

TURKISH CONTRACTORS' BUSINESS DEVELOPMENT STRATEGIES
FOR OVERSEAS MARKETS

A THESIS SUBMITTED TO
THE ENGINEERING MANAGEMENT PROGRAM AND THE INSTITUTE OF SCIENCE
OF
TED UNIVERSITY

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF MASTER OF SCIENCE

BY

PEYMAN JAFERİ

DECEMBER 2015

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December 2015

I certify that I have examined this thesis and that in my opinion it is fully worthy of acceptance in terms of both quality and scope as a thesis for the degree of Master of Science.

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I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

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ABSTRACT

TURKISH CONTRACTORS' BUSINESS DEVELOPMENT STRATEGIES FOR OVERSEAS MARKETS

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December 2015

Business development activities have important role in the construction industry like all in other sectors as these activities ensure to manage rightly, the decision making process by analyzing the issues like management, marketing, financing, risk management, etc. A successful management of the business development activities makes the future plans of the organizations sustainable and contributes to the corporate development by increasing the competitive strength of the firms.

The Turkish contracting sector contributes much to the Turkish economy and has a significant place in the construction sector of the world. The completed projects and successes of the leading Turkish contractors at the international platform during the last 40 years have played an important role in the continuous development of the Turkish construction sector.

In our days, it is considered to be necessary to search and analyze the problems encountered by the Turkish contractors mainly the rising competition level in the old / new construction markets, and search for efficient business development strategies in that direction.

This survey intends to identify the international problems encountered by the construction firms by emphasizing the effect of the Turkish contractors in the foreign markets and the sustainable business needs in those countries and identify the efficient business development strategies by evaluating the relevant analyses.

Keywords: Construction sector, Business development strategies, Turkish construction companies, Turkish contractors, International construction market

ÖZ

TÜRK MÜTEAHHİTLERİNİN YURTDIŐI PAZARLARINDAKİ İŐ GELİŐTİRME STRATEJİLERİ

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Aralık 2015

İŐ geliştirme faaliyetleri, tüm sektörlerde olduđu gibi inŐaat sektöründe de önemli bir yer arz eder çünkü bu faaliyetler, yönetim, pazarlama, finansman, risk yönetimi vs. gibi konularını deđerlendirip karar verme süreçlerinin dođru yönetilmesini sađlamaktadır. İŐ geliştirme faaliyetlerinin başarılı bir şekilde yürütülmesi, firmaların rekabet gücünü arttırarak, kurumların gelecek planlarını sürdürülebilir kılar ve kurumsal anlamda gelişimlerinde rol oynar.

Türk müteahhitlik sektörü, Türkiye ekonomisine çok önemli katkılar sađlarken, aynı zamanda dünya inŐaat alanında da müstesna bir yere sahip olmuŐtur. Öncü Türk müteahhitlik firmalarının yaklaşık son 40 yılda uluslararası alanlarda tamamladıkları projeler ve dolayısıyla başarıları, Türk inŐaat sektörünün devamlı olarak gelişimine katkı sađlamıŐtır.

Günümüzde, uluslararası eski/yeni inşaat pazarlarında, özellikle rekabet düzeyinin artmasından dolayı, Türk müteahhitlerinin karşılaştığı sorunların incelenmesi ve analiz edilmesi ve bu doğrultuda etkili iş geliştirme stratejilerinin araştırılmasını gerekli hale getirmiştir.

Bu çalışma, Türk müteahhitlerinin yurt dışı pazarlarındaki etkinliğine ve bu ülkelerdeki sürdürülebilir iş ihtiyaçlarına vurgu yaparak, bu firmaların uluslararası alanlarda karşılaştıkları zorlukları teşhis etmeyi ve ilgili analizleri değerlendirerek etkili iş geliştirme stratejilerini belirlemeyi amaçlamıştır.

Anahtar Kelimeler: İnşaat sektörü, İş geliştirme stratejileri, Türk inşaat firmaları, Türk müteahhitleri, Uluslararası inşaat pazarı

DEDICATION

To Dr. Nesibe Gözde Paksoy and Dr. Dilek Okuyucu

who have encouraged me and led me through tough times

&

To those who gave their unconditional love and support

Dr. Laden Jafari, Hülya Ersöz Jafari and Ezzatollah Jafari Jozani

ACKNOWLEDGMENTS

I would like to express my deep gratitude to my research advisors Asst. Prof. Dr. Metin Arıkan for his continuous supervision and support throughout developing my Master thesis.

I would like to express my special gratitude to Prof. Dr. Güney Özcebe, Prof. Dr. Tanvir Wasti, Prof. Dr. Ayşen Ergin, Prof. Dr. Mustafa Tokyay, Prof. Dr. Melih Yanmaz, Prof. Dr. Erdem Canbay, Prof. Dr. İsmail Özgür Yaman, Prof. Dr. Hediye Tüydeş, Dr. Recep Ruhi Tarkan, Assoc. Prof. Dr. Cem Akgüner, Prof. Dr. Mehmet Rüştü Taner, Assoc. Prof. Öncü Hazır, Asst. Prof. Dr. Burze Yaşar for their encouragements.

I would also like to thank — Turkish Contractors Association (TCA) for their kind support, Vice Presidents of Yüksel İnşaat A.Ş.; Mr. Tolga Akkaş, Mr. Cüneyt Karacasu and my colleagues; Güher Erbil, Özlem Dinçer, Elif Odacı, Uğur Yiğit, Songül Atay, Boran Alp, Simge Kervancıoğlu, Mert Pülten, Mesud Baydar and Dursun Akgül for their kind understanding and encouragements.

I warmly thank my dear friends; Efe Baran Akbay, Burak Şendoğdu, Ozan Yazıcı, Enes Yılmaz, Kaan Kırtız, Aytek Güven, Mebrure İtir Özkoçak, Elif Yıldız Bulut, Fatih Bulut, Nilay Doğulu, Osman Gültekin, Sezen Dinçel, Burak Kahraman, Serdar Başdemir, Caner Uzun, Ali Ak, Halil Alptuğ Yavru, Ahmet Sefa Özer, Gürhan Yılgin, Erdoğan Pekcan Erkan, Işık Yılmaz Okcu, Neşe Kına, Esra Nur Gayretli, Sahra Hazal Kaleli, Deniz Yalçın, Erfan Haji Ali Akbari, Ali Soleimani, Ehsan Farahani, Meysam Foolady, Gökçe Özçelik, Ömer Kaygısız, Nihan Laçın Aynacı, Ozan Aynacı, Sezgi Arifoğlu, Bengü Dolanbay, Ferhat Tözünler, Ahmet Gökhan Tiryaki, Gizem Can, Dicle Çetin, Derya Gürcan

Yıldırım, Gülay Gülpınar Özorun, Volkan Yıldırım, Dinçer Özorun, Gökben Demir, Semih Erhan,
Burhan Alam and Fırat Atak for their constant support and friendship.

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LIST OF ABBREVIATIONS

BD	Business Development
ENR	Engineering News-Record
GDP	Gross Domestic Product
TCA	Turkish Contractors Association
MENA	Middle East – North Africa
SWOT	Strengths - Weaknesses - Opportunities - Threats

INTRODUCTION

Background

Construction industry plays a crucial role in Turkey's economic development, accounting for almost 6% of Gross Domestic Product (GDP) in 2015. The share of the construction sector in the Turkish economy reaches approximately 30%, when the direct and indirect impacts on other sectors are taken into account. In addition to advantageous geographical location of Turkey, the cost effective service provided at international standards, high client satisfaction, credibility in partnerships, extensive knowledge and vast experience in a wide variety of projects, familiarity with the business environments in the neighboring regions, qualified manpower and a calculated risk-based approach to business can be counted as strengths of Turkish companies that lead to a great deal to the global competitiveness of the Turkish contracting services abroad. (Turkish Contractors Association Directory, 2015)

Based upon 2014 data, 43 Turkish contracting companies ranked among "The World's Top 250 International Contractors" list, published on August 2015 by the leading international industry magazine "ENR - Engineering News Record". With this number, Turkish overseas contractors, number wise, ranked second in the world after China. Table 1 shows the rankings of the countries between 2009 - 2014. Bearing in mind that, the documents/information of ENR magazine is obtained from the contractors own notifications, the ranking data stated by ENR is assumed to be proper values.

Table 1: ENR Country Rankings 2009-2014

Country	2014*	2013*	2012*	2011	2010	2009
<i>China</i>	65	62	55	52	51	54
<i>Turkey</i>	43	42	38	33	31	33
<i>USA</i>	32	31	33	26	22	20
<i>Italy</i>	15	16	17	19	23	22
<i>Japan</i>	14	14	15	14	13	13
<i>Spain</i>	11	13	12	12	13	11
<i>South Korea</i>	12	13	15	12	11	12
<i>Other</i>	58	59	65	57	61	60
TOTAL	250	250	250	225	225	225

* ENR has expanded the list of the top international contractors up to 250 from 225 as of 2012

According to Table 1 it can be concluded that Turkish construction companies have won an important seat in the global construction industry. But although Turkish construction firms have gained significant successes in the international markets over the last decades, because of the high competitiveness of the construction industry, they face with new difficulties which affect their future plans and force them for new challenges to survive.

In order to gain advantages in competitive construction sector, companies must identify problems, difficulties and generate effective solutions. Due to these reasons, business development management has become indispensable for Turkish contractors to stay as surviving corporations in abroad markets. As a consequence, they need to improve their business development strategies considering the market conditions, competitors etc.

Problem statement

The purpose of this research is to identify Turkish construction companies' business development strategies for overseas markets.

Research objectives

The objective of this research is to explore the following aspects:

- 1) To carry out SWOT (Strengths, Weaknesses, Opportunities and Threats) Analyses of Turkish companies.
- 2) To identify the difficulties that Turkish companies are faced with in overseas markets.
- 3) To identify business development strategies for Turkish contractors in overseas markets.

Limitations

Data collected through surveys will be based on knowledge and personal experiences of participants.

Delimitations

The study is limited to the following areas for feasibility:

- Only private companies are included in the study.
- The research will be limited to international Turkish medium to large sized companies.
- Only general contracting companies which are registered in Turkish Contractors Association (2015) are included in the study.

Assumptions

The surveys included opinions of individuals and therefore the following assumptions were made:

- The participants filling out the questionnaire were knowledgeable about the mentioned topics.
- The participants would fill out the questionnaire accurately and honestly.

Significance of study

The review of the literature clarifies the definition and importance of business development management specifically in construction industry and how they can affect global growth and the future of the construction companies. By indicating the importance of Turkish contractors in global markets, this research tries to analyze the difficulties that Turkish companies face and identify their business development strategies for their challenges.

Thesis organization

The first part of the study will be a literature review of books, articles, theses and sources of the World Wide Web related to the definition of business development, business development in construction industry and business development strategies used by the construction companies. The second part of the study will include a survey about the Turkish contractors, stating their activities in overseas markets as a brief history, importance of business development for them and SWOT analysis of Turkish construction firms. In the next part, the results of the related questionnaire are stated and difficulties of Turkish contractors in overseas markets are examined while the results are subjected to statistical

analysis to identify trends. Afterward, the business development strategies of Turkish contractors are identified and recommendations are also provided.

LITERATURE REVIEW ON BUSINESS DEVELOPMENT

Definition of Business Development

Business continuity is crucial for the survival, development and improvement of any business. In business environment, the success of an organization is dependent on its knowledge about competitive forces, technical advances and macro environmental factors. (Kivrak, et al., 2008)

A successful company should be able to adjust itself with the changing market conditions. Furthermore, it should generate competitive prices for products and also satisfy customers. Therefore, the companies should be innovative, be flexible, operate fast and produce deliveries with low cost and high quality. (Abu Bakar, et al., 2011)

With respect to business dictionary;

Business: “An economic system in which goods and services are exchanged for one another or money, on the basis of their perceived worth. Every business requires some form of investment and a sufficient number of customers to whom its output can be sold at profit on a consistent basis.”

And

Development: “An extension of the theoretical or practical aspects of a concept, design, discovery, or invention.”

Business development (BD) can be described as methods enhanced to develop an economic enterprise in target markets and consists of a series of techniques generated to grow an economic attempt.

Assessments of target markets, evaluation of marketing opportunities, product and service design, intelligence gathering on competitors and clients, producing leads for possible sales, sales activities following and business model design, etc. are some examples of general business development activities. These activities should gain continuity for a company in order to withstand competitors and the changing conditions of the markets. This process involves evaluating a business, realizing the related full potential, shortcomings, using tools such as marketing, sales, information management, risk management and customer service. (Hoghooghi, 2012)

In Table 2 some definitions of the BD by other sources are stated.

Table 2: Definitions of Business Development

Reference	Definitions of Business Development
Wikipedia	<i>“Business development is the combination of responsibilities and techniques that creates new markets, finds new customers, enters existing markets and identifies business types based on current and potential customer’s needs”</i>
Daneshvar (2011)	<i>“Business development is an act which searches new markets and clients, penetrates to the existing markets and searches for new types of projects”</i>
Sørensen (2012)	<i>“The tasks and processes concerning analytical preparation of potential growth opportunities, the support and monitoring of the implementation of growth opportunities, but does not include decisions on strategy and implementation of growth opportunities”</i>
Merwe (2002)	<i>“Business development is the act which restructures and modifies the business process for a more efficient performance”</i>

<p>Seenu Anna Kurien (2004)</p>	<p><i>“Business Development is a company’s team effort of combining various departments of skilled professional expertise to answer ultimately all client questions and to prove to the client why the company should be retained for the project.”</i></p>
<p>Austin (2008)</p>	<p><i>“Any activity that alters the status quo of the business” more over it mentions that business development includes; planning, adding for growth, subtracting for profit, business process improvement, and competitive awareness and advantages”</i></p>

As it can be concluded from Table 2, even the general expressions of business development may differ; it can be a plan, activity, discipline or a process. The range of this explanation is due to business types and diversified organizations. But what is considered as business development in this research is; any attempt that identifies the available business, produces new types of business in the existing and target markets in order to provide profitable and secure results, differentiates a company from its competitors, develop its markets and overcome to emerging problems. Apparently, business development is the main unit which guides a company in order to expand its business in a specific sector, to survive and to sustain in the competitive environment. If we go into details, the expressions of business development may differ due to business type and diversified organizations. In this research, business development in construction industry is considered.

Business Development in Construction Industry; Importance & Objectives

The construction sector has not escaped the new dynamic environment and is changing faster while the business models of the past are replaced by flexible and more dynamic types. The expectations of construction service customers have changed regarding the process and result of construction. They expect high quality, efficient, reliable, quick, economic, more reactive and collaborative with a customer services in long-term approaches. Moreover, investors in the construction organizations expect better returns on their investments and such pressures mean that organizations have to look at building their underlying profitability in the short term as well as long-term strategic positions. (Preece et al., 2003)

The development and operation of a long-term business is risky and complicated. It is difficult to determine the factors that ensure a company to develop, grow and profit. The construction industry is sensitive to the changes and is an unstable market which experience sudden moves, and thus the corporations must develop their strategies for their future to implement their plans in order to sustain. In construction industry, the business dynamics have crossed the limits and acquired a global dimension, no longer restricted to local, regional or national borders and business development has always been an important factor in retaining or extending competitive advantage. In the current marketplace, as stated above, customers are more aware, active and value-driven, and at this stage, the importance of business development becomes evident for the contractors.

Business development can have different aspects and objectives depending on management line of action. It could be directly under the top management or may be a separate department itself, but it should be known that a company cannot sustain without the business development activities. In order

to come up with the development and expansion of the organization, business development crosses the traditional borders for sales, marketing, customer relations, operations and management. (Austin, 2008)

Business development plays a significant role in the growth of the organization depending on internal resources and external factors. In long term, the main focus of managements is in their growth while companies are looking for maximizing their profits in short terms. Growth is considered as more important from adding property to a company and this can be stated as a multi-dimensional growth comprising; asset growth and employment size, growth in revenue and net profit and also growth in the variety of services and products that a company can handle. (Abu Bakar, et al., 2011)

Business development reaches to its function by looking for reliable and profitable clients and keeps them for the next contracts. Business developers approach clients and provide them high quality service that brings the customer satisfaction by using relationships. Business development brings the company's reputation among employers, suppliers, consultants etc. in the industry. Business development's aim is to build good relationships with clients and consultants, and this creates safer working relationships and environments by reducing transaction costs and gains a deeper understanding of customer preferences. These efforts aim to add value to the company and help the process of troubleshooting the project and form a basis of a satisfying business by managing the relationships and provide a win-win for all the parties. (Keki, et al., 2009)

Business developers are responsible for evaluating the performance of their organizations and companies. They should identify the needs and the solutions based on information gathered from the

environment of the related markets. Macpherson and Miller (2007) have pointed to different parts of a BD plan as follows:

- Strategic analysis which is to identify what needs to be considered to raise the business to the next level, or in other words; understanding the current status and situation.
- Objectives and goals where the organization wants to see itself in the future.
- Activities to be deployed on an ongoing business in order to meet the objectives.
- Monitoring and verification of business in order to see the current status of the business and assess its future plans.

From what has been stated so far, we can summarize that the main importance of business development is to reduce risks and costs of a business by maintaining relations and strengthening the company's position in a market. In fact, by providing repeated business for the company and steady work loads and incomes, business development activities can mitigate risks, reduce costs and durations.

Also, in general, the objectives and the responsibilities of business development can be described as managing interactions between the company and other parties in the business world on behalf of increasing the profit of the company. Therefore business development efforts are responsible to set up actions that automatically work together to make profits for the company and the function is to identify strengths and weaknesses of the entered system.

Business Development Strategies in Construction Industry

The construction industry has experienced considerable changes in the last years and more demanding customers and high level of competition have resulted in many organizations to find ways to:

- Differentiating themselves from their competitors
- Focus on customer services
- To get to know their clients deeply
- Establish durable construction and reliable relationships with their supply chain
- Its product marketing before trying to sell it.

Therefore, for organizations and companies it became imperative to enhance their BD strategies and methods. In this chapter, the general and standard strategic management path for BD of construction companies is stated.

The environment in which business operates in is severe, complex and tough and the purpose of development is to search for success of an organization in target markets. The markets that construction companies operate in, mostly have unique characteristics and responsible / managers should consider how they will make decisions in the different ranges as short, medium and long term by thinking and deciding strategically. In construction business, ultimately, strategy can be defined as a plan to survival and development of the business in the long term. In another words, strategy is what a company apply to achieve its desired economic and financial performances. This does not necessarily mean what it is planning to do but rather what it actually does.

Strategic management is supposed to be a predetermined action of a company that aims to achieve its economic, financial and social objectives. However, this process is not static and strategy is often

sensitive to market movements and actions taken by others. Business development in construction is a key weapon in achieving strategic success. (Preece et al., 2003)

Therefore, in order to generate business development strategies, construction companies must be prepared to undertake the most thorough investigation of themselves and their business opportunities in order to set new goals. According to Kurein (2004), this investigation is typically composed of two stages:

- Formulating a business forecast
- SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis

Business forecast

Apparently, the company that knows the market better is thus in a more advantageous position to improve its power of competitiveness and level of profitability. The main analyses of the forecast for a construction company are the following:

1. Competition for new contracts
2. Potential for new business
3. Competition for resources
4. Client

Competition for new contracts

A brief review of the past performances of construction companies shows us the areas of contracting which have been successful and appropriate for development or conversely to avoid because of keen and fierce competitions.

The main items of the analysis are:

- The current share of the company for each of the different classes of work performed.
- The shares and turnovers of the main competitors.
- The recent growth record and profitability of main competitors
- The record of obtaining work of each type in competition related to past markup levels. (Harris and McCaffer, 2001)

Potential for new business

Separate from analyzing the competitors, specific opportunities must be investigated in order to find trends. Also, the type and volume of available works for tender and negotiation during past years, the number of competitors participating for different contracts, the location of work and involved customers should be studied. Forecast of growth opportunities and considering the government regulations and laws in the area are the others steps of analyzing the potential for new businesses. (Harris and McCaffer 2001)

Competition for resources

Some contractors, due to their small asset bases, prefer limited access to investment capital because of low security guarantee that can be offered to offset the risk of the credits. Private funds or bank overdrafts are the main suppliers of these kinds of companies. Hence, some strategically well located construction companies which are interested to evaluate opportunities in bigger markets tend to enter the competition with powerful companies with access to long-term capital and business development skills. In addition, access to reliable sources of either labor or materials carries risks of availability. Labor supply, experienced managers, engineers and skilled workers is very competitive which requires significant commitments from companies to train and hire the qualified staff.

Client

All records stored on clients are important, can be very revealing and may have considerable effects on the final decision to enter a market. Clients prefer to select contractors on the basis of bids, through negotiation, partnership or by other methods. If a company has been removed from a client's candidacy bid list the reasons may be significant and should be investigated. At present, the financial positions of both contractor's and client's can be questioned mutually and by this regulation there is little point in acquiring contracts if payment by client is open to doubt. (Harris and McCaffer 2001)

SWOT analysis

A SWOT (strengths, weaknesses, opportunities and threats) analysis is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business plan. A SWOT analysis can be performed for a product, industry, person etc. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective.

- Strengths: characteristics of the business or project that give it an advantage over others.
- Weaknesses: characteristics that place the business or project at a disadvantage relative to others.
- Opportunities: elements that the project could exploit to its advantage.
- Threats: elements in the environment that could cause trouble for the business or project.

Steps necessary to execute strategy-oriented analysis are identification of internal and external factors

- using 2x2 matrix shown on Figure 1- selection and evaluation of the most important factors and identification of relations existing between internal and external features.



Figure 1: SWOT matrix

Identification of SWOTs is important because they can inform later steps in planning to achieve the objective.

The followings are parts of the aspects considered in SWOT analysis:

❖ Structure of the organization

A company is composed of a structure that has a style and an authority. The top management of the company generates a culture which varies from each organization. The usual styles are formal versus informal, centralized versus decentralized, and autocratic versus democratic. None of these styles has priority to the other one. However, a company must have clear expectations regarding their customers and employees on the business environment. A good study of management skills, competencies and qualifications of the employees has to be done before venturing into a new market. (Harris and McCaffer 2001)

❖ Physical resources

Considering tangible and physically existing resources are essential for evaluating SWOT analysis, such as working spaces, lands, offices and utilities etc. and thus this requires finance, planning and organization.

❖ Financial analysis

To assess the financial soundness of a company and compare its performance with the main competitors, financial ratios have to be calculated and determined. The analysis of contract trading must be evaluated which reflects the effect on profits for several different types of contracts and construction sectors.

Some elements to analyze the threats and opportunities facing the organization are as follows:

- Political changes;
- Economic changes;
- Social changes;
- Technological changes;
- Changes in your own industry; and,
- Other changes.

In addition to formulating a business forecast and evaluation of SWOT analyses, promotion of the company and improving customer relations are other necessary practices in order to development of business;

- Promotion

The construction industry needs to improve its communication globally. There are many methods for persuading the customers. Here, some of them are mentioned as follow:

Advertising

- Eye catching advertisements of company and successful projects, in magazines, newsletters etc.,
- Standard and attractive color company corporate designs,
- Sales brochures outlining activities of companies,
- Hoardings at public areas such as sport grounds, construction sites etc.

Public relations

- Inviting student associations to visit company construction sites,
 - Encourage students for internships,
 - Conducting seminars and lectures,
 - Publishing articles,
 - Producing videos.
-
- Customer relations

Companies should inoculate loyalty and reliability to their customers in order to promote. Most of the projects come from existing customers. Well satisfied customers also help in promoting the business, helping the company in general. (Zeithmal and Bitner, 2000)

In addition, many clients are impressed by added values. A contractor with the valuable references and services of experienced, high educated and high qualified in design, planning, estimation, law, insurance, business relations, research and development, are able to advise clients on their needs, situation and bring projects as successful implementation and become a more trusted one. The company must also provide after-sales services during the maintenance period. This kind of cooperation can only lead to a better situation in the future. (Harris and McCaffer 2001)

Separate from the mentioned suggested general elements to generate BD strategies above, the problems and difficulties of Turkish contractors in international markets will be distinguished in this research, in the following sections. Regarding these data, the recommended business development strategies will be emphasized accordingly.

TURKISH CONTRACTORS & INTERNATIONAL MARKETS

It is possible to summarize the last 91 years of the development of Turkish construction industry in five stages that has come in sequence: Preparation, domestic market operations, penetration into international market, extending the product range, and global competition. It was not until the early 1970s that the third stage began.

Globalization of Turkish Contracting

Turkish contractors started to consider the chance of earning international contracts in the 1970s.

While Libya was the first foreign market that Turkey stepped in (1972), it marked the beginning of a 10-year period in which the Turkish contracting services were extended to several countries in the Middle East. Turkey's first years in the international market was focused on Libya which dominated the aggregate business volume with 72.52% (during 1972 – 1979). Saudi Arabia (15.45%), Iraq (7.25%), Kuwait (4.71%), Greece (0.06%) and Iran (0.01%) followed Libya in overall business volume. (Turkish Contractors Association Directory, 2015)

The contracting companies predominantly operated in the projects of housing (32.1%), seaport (%18.1), industrial facilities (15.6%), roads/bridges/tunnels (11.7%), and urban infrastructure (8.2%).

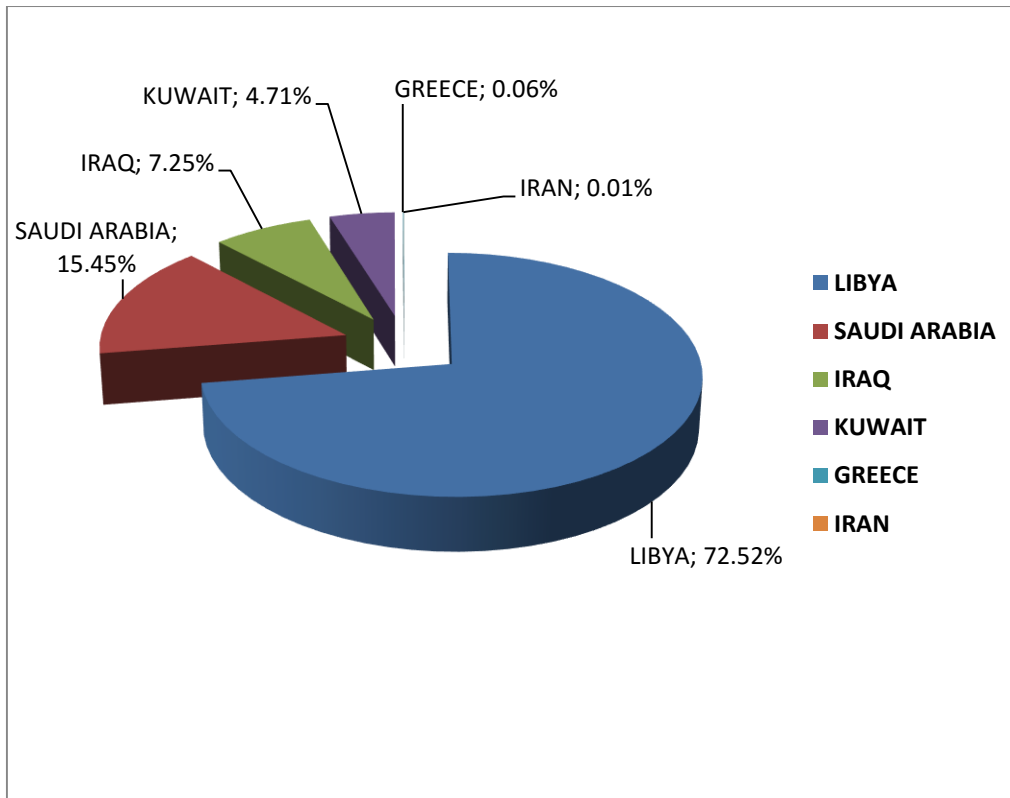


Figure 2: Distribution of International works by Country (1972 – 1979)

The political changes in Eastern Europe in the late 1980s offered Turkish contractors new opportunities. In addition to Russian Federation and the emerging republics in Central Asia, Turkish companies extended their operations to other countries such as Jordan, Yemen, Iran, Saudi Arabia, the United States, Tunisia, the United Arab Emirates and Kuwait.

Despite at a smaller scale than in the past (55.2%, during 1980 - 1989), the foreign trade relied predominantly on Libya as well during the next decade, with Saudi Arabia (23.4%) and Iraq (11.5%) coming second and third. 1980s were marked by dissolution of the Soviet Union and establishment of Central Asian republics along with the Russian Federation (3.8%).

This period saw an increase in housing (36.7%) and urban infrastructure (17.2%) projects, followed by road/bridge/tunnel (7%) and irrigation projects (5.4%). (Turkish Contractors Association Directory, 2015)

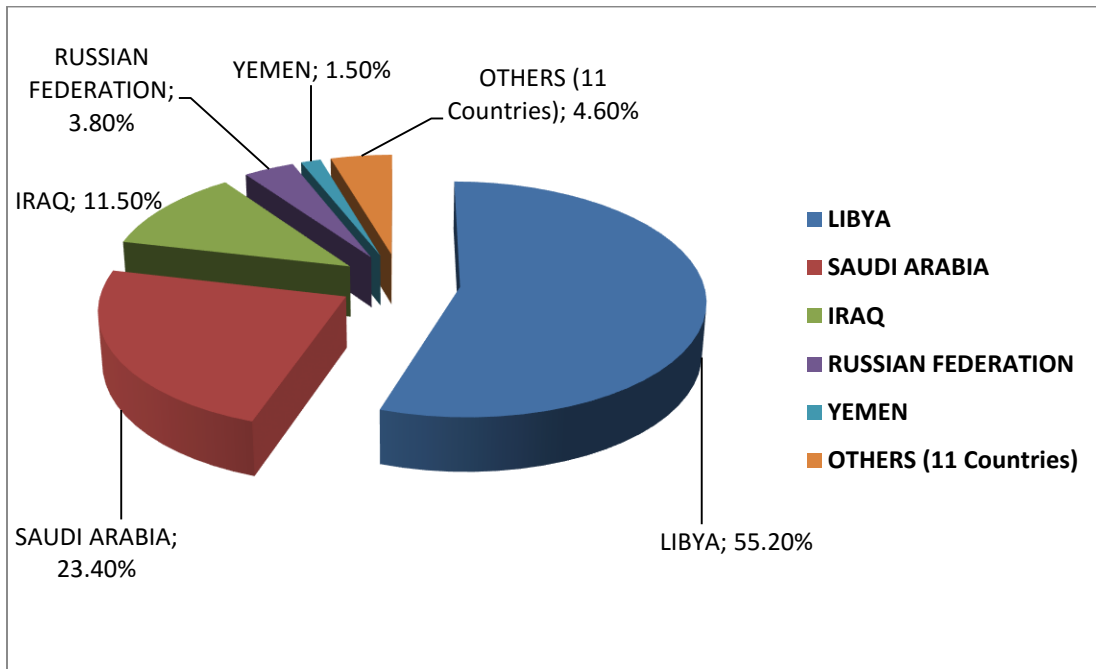


Figure 3: Distribution of International works by Country (1980 – 1989)

As the economic distress and political uncertainties swept over Libya and the Middle East during the 1990s, Turkish contractors diverted their focus to Eurasian, Balkan and Asian countries, which are also in the immediate surroundings of Turkey. This period saw many extensive projects completed in Russian Federation, Ukraine, Central Asian Republics, Germany and Pakistan.

The projects realized in the Russian Federation and other Eurasian countries made up about 60% of Turkey's overall foreign trade.

Diversification of market was the major characteristics of the 1990s. While the Russian Federation had a greater share in Turkey's international business with 34.5% (during 1990 – 1999), the share of Libya (13.7%) fell dramatically, and the third and fourth places were held by Kazakhstan (7.8%) and Turkmenistan (6.7%), respectively. The emerging markets of this period were Pakistan (6.6%), Uzbekistan (3.9%), Azerbaijan (2.6%), Bulgaria (2.6%), the United States (2.5%) and Croatia (2.2%). This period was also marked by the decrease in the share of projects conducted in Saudi Arabia (3.1%), and total vanishing of Iraq from the international business volume of Turkey. (Turkish Contractors Association Directory, 2015)

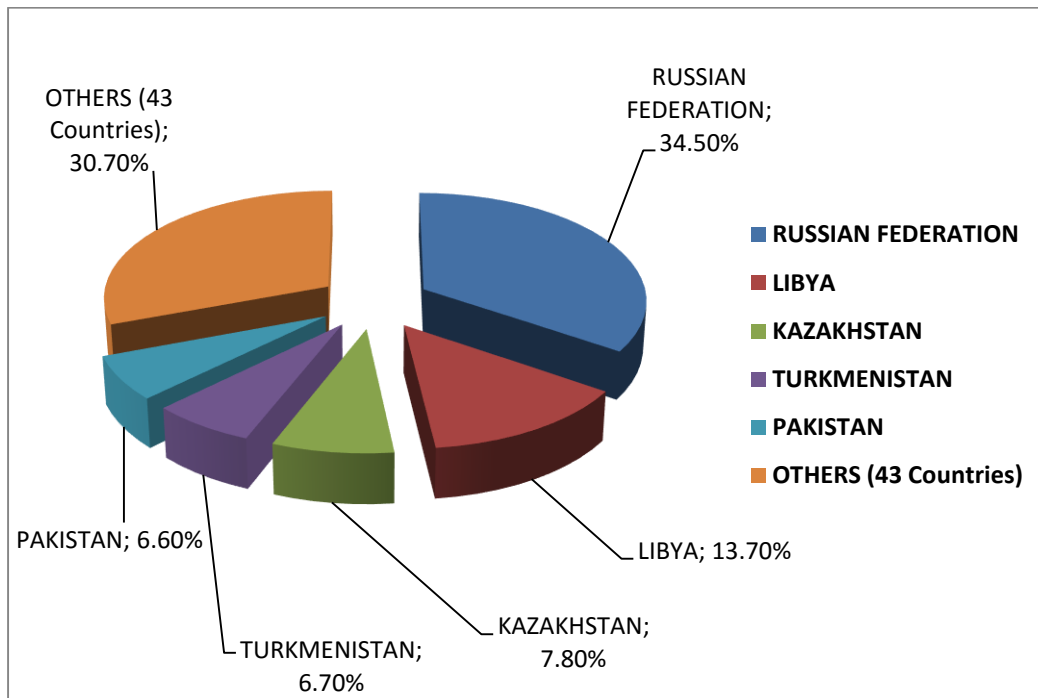


Figure 4: Distribution of International works by Country (1990 – 1999)

Although a comparison to the previous period reveals a decrease in the share of housing works (24.9%), it was to rank in the first place among the types of contracting work conducted by Turkish companies. Road/bridge/tunnel works (12.7%), industrial plants (9%) and commercial centers (8.1%) were in the second, third, and fourth place, respectively.

The number of contracting projects undertaken by Turkish companies until the end of 2000 was 1897, which totaled 41 billion USD in value. Following the period of economic crisis in 2001, the international contracting business of Turkey rapidly improved. The yearly volume of international business grew from 2.4 billion USD in 2001 to approximately 25 billion USD in 2007 and 2008. The foreign crisis forced this figure to decrease to 20.2 billion USD in 2009.

From 2000 to 2009, Turkey's international contracting works took place predominantly in the Russian Federation (15.5%) and followed by Libya (12.4%), Turkmenistan (11.4%), Kazakhstan (7.2%) and Iraq (6%).

More than 30% of the foreign works of Turkish contractors until 2000 was in the housing sector despite the fact that the share of housing projects lowered to 9.8% from 2000 to 2009. In this period, a dramatic increase was observed in the share of road/bridge/tunnel (15.8%), commercial center (11.8%), industrial plant (8.8%) and pipe line (8.3%) projects. (Turkish Contractors Association Directory, 2015)

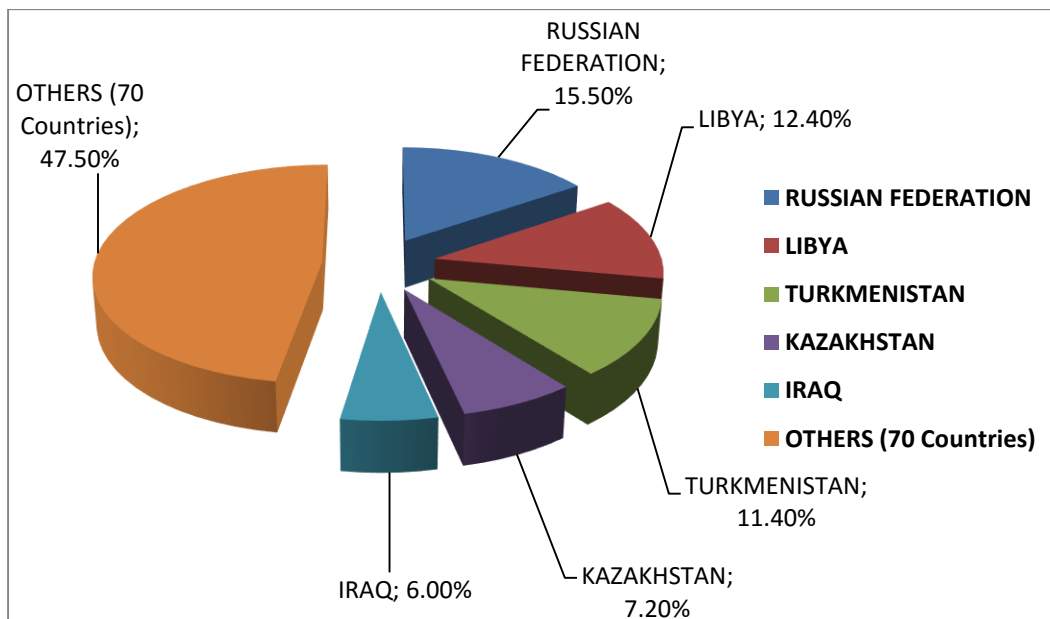
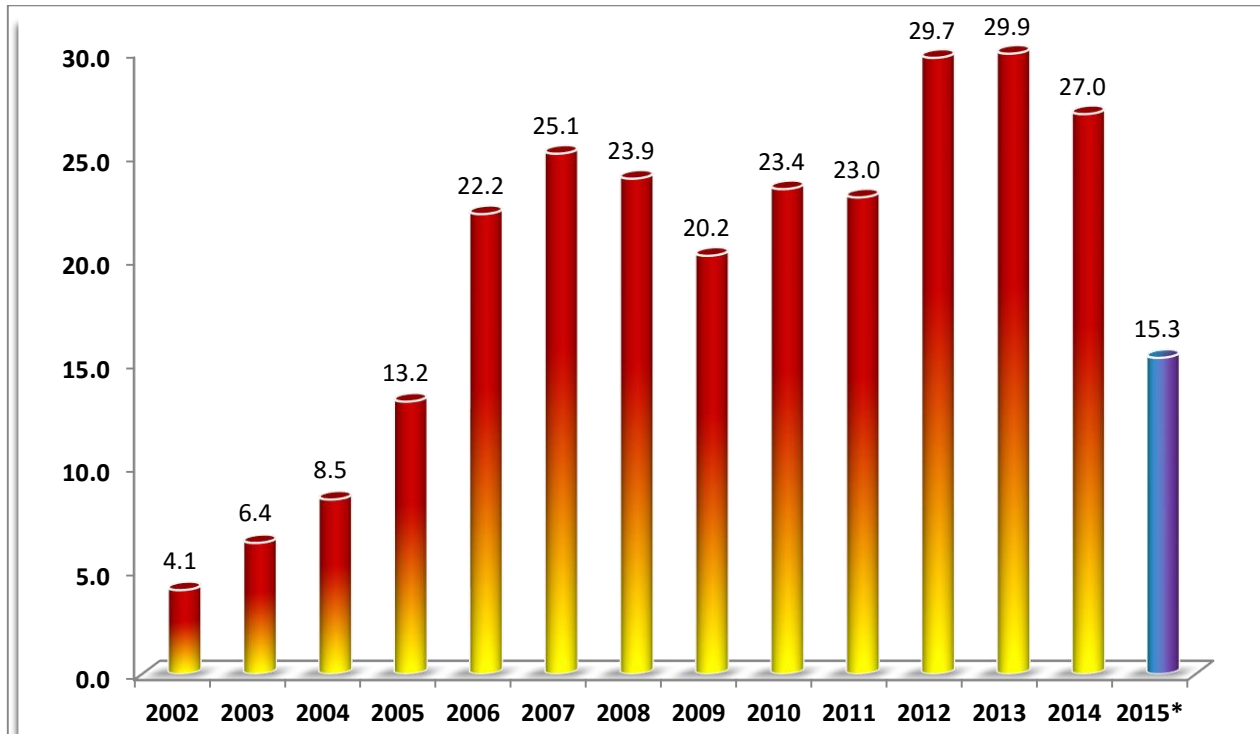


Figure 5: Distribution of International works by Country (2000 – 2009)

During 2010-2013 period, the annual volume of international business undertaken by Turkish contractors grew by 37.2% and reached its peak, increasing from 23.0 billion USD in 2010 to 29.9 billion USD in 2013. The data shown in Figure 6 is based on yearly awarded contract amounts to Turkish contractors in overseas markets. The data stated by TCA is assumed as accurate values. (Turkish Contractors Association Directory, 2015)



* 2015 – First 9 months

Figure 6: Annual International Contracting Services (billion USD)

According to the market distribution of the works undertaken in the period of 2010-2014, it can be observed that Eurasian and European countries increased their shares in total business volume, whereas the shares of Middle Eastern, African and Asian countries decreased.

Turkmenistan (21.5%), Russian Federation (16.9%) and Iraq (10.8%) have been the leading markets for Turkish contractors in this period. The projects completed in these countries accounted for nearly

the half of the total amount of international works while the major fields of activity were road/bridge/tunnel (14%), housing (12.6%), airport (8%), sports facility (7%) and commercial center (7%) projects respectively. (Turkish Contractors Association Directory, 2015)

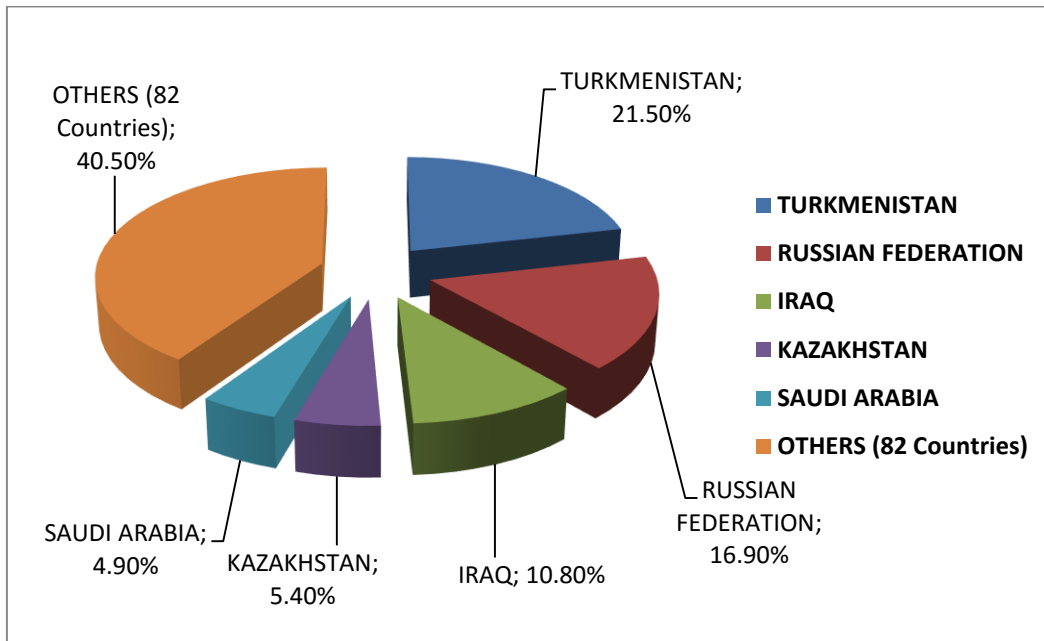


Figure 7: Distribution of International works by Country (2010 – 2014)

Turkish International Contracting Services (1972–2015/9 months)

From 1972 to the first 9 months of 2015, Russian Federation had the highest share with 19.4% in terms of the distribution of international works undertaken by Turkish contractors. Turkmenistan and Libya followed the Russian Federation with 15.0% and 9.2% market share, respectively.

Although the negative impact of the global economic crisis led to a recent decrease in the share of the Russian Federation in international contracting markets of Turkey, the country continues to be the top market for Turkish contractors. (Turkish Contractors Association Directory, 2015)

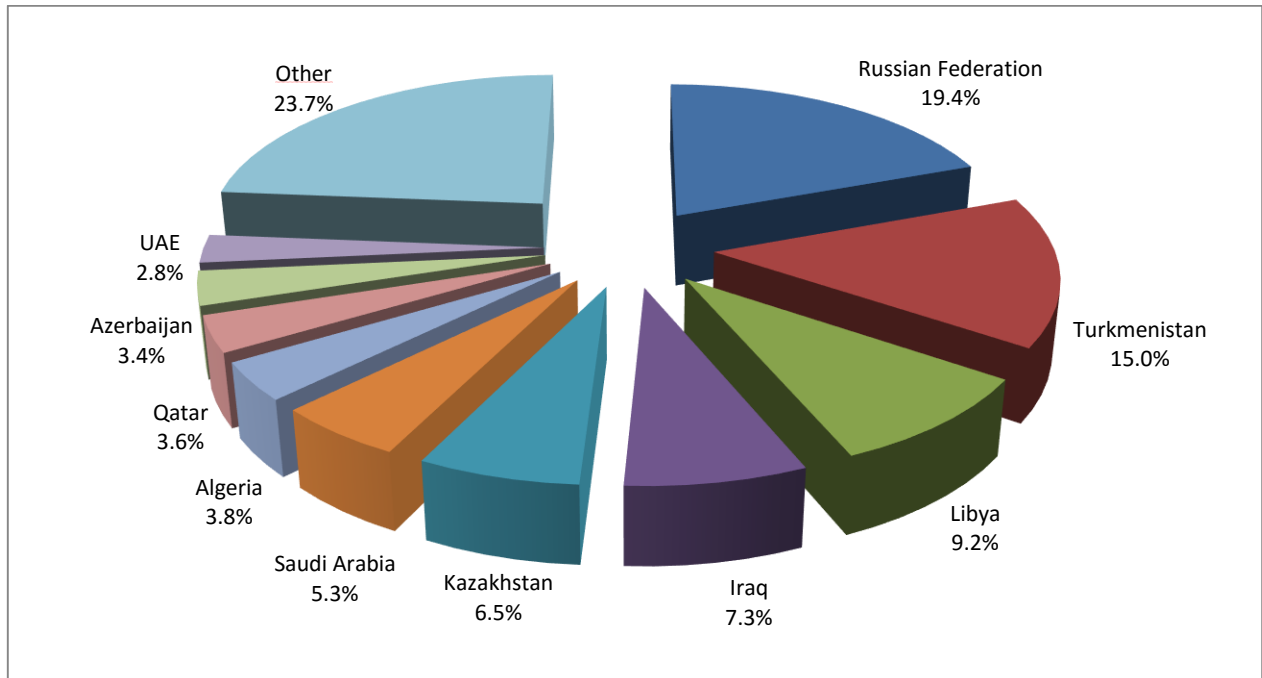


Figure 8: Distribution of Activities by Country (1972-2015/9 Months)

The international works from 1972 to the first 9 months of 2015 were distributed predominantly among Eurasian countries (45.5%), Middle East (26.6%), Africa (18.4%), Europe (6.0%), South Asia and Far East (3.0%), and North and South America (0.5%).

It would be fair to say that Turkish contractors undertook about fifty per cent of its international works in Eurasian countries and 90.5% of all projects from 1972 to the first nine months of 2015 were conducted in Eurasian, Middle Eastern and African countries.

The 42 years under examination saw an outstanding progress in the industry with regard to diversity of markets, products and businesses. Some of the Turkish companies specialized in certain types of projects such as international airport, railway and urban rail systems projects. This caused a decrease in the share of housing projects in overall international contracts undertaken by Turkish companies while a significant increase was observed in road/bridge/tunnel, commercial center, airport, industrial

plant, tourism facility and petrochemical plant projects. (Turkish Contractors Association Directory, 2015)

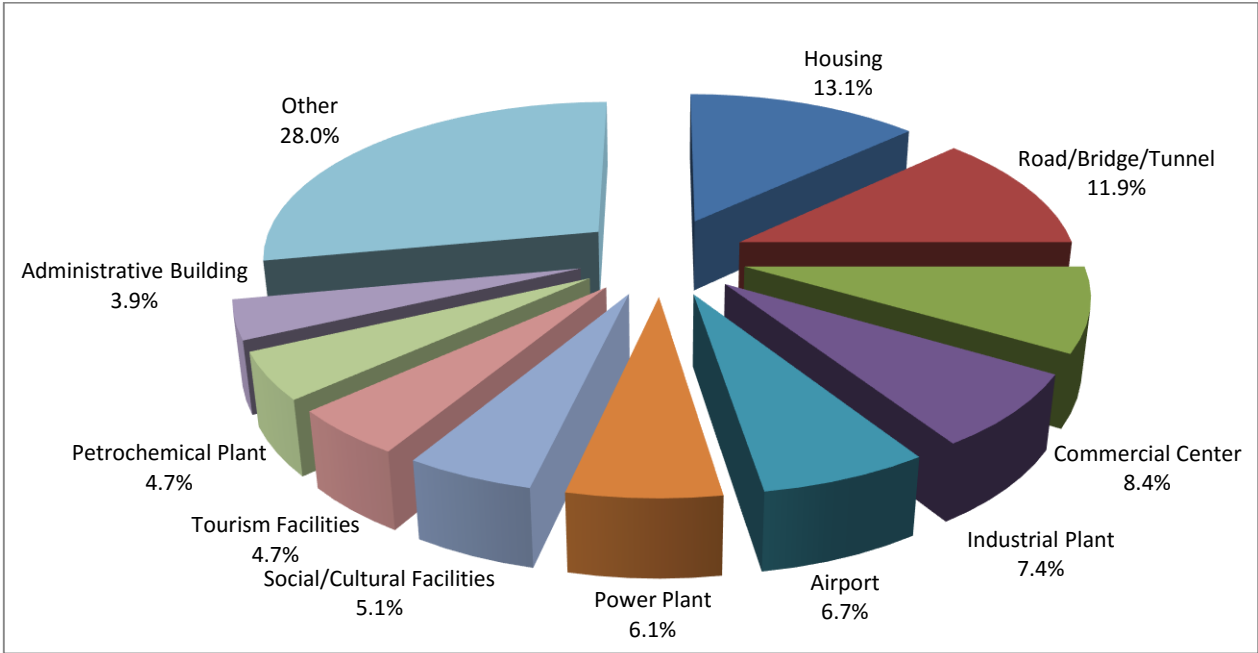


Figure 9: International Activities by Nature of Work (1972-2015/9 Months)

Another recent tendency is the increasing interest in partnerships such as domestic and foreign consortiums for large-scale projects, direct investments and property management in surrounding countries.

Importance of Business Development for Turkish Contractors in Overseas Market

In the first years of internationalization, in 1972, opening of the Libyan market to Turkish contractors was the most important event for the Turkish construction industry. The competitive advantage in MENA (Middle East - North Africa) countries stemmed from the cultural proximity to those countries. The excess exchange in foreign markets after the increase in oil prices and high competition between governments for bringing prestige and investments to their countries gave rise to construction investments and projects and this incident created huge opportunities.

The positive results from Libyan market motivated Turkish contractors to operate in other neighboring countries where there was a demand for construction investments. The Iran – Iraq war in 1980s affected them positively in terms of reconstruction activities after the war.

The volume of works in Iraq and Afghanistan increased considerably after war with USA. However, the earthquakes in Iraq and political instability in those countries became threats for construction projects, the volume of works decreased and payment problems to the contractors occurred in the remaining years.

After 2000, Turkish contractors have undertaken many projects in MENA region and because the Turkey is geographically close to the region, there have been several logistic advantages.

In 2011, another major event occurred in Libya when a civil war started. Due to the rebellion, the Libyan market was no longer safe to execute and perform any works, so Turkish contractors immediately left Libya and vacated the project sites. Since most of the projects in Libya were very huge investments, the Turkish contractors lost considerable volumes of works.

When the substantial effect of international projects on Turkish construction industry is considered, it can be concluded that the market conditions, for instance even political instability of the region can

make magnificent advantages and opportunities while it can also harm the companies' ongoing projects, plans and make financially damages, in some cases.

Another factor that affects the Turkish firms in international market is the showing up the powerful far eastern competitors such as Chinese and Korean companies. These firms act aggressively and become serious threats for Turkish contractors, mostly because of their low cost proposals.

According to the mentioned experiences, a result can be accomplished that the international markets, especially working in MENA countries had the key role in present situation of Turkish contractors. Regarding the indispensability of global projects for Turkish firms, therefore, the BD activities for overseas markets must be considered as vital efforts.

Competitiveness and SWOT Analysis of Turkish Contractors in International Market

In a research Özorhon and Demirkesen (2014) have investigated the international competitiveness of Turkish contracting services based on the experiences gained in the international markets over the last forty years. The SWOT analyses of Turkish construction companies have been represented by them regarding a framework that consists of six factors (four of which are the major determinants while the other two are the exogenous ones). The major determinants of their model are described below:

- **Factor Conditions:** All the production factors of a firm in each industry such as human resources, physical resources, information resources, capital resources and infrastructure. Also, geographical conditions, efficiency, technological improvements, education level, standards, infrastructure resources and professional organizations are considered to be important in the context of construction industry.

- Demand Conditions: Qualitative demands, export and new market opportunities. The conditions, which are related to the construction industry, can be revealed as the wide spectrum of construction industry and its improvement, clients' quality and service expectations, and the content of the contracts.
- Firm strategy and rivalry: The market positioning of the firms in order to reach long term and middle term targets. The main issues that are related to the construction industry can be listed as the competitiveness among firms, reliability, and expertise level of the contracting services, costs and industrial integration components.
- Related and supporting industries: Consider the effect of all industries in the domestic market that are related to the industry in question. The main items that apply to the construction industry are the number of companies, volume of work, and the current situation of the related industries and the level of competitiveness among firms performing in the same industry.

They also take exogenous factors in their model as follow;

- Government: The role of government affects the four determinants stated above as an exogenous factor. Therefore, it also affects the competitive advantage indirectly. Incentives provided by the countries for the construction industry, government policies supporting construction activities, and mutual business agreements between countries can be investigated.
- Chance: Affects the competitive advantage of the countries. However, it can cause the industry to change its positioning in the economy. The components that are included in this context in terms of construction industry are wars, natural disasters, and national and global economic conditions.

Figure 10 represents the negative and positive factors contributing to international competitiveness.

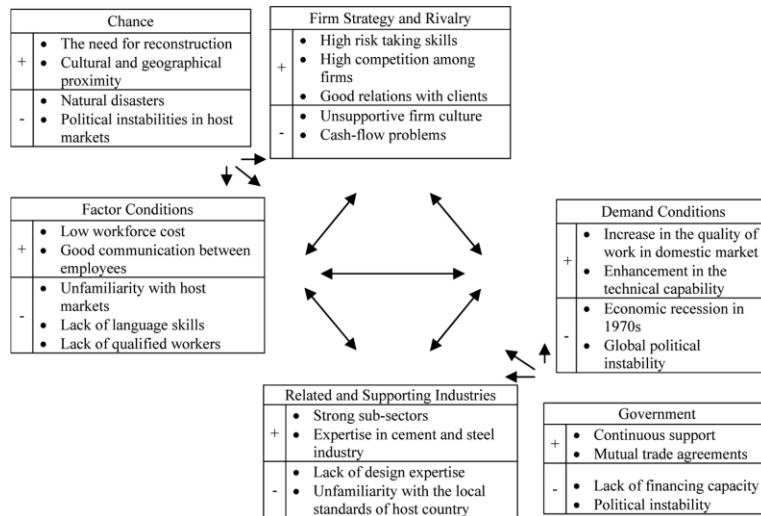


Figure 10: Components contributing to international competitiveness

The SWOT matrix for the Turkish construction industry based on their international experiences in the period 1972-2011 has been completed by Özorhon and Demirkesen. The strengths, weaknesses, opportunities and threats of this period are explained as follows;

Strengths

- Low costs
- High productivity of workers
- The ease of communication among Turkish employees
- The learning process of the industry based on experience
- Good client relations and high customer satisfaction
- The risk taking attitude in some markets
- Strong sub-sectors such as steel and cement sector

Weaknesses

- Lack of risk management practices in high-risk markets
- High turnover rates among employees
- Lack of language skills of workers
- Infrequency of partnerships
- Lack of supportive organizational structure and culture
- Lack of engineering design expertise
- Lack of qualified workers

Opportunities

- Support of government for domestic and international projects
- Mutual trade agreements with host countries
- The geographical and cultural proximity to host countries
- The need for construction investments in neighbor countries

Threats

- Problems in project finance
- Earthquakes, natural disasters, and wars
- Political instability in key markets
- Incompatibility of Turkish building materials with international specifications

Competitiveness and SWOT analysis of Turkish contractors must be elaborated on deeply in order to generate effective BD strategies against concerns, problems, competitors and difficulties.

RESEARCH METHODOLOGY

Data Collection

In order to distinguish the problems of Turkish contractors in overseas countries and identify their business development strategies, a literature-based and step by step review and brainstorming sessions were conducted. At the beginning, the term of business development was investigated and with the use of “Google scholar” as a search engine, the available sources such as thesis, journal articles, books, academic researches and web pages in the field of business development were identified, reviewed and studied. The studies clearly show that business development is the main unit which guides a company in order to expand its business in a specific sector or more significantly to survive in competitive markets. Afterwards, the concept of business development in construction industry has been reviewed specifically while importance and objectives of business development in construction industry were scrutinized and described. Later on, the general business development strategies in construction sector were mentioned. Based on the researches, business development has been stated as evident factors for contractors in such a competitive market in order to survive and maintain activities. In the next step, the situation of Turkish contractors in international markets has been stated using the data from ministry of finance in Turkey and their competitiveness in global market of construction industry has been investigated. A recent SWOT analysis of Turkish contractors has been studied in order to analyze competitiveness of them and then the importance of business development for Turkish construction companies has been emphasized.

According to literature review, the general business development strategies and situation of Turkish construction firms can be easily compiled but because of the shortage on related literature in the studied

subject, an additional data collection on Turkish companies' difficulties and business development strategies in international markets was seen necessary. Following the literature review phase, the second step, a primary data collection from the members of TCA was considered and for this reason a questionnaire with business development professionals was decided to be designed and used. The respondents are chosen among TCA members since the volume of the work they have completed so far constitutes 90% of the international projects of Turkish contractors. Due to the difficulties faces in conducting interview with each person, some questions in the format of interview were added in order to receive opinions of business development professionals freely as a qualitative approach.

The companies participated in the survey from TCA were medium-to-large size contractors operating in international markets. A letter of invitation was sent to 98 TCA members who were introduced as active members in 2015. A total of 24 firms accepted to be included in this research, resulting in 25% response rate. The participants were mostly selected among company board members, business development directors, executives and managers. They have at least 11 years of experience in the sector and have been involved in many international projects. As stated, the firms are medium-to-large organizations with an average turnover of 798 million USD (last 5 years) and they have been in construction business for 40 years in average. The main areas of expertise of the companies are infrastructure projects, industrial facilities, super structures, energy, power plants, etc.

In addition, 19 out of 24 companies were listed in ENR's (Engineering News-Report) Top 250 International Contractors list for 2014.

Table 3 shows the profile of the companies and respondents.

Table 3: Company and respondent profiles

Company	Experience in Construction Sector (...-2015)	Approximate Annual Turnover in USD (Last 5 Years)	Number of Employees (2015)
1	>60	> 500 million	1000-10000
2	>30	> 70 million	1000-10000
3	>25	> 950 million	1000-10000
4	>50	> 600 million	1000-10000
5	>20	> 50 million	1000-10000
6	>50	> 50 million	100-1000
7	>50	> 10 million	<100
8	>45	> 40 million	<100
9	>35	> 750 million	1000-10000
10	>60	> 1,000 million	1000-10000
11	>25	> 1,000 million	1000-10000
12	>15	> 30 million	100-1000
13	>50	> 6,000 million	>10000
14	>25	> 300 million	100-1000
15	>30	> 400 million	1000-10000
16	>60	> 1,000 million	>10000
17	>30	> 300 million	1000-10000
18	>20	> 1,000 million	>10000
19	>20	> 3,000 million	>10000
20	>75	> 500 million	1000-10000
21	>50	> 500 million	1000-10000
22	>40	> 350 million	>10000
23	>40	> 250 million	100-1000
24	>50	> 500 million	1000-10000

In the following section, a detailed explanation on the conducted questionnaire will be presented.

Questionnaire Plan

This research explored appropriate methods of international business development through studies of Turkish construction contractors at the pre-contract stage. Therefore, it was necessary for the research to reflect an understanding of the changing Turkish construction market and the contractors changing strategy, decision making process, challenges and performance during their business development activities. A combination of qualitative research was adopted to provide an insight of the organization perspectives, performance and associated social phenomena.

The conceptual framework effects for Turkish contractors in commencing their overseas business development operations could be from, but not limited to the following:

- Change of social environment,
- Changing financial situation of the company,
- Technical advantages,
- Local markets situations,
- Turnover expectations,
- Resources situations,
- Attractive national policies,
- Company objectives,
- Overseas market attractions,
- Relationships of the company.

In order to understand the challenges, difficulties and problems of Turkish contractors, this structured survey were requested to be carried in order to generate business development strategies.

The objectives of the survey were to study the basic questions for companies that are intending to expand to international markets in order to sustain:

- Why go international?
- How to compete with other companies who apparently have advantages in the local market?
- What are the advantages of a foreign company in the new market?

The questionnaire plan was based on, but not limited to, the followings:

- a. The overseas construction business development of Turkish contractors relates to social/economical influence;
- b. The assumption that international contractors are well experienced in formulating overseas business development models and the survey reflects only their knowledge in overseas business development;
- c. The intention was to find out what Turkish contractors could do and what they wished to do in order to expand their business in international markets;
- d. The knowledge of overseas business development is a trend of globalization and may be considered as a way forward for the survival and continuation of business development of Turkish contractors;
- e. The questionnaire is set based on selected sampling with normal sample distribution and the level of measurement is interval scaled; and
- f. The surveys was based on standard questionnaires ; respondents were selected from only the top management of organizations, and some questions inviting respondent's personal comments led to diversified answers.

The follow-up survey questionnaire is shown in Appendix A. Only Turkish contractors that are registered in TCA were surveyed in the study. The critical issue here was that all companies were

having to re-consider their development strategy, risk management, human resource consideration etc. and adopt a different approach from their usual and traditional business modes in international markets.

The questionnaire for the follow-up survey of Turkish contractors pertaining to strategic decision making, human resources consideration, risk management as well as expectation of those contractors, comprised three sections:

- Section A was designed to gather general information of the participant companies and to establish that companies have covered overseas activities in their operations.
- Section B was designed to document company objectives, entry concerns, the decision-making process, human resources concerns and communication concerns. Respondents were requested to assign a degree of importance of these concerns. There were also descriptive questions to understand the risk management system of the interviewed company and check their application in risk management in overseas and/or cross-regional business development.
- Section C obtained a general understanding of the interviewed company in their thinking about the difficulties and concerns that Turkish construction companies have in overseas markets, their competitors, challenges and actual business development strategies and observe suggested solutions for problems.

Sections B & C were both considered crucial for overseas business development of Turkish contractors in respect of their entry mode approach, human resource consideration and risk management that relates to the main research areas of this thesis.

RESEARCH FINDINGS

In this current chapter different stages of the study will be mentioned and the results will be discussed. This chapter is comprised of the general findings about Turkish contractors' business development strategies in overseas markets. Moreover, it contains the findings that reflect the problems and difficulties that Turkish contractors have experienced and their concerns in global markets.

General Findings

Throughout this research some general insights about the business development strategies of Turkish construction companies were achieved. For this purpose, firstly the general and standard methods of business development for construction companies have been mentioned regarding the studies of Harris and McCaffer (2001). Also it has been stated that in special cases, the contractors shall evaluate their problems and generate new business development strategies. In this direction, firstly the strengths, weaknesses, threats and opportunities of Turkish contractors were mentioned with respect to study of Özorhon and Demrikesen (2014). The claim of this research is that Turkish contractors' business development strategies should be formed regarding the results of the surveys in order to get stronger, compensate their weaknesses, find ways to use opportunities effectively and expel the threats against their competitors.

Data Analysis

The results of the questionnaire were divided into three sections: counts of pie and bar charts and importance rankings for qualitative data, and at last respondent comments. Graphical techniques are used to describe the overall data gathered. Basic descriptive statistics will be shown in percentage, tables, charts and graphs as deemed necessary and appropriate. For ranking the importance of items asked in relative questions, factor analysis is applied by Microsoft Excel 2013. This research study is descriptive because the objectives include portraying characteristics of companies, determining the frequency, and determining the degree to which certain factor variables are associated.

The first part of the questionnaire is about the general information of the participants. A general profile of contributors has been given in Table 3.

At first, a question was asked in order to receive a basic idea about participants' performance in business development compared with other Turkish companies. As shown in Figure 11, the level of business development performance is considered rather high by the participants. Regarding this result, it can be concluded that the participants give importance to business development activities compared to their competitors and the opinions can be reliable due to their experiences.

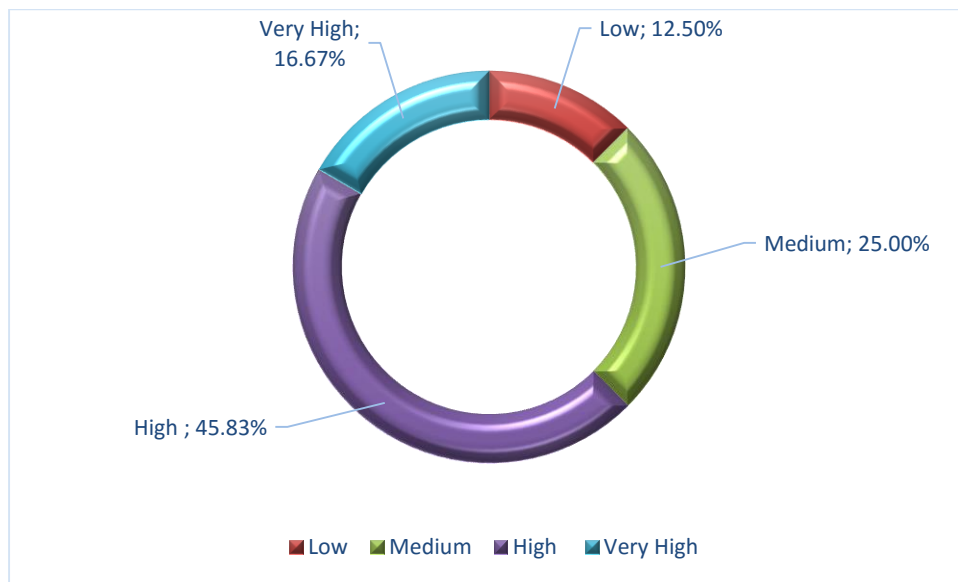


Figure 11: Participants' performance in business development compared with other Turkish companies

Also, it is important to know whether the companies have a formal marketing strategy for business development in new geographical areas or not. 66.67% of the companies have stated that they already have a formal strategy for business development (See Figure 12).

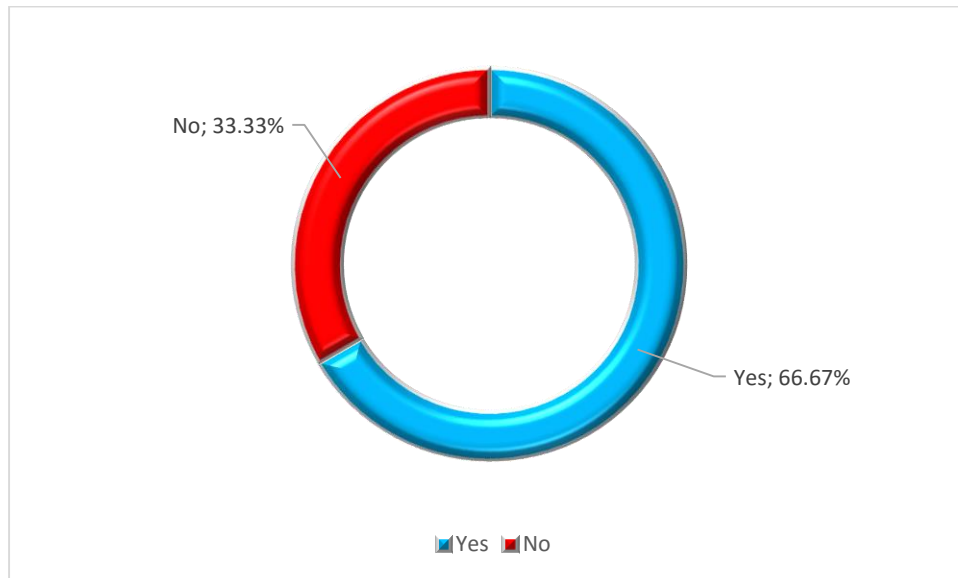


Figure 12: Do participants have a formal marketing strategy for business development in new geographical areas or not.

The second part of the questionnaire was designed mainly about overseas business issues to investigate their approach to business development activities, identify entry concerns, distinguish their senses about risk management etc. Respondents were requested to assign a degree of importance of these concerns based on a five point scale. There were also descriptive questions to understand the decision making process of the company, and questions were also asked to understand the risk management system of the interviewed company and check their application in risk management in overseas and/or cross-regional business development.

Section B was considered crucial for overseas business development of Turkish contractors in respect to their entry mode approach, human resource consideration and risk management.

The first question in this chapter was about if overseas business development is one of participants' company past/present objectives, and 100% positive answers were received.

The next question in this section aimed to get a result about how participants see sustainability of their companies. The prominent answers are; “Develop overseas construction business”, “improve competitiveness through improved technology, finance and management” and “form strong bonds and partnerships with top foreign / Turkish companies” as shown in Figure 13.

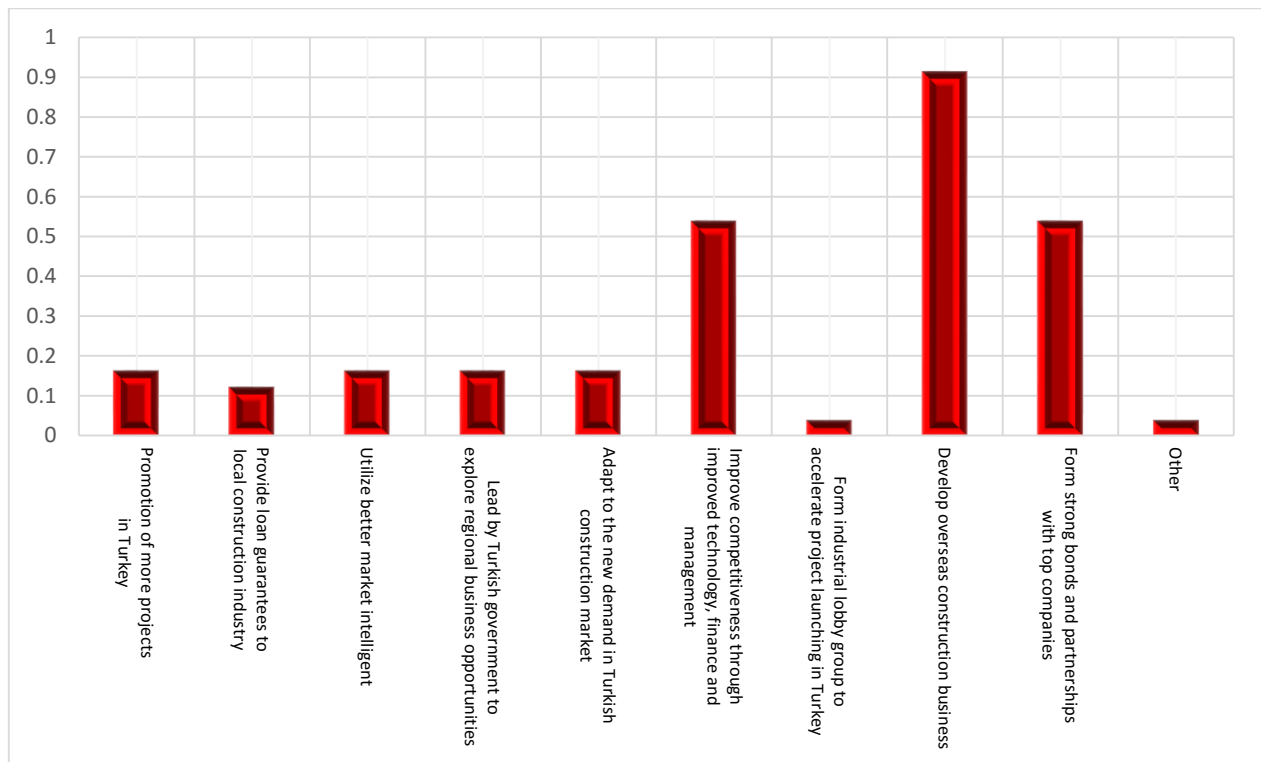


Figure 13: Suggestions for sustainability of the companies

Each outstanding factor clearly emphasizes the importance of business development strategies for Turkish contractors.

In the following, the prime reason(s) of considering overseas business development was asked; “Diversify construction business in more area” and “increasing turnover” were top answers as shown in Figure 14.

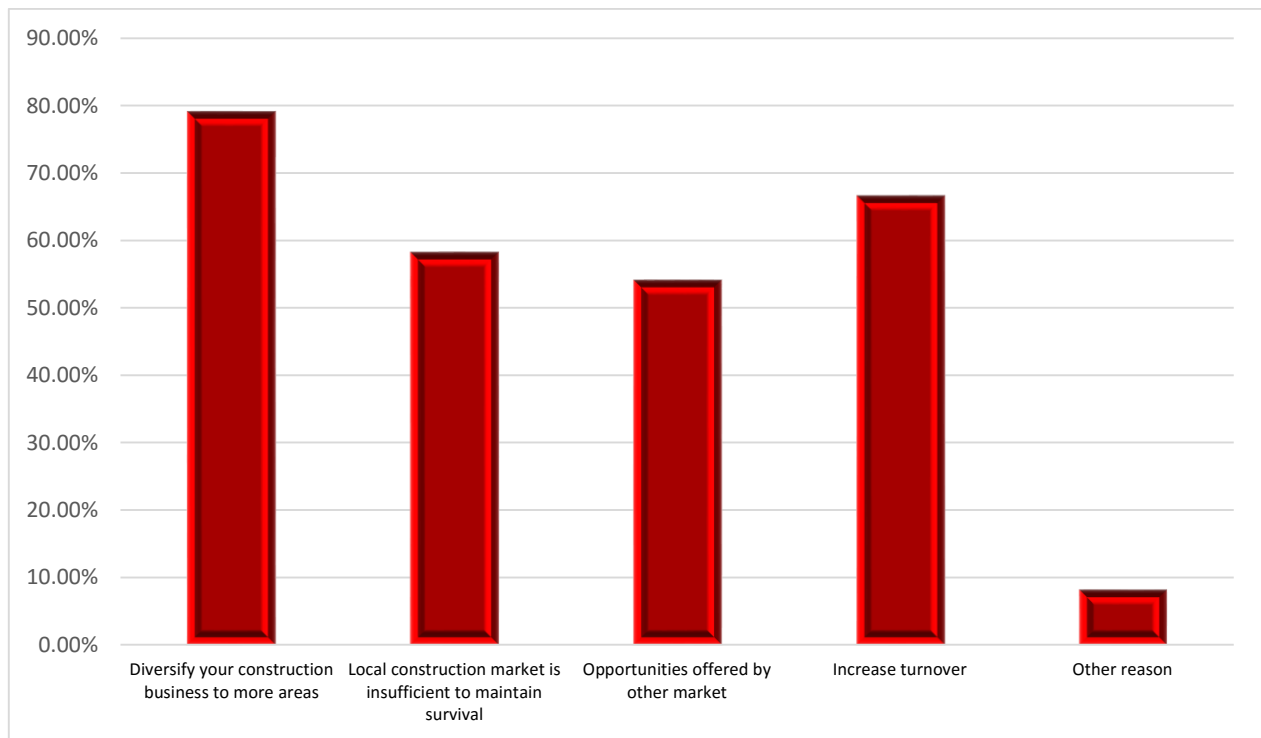


Figure 14: Prime reason(s) of considering overseas business development

10 out of 24 (42%) contractors employed external consultants, to advise them in expanding their overseas business as shown in Figure 15. This indicated that more than half of the contractors undertake their own research or analysis when considering expanding business to overseas market. This is also probably the reason the Turkish contractors do not have a clear idea on how to execute overseas business expansion in new markets. Hence their considerations were diverse as shown above.

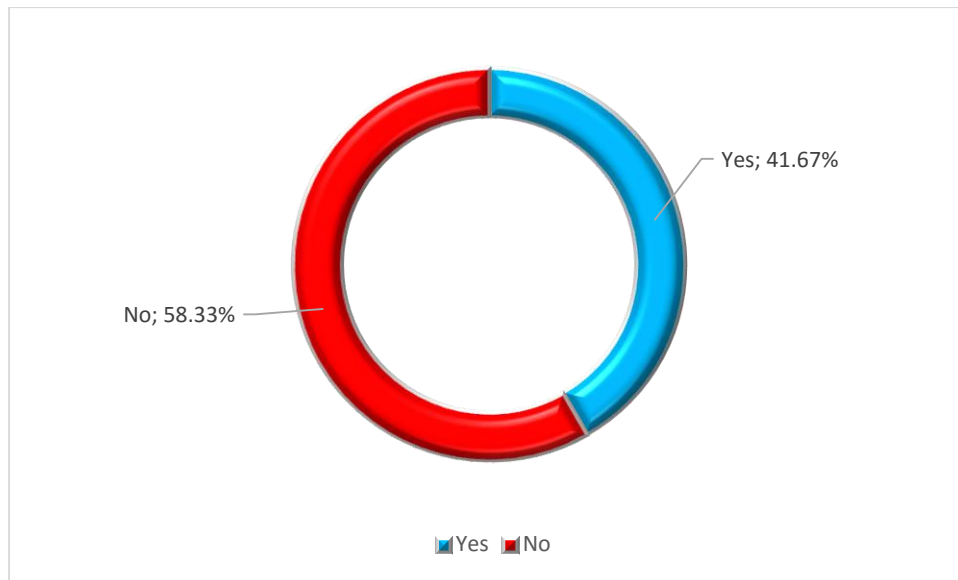


Figure 15: Employing an external consultant in order to expand overseas business

Figure 16 shows the companies' formal and systematic procedures to make a decision regarding overseas business development. 16 out of 24 companies, which are large-sized companies, use the systematic procedures. This result shows that the most of companies are in the way to structure business development activities in their own basis.

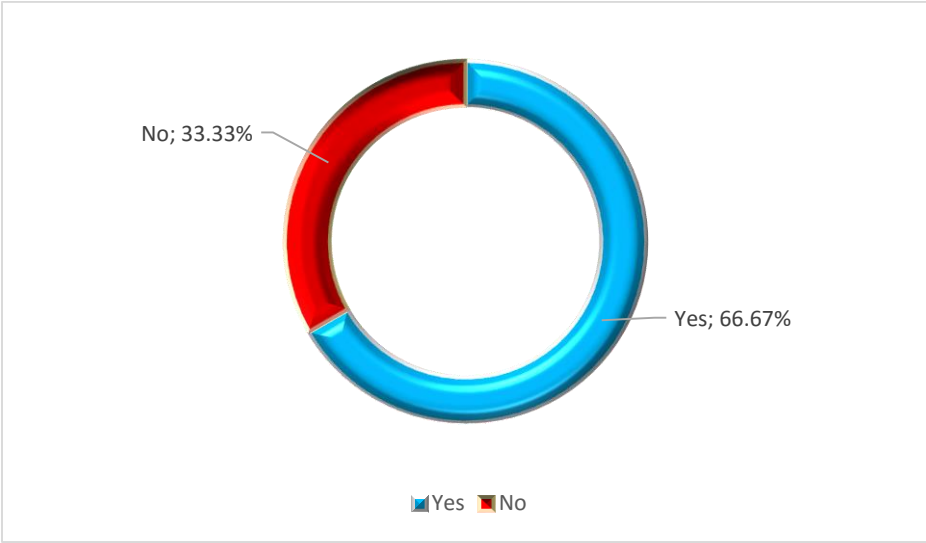


Figure 16: Companies' formal and systematic procedures to make a decision regarding overseas business development

In considering the important factors in expanding their business overseas, all contractors were considering overseas business in a very sensible way. Their prime focus was mainly on “potential of the market”, “political stability”, “size of market” and “step to get into the market for future projects”. Their least concern was “excess resources within the organization”. This indicates that the contractors were not likely to expand into overseas market simply because the local market was slumping. Most of them had a clear consideration in their minds regarding the target market. Without satisfying their considerations, it seems that the Turkish contractors do not intend to expand their business overseas. Please see Table 4 for related results.

Table 4: Importance of the target market considerations when expanding overseas business

Item	Sum of Score	Mean of Score	Importance Rank
Potential of the market	92	3.83	1
Political stability	87	3.63	2
Size of the market	86	3.58	3
Step to get into the market for future projects	86	3.58	3
Easy entry due to existing inter-personal relationship	85	3.86	4
Safety	81	3.38	5
Market known to have good margin	79	3.59	6
Visited and known market	74	3.22	8
Attractive policy of the area	77	3.35	7
Excessive resources within organization	65	2.95	9
Other reasons	8	2.67	

In considering the concerns in expanding business overseas in target markets, the prime ones were “client reliability”, “safety of the country” and “inadequate legal system”. Following these factors complexity in taxation and presence of companies from other countries have been stated as important concerns of Turkish contractors. Their least concern was “cultural difference”. These results show that the Turkish contractors need to evaluate risk analysis based on client and country conditions and they need to find clear considerations. Without satisfying their concerns, it seems that the Turkish contractors do not intend to expand their business overseas. In Table 5 related results are given.

Table 5: Concerns at the target market when expanding overseas business

Item	Sum of Score	Mean of Score	Importance Rank
Client reliability	89	3.87	1
Safety of the country	82	3.42	2
Inadequate legal system	74	3.22	3
Complexity in taxation	76	3.17	4
Presence of companies from other countries	69	3.00	5
Distance from Turkey	69	2.88	6
Trade union strength	62	2.82	7
Working with local people	64	2.78	8
Modernization of the country	61	2.77	9
Hygiene situation of the country	61	2.77	9
Communication difficulties	66	2.75	10
Language problems	59	2.57	11
Cultural difference	56	2.43	12
Other reasons	8	2.67	

When considering human resources aspects, the Turkish contractors regarded the importance of concerns as set out below in Table 6. “Management of the staff” was ranked as the highest prime success factor for overseas business expansion, followed by “leadership” and “technical competence of staff”.

Table 6: Human resources concerns when expanding business overseas

Item	Sum of Score	Mean of Score	Importance Rank
Management competence of staff	80	3.64	1
Leadership of staff	82	3.57	2
Technical competence of staff	84	3.50	3
Communication ability with locals	79	3.43	4
Authority delegation	78	3.39	5
Adjustment of life style to local situation	76	3.30	6
Commercial competence of staff	75	3.26	7
Remuneration incentive to staff	73	3.17	8
Motivate the right staff to go overseas	72	3.13	9
Other reasons	9	3.00	

The question “Does your organization consider opportunity more important than risk?” stimulated some reaction. 13 out of 24 consider that risk is more important; and the remaining 11 reject this, as shown in Figure 17.

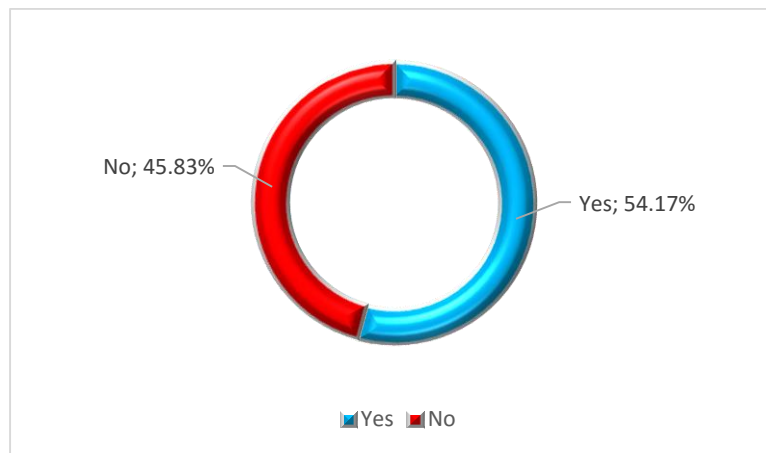


Figure 17: Considering opportunities more important than risks

In risk management survey, the answers were diversified mainly because of the different approaches taken by each contractor.

The survey results on risk management concerns are set out in Table 7 below. “Payment risk”, “contract risk” and “alliance risk” seem to take higher priority over the others. Resources risk generally raises less concern.

Table 7: Risk management concerns

Item	Sum of Score	Mean of Score	Importance Rank
Payment risk	91	3.79	1
Partner/Alliance risk	80	3.64	2
Contract risk	87	3.63	3
Financial risk	85	3.54	4
Legal risk	83	3.46	5
Supply chain risk	75	3.41	6
Technical risk	78	3.39	7
Tax risk	76	3.30	8
Management risk	74	3.22	9
Health & Safety risk	74	3.22	10
Resources risk	73	3.17	11
Other reasons	11	2.75	

In MENA region, where Turkish contractors have great experiences, legal risk and financial risk of a contract were very important. In the pre-contract stage, the companies carried out very careful risk assessment of legal risk and financial risk of a contract as they spent more than three months in contract terms negotiation, word-by-word negotiation prior to the signing of a contract. However, this still appears to be an indication that Turkish contractors have gained specific experiences about financial and legal risks in international construction markets, because their perception of risk is more based on other concerns rather than legal and financial issues. Refer to the survey result as shown in Table 7.

Although SWOT analysis of Turkish contractors has been mentioned regarding the related investigations, the professionals' point of view was asked.

The prominent answers are listed in Table 8 below:

Table 8: SWOT of Turkish contractors from their point of views

Strengths:
<ul style="list-style-type: none"> • High management capacity • International contracting experience • Qualified resources; machinery & staff • Ability to mobilize quickly
Weaknesses:
<ul style="list-style-type: none"> • One man management • Weak price competitiveness
Opportunities:
<ul style="list-style-type: none"> • Good reputation in the market; so many consultants offer new projects • Geopolitical positioning • New regulations for construction qualities • Partnership with large contractors
Threats:
<ul style="list-style-type: none"> • Safety problems in current markets (MENA region) • Political instability • Strong competition with Chinese and Koreans • Lowering of unit prices due to competition

Also SWOT analysis of competitors of Turkish contractors has been asked from the professionals' point of view.

The prominent answers are listed in Table 9 as below:

Table 9: SWOT of competitors of Turkish contractors from their point of views

Strengths:
<ul style="list-style-type: none"> • High competitiveness, • Geological position • Brave behavior in unsafe countries • Financial sources • Government support • High overheads and taking very low risk • Equipment and machinery park • Quick responses to the client demands
Weaknesses:
<ul style="list-style-type: none"> • Resistance to cooperation • Low quality works
Opportunities:
<ul style="list-style-type: none"> • Global recession and negative effects on construction companies • Government support and supportive financial tools
Threats:
<ul style="list-style-type: none"> • Increasing awareness of Turkish contractors and strong competition with them • International recognition of Turkish companies

In the next part, the main difficulties and problems that companies face with in overseas market have been investigated.

The main issues are listed in Table 10 below:

Table 10: The main difficulties and problems that companies face with in overseas market

High competition with Chinese contractors
Political changes and disturbances
Limited expatriate staff
Financial and management difficulties
Mainly non-payment and security problems
Unauthorized consultants, bribery, bid bonds, translators
Culture differences
Work policy
Local partnership
Prejudices to Turkish companies
Local supplies and communication problems
Unsafety

In the following part, the solution suggestions for the mentioned difficulties and problems that companies face with in overseas market have been stated by professionals.

The main suggestions are listed in Table 11 below:

Table 11: The main precaution and solutions for difficulties and problems that Turkish companies face with in overseas market

Organization, patience and intelligence strategies
Being selective in clients
Decrease the overhead by utilizing local workers, implementation of certification system
Establishing closer and deeper relationships with local partners
Improvement of marketing & communication efforts to explain previous experiences and capabilities
Risk assessment, Market Research before getting into commitment to any market
Searching for cheaper manpower from far east
Armed guards, armored vehicles and safe transportation to the site
Making mergers and Joint Ventures to take part with strong contractors

According to Table 1, the Chinese companies are the most powerful competitors of Turkish contractors and make serious threats by their government supports. This issue has been asked and 21 out of 24 companies agree with this that Chinese firms make a serious threat for them. The detailed and important answers are stated in Table 12 below:

Table 12: “Do you consider that the presence of Chinese companies make a serious threat for Turkish companies? Please explain. If yes, what do you suggest for Turkish Contractors to overcome this problem?”

<i>"Yes, we are not competitive against them. The government of Turkey must support Turkish Contractors by financial instruments."</i>
<i>"Yes, but for some countries like in Sub Sahara region where the expected level of quality and engineering is not high. Turkish contractors should concentrate on high added value projects to make advantages against Chinese contractors."</i>
<i>"Yes, the main problem is their low prices in the market and their power to finance the projects, up to now we had no serious solution for this problem. The only thing that we can do is to try to persuade the clients that our quality is not the same."</i>
<i>"Definitely yes. They give very low prices by using poor quality material and very cheap labor and staff. They are also supported by Chinese government. Turkish companies have no chance to compete with them unless they are supported by Turkish government."</i>
<i>"Yes. Turkish companies should get experience on more complicated projects and target to have more sophisticated works in order to compete with Chinese contractors."</i>
<i>"Yes. Their pricing is extremely low and they are financially backed by Chinese government and Chinese Banks."</i>
<i>"Yes, kind of. As long as Turkish contractors try to go as low as Chinese in terms of pricing and therefore quality, they will lose for sure. They can never compete by lowering the prices. The key is to keep standards as high as possible with lowest possible pricing."</i>

"Yes, they are serious threats for Turkish companies. Their prices are too low to construct as defined in the methodology. They're decreasing the market prices with their low construction quality. We aren't selling the same product with them but we're being considered at the same pot."

"Yes. They are killing prices even at the level of our direct costs. They also offer weak QA/QC (Quality Assurance/Quality Control) and HSE (Health, Safety and Environment) services. The best way to overcome this problem is not to enter the market where they are so many!"

"Yes. General strategies to act together and governmental/finance supports provided by Chinese Government are extensive. Turkish contractors should act together and get required supports from Turkish Government against these."

"Chinese quality is not much appreciated in several countries. Many projects exhibit several problems after completion of the projects. Quality has a price and Chinese quality has Chinese price. It is important to compare apples to apples."

"Not yet, but it will certainly start to be a problem in the next 5-10 years period. They have a really aggressive approach on business development. They are not very selective. They are ready to take more risks than us. Also they have their government's support behind them. Labor is really cheap and plenty. They also have high technical capacity. Right now our biggest advantage is our cultural similarities with our preferred markets. Our government must increase our relations with those countries to add another positive aspect to that."

CONCLUSION

This thesis has examined the various difficulties, concerns and suggested solutions of problems for Turkish contractors in overseas construction markets through a questionnaire and relevant investigations. The questionnaire of this research approach, explores various ideas, critical opinions and practices in the construction industry from Turkish contractors' point of view regarding sustainability of their organizations in global markets. The fundamental question of this study was "What are Turkish contractors' business development strategies in order to expand and sustain their construction businesses in overseas markets and how they can minimize their uncertainties and/or risks during this process?" This question developed a number of sub questions including:

- Why do Turkish contractors want to expand and sustain their business overseas?
- How do Turkish contractors select their overseas construction market(s)?
- How will Turkish contractors retain competitiveness in a foreign environment?
- What are Turkish contractors' difficulties and problems in overseas markets and how to avoid risk when working in a foreign environment?
- What are the strengths, weaknesses, opportunities and threats of Turkish construction companies and how they can manage these options through their effective business development?

Turkish contractors have expanded their business to international construction market and they need to sustain their activities for survival and continuous growth. In order to achieve that, Turkish contractors have to improve their corporative activities as international contractors to compete in international

construction markets rather than becoming large local contractors that can compete with international contractors in the local construction market. The aim of the research is to distinguish Turkish contractors' current complications, problems and define appropriate BD strategies in order to assist contractors to re-define their continuous development from the perspective of sustaining their business in the overseas markets.

To achieve this purpose, the following objectives were identified:

- To study the developments of the Turkish construction companies in global markets from the beginning,
- To identify the difficulties that Turkish companies face in overseas markets,
- To identify SWOT Analyses of Turkish companies,
- To identify SWOT Analyses of main competitors of Turkish companies,
- To reflect the current thinking of Turkish contractors with respect to expanding their construction activities overseas,
- To describe efficient business development strategies for Turkish contractors in overseas markets.

The first objective, to study the latest developments of the Turkish construction companies in global markets, has been achieved by a review of current and recent TCA directory including data from Turkish ministry of finance undertaken in 2015. According to improvement of Turkish contractors and their place in global markets, they need to expand and sustain their businesses in overseas to gain permanent growth and even to survive. Also, the selection factors of overseas construction market have identified.

The second objective, expressing the difficulties that Turkish companies face in overseas markets has been completed by the questionnaire survey and the additional free questions.

The third and the fourth objectives, identifying SWOT Analyses of Turkish companies and their main competitors has been achieved by literature review and the structured questionnaire survey. These analyses are necessary to distinguish the effective BD by comparing the relevant components.

The fifth objective, to reflect the current thinking of Turkish contractors with respect to expanding their construction activities overseas has been also achieved by the structured questionnaire survey and the additional questions in the forms of interviews. As the survey was conducted with the responsible person for BD of the contractors' organizations, they provided a unique insight into the background of the companies' strategies for sustainability.

The sixth and final objective to describe efficient business development strategies for Turkish contractors in overseas markets has been concluded from considering the results from second objectives and generating BD strategies with respect to the third, fourth and fifth objectives.

Through the structured survey, this research has identified the following findings;

The most important factors for Turkish contractors in order to expand business in overseas are;

- Potential of the market
- Political stability
- Size of market
- Step to get into the market for future projects

The main concerns of Turkish construction companies to expand business in overseas markets are;

- Client reliability
- Safety of the country
- Inadequate legal system

The main concerns of Turkish construction companies about human resources when expanding business in overseas markets are;

- Management of the staff
- Leadership
- Technical competence of staff

The major risk management concerns of Turkish construction companies in order to expand business in overseas markets are;

- Payment risk
- Contract risk
- Alliance risk

The main difficulties and problems that Turkish companies face in overseas markets are;

- High competition with Chinese contractors
- Political changes and disturbances

In addition, through literature review and structured survey, this research has identified the following SWOT analyses;

SWOT Analyses of Turkish companies

The data presented in Table 13 show the SWOT analysis of Turkish contractors which has been prepared with respect to investigation of Özorhon and Demirkesen (2014):

Table 13: SWOT of Turkish Construction Firms in international markets; Özorhon and Demirkesen (2014)

Strengths	Weaknesses
<ul style="list-style-type: none"> • Low costs • High productivity of workers • The ease of communication among Turkish employees • The learning process of the industry based on experience • Good client relations and high customer satisfaction • The risk taking attitude in some markets • Strong sub-sectors such as steel and cement sector • High management capacity • International contracting experience • Qualified resources; machinery & staff • Ability to mobilize quickly 	<ul style="list-style-type: none"> • Lack of risk management practices in high-risk markets • High turnover rates among employees • Lack of language skills of workers • Infrequency of partnerships • Lack of supportive organizational structure and culture • Lack of engineering design expertise • Lack of qualified workers • One man management • Weak price competitiveness
Opportunities	Threats
<ul style="list-style-type: none"> • Support of government for domestic and international projects • Mutual trade agreements with host countries • The geographical and cultural proximity to host countries 	<ul style="list-style-type: none"> • Problems in project finance • Earthquakes, natural disasters, and wars • Political instability in key markets • Incompatibility of Turkish building materials with international specifications

<ul style="list-style-type: none"> • The need for construction investments in neighbor countries • Good reputation in the market so many consultants offer new projects • Geopolitical positioning • New regulations for construction qualities • Partnership with large contractors 	<ul style="list-style-type: none"> • Safety problems in current markets (MENA region) • Strong competition with Chinese • Decreasing unit prices due to competition
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Table 14: Other SWOT of Turkish Construction Firms in international markets; Questionnaire results

Strengths	Weaknesses
<ul style="list-style-type: none"> • High management capacity • International contracting experience • Qualified resources; machinery & staff • Ability to mobilize quickly 	<ul style="list-style-type: none"> • One man management • Weak price competitiveness
Opportunities	Threats
<ul style="list-style-type: none"> • Good reputation in the market so many consultants offer new projects • Geopolitical positioning • New regulations for construction qualities • Partnership with large contractors 	<ul style="list-style-type: none"> • Safety problems in current markets (MENA region) • Strong competition with Chinese • Decreasing unit prices due to competition

SWOT Analyses of main competitors of Turkish companies

With reference to the main difficulties and problems that Turkish companies face in overseas markets and Table 1 data (ENR country rankings), it is obvious that the Chinese companies are the most powerful competitors for Turkish contractors and make a serious threat for them. In order to analyze the competitors and generate advantages against them, Turkish contractors need to study their competitors' nature and in this regard, the SWOT analysis of Chinese construction firms should be considered. The SWOT analysis of Chinese contractors is mentioned in Table 14 as below.

Table 15: SWOT of Chinese Construction Firms in international markets (Ali Parsa, et al., 2015)

Strengths	Weaknesses
<ul style="list-style-type: none"> • Human resource capabilities in numbers • Lower bidding price • Advanced technology • Good relationship with developing countries • Financial support by state-owned banks 	<ul style="list-style-type: none"> • Lack of professional project managers • Absence of design capability
Opportunities	Threats
<ul style="list-style-type: none"> • Government encouragement and promotion • Good relationship with developing countries • Asian Infrastructure Investment Bank (AIIB) was initiated by China 	<ul style="list-style-type: none"> • High business risk • High political risks

Recommendations

In this section, regarding the finding results of the research, the suggested BD applications and strategies for Turkish contractors in the recommendation are expressed for each case respectively as follow;

The most important factors for Turkish contractors in order to expand business in overseas
<ul style="list-style-type: none">• Potential of the market• Political stability• Size of the market• Step to get into the market for future projects
Suggested BD applications for Turkish contractors
<ul style="list-style-type: none">✓ <i>Identifying the market volume, future plans and potential competitors</i>✓ <i>Investigating about the political background, safety and religious issues of the country</i>✓ <i>Identifying potential local partners and evaluation their capabilities and references</i>✓ <i>Setting up a branch office in order to evaluate the situations closely and actively</i>

The main concerns of Turkish construction companies to expand business in overseas markets

- Client reliability
- Safety of the country
- Inadequate legal system

Suggested BD applications for Turkish contractors

- ✓ *Questioning the Client's references*
- ✓ *Questioning the Client's financial capabilities*
- ✓ *Study the contract details properly*
- ✓ *Analyzing the safety reports of the project country*
- ✓ *Investigating about the safety issues of the project location*
- ✓ *Investigating about the cultural and religious differences between staff and local people*
- ✓ *Provide detailed safety plans and relevant feasibilities*
- ✓ *Employ local legal advisors and consultants*
- ✓ *Consult with relative units in Turkey. For instance DEİK (Foreign Economic Relations Board)*

The main concerns of Turkish construction companies about human resources when expanding business in overseas markets

- Management of the staff
- Leadership
- Technical competence of staff

Suggested BD applications for Turkish contractors

- ✓ *Work with experienced managers*
- ✓ *Assign experienced leaders to each department / field of the project and design a hierarchy*
- ✓ *Establishment of detailed audit and control on staff without disturbing*
- ✓ *Organization of motivation activities*
- ✓ *Awarding the employee of the month*
- ✓ *Apply the quality and capability experiments to staff before employment*
- ✓ *Arrange professional internal training sessions for labor and staff*

The major risk management concerns of Turkish construction companies in order to expand business in overseas markets

- Payment risk
- Contract risk
- Alliance risk

Suggested BD applications for Turkish contractors

- ✓ *Questioning the Client's references*
- ✓ *Questioning the Client's financial capabilities*
- ✓ *Study the contract details properly and in details*
- ✓ *Analyze the financial conditions and payment system of the project and country*
- ✓ *Employ experienced contract and claim managers*
- ✓ *Investigation about the partner's references*
- ✓ *Investigation about the partner's financial capabilities*
- ✓ *Regulate proper contracts with partners*
- ✓ *Work with professional experienced project managers*
- ✓ *Take measures such as relevant and reliable insurances*

The main difficulties and problems that Turkish companies face in overseas markets:

- High competition with Chinese contractors
- Political changes and disturbances

Competition with Chinese Construction Companies

Regarding the results of the questionnaire (The main difficulties and problems that Turkish companies face in overseas market & Threats for Turkish contractors in global markets from their points of view), it is obvious that Turkish contractors perceive Chinese construction companies as serious competitors and a problem for their sustainability and growth.

Therefore, in order to generate effective BD strategies against Chinese firms and gain success, Turkish contractors must compare their SWOT and develop influential responses. In another words, Turkish professionals must try to perform following purposes:

- Empower their strengths against weaknesses of Chinese firms
- Compensate weaknesses against strengths of Chinese firms
- Accelerate to reach desirable results from their opportunities and make serious threats for Chinese companies
- Expel threats and avoid Chinese companies to threaten their plans

In this direction, Table 14, 15, 16 and 17 show the comparison between each factor and at last the suggested related BD strategies for Turkish contractors against Chinese companies are presented. The expressed SWOT data have been compiled from the studies of Özorhon and Demirkesen (2014), Ali Parsa et al, (2015) and questionnaire answers of participants. The following comparisons have been presented;

- Strengths of Turkish contractors vs. Weaknesses of Chinese contractors
- Weaknesses of Turkish contractors vs. Strengths of Chinese contractors
- Opportunities for Turkish contractors vs. Threats for Chinese contractors
- Threats for Turkish contractors vs. Opportunities for Chinese contractors

Therefore, a brief evaluation have been structured.

The reason of comparisons between “strengths versus weaknesses” and “opportunities versus threats” is to compare internal and external factors separately. In addition, each elements of Turkish and Chinese could be compared also such as strengths but since the results are qualitative and not concrete, the general cross matching is considered to result more effective solutions.

Table 16: Strengths of Turkish contractors vs. Weaknesses of Chinese contractors

Strengths of Turkish contractors	Weaknesses of Chinese contractors
<ul style="list-style-type: none"> • Low costs • High productivity of workers • The ease of communication among Turkish employees • The learning process of the industry based on experience • Good client relations and high customer satisfaction • The risk taking attitude in some markets • Strong sub-sectors such as steel and cement sector • High management capacity • International contracting experience • Qualified resources; machinery & staff • Ability to mobilize quickly 	<ul style="list-style-type: none"> • Lack of professional project managers • Absence of design capability • Resistance to cooperation • Low quality works

Table 17: Weaknesses of Turkish contractors vs. Strengths of Chinese contractors

Weaknesses of Turkish contractors	Strengths of Chinese contractors
<ul style="list-style-type: none"> • Lack of risk management practices in high-risk markets • High turnover rates among employees • Lack of language skills of workers • Infrequency of partnerships • Lack of supportive organizational structure and culture • Lack of engineering design expertise • Lack of qualified workers • One man management • Weak price competitiveness 	<ul style="list-style-type: none"> • Human resource, equipment and machinery capabilities • Lower bidding price and high competitiveness • Advanced technology • Good relationship with developing countries • Financial support by state-owned banks and Chinese government • Geological position • Brave behavior in unsafe countries • High overheads and taking very low risk • Quick responses to the client demands

Table 18: Opportunities for Turkish contractors vs. Threats for Chinese contractors

Opportunities for Turkish contractors	Threats for Chinese contractors
<ul style="list-style-type: none"> • Support of government for domestic and international projects • Mutual trade agreements with host countries • The geographical and cultural proximity to host countries • The need for construction investments in neighbor countries • Good reputation in the market so new projects may be offered • Geopolitical positioning • New regulations for construction qualities • Partnership with large contractors 	<ul style="list-style-type: none"> • High business risk • High political risks • Increasing awareness of Turkish contractors and strong competition with them • Turkish government’s foreign policies for contractors and global recession • International recognition of Turkish companies

Table 19: Threats for Turkish contractors vs. Opportunities for Chinese contractors

Threats for Turkish contractors	Opportunities for Chinese contractors
<ul style="list-style-type: none"> • Problems in project finance • Earthquakes, natural disasters, and wars • Political instability in key markets • Incompatibility of Turkish building materials with international specifications • Safety problems in current markets (MENA region) • Strong competition with Chinese • Decreasing unit prices due to competition 	<ul style="list-style-type: none"> • Government encouragement and promotion • Good relationship with developing countries • Asian Infrastructure Investment Bank (AIIB) was initiated by China

Suggested BD strategies for Turkish contractors

- ✓ *Investigation about the Client's references and financial capabilities*
- ✓ *Analyze the financial conditions and payment system of the project and country*
- ✓ *Study the contract details properly*
- ✓ *Employ experienced contract and claim managers*
- ✓ *Investigation about the partner's references*
- ✓ *Investigation about the partner's financial capabilities*
- ✓ *Regulate proper contracts with partners*
- ✓ *Arrange detailed plans and schedules for scope of works*
- ✓ *Work with professional experienced project managers*
- ✓ *Feature and emphasize the design capacity and capabilities of the Turkish companies*
- ✓ *Make partnerships with powerful local and foreign companies*
- ✓ *Feature and emphasize the low quality works of Chinese companies against high quality works of Turkish companies*
- ✓ *Arrangement plans in order to add value to local people and develop project region*
- ✓ *Strengthen the relationships with client*
- ✓ *Improve and develop risk management*
- ✓ *Exercise influence over government together with help of related association and channels in order to take governmental supports*
- ✓ *Avoid one man management*
- ✓ *Minimize the profit margin in order to retain and stay in financial competition range*
- ✓ *Improve safety and precaution issues*
- ✓ *Include Chinese sub-contractors for some project items for bids with high competition level in order to decrease costs*
- ✓ *Establish effective human resource management in project regions*

Political changes and disturbances

During the Turkish contracting history, the political changes in some countries made great opportunities for Turkish contractors. As stated in previous sections, for example, Iran – Iraq war in 1980s and also USA involvement in Afghanistan and Iraq helped Turkish companies positively in terms of reconstruction activities after the war and they found opportunities to execute significant projects.

On the other hand, in some cases, disturbances affected Turkish contractors negatively. The best known example is the major event occurred in 2011 when a civil war started in Libya. Turkish contractors had to leave the country and lost huge volume of works and money.

Also, Russia's latest attitude towards Turkey after downing of the Russian war plane in November 2015, presumably will make difficulties for Turkish contractors in Russia.

In order to avoid damages due to political changes and disturbances the following recommendations are proposed:

Suggested BD strategies for Turkish contractors
<ul style="list-style-type: none">✓ <i>Develop, improve and establish high quality risk management</i>✓ <i>Evaluation about the political situation, stability and background of the country</i>✓ <i>Investigation about the religious issues of the local people</i>✓ <i>Assurance of security of their workforce and construction site</i>✓ <i>Take measures such as relevant insurances</i>✓ <i>Foresee the relationships between Turkey and host country</i>

Recommendations for future studies

Sample size is one of the critical factors involved to make a valid statistical analysis. Thus future studies can be conducted with wider sample sizes or with narrower target markets such as considering Turkish contractors situation only in Africa. This research is restricted to general contracting construction companies and so future studies can be conducted to include Design/Build firms, subcontractors and architectural/engineering firms. In the beginning of the study, it was assumed that all the subjects who answered the questionnaires were knowledgeable in their own fields. In future, surveys can be conducted amongst a wider range of professionals and responsible of the companies who know about the mechanics of BDM of the companies. In addition, the competition with Chinese companies can be analyzed separately and in details.

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APPENDICES

Sample Questionnaire

Questionnaire for Turkish Contractors' Overseas Business Development Strategies

This is a MSc research investigation for a dissertation called “Turkish Contractors’ Business Development Strategies for Overseas Markets”.

Turkish construction enterprises are facing a lot of challenges to maintain their sustainable development in the construction industry especially in international markets and consequently the development of overseas construction business has become a significant topic. The purpose of this investigation is part of the research to explore and understand the expectation and needs of Turkish contractors in their planning or actions in expanding their business overseas.

This interview is mainly for academic research and the questionnaire are answered without registering your name. Please kindly answer all questions based on your best knowledge and perceptions.

This questionnaire will take about 20 minutes of your time. Your kind comments and feedback will be extremely valuable to the research.

Thank you very much for your kind assistance and cooperation.

Truly yours,

Msc. Student: Peyman Jaferi (Mr.)

2015

Instructions

This questionnaire on development of Turkish construction business overseas is to be completed with at least one member of top management of the firm.

Section A – General Information

1-Please state your job position in your company & your experience in years that you have been active in construction sector.

2-For how many years has your company been active in the construction sector?

3-What is your company's approximate annual turnover? In US Dollars. Domestic and Overseas (Please provide the average turnover for the last 5 years)

4-What is the number of employees in your company at present?

<100

100-1000

1000-10000

>10000

5-What are your company's main construction fields of activity?

Building

Housing

Industrial

- Infrastructure
- Transportation
- Energy
- Others

6-What percentage of your works is competitive bid and what percentage is negotiated?

Publicly bid.....%

Negotiated..... %

7-How do you consider the level of your company's performance in business development compared with other Turkish companies (mainly your major competitors)?

- Very low
- Low
- Medium
- High
- Very high

8-Please name the construction markets (countries) that your company has operated in.

9-Please name the construction markets (countries) that your company has in scope and wants to get into in future.

10-Does your company have a formal marketing strategy for business development in new geographical areas?

Yes - Please explain briefly

No - Why?

11-How are the marketing strategies (if any) for your company's primary market area and new geographic markets?

Both are the same

They differ. Please explain briefly

12- Nature of main construction business for your company (e.g. Infrastructure, industrial etc.)

(a) Local construction business (Turkey)

(b) Overseas construction business?

Section B – Overseas Development

13-Is overseas business development one of your company past/present objectives?

Yes

No

14-How do you see the sustainable development of your company? Through:

Promotion of more projects in Turkey

Provide loan guarantees to local construction industry

Utilize better market intelligent

Lead by Turkish government to explore regional business opportunities

Adapt to the new demand in Turkish construction market

Improve competitiveness through improved technology, finance and management

Form industrial lobby group to accelerate project launching in Turkey

Form strong bonds and partnerships with top companies

Develop overseas construction business

Other

15-How many overseas markets has your company penetrated and where are they?

16-Which market was the first overseas market that you chose? Why?

17-You believe the prime reason(s) are, when your company considers overseas business development:

- Diversify your construction business to more areas
- Local construction market insufficient to maintain survival
- Opportunities offered by other market
- Increase turnover
- Other reason _____

18-What other considerations do you have when entering overseas market?

19-Who are the primary decision makers for overseas business development?

- Chairman/Managing Director
- Board
- Specific overseas task force

20-Do you employ an external consultant when you consider to expand your overseas business?

- Yes
- No

21-Do you have any formal & systematic procedures to make a decision regarding overseas business development?

Yes

No

22-Please rank the importance of the target market considerations when you consider expanding overseas business:

		Not important ---> Important				
A	Political stability	1	2	3	4	5
B	Size of the market	1	2	3	4	5
C	Potential of the market	1	2	3	4	5
D	Easy entry due to existing inter-personal relationship	1	2	3	4	5
E	Excessive resources within organization	1	2	3	4	5
F	Market known to have good margin	1	2	3	4	5
G	Visited and knew the market	1	2	3	4	5
H	Attractive policy of the area	1	2	3	4	5
I	Safety	1	2	3	4	5
J	Step to get into the market for future projects	1	2	3	4	5
K	Other reasons:...	1	2	3	4	5

23-Please rank your concern at the target market when you expand your business overseas:

		Not important ---> Important				
A	Inadequate legal system	1	2	3	4	5
B	Complexity in taxation	1	2	3	4	5
C	Modernization of the country	1	2	3	4	5
D	Hygiene situation of the country	1	2	3	4	5
E	Safety of the country	1	2	3	4	5
F	Language problems	1	2	3	4	5
G	Cultural difference	1	2	3	4	5
H	Trade union strength	1	2	3	4	5
I	Communication difficulties	1	2	3	4	5
J	Working with local people	1	2	3	4	5
K	Presence of companies from other countries	1	2	3	4	5
L	Distance from Turkey	1	2	3	4	5
M	Client reliability	1	2	3	4	5
N	Other reasons:...	1	2	3	4	5

24-Is there problem to motivate your staff to go and work overseas?

Yes. Please Explain briefly.

No

25-Please rank your human resources concerns when expanding your business overseas:

		Not important ---> Important				
A	Technical competence of staff	1	2	3	4	5
B	Commercial competence of staff	1	2	3	4	5
C	Management competence of staff	1	2	3	4	5
D	Leadership of staff	1	2	3	4	5
E	Communication ability with locals	1	2	3	4	5
F	Authority delegation	1	2	3	4	5
G	Adjustment of life style to local situation	1	2	3	4	5
H	Remuneration incentive to staff	1	2	3	4	5
I	Motivate the right staff to go overseas	1	2	3	4	5
J	Other reasons:...	1	2	3	4	5

26-Do you consider opportunities more important than risks?

Yes. Please Explain briefly.

No

27-Do you consider any risk situation for the following activities?

(i) Before deciding to expand overseas business. Yes / No

(ii) Decide to launch business at certain country. Yes / No

(iii) During tendering stage for project(s). Yes / No

(iv) During execution of the project. Yes / No

28-Please rank the importance of the following risk management issues at tender stage for overseas business:

		Not important ---> Important				
A	Technical risk	1	2	3	4	5
B	Contract risk	1	2	3	4	5
C	Partner/Allaince risk	1	2	3	4	5
D	Payment risk	1	2	3	4	5
E	Tax risk	1	2	3	4	5
F	Legal risk	1	2	3	4	5
G	Supply chain risk	1	2	3	4	5
H	Resources risk	1	2	3	4	5
I	Financial risk	1	2	3	4	5
J	Management risk	1	2	3	4	5
K	Health & Safety risk	1	2	3	4	5
L	Other risks:...	1	2	3	4	5

Section C – Challenges in Overseas Markets

29-What is your company's approximate success percentage in overseas project for the last 5 years?

(Success/Bid Ratio)

30-What are the main strengths, weaknesses, opportunities and threats of your company in overseas markets?

31-In your opinion, what are the main strengths, weaknesses, opportunities and threats for competitors of Turkish contractors in overseas markets?

32-What are the main difficulties and problems that your company faces with in overseas market?

33-What are your precautions and solutions for these difficulties?

34-Do you consider that the presence of Chinese companies make a serious threat for Turkish companies? Please explain. If yes, what do you suggest for Turkish Contractors to overcome this problem?

35-What are your company's actual Business Development Strategies?

36-Would you like to receive a summary of this study?

Yes. Please

No