

AB ÜYELİK SÜRECİNDE KURUMSAL STRATEJİK DAVRANIŞLAR: TÜRKİYE'DEN BİR VAKA ANALİZİ¹²

CORPORATE STRATEGIC BEHAVIORS DURING THE EU ACCESSION PROCESS: EVIDENCE FROM A TURKISH FIRM

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Öz

Çalıřma, Türkiye'nin Avrupa Birlięi ile yürüttüęü katılım müzakereleri sürecinde bir kurumun kurumsal stratejik davranıřlarını incelemektedir. Nitel bir arařtırma metodunu tercih eden bu arařtırma, temellendirilmiř kuram metodolojisi kullanarak, firmaların pazar ortamlarındaki makro-yapısal deęiřikliklere nasıl uyum saęladığını anlamak için Karamahmet Mermer ve Traverten İřletmeleri'ni bir vaka çalıřması olarak ele almaktadır. Bulgular, kurumsal stratejik kararların pazar ortamı, sektörel rekabet, ticari engeller ve iř yapma maliyetleri olmak üzere dört ana yapının dinamik etkileřimi tarafından belirlendiğini ve bir kârlılık teorisi tarafından yönlendirildiğini ortaya koymaktadır. Çalıřma, Türkiye'nin 1996 yılında Gümrük Birlięi'ne katılımı ile birlikte ticari vergilerin kaldırılmasının Türk řirketleri üzerinde derin bir etki yarattığını, devam eden AB katılım müzakere sürecinin ise düzenleyici uyum ve pazar beklentileri aracılıęıyla stratejik planlamayı ciddi bir şekilde etkilemeye devam ettiğini göstermektedir. Sonuçlar, geçiř ekonomilerindeki řirketlerin küreselleřen bir ortamda rekabet güçlerini korumak için serbest ticaret anlaşmalarını ve ortak pazar entegrasyonlarını uzun vadeli stratejik modellerine dahil eden dinamik yapılar olarak hareket ettiklerini göstermektedir.

Anahtar Kelimeler: Örgütsel Davranıř, Stratejik Yönetim, Avrupa Birlięi-Türkiye İliřkileri, Uluslararası İřletme Yönetimi.

JEL Sınıflaması: M11, M12, M14, M19

Abstract

This study examines the strategic behaviors and actions of a corporation during Turkey's formal accession negotiations with the European Union. Utilizing a qualitative Grounded Theory methodology, the research uses the Karamahmet Marble and Travertine Corporation as a case study to understand how firms adapt to macro-structural changes in their market environments. The findings reveal that corporate strategic decisions are driven by an emergent theory of profitability, which is determined by the dynamic interaction of four main constructs of market environment, competition, trade barriers, and the cost of doing business. The study demonstrates that the 1996 Customs Union entry of Turkey had a profound impact on Turkish corporations by removing industrial tariffs. The results also suggest that corporations in transitional economies act as dynamic entities that factor in free trade agreements and common market integration into their long-term strategic models to maintain competitiveness in a more globalized environment.

Keywords: Corporate Strategic Management, Organizational Behavior, European Union-Türkiye Relations, International Business Management.

JEL Classification: M11, M12, M14, M19

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1. Introduction

The historical trajectory of the relationship between Türkiye and the European Union (EU) represents one of the most complex and enduring integration processes in modern economic history. Since the signing of the Ankara Agreement in 1963, Türkiye has consistently sought to align its economic and political structures with European standards, culminating in the formation of the Customs Union (CU) in 1996 and the commencement of formal accession negotiations in 2005. This process has necessitated profound structural transformations within the Turkish economy, forcing domestic corporations to transition from protected national markets to a highly competitive regional trade bloc. The integration into the European Customs Union (ECU) served as a critical inflection point, removing tariffs on industrial goods and commodities, thereby exposing Turkish firms to both new opportunities and threats of larger, more competitive firms in a larger trading block (Togan, 2004).

The strategic response of corporations to such macro-level shifts is a central theme in international business literature, yet empirical evidence focusing on the internal decision-making processes of firms during the EU accession phase remains very limited. Most existing research has focused on the macroeconomic, political, or social ramifications of Türkiye's potential membership, often overlooking the micro-level strategic maneuvers of individual corporate entities (Müftüler-Baç & Gürsoy, 2010). This study attempts to address this gap by exploring how a specific corporation, such as Karamehmet Marble and Travertine Corporation (KMTC), navigates the complexities of the host country, Türkiye's EU accession process, by examining the strategic moves and behaviors of KMTC. The research aims to theorize the underlying mechanisms that drive corporate adaptation in a transitional economy (Kurter, 2010).

The primary objective of this research is to determine whether and how firms factor free trade agreements and common market integrations into their long-term strategic planning. As Türkiye aligns its legislation with the Copenhagen Criteria, firms like KMTC must not only cope with increased competitive pressure from a much larger market and more competitive firms but also adapt to new regulatory frameworks and market forces within the European Union (EU Council, 1993). This study utilizes a qualitative approach along with quantitative coding techniques to capture the nuanced perceptions of corporate leadership regarding perceived trade barriers, competition, and the cost of doing business. Through this analysis, the research seeks to provide a broader insight into the strategic management models that emerge when a host country transitions its market conditions to become part of a more competitive global environment (Adam & Moutos, 2008).

The background of the problem lies in the necessity for Turkish economic institutions to undergo major adaptations to stay viable and profitable within the EU framework. While reforming their institutions to conform to established EU standards, Turkish corporations must also maintain profitability in a larger, more competitive market compared to their previous single national market environment. This research investigates the evolution of a corporation from operating in a single national market to multiple market environments during the host country's ongoing accession negotiation, focusing on the new business opportunities and challenges presented to the KMTC firm by the EU market during this transitional period (Kurter, 2010). The implementation of the European CU agreement in 1996, which eliminated 14% of tariffs, significantly increased EU exports to Türkiye, highlighting the dynamic nature of this economic relationship (Keegan & Green, 2003).

2. Literature Review

2.1. Economic Implications of EU-Türkiye Integration: The economic integration of Türkiye into the EU has been the subject of extensive scholarly debate, primarily focusing on the impact of the CU and the subsequent accession negotiations. The Turkish entry into the CU in 1996 marked a significant shift in Türkiye's trade policy, leading to the elimination of tariffs and non-tariff barriers on industrial products. This integration has not only increased trade volumes but also necessitated a restructuring of the Turkish manufacturing sector to meet European standards and the competitive pressures of the European market (Togan, 2004). The benefits of such integration are often unevenly distributed, with firms possessing higher technological capabilities and better access to capital more likely to thrive while lower-technology firms with weaker financial strengths suffer (Adam & Moutos, 2008).

Before becoming part of the CU, Türkiye's economy was characterized by its protectionist policies and inconsistent economic performance, exemplified by the 'yoyo economy' (Lin & Forrest, 2008). The CU agreement mandated a significant liberalization of trade, exposing smaller Turkish firms to intensive competition. This forced many capable Turkish companies to modernize their production processes, improve production and manufactured goods' quality, and enhance corporate efficiency (Elveren & Kar, 2005). As a result, the economic impact was profound, with a notable increase in Foreign Direct Investment (FDI) flow into Türkiye bringing capital, technology, and managerial expertise (Davutođlu, 2008).

The CU's effect on trade flow has been a central point of our analysis. While it led to observation of a significant increase in trade volume between Türkiye and the EU, it also resulted in some trade diversion from third countries

(Belke, 2004). Nevertheless, the consensus is that the CU provided a crucial steppingstone for Türkiye's economic development and deeper integration into the European and global economies, serving as a preparatory phase for anticipated full EU membership (Togan, 2004).

Regional specialization and industry agglomerations are also critical during these kinds of transitional periods. As Türkiye integrates with the EU, certain industries, like textiles and marble, experience growth due to the comparative advantages created by the abundance of raw material in the country, while less advantaged firms in more competitive sectors struggle to compete with their counterparts. As expected, this dynamic process of specialization and restructuring leads to a more efficient allocation of resources and relocation of production facilities.

2.2. Political and Social Dimensions of Accession: Beyond its economic implications, the political and social consequences of Türkiye's EU accession process are widely documented. Meeting the Copenhagen Criteria has catalyzed legal and institutional reforms in corporate governance, human rights, and the rule of law areas. The EU accession process has served as an external anchor for democratization and modernization, despite inconsistencies in reform efforts and accession processes (Müftüler-Baç & Gürsoy, 2010). These institutional changes create a new regulatory environment, influencing corporate strategic moves (Uğur, 2008).

The political dimension involves reformed domestic politics, geopolitical considerations, and the EU's evolving nature, such as the creation of new Free Trade Areas (FTA) with other countries and accepting new members into the union. Turkish accession negotiations have been protracted due to some political obstacles created by member states related to human rights and Cyprus issues (Davutoğlu, 2008). These uncertainties impact corporate planning and require firms to contend with a fluctuating regulatory environment (Müftüler-Baç, 2025). Türkiye's commitment to democratic values is seen as a crucial issue for advancing accession negotiations, affecting investment activities and corporate confidence (Turan et al., 2024).

Social implications, particularly about migration and the formation of European cultural identity, are prominent concerns about the Turkish labor influx into the EU member states, influencing public opinion (Balun, Kurter & Dinçay, 2023). Some of these studies suggest that these fears are exaggerated and frequently politically motivated, citing Türkiye's recent economic growth and its growing potential for reverse migration statistics (Glazar & Strielkowski, 2009). Cultural and religious differences between Türkiye and the EU are also cited as barriers for accession negotiations, leading to debates about European identity (De Vreese, van Der Brug, & Hobolt, 2012). These factors indirectly shape political will for the ongoing negotiations and the business environment.

2.3. Corporate Governance and Strategic Management in Transitional Economies: Strategic management literature emphasizes various capabilities for firms in transitional economies (Kurter, 2025b). One of these capabilities, strategic moves, is categorized into open, or globalization-embracing, and closed, or domestic market protectionist models. In the context of Türkiye's EU accession, corporations evaluate their global value chain position, considering regional specialization and industry agglomeration (Akgüngör & Falcıoğlu, 2005). Investment, relocation, or specialization decisions are directly related to the presence of trade barriers and competitive factors (Flam, 2003).

Corporate governance gains salience during economic transition. The EU alignment increases emphasis on further transparency, accountability, and shareholder rights, reflecting European standards and *acquis* (Gönençer, 2008). This re-orientation requires Turkish firms to adapt internal structures, moving towards professional and internationally aligned practices. Adopting these new standards is a strategic imperative for attracting more foreign direct investment and competing effectively within the EU market (Ömürgönülşen & Doig, 2012). Robust and adaptable corporate governance frameworks are essential for the needed investor confidence and sustainable growth (Yıldız, 2024).

Strategic management models (SMM) provide frameworks for environmental analysis, strategy formulation, and implementation. Corporations use tools like SWOT analysis to assess their strengths, weaknesses, opportunities, and threats originating from the European integration (Thompson & Strickland, 2001). This helps them to identify growth areas such as new market access, planning for developing specialized products, and potential risks related to increased competition and regulatory burdens (Kurter, 2010). Adaptability and resource reconfiguration are sometimes crucial for long-term viability (Czinkota & Ronkainen, 2001). Dynamic capabilities, a firm's ability to integrate, build, and reconfigure competencies for changing environments, are highly relevant and needed attributes (Teece, Pisano, & Shuen, 1997). Turkish firms must continuously refine these capabilities during the prolonged EU accession negotiations and process needed modifications (Çelenk, 2016).

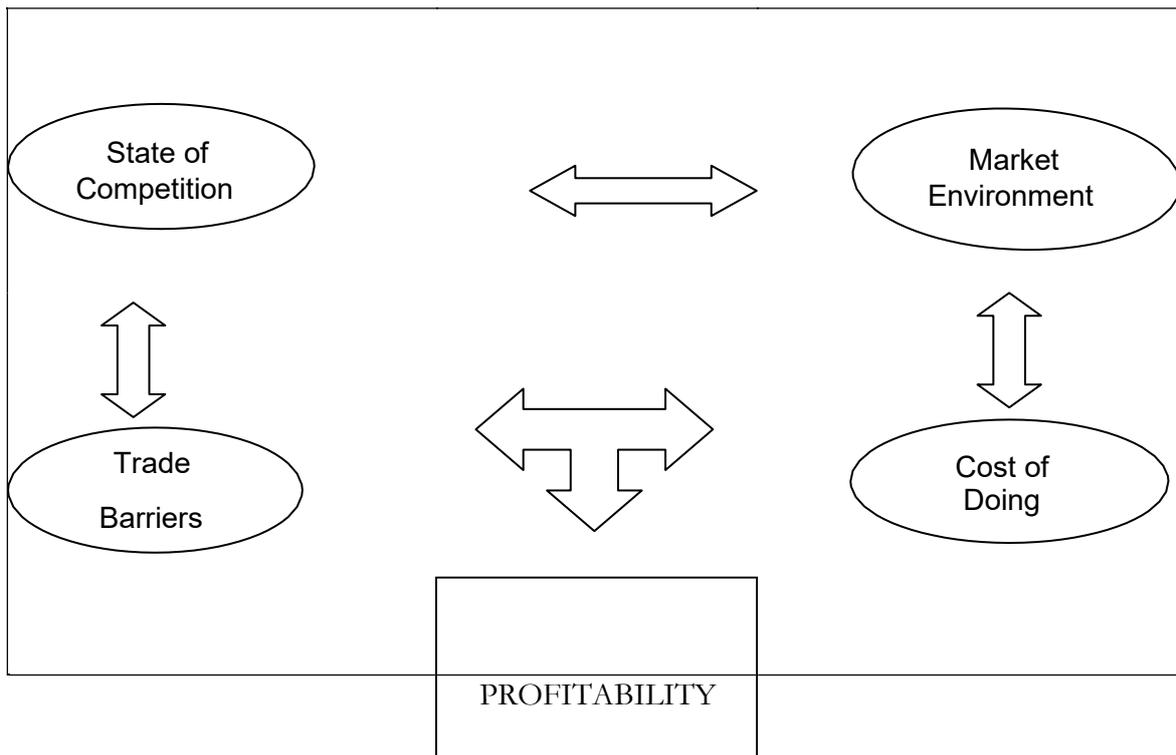
3. Theoretical Framework: Profitability and Strategic Moves

Corporate behavior in such changing environments is often driven by profitability. Firms analyze market environment, competition, and cost of doing business to determine needed actions and their strategic viability. In

the marble and travertine industry, removing trade barriers within the ECU allows Turkish firms like KMTC to leverage their natural resource advantages and expand into European markets (Kurter, 2010). This expansion depends on managing raw material, labor, and energy costs, which fluctuate during the negotiation period (Belke, 2004). The literature highlights a complex interplay between macro-level integration and micro-level corporate strategies.

The emergent theory of profitability, identified in the dissertation, posits that corporate decisions result from a continuous evaluation of the market environment, competition, trade barriers, and the cost of doing business (Kurter, 2010). Firms monitor these factors continuously, adjusting corporate strategies to maximize their financial gains and ensure sustainability. While favorable conditions incentivize expansion, adverse conditions lead to retrenchment (Case & Fair, 2002). This dynamic model, depicted in Figure 1, emphasizes proactive strategic behavior for corporations to stay viable.

Figure 1: Theory of Corporate Behavior and Strategic Moves



Source: (Kurter, 2010).

Inflection points, defined as moments of significant environmental change offering both threats and opportunities, are important times that require vigilance (Grove, 1996). The EU accession process for Turkish firms presents itself as such points, forcing re-evaluation of business models and critical strategic choices (Kurter, 2010). An effective response to these points is key to success in transitional economies. The Resource-Based View (RBV) explains competitive advantage from unique, valuable, rare, inimitable, and non-substitutable resources and capabilities (Barney, 1991). KMTC's marble reserves and production networks are valuable resources for its competitive purposes. The EU accession alters the environment, forcing reassessment of how to leverage these resources more accurately (Wernerfelt, 1984). KMTC's shift from raw material supplier to finished goods producer and exporter in these new market conditions enhances its value greatly (Kurter, 2010).

Transaction Cost Economics (TCE) explains the strategic decision-making process for companies during Turkish integration into the EU. The firms choose structures minimizing transaction costs, such as procurement, negotiation, monitoring, and enforcement (Williamson, 1985). Reduced trade barriers and harmonized EU regulations lower these costs further for the company, thereby incentivizing direct expansion into the EU markets and optimizing its supply chains (Togan, 2004). KMTC's global sales networks and participation in various sales fairs exemplify this strategy (Kurter, 2010). Institutional theory highlights organizational pressures shaping KMTC's corporate behavior. Firms conform to norms for legitimacy and obtaining resources (DiMaggio & Powell, 1983). The EU accession imposes isomorphic pressures for adopting European standards in management, environment, and labor. Compliance enhances corporate reputation and access to the EU markets (Gönerçer,

2008). All these describe a dynamic institutional environment that demands constant adaptation and adjustments (Uğur, 2008).

3.1. The Evolution of EU-Türkiye Relations and Its Impact on Corporate Strategies: The EU-Türkiye relationship has been evolving since 1959. With the signing of the Ankara Agreement in 1963, which set the stage for the country to be included in the CU, and later the full membership negotiations took various twists and turns until today (Togan, 2004). Fluctuations in political relations between Türkiye and the EU during this time have directly impacted the corporate strategic planning, requiring adaptation to shifting regulatory and market access landscapes (Müftüler- Baç, 2025). The 1996 Türkiye's CU adaptation eliminated tariffs and major quantitative restrictions on industrial goods, deepening economic integration but exposing Turkish industries to intense EU competition. This naturally led to rationalization, quality improvements, and efficiency enhancements in Turkish companies (Elveren & Kar, 2005).

While tariffs were removed on industrial goods following CU inclusion, this agreement excluded agricultural products and services trade, and left Türkiye outside of the EU's decision-making process while negotiating FTA with other countries, creating a democratic deficit and exclusion of the Turkish voice, often resulting in disadvantaged conditions for Türkiye (Müftüler-Baç & Gürsoy, 2010). This asymmetry creates challenges for Turkish firms, which must comply with the EU regulations without their direct input during these negotiations, necessitating further adaptability and strategic foresight (Uğur, 2008). Formal accession negotiations, beginning in 2005, introduced new challenges and opportunities for the country and the companies. Covering 35 chapters of the Acquis Communautaire, they require Türkiye to align its legislation with the EU standards across various policy areas. This profoundly impacts corporate strategy, as firms must anticipate and adapt to new regulations (European Commission, 2010).

Sectoral reforms, driven by accession, directly influence strategic choices. For instance, banking and financial services underwent significant reforms to attract foreign investment and integrate the Turkish banking system into the global financial network (Gönençer, 2008). Similarly, energy sector liberalization, aligning with the EU policies, creates new opportunities. These reforms compel corporations to invest in new technologies, adopt best practices, and expand their operational scope (Çelenk, 2016).

Political obstacles such as the Cyprus issue, human rights concerns, and ongoing conflicts with Greece have repeatedly stalled negotiations, creating greater economic and political uncertainties. These impasses also deter FDI and dampen corporate enthusiasm, as firms become hesitant to commit resources in these unpredictable environments (Davutoğlu, 2008). Corporate strategic behaviors often involve hedging against political risks, diversifying market exposure, and maintaining flexibility (Müftüler-Baç, 2025). Navigating these political complexities, alongside economic considerations, is a critical dynamic capability for Turkish firms to master and adapt to (Teece, Pisano, & Shuen, 1997).

3.2. The Role of Institutional Theory in Understanding Corporate Adaptation: Institutional theory offers a valuable lens for understanding Turkish corporations' strategic responses to the EU accession negotiations. It suggests that organizations conform to institutional norms for legitimacy, resources, and survival (DiMaggio & Powell, 1983). Turkish firms face significant isomorphic pressures to adopt European institutional practices, from corporate governance to environmental and labor laws. Coercive isomorphism arises from pressures exerted by dependent organizations. The EU, as a powerful bloc, coercively pressures Türkiye and its corporations to adopt the European Acquis Communautaire. Non-compliance risks stalled negotiations, reduced market access, diminished reputation, and less profit (Uğur, 2008). Thus, Turkish firms strategically adapt internal structures and operations to align with the EU directives, signaling commitment to European standards for recruiting business partners and investors (Gönençer, 2008).

Mimetic isomorphism occurs when organizations imitate other organizations displaying more successful practices, especially under uncertainty. Given the uncertainties of the EU accession, Turkish firms often emulate their successful European counterparts for best practices in quality management, supply chain optimization, and corporate social responsibility. This imitation reduces excessive risks and enhances their competitiveness and greater profit (DiMaggio & Powell, 1983). Adopting International Standardization Organizations' (ISO) standards and international certifications by Turkish manufacturers is a mimetic response to gain credibility and acceptance in EU markets while facing much larger and successful competitors (Akgüngör & Falcıoğlu, 2005).

Normative isomorphism stems from professionalization, where individuals share common values through education and networking. The increasing number of Turkish managers educated in Western countries or exposed to European business practices diffuses European norms within Turkish corporations. This act fosters a shared understanding of legitimate practices, facilitating the EU-aligned strategies (Ömürgönülşen & Doig, 2012). Emphasis on continuous training and participation of the firm in international fairs and conferences within companies like KMTC reflects this described normative pressure (Kurter, 2010).

Institutional theory explains why Turkish corporations align their strategies with the EU norms despite the increased political and economic hurdles of the transition. This alignment is driven by legitimacy, reduced uncertainty, and access to broader resources. The EU accession process acts as a powerful force for organizational change and modernization within the Turkish corporate landscape (Yıldız, 2024).

3.3. The Role of Dynamic Capabilities in Navigating Accession: In dynamic and uncertain environments like the EU accession process of Türkiye, dynamic capabilities of an organization are paramount for corporate survival and growth. These refer to a firm's ability to integrate, build, and reconfigure internal and external competencies to address its rapidly changing environments (Teece, Pisano, & Shuen, 1997). For Turkish corporations, the prolonged and unpredictable nature of the EU accession processes necessitates continuous renewal of these capabilities.

KMTC, a successful multinational corporation, exemplifies dynamic capabilities created by the transitional external environment. Its shift from exporting raw materials to producing high-value finished goods demonstrates a reconfiguration of its product portfolio and value chain to meet the changing demands (Kurter, 2010). This strategic agility enables this firm to adapt to evolving market demands and competitive pressures intensified by the Turkish integration with the EU. Investment in advanced machinery and Expert Systems (ES), focused on product specialization, digitalization, and European alignment, reflects KMTC's commitment to building new competencies within these new market realities (Akgüngör & Falcioğlu, 2005; Kurter, 2025).

Sensing opportunities and threats during this transitional environment is a crucial dynamic capability for a corporation. KMTC's continuous monitoring of market trends, regulatory changes, and competitor actions allows it to anticipate challenges and proactively adjust its strategies according to these new realities. This is vital in the EU accession environment, where Brussels policy changes significantly impact Turkish firms' anticipation and doing business in these new markets (European Commission, 2010). The firm's capacity to seize opportunities, like expanding marketing and production facilities into new EU markets or developing EU-standard production infrastructure, is equally vital (Czinkota & Ronkainen, 2001).

Reconfiguring resources and organizational production capabilities to implement new strategies is the third component of dynamic capabilities for a firm to obtain. KMTC's organizational flexibility, evidenced by adapting production processes and sales networks that respond effectively to EU accession demands, shows its readiness for the transition. This includes adapting to new quality standards, environmental regulations, and logistical requirements for the EU single market (Togan, 2004). Developing these capabilities is an ongoing process of learning, adaptation, and strategic renewal essential for long-term success in a complex EU and global economy (Teece, Pisano, & Shuen, 1997).

4. Methodology

This study employs a qualitative research design utilizing Grounded Theory to explore the corporate strategic behaviors of KMTC during Türkiye's EU accession process. Grounded Theory is particularly suitable for these kinds of research as it allows for the discovery of theoretical constructs directly from the data, essential for understanding nuanced strategic decision-making patterns (Glaser & Strauss, 2006). The research is structured as a single case study, providing an in-depth analysis of KMTC's responses to the changing market environment created by the EU-Türkiye relationship and Turkish accession negotiations.

Data collection procedures utilize multiple single and group interview methods for triangulation, validity, and credibility. Primary data came from semi-structured interviews conducted with twelve high-level managers from six KMTC departments, such as Management, Mining, Human Resources, Accounting, Production, and Planning, selected via a purposive sampling methodology (Patton, 2002). On-site observations of corporate communications and analysis of internal communication documents obtained from the site observation and public records also contributed to this study, along with the data collected via multiple-format interviews. Data analysis followed Strauss and Corbin's (1998) systematic coding procedures of open coding, breaking down data; axial coding, connecting categories; and selective coding, integrating categories to form a coherent theoretical framework (Strauss & Corbin, 1998). Follow-up contacts with participants confirmed findings and validation of the emergent theory.

The internal validity and reliability of the research were enhanced by interview probes and cross-referencing. Likewise, the external validity of generalizability was considered through detailed documentation of the research setting, allowing for transferability to similar contexts (Robbins, 2003).

The research questions used for the research focus on KMTC's readiness to compete, the anticipated effects of EU membership, adjustments to offset losses, and the Turkish government's approach to local businesses. Discovering the theory of how this company planned and addressed transitional planning using the scientific methodology of

Grounded Theory provides a comprehensive view of micro-level strategic maneuvers underpinning macro-level economic integration.

5. Finding and Discussions

The analysis of KMTC data reveals four main constructs defining its strategic behavior during the EU accession period: Market Environment, Competition, Trade Barriers, and the Cost of Doing Business. These four factors dynamically interact with each other, driven by the emergent theory of profitability. Participants emphasized that every strategic decision is evaluated based on its potential impact on the firm's bottom line, aligning with the principle of profit-maximizing practices.

5.1. Strategic Adaptation to Market Environment: The market environment construct includes local Turkish, broader EU, and global markets. Market trends, laws, taxation, currency, political stability, and socio-cultural factors heavily influence KMTC's strategic responses. The corporation constantly monitors these external factors to identify opportunities and threats. Anticipation of full EU membership leads to strategic planning considering expanded market size and shifts in consumer demand across Europe (European Commission, 2010). This proactive environmental scanning is characteristic of agile and successful firms (Thompson & Strickland, 2001).

Transitioning from a protected single national market to an open European market requires significant adaptive capacity. KMTC's experience shows the firm actively shapes its environment through strategic positioning. Expanding mining operations and doubling production capacity in response to increased demand, even before full EU accession, indicates a forward-looking strategy driven by market potential. These highlights understanding market dynamics beyond national borders, especially for firms in candidate countries like Türkiye (Uğur, 2008, p. 55).

5.2. KMTC's Competitive Strategy: Competition was the second most important category being researched during our visit to the corporate sites. The ECU entry intensified competition, as Turkish firms faced powerful European Multinational Corporations (MNCs) (Kurter, 2010). KMTC's decision-makers analyze competitors' locations, market distance, product specialties, pricing, and production costs to plan its market entry into new areas and product development (Czinkota & Ronkainen, 2001).

Despite formidable competition from well-established European firms, KMTC established a strong EU presence in many countries, including Italy, a country well known for its highly regarded quartz and marble industry. This success is attributed to leveraging natural resources and investing in advanced production technologies. The strategic shift from exporting raw materials to marketing high-value finished goods, like the "black diamond" marble, is a direct response to competitive pressures and a strategy to move up the value chain (Kurter, 2010). This demonstrates a proactive competitive strategy, where firms differentiate their offerings to secure market share as described by many capable researchers (Porter, 1980).

KMTC's competitive strategy also involves a keen understanding of market forces. The company prioritizes rich countries with high purchasing power over the lower ones, provided that trade barriers are minimal. This selective market entry strategy allows KMTC to focus its resources on markets where the potential for profitability is highest, even in the face of strong competition (Kurter, 2010). The ability to compete effectively in international markets reflects the broader maturation of Turkish industries in response to global economic integration (Czinkota & Ronkainen, 2001).

5.3. Trade Barriers and Designing Market Access Strategies: Trade barriers, encompassing tariffs, technical hindrances, quotas, other non-tariff barriers, protectionism, and government subsidies, significantly influence KMTC's strategic decisions along with those of other companies. The elimination of tariffs on industrial goods with the CU entry in 1996 was pivotal, enabling KMTC to expand its operations into previously inaccessible markets (Kurter, 2010). This aligns with economic theories that suggest tariff reductions stimulate trade and enhance market access (Adam & Moutos, 2008). However, the study highlights ongoing challenges from non-tariff barriers (NTB) and protectionist policies, such as complex customs procedures and differing product standards (Togan, 2004). KMTC's management expressed a strong interest in removing all trade barriers and subsidies for a level playing field (Kurter, 2010). Strategic responses include obtaining international certifications and adapting products to meet the new and diverse market standards (European Commission, 2004).

The absence of plans to relocate production facilities to various other raw material-rich EU countries, despite potential full EU membership, suggests KMTC perceives its Turkish location as offering a comparative advantage for the company (Kurter, 2010). This challenges notions of automatic industrial relocation, emphasizing firm-specific advantages and local endowments (Brulhart, 2000). The focus on expanding global sales networks rather than relocating production facilities underscores leveraging existing strengths for broader market reach (Czinkota & Ronkainen, 2001).

5.4. Cost of Doing Business and Operational Efficiency: The cost of doing business directly impacts KMTC's profitability and strategic choices, including sourcing raw materials, labor, energy, transportation, machinery, capital, facilities, administration, and licensing costs (Kurter, 2010). Fluctuations in the costs of these items necessitate continuous monitoring and strategic adjustments (Belke, 2004). KMTC's management evaluates cost components for product lines, market entry, and technology investments, and makes needed adjustments. Competitive pricing in international markets is closely tied to efficient management of raw materials and labor costs. Investment in advanced machinery enhances operational efficiency and reduces per-unit production costs, improving the company's profitability (Kurter, 2010; Kurter, 2025). This cost management focus is critical for competitiveness in a price-sensitive global market (Porter, 1980).

Expanding mining operations in various locations and increasing production capacity while managing costs reflects a balanced strategic approach. This involves seeking economies of scale and scope and investing in process innovations (Thompson & Strickland, 2001). The dynamic interaction between cost structures and market opportunities is ongoing for KMTC, influencing its long-term sustainability within the context of Türkiye's EU accession (Kurter, 2010).

5.5. The Emergent Theory of Profitability: The emergent theory of profitability integrates these four constructs depicted in Figure 1, displayed on the earlier page. KMTC's strategic moves are part of a holistic evaluation where management weighs interactions between market conditions, competition, trade barriers, and costs of doing business (Kurter, 2010). This dynamic process navigates EU accession uncertainties and globalization trends. For transitional economies, synthesizing macro-level changes into micro-level actions is key to viability and success (Czinkota & Ronkainen, 2001).

Profitability is a central driver of corporate strategic behavior. Firms optimize profitability by responding to environmental changes. Continuous assessment of market opportunities, competitive threats, trade policy shifts, and cost structures forms KMTC's strategic decision-making processes. This aligns with the resource-based view (RBV), leveraging unique resources for competitive advantage and higher profitability (Barney, 1991). KMTC's marble reserves and efficient production are examples of RBV leveraging and sourcing (Kurter, 2010).

The discovered theory also incorporates transaction cost economics (TCE) into the proposed model. Minimizing international trade transactions in costs enhances profitability. Extensive sales networks and direct market engagement reduce reliance on intermediaries, cutting costs and increasing profit margins (Williamson, 1985). This integrated strategy, considering internal capabilities and external dynamics, is crucial for firms in complex environments like Türkiye's EU accession period (Togan, 2004).

Conclusion

This study explores how a Turkish firm has navigated the strategic challenges of Türkiye's accession process into the EU, employing the well-regarded Grounded Theory methodology to uncover the underlying dynamics shaping corporate strategic decision-making. As a case study focusing on KMTC in Afyonkarahisar, Türkiye, the research provides a vivid illustration of how macro-level political and economic transformations shape a firm's micro-level decision-making mechanisms and strategic behaviors and planning. The most important finding of the study reveals that all strategic moves of the firm are centered around a rational and dynamic profitability theory. This theory rests on four fundamental pillars of Market Environment, Competition, Trade Barriers, and Cost of Doing Business, and the complex interactions among these dimensions function as a compass guiding the firm's strategic direction.

The other salient interpretation of the study is that Turkish firms should not be viewed as passive actors awaiting the outcomes of the EU integration process; rather, they emerge as proactive and dynamic entities seeking to manage this process in line with their own interests. The 1996 Customs Union Agreement stands out as the first and most powerful trigger of this dynamism. While the dismantling of tariff barriers on industrial goods intensified competitive pressure from European giants, it simultaneously opened access to a larger market that had previously been scarcely imaginable. This critical turning point compelled the firm not only to reassess its production and marketing strategies but also to redefine its corporate identity and vision. The transition from a raw-material exporter to a global actor producing high-value-added products represents the most tangible manifestation of this strategic transformation.

The research further demonstrates that the EU accession process constitutes not merely an economic adjustment, but also a profound process of institutional learning and adaptation. KMTC's investments in international certification, modernization of quality control systems, and adoption of corporate governance principles reflect the concrete outcomes of this learning process. Most importantly, this adaptation is not driven solely by regulatory compliance; it is equally motivated by the pursuit of legitimacy in the eyes of European stakeholders and the desire to secure a sustainable competitive advantage. Accordingly, the EU's normative power shapes firms not only through external pressures but also by fostering an internal willingness for transformation. This dynamic is

particularly significant in illustrating how firms can develop flexibility and resilience to pursue long-term objectives even in environments characterized by high levels of uncertainty.

Another noteworthy interpretation of the data collected during the research concerns the shadow cast by political uncertainties surrounding EU membership and the slow pace of accession progress, which affects the firms' strategic planning processes. Statements from KMTC executives indicate that political instability and unpredictability may delay investment decisions or heighten perceptions of risk. Nevertheless, the firm's continued commitment to a strategy firmly anchored in the expectation of full EU membership reflects a strong belief in the economic benefits of integration. Despite the slow progress of integration, the findings underscore the extent to which the Turkish business community continues to perceive the EU project as a long-term economic anchor despite ongoing political fluctuations and uncertainties. Moreover, KMTC's decision to retain its production facilities in Türkiye offers a compelling counterargument to widespread concerns regarding the westward relocation of industrial capacity. The firm continues to leverage Türkiye's comparative advantages, such as its geographical location, skilled labor force, and abundance of natural resources, as strategic assets in global competition.

In conclusion, this study offers a case-based corporate perspective on understanding the complex fabric of Türkiye–EU relations through the perceptions and strategic planning of a single firm's decision-makers. The story of KMTC illustrates how the challenges and opportunities generated by globalization and regional integration can render firms more dynamic, competitive, and adaptive. The profitability theory articulated in this research holds the potential to serve as a generalizable framework for analyzing the strategic behavior of firms operating in other economies undergoing similar transition processes. Future research may further illuminate the vital relationship between corporate strategy and macroeconomic integration by testing this model across different sectors and national contexts. Ultimately, this study reaffirms that economic destiny is shaped not only by grand political decisions but also by the bold and visionary strategic choices made within corporate boardrooms.

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