**Exploring Turkey**

**“Production opportunities for Colorique”**

Supervisors

Yolanda van Hooft

Menno de Lind van Wijngaarden

Bob van Weert 1553597

Entrepreneurship in Developing Areas

Kofi Annan Business School

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**Preface**

There are a number of people I would like to thank for helping me to construct this report. First of all, my company supervisor Yolanda van Hooft, she offered me the research topic and guided me through the process of coming up with criteria and forming the interview. I would also like to thank my other colleagues at Colorique who each supported me in their own way, whether it was joining me to an interview, connecting me with potential respondents, giving feedback or words of motivation to keep me focused.

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Furthermore, I thank the people I interviewed for their time and effort to see me and to talk about their experiences in doing business in Turkey. Not just the respondents, also people working at organizations for sending me information and giving me directions to other organizations. A list of these people can be found in the appendix.

Doing a fulltime internship and the research simultaneously made the main limiting factor time. Finding respondents for a semi structured, in depth, face to face interview was challenging. Colorique operates in a highly competitive environment and companies aren’t willing to share information about their suppliers. It took persuasiveness to assure companies that I wasn’t interested the factories addresses or anything that could jeopardize their business but for a research and would ask about their experiences. Moreover, Colorique’s desire for the scope of the project was quite broad which made it a challenge to go in depth without exceeding the page limit. I eventually overcame all these issues with the support I got from the people mentioned above.

All with all I’m very satisfied with the results and I genuinely hope that this report will be a contribution for Colorique and I hope you enjoy reading it.

**Executive summary**

Colorique is a wholesaler in decorative home textiles and accessories for both children and adults. Currently Colorique imports its products from Asia, mainly India. Colorique has become interested in producing in Turkey and requested an explorative research to Turkey. So firstly Colorique itself was researched by an internal analysis. From this analysis a list of criteria was developed which was used for the construction of an open ended interview. Ten companies’ experiences were analyzed a face to face, in-depth interview. Also a trade symposium was visited and a freight forwarder was interviewed. Moreover, desk research was performed in order to complement and compare the findings from the interviews. The model that was used to present all these findings was the DESTEP model.

Istanbul and other cities located in western Turkey account for most home textile industry. The labor conditions are ok, but differ strongly per factory; official registration of employees is still a problem. Turkey is an important suppliers for home textiles in Europe and seen as a professional and developed production market but is becoming expensive. Tax evasion and the government trying to tackle it can be a problem when actively getting involved in Turkish business. Payment conditions depend on the relationship but expect having to pay up front in the initial phase, every respondent paid in Euro’s. FOB is the most common Inco term used.

Over the last decades cultural differences have been reduced but there are still some cultural dimensions that one will have to take into account. The personal relationship is very important in Turkish business culture; trust and networks are key words in business relationships. There are differences in communication style between the Dutch and Turks, and certain points of attention when negotiating. In Turkey, doing business as a woman is not a problem. In general Turks speak sufficient English to do business, especially in the large western cities.

Production quality is debated among the respondents but in general all the materials and accessories are sufficiently available. The MOQ’s are different for every factory, but the printing is most likely outsourced to a specialist instead of being done by the factory itself, most respondents see their suppliers as specialists instead of all round generalists. Flexibility, reliability and productivity are regarded as competitive advantages of Turkey. Most of the respondents use a local (control) agent. Communication and production technology is well developed in Turkey. Turkey is a big producer of organic cotton and the current low price of organic cotton against an exploded ‘conventional’ cotton price brings opportunities for Colorique to integrate more sustainability in their collection. Next to transport being costs saving, Turkish membership to the European Customs Union abolished clearance costs. However protectionism and corruption in Turkey is still a potential obstacle of doing business efficiently in Turkey.

Based on the discussed findings Colorique should consider approaching Turkey for production. When looking for a production partner in Turkey, Colorique should take a number of issues into account. Be aware of the fact that VAT recovery can be a difficult, bureaucratic undertaking. Be aware of corruption when dealing with customs officials, especially when getting materials into Turkey. Start of in the western part of Turkey, preferably Istanbul. Istanbul is more developed in terms of modern culture, female emancipation, labor conditions, communication, technology, industry infrastructure and logistics.

In Turkey the textile (export) industry is developed, nonetheless inflation remains to still be an issue and especially hand labor is expensive, moreover, traditional methods used will be different. The ‘look’ will be different and Colorique has to decide whether this is adoptable in their collection and fits the brand. It is also recommendable for Colorique to pay attention to look at the size of a supplier; too large suppliers can be a problem because of your weaker negotiation position, higher minimum order quantities etc. small suppliers also have their disadvantages like less professionalism, lower labor conditions etc.

An agent is advisable for Colorique. Aside performing quality controls an agent can give access to the closed Turkish business networks and find appropriate producers, maintaining a strong relationship with the manufacturer can act like a translator, build goodwill, and inspect labor conditions on a regular basis and other advantages.

**Content Page**

* Preface 2
* Executive summary 3
* Glossary 6
* Introduction 7
* Methodology 9
* Findings 12
  + Demographic 12
  + Economic 12
  + Social/Cultural 13
  + Technological/Environmental 16
  + Political/legislative 17
* Discussion 19
* Recommendations 24
* References 26
* Appendix 28

**Glossary**

CIA WFB: Central Intelligence Agency, World Fact Book

DESTEP analysis: Tool to analyze a business environment by exploring relevant facts in Demographics, Economic, Social/Cultural, Technical, Environmental and Political

EJF: Environmental Justice Foundation

FWF: Fair Wear Foundation

HU: Hogeschool Utrecht (Utrecht Business School)

IGEME: Export Promotion Centre of Turkey

ILO: International Labor Organization

IMD: International Institute for Management Development

ISO: International Organization for Standardization

ITKIB: Istanbul Textile and Apparel Exporter Associations

KVK: Kamer van Koophandel ( Dutch Chamber of Commerce)

MOQ: Minimum Order Quantities (often given in meters of fabric or number of finished goods)

PAN UK: Pesticide Action Network United Kingdom

SWOT analysis: Tool to analyze Strengths, Weaknesses, Opportunities and Threats of a company

TURKSTAT: Turkish Statistical Institute

#### Introduction

Colorique is a wholesaler in decorative home textiles and accessories for children and adults. It started in 1993 as a small shop in Amsterdam. Nowadays it provides domestic and foreign markets with their authentic products. It has three revenue pillars; first the wholesale activities. Twice a year Colorique introduces at least one new collection. Colorique sells to retailers. Second, the trademark licenses; producers of other ‘complementary’ products will bring out products with Colorique’s brand name. The only involvement of Colorique in trademark licenses is designing. Thirdly Colorique generates revenue with private label activities, producing their products exclusively for a specific client. Colorique’s core competencies are usage of authentic materials, handicraft, innovative designs, strong brand image and an effective organizational structure. Colorique designs its own products and mainly produces in Jaipur, India. A SWOT analysis is performed to analyze Colorique (see appendix for the confrontation matrix). A long term sustainable relationship with suppliers is one of Colorique’s core values and it recently applied for a fair trade qualification. Nevertheless, the relationships with the Indian producers have become under pressure because of new trends in India. First of all, the Indian economy has been growing rapidly over the last 2 decades, growth even increased over the last 5 years. The increase of domestic demand has caused material scarcity and increased price inflation. Moreover the production time has been doubled. Since a few years clearance costs have become a significant part of the costs whereas importing from India used to be free of import duties. Another issue is the long transport time which especially makes Colorique unattractive in the private label market. The Private Label clients generally demand a fast delivery time. The long lead-time also makes it difficult to keep low stock costs. Colorique’s management wants to explore the opportunities of a new production market. Not to serve as a replacement of the existing producers, but to serve as an additional producer, especially for the private label market but potentially to start producing a collection. Colorique is interested in a professional production market close to the E.U. and expressed the wish to explore Turkey. Along a list with important criteria (see appendix). The research question is: *“Should Colorique enter Turkey for production based on the possibilities and hindrances of the Turkish home textile industry?”*

The answer to the research question will be given by means of a DESTEP analysis. This analysis is performed by doing desk research and by in depth face to face interviews. This will be elaborated in the Methodological part. The DESTEP analysis will be presented in the findings part.

This research will be exploring the several relevant possibilities and hindrances in Turkey. Arguments for and against going to Turkey will be weighted in the discussion part. As a result, there will be an advice for Colorique whether to approach Turkey for production or not. Additionally, a number of recommendations will be given should Colorique decide to enter the Turkish production market.

There are several restrictions that the reader must be aware of. Time has been a limiting factor, thus the decision to only analyze Turkey instead of making a country comparison. Another restriction is the type of respondents, the decision has been made to analyze companies that are not direct competitors of Colorique, their line of products and their target markets are different. But that shouldn’t affect the validity of the findings because there were common factors between the respondents and Colorique and questions regarding experience were also applicable to Colorique. The size of this paper which didn’t allow presenting all data found, not all topics researched and models used to analyze. However, efforts have been made to include all the relevant data.

The result of the semi-structured interviews will be presented in the form of continuous narrative in the DESTEP analysis, placed in the main body of the report. In addition, certain important verbatim quotations will be placed in the DESTEP. The formal, tabular summary will be presented in the appendix.

In the discussion part the inferences will be made. What do these findings mean for Colorique and what lessons can be derived from the gained information? There will also be some information on the reliability of the content analysis and the limitations of the research.

In the conclusion the recommendations made for Colorique will be summarized. All other relevant information and schemes will be placed in the appendix.

**Methodology**

The main research question is: *“Should Colorique enter Turkey for production based on the possibilities and hindrances of the Turkish home textile industry?”* The answer to this question will be found by doing exploratory and descriptive research. Reason for the exploratory research is because the problem is not clearly defined yet. The descriptive research is there to describe the aspects in Turkey that could be opportunities or obstacles for Colorique when producing there. The objective of exploratory research is to gather preliminary information that will help define problems and suggest hypotheses (Kotler, Armstrong 2006, p. 122). The objective of this descriptive research is to describe a potential production market.

There has been an internal analysis of Colorique, briefly mentioned in the introduction. This information was collected by conducting internal interview. Previous studies done on Colorique and also models such as SWOT confrontation matrix were used(see appendix). Colorique’s management has requested an analysis on the Turkish production market. As a result, a list of relevant production criteria for Colorique is developed, this list of criteria can be found in the appendix.

This criteria list will set a base for the interview guide in the field research (see appendix for the list and interview guide). With these factors the Turkish production market will be analyzed. The tool to analyze this market is the DESTEP analyses. The DESTEP is a tool to analyze the potential Turkish production environment for Colorique. It is part of the external- and situation analysis. The DESTEP analysis is an appropriate tool in finding the answer to the main research question. It is important to gain insight in the external environment, so that Colorique can effectively use the opportunities and be aware of the threats or hindrances when finding production-partners in Turkey. Only the relevant factors for Colorique will be reported. The DESTEP analysis will consist of two parts, a desk research part (e.g. web search engines) and a field research part (survey: semi-structured, open ended, key informant interviews).

Desk research: Information will be withdrawn from existing sources of information and research performed in the past (constructivist epistemology). This will give a general view on the opportunities and hindrances for Colorique in the Turkish textile industry. The way this desk research is done is by analyzing books and reports from institutions. Moreover, web search engines were used such as; the HU database, Google and Google Scholar. Also some relevant facts are retrieved from websites with a reliable reputation, for instance the CIA world fact book.

The open ended, semi structured, face to face, key informant interview (Jankowicz 2002, p. 252) was chosen because there was insufficient information to do the content analysis before the interviews. Turkey is a country in transition, there are many variables and not all can be retrieved by deductive reasoning or desk research. Lindlof & Taylor (2002, p. 195) state that the semi-structured, face to face interview is flexible, allowing new questions to be brought up during the interview as a result of what the interviewee says. The interviewer in a semi-structured interview generally has a framework of themes to be explored. The framework for this semi-structured interview is derived from the criteria list and formed into an interview guide. Sometimes, when asking an open question which was too vague, example answers were given in order to guide the respondent in answering in a particular way.

Before this research the researcher lacked experience on this topic (low level of understanding). When understanding on the topic is more developed, quantitative research is often appropriate, in the initial phase, one should use qualitative techniques (Jankowicz 2002, p. 252). Thus it was logical to choose a qualitative research method. The qualitative research is focused on what is said, rather than the number of people who are saying it. Performing qualitative research can give other/new variables that are important if one wants to import from Turkey.

The essential characteristics of importing textiles from Turkey are partly defined during the internal analysis of Colorique, in the introduction. They are partly defined by drawing on the personal experience and understanding of the respondents and partly on desk-research.

The respondents have management positions in / own a company that has experience in importing textile products from Turkey. Ten companies where interviewed, plus one transport company and one visit to a Turkish trade symposium in Rotterdam for more specific and complementary information. Besides the interviews, informal talks with people familiar with Turkey were used to gain information. These conversations were with people I encountered on the Utrecht trade mart and at the symposium; Turkey and The Netherlands, a sustainable relationship. The symposium was a source of expert information on doing business in Turkey. Quotes of these experts from different backgrounds will be used in the report to enforce or contradict certain outcomes. Also non-profit organizations have been approached for other, more specific information on topics like import matters (Chamber of commerce, Rotterdam Turkey Desk), culture (Turkije Instituut), export information (IGEME) etc.

The reason for combining field research with the desk research is to cross-check results and to find differences. This process is called methodological triangulation (Jankowicz 2002 p. 127). Triangulation is approaching the research field in various ways. This triangulation is crucial when doing qualitative research because it will enhance the validity.

After each interview, the respondents are asked if they can recommend another potential respondent. This way of gaining new respondents is called ‘the snowball method’ (Reeves & Harper, 1981). The snowball method was used because the respondents know people who have experience in these markets and have relevant contacts. Also, it was easier to approach a willing respondent through an acquaintance.

When an interesting, highly relevant, new fact was given by the respondent, it was adopted in the interview as a question to be asked to the next respondents. Thus, early respondents are partly involved in determining the kinds of questions that was asked of the subsequent respondents. These new aspects were also desk researched.

The interview guide has been made up in 3 sections: Culture/communication, production/technical, and logistics/finance. The interviews are recorded so that the interviewer was able to completely focus on the respondents’ answers, and wrote the answers down later. These answers are stories of experiences from which the researcher has to skim the relevant data out.

Jancowizc (2002, page 247/9) gives 5 stages to an active and judgmental process that classifies the respondents’ answers. These steps are part of the content analysis of the interviews. Refer to the appendix for the detailed description of the 5 stages

It is hard to categorize objectively in the content analysis. So what is done to be as objective as possible; two fellow students were asked (Jancowicz 2002, p. 252) to do the categorizing part too, later I discussed and compared this to my content categorization and we came up with the final categorization in the content analysis.

**Findings**

**Demographic** There are several regions in Turkey where the home textile industry is big: Istanbul, İzmir, Denizli, Bursa, Tekirdağ, Gaziantep, Kayseri and Uşak (Şen, 2011). 53% of the Dutch companies are active in Istanbul (Sprangers & Ücer, 2009) *“Turkey is the second biggest supplier country for FWF affiliates. Textile production mostly takes place in and around Istanbul, Denizli and Izmir.” (FWF, 2009)* Seven respondents claimed to be working in Istanbul, three in Izmir. Three respondents added the recommendation that Colorique should to start in Istanbul.

31% of the Turkish enterprises are small (5-19 employees). Medium (20-99) and large companies (100+) account for 39% & 30% respectively. Turkey's demographics "can sustain very high levels of growth," and there's "ample potential" to put more young people to work in industries that are more productive (Holland & Bryant, 2010). Population size is 78,785,584 people; urbanization rate of 1.7 %, the urban population will grow to more than 70% in 2011 (CIA WFB, 2011).

According to half of the respondents labor conditions are bad. Only two respondents are working with suppliers that are certified for ISO 9001. Six respondents mentioned bad conditions which fall under; lack of job security, underpayment and lack of facilities. Three respondents mentioned their Turkish suppliers had unregistered employment. Four respondents claim labor conditions to be ‘relatively good’ (sufficient hygienic facilities, registered labor, social security etc.)

“*The lack of social dialogue, functioning industrial relations and the obstruction of the right to organize in the textile industry are the biggest challenges. Other common problems found concern working hours, payments of overtime, falsification of wage records and annual leave.” (FWF, 2009)*

**Economic** Turkey is the second largest textile supplier to the EU after China and accounts for 12.6% of European textile imports. Home textile is an important subsector of the Turkish textile industry which accounts for 3.2% share in Turkey’s total exports. For Turkey the biggest export partner is the EU where 57% of the exports go. For the Netherlands in particular, textile is among the prime import products from Turkey (ITKIB 2010).

The respondents’ main opinion was that Turkey is a professional country for textile production but relatively expensive to produce in. Main reasons are the labor costs and inflation of raw materials.

Turkey is the 39th most competitive country in the world (IMD, 2011). Turkey had an unemployment rate of 10.1% in the first quarter of 2011 (TURKSTAT, 2011). Average salary was $19 per day in 2010, compared to an Indian average day salary of $2.6. For over the last four decades Turkey has dealt with severe inflation rates (Holland et al.).

The ministry of finance (Today’s Zaman, 2009) stated that on average, taxpayers in Turkey failed to report two-thirds of their actual income. This resulted in major revenue loss for the state. The Turkish government is reacting by strengthening financial regulatory agencies. *“When buying your fabrics in Turkey, it can be very difficult to get your VAT back. So let your manufacturers buy the fabrics you selected and calculate it in the price of the finished product.”* – Roelof van Baalen of Freek! B.V.

Over the last decade Turkish government decreased state expenditures by privatizing companies and tightened capital reserve requirements for banks (Holland et al.). Turkey is very integrated in the world economy by trade and financial means, it got hit severely by the economic crisis, but this is what the economist wrote; *“Yet in many ways Turkey has weathered the credit crunch better than other emerging economies. Partly thanks to tough regulation, not a single Turkish bank has gone under. That is also because, unlike many Western banks, they have few toxic assets and limited mortgage exposure. So the government has not had to divert public money into rescuing banks.”* (The economist, 2009)

Turkish payment conditions vary per company, Turks prefer checks or a letter of credit (LC), but chances are that you pay a good part up front, especially in the initial phase (Olivier & Ripken, 2007). There are limited financial restrictions, but payment periods are on average a bit longer compared to the Netherlands. Half of the respondents mentioned FOB as usual Inco-term. Two respondents worked with ex works and another two worked with transport inclusive. All respondents pay their suppliers in Euro’s. Four respondents pay directly, two worked with 30-60 days after ex-works.

**Social/cultural /history;** Cultural and language barriers are seen as one of the main bottlenecks (see appendix) in doing business efficiently in Turkey by Dutch entrepreneurs (ING 2009). “Culture is more often a source of conflict than of synergy (Hofstede 1967-2009)." According to Prof. Hofstede cultural differences can be divided in four dimensions (see table below).

|  |  |  |
| --- | --- | --- |
|  | The Netherlands | Turkey |
| **Power Distance (PDI)** | 38 | 66 |
| **Individuality versus Collectivism (IDV)** | 80 | 37 |
| **Uncertainty avoidance (UAI)** | 53 | 85 |
| **Masculinity versus Femininity (MAS)** | 14 | 45 |

“The high score of Turkey on the ‘power distance’ dimension also explains the ‘top down’ character of decision making. Turks will want to communicate directly with the highest position (director) of the opponent’s side. They expect you to do the same” (Sprangers & Ücer, 2009). Four respondents claimed they only did business with the owner. Five respondents mainly had contact with a company specialist, product line- or sales marketing manager. Other respondents stated there was consultation between the owner and his employees.

The Dutch rank as number 4 most individualistic society in the world (Hofstede et al.), and have in general loose bonds with others, whereas a very important part in Turkish business is the personal relationship. The status is not so much given to a person’s performance but more on age and personality. *“In the west, contact is between the companies involved and not primarily between persons. This is significantly different in Turkish firms. Any change in personnel will entail a new process of relationship building”* (Sprangers & Ücer, 2009). Almost all respondents claim to have a good relationship with their current supplier. Eight respondents mention a personal relationship as very important in Turkish business. Almost all respondents state that having lunch/dinner is important in Turkish business because Turks like to show their hospitality. Five mention they have informal contact with their suppliers. *It’s important to create a feeling of trust that your cooperation will lead to a long lasting, profitable relationship. Suppliers are more than just business relations, they are your friends.* – Sander van de Vecht, Gaastra B.V.However, informal relation should not be confused with not being clear. Five advised to keep charge, be pertinent and to have everything in writing. *Don’t give the Turks too much space, dictate in every detail. But do it with respect and honor.* – Marco van Rosmalen , Carbone B.V.

Turks scores higher in uncertainty avoidance than the Dutch. Uncertainty avoiding cultures try to minimize the possibility of uncertain situations by strict laws and rules, safety and security measures. People in uncertainty avoiding countries are also more emotional, and motivated by inner nervous energy. In Turkey, showing emotions is a sign of commitment and of personal integrity; motives and the story are just as important as statistics. Loss of face in conflict situations incorporates concerns about somebody’s own image and the care for another’s image within a conflict situation like negotiations (Oetzel & Ting-Toomey 2003). *“Turkish respondents are much more sensitive to criticism and much less inclined than the Dutch participants to accept compromise in negotiating situations. Both groups score high on direct communication styles”* (Sprangers et al, 2009).

In Turkey, the gap between first demand and target price is 33.9 % (Sprangers et al, 2009). Effective negotiations can save a lot of money. Three respondents explicitly stated Turks are strong negotiators. Most (price) negotiations were held in the office, three claimed relationship building and negotiating were happening simultaneously. *“Don’t let the Turks fool you, realize that on average they start demanding 30% more than the eventual price.”*- Maarten ten Bohmer, Ottomania.

There are also commonalities when negotiating with Turks. Both Dutch and Turkish business cultures prefer specific, detailed contracts over general contracts, take risks while negotiating, favor doing one thing at the time and are punctual (Ücer, 2009 p. 22/25). Half of the respondents had good experiences with reliability of their Turkish suppliers as it comes to price, delivery time or quality. Two stated that problems are solved cooperatively, as partners. Five respondents emphasized the importance of having detailed contracts enforced with penalty clauses. Three stated that deadlines are regularly not met, two experienced a sudden price raise, and two others stated that Turks didn’t take responsibility for mistakes in production.

In Hofstedes model; Cultures with masculine attitudes place more importance on titles, materialism, and status. Moreover, masculinity refers to the distribution of roles between the genders. “*Men's values from one country to another contain a dimension from very assertive and competitive and maximally different from women's values on the one side, to modest and caring and similar to women's values on the other”(Hofstede et al.).*

Compared to surrounding countries, female participation in the workforce is low in Turkey. There are some significant differences in regions, sectors and company size. Highest female participation is in the Marmara region (Western Turkey), where 29% of women work full-time. Female participation in top management positions (12%) is a less common than female participation in ownership (40%). Moreover, female participation in ownership grows significantly when the size of a company grows (Enterprise Analysis Unit, 2009). Half of the respondents were female. All respondents experienced a kind and respectful business climate for both men and women. Most of them added that especially Istanbul and Izmir are very modern cities. Six respondents stated it is still advisable to dress conservable. Five respondents worked with female managers. *Many women in this industry own companies, business women are being taken serious.* – Collete Sol.

17% of the Turks speak English and 4% of the Turks speak German. The majority of these people live in the cities of the western part of Turkey. Six respondents claimed English to be sufficient in discussing technical matters. Three respondents communicated in German, and two even in Dutch. Four respondents say that in some cases they needed a translator because their suppliers’ English was not sufficient to do business.

**Technological – environmental** Home textile is an important subsector of the Turkish textile industry which accounts for 3.2% share in Turkey’s total exports. The most important products are: bed linens, bedspreads, table linens, towels, bathrobes and voiles. Most important markets for Turkeys home textile exports at present are; Germany, the UK, France, the USA and the Netherlands (Şen, 2011).

Half of the respondents were very satisfied with the quality of production, knowledge, machinery, infrastructure and craftsmanship. However, quality depends on the factory. Two respondents were almost satisfied, three warned for copy sensitivity. Almost all respondents feel like Turkey has enough accessories and of good quality. The World Bank states that in Turkey, 30.4% of the firm’s own an ISO 9001 certificate (Trading Economics, 2009).

According to the respondents, the minimum order quantity depends per factory, product type, the price and can be steered by effective negotiating. Five of the respondents mention Turkey asks for smalls MOQ’s on average. Two respondents mention around 3000 meters of printed fabric. About the hand labor skills, more than half of the respondents say it is of a high quality. Four respondents point out that it is relatively expensive to manufacture labor intensive products.

Seven respondents find their suppliers to be specialists. Only three respondents say that their suppliers print their designs in house. Five respondents thought the designs on the fabric was professional and of high quality.

*“The products of the Turkish textile and apparel sector have a wide usage of CAD (Computer Aided Design) and CAM (Computer Aided Manufacturing) and an increase in the number of qualified personnel”.*- IGEME

Almost all respondents claim their Turkish suppliers to be very flexible and that there is space in the production to increase orders suddenly. *“Flexibility and adaptability are very high, in my experience higher than in any other country.”* – Norbert Mutsaerts, Noppies international B.V.

Seven respondents have a (local) quality control agent. Other activities that these agents do were different per respondent but some where: negotiating, sourcing, certification, taxes to arranging transport. Three respondents didn’t have an agent because they had businesses of their own in Turkey, two of these recommended to have an agent anyhow. *“Exporting from Turkey can be complex and expensive because of the bureaucracy. Make it easy by sourcing it all out to a professional and local company.”* – Maarten ten Bohmer, Ottomania.

According to survey on ICT Usage in enterprises (‘09 Turkish Statistical Institute Turkstat), 90.7 % of enterprises use PC’s, 88.8 % has access to the Internet and uses email and 74% has a corporate website. These percentages grow when a company has more employees (Türkoglu, 2010). Eight respondents were satisfied with the communication, Turks email on a daily basis. Four respondents mentioned using Skype. Two complained about their suppliers not always sending a confirmation after a request from their side.

Turkey is a large Cotton producer. Cotton is the most important non-food agricultural crop and uses 2.5% of all arable land. Nevertheless, it uses more than 16% of the use of chemical pesticides, which makes it the most polluted crop in the world (EJF & PAN UK, 2007). It does not only cause harm to the natural environment, its toxicity is also very harmful for human health. Especially the peasants suffer from the consequences of pesticides. Moreover, research uncovered detectable traces of pesticides as well as numerous persistent organic pollutants in finished cotton goods (Rybicki, 2004).

A sustainable alternative is organic cotton. Demand is growing 15% in 2010 despite the recession (Textile Exchange, 2010). Turkey is number 3 biggest production market for organic cotton. The total organic cotton market grew in five years from 0.1% to 1.2% of world production. Rules are evolving as the organic cotton market developed and now there are two globally accepted systems: Global Organic Textile Standards (GOTS) and Organic Exchange (OE 100 or blend).

**Political - juridical – legislative** There is a relatively strong bond between Turkey and The Netherlands but almost all trade treaties are being dealt with on a European level. Under Ataturk’s strict rule Turkey initiated a process of westernization which eventually led in becoming a candidate state for the E.U. However, recent trends have tempered the Turkish desire to be part of the E.U. (Holland et al, 2010). Instead Turkey is part of the EU Customs Union. A tangible result is the A.TR document (KVK 2011). This certifies that certain products, including the decorative textile products, have been put in free circulation in both the E.U. and Turkey. All respondents stated to use A.TR documents.

*Turkey is making progress on economic terrain, the referendum to adapt the constitution and also the position of the Kurds has been improved. However, there are still problems as it comes to civil rights, law enforcement and emancipation. -* Euro parliamentarian Ria Oomen (CDA) in an interview about the annual progress reportage on Turkey with respect to accepting it as an EU member.

Under international pressures of the IMF and the EU, the role of the Turkish government in the economy should be smaller and monopolies are ought to be dismantled. But this process of privatization is slow and not transparent. There is still a strong confusion of interests between government and business (Holland et al, 2010).

Turkish customs officers are notorious and Dutch entrepreneurs experience various obstacles in doing business in Turkey in respect of legislation, customs and dealing with the government. On a scale from 1 – 7 (7 = very efficient), Turkey scores a 3.4 as it comes to customs efficiency (Trading Economics, 2009).

Five respondents never experienced problems importing from Turkey to Europe. Three stated to have had problems with customs: holding stock for a long time, not able to negotiate with custom officials, corruption and theft. Three respondents strongly advised to avoid sending materials to Turkey.

Intellectual property is not protected well, even though the government has made some laws, the implementation process is slow. The Tax system is complex, changes regularly and is discriminatory. Foreign enterprises are visited by tax officials more often and pay a higher tax which leads to unequal competition. Also the recovering process of VAT is difficult and takes a long time. More than 42% of the Turkish firms experience corruption in their country as a major constraint for doing business (Enterprise Analysis Unit, 2009). However, the survey of the IMD and the World economic forum state that entrepreneurs doing business in Turkey suffer relatively little harm from corruption (ING Economic Bureau, 2009).

Six respondents transport their products from Turkey to Europe by road and this takes six days on average. Four of these state that in case of a last minute order they will air-lift. Most respondents state that road transport is the cheapest way to transport their stock to Holland. Some respondents warn for theft and robbery when transporting through Eastern Europe.

**Discussion – Demographics** Not only are most respondents active in Istanbul; they also recommended companies new to Turkey to start in Istanbul. It is the largest city, closest to Europe and strong infrastructure for the (home) textiles industry. Respondents with companies in the main land where either experienced in doing business in Turkey, or moved to other parts of Turkey because their suppliers moved to these places. These finding agree with the desk research; most companies are active in Istanbul and the western part of Turkey. More specific research to companies in the decorative textile sector can illustrate settlement patterns. So it would be most logical for Colorique to start looking in either Istanbul or Izmir since these cities seem easiest to start.

Labor conditions varied a lot in the respondents answers. The overall situation is improving but there are still manufacturers not living up to standards given by the state and the ILO. Reasons given by the literature were the same as what the respondents stated, especially the falsification, lack of registration and poor facilities. Additional research to professionalism, size, and industry type and export experience of these companies can perhaps reveal more patterns. It seems there is a lot of variety in Turkish factories when it comes to labor conditions. So for Colorique this means everything is possible and it is important to determine the labor conditions when choosing a supplier. There are several standards which Colorique can rely on to certify a company having good labor conditions. The ISO and FWF are examples of organizations offering such certifications.

**Discussion economic** Turkish suppliers in general ask for payments in Euro’s, there is a high level of productivity but labor costs are relatively high. Also material costs are suffering from inflation in Turkey. An advantage of Turkey is the close distance to Europe, which will decrease the lead time. The transport costs will be significantly lower. A relevant additional research could be on what effect these rising labor costs would have on the cost of a finished product.

Tax evasion: Many companies commit fraud in handling taxes. The government is working hard to fight tax evasion. This does not have to be a problem for Colorique. Many respondents didn’t suffer harm from corruption, tax evasion and the governments’ measures to fight it. Colorique does have to make sure all administration of this is well sorted out before it starts importing from Turkey. Advice fromsome respondents was to choose experienced professional, exporting manufacturers of home textiles and recommended is to use a local (control) agent.

Payment conditions and Inco termsdepends on negotiations with the buyer.The only relation found between desk research and the interviews is that a fair part pays directly for their stock. This has to do with the Turks tending to favor financial security, especially in the initial phase. This aspect can be a potential hindrance for Colorique because of the fragile cash flow position. Inco terms differ a lot, but FOB was mentioned mostly, which agrees with the literature. However, some respondents mentioned purchasing their products including transport to Holland. This can potentially be easier for Colorique so that they don’t have to get too involved in the initial phase.

**Discussion Social Cultural** Relationships: It is very important to have a personal relation in Turkey. Both the respondents as well as written sources emphasized the importance. Showing hospitality is important and this has to do with the cultural component of collectiveness. Business relations are your friends. It is important for Colorique to build a relationship with their suppliers and to maintain it; this means regular visits and participating in informal activities such as having dinner etc. This can also be done by a representative agent of Colorique. Trust and granting favors are two very key words to success in Turkish business.

When a person leaves the company its successor will not automatically receive the same status, a new relationship is ought to be build. In The Netherlands there is a strict separation between professional and private life. In Turkey there is no such separation, business partners are friends. A personal relationship and trust are not to be underestimated when doing business. Turkish business culture, due to global integration, has ‘moved’ towards the west, whereas in Dutch business relationship building is more recognized as being important. The table in the appendix (Ücer, 2009) describes some traditional factors and differences in negotiating. Many respondents stated that in their experience these differences are not that extreme anymore. Nevertheless it is something to take into account when starting negotiations with Turkish suppliers.

Communication: Loosing face is something that should be avoided at all times, also the pace of negotiation is slower. In Turkey the win-lose negotiation style is common so Colorique should prepare in negotiations and keep their numbers. Also rational factors are more important in Holland than in Turkey, so it is important to be aware that showing emotions is part of negotiating.

Hierarchy has to do with the power distance structure and masculinity in Turkish culture. The respondents didn’t really agree with the desk research and give mixed answers. An explanation could be that Turkish business culture westernizes because of their integration in the world economy. In general, respondents working with smaller manufacturers do business with the owner directly. Larger companies discuss the technicalities with the product line manager. A risk of a small company with the owner as the prime authority is that decisions are delayed when this person is not present. Colorique should keep this in mind when approaching manufacturers.

Business as a woman in Turkey: There is no problem doing business as a woman in Turkey. Both written sources andthe respondents state it is a modern country where it is normal for women to be in business, especially in the Aegean region (including Istanbul). Of course this is important to know for the 100% female organization of Colorique. Some respondents even stated Istanbul is more modern then many west-European capitals. Nevertheless, dressing conservative is recommendable.

Language in Turkey: English is the main foreign language, most businessmen speak sufficient English. Some of the respondents mentioned they have to use translators;often agents are the translators. Colorique should, when approaching a potential agent, keep in mind that his language skills are sufficient to be able to translate technicalities of the industry.

Reliability: On average Turks can be considered as reliable business partners. However Colorique can prevent problems by constructing detailed contracts including built in penalty clauses in case agreements are not met (e.g. production is delayed).

Culture is dynamic. And it is nearly impossible to generalize Turkey as a whole. Cultures vary per company. Colorique should keep in mind that some of these cultural dimensions are not that extreme anymore and that differences should be seen in perspective of one another. Especially the large, private owned companies are very similar to western companies. The respondents did not experience as many problems with the Turkish business culture then came out in the desk research. A reason for this can be that the respondents were all companies that were importing from Turkey, whether desk research was about ‘doing business’ in Turkey, which included selling and distributing in Turkey. Turkish export oriented companies have more experience in doing business with western companies. Nevertheless there are certain cultural dimensions in general. Only 1,9% of the private companies in Turkey are owned by foreigners (enterprise analysis unit) so chances are big that you will be doing business with Turks.

**Discussion Technology & Environment** Information Technology: Both desk research and the respondents claim Turks to be fairly advanced in using the computer for manufacturing, designs and communication. Emails are being answered on a daily basis and some manufacturers even use Skype. So technology wise, Colorique is perfectly able to be in touch with its supplier in Turkey. This is important for Colorique that has to be updated frequently on the status of the production. Some respondents and written sources state that quality differs per factory. Quality control agents are advisable. Entering a network is crucial, but also frequent controls, transport perhaps certification etc. Colorique can make this venture a lot easier working with a local and experienced intermediary.

Specialist or generalist; Most respondents find their suppliers to be specialists. Colorique works in general with generalists. Their Indian manufacturers also have a printing machine and are able to produce different goods. For Turkey, this means Colorique will have to put effort in finding a variety of manufacturers to produce their wide product rage because the chance to find a Home textiles generalist appears to be small (at least in the garments industry). It is an interesting aspect requiring further investigation; it can be different in the home deco industry. They are also willing to make complex samples and can practically make anything, have all accessories and materials are comparable to European standards. As said before, the labor costs are a lot higher, even though Turks are accustomed to manufacture high quality hand labor; Colorique should expect a significant higher price than they would get it for in India. What the exact price differences are would be interesting for further research.

Flexibility: Both written sources and the respondents agree Turks are very flexible. This can be considered an opportunity for Colorique who is looking for a manufacturer for the private label market. The respondents had mixed opinions about the MOQ’s. There was little written information found about requested MOQ’s, so an interesting research to continue is to find out what the average MOQ in the Turkish home deco industry is. A low MOQ is important for a niche market company like Colorique, especially for the designs of the fabric, which is created every season by Colorique. In case of a high MOQ Colorique has to use many meters of fabric. This will influence the creative process because everything will have to be made out of the same fabric. Thus it will limit one of Colorique’s core competencies, the innovative designs.

Cotton is the most pollutant crop in the world and organic cotton is a fast growing alternative. There are standards like GOTS that are internationally recognized and accredited and there are active control systems in Turkey. Price differences between bio cotton and conventional cotton are marginal at the moment. There seems to be a rise in demand for sustainable products and Colorique’s message of striving for ethical working conditions seems to fit the philosophy behind organic cotton. An interesting topic for further research could be the long term feasibility to adopt organic cotton into Colorique’s product lines.

**Discussion Political, legislative** Transport: A big competitive strength of Turkey is their distance to the E.U. With a transport time of six days and cheap transport costs Turkey offers many opportunities for Colorique.

European Customs Union: The accession of Turkey to the customs union has abolished clearance fees for many product groups (also for decorative textile products) between Turkey and the E.U. This will be cost saving for Colorique.

Protectionism: Custom officials are described in the written sources as a problem. Customs can act arbitrary and for example hold ones’ stock for a long time without giving up a clear reason. Also the administrative requirements change frequently, are unpredictable and unclear. The respondents gave mixed answers but were in general more positive about importing from Turkey then exporting to Turkey. There has been a strong advice to avoid sending half fabricates of commercial value to Turkey. Also written sources state that Turkey has been accused of protectionism. Turkey seems to discourage importing products that are also produced in Turkey. For instance, it is difficult to send fabrics from the E.U. to Turkey for production.

Corruption: This happens in Turkey on many different levels; it can be the customs officials at the border, tax agents, government officials, business partners or even control agents. This can be a constraint, and Colorique should be aware of this threat. On the other hand, Colorique has more than 15 years of experience in doing business in India, which is also known to be corrupt. As long as Colorique outsources the transport and customs handling it will prevent loosing much time on problem handling. This is another reason to find a local expert agent. It is important to find a trustworthy agent with a high level of integrity. Ways around this is to work with accredited bureaus.

**Recommendations**

This research has been performed to find the production opportunities in Turkey for Colorique. After the research there are several potential opportunities and hindrances found in Turkey for Colorique. Based on the findings below Colorique should seriously consider approaching Turkey and find producers.

The (home) textile industry is very developed and especially Istanbul has a strong infrastructure for this industry. The euro is a prevailing currency in Turkey and used in most international transactions. Labor conditions are relatively good compared to other production countries. It’s located close to Holland which makes up for short lead-times and low transport costs. Turkish producers are seen as very skilled, productive, reliable and flexible. Turkey is part of the European Customs Union which means there is no clearance cost charged on home decorative textiles. Moreover, Turkey is a young dynamic market and a fast growing economy, there has been a long tradition of trade between Europe and Turkey. Doing business as a woman in Turkey is no problem, and communication happens frequently and the production-technology is modern. Turkey produces its own cotton and an increasing part is organically sustainable cotton. All these factors lead to the final conclusion and the recommendation that Turkey is an interesting market for Colorique to start importing home textiles. However, Colorique must pay attention to the following potential hindrances:

Tax evasion and government tax regulations; Chances are high that more than one manufacturer will have to be used for production because most Turkish producers are specialists instead of all-round generalists. It can be difficult to get the VAT back if Colorique buys the materials themselves. Make sure your end-producer buys the materials/half fabricates from other producers and make him or her count it in the price. This prevents Colorique from having to pay VAT and going through the bureaucratic hustle of getting the VAT back. Avoid having to send half fabricates or materials to Turkey from abroad because customs can delay the matter arbitrarily.

Before choosing to work with a manufacturer, Colorique should check whether the laborers are working under a contract and whether they are insured. Part of tax and social security avoidance is committing fraud in registering laborers. Labor conditions vary strongly depending on the factory. Manufacturers in western Turkey are in general a bit more developed in that respect. Other reasons to produce in the west are the cultural values, emancipation of women, and the developed infrastructure of the home textiles industry.

Turkey has a lot of know how in producing home textiles, and is technically developed. But hand labor is expensive and traditional methods used will be different. The ‘look’ will be different and Colorique has to decide whether this is adoptable in their collection and fits the brand.

The respondents gave mixed answers about the MOQ’s in Turkish production facilities. Further research is needed, but it seems that size of a company more or less influences the MOQ. From the stories of the respondents the following statements can be made. Potential disadvantages of small companies are; weaker labor conditions, less female participation, lack of professionalism, lower productivity, not officially certified, less buying power and longer procurement periods. On the other hand, potential threats of large factories are high MOQ’s, Colorique will have a weaker negotiation position, will be less important as a ‘small’ client, and there is less flexibility in deciding production & delivery times (small clients are used to fill up the production gaps of the big clients).

Find a reliable, local, experienced control agent, or even more so, a partner that you could see as an extension of Colorique in Turkey. This agent already has a network (which is crucial for doing business in Turkey). An agent can help creating and maintaining a strong relationship with the manufacturer can act like a translator, build goodwill, can perform quality controls, and inspect labor conditions on a regular basis.

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**Appendix**

**List of 10 respondents (comparable companies).**

Carbone B.V. (garments), Marco van Rosmalen (Owner and founder)

Colette Sol B.V. (footwear) Collete Sol (Owner and founder)

Correl B.V. (garments), Ellie van Luin (Founder)

Fair trade original (garments, among others) Arjan Kool (Design at garments department)

Freek! B.V. (garments), Roelof van Baalen (Founder)

Gaastra International (garments), Sander van de Vecht (senior product line manager denim)

Ottomania B.V. (Decorative textiles), Maarten ten Bohmer (Owner and founder)

PK Textiles B.V. (garments & organic cotton), Paula van Lonkhuizen (Owner and founder)

Task international/Noppies B.V. (garments), Norbert Musaerts (Owner and founder)

Vivia la Mama B.V. (footwear), Christel Coppens (Owner and founder)

**Other visits**

Ocean Air Forwarding B.V. (Transport), Chris Jonas & Joost Dortwegt

Symposium Holland Turkey; Investments & Trade 2011

**Moreover I received a lot of relevant information from**

Necla Günay, Hogeschool Utrecht,

Ali Yazgili, Turkije Instituut in The Hague

Erhan Gürer, Turkije Desk at KVK Rotterdam

Beratiye Öncü, TTPO (Turkish Trade Promotion Office)

**Jancowizc’s (2002, page 247/9) 5 stages to an active and judgmental process**

**1. Unit of analysis**: The whole answer to a particular question is taken as a unit of analysis.

**2. Categorizing**: The categories are chosen by reading the different answers. Specific utterances will be used to summarize the categories. Per answers their will be around 4 categories.

**3. Coding**: The answers will be assigned to the categories.

**4. Tabulating**: where the categories are put into a table to show the number of answers for each category.

**5. Illustrating**: Eventually, the representative verbal description of the table, to be used when placing it in the DESTEP analysis. In addition, some quotes concerning the issue will be used to make it concrete.

**Variables for Colorique**

* Delivery- and lead-times
  + Production
  + Transport
* Inco terms (CIF, FOB, Ex-Works)
* Knowledge of technique and material
  + Handicraft
  + Variation in production
  + Embroidery
  + Prints
  + Zippers
  + Velcro
  + Knots, buttons etc.
* Minimum order quantities
* Samples
* Corporate ethics and philosophy en philosophy
* Prices
* Import duties / clearance costs
* Sourcing, quality control
* Transport; time and cost
* Reliability
  + Delivery time guaranties,
  + Quality
  + Look
* Flexibility
* Communicative strength
* Level of female emancipation
* What part of Turkey?

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Weighting Issues | | Opportunities | | | | Threats | | | |  |
| Media Attention | Foreign market potential | Growing PL Market | Increasing demand | Increasing Competition | Increasing client bargaining power | Increasing (production/logistic) costs | Increasing supplier bargaining power |  |
| Strength | Design | 3 | 3 | 5 | 3 | 5 | 1 | 5 | 1 | **26** |
| Organization | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | **22** |
| Brand | 5 | 1 | 5 | 5 | 3 | 1 | 5 | 1 | **26** |
| Client portfolio | 1 | 1 | 3 | 1 | 5 | 3 | 1 | 1 | **16** |
| Weakness | Financial situation | 5 | 3 | 5 | 3 | 3 | 1 | 5 | 5 | **30** |
| Lead time | 1 | 3 | 5 | 3 | 5 | 5 | 5 | 5 | **32** |
| Attracting PL/TM L | 3 | 5 | 5 | 3 | 3 | 5 | 1 | 1 | **26** |
| Small team | 3 | 3 | 3 | 3 | 1 | 1 | 1 | 1 | **16** |
|  |  | **22** | **22** | **34** | **24** | **28** | **20** | **26** | **18** |  |

**SWOT Confrontation Matrix**

The issues marked green are seen as most important. The numbers describe the connection between the different factors. 1 - No to little connection, 3 - moderately connected, 5 - strongly connected.

**The Interview**

The answers have been analyzed, categorized and stated in the tables below. Under every question are the answers I got. Behind the answers is the number of the amount of respondents who answered in that way of similar to that answer. As you can see, the numbers added together is in most cases more than the amount of respondents. Sometimes a respondent gave more than one answer to a question and those are filed under several answers. For instance, question one, 8 respondents answered that building a personal relationship is important, there were also a number among these 8 respondents that mentioned hospitality is important in Turkish business culture.

**Culture & communication In your opinion, what is important when a Dutch company strives to have a good relation with a Turkish company? How would you describe your relation?**

|  |  |
| --- | --- |
| Building a personal relationship | 8 |
| Hospitality; Eating together | 6 |
| Informal contact: | 5 |
| Keep charge, keep clear who’s boss | 5 |
| Keeping it pertinent (zakelijk) Clear agreements: | 5 |
| Trust | 3 |

**Colorique is a 100% female company; do you expect problems in that respect? Can you give me any advice in that regard?**

|  |  |
| --- | --- |
| No problem at all | 10 |
| Especially no problem in Istanbul & Izmir | 8 |
| No problem when dressed conservable | 6 |
| Very modern, women in management | 6 |
| Turks are very respectful to women | 2 |

**What is your experience with your suppliers as it comes to reliability, meeting agreements like delivery times, prices and quality?**

|  |  |
| --- | --- |
| Good | 7 |
| Contract, fine clausal Keep them tight, make clear agreements and stick to them | 4 |
| Deadlines not met | 5 |
| Quality differs per company | 3 |
| Not taking responsibility for mistakes | 4 |
| Sudden price raise | 2 |
| Tackling problems as partners | 2 |
| Quality not met | 1 |

**How flexible are your Turkish suppliers? (In the case of an emergency order)**

|  |  |
| --- | --- |
| Very flexible | 9 |
| Depending on importance of client | 1 |
| Depending on personal relationship, willingness to do you a favor | 1 |
| Not flexible | 1 |

*“Flexibility and adaptability are in my experience higher than in any other country.”* – Norbert Mutsaerts, Noppies international B.V.

**What are the labor conditions of your suppliers? Do you have a certification?**

|  |  |
| --- | --- |
| Bad conditions; Underpayment, Ease of being fired, Lack of facilities | 5 |
| No certification (FWF, ISO, BSCI) | 5 |
| Informal work (workers not officially registered) | 3 |
| Not handling according to labor rights | 2 |
| Relatively Good; Better than other production countries | 4 |

**What is the organizational culture of your suppliers in general; Autocratic or shared decision making?**

|  |  |
| --- | --- |
| I only did business with the owner | 4 |
| There was a specialist person (a manager, professional, sales-marketing manager etc.) | 6 |

**In what language is used to discuss business matters? Is it sufficient to discuss technical details?**

|  |  |
| --- | --- |
| English: Sufficient to speak technical/business matters | 6 |
| Turkish 🡪 English: not sufficient: Needed a translator | 5 |
| German | 3 |
| Dutch | 2 |

**Are your Turkish easy to reach, fast response time on email?**

|  |  |
| --- | --- |
| Easily reachable Email | 8 |
| Used Skype | 4 |
| Not completely satisfied; they don’t send a confirmation | 2 |

**Technical/production**

**What is your experience with the quality of decorative textiles?**

|  |  |
| --- | --- |
| High quality, knowledge, machinery, infrastructure and craftsmanship | 6 |
| Almost high | 2 |
| Quality depends on factory | 3 |
| Copy danger | 3 |
| Fabrics can be hard to find | 2 |
| Do not understand our taste | 1 |

**Do you work with a local partner (quality control, sourcing agent etc.)?**

|  |  |
| --- | --- |
| Yes | 7 |
| Found reliable person via personal network | 3 |
| Also arranges taxes and transport, quality control, certificating, design, negotiations | 3 |
| No | 3 |
| No but recommended us | 2 |
| Has own factory there | 3 |

*Exporting from Turkey can be complex and expensive because of the bureaucracy. Make it easy on yourself by sourcing it all out to a local professional company*. – Maarten ten Bohmer, Ottomania.

*A local partner will be able to give you access to his network, a friend of a friend is your friend*. – Collete Sol

**What regions are specialized in decorative textiles?**

|  |  |
| --- | --- |
| Istanbul | 9 |
| Izmir | 3 |
| Bursa | 2 |
| The whole of Turkey | 1 |
| Trapson | 1 |

**What is your experience in negotiating about minimum order quantities (MOQ)?**

|  |  |
| --- | --- |
| It differs a lot per factory | 6 |
| Small MOQ: between 600-1000 | 5 |
| 2000 to 3000mtr | 3 |
| Is negotiable, for the right price you can get any MOQ | 2 |

**In general, are Turkish textile manufacturer’s specialists or generalists?**

|  |  |
| --- | --- |
| Specialist | 8 |
| Generalists | 2 |

**What is your experience with the quality of printing fabric in Turkey?**

|  |  |
| --- | --- |
| High quality, both professionals as traditional | 6 |
| Is being outsourced to other Turkish manufacturers | 5 |
| We print our designs in Europe | 2 |
| The Turks use outdated software | 2 |

*As a foreigner it can be complicated and long process to get your VAT back, so let your Turkish manufacturer buy the fabrics from the printer, and calculate it in the price for the manufacturer*. - Roelof van Baalen, Freek!

**What is your experience with Turkish hand labour (embroidery, braids, weave, applying, quilting, knitting etc.)?**

|  |  |
| --- | --- |
| High Quality | 7 |
| Expensive | 5 |
| Depends | 1 |

**How would you asses the price level of decorative textile from Turkey?**

|  |  |
| --- | --- |
| Expensive | 4 |
| Competitive because high productiveness | 1 |
| Doesn’t know | 5 |

*Purchase prices for pillowcases: 3 euro’s, hand embroidery cotton pillowcase: 8 euro’s.* - Maarten ten Bohmer, Ottomania.

**Do Factories have enough accessories (zippers, buttons, hinges, locks, knobs, pullers, Velcro etc.) & what is the quality?**

|  |  |
| --- | --- |
| High quality and sufficient | 8 |
| Other | 2 |

**What is your experience in your suppliers’ willingness to make complex samples?**

|  |  |
| --- | --- |
| Yes against payment, but the samples are quality represent able: 8 | 8 |
| Yes but quality was not representative: 1 | 1 |

**Finance & Transport**

**In what currency do you pay your suppliers?**

|  |  |
| --- | --- |
| Euro | 10 |
| Keep the lira in mind and state in your contract that the price in euro’s will stay the same, | 1 |

**What payment conditions are standard in the industry?**

|  |  |
| --- | --- |
| Direct payment | 4 |
| 30-60 days after ex-factory | 4 |
| Depending (relationship, trust) | 3 |
| We have our own factory | 2 |
| Early payment 4% discount | 1 |
| CAD | 2 |

*Especially in the initial phase Turks go for security. If you have proven to be a trustworthy payer it can differ to 60 days.* - Norbert Mutsaerts, Noppies B.V.

**What is your experience in negotiating with Turks? How did this happen?**

|  |  |
| --- | --- |
| In the office | 6 |
| Be respectful but pertinent, do everything contractual | 4 |
| Relationship building and negotiating at the same time, e.g. during dinner | 3 |
| Strong negotiators – put emotion in it | 3 |
| Friendly and calm | 2 |
| Marge of 30% | 2 |
| Our agent negotiates for us | 2 |

*Don’t let them fool you, make clear agreements and write everything down*. - Maarten ten Bohmer Ottomania

**What inco terms are you used to in Turkey? (FOB, CIF, ex-Works etc.) ?**

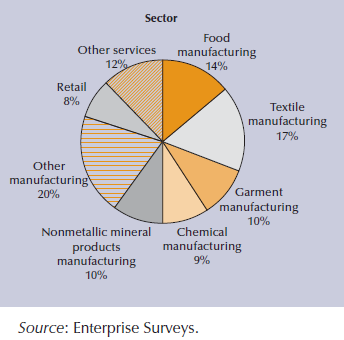
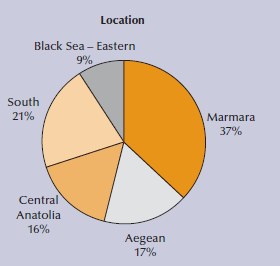
|  |  |
| --- | --- |
| FOB | 6 |
| Ex-Works | 2 |
| CIF (Transport Inclusive) | 2 |

**What is your experience with Turkish customs officials?**

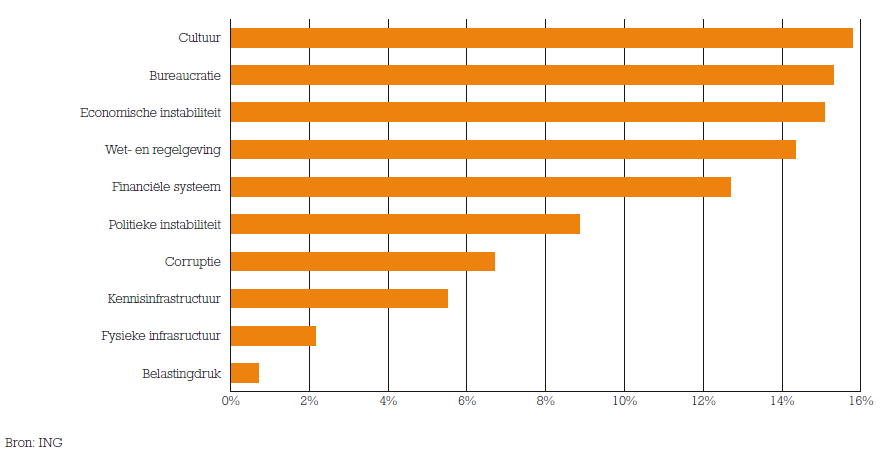
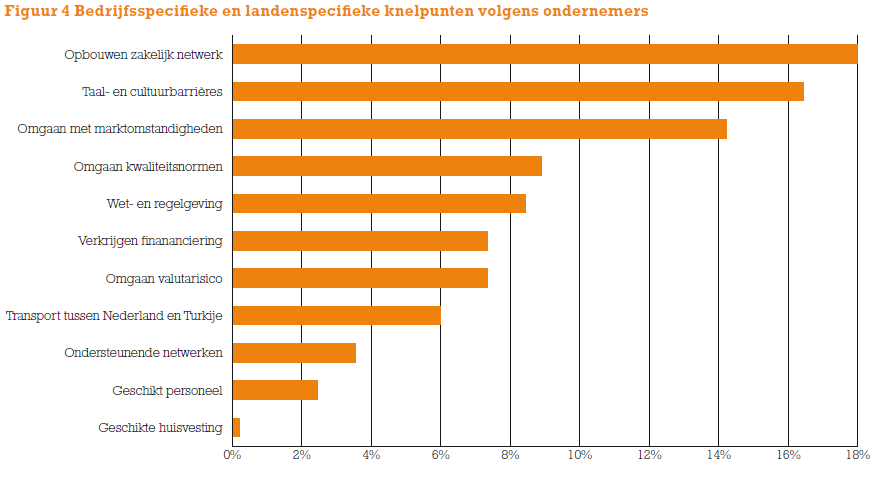
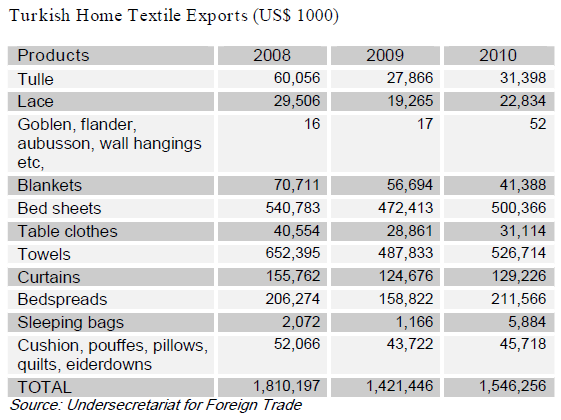
|  |  |
| --- | --- |
| No problems | 6 |
| Problems with customs | 3 |
| Holding stock on border | 3 |
| Very inflexible | 2 |
| Customs stole products | 1 |
| Mail is unreliable, use a courier | 1 |
| Sending products to Turkey is a complex, long-lasting and expensive operation | 2 |

**What mode of transport is used to get your Turkish products to the Netherlands?**

|  |  |
| --- | --- |
| Road | 7 |
| Flying (always or in case of a deadline) | 4 |
| Ship | 2 |



|  |  |  |
| --- | --- | --- |
| **Source: Ücer, 2009** | Turkey | Netherlands |
| **Pace of negotiations** | Slow | Fast |
| **Negotiation strategies** | Win-lose | Win-win |
| **Communication and personal relationship** | Relationship | Contracts |
| Formal | Informal |
| **Decision making** | Top down | Consensus style |
| Emotional factors | Facts and figures |



Source: (Textile Exchange, 2010)

|  |  |
| --- | --- |
| **Level of corruption in Turkey** (Enterprise Analysis Unit, 2009) | **Percentage of firms** |
| Firms expected to pay informal payment to public officials | 17.99% |
| Firms expected to give gifts to get an operating license | 10.65% |
| Firms expected to give gifts in meetings with tax officials | 3.95% |
| Firms expected to give gifts to secure a government contract | 23.12% |
| Firms identifying corruption as a major constraint | 42.30% |

