

Navigating in Turkey's Difficult Times

Government & Stakeholder Engagement

Introduction

In a recent position paper “Turkey’s Political Conundrum,” StratejiCo. argued that the existing uncertainty in Turkey’s political landscape is likely to prevail for the next few years.



Predicting what’s next in Turkey is becoming increasingly challenging due to rapidly changing circumstances in domestic politics, economy, and regional geopolitics. The situation will change several issues that business leaders have on their agendas. For this reason, we recommend that our clients develop new strategies and tools in order to steer clear of looming hardships and explore emerging opportunities.

This paper is the second installment of the six-part position paper series. It sets out our thinking about how relations between the Turkish government and businesses will be reordered and how business leaders should approach policy makers and other stakeholders in this new era.

Brief History of Business – Government Relations in Turkey

As an emerging market, the Turkish government’s involvement in the economy has always been a significant factor. However, the role of independent institutions and regulatory bodies has increased in the aftermath of the 2001 financial crisis. The new economic program developed by (then- Minister of Economy) Kemal Derviş at the time, was also later implemented by the Justice and Development Party (AKP). Having well-established relations with government stakeholders has become a competitive advantage in several sectors. Political and economic predictability, as well as an abundance of financial resources flowing into emerging markets, resulted in the rapid growth of the Turkish economy.

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Like in all political systems, businesses in regulated industries (such as defense, energy and pharmaceuticals) have been trying to sway the policy outcomes in their favor. The single party rule by the AKP made it easier for businesses to find interlocutors in bureaucratic channels. Even though the political affiliations of businessmen seemingly played a significant role in how economic advantages were distributed, the reality has proven, and continues to be much more complex.

Changes in the Making

Most business leaders think that having intimate relations with policy-makers is the only key to “getting things done,” especially in developing countries. This is only a part of the reality. Even in politically malfunctioning regimes, politicians have to pay attention to the public good when making decisions, for which they ultimately get reelected. Turkey is no exception. Personal relations can only get one so far in Ankara, but the rest depends on the shrewdness of the businessman to provide the policy-maker with a well-grounded value proposition. This can be a political argument (increasing national power), an economic benefit (investment and employment) or anything that promises popular support for the policy-maker.

This situation has become even more delicate in Turkey. There are three main reasons why we should change the way we think about government engagement.

First, it is no longer sufficient to have personal relationships. As a result of the never-ending struggles between Turkey’s political camps, new trustees of the political leadership replace even experienced bureaucrats. This means your key contact may lose his office overnight. What’s more troubling is that your new interlocutor will probably loathe his predecessor and his activities in office, including those done in conjunction with you. For this reason, interactions between individuals are more important than their personal interests.

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Second, in times of uncertainty, even the most skilled decision-makers will remain in bureaucratic inertia. Going back to survival instincts, they will cling to existing posts with more conviction than ever. Thus, each decision will be scrutinized to the tiniest detail and assessed in the context of political implications; a sure way to delay meeting the expectations of business. Third, we now live in a multiple stakeholder environment. In turbulent times, people pay more attention to how others position themselves. Therefore, convincing one decision-maker is no longer enough. The decision-making ecosystem, as a whole, is the new battlefield.

A New Mindset for Government & Stakeholder Engagement

Regardless of the political context, corporations will always need government support and involvement for commercial success. Below are StratejiCo.'s five recommendations that can help business leaders be more successful in these particular arenas during Turkey's tumultuous period:

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- ✓ **Have an Integrated Strategy** Developing an integrated strategy that includes both business and public affairs aspects is particularly critical to achieve results in difficult times. This enables alignment of activities in commercial, communications, legal and other sector components. An integrated strategy also ensures that objectives in each area are not only consistent with the main goal of the company, but also that actions taken in this regard support each other.
- ✓ **Develop a Public Affairs Approach** A common mistake made by executives is the scramble to find acquaintances, with the hope of getting things solved as quickly as possible. The truth is that this has no real benefit. It is necessary to develop a comprehensive public affairs strategy first, and then reach out to relevant stakeholders. It is also a much more effective method.
- ✓ **Engage Institutions, Not Individuals** As a result of rapid replacements in individual posts, it has become even more important to understand the target institution as a whole. Thus, the method of relationship building and the value proposition should aim to meet the main interests of the governmental institution relevant to your business, rather than a few individuals.
- ✓ **Understand Relations Between Decision-Makers** In a multiple stakeholder environment, it is not enough to only understand the personal expectations of individuals. Relations between the stakeholders are equally,

if not more, important. More than ever, any stakeholder should now take into consideration what “others” think. Business leaders should analyze how decision-makers in the government view their own entourage and engage them within that context. For this reason, government relations activities should aim to find the middle ground between decision makers, whose consent is needed for an action to be taken.

- ✓ **Beware of Dealers** Cunning in government and stakeholder engagement inevitably increases during uncertain times. There are many ‘deal-makers’ who claim to have ‘productive’ relationships with the decision-makers you need. However, working with them would only cost you money and your reputation.

Whether you are looking for an investment, regulation change, or another action that requires government involvement, chances are that you most likely will face some of the issues discussed above. Navigating in difficult times require the utmost attention in government and stakeholder engagement in order to not become prey to existing complexities. The level of risk may seem daunting, but the benefits are attractive.

About StratejiCo.

StratejiCo. is a strategic consultancy company headquartered in Istanbul. Since 1987, StratejiCo. serves multinational companies that operate in Turkey and in the region by providing knowledge, relations and communication. We use an engagement-based approach to develop and execute corporate and public affairs strategies.

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