



İİBF
İktisadi ve İdari Bilimler Fakültesi

September / Septembre 2023
**Volume 1
Issue 2**

*Managerial and
Social Sciences*

— GSUMASS
LETTERS

GSUMASS LETTERS 2 • Eylül / September / Septembre 2023

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GSUMASS Letters is a peer-reviewed open access scientific journal published electronically and biannually, in March and September by Galatasaray University Faculty of Economic and Administrative Sciences.

GSUMASS Letters est une revue scientifique en libre accès à comité de lecture, publiée semestriellement en Mars et en Septembre par la Faculté de Sciences Economiques et Administratives.

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e-ISSN: 2980-1575

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GSUMASS Publication Policy

1. Galatasaray University GSU Managerial and Social Sciences Letters is a peer-reviewed journal published periodically, twice a year, in March and September. The journal includes theoretical, conceptual, and empirical research articles in the fields of economics and administrative sciences, especially in economics, business administration, political sciences, and international relations. Whether or not applications from other disciplines will be evaluated is primarily decided by the editor during the preliminary evaluation. The publication languages of the journal are English and French.
2. The articles sent to the journal are first subjected to a preliminary examination in terms of form and content. The format requirements and the submission process must be fulfilled in accordance with the journal's conditions. Works that do not comply with these are subject to editorial rejection. The articles that are found suitable in terms of form and content are presented to the editorial board for reviewer appointments. It is not guaranteed that every article submitted to the journal will be included in the peer-review process. A period of two weeks is anticipated for the preliminary editorial evaluation of the articles and 10–12 weeks for the peer-review evaluation.
3. The articles submitted to the journal are sent to at least two reviewers related to the field of the article for evaluation. If one of the reviewers' reports is positive and the other is negative, the publication decision is made by the journal editors. If it is deemed necessary, the article can be sent to a third reviewer for evaluation.
4. The articles submitted to the journal should not be in the evaluation process of another journal at the same time and should not have been accepted for publication or published anywhere else before. By uploading the article to the journal, the author or authors are deemed to have declared and accepted responsibility for this issue.
5. The articles that have been evaluated and accepted for publication are listed in the issue they will be published in according to their discipline in Turkish alphabetical order: Economics (İktisat), Business Administration (İşletme), Political Science (Siyaset Bilimi), and International Relations (Uluslararası İlişkiler). Articles accepted for publication in the relevant discipline are listed alphabetically according to the surname of the responsible author.

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1. Galatasaray University GSU Managerial and Social Sciences Letters est une revue à comité de lecture publiée périodiquement, deux fois par an, en mars et septembre. La revue comprend des articles de recherche théoriques, conceptuels et empiriques dans les domaines de l'économie et des sciences administratives, en particulier en économie, en administration des affaires, en relations internationales et en sciences politiques. La question de savoir si les candidatures d'autres disciplines seront évaluées ou non, est principalement décidée par l'éditeur lors de l'évaluation préliminaire. Les langues de publication de la revue sont l'anglais et le français.
2. Les articles envoyés à la revue sont d'abord soumis à un examen préalable quant à la forme et au fond. Les exigences de format et le processus de soumission doivent être remplis conformément aux conditions de la revue. Les œuvres qui ne respectent pas celles-ci sont sujettes à un rejet éditorial. Les articles jugés appropriés en termes de forme et de contenu sont présentés au comité de rédaction pour nomination de relecteurs. Il n'est pas garanti que chaque article soumis à la revue soit inclus dans le processus d'évaluation par les pairs. Une période de deux semaines est prévue pour l'évaluation éditoriale préliminaire des articles et de 10 à 12 semaines pour l'évaluation par les pairs.
3. Les articles soumis à la revue sont envoyés à au moins deux examinateurs liés au domaine de l'article pour évaluation. Si l'un des rapports des examinateurs est positif et l'autre négatif, la décision de publication est prise par les éditeurs de la revue. Si cela est jugé nécessaire, l'article peut être envoyé à un troisième relecteur pour évaluation.
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5. Les articles qui ont été évalués et acceptés pour publication sont répertoriés dans la parution dans lequel ils seront publiés en fonction de leur discipline dans l'ordre alphabétique turc : Économie (İktisat), Administration des Affaires (İşletme), Sciences Politiques (Siyaset Bilimi) et Relations Internationales (Uluslararası İlişkiler). Les articles acceptés pour publication dans la discipline concernée sont classés par ordre alphabétique selon le nom de famille de l'auteur responsable.

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Editorial

Dear valued readers,

As members of the Faculty of Economics and Administrative Sciences at Galatasaray University, we are pleased to share with you the second issue of our journal as we proceed on this path toward the addition of a new one. We have worked diligently, as we did in our first issue, to provide high-impact, meticulously crafted research to our esteemed readers, and this issue is now available for your perusal.

Galatasaray University Managerial and Social Sciences Letters (GSUMASS) aims to support the increase in interdisciplinary studies, particularly in economics, administrative sciences, and social sciences, to contribute to the development of theory and practice, and to share a robust research community with you, our esteemed authors and readers. This will be achieved by enhancing the research climate within our faculty. As a consequence of achieving this objective, we will be delivering you two publications in the months of March and September. With excitement, we present this, the second issue of the first volume of our journal.

This issue contains articles on a wide range of subjects, including international relations, business administration, and economics. Each and every one of our articles has been subjected to anonymous peer review, and all of our authors have concluded their work by incorporating the reviewers' insightful suggestions. I would like to express my gratitude to everyone who contributed to this process, including the field editors, referees, and writers. We are committed to working with the same degree of care on future editions of our journal, and we remain confident that it will soon be ranked among the most prestigious and influential journals.

We hope you enjoy your reading experience.

Best regards,

Volkan DEMİR

Intergenerational Equity with Heterogeneous Individual Time Preferences in a Model of Optimal and Sustainable Growth*

Research Article / Araştırma Makalesi

Can Askan MAVİ

ABSTRACT

One of the ethical objections made to inter-generational equity is the violation of consumer sovereignty. To address this concern, this paper presents a continuous-time Overlapping Generations Model (OLG) suitable for the treatment of sustainability issues, which distinguishes the intra- and inter-generational discount factor (Calvo and Obstfeld, 1988) with taking into account heterogeneities of time preferences among individuals. We find that consumption for older patient individuals is always higher than older impatient agents while the social planner decides to allocate equally the consumption between patient and impatient young individuals. Along age, the consumption of patient old agents always increases relatively, whose speed depends on intertemporal elasticity of substitution. Our results show that the consumption of patient and impatient young individuals are interdependent. We also show that the Hotelling rule for renewable resources is not affected regardless of the share of patient and impatient agents in society. Finally, we find that the effect of static increase of the individual discount rate of a patient or impatient agent on sustainable income depends on the level of aggregate consumption.

Keywords : *Environment ; equity ; overlapping generations model ; sustainability*

1. INTRODUCTION

The debate around discounting, notably concerning the sustainability of growth has intensified with the prospect of climate change (Stern, 2006; Weitzman, 2007; Heal, 2009). In the mainstream literature, social welfare functions are assumed to take into account consumer sovereignty, including also time preferences. One of the main question that we ask ourselves in this paper is “how is it possible to reconcile social preferences that are convenient with inter-generational neutrality and still use a representative agent models with homogenous time preferences?”. One way to cope with this question is to distinguish the intra-generational discount rate from the social planner’s discount rate, which is equivalent to inter-generational discount factor.

In this paper, we use a continuous-time overlapping generations model (Yaari, 1965; Blanchard and Fisher, 1985; Calvo and Obstfeld, 1988) with physical capital and renewable natural resources with two-stage optimization. As such, our framework is different from other articles using OLG framework. The framework that we use belongs to Calvo and Obstfeld (1988), which makes the distinction between intra-generational and inter-generational utility discounting by solving the analytical model with two-stage dynamic optimization problem. While some other studies have shown that optimal sustainable economic development with inter-generational equity is possible with the presence of backstop technology (Endress et al., 2005; Heal, 2000; Ayong Le Kama, 2001), in these articles, we see that individual impatience is neglected, as it is the case in most articles in economic literature. Our paper aims mainly to fill this gap and to take into account not only the aspect of inter-generational equity but also intra-generational equity, without also neglecting the heterogeneities of time preferences in a society.

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Received / Reçu : 23.07.2023 ; **Revised / Révisé :** 11.09.2023 ; **Accepted / Accepté :** 12.09.2023

**This article is issued from the master’s thesis of the author, submitted to Université Paris 1 Panthéon-Sorbonne, under the title “Heterogenous Individual Time Preferences in a Model of Optimal and Sustainable Growth”*

Our framework is not only getting inspired by Calvo and Obstfeld (1988) but also an adaptation of Endress et al. (2014) which tries to answer the question that we have asked above and treats the individual utility with homogenous time preferences. This framework does not consider the existing heterogeneities concerning the time preferences among different agents. In our framework, our main contribution consists of making a distinction between patient and impatient agents who have different individual discounting factors. This important extension allows us to analyze the interdependencies concerning the consumption between different types of agents and also to analyze how the consumption profile of different types of agents changes along the age of the given individual.

We also show that social planner allocates equally the consumption of young patient and impatient agents. This equality concerning the consumption is not the case for old agents. For a given age, patient old agents consume always more than impatient old agents at the optimum. Additionally, one of the important result to mention in this paper is that even though there exists heterogeneities in individual time preferences, the model collapses to a standard infinitely lived agent (ILA) model. Calvo and Obstfeld (1988), Marini and Scaramozzino (1995) and Schneider et al. (2012) have also shown that the continuous-time OLG model collapses to standard ILA model but these papers have shown this result for homogeneous agents. We hereby extend this result to heterogeneous case. Moreover, we observe that individual discount rates have an impact on forever-sustainable income, which depends on the level of aggregate consumption.

The issue of sustainability and inter-generational fairness started to be treated after the report of the World Commission on Environment and Development (1987). Howarth and Norgaard (1992) examine sustainability and inter-generational fairness with a discrete-time OLG model in the context of climate change, but this article does not treat the consumer sovereignty problem nor does it make a distinction between individual and inter-generational time preferences in order to address concerns about individual sovereignty.

Inter-generational equity and sustainability is one of the very actual debated subjects in economics and in many other disciplines like philosophy and sociology. Many of environmental economists worry that current generations will not leave enough bequests of natural resources for future generations. Some important philosophers like Kant and Rawls are concerned mainly by the dictatorship of future on present. Kant (1784) argues that supporting today the burdens of nature for the sake of later generations is disconcerting. Rawls (1999) is concerned that utilitarianism may lead us to demand big sacrifices from poorer generations for the benefits of future generations which will be better off.

On the other hand, there is also another reverse-sided dictatorship, which is that of present on future. This kind of dictatorship is present when there exists a positive discounting factor. It is evident that positive discounting is representing an asymmetry between present and future, especially for very distant future, which is also valid for management of both renewable and non-renewable resources. A majority of neoclassical theories of sustainable growth uses positive discounting. This is interesting because sustainability issue is deeply linked to inter-generational equity. In economic literature, inter-generational equity is perceived as zero discount factor use. For this purpose, the seminal work Ramsey (1928), which defends the idea that discounting is “ethically indefensible”, is often cited by researchers. Samuelson and Solow (1956) generalize Ramsey (1928) by allowing zero discount factor for any number of capital goods. Another important approach, Solow (1974) in which author pretends to be “more Rawlsian than Rawls”, defends the idea that we must act as if the pure rate of time preference is equal to zero. There exist also other studies, which insist on the importance of inter-generational equity. Heal (2009) considers the positive discounting as a “discrimination rate across generations”. The optimal growth trajectory of an economy is unsustainable with a positive discount factor, which implies a declining consumption, which approaches to zero for very future generations. Therefore, it is clear that the positive discounting factor is inconsistent with the idea of inter-generational equity.

Nonetheless, there are also objections concerning zero utility discounting for inter-generational equity. Dasgupta (2011) and Heal (1983) argue that in a simple cake-eating problem, if the initial level of consumption is low, this level will remain the same, which means the economy will be channelled to a low-level of consumption. Another interesting idea comes from Dasgupta (2011) where setting the inter-generational discount factor to zero may provide an unfair advantage for future generations who will benefit from a higher stock of knowledge capital. According to Dasgupta (2011), this problem can be tempered by a huge elasticity of marginal utility, which captures the social tolerance for inter-generational equity.

The remainder of the paper is as follows, in section 2, we introduce the model framework and our main results. Section 3 characterizes the inter-generational neutrality case with zero interest rate. In this section, we also focus on the impact of individual discount rates on forever-sustainable income. Section 4 presents a discussion on the limits of the present paper and proposes some extensions for further research. Section 5 concludes.

2. MODEL AND RESULTS

We consider an economy made up of overlapping generations of heterogeneous individuals in terms of discount rate, which shows patience level. In a simple model configuration, each generation contains one patient individual and another impatient individual who live to age N . At each time t , society is made of these two types of individuals who range in age from 0 to N , and no two individuals with same patience level have the same age¹. The patient and impatient individual of age τ have consumption good in amount $c_\beta(t, \tau)$ and $c_\alpha(t, \tau)$ and enjoy the utility $u(c_\beta(t, \tau))$ and $u(c_\alpha(t, \tau))$. The two types of individuals born at time T measure remaining lifetime utility, U_{T_β} and U_{T_α} , according to the formula where β is the discount factor for patient and α for the impatient agents ($\alpha > \beta$).

Firstly, as we will give the utility functions at individual level, these discount factors can also be interpreted as the intra-generational discount rate. Following equations 2.1 and 2.2 show the individual utility of patient and impatient agents. An important assumption is that we will use the same utility function for both types of agents for the sake of simplicity, as it has been also done in Zhong-Li and Löfgren (2000).

$$U_{T_\beta} = \int_{\tau=0}^N u(c_\beta(T + \tau, \tau)) e^{-\beta\tau} d\tau \quad 2.1$$

$$U_{T_\alpha} = \int_{\tau=0}^N u(c_\alpha(T + \tau, \tau)) e^{-\alpha\tau} d\tau \quad 2.2$$

Consequently, the social welfare can be calculated as a weighted average of the utilities of these two types of agents with δ , the constant share of patient agents in the society. In the aggregated social welfare, we will introduce a unique inter-generational discount factor, which concerns the whole society. The social planner's aim is to choose the optimal consumption level for each type of agent $c_\beta(t, \tau)$ and $c_\alpha(t, \tau) \forall t, \tau$ (time path for each type of individual consumption) subject to the following differential equations of the two stocks. The optimization problem of the social planner is given by:

¹ For example, there exists only one impatient agent who is X years old and another X year old individual who is patient. To sum up, there exists only 2 individuals who are X years old, and one of them is patient and another is impatient.

$$\max_{c(t,\tau)} \tilde{W} = \delta \int_{T=-N}^{\infty} U_{T\beta} e^{-r\tau} dT + (1 - \delta) \int_{T=-N}^{\infty} U_{T\alpha} e^{-r\tau} dT \quad 2.3$$

$$\begin{aligned} s. t. \dot{K} = F(K, R) - \gamma K - \Theta(X)R - \delta \int_0^N c_\beta(t, \tau) d\tau - (1 \\ - \delta) \int_0^N c_\alpha(t, \tau) d\tau \end{aligned} \quad 2.4$$

$$\dot{X} = G(X) - R \quad 2.5$$

$K(0)$ and $X(0)$ are given

Production is given by $Y = F(K, R)$ where K represents the capital stock which depreciates with a constant rate γ . R is the extraction from a renewable resource which grows at rate $G(X)$. There exist also extraction costs, which is stock-dependant unit cost $\Theta(X)$. There are not any special assumptions about these functions.

It can be possible to solve this problem as an optimal control problem. We can easily see that the two equations of motion show the rate of variation in terms of pure time t . The application of the Maximum Principle for this problem can be simplified by reformulating the objective function in terms of time t , instead of generational index, T . For this one, we pass from the separability of social welfare by individual to separability by time period through a transformation of the two time variable systems. To sum up, we switch from (T, τ) to (t, τ) by putting $T = t - \tau$ and we maintain $\tau = \tau$. This kind of reformulation also exists in Burton (1993) in which the author makes a welfare analysis involving both individual and generational discount factors. Let V_i represent the aggregate utility of each type of agent. We, therefore, can define the aggregate utility for each agent before reformulating our optimization program:

$$V_\beta(C) = \int_0^N u(c_\beta(t, \tau)) e^{-(\beta-r)\tau} d\tau \quad 2.6$$

$$V_\alpha(C) = \int_0^N u(c_\alpha(t, \tau)) e^{-(\alpha-r)\tau} d\tau \quad 2.7$$

So, the new optimization problem becomes:

$$\max_{c(t,\tau)} W = \delta \int_0^{\infty} V_\beta(C) e^{-r\tau} d\tau + (1 - \delta) \int_0^{\infty} V_\alpha(C) e^{-r\tau} d\tau \quad 2.8$$

$$s. t. \dot{K} = F(K, R) - \gamma K - \Theta(X)R - C \quad 2.9$$

$$\dot{X} = G(X) - R \quad 2.10$$

$K(0)$ and $X(0)$ are given

where $V_\beta(C)$ and $V_\alpha(C)$ show the aggregate utility of patient and impatient agents. We show how to derive 2.8 from 2.3 in Appendix A and how to derive $V_\beta(C)$ and $V_\alpha(C)$ in Appendix B.

$$\max_{c(t,\tau)} W = \int_0^{\infty} (\delta V_{\beta}(C) + (1 - \delta)V_{\alpha}(C))e^{-r\tau} d\tau = \int_0^{\infty} V(C) e^{-r\tau} d\tau \quad 2.11$$

In the following section, we explain how to solve the maximization problem in two stages.

2.1. How to solve the optimization problem in two stages?

In *the first stage of the maximization problem*, the social planner will weight V with δ in order to maximize the utility V_i of each type of agent. We write as it follows;

$$\max_{c(t,\tau)} W = \delta \int_0^N u(c_{\beta}(t, \tau)) e^{-(\beta-r)\tau} d\tau + (1 - \delta) \int_0^N u(c_{\alpha}(t, \tau)) e^{-(\alpha-r)\tau} d\tau \quad 2.12$$

$$s. t. \delta \int_0^N c_{\beta}(t, \tau) d\tau + (1 - \delta) \int_0^N c_{\alpha}(t, \tau) d\tau \leq C \quad 2.13$$

C represents the aggregate level of output for the consumption of the society. This problem can be solved as a two-stage maximization problem. In the first stage, we establish a relationship between $c^*(t, 0)$ and the optimal path of individual consumption $c^*(t, \tau)$ for both type of agents. The second stage consists on the solution of the problem given by equation 2.8. First, we put the first order conditions from our maximization problem that maximizes V . To solve it, we write the Lagrangian as follows:

$$\begin{aligned} \mathcal{L} = & \delta \int_0^N u(c_{\beta}(t, \tau)) e^{-(\beta-r)\tau} d\tau + (1 - \delta) \int_0^N u(c_{\alpha}(t, \tau)) e^{-(\alpha-r)\tau} d\tau \\ & + \lambda \left[C - \delta \int_0^N c_{\beta}(t, \tau) d\tau - (1 - \delta) \int_0^N c_{\alpha}(t, \tau) d\tau \right] \end{aligned} \quad 2.14$$

The solution of the first order conditions

$$\frac{\partial \mathcal{L}}{\partial c_{\beta}} = u'(c_{\beta}(t, \tau)) e^{-(\beta-r)\tau} - \lambda = 0 \quad 2.15$$

$$\frac{\partial \mathcal{L}}{\partial c_{\alpha}} = u'(c_{\alpha}(t, \tau)) e^{-(\alpha-r)\tau} - \lambda = 0 \quad 2.16$$

will give the following relationship:

$$\frac{u'(c_{\beta}(t, \tau))}{u'(c_{\alpha}(t, \tau))} = e^{-(\alpha-\beta)\tau} \quad 2.17$$

Proposition 1. *With a given age τ , older patient individuals consume always more than older impatient agents regardless of the share of impatient agents in society.*

Before passing to the explanation of our proposition, we find it useful to give a definition of old and young agent. We suppose that agents at age $\tau = 0$ are considered to be young, and other agents with age τ different from zero are old agents. The relationship given by equation 2.15 shows us that the consumption of old patient individuals is relatively higher than its of impatient individuals when the difference

between the individual discount factor of old patient (β) and impatient agents (α) gets bigger. The fact that old patient agents consume more can be explained by other factors that are exogenous to our model. Patient old agents, as they are patient, can have savings from past. So, in this case, it can be plausible for those agents to consume more at a given age τ .

Proposition 2. *Consumption of patient old agents is higher than the consumption of impatient old agents with age τ .*

Another interesting point to study is the consumption profile of different types of individual along age τ . Given individual discount rates, we can see easily that individual consumption of old patient agents increases according to its level for old impatient agents. We can explain this situation by the fact that patient agents conserve more of their budget for ulterior consumption.

Proposition 3. *Consumption of patient old agents increases less rapidly along age τ when intertemporal elasticity of substitution is lower.*

This is a quite intuitive result. The consumption of patient agents is less sensitive to discount factor when the intertemporal elasticity of substitution is lower. That's why, in the case where the intertemporal elasticity of substitution is lower, the consumption of old patient agents will increase less rapidly along age τ .

In order to analyze the consumption decisions concerning young individuals, we give $\tau = 0$ as it has been used in Endress et al. (2014),

$$u'(c_\beta(t, 0)) - \lambda = 0 \quad 2.18$$

$$u'(c_\alpha(t, 0)) - \lambda = 0 \quad 2.19$$

and solving the first order conditions, we obtain the following result:

$$u'(c_\beta(t, 0)) = u'(c_\alpha(t, 0)) \quad 2.20$$

Proposition 4. *At the social optimum, there exists a constant relationship between the marginal utility of patient young agents and the marginal utility of impatient young agents, which implies also that the social planner allocates the consumption equally between patient young and impatient young individuals. A constant relationship would not necessarily imply equal shares. Equal shares is a special case with $\alpha = \beta$.*

In this case, we see clearly that the marginal utility of young patient agents is equivalent to the marginal utility of young impatient agents, which implies that the social planner allocates equally the consumption between patient and impatient agents at the age $\tau = 0$, which is the date agents were born². We can interpret this result as to be convenient with equity between young individuals. Logically, at the date of born 0, social planner is not capable of distinguishing if one agent is patient or impatient. So, it can be plausible that he allocates the consumption equally between young agents at the age $\tau = 0$.

² Formally, we have $c_\beta(t, 0) = c_\alpha(t, 0)$.

2.2. How to solve the optimization problem in two stages?

In order to see how the allocation of the consumption between old and young agents changes according to age and individual discount rates, we are combining separately 2.15 - 2.18 and 2.16 - 2.19, we have;

$$u'(c_\beta(t, 0))e^{-(\beta-r)\tau} = u'(c_\beta(t, \tau)) \quad 2.21$$

$$u'(c_\alpha(t, 0))e^{-(\alpha-r)\tau} = u'(c_\alpha(t, \tau)) \quad 2.22$$

In the following part, we will treat three cases concerning intra-generational and inter-generational discount factors. This analysis will permit us to see how a young generation can consume a bigger part of society's aggregate consumption and vice versa. We will treat the case for patient agents. The same analysis is also valid for impatient agents.

Proposition 5. *The consumption profile of different generations along age τ differs according to Case 1 and Case 3.*

Case 1: $\beta > r$

In this case, we will have $u'(c_\beta(t, 0)) < u'(c_\beta(t, \tau))$ which implies $c_\beta(t, \tau) < c_\beta(t, 0)$. Each generation's consumption is affected by the difference between individual discount rates of each type of agents and inter-generational discount rate. As the marginal utility of old patient agents is higher, young patient agents consume a larger part of the aggregate consumption.

Case 2: $\beta = r$

One can easily see that marginal utility of different generations is equal, which means that all generations will enjoy the same marginal utility of consumption. As we have $u'(c_\beta(t, 0)) = u'(c_\beta(t, \tau))$, the consumption of old patient agents is equal to the consumption of young patient agents.

Case 3: $\beta < r$

In this case, we will have $u'(c_\beta(t, 0)) > u'(c_\beta(t, \tau))$. It is evident that young patient agents will have the chance to consume a smaller part of the aggregate consumption.

It is also important to stress out that consumption profile of different generations will have different profiles along age τ according to Case 1 and Case 3 that we have analysed. For example, in the first case, as the individual discount rate is higher than inter-generational discount factor, the marginal utility of the old generation is higher, which implies that young generation consume a larger share of the aggregate consumption along τ . We will have the symmetric result for the Case 3 in which the marginal utility of the old generation is lower, which shows that the old generation's part of consumption in aggregate consumption is higher.

As we have different types of agents. It could be so interesting to focus on a case in which we have $\beta < r < \alpha$, which implies that patient agents would have a lower discount rate than the social planner's discount rate and impatient agents would have higher discount rate. So, in this case, the individual consumption profile of old patients and young patients in the society would be symmetric along τ . Recall that we don't treat this kind of case, which would be in contradiction with our section about inter-

generational equity in which we treat the inter-generational discount factor to be equal to zero.

Following the very standard approach in the neoclassical sustainable growth theory, we assume that the utility function takes the constant elasticity of marginal utility form. This assumption is necessary in order to have a balanced growth path. We use the following utility function;

$$u(c_i(t, \tau)) = -(c_i(t, \tau))^{-(\theta-1)} \text{ with } \theta > 1 \quad 2.23$$

This one implies at the following optimum relationship:

$$c_\beta^*(t, \tau) = c_\beta^*(t, 0)e^{-\frac{(\beta-r)\tau}{\theta}} \text{ and } c_\alpha^*(t, \tau) = c_\alpha^*(t, 0)e^{-\frac{(\alpha-r)\tau}{\theta}} \quad 2.24$$

We write the aggregate utility function of the society $V(C)$ as a function of C as it follows:

$$V(C) = -\left[\frac{C}{M}\right]^{-(\theta-1)} D \quad 2.25$$

where M and D represent the aggregation coefficient and a constant parameter respectively which we present in Appendix B. The aggregation factor has also some important insights. When the difference between the social planner and individuals' discount rate is higher, then the allocation of the consumption between generations over time differ. This means that the static allocation of the consumption by the social planner between different generations at a given time t is important.

In *the second stage of the maximization problem*, we write the current-value Hamiltonian for maximizing $V(C)$ as follows:

$$\mathcal{H} = V(C) + \lambda[F(K, R) - \gamma K - \Theta(X)R - C] + \psi[G(X) - R] \quad 2.26$$

We generate Keynes-Ramsey condition and Hotelling rule for renewable resources:

$$\frac{V''(C)}{V'(C)} \dot{C} = r - [F_K - \gamma] \quad 2.27$$

$$F_R - \theta(X) = \frac{1}{F_K - \gamma - r} [\dot{F}_R + (F_R - \theta(X))G'(X) - \theta'(X)G(X)] \quad 2.28$$

As an important result, we can observe that the aggregation coefficient M and constant parameter D cancel out when we derive Keynes-Ramsey condition. This means that the aggregate quantities are governed by generational discount rate r and not by individual discount rates α and β .

Proposition 6. *Hotelling rule is not affected by the share of patient and impatient agents in the society, which changes the share of consumption at the aggregate level between these two type of agents in terms of patience level.*

Calvo and Obstfeld (1988), Marini and Scaramozzino (1995) show that the continuous time OLG modelling collapses to infinitely lived representative agent model for the case of homogeneous agents. In this paper, we have additionally showed that even in the case with heterogeneity in time-preferences, the continuous-time OLG model reduces to standard representative agent model.

By computing the derivatives for equation 2.27 Keynes-Ramsey condition can be written as follows:

$$F_K - \gamma = \theta \frac{\dot{C}}{C} + r \quad 2.29$$

The conditions that we have found for Keynes-Ramsey and Hotelling show that in an OLG model, the optimum trajectory of the aggregate consumption and the resource extraction path is governed by inter-generational discount rate r and not by intra-generational discount factors but this result does not mean that intra-generational discount can not factor into consumption decisions.

At the steady state, we have;

$$\dot{C} = 0 \Rightarrow F_K = \gamma + r \quad 2.30$$

Thus, before reaching the steady state, we would have $F_K > \gamma + r$ which implies $\dot{C} > 0$.

The fact that two conditions that we have given above are not governed by intra-generational discount does not mean that this one fails to factor into consumption decisions. Returning to the first stage of the optimization problem, we can make comparative static analysis in order to see how the intra-generational discount affects the consumption decisions. See Appendix C for the details.

Proposition 7. *When the intra-generational discount factor of impatient agents increases according to inter-generational discount rate, not only the consumption of young impatient agents increases, but also the consumption of young patient agents increases. This one is also valid for the intra-generational discount factor of patient agents.*

This result gives us interesting insights concerning the allocation of consumption across different types of young individuals. Young agents with different discounting factor are all in interaction. This corresponds also to economic reality. The same cohorts in terms of age influence each other's consumption. This result is also in the same line with Cowan et al. (2004) who argue that consumption of an agent is affected by peer group of similar consumers.

3. INTERGENERATIONAL NEUTRALITY

Discounting favors present generations at the expense of the future generations (Ramsey, 1928). It is therefore possible to manage this ethical question in a way that we give zero as value for the discount factor. The technical problem with this one is that welfare function is immediately infinite for any consumption path. So, the consumption path will not converge to zero. This problem can be overcome by using the specification proposed by Ramsey (1928). Note also that, contrary to the first section, we assume in this section that there does not exist extraction costs for renewable resources. This assumption permits us not to deal with tedious computations concerning our analysis of the impacts of individual discount rate on forever-sustainable income. We define the following maximization problem as follows:

$$\max_{C_t} W = \int_{t=0}^{\infty} (V(C_t) - V(\hat{C})) dt \quad 3.1$$

where $V(\hat{C})$ is the bliss point or golden rule of consumption. The new Hamiltonian of our maximization problem is the following:

$$\mathcal{H} = [V(C_t) - V(\hat{C})] + \lambda[F(K, R) - \gamma K - C] + \psi[G(X) - R] \quad 3.2$$

The Hamiltonian is time-independent, which we can name an autonomous control problem. So, we will have $\frac{\partial \mathcal{H}}{\partial t} = 0$. In the optimal path, $\frac{\partial \mathcal{H}}{\partial t} = \frac{\partial \mathcal{H}}{\partial \tau} = 0$, which yields $\mathcal{H} = 0$. We reformulate the problem as follows;

$$\begin{aligned} V(\hat{C}) &= V(C_t) + \lambda[F(K, R) - \gamma K - C] + \psi[G(X) - R] \\ &= V(C_t) + \lambda\dot{K} + \psi\dot{X} \end{aligned} \quad 3.3$$

$$V(\hat{C}) = - \left[\frac{C}{M} \right]^{-(\theta-1)} D + \lambda\dot{K} + \psi\dot{X} \quad 3.4$$

In this way, we have found the forever-sustainable income which is the maximum value of social utility at any time t , which is equal to the value of consumption, net investment and natural resources. The latter gives also a definition of Gross Net National Income, (GNNP) which is defined by Weitzman (1976). In this case of inter-generational neutrality, not only the income is sustained forever but also the income does not have a declining profile as it was the case in the neoclassical growth models with positive discounting rate.

Proposition 8. *The overall effect of static increase of individual discount rate on forever-sustainable income depends on the level of aggregate consumption of society.*

Case 1: Negative effect on forever-sustainable income

$$\frac{\partial \lambda}{\partial x} < 0 \text{ and } \frac{\partial V(C)}{\partial x} < 0 \text{ if } C(t) < \frac{\delta M}{(\theta-1)D}$$

Case 2: Ambiguous effect on forever sustainable income

$$\frac{\partial \lambda}{\partial x} < 0 \text{ and } \frac{\partial V(C)}{\partial x} > 0 \text{ if } C(t) > \frac{\delta M}{(\theta-1)D}$$

where $x = \beta - r$. We recall that this analysis is also valid for $x = \alpha - r$, which is for impatient agents. See Appendix D for the proof.

It is worth mentioning that the individual discount rate has an impact on sustainable income. We find that there exist two different channels concerning this impact.

First, when the aggregate consumption is under a threshold³, the increase in individual discount rate of patient or impatient agents, which implies a higher share of aggregate consumption for young generations if $\alpha > \beta > r^4$, decreases the aggregate utility of consumption $V(C)$. In this first case, there exists a second channel, which concerns λ . When we look at equations 2.15 and 2.16, it is so easy to see that a static

³ We find analytically this threshold.

⁴ It is possible to say that generally agents are more impatient than the social planner. So, this assumption can be plausible in many cases.

increase of individual discount rates decrease the shadow price of capital λ . This causes the overall effect of a static increase of individual discount factor to decrease the forever-sustainable income of the economy.

Second, when the aggregate consumption is above a threshold, the static increase of individual discount rates if $\alpha > \beta > r$ increases the aggregate utility of consumption $V(C)$. The second channel confirms always that a static increase of individual discount rates decreases the shadow price of capital λ . As a nutshell, the overall effect of the static increase of individual discount rates is ambiguous.

Concerning the first case, we see that when the aggregate consumption level is under the threshold, the fact that young individuals consume more than old individuals decreases the forever-sustainable income. This result is quite interesting and gives theoretical support for some surveys about environmental concern of different age groups. Denniss (2005) defends the idea that old people care more about environment than young people in Australia with a data containing 56344 respondents.

4. FURTHER EXTENSIONS AND DISCUSSION

It is sure that this paper has some limits. One of the important limits is that we are using additive utility functions in the sense that utility of individuals at any date t depends neither on past nor on future. That's why, as it is possible to see at the first stage of our optimization problem, for any date, the social planner takes the same decision. In order to visualize this one, we draw the following Figure 4.1.

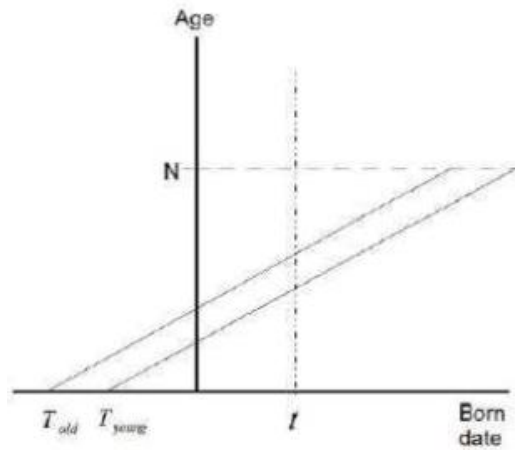


Figure 1. Generations over time

It is straightforward to say that social planner maximizes the utility of old and young generations at date t and does not take into account what has happened in the past concerning the consumption of different generations. So, even if there were inequalities for consumption among generations in the past, the social planner does not do anything in order to compensate for this inequality of consumption between generations. Further research must aim to focus on this limit. For this extension, one can benefit from Obstfeld (1990), using recursive utility functions, which we can express in a discrete-time model with a Bellman equation. For the moment, we limit our representation to a homogeneous individual.

$$U(C_t) = u(c_t) + U(C_{t+1})e^{-\theta(c_t)} \tag{4.1}$$

where $\theta(c_t)$ is the discount factor depending on consumption. To give a concise idea, the time-additive setup that we have used in this paper implies $\theta(c) = \theta$, which is a constant. Note that $\theta(c)$ and $u(c)$ are twice differentiable and strictly increasing and concave functions. An increasing $\theta(c)$ may be justified as follows: the more individuals

consume, the more they become patient. This may be called as a wealth effect on the patience level of individuals. This functional form is a member of recursive utility functions, which obeys:

$$U(C_t) = W(c_t, U(C_{t+1})) \quad 4.2$$

It is also possible to convert the discrete-time framework to continuous-time framework according to Obstfeld (1990):

$$U(C_0) = \int_0^{\infty} U(c_t) e^{-\int_0^t \theta(c_s) ds} dt \quad 4.3$$

C_0 shows the consumption path which originates from $t = 0$. Notice also that 4.3 is the continuous-time analogue of the recursivity condition that we have defined in 4.1.

From this extension with non-additive time-preferences, we anticipate that marginal utility from consumption of different types of individuals on a given date will also depend on the consumption on other dates. For example, it is plausible to anticipate that consumption increases during a high interest rate. The main difference in this approach will be that the long-run target level of wealth is attended to be more well-defined. This one is also intuitive because when social planner optimizes the utility of different individuals at a date t , with non-additive time preferences, he can take into account the utility of ulterior periods like $t + 1$.

5. CONCLUSION

The analysis of different types of individual discount rate has given different results than those given by Endress et al. (2014). Our results have shown how these heterogeneities on individual discount factors can have various impacts on consumption profile of generations. An interesting finding is that the consumption profile between impatient and patient agents of same generation and different generations does not only depend on the level of individual discount rate but also depends on the level of individual discount rate relative to social planner's discount rate and on age τ .

From the first-stage of our optimization problem, it is also easy to see that at the optimum, the allocation of consumption between different types of agents within the young generation is equal while for the older generations it is optimal that patient agents consume more than impatient agents. We have also found that the Hotelling rule for renewable resources is not affected regardless of the share of patient and impatient agents across the society. Another interesting result is that the static increase of the discount rate of patient agents, which implies an increase in consumption of patient agents leads also to an increase of consumption of young impatient agents. This kind of interaction between similar agents in terms of age is also supported by Cowan (2004).

This paper has also investigated sustainability issues by a continuous-time OLG model. We show analytically that forever sustainable income is also affected by individual discount factors but the effect of the individual discount rates is not certain and they depend on the level of aggregate consumption of society. As we have discussed on the previous section, our setup with time-additive preferences has some limits that social planner does not consider the utility of other time periods when he maximizes the utility at a given date. Extending our model to non-additive time preferences à la Epstein (see Epstein 1986 and Obstfeld 1990) is highly desirable and planned in our future research program.

Information on Plagiarism

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Ethics Committee Approval Information

Ethics committee approval was not required.

Author Contribution Statement

This research was conducted by a single author.

Funding Statement and other Acknowledgments

This study has not received any type of funding or support.

Competing Interests Statement

There is no conflict of interest to declare with any institution or person within the framework of the study.

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APPENDIX:

A. We replace 2.1 and 2.2 in 2.3, so we have;

$$\begin{aligned} \tilde{W} &= \delta \int_0^{\infty} \int_{\tau}^N u_{\beta}(c(t, \tau)) e^{-\beta\tau} e^{-r(t-\tau)} d\tau dt & \text{A.1} \\ &+ (1 - \delta) \int_0^{\infty} \int_{\tau}^N u_{\alpha}(c(t, \tau)) e^{-\alpha\tau} e^{-r(t-\tau)} d\tau dt \end{aligned}$$

We can distinguish quickly $V(C_{\beta})$ and $V(C_{\alpha})$ in this expression with $T = t - \tau$.

$$u(c_i(t, \tau)) = -(c_i(t, \tau))^{-(\theta-1)}, \theta > 1 \quad \text{A.2}$$

$$c_{\beta}^*(t, \tau) = c_{\beta}^*(t, 0) e^{-\frac{(\beta-r)\tau}{\theta}} \text{ and } c_{\alpha}^*(t, \tau) = c_{\alpha}^*(t, 0) e^{-\frac{(\alpha-r)\tau}{\theta}} \quad \text{A.3}$$

B. We can substitute the each equation of A.3 in the consumption constraint of 2.14 to solve for the aggregate consumption of patient and impatient agents.

$$\begin{aligned} C_{\beta}(t) &= \delta C = \int_0^N c_{\beta}^*(t, \tau) d\tau = \int_0^N c_{\beta}^*(t, 0) e^{-\frac{(\beta-r)\tau}{\theta}} d\tau & \text{B.1} \\ &= \left(\frac{\theta \left(1 - e^{-\frac{(\beta-r)N}{\theta}} \right)}{\beta - r} \right) c_{\beta}^*(t, 0) = M_1 c_{\beta}^*(t, 0) \end{aligned}$$

$$\begin{aligned} C_{\alpha}(t) &= (1 - \delta) C = \int_0^N c_{\alpha}^*(t, \tau) d\tau = \int_0^N c_{\alpha}^*(t, 0) e^{-\frac{(\alpha-r)\tau}{\theta}} d\tau & \text{B.2} \\ &= \left(\frac{\theta \left(1 - e^{-\frac{(\alpha-r)N}{\theta}} \right)}{\alpha - r} \right) c_{\alpha}^*(t, 0) = M_2 c_{\alpha}^*(t, 0) \end{aligned}$$

with $M_1 = \left(\frac{\theta \left(1 - e^{-\frac{-(\beta-r)N}{\theta}} \right)}{\beta-r} \right)$, $M_2 = \left(\frac{\theta \left(1 - e^{-\frac{-(\alpha-r)N}{\theta}} \right)}{\alpha-r} \right)$. Then $C = M_1 c_\beta^*(t, 0) + M_2 c_\alpha^*(t, 0)$. From 2.20;

$$c_\alpha^*(t, 0) = c_\beta^*(t, 0) \quad \text{B.3}$$

Now, as

$$V(C) = \text{Max} \left[\delta \int_0^N u(c_\beta(t, \tau)) e^{-(\beta-r)\tau} d\tau + (1-\delta) \int_0^N u(c_\alpha(t, \tau)) e^{-(\alpha-r)\tau} d\tau \right] \quad \text{B.4}$$

$$= \delta \int_0^N u(c_\beta^*(t, \tau)) e^{-(\beta-r)\tau} d\tau + (1-\delta) \int_0^N u(c_\alpha^*(t, \tau)) e^{-(\alpha-r)\tau} d\tau$$

and we have

$$u(c_\beta^*(t, \tau)) = -(c_\beta^*(t, \tau))^{-(\theta-1)} = -(c_\beta^*(t, 0) e^{-\frac{-(\beta-r)\tau}{N}})^{-(\theta-1)} \quad \text{B.5}$$

$$u(c_\alpha^*(t, \tau)) = -(c_\alpha^*(t, \tau))^{-(\theta-1)} = -(c_\alpha^*(t, 0) e^{-\frac{-(\beta-r)\tau}{N}})^{-(\theta-1)} \quad \text{B.6}$$

when we plug B.5 and B.6 in B.4 we obtain $V(C)$ as

$$V(C) = - \left[\delta (c_\beta^*(t, 0))^{-(\theta-1)} \int_0^N e^{-\frac{-(\beta-r)(1-\theta)\tau}{\theta}} e^{-(\beta-r)\tau} d\tau + (1-\delta) (c_\alpha^*(t, 0))^{-(\theta-1)} \int_0^N e^{-\frac{-(\alpha-r)(1-\theta)\tau}{\theta}} e^{-(\alpha-r)\tau} d\tau \right] \quad \text{B.7}$$

where $\int_0^N e^{-\frac{-(\beta-r)(1-\theta)\tau}{\theta}} e^{-(\beta-r)\tau} d\tau$ can be rewritten as $\int_0^N e^{-\frac{-(\beta-r)\tau}{\theta}} d\tau$. By B.3, we have $c_\alpha^*(t, 0) = c_\beta^*(t, 0)$, then $V(C)$ becomes

$$V(C) = -(c_\beta^*(t, 0))^{-(\theta-1)} \left[\delta \left(\frac{\theta \left(1 - e^{-\frac{-(\beta-r)N}{\theta}} \right)}{\beta-r} \right) + (1-\delta) \left(\frac{\theta \left(1 - e^{-\frac{-(\alpha-r)N}{\theta}} \right)}{\alpha-r} \right) \right] \quad \text{B.8}$$

If $D = \delta \left(\frac{\theta \left(1 - e^{-\frac{-(\beta-r)N}{\theta}} \right)}{\beta-r} \right) + (1-\delta) \left(\frac{\theta \left(1 - e^{-\frac{-(\alpha-r)N}{\theta}} \right)}{\alpha-r} \right)$, then

$$V(C) = -(c_\beta^*(t, 0))^{-(\theta-1)} D \quad \text{B.9}$$

By using again B.3, we can write $C = c_\beta^*(t, 0)(M_1 + M_2) = c_\beta^*(t, 0)M$ where $M = M_1 + M_2$. Then, we will have

$$V(C) = - \left[\frac{C}{M} \right]^{-(\theta-1)} D \quad \text{B.10}$$

C. In the previous section, we have found $C = c_\beta^*(t, 0)(M_1 + M_2) = c_\beta^*(t, 0)M$. We prove that $\frac{\partial \tilde{M}}{\partial \beta} > 0$ where $\tilde{M} = \frac{1}{M} = \frac{1}{M_1 + M_2}$. In order to not face to tedious derivative computations, we write;

$$M_1 = \frac{\theta(1 - e^{-bx})}{x} \quad \text{C.1}$$

where $x = \beta - r$ and $b = \frac{N}{\theta}$ and

$$M_2 = \frac{\theta(1 - e^{-by})}{y} \quad \text{C.2}$$

where $y = \alpha - r$.

$$\frac{\partial M_1}{\partial x} = \frac{\theta(1 + bx)e^{-bx} - 1}{\theta(1 - e^{-bx})^2} \quad \text{C.3}$$

It is sufficient to look at the sign of the numerator. The term $\theta(1 + bx)e^{-bx}$ attains 1 only if $x = 0$. Therefore for $x \neq 0$, the numerator is negative. This yields;

$$\frac{\partial M_1}{\partial x} = \frac{\theta(1 + bx)e^{-bx} - 1}{\theta(1 - e^{-bx})^2} < 0 \quad \text{C.4}$$

The same reasoning is valid also for M_2 . So, in this case, $\frac{\partial M}{\partial x} < 0$. As we know that $\frac{\partial M}{\partial x} < 0$, we can deduce that $\frac{\partial \tilde{M}}{\partial \beta} > 0$.

D. We take the derivative of $V(C)$ with respect to $x = \beta - r$;

$$\begin{aligned} \frac{\partial V(C)}{\partial x} &= (\theta - 1) \left[\frac{M}{C} \right]^{-\theta} D \frac{\theta(1 + bx)e^{-bx} - 1}{\theta(1 - e^{-bx})^2} \\ &\quad - \left[\frac{M}{C} \right]^{-(\theta-1)} \delta \frac{\theta(1 + bx)e^{-bx} - 1}{\theta(1 - e^{-bx})^2} \end{aligned} \quad \text{D.1}$$

It is possible to see that $\frac{\partial V(C)}{\partial x} > 0$ if;

$$C > \frac{\delta M}{(\theta - 1)D} \quad \text{D.2}$$

Perspectives sur le Rôle et la Nécessité de la Réglementation Comptable: Théories Revisitées

Article de Recherche / Araştırma Makalesi

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RESUME

La réglementation des rapports financiers doit être bien équilibrée puisque de nombreux transferts de fonds et donc de richesse se produisent à la suite des rapports générés par des entreprises. Ils répondent aux besoins des parties prenantes et leur servent comme guide au cours de leurs prises de décision, ce qui cause des effets économiques et sociaux. Étant donné que le processus de la comptabilité financière fournit de l'information aux parties externes et à l'organisation qui, autrement, n'auraient pas ces informations, et que ces informations sont utilisées comme base pour de nombreuses décisions, il est généralement admis qu'il est nécessaire de réglementer la pratique de la comptabilité financière. Cet article vise à mettre l'accent sur le rôle et l'évolution de l'environnement comptable dans la mise en forme des règlements des rapports financiers et à souligner le lien entre ces derniers avec les théories de la réglementation.

Mots-clés : Réglementation comptable ; théorie de l'intérêt public ; théorie de la capture ; théorie de l'intérêt privé

1. INTRODUCTION

La comptabilité financière est un processus qui implique la collection et le traitement d'informations financières pour aider à prendre de diverses décisions par de nombreuses parties à l'intérieur et à l'extérieur de l'organisation. Ces parties sont diverses et comprennent potentiellement les investisseurs actuels et potentiels, les prêteurs, les fournisseurs, les employés, les clients, les gouvernements, la communauté locale, les parties exerçant une fonction d'examen ou de surveillance et les médias. Il n'est pas possible de générer des informations pour chaque partie prenante car de nombreuses parties extérieures à l'entreprise ont des demandes et des besoins d'informations potentiellement très différents. Par conséquent, le processus de comptabilité financière conduit à la production de rapports qui sont considérés comme des états financiers à usage général (Camfferman & Zeff, 2008).

Le rôle principal de rapports financiers à usage général réside dans les décisions d'investissement prises par des investisseurs extérieurs sur les marchés des capitaux développés. Étant donné que le processus de la comptabilité financière fournit de l'information aux parties externes et à l'organisation qui, autrement, n'auraient pas ces informations, et que ces informations sont utilisées comme base pour de nombreuses décisions, il est généralement admis qu'il est nécessaire de réglementer la pratique de la comptabilité financière (IASB, 2018).

Cet article vise à mettre l'accent sur le rôle de l'environnement comptable dans la mise en forme des règlements des rapports financiers tout en soulignant le lien entre ce dernier avec les théories de la réglementation.

Dans cet article, tout d'abord, un aperçu historique des réglementations comptables sera fait, puis les points de vue selon lesquels les rapports comptables et financiers devraient ou ne devraient pas être réglementés, respectivement, seront examinés. Ensuite, les effets économiques et sociaux des résultats comptables seront analysés dans le cadre des théories de la réglementation.

2. L'ÉVOLUTION HISTORIQUE DE LA RÉGLEMENTATION COMPTABLE

La section 2 met en évidence l'évolution historique de la réglementation comptable en soulignant tout d'abord l'émergence des organismes comptables, et par la suite, l'élaboration des règlements sur la divulgation.

2.1. L'émergence des organismes comptables

L'application de la comptabilité financière existe depuis des centaines d'années mais la réglementation de cette dernière commence au vingtième siècle surtout dans les économies où les marchés des capitaux sont bien développés comme dans ceux aux États-Unis, Royaume-Unis, Irlande, Australie et Canada.

Le système à partie double, utilisé, s'étend au quinzième siècle, au Nord d'Italie. Dans son ouvrage le plus célèbre intitulé *Summa de Arithmetica, Geometrica, Proportioni et Proportionalita* (1494) le Franciscain moine Luca Pacioli explique le système comptable en partie double, son utilisation par l'intermédiaire des comptes schématiques appelés les comptes du Grand Livre et du journal. Comme les nombres négatifs n'ont pas vraiment été utilisés en mathématiques avant le XVII^e siècle, le compte du Grand Livre a donc été conçu pour résoudre ce problème, avec des augmentations d'un côté et des diminutions de l'autre. (Littleton, 1927).

La comptabilité et les comptables existent depuis des centaines d'années, mais ce n'est qu'au XIX^e siècle que les comptables du Royaume-Uni et des États-Unis se sont réunis pour former des associations professionnelles. Selon Goldberg (1949), une société des comptables a été créée à Édimbourg en 1854, suivie plus tard par un certain nombre d'autres organismes qui ensuite ont été fusionnés avec l'Institute of Chartered Accountants in England and Wales (ICAEW-L'Institut des Experts-Comptables en Angleterre et au pays de Galles), en 1880. Aux États-Unis, l'American Association of Public Accountants (AAPA-Association Américaine des Experts-Comptables) a été créée en 1887. Cette association a ensuite formé la base de l'American Institute of Certified Public Accountants (AICPA- Institut américain des Experts-Comptables Agréés). Les membres de ces organismes étaient souvent appelés à effectuer des audits dans certaines circonstances et les entreprises étaient souvent tenues de préparer des rapports comptables. (Goldberg, 1949; Eynthoven, 1973).

Au début du XX^e siècle, peu de travaux ont été entrepris pour codifier certains principes ou règles comptables. Il y avait très peu d'uniformité entre les méthodes comptables adoptées par les différentes organisations, ce qui créait des problèmes évidents de comparabilité. Dans les années 1920, un certain nombre de personnes ont mené des recherches pour observer la pratique et établir des règles comptables largement acceptées. Au lieu d'adopter une position normative sur « ce qui devrait être », ils ont cherché à définir « ce qui était » (Nobes & Parker, 2004).

Paton (1922), Paton & Littleton (1940), Sanders et al. (1938) et Gilman (1939) ont été parmi les premiers à fournir des descriptions détaillées des traditions comptables actuelles. Ces études ont défini des concepts telles que les doctrines du conservatisme, des concepts de matérialité, des principes qui sont encore souvent débattus aujourd'hui, comme la cohérence et le principe comptable d'indépendance des exercices.

2.2. *Elaboration des règlements sur la divulgation*

Aux États-Unis, ce n'est qu'en 1934 que des divulgations spécifiques d'informations financières ont été exigées par les entités souhaitant échanger des titres. Le Securities Exchange Act (Loi sur la Bourse des Valeurs Mobilières) de 1934, administrée par la Securities Exchange Commission (SEC- Commission des Valeurs Mobilières et des Changes), exigeait la divulgation de certaines informations financières. Le SEC est habilitée à établir des principes comptables et des pratiques de reporting. Cependant, il a permis à la profession comptable de prendre en charge cette activité, tout en précisant qu'elle s'acquittera de ces fonctions avec diligence (Zeff, 1971). Dans un effort pour convaincre la SEC qu'elle pouvait identifier une identité acceptable, l'American Institute of Accountants (l'un des prédécesseurs de l'AICPA) a publié une étude en 1938 par Sanders, Hatfield et Moore intitulée *A Statement of Accounting Principles*.

A partir de 1939, le Comité de Procédure Comptable (Accounting Procedure Committee), un comité de la profession comptable, a commencé à publier des déclarations sur les principes comptables et a publié douze bulletins (Accounting Research Bulletins-ARB) de recherche comptable entre 1938 et 1939 (Zeff, 1971).

Tableau 1 ci-dessous indique les principaux évènements entre les années 1929 et 2002 qui ont influencé la réglementation comptable.

Tableau 1. Une brève chronologie des évolutions majeures dans la réglementation comptable

1929	L'Approche du « Revenu Réel » à la comptabilité, avançant un concept de revenu économique du profit proposé par L'économiste Canning
1933	Le Securities Act administré par la Federal Trade Commission (FTC) en réponse à l'effondrement général du marché à partir du krach boursier de 1929
1934	Securities Exchange Act établit la Securities Exchange Commission (SEC) en tant que régulateur des marchés de valeurs mobilières aux États-Unis
1936	L'American Accounting Association (AAA) publie <i>A tentative statement of accounting principles affecting corporate reports</i>
1938	American Institute of Accountants (AIA) <i>A Statement of Accounting Principles</i>
1961	Accounting Research Study No. 1, <i>The Basic Postulates of Accounting</i> . Étude de recherche comptable publié par AICPA, rédigé par Maurice Moonitz,
1966	AAA publie une monographie intitulée <i>A Statement of Basic Accounting Theory (ASOBAT)</i> .
1971	L'American Institute of Certified Public Accountants (AICPA) a commandé deux études majeures présidés respectivement par Francis Wheat et Robert Trueblood.
1972	Le rapport de la Commission Wheat a recommandé la création du Financial Accounting Standards Board (FASB)
1973	Le rapport de la Commission Trueblood publie les objectifs des états financiers.
1973	L'AICPA déclare que le FASB a remplacé l'APB, inaugurant l'ère de la normalisation professionnelle. SEC (ASR No. 150) déclare que les normes et pratiques du FASB ont un soutien substantiel faisant autorité.
1973	Le FASB lance un projet de cadre conceptuel. Un rapport d'un groupe d'étude de l'AICPA publie les objectifs des états financiers, soulignant l'importance de l'utilité des décisions
1974-1985	Le projet de cadre conceptuel du FASB.

Milieu des 1970-début des 1980	Le coût historique résiste à l'inflation, ce qui entraîne un nombre croissant d'appels et de recherches pour s'écarter de la base d'évaluation comptable traditionnelle, cout historique
1977	AAA publie <i>Statement of Theory and Theory Acceptance</i> , considéré comme une étape importante vers l'élaboration d'un cadre conceptuel
1998	Projet IAS-39 l'inclusion d'une option de juste valeur complète pour les instruments financiers
2000	L'IOSCO (The International Organization of Securities Commissions- Organisation Internationale des Commissions de Valeurs) recommande aux membres d'autoriser les pays membres à utiliser les IAS.
2001	L'IASB est établi, en remplacement de l'IASC.
2002	L'accord IASB/FASB de Norwalk engage les deux principaux normalisateurs comptables à élaborer des normes compatibles.
2002	Le Congrès a adopté Sarbanes-Oxley en 2002 en réponse à une série de scandales d'entreprises très médiatisés qui ont abattu Enron, WorldCom et le cabinet comptable Arthur Andersen. Il a créé une nouvelle agence quasi publique, le Public Company Accounting Oversight Board, ou PCAOB, chargé de superviser, de réglementer, d'inspecter et de discipliner les cabinets comptables dans leur rôle d'auditeurs des entreprises publiques. La loi couvre également des questions telles que l'indépendance des auditeurs, la gouvernance d'entreprise, l'évaluation du contrôle interne et l'amélioration de la divulgation financière.

3. DEBATS SUR LA REGLEMENTATION COMPTABLE: NECESSAIRE OU INUTILE

La section 3 cherche à souligner la perspective du marché libre versus la perspective pro-régulation ainsi que les diverses théories de la réglementation pour mettre en évidence les débats sur la réglementation comptable.

3.1. *Perspective du marché libre versus la perspective pro-régulation*

L'acte de réglementer les pratiques comptables par la publication continue de normes comptables nouvelles et révisées a conduit à de divers arguments pour et contre la réglementation. Selon l'approche du marché libre, les arguments vont de la conviction qu'il n'est pas nécessaire de réglementer les pratiques comptables à l'idée que la réglementation est nécessaire pour protéger les intérêts des parties ayant un intérêt dans une entité déclarante. Ceux qui s'opposent à la réglementation s'appuient souvent sur l'idée que la production du système de comptabilité financière devrait être traitée comme n'importe quel autre bien, et si on laisse le marché fonctionner librement, des quantités optimales d'informations comptables seront produites (Riahi-Belkaoui, 2004). Ils disent que l'introduction de la réglementation conduit à une offre excédentaire d'informations comptables et peut amener les organisations à utiliser des méthodes comptables qui ne reflètent pas efficacement leurs opérations, leurs situations financières et leurs performances financières réelles (Cooper & Keim, 1983).

Le tableau 2 ci-dessous fournit un résumé de certains des divers arguments pour et contre la réglementation de l'information financière, et certaines des hypothèses adoptées par les partisans des marchés libres et les partisans de la réglementation.

Tableau 2. Les arguments pour et contre la réglementation

Contre la Réglementation	Pour la Réglementation
L'information comptable est comme n'importe quel autre bien et grâce aux forces de l'offre et de la demande, les quantités optimales d'informations seront fournies.	L'information comptable est un bien public et sera sous-produit sur des marchés non réglementés. L'intervention du gouvernement est donc nécessaire.
Les marchés sont efficaces et fournissent des mécanismes de discipline pour les managers qui tendent à ne pas produire les informations requises par le marché.	Les marchés ne sont ni efficaces ni équitables et, par conséquent, la réglementation sert à corriger cette mal pratique.
Les régulateurs gouvernementaux ne sont pas objectifs, et sont motivés par leur propre intérêt.	Les régulateurs gouvernementaux agissent dans l'intérêt public et prendront en premier lieu les intérêts généraux de la société.
Le processus politique de réglementation sera finalement capturé par l'industrie qui est réglementée.	La réglementation ne sera pas prise en compte car cela irait à l'encontre de l'intérêt public.

Source : Adaptée de Deegan (2014: 53)

La réglementation limite généralement les méthodes comptables pouvant être utilisées. Cela signifie qu'il sera interdit à certaines organisations d'utiliser les méthodes comptables qui, selon elles, reflètent le mieux leur performance et leur position. On pense que cela affecte l'efficacité de la capacité de l'entreprise à informer les marchés à propos de ses opérations. D'autre part, sans réglementation, étant donné que les utilisateurs d'informations financières peuvent obtenir les informations à un coût nul, les producteurs auront tendance à produire une quantité d'informations inférieure à ce qui pourrait être socialement optimal (Kothari et al., 2010).

3.2. Théories de la réglementation

Une fois la réglementation introduite, de diverses considérations doivent être prises en termes de nature de la réglementation, des responsables de l'élaboration de la réglementation et de leurs motivations et des bénéficiaires ultimes de cette réglementation. Selon la taxonomie proposée par Viscusi et al. (2000), l'évolution des théories de la réglementation pourrait être analysée en trois étapes : les analyses normatives de la Théorie de l'Intérêt Public (Public Interest Theory), la Théorie de la Capture (Capture Theory) et la Théorie Économique de Réglementation (ci-après Théorie de l'Intérêt Privé -Private Interest Theory).

3.2.1. Théorie de l'intérêt public

La réglementation d'intérêt public suggère que la réglementation est introduite pour protéger le public. Cette protection peut être nécessaire en raison de marchés inefficaces. La théorie de l'intérêt public suppose que l'organisme de réglementation (généralement le gouvernement) est un médiateur objectif dans l'intérêt public et ne permet pas à l'intérêt personnel d'influencer les processus d'élaboration des règles. Selon Scott (2003), suivant la théorie de l'intérêt public, le régulateur fait de son mieux pour le réglementer de manière à maximiser le bien-être social.

Comme exemple de réglementation introduite dans l'intérêt public et donc conforme à la théorie de la réglementation de l'intérêt public, nous pouvons considérer l'introduction en 2002 de la loi Sarbanes-Oxley aux États-Unis (déjà citée dans le tableau 1). La loi Sarbanes-Oxley (souvent simplement appelée SOX) a été élaborée pour tenter

de réduire la possibilité d'effondrements d'entreprises à grande échelle et de mauvaises pratiques comptables et d'audit et pour accroître la confiance des investisseurs. Une confiance accrue au sein des marchés financiers était considérée comme étant dans l'intérêt public. La loi porte le nom des pionniers, le sénateur américain Paul Sarbanes et le représentant américain Michael G. Oxley. A la suite de SOX, la haute direction de l'entreprise doit désormais certifier individuellement l'exactitude des informations financières et les sanctions pour une activité frauduleuse sont désormais plus sévères. L'indépendance des auditeurs a également été renforcée, tout comme le rôle de surveillance des conseils d'administration. De diverses exigences ont également été introduites en matière de gouvernance d'entreprise, d'évaluation du contrôle interne et d'amélioration de l'information financière (Canada et al., 2008).

En outre cet acte est le résultat des faillites d'entreprises comme Enron et Worldcom avec de graves violations des conditions de concurrence. Les violations découlent d'asymétries d'information entre les professionnels de la gestion d'entreprise et les utilisateurs externes des états financiers investisseurs qui ne savent pas de quelles informations comptables ils ont besoin pour déterminer la valeur des informations comptables qu'ils reçoivent (Duso, 2005). Ainsi, la réglementation est considérée comme un compromis entre les coûts de la réglementation et ses avantages sociaux sous la forme d'un meilleur fonctionnement des marchés.

3.2.2. *Théorie de la capture*

La théorie de la capture de la réglementation (Stigler, 1971) implique que les agences de réglementation sont capturées par les entreprises qu'elles réglementent et qu'elles agissent dans l'intérêt de ces entreprises plutôt que dans l'intérêt général du public. Les chercheurs qui adoptent la théorie de la capture soutiennent généralement que, bien que la réglementation puisse être introduite dans le but de protéger l'intérêt public, cet objectif ne sera finalement pas atteint parce que, dans le processus d'introduction de la réglementation, les organisations soumises, finiront par contrôler le régulateur (Uche, 2001). Les industries réglementées chercheront à prendre le contrôle de l'organisme de réglementation parce qu'elles savent que les décisions prises par l'organisme de réglementation auront potentiellement un impact significatif sur leur industrie. Les parties ou industries réglementées chercheront à prendre en charge (capturer) le régulateur dans le but de s'assurer que les réglementations publiées ultérieurement par le régulateur (post-capture) seront avantageuses pour leur industrie (Cortese, 2011). Par exemple, l'industrie américaine des télécommunications a été examinée par Duso (2005), qui a constaté que les tactiques de lobbying employées par l'industrie pour éviter la réglementation réussissaient à limiter les augmentations de coûts.

Selon Mitnick (1980), il existe au moins cinq manières par lesquelles une entité ou une industrie réglementée pourra s'emparer d'un organisme de réglementation (Mitnick, 1980: 95, tel que reproduit dans Walker, 1987: 281):

1. on dit qu'il y a une capture si l'intérêt réglementé contrôle la réglementation et l'agence réglementée ;
2. ou si les parties réglementées réussissent à coordonner les activités de l'organisme de réglementation avec leurs activités afin que leur intérêt privé soit satisfait ;
3. ou si la partie réglementée gère d'une manière ou d'une autre la neutralisation ou s'assure de la non-exécution (ou de la performance médiocre) de l'organisme de réglementation ;
4. ou si dans un processus subtil d'interaction avec les régulateurs, la partie réglementée réussit (peut-être même pas délibérément) à coopter les régulateurs à considérer les choses de leur propre point de vue et leur donner ainsi la régulation qu'ils souhaitent.

Les normes comptables peuvent être considérées comme un élément clé du cadre réglementaire car elles influencent le comportement des préparateurs et des

auditeurs et donc les informations fournies aux utilisateurs des rapports financiers. Les normes comptables impliquant des transferts de richesse, de nombreux acteurs se préoccupent de leur contenu et se sont impliqués dans leur élaboration. Lorsque les normalisateurs comptables tels que l'IASB ou le FASB créent de nouvelles règles, cela peut avoir de réelles conséquences économiques et sociales.

Cortese et al. (2010) a montré que l'IASB a été capturé par les constituants de l'industrie extractive sur le développement de l'IFRS 6 Exploration et Evaluation des Ressources Minérales. De même, Deegan, a vivement critiqué l'objectivité de la procédure de la normalisation comptable en mettant l'accent sur la structure de l'IASB dont les membres sont pour la plupart des comptables professionnellement qualifiés. Leurs opinions sont forcément conditionnées dans une certaine mesure par leurs expériences antérieures et leurs formations. Dans ces circonstances, il est raisonnable de s'interroger sur le degré d'indépendance et d'impartialité du processus de normalisation comptable. (Bengtsson, 2011).

3.2.3. Théorie de l'intérêt privé

Selon cette théorie, le principal objectif du législateur est de se maintenir au pouvoir. Ainsi, ils conçoivent la réglementation de manière à répondre aux besoins du groupe d'intérêts qui exerce une pression sur (Stigler, 1971; Posner, 1971; Peltzman, 1976). Le thème fondamental du défi de Stigler est que les gouvernements ont une ressource fondamentale qui n'est pas partagée même avec le plus puissant de ses citoyens : le pouvoir de contraindre. Ce pouvoir de contraindre est une ressource potentielle ou une menace pour chaque entreprise commerciale dans la mesure où le gouvernement peut fournir ou retirer des impôts et des subventions, ainsi aider ou nuire de manière sélective à de nombreuses entreprises (Stigler, 1971; Peltzman, 1976). Stigler (1971) affirme que les gouvernements sont composés d'individus qui ont leurs propres intérêts et introduiront des réglementations visant leur réélection. Au moment de décider d'un arrangement particulier, ils tiendront compte des effets sur les électeurs clés ainsi que du financement de la campagne. (McLeay et al., 2004).

A titre d'exemple, on peut citer les divers arguments qui ont été affirmés au sujet de la mise en œuvre de la norme comptable internationale IAS 39 Instruments Financiers, sa comptabilisation et son évaluation par plusieurs pays de l'UE. De nombreuses banques européennes ont fait valoir que la mise en œuvre de IAS 39 les obligerait à évaluer certains actifs et passifs financiers d'une manière qui ne refléterait pas la réalité économique sous-jacente de nombreuses transactions financières, ce qui entraînerait des bénéfices non-représentatifs et très volatils. En outre, il a été suggéré que ces bilans affaiblis et ces bénéfices déclarés très volatils auraient un impact sur la perception par le marché de la solvabilité des banques, augmentant ainsi leur coût du capital. Dans le cadre de son processus réglementaire, l'Union européenne a créé le Comité de Réglementation Comptable (Accounting Regulatory Committee-ARC) dont la tâche est d'examiner toutes les normes comptables internationales et de recommander leur application dans l'Union européenne. Le lobbying réussi des banques en Italie, en Espagne, en Belgique et en France a conduit les membres de l'ARC de ces pays à voter contre l'adoption par l'UE de la norme IAS 39 en juillet 2004, apparemment en raison de son impact économique négatif potentiel (André et al., 2009).

4. DISCUSSION ET IMPLICATIONS

Cet article interroge les rapports financiers avec une différente perspective. Ces derniers ne sont pas seulement des chiffres mais leur base est constituée d'une philosophie évoluée qui façonne d'après les changements économiques. En mettant l'accent sur cette perspective, on donne l'opportunité de constater toute cette évolution d'un point de vue historique ainsi que l'effet saisissant de la réglementation comptable à laquelle sont reliées les théories, qui s'adaptent aux besoins contemporains. Surtout, pendant les deux dernières décennies, l'évolution comptable a connu des transformations majeures en termes d'objectifs et du contenu qui englobe les sujets comme le développement durable,

les critères environnementaux, sociaux et de gouvernance (ESG), l'éthique, le changement climatique et la diversité, d'où l'émergence de nouvelles réglementations est indispensable. Avec plus de données sur des pays et des organisations avec des caractéristiques différentes, analyser l'impact de nouvelles régulations par l'intermédiaire peut être un domaine important pour la future recherche (Sumarwan, 2022).

5. CONCLUSION

La qualité du gouvernement, en termes de capacité administrative et d'autonomie vis-à-vis d'intérêts politiques, est essentielle à la qualité des marchés. Il faut une compréhension approfondie de la manière dont le gouvernement et les acteurs privés interagissent pour façonner les performances du marché. De même, la réglementation des rapports financiers doit être bien équilibrée puisque de nombreux transferts de fonds et donc de richesse se produisent à la suite de rapports générés par des entreprises. L'information financière doit être pertinente et donner une image fidèle aux parties prenantes qui prennent des décisions en l'utilisant (Larson, 2008).

L'évolution de la réglementation comptable ne finit et ne finira jamais au fur et à mesure que la vie continue. Les discussions qui abordent la question des taxes carbone et les systèmes d'échange de droits d'émission en est une preuve. L'impact de ces thèmes est déjà senti dans le monde d'affaires car ces derniers feront la différence entre les entreprises conscientes du futur et celles qui tardent à intégrer ces principes dans leurs activités. Sachant qu'avec la publication des Normes Européennes d'Information sur le Développement Durable (European Sustainability Reporting Standards- ESRS) par l'European Financial Reporting Advisory Group (EFRAG), environ 50000 entreprises doivent divulguer des données selon l'ESRS, entre les années 2024 et 2028 (Council of EU, 2022), il serait même possible de mettre en question la définition de la comptabilité ainsi que le contenu des rapports dans le futur proche.

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L'approbation du comité d'éthique n'était pas requise.

Déclaration de Contribution de l'Auteure

La recherche a été menée par une seule auteure.

Déclaration de Financement et Autres Remerciements

Cette étude n'a reçu aucun type de financement ou de soutien.

Déclaration d'Intérêts Concurrents

Il n'y a aucun conflit d'intérêts à déclarer avec une institution ou une personne dans le cadre de l'étude.

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An Overview of Search Engine Marketing: A Systematic Literature Review

Research Article /Araştırma Makalesi

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ABSTRACT

With the advancement of technology, search engines have evolved into significant tools that not only provide information but also offer marketing opportunities, making them of great importance in designing customer journeys for digital marketing strategists. Consequently, a comprehensive understanding of search engines is essential from a business perspective. This systematic literature study aims to identify key issues related to search engine marketing (SEM) from a commercial standpoint. To accomplish this, studies obtained from Scopus and Web of Science databases were compiled, and various analyses were conducted using the VOSviewer program. The analyses revealed that studies on SEM generally revolve around five primary clusters: "search engine optimization," "paid ads," "keyword auctions," "digital marketing characteristics," and "exploring destinations." The obtained results were presented systematically, leading to various inferences. This study is expected to promote future research that identifies priority areas in SEM and adheres to international standards of excellence, thus making a significant contribution to the literature.

Keywords : *Search engine marketing ; optimization ; paid ads ; keywords auctions ; digital marketing characteristics ; exploring destinations*

1. INTRODUCTION

The Internet has developed into an almost indispensable technology in everyday society. Developments in computer and communication technologies have also affected the web architecture and have been renewed to facilitate information sharing. Web 1.0 was the first application, defined as an information connection network, and lasted from 1989 to 2005. Web 1.0 had little opportunities for consumers to communicate information with one another, and it was impossible to engage with the website. The web's function was essentially passive, and solely utilized for static sites and content delivery. To put it another way, the initial web enabled us to search for and read information (Khanzode and Sarode, 2016). However, with Web 2.0, it has become possible for internet users to actively contribute to web pages, and this revolutionary development has also shed light on future technologies. Today, as we become lost in the millions of websites established across the world using the existing internet infrastructure, research to employ semantic web (Web 3.0) technology in search engines aim to give consumers with simpler and faster access to the site and the information they seek (Shivalingaiah and Naik, 2008).

The magnitude of data amassed on the internet via many databases is massive. On the internet, information is found using sophisticated tools called as search engines. A search engine is a basic software application that searches for relevant information based on keywords entered by users. Normally, this search and reach is based on syntactic analysis of the term (Web 2.0), but because these searches and reach are based on content analysis, consumers will receive a more relevant result. The Semantic Web (Web 3.0) is an expansion of the existing web that provides keywords with a well-defined significance (Aravindhana and Shanmugalakshmi, 2013; Bhandari and Bansal, 2018; Gregurec and Grd, 2012; Killoran, 2013; Kumar, 2013).

Today, knowledge functions as a driving force. Information is behind any economic activity. The need to search for and access information has led to changes in

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the purposes and functions of search engines. Thus, search engines have become the most preferred tools of users. As this tendency has evolved, marketers have progressively begun to use this platform to sell their products (Bhandari and Bansal, 2018).

Search engines have evolved to become one of the useful tools available on the internet as well as an essential component of modern life. With roughly 30% of worldwide web traffic produced by online search and millions of customers coming to websites like Google each day for product research, businesses have begun to incorporate web search campaigns within their digital marketing mix. The advertisements displayed on search engine results pages clearly target the terms supplied by customers, increasing the likelihood of conversion and enabling search advertising as a very successful marketing approach. Besides, expenditure on search advertising in the United States reaches \$84.7 billion in 2021, while spending on mobile advertising will continue to rise as people shop more strongly than ever before (Statista, 2022).

Web-based search is a common and vital activity in e-commerce. Search engines play an important role within internet community; well over half of all web traffic now originate from a search engine instead of just a straight link from some other website (Shih et al., 2013). Search engines are becoming increasingly critical as vital bridges between businesses that utilize the internet to build their brand and their target customers as searches become more common. Compared to other digital advertising channels, search engine marketing is the most expensive for businesses. According to analysts, search engine marketing will eventually eat up a sizable portion of the digital advertising market, which is where e-commerce operations are expected to develop the fastest (Dou et al., 2010).

To detect the emerging research trends in search engine marketing, we apply a systematic literature review to extend our understanding about it.

2. BACKGROUND

2.1. Search engine marketing as a digital marketing strategy

Over the last decade, technological advancements have prompted the economic sector to seek innovative methods to modify its business practices to a digitized and linked world. In this integrated ecosystem, digital channel strategies, among other things, became the foundation for marketing, management, operations, manufacturing, and the creation of new goods and services (Saura et al., 2022). Almost every week, new tools are introduced in the digital environment and many of the previously used ones are also deprecated (Key, 2017).

Marketing tactics centered on new digital media, such as social platforms and digital channels, have become professional habits for a wide range of organizations. In this new era of adaptation and change, data and innovation-centric tactics are critical choices for firms marketing their products and services abroad. Obtaining data on customers and their behavioral acts in digital settings is forcing firms to pay more attention to data gathering and user data analysis. New digital marketing methods are tightly related to digital business structures. To encourage electronic commerce, SEO tactics and digital marketing strategies such as search engine marketing, banner adverts, and email marketing are utilized (Hidayanto et al., 2012; Saura et al., 2022).

According to a global estimate, China will have a total digital search ad in the United States at \$88.08 billion. Search engine marketing spending in the United States in 2022 is estimated to be \$95.2 billion, up from the total online media advertising spending estimate of over 280 billion for that year. In 2021, close to half of all online advertising revenue in the United States came from search engine marketing. Paid search advertising spending on Google climbed by 34% in the third quarter of 2021 compared to the same time the previous year in the United States. The cost-per-click (CPC) of Google paid search advertising climbed by 25%, while clicks grew by 8%. In 2021,

search engine marketing was the highest-yielding form of mobile advertising. Video advertising ranks second with spending of US\$63.82 billion. Video ads spend is projected to grow to an estimated 134.5 billion by 2026 (Statista, 2022).

Companies frequently select between multiple forms of media when presenting product information to customers. Understanding how customers use media as a source of information when making purchase decisions is crucial for marketers that want to maximize their media selections and get the best communication results. A thorough study of the literature, however, reveals that little is known about the advertising medium preferences of technology-based service users (Tesfom et al., 2018). Most companies, at the beginning of internet marketing, focus the goal of their communication strategy on getting site visitors. But to achieve the goal of internet marketing, many potential site visitors need to be real visitors, and real visitors need to be converted into customers. These processes can be evaluated by the concept of the effectiveness of search engine marketing (Paraskevas et al., 2011).

It has been found in recent years that a rising proportion of internet users access the websites they visit using search engines rather than straight links from another online page. Obviously, search engines play a significant role in the online world. It is used to find a variety of information, such as things, events, individuals, and locations. Consumers frequently utilize Web search engines to get e-commerce information (Jansen and Schuster, 2011). Search engines have also grown in prominence as an important tool for businesses that utilize the internet to create their image and find their target clients. A prominent issue in Internet marketing is how to rank high in search results for certain search terms or phrases. (Agarwal and Mukhopadhyay, 2016; Kim and Sundar, 2010; Shih et al., 2013).

Search Engine Marketing (SEM) is defined as placing a message in a search engine which results to encourage certain clicks when a user types a specific keyword phrase on a website (Gregurec and Grd, 2012). Today, search engine marketing (SEM) is the fastest growing promotional instrument, and it is on its way to becoming many times more intensive and powerful than traditional media companies. The reason is that search engines act as a bridge between online shoppers and websites. They also act as a mediator between shoppers and websites. Which sites users will go to depends on the search engine optimization and marketing efforts of the site owners in this process (Spais, 2010). There are various ways to influence the results on search engines. By influencing these results, marketers can do SEO work to advance their products in organic advertisements, they can advertise using sponsored links (Bhandari and Bansal, 2018).

SEM is a tried-and-true method of increasing web traffic to your organization. It is a marketing approach that employs paid internet advertising to increase your company's rating in search engine results pages (SERPs). A search engine results page (SERP) is the page that shows when you input a phrase into a search engine such as Google or Yandex. By selecting properly researched keywords, SEM propels your firm to the top of search results. Pay-per-click (PPC) advertising is another term for search engine marketing. SEM and SEO are phrases that are occasionally used interchangeably. They do, however, represent two distinct facets of internet marketing. Advertising is frequently used in SEM strategies. SEO, or search engine optimization, employs organic methods to propel a website to the top of search engine results pages (SERPs). In this usage, "organic" denotes "free" (Aswani et al., 2018; Erdmann et al., 2022).

SEM is a type of digital marketing that aims to profit by promoting purchased links. To boost a website's exposure, SEM employs SEO techniques and pay-per-click (PPC) advertising. The capacity to sell items and raise income via PPC advertising on websites is one of the benefits of SEM. To increase a brand's, product's, or service's position in search engines and promote a website, SEM employs a range of methods such as keywords, sponsored links, SEO strategies, and one-click payment (PPC) (Hidayanto et al., 2012). SEO is the process of customizing features to increase a website's ranking or visibility in search engines. It is defined by SEO as a strategy that

employs data observation and marketing research to discover the best 'keyword' for the site, often known as 'keyword advertising'. As a result, selecting a good collection of keywords that may enhance the page rank of a certain website in various search engines is a critical component of a successful SEO (Hidayanto et al., 2012). SEM is an in-built method for increasing online activity. In the highly competitive digital marketplace arena, search engine marketing is a very relevant and responsible kind of marketing (Clarke et al., 2018).

3. METHODOLOGY

Systematic literature reviews, according to Littell, are "research on a specific subject that employs structured, transparent, and reproducible techniques at each step of the process" (Littell et al., 2008). This type of systematic review uses a basic methodology to synthesize and expand on a body of literature (Paul and Criado, 2020). Our research was classified as a method-based review after examining the classifications for systematic reviews of the literature proposed by Paul and Criado (2020).

To reveal out thematic similarities between studies, we used bibliographic coupling using VOSviewer software version 1.6.17 (Mas-Tur et al., 2020; Van Eck and Waltman, 2010). VOSviewer was created by Nees Jan van Eck and Ludo Waltman at Leiden University's Centre for Science and Technology Research (CWTS). Bibliographic consolidation is a method for measuring the similarity of two publications by using a list of common references. The larger the degree of overlap in the articles' bibliographies, the stronger the amount of relationship between the articles. Bibliographic consolidation does not need mass citations and may be used for newly published (uncited) works, emerging fields, and less developed subdomains (Zupic and Čater, 2015).

Cluster analysis is a method for "unsupervised" learning, which is the challenge of discovering organization in data without using a response variable. VOSviewer, by default, allocates nodes on a network to clusters. A cluster is a group of nodes that are connected in some way. Each network node is allocated to exactly one cluster. A resolution parameter determines the number of clusters. The more clusters there are, the higher the value of this parameter. The clustering approach uses direct citation linkages to establish the connectedness of articles. The ability to easily cluster a large number of articles is a significant advantage of employing direct citation connections (for example, tens of millions of posts) (Eck and Waltman, 2014).

The systematic literature review protocol carried out in the study is as follows:

In the first stage, in the Scopus database, the keyword "search engine marketing" was queried within the scope of "title", "abstract" and "keyword" by limiting the research article type and only to the articles written in English. The search was carried out at the end of October 2022 and 124 publications were identified. At this stage, the Web of Science (WOS) database was also queried with the same filters and 58 studies on the subject were reached. In the second stage, the articles obtained from Scopus and WOS databases were read and examined by the authors and the studies that were not relevant to the subject, whose full texts could not be reached, and which were identical to each other were identified. In the third stage, version 1.6.17 of the VOSviewer software was used for bibliographic aggregation and clustering was carried out within 132 studies. The values used in the program in this process are; Attraction 2, Repulsion 1 and Resolution 0.5. The research protocol is shown in Figure 1.

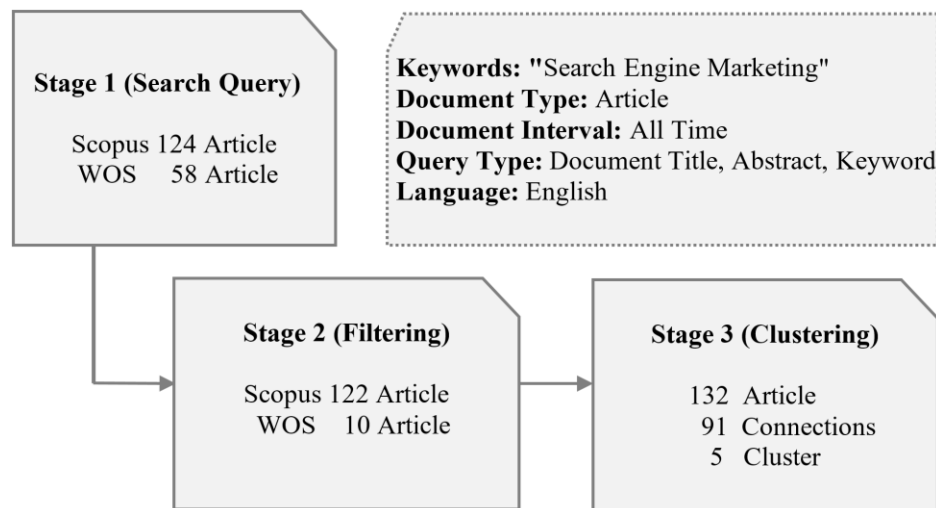


Figure 1. Protocol of the systematic literature review approach

Source: Created by the authors

VOSviewer has determined that 91 of these studies were related to each other and it has produced 5 clusters. All articles were analyzed irrespective of the number of citations. The process attributed a minimum of ten articles per cluster. The cluster network is shown in detail in Figure 2.

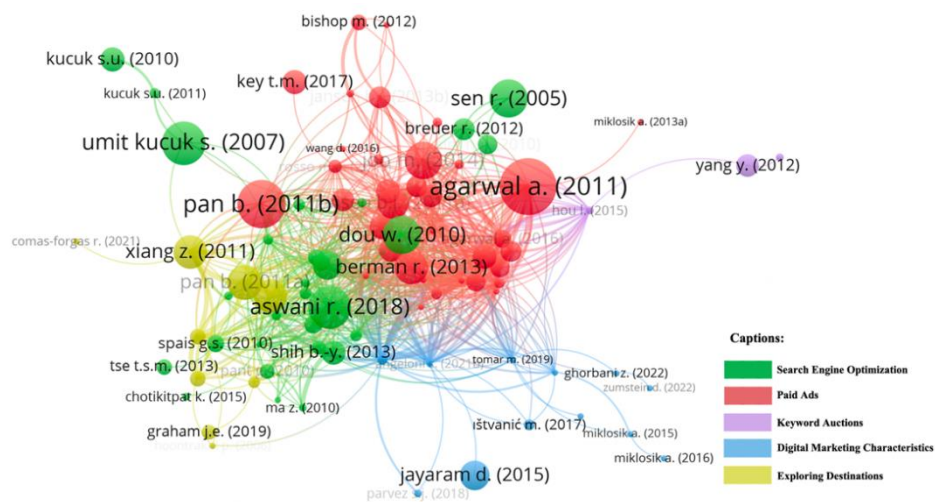


Figure 2. Cluster network of research trends in the sem

Source: Based on the bibliographic output from VOSviewer 1.6.17

4. RESEARCH FINDINGS

4.1. Descriptive analysis

When we examine the breakdowns of SEM studies by year (Figure 3 shows the trends and fluctuations in the number of articles published annually), it is seen that the first article was published in 2004 and the studies on the subject increased especially after 2009. Search Engine Marketing exhibits a tendency that is increasing and decreasing periodically. However, when we look at the trend of the last three years, it is possible to say that the number of studies exhibits an increasing trend. In the years when studies

began to emerge, especially how to establish an optimal strategy for search engine marketing (Hoontrakul and Sahadev, 2006; Murphy and Kielgast, 2008; Pan et al., 2007; Sen, 2005) emphasis was placed on the investigation of its possibilities. In addition to the studies on tourist destinations that started to increase in 2009 and later, the brand (Aggrawal et al., 2017) sponsored advertisements (Abhishek and Hosanagar, 2012; Agarwal et al., 2011b, 2015) the effectiveness of keywords (Abhishek and Hosanagar, 2007; Chen et al., 2009; Chen and Lang, 2004). In recent years, the future of search engines (Zumstein et al., 2022) marketplaces (Gazala Masood et al., 2023), SEO within the scope of sustainability (Bader et al., 2022; Kusno et al., 2022; Parmar et al., 2022; Roumeliotis et al., 2022). Within the scope of the functionality of search engine marketing, etc., studies are carried out on issues.

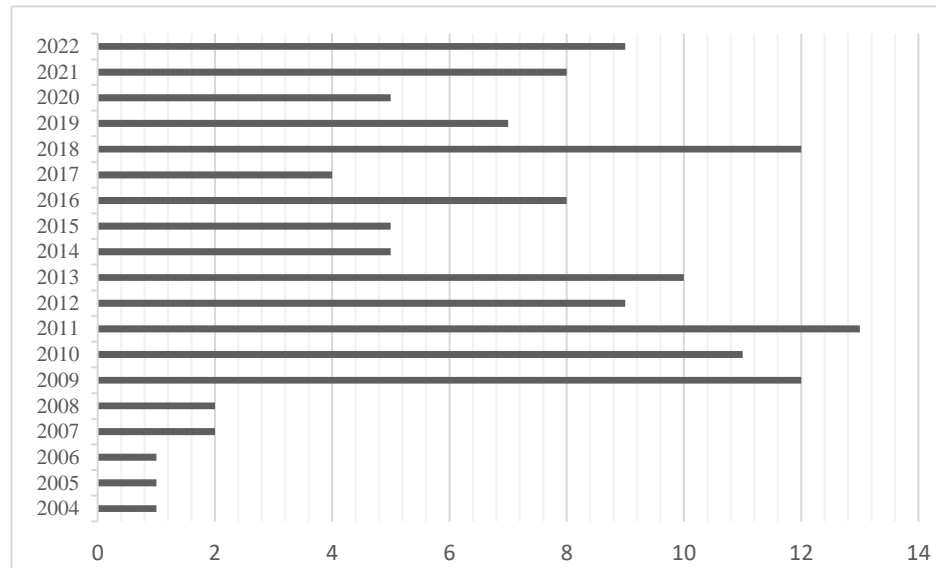


Figure 3. The number of scientific articles per year

4.2. Analysis of bibliographic coupling

4.2.1. SEO as a SEM tool ($n = 31$)

Nowadays we use the internet for many reasons. One of them is to search for topics of interest. Individuals use search engines as a gate to access to the internet (Dou et al., 2010). Since the emergence of search engines, the primary goal of websites has been to improve the value of the website and the number of visitors by ranking higher in search results. "Search Engine Optimization (SEO)" refers to the preparations performed for this aim (Patil Swati et al., 2013).

As part of the most important technical and internet marketing strategy in the SEM process, SEO can be used to increase a website's ranking and increase dominance on the web. All organizations, whether for-profit or non-profit, try to put themselves at the forefront with optimization efforts (McMahon and Griffy-Brown, 2009) SEO also helps with user-centered design and online consumer value (McMahon and Griffy-Brown, 2009), cost-effectiveness (Kennedy and Kennedy, 2008), brand value (Kucuk, 2011) in terms of how search algorithms work and being able to learn exactly what online customers are looking for (Olbrich et al., 2019) as online researchers search for information through search engines, marketers are taking interest in this topic to appeal to these potential customers because of the current engagement (Spais, 2010).

In the studies carried out, it has been shown that the order of display helps to shape brand perceptions and that relatively unknown brands can get ahead of known

brands with optimization techniques (Dou et al., 2010). It has been suggested that the weaker searchability of websites weakens the relationship between supplier and customer at the pre-purchase stage (Beldona et al., 2012; Giraldo-Romero et al., 2021). It is quite important to invest existing resources in the right website resources (Aswani et al., 2021). SEM has the potential to develop brand recognition and generate online sales since it may function up to 24 hours a day, seven days a week (Clarke et al., 2018). Online communities and opinion leaders play an important role in supporting consumers' purchasing decision or filtering their decisions. Companies that use SEO techniques can additionally get support from these leaders and increase the visibility of their sites (Kucuk and Krishnamurthy, 2007).

There are two techniques in SEO practice, white hat SEO and black hat SEO. White hat SEO (also called organic SEO) is a technique that involves no deception in the marketing strategy and is allowed by search engines. Search engines are the largest source for organic search (Aswani et al., 2021). White hat SEO mandates that the information indexed by a search engine be the same as the rest of the website's content. Black hat SEO, on the other hand, involves deception. For example, this may be a fraud by hiding sections of the text that are irrelevant to the rest of the website by using a font color comparable to the backdrop of the page. Search engines continue to index these concealed material (Clarke et al., 2018; Hidayanto et al., 2012; Kucuk, 2011).

Various plugins (Google Keyword, Metadata, Image Friendly, Google Insight, Wordpress Auto Tagger, Link Building) can be used in SEO studies. With these tools, web traffic can be increased, and performance in increasing web traffic can be evaluated. In this context, in a case study conducted with these plugins on three different websites (Chotikitpat et al., 2015; Clarke et al., 2018; Hidayanto et al., 2012; Karjaluo and Leinonen, 2009; Luh et al., 2016; Prawira and Rizkiansyah, 2018; Quinton and Khan, 2009).

A company needs to understand and adopt SEO efforts and the algorithms behind them in order to increase the discoverability of their websites and generate value (Kritzinger and Weideman, 2013; Kucuk, 2011; Lim, 2009). Search engines have become a necessary and useful tool for people to find information and shop online. However, the search engine does not provide web searchers with any information about the websites that appear on the results pages and the credibility of a company that represents them. This information is critical because the seller credibility is a major concern for Web consumers (Ma et al., 2010; Ma et al., 2012; Sen, 2005). In addition to its numerous benefits, this side of optimization should not be overlooked.

4.2.2. Paid ads in SEM ($n = 20$)

Paid advertising is a type of internet marketing in which businesses advertise their services and products on search engine result pages. Sponsored ads are sometimes referred to as keyword advertising, pay-per-click advertising, and search engine advertising (Ištvančić et al., 2017; Jansen and Schuster, 2011; Kritzinger and Weideman, 2013). Since its inception in 1998 (Fain and Pedersen, 2006) paid ads has evolved into the primary business model of the major search engines. (Jansen (Jansen and Mullen, 2008; Jansen et al., 2009). As such, key paid advertising has helped shape the nature of the web (Jansen and Schuster, 2011). The business models of the major Web search engines depend primarily on online advertising in the form of keyword advertising (Rosso and Janseny, 2010). Paid advertising efforts benefit searchers and potential consumers to find what they are looking for more effectively (Jansen et al., 2013; Liu and Toubia, 2018).

There are three different goals an advertiser can have for a particular keyword. Traffic growth, profit, and self-financing (Blankenbaker and Mishra, 2009). Search engine marketing is typically conducted as an independent activity that seeks to maximize their growing profits (Joo et al., 2016). The dominant paid advertising model is pay-per-click (PPC), where an advertiser pays the search engine only when a searcher

actually clicks on the displayed advertising hyperlink (Jansen et al., 2013; Liu and Toubia, 2018).

Search engines are becoming increasingly critical as vital bridges between businesses that utilize the internet to build their brand and their target customers as searches become more common. Compared to other digital advertising channels, search engine marketing is the most expensive for businesses. According to analysts, search engine marketing will eventually eat up a sizable portion of the digital advertising market, which is where e-commerce operations are expected to develop the fastest (Miklosik et al., 2020). Data from online searches can be used to forecast market outcomes. Understanding the dynamics of online search allows us to better understand how search data can be utilized to forecast new product sales and identify customer characteristics. Ad spend increases the tendency of searchers to search for brand-related keywords (Joo et al., 2016). It has been shown that paid ads and higher ranked ads provide better overall performance than ads in lower positions (Jansen et al., 2013). The use of paid advertising helps consumers make purchasing decisions (Bishop and Barber, 2012). When used effectively, this approach enables a company to save costs while generating higher revenues (Jansen et al., 2011).

4.2.3. Keyword auctions in SEM ($n = 17$)

Several search engines, especially Google, Yahoo!, and MSN, sell their ad content through auctions (Agarwal et al., 2015). Because keywords serve as a bridge between user searches and advertising communications, selecting the correct keywords is critical for effective paid search campaign management (Hou, 2015; Klapdor et al., 2014; Park and Agarwal, 2018). In keyword auctions (Abrams and Ghosh, 2007; Chen et al., 2006; Lahaie et al., 2007), advertisers bid on specific search keywords. Each keyword appears in one of the ad spaces on the search result page when a user searches for one of the keywords associated with their ad, provided that they bid more for that ad space than their competitors (Abou Nabout and Skiera, 2012; Agarwal et al., 2011a; Danak and Mannor, 2011; Kalyanam et al., 2018; Skiera et al., 2010). Organic links are prioritized based on their relevancy to the search query, whereas sponsored links are distributed to advertisers in a competitive keyword auction (Berman and Katona, 2013). The keyword auction offers good targeting, low cost, and easy scalability (Hou, 2015). Keyword choice and bidding are critical components of SEM campaign effectiveness (Jiang, 2018).

Leading positions in search results attract the attention of users and are therefore more preferred. At this time, it is sold to the highest (weighted) bidder. Because of this, higher bids lead to higher and, thus, more attractive rankings, more awareness, more clicks and consequently a higher number of earned customers. However, prices per click are also higher during these ranks, which leads to higher acquisition costs per customer (Skiera et al., 2010). Since budget decisions, keyword portfolio, and bid setting are important inputs in keyword auctions due to costs, how to allocate the limited budget rationally is an important issue (Abou Nabout and Skiera, 2012; Danak and Mannor, 2011; Yang et al., 2012).

Advertisers must constantly assess which keywords perform best (Skiera et al., 2010). For instance, if an advertiser chooses a term that is too broad to accurately address the user's information demand, the ad displayed will be less likely to be relevant to the user, resulting in a reduced reaction to the ad. Keywords including an advertiser's name have been proven to be accurate indicators of campaign effectiveness (Klapdor et al., 2014). Consumers perceive the links that appear at the top of the search results as a sign of the high quality of the brand (Agarwal and Mukhopadhyay, 2016). To attract consumers to a website, it is necessary to use better identified and competitive words (Ramaboa and Fish, 2018).

Keyword choosing and bidding are critical components of SEM campaign effectiveness. Managers must properly position themselves in order to maximize efficiency and gain from sponsored search campaigns. Retailers may boost impressions

in a variety of ways. They can raise the amount of sponsored and organic keywords they purchase, increasing the frequency with which their adverts show (Jiang, 2018).

4.2.4. Digital marketing characteristics of SEM (n = 13)

Product promotion, mostly through digital marketing, has become an increasingly crucial component in the new digital era. Traditional marketing is falling behind digital marketing, which provides people with new options such as tailored messaging or responses to search queries (Angeloni and Rossi, 2021b; Ištvančić et al., 2017; Jayaram et al., 2015; Miklosik, 2016; Tomar et al., 2019).

Digital marketing has changed the buying behavior of customers and provided various advantages to users. It allows consumers to have continuous information about the products or services of the companies, to be more interested in the activities of the companies, to get clearer information about the products or services, to increase their shopping convenience by comparing quality and cost between products. (Ištvančić et al., 2017; Jayaram et al., 2015). Pervasive digital media enables consumers to access information that has a significant impact on their purchasing decisions, anytime and anywhere. This convenience requires careful selection of marketing strategies used by the companies (Angeloni and Rossi, 2021a; Jayaram et al., 2015; Loosschilder et al., 2017).

Changes in consumer behavior in the digital world and the digital economy need to be understood by companies and marketing managers. People are using more digital devices to search for new products, compare and evaluate them, share ideas, seek other users' opinions, and/or finally buy a product service. People start searching on one device, continue on another, and in some cases end the search or purchase decision on a third device (Jayaram et al., 2015; Loosschilder et al., 2017; Miklosik, 2016).

In today's digital era, the importance of digital marketing has grown year after year as a means of informing, engaging, and selling services and products to clients. The evolution of digital marketing has altered how brands and businesses employ marketing technologies (Ghorbani et al., 2022). Digital marketing campaigns support user experience, search engine marketing, and the analysis and optimization of data-driven decisions (Jayaram et al., 2015; Zumstein et al., 2022). Search engine marketing is one of the most rapidly developing aspects of digital marketing. Auctions are used to sell available space for sponsored adverts or locations, and payment is computed depending on the amount of hits each place receives (Jayaram et al., 2015; Loosschilder et al., 2017; Parvez et al., 2018; Santos et al., 2022).

It is convincing that search engine marketing, regardless of type, affects not only online purchases, but purchases in general. It is advantageous for both the advertiser and the consumer if marketing managers provide good search engine visibility throughout and after the campaign (Jayaram et al., 2015; Loosschilder et al., 2017; Miklosik, 2016).

4.2.5. Use of SEM for exploring destinations (n = 10)

Search engines play an important role in linking the supply and demand for tourism by allowing tourists to access vast amounts of information online, resulting in upstream traffic. In this regard, search engines have emerged as a major technique for gaining access to travel items over the Internet (Eichhorn and Buhalis, 2011; Pan et al., 2011; Paraskevas et al., 2011). Computer science, information sciences, and consumer behavior are heavily used in research on search engines and information search. As a result, search engine marketing may be described as a sophisticated and dynamic process that necessitates a thorough grasp of how potential tourists utilize search engines as part of the travel planning process (Fesenmaier et al., 2011; Lewandowski, 2017). When looking for travel information, it is critical to understand the extent to which tourism websites are visible to travelers (Hoontrakul and Sahadev, 2006; Xiang and Law, 2013; Xiang et al., 2010).

Tourism firms and organizations are always competing with one another and with many other sources of information to gain the attention of internet consumers who are sifting through the massive quantity of information available online (Pan et al., 2011). With the increasing relevance of search in online trip planning, marketers must also better grasp the behavioral aspects of search engine use (Xiang and Pan, 2011). Previous product knowledge is one of the most extensively researched elements influencing travelers' information-seeking behavior. Previous product information and information kept in an individual's memory makes information processing faster and more effective since informed customers can focus on the pieces of information that are pertinent to the choice at hand (Comas-Forgas et al., 2021; Lu et al., 2022). One of the first stages in making a travel decision is to seek or collect information. It also effects on-the-spot decisions such as lodging, transportation, activities, and tour selection. "The purposeful activation of information held in memory or the collection of information from the environment," he (Fesenmaier et al., 2011) termed information search. Personal experiences relating to a specific or comparable place, as well as knowledge collected via a continuous quest for information, are examples of internal sources (Gursoy, 2003). Search is the process of retrieving information from memory. External information research entails acquiring market information (Xiang and Law, 2013).

Consumers' willingness to conduct external research before making a purchase is closely tied to the sort of goods they want to acquire. When choosing higher-priced, more prominent, and more sophisticated things, such as most travel and tourist products, consumers tend to make more external decisions (Gursoy, 2003). Travelers are not restricted to one source of information. Although travelers employ a variety of accessible information sources, they differentiate them in geographical, temporal, and operational dimensions. Travelers employ a limited number of information techniques, each with its own set of geographical, temporal, and operational aspects (Fodness and Murray, 1998). Travelers in the early stages of learning (low familiarity) are more inclined to make holiday selections based on external sources of information. As their familiarity with the product grows, their reliance on other sources of information reduces, as they tend to make their selections based on what they remember. However, as they study more (specialize), they recognize that they require more comprehensive knowledge to make holiday judgments, and as a result, they begin to seek extra external information to make holiday decisions (Gursoy, 2003).

5. DISCUSSION

Search engines are information systems used by Internet users to find information. The infrastructure required by search engine operators to deliver free search services is massive and costly. Sponsored search advertising is nearly the only source of money in such a circumstance to secure the provision of a free search service. Without sponsored search, search engines are unlikely to pay anything like its infrastructure in order to maintain this free service to online users (Jansen et al., 2009).

SEM is a form of digital marketing that aims to promote websites by increasing their visibility in SERPs through paid and free advertising (Wiid and van Rooyen, 2018a, 2018b). SEM consists of the direct use of search engines as a marketing and advertising platform (Jayaram et al., 2015; Loosschilder et al., 2017; Parvez et al., 2018; Santos et al., 2022; Wiid and van Rooyen, 2018b). This strategy is often useful when the name of the organization is unique or when there is a good competitive environment to sell products or services (Varma et al., 2020). The findings of this study supports this situation. The general focus of the studies associated with search engine marketing is that a business uses SEM as a marketing activity and makes this marketing process more effective through advertising (Bishop and Barber, 2012; Fain and Pedersen, 2006; Jansen et al., 2013; Jansen and Mullen, 2008; Jansen and Schuster, 2011; Jansen et al., 2009; Jayaram et al., 2015; Joo et al., 2016; Liu and Toubia, 2018; Loosschilder et al., 2017; Miklosik, 2016; Miklosik et al., 2020; Rosso and Janseny, 2010; Varma et al., 2020).

Since previous research show that users don't easily pay attention to the second and third results pages, it's important that a website be placed on the first page of the

SERPs (Lindsey, 2011; Luh et al., 2016). This implies that if an advertiser's website appears after the first page, it will most likely receive insufficient exposure to potential customers and will produce fewer website traffic. Search engine optimization (SEO) and pay-per-click (PPC) campaigns are two SEM digital marketing methods that may be used to increase website exposure and traffic (Juščius et al., 2016; Lindsey, 2011; Luh et al., 2016; Östberg and Bergström, 2016; Ramos and Cota, 2006).

Although keyword auctions, website optimization, sponsored advertisements and information search functions that are operationalized within the scope of information technologies find their place in the field of information technologies as structures that can be used separately, SEM is a synthesis digital marketing strategy that incorporates all these structures as an integrated system in terms of bringing these structures together to promote businesses in the online world.

6. CONCLUSION

The method that search engines like Google and Yandex crawl, index, and rank websites are continually being adjusted and changed. These changes cause difficulties for those in the industry to keep up with the latest trends and strategies. Understanding what the future holds for SEM is important for business owners and search engine marketing service providers who want to deliver consistent, long-term results for their customers.

The findings obtained regarding the SEM studies show that the studies carried out in this field generally focus on five basic structures. While "digital marketing" serves as a general framework for SEM as a marketing strategy, the "optimization", "sponsored ads", "keywords" and "information acquisition" sets constitute the sub-components of the SEM strategy, which is a component of this basic framework. Basically, SEO studies that serve to highlight the rankings of web pages on search result pages are grouped under the optimization set within the scope of SEM studies. In terms of marketing, it has been found that businesses, whether for profit or non-profit, want to give value for their customers online in addition to promoting the websites of their brands. These businesses help their clients to discover the value in a good or service by facilitating their access to the information they want more quickly and conveniently through the use of online techniques. It has been demonstrated that when you rank high in search result pages, even unknown brands can outperform popular brands. This finding demonstrates that optimization studies conducted within the scope of SEM can help businesses obtain a competitive advantage.

A company that targets profit maximization can achieve this goal with sponsored advertisements with SEM activities. As information seekers, consumers can access the products and services they are looking for through various keywords. The findings of SEM studies show that ad spend increases the tendency of searchers to search for keywords related to the brand. Consumers narrow their next searches accordingly with the keywords they see in the sponsored ads they encounter in their first search. It is possible to say that this makes it important for businesses to highlight the keyword that the consumer will encounter. In this way, consumers can be helped to make purchasing decisions with sponsored ads. A keyword that is in the consumer's mind can be used in the first search query for later purchases. This can help businesses achieve cost-savings by achieving economies of scale in the long term through the brand awareness they have created through sponsored ads.

Search engines are implementing sponsored ads to businesses through auctions that involve bidding on keywords. Keywords represent the connection between the consumer and the business. The selection of the right keywords within the scope of the SEM activities implemented by the enterprises to convey their products or services to consumers is very important for the success of sponsored ads. With a correctly applied strategy, consumers can perceive a brand that ranks high as better than other brands. This seems to be very important for businesses to manage a successful SEM process.

It is mentioned above that search engines used as an information search tool function as a means for operators to reach consumers within the scope of SEM activities. The first thing that comes to mind in relation to the search for information is that all kinds of information are searched with these tools. This is a true proposition. However, as a specific finding of this study, it is noteworthy that the SEM studies in the literature are concentrated in the studies on destination marketing including hotel enterprises within the scope of information search function.

At this point, it is possible to say that SEM will maintain its functionality in the future. Factors such as content quality, mobile, and artificial intelligence will all become key focal points over the next few years. The use of natural language processing will also become more widespread. For this reason, businesses should strictly follow these trends in the development of search engines and organize their search engine marketing efforts accordingly.

The study is limited in terms of the resources accessed. Until October 2022, 132 journal publications published in the field of SEM have been determined within this scope. There are a few suggestions that can be recommended as a topic selection for future studies. First, new approaches to search engine marketing can be studied, and new technologies and models for search engine marketing relationships can be developed. Additionally, optimization, paid ads, keyword auctions and information acquisition phenomena can be carried out to create a basic model for SEM. Search engine marketing applications on mobile platforms can be examined. It seems that if researchers make more efforts to conduct interdisciplinary studies by incorporating theories from other fields into the field of SEM research, the SEM literature can be further developed.

Information on Plagiarism

This article was scanned with plagiarism detection software. No plagiarism was detected.

Ethics Committee Approval Information

Ethics committee approval was not required.

Author Contribution Statement

The authors' contributions to this study are equal.

Funding Statement and other Acknowledgments

This study has not received any type of funding or support.

Competing Interests Statement

There is no conflict of interest to declare with any institution or person within the framework of the study.

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Soap Opera Diplomacy as an Element of Soft Power: Comparison of Soap Operas “The Magnificent Century” and “Jewel in the Palace”

Research Article / Araştırma Makalesi

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ABSTRACT

With soft power, which is one of the methods they use in their foreign policies, states can be effective on other societies and therefore other states by activating their cultural and historical elements through various instruments. In this context, cultural diplomacy, as an element of soft power, has emerged as a method of highlighting cultural elements, especially through mass media, and with the proliferation of new social media channels that provide content to the audience over the internet in the 2000s, soap operas have come to the fore as a cultural diplomacy tool. The production of soap operas involving states and the soft power benefits of this process have shown that there is a gap in the literature on this subject. This article aims to compare the methods and capacities of Türkiye’s soap opera diplomacy through Qatar, a country with which Türkiye has a cultural affinity, and similarly, South Korea’s process through China, a country with which South Korea has a cultural affinity.

Keywords : Soap opera diplomacy ; soft power ; cultural diplomacy ; Türkiye ; South Korea

1. INTRODUCTION

Diplomacy has maintained its importance in all systems and levels and among all actors from the past to the present, renewing, developing and transforming in line with needs. In this context, at the current phase of the international system, states, as always, are in great need of diplomacy. Along with globalization, which is perhaps a cause and consequence of making the world smaller and more accessible, states also build soft power – sometimes giving more importance – alongside their hard powers. Again with this process, the expression "people of the world" has become frequently used in different scientific disciplines, and intercultural interaction is increasing day by day. In this context, various elements such as culture, language, religion and history are used as instruments by states.

The process of soft power building proceeds on the state side through public diplomacy institutions on the one hand, and on the private sector side through cultural elements such as movies, soap operas and music etc. A new element that is becoming increasingly powerful at this stage is the soap operas that are spreading all over the world. The effects of soap operas on different target audiences have put them in a special position. For this reason, the fact that soap operas are supported by the state in various ways and have clearly become an element of soft power has led to the need to analyze the issue within the framework of the concept of "soap opera diplomacy", which can be mentioned under cultural diplomacy.

In recent years, Türkiye and South Korea have become prominent in the soap opera sector and have been able to increase their soft power capacities in this way. Türkiye’s soap opera sector has experienced a serious leap forward, especially after 2010. Turkish soap operas have reached a significant audience capacity at home and abroad, and have been exported to dozens of countries on different continents. One of the best examples of this is undoubtedly the "Muhteşem Yüzyıl (the Magnificent Century)". The soap opera, which conveyed Türkiye’s historical and cultural elements

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to the audience in a remarkably successful way, made significant contributions to the country in terms of both financial and soft power capacity.

With the support of the government, Korean soap operas have made a leap in a different way and have become demanded first in Asia and then almost all over the world. The "Jewel in the Palace", which successfully brings historical and cultural elements to the forefront as in the "Magnificent Century", is one of the best examples of the contribution of Korean soap operas to the soft power of the country. The soap opera, which attracted great interest primarily in Korea's neighboring geography with a common history and culture, was exported to nearly a hundred countries in the following years and brought great benefits for Korea in many fields.

The impact of Türkiye and Korea, two countries that have successfully practiced soap opera diplomacy, is worth examining, despite the differences in the processes of soap opera production. The article takes Qatar, a country with a partial cultural affinity for Türkiye, and China, a country with a cultural and historical affinity for Korea, as the area of study and aims to reveal the effects of the soap operas of these countries. These effects will be analyzed through the soap operas "the Magnificent Century" for Türkiye and "Jewel in the Palace" for Korea. Thus, it will be tried to reach a conclusion by revealing both the position and capacities of the two countries in soap opera diplomacy.

2. SOAP OPERA DIPLOMACY WITH CONCEPTUAL DEFINITIONS

2.1. A new diplomacy from the perspective of new understandings and approaches of international relations: Soap opera diplomacy

The changing concepts of global power and security with the end of the Cold War made it difficult for states to succeed by conducting only hard power policies. In this period, when new nation-states gained their independence and joined the global system, the distribution of power among states changed and non-state international actors increased their influence on the structure of the system.

With the prominence of the neoliberal paradigm, the development of communication, interaction and relations between states in economic, political, social and cultural dimensions has been addressed in Keohane and Nye's "Interdependence Theory" (Nye J. S., 2011). The mutual trade and cooperation between states via free global markets has ushered in a new era in which the insecure competitive environment between states -that we are familiar with from the realist school- has been replaced by increasing interdependencies, the transformation of the "traditional military-state, strong-state" concept into the "merchant-strong-states concept" (Wiltse Çelik, 2018: 142), and the establishment of increasingly stronger economic ties between states.

Emphasizing soft power elements in foreign policy has been a favored strategy for states adopting a liberal approach. In line with pragmatism and a result-oriented approach, states have started to follow the concept of 'smart power' by combining soft power elements such as diplomacy, emphasis on common identity and values, and the power of influence and persuasion with hard power elements. With this concept, which was introduced to the literature by Nye in 2003, it was emphasized that hard power alone was insufficient to solve problems and showed how the two concepts together could provide states with success in their foreign policies. Explaining power as the ability to influence the behavior of others to get what one wants, Nye mentions three elements for the realization of this concept; coercion, retribution and attraction which he defines as 'soft power'. (Nye J., 2009).

Cultural diplomacy includes the use of conventional diplomacy with soft power elements in state policies. Cultural diplomacy is a concept comprised of education, dance, sports, cinema, language training, archaeology, internet and similar areas (Yağmurlu, 2019). States using this diplomacy act on the idea that the mutual interaction

and sharing of ideas, ideology, knowledge, art and education among nations will have a positive impact on their foreign policies and economies (Bound, 2007).

Communication systems are of vital importance in soft power and cultural diplomacy. The mass media, which has increased its influence on social life, has made new media channels an indispensable part of daily life with the expansion of the internet's access network in the 2000s, and has become the most effective way to reach different societies from different nations without intermediaries. Fiske discusses the relationship between television and society in terms of 'popular cultural capital' as an intermediary that promotes common values and tastes to attract public attention (Fiske, 1989). Fiske particularly emphasizes the capacity of television to create a common social group by offering various elements of interest and taste to the demands of heterogeneous cultures (Fiske, 1989). This concept shows us how soap operas used as soft power elements bring different societies closer by creating common values, perceptions and identities among nations.

Many scholars such as Schiller and McChesney underline that the global media network, which became stronger with the rise of neoliberalism, gained international popularity, but despite the media's many social achievements, the cultural outputs it produces are used as a propaganda tool (Schiller & McChesney, 2003). The common point of these different discussions is that the media has become more powerful than ever with new technological infrastructures and that the propaganda that was carried out by radio during the Second World War has now been integrated into more colorful and entertaining formats. Propaganda, which is defined as the processes used by individuals/groups to manipulate the perceptions and opinions of the target audience in line with certain objectives, has gained a negative connotation, especially since it was used by totalitarian regimes after the First World War. After the 20th century, propaganda has become more systematic with technological advancements, and the development of manipulative, propagandistic action models for individuals in terms of consumption, economic influences, cultural acceptances and increasing social belonging has emerged (Belmonte, 2013; Cheng & Schweitzer, 1996; Çetin 2014; Kruckeberg & Vujnovic, 2005).

Branding is another innovation that we encounter in different fields in today's world. While mass media offers states opportunities for branding, perception and image restoration in foreign publics, and soft power enhancement, states can also benefit directly or indirectly through soap operas to strengthen their political influence over societies and increase the volume of mutual trade. Branding, defined as the element that leads to awareness, reputation and prominence in the market, is a concept that nations also target (Keller, 2012). In this context, soap operas have an important place in the branding of nations, cultures and places. In recent years, many states such as Türkiye, the USA, South Korea, Japan, the UK, France, Israel, Belgium, India, China, Ireland, Canada, Brazil, Mexico, have been using cultural diplomacy through soap operas to introduce their history and culture to the world.

The interest of audiences in different parts of the world has enabled states to explore a new soft power instrument, which we will call "soap opera diplomacy". Soap opera diplomacy plays an important role in the branding of countries, cities and cultures. The branding process aims to create public perception, create markets, and so to build soft power through cultural elements, thereby raising awareness and reputation (Keller, 2012). The direct or indirect presence and support of the states that benefit in these processes, even though it takes place in different ways in different countries, reveals the necessity for the concept of soap opera diplomacy to be included in the literature.

Soap opera diplomacy, which is used in line with soft power, is expected to provide first cultural, and then a certain level of diplomatic and strategic benefits on the targeted regions. Target regions are the places where countries intend to build soft power capacity, attract tourists, market products and to create spheres of influence. The positive interaction brought about by soap operas is therefore not only in cultural dimension, but also reflects on the economic, commercial and political indicators of the related state.

With these new tools of cultural diplomacy, states aim to strengthen diplomatic relations between governments, while the cultural, historical and religious symbols used in soap operas aim to create a common sphere of influence and sharing between societies. By conveying their history and cultural heritage in a spectacular way through soap operas, states aim to strengthen their political influence, first among the audience, and then in society, through promotion, narration, instruction and awareness and thus by eliminating prejudices and creating sympathy.

2.2. The position of the soap opera industry in the world in the context of cultural diplomacy

Diplomacy, in its simplest terms, is the art and practice of negotiation between nations (Kissinger, 1994). Diplomacy, which regulates relations between state and non-state actors in the international system, offers actors the opportunity to achieve their goals in a peaceful way. The post-modern era includes a process in which new non-state actors come to the fore as well as new values gain importance in public diplomacy. Public diplomacy plays a central role for emerging middle powers who seek to gain international prominence and political importance, relying on less material resources than great powers (Cooper & Flames, 2013).

Cultural diplomacy, on the other hand, consists of activities that aim to increase cultural interaction with other states, either directly or through their diplomatic representatives, in order to achieve their foreign policy interests. With the use of culture through diplomacy, the values, identity and cultural structures of one community are transferred to another one, and states can gain political, economic and security benefits from this exchange (Donelli, 2019; Finn, 2003; Gripenrog, 2015).

Cultural diplomacy is used for not only consensus, alliance or problem solving between states and political decision-makers, but also as an emotional bridge between different societies, creating feelings of cultural interest, tolerance, sympathy and affinity. While diplomacy takes place in the hands of political elites, cultural diplomacy is in fact directed towards and for societies. Ryan, who served as an assistant secretary of state for education and culture under President Obama, wrote in the Harvard International Review that "when you first meet a country, the first thing that comes to mind is not political figures. Most of us get to know a country through its music, movies, sports, gastronomy, or language. This is why cultural diplomacy can serve as a common bridge between different nations", emphasizing the important role of cultural diplomacy in the foreign policies of states (Ryan, 2016: 28). Cultural diplomacy, which enables states to export their cultures to other countries, can be examined under different activities such as culture, art, sports, education, historiography, tourism, and exchange programs. The fact that mass media and especially new media are now an inseparable part of social life has made it one of the most preferred methods for states in transferring their cultural values to other societies. The access power of the media, the rich content it can offer through different formats and the opportunity to reach individuals from various platforms at any time have made it a frequently preferred instrument in cultural diplomacy.

The soap opera industry has made a significant leap forward in recent years with the introduction of systems such as IP TV and VoD (video on demand) and the transformation of content consumption from traditional channels to digital platforms. Digital streaming service provider platforms such as Netflix, Apple TV, Amazon prime video, BluTV offer a service based on an online purchase or subscription model. Before digitalization, soap operas could only be watched on television, but with the proliferation of digital platforms, content consumption habits in the soap opera industry have completely changed. With this widespread use of digital platforms, audiences have gained more control over the soap operas, transforming them into an autonomous structure where they can watch the same content more than once, pause and restart it whenever they want, wherever they want. The emergence of these platforms has had the

most positive impact on the soap opera industry. Thanks to the wide global reach of digital platforms, local soap operas have been able to interact with completely different cultures in different geographies, reaching large audiences. This transformation of soap operas has enabled new players to enter the sector, and the international soap opera sector, which is dominated by Anglo-Saxon culture, has been enriched by the adaptations of local soap operas from different geographies. Players such as the USA, the UK, the Netherlands, France, Australia and Germany, which had dominated the soap opera market for many years, lost their monopoly after the significant successes achieved by countries such as Türkiye, Mexico, Egypt, South Korea, India and China in the sector.

Türkiye has been one of the most successful examples in this regard and has been the subject of many academic studies¹ and discussions, changing the balance of the sector as the country that exported the most soap operas after the USA in 2019 (Bhutto, *The Guardian*, 2019; Tali, 2016; Göksu & Okmen, 2019; Ağırseven & Örki, 2017; Çevik, 2014; Zubkova, 2015). Turkish soap operas, which first attracted attention in the nearby geography in the 2010s with *Magnificent Century*, *Gümüş* and *1001 Nights*, have brought together more than 150 soap operas with audiences in 146 countries in Latin America, Europe, North America, Central Asia and the Middle East in recent years (Uştuk, *Anadolu Ajansı*, 2019). This success has also had a positive impact on Türkiye's economic indicators, and the increased interest in Turkish culture and life has led to the creation of a "soap opera tourism sector". The soap operas, which enabled the promotion of Türkiye's cultural and historical values in many different parts of the world, also served as a useful method for the state's cultural diplomacy activities.

Like Türkiye, another country that has come to the forefront in soap opera exports in recent years is South Korea. South Korea, one of the prominent states of East Asia, has managed to increase its power faster than its neighboring states by going through a political and financial reform after the major financial crisis in Asia in 1997. In achieving this goal, South Korea utilized soft power elements and recognized the importance of cultural elements first among the countries of the continent and then in the international arena. South Korean soap operas have also created an important cultural interaction in the region, known as the Korean Wave². The East Asian peoples' fascination with Western culture and the related concern that it did not conform to the norms and values of their own societies was replaced by the South Korean culture, which shared a common historical background and cultural values. This rapprochement, which started as a cultural interaction through soap operas, has enabled the successful continuation of public diplomacy between the states of the region. The importance given by the South Korean state to cultural diplomacy has increased, especially with the financial and political support it has provided, and the interaction that started on Korean soap operas has spread to public diplomacy, especially in countries such as the People's Republic of China, Japan, Taiwan and Malaysia.

¹ A few examples of related studies: Deniz, A. Ç. (2010). Gümüş dizisinin Arap kamuoyuna etkileri bir sosyal medya incelemesi. *Uşak Üniversitesi Sosyal Bilimler Dergisi*, 3(1), 50-67; Öztürk, M., & Abdulkadir, A. T. İ. K. (2016). Ulusal pazardan küresel pazarlara uzanan süreçte Türk dizilerinin gelişimi. *Maltepe Üniversitesi İletişim Fakültesi Dergisi*, 3(2), 66-82; Bilis, P. Ö., Bilis, A. E., & Sydygalieva, M. (2018). Türkiye-Türk Cumhuriyetleri Kültürel İlişkilerinde Televizyon Dizileri Faktörü: Kırgızistan Örneği. *MANAS Sosyal Araştırmalar Dergisi*, 7(1), 403-425.

² For detailed reading on the Korean Wave: Jonghoe Yang. (2012). The Korean Wave (*Hallyu*) in East Asia: A Comparison of Chinese, Japanese, and Taiwanese Audiences Who Watch Korean TV Dramas. *Development and Society*, 41(1), 103-147; Jang, Soo Hyun. (2012). The Korean Wave and Its Implications for the Korea-China Relationship. *Journal of International and Area Studies*, 19(2), 97-113; Nam, Siho. (2013). The Cultural Political Economy of the Korean Wave in East Asia: Implications for Cultural Globalization Theories. *Asian Perspective*, 37(2), 209-231.

Soap opera diplomacy, which we will discuss in detail in the second section with a comparative analysis through the examples of Türkiye and South Korea, enables the formation of new relationship structures in line with strengthening of existing relations between states in the socio-cultural context, or societies getting to know each other in the context of common culture or interest in a new culture conveyed through soap operas. As Edward Said puts it, "all cultures are intertwined; none of them is single and pure, all are hybrid, heterogeneous, extraordinarily differentiated" (Said, 1993: 25). Therefore, even though societies have been taught by states in line with nation-state building that their essence is different and unique, the inclusion of foreign soap operas in their lives has given them the opportunity to get to know cultures and societies that they have never known or thought to be very different. This interaction, which sometimes takes place from the ruling elite to the public, and sometimes from the public to political decision-makers, enables states to gain influence in the international arena.

From public diplomacy perspective, states carry out cultural diplomacy through local elements, cultural values and phenomena conveyed through soap operas. The perception, identity and historical values that are intended to be constructed through the scenarios of the soap operas are also used as an important soft power instrument for the public relations activities carried out by states in the international arena. For this reason, the introduction of the term " soap opera diplomacy" to the literature has emerged as a necessity.

3. TWO MODEL SOAP OPERAS: THE MAGNIFICENT CENTURY AND JEWEL IN THE PALACE

3.1. Perception and branding effects of "The Magnificent Century"

The 2000s was a period in which Türkiye came to the forefront in the international system in foreign policy as well as in domestic politics. During the first term of the AK Party government, a new era was initiated with a series of reforms in Türkiye's negotiations with the European Union, and the steps taken in economic growth and democratization created a new perception of Türkiye in the international arena. With Prime Minister Recep Tayyip Erdoğan, who positioned Türkiye as a bridge between cultures with his "Alliance of Civilizations" discourse against Samuel Huntington's "Clash of Civilizations" thesis, and Foreign Minister Ahmet Davutoğlu, who aimed to transform the status quoist Turkish Foreign Policy into a multilateral and proactive structure with his "Zero Problems with Neighbors" policy, Türkiye started to have a voice in the international system with a new vision. The "center country Türkiye" approach, which is the product of a multifaceted policy approach with the goal of becoming an important power in its region, has manifested itself not only in politics but also in Türkiye's cultural outputs.

With this understanding, Türkiye has focused on public diplomacy after 2010 and has turned towards increasing its soft power through different institutions. In this context, institutions such as TİKA³, DEİK⁴, Kızılay, TRT, which have been conducting Türkiye's public diplomacy for many years, have expanded their sphere of influence,

³ The Turkish Cooperation and Coordination Agency (TİKA), under the Ministry of Culture and Tourism of the Republic of Türkiye, organizes Türkiye's foreign aid through its offices abroad. TİKA works with the understanding of "cooperation partnership" and sharing Türkiye's development experience with other countries. For detailed information <https://www.tika.gov.tr/tr/sayfa/hakkimizda-14649>

⁴ Foreign Economic Relations Board (DEİK), established in 1985, is an organization tasked with coordinating the foreign economic relations of the Turkish private sector, especially foreign trade, international investments, services, contracting and logistics; researching investment opportunities in Türkiye and abroad; contributing to increasing Türkiye's exports and similar business development activities. For detailed information <https://www.deik.org.tr/kurumsal-hakkimizda>

while cultural diplomacy-oriented organizations such as YTB⁵ and Yunus Emre Institute have been put into practice. Türkiye's national channel TRT has also changed its broadcasting policy with a new vision in line with this understanding and increased its scope with new channels. In this direction, TRT has created a wide range of broadcasts for different audiences and geographies, and new channels such as TRT World, TRT Arabi and TRT Avaz have been presented to the audience. This important expansion of TRT has been an important step for Turkish soap operas to reach different geographies and societies.

The global media and broadcasting sector has entered a new era with digitalization, and soap operas have become an indispensable habit of daily life. This great interest in soap operas has pushed broadcasters to search for different content, and increased competition has paved the way for new productions. In this direction, broadcasting organizations purchased the broadcasting rights of new soap operas from different geographies and brought them to the audience. This new trend has enabled Turkish soap operas to stand out in the international arena, and these soap operas have created a new alternative in the global market with their production, script and acting quality. In the 2000s, Turkish soap operas attracted attention in many countries in the Balkans, the Middle East, Central Asia, South America, Europe and particularly in Arab countries, and the Turkish soap opera sector increased its popularity (Sayın, 2021). Therefore, it is very important to understand and analyze the soap opera sector, which constitutes one of Türkiye's largest export revenues in recent years.

As of 2010, soap operas such as the Magnificent Century, Ezel, Kuzey Güney, Aşk-ı Memnu, Emir'in Yolu began to attract the attention of foreign television broadcasters, and Turkish soap operas gained great success in the international arena. Deloitte's report on the Turkish soap opera sector is an important reference to understand the success of the soap operas. According to the report, the revenue generated from the export of Turkish soap operas to foreign markets increased 15-fold between 2009 and 2014⁶ (Deloitte Türkiye, 2014). Considering the wide geographical reach of the soap operas, which make significant contributions not only in terms of export revenues but also as Türkiye's cultural, trade and tourism ambassadors in the countries where they are broadcast, it has been proven that they are preferred not only for their historical and cultural ties with neighboring countries but also for their content, production and script quality.

Another detail that stands out in this report is the research on Türkiye conducted by the travel search engine Skyscanner. Based on the data that there is a significant correlation between flight searches and foreign soap operas, the study showed that the number of people searching for Türkiye doubled when comparing 2011, 2012 and 2013. According to this report, since 2012, searches for flights to Türkiye from Kuwait, Qatar, Jordan, Yemen and Lebanon, where Turkish soap operas are widely shown, have increased by more than 100%, while searches from Bahrain and Saudi Arabia have increased by more than 200% (Deloitte Türkiye, 2014).

The first step in the international success of Turkish soap operas was "Aşk-ı Memnu", which TRT sold to France in 1981. In 1999, "Deli Yürek" was sold by Calinos Holding to Kazakhstan, the second soap opera to be exported abroad (Melek Öztürk, 2016). The expansion of Turkish soap operas to the Middle East and the Balkans began with the sale of the "Gümüş" to the region in 2007 (Melek Öztürk, 2016: 74). "Gümüş" attracted great interest in Arab countries and the final episode of the soap operas reached 85 million audience (Uştuk, Anadolu Ajansı, 2019). Another Turkish soap opera that followed this important success was "Binbir Gece" (A Thousand and One Nights), which

⁵ Established on April 6, 2010, the Presidency for Turks Abroad and Related Communities (YTB) has undertaken the task of coordinating the activities for citizens abroad, brother communities and international scholarship students studying in Türkiye and developing the services and activities in these fields. For detailed information <https://www.ytb.gov.tr/kurumsal/baskanligimiz-2>

⁶ To access Deloitte Turkey's "The World's Most Colorful Screen, Turkey's TV Series Sector" report: <https://www2.deloitte.com/tr/tr/pages/technology-media-and-telecommunications/articles/turkish-tv-series-industry.html#>

was broadcast in nearly 80 countries, making Turkish soap operas one of the most watched productions in the international arena. The "Magnificent Century", which maximized this success and made Türkiye the second largest exporter of soap operas after the USA, reached more than 500 million audiences in nearly 100 countries (Uştuk, Anadolu Ajansı, 2019). The success of Turkish soap operas in the Middle East and the Balkans has been followed by significant demand from North Africa, Western Europe and Latin America. Turkish soap operas have risen to second place, overtaking Mexico and Brazil, which had been close behind the US for years. This has played a leading role in boosting Türkiye's popularity in Asia, Europe, Latin America, the Middle East and North Africa. The success of Turkish soap operas has not only contributed positively to cultural diplomacy, but has also generated significant export revenues. As can be seen in Chart 1, Turkish soap operas have reached an export volume of 350 million dollars as of 2017. In direct proportion to the rise of Turkish productions in the international market, export revenues increased from \$1 million in 2007 to \$60 million in 2011. The increase in the number of soap operas marketed abroad and the success they have achieved have been effective in this great momentum⁷.

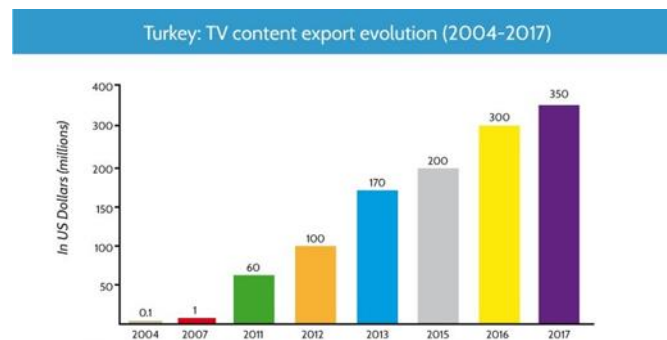


Figure 1. Export data of Turkish soap operas

Source: Prensario TV: <https://www.prensario.tv/novedades/1088-turkish-drama-is-expanding-around-the-world-how>

While Turkish soap operas are an important source of Turkish exports, they also provide a significant cultural transfer of Turkish society, lifestyle and history to the audience. Cultural diplomacy, which has an important role in increasing Türkiye's soft power, has gained significant outputs from this success of the soap operas. This is why it is important to add the concept of soap opera diplomacy to the literature. Likewise, Turkish soap operas marketed abroad have played an important role in conveying Turkish culture to different societies and increasing Türkiye's soft power.

One of the most important soap operas to be analyzed in the field of soap opera diplomacy is the Magnificent Century. The soap opera, which aired on Turkish television for 4 seasons and 139 episodes between January 2011 and June 2014, depicts the reign of Suleiman I of the Ottoman Empire. This period corresponds to the most brilliant years of the Ottoman Empire and is known as the peak of its borders and glory. The soap opera tells the story of Hürrem Sultan, who was brought to the Ottoman Palace as a slave and became the wife of Sultan Süleyman I (known in the west as Süleyman the Magnificent) (Ortaylı, 2020) through the relations between the palace and the harem. In addition to Sultan Süleyman and Hürrem Sultan, the Magnificent Century provides the audience with information about the Ottoman Empire by portraying historical characters such as the palace, harem life and sultans, Pargalı İbrahim Pasha and statesmen, and the princes Mustafa, Cihangir and Beyazıt (Veyisoğlu, 2019). It shows

⁷ Along with the Magnificent Century, Kara Para Aşk, Kuzey Güney, Karadayı, Öyle Bir Geçer Zaman ki, Adını Feriha Koydum, Gümüş, Fatmagül'ün Suçu Ne, Ezel, Aşk-ı Memnu and Kara Sevda soap operas played the biggest role in this export success. To reach the relevant source <https://mediacat.com/turk-dizilerinin-ihracat-karnesi/> Access Date 22.12.2020.

the daily palace life and the background of known events of the Ottoman Empire from different perspectives, which is mainly known for its political and military history.

After the first broadcast of the *Magnificent Century* in Türkiye and Northern Cyprus, its international exports began. It has been shown in more than 70 countries such as the USA, Japan, Russia, Egypt, Pakistan, Spain⁸ (Khan, 2020). It received high ratings in many countries around the world and became one of the most watched productions. The fact that producers and the soap opera industry in Bangladesh took a serious stance against the *Magnificent Century* because that it negatively affected local actors and the local soap opera industry is a good example of the position the *Magnificent Century* has reached in the world.

The *Magnificent Century* contains many historical and cultural elements from the Ottoman period. These elements are outside the historical process that focuses only on sultans, soldiers and conquerors, as it focuses on a field that deals with social relations rather than a state-centered understanding of history. In this context, the soap opera creates an environment that includes cultural elements and creates an Ottoman image in the minds of the audience through these elements. Thus, the audience sees an Ottoman State that is rendered with cultural elements that belong to life itself, and therefore to the individual and society, instead of elements of the Ottoman period that they do not feel they belong to, such as conquests and wars. Through the Ottoman Empire, a Turkish culture is reflected with elements such as cities, cuisine and clothes, and this is how the viewer perceives historical culture. These perceptions have contributed significantly to the branding of Türkiye with cultural elements.

The *Magnificent Century* depicts a glorious period of the Ottoman Empire and thus the Islamic world. In this sense, the soap opera creates a social point of departure by emphasizing a "golden age" through history, especially for the societies of the Islamic world. Hommos, vice president of Orbit Showtime Network, which operates in regions such as the Middle East, Africa, France, Spain and the UK, said, "It's a story that blends romance with history, but it also has a political significance. In the Arab world, where people are frustrated with the political situation, Muslim history provides a source of pride. It portrays Muslim leaders as fair and just", referring to the perception that the soap opera creates, especially in Muslim-majority countries. On the other hand, by emphasizing "reconciliation with history" with the *Magnificent Century*, he also states that it can create a bridge between Turkish and Arab societies in this sense. The fact that the Ottoman Empire and thus Turkish history/culture is at the center of all these perceptions provides Türkiye with a significant soft power capacity in the context of soap opera diplomacy (Hurriyet Dailynews, 2023).

In the Balkans, especially in North Macedonia and Bosnia and Herzegovina, the *Magnificent Century* topped the charts in a period. Cultural and linguistic similarities and values on the verge of disappearing are at the heart of these societies' interest in the soap opera. On the other hand, the highlighting of the multinational structure of the Ottoman Empire, the *devshirme* system, the figure of a woman, Hürrem Sultan, who was brought as a slave from a different nation and region and became a sultan in the Ottoman palace, allowed the soap opera to attract attention in the Balkans and the north of the Black Sea, which were the sphere of influence of the Ottoman Empire, and the societies in these regions were able to find something of themselves in the soap operas.

⁸ Other countries are Poland, Mexico, Greece, Georgia, Hungary, Indonesia, Iran, Israel, Italy, Arab League, Afghanistan, Albania, Algeria, Argentina, Azerbaijan, Bangladesh, Bolivia, Bosnia, Bulgaria, Chile, Colombia, Croatia, Cyprus, Czech Republic, Estonia, Kazakhstan, Kyrgyzstan, Kosovo, Lithuania, Latvia, North Macedonia, Morocco, Montenegro, Nicaragua, Panama, Peru, Romania, Serbia, Slovakia, Slovenia, Tunisia, Uzbekistan, Ukraine, Vietnam and Tanzania. In 2020, South Korea was the last country to export the soap opera.

3.2. *Perception and branding effects of “Jewel in the Palace”*

In its industrialized cultural productions, Korea is pursuing a strategy to enrich its multidimensional public diplomacy. In this approach, Korean music such as K-Pop (Korean Pop) and television products such as K-Drama (Korean Drama) are particularly prominent. Korea is successfully spreading Korean culture to the region and the world through its products in these sectors (Khan, 2020).

The term "Hallyu" or "Korean Wave", which emerged as Korea developed diplomatic relations with China after 1992, is used to refer to the popularity of Korean entertainment and culture around the world. Since 1992, cultural products such as Korean music, movies and soap operas have been widely popularized in China. These terms were actually first used by Chinese newspapers in 1999 to refer to the success of Korean singers. Hallyu symbolizes the rapid growth of Korea's cultural industries and the export of its cultural output, including television programs, popular music, animation and digital games (Yoon & Jin, 2017).

One of Korea's most successful cultural products, the Korean soap opera "What Is Love", was broadcast by CCTV in China in 1997 with an audience rating of 4.2% (over 150 million Chinese audiences) (KoreaNet, 2023). Following this soap opera, "Winter Sonata" and "Dae Jang Geum (The Jewel in the Palace)", Korean soap operas gradually gained more and more fans (KoreaNet, 2023). Korean productions have experienced a surge in exports, with a particularly significant breakout after 2000 (Hwang, 2010).

One of K-drama's most influential content is Jewel in the Palace. The Jewel in the Palace, which began airing in 2003, became one of Korea's most watched soap operas and its subsequent popularity led to its export to 87 countries. The soap opera portrayed traditional Korean culture, such as the cuisine of the Royal Palace, traditional costumes and medical knowledge, painting a portrait of Korea in the minds of the audience. It was exported all over the world, including Asia, North America, Europe and the Middle East, generating \$11.8 billion in revenue. With the impact of the soap opera, interest in Korean cuisine, medicine and medical sectors has increased, and with the growth of production, revenues of \$101 billion have been generated (KoreaNet, 2023).

The Jewel in the Palace is based on the historical figure depicted in the Chronicle of the Joseon Dynasty. It focuses on Jang Geum, Korea's first female court physician of the Joseon Dynasty. The chain of events revolving around the palace and the kitchen brings Korean cuisine, the magnificence of the palace, and Korean medical products come to the forefront due to the presence of medical issues in the content. Thus, the soap opera both creates soft power through cultural elements and creates a market for Korean products by emphasizing these elements. The soap opera has helped Korea become a prominent international player in the sector (Ju, 2019).

4. TÜRKİYE-QATAR AND SOUTH KOREA-CHINA RELATIONS IN THE CONTEXT OF SOAP OPERA DIPLOMACY

4.1. *The effects of the “The Magnificent Century” on Türkiye’s soap opera diplomacy towards Qatar*

It is possible to examine the effects of "The Magnificent Century", which brought the Turkish soap opera sector to international platforms, contributed greatly to Türkiye's promotion and cultural diplomacy activities, and provided significant gains to the national economy by being exported to nearly 100 countries, under commercial, social and political headings. Before evaluating the positive contributions of the soap opera to Turkish-Qatari relations, it would be useful to touch upon the common history of the two states. When we examine today's relations between Türkiye and Qatar, we can observe that the two states have a common approach in many political, cultural and economic fields, from regional partnership to strategic cooperation, from deep-rooted friendship and brotherhood ties to commercial agreements and investments. However,

Turkish-Qatari relations, which President Erdoğan addressed with the words "Our brother Qatar, with which we are inseparable with strong ties of heart", did not follow a significant course until 1979, and relations between the two states started to rise with the period when the AK Party came to power. 2011 can be considered as the beginning of the strong relations for Türkiye with Qatar.

Qatar, which gained its independence from the British protectorate in 1971, was once part of the Ottoman territory. The invitation of the Emir of Qatar, Muhammad al-Sani in 1871 marked the beginning of a new era for the Ottoman presence in the region. After World War I, the Ottomans withdrew from the region, and with the agreement signed between Qatar and the United Kingdom in 1916, the defense and foreign affairs of the Emirate of Qatar passed under the responsibility of the UK (Kayaoğlu, 2020) (Kurşun, 2019). The first diplomatic step of Turkish-Qatari relations, which can be evaluated under many political, cultural, economic and commercial dimensions today, was taken with the "Cultural Cooperation Agreement between the Government of the Republic of Türkiye and the Government of the State of Qatar"⁹ in 1985 during the first Özal government.

One of the most important steps taken during the AK Party period, when relations between the two states gained a new dimension and momentum, was the establishment of the "Türkiye - Qatar Business Council". Bilateral relations entered a new era with the "Trade and Economic Partnership Agreement" signed between the Turkish Ministry of Economy and the Emirate of Qatar in 2014. As shown in the "Qatar Country Profile" report published by the Türkiye-Qatar Business Council, Türkiye's exports to Qatar amounted to \$1.2 trillion in 2019, which corresponds to a 4 percent share in Qatar's total import volume. Türkiye's import volume from Qatar totaled around \$213 million in 2019 (T.C. Ticaret Bakanlığı, 2020). One of the most important steps taken during the AK Party period, when relations between the two states gained a new dimension and momentum, was the establishment of the "Türkiye - Qatar Business Council". Bilateral relations entered a new era with the "Trade and Economic Partnership Agreement" signed between the Turkish Ministry of Economy and the Emirate of Qatar in 2014. As shown in the "Qatar Country Profile" report published by the Türkiye-Qatar Business Council, Türkiye's exports to Qatar amounted to \$1.2 trillion in 2019, which corresponds to a 4 percent share in Qatar's total import volume. Türkiye's import volume from Qatar totaled around \$213 million in 2019 (Republic of Türkiye Ministry of Trade, 2020). In line with strong political, diplomatic, economic and cultural relations, the bilateral trade volume between Türkiye and Qatar has been increasing rapidly in recent years. As indicated in Chart 2, the volume of trade between the states has increased by nearly 1,000 points in the last 15 years, leading to an export surplus for Türkiye.

⁹ To access the text of the agreement:

https://www.tbmm.gov.tr/tutanaklar/KANUNLAR_KARARLAR/kanuntbmmc070/kanuntbmmc070/kanuntbmmc07003342.pdf

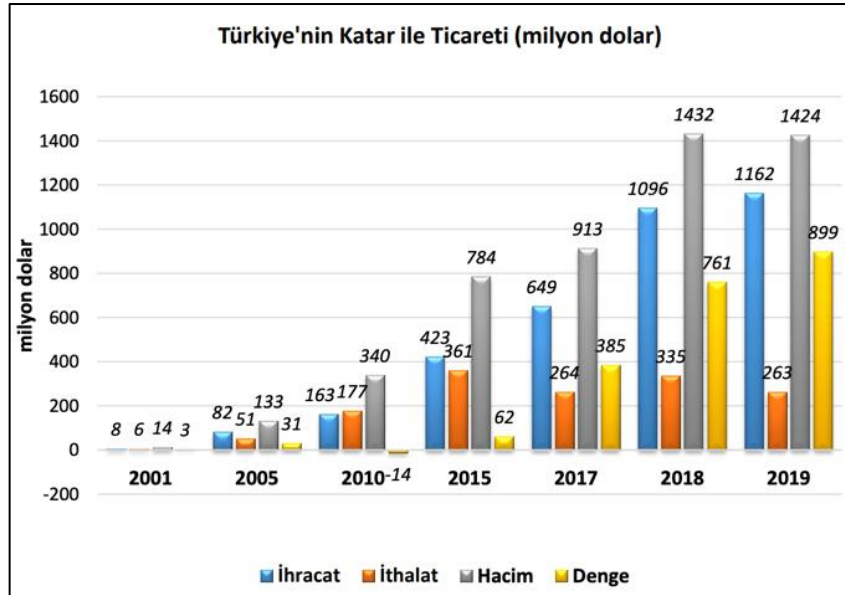


Figure 2. Türkiye's trade with Qatar (million dollars)

Source: TurkStat

These macroeconomic data show that Turkish-Qatari relations have a significant trade volume and that this relationship has developed especially in favor of Türkiye. Qatar is a country where investments are quite high, especially in the construction sector. For this reason, although Qatar is a country where assertive contracting countries such as Türkiye carry out intensive trade activities, the economic and political embargoes imposed under the leadership of Saudi Arabia have enabled Qatar to increase its export share with Türkiye in recent years.

After discussing the Türkiye-Qatar relationship in line with the diplomatic and political common history of the states, three important issues stand out in the context of the soap opera diplomacy of "The Magnificent Century". The first of these is the impact of the soap opera on tourism, while the others are the positive contributions it has made to Türkiye's popularity and, accordingly, its image. On the other hand, factors such as the interest of the actors of the soap opera in Qatar and brand collaborations are also important to understand the impact of the soap opera. Türkiye, which increased its export revenues through the sale of "The Magnificent Century" to foreign countries, achieved its own promotion without incurring additional costs, and the cultural values and lifestyle conveyed through the soap opera attracted great interest in neighboring geographies (Nuroğlu, 2013). When examining the impact of "The Magnificent Century" on Qatar in the context of soap opera diplomacy, the first factor that comes to mind is tourism. The historical locations used in the soap opera, such as Topkapı Palace and Harem, have increased interest in cities such as Istanbul, Trabzon and other places that were part of the Ottoman Empire, and significant increases have been observed in the number of visitors to these places. In 2014, Dünya newspaper investigated the impact of the soap opera sector on Turkish tourism and reported that 170,000 Arab tourists visited the Eastern Black Sea region in 2013, compared to 35,000 Arab tourists visiting the region annually before the Magnificent Century was aired. In the same article, it was stated that foreign tour companies organized 3-day Istanbul tours in line with the demand for soap opera tours and visited the locations where the soap operas were filmed (Dünya, 2022). On the other hand, according to the "Türkiye Museums 2013 Report"¹⁰ prepared by the Association of Turkish Travel Agencies (TÜRSAB), Topkapı Palace Museum, the main location of the soap opera, surpassed Hagia Sophia Museum in the ranking of the most visited museums in 2011-2012, and the highest increase was realized in Harem, which reached 1 million visitors for the first time (TÜRSAB, 2014). Another noteworthy

¹⁰ To access TÜRSAB's detailed report: http://www.tursab.org.tr/dosya/12194/tursab-turkiye-muzeleri-2013-raporu_12194_5662488.pdf

element in the same report is that the 428.8% increase in the number of visitors to museums and archaeological sites is significantly higher than the 335% increase in the number of foreign tourists between 2000 and 2013. Therefore, the impact of the soap opera sector and especially the Magnificent Century can be observed in this great success.

Another study that provides information on the importance and contribution of Turkish soap operas in tourism marketing is a qualitative study conducted with a group of Middle Eastern tourists who watched "The Magnificent Century" and visited Türkiye. The impact of the soap opera on destination preferences was measured among 10 tourists (4 from Saudi Arabia, 3 from the United Arab Emirates, 1 from Oman, 1 from Bahrain and 1 from Qatar) who watched "The Magnificent Century" and volunteered to share their opinions and experiences. It was observed that the soap operas had a positive impact on the image of Türkiye and played a major role in the audience's choice of Türkiye as a tourism destination (Boukari et al., 2018).

Table 1. Comparison of the number of tourists arriving in Türkiye in august 2011-2013 by countries

Milliyet	YILLAR			Milliyet Payı (%)			% Değişim Oranı	
	2011	2012	2013*	2011	2012	2013*	2012/2011	2013/2012
KARADAĞ	1 318	1 456	1 614	0,03	0,03	0,03	10,47	10,85
KOSOVA	6 120	9 422	10 499	0,15	0,21	0,21	53,95	11,43
BOSNA HERSEK	5 170	6 904	10 092	0,13	0,15	0,20	33,54	46,18
HIRVATİSTAN	3 583	3 783	3 605	0,09	0,08	0,07	5,58	-4,71
SİRBİSTAN	20 966	23 628	24 686	0,51	0,53	0,50	12,70	4,48
MAKEDONYA	11 118	13 762	16 489	0,27	0,31	0,33	23,78	19,82
ROMANYA	65 626	62 377	58 914	1,61	1,40	1,19	-4,95	-5,55
LİBYA	1 345	17 633	32 118	0,03	0,39	0,65	1211,00	82,15
MİSİR	3 984	12 690	9 792	0,10	0,28	0,20	218,52	-22,84
B.A.EMİRLİĞİ	1 546	7 317	11 132	0,04	0,16	0,23	373,29	52,14
KATAR	464	3 228	5 148	0,01	0,07	0,10	595,69	59,48
İRAK	32 758	67 852	117 640	0,80	1,52	2,38	107,13	73,38
LÜBNAN	19 057	25 793	26 955	0,47	0,58	0,54	35,35	4,51
ÜRDÜN	7 974	15 454	20 703	0,20	0,35	0,42	93,80	33,97
S.ARABİSTAN	8 320	21 619	46 470	0,20	0,48	0,94	159,84	114,95
İRAN	160 990	172 084	151 704	3,95	3,85	3,07	6,89	-11,84
Yabancı Toplam	4 076 783	4 470 202	4 945 999					

Source: Turkish Statistical Institute, August 2013 Bulletin

Another benefit of the "Magnificent Century" to the national economy is the income generated by the branding of the soap opera's products. Books about Hürrem Sultan, precious jewelry and different products such as "Hürrem Sultan Colognes", inspired by the colognes brought by the Sultan to his wife on her return from war, have seen a great increase in sales in international markets with the soap opera (Cumhuriyet, 2023; T. Ateşalp & Şen, 2014).

The success of the soap opera and the interest it attracted among the locals led to significant changes in Qatar's museum culture. In the exhibition opened for the first time in Doha under the patronage of Qatari Princess Sheikha Al Mayassa bint Hamad bin Khalifa Al Thani within the framework of the "Qatar-Türkiye 2015 Year of Culture" activities, the sets used in the filming of the soap opera, silicon sculptures of the actors who took part in the production, costumes, jewelry and sections prepared in the form of rooms in the palace were presented to the visitors (AA, 2023). The intense interest of the visitors made the exhibition a tradition and the Qatar Museum reopened the 'Harem and Sultan' exhibition every year. The state of Qatar has redesigned the exhibition to be particularly relevant to the national education system, placing great importance on

students learning Ottoman history and enriching it with post-exhibition workshops¹¹. This cultural interaction between the two states provides an important reference point for understanding the success of the soap opera.

Miriam Berg's qualitative study "The Importance of Cultural Proximity in the Success of Turkish Dramas in Qatar" provides an important reference for understanding the social and cultural factors in the success of Turkish television dramas popular among Arab audiences in Qatar. The research was conducted in 2017 by dividing 202 university students studying in Qatar into 10 focus groups. In this research, a mixed structure consisting of 34 multiple-choice, open-ended and Likert-scale questions was used. The main findings of the focus group research indicated that ethnic and racial similarities play an important role in the success of Turkish soap operas (Berg, 2017). The importance of Ottoman-Arab history and the fact that the two nations (Turkish-Qatari) have similar physical characteristics in terms of ethnicity and race, social habits, traditions, religion, food and music culture were cited as contributing to the success of the soap opera. Many of the participants stated that "Turks are very similar to us, we thought of them as completely different before" and that the negative image of Turks from the time of the Ottoman rule and the perception of the gap between cultures changed with "The Magnificent Century" (Berg, 2017). Participants stated that they found in this soap opera a sense of common life and cultural affinity that they could not find in Western productions. Another prominent finding of the research is the belief that universally defined modernity and modern life can also be possible in Muslim countries. In line with this approach, Türkiye was shown as the most successful example of this with its secular, modern state structure.

In an interview with the Guardian newspaper in 2019, Fadi Ismail, the general manager of MBC Broadcasting (Middle East Broadcasting Center), one of the most important names in the export of Turkish soap operas to the Middle East, stated that the common cultural and ethnic background between Turks and Arabs is the most important factor in the success of Turkish soap operas. Describing his surprise when he first viewed the Turkish soap operas at an expo for broadcasting rights, Ismail said: "I stopped and watched it, I didn't understand anything. But I could immediately visualize it as Arabic content. I replaced it in my mind with the Arabic voice and everything else looked the same culturally, socially - the food, the clothes, for me everything looked like us" (Bhutto, The Guardian, 2019). Coinciding with the beginning of significant changes and transformations in Turkish Foreign Policy, "The Magnificent Century" has shown its impact in the field of politics and diplomacy and played an important role in creating a common cultural perception.

4.2. The effects of the "Jewel in the Palace" on South Korea's soap opera diplomacy towards China

Following an isolated approach to the outside world for many years, China adopted an open door policy in the late 1970s, which led to the development of diplomatic cooperation with other countries. These limited relations were enhanced after the Cold War. After this period, China's economic relations with countries in its region also deepened, and East Asian countries in particular became the main import suppliers for China (Nicolas, 2009).

August 24, 1992 marks the first step towards normalization in China's relations with the Republic of Korea, ending more than forty years of conflict. In this process, as a reflection of the "region first" idea adopted by China in the post-Cold War era, steps were taken to improve relations. The relationship between these two countries is of utmost importance for both countries in particular and for the future of the Northeast Asian region in general. In the context of China's new security policies in the second half of the 1990s, China's strategy of improving its relations and ties with the states in the region in order to reduce the US influence in Asia had a positive impact on Korea-

¹¹ For Qatar Museum's announcement about the exhibition: <https://www.qm.org.qa/en/school-visits-harem-al-sultan-exhibition>

China relations (YI, 2020). With normalization and China's regional priority policies, Korea-China trade volume, which was 8.1 billion dollars in 1992, reached 35.9 billion dollars in 2001 and 100 billion dollars in 2010. The trade volume, which fluctuated between a minimum of 86 billion dollars and a maximum of 147 billion dollars between 2010-2020, is seen to be 120 billion dollars in 2020. With this data, China is the number one country in Korea's foreign trade¹².

One of the most important dimensions of Korea-China relations, which also contributes to economic data, is cultural diplomacy. In this context, Korean soap operas have an important place in the relations. The entry of Hallyu, which is defined as the Korean cultural wave into China started in 1993 with the export of the soap operas *Jealousy (Jiltu)* and *Eyes at Daybreak (Yeomyeongui Nundongja)* to China. This was followed by the arrival of the Korean soap opera *What is Love? (Sarangi Mwo-gillae)* in 1997, which led to a boom in Korean soap operas in China. "Sarangi Mwo-gillae", which was the second most watched foreign soap opera up to that time, was one of the factors that paved the way for the demand for Korean soap operas in China. In 2005, "Jewel in the Palace" marked the peak of Korean soap operas in China. However, following the Chinese government's restrictions on foreign TV content in 2006, imports of Korean dramas began to decline. During this period, Chinese audiences continued to watch Korean soap operas through piracy websites. Subsequently, the inflow of Korean soap operas into China began to rise again and has continued to do so (Jang, 2012).

In 2001, the Korean soap operas that were sold to China totaled 2482 episodes for all soap operas, with a total revenue of \$2,700,000. In 2005, the same year that *Jewel in the Palace* was aired, the number of soap opera episodes increased to 4099 and the revenue of the soap operas increased to \$9 million. As mentioned above, since Korean soap operas were subjected to restrictions in China, the growth rate dropped for a while and then increased again, so that by 2011, the number of episodes reached 5578 and the soap operas revenue reached \$17 million (Park, 2014).

Jewel in the Palace has been followed with interest by the Chinese public since 2005 when it was broadcast in China. The soap opera had a nationwide rating of 3.2% via Honam Satellite TV in China, which is a good rating compared to the average of other programs. According to this figure, approximately 160 million audiences in China followed the soap operas on television. In daily life, the popularity of *Jewel in the Palace* is also visible in China, with the theme song of *Jewel in the Palace* heard while walking down the street or in a store, and even small stores selling music CDs, movie VCDs and DVDs have stands dedicated to the soap opera. For a long time, the show's products remained on the stands with high sales (Hani21, 2020; namu.wiki, 2020).

The *Jewel in the Palace* has also attracted the attention of the Chinese government, and some have even expressed this interest. In an interview with a Korean reporter in 2005, Hu Jintao, the Chinese president at the time the soap opera was aired, said: "I like 'Jewel in the Palace', but because I was very busy with state affairs, I was not able to watch all the episodes on a regular basis, so I was only able to keep up with the flow of the soap opera as much as I could", which shows how far the soap opera has come in China. It is also known that Wu Bangguo, who was the president of China's National People's Congress at the same time as Hu Jintao, was also a fan of *Jewel in the Palace* (Yu, 2020). On the other hand, Peng Liyuan, the wife of China's current president Xi Jinping, expressed her feelings towards Korean culture by talking about popular Korean soap operas during her visit to Seoul in 2014. Liyuan, who also saw Changdeok Palace during her visit, stated that *Jewel in the Palace* reflected the beauty of the Joseon dynasty palace very well and said that the youth of both countries could better understand each other through soap operas (Yonhap, 2020; namu.wiki, 2020).

In addition to export revenues, the *Jewel in the Palace* has also provided tourism resources for Korea. In particular, "Dae Jang Geum Park", a historically important place where the "Jewel in the Palace" was filmed and which was designed in 2011 as a set area

¹² To access the relevant data: <https://tradingeconomics.com/south-korea/exports-to-china>

for the soap operas as well as a place for tourists to visit, has become an interesting place for Chinese tourists as well as tourists from other countries. Dae Jang Geum Park, where frequent programs are held, has also received visits from the state level from time to time. In 2015, 4 years after its establishment, 18 diplomats from countries such as China, Türkiye and Indonesia, which broadcast *Jewel in the Palace*, visited the park and participated in the cultural program held here. Chinese Ambassador Qiu Guohong said, "I believe that MBC will continue to create good content like 'Jewel in the Palace' and do more important and new things for the development of Korean society and culture, as well as to promote friendship with others" (MBC, 2023).

When we look at the number of Chinese tourists visiting Korea, it is seen that the number of tourists, which was 44 thousand in 2004, reached 52 thousand in 2005, 56 thousand in 2006 and 80 thousand in 2007 (KTO, 2023). On the other hand, the number of Chinese tourists visiting Dae Jang Geum Park increased from 15 thousand in 2005, when the soap opera was broadcast in China, to 18 thousand in 2006 (KTO, 2023). One of the reasons why *Jewel in the Palace* attracted great interest in China is that the soap opera also contains elements of Chinese culture. With these elements, Chinese viewers both see pieces of their own history and witness the intertwining of Korean and Chinese culture. Throughout the soap opera, the richness of Chinese culture, including Chinese calligraphy, medicine, food, clothing and ancient systems of governance, is conveyed alongside Korean culture. In this way, the soap opera emphasizes the common history of the two countries and is a great example of cultural diplomacy (Yu, 2020).

5. CONCLUSION

In line with the paradigm created by neo-liberal policies and thus globalization in international relations, states have started to use soft power elements such as diplomacy, emphasis on common identity and values, and the power of influence and persuasion more. States have re-experienced the power of culture in the interaction between societies through different elements, and soap operas have emerged as an important factor in this direction. The history, geography, identity and traditions conveyed to the audience through soap operas have made significant contributions to the cultural diplomacy of states. The export of national soap operas to foreign markets has played a key role in transferring these values to different geographies, cultures and societies. This rapprochement between societies through soap operas has also contributed positively to the cultural diplomacy activities of states, and the concept of soap opera diplomacy needs to be included in the literature.

Thanks to soap operas, which play an important role in the promotion of states, distant geographies and cultures have gotten to know each other and interacted. The history, geography, identity and traditions conveyed through soap operas have enabled audiences to discover and perhaps feel close to a culture they have never known or misunderstood. This cultural interaction between societies has enabled states to increase their export revenues through soap operas, offering a new economic field. This article examines how Türkiye and South Korea, two of the most important representatives of soap opera diplomacy in the world, have achieved soft power through this type of diplomacy with different processes and focuses on the outcomes of the states.

From the perspective of soap opera diplomacy, the comparison between Türkiye and South Korea has revealed serious similarities. In fact, a similar Korean wave was experienced in Europe between the 16th and 18th centuries through Ottoman life, art and culture under the name of *Turquerie*. Today, soap operas seem to have started such a trend again. The *Magnificent Century* may have revived the *Turquerie* movement of the past. Current soap operas seem to be creating a second wave of *Turquerie*.

When the examples of Türkiye and South Korea are analyzed, the successful results of soap opera diplomacy are clear. With this new instrument, Türkiye and South Korea have succeeded in increasing their global popularity, enhancing the brand value of their countries, and improving their economic and political relations. The analysis of the two target markets China and Qatar, which are under special scrutiny, reveals a very

striking picture, and it is seen how a positive environment has been rapidly created and relations between states have developed in different dimensions through soap opera diplomacy, especially the erasure of negative perceptions and thoughts from the past. The fact that Türkiye and Korea, which have completely different histories, cultures and values, have found a common ground and contributed to themselves through soap opera diplomacy has created an important alternative for other states that want to increase their soft power.

Information on Plagiarism

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Ethics Committee Approval Information

Ethics committee approval was not required.

Author Contribution Statement

The authors' contributions to this study are equal.

Funding Statement and other Acknowledgments

This study has not received any type of funding or support.

Competing Interests Statement

There is no conflict of interest to declare with any institution or person within the framework of the study.

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