

# Chapter 10

## Strategic Positioning of Turkey Agricultural Products on the Agricultural World Market

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### ABSTRACT

*Applying a strategic management perspective, particularly the BCG tool, this chapter demonstrates that the agricultural products exported by Turkey are distributed unevenly on the four cells of the global agricultural markets matrix: almost of its products (236 products or 85.20% of its portfolio) are Question Marks, two products are a Star, one product is a Cash cow, and 38 products are Dogs. Such a situation creates important strategic choices for the leaders of the country and for its businesses. None of Turkey top ten exports were among the top ten growers in the world. Turkey is world export leader in ten products, but these products are not the world most growing markets, and the country should increase its relative market share in some of its ten top exports, and also consider developing organic product segments, and eliminate tobacco products in its portfolio.*

### INTRODUCTION

The Republic of Turkey is one of the fastest growing economies in the world, and has become increasingly intertwined with a global economy. In this global economy, agriculture is very important, as we have witnessed during the global food crisis and the large disputes in the World Trade Organization (WTO) negotiations at the Doha Round and beyond. These resulted in a split between the members of developed and developing countries over the large agricultural subsidies maintained by the richer countries and the industrial subsidies enforced by the developing countries. Despite these disputes, one main agreement made during the WTO negotiations in Doha was the need to eliminate restrictions and distortions in the world agricultural markets.

In Turkey, agriculture is a key sector for jobs and is one of extreme importance in the economy of the country. According to recent data from the FAOSTAT (2014), and the World Bank (2104), agriculture

DOI: 10.4018/978-1-5225-9621-9.ch010

utilizes more people than industry in Turkey. Agriculture accounted for 30.40% of the nation's total jobs in 2013. That proportion was even higher for female employment at exactly 52.52% in the same year and indeed is the main source of employment for women there. In response to the opening of and better access to global markets, this chapter addresses the following question: What products should Turkey choose to export to the world markets?

This chapter adopts a strategic management perspective. Application of strategic management and planning is necessary to analyze the current and future position of an enterprise for two fundamental dimensions before developing the strategies of that enterprise or organization; namely: (1) the forces of the external environment that determine the industry trend and the opportunities of the market as well as its threats; and (2) the internal competencies of the enterprise that will determine the potential of the unique competitive leadership which the enterprise can mobilize to establish a commercial superiority against competitors. The strategies chosen must balance the external opportunities and any threats with their own internal strengths, and weaknesses.

The main objective of this study is as follows: Considering the world demand of agricultural products and Turkey's competitive position, what strategies (or what agricultural products) must the country adopt or choose? To answer this question, this chapter adopts the business portfolio analysis approach developed by the Boston Consulting Group (BCG). The growth rate of agricultural products that Turkey exports to the world, the ratio of the total exports of Turkey by agricultural product to the total exports of the world leader of that product, and the share of the exports of each agricultural product of Turkey in terms of the total exports of agricultural products by Turkey are used to measure the three dimensions of the BCG matrix.

The chapter is organized into six main sections: Introduction, Literature Review, Application of the BCG model to the world markets for agricultural products with Turkey as a center for decision-making in terms of that nation's portfolio of world exportable agricultural products, Methodology, Results, Conclusions and the limitations of the study and suggestions for future research. The study duplicates the previous research conducted on West African countries by Sidibe (2011, 2012). The chapter will benefit scholars, scholar-practitioners, business executives, and undergraduate/graduate business and economics students as reference material because it links theory to application.

## **LITERATURE REVIEW: PORTFOLIO ANALYSIS AND THE BCG MATRIX**

This analysis of the BCG matrix follows the presentation of Sidibe (2011) who borrows mainly from Hax & Majluf (1984). Applying the BCG view, an enterprise is a portfolio of business units or firms (SBU for Strategic Business Units), and every unit makes a contribution unique to the growth and profitability of the whole. Still, the units do remain largely independent, and their strategic directions thus need to be approached in a distinctive way. The main objectives of the enterprise are recognized as being both growth and profitability. The BCG developed a growth-market share matrix in which each unit is represented on a grid of four cells (see Figure 1). The horizontal axis corresponds to the relative market share of a business unit (measured by a log of the ratio of the sales of the unit to the sales of its main competitor) to characterize the strength of the enterprise in a specific sector of activity. The vertical axis indicates market growth, representing the attractiveness of the market in which the unit operates (as measured by the growth rate of that market). The area of each circle is proportional to the total sales produced by that particular unit and measures the contributions of every unit to the total sales of the entire enterprise.

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