next generations (Başaran, 2008). Culture is a concept that encompasses all that people who are members of society learn and share throughout their lives. Culture is a factor that determines the level of social life, progress, change, production, science, art, education and mentality in a society (Demirel & Karadal 2007). Culture is the most effective factor in shaping individuals' behavior. Individuals' tendencies and needs vary according to cultures. The cultural values, lifestyle, traditions and beliefs of the society directly affect consumer behavior.

Culture is a factor that shapes the supply and demand relationship. Culture has a great share in the consumption habits of the consumers and the product designs of the producers. Before a product is put on the market, cultural data should be focused very well during market research. The attitude of the society towards the product that is planned to be put on the market and what kind of path should be followed in the future are also affected by cultural data.

Consumers' lifestyles often depend on cultural values and should be well analyzed. If a product put on the market is against the cultural values of the consumers, it will not be demanded at the expected rate. Therefore, the product life will not be very long. The effect of culture on the product manifests itself at this point.

The statement that there is a halal certificate written by manufacturers in Muslim geographies, especially on product packaging in recent years, is of great importance in consumer perception. Brands that do not share this certificate with their consumers may cause suspicion in consumer perception. In such geographies, brands should share such sensitive issues with their target audiences in order to remain in the market in the long term. Otherwise, the product and brand will not be accepted by consumers and the product will not be able to attract demand.

Culture is also a very important issue in terms of customer classification. When making product classifications, brands should definitely take into account cultural factors. Products should be specially designed for customer groups. Brands should be able to predict how much demand they can collect from which customer group while they are launching products specially produced for customer groups.

#### **1.5.1.2. Sub Culture**

Subculture is a set of values shared by individuals with common life experience. It can be said that it is the unique local values of a whole geography divided into regions. Although the values of subculture vary according to regions, this concept cannot be considered independently from general cultural values. It would be correct to evaluate subculture as a part of

general culture. The general social culture comes from the coming together of different subcultures (Penpece, 2006).

While creating marketing strategies, subcultural values should definitely be taken into consideration. For example, although consumers in the Marmara Region and Eastern Anatolia region differ in terms of belief, attitude and behavior, although there are common value judgments, when examined in detail, it is seen that there are great differences.

Consumers mostly act with the perceptions brought by the subculture rather than the common general cultural perceptions. Therefore, when consumers make a decision, they will take the values of the subculture as a reference rather than taking the general public as a reference (Ministry of National Education 2012).

Changes in subculture can be explicitly studied in some societies. For example; Blacks in the USA have developed a subculture of their own. The products and services they prefer may differ from whites, as well as their needs. Another example is the influence of both French and British culture and language in Quebec in Canada (Odabaşı and Barış 2002).

#### **1.5.1.3. Social Class**

Consumers are separated from each other according to their social class. The social class factor is one of the factors that direct consumer behavior. Social class items; It consists of factors such as profession, income level, education, lifestyle, the structure of the environment in which we live. When classifying customers, a classification should be made according to the values of social classes. Since the values of social classes differ, customer classification must be made comprehensively in order for the right messages to reach the right consumers.

As a consumption culture, social classes have differences such as purchasing types, purchased products, purchasing periods, pricing, and product expectations. However, in some cases, it can be observed that consumers belonging to two different social classes make the same purchases. This situation can be explained as an effort to impose oneself on

an upper class by exhibiting the behavioral patterns of the social class that he wants to belong to.

Although the basic needs of social classes are similar, the ways to meet basic needs are the main reason for the difference. While some needs that are considered to be basic needs for a certain class are a necessity that are luxurious for a lower class, they may not even become a basic need for an upper class.

While brands are making product classification and customer grouping, they determine their target audience at the very beginning. They make all their plans and strategies in this direction. Brands sometimes aim to reach the maximum number of users they can reach. In this case, brands aiming to reach many points with a single type of product develop marketing strategies for consumers in the lower and middle class economic level with a high population. Product classification in the market, product placement on shelves and even packaging are designed for these consumer groups.

When considered as consumption culture, the budget allocated from bottom to top is increasing. The population density in developing countries such as Turkey, there are the social class is considered to be middle class. For this reason, most of the products entering the market appeal to the middle class consumer group. While some of the consumption habits of the middle class come from the lower social class, some are affected by the upper social class.

The consumption habits of individuals belonging to the same social class are similar. Consumers make their purchases according to the consumption habits of their social class. Some purchases made to maintain the current status only reinforce the social class. In addition, another factor that guides the preferences is the type of purchasing that is considered luxury for that class with the desire to move to the next class.

### **1.5.2. Personal Factors**

Personal factors affecting the purchasing decisions of the consumer can be grouped into two groups; Demographic and situational factors (Mucuk, 2009).

- Demographic factors: Individual characteristics such as age, gender, marital status, income level, education and occupation. These greatly affect one's purchasing decisions.
- Situational factors: Conditions or situations that exist when the consumer makes a purchasing decision. Sometimes the purchase decision can be caused by a situation that arises suddenly.

#### **1.5.2.1. Age and Life Term**

Certain age periods create certain needs. Requirements change with changing age. The age factor not only affects the purchasing behavior of the individual but also determines the way the purchased product or service is used. Food, clothes, furniture, entertainment, etc. needs and desires are closely related to the age of the consumer. For example; the 15-20 age group CD / DVD, clothing, etc. while claiming the goods; Since the 25-30 age group consists of new entrants and founders, the demand for household items is more intense. The social, physical, economic and psychological characteristics of individuals change with age (Ministry of National Education 2012).



### **1.5.2.2. Profession**

For consumers, the profession is a factor that directly affects their economic level and purchasing power, so its impact on consumption habits is great. Occupational groups have a great influence on image purchases as they carry the values of a certain class within themselves. For example, a car brand that is highly preferred among doctors is the first factor that can come to the mind of doctors who are considering buying a car. Consumers belonging to a certain profession may tend to shape their purchases in line with the general approach of the group in order to be accepted in the group they belong to. Since the economic levels of the consumers vary according to occupation groups, the consumption habits of a business person with an average income level do not show similarities. In addition, the basic needs of the classes can also differ. The clothing spending tendencies of a consumer working as a factory worker and a consumer working as a salesperson may not be at the same level.

Today's work organization requires a completely different type of worker in terms of qualification. This worker named as white-collar; He is a knowledgeable worker and his job requires an absolute education and a high mental effort. The knowledge worker has a very high income and is a new force in the market. A knowledge worker is a consumer who has high expectations from brands due to the product or service he/she receives, has a high purchasing power and is insistent on their rights. Therefore, today's brands should be multi-dimensional brands that appeal to the new consumer power of post-modern society (Köseoğlu, 2002).

### **1.5.2.3. Economical Features**

Income level is the most effective factor that determines the purchasing power of consumers. While developing marketing strategies for the products to be put on the market, brands design products according to different income levels. Some brands do not want to appeal to a certain class of consumer groups and target larger audiences. In this way, they also launch products that appeal to different income levels in order to be able to contact each customer group and provide diversity. This situation increases the

diversity in the market and provides a great advantage to the brand in terms of brand awareness.

Planned economic data and what is realized are two factors that directly affect the purchase. The consumption tendencies of an employee who is promoted or an investor who has a good job and decides to grow his business and an individual who is fired and a job seeker are different. In economic recessions, consumers tend to minimize their expenditures. In societies with a certain level of well-being, consumers continue their consumption habits. There is a model developed in the literature about the spending tendencies of consumers.

According to this model, generalizations in forms of expenditure are expressed as Barrier Laws. According to the Disability Laws (Kavas, Katrinli, Özmen, and Odabaşı, 1995):

- i. As the income level increases, expenditures increase in all product categories.
- ii. As the income level increases, the proportional share of food expenditures decreases.
- iii. Income determines the spending power of customers or consumers.

The following grouping shows practically the spending power of consumers (Özcan, 1996):

- i. The poor: (the unemployed, people in need, and those with very low wages).
- ii. Those with below-average income
- iii. Those who earn an above-average income
- iv. Very rich cut

#### **1.5.4. Life Style**

Lifestyles are among the factors that shape the consumption habits of individuals. Individuals' experiences, daily lives, social activities, and perspectives shape their lifestyles. Individuals' socio-cultural structures have

an effect extending from the type of product they consume to the consumption period.

Brands design their images in a way that enables consumers to integrate with the brand. For example, sportswear brands such as Nike and Adidas build their brand image on the perception of freedom. The messages given during the image building are mostly designed according to the point that consumers aim to reach. In this way, efforts are made to ensure that consumers internalize the brand.

Lifestyle is an important factor for market segmentation. Consumers are not segmented by only considering age, gender, income, household size, education, and other demographic characteristics; Market segmentation can also be made by considering where they live, their purchasing behavior, personal characteristics, attitudes, interests, ideas, activities, and organizational membership (Swenson, 1992).

#### **1.5.5. Personality**

Personality is said that it is a form of relationship that an individual establishes with his inner and outer environment, distinguishing from other people, consistent and structured. " (Odabaşı & Barış 2002). Individual tendencies, perception differences, perspectives, habits, attitudes and behaviors and many other factors are factors that bring personality together. "Personality can be a useful variable in analyzing consumer behavior if it can be accurately determined and a correct relationship can be established between personality types and product and brand choices" (Kotler, 2000).

Many factors play a role in the formation of personality. It seems possible to examine these in four main groups as stated below (Eren, 2014).

- i. The physical appearance of the person that distinguishes himself from others,
- ii. The role that emerges as a result of undertaking a task at a certain age,
- iii. The person's intelligence, energy, desire, morality and potential abilities,

- iv. Social characteristics in which a person lives; life philosophy, cultural structure, moral understanding and so on.

The essence of individuals' behavior is their personal characteristics. For this reason, brands should make customer classifications according to different personality types while creating attitudes and perceptions in consumers. Coding marketing messages according to personality typologies is a very effective method of creating images for consumers.

### **1.6. Social Factors**

Factors affecting consumer behavior are divided into three categories: reference groups, roles, and status.

#### **1.6.1. Reference Groups**

Reference groups are very important for consumers. Reference groups play an active role in image building and attitude formation studies. Consumers are heavily influenced by reference groups in their purchases. Reference groups create a sense of belonging for consumers. They are always open to suggestions of the group and status to which they belong.

Some consumers attach importance to the symbolic values of the product rather than its physical properties. Branded products provide prestige to consumers and make it easier for them to join some reference groups (Kanbak, 2002).

The reason why products and brands consume products as an indicator and symbol can be listed as stating the status or social class, defining and taking on a role, creating and preserving its social existence, expressing itself, and reflecting its identity. These reasons are indicators of seeking a solution to the self-identity crisis with consumption and consumer goods. Consumers tend to give importance to enrich their self-concept and competencies rather than functional competencies and abilities of products and brands (Uztuğ, 2003).

While brands are building an image in consumers, they highlight positive reference groups. Especially the consumption behavior of the upper social class is a factor that has a great impact on the purchases of the consumers

due to their desire to belong to the upper class. The satisfaction of the product, which makes the individual feel as if he/she is in the upper class with the purchase, significantly affects the consumer's perspective of that brand. The attitude of the individual, who can make the grade up thanks to that product, towards the brand will change. It will display an attitude due to the meaning it attributes to the brand individually and sees the brand as a tool that enables the transition to the next class.

### **1.6.2. Consumer Behaviours**

Its effect on consumer behavior, as a result of its properties, may vary according to various factors. For example; the authority structure, size and the number of individuals, the place of residence, functions, whether a woman is employed and her life cycle are all faced by the marketing manager as factors that ultimately affect consumer behavior (Sürücü, 1998).

They have different roles in purchasing behavior. It is stated as the most important consumption unit in society and is therefore intensively studied by researchers. Marketing professionals are concerned with the level of participation, roles and effects of spouses and children in purchasing different products and services. The level of participation of the spouses in the purchasing decision varies according to the product categories and the stages of the purchasing process; In addition, purchasing roles differ according to the consumer lifestyle. In many societies, the wife; is the main purchasing unit for basic consumption situations such as food, household products, and clothing (Köseoğlu, 2002).

It is important in that it is the smallest and most basic building block in society. Individuals are directly affected and display purchasing behaviors and attitudes accordingly. Due to the different socio-economic structures of individuals in terms of brands, they are different customer group potentials on the basis of individuals. While their individuals are a customer group on an individual basis, they also form a separate customer group as a group.

### **1.6.3. Roles and Statutes**

Individuals have a certain role and status due to their position in social life. A mother and a spouse who are managers in business life take on a very different role in their life. Its role in private and business life creates differences in terms of purchasing behavior due to its status. However, they do not tend to show the opposite of the behavior of their role. The changing social order and especially the change in the role of women in society have created some differences in the social structure compared to the past.

### **1.6.4. Psychological Factors**

Psychological factors are factors that come from within people and affect their behavior. Although various models related to psychological factors affecting human behavior have been developed, these models did not give definite results and provided useful information about the psychological aspect of human behavior (Yükselen, 2013).

Psychological factors affecting purchasing behavior as a result of researches are as follows (Yükselen, 2013):

- i. Motivation
- ii. Perception
- iii. Learning
- iv. Beliefs and Attitudes

#### **1.6.4.1. Motivation**

The stimulated needs that a person is trying to satisfy are called motives. Motivation, on the other hand, is when a person acts to show certain behaviors by means of various stimuli (Yükselen, 2006).

A person may need many things at any given moment. Some needs are biological. These are caused by physical conditions such as hunger, thirst or discomfort. Some needs are psychological. For example, behaviors such as the need for recognition, respect, or feeling belonging. When a need is felt intensely at a sufficient level, the person is motivated. This motivation forces the person to take action.

Brands must be able to motivate consumers. This is essential for a desire and desire for the product to occur. Consumer needs must be determined very well so that this situation can be transformed as information in favor of brands.

#### **1.6.4.2. Perception**

Perception; It is the process of interpreting what we get with our sense organs and making sense of the environment. Basically, there are some factors that shape consumer perceptions. These are; factors such as belief, community factors, and past life experiences. Consumers' lives should be analyzed very well in order to direct consumer perceptions. Individuals' perceptions vary. A message perceived as positive for an individual may be perceived as negative for another. The nature of the stimulus and the current state of the individual are very important for the messages to evoke the correct perceptions.

In order for a message to be encoded correctly, it must be made meaningful in the individual. Otherwise, it does not have any effect and there is a possibility of creating a negative effect. For this reason, the messages must be of a kind that can be perceived by individuals and attract attention. While consumers shape their perceptions within themselves, they also benefit from their past experiences. The subject of perception is also discussed in detail in the following section.

#### **1.6.4.3. Learning**

Perceptions in consumers are created by learning. Over time, as the individual experiences new things, his experience increases and his learning capacity increases at this rate. In this way, the meanings they attach to situations and events increase and become more conscious. Learning is an endless process throughout the life cycle of individuals. Consumers shape their consumption patterns through learning. This process, which never ends from childhood, enables individuals to identify their needs more clearly and increases their awareness.

The marketer teaches the brand and brand information to the consumers in order to create brand loyalty or overcome the competition by transforming the purchasing behaviors related to the brand from complex decision-making behavior to habitual decision-making behavior (İslamoğlu & Altunışık 2008). In order for the learning process to be in favor of brands, the process of consumer perception should be analyzed and followed very well. If a learning process that leaves a negative perception in the memory of the consumer cannot be changed in the short term, customer loyalty cannot be mentioned in the long term.

#### **1.6.4.4. Attitude and Beliefs**

The attitude of the consumer towards the business and its products is very important in terms of the success or failure of the marketing strategy. Therefore, marketing managers should try to identify consumer trends in a variety of ways, such as asking for consumer opinions directly through sales or by using researchers, motivation researches, and some developed attitude scale tests (Mucuk, 1993).

Attitude, as a factor directly affecting the perceptions and behaviors of the consumer, refers to a person's positive or negative feelings or tendencies towards an idea, an object, or a symbol. Attitude affects beliefs as well. Belief, on the other hand, includes information, views, and opinions based on personal experience or external sources (Arslan, 2003).

Attitude is the tendencies of individuals that develop over time in the light of their experiences. It is like a mechanism that acts together with consumer attitudes and beliefs. Since individuals display attitudes according to their belief levels, there is definitely a negative or positive belief state as a result of learning about which a certain attitude is developed. The negative or positive belief state is a process that shapes the attitude.

### **1.7. Individual and Social Perception**

#### **1.7.1. Formation of Perception and Attitudes**

The goal of perception management is to affect, change or create the perceptions, attitudes and behaviors of the target audience in the desired



direction. In this respect, it is thought that looking at the concept of perception and attitude in terms of psychological, psycho-social and psycho-politics at the first stage is very important in terms of understanding the subject of perception management, which will be discussed in the following chapters.

According to the Great Turkish Dictionary of the Turkish Language Association, perception is, in order, "Contributions of memory and the content of complex, objective consciousness that emerges with a sensory impression." Especially visual perceptions are in the structure of our descriptions about the form and state of the existence, things and objects outside of us. " An object is perceived through the senses, but perception is more than sensory impressions, it is conscious awareness, an event that transmits sensations to consciousness. That means; "The fact that the objective world affects human sensory organs, especially the visual mesh, and thus the reflection of objects in consciousness." (TDK [web], 2011).

Regarding the concept of perception, it is seen that the definitions made in different disciplines are parallel to each other. In fact, perception is one of the subjects of individual psychology. Perception is the acquisition and learning of stimuli along with mental processes. Briefly, comprehension of objects and events with all sensations is called perception. According to Morgan, perception can also be briefly expressed as the comprehension of a physical object or event with previous experiences. Morgan dealt with perception processes in three parts as sensory processes, symbolic processes and emotional processes. In the sensory processes, stimuli are received through the sensory organs and evaluated in the memory. In symbolic processes, any symbol represents an event, a situation or an object. In emotional processes, the information and message carried by the stimulation are emphasized. In other words, an emotional operation is performed on this message and information (Silah, 2005).

According to Agarwal, perception is affective impressions that individuals choose, organize and interpret in order to give meaning to the environment (2009). Objects or situations of the same kind may be perceived differently by each individual. For example, a self-indulgent individual and a professional soldier on the top of a hill may have different perceptions and feelings

towards the same environment. A professional soldier may perceive and think that the hill is more secure, as the hill is higher than other parts of the land, while the self-indulgent individual thinks how nice it is to have a picnic in this airy environment. In other words, the perception process can be considered as processing the information in the memory and turning this encoded information into meaningful parts. Therefore, personal expectations, personal values, customs and traditions play an important role in perception. When the concept of perception is examined from a psycho-social perspective, it is seen that perceptions are organized by categorizing or grouping stimuli. People tend to see each individual as a member of a group rather than seeing each individual with their own unique characteristics. Perceiving needs, expectations, and personal goals affect how they perceive others (Taylor et al., 2006).

Categories such as race, gender, and social class affect our perceptions. Once an individual is considered to be a member of any social class or group, the organization of information about that individual can now change. Briefly, there is an interaction between the experiences and beliefs kept in memory, the information learned and the new information obtained at that moment (McConnell, Sherman, & Hamilton 1994).

Impressions about others range from stereotypical, biased and category-based knowledge to knowledge of a person's specific behavior. In sudden situations where people need to create an impression about others and their motivation increases, people quickly use category-based, prejudiced and stereotyped knowledge belonging to others (Taylor et al., 2006).

That is why, in sudden and emergency situations such as mass movements, when social motivations are excessively high, one tends to include others, even a person he knows very well, into category-based and prejudiced information. This psycho-social reality may cause individuals who act to mobilize and act in accordance with the goals and wishes of those who organize the mass movement.

People who live in a group don't just live together physically. They do not interpret the environment or the objects and events they encounter only from

their abstract world. People act against each other or together in the same or separate groups. They do this either by thinking together or by opposing the opinion of a different group. People belonging to a group strive together to change the society or to maintain the current situation in line with the goals of the group. As a result, they form a consensus or a common concept to guide them in emergency situations. In other words, the sociological roots of thought in humans did not come about by chance. It is no coincidence that people gather around specific thoughts and form a group. This phenomenon stems from the motivations experienced until now, or in other words, from what has been experienced (Manheim, 1936).

When the concept of perception is examined from a psycho-political perspective, it is seen that perceptions and especially social perception are shaped according to the expectations of the individual and the traditions and rituals of the environment they live in. For this reason, every culture has different expectations and perceptions of others. In order for these perceptions to be understood, it is important to solve the mechanism in the perceptions of ethnic, national, religious, ideological and cultural groups, which are categorized as large groups (Çevik & Çevik, 2010).

Volkan, in his book "To Kill in the Name of Identity", talked about the importance of broad group identity and how these common perceptions are shaped. According to Volkan, people who have never seen each other in their lifetime (this number can reach millions), experience common values and the feeling of being the same can be named under the name of broad group identity. The concept of "Pseudospeciation" was defined by Erikson overlaps with the large group identity defined by Volkan. For example, people living in ancient times used different animal hides and feathers to distinguish their identity from other identities and show that they were superior to other identities. In other words, the purpose of using these symbols stems from the desire of each identity to perceive other identities as liars and their own identities as just right. Actually, the current situation is no different. In many parts of the world, people make the Us / Them distinction by belittling other identities. As a result, others kill others without blinking for the sake of

identity. To put it briefly, it is thought that a common perception of terror can be created with a large group identity perception (2007).

So how are these broad group identities formed? According to Volkan, children cannot form a certain identity until the age of 3. In other words, they view life as either black (bad) or white (good). From the age of 3, gray areas begin to form due to the integration of black and gray. These integrations do not fully occur in any human being. For this reason, these unintegrated feelings are lifted into chambers according to the common characteristics, tradition, and culture and shared values of the environment in which the individual lived. While good emotions in these warehouses represent "us", bad emotions represent "others" (Volkan, 2007).

For example, the red and white colors are the reservoirs of shared positive goals for a Turk and blue and white colors for a Greek. The pigs, on the other hand, are the reservoirs of shared bad targets for the Turks. Because eating pigs is forbidden in Islam and at the same time pigs evoke Christians. What is stated here are the first stages of getting to know what belongs to us (positive goals) and what belongs to the other person (negative goals) for a child (Çevik, 2009).

These perceptions in human beings can also be evaluated from different angles. Every individual or group needs both enemies and friends throughout life. As the child develops, he creates a magical psychological perception of "we" by sharing non-living common symbols with other members of the same group. Already from this moment on, those other than "us" are candidates to be enemies. Later, these perceptions develop and progress to ethnic hostility or hostility between countries. However, a paradoxical relationship occurs between these perceptions "them" and "us". This paradoxical relationship can be explained as follows. The more you want to be different from your enemy, the more unconsciously you begin to resemble your enemy, or the more you want to get away from your enemy, the more your worries and thoughts about him increase and the more dependent you become on your enemy (Volkan, 1988).

The formation of social perceptions with the processes described above has different and vital emotional consequences in social perceptions and identities. In this context, it is considered that it will be important to deal with the psychology of victimization and its reflections and to examine the issue. Individuals distinguish positive reservoirs shared with reflection and displacement mechanisms as “we” and shared negative reservoirs as “others”. In this process, two identities are formed in the individual under the name of individual and ethnic identity. From now on, the individual tries to protect the border of his ethnic identity. Trying to bring individuals closer to the groups they define as "others" or saying you are the same makes the individual's desire to be different even more dazzling and the ethnic identity becomes more pronounced. The individual now transmits negative feelings such as shared humiliation and victimization from generation to generation. In other words, the feeling of victimization occurs when the individual security feelings of the large group of people are destroyed by another large group. The feeling of victimization, that is, the shared negative feelings of these degrading events, is transferred from the previous ones to the next under the concept of "Chosen Trauma". For example, the Kosovo Battle of 1071 and 1453 for the Greeks and 1389 for the Serbs is the “Chosen Trauma.” Of course, “Chosen Traumas” can be combined with new traumas and gain new dimensions and meanings while being passed down from generation to generation. The reactions it received as a result of this were their chosen traumas.

According to Freud, man responds by retaliating against hostile actions by the environment against him. But if this external threat is sudden and more than human power, the person accepts this situation, if the external threat is not sudden and regular, the person may experience a severe and paralyzing fear. The extreme worries in this person arise from the strength of certain motives that the person has. Man reflects these tendencies that he does not accept to the outside world. If these motives remain within the human being, internal hostility towards the outside world is mobilized in different situations. After a certain time, the current management or system begins to be seen as monsters against such mobilized people, and movements against the system

begin to occur clearly. Individuals, who are not mobilized, on the other hand, relax a little by complaining against the system at the first stage. Later, the acceptance of these complaints by the system may progress gradually until the basic symbols of the system are destroyed (Lasswell & Blumenstock, 1939).

As explained in the previous section, the expressions of hostile behaviors that the person thinks are done against him (emotions such as "chosen trauma" or "victimization" occur as a result of this process) were briefly expressed above. As can be seen from the statement above, it is explained how the attitudes of individuals develop from micro level to macro level and how much damage can be done to the system or the state if these developing attitudes and behaviors are not recognized. The goal of perception management is to change the perception, feelings, thoughts and attitudes of the target audience in the long run, in line with the wishes of the practitioner. For this reason, it is thought that examining the issue of changing attitude will be beneficial for better evaluation of perception management, which will be expressed in the following sections. Attitudes are the evaluation of any object, phenomenon or individual. This assessment is at three main dimensions. The first dimension is the emotional dimension. The emotional dimension consists of positive or negative behavioral tendencies fed against the stimulus. The second dimension is the behavioral dimension. This dimension consists of people's behavioral tendencies towards stimuli. The last dimension is the cognitive dimension. This dimension consists of facts and beliefs that the individual knows about the stimulus. These three items may not always be completely related to each other. In cognitive response theory, the more a person thinks about the incoming persuasive message and finds more argumentative arguments, the more the person reacts to the incoming message. Conversely, if the person does not think much about the incoming message or if the person is distracted by environmental stimuli while thinking, the person's likelihood of accepting the incoming message will increase to that extent (Crites, Fabrigar, & Petty, as cited in 1994, Taylor et al., 2006).

It is essential that the person is willingly convinced to shape a new or old approach to alter. It is stated that the perception of the message via the core or outward route is a significant factor in convincing people in this sense, with respect to persuasion and persuasiveness. When an individual is the direct interlocutor of an event or thinks that others are trying to change his or her attitude, he tends to consider the message in more detail using the central route (Nienhuis, Manstead, & Spears 2001).

In this respect, for example, educating the individual on political propaganda makes it difficult for the individual to be politically or politically persuaded and to change attitudes and behavior. In contrast, if the individual is outside of an important argument or is not the direct addressee of the event; Where content is distracted by its charm or beauty or is overloaded with other messages, it tends to take the peripheral route (Brannon, & Brock 2001).

In other words, it may not be able to think in less detail about the message and predict the actual theme to be given in the message. The use of the environmental route in the formation of attitudes can be discussed in different examples. Commercial films can be an example. The use of very attractive people in many products and the distraction of the consumer prevents the buyer from thinking in detail about the product. Another example is political discussion programs on television. Since the target audience does not know the background of the events very well, that is, they are not the direct addressee of the event, they may be caught in the environmental factors rather than the nature of the arguments in the discussions. Regarding the effectiveness of persuasion or persuasion, the source of the stimulus is very important. According to many studies, the more positive the resource is to the recipient, the more it causes attitude and behavior change in the recipient. People believe in reliable sources more than less reliable sources, and they are more persuaded by reliable sources. Expert sources are more convincing and persuasive than non-expert sources. The decrease in the reliability of the source devaluates the ideas it will bring (Taylor et al., 2006).

The physical properties of the resource are important in terms of persuading the other party. The more physically fit is, the more socially acceptable (Walster, Aronson, Abrahams, & Rottman 1966).

Again, commercials can be given as an example to this subject. In commercial films, people who are physically attractive are usually played. Another example can be given from his school years. Especially in student relationships, those who are generally physically attractive are more popular than others and are more effective in manipulating others. Messages with the same content from many sources are more convincing and reliable than messages from a single source. Many people saying the same thing is more persuasive than just one person saying the same thing (Harkins & Petty, 1981).

This issue will also be discussed in the following chapters on public opinion building. The same message given by the written and visual media on any issue and the support of these messages with academicians can change the perception and attitude of society. One of the ways of effective propaganda is repetition. Making this repetition from different sources further increases the credibility. Reference groups have a great influence on persuasion. In a study, a group of university students were asked questions about whether America behaves in accordance with the military balances in the Northern Hemisphere. Within the scope of the study, some of the participants were told that 82% of the University deemed military activities appropriate, while 82% of the University did not consider the activities appropriate. Later, the participants were presented with the same arguments, supporting both sides equally. As a result, it was observed that the participants acted in line with the attitudes and behaviors of their peers, regardless of whether their peers 'or group of friends' opinions were compatible with their own ideas (Mackie, 1987).

In-group messages are much more convincing and persuasive than out-group messages. Because, in-group messages are reference messages and they are perceived with the central route, allowing the individual to think more positively and in detail about the message. In contrast to this, out-group messages are environmental, that is, unimportant. The individual may not care about the message, knowing that the message is not from the reference source (Mackie et al., 1990).



Although it is true that what someone from another ethnic or religious group is saying, these messages are disregarded because they are not an in-group message compared to other groups, and these messages have little impact and credibility on other groups. Sectarian fights can be evaluated within this group. The strength or weakness of an argument on a topic alone does not increase or decrease the persuasiveness of the message. If the target concentrates too much on the message, the power of the argument increases the credibility, while the strength of the argument decreases if the target is distracted or ignores the message. In addition, many studies have reported that the repetition of any message increases the credibility of the message to a point, but gets bored after that point (Cacioppo & Petty, 1979).

The critical point here is; It is the recipient's attention on the message. In order for the recipient to focus on the message, the message must be prominent. Repeating the message, transferring it from different sources, and using symbols are the factors that make the message clear in the mind of the recipient (Slater, 1999).

Attitudes, behaviors and beliefs can consist of previous experiences. For this reason, if the message is directly related to the attitude of the person and the receiver is related to the subject, the individual decides on the nature of the content of the argument that the message has. For the individual, messages with strong arguments are more convincing than messages with weak arguments, regardless of their structural nature (whether the text is long or short). However, even if it is not related to the attitude of the recipient, the excess and length of the argument within a message (the structural features of the message) can increase the credibility and cause attitude change. This is especially true for recipients who do not know much about the subject and who do not concentrate sufficiently on the content of the distracted message (Wood et al., 1985).

In short, the quantitative characteristics of the message affect those who are not experts in the subject more than those who do not. After the Korean War, a group of American captive soldiers were brainwashed by the Chinese and later refused to return to their country, attracting the attention of psychologists at the time. According to McGuire, this is due to the attacks,

especially on soldiers who have not had such an experience in their past, and who are ignorant and less educated about this issue. In his later study, he found that individuals who experienced (vaccinated) or were informed (supported) in any subject changed their attitude more difficult than those who were vulnerable (McGuire and Papageorgis, as cited in 1961, Taylor, 2006).

The situation described above shows how important background information is. If individuals do not know the history, culture, psychology and social structure of the society they live in or are not trained in this regard, they face their own history, culture, etc. When there is an argument or message about the subject, they can change the attitude and behavior in the desired direction very quickly because they do not have information on the subject. Purposeful people can use society's sensitivity or lack of knowledge on this issue. Propaganda campaigns on lack of information have a good chance of success. Culture has a great effect on forming and influencing attitudes and behaviors. Particularly, individuals who attach importance to the social class distinction tend to use social characteristics rather than personal characteristics in their causal and consequential analysis of events. Especially, eastern societies are more sensitive to interactions within and outside the group, depending on social characteristics, compared to western societies (Seta et al., 2006).

It is for this reason that eastern cultures (collectivist cultures) are considered to be more sensitive to manipulation than western cultures. The cultural structure of the society diversifies the materials to persuade. In one study, individualist advertising titles such as "He has his own style", "You are better .....", "Leader among leaders" in an individualist society like America, while more persuading American students, "We have a way to unite people. It has been reported that collectivist advertisement titles such as "I have" and "It's good to share" were more likely to persuade Korean students who are members of a collectivist society (Taylor et al., 2006).

It differs from the perception of cultural, ethnic and sectarian divisions (social divisions), other environmental factors such as the economy. For this reason, ethnicity can be explained by the characteristic features that the individual

acquires during his upbringing with his birth. Perceptions are shaped by upbringing, genealogy-cultural structure, traditions and customs. Since these acquired traits are psychological, it is very difficult for an individual to change them. If one tries to change them, he can be perpetually humiliated by his group. That is why some groups vote for political parties to which they are ethnically and culturally affiliated, although they do not see it appropriate (Dutter, 1985).

In persuasion, the appropriateness of the source and argument has a delicate importance. According to the "congruity" theorem, which is one of the attitude change theorems, the individual has pre-formed attitudes and behaviors. During any communication, if a message with an appropriate content from a source deemed appropriate is compatible with the attitudes and behaviors of the individual, the individual will not feel under any pressure for attitude and behavior change. Conversely, if a suitable message from a reliable source is contrary to the attitudes and behaviors of the receiver, the receiver will be able to change his attitude and behavior in order to become cognitively consistent (Tannenbaum, 1967).

When this theory is viewed from the perspective of perception management, it is understood why the target audience in perception management is the leading opinion leaders, political or military leaders of the society in the first stage. Because the messages from such key actors that the society trusts and deems appropriate are very effective in changing the perception of the society. In order to be effective persuasion as a result, it has to be a conversation or a conversation. Speaking briefly is there to persuade. This is a simple definition of rhetoric (oratory). In Aristotle's "Art of Rhetoric", he says that rhetoric finally involves persuasion. Likewise, Aristotle's rival Isocrates called rhetoric mastery in persuasion. There must be options for persuasion. People are as convinced as they are free. The function of rhetoric consists of the verbs "act" and "bend". As a result of rhetoric, it is expected to be convincing with the bending and twisting of the discourse and as a result of the actions and attitudes (Burke, 1969).

Each viewer's pre-formed knowledge, beliefs, values, sources of motivation, limitations, and sensitivity/insensitivity to the messages from the environment

and their distance from the sources that convey the messages to them are different. For this reason, it is necessary to know and define the key information, beliefs and sources of motivation that are commonly known by the society in planning the campaigns that want to change the attitude and behavior in the society. Strategies should be based on the compatibility of the new information produced with the values of the society. However, there are many theorems that explain the attitude and behavior of the individual. Which of these theorems will be preferred depends on the factors listed above and the structure of the society (Slater, 1999).

According to Slater, the Theory of Reasoned Action is one of the good theories that explain the reasons for the occurrence of attitude and behavior. According to this theory, the individual calculates the expected value of the action he will make in a sense and manages his behavior according to this calculation. In this theorem, the thought of the environment about this movement and the intention or desire of the individual to make this movement are discussed and weighed together. Consequently, the predominant factor is preferred. According to the accessibility theory of attitude, the situation of the individual contains clues about the attitudes and behaviors he/she has learned before. With the help of these clues, the individual chooses an action that is suitable for their pre-formed attitudes (1999).

One of the persuasion theories, the maintaining motivation theorem, is that the individual is open and persuaded to the message conveyed in order to protect oneself against a threat he expects or is exposed to. As an example, it was stated that farmers who complain about farm accidents will take into account the warning messages about this issue and will change their attitude and behavior in line with the message. Another of the persuasion theories is the elaboration likelihood model. According to this model, people perceive messages in two ways. The first is the central route. In this route, the message becomes apparent to the recipient and the recipient thinks about the message in great detail. Attitude and behavior change occurs after this detailed reflection. However, if the message is not apparent to the recipient, the recipient does not think about the message in detail and the content and

details of the message are ignored by the recipient. In other words, peripheral factors come into play. In short, factors such as the attractiveness of the source of the message, the length of the message, or the number of arguments in the message come into play, and then the recipient changes the attitude and behavior according to a clue in the message. This clue might be a word. If the word reminds the receiver of a positive situation, the receiver changes attitude and behavior in a positive direction, if it reminds a negative situation, in a negative way (Petty et al., 1981 and Slater, 1999).

### 1.7.2. The Importance of Symbols in the Formation of Perceptions

Within the scope of perception management, symbols can be used effectively for attitude and behavior change. Humans are animals that use symbols. Reality is a phenomenon within the symbol system of man. Truth for people is a collection of symbols learned from newspapers, magazines, books, and the historical past. Language, on the other hand, is a necessary tool for what objects are or are not in this non-verbal world. Humans can also be seen as creatures that make symbols and misuse the symbol. Ideology is also hidden in this feature of people. Ideology is about the use of symbols and their acceptance by society (Burke, 1966).

It is a known fact that millions of people died for the sake of symbols or ideologies, and their systems changed for the sake of how important ideologies are in people's lives and in the formation of their life practices. Manheim calls ideology the acceptance of the basic symbols by a state or by the masses of the public, and vice versa, the non-acceptance of utopia (Lasswell & Blumenstock, 1939).

Some symbols are combined with people's ethnic or religious identities. Attacking these symbols means an attack on one's own self or security for the person who makes that symbol an unchangeable part of his identity. Lippman symbols express as follows. People don't see it at first and then describe it. On the contrary, they first define and see later. What is taken from outside in this complex world is what culture defines for people. For this reason, people perceive the stimuli received from outside in the form of molded judgment predicted by their culture. Parallel to this, many things are

perceived in these stereotypes without being experienced. These prejudices affect perceptions quite deeply, unless education completely makes the individual conscious. In a sense, small signs that express prejudices, in other words symbols, unite with old images in a new dimension revive in memories and form new symbols, and from now on, the external environment is perceived in this way (Çevik & Çevik, as cited in Ewen, 1996, 2010).

Symbols are communication tools that affect the identity of large groups and the interdependence of these groups. Large groups can be briefly defined as ethnic groups, religious groups, and nationalities. These large groups have precoded perceptions and are often consciously or unconsciously influenced by their leaders in choosing enemies and friends. Symbols also allow the group to integrate. Along with shared values, culture, and common history, the individual can name things that mean the same or similar things with special symbols. For example, a crescent can create positive emotions and impressions for some individuals, while the same symbol can create negative feelings and thoughts for others due to the trauma and cultural coding in their past life. This phenomenon can simply explain how we perceive messages, symbols, other people and other countries (Çevik & Çevik, as cited in Nash, 1996).

Symbols are also related to propaganda. From a political perspective, propaganda can be defined as the control of attitudes and behaviors by manipulating symbols. Any elite can use symbols to identify and distinguish themselves from others. For example, while the symbol once adopted in America was the Declaration of Independence, in the Soviet Union it was some declarations of Marx, Lenin and Stalin. Propaganda can be considered as the manipulation of symbols in order to lead to attitudes and behaviors that lead to conflict. In propaganda activities, it is important to control attitudes, behaviors and symbols by manipulation (Lasswell & Blumenstock, 1939).

Since propaganda is defined as influencing attitudes and behaviors with the use of symbols, the meaning of symbols must be revealed in order to reveal propaganda. It is very important to use slogans as symbols. It is important how negative and positive symbols are used to achieve the desired effect.

Because negative symbols are used to evoke a feeling of hostility in the target audience, positive symbols are used to increase unity and respect within a group. In addition, propaganda can be used to stabilize symbols and attitudes and behaviors. However, it is very important that the symbols used are understandable and inclusive in order to create the desired effect (Lasswell & Blumenstock, 1939).

When symbols are considered as an item used in information wars, it should be evaluated that they can be used to win hearts and minds. Contrary to the Gulf crisis of 1992; During the 2003 invasion of Iraq, the Arab media presented the actions of the coalition forces symbolically in Arabic subtitles. While Arabic represents unity and solidarity for Arabs, it represents a sacred and symbolic religion for Muslims all over the world. The media coverage of the actions of the coalition forces in Arabic subtitles and symbols; It has led to the perception among Muslims and throughout the Arab world that the attacks are actually against Muslims (Tatham, & Navy, 2007).

As a result, organizations, states, governments, media and illegal organizations can sometimes distort the truth by using symbols in negative meanings for their own interests. For example, after the September 11 attacks, some western media outlets portrayed the Arabs who were happy with the flags in Islamic motifs as if they were happy with the September 11 attacks. But the truth was that it wasn't. The images given on the screen were images from before the attacks. It was later revealed that these images were Arabs who were happy with the usufruct in Palestine before the September 11 attacks. In other words, symbols are used to distort reality with these images (Tavukçuoğlu, 2011).

## **CHAPTER 2**

### **CUSTOMER LOYALTY**

#### **2.1. Customer Loyalty Term, Definition and Features**

Customer loyalty is the tendency, desire and action of the customer to purchase the same brand when he has a choice or to choose the same store frequently to find solutions to similar needs (Odabaşı 2004). According to Kim and Yoon, customer loyalty is a customer's desire to attitudinally recommend to other people or to continue their relationship with their business (Kim & Yoon, 2004).

Customer loyalty is one of the issues that businesses focus on most after customer satisfaction. One of the most important reasons for this situation is that customers are lost very easily with the increase of competition.

Customer loyalty is one of the main factors for businesses to achieve sustainable profitability. Businesses that manage this concept well will have a positive impact on their profitability as their customer losses will not be sharp and they can cross-sell to loyal customers more easily.

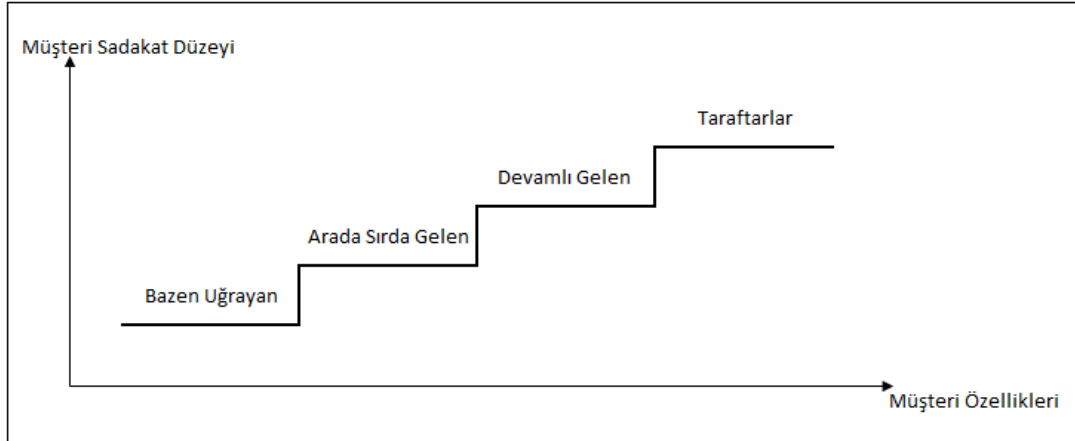
Customers do not feel the obligation to be loyal customers, the important thing for them is that their expectations are complete and even receive a service above their expectations. From the point of view of the business, this is the opposite, it needs the loyalty of the customers. For this reason, businesses need to evaluate all opportunities to turn their customers into loyal customers and act within a good strategic plan for this.



It is not possible for individuals to be loyal if there is only one option. In the case of more than one choice, businesses can convince customers to be loyal customers only through the will and desire of the customers.

We cannot explain customer loyalty for just one reason. Customer loyalty can be achieved with the effect of different factors that the business has. Many factors such as product, service, processes, employees, location can be effective in the formation of loyalty. For example, while the warm and friendly approach of a sales representative turns a customer into a loyal customer, the product variety may affect another customer. For this reason, the business needs to examine and analyze loyal customers.

According to Taşkın, customer loyalty is compared to a ladder-like in Figure 1. When you step up the steps of this ladder, loyalty rises. The top rung of the ladder shows customers who are the most loyal customer group. Loyal customers are the most profitable customer group and the most important asset of the business (Taşkın, 2000).



**Figure 1:** Customer loyalty steps

Resource: Taşkın, E (2005) Customer Relations Training

The important thing here is that businesses create opportunities that will enable customers to climb these steps. They can support them to become loyal customers by creating marketing strategies that encourage them.

### **2.1.1. Importance of Customer Loyalty**

#### **2.1.1.1. Importance of the Customer Loyalty for Businesses**

Customer loyalty is one of the most important issues that every company wants to achieve in today's competitive environment and emphasizes in order to influence its customers in this direction. In the rapidly globalizing world, the increasing competition left the customers in their hands in a situation of gaining and losing fast. Because with the development of technology, a product designed by an enterprise has become able to produce other enterprises in a short time. The fact that customers are more selective and they can easily find the product they want in other brands has increased the speed of the competition. For this reason, businesses have started to apply different marketing and sales strategies in order to keep the customers in their hands permanent and to make them dependent on their brands.

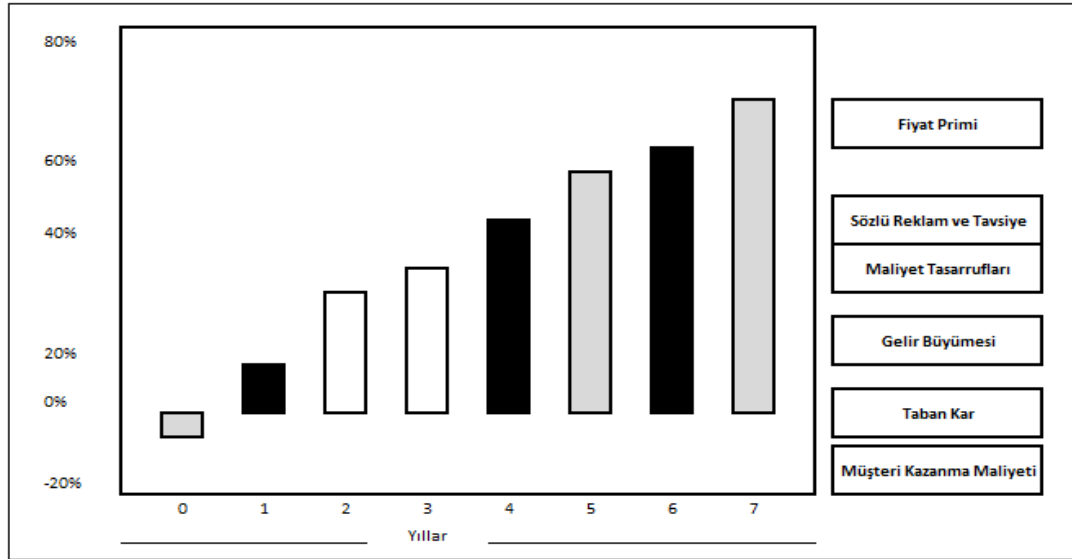
Businesses have to bear time and cost expenses to make their potential customers. However, businesses do not want to bear the same marketing costs for customers in the next period. In this process, businesses that have adopted the concept of customer loyalty do not think of the customer only once but focus on what the customer will add to his business throughout his life. It is because customer loyalty will lay the foundations of a long-term relationship.

The benefits that loyal customers will provide to the business are quite abundant in the literature. In this context, it has been revealed that loyal customers are less sensitive to price, they purchase more in the long term and in larger quantities, they give positive and negative opinions to the business by giving feedback, and they contribute to the acquisition of new customers as one of the most important, positive reference.

With customer loyalty, the company has the opportunity to create an environment with its customers and employees. It is because employees, managers and customers will have the opportunity to get to know each other. In addition, businesses can estimate their lifetime value by capturing long-term customer relationships, how long they will stay in contact with businesses and how much they will gain from that customer. Estimating a customer's lifetime value will offer the business the advantage of planning marketing activities. Businesses that can plan how to offer products and services for these customers in the future will increase the possibility of selling to them throughout the life of the customer. Since long-term customer relationships provide the opportunity to get to know them better, it can be easily predicted which products those customers will want to buy. Likewise, when they buy a product, alternative products that can be offered with them will become easily predictable. This will enable the business to make more sales to its existing customers.

One of the metrics of business success is the number of loyal customers, if a business has a loyal customer base it is an indication that the business in question offers superior value to its customers. Customer loyalty is the key to growth profits for businesses, so the key to customer loyalty is value, and by measuring loyalty, businesses will have the opportunity to learn whether they deliver superior value to their customers (Reichheld 1995).

Loyal customers start to see themselves as part of the business and contribute to the marketing processes of the business. They start to give feedback about their experiences and at the same time convey their positive observations to people who are not customers of the business. Most loyal customers do not attempt to leave without reporting the shortcomings they see. Businesses that manage this situation well can make corrections based on feedback from loyal customers who have left. Examining the losses is an important factor in order not to lose more customers. We can observe the effect of customer loyalty on business efficiency and costs and, consequently, on profitability in Figure 2.



**Figure 2:** Profitability of loyal customers

**Resource:** KNOX 1998, s. 733

### 2.1.1.2. Importance of the Customer Loyalty for Consumers

Customer loyalty is not just a concept that benefits businesses. It provides certain advantages to both sides of the bidirectional relationship between the customer and the enterprise.

In the previous heading, we emphasized the profits that businesses get from long-term relationships with their customers. Likewise, the customer will have the reward for a long-term investment.

The fact that businesses reward their loyal customers and provide them with advantages such as special discounts, gifts, or ease of payment will create the belief that they profit from the costs they bear. Some businesses offer special card or membership opportunities for their loyal customers as part of their loyalty program. In addition to having the advantages of this card, making you feel that you are a member of a group will create the perception that the customer is special.

Individuals like to be cared for and recognized by their human nature. The familiarity brought by the long-term relationship such as being known in the relationships they establish with the business, offering services and/or

products in line with their wishes and expectations, addressing the customer representatives with their names will create the feeling that the customer is in the right place.

The fact that the positive or negative feedback of the customers is taken into consideration will also create the perception that the customer is important.

Individuals do not expect a business of which they are a permanent customer to be there only when it will meet their needs. The fact that the businesses they are loyal customers of are always serving them and that they always care about them not only for commercial relations will create a friendly relationship between customers and the business.

It cannot be denied that time is very important in today's living conditions. The fact that the updates that should be followed by the customers are followed by the company will eliminate the energy and time they will spend to follow this business. Without looking for a different business each time, doing their transactions with a business they trust and know before will enable them to have a product or service without wasting time.

In addition to all these, the most important advantage of the customer is the experience gained in a long-term relationship with the business. Since this experience will reduce the risk, customers will continue their relations with the business in a sense of trust.

### **2.1.2. Effect of Employees in Creating Customer Loyalty**

Human relationships are the basis of customer relationships. Those who are in direct contact with customers are mostly employees of the business. Employees are people who maintain the relationship between the business and the customer. Employees have a positive effect on their consumers' attitudes and on the development of friendly ties with them.

Employees are people who are in relationships with customers representing the business. No matter how good the product and service quality is, customers will not want to come to an environment where they are not

greeted with a smiling face. Employees have a large share in achieving a good customer experience.

Employees can be considered as a showcase of the business. Their clothes, expressions, speech, style, and similar physical and mental attitudes will create an idea about the business in the customer.

Therefore, the enterprise should select and train its employees in this direction. The profile that should represent the business should be determined, and trainings should be given to bring all employees to the same standard. All employees must be aware that they represent the business.

In order for employees to represent and adopt the business correctly, they must first love the company they work for. In other words, as long as employees see themselves as a part of the organization, they will be able to convince the customer. Therefore, the concept that we call internal customer satisfaction, in other words employee satisfaction, is very important to ensure customer loyalty. Employees enjoy their work, work in a peaceful environment, be proud of their work, be proud of the institution they work for, and most importantly, having full faith in the product or service they sell will leave positive impressions on the customers.

In order to create customer loyalty, businesses need to act in a serious marketing strategy. Customer satisfaction and satisfaction are of course very important in this customer-centered work. But just thinking about customers will not be enough. It will not be possible to achieve customer loyalty in a business where employees are not happy and satisfied.

The perceived first impression is very important for customers. Customers' first contact persons are the employees of the business, that is, the representative faces of the business. The image of the institution, as perceived by the customers, will begin to take shape at the first impression.

Employee loyalty must also be formed in order to create customer loyalty. Customers will want to be in contact with people who know them who are interested in them regularly. The fact that the people representing the

business change too often can create the perception that customers will lose interest because they do not know them. While they will be able to find the same product and / or service in another business, customers who choose that business because of their employees will be able to easily change their preferred brand in such a situation. The fact that familiar faces always greet him will make the customer a part of the organization, which will increase loyalty and loyalty.

People who work in the same business for a long time will have the opportunity to specialize in the work they have done, as well as having more ownership of their business. Businesses with experienced personnel will create a perception of trust in customers and reduce the risk in their minds. One of the preconditions for maintaining the perception of trust is that employees should be honest and keep their promises. Employees must always act with the awareness that they represent the business.

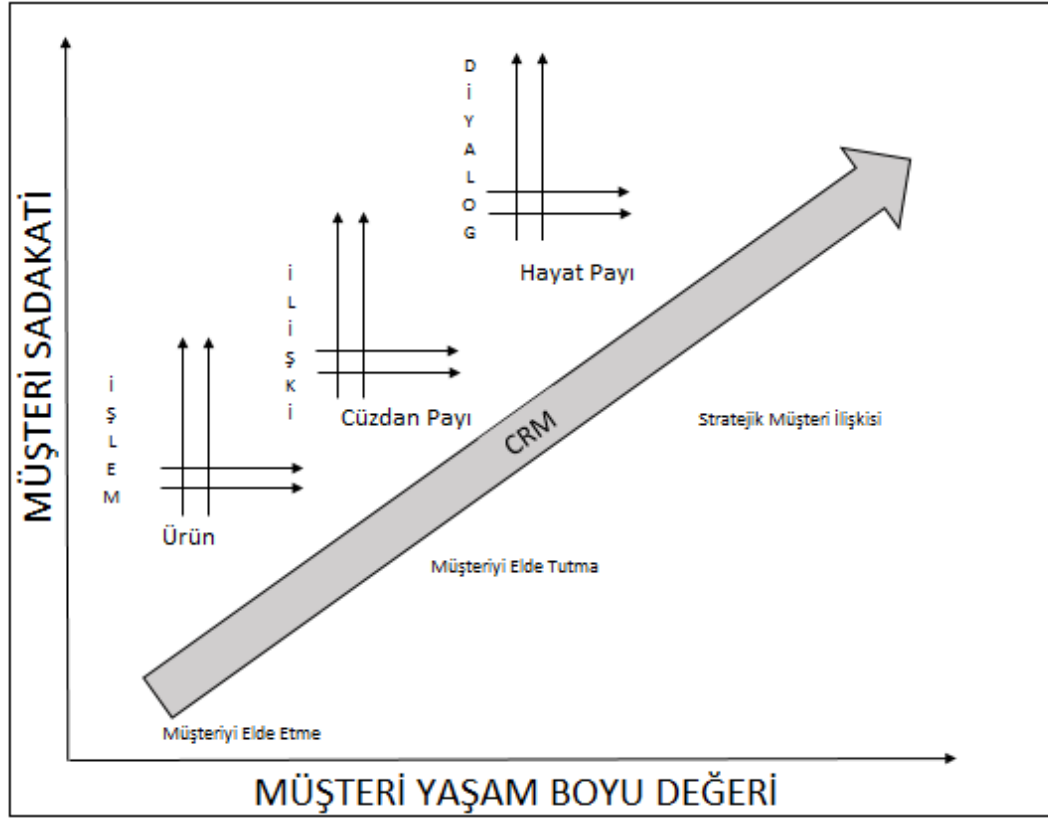
Employees may affect the formation of customer loyalty positively or negatively. For the correct execution of this strategy, it is important that employees also adopt the strategy.

### **2.1.3. Forming Process of Customer Loyalty**

The way to build customer loyalty is to provide a good customer experience. To put it a little further, customers should leave satisfied and happy with every contact they make with the business. In order to achieve this, the company will need to have a customer-oriented culture and create marketing strategies suitable for this culture.

Customer loyalty, which has become one of the biggest competitive advantages of businesses, requires creating an emotional bond between businesses and customers. This emotional bond can occur within the scope of trust and customer satisfaction. When customers purchase a product or service, only a commercial transaction takes place. Continuing this relationship will increase the wallet share obtained in the customer. However, when this relationship ceases to be a commercial relationship and turns into a dialogue, a Life Share will be created for the customer. The customer will

now become an ambassador defending your brand, using and recommending you. You can see the process of creating customer lifetime value in Figure 3.



**Figure 3:** Customer lifetime value formation process

Resource: Serdar Pirtini (2016) Network Academy Lesson Notes, Feb 2016



The survival of companies depends on long-term consumer ties. Businesses must also build communications campaigns capable of delivering long-term customer ties.

One of the most important factors for the formation of the concept of loyalty is the continuous continuation of communication. Instead of waiting for customers to come back, it will be more effective to implement marketing tactics to encourage them. The fact that the business reminds itself at regular intervals, as well as offering incentive offers such as certain discounts and gifts, will increase the desire of the customer to re-establish a relationship. Customers will feel special because they will think that they are not forgotten and cared for.

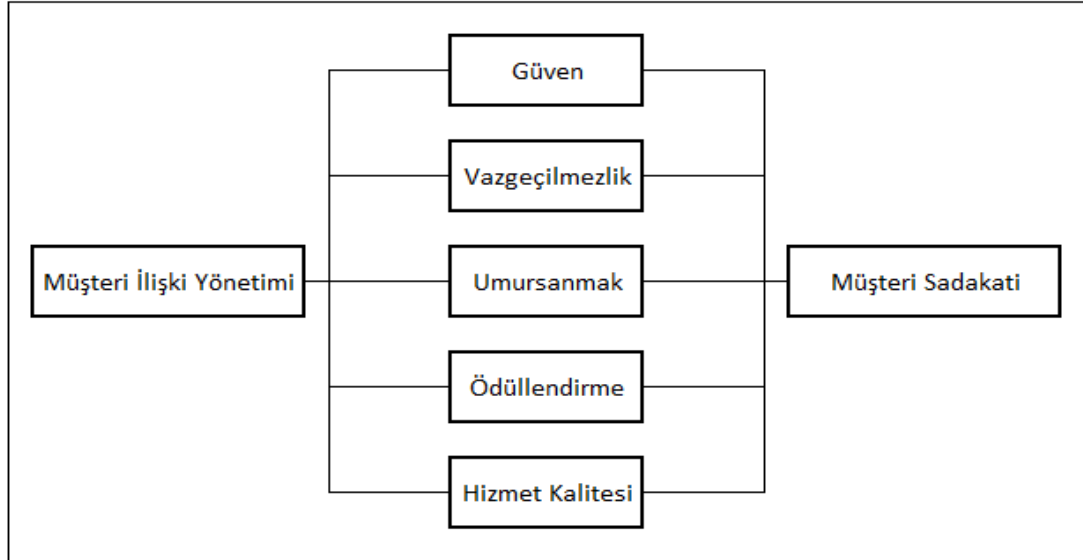
The business aims to meet the expectations of the customer in its product and/or service, but may not be able to fully meet this. Therefore, feedback from customers will guide the business to renew itself. Therefore, as we mentioned in the previous section, positive and negative feedback from customers is of great importance. For this, establishing an infrastructure, responding quickly to negative comments and taking action, as well as making a difference in the product and/or service delivery in line with this information will support customer loyalty.

The fact that businesses focus too much on new customer acquisition and the existing customer not maintaining their ongoing relationship will cause efforts to re-establish these relationships after a while. You will have to bear additional costs in order to regain the customer you have already gained after a long time, and you will be deprived of the additional income lost during this period. Therefore, after acquiring customers, it will be necessary to encourage them and direct them to become loyal customers quickly.

#### **2.1.4. Factors that Effect Customer Loyalty**

Customer loyalty is a concept shaped by the structure of the business and the customer profile of the business. Based on the fact that the expectations of each customer will be different, we can say that there are many factors that affect customer loyalty. However, according to Gel (2002), we can gather the factors affecting customer loyalty under four main headings; Trust, indispensability, caring and rewarding. In this thesis research, in addition to

four basic items, service quality has also been included in the analysis. Figure 4 shows the factors that are thought to affect customer loyalty.



**Figure 4:** Factors that affect customer loyalty

#### 2.1.4.1. Trust

Each client needs trust in the company he receives the service or product. Trust is the cornerstone of contact, feedback, efficiency, discounts and other customer relations. Relationships will gain continuity as long as there is trust, and this relationship will become a loyal relationship over time. Otherwise, there will be no loyal relationship, and the customer will not choose you unless it is mandatory for the next purchase.

Trust should not only be thought of in a relational sense, but also trust that all the information the customer leaves you is confidential. If you are working in the consumer market and if you want to work as a relationship-oriented marketer; who cares about customer relations, then the customer's privacy requests should also be taken into consideration (Peppers 1999).

Establishing one-on-one relationships with customers is through knowing them well. At every point where a relationship is established, the missing information about the customer is tried to be collected so that the next

relationship can be established in a more meaningful way. Collecting this information will only be possible with the wishes and desires of the customers. As long as the customer trusts the business, he will prefer to share his information. Therefore, trust is not only important for customers but also for businesses (Peppers and Rogers 2013).

When the necessary trust environment is provided, the business will bring loyalty with it, as the customer relationship will be established better.

#### **2.1.4.2. Indispensability**

In the customer loyalty model, "Indispensability" is an element that can be easily measured and managed from a CRM perspective, although it is thought to be not closely related to CRM. Although the factors affecting the indispensability factor have different weights according to different sectors, almost all of them are related to marketing and sales. In many sectors, the customer abandonment cost is directly proportional to the products offered and the number of using different service channels (Gel, 2003).

Indispensability can sometimes be achieved with a single product. However, the fact that the customer meets other needs from you is an important factor in increasing the loyalty of the customers to the business. When customer relationship management is established in this direction, the concept of cross selling emerges. Cross selling is the ability to market others to the customer besides the existing product or service. Determining what the customer may need based on existing information and establishing a marketing communication in this direction will increase the cross-selling. As the customer will meet more of his needs through the increase of cross-selling, his loyalty to the business will increase and the business will be indispensable for the customer.

#### **2.1.4.3. Being Noticed**

Customers desire to feel special. It expects a return in response to the recycling of the information given to the business, complaints or negative opinions. Customers leave a lot of information to the business, whether they are aware of it or not. This information will be valuable as long as it can be used. Acting in line with the information that the customer has given to the

business will be an indication of caring for the customer. For example, going to a customer who gives the information that he does not want a product and that he already owns the product with the same product recommendation will create the perception that the customer has not cared. Another example is the failure to return to a customer who complains about the product or service he/she receives, and it will create the perception that the customer is not cared about.

In order for loyalty to be formed, it is necessary to touch the customer outside of shopping. For example, when the business sends a congratulatory message stating that it thinks the customer on special days, it may create the perception that the customer cares.

#### **2.1.4.4. Rewarding**

Thanks to Customer Relationship Management, customers can receive special rewards at the end of their shopping or in certain periods. For example, points, discounts, and gifts collected on membership cards can be given as examples. As rewarding will create the perception that customers gain additional income in addition to their existing purchases, it will affect both their happiness and the decision to continue this shopping. In addition, as the rewarding system, through methods such as collecting points, encourages spending the collected points, it will also have a positive effect on future purchases.

Since rewarding will ensure the continuity of the customer, it has a great effect on the formation of loyalty. By examining the effects of rewarding with marketing programs on customer loyalty, future marketing activities can be shaped. In this way, ways will be found to create new loyal customers.

#### **2.1.4.5. Service Quality**

Service quality is one of the most important factors that will enable businesses to increase their success. Businesses have the opportunity to gain advantage over other companies that compete with the difference in service quality. Products can easily be imitated, even if delayed, another company can produce a similar product and get a share from the market.

However, service is a more abstract concept, it can also be defined as an economic activity that is not a physical product or structure that is consumed at the time it is produced (Şahbaz, 1999).

Service quality is defined as the general perception created in consumption used as a competitive advantage among enterprises (Han, & Baek 2004).

A service can be defined as an activity or benefit offered by one party to the other party, which is basically intangible and does not result in ownership of anything (Kotler, 1997).

All factors, from the courteous and courteous attitude of the employees to the environment in which the service is provided, affect the service quality. Therefore, it would not be correct to evaluate the service in one dimension. All processes that develop while the customer receives the product or service will more or less affect the service quality.

The service cannot be defined by a single criterion. There are multiple criteria in defining the service. These criteria are listed below (Murdick, Render, & Russell 1990).

- I. Services are intangible and benefit buyers.
- ii. The customer also participates in the production process of the services.
- iii. Services provide variable, non-standard benefit.
- iv. There is an intense communication between the manufacturer and the customer throughout the service process.
- v. Services cannot be stored, they are consumed as soon as they are produced.
- vi. Pricing options are more detailed.
- vii. Measuring service quality is subjective.
- viii. Service production is labor intensive.

- ix. Mass production cannot be done for services.
- x. Quality control is mainly limited to process control.
- xi. The production and consumption of the service takes place simultaneously.
- xii. Services cannot be protected by patents.

Service quality cannot be designed only by considering the business side. The expectations of the customers will also guide how the service quality should be. It will not be possible to create the same perception of service quality in every customer. For this reason, it is very important to communicate with customers regularly and measure their expectations. Likewise, it will be necessary to evaluate the feedbacks, to have market researches, to investigate what kind of service quality competitors offer, to increase the service quality of the enterprises or to keep them at a certain level.

## **CHAPTER 3**

### **COMPANY PROFITABILITY**

#### **3.1. Profit and Profitability Terms**

The profit is the amount of the income earned by companies at the end of a year. In other terms, the revenue received over a given period varies considerably from spending (Sabuncuoglu & Tokol 2001), the consequence of which is the company's activity over a particular period and the net income differential from total expenditure is usually considered. Profit is a very important concept for business; It is a tool for measuring the success of enterprises, a tool for auditing, a tool to encourage efficient employees and, above all, a tool for survival (Mucuk, 1993).

The main goal of the vast majority of businesses is to make profit. Even in a small sole proprietorship, the goal is to be profitably managed and increase the owner's wealth. Shareholders of large capital companies also expect the companies to profit and the value of their investments to increase while investing in companies (Erdamar, & Basık 1999).

The concept of profit is the most important resource that enables the business to continue its activities. Naturally, businesses aim to make a profit at the end of each period in order to maintain their assets and gain their owners. For this, while businesses want to keep their costs to a minimum, they want to maximize their sales prices and look for ways to achieve this. For this purpose, they turn to the most suitable investment areas and production subjects (Sabuncuoglu & Tokol, 2001).

Although profit is an absolute size, profitability is a relative concept. Profitability, in its most common definition, is the ratio of the profit obtained in a certain period in an enterprise to the capital used in that enterprise. Profitability is a measure of the results obtained as a result of the activity of a business (Kutluata, 1973).

According to another definition, profitability; It indicates the return that shareholders want to obtain according to the capital put by the company. In the modern business approach, it is essential that this return is generally above the sector average. However, this income may decrease in some problematic periods (Ülgen and Mirze, 2004).

It is desirable to have high profitability. For this, either the company should work effectively and efficiently and increase the profit absolutely or a smaller capital should be used provided that the profit remains the same. To write these things more clearly; Profitability can be expressed as follows:

$$\text{Profitability} = \frac{(\text{Quantity Sold} \times \text{Sales Price}) - \text{Cost of Products Sold}}{\text{Equity Debt}}$$

As it is obtained by subtracting the cost costs from the sales revenue, in order to have higher profits, either the sales revenue, in other words, the amount sold and the sales price (both together or one by one), or the same amount of product must be produced at lower costs with various measures. On the other hand, decreasing the amount of capital in the denominator by increasing the transfer speed; It is essential for high profitability, which means profit / capital ratio.

In well-functioning financial markets; In determining the effectiveness of firm management, the company's ability to generate a satisfactory profit is a fundamental indicator for the invested capital. Just as financial investors do not tie their capital to areas where profitability is low, entrepreneurs also avoid investing. On the other hand, credit institutions are not willing to lend to companies with low profitability. For such reasons, profitability is a very important indicator for businesses in many respects and it is of great importance to determine it correctly.



### **3.1.1 Profitability Measurement**

The question of whether or not company earnings resulting from their operations are adequate is impossible to assess with the details found in the financial statements alone. The mentioned statements only reveal how much profit the company earned in a certain operating period. Profitability rates are used to determine whether the business activities are profitable or not. Profitability ratios are indicators of the extent to which the company makes a profit in a period compared to its assets or equity. Profitability ratios are used to measure the success achieved as a result of the operations of the business and to evaluate whether a measured and sufficient profitability has been achieved. Profitability rates are especially followed by business partners or investors who are considering becoming a partner in the business. While evaluating the profitability ratios, the profitability ratios of other businesses in the same sector, the profitability ratios targeted in the operating budgets and the general situation of the economy should also be taken into consideration. While evaluating the profitability of the company, it is necessary to consider the inflation effect, if any. The rates used in the company's profitability analysis; The ratios that show the relationships between profit and capital, the ratios that show the relationships between profit and sales, the ratios used to determine whether the business provides sufficient income to its partners, and the ratios used to determine whether the business has earned enough income to meet its financial obligations (Akdoğan and Tenker. , 2003).

#### **3.1.1.1 Rates that show the Relationship between Profit and Capital**

##### **3.1.1.1.1 Ratio of Net Profit to Equity**

The real company profitability, as expressed as a net profit-to-equity ratio, is shown. The net profit/equity ratio reveals the profitability of capital and is the most accurate ratio to be used in market profitability research. Since the purpose of investing capital in a firm in free market economies is to make profit, the ratio of the profit gained and the capital allocated to that firm can be considered as the success measure of the firm. This ratio is also called "return on equity" or "financial profitability" and is obtained by dividing net profit by equity (İvgen, 2003).

In the analysis of the profitability of the company, the ratio of net profit (profit after tax) to equity is a meaningful measure. That is why the ratio in question indicates the profit per unit of the invested capital. While calculating this ratio, the equity capital of the firm at the end of the period can be included in the denominator. If the equity capital of a firm at the beginning of the period and at the end of the period does not differ greatly or the difference is within negligible measures, the use of period-end, period-beginning or average figures while calculating the ratio does not affect the result to be found; It would be a more correct practice to have average equity capital in the denominator of this ratio in companies with growth and development. The said ratio indicates the ratio of the distributable profit to capital owners to the capital they invested, that is, the percentage return on the capital they invested. Generally, the higher the ratio; the higher the degree of profitability investors achieve. In countries where the stock exchange is developed, investors attach great importance to this ratio and prefer to invest in companies that distribute high amounts of dividends. The "Net Profit / Equity" ratio of a firm is the function of the "Net Profit / Sales" ratio and the equity turnover rate (Akgüç, 1987).

As demonstrated by the above equation, in order for a firm to increase its equity profitability, it increases the "Net Profit / Sales" ratio, in other words, the profit margin, or accelerates the transfer of equity or positively changes both the profit margin and the equity turnover rate, in order to increase the equity profitability. must. The components of a firm's return on equity can be divided into return on assets and equity multiplier:

Return on equity = Return on assets x Equity multiplier

This formula reveals that return on equity depends on the firm's asset profitability and financial structure. Equity profitability, from another perspective, is the joint result of net profit margin, asset utilization (asset turnover), and equity multiplier. Low equity profitability; the inability of the enterprise in production, distribution, financing or general management issues; It indicates that the transaction is unsuccessful due to bad general economic conditions or excessive investment in assets. The high ratio may have resulted from the effective management of the business, good general economic situation, and the use of debt (Akgüç, 1987).

### **3.1.1.1.2 Ratio of Profit before Tax to Equity**

While the ratio of profit after tax to equity, which is important for both company management and the owner or owners of the company, it may be useful to calculate the ratio of profit before tax to equity in the analysis of the profitability of the firm. The change in the net profit of the business can sometimes be due to changes in tax laws. In this case, the ratio of profit before tax to equity will yield meaningful results. As a matter of fact, frequent changes in tax rates in our country reveal the importance of this rate. Since the change in tax rates affects the net profit after tax, a low profitability rate of a business may arise from a purely non-business reason, such as an increase in tax rates. In the analysis, it is necessary to calculate the ratio of profit before income or corporate tax to equity capital in order to reveal the effect of the change in tax rate on profit, if any, and to avoid an erroneous interpretation (Akgüç, 1987).

### **3.1.1.1.3 Ratio of Profit Before Interest and Tax to the Total Resources**

Total capital profitability is also called "economic profitability". This type of profitability shows to what extent the enterprise uses its resources profitably. In order to find the total capital profitability, it is necessary to add the interest on foreign resources to the profit. Because, according to the idea of total capital profitability, it does not matter who puts the capital. This type of profitability is a real profitability, since the interest (in narrow sense) of the capital invested in the enterprise is calculated with total capital profitability. Compared to an enterprise that can increase the equity profitability indicated by the "Net Profit / Equity" ratio by taking advantage of the effect of financing leverage by obtaining cheap credit, an enterprise that works with more expensive credit and therefore shows less profitability may have used the resources better. Therefore, when evaluating the profitability of an enterprise especially in terms of national economy, total capital profitability can give more meaningful results. If the firms give a share to the cost of the goods produced from the financing expenses or if they add the financing expenses related to the operating period to the cost of the tangible fixed assets, the mentioned ratio will lose its meaning since the financing expenses will be seen less than they are in these companies (Akgüç, 1987).

#### **3.1.1.1.4 Ratio of Net Profit to Total Assets**

This ratio is used to show to what extent assets are used profitably in the business and can be expressed as follows. The aforementioned ratio indicates the profitability of the investment made by a firm; In other words, it is used to show how efficiently assets are used. The ratio of net profit to total assets; It shows the measure of the management's ability to deposit funds belonging to partners and lenders to assets in a way that ensures maximum efficiency and to effectively manage these funds. The higher the ratio, the more profitable the resources are used. This ratio is the product of the firm's profit margin (Net Profit / Sales) times its asset turnover rate. This ratio should be evaluated very carefully in the profitability analysis of a firm, especially in firms that use foreign resources to a large extent in financing and whose use of foreign resources differs from year to year. The ratio may appear high or low depending on a firm's financing pattern and / or changes in its financial structure, as it actually shows the amount remaining after net profit is deducted from interest and taxes. It is normal that the "Net Profit / Total Net Asset" ratio of firms that use large amounts of foreign funds and therefore under a heavy debt burden is lower than firms that finance a large part of their assets with equity (Akgüç, 1987).

#### **3.1.1.1.5 Cumulative Profitability Ratio**

The cumulative profitability ratio of a firm can be analyzed by dividing undistributed profits (including reserves and reserves) to the total net assets. The cumulative profitability ratio, which shows the long-term profitability of the company, also sheds light on the dividend policy. When interpreting the rate, it should be taken into account whether the undistributed profits are added to the paid-in capital or not. If undistributed profits (reserves) are added to paid-in capital, the ratio loses its meaning to a great extent. The low rate of cumulative profitability gives information about the probability of failure of the firm (Akgüç, 1987).

### **3.1.1.2 Ratios Showing the Relationship Between Profit and Sales**

#### **3.1.1.2.1 Ratio of Operating Profit to Net Sales Amount**

This ratio, which is also described as business volume profitability, shows how profitable the main activity of a firm is. Although it is considered as profitability in the literature, the meaning of business volume profitability expressed by the "profit / sales revenue" ratio, which is an element of capital profitability in principle; It is how much profit is gained from the sales revenue of 1 TL, and it is also referred to as "operating profit percentage" and "sales margin" in the Turkish literature. Business volume profitability reveals to what extent a firm's main activities are profitable. Therefore, a high or an upward trend in this ratio should be perceived positively for the firm. Regarding whether the operating profit margin is sufficient or not, the relevant figures and sector averages of the previous period should be considered. In the ratio of "Operating Profit / Net Sales Amount", from the sales amount, the economic works of the enterprise that can be expressed in money within a certain period are understood. Operating profit should normally be at a level that will provide business owners a measured profit after taxes and interest have been paid. This ratio is desired to be quite high in large industrial enterprises that require excess capital. In production enterprises using capital-intensive technology, this ratio should be high in order to achieve a measured and sufficient profit. If the capital in a business is very small compared to the sales volume, even a low operating profit / net sales ratio can provide sufficient profit to the capital allocated to that business. There is a close relationship between sales profitability and capital turnover ("Net Sales Amount / Equity"). This relationship is an inverse relationship. The capital turnover rate can be increased by decreasing the sales profitability, or on the contrary, increasing the sales profitability is only possible by decreasing the capital turnover rate. This is a common trade and sales policy expressed in practice as "winning the release". In order to determine whether this ratio is sufficient for the year examined; Comparisons with the "Operating Profit / Net Sales" ratios of the previous years and the ratios of similar companies in the same industry should be made and the changes in this rate over the years and their reasons should be examined. This ratio; There may be fluctuations over the years due to changes in sales price, cost of goods

sold, changes in sales and management expenses, and changes in the composition of sales (Ivgen, 2003).

#### **3.1.1.2.2 Net Profit to Net Sales Amount**

The net profit margin should be examined to determine the rate of profit on a business's sales. Therefore, the source of profit in the business is the sales of goods and services. Therefore, one of the rates that should be subject to the first examination is the net profit margin. The profit that the business makes as a percentage of its sales is determined by this ratio. The net profit margin provides information about the net profitability of operating activities. Net profit margin, which also provides information on pricing, cost structure and production efficiency, is used as an important indicator in measuring operational performance (Akdoğan & Tenker 2003).

#### **3.1.1.2.3 The Ratio of Gross Sales Profit to the Net Sales Amount**

The net profit of an enterprise is separated from the operating profit especially in the following two subjects (Berk, 1998);

- a) While calculating the net profit, the company's financing expenses and non-operating income and expenses are also taken into account.
- b) While calculating the net profit, income or corporate taxes paid or payable are deducted.

The net profit of the company is calculated by subtracting the cost of the goods sold (produced), operating expenses, non-operating expenses and financial expenses from its net sales and adding non-operating income. The ratio of net profit to sales shows all these stages. However, for a more detailed analysis, it is necessary to look at the "operating profit / sales" and "gross profit / sales" ratios.

It is mandatory to make comparisons with the rates of previous years and the rates of similar companies in the same industry to indicate whether this rate is sufficient or not in the year under review. Changes in this ratio over the years and their reasons should be examined.

The opinions about the "Operating Profit / Net Sales" ratio are also valid about this ratio (Akgüç, 1987).

The positive difference between net sales and cost of goods sold gives the gross sales profit. The gross sales profit of an enterprise must be high enough to cover operating expenses and other expenses and to provide the business owner or owners with a normal, sufficient profit. It is possible to obtain information about the financial structure of the company from the relevant ratio. When the sales price and volume do not change, the increase in the gross profit margin indicates a relative decrease in costs, and vice versa, the increase in costs. In addition, it can be said that as the gross profit increases, the profit margin will increase, in other words, the business management is successful.

The tendency of the gross sales profit ratio to increase over time is a positive development that can be interpreted in favor of the company. The increase in a firm's gross sales profit rate may be due to the following reasons:

- a) Sales prices increase although the cost remains constant,
- b) Decrease in costs although the sales price does not change,
- c) Increase in sales prices faster than costs
- d) The decrease in costs is faster than the decrease in sales prices,
- e) The change in the sales volume composition of the business and the increase in the share of goods with high gross profit in the sales volume of the firm
- f) Changes in the accounting practices of the company (for example, while giving a share to the cost of the goods produced from financing expenses and management expenses, changing this practice or the inventory valuation method in the following years).

The financial analyst needs to state what reason or reasons apply to the change in the rate of gross sales profit of the business.

#### **3.1.1.2.4 Ratio of Cost of Goods Sold to Net Sales Amount**

Businesses in a certain year;

Net Sales Amount / Cost of Goods Sold

It should be investigated whether it is normal or not by comparing the rate of the business in question with the same rates of the previous years and the

rates of other businesses in that industry. It is a positive statement that this ratio tends to decrease in the business under review. The increase in the ratio reveals that costs increase faster than sales.

### **3.1.1.3 Ratios Used to Determine Whether the Business Provides Sufficient Income for Its Partners**

#### **3.1.1.3.1 Profit Per Share**

One of the rates that provide meaningful information on the return on equity is the share price. Since the profit earned per share is one of the important factors showing the value of a share certificate, it is useful to calculate this ratio in joint stock companies. Income per share is one of the important factors affecting the value of a stock. Profit per share is calculated by dividing the annual net profit by the number of shares. Rate; It is used to determine how much profit an enterprise makes per share per share. In countries where the stock exchange is developed, investors attach great importance to this ratio and prefer to invest in companies that distribute high amounts of dividends.

The rate can be expressed separately for holders of preferred shares and holders of common shares. Holders of preferred stocks have certain advantages over other shareholders. Preferred stock usually gives the holder priority in either net profit, net asset, or both. A dividend can only be paid for ordinary shares over the remaining distributable profit after the dividend payments of preferred stocks have been made. These securities are issued in the establishment or during the capital increase of a partnership whose capital has decreased due to financial difficulties, as is often the case. Preferred shareholders in joint stock companies; "Since every privileged share is interested in the income obtained to the press, they examine the following ratio: Ordinary stock; It is an equity instrument, after all other classes of equity instruments. The purpose of the information presented to the ordinary share price regarding earnings; to provide a measure of determining the earnings per share of the parent company from the performance of the entity during the reporting period. Since the privileged shareholders can be given the right to get a share over the company's profits



with the company's articles of association, ordinary share holders can deal with the remaining company profit after the dividend to be paid to the privileged shareholders is deducted. Income per share is one of the most important factors determining the value of a share.

#### **3.1.1.3.2 Price / Earnings Ratio**

If the profit per share can be determined, making a calculation in the form of price/profit per share to express the relationship between this figure and the market value of the company's share certificate gives a relationship that is widely used in financial analysis. Most of the time, especially when it comes to issuing new shares; this ratio is applied to the future profit per share figure and it is determined that the company's benefit will be preserved in the case of the sale of the share certificates. The price/earnings ratio is a rate that indicates how many TL the investors are willing to pay for each 1TL net profit of the company per share. Many price/earnings ratio definitions are made in practice. This shows that there is no general standard for the relevant ratio.

#### **3.1.1.3.3 Price / Cash Ratio**

The Price / Cash ratio is a ratio developed as an alternative to the Price / Earnings ratio. Depreciation practices differ between companies. Since the depreciation rates are different, it would be a healthier approach to apply the cash flow approach instead of the net profit approach and the relevant ratio can be expressed as follows. 
$$\frac{\text{Net Profit Before Market Capitalization}}{\text{Depreciation}}$$

#### **3.1.1.4 Profitability Ratios Used to Measure the Adequacy of Firm Profitability in Meeting Financial Liabilities**

##### **3.1.1.4.1 Interest Coverage Ratio**

This rate, which is referenced in the examinations on whether there is a problem in the repayment of interest, which is a fixed expense for a business, shows how many times the interest for the period profit should be.

#### **3.1.1.4.2 Debt Service Ratio**

Debt service rate; It shows the ability of the enterprise to repay the principal installments of the loans it has received and relates the resources that the enterprise can allocate to pay the debt and the annual debt amount that it has to pay.

#### **3.1.1.4.3 Fixed Payments Coverage Ratio**

If the rents, which impose a fixed payment burden on the firm, reach a significant amount for the business, it may be useful to calculate the ratio of meeting fixed payments for the business. In particular, car rental should be handled as annual lease payments and principal installment payments in companies that prefer funding through financial leasing. For this reason, it is also necessary to calculate the ratio of meeting fixed expenses in these companies.

### **3.2 Factors That Can Affect Profitability**

#### **3.2.1 Market share**

Increasing the market shares of businesses; It is thought to significantly increase their profitability. It is usual for a business with a large and / or growing market share to have a relatively high return on investment. Market share; It can be expressed as the share of a single firm from the total sales of a product in a given market at a given time.

#### **3.2.2 Research and Development Expenses**

It is possible for companies with relatively high research and development expenses to reach high profitability in the medium term. With the increase in research and development activities, new products and systems will be developed by increasing the productivity of the employees and it will be possible to increase the profitability by increasing the capacity utilization rate.

#### **3.2.3 The capacity utilization rate**

The high rate of capacity utilization generally has a positive effect on the profitability of companies. High-capacity companies are lucky enough to improve profitability of their investments by taking advantage of cost savings than businesses with small capacity usage rates. Nevertheless, in order to

increase its market positions it would still be important to rely on market analysis.

### **3.2.4 Total Quality Management**

Data shows that the profitability ratios of the companies applying the overall approach to quality control are greater than those of the companies that do not. Most of the processes that can directly affect performance, such as determining customer requests, error-free and complete product design, ensuring that suppliers reach the desired quality level, ensuring the necessary compliance and full participation in the activities within the enterprise, and the proper functioning of distribution channels, are included in total quality management. If total quality management can be carried out at the desired level; The motivation of the employees in the company will be increased, expenses arising from production errors, repairs and unnecessary stock will decrease and costs will decrease. As a result of this process, the efficiency of the enterprise will increase, its market share will expand, and its competitiveness and profitability will increase.

### **3.2.5 Business Size**

The relationship between profitability and business size and changes has attracted the attention of many researchers, but the results obtained from the empirical studies have been very different from each other. Profit is considered as a variable that determines the growth rate, as it directly enables auto financing and plays an important role in borrowing indirectly. The relationship between profitability and growth can be analyzed from the following point of view; If the company acts on the logic that it must grow as long as it is profitable in its field of work, the business owners will finance their businesses as long as the rate of profitability increases and they will stop financing when it decreases. Besides; in some of the researches on business size and profitability, it has been concluded that the profitability of the businesses decreases as they grow. It is thought that the fact that capacity utilization rates have not been taken into consideration has also contributed to this situation. The claim that small businesses are more profitable is due to the uneven distribution of profits of these businesses. The

uneven distribution of profits of small businesses causes them to become much more profitable from time to time than large businesses.

### **3.2.6 Export**

Economic fluctuations, stagnation of the domestic market and insufficient demand, incentives given by governments to open to foreign markets, reduction of trade barriers to foreigners in foreign countries and the tendency of markets to globalize enable businesses to open up to foreign markets. The wide variety and multidimensional nature of foreign markets provide incomparable large profit opportunities to the extent that they can be competitive.

### **3.2.7 Increase in Sales**

In some studies, it is claimed that the increase in sales has a very strong positive effect on profitability. Firms whose sales increase in real terms are more likely to reach high profitability. In economies where price increases are fast, the rates or rates of increase calculated according to current prices will not make sense. Increase rates calculated according to current prices should be corrected by taking into account the price increase rate.

### **3.2.8 Profit Sharing Policy**

It is claimed that giving a share of profit to the employees in the business instead of a certain monthly wage generally increases the profitability of the business. The reason for this is that the employees do the job as if it is their own job. The employee whose monthly income is not fixed will work much more efficiently with the desire to earn more income, and even warn other friends who do not take care of their job.

### **3.2.9 Investment Goods / Consumer Goods**

It is claimed that consumer goods affect profitability more than investment goods. In this situation; It is thought that higher demand for consumer goods, advertising expenditures and price elasticity (the response of consumers to price changes), which is much more pronounced in end consumers than industrial consumers in need of investment goods, have an effect.

### **3.2.10 Productivity**

Productivity is a coefficient acquired by comparing the products and services (output) produced at the end of a certain period of a production or service process and the production resources (input) used while performing this production.

## **CHAPTER 4**

### **COMPANY AVERAGE LIFE TIME**

#### **4.1. Life Course and Continuity Problem of Businesses**

Following the developers, continuity is the organization's capacity to survive and to effectively pass the company to new generations. Business studies suggest that ensuring their continuity is not the most critical issue for those companies. Ward (1987) finds this situation important enough to reflect the definition of business and defines these types of businesses as enterprises in which management and control are transferred from one generation to another (Handler, 2003). As a matter of fact, the statistics on this subject show that only 30% of the enterprises can be transferred to the second generation and 10% to the third generation. The average life expectancy of businesses in the world is accepted as 24 years. In Turkey, the situation is more under the world average (TİKİCİ and Uluyol, 2006). In the report of the Ankara Chamber of Commerce, it is stated that the average life of enterprises in our country is 12 years and that the majority of enterprises living less than their founders are in the majority (ATO 2010). When an unknown disease became an epidemic in 2020 and due to the radical measures taken by all countries due to the virus called Covid-19, As a result of its introversion, it caused an unprecedented global shutdown, which we would call the sudden economic contraction in the world. First of all, the borders were closed and after the transportation sector, all kinds of economic activities that would cause people to come into contact with people were stopped. The global supply chain was disrupted, only health, food and partial industrial production sectors continued to operate. Therefore, as Karakaya

has stated, the world has faced a kind of crisis that has not been experienced at the same time, where supply and demand shocks are experienced at the same time (Karakaya, 2020). Therefore, it causes a decrease in the income of families. It is not known when the efforts to prevent the epidemic will yield results.

As this situation puts the economic development of the countries into trouble, it causes contraction in production. (Kayabaşı, E.T.2020). It seems inevitable that this global epidemic has negative effects on the life cycle of businesses. As a matter of fact, global economic growth is expected to decrease from 2.9% to 2.4% in this process and to 1.5% in case of continuation of the epidemic. Again, during the epidemic, it is estimated that there will be 13% to 32% shrinkage in international trade. During this period, people did not consume other than their basic needs. People also reflected this panic on their spending. While the decline in basic consumption and food products from credit cards was 6% in March and April 2020, this decline was 75% in clothing and accessories, 48% in furniture decoration, 45% in fuel oil, and 81% in buying food from outside. (Yavuz, 2020) It is understood that the impact of the pandemic will cause a serious decrease in the life cycles of businesses. Turkey Union of Chambers and Commodity Exchanges (TOBB), according to data from the last pandemic in the process of corona virus cases from March until July as the first point of the commercial business was founded in Turkey, 46 thousand 466. Of these, 34 thousand 325 are companies, 570 are cooperatives and 11 thousand 571 are "real commercial enterprises" operated by a person on his behalf. The number of commercial organizations closed in March-July is 12,301. In the companies that were closed, real commercial enterprises take the biggest share with 7,892. In many different companies ranging from joint stock companies to limited liability companies, the number of closures is 4 thousand 309. In the said period, also 100 cooperatives closed their shutters. The number of companies that closed down during the global epidemic increased 97 percent; but more companies were established compared to last year. With the effect of the global epidemic, the number of newly established companies, which decreased to 2 thousand 813 in April, rose to over 10

thousand in July. While the number of companies closed in March was 763, this number increased to 1505 in July. Compared to the global epidemic period of 2020 with the month of March-July of 2019, it is seen that more enterprises were established in 2020. For that reason; in the said period of last year, a total of 41 thousand 235 companies, cooperatives and real commercial enterprises were established. However, more institutions / organizations closed between the third and seventh months of 2019 compared to the same period of 2020.

2020'de Kurulan ve Kapanan Şirket İstatistikleri						
	Kurulan			Kapanan		
	Şirket	Kooperatif	Gerçek ticari işletme	Şirket	Kooperatif	Gerçek ticari işletme
Ocak	10477	114	3100	2118	174	3810
Şubat	9155	132	2603	824	41	2232
Mart	8276	149	2729	763	58	1445
Nisan	2813	65	888	416	11	1663
Mayıs	3438	41	1566	513	4	1360
Haziran	9596	123	3335	1112	18	1580
Temmuz	10202	192	3053	1505	9	1844

**Figure 5:** Company Statistics opened/closed in 2020

This number, which exceeded 12 thousand in 2020, was 11 thousand 262 for 2019. When we look only in July of 2020, a total of 10 thousand 202 companies, 192 cooperatives, 3053 real commercial enterprises were established. 1,505 companies, 9 cooperatives and 1,844 real commercial enterprises were closed. Of the 192 Cooperatives established in July 2020, 97 are Housing Building Cooperatives, 44 Business Cooperatives and 17 Agricultural Development Cooperatives (TOBB, 2020). In Bursa, one of Turkey's largest industrial cities between January 2020 and December 3759 the company 45 cooperatives 692 real person commercial company established next to it has been dismantled 498 companies 20 cooperatives, 469 companies, 20 cooperatives 497 closed real person business. When we look at the previous year (January-December 2019), it is seen that the number of companies established was 3038, and the cooperative was 42 real person businesses and 491. Although the number of companies established



in 2020 seems to be high, the number of companies and cooperatives liquidated was 518, and the number of companies cooperatives and real person enterprises was 986. Compared to the previous year, there is an increase of approximately 20.58%. When compared to the previous year, the rate of companies closed and liquidated in 2020 appears to have increased by 11.51% (TOBB, 2020).

Business is a complex structure consisting of different sub-dimensions and the basic two components of this structure and work. Continuity in businesses can occur with the workplace and the work being continuous first or before (Drozdow, 1998). The reason for this model is the possibility of changing the priorities or qualities of the factors affecting the continuity problems according to the development periods of the enterprises. In particular, his dedication to work and business is critical for continuity. Drucker (1995) emphasizes that both of them can continue in a healthy way as long as they serve the company, but if they start to serve the company, this situation will be dangerous for both elements, and emphasizes how decisive his understanding of business and business is for continuity. Therefore, this determination highlights the fact that the factor that makes the business different from other businesses is not the business, but the behavior that dominates the understanding of more business. Among the researches that dynamics affect each other, according to the "three-circle model" proposed by Taiguri and Davis in the 1980s, it is a complex system of overlapping subsystems (Gersick et al. 1997). Its members can take part in one, two or all three of these systems. This model explains the sources of conflicts in businesses, different priorities of people, and dilemmas arising from different roles (Günver, 2002).

At the same time, the model is important in terms of showing how complex the operation can be in its business and shedding light on the fact that continuity is a multidimensional concept that concerns business and property subsystems (Trueblood, 2006).

Within the scope of the continuity problem of the business and as well as the business dynamics affecting each other, another important issue is to

understand the stage of development of the business and how these dynamics affect each other at that stage. Gersick et al. According to the business development model developed by (1999), the business undergoes a development, change and growth process that affects each other. In this model, change and growth is deemed necessary for success and continuity. When the development of business and property subsystems, which are the subsystems of the three-flat model, is examined, it is accepted that the enterprises are experiencing one of these development stages for all three dimensions.

Within the business development model based on three basic dimensions, continuity is a multi-stage process that spreads over time (Handler, 1994). In order to transfer the business to the next generation, the entry of the new generation (transferee or successor) into the business after training and development stages and taking over the management over time is of vital importance for continuity (Handler, 2003).

Because businesses represent the overlap of different systems, the role of the founder or the member representing the next generation consists of these conflicts (Hoang & Gimeno, 2010).

In this development, the leading member experiences transitions between the roles of sole proprietor, monarch (sovereign), delegate and consultant, while the following member progresses in non-role, assistant, manager and decision-maker - leader roles (Handler, 1994). However, the transition from one generation to the next may not always be smooth or uninterrupted.

It would be appropriate to say that the problem of continuity, which continues with role transitions around the business and property axes, basically depends on the founder and the successor (successor) and other factors surrounding them. Two important points to be emphasized here are the role of the founder in the continuity process and the perspective of the next generation to this process. Founders or entrepreneurs were seen as central persons in the business system (Danco, 1980, Schein 1983, as cited in Handler 1994 and Sonnenfeld 1988, cited in Handler 1994).

In fact, founders who do not want to leave their central role find it difficult to retire from their businesses. Some analogies are made to explain this situation. For example, monarchs do not separate unless they are forced or die. The generals leave when they have difficulty, but they plan to return if the next generation is inadequate, the ambassadors leave and become consultants to the business, and the governors remain in charge for a certain period of time. As these analogies show, research findings on owner entrepreneurs reveal that the immortality and indispensability of leaders can create problems in the problem of continuity. Also, according to Levinson (1974), many founders choose the transferee that is likely to fail. The same author makes comparisons such as the faithful servant, the vigilant waitress, and the false prophet when describing the inadequate takers.

On the other hand, the perspective of the new generation towards the transition period and its business is also an important phenomenon. Particularly here, individual (fulfillment of personal needs, career, personality traits, age, personal influence) and relational factors (mutual respect and understanding between generations, sibling race, commitment to business continuity) can be mentioned. As the follower generation member fulfills three individual needs (career, personality traits and age) in the context of his business, the more he has personal influence or potential in his business, the more mutual respect and understanding between them develops with the previous generation, the more support behavior develops between siblings instead of conflict, it can be said that the more it devotes to the continuity of its business as a value, the healthier work can be transferred to the new generation and continuity can be achieved (Handler, 1994). Undoubtedly, the most important atmosphere that supports the behavioral codes of the founder and the transferee is the harmony between its members and business values.

In addition to the perspective of the founder or representative of the current generation, who are the two main actors of the continuity problem, and the representative of the successor or the next generation, it is stated that other important factors affecting the process are the upbringing of the new generation, the commitment to the continuity of the business, the unity

among the members, business values and general harmony (Handler, 1989, Ward 1990, Malone 1989 as cited in Handler 1994, p.150).

In addition, Drozdow (1998) determined the seven dimensions of continuity, which is a multidimensional concept, strategy (ability to sustain the value of the business), ownership / governance, leadership, partnership, business culture, mission and independence and that continuity can be evaluated as a result for businesses that achieve this rather than a goal has emphasized.

In some important researches on the continuity problem of businesses, he reached interesting findings. For example, Perricone et al. (2001), in their research on businesses of different ethnic origin, state that three basic issues are effective in achieving the transition between generations. The first of these is that they protect their ethnic group and cultural values, the second is that they understand the characteristics of the local market they are in, and the third is that they are compatible with changing market conditions. This research has been found important, especially because it draws attention to contextual conditions.

Miller and Le-Breton Miller (2005), in their research to compare successful and surviving businesses, revealed that there are differences in the strategy, organization and leadership priorities of these two groups and that these differences can be classified as continuity, unifying internal culture, communication with the external environment and management style. . In terms of continuity, successful businesses follow a mission that prioritizes quality, innovation and service instead of financial results; they follow a thematic strategy based on their core skills; It has been determined that they focus on investment and long-term horizons, demand patience and sacrifice from shareholders and train managers after a long apprenticeship period. The same researchers, in another study, state that businesses that want to continue their business with future generations are more careful in financial matters, try to build long-term reputation and tend to create social capital by establishing relationships with external stakeholders (Miller & Le Breton-Miller, 2006). The reasons why businesses experience this problem are diverse and the reasons revealed in the researches on this subject can be grouped as internal and external factors. The major external problems that

force these businesses are the changes in government policies, economic crises, inability to adapt to changes in market and technology, inability to adapt to changes in demand, inability to predict changes, and inability to determine strategies suitable for financial and economic changes (Ward, 1987 Stafford, et al.1999, Lane et al. 2006).

On the other hand, continuity is also dependent on some internal factors: the existence of a damaging competition among its members, sibling fights, intergenerational and intragenerational conflicts, internal conflicts, nepotism, wrong choice of heirs, the owner of the business does not have a strategic idea about the future of the business, The inability to guide the business and the business, the long continuity such as prioritizing the financial needs instead of new investments in the maturity stage of the enterprise and the tendency to harm the economic existence of the business and not making strategic planning (Salvato & Melin, 2008 Ward, 1987; Sorenson, 2000, Yıldız, 2008 , Lane et al. 2006 and Ward, 1990).

Undoubtedly, these problems are structures so complex that multiple cause-effect relationships can be established within themselves. However, the lack of a strategic point of view or the inability to develop such a view also lays the ground for all other problems or may directly affect its consolidation. In particular, the owner / owners of the business can lead to tragic consequences such as not having a strategic idea about the business and the future of the business, the lack of corporate governance structure, opportunities, loss of business and reputation, and the inability to meet the economic and social needs of current and future generations (Miller and Le-Breton Miller, 2006, Neubauer and Lank, 1988).

These preliminary determinations show us that it is a multidimensional process that develops under the influence of the factors related to the continuity of the enterprises and the factors related to the business and external conditions, and therefore the need to deal with these elements in detail.

#### **4.2. Business Continuity and Problems in Turkey**

The first factor should be noted about the businesses in Turkey, especially in the period before the Republic is that there is limited information on the company installed and operating in our country. One of the reasons for this is that the records of companies affiliated to the Istanbul Chamber of Industry have been lost or kept with old writing. Healthier records have been available since 1925 (Göker & Üçok, 2008, p. 46). Turkey's oldest businesses among the best known Hacı Bekir (1777), Alexander (1860), Fidelity Bozaçlı (1870), of businesses, usually seen in traditional food in the area in which they operate. In addition, for example, although there are 12th generation (Karpuzoğlu, 2002) businesses in the United States, it is seen that Turkish enterprises mostly have 3rd or 4th generation management and the limited ones are prepared for the 5th generation management. As time also it must rely on very old, established by the state in Turkey established by many businesses except for a few large enterprises and companies the vast majority (about 95%) have created (Yelkikalan and Aydın, 2006 cited in Gürol 2006).

Since the Turks did not attach much importance to economic and commercial life in the Ottoman period, commercial activities were mainly carried out by minorities. Therefore, the development of industrial and commercial activities has been delayed. started to be formed after the Turkish private sector, but the Republic of Turkey establishing a private-sector effort to create, starting with the proclamation of the Republic, interrupted by the Second World War and the Turkish national private sector could only take the stage in the last 50 years the economy (Naipoğlu, 2006).

With the industrialization movement that started in the 1950s, business administration continued without any significant problems until the 1980s. The 1980s have been a turning point in economic life. During these years, the liberalization of the economy started, the Turkish economy opened up to the outside, import and export activities showed a great increase, and many businesses took their place in the economic life. 1983 - 2005 period has been established for 23 years, approximately 500,000 units of new and established companies in Turkey, 86.7% of companies' is a joint-stock company 13.2%

(Scott, 2006, the young and Karcioğlu, 2004). However, while many new companies were established on the one hand, on the other hand, many companies had to withdraw from business life, be transferred to others, or go bankrupt (Tikici & Uluyol, 2006). According to Pazarcık (2004); the reasons for the disappearance of Turkish businesses are that they cannot be *de facto* restructured despite being a company in terms of legal status, lack of institutional infrastructure, problems of transfer of power and authority and intergenerational conflicts. In addition, different researchers frequently emphasize problems such as ownership problems and lack of system for these enterprises, inability to implement strategic management concepts and the application of traditional and intuitive methods and approaches rather than scientific methods in the decision-making process, and their interests in the business interests over time (Alacaklıoğlu, 2009, Çelik et al.2006, Soyuer, 2004,). In addition to these general findings, some researchers have also obtained results that the continuity problem of businesses in our country may differ from region to region. According to the studies of Aricioğlu et al. (2008) comparing the enterprises in Konya and Istanbul for measuring the continuity and evaluating the turnover, while the enterprises in Istanbul are more established, educated and institutional, the enterprises in Konya are seen as more important than the enterprise. Current managers and owners tend to keep the task of running the business and its other members until they die. Another local research was conducted by Karademir et al. (2006). For businesses in the Adana region, their origins and the source of capital, internal harmony and order, social connections and relationship with the state and the status of the next generation are aspects that affect the life course. It has been observed that there is either internal harmony or order in enterprises or policies are developed to eliminate incompatibilities, and those who have patriarchal structure more easily achieve partnership in interest and unity in management, have strong relations with social connection and the state. In addition, according to the results of the research, there is a difference in understanding between those who come from agriculture and traders.

These findings show that Turkish businesses have an important place in the economy of the country, even though their past is not very old, the lack of institutional infrastructure, problems of transfer of power and authority, conflicts between generations and generations, ownership problems, lack of system, and the failure to implement strategic management concepts. It shows that they cannot be long-term due to some organizational and managerial problems, and some regional understanding or beliefs may have an effect on the continuity problem of businesses.

### **4.3. Dimensions of the Continuity Problem**

In this section, the main dimensions will be examined in the light of the research and theoretical discussions on the continuity problem of enterprises and the infrastructure of the research section of the thesis will be tried to be formed. These dimensions, which are associated with the continuity problem and have support, are determined as founders, values, organizational backup, capital, social capital, institutionalization, financial situation and strategic management dimensions.

#### **4.3.1. Continuity and Founders**

The business is built by the founder. The founder, who revealed this structure, strongly reflects his own characteristics to the business in many respects (Rutherford et al. 2006). While the founders develop and protect the business they have established, they can assume different roles as the life cycle of the business progresses. While the founder is the "sole judge" in the development stage of the enterprise, he can assume the role of "transferring" in the expansion stage, and "consultant" in the maturity and transfer stages (Hunt and Handler 1999). Founders who set up and develop their business and take on different roles in different stages of development may have a dilemma about setting their goals or business priority (Garcia-Alvarez & Lopez-Sintas, 2001).

Although the occasional conflicting goals of the business make it difficult for the founders to make decisions, issues such as ensuring continuity for the founders, compliance, employment of their members, having a positive reputation in the society, profitability and market position may be more



prioritized (Astrachan, Jaskiewicz, 2008, Trostel and Nichols, 1982). , as cited in Athanassiou et al. 2002).

The effects of the founders on the continuity problem of the enterprises can be discussed in two important ways. The first of these is the effects of the founders' business on its values, culture, vision, mission, goals, performance, way of doing business and therefore the way of making decisions (Athanassiou et al. 2002).

The founders reflect the values they have to the business they have established and these values are the organizational culture, vision, etc. mentioned above. It forms the basis of other internal dynamics such as. Research on the common values of the founders show that in addition to being open to innovations related to the long-term survival and growth of the organization or being able to look from different angles, hard work, commitment, growth-oriented, ambition, reliability, responsibility, honesty also come to the fore. In the relationship of the founders with risk taking as an entrepreneur, it is stated that risk aversion is more common than risk taking (Garcia-Alvarez & Lopez-Sintas, 2001).

In addition, the business culture, which is influenced by the personality of the founder, affects the development of the business and the ability of the business to react to change (Hollander & Ellman, 1988).

The founder's influence on these elements is proportional to the degree of centralization of the business at the senior management level. In fact, it is a social network consisting of the top management level of the business, members, professional managers or other partners. In social networking mechanism theory, there are a number of different criteria that determine the centripetal position of a network assembly member. As a network mechanism actor, the positions of the founders in this setup (connectivity) and closeness can be examined in terms of dimensions. Connectivity is a founder's commitment to other managers in the business. If the commitment is high, the founder's wishes will be more valid in the managerial network setup, and the founder's values will be more reflected in the business vision and goals. The second criterion, proximity, is about how dependent the founder is on

other managers. Therefore, the position of the founder on this social network system determines how central the founder is in the business, that is, how founder-centric he is or his influence (Athanassiou et al. 2002).

This position is critical for reflecting the founder's values, business understanding and especially for strategic management processes (Kelly et al. 2000).

The influence of founder centrism may continue to persist on the next generation of the founder. An example of this situation can be given by the representatives of the following generations, especially when making strategic decisions, referring to the vision and principles of the founder (Kelly et al. 2007).

In addition, as the founding influence or centrism increases, the number of externally employed professional managers decreases (Lussier et al. 2009).

The second major impact of the founder on businesses is to refer other members to the business. Members who are directed to work are given job-related responsibilities by the founder. With this orientation and work experience, its members begin to take part in the management of the business and their commitment to the job gradually increases. Undoubtedly, when this process is supported by a successful organizational backup strategy, it can contribute to the continuity of the enterprise. In this important influence, Schein (1983) explains that the founders have important effects on the survival of the company in harmony with its external environment and in solving internal integration problems. Businesses have to use their talents and competencies against all stakeholders in indoor and outdoor environments. As the environment reaches the level of perception of the business, it will be more likely to be demanded. Therefore, the life span and experience of the enterprise will increase. This process is the one that plays a crucial role in gaining an edge over competitors that help the business move forward. This is called the final organizational life stage (Sağsan, M., & Ertugan, A. 2015). In addition to the effects and contributions of the founders, which are considered as the main pillars of the business, their high identification with the business and the business and their difficulties in

getting out of business can also cause some difficulties called founder shadow, especially in the later stages of organizational backup. Founder's shadow can be defined as the founder's inability to leave his business and his desire to maintain his control and power over the business. According to Davis and Harveston (1999), the shadow of the founder is the root cause of contradictions in businesses managed by the second generation, and most of the businesses they study have founder shadows. The same researchers report that the founder's shadow on the business will be much greater than that of subsequent generations. The founder can interfere with the leadership and control of the taker by continuing to influence all the critical decisions in his business, even if he does not continue to work on day-to-day business or has left his position on the board of directors. Also, when the founder continues to be active at the job, the roles may not be clearly defined, leading to confusion of authority and responsibility in individuals. Undoubtedly, as it is accepted as a founding leader model, it can be a comparison that may take a long time for the next generation and may cause disappointment from time to time. In the search for their decisiveness on the organizational culture of the listed business founders in Turkey, meets the needs of the employees of the founder and giving them a chance to grow, to protect its employees, fair, but the centralized management approach made to feel the weight of the culture have been shown to exhibit a closer understanding (Economy And Management and Aydin, 2004). However, the findings regarding the characteristics of the founders draw attention to the fact that there is no homogeneous group related to the founders. Using some entrepreneurial typologies (Cunningham & Lischeron, 1991), they are explained with entrepreneurial characteristics such as being foresight, focusing on success, strong personality, seeing opportunities and taking action (Scarborough & Zimmerer, 1993).

Garcia-Alvarez and Lopez-Sintas (2001) identified four types of founders in their research on businesses in Spain. The founders in the first group are those who transfer their "following tradition" values to organizational practices. The founders in the second group, on the other hand, are "success oriented" and manage the business by taking into account the managerial activities and economic criteria. For them, the success of the business is at the forefront. The "strategist founders" in the third group have long-term perspectives on work and business. They focus on the long-term growth of the business. For "inventive founders" in the last group, innovation is at the forefront. and they show this understanding in managerial practices by trying to bring innovations for the business. However, the most important problem of these typologies is that the founders assume similar behaviors constantly and the founder neglects the fact that they can exhibit different characteristics in priority or together during the establishment and development periods of the enterprise. For example, a founder who acts innovative while establishing and developing the business can also take into account the long term growth potential and act strategically; It can provide the development of the business.

In the light of these determinations, it should be stated that the founders who built the business play a central role in the shaping of the business, affect the business in many critical issues such as values, business view, organizational backup and the development of other important strategies, therefore they are one of the basic dimensions of the continuity problem.

#### **4.3.2. Continuity and Capital**

Another dimension that can be addressed within the scope of the continuity problem of businesses is related to the characteristics of the businesses that come from being a business. It is the institution that trains new members for the continuity of the business, teaches them their values and supports the social network system of the enterprise. The ability of this institution to train, educate, socialize, and convey its values can provide data that needs to be addressed in terms of continuity. According to Bubolz (2001), the roots of how to connect and relate to social groups actually lie in their behavior. The network of relationships called "capital" emerges as businesses raise their

members, enable them to socialize, teach them how to establish relationships with individuals, transfer their values to members, and establish and develop relationships on the network mechanism. Accordingly, its capital is a kind of social capital limited by its relations (Hoffman et al. 2006).

The structural components of its capital consist of internal and external ties. Internal ties describe the structure of intra-relationships, while external ties describe the structure of their relations with the environment. Internal ties include internal mutual obligations, expectations, reputation, collective trust, identity and moral background. Thanks to strong communication channels, strong bonds are formed between its members, and thanks to these bonds, closeness emerges, and thanks to closeness, the norms that ensure social control, and subsequent obligations and expectations are formed. In the absence of closeness, there will be no opportunity to develop strong norms and the system of expectations and obligations will not develop as a result of this (Hoffman et al. 2006).

Undoubtedly, the most critical element of this component is communication between its members. The communication channels in it are affected by the level of social interaction between members. Actions such as regular gathering of businesses, mutual trust and support of their members will create implicit knowledge that is unique to the product by strengthening loyalty and communication and whose results can be tested and controlled in terms of different criteria such as quality, reliability, continuity and production cost (İbicioğlu and Doğan, 2004). Implicit knowledge (tacit knowledge) can be a know-how or ability that individuals possess and cannot be easily expressed (Miller & Le Breton –Miller, 2006). The main function of implicit information is to reduce transaction costs in the business (Hoffman et al. 2006, Royer et al. 2008). In addition, the interdependence of its members also affects members' attitudes towards the business, making it easier to work longer, to be flexible in different job roles, and to take on tasks. However, their ties, which have very positive effects during the establishment phase, can become stifling in the second and third generations. For example, in later stages, adhering to the shadow of the founder may create more pressure or obstacle for his capital than value (Cope et al. 2007).

Another important element of capital is patient capital. Patient capital is investing in long-term return opportunities rather than short-term returns. In addition, it is the importance of the growth potential of the business instead of short-term sales growth. Because of their long-term view, businesses are less responsive to economic fluctuations and their capital costs are lower (Habberhon and Willams, 1999).

According to Hoffman et al. (2006), who argued that the competitive advantage of a business can only be explained by flooding factors and relationships, these relationships affect the structure, management, organizational back-up (transition to next generations) and business competencies. Business competencies (such as innovativeness, production and marketing capabilities, valuable relationships, advantageous aspects of business culture and organization), difficulty to be imitated by competitors, are valuable, rare and difficult to replace (Miller & LeBreton-Miller, 2006). Therefore, its capital can be considered as a strategic resource and sustainable competitive advantage. It can be said that the capital of its members, which consists of elements such as closeness, ties, implicit knowledge, values, moral infrastructure, norms, establishing connections with social groups, creates values such as trust, loyalty and patience among its members and affects business values and organizational functioning. As a result, what is expected from the original capital is to create a sustainable competitive advantage and to contribute positively to the continuity of the business (Hoffman et al., 2006 and Tokarczyk et al. 2007).

#### **4.3.3. Continuity and Cultural Values**

It is seen that the organizational (institutional) culture in businesses is integrated with its culture and cannot be formed independently from the organizational culture (Balkir et al., 2006). The values and norms that have an effect on the values of the business are formed within its context. is a social unit that ensures unity by sharing values, beliefs, perceptions and expectations among its members. With the transfer of myths, beliefs and resources between generations, its culture develops and is preserved (Hanks et al. 1990). The corporate culture in businesses develops based on the life philosophy, beliefs, values, customs, traditions and traditions of the person

establishing the business, and internal relationship dynamics also affect the distribution of roles, duties and powers in the company (Vural & Sohodol, 2004). In these enterprises, some of the employees share the same culture as they come from the same and thus have a positive effect on the spread of the culture of the company (Craig and Lindsay, 2002). However, the overprotective attitude of its members towards cultural values can also lead to the emergence of a structure resistant to change.

Although there is a need for a typology for the business culture, it is difficult to talk about a rich set of typologies on this subject (Zahra et al. 2004). The most well-known grouping is paternalistic, laissez-faire, participative and professional business culture (Denison et al. 2004, Sharma et al. 1997).

The prominent feature of the patriarchal culture is that the relations in the business are hierarchical and all the decisions of the business are made by the notables in the management. Indicators of the patriarchal culture are the clear priority of its members, the lack of trust in external employees, the fact that its members control the work very closely, and that the employees are unable to take initiative.

In a liberal culture, there is a high level of trust between employees and their members; many powers are delegated to those who work; freedom has been provided to those who work in line with the objectives. Participatory culture, on the other hand, is a culture that is mostly based on group decisions, has the least power and status of the enterprise, and attaches importance to equality. Finally, individual motivation and success are important in professional culture; It is possible to implement reward and control systems through a competitive system (Kilmann & Saxton, 1985, as cited in Günver, 2002). In addition, in the understanding of professional culture, there may be outside managers, sometimes more than their members, in the business (Sonfield et al. 2005). Dyer (1988) points out that 80% of first-generation businesses have a "fatherly" management culture, but more than two-thirds of the following generations have a "professional" management approach and points out that business cultures can differ with generational transitions.

In some of the researches on cultural values in businesses, it has been revealed that cultural change in businesses is difficult and that there may be complex aspects and contradictions in the cultural structure (Denison et al. 2004, Ainsworth and Wolfram Cox 2003). While Bjönberg and Nicholson (2007), one of the researchers trying to reveal the common cultural values in enterprises, determined the dimensions of open communication, adaptation, different authority understanding between generations, emotional togetherness and cognitive adaptation with the climate scale they developed, Stinnett and De Frain (as cited in Neubauer and Lank, 1988) ) they talk about the values of loyalty, love, communication and acting together in such businesses. In the works of Haugh and McKee (2004, 2003), the values and practices of survival, independence, control and careful use of financial resources, belonging, honesty, loyalty, trust and respect are mentioned, as well as contradiction, tension, power struggle. It is emphasized that the values are also observed in the enterprises. In a study conducted on Finnish businesses for more than 100 years, the most important values were determined as honesty, reliability, compliance with the law, quality and diligence (Koiranen, 2002). Miller and Le Breton-Miller (2005) point out those cultural values are felt in businesses and a unique atmosphere is felt in the work environment and such an environment creates energy.

According to the findings that stand out from other researches on businesses, trust, loyalty and altruism (altruism - keeping group interests before individual interests) are common values. These common values develop as members communicate and share experiences, living together, eating together, sharing common rituals, and creating a deep reserve of their shared history. Such shared experiences naturally increase the social ties between their members (James, 1999). Among these values, trust is the core value for businesses because the existence of business members is beyond economic rationality. Trust is a foundation for collaboration and a source of competitive advantage for businesses. Trust is a dynamic and multidimensional concept, it develops over time. Between relationships, there is trust at the organizational base and at the macro levels. It is known that



organizations that can create trust among their members are healthier and more successful in the long term (Sundaramuthy, 2008).

Establishing high trusting relationships with business members as well as non-employees is a critical requirement for long-term business performance and continuity (LaChapelle & Barnes, 1998). Trust as a cultural value in businesses should be evaluated not only in terms of its members but also in terms of relationships with “outsiders” working in the business. Classification of rulers as “den” and “non-denominating”, their mistrust and power struggles constitute the beginning of conflicts (Tonus, 2004). According to Buğra (1997), the lack of trust in the boss's manager among bosses and professionals prevents the manager from integrating himself with the company and thinking that he belongs there.

Undoubtedly, in the light of all these determinations, the main point to be discussed is the effect of cultural values on the continuity problem of enterprises. For example; Dyer (1986) and Garcia-Alvarez, Lopez-Sintas (2001) state that certain cultural combinations in businesses facilitate the transition of the business from generation to generation and prolong the life course of the business. As a matter of fact, Neubauer and Lank (1998) also consider cultural heritage as a fundamental feature when defining business. These types of businesses produce a unique value chain with the effect of their characteristics. While connecting values and work, it also balances the opposite aspects of these two elements (Koiranen, 2002). Stavrou et al. (2005) states that the personality and business culture of the founder are effective in the transition to the next generation and ensuring business continuity, while Aronoff (2004) states that the original values and culture of the business often provide more motivation than money and therefore the preservation of cultural values symbolizes the survival of the business. Similarly, different researchers also stated that the values that form the basis of the business culture support the patient and long-term perspective; They emphasize that it creates a strong impact on adaptation to change, gaining unique competitive advantages and long-term survival (Aronoff & Ward, 2001, Aronoff, 2004, Hess, 2006, Stavrou et al. 2005). In summary, cultural values constitute an important part of its capital.

#### **4.3.3.1. Turkish Business Values**

Culture is a phenomenon that integrates and harmonizes with the external environment in which any social unit exists, and shapes the assumptions that are the basis for the perception, thinking and behavior of individuals living in a community (Bozkurt 1996 cited in Erben, 2004). From this point of view, it can be expected that the cultural characteristics of the enterprises will be affected by the culture of the society and that the enterprises will try to be in harmony with the features of the macro culture.

In Turkish traditional culture, it is a unique cultural feature that businesses are at the center of the society and that kinship relations are emphasized. While broad kinship relations are a common pattern in the general society (Erben, 2004), the social structure in which kinship relations are intense is the product of a culture that prioritizes cooperative behavior (Sargut, 2001). Collectivism (collectivism) describes tight social frameworks, accordingly, kinship groups, clans and organizations in which they are active are differentiated from others; these groups watch over their members and expect loyalty in return. In collaborative behavioral (collectivist, collectivist) cultures, strong association, values and altruistic behavior constitute a fundamental force for businesses. In this culture, people value social network setups and relationships and expect group members to support each other (Athanasios et al. 2002). In collaborative behavioral cultures where the business is not seen only as an economic unit, business owners are expected to have higher emotional values (Zellweger & Astrachan, 2008). However, high emotional attachment may cause the system to be rigid and binding (Bjönberg & Nicholson, 2007, Lee, 1953). Conservatism and harmony, security, social order, respect for traditions, honoring parents and elders, safety and discipline, which are seen within the scope of common values of Turkish society (Sargut, 2001).

In addition to its collectivist (collectivist) features, patriarchal features are observed in Turkish society. The patriarchal structure can be described as an ancestral structure or an ongoing structure adopted by the ancestors. Within this structure, great respect and respect towards elders such as "respect and respect for the elders", "not opposing the elders", "devotion to the traditions",

"adopting the decisions of the elder" draws attention. In patriarchal societies, sons are a more reliable source of old age security and economic benefit (Kağıtçıbaşı, 2007). Kağıtçıbaşı (2007) explains this situation with a model of mutual material and emotional dependence and states that in this model, which is more prevalent in traditional societies, interaction and child rearing occur within strict parental control and obedience. As the economic development context of society and urban lifestyles develop the quality of addition turns into more emotional content. Liljestrom and Özdalga (2002), increasing urbanization in Turkey, despite rising income levels and among members of better training conditions the material dependence of the reduction and economic to is emancipatory more from each other, indicate that fundamentally affected the psychological relationship. Emotional ties remained strong despite relative economic independence.

Turks have mainly established a patriarchal social life since ancient times and evolved into patriarchy long before converting to Islam (Göka, 2006). Even if we accept the existence of the patriarchal type in ancient Turks, this is a separate pederşahlık peculiar to itself (Eröz and Güler, 1998). When we look at issues such as the fact that the man is in the first place, the male child is cherished, how many migration is not, the old woman has a voice, and the only woman is taken, it is understood that this is a gentle priesthood (Eröz and Güler, 1998). In places where the Turkish tradition prevails, and in ancestry, carving and stature, the elders and elders are respected (Eröz & Güler, 1998). Also, the culture of life is a culture of obedience. The people have to show respect and obey the state and the representative of the Sky God, Kagan, the woman, the man, the little one (Göka, 2006).

It can be said that the patriarchal and interdependent structure affects the management understanding in Turkish enterprises and determines the weight of the founder or the representative of the big generation. The important feature of the patriarchal culture is that all kinds of business decisions are made by the founder and the relations in the business are hierarchical. The primary characteristics of this culture are its members' preference for management positions and lack of trust in professionals. Traditions prevail in such businesses and the business is perceived as the

legacy of the founder (Günver, 2002). It states that managers should take care of their employees' out-of-work lives and personal problems, strive to improve their personal well-being, and help them achieve their personal goals (Fikret et al. 2001). Managers who display this style defined as paternalist leadership try to create an atmosphere in the business environment, establish close and personal relationships with subordinates, get involved in non-work related areas, expect loyalty and ask employees to pay attention to authority and status issues. In such societies, the relationship between subordinate and superior is similar to the relationship between parent and son (Erben, 2004). As a result of this in societies that adopt paternalism, the leaders may show closer to people who show loyalty and loyalty to them, which can lead to different treatment and favoritism among people (Aycan, 2001).

In this approach, which is divided into two as authoritarian and optimistic paternalism, the optimistic paternalist expects loyalty from his audience, while the authoritarian paternalist prioritizes duties (Fikret et al., 2001). It is seen that the structure of Turkish society is hierarchical and the leaders' power in such societies stems from obedience, just like in a father-child relationship. Turkey is not limited to the status of the managers and leaders of businesses, areas of responsibility and freedom is much broader (and Bluto Bodur, 2003 transfer Erben 2004).

#### **4.3.4. Continuity and Organizational Backup**

##### **4.3.4.1. Continuity and Organizational Succession Relationship**

Failure to ensure continuity in businesses is often due to the inability of long-term organizational backup and this situation can have important consequences for the continuity of the business (Grote, 2003, Scholes et al. 2008, Ibrahim et al. 2004, Davis and Harveston, 1999). Although different studies reveal the importance of correct organizational backup for continuity and business development, it is also possible to speak of a common belief that many businesses leave organizational backup planning to chance or do not care much (Stavrou, 1998).

Organizational backup (succession); It is defined as “the strategy of determining the human resources need that will take over the management in

the future and making people available to meet this need from within the enterprise" (Erdoğmuş, 2004). Organizational backup takes place when the managing generation prepares the next generation for management and delegates the management. A generation is a group of people who live in the same period of time, have common or similar experiences, and are similar because of these common experiences (Demir & Acar, 1997). When the transferee (heir, successor) is mentioned, it is understood that "the person who will replace the entrepreneur in the future and play an active role in the management of the company" (Karpuzoğlu, 2002).

Factors related to organizational backup, characteristics of the transferor generation (motivation, personality traits, relations with the transferor), characteristics of the transferor (motivation, skills, education, work experience outside the business, apprenticeship period), related factors (quality of relationships, harmony between members business commitment, council), business-related factors (structure of the board of directors, previous transfer experience, shared vision, business processes, tax system), organizational backup process features (backup planning, recipient selection, training and development, corporate governance structure) and organizational backup performance (sales and revenue indicators, business survival and continuity, stakeholder satisfaction) (Chittoor & Das, 2007). On the other hand, Harveston (1997) categorizes the defining features of the organizational backup process as managerial characteristics, age, financial status, organizational characteristics, organizational formulation and capital. On the other hand, Fahred-Sreih and Djoundourian (2006) separate the factors affecting organizational back-up as conditions within the business and conditions (dependencies between members, sibling races, nepotism<sup>3</sup>, members' financial status). Lansberg (1988) discussed how organizational backup directly affects many stakeholders (managers, owners, etc.).

The timing of organizational backup is critical, if the transponder is not available or relevant, experienced, organizational backup will not function, even if it is done. Considering the ages of the transferee and the transferor in the organizational backup process, the relationship in the organizational backup process is compatible when the father is in his 50s, the transferor is

between the ages of 23 and 32, the father is in his 60s and the transferee is in his 34 - 40 appears to be problematic (Cabrera-Suarez et al., 2001). However, the problem should not be seen solely with skipping the appropriate age period. Power imbalances, contradictions and the lack of a clear option for the taker also complicate the process. In addition, environmental uncertainties, requirements and conditions can affect the process.

In the light of these explanations, it is possible to group the factors that prevent organizational backup as individual, relational, financial and contextual factors (Grote, 2003). Among the individual factors, the transferee candidate does not have the skills required for management, has low motivation, the transferee is unwilling to transfer the job, the transferor's sudden loss, the transferee divorce, remarries or has new children. It is called "nepotism" when a person places his / her relatives in a business, a public institution or the like, promotes them to a higher position, benefits from some privileges or assigns them to another position (Kocabaş & Baytekin, 2004).

As relational factors, conflicts in parent-child or members relationships, their members 'not trusting the transferee, their members' low loyalty to the transferee, conflicts between the transferee, potential transferee (s) and other members, the lack of trust and loyalty of outside members to potential transferees. Issues such as stand out. A significant part of the conflicts between its members may arise from intra-competition. Members who focus on competition may move away from focusing on the customers, products and future vision of the business (Grote, 2003). On the other hand, tax, share payment etc. that will arise as a result of organizational backup. Some financial factors, such as expenses, may also be effective. In addition, changes in business performance as contextual factors, loss of customers and suppliers, process factors are not clearly defining the roles of the transferee and buyer, failure to provide information to members and other stakeholders about the organizational backup process, failure to train potential takers, not giving enough feedback to takers, selection There may

be factors such as not determining rational and objective criteria (De Massis et al. 2008).

The necessity of organizational backup to be based on some basic principles in order to contribute to continuity is an issue that many researchers emphasize. It is clear that organizational backup, which includes the founder or representative of the current generation, heir and business-related factors, is a multi-dimensional and long-term process. In the research of Sonfield et al. (2004), it was found that the perspectives of the first, second and third generations on organizational backup are different: Accordingly, it is seen that the first generation enterprises make less organizational backup planning compared to the second and third generations. While the same researchers (Matthews et al., 1999) identified alternatives such as the leader who is ready for the transfer, the leader who wants to postpone the transfer for some reasons, the taker who refrains from being the leader, and the taker who is ready to be the leader, in fact, the successor to the transfer process (They emphasize its strong relationship with the founder) and the transferee (heir). As a matter of fact, it has been found beneficial to discuss these two important actors of the backup process separately below.

#### **4.3.4.2. The Role of the Founder in the Organizational Backup Process**

The roles of the founders in the organizational backup process start with the transfer of their values to the new generation. The values of the founders and their perspectives on the next generation influence the socialization of potential takers. There are two different stages in the socialization process: The first stage is socialization or primary socialization. It is the transfer of primary socialization values to young members and the new generation representatives gaining social competence. Social competence is socialization to adapt to adult roles in society, and the basis of social competence is self-development. The self, which is a social product, is a culturally shared model of the person (Kağıtçıbaşı, 2007). Social competence also develops with the experience gained at an early age. According to Dyer and Handler (1994), the first stage of business and entrepreneurship dynamics is the entrepreneur's early experiences. Socialization is also very

important in terms of communication and learning shared values (Haugh & McKee, 2003).

The second stage is socialization at work or secondary socialization, and there are two types of models (Garcia & Alvarez, et al., 2002): According to the Founder Homosocial Reproduction Model, the recipient enters the job at an early age, and progresses towards management levels. The founder follows his education and has strong and business relationships with the taker, and work socialization coincides. After all, the viewpoints of the founder and the beneficiary about the business are similar. At the same time, their work experience and business network setups are similar. While this model is usually observed in enterprises with a single male taker, in the case of more than one taker, the oldest boy generally follows this model, while others follow the new leader development model. Studies show that success-oriented founders and many of the founders who follow their tradition are suitable for the Uniform Growing Model with the Founder. These types of founders want to fully embrace the taker and emulate them so that they can see the continuity of their business and the way things are going as usual (Garcia-Alvarez, et al. 2002).

In the New Leader Development Model (The New Leader Development Model), the recipient enters the business late. He completed his education and worked in other businesses. He has not had any real contact before with the business. These transfer takers start to work in their business with management positions suitable for the academic education they receive, and the founder usually seeks their supervision from the top level managers they trust. As a result, the founder - heir relationship is weak, the viewpoint of the founder and heir to their business, their work experience and network setups are different. Generally, it has been determined that strategist and inventive founders prefer this model (Garcia & Alvarez, et al. 2002).

In the models mentioned above, the processes of entering the company of the taker are explained. In terms of organizational backup, transfer takers' entry into the business is of great importance. If these entries that will ensure the continuity of the business are not realized properly, it may cause results



such as the destruction of the business, sibling race, poor performance and job failure (Garcia and Alvarez, et al. 2002).

#### **4.3.4.3. Characteristics of the Beneficiary (Transferee / Successor)**

In order for the transfer of management, that is, organizational backup, to take place, there must first be a potential successor (taker) who is considering taking part in his business. The heir's view of work has an important role in ensuring continuity. Patrick (1985), (Handler, 1994) investigated children's perceptions of satisfaction and work relations with their fathers in a study he conducted on their members. Research findings show that working with the father can be a satisfying experience and establishing a good working relationship depends on acceptance of the role, needs, and guidance. According to Rogal (Handler 1994), the compatibility of the career and skills of the next generation member with the role of the taker constitutes a critical part of the transition process.

Factors affecting the generating turnover are individual (fulfillment of personal needs, career, personality traits, age, personal influence) and relational factors (mutual respect and understanding between generations, sibling race, commitment to business continuity). It can be said that continuity can be achieved as the next generation member fulfills three individual needs (career, personality traits and age) in the context of their business (Handler, 1994).

According to the qualitative research conducted by Iannerelli (1992), career experience in the business of the new generation starts with an early socialization process with the 10s (Handler 1994). Factors affecting this process starting from an early age: Time spent with the father at work; being in different dimensions of the work; developing job-related skills; encouragement and positive behavior of parents related to work; making an individual contribution to the team; Factors such as being given a chance on the opportunity to participate. However, if the old and new generations are not willing to accept each other and do not recognize each other's abilities, a successful entry into the business may not be possible. For example, Stempler (1988) revealed that respect, understanding and complementary

behaviors between the new generation and the organization leader are important and necessary for a successful transfer.

The transfer process model proposed by Longenecker and Schoen (1978) is based on seven stages. The first three of these stages belong to the period before the successor (successor) enters the business as a full-time employee. The next phases refer to the successor's involvement in the business: The phases are described in more detail as follows: Phase 1: The pre-company phase where the successor is passively aware of some features of the organization; Phase 2: The successor gets to know the jargon and the members of the organization while not working in the company, even part-time. Entry phase, 3rd Phase: Entry-functional phase where the successor starts working part-time in the company, 4th Phase: Functional phase where the successor starts working full-time in the company, 5th Phase: Advanced functional phase where the successor begins to take on managerial responsibilities, Phase 6: Successor the early phase of taking over the presidency and the 7th phase: The mature phase phase in which the successor is the leader of the organization.

The first stage of the acceptance of the new generation representative, who will take over the management, is to gain credibility and legitimacy. The main basis of legitimacy is that the heir is accountable. Achieving credibility and legitimacy is not a short-term, but a long-term process. It is expected that the heir has a certain experience and knowledge in order to be accepted in his business.

It has also been revealed in many studies that gender discrimination is made between potential candidates in organizational backup and in the selection of heirs. Dumas (1989) stated in his research that girls are not seen as potential members, managers or transferees related to work and that girls can be defined as "invisible takers" (cited in Handler, 1994). Other findings of the same study are that girls are treated differently than boys, spend less time on their business, develop less skill, and are less encouraged than their brothers. Options for them are made from a very young age without their knowledge. Similar findings have been demonstrated by other researchers: girls are often given no chance to learn their job, but girls are seen as takers

if the new generation candidates are all girls or the first child is a girl; It is stated that girls are not given very important management positions and women generally have lower level responsibilities (Rosenblatt et al. 1990, Garcia and Alvarez et al., 2002).

Professional managers can also contribute to the management of the business in cases where there is no successor or is not ready or suitable for management. In order for a senior professional manager to be effective in his / her business, it is expected that they develop sensitivity towards the owner's values and norms, goals and the meaning they impose on the job (Hall & Nordqvist, 2008).

#### **4.3.4.4. Findings regarding the organizational backup in Turkey**

In our country, it is possible to gather researches on organizational backup in enterprises around the main issues such as the characteristics of the process, the difficulties encountered in the process and the influencing factors, the qualifications of the successor, education, recruitment method, regional comparisons and the effects of gender discrimination. In a study conducted in Adana, the problems encountered in the organizational backup process can be classified in terms of founder-relationships, employees, environment and heirs, and it is seen that especially those at the beginning of the business do not think to transfer the management in their health and that the future plans are not ready in most enterprises (Yalçın & Günel, 2004). According to Çelik et al. (2004), who expressed the generation conflict problems that may be encountered in the organizational backup process, there are differences between the management approaches of the founders and the following generations in the enterprises in Kahraman Maraş province, while the following generations adopt more innovative strategies, the founders act with a control-oriented approach, It has been demonstrated that it can cause. In the studies conducted by Erdoğan (2004), among the obstacles to the transfer of management to the second generation, the concerns of the lack of institutionalization in the enterprises, the lack of capabilities despite the education of the second generation and the uncontrolled use of the ready resources by the second generation were determined. In addition, for the second generation, which will assume the

ownership and management of businesses in the future, the skills of managing relationships and managing the business without mixing with each other come to the fore.

Organizational backup process other research that explores Turkey Union of Chambers and Commodity Exchanges (TOBB), was made for registered enterprises. According to the results of the research on the organizational backup process in 408 enterprises registered to TOBB and interested in production, predominantly in the Aegean and Marmara Regions, the male heirs (takers) are seen as the people behind the founder, the dominant decision maker in the election of the transferor and its members have little influence on this decision. Transfer takers' participation in the business mainly begins with a lower-level manager position during or after their training (Tatoğlu et al. 2008).

During the organizational backup process, it has been determined that the education of the new generation is emphasized in the studies aimed at determining the education and selection of the successor and the qualifications expected from him, that they are asked to work in their business, and that the education they receive is in a direction that will benefit them in business life and technical issues and managerial decisions (Bakan et al.2006). According to the results of another study conducted on 35 enterprises in Karaman, it is some facts that the second generation is at least as determined as the entrepreneurs, that the second generation members are not brought to the management levels without being employed at the lower levels in the enterprise, and the research results show. It is understood that the second generation, which is seen to be more educated, received training mainly about the sector and that the founders of the business trust their young members (Akın & Yılmaz, 2004). According to the results of the research conducted on 37 enterprises affiliated to Eskişehir Chamber of Industry, it is seen that the members who have graduated from higher education are hesitant to gain experience by working in other companies before starting work in their companies (Şakar, 2008). In addition, according to the results of the focus group study in which Kesken et al. (2004) investigated the attitudes of the second and third generation representatives

towards taking over the management, the young generation seemed unwilling to work in these companies. The young generation thinks that undertaking business and responsibility together will bring a heavy workload and they perceive a situation such as the end of the business as the end of the business, and therefore they experience reluctance and anxiety in taking risks. It has also been determined that they have a certain level of concern about imposing their own authority on their fathers, other members of the business and other employees as the second man after their father (Kesken et al. 2004).

According to the results of the research (Arıcıoğlu et al. 2008), which deals with the organizational backup process with the comparison of enterprises in Konya and Istanbul, the personality traits of the heir were found to be of primary importance in both city groups. Both groups feel they should have members at key points in management; Although more than half of the participants in both groups stated that they were preparing someone for the future, the majority of the participants said that the person in the top level would continue the task until he / she died. Among the characteristics expected from varicose veins, while watching the relationships and personality traits in the enterprises in Konya, in the Istanbul-based research, competence appears as a second-degree important sub-dimension.

Another part of organizational backup research in our country is about gender discrimination and its effects on the process. Gürol (2006) states that four factors can be mentioned as possible factors that play a role in gender discrimination against women in enterprises: These are the size of the business, the establishment and the place of activity, the education and culture level of the business owner and its members, and the business field of activity. According to the same researcher, the probability of female members of the business to take part in the management is high in conditions such as the dominant nature of the female member of the business, the absence of a son to take over the management, the lack of interest or inability of the sons to take over the management.

According to the results of the research aiming to reveal the approach of business management to be left to girls in the future in 56 enterprises in the

Izmir region, 23.1% of those who decide to transfer to whom they will transfer in the future declared that they decided to transfer to a girl child and 42.3% to a boy (Ada ve Kelgökmen, 2006). In a study in the Karaman region, the participants stated that there is no priority between boys and girls in recruitment, but emphasized that men are more advantageous (Akin & Yılmaz, 2004). The findings of qualitative research conducted with representatives of 4 businesses in different positions in Afyonkarahisar show that there is a gender discrimination that is claimed to be due to the patriarchal structure, women's participation in business decision-making is deliberately restricted, female employees are seen in the category of cheap workers without insurance, high expectations from male children, however good intentions for girls (their wish for a suitable vocational education) are also prominent (Karayormuk & Köseoğlu, 2006). On the other hand, according to the research results of Dikmen et al. (2006) regarding 71 enterprises that are members of the Istanbul Knitting Industrialists Association, founders do not perceive the birth order and gender as important when choosing the heir; The most important qualities desired to be in the successor are stated as "honesty", "loyalty to the business" and "loyalty". As a matter of fact, these findings are similar to the research of Arıcıoğlu et al. (2008) which found the personal characteristics expected from the successor such as "honesty and virtue", "self-confidence", "commitment to work and decision-making ability".

All these studies show that organizational backup process is of critical importance for businesses in our country and that many cultural and managerial factors affect the process.

#### **4.3.5. Continuity and Social Capital**

Social capital is often conceptualized as resources embedded in relationships. They are the sources of social relationships that individuals acquire from getting to know each other, being a part of a social network or having a reputation. This issue can be analyzed at different levels from individual, organizational, inter-organizational and social perspectives (Steier, 2001). In addition, social capital can enable an enterprise to reach other

types of capital (intellectual, human, financial capital, etc.) it needs to survive (Cope et al. 2007).

Social capital consists of active connections between people and trust, mutual understanding, and shared values and behaviors that make cooperation possible by connecting communities. Social capital assets such as trust, norms, and network mechanisms are self-reinforcing and accumulate. Trust is a precondition for healthy social capital cannot develop without a certain trust base (Cohen & Prusak, 2001). The social capital network setup (grid) develops with groups. Fukuyama defines network mechanisms as "a group of individual actors who go beyond what is necessary for ordinary market operations and share informal norms and values" (cited in Cohen & Prusak, 2001). Network mechanisms arise because people need them to achieve common material, physical and social goals.

Social capital has three dimensions: structural, relational and cognitive. Its structural dimension is the texture of the connections between the actors and the formation of the network mechanism. There are the concepts of network assembly centrism (being in the center of the network or being close to individuals) and proximity to the network setup (the degree of relationship of individuals in the network to each other) of the shaping of the network arrangement. The first of the social capital structural network setups is bonding social capital, which is informal bonds that represent close and personal forms of trust and reciprocal relationships, such as kinship ties, circle, friends, neighbors, and co-workers. The second is bridging social capital, the general relations that represent the general trust and reciprocal relations between people at the local, social and civic group levels. The third is linking social capital, which shows institutional relations that represent trust towards institutions, such as relations with institutional systems and power ties (Tuyluoglu, 2006). There are resources that can be obtained with the structural dimension in the relational dimension. Salvato and Melin (2008) emphasize that resources such as trust, cooperation, risk taking, expectations, reputation, identity, and recognition are the result of social relations. The same researchers concluded that value is created between

generations in businesses with the effect of social capital. The cognitive dimension of social capital examines whether people in a social network have developed a common approach or understanding; It deals with the importance of factors such as common language, vision and codes in the perception of social relations (Özdemir, 2009). According to another approach that divides social capital into two as internal and external, internal social capital is defined as the social characteristics that enable a society to achieve common goals in cooperation, and is associated with the concept of "trust". External social capital, on the other hand, is defined as the set of resources that arise from the social relations of an actor and give him an advantage, and mainly focuses on the structure of social relations (Özen & Aslan, 2006).

There is a close relationship between businesses and their society. Businesses live in and interact with the social context they are in. Businesses primarily create new business opportunities and employment; they are more customer focused and often use the last name as a product or business name; This means that they give importance to product or service quality. Social capital integrated with the business name (to the extent that it positively influences customers, suppliers and other stakeholders) is particularly important to gain competitive advantage by creating an inimitable and unique resource for the business (Dyer, 2006). In harmony with the culture and society that surround them, businesses enjoy a reputation in the social context in which they are located. In the long run, despite this relationship that can result in productivity, success, reputation and continuity, problems may also arise due to the inconsistency between work and society or socio-cultural values (Martos et al. 2007). Other determinations about social capital and business interaction focus on issues such as direct access to economic resources (incentives, investment tips, protected markets, etc.), increase in cultural capital, decrease in contract costs, as a result of high interaction with the social context and social capital assets (Steier, 2001, p.260) and is accepted as the emergence of prosperity and improvement at different levels (Tuyluoglu, 2006).



Businesses are more socially responsible in many respects than those without businesses (Dyer & Whetten, 2006). Social responsibility is felt at a high rate in businesses that manage to be permanent, and it is observed that these enterprises focus on internal and external customer satisfaction as well as profitability and try to achieve social and social purposes (Ateş, 2005). These organizations have high dependence on the external environment and therefore they gain a sustainable power by managing their social relations in macro and micro contexts (Özdemir, 2009). Acquisition of this power and the success of the business often depend on the entrepreneur's ability to establish supportive relationships and network mechanisms. To understand the dynamics of business success, it is necessary to understand the content of relationships and the mechanisms required for the preservation and transfer of this content (Steier, 2001). These collaborations can take the form of networking mechanisms and established relationships, building long-term relationships with partners, suppliers and large customers. Moreover, business founders have a strong desire to build social capital by collaborating with external stakeholders so that takers can take advantage of critical resources and want to lead the way for next generations. Connections made by businesses are more permanent than individuals make. Businesses achieve more than they can do as individuals by establishing social relationships with others, sharing values (Cope et al. 2007). Hence, their ties and relationships can create certain advantages in developing and maintaining social capital. In addition, reputation and organizational legitimacy can be established by providing assistance and political contributions to civic and social institutions (Miller and Le Breton-Miller, 2006). Turkish society is evaluated as a society with weak social capital in many studies. According to the World Values Survey conducted in 1996, Turkey is rather backward in terms of social capital. In this study, the rate of those who answered "I trust people" was only 6.5% ([www.kobifinans.com.tr/tr/bilgi\\_merkezi](http://www.kobifinans.com.tr/tr/bilgi_merkezi)). Again, in the discussions on the potential of social capital in Turkish society, it comes to the fore that the members of the inner group (acquaintances) cooperate easily with each other, but the relations with the outer group members (foreigners) are weak. In-group members cooperate with each other, sacrificing for each other and

paying special attention to each other. However, it is observed that the same people exhibit more competitive attitudes towards the members of the outer group and behave indifferent towards them (Sargut, 2001). In addition, it is stated that the weakness of social capital has negative consequences such as the inability to spread economic transactions, the inability to establish real joint-stock partnerships, therefore the inability to spread wealth to the base, small and medium-sized companies not working efficiently, and organizations not being professional enough (Özen & Aslan, 2006).

In brief, businesses are not "economic capital intensive", but "social capital intensive". Social capital affects business activities in many ways, offering resources such as social ties, trust, interdependence and loyalty to which the owner-manager or business belongs, but whose economic value cannot be calculated (Özler et al.2003). Although the desire to benefit from these resources may drag businesses out of economic rationality from time to time, strong relations with the social environment can be expected to have supportive effects on the continuity of the business.

#### **4.3.6. Continuity and Strategic Management**

Strategy formulation is the process of developing plans and procedures to determine the direction of action and achieve predetermined results. Strategic management is future-oriented; it requires organizations to have a long-term perspective as having a mission and vision, and to focus on achieving sustainable competitive advantage, and it includes making competition analysis, evaluating environmental and organizational factors and developing strategic plans in line with the determined vision, mission and objectives (Alayoğlu, 2006 Coşkun and Gürler, 2004). From the point of view of enterprises, it is seen that the management philosophy of the enterprises plays a determining role in the strategies to be followed in the realization of these stages. Business views or business may be predominant (Alayoğlu, 2006). It is important for businesses and businesses to be able to develop balancing strategies and to consider both factors. Because the process of establishing and implementing the business strategy is significantly affected by the special conditions regarding its structure, culture and values (Harris et al. 1994, İbrahim et al. 2004). The interests and values of the business

should be related to the goals and objectives established for the business (Sharma et al. 1997). In these enterprises, it cannot be treated as if it is not present while making strategic planning (Yıldız, 2008). Internal dynamics play a role in the strategic decision-making process and the father, the head of the family, has the last word (Kesken et al. 2008). Its goals and business strategies are inseparable; this leads to an emotional commitment to the realization of the long-term strategy (Habbershon & Williams, 1999). Businesses are patience investors, compared to those who do not, they have the ability to commit to their strategies for long periods and in different environments (Schulze et al., 2001). Therefore, it is necessary to consider both in the strategic planning process and business systems together.

It is not enough to make business-oriented plans in enterprises; at the same time issues related to should be addressed and included in the planning process. First of all, making the strategic plan of the enterprise is necessary for the development of the business plan (Leach & Bogod, 1999). It aims to maintain parallel planning and operational plans simultaneously and together. The plans involved include inheritance, inheritance and strategic risk plans. Plan of action to achieve the vision of the plan, determination of the conditions to benefit from the business opportunities of the enterprise, the transfer plan, the transfer of management and ownership to the next generation, the inheritance plan is the transfer of assets, including the entrepreneur's personal investments and business, and the strategic risk plan is to continue the operations of the company in case of sudden death and post-death transactions. It includes the preparation of the relevant procedure. In addition to making better decisions, strategic planning can also help as an important tool for the business success of new generations (Mazzola et al. 2008).

In addition, there are indications that only two-fifths of the enterprises have a written strategic plan and much less use the plan as a practical tool in decision-making (Allio, 2004). Moreover, Mintzberg mentions that entrepreneurs are generally not very inclined to plan (cited in Pervin, 1997). According to Tanewski et al. (1999), companies focus on operational processes rather than strategic planning (cited in Tak & Eroğlu, 2008). Yet, it

is necessary to draw attention to the enterprises with a high level of institutionalization. Therefore, the level of institutionalization in the enterprises and the level of planning can be in parallel. It can be said that strategic planning and decision structures are formed in enterprises with a high level of institutionalization, and opportunity-oriented-tactical structures are formed in enterprises with a low level of institutionalization (Akgemci & Sevinç, 2004).

Most of the researches aimed at determining the perspectives of businesses on strategic management in our country reveal the deficiencies in determining the strategy. Research results of Coşkun and Gürler's (2004) six businesses operating in Sakarya show that five of these enterprises are managed by a groping method instead of strategic management and most of the managers do not have information about strategic management. Similarly, Ada et al. (2004) The results of the research conducted on the businesses operating in the Izmir region stated that although the enterprises have a desire and desire to plan their future, they lack the way and persuasion methods to achieve this. On the other hand, Turkey general in 102 enterprises in strategic management practices and the philosophy of the company with the nature of understanding (oriented or business-oriented) according to which the results of research trying to determine differences and work-oriented that there is a discrepancy between that level, writing mission, vision, than half of strategy and strategic plan However, more than half of the related plans (written plan, constitution, heir plan, inheritance plan, emergency plan, shareholding agreement) were not found. According to the results of this research, it is possible to say that enterprises partially have a strategic management approach and do not have future plans at its level (Alayoğlu, 2006).

When considered in terms of strategic behavior, businesses show behaviors that support business performance positively, such as loyalty to the job and mission, focusing on the core business and markets, rapid decision-making, patience capital, growth-oriented, innovation, flexibility, and rapid adaptation. Most of these behaviors are based on implicit knowledge; It is difficult to imitate and requires a long process to develop. As a result of these

behaviors, its business gains competitive advantages (Aragon-Sanchez and Sanchez-Marin, 2005). According to Miller and Le-Breton Miller (2006), businesses can be classified as brand builders, those who prioritize quality, those who provide transaction costs, and who focus on innovation and growth, according to the predominant factor in gaining competitive advantage. In addition to these, another factor that creates competitive advantage in businesses is the collective memory created by its deep-rooted past, especially in niche markets. The collective memory associated with its name creates trust and reputation (Ward, 2005). However, there are also features such as loyalty blindness (loyalty precedes rationality), nepotism, inability to break with traditional businesses and markets, and inability to make good strategic planning as a result of fast decision making (Allio, 2004).

Although the strategic behaviors of businesses and their competitive advantages show unique differences and when businesses that do not have a business are compared, it is seen that the basic strategies and strategic orientations followed are similar (Gudmundson et al.1999). According to the research results of Mc Cann et al. (2001), Miles and Snow (1978) has determined that there are businesses that show each of the behaviors that can be considered appropriate to the typology of strategy orientations that Miles and Snow (1978) has determined as entrepreneurial, defensive, analytic and reactive, and that businesses have a single orientation especially concentrated on. It has been determined that. According to the results of the same research, businesses can generally be very creative and aggressive due to their small scale in their own markets, their good knowledge of their markets, and their financial flexibility. But at the same time, businesses see themselves as safe in their market niche and do not think much about new investments. Although the basic strategies are similar, differences may occur in the goals, in the strategic decision-making process, in the way the strategy is implemented, and in the people involved in the process (Mc Cann et al., 2001).

Some studies examining the relationship between the strategies followed by businesses and the life course have reached the findings that these

businesses follow conservative strategies, especially in the early stages of their life cycles. While financially conservative strategies are implemented during the development years, the strategic decision-making process is kept under the strict control of the unit. However, the confrontation of companies with competitive pressures over time leads them to a more entrepreneurial stance in the later stages of their life cycle (Kreiser et al.). This view differs from his business prototype, which does not want to risk losing its long-term wealth and is not enthusiastic about new ventures. In some empirical studies, entrepreneurship is a strategic orientation in many businesses; It is stated to include innovativeness, proactiveness and risk taking dimensions (Kreiser et al. 2006).

On the other hand, most of the enterprises finance growth with their own resources and generally prefer endogenous growth. Efforts to increase the market share of the business (market penetration) with existing products is the most common growth strategy; is followed by product development, market development and joint venture creation strategies, respectively (Ulukan, 1999).

It is expected that the mission, vision, and objectives, which are expected to form the basis of the strategic management of businesses, are different from businesses that do not have a business, as they include the business (Sharma et al., 1997). This difference is also observed in strategic decision-making processes. Because of the dual identities (and business identities) of these businesses, strategic decision-making processes are different from those without businesses (Ibrahim et al., 2004). However, in terms of strategic management, the data on whether there is a difference between functional, business, and top-level strategies between businesses and those who do not have a business are not sufficient (Sharma et al. 1997). Being a business can affect strategy formulation and implementation in some ways. For example, Harris et al. (1994) summarize some of the important business characteristics that affect the strategy as follows; introversion, slower growth and less participation in global markets, long-term ownership, more capital-intensive, the importance of compliance, employee loyalty, and employee emphasis, lower costs, sustaining leadership, the impact of the board of

directors on practices in large enterprises. In addition to these, it is known that businesses have some other characteristics that can affect their strategies such as loyalty to the job and mission, focusing on the basic job and markets, rapid decision-making, patience capital, growth-oriented, innovation, flexibility, and rapid adaptation.

When considered in terms of the continuity of businesses, it is expected that planning the future in businesses and creating motivation for the business and a healthy business towards the desired goals are expected to increase the possibility of being transferred to the next generation (Ward, 1990). In addition, the interrelationship between transfer to the next generation and strategy has a critical importance in understanding the strategies in businesses (Ibrahim et al. 2004). Therefore, and in a way to cover the business, it can be argued that the planning of the future of the business and especially the strategies related to its transfer to the next generation will significantly affect the continuity.

#### **4.3.7. Continuity and Financial Status**

One of the issues addressed at the stage of questioning the dimensions that may be related to the continuity problem in businesses is the perspectives of the enterprises on financial issues. The current financial situation of an enterprise that is to be transferred to the new generation also affects the next process. Businesses established with the savings of their individuals can start their business life with the problem of insufficient equity while still in the establishment phase and at the same time, the establishment of businesses; It is based on technical knowledge, skills, or commercial aptitude rather than economic knowledge and experience. The business owner, who is generally unprofessional, uses the already insufficient equity capital for fixed investments and can ignore the working capital required for the continuation of the activities. When the need for working capital and the lack of equity combined with errors arising from the lack of professionalism of the business owner, continuous and growing financial problems may arise. Especially the need for working capital can make itself felt much more in cyclical fluctuations, the wrong analysis of the business owner, whose basic idea is to grow by increasing the capital in the following years, does not match the

facts, and the business can now be the main goal by throwing growth into the background (Genç et al.2006). It is observed that businesses that can obtain sufficient working capital tend to grow based on equity and prefer less risky financial options as they tend to use less external borrowing. It can be said that businesses have lower borrowing structures compared to their capital and they use their financial resources carefully and effectively (Habbershon & Willams, 1999). Another reason for keeping external borrowing at a controlled and limited level is the concern that it may lead to a decrease in its control. Failure in financial matters is not only a loss of personal wealth but also a loss of capital.

Since most of the enterprises are SMEs, it is difficult to find the necessary data for a detailed financial analysis and to measure financial performance (Semerciöz & Ayrancı, 2008). However, limited research is done in this regard, Turkey's approach to the business of financial, that shows a higher amount of short-term debt than long-term debt (İşeri and Caglar, 2004).

#### **4.3.8. Continuity and Institutionalization**

##### **4.3.8.1. Continuity and Institutionalization Relationship**

Although institutionalization, that is, corporate governance, is actually an old concept, it has been found important after the collapse of the company in the 1980s (Bartholomeusz & Tanewski, 2006). Europe, the United States and Japan in the 1980s in the "Corporate Governance" referring to the concept for the first time, Turkey was introduced in the 1990s with this concept (White, 2008).

Institutionalization is the process of a company having rules, standards, and procedures rather than individuals, including its own specific behaviors, procedures and methods of doing business, and thus assuming a different and distinctive identity from other companies (Karpuzoğlu, 2002). Institutionalized businesses are those that have a vision, mission, strategies, policies, plans, programs, rules, and where these are written and implemented (Akgemci & Sevinç, 2004). In addition, corporate governance is the rules that regulate the relations between the shareholders, the board of directors, managers and other stakeholders and try to protect all the



elements in the company, especially the shareholders, and defines the relations of managers with internal and external persons and institutions (Ülgen, & Mirze 2004).

This definition is called "governance" in the corporate governance approach. Governance is the whole of a company's steering, management and control systems (Kocabaş & Baytekin, 2004). In other words, the business manager can make the right decisions, the democratic participation channels are open, everyone who may be affected by the decisions taken by the business managers, especially the shareholders, can control the management of the business, the business is far from arbitrariness, bound to the law and rules, transparent, fair, accountable, honest, responsible and can be evaluated as performance-focused management (Demirbaş and Uyar, 2006 Alacaklıoğlu, 2009 Aysan, 2006). In addition, it is another goal to ensure that the correct information is transferred from business to society. Created by the CMB corporate governance principles in Turkey (Basım et al.2008).

It is accepted that institutionalization is extremely important for businesses to be permanent in the long term, to eliminate the habit of relying on a single leader, to reach high performance and to achieve competitive advantage, and the existence of a corporate governance understanding is one of the indispensable conditions for the continuity of companies (Aydemir et al. 2004, Aysan, 2006), 2008Çelik et al., 2006, Dal, 2008 Genç et al. 2008). Institutionalization ensures the continuity of the company by growing from generation to generation (Pazarcık, 2004). According to this view, institutionalization is a system that ensures the continuity of a business, includes the relations between partners, the relations between the partners and the business, and the way the members manage the business. Because, thanks to institutionalization, the functions of the business functions can be tied to objective rules and the company can be turned into a system. By determining the roles and duties of the parts of the system, it is ensured that the system can function within its own integrity and the infrastructure of mutual interaction is established (Çelik et al. 2006, Kut, 2004 Yalçın & Günel, 2004). In order for the system to work properly and to achieve good governance, it is recommended that the council be established and meetings

are held at regular intervals and the boards of directors work effectively. In addition to these, planning regarding the continuity of management and training of those who will take over the business management, etc. issues are essential for corporate governance (Ulukan, 2004). In enterprises that have a high level of institutionalization and can work systematically, there are sub-systems such as objective standards, managers who have the quality of evaluating the data obtained with advanced audit tools and methods, and a performance evaluation system based on objective valuation principles (Karpuzoğlu, 2002). In this way, the organization can operate independently of individuals, have the power to protect its own existence (TÜSİAD, 2006, as cited in Genç et al. 2006) and gain an identity on its own (Selznick, 1996).

Institutionalization in businesses is often difficult. The factors that make this effort difficult are due to institutionalization. Problems arising from insufficient knowledge, such as bosses leaving their hands and leaving the work entirely to professionals, inability to professionalize enough, disputes between shareholders increasing due to the increase in the number of generations to which businesses are transferred, managerial and organizational problems such as the founding generation's desire to keep power by controlling cash personally and conflicts between their members may be related to many other problems such as the company's owner's intervention in every job and the low education level of the personnel (Özdevecioğlu, 2004, as cited in Temel and Bulut, 2008Çelik et al. 2006, Ak, 2008, Basım et al. 2008). In addition, individuals or people close to them can be appointed to management positions regardless of professional competence. In the transfer of the business to the second generation, there is often unplanned action and the necessary preparations are not made. Although a member partner does not actually work in the business, he tries to interfere with the outside business by relying on his share in the business, his right to property. The business owner applies his old habits while managing activities, generally adopts an authoritarian and centralized management style, wants to take all the decisions alone, are the negativities that will block the way of being a corporate business that has adopted a professional system based on management knowledge (Ak, 2008, Genç et al., 2006). In addition, internal

audit in enterprises cannot be independent and insufficient control arises as a result. From the perspective of transparency; There are also problems that arise regarding the unfair gain of the same people in the management of companies (Basım et al. 2008). The corporate management needs of businesses and other businesses can vary in size in parallel with the size that businesses reach in their life cycles. The need for corporate management is much higher in enterprises that have reached a certain scale and aim to grow (Ulukan, 2004). According to Lane et al. (2006), at the establishment stage of the business, there are active and few shareholders, whose typical business is called the control model; In the development period, there may be more active and more shareholders.

After the establishment phase of the enterprises, it is recommended to get out of the entrepreneurial character and become institutionalized, and to switch to a planned, programmed management style in which the rules are written (Pazarcık, 2004). In the 4th generation, its members start to think about their own career and interests rather than the future of the business. In this case, businesses mostly fall apart. Therefore, it may be possible that the control in the enterprises starts to be shared between professional management and even after a few generations, it may be transferred to professional management to a great extent, but this is usually a difficult change (Akın & Yılmaz, 2004).

#### **4.3.8.2. Content of Institutionalization**

The actors of the institutionalization process in businesses are the board of directors and senior management (Neubauer and Lank, 1988). The relevant part of institutionalization requires establishing the constitution, increasing communication by establishing the council, making a transfer plan and preparing a shareholder agreement by stating the rights and responsibilities of the members towards each other (Fındıkçı, 2005 and Kırım, 2003). The constitution, which is a document that serves the continuity of the members and the business, acts as a guide in the relations of the persons who are entitled to bear the same surname by joining a marriage or blood bond, both in their relations with third parties and with the business; accepted by its members; It is a set of rules and values that are applied in the same way to

all individuals and have certain sanctions in case of non-compliance (Günver, 2004, and Karpuzoğlu, 2004). It specifies the principles of ownership, inheritance and transfer, as well as the basic principles of the distribution of money and power, as well as including the mission and core values of the business. The sections included in the constitution, purpose and principles, share structure and exchange conditions, use of the business name, management bodies, duties and functioning, management transfer, regulations regarding human resources, relations between its members and conflict management, sanctions and implementation procedures (Yıldız and Balaban , 2008). While preparing the constitution, which can be considered as the basic infrastructure of institutionalization in terms of institutionalization, the habits, principles and values prevailing in that institution are taken into account (Yıldız & Balaban, 2008). The constitution has a great role in the institutionalization of their relationships, the continuity of the company for generations, and the creation of a strong legacy left to children. In the institutionalization of their relations, the issues such as the partnership status of the members, the role of the members in the business, the position of the members and professionals, the primary responsibility in decision-making, the distribution of tasks in writing, the distribution of tasks of the partners, the financial earnings of the members, and the regulation of the expenditures of the members are clarified (Şakar, 2008). . The constitution determines what the responsibilities and roles assumed in the business should be, balancing the interests of the member and the enterprise and minimizing the possible problems that may arise regarding the future of the enterprise, especially with its individuals, as it determines what needs to be done for the future in line with the common decisions taken by the individuals. Constitution is one of the ways to successfully transfer the business to future generations without conflict between its members, with trust and understanding. This reveals the strategic importance of its constitution. The Constitution focuses on the basic values that its members should focus on, on the one hand, and on the other hand, general principles are determined on controversial issues such as shareholding, determination of heirs, retirement, marriage, divorce, death, inheritance, and inheritance. In this way, important contributions are made in establishing a balance between cooperation, increasing the satisfaction

levels of its members, improving the corporate image positively, and increasing the efficiency of business activities (Karpuzoğlu, 2004). As the advantages of the constitution, it can be stated that it guides its members, strengthens internal communication by assuming a guiding role, ensures the transmission of core values from generation to generation, encourages cooperation and solidarity, builds trust, clarifies its priorities, creates a sense of justice, increases loyalty and strengthens feelings. Its disadvantages are that it takes time to prepare, it is difficult to reach consensus among all its members, and it is not flexible (Yıldız & Balaban, 2008). Its council is needed to prepare the constitution. For this purpose, a forum can be organized and the council can be activated on issues such as the conditions of participation, the number of participants, and the method of selection. The purpose of the forum is to create a suitable platform for all participants to express their feelings and thoughts without hesitation and to indicate the issues they do not know and want to learn without judgment (Karpuzoğlu, 2004).

In businesses, the council ensures the effective preparation and implementation of the business constitution and at the same time prevents communication problems between the business and the business (Şakar, 2008). This council functions like a board of directors. It focuses on issues such as determining working conditions, rights and responsibilities in the company. It is based on planning, decision making and problem solving. It consists of council members and advisors (Karpuzoğlu, 2004). Boards with council-like duties can also be found in small-scale businesses. It is to create an environment where the members who affect the business come together at certain periods, discuss the business-related issues in terms of the business, determine the values, needs and expectations of the members and develop policies that will protect the long-term interests of the business (Yıldız, 2008 and Günver, 2004). Meetings attended by employee and non-working members are very important in terms of preventing possible conflicts. Another subject expected from the council is to create the foresight of its members about the future of the business by making a plan (Günver, 2004). There may be a council in small-scale companies or not in large-scale companies (Karpuzoğlu, 2004). The Board of Directors, which plays a central

role in the field of institutionalization, has objectives such as determining long-term company strategies, controlling practices, representing partners, protecting their rights and determining alternative fields of activity by taking into account the conditions of the enterprise. There may be legal or managerial reasons for the establishment of the Board of Directors. A study covering more than 80 3rd or 4th generation businesses in America has shown that the existence of an active board of directors not controlled by its members is the most important factor in the survival of these businesses (Neubauer and Lank, 1988). Although the number of members of the Board of Directors varies between 2 and 16, it is predominantly 6 to 7 members. However, most of the studies conducted in Western European countries show that boards of directors do not work in small businesses. Although legally required in many countries, they perform poorly as a steering and controlling force. Most of the time, the people in the Board of Directors and the people in the management of the business are the same. If leaders both direct and control themselves, dependent business blindness can occur as a result of the internal cycle. In addition, there is a risk of indecision in an all-member board of directors. In such cases, it is recommended that people from outside the enterprise be included in the board of directors (Donckels & Lambrecht, 1999). The Board of Directors can be formed entirely from outside, from its members or as a mixed group. Generally, the Board of Directors consists of shareholders, senior managers, consultants, and experts who are not members and do not work in the institution. The Board of Directors should consist of people who do not have a business conflict of interest. Board members should be able to put themselves in the position of business owners, have hopes for the future of the company, and adopt the values and principles advocated by the business (Günver, 2004). In short, the Board of Directors directs, monitors and supervises the administration. However, the board deals with strategic issues, leaves operational matters to the management, and is not involved in execution. In addition, matters are not included in the board of directors. Members of the council only transmit the council's recommendations to the board of directors (Adsan & Gümüştekin, 2006).

Senior management or General Manager (CEO) is often the main determinant of the success or failure of a business. General Managers outside of the business (Miller and Le Breton Miller, 2006) have a combination of different influences: they are appointed to run the business, but often find themselves as managerial trainer, consultant, and confidant. They find it in roles. They may be asked to manage and develop businesses, and even to dismiss the business owner's children (Blumentritt et al, 2007).

#### **4.3.8.3. Some Research Findings Related to Institutionalization in Turkey**

Researches on institutionalization in businesses in our country reveal that the scope of corporate governance is not known, the relevant practices are not yet mature, the absolute weight of the enterprise is considered to be very important in all matters related to management, and the institutionalization levels of large-scale enterprises are higher than small and medium-sized enterprises (Ulukan, 2004 , p.219; Ural and Balıkçioğlu, 2004, Aydemir et al. 2004). For example, according to the research results of 25 enterprises in Eskişehir, although there is no partner in the board of directors other than the enterprise, the Chairman of the Board of Directors is generally owned by the enterprise, the presence of an independent member is not welcomed and the willingness to transition to professional management is expressed in many enterprises. It has been demonstrated that there are no concrete results obtained (Ulukan, 2004). The results of the research to determine the thoughts and current practices of 55 enterprises in various sectors in Trabzon on institutionalization and professional managers, management is mainly carried out by the 2nd generation, the majority of the general managers working in the enterprises (82%) shows that “expertise and division of labor” are taken as basis in distributing responsibilities (Büte, 2008).

According to the results of the research, which includes a total of 120 businesses in Antakya and Kayseri, it has been revealed that the cultural values of the business owner affect the institutionalization level of the business. Accordingly, it has been determined that cultural values such as loyalty, open-mindedness, independence, respect for religious beliefs, and

taking risks positively affect the level of institutionalization (Ural & Balıkçioğlu, 2004). 95% of 59 business representatives in Mersin province and 93% think that business relations should be kept separate from each other and the business should work systematically (Türkel and Yaşa, 2006). Obstacles arising in the process of institutionalization have been researched for 25 enterprises in Çanakkale and in order of priority, the lack of institutionalization awareness, problems in the organizational structure, intertwining of management shareholders and concepts, not seeing independent from the company, the lack of exemplary institutionalized companies, being in expectations, devolution of authority and not adopting the values of the entrepreneur by other members (Çelik et al. 2006). Research results for professional managers working in businesses, on the other hand, are generally selected from; It shows that those outside the country are under the pressure of business owners (Yamak and Öktem, 2008 Genç et al. 2006). Professionals' being under the pressure of business owners is attributed to reasons such as professional concerns and anxiety about losing their economic and social status (Genç et al. 2006). It should be said in the light of all these conclusions that the problem of business continuity can be described as the transition of management and power from one generation to another, this issue is a multi-dimensional and long-term process and is influenced by the behavior of several players, in particular the creator of the current generation and the successor.



## **CHAPTER 5**

### **METHOD**

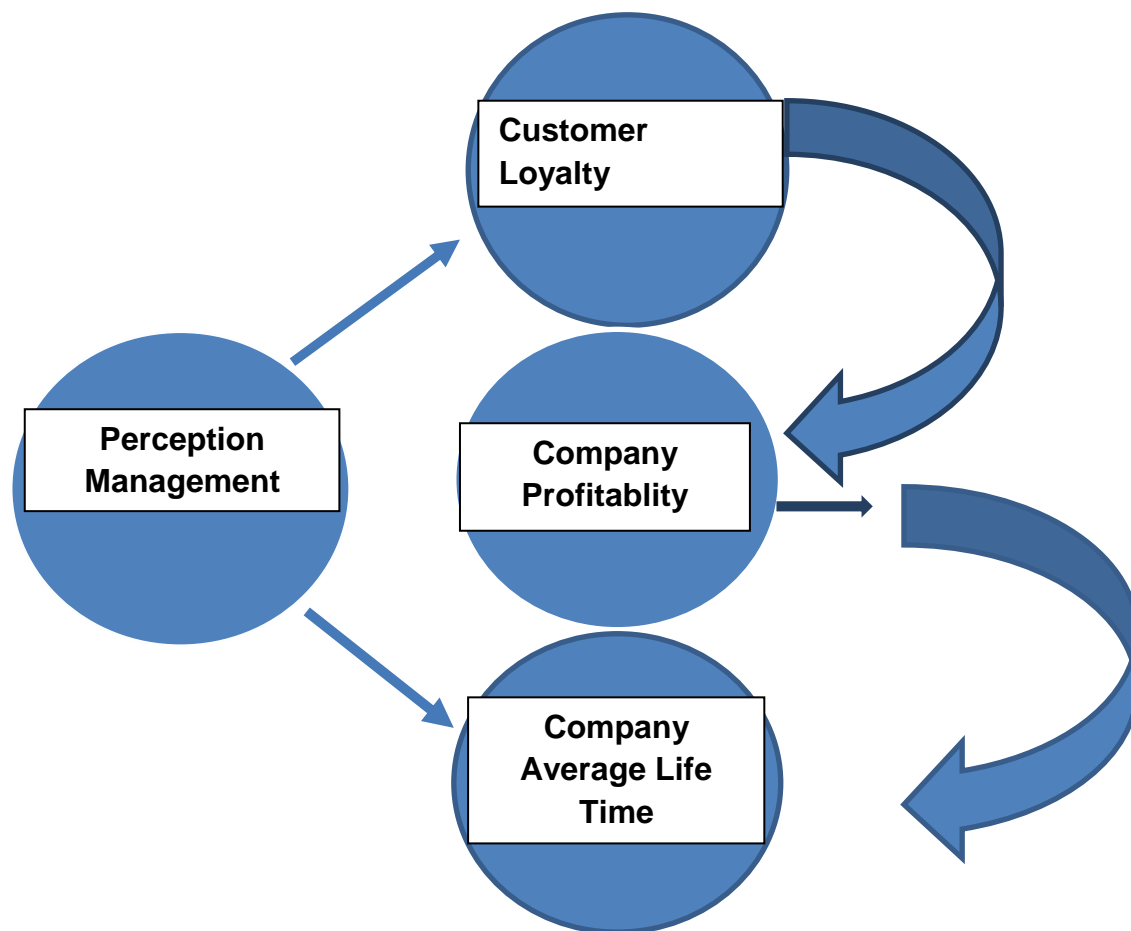
In this section, the model, population and sample of the research, data collection tools and statistical methods used in the evaluation of the collected data are emphasized.

#### **Population and Sample of the Research**

The universe of this research consists of middle and senior managers working in Textile Enterprises in Bursa. The research sample; 56% female, 44% male, middle and senior-level textile managers determined by random sampling method.

#### **5. Research Model**

This research is in the general survey model, and a comparative relational screening has been made between the independent and dependent variables of the research. In this study, the relationship between perception management and customer loyalty company profitability and company life expectancy is analyzed in terms of some variables.



**Figure 6:** Resaerch Model

### 5.1 Data Collection Tools Used in the Study

In this study, the personal information form was "developed by the researcher" in order to gather information on the personal qualities of middle and upper-level textile managers. Scales were used to determine the perception management of middle and senior textile managers about customer loyalty, company profitability, and average life expectancy of the company.

#### 1.) Personal Information Form

Perception management of middle and top-level textile managers included in the research sample is used to collect information on customer loyalty, company profitability, and average life expectancy of the company by using gender, marital status, education level, etc. Questions were posed in 8 areas containing variables.

## **2.) Perception Management Scale**

The Perception Management scale was developed by Atalay (2016). The Cronbach Alpha coefficient of the scale was calculated as 0.70. The Perception Management scale consists of 2 sub-dimensions: Organizational Strategy and Tactics, Organizational Perception Action, and Applications. There is no reverse-scored item in the Perception Management Scale.

## **3.) Customer Loyalty Scale**

Parasuraman, Zeithaml and Berry (1985, 1988 and 1990) gathered service quality under 5 dimensions based on customer expectations at the end of their studies. Based on these dimensions, they developed the SERVQUAL scale. The adaptation, validity and reliability analyzes of the Quality of Service scale developed by Parasuraman et al. (1988) were carried out by Bülbül and Demirer (2008). The scale, which originally consisted of 22 items and five dimensions, was arranged by the researchers to provide structural validity with 22 statements in five dimensions. In addition, in the reliability analysis of the scale adapted to Turkish, the Cronbach Alpha coefficient ranges between 0.811 and 0.881, which shows that the scale is highly reliable.

## **4.) Company Profitability and Average Life Time Scale**

Company profitability and company life expectancy questions were used from Erokyar (2008) study. It consists of 6 questions in total.

## **5.2 Statistical Techniques used in the Research**

The data obtained as a result of the research were analyzed using the SPSS statistical package program. First, the Cronbach- $\alpha$  reliability coefficient was calculated to measure the consistency of the questionnaire answers with each other. Results will be given in the research results section. After these analyzes, complementary statistics and relational analyzes were made, and it was tried to measure whether the variables were effective or not. Relationships between variables and dimensions considered within the scope of the study were examined based on the correlation analysis technique, and the correlation analysis using the Pearson correlation coefficient was based on a 5% significance level. In addition, regression analysis was conducted to

examine to what extent the dimensions of the independent variable affect the dependent variable.

### 5.3 Research Findings

The data collected after the survey conducted within the scope of the research were analyzed using statistical techniques and the results are given below. Findings obtained after the results are included in the discussion and conclusion part of the analysis. In the research, demographic information of the participant population was analyzed primarily by using descriptive statistics.

#### 5.3.1 Descriptive Information

The demographic characteristics of the participants in the study are summarized below with descriptive statistics. Participants were examined on the variables of gender, age, marital status, educational status, working time in the company, type of company, number of employees in the company, respectively.

**Table 1:**

*Distribution of the sample group depending on the gender variable*

		n	%
Gender	Female	56	56,0
	Male	44	44,0
	Total	100	100,0

When Table 1 is examined, when the distribution of the managers of the textile companies participating in the study is examined, it is seen that 56% are female and 44% are male. This finding shows that unlike other sector managers in the textile sector, women are more in senior management.

**Table 2:***Distribution of the sample group depending on the age variable*

		n	%
Age	21-30 years old	12	12,0
	31-40 years old	10	10,0
	41-50 years old	18	18,0
	51-60 years old	31	31,0
	60 years old and over	29	29,0
	Total	100	100,0

When Table 2 is examined, the age distribution of the textile sector managers participating in the study can be seen. It has been determined that 31% of the textile industry managers are from the 51-60 age group, and 29% are from the age of 60 and above. This finding shows that the average age of textile sector managers is high and the sector needs managerial innovations. On the other hand, the fact that 12% of managers in the age range of 21-30 show that the sector has difficulty in finding new senior managers.

**Table 3:***Distribution of the sample group depending on the marital status variable*

		n	%
Marital Status	Married	18	18,0
	Single	47	47,0
	Divorced	11	11,0
	Widowed	24	24,0
	Total	100	100,0

As seen in Table 3, when the marital status of the 100 participants is examined, it is observed that 18% are married, 47% are single, 11% are divorced and 24% have passed away.

**Table 4:***Distribution of the sample group depending on the educational level variable*

		n	%
Education Status	Primary	8	8,0
	Secondary	16	16,0
	High School	19	19,0
	Assoc. Degree	7	7,0
	Bachelor/University	41	41,0
	Master's Degree	9	9,0
	Total	100	100,0

As seen in Table 4, when the distribution of 100 participants according to their education level is examined; It is observed that 8% are primary school graduates, 16% secondary school, 19% high school, 7% associate degree, 41% undergraduate/university and 9% graduate.

**Table 5:***Distribution of the sample group depending on the variable of working time in the company*

		n	%
Working Duration at the Company	1-5 years	60	60,0
	6-10 years	38	38,0
	21 years and over	2	2,0
	Total	100	100,0

As seen in Table 5, when the distribution of 100 participants according to their working time in the company is examined; It is observed that 60% is between 1-5 years, 38% is between 6-10 years, 2% is between 21 years and over. As can be seen in this table, the fact that most of the executives have been working for less than 5 years, the employee turnover is high and their loyalty to the company is weak should be examined separately.

**Table 6:***Distribution of the sample group depending on the company type variable*

		n	%
Company Type	Corporation	23	23,0
	Limited	75	75,0
	Cooperative Company	2	2,0
	Total	100	100,0

As seen in Table 6, when the distribution of 100 participants by company types is examined; It is observed that 23% are joint stock companies (Corp.), 75% are limited companies (Ltd. Şti.), 2% are cooperative companies. The low rate of joint-stock companies according to the results in Table companies in Turkey shows that it can not yet shortage of family domination and institutionalization. In addition, with the high monthly expenses of joint-stock companies, it indicates that these companies do not approach the idea of professionalization. Another problem is that there are few cooperative companies; The low capability of companies to come together to combine their capital and invest points out that they do not want companies to be in control of different people.

**Table 7:**

*The distribution of managers of the sample group depending on the variable of the number of employees in the company*

		n	%
Number of the employees	0-9	32	32,0
	10-49	68	68,0
	Total	100	100,0

As seen in Table 7, when the distribution of 100 participants according to the number of company employees is examined; It is observed that 32% is between 0-9 and 68% is between 10-49. The result in the table indicates that companies have problems in terms of growth. It is thought that at the top of the difficulties experienced in the enlargement of the companies is the idea of business owners not to give up the initiative in managing the company.

### **5.3.2. Reliability Analysis**

The reliability coefficient was calculated according to the Alpha model in order to measure how reliable the data collected in the study were. The closer the alpha coefficient is to 1, the more reliable the survey is considered. An alpha value of over 0.70 means high reliability. When the reliability test is performed on all questions, it is seen that the alpha value is 0.793. The  $\alpha$  values for the whole questionnaire are as given in Table 8. According to the

data in the table, the reliability percentages for the entire questionnaire are at a high level.

**Table 8:**

*Reliability test of survey questions*

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
,793	62

### 5.3.3 Average Values for the Variables

The mean values and standard deviations of the variables within the scope of the study are shown in Table 9.

**Table 9:**

*Average values for perception management expressions*

	Average	Standart sapma	N
How do you evaluate the competition of the environment in which you are managing your business?	1,8600	,34874	100
It makes the employees feel that they are a part of the business.	1,7300	,44620	100
It strives to make the workplace a preferred business for employees.	1,7200	,45126	100
He defends that the practices in the business should change or improve with the changes and innovations experienced.	1,8900	,31447	100
Strives to improve the image of the business in society.	2,0000	,00000	100
Calls employees on important days (such as birthdays, holidays) (by e-mail, tel, etc.)	2,0200	1,2058 8	100
It endeavors to properly manage the conflicts created by the new applications introduced.	2,0600	,88557	100
It pays attention that the activities to be done and to be done are in accordance with social norms and values.	1,9300	,89052	100
It provides consistency between the decisions taken in the past and its current applications.	1,4300	,49757	100
It tries to identify the identity of the business with the identities of the employees (always at cognitive and affective level).	1,1900	,39428	100
Strives for the business to have a unique, special identity.	1,7100	,45605	100
Provides accurate and timely information flow to employees.	1,3900	,49021	100
With the changes and innovations experienced in the sector, it also changes the practices in the business.	1,9400	,23868	100
It makes them feel valued by praising employees for doing what they want.	1,4700	,50161	100
It enables employees to develop a positive attitude towards the business.	1,5800	,49604	100
It uses the media and the press to strengthen the external image of the business.	1,7400	,44084	100
It tries to increase the loyalty of the company by coming together with	1,6400	,48242	100



the employees outside the company.			
It uses the name, logo, emblem, emblem or symbols of the business as a tool to create commitment to the business.	1,8400	,36845	100
By paying the necessary attention to the building and structure of the enterprise, it makes the environment attractive and interesting.	1,4700	,50161	100
Uses verbal and / or written communication channels effectively.	1,3300	,49349	100
Provides feedback on employees' performance and behavior.	1,3400	,47610	100
Expresses complex topics simply using humorous language.	1,5800	,49604	100
It cooperates with employees to implement new ideas and practices in the business.	1,4800	,50212	100
It involves everyone in determining the work activities in the business.	1,8900	,31447	100

When the answers given to the perception management scale of the middle and senior managers participating in the study are examined, "It tries to improve the image of the company in the society." It is seen that the scores for the item are high. Middle and senior managers stated that they think the image of the enterprises is important. It is seen that middle and senior textile managers have a high average score in the item "Calls their employees on important days (such as birthdays, holidays) (by e-mail, tel, etc.)". They have expressed their opinion that attending complementary activities in special days, which are important for employees, will increase the belonging to the company. Middle and senior-level textile executives state that new applications create adaptation difficulties in the companies "They try to manage the conflicts created by the new applications correctly". Middle and senior-level textile managers consider it important for company development to make efforts to prevent conflicts related to this. Middle and senior-level textile managers "With the changes and innovations experienced in the sector, they also change the practices in the enterprise". When their views on the changes that may occur in the sector were examined, the managers emphasized that the changes should be managed and that the enterprises should establish systems to keep up with the changes. When the opinions of middle and senior textile executives to "make employees feel valuable by praising them to do what they want" are examined, it is seen that they have different opinions about the over-motivation of employees. Some textile managers stated that employees should be highly motivated, while others stated that the definition of duty and responsibility should be followed. When the answers given by middle and senior-level textile managers to the item; "They try to increase the loyalty of the company by coming together with the

employees outside the company”, it is seen that the managers have different views on this issue. While some of the managers of middle and upper-level textile companies found the meetings of the employees outside the company positive, some of them stated that their view towards the activities outside the company was negative. Mid-level and high-level textile business managers consider the item "The company uses the name, logo, emblem, emblem or symbols as a tool to create loyalty to the company" is important. Middle and senior-level textile business managers, logo, emblem, etc. It is understood that they think that using it is effective in perception management. When the answers are given to the item "The business makes the environment attractive and interesting by paying the necessary attention to the building and its structure", the managers of the middle and upper-level textile enterprises stated that the business and the building visual can be one of the effective methods in perception management. When the answers given to the item "Provides feedback on the performance and behavior of the employees" are examined by the managers of middle and upper-level textile enterprises, it shows that getting feedback on the performance of the employees has an important effect on the perception of the company. When the answers are given by the managers of the middle and upper-level textile enterprises to the item "Cooperates with the employees in order to implement new ideas and practices in the enterprise", it is seen that some of the managers abstain from this issue. Putting the opinions of the employees into practice in the enterprises will sometimes create job difficulty. When the answers are given by the managers of the middle and upper-level textile enterprises to the item "Includes everyone in determining the work activities in the enterprise", it shows that there is a consensus that managers should be included in the activities within the enterprise in general by their employees.

**Table 10:**  
*Average values for perception management expressions*

	Average	Standard deviation	N
It uses conciliatory language to fulfill its requests.	1,9800	,14071	100
Provides rational reasons to influence employees.	1,4800	,52185	100
It rewards employees' effective performance and behavior.	1,6200	,54643	100
It tries to use influence means rather than authorization to get work done.	1,5300	,55877	100
Involves employees, especially those that directly affect them.	1,4500	,55732	100
It uses scientific data to persuade its employees.	1,6700	,53286	100
It divides the work by considering the characteristics of the employees.	1,3300	,53286	100
It gives confidence with its knowledge and experience.	1,4200	,55377	100
It has strong social relationships.	1,2800	,51405	100
It tries to properly represent the business in society in all respects.	1,3600	,54160	100
It meets with the employees at regular intervals.	1,5000	,55958	100
It exchanges information with customers in various mediums.	<b>3,5500</b>	1,32859	100
He welcomes customers to get information about the business.	3,0400	1,52369	100
It communicates directly with the employees.	3,0200	2,15078	100
He takes care of his appearance.	1,4600	,70238	100
From time to time it spreads rumors around the business to get something accepted.	1,8300	,62044	100
While adopting his views, he makes certain promises (such as a chef, a foreman).	1,6800	,46883	100
It prefers to give a well-equipped workspace to employees who adopt their own views.	1,8600	,34874	100
He behaves politically (like showing his power) while adopting his views.	1,7300	,44620	100
It deliberately gives employees incomplete or different information and messages.	1,7200	,45126	100
Not making mistakes in its activities	1,8900	,31447	100
Offering new products and services	2,0000	,00000	100
Quick conclusion of activities	2,0200	1,20588	100
The delivery time of products and services is not long	2,0600	,88557	100
Ease of producing products and services	1,9300	,89052	100
Company announcements are easy, understandable and error-free	1,4300	,49757	100
Ease of services in other channels outside the business	1,1900	,39428	100
Offering new product and service combinations to better meet the product and service demands of the business	1,7100	,45605	100
Informing about new campaigns and products	1,3900	,49021	100
Private campaigns are carried out	1,9400	,23868	100
Communicating on special days other than product or service announcements (holiday greetings, birthday, etc.)	1,4700	,50161	100
Presenting gifts on special occasions	1,5800	,49604	100

The business has a lottery campaign	1,7400	,44084	100
Paying attention to the appearance of the employees	1,6400	,48242	100
Employees make a sincere effort to find solutions to problems	1,8400	,36845	100
Employees have complete knowledge of products and services	1,4700	,50161	100
Employees are polite and polite	1,3300	,49349	100
Employees build trust	1,3400	,47610	100

When the answers given by the middle and senior managers participating in the study to the item "Uses a conciliatory language to fulfill his requests" were examined, they stated that using conciliatory language is an important element in perception management.

When the answer given by the managers of middle and upper level textile enterprises to the item "Provides rational reasons to influence the employees" is examined, it is understood that their opinions regarding the importance of providing rational reasons in perception management are quite low.

When the answers given by middle and upper level textile business managers to the item "It rewards the effective performance and behavior of employees" are examined, it is understood that the managers have different views. Some managers have expressed an opinion that the effective behavior of employees should be rewarded.

When the answers given by the managers of middle and upper level textile enterprises to the item "Tries to use the means of influence rather than authority" are examined, they stated that doing business effectively is important.

When the answers given by the managers of middle and upper level textile enterprises to the item "Include employees, especially in the decisions directly related to them" are examined, it is understood that some of the managers do not see positively for the employees to make decisions themselves.

When the answer given by the managers of middle and upper level textile enterprises to the item "Consults with scientific data to convince their

employees" is examined, it is understood that they express similar views about the need to use scientific methods in perception management and persuasion.

When the answer given by the managers of the middle and upper level textile enterprises to the item "Division of labor by taking into account the characteristics of the employees" is examined, it is understood that the managers have a similar view about employing employees according to their abilities.

When the answer given by the managers of middle and upper-level textile enterprises to the item "Gives confidence with their knowledge and knowledge" is examined, it is understood that most of the managers expressed a high level of positive opinion on this article.

When the answers given by the managers of middle and upper-level textile enterprises to the item "Has strong social relations" are examined, it is seen that some managers have difficulties in strengthening the social relations within the enterprise.

When the answer given by the managers of the middle and upper-level textile enterprises to the item "Trying to represent the enterprise in the society appropriately in every way" is examined, it is seen that some managers cannot create perception management in representing the enterprise.

When the answers given by the managers of the middle and upper level textile enterprises to the item "Regularly meet with the employees" are examined, it is understood that the managers have a similar view on decision-making together with the employees.

When the answers given to the item "Exchange information with customers in various environments" are analyzed, it is seen that the managers express a similar positive opinion at a high rate. Company executives have stated that interacting with customers on different platforms is important in terms of company perception management.

When the answers given by the managers of the middle and upper level textile enterprises to the item; "They look favorably on obtaining information about the company", it is seen that the managers express a similar positive opinion at a high rate. Company executives have stated that the information that has a positive effect on the customers at a certain level is important in terms of perception management.

When the answers given by the managers of the middle and upper level textile enterprises to the item; "They look favorably on obtaining information about the company", it was seen that the managers expressed a similar positive opinion at a high rate. It is understood that business managers think that being objective in obtaining information from customers will have a positive effect on the perception of companies.

When the answers given by the managers of the middle and upper level textile enterprises to the item "Communicates directly with the employees" are examined, it is understood that the managers have expressed a positive opinion. Managers think that problem solving process in businesses will have a positive effect on business perception directly with their interlocutors.

When the answers given by the managers of middle and upper level textile enterprises to the item "Takes care of their appearance" are examined, they emphasize that creating an image is an important step in the perception management of the companies.

When the answers given by the managers of the middle and upper level textile enterprises to the item; "Spreads rumors from time to time in the enterprise in order to get something accepted", it is understood that the managers express similar views. When the answers given to the item "He makes certain promises (such as chief, foreman) when he adopts his opinions" is examined, the excessive rewarding of some managers in terms of rewarding employees by managers is not considered as positive in terms of workplace efficiency.

When the answers given by the managers of the middle and upper level textile enterprises to the item "They prefer to give a well-equipped workplace

to the employees who adopt their own views” are examined, it is concluded that some managers are favoritizing within the enterprise. Such practices of managers are seen as objectionable in terms of operational efficiency, efficient use of resources and personnel management.

When the answers given by the managers of the middle and upper level textile enterprises to the item "Behaves politically (like showing power) while adopting his opinions", it is seen that some managers behave politically within the enterprise. It is thought that displaying political behaviors in order to build trust among employees in the enterprise will pose disadvantages in terms of labor peace.

When the answers given by the managers of the middle and upper level textile enterprises to the item "Gives employees with incomplete or different information and messages than it is" are examined, it is understood that the managers expressed a negative opinion on this issue. It is thought that employees' getting the information in the business management process correctly will affect their job performance and business operation correctly.

When the answers given by the managers of middle and upper level textile enterprises to the item "No mistakes in their activities" are examined, it is seen that the managers have highly similar views. It is thought that minimizing the error in the enterprises is important in terms of not having problems against external stakeholders and not interrupting the business operation process.

When the answers given by the managers of the middle and upper level textile enterprises to the item "The introduction of new products and services" were examined, it was seen that the managers expressed very similar views. It is emphasized that new products and services are important for companies to create a new market and to differentiate in the market.

When the answers given by the managers of the middle and upper level textile enterprises to the item "Quick completion of the activities" are examined, it is understood that the managers express similar opinions about the speed of the business. When their responses to the item; "The delivery

time of products and services are not long" is examined, it is understood that the managers express a similar opinion at a high rate.

When the answers given by the managers of middle and upper level textile enterprises to the item "Ease of producing products and services" are examined, it is seen that the managers express a similar opinion.

When the answers given by the managers of the middle and upper level textile companies to the item; "Company announcements are easy, understandable and error-free", it is seen that the managers express similar opinions.

When the answers given by the managers of middle and upper level textile enterprises to the item "Ease of services in other channels outside the enterprise" are examined, it is understood that the managers express similar opinions at a high rate.

When the answers given by the managers of the middle and upper level textile enterprises analysed; in the item "The Company offers new product and service combinations that will better meet the product and service demands". It is understood that the managers expressed similar opinions at a high rate. Managers think that it is important for businesses to be differentiated from their competitors while offering new products and services.

When the answers given by the managers of middle and upper level textile enterprises to the item "Informing about new campaigns and products" are examined, it is understood that the managers express similar opinions at a high rate. Managers think that informing their customers about the campaigns and new products will make a positive contribution to their turnover and profitability by introducing the product range to the market.

When the answers given by the managers of the middle and upper level textile enterprises to the item; "Individual campaigns are being held", it is understood that some of the managers think separately from the others. Managers think that discrimination should be made when serving customers, and it will harm customers' loyalty.



When the answers given by the managers of the middle and upper level textile enterprises to the item "Communication of the enterprise on special days other than product or service notifications (holiday greeting, birthday, etc.)" are examined, it is understood that the managers expressed similar views at a high rate. Managers think that contacting customers on their important days will have a positive impact on customer loyalty.

When the answers given by the managers of middle and upper level textile companies to the item "Presenting gifts on special days" are examined, it is understood that the managers express similar opinions at a high rate. Managers think that giving gifts to customers on special occasions will have a significant impact on building customer loyalty.

When the answers given by the managers of the middle and upper level textile enterprises to the item; "The enterprise has a lottery campaign", it is understood that the managers expressed similar views at a high rate. Managers think that the lottery campaigns make a positive contribution to the turnover and profitability of the enterprise and to reach its goals.

When the answers given by the managers of the middle and upper level textile enterprises to the item "Paying attention to the appearance of the employees" are examined, it is understood that the managers express similar views at a high rate. It is understood that executives consider it important in terms of business image that they pay attention to the external appearance of their employees, who are in constant dialogue with customers, especially at the point of representing the company.

When the answers given by the managers of middle and senior textile companies to the item; "Employees make a sincere effort to find solutions to the problems", it is understood that the managers expressed similar views. Managers think that making a sincere effort to the problems of the employees will increase their commitment to the company and at the same time contribute to work efficiency. When the answers given by the managers of the middle and upper level textile enterprises to the item "Having full knowledge of the products and services of the employees" are examined, it is understood that the managers expressed similar views. Managers think that some employees' full knowledge of products and services contributes significantly to the corporate image. When the answers given by the

managers of middle and upper level textile companies to the item "Being polite and polite of the employees" were examined, it was seen that the managers expressed similar views. Managers think that the kindness and kindness of the employees towards both their colleagues within the company and towards the 3 stakeholders outside the company will contribute positively to the cooperation within the company and will have a significant effect on the third stakeholders in contributing to the image and reputation of the company. When the answers given by the managers of middle and upper level textile enterprises to the item "Creating trust by the employees" are examined, it is understood that the managers express similar opinions. Managers think that it will positively affect the credibility of the employees in building trust in both internal and external stakeholders. Findings regarding the Pearson correlation analysis of middle and upper level textile business managers regarding perception management, customer loyalty, company profitability and average company life span are given in Table 11.

**Table 11:**

*Correlation analysis results over question groups*

		Perception Management	Customer Loyalty	Company Profitability	Company Average LifeTime
Perception Management	Pearson Correlation Coefficient	1	,728**	,281**	,594
	Sig.		,000	,001	,000
	The number of participants	100	100	1000	100
Customer Loyalty	Pearson Correlation Coefficient	,728**	1	,560**	,731**
	Sig.	,000		,000	,000
	The number of participants	100	100	100	100
Company Profitability	Pearson Correlation Coefficient	,281**	,560**	1,	,609**
	Sig.	,001	,000		,000
	The number of participants	100	100	100	100
Company Average Life Time	Pearson Correlation Coefficient	594**	,731**	,609**	1
	Sig.	,000	,000	,000	
	The number of participants	100	100	100	100

As can be seen in Table 11, it has been determined that there is a highly positive relationship between perception management and customer loyalty ( $r = 0.728$ ,  $p = 0.000$ ). According to the result of the correlation analysis, we can say that the perception management of the managers of the textile companies increases the loyalty of the customers. As we explained in the previous sections, we stated that it is difficult to build trust in the customer and it will be easily lost.

It is anticipated that customer loyalty will increase if companies follow a better performance in service quality than their competitors in the market. Likewise, it is observed that there is a high positive relationship between perception management and firm average life expectancy ( $r = 0.731$ ,  $p = 0.000$ ). We can say that the factors that affect the average life expectancy of the company will increase the effectiveness of perception management. Textile companies aiming to create value for customers will have a positive effect on average life expectancy of the company.

We have stated that one of the factors that will increase customer loyalty is perception management. The result of my analysis has shown us that one of the most important factors affecting this factor is the average life expectancy of the company. We see that there is a high positive correlation between firm profitability and firm life expectancy ( $r = 0.609$ ,  $p = 0.000$ ). We can say that the profit of the company creates the perception that it increases the average life expectancy of the company. The more profit the textile company makes, the more the company life expectancy will increase.

The effect of the independent variable on perception management, customer loyalty, company profitability and average company life expectancy on the dependent variable of the managers of middle and upper level textile companies was examined. One-way regression analysis gives us the findings between a dependent variable and an independent variable in Table 12.

**Table 12:***Anova table for the customer loyalty independent variable*

Model	Squares Total	df	Average Square	F	Sig.
Regression	12,640	1	12,640	31,285	,000 <sup>b</sup>
1 Remains	58,990	99	,404		
Total	71,631	100			

a. Dependent Variable: Perception Management

b. Fixed Value: Customer loyalty

The Anova test was applied first to examine whether the model we established to investigate the effect of the Customer Loyalty independent variable is meaningful. As seen in Table 12, when the effect of the independent variable was tested with the help of the Anova table, it was found to be significant at the 5% level (Sig. = 0.000 < 0.05). It can be said that the regression model in question made a significant contribution to explaining the dependent variable.

**Table 13:***Regression analysis results for customer loyalty independent variable*

Model	Squares Total	df	Average Square	F	Sig.
Fixed Value	1,626	,422		3,852	,000
1 Perception Management	,512	,092	,420	5,593	,000

a. Dependent Variable: Perception Management

b. Fixed Value: Customer loyalty

When we examine the effect of perception management on customer loyalty with the regression model, the coefficients are sig. Since the value is less than 0.05, we can say that the coefficients are significant. In Table 13, we see that the coefficient of the independent variable is 0.512. This result shows that when there is a unit increase in customer perception, there will be an increase of 0.512 percent on customer loyalty. A positive and significant relationship has been found between the creation of customer loyalty and

perception management on the customers of textile companies. According to this result, the H1 hypothesis was accepted.

**Table 14:**

*Anova table for the company profitability independent variable*

	Model	Squares Total	df	Average Square	F	Sig.
	Regression	8,138	1	8,138	18,713	,000 <sup>b</sup>
1	Remains	63,493	99	,435		
	Total	71,631	100			

a. Dependent Variable: Perception Management

b. Fixed Value: Company profitability

Dependent variable: Perception Management, Independent variable: Company profitability It is shown in Table 14 that company profitability is significant according to the Anova test (Sig. = 0.000 <0.05). It is thought that perception management makes an important contribution in explaining the profitability of the company.

**Table 15:**

*Regression analysis results for Perception Management independent variable*

	Model	Squares Total	df	Average Square	F	Sig.
	Fixed Value	2,120	,431		4,923	,000
1	Perception Management	,452	,104	,337	4,326	,000

a. Dependent Variable: Perception Management

b. Fixed Value: Company profitability

As can be seen in Table 15, the effect of company profitability independent variable on perception management was determined as 0.452. A positive significant relationship has been found between creating company profitability and perception management in the textile company. According to this result, the H<sup>2</sup> hypothesis was accepted.

**Table 16:***Anova table for company average life expectancy argument*

	Model	Karelerin Toplamı	df	Ortalama Karesi	F	Sig.
	Regression	3,661	1	3,661	7,865	,000 <sup>b</sup>
1	Remains	67,969	99	,466		
	Total	71,631	100			

a. Dependent Variable: Perception Management

b. Fixed Value: Company average lifetime

Dependent variable: Perception Management, Independent variable: Company average life expectancy, Company average life expectancy is shown in Table 16 that the independent variable is significant according to the Anova test (Sig. = 0.000 <0.05). It can be said that perception management makes a significant contribution in explaining the average life expectancy of the company.

**Table 17:***Regression analysis results for the firm average life expectancy independent variable*

	Model	Squares Total	df	Average Square	F	Sig.
	Fixed Value	3,438	,197		17,428	,000
1	Perception Management	,159	,057	,226	2,804	,006

a. Dependent Variable: Perception Management

b. Fixed Value: Company average lifetime

As can be seen in Table 17, the effect of company average life expectancy independent variable on customer loyalty was determined as 0.159. Although it has less effect than other variables, we can say that the average life expectancy of the company also has an effect on perception management, as it has a positive effect. A positive significant relationship was found between the perception management of textile company managers and the average life expectancy of the company. According to this result, the H<sup>3</sup> hypothesis was also accepted.

**Table 18:***Regression analysis results for customer loyalty independent variable*

	Model	Squares Total	df	Average Square	F	Sig.
	Fixed Value	3,278	,394		18,628	,000
1	Company Profitability	,369	,164	,549	2,824	,000

a. Dependent Variable: Company Profitability

b. Fixed Value: Customer Loyalty

As seen in Table 18, the effect of customer loyalty independent variable on company profitability was determined as 0.169. It is seen that there is a highly positive relationship between both variables. According to this result, the H<sup>4</sup> hypothesis was also accepted.

**Table 19:***Regression analysis results for the operating profitability independent variable*

	Model	Squares Total	df	Average Square	F	Sig.
	Fixed Value	3,438	,197		8,428	,000
1	Company Profitability	,627	,087	,274	4,902	,000

a. Dependent Variable: Company Average Life Time

b. Fixed Value: Company Profitability

As seen in Table 19, the effect of firm profitability independent variable on average firm lifetime was determined as 0.627. According to other variables, the effect of company profitability on the average life expectancy of the company is significant. It is seen that there is a highly positive relationship between both variables. According to this result, the H<sup>5</sup> hypothesis was also accepted.

## **CHAPTER 6**

### **DISCUSSION**

The thoughts of the managers of middle and senior managers working in the textile sector in Bursa Province on "Perception management", "customer loyalty", "company profitability" and "company life expectancy" were analyzed in terms of some variables. When the middle and top level textile sector managers participating in the study are examined in terms of their gender, it is seen that 56% (56) of them are female and 44 (44) of them are male managers. When the textile sector managers are compared with the other sector in terms of gender distribution, it is seen that the managers working in the education sector are 81.7% male and 18.3% female (Karaoğlu, 2020). When compared to the education sector, which is one of the sectors where women work the most, it is seen that the textile sector provides a significant level of equal opportunity. Turkey and North Cyprus Turkish Republic of female managers ratios Northern Cyprus Turkish Republic with 19.4 percent in last place in the 34 European countries in comparison with EU countries, the end of the second row is seen that Turkey with rates of 21.9% (Euronews, 2020). Compared to the other sector, the importance of the textile industry stands out in the increase in the ratio of female managers. Bernile, Bhagwat and Yonker (2018), in their studies; They conclude that the profitability and lifetimes of companies have a significant effect in this situation where women are managing businesses at a lower risk level on boards of directors. When the average age of middle and senior textile managers participating in the study is examined, 31% of the textile sector managers are from the 51-60 age group; It was determined that 29% consisted of managers aged 60 and over. On the other hand, the fact that



12% of managers in the age range of 21-30 show that the sector has difficulty in finding new senior managers. When looking at the average age of people working in business in Turkey; Workers aged between 25-30% and 35% to 30-35 are constituted by 36%. The high proportion of our young population is reflected in the younger average age of employees. While the average age of the employees is between 15% and 35-40 years of age, employees aged 22-25 with 8%, employees aged 40-45 with 3%, employees aged 50 and over with 2% and between 18-22 years old with 1%. (Secret cv, 2018). This finding shows that the average age of textile sector managers is high and the sector needs managerial innovations. It is thought that the increase in the use of technology, the distance of the middle and upper age population to technological innovations and the ability of the young population to adapt to technology more quickly will contribute positively to the development of companies. When the marital status of middle and top level textile managers participating in the study are examined; It is observed that 18% of them are married, 47% are single, 11% are divorced and 24% of their spouses have passed away, resulting from the high stress burden of the textile sector managers' approach to establishing a family union. It is stated that the marital status effect of stress causes an increase in stress in some ways like; financial insufficiencies, incompatibilities, illness, culture, education, etc. (Işıkhan & Vedat, 2004). Workload exposure is mentioned among other stress sources (Aktekin, Özmutaf, and Ergani 2018). When the distribution of middle and senior level textile managers participating in the study is examined; It is observed that 8% (8) are primary school graduates, 16% (16) are secondary school, 19% are high school, 7% are associate degree, 41% are undergraduate / university and 9% are graduate. It is thought that nearly 50% of the middle and senior textile managers in the enterprises have achieved the undergraduate and graduate education level, increasing the management quality of the enterprises and managing the companies with more scientific approaches and increasing the education level will positively contribute to the average life span of the company. According to the 2019-2020 Schooling Survey of the Ministry of National Education, the rate of higher education is 43.5% in parallel with our research (MEB Statistics 2019-2020). It is observed that 60% is between 1-5 years,

38% is between 6-10 years, 2% is 21 years and over. As seen in this table, it is thought that 60% of the managers have been working for less than 5 years, the employee turnover is high and their commitment to the company is weak. Commitment to the company is related to the strength of the bond that the employee feels towards the company, and in short, it expresses the loyalty of the employees to the companies they work for and the interest they have in the success of the business (Bayram, 2005). If individuals cannot meet their expectations regarding the job they have while entering any job, they may choose to leave their jobs. This is mostly due to the inability of individuals to be socialized sufficiently by the organization or to lack of commitment to the organization (O'reilly & Caldwell, 1981). When the distribution of middle and senior textile managers according to the types of companies they work in is examined; It is observed that 23% is a joint stock company (Corp.), 75% is a limited company (Ltd.), And 2% is a cooperative company. The low rate dependent on the business outcome in the Turkish corporate table suggests that family control and institutionalization cannot yet be missing. Besides, it is thought that joint stock companies do not look favorably on the idea of institutionalization, with the high monthly costs of these companies, as many of these companies are family businesses. 95% of family-run businesses in Turkey, it is observed that the status (Crimea, 2001). In institutionalization, legal personality should be brought to the fore instead of individuals. By establishing a system based on modern business and business management understanding, independent from family members or founders, professional managers have been established, and this system's organizational structure, business policies, culture; Management, human resources, procurement, production, marketing, finance and research and development functions should be dominated (Taş & Akdemir, 2005). The lack of the capacity of firms to pool their resources and investments suggests that corporations do not want to manage individuals. When the distribution of medium and high level textile enterprises according to the number of company employees is examined; It is observed that 32% is between 0-9 and 68% differ 10-49. This result indicates that companies have problems in terms of growth. It is thought that at the top of the difficulties experienced in the enlargement of the companies is the idea of business

owners not to give up the initiative in managing the company. One of the weak points of the Family Business is that the concepts of family and company are confused with each other. Regardless of their abilities and experience, family members are recruited and promoted within the organizational hierarchy. Sometimes, special positions are created for them (İlter, 2001). It is thought that the insistence of founding individuals to manage the business under their own control in family businesses is one of the most important reasons for the low average life expectancy of the company. Middle and senior-level textile managers participating in the research stated that making an effort to improve the image of the enterprise in society is important for the future of the enterprises. Brand image is seen as the sum of the emotional and aesthetic impressions of consumers about the product. He stated that in order to determine the brand image, it is necessary to focus on the purchasing behavior of the consumer as well as various features such as what the brand evokes and reminds from the eyes of the consumer (Karpaz, 2000). This finding supports the result of the research. Mid-level and senior-level textile managers have expressed the opinion that participating in rewarding activities on important days (such as birthdays and holidays) will increase their company belonging. (Sökmen and Ekmekçioğlu 2013) stated that one of the important ways to increase the motivation of employees is to contribute to their values in their private lives . This finding is in parallel with the result of the research. Middle and senior level textile managers emphasized that the changes that may occur in the sector should be managed, and that enterprises should create systems to keep up with the changes. As technology develops day by day, companies that have a competitive advantage today face the risk of losing their core competencies in a very short time if they cannot adapt to innovations. In order to maintain their competitive position, companies must continuously improve and differentiate themselves and the products and services they offer to their customers. The innovation capacities, capabilities and strategies followed by companies are of great importance for the realization of this differentiation (İlter, Atrek, & İlayda, 2016). Middle and high-level textile business managers can use the name logos, emblems, emblems or symbols of the company as a tool to create commitment to the business. They think it

is important to use it. In order to create strong brands, the characteristics of the market should be known and it should be understood what the brand evokes in the customer. These associations should be positive, strong and unique, creating a positive position for the brand in the customer mind. Questions for which answers are sought while creating brands; It was emphasized that what will be the brand identity, how the logos will be created, why they will be created, what the values will be, who will be the target audience, where the competition areas will be and what will be the expectations of the consumers from the brands (Sağlam, 2014; Jean-Noël, 1998; Jean-Noël, 1998). Managers of medium and high-level textile enterprises stated that making the environment attractive and interesting by showing the necessary attention to the business building and structure can be one of the effective methods of perception management of the business and building visual. In Uzoğlu's work, corporate identity as visual design; In other words, the use of visual identity, contemporary architecture, the expression of the language used with symbols and the dissemination of corporate identity in this way will positively affect the perception management of customers (Uzoğlu, 2001). This finding supports the findings of the research. They stated that the involvement of the managers of middle and upper level textile enterprises in the management in determining their working activities in the enterprise will increase the product and service quality in the enterprises. Service quality is a multidimensional concept and includes many elements from customers' evaluation of quality, from the physical characteristics of the service provider to their reliability, to the behavior of employees towards customers. Considering all these factors, businesses that increase the quality of their services can provide customer satisfaction (Şahin & Şen, 2017). It is understood that staff training and participation is important in terms of service quality in order to increase customer satisfaction. They stated that using a conciliatory communication language to fulfill the requests of middle and senior managers is an important element in perception management. Consumers have realized that they also have something to say and that they have to listen to it. Firms have also understood that they have to listen and understand their consumers in order to exist in the market (Bozkurt, 2000). With individuality coming to the

forefront, consumers wanted to see products, services and processes that were produced only for them, offered only to them, and designed only for them. Considering that the production and the producers are high and the product features are repeated in a short time by the competitors, they have reached the conclusion that there is no other solution but customer-oriented marketing to be successful (Demir & Kırdar, 2007). This finding supports the result of the study positively. As can be seen as a result of the ANOVA analysis made in Table 12 regarding whether there is a significant relationship between perception management and customer loyalty in the study, when the effect of the independent variable was tested with the help of the anova table, it was found to be significant at the level of 5% (Sig. = 0.000 <0.05). It can be said that the regression model in question made a significant contribution to explaining the dependent variable. When we examine the effect of perception management on customer loyalty with the regression model, the coefficients are Sig. Since the value is less than 0.05, we can say that the coefficients are significant. In Table 13, we see that the coefficient of the independent variable is 0.512. This result shows that when there is a unit increase in customer perception, there will be an increase of 0.512 percent on customer loyalty. A positive significant relationship has been found between creating customer loyalty and perception management on the customers of textile companies. According to this result, we can say that the H1 hypothesis has been accepted. It was observed that the perceived service and the product offered, combined with the expectations of the customers, created a loyalty to the business and the product. Customer loyalty to the business is explained by the concept of loyalty, as well as the customer's purchase of a different product from the same business or an attitude of buying products from the same business, as well as explaining that business to the people around it with its positive aspects and attitude towards rival businesses (Cronin & Taylor, 1992). This supports our hypothesis positively. It is shown in Table 14 that company profitability in the research is significant according to the Anova test (Sig. = 0.000 <0.05). According to this result, perception management is thought to make an important contribution in explaining its positive effect on company profitability. As can be seen in Table 15, the positive effect of company profitability

independent variable on perception management has been determined as 0.452. A positive significant relationship has been found between creating company profitability and perception management in the textile company. According to this result, the H<sub>2</sub> hypothesis was accepted. According to this result, it is thought that the financial performance and profitability of businesses that can manage perceptions can increase positively. Organizations that strengthen their economic structure have more reputation in the global market than others and are more successful in managing perceptions (Karatepe, 2008). In addition, according to Karaköse, an institution with a good financial performance has strong profitability dimensions, makes low-risk investments, makes strong predictions about future growth, and performs better than its competitors (Karaköse, 2007). Company average life expectancy, Company average life expectancy is shown in Table 16, where the independent variable is significant according to the Anova test (Sig. = 0.000 <0.05). The result supports the research data. As seen in Table 17, the effect of perception management's average life expectancy of the company on customer loyalty was determined as 0.159. Although it has less effect than other variables, we can say that the average life expectancy of the company also has an effect on perception management, as it has a positive effect. A positive significant relationship was found between the perception management of textile company managers and the average life expectancy of the company. According to this result, the H<sub>3</sub> hypothesis was also accepted. Good governance is the assurance of perception management. It enables the business to attract human and financial capital, companies to work effectively for many years, and to create value for the target audience and business in the long term (Argüden, Y. 2007). (Stangler & Kedrosky, 2010). In a study on company lifetimes and expectations on this issue, the main results stated in the S&P Index are shown in the following items. Average company life expectancy; It was 90 years in the 1930s and 25 years in the late 1990s. The probability of a public company going bankrupt in any 10-year period is more than twice today compared to the period between the 1960s and 1990s. The probability of a high-performing company to be demoted from the industry leadership tripled between 1970 and 1990 (Çelik, 2012). Considering the answers given

by middle and senior textile managers to the research, our hypothesis that customer loyalty has a positive effect on company profitability, as seen in Table 18, the effect of customer loyalty independent variable on company profitability is determined as 0.169. It is seen that there is a highly positive relationship between both variables. Previous research supports our hypothesis. According to this result, it has been observed that improving customer loyalty has a high impact on business profitability. Improving customer loyalty is possible by establishing strong long-term relationships between the business and the customer. These relations with the customer can increase the frequency and amount of purchases from the business over a long period of time, provide economic benefits to the business, and recommend new customers with less cost by recommending the businesses and products to the people around them (Şener, & Behdioğlu, 2013). Repeat purchases from the business are increasing and it is possible to pay higher prices for business products. In addition, depending on the business and its presentations, it recommends it to the people around it. Thus, it brings in less costly new customers to the business (Fecikova, 2004). The level of customer satisfaction also affects the attitudes of non-customers and can increase the market shares of the business. As a result, increasing customer satisfaction provides customer loyalty, increase in sales, decrease in costs and thus profit development (Yeung & Ennew, 2000). Customers want to trust the business they share value, know that employees are interested in them and do not want to face oppressive sales or hidden fees (Yeung & Ennew, 2000). Geller, 2003). As customers become aware, they can evaluate the competence of the business and the benefits it offers. This evaluation power increases trust expectations in customers. When consumer insecurity happens, the company is removed, irrespective of the dimensions or style (Singh & Sirdeshmukh, 2000). In this case, the profitability of the business will decrease and the life expectancy of the company will decrease. According to a survey conducted by the Ankara Chamber of Commerce Room average age of the company in Turkey for 12 years. On the other hand, the average age of international companies is 40-50 years. The longest-lasting companies are collective companies with an average of 20 years, while the shortest-lived companies are "establishments" with an

average of 4 years. Only 1.8 percent of the companies that shut down were able to survive for more than 40 years. Coming off the leading causes of bankruptcy company in Turkey. There are three main causes of death of the company in Turkey. The first is to start working without the capital required by the job, the second is that the business model and value proposition are not designed to make a difference, and the third is bad management. According to the research, under 7 years seems critical as well as the year of activity. In measuring the risk of receivables, if the operating age of the client company is less than 7 years, it requires more special attention. Although they appear to be mostly closed private companies, the risk of Ltd companies should be perceived as higher than private companies due to limited liability. The risk seems to be slightly less in Anomim companies. The risk is also lower in collective companies. Private companies are followed by Ltd companies with 41.3 percent, joint stock companies with 10 percent, and cooperatives with 3 percent. The companies with the longest life "collective companies" with an average life of 20 years, "the companies with the shortest life" are "establishments" with an average life of 4 years. According to the analysis, "cooperatives" live an average of 17 years, "limited liability companies" 16 years, "joint stock companies" and "sole proprietorships" 13 years, "Ltd companies" 10 years. "The average lifetime of foreign companies is 9 years (ATO, 2020). One of the most important causes of company deaths is low business profitability. Bu da yapılan araştırma sonucu ile hipotezimizi doğrulamaktadır. Araştırma sonucunda tüm bağımsız değişkenlerin algı yönetimi üzerinde pozitif yönlü bir ilişki olduğu saptandığından araştırma kapsamında oluşturulan tüm hipotezler kabul edilmiştir.



## **CHAPTER 7**

### **RESULT AND SUGGESTIONS**

Perception Management is a crucial process for companies to be permanent. Experimental studies are recommended to increase the knowledge and competencies of business managers on Perception Management.

It is recommended to increase the number of courses given in universities on Perception Management.

Perception Management is widely recommended in other sectors as well as affecting the permanence of companies.

In order to ensure customer loyalty, it is recommended to include experimental studies and to train businesses and employees in the business.

It is recommended to pay attention to the efforts to improve the image of the business in the society, from the attitudes and behaviors of the relevant personnel to the aesthetic appearance of the building and offices of the enterprise.

It is recommended that customers be called (by e-mail, tel, etc.) on important days (such as birthdays, holidays) to increase their loyalty. It is recommended to use internet-based social media networks effectively to protect communication with customers during the Covid19 global epidemic period.

To hold companies alive, the financial accounts should be closely watched and followed up by corporate owners and management, in able to preserve

the company profits monitored continuously and to be strong in the future against cyclical developments and potential economic and financial shocks.

We propose that technologies and Internet-based social networks be used responsibly and without exhausted of the target audience, as an essential feature of perception management; and that knowledge be shared with consumers in different contexts in the light of the perception thresholds.

The brand, logo, slogan, emblem or badges of the company can be used as a medium for creating customer loyalty.

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## APPENDIXES

### Survey Form

Dear Responsible,

In this survey study, regarding the thesis titled "The Effect of Perception Management on Customer Loyalty, Company Profitability and Average Life Time", the perception management of middle and senior managers in the companies operating in Bursa It is carried out to determine the effects on the duration.

The study is important in terms of revealing the level of knowledge about the effects of perception management on customer loyalty, company profitability, and average life expectancy of middle and top-level managers of enterprises. The information you provide will be kept strictly confidential and the results of the study will be sent to you upon request. By participating in the survey, you will support a scientific study. Thank you in advance for your interest and time in this study.

Kind Regards.

Yunus KAYABAŞ  
Near East University  
Business Administration Department

1. Gender:

Female     Male

2. Age: .....

3. Education Status

High School                       Associate Degree                       Bachelor/College

6-Year Faculty

Speciality in Medicine     Master Degree     Doctor

4. Type of Business You Manage:.....

5.                      Your                      Duty                      at                      Hospital:

.....

6. Total Working Duration (Year): .....

7. Working duration of the place you are currently working (Yıl): .....

8. Hve you ever been taught on strategic management training?

Yes

No

9. How would you evaluate the competitive situation of the environment in which your business is located?

There is no rivalry

There is a little rivalry

There is rivalry



## PERCEPTION MANAGEMENT SCALE

In this part, there are expressions for the dimensions of "Organizational Perception, Actions and Practices" and "Organizational Strategy and Tactics" of the Perception Management scale. What is required of you is to state your opinion on how often each statement is shown as behavior by your manager by placing an "X" in the box below the option that suits you in the scale opposite. Please do not leave any item blank.

Örgütsel Algı Eylem ve Uygulamalar	Hiçbir Zaman	Nadiren	Bazen	Çoğunlukla	Her zaman
<b>Yöneticim</b>					
1. Makes employees feel that they are a part of the workplace.					
2. Preference of the workplace to serve by employees strives to be a workplace..					
3. Advocates that the practices in the workplace should change or improve with the changes and innovations experienced.					
4. Strives to improve the image of the workplace in society.					
5. Calls its employees on important days (such as birthdays, holidays) (by e-mail, tel, etc.).					
6. Efforts to properly manage the conflicts created by new applications.					
7. It pays attention that the activities to be done and to be done are in accordance with social norms and values.					
8. It provides consistency between the decisions taken in the past and its current applications.					
9. Tries to identify the identity of the workplace with the identities of the employees (at both cognitive and affective levels).					
10. Strives for the workplace to have a unique and special identity.					
11. Provides correct and timely information flow to employees.					
12. Along with the changes and innovations experienced in the sector, it also changes the practices in the workplace.					
13. Makes employees feel valued by praising them for doing what they want.					
14. He/She enables the employees to develop a positive attitude towards the workplace.					
15. Makes use of the media and the press to strengthen the external image of the workplace.					
16. He/She tries to increase loyalty to the workplace by coming together with employees outside the workplace.					
17. Uses the names, logos, emblems, emblems or symbols of the workplace as tools to create loyalty to the workplace.					
18. By paying the necessary attention to the building and structure of the workplace, it makes the environment attractive and interesting.					
19. Uses verbal and / or written communication channels effectively.					

20. Provides feedback on employees' performance and behavior.					
21. Expresses complex topics simply using humorous language.					
22. Collaborates with employees to implement new ideas and practices in the workplace.					
23. Includes everyone in determining work activities in the workplace.					
24. Uses a conciliatory language to fulfill his requests.					
25. Provides rational reasons to influence employees.					
26. Rewards employees' effective performance and behavior.					
27. Tries to use means of influence rather than legal authority in getting business done.					
28. Involves employees, especially in decisions that directly affect them.					
29. It uses scientific data to persuade its employees.					
30. It divides the work by considering the characteristics of the employees.					
31. Gives confidence with his knowledge and experience.					
32. Has strong social relationships.					
33. Tries to represent the workplace appropriately in society in all respects.					
34. It meets with employees at regular intervals.					
35. He/She exchanges information with customers in various mediums.					
36. He/She welcomes the partners to get information about the workplace.					
37. Communicates directly with employees.					
38. He/She takes care of his/her appearance.					
<b>Organizational Strategies and Tactics</b>					
<b>My Manager</b>					
1. From time to time he spreads rumors in his workplace to get something accepted.					
2. Makes certain promises (such as assistant principal) while adopting their views.					
3. It prefers to give a well-equipped workspace to employees who adopt their own views.					
4. Behaves politically (like showing power) while adopting their views.					
5. It deliberately gives teachers incomplete or different information and messages.					

## CUSTOMER LOYALTY

For the company you work for, evaluate the following items according to their importance.	Important	Unimportant	Less important	I am undecided / I	Very important
Not making mistakes in its activities					
Offering new products and services					
Quick conclusion of activities					
The delivery time of products and services is not long					
Ease of producing products and services					
Company announcements are easy, understandable and error-free					
Ease of services in other channels outside the business					
Offering new product and service combinations to better meet the product and service demands of the business					
Informing about new campaigns and products					
Private campaigns are carried out					
Communicating on special days other than product or service announcements (holiday greetings, new year greetings, birthdays, etc.)					
Özel günlerde hediyeler sunması					
The business has a lottery campaign					
Employees' Paying attention to their appearance					
Employees make a sincere effort to find solutions to problems					
Employees have complete knowledge of products and services					
Employees are polite					
Employees build trust					
Employees to keep secrets in their jobs					
Employees to communicate and provide information about products and services					
Employees remembering customers					
Having a modern look of the business					
Sufficient resting places					
Sufficient resting places					
Comfortable and spacious workplace					
Workplace location					
Having a widespread dealer network					
Technological substructure					

### COMPANY AVERAGE LIFE TIME

Please evaluate the following items for the business you work for.	I strongly disagree	I do not agree	I am indecisive	I agree	I absolutely agree
If I am satisfied, I recommend the business I work to my relatives.					
I try to persuade my friends and relatives to work in the business I work for.					
The business I work for is always my first choice.					
I would consider working more in the future in my business.					
If the business I work for increases the employee wages, it is more preferred.					
I still prefer the business I work for, even if another business offers a more affordable salary.					

## CURRICULUM VITAE

Yunus Emre Kayabaş was born on July 11, 1974 in Germany. He completed his primary education in Devrim Primary School and completed Gazi secondary school and high school education in Sivas Industrial Vocational. Yunus Emre Kayabaş, who started his university education at Anadolu University Faculty of Business Administrative in 1998, completed his MBA at Uludağ University in 2015, and started his doctoral studies at Near East University in 2016.

Yunus Emre Kayabaş, who started his business life after his education, worked as an accountant and Sales Manager textile sector and construction sector in Bursa. Kayabaş, who plays some sports in his spare time like a Box and Kix Box. He also likes reading book and interested in politics issues. He has been living in Bursa. He is a partner and manager of a company that produces Construction Chemicals in the Construction Sector. He also provide Finance and Management Consultancy to private companies. In the past years, he has worked as a columnist in various magazines and newspapers, and gave lectures on Business Finance and Finance Management and Financial Accounting at Bursa Technical University, Faculty of Humanities and Social Sciences.

He worked as Bursa MHP provincial vice president responsible between 2015-2020.

He prepared some studies related to Bursa;

Economic and Demographic Structure of Bursa, Opportunities, Problems and Possibilities

Urban Transformation in Bursa,

Earthquake and Ground of Bursa,

Bursa Water Soil Resources and Hydroelectric Energy Potential Water and Soil Resources Development Status,

Road Transportation Projects and Report in Bursa,

Transportation System Suggestion Solutions,

Rail System Transportation Plan,

Food, Agriculture and Livestock,

Organized Industrial Zones Istanbul Environmental Plan and Its Effects on our City.

## PLAGIARISM REPORT

### EFFECT OF PERCEPTION MANAGEMENT ON CUSTOMER LOYALTY, COMPANY PROFITABILITY AND AVERAGE LIFE TIME

YUNUS EMRE KAYABAŞ

doktora

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## ETHICS COMMITTEE REPORT



### BİLİMSEL ARAŞTIRMALAR ETİK KURULU

06.10.2017

Sayın Yunus Emre Kayabaş

Bilimsel Araştırmalar Etik Kurulu'na yapmış olduğunuz YDÜ/EB/2017/36 proje numaralı ve **“Effect of Perception Management on Customer Loyalty, Company Profitability and Average Lifetime”** başlıklı proje önerisi kurulumuzca değerlendirilmiş olup, etik olarak uygun bulunmuştur. Bu yazı ile birlikte, başvuru formunuzda belirttiğiniz bilgilerin dışına çıkmamak suretiyle araştırmaya başlayabilirsiniz.

Yardımcı Doçent Doktor Direnç Kanol

Bilimsel Araştırmalar Etik Kurulu Raportörü

**Not:** Eğer bir kuruma resmi bir kabul yazısı sunmak istiyorsanız, Yakın Doğu Üniversitesi Bilimsel Araştırmalar Etik Kurulu'na bu yazı ile başvurup, kurulun başkanının imzasını taşıyan resmi bir yazı temin edebilirsiniz.