

**THE REPUBLIC OF TURKEY
BAHCESEHIR UNIVERSITY**

**ARE THE EMERGING MARKETS THE NEXT
DEVELOPED MARKET**

Master's Thesis

MHD TALEB ALJABBAN

İSTANBUL, 2016

**THE REPUBLIC OF TURKEY
BAHCESEHIR UNIVERSITY**

**THE INSTITUTE OF SOCIAL SCIENCE
GLOBAL AFFAIRS MASTER PORGRAM**

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Supervisor: DR. BAŞAK ERDEM

İSTANBUL, 2016

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ABSTRACT

ARE THE EMERGING MARKETS THE NEXT DEVELOPED MARKET

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GLOBAL AFFAIRS

Thesis Supervisor: Dr. Başak ERDEM

August 2016, 80 pages

The purpose of this thesis is to understand the emerging markets, in a modern global economy, business environment faces a dilemma on how to understand and interpret the Emerging Markets.

In fact, Emerging Markets have generated some of the most exciting investment opportunities globally.

As a matter of fact, there is a huge debate continuing about the Emerging Markets, which are the newly developed markets. Therefore this study aims to give us a better understanding of these growing markets.

Keywords: Global Economy, Emerging Markets, developed markets.

ÖZET

GELECEKTEKİ GELİŞTİRİLMİŞ PAZAR GELİŞTİRİLMİŞ PİYASALAR

Mhd Taleb Aljabban

Küresel İlişkiler Yüksek Lisans Programı

Tez Danışmanı: Dr. Başak ERDEM

Ağustos 2016, 80 Sayfa

Bu tezin amacı, Gelişen Pazarların nasıl anlaşılacağı ve yorumlanacağı konusunda ikilemle karşı karşıya kalan bir iş ortamını, modern küresel bir ekonomide gelişmekte olan piyasaları kavramaktır.

Gerçekte Gelişen Pazarları dünyaca en heyecan verici yatırım fırsatlarının bazılarını yarattı.

Aslına bakarsanız, yeni geliştirilen pazarları olan Gelişen Pazarlar hakkında hala devam eden büyük bir tartışma bulunmaktadır.

Bu nedenle, bu çalışma bize bu büyüyen pazarlardan daha iyi bir anlayış kazandırmayı amaçlamaktadır.

Anahtar Kelimeler: Küresel Ekonomi, Gelişen Pazarlar, Geliştirilmiş Pazarlar

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Chapter one:

1 Introduction:

To begin with, we can not ignore the fact that in this rapidly changing world, with the highlighting of globalization and its effects on the Globe as a one integrated entity, we could notice that environment of a global economy is changing continuously and in a very fast, large, and surprising manner.

However, the increased globalization and interconnection of companies from different nations is possibly the most important change in the global economy since World War II. Indeed, as globalization continues to grow and technology continues to change at an exponential rate, domestic and international firms increasingly face a new competing landscape.

Meanwhile, in the 21st century, the world economy is characterized by greater complexity, interdependency, velocity, transparency and diffusion of power. (IMD , 2013)

Furthermore, The Economic changes in the global economy, mentioning the impact of the financial crises and the moving toward growing powers that are emerging markets are changing the balance of global economic power.

In a modern global economy, business environment faces a dilemma on how to understand and interpret the emerging markets. As a matter of fact, there is a huge debate continuing about the emerging markets, which are the newly developed markets. Therefore, this study aims at giving us a better understanding of these growing markets.

In fact, emerging markets (EMs) have generated some of the most exciting investment opportunities globally. As economies in Asia, Latin America and Eastern Europe began to grow at rates that far outpaced more developed countries, new economic reforms and trade liberalization opened the door to Western investment. Meanwhile, increasing urbanization. (BlackRock , 2011)

Today, EMs presents a very different investment proposition, having established themselves as major players in the global economy. Compared to Western countries, many emerging markets are better resourced, have stronger balance sheets and younger work forces. (BlackRock , 2011)

Following this further, most emerging markets are characterized by a comparatively young population and growing power, which gives these markets additional point than already well-established markets.

1.1 Emerging Markets and their Uniqueness

This section provides a closer look at the major characteristics of emerging markets and their particular background.

1.1.1 Historical Background

One important aspect of emerging markets is that the countries, which are currently, described as emerging markets, which once commanded world power.

A complete history of emerging markets could start with Marco Polo as the west began to meet the east, or with the late 19th and early 20th century, when similar to now large sums of money were flowing into then-emerging markets, including Latin America and Asia. (Morrow)

1.1.2 The Distinction between Advanced Economies, Developing Economies, and Emerging Markets

Advanced economies are post-industrial countries characterized by high per-capita income, highly competitive industries, and well-developed technological and commercial infrastructure. The advanced economies are the world's richest countries which include; Australia, Canada, Japan, New Zealand, the United States, and most of the European countries. Developing economies are generally low-income countries characterized by limited industrialization and stagnant economies. Of the developing economies, the most numerous group includes Bangladesh, Nicaragua, and Zaire. Emerging market economies or, briefly, emerging markets, refer to a subset of former developing economies that have achieved substantial industrialization, modernization, and rapid economic growth since the 1980s. The economies are differentiated by degree of economic development and per-capita income. Currently, some 27 countries are considered as emerging markets. These economies are found mainly in Asia, Latin America, and Eastern Europe. The largest emerging markets are China, India, Brazil, and Russia. (Cavusgil, Knight, & Riesenberger, 2007)

1.1.3 Emerging Market Economies

Emerging markets are located in East and South Asia, Eastern Europe, South Africa, Latin America, and the Middle East. Perhaps the most distinguishing characteristic is that these countries are enjoying rapidly improving living standards and a growing middle class with rising economic aspirations. As a result, their importance in the world economy is increasing as attractive destinations for exports, FDI, and sourcing. (Cavusgil, Knight, & Riesenberger, 2007)

According to the Economist, even where countries get it right and experience rapid growth and rising living standard, the economic, political situation are hardly match up to those in the advance economies. (The Economist , 2014)

Growth may be fast, but the problem that these countries often face crises.

Political systems are generally undeveloped-corruption is often diffuse, bureaucrats and policy decisions are driven by limited special interest.

Therefore, for foreign firms hoping to profit from emerging markets, the opportunities resulting from a rapid growth come with the complexities and risk.

1.1.4 Reaching a definition of the emerging markets

To sum up, there is not a clear definition of an emerging market economy. The main focus, in particular, is generally on the country's level of development and the speed of growth-both illustrated by economic indicators such as GDP per capita and GDP growth rate. Following this further, emerging markets are found practically all over the world, and have different economic set-ups dependent on their economic structure, resources and socio-political history.

1.1.4.1 Defining the emerging markets

In fact, there is no single definition for emerging markets, nor a unique classification system for it.

The definition used in this thesis as working definition in the emerging markets is:

Emerging markets are countries such as Brazil, China, India, Mexico, and Turkey that, in contrast to advanced economies, are experiencing rapid economic growth, industrialization, and modernization. Most emerging markets are characterized by a young population and a growing middle-class. While emerging markets represent attractive markets and low-cost manufacturing bases, they also tend to have an inadequate commercial infrastructure, evolving legal systems, and a high-risk business environment. Despite their drawbacks, emerging markets have begun to produce new global challengers, top firms that are fast becoming key contenders in world markets. These firms pose competitive challenges to companies from the advanced economies, such as in Europe, Japan, and North America. (Cavusgil, Knight, & Riesenberger, 2007)

According to Previous definition, the four main determinants that indicate if a country can be categorized as an emerging economy are:

1. High growth rate.
2. Low income.
3. The use of economic liberalization as a primary engine of growth.
4. The countries are either found in Asia, Latin America, Africa, the Middle East or the former Soviet Union.

1.2 Problem statement

It can not be denied that Emerging countries have different risks than the world at large, so investing in these emerging markets brings different risks than those associated with investing in developed markets.

However, there is a fact that the structure of the world economy is changing in important ways, with effects that are difficult to predict.

And these changes affect the emerging markets in different aspect so it will be useful to study the opportunities and challenges in emerging markets.

Therefore, this study aims to give some pointers to how business leaders can manage the changes, identify the opportunities, manage and reduce the risk, and compete successfully.

All of the mentioned aspects are forming a good problem to be addressed by exploring and investigating the challenges in emerging markets.

1.3 Research Objectives

- To estimate the true potential of emerging markets.
- To identify what make emerging markets attractive for international business.
- To explore and measure the risks and challenges of doing business in the emerging markets.

- To investigate the necessary mechanism on how to improve the emerging markets.

1.4 Significance of the study

This research will be important due to its benefits to the business leaders around the world because this research could provide a better understanding on the field of emerging markets, in addition to addressing the effects of the globalization, in order to understand the importance of the emerging economies.

The second source of importance is inspired from the academic field, because this research is considering too many worldwide regional researches, so that the study will contribute to the topic of emerging markets in general.

The most important aspect of this research is the measurement of the opportunities and challenges in emerging markets; this awareness will be addressed by numbers and statistics and presented by relevant graphs.

An additional aspect that makes this study have exceptional significance is the diversity of methodology, which by its turn will create diversity in the data analysis, and at the end a wide range of results and findings.

Finally, this study is considered vital because it could be a true subjective evidence to build upon many assumptions when facing the problems of entering the emerging markets.

1.5 Research questions

Q1. What is the necessary mechanism to improve Emerging Markets?

Q2. What makes Emerging Markets attractive for international business?

Q3. What are the risks and challenges of doing business in emerging markets?

1.6 The Structure of the study

This research has been organized into five chapters; introduction, literature review, research methodology, data analysis and research results, and discussion and conclusion.

The first chapter, introduction, is intended only to set the stage for this research, defining the concepts and the basic research questions to be explored, conceptual framework, Objectives of the research and discussing the background and importance of the research issues to be addressed.

Chapter two, the literature review, presents the theoretical and historical background, or basis, from which this research has developed. Further, justification and an in-depth discussion will provide the other relevant research, current, and the past, which impact upon this study.

The third chapter is the methodology of the research. This chapter includes the research hypotheses, the data sample used, and data collection procedures and some summary of statistics regarding the characteristics of the final data sample.

Chapter four, data analysis and research results, present the detailed findings of this study. Included in this chapter are analyzes of the reliability and validity of the data collection and result with charts and tables of the previously mentioned research hypotheses.

The final chapter, discussion and conclusion, will involve a discussion of the results of the tests of the research hypotheses. Further, an asset of conclusions is included to fully develop the implications of the result of this study and also limitations and suggestions for future researches.

1.7 Conclusion

As this chapter finishes a full background of the research were provided, combined with the research questions, the objectives of this study, and its significance, and the full structure of the study.

The main point of this chapter is to address the issues related to the upcoming chapters; it describes a background about the studied phenomenon, in order to introduce the mentioned problem.

Additionally, chapter one shows the main objectives of the whole study combined with the research questions, objectives, and questions where inspired originally from the problem statement.

Finally, The structure of the study was described briefly to show the parts of the studies and each chapter what would address.



Chapter Two: Literature Review

2.1 The History and importance of the Emerging Markets

As economic globalization has eliminated trade and investment obstacles and has connected the divers markets in integrated global supply chain System and emerging markets seem to be coming to meet with the world's so called rich industrial countries Differentiating these economies from Industrial and developed markets matters less than before.

In order to understand the terminology of emerging markets reader should note that the term was derived by economists at the International Finance Corporation (IFC) during 1981, when the group was advertising the first mutual fund investments in so called developing countries. Since that time, referring to emerging markets have become appearing in the media, foreign Affairs and trade debates, investment fund Materials and multinational Corporations' annual reports, but definitions of the term still widely defined.

(Khanna & Palepu, 2010) had defined the Emerging market to be the market with their recent fast economic growth. They also have stated that all of the economic and business environments had been changing rapidly over the past two decades due to the opening global capital, and new technologies.

Additionally, these Economic Growths was translated into GDP growth, which was accompanied with Lifting Millions from poverty in order to create new middle classes, and by definite consequence a huge consumption market for all the different kinds of goods and services, which resulted in economy of scale, and replacing the unemployment rates with knowledge labor force.

(Khanna & Palepu, 2010) continue to state that Some observers see the financial crisis of 2008/2009 as a Change point, moving more quickly the emergence of these markets as kit players in the global economic system.

According to (Khanna & Palepu, 2010) when specialists want to differentiate among the different emerging markets they have to pay attention into the country context. However, market structures are the products of characteristics of historical, political, legal, economic and cultural forces within that particular country.

To demonstrate, the histories of many multi-Nationals such as Apple, Starbucks, and Honda are valuable examples of business success in a determined place, at a specific period of time. These kinds of examples can be considered to have huge influence on the future leaders and innovators.

Yet, this source of knowledge came basically from multinationals that started from developed countries like United States, and Japan. But as emerging markets in Asia, Latin America, the Middle East, and Africa in a state of continuing growth, the need for the knowledge and experiences for the entrepreneurial examples within these areas is increasing as well.

As Harvard Business Review highlighted the information the revision of one article published by the Economist, “Western multinationals expect to find 70% of their future growth there—40% of it in China and India alone. But if the opportunity is huge, so are the obstacles to seizing it”.

According to Harvard Business Review (Eyring, Johnson, & Nair, 2011) the Economist came out with a conclusion that in order for companies to financially Survive in a particular emerging market they should minimize the cost and accept low profit margins that could reach zero at particular

Moreover, (Eyring, Johnson, & Nair, 2011) claimed that being in emerging market required the state of innovation and creativity, this means to have an original venture instead of classical business. Furthermore, these innovative businesses should cover certain household demand in order to have a sustainable competitive advantage. This how (Eyring, Johnson, & Nair, 2011) continue to explain why western businesses usually does not reach the wanted results when entering an emerging market. Because they try to apply the same local business model that they used to apply in home, with the emphasizing on cutting costs and reach the economies of scale in order to generate

products with lower prices, though the emerging markets are not enough to generate the desired profits out of the full process.

In addition,(Eyring, Johnson, & Nair, 2011) suggested that foreign companies who want to enter into an emerging market should employ both their knowhow and resources in research which will result in finding new suitable business model by which the company can generate profits.

This means that no matter how senior and successful companies are, they should formulate a startup strategy when they are planning to enter an emerging market.

Following this further, the startup strategies always focus on the demand and how to fulfill it. Indeed startups focus on the basic needs, desire, and purchasing power of their potential customers.

Startups focusing on offering a unique benefits for less amount of money requires a carefully set their customer value proposition (CVP). Startups ensure the affordability of their products especially due to the differences of the income levels per capita between developing and developed countries.

(Eyring, Johnson, & Nair, 2011) concluded with many companies are considering entering the emerging markets as a vital step, and it is true if and only the company was innovative in the way of filling the need for its' products, by doing it in an affordable way that creates high value in the mind of the clients. Hence all of this cannot be reached without investing in R&D in order to develop a customized an emerging market business model.

While, every operating company have three basic concerns which are survival, growth, and profitability, thus in order to understand the growth and returns in emerging markets the study revised a paper published by National Bureau of Economic Research and authored by (Henry & Kannan, 2008) and in which they claim that a falling rate of return to capital in a particular country cannot be held as an indicator of its return levels to capital relative to rates of return.

When in fact, this statement is most relevant when putting into comparison an emerging market to other developed economies, such as the G6 countries. For this comparison the neoclassical framework is more vital.

Emerging markets, which have lower income/ employment ratios than the G6 countries, will tend to grow more rapidly and businesses in such economies usually tend to generate a higher rate of return to capital.

Although, the economies of East Asian countries have experienced significant capital growths over the past numerous decades, as mentioned previously, due to their starting from lower income/ employment ratios than the G6, their rates of return to capital may still be higher.

According to (Henry & Kannan, 2008) findings. The best explanation for high growth with low returns in Asia and low growth with high returns in Latin America is that the increasing growth implies increasing returns but with the condition of having the stock market without being capitalized the growth into current basket of goods and services prices.

Entering the year 1980, the Tigers of Asia had already experienced two rapidly growth decades in terms of output, while the forecasts for the future were huge. In contrast, Latin America entered the 1980 with suffering from a debt crisis.

However, (Henry & Kannan, 2008) indicates that Latin American countries with the beginning of 1986, and continuously over next two decades, attempted to stabilize the inflation rate, liberalize trade and endorse more freedom to markets, and privatize state-owned enterprises with the attempts of developing the private sector. (Henry & Kannan, 2008) continues by highlighting on these efforts which turnout to be were not 100% successful (Not only in Latin America but also the efforts alike which happened in Asia), the many attempts of improvement in Latin America was not predicted and thus probably not priced in. Therefore, relatively speaking and compared to the low expectations for the territory at the beginnings of the 1980s, Latin America attained better outcomes than Asian Tigers over the next 20 years.

In the meantime, The importance of the Emerging markets are coming from the new trends of MNC's to penetrate these markets.

And yet, this source of knowledge came basically from multinationals, which started from developed countries like United States, and Japan. But as emerging markets in Asia, Latin America, the Middle East, and Africa in a state of continues growth, the need for the knowledge and experiences for the entrepreneurial examples within these areas is increasing as well.

As highlighted in Harvard Business Studies article, authored by (Hanna, 2014) and interviewing Geoffrey Jones, The faculty chair of the Business History Initiative who can answer the question of why focusing on the emerging market is essential in todays business geopolitical environments he stated "Many of these emerging economies that were once dismissed such as Brazil are now serious economic competitors with the United States,"

(Hanna, 2014) Adds that numerous economies experienced transition times that included and required an increased degree of government intervention and hyperinflation. Thus, Businesses in those economic models popped up of that period with competitive advantages that made them able to take off when situational conditions were improved.

In her article (Hanna, 2014) stated that as the developing economies of the world sustained the shifting and growth, the projects of Emerging Markets record these shifts and offer cornerstones for knowledge throughout business leaders' experience on entrepreneurship, creativity, being environmental friendly and social responsibility. The majority of business practitioners and professionals will find compelling insights also. In the same context (Hanna, 2014) continues to highlight from the interview of prof. Jones "Aspiring entrepreneurs and established business leaders," Jones says, " will see for the first time how some of the most successful firms in their countries created and captured value often in the face of political and economic adversity."

Thus from what this study highlighted so far reader can surf the history of the emerging markets phenomenon as a new global opportunity for many businesses, thus

if we turn a closer look into this phenomenon we can see that not only economic wise but also from a geopolitical point of view scholars can state that the rapid and continuous development of the emerging markets will lead definitely to a several changes in the current international relations systems. These changes could be summarized by discovery of a new unusual economic force, which will eventually create new balance in the World Order. This could be done when the majority of the developing countries transform and change into developed countries, and this by its' role will be reflected on many aspects within those countries starting from the health, education, military strength, power investment, science, and political system, and will end up in the foreign affairs and international relations of those countries.

This from personal but academic point of view will create the need of careful study of the emerging markets and its' future potentials in order to learn what the factors are which made one nation distinct the others in the transformational process.

2.2 The Global Trends

There is no denying the fact that the world of 2030 will extremely convert from our world today. When in fact, by 2030, no country neither the US, China, nor any other large country will be in a status of hegemonic power.

According to political science, Hegemony: *the dominance of one group over another often supported by legitimating norms and ideas.* (Britannica)

Meanwhile, The empowerment of individuals and diffusion of power among states and from states to informal networks will have a dramatic impact, largely reversing the historic rise of the West since 1750, restoring Asia's weight in the global economy, and ushering in a new era of "democratization" at the international and domestic level. (National Intelligence Council , 2012)

When in fact, National Intelligence Council believed that two other megatrends will shape our world out to 2030: demographic patterns, particularly rapid aging; and growing resource demands which, in the cases of food and water, could lead to a shortage.

Further, the forecast of the megatrends would alone point to a changed world by 2030, but the world could be transformed in radically different ways. However, there are key game changing questions regarding the global economy, governance, regional instability, technology, and the role of the United States will largely drive what kind of transformed world we will settle in 2030.

Aside from, what we know about the megatrends and the possible interactions between the megatrends and the game-changers, the study will describe four model futures that represent distinct pathways for the world out to 2030. None of these alternative worlds is predictable. In reality, the future probably will consist of elements from all the scenarios.

2.2.1 INDIVIDUAL EMPOWERMENT

In fact, Individual empowerment is the most important megatrend because it is both a cause and effect of most other trends including the expanding global economy, the rapid growth of the developing countries, and widespread exploitation of new communications and manufacturing technologies.

It can be clearly seen, that empowerment is building confidence, insight and understanding, and developing personal skills, for example, being able to analyze situations and communicate more successfully with others.

However, Individual empowerment will accelerate substantially during the next 15-20 years owing to poverty reduction and a huge growth of the global middle class, greater educational attainment, and better health care. The growth of the global middle class constitutes a tectonic shift: for the rest time, a majority of the world's population will not be impoverished, and the middle classes will be the most important social and economic sector in the vast majority of countries around the world. (National Intelligence Council , 2012)

2.2.2 DIFFUSION OF POWER

According to the political scientist, Joseph S. Nye *“there are two big power shifts going on in the 21st century. One is among countries, from West to East, and the other is from governments to nongovernmental actors, regardless of whether it is East or West. I call the first of these power transition and the second, power diffusion.”*

Meanwhile, power diffusion is best understood in terms of the way technologies, and particularly information technology, are affecting the costs of participating in international affairs.

It can be clearly seen that the diffusion of power among countries will have a dramatic impact by 2030. Asia will have surpassed North America and Europe combined in terms of global power, based upon GDP, population size, military

spending, and technological investment. China alone will probably have the largest economy, surpassing that of the United States a few years before 2030. In a tectonic shift, the health of the global economy increasingly will be linked to how well the developing world does more so than the traditional West.

TECTONIC SHIFTS BETWEEN NOW AND 2030	
Growth of the Global Middle Class	Middle classes most everywhere in the developing world are poised to expand substantially in terms of both absolute number and the percentage of the population that can claim middle-class status during the next 15-20 years.
Wider Access to Lethal and Disruptive Technologies	A wider spectrum of instruments of war especially precision-strike capabilities, cyber instruments, and bioterror weapon will become accessible. Individuals and small groups will have the capability to perpetrate large-scale violence and disruption-a capability formerly the monopoly of states.
Definitive Shift of Economic power to East and South	The US, European, and Japanese share of global income is projected to fall from 56 percent today to well under half by 2030. In 2008, China overtook the US as the world's largest saver; by 2020, emerging markets share of financial assets is projected to almost double.
Unprecedented and Widespread Aging	Whereas in 2012 only Japan and Germany have matured beyond a median age of 45 years, most European countries, South Korea, and Taiwan will have entered the post-mature age category by 2030. Migration will become more globalized as both rich and developing countries suffer from workforce shortages.
Urbanization	Today's roughly 50-percent urban population will climb to nearly 60 percent, or 4.9 billion people, in 2030. Africa will gradually replace Asia as the region with highest urbanization growth rate. Urban centers are estimated to generate 80 percent of economic growth; the potential exists to apply modern technologies and infrastructure, promoting better use of scarce resources.
Food and Water Pressures	Demand for food is expected to rise at least 35 percent by 2030 while demand for water is expected to rise by 40 percent. Nearly half of the world's population will live in areas experiencing severe water stress. Fragile states in Africa and the Middle East are most at risk of experiencing food and water shortage, but China and India are also vulnerable.

Table 1 by National Intelligence Council

In addition to China, India, and Brazil, regional players such as Colombia, Indonesia, Nigeria, South Africa, and Turkey will become especially important to the global economy. Meanwhile, the economies of Europe, Japan, and Russia are likely to continue their slow relative declines.

The shift in national power may be overshadowed by fundamental shift in the nature of power. Enabled by communications technologies, power will shift toward

multifaceted and amorphous networks that will form to state and global actions. Those countries with some of the strongest fundamentals GDP, population size, etc. will not be able to punch their weight unless they also learn to operate in networks and coalitions in a multipolar world. (National Intelligence Council , 2012)

2.2.3 DEMOGRAPHIC PATTERNS

It is believed by National Intelligence Council, that there will be four demographic trends, which will fundamentally shape the world in 2030. Although not necessarily determine, most countries; economic and political conditions and the relation among countries.

These trends are:

- ❖ Aging: is a tectonic shift for both the west and most developing countries.
- ❖ Significant number of youthful societies and states
- ❖ Migration issue, which will increasingly be a cross-border issue.
- ❖ Urbanization, which will turn-on economic growth but could, put new strains on food and water recourses. (National Intelligence Council , 2012)

2.2.4 GROWING FOOD, WATER, AND ENERGY NEXUS

In accordance with National Intelligence Council, demand for food, water and energy will rise by nearly 35,40,and 50 percent respectively owing to an increase in the global population and consumption patterns of an expanding middle class.

Beside this, climate change will worsen the outlook for the availability of these critical recourses. (National Intelligence Council , 2012)

2.3 The economic megatrends

Based on The Economist, The shift in global economic gravity towards emerging markets was already under way before the financial and economic crises of 2008-2009.

Even though, many emerging markets are likely to continue to grow more strongly than developed countries in the coming years, allowing them to further narrow the gap with developed world.

Growth will be driven above all by increased openness, productivity catch-up, improving quality of labor, the development of information and communication technology. (The Economist , 2014)

According to the Economist, the rapid economic growth not guaranteed, even though the rise of emerging markets might seem unstoppable but continued growth of these countries is not predictable.

It can be clearly seen that the emerging economies face a huge number of challenges. However, their remain gain will depend on their ability to improve productivity, which in order will require institutional reform, to face political challenges.

Beside this aspect, we can not ignore the fact that life is more complicated today. Companies have to understand the full complexity of the emerging world. Therefore, they have to identify the growth opportunities and their resources well.

2.3.1 an opportunity for investor

Anil Gupta, Michael Dingham chair in strategy and entrepreneurship at the university of Maryland's of Business argues that:

If we look at the next ten years, the rise of emerging economies will cause a bigger structural change in the world economy than any decade in last 200 years. (The Economist , 2014)

Such as increasing private consumption, and infrastructure development are principal trends, displaying major opportunities areas, take the case of energy efficiency and food security.

2.3.2 an infrastructure boom

The world is presently seeing the biggest infrastructure investment boom in the history driven by the emerging markets. Around half of the world infrastructure investment is now taking place in the emerging markets.

2.4 infrastructure and properties

In general, there is a boom in infrastructure building going on in emerging markets. In other words emerging markets governments and private sector players are expanding massive amounts of capital to upgrade the emerging world including airports to power, ports to railways, real estate, and water.

According to (Morgan Stanley Investment Management , 2008) for the coming decade most important themes in global investments will not only transform the competitiveness, standard of living and overall prospects for the emerging world, in their study, it has had and will continue to have a major impact on global capital markets:

- ❖ Demand for infrastructure is increasing, and appears likely to continue increasing. EM country populations are growing and urbanizing, which is straining existing infrastructure resources.
- ❖ Also, strong economic performance across emerging markets has given EM governments significant capital to dedicate to the building of infrastructure.
- ❖ Meanwhile, Existing developed market capital goods providers and contractors are tapping into the opportunity and experiencing a rush in activity.

2.4.1 The Infrastructure Targets of Turkey

Turkey is a good example of infrastructure boom in the emerging markets. Regarding the infrastructure sector, the government of Turkey has allocated USD 26 billion in 2013. 30% of this budget is for the transportation sector, followed by education, energy, healthcare, and agriculture. (Deloitte , 2013)

Turkey's emerging economy presents a need for infrastructure investments in different industries. The main industries include construction, residential and non-residential buildings, transportation and energy.

As (Deloitte , 2013) indicate in their report, Turkey aims to achieve ambitious goals in its infrastructure sector by 2023. Some of the major targets are:

- ❖ Having an export volume of USD 500 billion and being one of the Top 10 economies in the world.
- ❖ Increasing the length of high-speed railway lines to 10,000 km from 888 km with a 25% CAGR.
- ❖ Reaching 7,500 km of motorways from 2,236 km in 2013.
- ❖ Increasing the passenger capacity of airports from 165 million to 400 million by 2023.
- ❖ Reaching a 32 million TEU handling capacity for container transport.
- ❖ Having a 10 million DWT shipbuilding capacity.
- ❖ Increasing the number of marinas to 100 with a capacity of 50,000 yachts.

What is more, the majority of the investments in Turkey focus on roads and bridges followed by railways.

Following this further (Deloitte , 2013) pointed out that Transportation also constitutes a significant percentage of the government budget. In 2013, the government allocated TL 46 billion to the transportation industry, which accounts for 30% of the total budget.

Yet, good examples of the major projects in the transportation industry are:

- Marmaray.
- New Airport in Istanbul.
- Kanal Istanbul.
- New Motorways Project.
- The Third Bridge over Bosphorus.

2.4.2 the real estate in turkey

Turkish government has made 5% their total GDP in real estate. Not only that, Turkey's economic stability, strong macroeconomic indicators and attractive long-term loans have made the country a beneficial investment environment for foreign investors. In the case of Achievements, in 2010 Turkey was awarded the 'highest improvement' title in the global real estate transparency index. Sales of real estate to foreigners started to increase in the last two quarters of 2012 due the enactment of the Reciprocity Law. Countering that, Real estate sale to foreigners increased by 30.9% and reached USD 2.64 billion in 2012. (Deloitte , 2013)

In comparison to BRIC countries along with, Poland, Hungary and Croatia, Turkey offers the lowest number of days to register a property with 6 days whereas for the mentioned countries the process takes much longer.

Truth to be told, for foreign investors looking for expanding their investment into Turkey and the surrounding regions, Turkey provides prime real estate.

2.5 Emerging Markets opportunities

Truth to be told, that Emerging markets have become important for marketing a wide variety of products and services.

According to (Logue, 2011) It can be clearly seen that, emerging and frontier markets have opportunities for growth that often are not available in more developed economies. When in fact, these come from three main sources: new technologies; the improved spending power of a growing middle class; and gains from greater trading

activity with other countries.

Technological investment

(Logue, 2011) continued to explain that in a developed economy, incredible investments in technology are in place and are fixed. Although, one of the greatest opportunities in emerging markets is to be on the ground floor of companies that are working on technologies that aren't yet economically possible for big multinational corporations to try:

- **Computer and software technology:** Companies have taken advantage of the high education rate and low cost of living in emerging markets. Customers for emerging market high technology services are usually in developed countries, but lesser-developed countries needing technological assistance turn to their emerging-market relation for more low-cost expertise.
- **Markets for machinery:** Products produced in emerging markets often are smaller and more basic than the products in developed economies. It may seem like a step backward to people in developed countries, but they can be vital to making life better for those living in less-developed countries.

The middle class is Growing: It can be seen that, an emerging market is really a market where a middle class is emerging. As jobs and opportunities are established, more people move out of poverty and into a comfortable middle zone where they can afford some luxuries that were previously unimaginable. They go out and spend their money, creating more economic activity.

As a country's economy improves, the poorest people tend to become less poor, and even they have more money to spend. Even a small improvement in income represents a huge increase in purchasing power. In return, the money goes to subsistence needs, especially food, but even that spending power represents an improvement in an economy and in the health of the people. (Logue, 2011)

Trade opportunities: Nowadays, trade benefits both the importer and the exporter. People start to benefit from their skills.

Comparative advantage: To be realistic, emerging markets don't produce all goods as efficiently as people do in developed markets. It may take more time to complete a product, and some of the output may have to be rejected. But because wages are low, the value of the acceptable goods produced per dollar spent on wages is often higher. If a nation's businesses can produce something at a lower cost than it can be produced elsewhere, even after setting for extra time and higher error rates, the country is going to benefit from trade. And that's where emerging markets find their place in the global market. (Logue, 2011)

Focusing on Free trade: If trade is limited, it's harder to get people the goods and services they need most at the most efficient price. That's why a key focus in the world is free trade between nations free of quotas and tariffs. In addition to tariffs, governments sometimes protect local industries through regulation. Because trade moves better when it's free of boundaries, 153 nations have joined the World Trade Organization, which negotiates the rules of trade among nations and settles disputes as they arise.

Free trade can be argumentative because some people lose when they have to compete with imported goods. However, free trade is good for people overall, and a commitment to free trade can also help emerging markets grow faster.

Fair trade: Some people have greater access to the market than others, either because of their technological sophistication and business smartness or because of the infrastructure of the country where they operate.

However, Fair trade is a movement to give producers of agricultural products and handicrafts in developing nations some of the advantages of their competitors in developed countries in order to make the terms of trade equal. Some international federations are trying to improve markets and to create branding that would attract buyers in developed countries. (Logue, 2011)

2.6 Foreign Direct Investment FDI and Emerging Markets:

Generally the term Foreign Direct Investment refers to an investment made to acquire lasting interest in an enterprise outside the investor's economy. According to WTO, FDI means when an investor in one country (home country) acquires an asset in another country (host country) with intend to manage the asset. Hence, FDI can be defined as an investment made in a country other than the owner's home country in order to take advantage of the host country's investment conditions, opportunities, and many other factors.

(Wafure, 2010) In the studying of the Determinants of Foreign Direct Investment in Nigeria found that Investors generally favor counties with financial policies that seek to stabilize the currency movement (exchange rate) and minimize inflation. At the same context investors prefer a country that has expansionary fiscal policy to contractionary fiscal policy country. Without ignoring the fact that an incentive package could be a good motivator for foreign investors. Additionally the study found out that Investors would prefer countries with higher population to low populated ones for investment. Indeed Foreign investors prefer countries with low labor than high labor countries. Eventually countries of high risk are not favorable for foreign investment in the same context political stability turnout to be encourages foreign investment inflow while as stated in the study corruption is one of the biggest threats to foreign direct investment.

Numerous foreign firms seeks to operate in the Chinese market due to its' large size and importance. This is surely the case for automobile industry that has used China as a base not only to produce cars more cheaply but also to expand their market by selling in this huge market. Particularly General Motors (GM), throughout holding a partnership with Shanghai Automotive Industry Corporation (SAIC), has innovated a good model of joint ventures. Because this venture continues

To be successful, stated from the book "Fritz Henderson, GM's CEO since its bankruptcy filing, has indicated that none of GM's operations in China are for sale. In

fact, GM is seeking to extend its operations in China, possibly with new ventures”. (Michael A. Hitt, R. Duane Ireland, & Robert E. Hoskisson, 2011). Not only GM but also Volkswagen has a joint venture with SAIC. Recently SAIC has sought to produce its own automobiles for domestic market and plans to participate in global markets when they have the chance for that.

Additionally, Huawei and ZTE were known in selling telephone equipment in their domestic market against Telephone AB L.M. Ericsson, Alcatel-Lucent, and Nokia Siemens Networks (which is a joint venture of Nokia Corp. and Siemens AG), mainly due to their status of being an unknown company when the first WIFI networks were created in China. Yet, thanks to governmental supporting efforts for new technology of wireless and with implementing an aggressive strategy by strongly undercutting rivals’ prices, these two firms are knocking out their competitors for modern 5G wireless networks.

Thus reader should note that MNC’s usually seeks to have an international strategy when planning to make a direct foreign direct investment. It can be defined as a strategy through which the firm sells directly either its goods or services in a place out of its domestic market. (Michael A. Hitt, R. Duane Ireland, & Robert E. Hoskisson, 2011) explains the most appearing primary reasons for planning such an international strategy (as opposing to a strategy which focuses on the local market) is that international markets provide potential new promising opportunities, which means new incomes.

(Michael A. Hitt, R. Duane Ireland, & Robert E. Hoskisson, 2011) continued to explain by stating although firms can expand and enlarge the volume of their potential market/sales domestically applying an international strategy can lead sometimes to a dramatically growth in sales and productivity by moving into international markets. Many Pharmaceutical companies have been doing vital foreign direct investment not only in developed but also in emerging markets in an attempt to increase the market potential for new drugs or developed products.

(Michael A. Hitt, R. Duane Ireland, & Robert E. Hoskisson, 2011) AS well highlighted by which manner can applying FDI can be affected by the development degree of the firm and eventually by the infrastructure of the economy in which they

operate. It is accepted that the volume of a non-domestic market also put pressure on firms and increase their willingness to invest in research and development to create and sustain a competitive advantages in that market.

The reason for this is that larger markets generally offers higher potential returns on investments and thus put less risk for a company's investments. One important factor is the strength of the science infrastructure of the country. It can affect a firm's foreign R&D investments.as well.

“Most firms prefer to invest more heavily in those countries with the scientific knowledge and talent to produce value-creating products and processes from their R&D activities” (Michael A. Hitt, R. Duane Ireland, & Robert E. Hoskisson, 2011).

According to (NOORBAKSHSH, 2001) Since the early 1980s countries with emerging markets have significantly changed restrictions in order to attract foreign direct investment FDI inflowing and the operating of Multinational corporations MNCs. (NOORBAKSHSH, 2001) continues to describe the trend, as it became wider spreading during the period of 1990s.

In deed, despite the absence of a many-sided framework for FDI, one-sided, identical and regional efforts towards the liberalization of national FDI frameworks resulted in a notable level of de facto of government policy approaches moving on FDI among countries from all territories (NOORBAKSHSH, 2001).

In order to understand the importance of foreign direct investments for the emerging markets and so called developing counters reader must take into consideration an integrated point of view by which FDI is not foreseen to be only financial phenomenon but also it is a transfer of success in many other aspects such as the studies stated “FDI is not only a source of ®Nance and employment. For developing country governments, FDI can also be a medium for acquiring skills, technology, organizational and managerial practices and access to markets”. (NOORBAKSHSH, 2001). Furthermore, the country with weaker infrastructure and financial ground seem to put more expectations on FDI to learn from and access new resources. However, foreign entrepreneurs usually more attracted to places that offer integrated mixture of locational advantages. Even though total FDI inflows have spiraled in last years, the Majority of the inflows were heading to only a few specific economies. (NOORBAKSHSH, 2001).

(NOORBAKHSH, 2001) Continues to highlight all of the previously mentioned information should bring the argument of whether it is applicable to specify a set of policies that could enhance the attractiveness of emerging markets as directions for FDI. A compulsory essential is, therefore, for decision makers to acknowledge the development in the structural characteristics of FDI and to deeply analyze the changing requirements of MNCs with highlighting of their complicated universal strategies of integration.

As different emerging markets have different circumstances and dissimilar rules and regulation, readers can note that each particular emerging market should be held as a specific differentiated case in terms of the degree of relying on Foreign Direct Investments and how the market itself is planning to attract those investments.

2.6.1 The BRICS Definition and Importance:

The term BRICS usually refers to the association of the biggest five major emerging economies: Brazil, Russia, India, China and South Africa. It is well known that the association was originally known as "BRIC" before South Africa entered in 2010.

The BRICS members are all developing or close to industrialized countries, but they are differentiated by their huge, rapidly growing economies and vital influence on the geopolitics of the regional and global affairs.

(MORAZÁN, 2012) In their study focused the role of Brazil, Russia, India, China and South Africa (BRICS) as emerging top leaders within the international development cooperation. The study claims that over the past decade, BRICS have raised their financial as well as technical aids and founded distinct approaches and entities of economic cooperation with the developing countries. Then the study claimed that all of this progressive importance of BRICS in economic aspects did not yet reflect in political aspects, and this explains why BRICS are looking forward to modifying in the design of international (development) politics.

Brazil, Russia, India, China and South Africa (BRICS) are not only considered as major emerging economies but also political forces at both the regional and international domain. The term was originally found in 2001 to emphasize on the untraditional role of vital emerging economies that only presented by Brazil, Russia, India and China (BRIC). It was referring into the high growth rates, increasing economic potential and demographic sociocultural development were going to move BRIC further in a major position and it was claiming that their improved relevance should also be affecting in their incorporation to the G7 (MORAZÁN, 2012).

The same study continue to focus on the fact that BRICS are effecting in the changes in the design of international development cooperation, not only regarding trade, production, and financial aspects but also as emerging donors.

During their growth, BRIC kept stable and intensified economic collaboration linkages with other development economies. This lead to set them in a special position compared to the group of emerging economies, because BRIC has a significant, if not systemic, part in global economy.

According to (MORAZÁN, 2012). There were three main aspects, which are outlining the importance of BRIC as leader in development cooperation:

The first aspect is the outstanding size of their economies; the second aspect is the strong growth rates, leading to increasing significance in world economy,

The third aspect of the demand for a stronger political voice in international governance structures, which can be linked to their economic status that they wanted to be reflected in the geo-political status.

The critical issue in (MORAZÁN, 2012) point of view is that the BRICS are having contradictory ideas regarding for the EU: “Brazil, China, India, and South Africa consider themselves both as developing countries and as providers of SSC which leads to different responsibilities” (MORAZÁN, 2012) For example, Brazil, India, China and South Africa came to attend the conferences in Paris and Accra not only as a recipient but also as donor countries while when they had participated the conference in Monterrey as recipient countries.

Yet, on the European level, the European concerns on Development and the program, for Change do not look at other actors than recipient countries. The result is, the BRICS, in their new or re-emerged role as givers, are not considered in these papers.

Thus generally speaking, BRICS do not formulate a homogeneous alliance. Hence both of their economic and political position from an international development politics and policies point of view should not be underestimated or wrongly forecasted by institutions of the European Union. Because BRICS occupy the position of the group of leaders for the emerging economies that are going to become or even - are already – rapidly changing the procedures of traditional development aid. “The heterogeneity among BRICS seems to make development partnerships with BRICS en bloc rather complicated and less attractive. Especially China and Russia are differing (MORAZÁN, 2012).

2.6.2 The Four Tigers of Asia

During the last decades it became widely accepted that many countries in East Asia achieved an excellent record of stable and relatively high and sustained economic growth. This achievement probably could be one of the most vital economic developments in the past history of the area.

In the study of (Sarel, 1995) the author was showing that East Asia’s success is very vital, for not less than two reasons. Firstly, “such an explanation might show the way to replicate this success in other regions of the world”. Secondly, “even if East Asia’s success is not replicable elsewhere, there is an urgent intellectual need to solve the puzzle

of the phenomenal East-Asian growth rates”. Therefore it is very important to understand and analyze the model of those countries as an emerging market, in order to add value to any research in which scholars are addressing the emerging markets.

The Four Asian Tigers or known as Four Asian Dragons some time. The term usually used in reference to the high degree of market-freedom and level of development in which the economies of Hong Kong, Singapore, South Korea, and Taiwan are working with.

These economies and countries were notable for keeping an exceptional and high growth rates and rapid continuous industrialisation in the period between the early 1960s and 1990s. With the exception of Hong Kong, which started earlier. During the 21st century, each economy of the four tigers had developed into an advanced and high-income economy, additionally they all had the theme of specializing in the areas of competitive advantage. Hence, and for these reasons the four tigers economic stories of success have been considered as an essential models for many developing countries, especially the so called Tiger Cub Economies.

However when searching the recent literature on the East-Asian growth experience scholars can note that it has produced a very deep debate. The study of (Sarel, 1995) attempted to critically review the main arguments on that debate, by trying to cover some of the phenomenon's most important dimensions. Though the study did not offer any clear and conclusive results, which can express an alternative explanation of growth. Nor the study did not make any clear policy recommendations. The main judgment of the study was that; "from a positive point of view, a promising avenue for the explanation of growth performance is the examination of initial conditions. But, from a normative point of view, it is far from clear what specific policies governments should pursue, beyond the standard set of policies aimed at getting the basics right".

This means that no single direct reason can determine or explain the turning of the four tigers into an emerging market but it is rather to be a combination of factors that lead to this development.

In the same Context (Paldam, 2003) with the usage of the Fraser Institute economic freedom index to had the conclusion that the importance of the model for the rapid economic growth of the Asian Four Tigers. He explained this phenomenon by separating the two city-states of Hong Kong and Singapore are, by history, and circumstances were trading economies. And by result, they have dramatically established a protected property rights with focusing on the freedom of trade. For that reason, "they are unusually close to laissez-faire". While, when considering the other two Tigers South Korea and Taiwan. They have followed according to the author "a less extreme Japanese-style model".

Thus if comparing the Tigers with the countries of the West the two city states are unusually liberal (in the European point of view), while the Japanese-style Tigers are rather similar to Western Europe as regards the level of economic freedom.

However, the four Tigers have smaller governments sectors, and a small level of governmental interventions in other fields. Thus there are no different in freedom between West and the four tigers and they cannot compare with poorer economies in the level of freedom anyway.

The author concluded that the 4 Tigers established a ground of substantially when their high level of growth started to be phenomenal. In his data analysis the author made the discussion easy to debate that the market friendly policies that were established by the 4 Asian Tigers and Japan also, has a huge effect on their untraditional economic growth.

However, as (Sarel, 1995) and (Paldam, 2003) mutually agreed neither the market friendliness of the Tigers nor all of the other studied factors can be the only explanation of these success stories.

Thus the market freedom could be a useful scale when this study will move to the framework to implement the measurements on Turkey as a prospective emerging market of the future.

2.6.3 Workforce As An Emerging Market Main Engine:

Since this study is surfing the issue of emerging markets from a fully integrated perspective, reader should note that workforce and human capital are essential issue to study any kind of market, because it is the knowhow that makes different nations produce dissimilar products and perform all of the economic operations with different levels of efficiency and effectiveness with a differentiated levels of productivity and relatively low level of wastage.

According to (Acemoglu & Robinson, 2012) all the technology in the universe would have little effect without manpower, which know exactly how to operate it. And there is more to skills and practicing than just the ability to make these machines and technologies work. It is the knowhow and training for these skills of the workforce

that produce the scientific experience upon which economies progress is built and that facilitate the usage and adoption of the different technologies in dissimilar lines of business.

Giving a look back to the history (Acemoglu & Robinson, 2012) stated that the majority of the innovators who created new things during the Industrial Revolution and afterward, such as Thomas Edison, did not receive high education. Hence, these innovations were as not sophisticated as the modern technology that world is using today. The technological change that is happening in this century requires providing education not only for the innovator but also for the simple workers. And this enable researchers for understanding the importance of economic development that create a level playing field.

When paying attention for developed economies such as the United States, which could produce, or acquire from foreign lands, the likes of Bill Gates, Steve Jobs. etc, and the thousands of scientists who made and will make fundamental discoveries in information technology, agriculture, nuclear power, economy, biotech, and many other fields upon which these entrepreneurs structured their businesses.

Comparing the previous example with the low education levels that poor countries is suffering from and which is caused by economic, and political institutions from point of (Acemoglu & Robinson, 2012) view that. Because the authors thinks that the economic institutions had fail to create motives for parents to educate their children and by political institutions that also fail to lead the government to plan, build, and support schools along with and the wishes of parents and children with needed funds. The price these economies pay for low education and skills level of their population and lack of inclusive markets is high because, of the high importance of the workforce as one of the major engines of economic development.

In the same context (Michael A. Hitt, R. Duane Ireland, & Robert E. Hoskisson, 2011) stated that the working force which learn how to use new technologies productively are critically important to organizational success. In a collective sense, the knowhow and skills of a workforce are competitive weapons that can affect strategy implementation and performance not only in individual cases such as businesses but also in collective cases such as economies and nations.

(Michael A. Hitt, R. Duane Ireland, & Robert E. Hoskisson, 2011) continued to explain the phenomenon of workforce by stating that the lifestyle and workforce changes that happened previously in the U.S. for example reflect the values of the U.S. population, therefore as each country and culture has unique norms and trends national cultural values affect behavior in organizations and thus also influence organizational and economic outcomes. For example, the vileness of collectivism and social relations in emerging economies such as Chinese and Russian cultures lead to the open sharing of information and knowledge among members of organizations and business. This is important because sharing the knowhow is vital for defusing new knowledge in other organization and businesses and increasing the speed in creating innovations. While personal relationships are specifically important in China as *guanxi* (personal connections) has become a methodology of doing business within the economy, and for each individual member of the workforce to advance their careers in what is converting into a more open market society. “Understanding the importance of *guanxi* is critical for foreign firms doing business in China”.

When Studying the workforce the scholars have always to inspect the issue from both micro and macro economics point of view because the macro is a result of the interaction among each single micro case, and the economy is a result of organizations and institutions that work along with each others, thus when looking into Miles and Snow (1984) who argue that firms in a defense status may, in their struggle to achieve stability through efficiency, find it better to create a long term relationship with their workforce, by offering them secure jobs, creating internal labor markets and setting more investment in their training. This according to author would reduce the turnover of workforce, thereby making reactions on the workforce easier to be forecasted. In contrast to this, prospector organizations finds it difficult to invest in their own workforce, since they can never be sure what type of needed skills they will have to make on them in the future, so they would not benefit a lot from a high-commitment Human Resources Management approach.

Linking all the parts together and highlighting the results of (Budhwar, 2001) who stated that the rapid increase in the business globalization and the growing importance of emerging markets suggest that the successful managers in the upcoming new centuries will depend on the degree to which they integrate a deep understanding regarding the dynamics of managing human resources (HRs) in divers parts of the universe.

Moreover, if we want to address the importance of emerging markets should understand that the majority of the world's population lives in developing countries.

Developing countries also perform the following functions:

- 1- significant buyers;
- 2- important suppliers of different resources (both natural and human) to

Industrialized nations;

- 3- competitors to developed countries with lower labor costs;
- 4- strategic regional centers for expansion of MNCs;
- 5- production sites for MNCs;

6- capital users from private creditors such as international banks, FDI, and foreign official governmental assistance. (Budhwar, 2001)

In order to finalize the topic this study should not forget to show the impact of workforce on the emerging markets stated from (Budhwar, 2001) the hugest foreign-funded enterprises, mostly MNCs, indeed the pattern-setting employers are in the main the firms experiencing human resource practices, such as the human resources borrowed from the West. In many cases, their HR managers are highly expertise or, if for example Chinese, are employed from the highly prestigious “MBA programmers emerging in China like the one at CEIBS (the China-Europe International Business School) based in Shanghai. Such graduates speak the language of modern management and, if relevant, HRM. They follow ‘best practice’ in HRM as exemplified in their own corporation internationally or in other MNCs operating in the PRC. They may of course have to adapt their practices to Chinese conditions but this is the nearest one may get to HRM” (Budhwar, 2001).

Chapter 3 Research Methodology and Framework

3.0 Introduction:

This chapter will describe the design of this research and will clarify the methodology used to obtain the final result, as well as the sample, source of information, and method of data analyzing for the research platforms.

Since this research is Aiming to discover wither there Turkish economy is moving forward being an emerging market by the increased number of FDI the used methodology will be an semi-structure interviews to decide up on its' results.

For that reason and in order to produce efficient, subjective result for this research, as the previously mentioned methodology will be used, when gathering, analyzing, and concluding, the required data.

3.1 Research Design and Methodology:

The research wanted results is hard to be abstained through observations, on the other hand the general surveying will be examining the majority of people point of views, but not the expert wanted sample, on the other hand interviewing many huge number of figureheads within foreign companies in Turkey, will be hard, due to the scarcity of time, and resources.

Thus in this study a semi-structure interviewing methodology will be used to reach the final findings, thus (Newton, 2010) in his paper the use of semi-structured interviews in qualitative research: strengths and weaknesses defines “The “interview as a managed verbal exchange and as such its effectiveness heavily depends on the communication skills of the interviewer”. However, when the term semi-structured interviewing derives from the kind of questions that will be used by the interviewer. Generally when the questions are closely ended questions the interview will considered to be structured, while the open ended questions will move the methodology to be free unstructured interview, and therefore by result a semi-structured interview is an interview in which where part of the interviews questions are open ended and the other part is close ended.

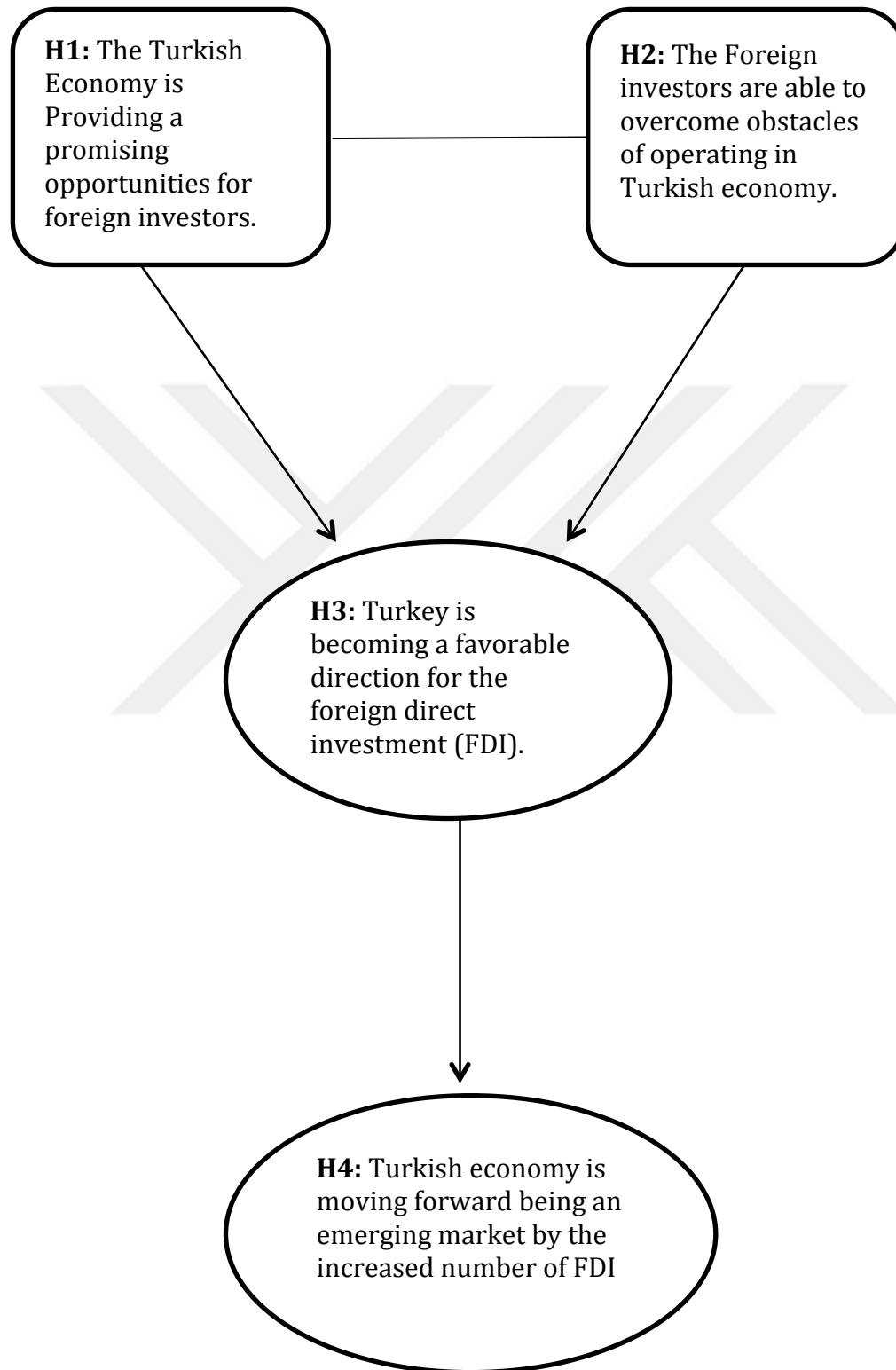
(Newton, 2010) highlighted that a beneficial concept in distinguishing types of interview is the continuum; where any particular interview can be considered somewhere between 'unstructured' and 'structured'. Because the 'unstructured' pole is usually closer to observation, while when defining the 'structured' use of 'closed' questions usually is similar to types of questionnaire (Surveying).

Thus the Mixed Methodology will include two methods relay under the categorization of both quantitative and qualitative research; quantitative research seats the highlighting on quantity when gathering and evaluating data (Commonwealth of Learning, 2004) Quantitative research is cleared; not only by its usage of statistical methods but also that it normally follows a normal science model of the research procedure dimension to create unbiased information. (Commonwealth of Learning, 2004) While qualitative research is defined by Harvard University *“as the kind of research that generally does not translate aspects of the world into numbers to be analyzed mathematically. Instead, it analyses the world through the lenses the researcher brings to bear on the data”*. (Harvard University, 2008).

Therefore the used methodology will be as the following;

- Close-ended questions; will be conducted and distributed by hand with an interview through visiting the companies after having a predetermined appointment with a figurehead in the same company. By surveying this study will try to measure, the general view of the publics, and some individual physiognomies, by using the questionnaire and sampling methods (McBurney, 2001).
- close-ended questions: the Structured Interview will be implemented after the survey but with more freedom of expression by the participants to address the three main open-ended questions.

3.2. Research Framework:



3.3 Research Hypothesis:

H1: The Turkish Economy is Providing a promising opportunities for foreign investors.

H2: The Foreign investors are able to overcome obstacles of operating in Turkish economy.

H3: Turkey is becoming a favorable direction for the foreign direct investment (FDI).

H4: Turkish economy is moving forward being an emerging market by the increased number of foreign direct investment.

3.4 population and Sampling:

The sample frame as (McBurney, 2001) described, *"is the population as it is defined for the purpose of selecting subjects for a study"*. Thus the population of this study is the foreign direct investors in Turkey including the investors who invest not only in businesses but also in assets (tangible/intangible) in the period of two years, in fact the exact number of the population is hard to be predicted due to the hardness of surveying how many single foreign individual (Without a company registration) has invested in Turkey. Thus we will take the description of the population as a convenient.

The type of sample used in this particular study was random sample, as (McBurney, 2001) defined it with a sample in which each element of the total population has the same independent opportunity to be selected. Therefore and according to (McBurney, 2001), this study chose a simple random sample, because it selected a group from the entire population in a manner that every single member of the population has in one way or another an equal chance to be selected in a single sample, and this selection was independent, by contacting many firms from a foreign background and requesting to interview. Then interviewing the ones who approved on the requests

In this study one group of Respondents are taken into concern. This group consists of; any Turkish company which have a foreign direct investment within its capital. In this context the companies who does not have any foreign investment within their capital were frankly not allowed to participate due to

the harmful effect that they could cause on the data. Thus the sufficient sample was chosen to be 12 in depth semi-structured interviews

3.5. Questionnaire Design:

The questionnaire was originally developed from the research questions, and it consisted of both closed-ended questions which limits the respondents to certain alternatives and open ended questions which allow respondents more freedom for expression (McBurney, 2001).

Questionnaire (Appendix) consists of four blocks; the first one is connected to the measurement of the opportunities within the Turkish market, the first block however was including 7 multiple-choice questions based on Likert Scale which is "*a questions that asks for a rating of the extent of agreement or disagreement with a statement; a rating scale*" (McBurney, 2001), as the following where 1=Strongly agree....5=Strongly disagree.

Scale from strongly agree to strongly disagree, and one open ended question. These 8 questions were sufficient from an academic point of view to measure the wanted phenomenon.

- The first question considers the measurement of promising opportunities within Turkish market.
- The Second question considers the measurement of the Turkish Law and Governmental regulations are facilitating the foreign investments.
- The third question consider the measurement of sustainable high growth rates of the Turkish market
- The fourth question considers the measurement of the effect of general infrastructure (transportation, standard of living) within Turkey on the investment decision.
- The fifth question considers the measurement of the effect of the geographical location of Turkey on the investment decision.
- The sixth question considers the measurement of the effect of Political stability and secure environment in Turkey on the investment decision.
- The seventh question consider the measurement of the effect of the developing Business infrastructure in Turkey on the investment decision,

- The eighth question consider enabling participants from adding any other factors that could make the Turkish market as a good investment opportunity from his point of view.

While the second block is connected to the measurement of the obstacles that faced the investors when entering the Turkish market, this block however was including 6 multiple-choice questions on a likert scale as the following where 1=Strongly agree....5=Strongly disagree, and one open ended question. Similarly to the first block these 7 questions where sufficient from an academic point of view to measure the wanted phenomenon.

- The first question considers the measurement of obstacles within Turkish market.
- The Second question considers the measurement of the Turkish Law and Governmental regulations as obstacles facing the foreign investments.
- The third question considers the measurement the competitive markets in Turkey as a source of obstacles.
- The fourth question considers the measurement of the obstacles related to logistics in Turkish market.
- The fifth question considers the measurement of the obstacles related to The Cultural differences and different tastes and business trends in Turkey.
- The sixth question considers the measurement of the regional and surrounding unstable environment as an obstacle facing the foreign direct investment in Turkey.
- The seventh question was an open-end question that allows participants from listing and explaining any other type of obstacles facing his/her investment in Turkey.

In the same context the third block is connected to the descriptive data in which it describes the company profile within the Turkish market;

- The first questions however were including multiple-choice questions that describe the field of company operations.
- The second questions were inquiring the targeted market of the company.

- The third question however aims to explain the form of the company main investment in Turkey.
- The fourth question aims to measure the annual profits of the company within five ranges of Turkish liras.

The fourth and the last block of the questionnaire include 3 open-ended questions for the purpose of generating a qualitative primary data.

- The first question describes the general experience of investment in Turkey.
- The second questions described the moment of Turkish market towards being a progressive market.
- The third and last question describes the important factors of chasing Turkey to invest in from the participant point of view.

Respondents are communicated about privacy and secret character of the survey. They are encouraged to get a part in a survey by information that participation does not take much of their time.

3.6 Data collection:

The research includes primary and secondary data that was collected, analyzed and used differently within the research phases, thus each source of data will be mentioned separately in order to clarify the data collection methods and techniques

3.6.1 Secondary Data

The literature review part of the study is based on findings from the books and previous researches about emerging markets, Foreign Direct Investment, Four Tigers, BRICS, opportunities, obstacles, projections and the Turkish model. The source consists of scholar's theoretical study in which they created and explained ideas upon this study topic area.

However BAHÇEŞEHİR UNIVERSITY library's database contains a large amount of books, and articles on the wanted subjects and was a basic cause of information. Records provide contact to International affairs Sources with a

Complete Database, which was used as the major tool to search for related articles on the topic.

3.6.2 Primary Data

The second part of the study is based on the semi-structured interview methodology as the study mentioned previously, and the sources of data were as the following;

- (1) Surveying; which was defined by (McBurney, 2001) as *"assessing public opinion, or individual characteristics by the use of questionnaire, and sampling methods"*.

A questioner administrated with an interviewer to 12 figureheads of Turkish companies that have already a foreign direct investments within their capital.

- (2) The second methodology was the Structured open-end questions, which were distributed also by hand during interviews.

3.7 Data Analysis Methods

Since this research has two different methodologies, it should have two dissimilar techniques to analyze the different sorts of data that is collected through each method.

- For the close-ended questions an SPSS Anova will not be used due to the small number of participant however frequency analysis using Microsoft Excel and pie charts using the same software will be used to measure the majority of answers in order to be able to express the general trend .
- To analyze the qualitative data that will be generated from the open-ended questions the study will relate the answers of the questions with

majority of responses and will record it in a table that shows each answer and its frequencies.

3.8 Response Rate

The response rate according to (McBurney, 2001) is the percentage of individuals in the sample who return the completed survey.

Since this study used an un-computerized method (face to face interview) there were full response rate meaning 12 out of 12 from the questionnaires were fully completed and retained.

Therefore the invalid data percentage was 0% of the total response, this means that 0 responses were rejected out of 12 all the responses were included in the analysis.

3.9 Conclusion

As a conclusion chapter three described the Research Methodology, Design, Frame Work, Data gathering methods, Research Hypothesis, and data analysis methods.

Thus the upcoming chapter (chapter four) will include the data analysis for the three previously mentioned methodology.

Chapter 4

4.1 Introduction

This chapter will include all the data analysis, the data gathered by the questioner will be included first to highlight the opinion of the chosen sample, followed by the analysis of the structured Observation from the participants open end questions after the clustering of the majority of these responses, the data generated by the questioner regarding to respondent profiles will be included at the end.

No clear finding will be included in this chapter but instead a brief summary about the data analysis to be used later in the chapter five of the study.

Thus the upcoming sub chapter 4.2 will be an analysis for the questioner questions, The subchapter 4.2.1 will include the analysis of the answers of the questions from block (A) that aims mainly to describe the opportunities within the Turkish market. While the subchapter 4.2.2 will include the analysis of the answers of the questions from block (B) that aims mainly to describe the obstacles within the Turkish market. Therefore the subchapter 4.3 will include the recorded answers from the open-end questions. And finally the subchapter 4.4 will include description about the demographic characteristics of the chosen sample to clarify some of the participants' backgrounds

4.2. Descriptive Analysis for Block (A):

Q1. I found the promising opportunities that my company was looking for when we decided to invest in Turkey.

Response	Frequency	Percentage
St. agree	3	.25
Agree	4	.33
Neutral	2	.17
Disagree	2	.17
St. Disagree	1	.08

Table 4.2.1. The promising opportunities 1

This suggests that entrepreneurs found the promising opportunities that their company was looking for when they decided to invest in Turkey could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 3 forming 25% of the sample size.
- Participants whom agreed to find promising opportunity number was 4 forming 33% of the sample size.
- Participants whom were not sure about finding opportunities and responded with natural number were 2 forming 17% of the sample size.
- Participants whom disagreed over finding the promising opportunity were 2 forming 17% of the sample size.
- Participants whom strongly disagreed over finding the promising opportunity were 1 forming 8% of the sample size.



Figure 4.2.1. The promising opportunities to invest in Turkey Frequency

Q2. The Turkish Law and Governmental regulations are facilitating the foreign investments.

Response	Frequency	Percentage
St. agree	4	.33
Agree	3	.25
Neutral	2	.17
Disagree	2	.17
St. Disagree	1	.08

Table 4.2.2. The Turkish Laws are facilitating the foreign investments Frequency

This suggests that entrepreneurs found The Turkish Law and Governmental regulations are facilitating the foreign investments could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 4 forming 33% of the sample size.
- Participants whom agreed about the phenomenon number were 3 forming 25% of the sample size.
- Participants whom were not sure about the phenomenon and responded with natural number were 2 forming 17% of the sample size.
- Participants whom disagreed about the phenomenon were 2 forming 17% of the sample size.
- Participants whom strongly disagreed about the phenomenon were 1 forming 8% of the sample size.



Figure 4.2.2. The Turkish Laws are facilitating the foreign investments Frequency

Q3. The Turkish Market is promising with continuously sustainable high growth rates.

Response	Frequency	Percentage
St. agree	3	.25
Agree	3	.25
Neutral	2	.16
Disagree	2	.17
St. Disagree	2	.17

Table 4.2.3. Turkish Market has continuously sustainable high growth rates Frequency

This suggests that entrepreneurs found The Turkish Market is promising with continuously sustainable high growth rates. Could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 3 forming 25% of the sample size.
- Participants whom agreed about the phenomenon number were 3 forming 25% of the sample size.
- Participants whom were not sure about the phenomenon and responded with natural number were 2 forming 17% of the sample size.
- Participants whom disagreed about the phenomenon were 2 forming 17% of the sample size.
- Participants whom strongly disagreed about the phenomenon were 2 forming 17% of the sample size.

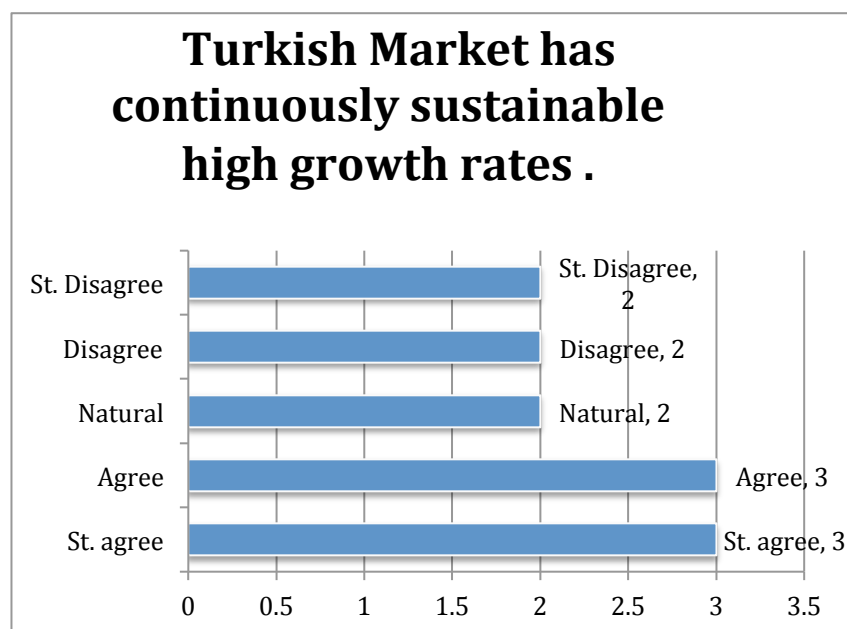


Figure 4.2.3. Turkish Market has continuously sustainable high growth rates Frequency

Q4. The strong general infrastructure (transportation, standard of living) of Turkey was an important factor when we considered making our investment decisions.

Response	Frequency	Percentage
St. agree	4	.34
Agree	4	.34
Neutral	2	.16
Disagree	1	.08
St. Disagree	1	.08

Table 4.2.4. The strong general infrastructure of Turkey was an important factor to be considered making investment decisions Frequency

This suggests that entrepreneurs found the strong general infrastructure (transportation, standard of living) of Turkey was an important factor when they considered making their investment decisions could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 4 forming 34% of the sample size.
- Participants whom agreed about the phenomenon number were 4 forming 34% of the sample size.
- Participants whom were not sure about the phenomenon and responded with natural number were 2 forming 16% of the sample size.
- Participants whom disagreed about the phenomenon were 1 forming 8% of the sample size.
- Participants whom strongly disagreed about the phenomenon were 1 forming 8% of the sample size.

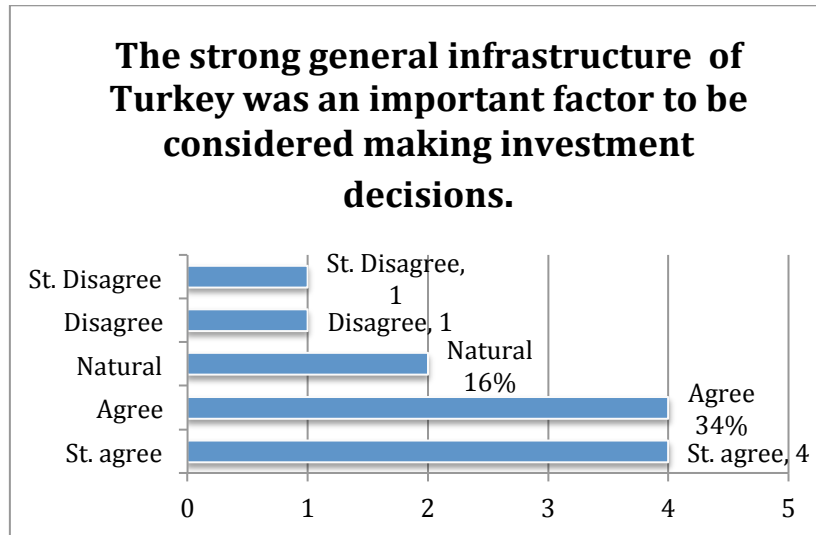


Figure 4.2.4. The strong general infrastructure of Turkey was an important factor to be considered making investment decisions Frequency

Q5. The geographical location of Turkey helped our company to access international markets/clients.

Response	Frequency	Percentage
St. agree	3	.25
Agree	4	.33
Neutral	2	.17
Disagree	1	.08
St. Disagree	2	.17

Table 4.2.5. The geographical location of Turkey to access international markets Frequency.

This suggests that entrepreneurs found the geographical location of Turkey to be helping their company to access international markets/clients could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 3 forming 25% of the sample size.
- Participants whom agreed about the phenomenon number were 4 forming 33% of the sample size.
- Participants whom were not sure about the phenomenon and responded with natural number were 2 forming 17% of the sample size.
- Participants whom disagreed about the phenomenon were 1 forming 8% of the sample size.

- Participants whom strongly disagreed about the phenomenon were 2 forming 17% of the sample size.

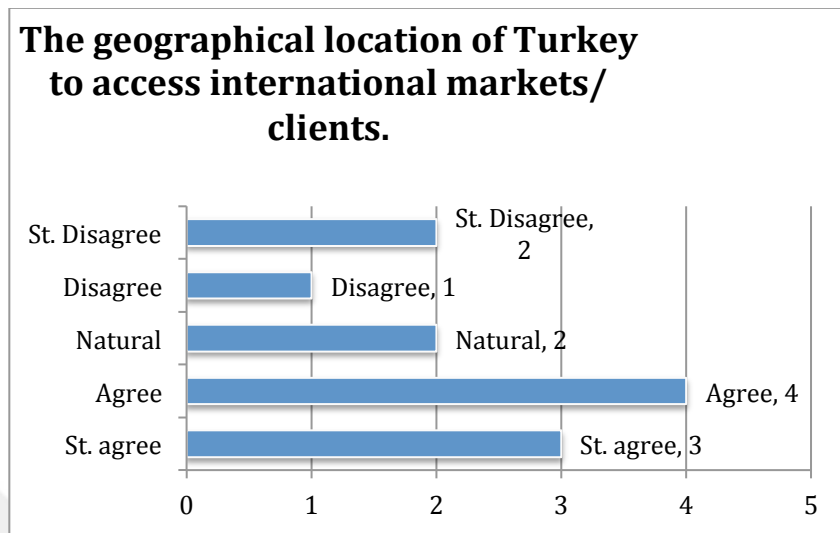


Figure 4.2.5. The geographical location of Turkey to access international markets Frequency

Q6.The Political stability and secure environment was an important factor when we considered making our investment decisions.

Response	Frequency	Percentage
St. agree	4	.36
Agree	4	.36
Neutral	2	.18
Disagree	1	.10
St. Disagree	0	.0

Table 4.2.6. Political stability and secure environment was an important factor when we considered making our investment decisions Frequency.

This suggests that entrepreneurs found The Political stability and secure environment was an important factor when they considered making their investment decisions could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 4 forming 36% of the sample size.
- Participants whom agreed about the phenomenon number were 4 forming 36 % of the sample size.

- Participants whom were not sure about the phenomenon and responded with natural number were 2 forming 18 % of the sample size.
- Participants whom disagreed about the phenomenon were 1 forming 10 % of the sample size.
- Participants whom strongly disagreed about the phenomenon were 0 forming 0% of the sample size.

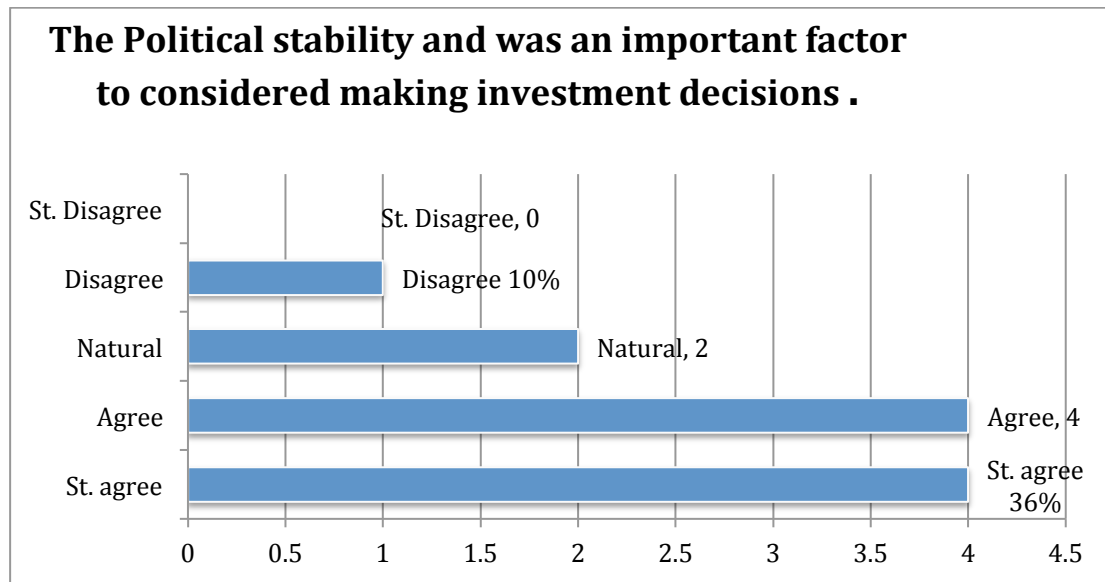


Figure 4.2.6. Political stability and secure environment was an important factor when we considered making our investment decisions Frequency.

Q7. The developing Business infrastructure (technology, trained human resources) was an important factor when we considered making our investment decisions.

Response	Frequency	Percentage
St. agree	4	.34
Agree	4	.34
Neutral	2	.16
Disagree	1	.08
St. Disagree	1	.08

Table 4.2.7. The developing Business infrastructure to be considered making investment decisions Frequency

This suggests that entrepreneurs found the developing Business infrastructure (technology, trained human resources) was an important factor when they considered making their investment decisions could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 4 forming 34% of the sample size.
- Participants whom agreed about the phenomenon number were 4 forming 34 % of the sample size.
- Participants whom were not sure about the phenomenon and responded with natural number were 2 forming 16 % of the sample size.
- Participants whom disagreed about the phenomenon were 1 forming 8 % of the sample size.
- Participants whom strongly disagreed about the phenomenon were 1 forming 8% of the sample size.

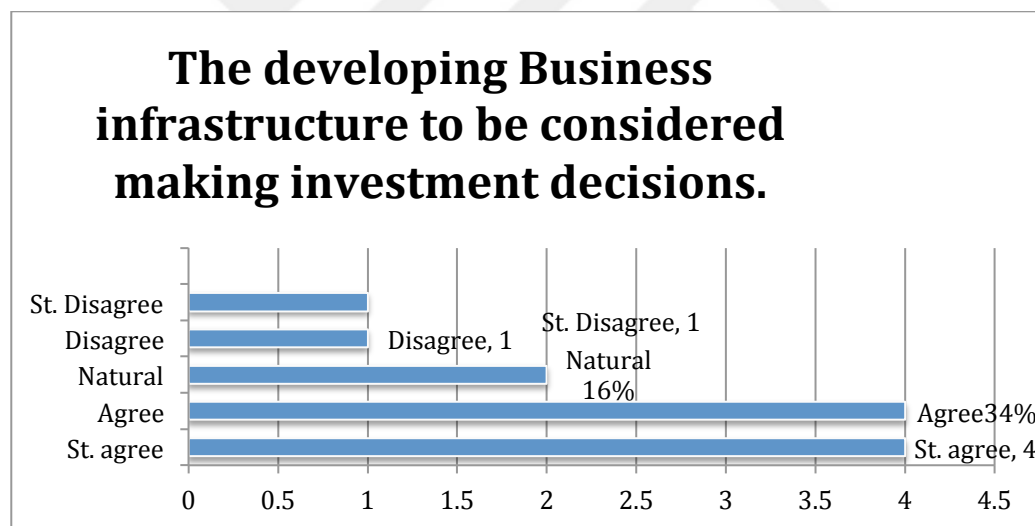


Figure 4.2.7. The developing Business infrastructure to be considered making investment decisions Frequency

Q8. Would you like to explain any other factors that made your company to consider investing in Turkey as a promising opportunity?

Few of the participants did not answer the question while the responses was entitled in three different factors showed in frequencies in the following table.

Response	Frequency
The Middle Eastern Culture	2 responses
The Availability of visas	3 responses
The movement towards development	4 responses

Table 4.2.8. Explain any other factors that made your company to consider investing in Turkey Frequency

4.3. Descriptive Analysis for Block (B):

Q1. My company had faced many obstacles when we started to invest in Turkey.

Response	Frequency	Percentage
St. agree	1	.08
Agree	2	.17
Neutral	2	.17
Disagree	4	.33
St. Disagree	3	.25

Table 4.3.1. Facing obstacles when started to invest in Turkey Frequency

This suggests that entrepreneurs had faced many obstacles when they started to invest in Turkey, could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 1 forming 08% of the sample size.
- Participants whom agreed facing many obstacles when they started to invest in Turkey number were 2 forming 17% of the sample size.
- Participants whom were not sure facing many obstacles when they started to invest in Turkey number were 2 forming 17% of the sample size.
- Participants whom disagreed over facing many obstacles when they started to invest in Turkey were 4 forming 33% of the sample size.

- Participants whom strongly disagreed over facing many obstacles when they started to invest in Turkey were 3 forming 25% of the sample size.

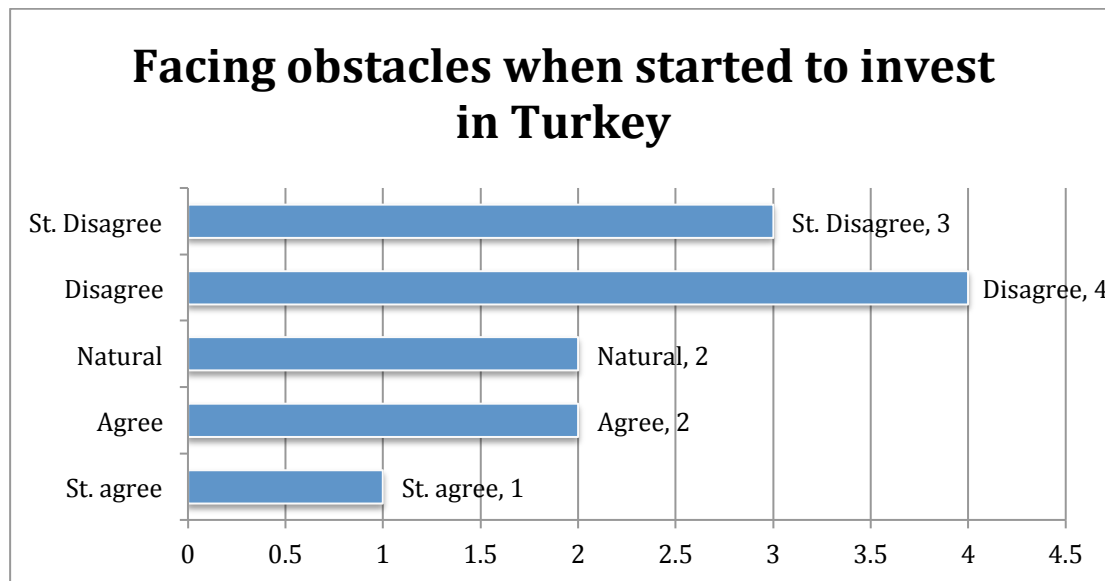


Figure 4.3.1. Facing obstacles when started to invest in Turkey Frequency.

Q2. When we started to invest in Turkey we faced legal and governmental obstacles.

Response	Frequency	Percentage
St. agree	3	.25
Agree	3	.25
Neutral	4	.34
Disagree	1	.8
St. Disagree	1	.8

Table 4.3.2. Facing legal and governmental obstacles Frequency

This suggests that entrepreneurs had faced legal and governmental obstacles when they started to invest in Turkey, could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 3 forming 25% of the sample size.
- Participants whom agreed facing legal and governmental obstacles when they started to invest in Turkey number were 3 forming 25% of the sample size.

- Participants whom were not sure about the legal and governmental obstacles when they started to invest in Turkey number were 4 forming 33% of the sample size.
- Participants whom disagreed over facing legal and governmental obstacles when they started to invest in Turkey were 1 forming 8% of the sample size.
- Participants whom strongly disagreed over facing legal and governmental obstacles when they started to invest in Turkey were 1 forming 8% of the sample size.

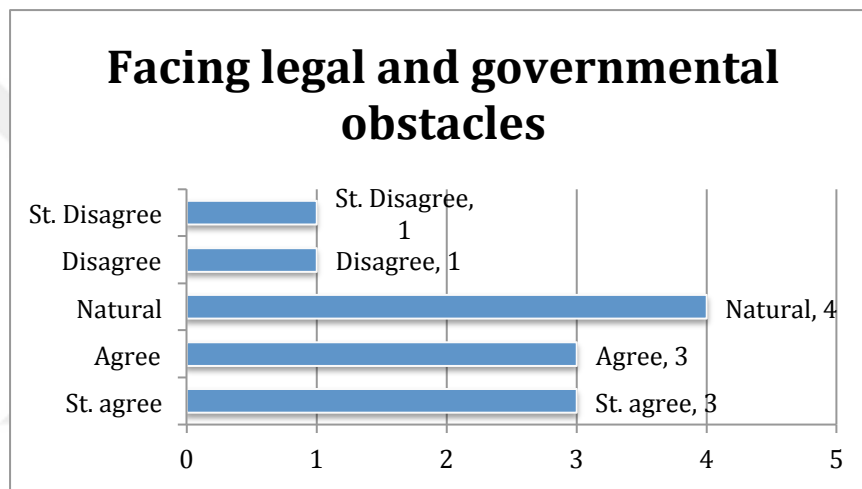


Figure 4.3.2. Facing legal and governmental obstacles Frequency

Q3. We faced the competitive markets in Turkey with some obstacles.

Response	Frequency	Percentage
St. agree	2	.16,66
Agree	2	.16,66
Neutral	3	.25
Disagree	2	.16,66
St. Disagree	3	.25

Table 4.3.3. Facing the competitive markets in Turkey with some obstacles Frequency

This suggests that entrepreneurs had faced the competitive markets in Turkey with some obstacles when they started to invest in Turkey, could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 2 forming 16,66% of the sample size.
- Participants whom agreed facing the competitive markets in Turkey with some obstacles number were 2 forming 16,66% of the sample size.
- Participants whom were not sure facing the competitive markets in Turkey with some obstacles number were 3 forming 25% of the sample size.
- Participants whom disagreed over facing the competitive markets in Turkey with some obstacles were 2 forming 16,66% of the sample size.
- Participants whom strongly disagreed over facing faced the competitive markets in Turkey with some obstacles were 3 forming 25% of the sample size.

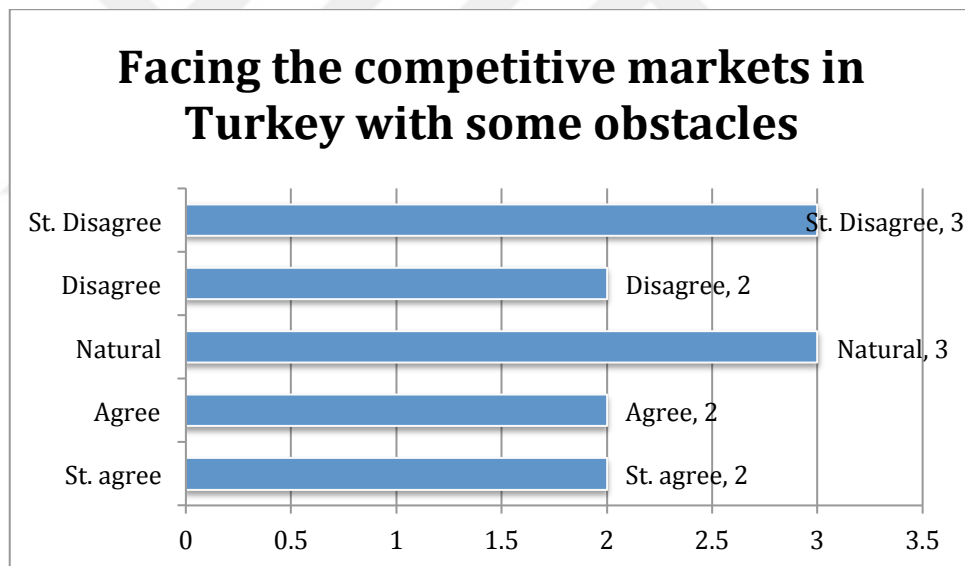


Figure 4.3.3. Facing the competitive markets in Turkey with some obstacles Frequency

Q4. We Faced some obstacles related to logistics at the planning stage of our investment.

Response	Frequency	Percentage
St. agree	1	.08
Agree	1	.08
Neutral	1	.08
Disagree	4	.33
St. Disagree	5	.43

Table 4.3.4. Facing some obstacles related to logistics Frequency

This suggests that entrepreneurs had faced some obstacles related to logistics at the planning stage of their investment, could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 1 forming 8% of the sample size.
- Participants whom agreed facing some obstacles related to logistics at the planning stage of their investment number were 1 forming 8% of the sample size.
- Participants whom were not sure facing some obstacles related to logistics at the planning stage of their investment number was 1 forming 8% of the sample size.
- Participants whom disagreed over facing some obstacles related to logistics at the planning stage of their investment were 4 forming 33% of the sample size.
- Participants whom strongly disagreed over facing some obstacles related to logistics at the planning stage of their investment were 5 forming 43%of the sample size.

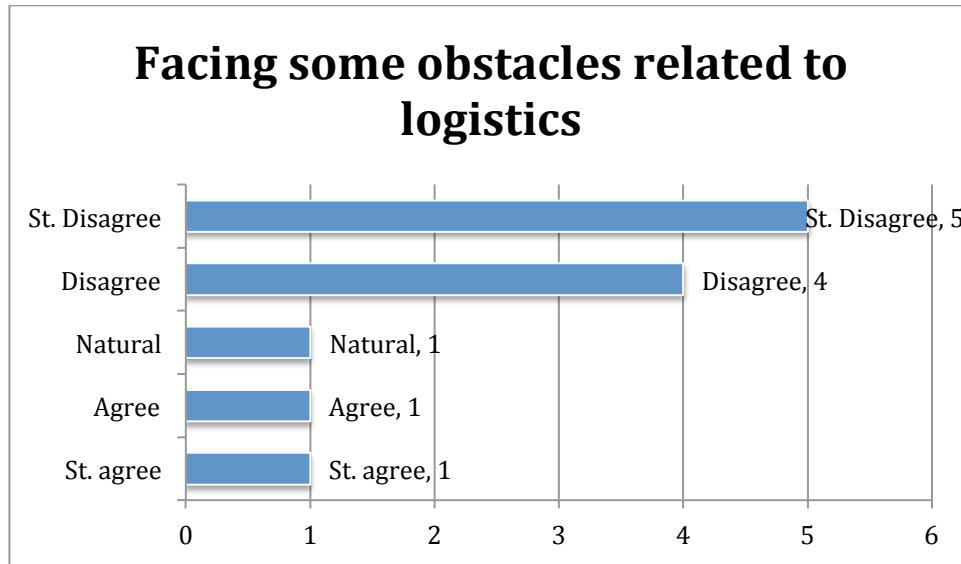


Figure 4.3.4. Facing some obstacles related to logistics Frequency

Q5. The Cultural differences and different tastes and business trends in Turkey was considered to be an obstacle in our business.

Response	Frequency	Percentage
St. agree	3	.25
Agree	4	.34
Neutral	1	.08
Disagree	3	.25
St. Disagree	1	.08

Table 4.3.5. Obstacles related to Cultural differences and different tastes and business trends Frequency

This suggests that entrepreneurs had faced some obstacles related to Cultural differences and different tastes and business trends in Turkey, could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 3 forming 25% of the sample size.
- Participants whom agreed facing some obstacles related to Cultural differences and different tastes and business trends in Turkey number were 4 forming 34% of the sample size.
- Participants whom were not sure facing some obstacles related Cultural differences and different tastes and business trends in Turkey number were 1 forming 8% of the sample size.
- Participants whom disagreed over facing some obstacles related to Cultural differences and different tastes and business trends in Turkey were 3 forming 25% of the sample size.

- Participants whom strongly disagreed over facing some obstacles related to Cultural differences and different tastes and business trends in Turkey were 1 forming 08% of the sample size.

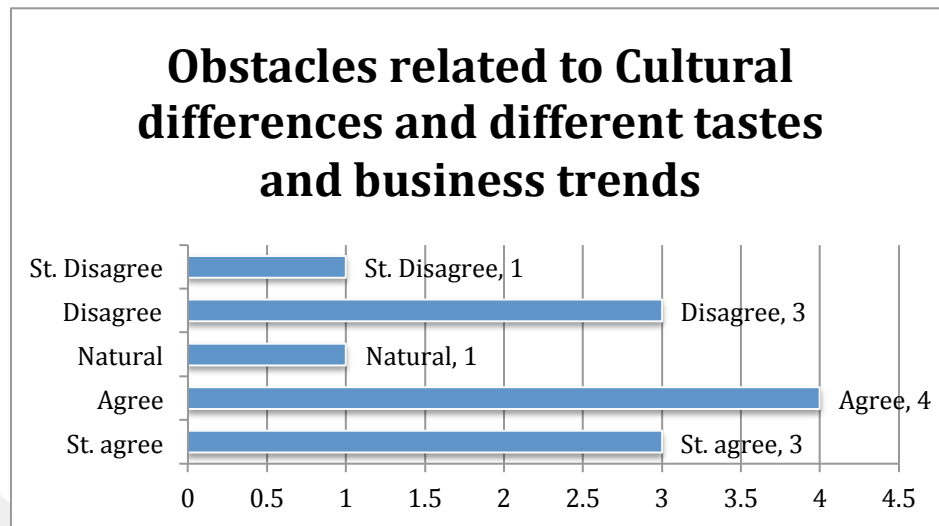


Figure 4.3.5. Obstacles related to Cultural differences and different tastes and business trends Frequency

Q6. The regional and surrounding unstable environment and its effects on economy are considered to be an obstacle in our business.

Response	Frequency	Percentage
St. agree	5	.43
Agree	4	.33
Neutral	1	.08
Disagree	1	.08
St. Disagree	1	.08

Table 4.3.6. Obstacles related to regional and surrounding unstable environment Frequency

This suggests that entrepreneurs had faced some obstacles related to regional and surrounding unstable environment in Turkey, could be assessed by comparing the frequencies of responses as showed in the table above where:

- Participants whom strongly agreed 5 forming 43% of the sample size.
- Participants whom agreed facing obstacles related to regional and surrounding unstable environment in Turkey number were 4 forming 33% of the sample size.

- Participants whom were not sure facing obstacles related to regional and surrounding unstable environment number was 1 forming 8% of the sample size.
- Participants whom disagreed over facing obstacles related to Cultural regional and surrounding unstable environment was 1 forming 8% of the sample size.
- Participants whom strongly disagreed over regional and surrounding unstable environment were 1 forming 0,8 of the sample size.

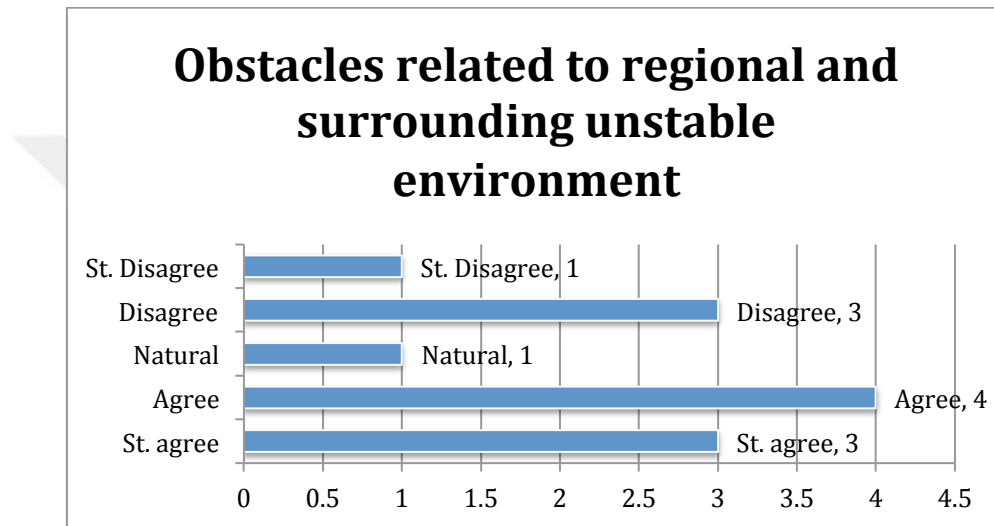


Figure 4.3.6. Obstacles related to regional and surrounding unstable environment
Frequency

Q7. Would you like to explain any other obstacles and difficulties your company has faced when you started to invest in Turkey?

Few of the participants did not answer the question while the responses was entitled in Three different factors showed in frequencies in the following table.

Response	Frequency
The Turkish Language	5 responses
The rapidly changing laws	2 responses
The unstable exchange rate	2 responses

Table 4.3.7. Other obstacles and difficulties Frequency

4.4. Descriptive Analysis for Block (C) Profile of Participant:

Q1. Field of Working:

- Service (Intangible product).
- Manufacturing (Tangible Product).
- Both (Combination of Goods and service).

Response	Frequency	Percentage
Service (Intangible product).	10	.84
Manufacturing (Tangible Product)	1	.08
Both (Combination of Goods and services).	1	.08

Table 4.4.1. Field of Working Frequency

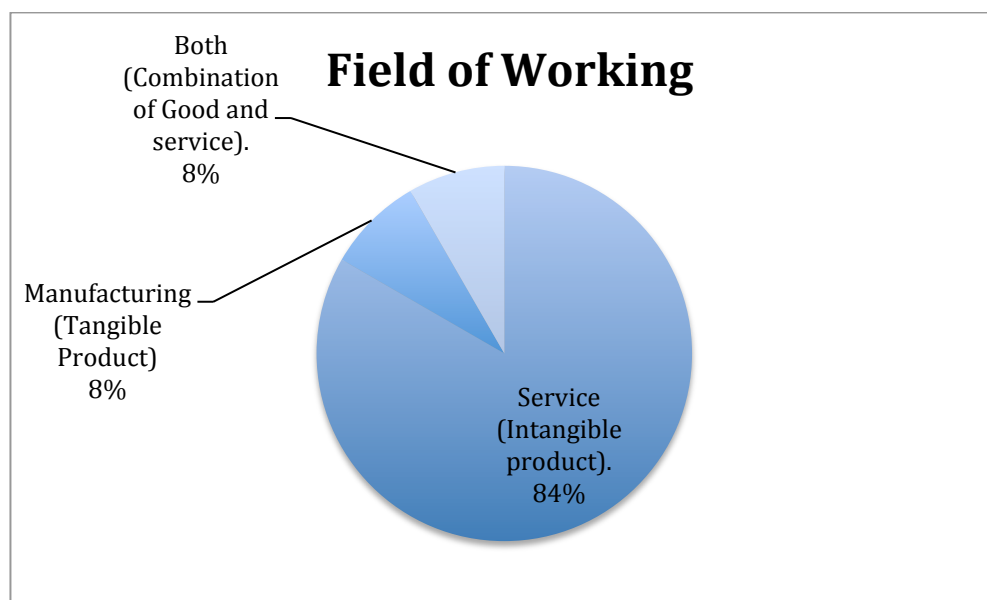


Figure 4.4.1. Field of Working Frequency

- Participants whose business main field is Service (Intangible product) number were 10 representing 84% of the sample.

- Participants whose business main field is Manufacturing (Tangible Product) number were 1 representing 8% of the sample.
- Participants whose business main field is both (Combination of products and services) numbers were 1 representing 8% of the sample.

Q2. Targeted Market:

- Internal (Local).
- External (International).
- Both.

Response	Frequency	Percentage
Internal (Local)	3	.25
External (International)	8	.77
Both internal and external	1	.08

Table 4.4.2 Targeted Market: Frequency



Figure 4.4.2 Targeted Market: Frequency

- Participants whose business main targeted market is internal (local) number were 3 representing 25% of the sample.
- Participants whose business main targeted market is External (international) number were 8 representing 77% of the sample.

- Participants whose business main targeted market is both internal and external number were 1 representing 8% of the sample.

Q3. Form of Investment:

- Assets (Real Estates, Stocks, Securities).
- Subsidiary.
- Startup.

Response	Frequency	Percentage
Assets (Real Estates, Stocks, Securities).	3	.25
Subsidiary	3	.25
Startup	6	.50

Table 4.4.3. Form of Investment Frequency

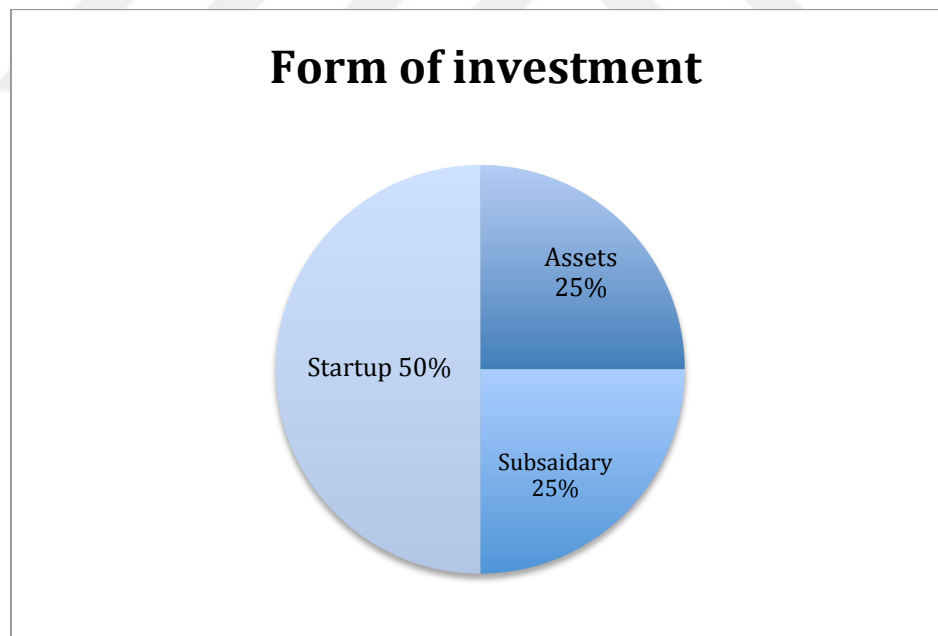


Figure 4.4.3. Form of Investment Frequency

- Participants whose form of investment was Assets number were 3 representing 25% of the sample.
- Participants whose form of investment was subsidiary number were 3 representing 25% of the sample.
- Participants whose business main targeted market is both internal and external number were 6 representing 50% of the sample

Q4. The range of annual profits in Turkish Lira:

- TL 100-999 annually.
- TL 1,000-9,999 annually.
- TL 10,000-49,999 annually.
- TL 50,000-99,999 annually.
- TL 100,000 and above annually.

Response	Frequency	Percentage
TL 100-999 annually.	-	0
TL 1,000-9,999 annually.	1	.8
TL 10,000-49,999 annually.	4	.33
TL 50,000-99,999 annually.	5	.43
TL 100,000 and above annually.	2	.16

Table 4.4.4. Range of annual profits Frequency

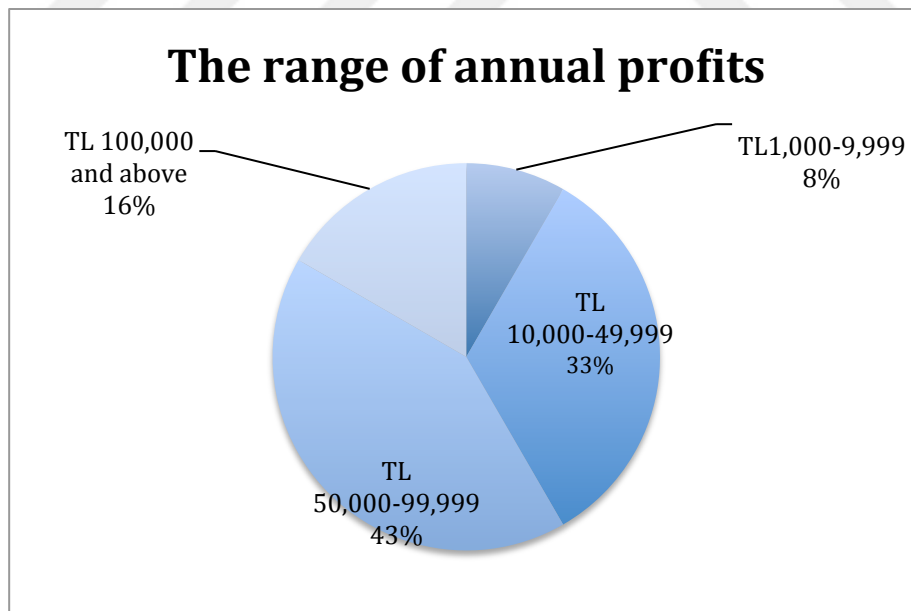


Figure 4.4.3. Form of Investment Frequency

- Participants with a range of annual profits in Turkish Lira 100-999 number were 0 representing 0% of the sample.
- Participants with a range of annual profits in Turkish Lira 1,000-9.999 number were 1 representing 8% of the sample.

- Participants with a range of annual profits in Turkish Lira 10,000-49.999 number were 4 representing 33% of the sample.
- Participants with a range of annual profits in Turkish Lira 50,000-99.999 number were 5 representing 43% of the sample.
- Participants with a range of annual profits in Turkish Lira 100,000 and above number were 2 representing 16% of the sample.

4.5. Block (D) Open-end Questions:

Q1. In not more than five lines, kindly describe the experience of your investment in Turkey.

Response	Frequency	Percentage
Positive	10	.84
Neutral	-	0
Negative	2	.16

Table 4.5.1 describe the experience of your investment in Turkey Frequency



Figure 4.5.1 describe the experience of your investment in Turkey Frequency

Q2. In few words do you think Turkey is moving forward as a progressive Market?
Why?

Response	Frequency	Percentage
Positive	8	.67
Neutral	1	.08
Negative	3	.25

Table 4.5.2 do you think Turkey is moving forward as a progressive Market Freq

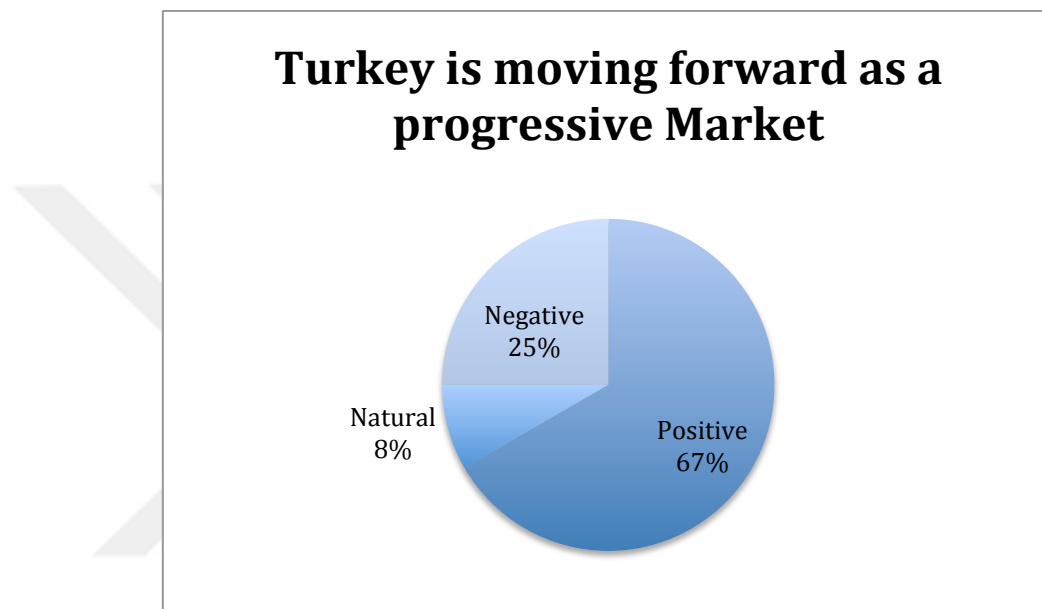


Figure 4.5.2 do you think Turkey is moving forward as a progressive Market Frequency

Few of the participants did not answer the Second part of the question (Why?) while the responses was entitled in Three different factors showed in frequencies in the following table.

Response	Frequency
The educational system (Negative)	2 responses
Turkish Governmental Export policies (positive)	4 responses
Turkey has a fixed vision (positive)	2 responses

Figure 4.5.3. Do you think Turkey is moving forward as a progressive Market (2) responses

Q3. Would you like to add any important Factor that companies are considering when taking a foreign direct investment (FDI) decision?

Few of the participants did not answer the question while the responses was entitled in Three different factors showed in frequencies in the following table.

Response	Frequency
The good quality of life for the investors' family members.	5 responses
The degree of openness within the hosting society.	4 responses
The availability of skilled low cost labor.	4 responses
The knowhow and technological development level.	3 responses
The Degree of Market freedom.	2 responses

Table 4.5.4. Important Factor that companies are considering when taking a foreign direct investment (FDI) Responses

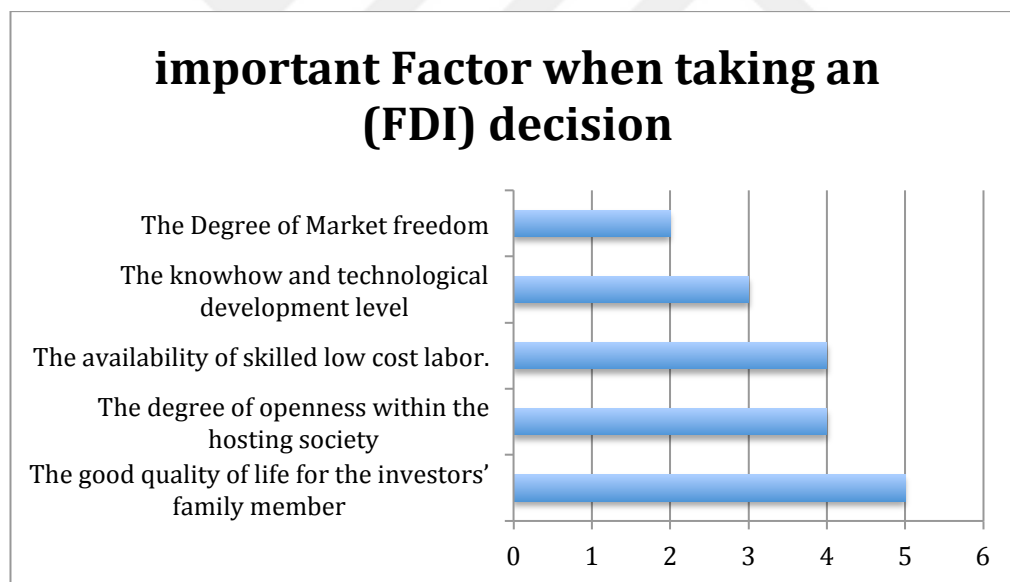


Figure 4.5.4 Important Factor that companies are considering when taking a foreign direct investment (FDI) Responses

4.5. Conclusion:

In conclusion, this chapter has shown the analysis of the data generated by the four-sectioned questioner that were described previously.

First it analyzed the questioner data using descriptive analysis, and frequencies.

Secondly it analyzed the opened end questions that were explored and recorded, and organized in tables that described each single answer were stated.

Thus, after this chapter showed these analyses the upcoming chapter number five will be the last chapter of this study and will include a summary about these analyses, in addition to the comments, the findings, and the conclusion for this study.



Chapter five

5.1. Introduction

Since chapter five is the last chapter in this study it includes the conclusion of the thesis from the problem to the finding and discussion.

In this chapter many titles are to be included; the first title is the “result discussion” which will highlight the results of the analysis of the previous analysis of the questionnaire.

After highlighting the finding from previous chapter, another title will come to discuss the findings of this study. Followed by the title “Turkey as an emerging market, the discussion”. However, will be followed by suggestions for future researches that could obtain more important results, and conclusion to end up the study.

Last parts of this study will be the complimentary part of the chapter five; these parts are appendix and references.

5.2. Discussion of Questionnaire Analysis.

The study has shown different models of emerging markets to create an assumption about what factors make the economy considered as an emerging market and what factors prevent it from being considered not as an emerging market, thus we could see that an emerging market is classified according to the economic policies, the amount of and the overall appetite of foreign direct investment, workforce, and the ratios of growth. For that reason we went further to study the phenomenon of emerging economies models within the academic fields, that was done by exploring two basic models. The first model was the BRICS countries the, while the other model was The Four Tigers of Asia.

The literature analyzed the global trends that is expected to shape the world till 2030 which were Individual empowerment that states that majority of the world’s population will not be impoverished, and the middle classes will be the most important social and economic sector in the vast majority of countries while the second global trend was diffusion of

power, which states that power will shift toward multifaceted and amorphous networks that will form state and global actions and the final global trend was demographic patterns in which the literature classified four demographic trends, will fundamentally shape the world till 2030.

From that the literature review moved forward to describe the economic megatrends that will shape the world and determine which countries could be considered as an emerging market and which ones could not, in the megatrend the study highlighted an opportunities for investors, and the infrastructure booming, along with real estate booming, thus all of the economic megatrend where studies particularly within Turkish market in order to use the Turkish model as an emerging market.

Additionally, the literature review went further to surf few other countries among the emerging markets some of these countries are located in Latin America and others are in the region of the Middle East, with fewer examples in Africa.

The study considered the importance of foreign direct investment FDI as the main indicator that can determine the Turkish market ability as an emerging, furthermore the study has built an assumption that Turkey as an economic force should be considered as an emerging market by which its opportunities exceed its obstacles and building upon that companies shall study the importance of their existence in the Turkish markets, then to improve this hypothesis a questionnaire were built with four main blocks inside in order to improve the pre-assumed hypothesis.

The Study hypothesize that Turkish Economy is providing a promising opportunities to foreign investors. And the questions of block A of the questionnaire were built for proving some argument of hypothesis. In the same context the study hypothesizes that foreign investors are able to overcome obstacles of operating in Turkish economy and the questions of block B of the questionnaire were built for proving the second hypothesis.

After proving the first two hypothesis the study can come up with a logical result that were translated by the fourth hypothesis which states that

Turkey is becoming a favorable direction for the foreign direct investment (FDI). Thus from the discussion of the literature and by logical analysis for the block (D) of the questionnaire the third hypothesis will lead to proving the fourth which states that Turkish economy is moving forward being an emerging market by the increased number of foreign direct investment. The questionnaire however was directed towards the 12 foreign companies operating within Turkey, thus the upcoming subchapter would discuss the findings from The Questionnaire.

5.2.1. Discussion of the Block (A) Questions:

The Block A of the questionnaire was examining the factors that could be considered as the opportunities by which an investor would be attracted to come and invest in Turkey, and by examining the results of the descriptive analysis the study comes up with the following results:

1. Research has shown that the majority of the samples had found the promising opportunities that their companies were looking for when they decided to invest in Turkey. The number of disagreeing responses were approximately less than a half of the agreeing ones, i.e, more precisely 58% responded positively while 25% responded negatively upon these percentages the study can prove that Turkish market has real promising opportunities.
2. Research has shown that the majority of the samples had found the Turkish laws and governmental regulations are facilitating the foreign investments. The number of disagreeing responses was approximately less than a half of the agreeing ones more precisely 58% responded positively while 25% responded negatively upon these percentages the study can confirm that Turkish laws and governmental regulations are facilitating the foreign investments
3. Research suggests that the majority of the sample had found the Turkish Market is promising with continuously sustainable high growth rates. The number of disagreeing responses did not exceed the agreeing ones more precisely 50% responded positively while 34% responded negatively upon these percentages the study can relatively agree that Turkish market is promising with continuously sustainable high growth rates.

4. According to the research results the majority of the sample had agreed that the strong general infrastructure (transportation, standard of living) of Turkey was an important factor when they considered making their investment decisions, the number of agreeing responses exceeded the disagreeing ones with a big percentage more precisely 68% responded positively while 16% responded negatively upon these percentages the study can strongly prove that the strong general infrastructure (transportation, standard of living) of Turkey is an important factor for foreign investors when they will consider making an investment decisions.
5. Research has shown that the majority of the samples had found that the geographical location of Turkey helped their companies to access international markets/clients, the number of disagreeing responses was approximately less than a half of the agreeing ones more precisely 58% responded positively while 25% responded negatively upon these percentages the study can agree that The geographical location of Turkey can be a helping factor for companies to access international markets/clients and this can lead the international firms/investors to come and invest in Turkey.
6. From the numerical analysis of the research it has been cleared that the Political stability and secure environment was an important factor when investors considered making their investment decisions in Turkey, the number of agreeing responses exceeded the disagreeing ones with a big percentage more precisely 68% responded positively while 10% responded negatively upon these percentages the study can strongly agree that the political stability and secure environment is considered an important factor when by investors when making their investment decisions in Turkey.
7. According to the research results the majority of the samples had agreed that the developing Business infrastructure (technology, trained human resources) of Turkey was an important factor when they considered making their investment decisions, the number of agreeing responses exceeded the disagreeing ones with a big percentage more precisely 68% responded positively while 16% responded negatively upon these percentages the study can strongly agree that the developing Business infrastructure (technology, trained human resources) of Turkey is an important factor for foreign investors when they will considered making an investment decisions.
8. It is notable that a good portion of the foreign investors who are interested in investing opportunities of Turkey are considering the Turkish market movement

towards sustainable development, the accessibility of the country in terms of regulations and immigration laws, and the culture of the country which they feel comfortable to invest within.

5.2.2. Discussion of the Block (B) Questions:

1. Research has shown that the majority of the samples claimed that their companies did not face many obstacles when they started to invest in Turkey. The number of disagreeing responses exceeded the agreeing ones more with a good percentage precisely 58% responded negatively while 25% responded positively upon these percentages the study can agree that the Turkish market has low percentage of obstacles that Foreign investors face.

2. Research has shown that the majority of the samples claimed that their companies had already faced legal and governmental obstacles when they started to invest in Turkey. The number of agreeing responses exceeded the disagreeing ones more with a good percentage precisely 50% responded by agreeing while 16% responded disagreeing upon these percentages the study can agree that the Turkish market has relatively high percentage of legal and governmental obstacles that faces foreign investments. The above item stands as a paradoxical result when compared with the previous result; this could have a meaning that although some people had faced some legal obstacles they did not mark it as an obstacle that can affect the investment.

3. Research Suggests that the majority of the samples did not face with the competitive markets in Turkey with some obstacles when they started to invest in Turkey the number of disagreeing responses exceeded the agreeing ones more precisely 41,66% responded with disagree while 33.12% responded with agree upon these percentages the study can relatively agree that competitive markets in Turkey is not considered to be an obstacle.

4. According to the research results the majority of the samples did not agree on facing some obstacles related to logistics at the planning stage of their investment., the number of disagreeing responses exceeded the agreeing ones with a big percentage more precisely 76% responded with disagree while 16% responded with agreeing upon these percentages the study can strongly agree that the logistics can never be an obstacle in the face of foreign investment decisions in Turkey.

5. From the numerical analysis of the research it has been cleared that the cultural differences and different tastes and business trends in Turkey were considered to be an obstacle facing foreign businesses, the number of agreeing responses exceeded the disagreeing ones with a relatively notable percentage more precisely 59% responded positively while 33% responded negatively upon these percentages the study can agree that cultural differences and different tastes and business trends in Turkey was considered to be an obstacle facing foreign investment.

6. Research has shown that the majority of the samples had found the regional and surrounding unstable environment and its effects on economy are considered to be an obstacle facing their business, more precisely 77% responded positively while 16% responded negatively upon these percentages the study can agree that the regional and surrounding unstable environment and its effects on economy are considered to be an obstacle facing foreign investment in Turkey.

7. Finally the research has shown that some other listed factors- where considered as an obstacle facing foreign direct investment (FDI) within Turkish markets and where ranked by its importance as the following;

- The first and most important factor was the barriers of communication due to language differences and this could be essential for small-middle sized business.
- The second factor was the rapidly changed laws (more precisely immigration laws) that made investors feel not comfortable to live with their families in Turkey.
- The Third and last additional factor where added by open-end questions was the unstable exchange rate of the Turkish currency (TL) which changed in a radical ways within the last five years.

5.2.3. Discussion of the Block (D) Questions:

The answers from the semi-structured interviews resulted along with the open-end questions of the block D where all classified into categories when performing the analysis for the ease of the recording and analysis and it have shown the following;

1. The majority of the sample described their experience of investment in Turkey as satisfying and responded positively namely 82% of the samples responded positively while 18% responded with negative words regarding their investment experience within Turkish Market.
2. The majority of the sample had a positive point of view regarding the movement of Turkey forward developed market and responded positively namely 67% of the samples responded positively while 25% responded with negative states regarding whether the Turkish market is moving forward to be a developed economy.
3. The majority of the positive responses regarding whether Turkey is moving forward a developed country thought that the most important factor leading to this development was the Turkish Governmental Exporting policies (positive), another factor from the positive responses elements of the sample were the clarify and sustainable development plan of the Turkish government.
4. The majority of the negative responses regarding whether Turkey is moving forward a developed country thought that the most important factor preventing this development from happening was the Turkish educational system. The improvement shall be precisely concentrating on teaching foreign languages to reduce the barriers facing the foreign investors.
5. Few of the major important Factors that companies are considering when taking a foreign direct investment (FDI) decision were added by the semi-structure interview coming along from the open-end question number three and it was as the following;
 - ✓ The good quality of life for the investors' family member seemed to be the most essential factor that will encourage Foreign investors to come and invest in Turkey.
 - ✓ The degree of openness within the hosting society was relatively and remarkably important factor for foreign investors when taking their investment decision in Turkey.

- ✓ Many of the investors thought that a big advantage of coming to Turkey is the availability of trained relatively lower cost labor *“especially when compared with EU”* according to the responses of the interviews.
- ✓ A remarkable number of the responses stated within the interview question that the knowhow and technological development level of the Turkish market is encouraging to come and invest within Turkey.
- ✓ A few number of the sample element stated within their responses that the degree of market freedom within Turkish market was an element for the foreigner investors when consider to invest in Turkey.

5.3. Research Findings:

The Hypothesis of this research could be proven by quantitative (statistical) and qualitative (Semi-Structured) interviews and upon the results of this study, it could be stated that Turkish economy is moving forward being an emerging market by the increased number of foreign direct investment as the following

H1: The Turkish Economy is Providing a promising opportunities for foreign investors. (Accepted)

The Hypothesis could be proven by numerical evidence from block (A) of the questionnaire

H2: The Foreign investors are able to overcome obstacles of operating in Turkish economy. (Accepted)

The Hypothesis could be proven by numerical evidence from block (B) of the questionnaire

H3: Turkey is becoming a favorable direction for the foreign direct investment (FDI). (Accepted)

The Hypothesis could be proven by observational evidence from block (D) of the questionnaire and from the analysis made previously resulted from the logical sequences of the literature review.

H4: Turkish economy is moving forward being an emerging market by the increased number of foreign direct investment. (Accepted)

The Hypothesis could be proven by observational evidence from block (D) of the questionnaire and from the analysis made previously resulted from the logical sequences of the literature review.

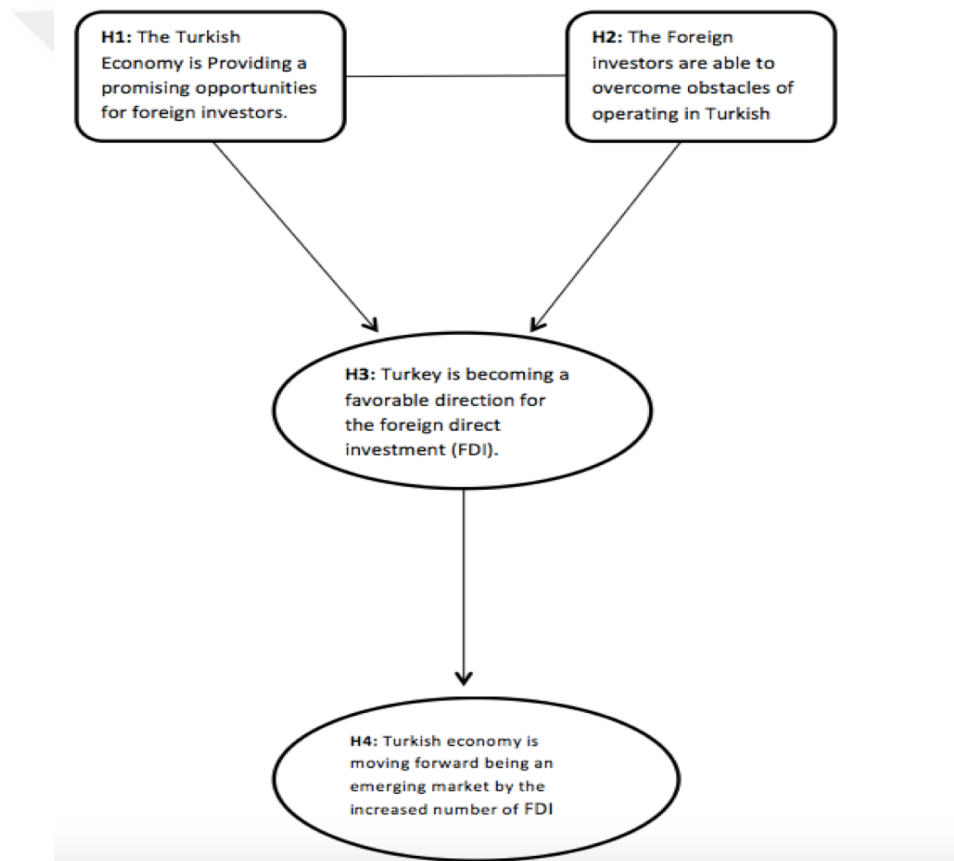


Figure 5.3.1. The promising opportunities to invest in Turkey Frequency

5.4. Research Recommendations:

As the result of analysis has shown the opportunities of investment in Turkey are huge and investors are considering the strong infrastructure as a good strength of Turkish market, thus it is recommended that Turkish State should maintain the infrastructural sustainable development going on.

It is recommended by this study that Turkish policy makers should consider more focusing on the educational system by modifying it in order to attract more direct new investment, the language barrier could be a huge obstacle that preventing investors from coming to invest in Turkey.

The result of research has shown: that the investment decision makers are affected negatively by some of the governmental regulations and immigration laws as well as surrounding unstable environment thus it is recommended that Policy makers shall consider balancing between the national security priorities and the foreign investment enhancing laws and regulations.

5.5. Suggestions for future Research

This study was limited by time, and resources, thus the produced work scope was narrow thus it is suggested that the sample of the research can further enlarged in order to produce more accurate and generalizable work.

This study opened the platform for academic and field experts to establish more studies related to the Topic, Starting up from the factors that encourage/discourage foreign investment decisions in Turkey, ending up with the policies, laws and regulations that should be reconsidered

Additionally Future research could be done to clarify how foreign direct investment (FDI) can lead the Turkish market forward to be an emerging market and beyond to be a major global economic force.

In general there are only few researches that had been done in the emerging market within Turkey thus many topics could be resulted from this particular study as a corner stone to build upon it.

5.5. Conclusion

In conclusion this chapter presented the results of this study, these results were produced by the analysis of all the previous four chapters, organized together and summarized by the discussions and findings. Additionally the recommendations were given based on the original problem statement of this study and the future research platforms were explained to have further studies on this topic.

Although of the narrow scope of the sample the research objectives where all fulfilled as well as the research hypothesis were all proven through the process of this research, thus it was successfully achieved all the wanted results

This chapter is the last chapter of the study, so the bibliography and the various appendixes will follow this chapter.

Finally it should be mentioned that researcher tried to create as much as possible an objective Study, far away from the political speculations, and without showing any type of bias.

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