Turkish Business System and Diversification

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1. Introduction

Sönmez (1990: 12) starts his book with the following words on the one hand: "It does not matter whether we are aware of it or not. Approximately 50 families or capital groups have managed Turkey. And the domination of these families has consolidated with every passing year. From economy to politics, from cultural life to the foreign policy, the decisions determining the destiny of 60 million have been decided by these big families or holding companies". On the other hand, Buğra (1994: 187) emphasizes that "the decision to enter into a new area of activity is often taken via suggestions and recommendations of government authorities rather than through an evaluation of market signals". It is obvious that there is an important relationship between governments and businesses. Moreover, as Çolpan, Hikino and Lincoln's book (*the Oxford Handbook of Business Groups, 2010*) shows, it is important to emphasize that this is not only a case for Turkey but almost for all countries, particularly for developing ones because governments need some specific groups to help them for the growth and sustain it (e.g. Buğra, 1994; Çolpan et al, 2010; Çolpan and Hikino, 2008; Hoskisson, Johnson, Tihanyi and White, 2005; Khanna and Palebu, 2000; Tezel, 1982). Big business groups have undertaken the task of basic developmental actors of modern economic development in successful developing countries (Buğra, 1994; Çolpan et al, 2010; Çolpan and Hikino, 2008). In other words, there are mutual needs between them. In this context, despite the nuances, the holding companies or family holdings in Turkey is assumed under the same conceptual framework with the *groups* of Spain and South America, *business houses* of India, *chaebol* of South Korea, *keiretsu* of Japan and *qiye jituan* of China (e.g. Buğra, 1994; Çolpan and Hikino, 2008; Karaevli, 2008; Özkara et al., 2008*)*.

The relationship between some giant business groups and governments is an important claim which is often expressed as a necessity to grow and make the achieved growth sustainable (e.g. Buğra, 1994; Schneider, 2010; Tezel, 1982). One of the most important reasons behind the frequent discussion of this claim is the growing interest in diversified business groups, which are frequently seen in developing countries as serious economic actors against developed countries (e.g. Colpan, Hikino and Linkoln, 2010). With diversified business groups that is defined by Colpan and Jones (2016: 69) as "the term business group has been used broadly to encompass quite different organizational forms, including network-type, diversified and pyramidal groups, even if most research has focused on 'diversified' business groups that are active in technologically unrelated businesses", the studies on business groups and developing countries show that it is one of the most common growth options, although Nguyen and Cai, (2016) argue that diversification is a rare event. The diversification strategy, which is the most important growth method of these groups and the popularity of the diversification strategy has also constituted an important field of study (Colpan and Jones, 2016). In this context, while it is often claimed that the main motivations identified in the central countries are valid for the whole world, on the contrary, it is emphasized that cultural and national differences will also lead to differences in this field. This study also predicts that the main drivers will differ in different countries. For this reason, it is claimed that the adoption of the diversification strategy of business groups in Turkey, which has a different class from the central country in terms of the national business systems that Whitley presents, can be based on more political-based reasons than the main sources of motivation in the central literature. This study is tried to examine that, different motivations may be the subject of different political periods and even different groups may follow this strategy for various reasons due to different attitudes towards politics with the emphasis on the diversified business groups classification made by Schneider (2010). Therefore, the largest business groups in Turkey have been identified and six of them have been selected to examine the main sources of the motivation behind the adoption of the diversification strategy in different political periods.

Finally, it should be emphasized that in recent years there has been an increasing number of significant contributions from European and Asian countries, but almost all literature and the main theories still arise in North America, which is the central country. In this study, it is anticipated that the data obtained from Turkey, which is in a different business system (State-Organized Business Systems) from North America (Compartmentalized Business Systems), will be important in terms of further enriching the literature.

2. The Growth of Business Groups

The growth of the businesses is carried out in several ways and they show significant differences among small, medium and large enterprises. However, we can classify them into two main groups; internal (organic) growth and external (inorganic) growth. Whilst the important examples of organic growth are product-related strategies, geographic expansion and integration; inorganic growth is merger and acquisitions, licensing, franchising and strategic alliances. Another important classification is concentration versus diversification strategies that are the main strategies under the corporate level strategies. With the words of Hofer and Schendel (1978, p.27) "corporate-level strategy is concerned primarily with answering the question of what set of businesses should we be in. Consequently, scope and resource deployments among businesses are the primary components of corporate strategy". While concentration refers to focus on the core businesses of companies and become an expert at the core businesses via generic strategies such as differentiation, low-cost leadership and focus; diversification refers the new lines or markets of activities.

Ramanujam and Varadarajan (1989: 525) define diversification as "*the entry of a firm or business unit into new lines of activity, either by processes of internal business development or acquisition, which entail changes in its administrative structure, systems, and other management processes*". It can be related or unrelated to the companies' core activities and it is named as "related diversification" or "unrelated diversification" based on its relationship (Ramanujam and Varadarajan, 1989; Rumelt, 1982). Diversification is done in two ways: The first one is to go to the diversification of products in the relevant market through forward integration, backward integration and horizontal integration. The second way is to go to the diversification of products in unrelated markets. This seen very risky for companies because they are new in a new market and they do not have sufficient information about it. However, Analoui and Karami, (2003) stated that this risk has been decreased over time.

It has been suggested that there are three main motivations behind the diversification strategies of organizations: growth, risk aversion and benefit from economies of scope (Karaevli, 2008):

Growth: When companies believe they have grown up to an advanced level in their main industry or market, they look for ways to invest in other areas.

To Benefit from The Scope of Economies: Another theoretical background is the motivation of benefit from economies of scope based on the field of industrial organization and organizational economics. According to this, by producing different products together, organizations diversify their operations across different product / service areas with the aims to spread the costs of production, advertising, distribution and management to various products and take advantage of the skills of these issues and the customer loyalty (Buğra, 1994; Chang, 2003; Çolpan and Hikino; 2008; Karaevli, 2008; Purkayastha, Manolova and Edelman, 2012).

Risk Avoidance: One of the benefits of the diversification strategy is, by operating in different areas, to spread the risk into different areas as possible and gain the flexibility to deploy resources from each other in independent business units (Baysinger and Hoskisson, 1990; Buğra, 1994; Çolpan and Hikino; 2008; Karaevli, 2008; Purkayastha, Manolova and Edelman, 2012).

Due to directly based on an economic background, the motivation of benefit from economies is the most acceptable reason behind diversification strategy (Chang, 2003; Karaevli, 2008). However, it is not easy to think that theories explaining the motivation of diversification of organizations in developed economies can explain the motivation and forms of diversification of business groups that emerged in developing countries which have different political, economic, legal and institutional conditions for the external environment (Wan, 2005). Since, as Karaevli (2008) also stated, these theories cannot explain enough this high rate of diversification of family businesses that there is not a clear separation between ownership and management. If so, what are the main motivations of the largest Turkish business groups on diversification? The idea claiming that governments have a significant effect on the issue has become more spoken. Foreign trade and investment policies of the governments and incentives they offer in these areas have encouraged these business groups to invest in different sectors or export and caused to become a diversified company because these big groups want to seize opportunities (Chang and Choi, 1988; Guillen, 2000).

Picone and Dagnino (2016) have classified the main motivation of (unrelated) diversification into three class as i) Environmental and Institutional, ii) Organizational Value-Enhancing and iii) Managerial drivers. As Environmental and Institutional Drivers, the authors have focused on the relationships between unrelated diversification with the institutional context and the institutional context and the relationship the strategic choices and the evolution of the macroeconomic and social system to produce the functions of the missing institutions. While, under the *Organizational Value-Enhancing Drivers*, establishing an internal capital market (e.g. risk reduction, lower costs of financial transaction, proper management liquidity cash practices), achieving market power (e.g. predatory pricing strategy), leveraging valuable and imperfectly imitable resources, cross-fertilization and know-how blending and capturing strategic flexibility are accepted as the main antecedents; Weberian power and prestige and Schumpeterian empire-building reasons, escalating the demand for managerial skills, generating favourable conditions for misleading the shareholders and risk reduction are the antecedents as managerial drivers.

In addition these main motivations, there are some different perspectives which have enough voice in the last decades. First, according to the assumptions of agency theory, growth is not based on any rational strategy of the organization but top managers' desires. Senior executives give the growth decision to satisfy their personal egos or to earn a financial gain (Jensen, 1993; Karaevli, 2008). Interestingly, some researchers suppose that the big economic crisis of USA in 2008 revealed because of this reason (e.g. Reavis, 2009). Another different point of view is *the government policy perspective*. The high diversity of companies is a result of the state policies of the country and the diversity of these policies. Thus, the diversification may be more or less in line with the preferences of the state (Gökşen ve Üsdiken, 2001). Lastly, according to the power perspective, foreign trade and investment policies and government incentives offered in new areas have encouraged big business groups to invest in different sectors because they are stronger than others. As a result, large groups have become diversified as they seek to seize opportunities (Chang and Choi, 1988; Guillen, 2000).

3. Classification of Business Groups

Schneider (2010) classifies business groups into three different classes based on their characteristics.

Table 1: Diversified Business Groups

	Organic	**Portfolio**	**Policy-induced**
Core Motivations	Economies of scope (and vertical integration)	Risk management	Government incentives
Scope of diversification	Narrower	Broadest	Broader
Integration of management	High	Variable	Variable
Groups ties to subsidiary	Longer term	Shorter term	Shorter term

(Schneider, 2010; p. 654)

Organic Groups: While the most important diversification type of organic groups developing to benefit from the scope of the economy is usually vertical integration, as companies expand their scope of the economy, they tend to invest more to Greenfields. For example, in the 55-year period between 1938 and 1993, Samsung established 62 new companies and doubled the number of acquisition and it seems that acquisitions were predominant in the first years and Greenfield in the last decades of this period. In addition, while the establishment of new companies is preferred to enter a new industry, acquisitions are usually used as horizontal integration (Kang 1997: 37 as cited in Schneider, 2010).

Portfolio Groups: Portfolio groups that aim to reduce risk and maximize returns tend to diversify through acquisition rather than establishing a new firm from scratch, but tend to easily transfer firms they find problematic. Such groups are mostly bank-based groups and they more often invest in different sectors than main group companies. Moreover, the technological incentives for management integration are lower, and particularly in developed countries, owners of the group generally permit significant autonomy to the management of subsidiaries. Nevertheless, broad diversification has led to problems of asymmetry of information and agency that can encourage more management integration especially in less competitive markets and in developing countries.

Policy-Induced Groups: Policy-based groups, which are based on government incentives or directives rather than rational decisions, are privileged groups that receive government support for a number of areas, from industrial incentives, privatizations, customs, tariffs and other protection. These groups, which can be classified as a subdivision of patrimonial groups, can be distinguished conceptually from other groups (organic and portfolio) based on stronger economic motivations.

4. National Business Systems (NBS)

The national business system approach developed by Richard Whitley speaks of six different national business systems that vary from country to country, by focusing on the relationship of the forms of doing business in different countries with the social context (Fıkırkoca, 2012). These six different business systems are shaped according to the eight basic dimensions shown in table 2. Moreover, in addition to eight key dimensions, Whitley focused on the following four institutions in order to make cross-country comparisons and to identify sets of business systems (Fıkırkoca, 2012): a) State, b) Financial system, c) Skill development and control system, d) Trust and authority relations

Table 2: Business Systems and Characteristics

Business-system characteristics	Business-system type					
	Fragmented	Coordinated industrial district	Compartmentalized	State organized	Collaborative	Highly coordinated
Ownership coordination						
Owner control	Direct	Direct	Market	Direct	Alliance	Alliance
Ownership integration of production chains	Low	Low	High	High	High	Some
Ownership integration of sectors	Low	Low	High	Some to high	Limited	Limited
Non-ownership coordination						
Alliance coordination of production chains	Low	Limited	Low	Low	Limited	High
Collaboration between competitors	Low	Some	Low	Low	High	High
Alliance coordination of sectors	Low	Low	Low	Low	Low	Some
Employment relations						
Employer–employee interdependence	Low	Some	Low	Low	Some	High
Delegation to employees	Low	Some	Low	Low	High	Considerable

Source: Whitley (1999, p. 42)

Fragmented Business Systems: These business systems have high direct control and low ownership and alliance coordination. Collaboration between firms is limited and markets are highly competitive. These business systems are often found in environments where trust is low and financial resources are not easily accessible (Hotho, 2014). In such business systems, companies tend to grow less because it is only possible to grow with their own resources (Selekler Gökşen, 2007). It is seen in countries like China.

Coordinated Industrial District Business Systems: In this kind of business systems where small firms dominate, alliance integration is more comprehensive and they are also more artisanal. In these systems where the resources and opportunities are easily changed by the companies, the companies are supported by the local institutions rather than the national institutions (Hotho, 2014; Selekler Gökşen, 2007). As seen in most of Italy's industrial regions, local government agencies help increase entry and exit barriers and provide a high-quality education system (Best, 1990; Whitley, 1994 as cited in Hotho, 2014).

Compartmentalized: This business system, which promotes competition among firms that tend to be larger and organizationally integrated is usually seen in Anglo-Saxon countries. In these business systems, the risk is not shared with the institutions but thanks to the strong institutional structure they have, it does not hinder their growth (Hotho, 2014; Selekler Gökşen, 2007).

State-Organized Business Systems: In such business systems, states take a more active role in economic development and risk-sharing, and therefore the relationship with the state is vital. These systems, where company owners are usually the most active people in company management, are seen in countries like Turkey and South Korea, and the relations with the state are managed by the owners themselves (Hotho, 2014; Selekler Gökşen, 2007). This encourages direct ownership with closer links between political and economic elites, and limits anti-ownership coordination (Hotho, 2014; Whitley, 2000). Relations among firms are rather weak because the state allocates the resources directly by themselves and the companies are competing for this distribution (Hotho, 2014; Gökşen, 2007; Whitley, 2000).

Collaborative and Highly Coordinated Business Systems: While centralization, professionalization and diversification of activities are moderate in these business systems observed in developed countries such as Germany and Japan where strong links and risk sharing between economic actors are found, the importance of intermediary institutions is great. While states encourage and facilitate business union among economic actors in collaborative business systems, they are playing a more active guide role in highly coordinated business systems (Hotho, 2014; Gökşen, 2007; Whitley, 2000).

5. Data Processing and Discussion

To be able to make comparisons, ten political periods were determined from 1923 to 2016. In these ten periods, there are two military administration, two coalition parties and six single party governments as seen in table 3.

Table 3: Political periods between 1923 to 2016

The Eras	Start	Finish
1- Single-Party Era -1	30.11.1923	22.05.1950
2- Democratic Party Era - 1	22.05.1950	27.05.1960
3- 1st Military Coup Era - 3	27.05.1960	20.02.1965
4- Justice Party Era - 1	20.02.1965	26.03.1971
5- First Era of Coalitions - 2	26.03.1971	20.09.1980
6- 2nd Military Coup Era - 3	20.09.1980	13.12.1983
7- ANAP Era -1	13.12.1983	20.11.1991
8- DYP Era - 1	20.11.1991	06.03.1996
9- Second Era of Coalitions -2	06.03.1996	18.11.2002
10- Ak Party Era - 1	18.11.2002	Ongoing

Source: Premiership of Republic of Turkey, 2016

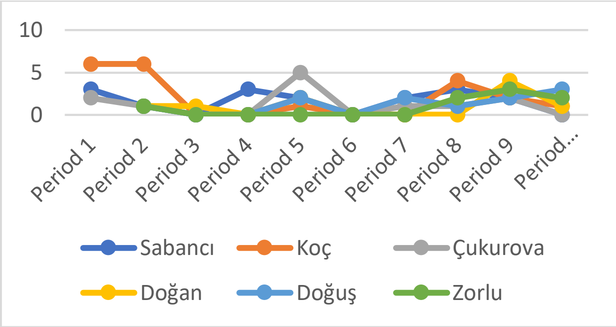
In addition to the periods, Istanbul Chamber of Industry (ISO) has explained Turkey's largest companies since 1968 and in this study, the owner families or groups of these companies have been first determined and state-owned enterprises and the companies that are not diversified have eliminated to determine the largest groups (ISO 500, 2015). Considering this information, the largest 30 groups of Turkey are seen at table 4.

Table 4: The largest 30 business groups or families in Turkey (2015)

Group ID	Group Name	Foundation Year	Ownership Families
1	**ÇUKUROVA**	**1923**	**KARAMEHMET FAMILY**
2	İŞ BANKASI	1924	İŞ BANKASI FUND & CHP
3	**KOÇ**	**1926**	**KOÇ FAMILY**
4	**SABANCI**	**1932**	**SABANCI FAMILY**
5	STFA	1938	TÜRKEŞ AND AKKAYA FAMILIES
6	ECZACIBAŞI	1942	ECZACIBAŞI FAMILY
7	BORUSAN	1944	KOCABIYIK FAMILY
8	ÜLKER	1944	ÜLKER FAMILY
9	YAŞAR	1945	YAŞAR FAMILY
10	ANADOLU	1949	YAZICI AND ÖZILHAN FAMILY
11	**DOĞAN**	**1950**	**DOĞAN FAMILY**
12	KAZANCI*	1950	KAZANCI FAMILY
13	**DOĞUŞ**	**1951**	**ŞAHENK FAMILY**
14	AKKÖK*	1952	DINÇKÖK FAMILY
15	**ZORLU**	**1953**	**ZORLU FAMILY**
16	ALARKO	1954	ALATON AND GARIH FAMILY
17	TEKFEN	1956	AKÇAĞLILAR, BERKER AND GÖKYIĞIT FAMILIES
18	BOYDAK	1957	BOYDAK FAMILY
19	ENKA	1957	TARA AND GÜLÇELIKFAMILIES
20	KALE	1957	BODUR FAMILY
21	ÇELEBİ	1958	ÇELEBIOĞLU FAMILY
22	GÜRİŞ	1958	YAMANTÜRK FAMILY
23	OYAK	1961	ARMED FORCES PENSION FUND
24	SANKO	1966	KONUKOĞLU FAMILY
25	NERGİS	1967	ÇAĞLAR AND ŞANKAYA FAMILIES
26	KİBAR	1972	KIBAR FAMILY
27	CİNER	1978	CINER FAMILY
28	ŞAHİNLER	1982	ŞAHIN FAMILY
29	FİBA	1987	ÖZYEĞIN FAMILY
30	ÇALIK*	1930	ÇALIK FAMILY

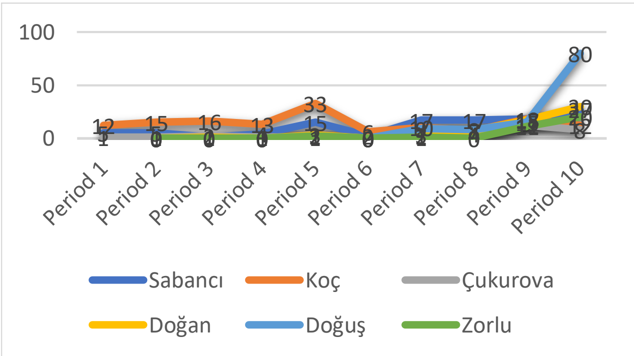
The diversification information of these groups was investigated and only six of them could be accessed which are Çukurova, Koç, Sabancı, Doğan, Doğuş and Zorlu. The necessary information was collected through activity reports, the official website of the groups, group magazine, news bulletins and books written by founders and managers of the groups (e.g. Bizden Haberler, 2013; Dündar, 2006; 2008; Kıraç, 1995; Koç, 1972; 1987; Sabancı, 1985; 1993). When there is conflicting information, activity reports and official documents are considered as a basis. Now firstly the frequencies will be present and then all information will be discussed in depth.

Table 5: Number of **Un**related Diversification



	Sabancı	Koç	Çukurova	Doğan	Doğuş	Zorlu
Era 1	3	6	2			
Era 2	1	6	1	1	1	1
Era 3	0	0	0	1	0	0
Era 4	3	0	0	0	0	0
Era 5	**2**	**1**	**5**	**2**	**2**	**0**
Era 6	0	0	0	0	0	0
Era 7	2	0	1	0	2	0
Era 8	3	4	1	0	1	2
Era 9	**2**	**2**	**2**	**4**	**2**	**3**
Era 10	0	1	0	1	3	2

Table 6: Number of Related Diversification

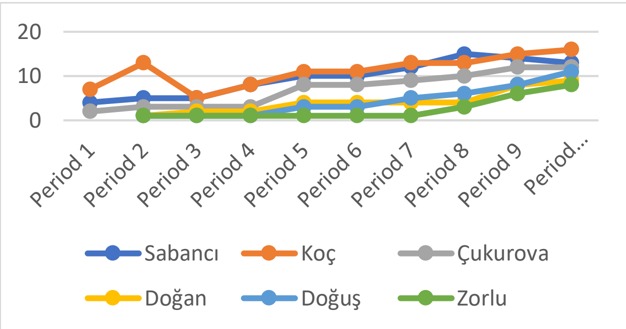


	Sabancı	Koç	Çukurova	Doğan	Doğuş	Zorlu
Era 1	5	12	1			
Era 2	5	15	1	0	0	0
Era 3	1	16	2	1	0	0
Era 4	4	13	1	0	0	0
Era 5	**15**	**33**	**1**	**3**	**2**	**2**
Era 6	2	6	0	0	0	0
Era 7	17	10	3	2	9	1
Era 8	17	7	4	7	8	0
Era 9	**18**	**18**	**12**	**17**	**15**	**11**
Era 10	27	12	8	30	80	20

As is seen above, while the huge differences between periods can be observed in terms of unrelated diversification (Table 5), there are more stable changes for the related diversification (Table 6). On the other hand, considering the total number of industries and companies, it would not be wrong to claim that all companies have a sustainable growth almost in all periods although sharp zigzags were seen in some periods (Table 7 & 8).

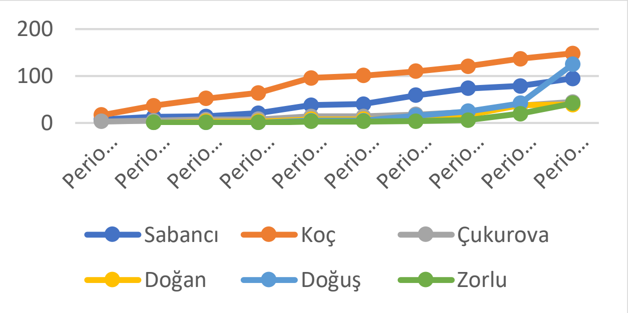
The background information given in tables 5 to 8 show that there are some very interesting issues: for instance, Era 5 is a complete breakpoint due to the growth activities experienced in terms of all firms and diversification strategies. In this period, about 9 and a half years, exactly 11 governments were established and there are absolute unstable economic and political conditions. As it is claimed often at the main literature, in such conditions, the groups show the tendency to distribute the risk among firms and they try to gain flexibility through unrelated diversification (e.g. Baysinger and Hoskisson, 1990; Buğra, 1994; Çolpan and Hikino; 2008; Çolpan et al, 2010: Karaevli, 2008; Purkayastha et al., 2012). However, considering the related diversification, similar high-level growths are also observed in terms of related diversification, which contradicts the main literature suggesting that firms will make more cautious growth operations and will never do because of the risk factor reaching maximum in these periods as it observed in Era 6 which is a military administration period.

Table 7: Total number of industries/markets



	Sabancı	Koç	Çukurova	Doğan	Doğuş	Zorlu
Era 1	4	7	2			
Era 2	5	13	3	1	1	1
Era 3	5	5	3	2	1	1
Era 4	8	8	3	2	1	1
Era 5	**10**	**11**	**8**	**4**	**3**	**1**
Era 6	10	11	8	4	3	1
Era 7	12	13	9	4	5	1
Era 8	15	13	10	4	6	3
Era 9	**14**	**15**	**12**	**8**	**8**	**6**
Era 10	13	16	12	9	11	8

Table 8: Total number of companies



	Sabancı	Koç	Çukurova	Doğan	Doğuş	Zorlu
Era 1	7	17	3			
Era 2	13	37	5	1	1	1
Era 3	14	52	7	3	1	1
Era 4	21	64	8	3	1	1
Era 5	**38**	**96**	**14**	**8**	**5**	**3**
Era 6	40	101	14	8	5	3
Era 7	59	110	18	10	16	4
Era 8	74	121	23	17	25	6
Era 9	**79**	**137**	**37**	**38**	**42**	**20**
Era 10	95	148	45	39	125	42

When the other coalitions and military administrated periods are considered, very similar comments can be made for all observed groups. Thus, it is easy to claim that coalition periods not a big problem for largest groups but military administrated periods are a very problematic. For example, considering the unrelated diversification, there is only one observation for all of six groups during the all military periods while there are 29 observations during the coalition governments. Similar observations are seen in terms of related diversification: while there are 137 activities observed in the coalition governments period, only 28 activities could be realized in military periods. When the total industry numbers are examined, only one growth activity was observed for Doğan groups in the first Military Coup Era, while Koç group which is the biggest group of the period reduces its total industry number from 13 to 5. In the second Military Coup Era, there are not any observations. The numbers can be useful but they may not be sufficiently descriptive and hence the percentages and annual averages based on period type will be now examined.

Table 9: Activity Increase Based on Period Type

	Sabancı	**Koç**	**Çukurova**	**Doğan**	**Doğuş**	**Zorlu**	**Average**
Single Parties	70	80	23	11	104	26	**52,33**
Coalitions	22	48	20	26	21	16	**25,50**
Military	3	20	2	2	0	0	**4,50**

Table 10: Average Annual Activity Increase Based on Period Type

	Sabancı	**Koç**	**Çukurova**	**Doğan**	**Doğuş**	**Zorlu**	**Average**
Single Party	1,09	**1,25**	0,36	0,30	**2,81**	0,70	**1,09**
Coalitions	1,47	**3,20**	1,33	**1,73**	1,40	1,07	**1,70**
Military	0,38	**2,50**	0,25	0,25	0,00	0,00	**0,56**

Table 11: Growth Rates (Percentage) by Period Type

	Sabancı	**Koç**	**Çukurova**	**Doğan**	**Doğuş**	**Zorlu**	**Average**
Single Party	0,46	0,34	0,32	0,24	**1,18**	0,48	**0,53**
Coalitions	0,44	0,32	**0,68**	**1,45**	**2,34**	**2,17**	**1,23**
Military	0,06	0,23	0,20	**1,00**	0,00	0,00	**0,25**

When only the number of activities are taken into account (Table 9), it is easy to claim that single party governments are the best times to growth, while it is doubled the coalitions periods, there are 11 times more growth activities than military periods. However, considering in annual based, there is a very interesting result that coalitions periods are the period of most growth activity. In these periods, the average of annual growth was 1,70 while it is 1.09 in single party eras and 0,56 in military administration.

The percentages at table 11 represent the average growth rate of each period compared to the previous period. Both coalition governments came into force after a single party government and after each military administration, a single party government came into force but more growth activities have seen in the coalition eras. When the total number of affiliated companies is taken into consideration, the periods in which the Koç and Sabancı groups have the greatest growth periods are single party eras while the coalition periods are the most prosperous growth periods of Çukurova, Doğan, Doğuş and Zorlu groups.This data is not, of course, capable to claim any bold arguments only by itself however it is obvious that there is an important relationship between period type and growth activities.

Lastly, if the Whitley and Schneider's classifications are focused, Turkey is accepted as a member of policy-induced diversified groups of Schneider and state-organized business systems of Whitley. Both classifications emphasize that there is an important relationship between state and groups and having a good relationship with the state have seen crucial due to the state's active role in economy, risk-sharing and resource allocation. In this study, the opposite of these allegations was not reached as well. For example, when the era 10 is focused, while, the Doğuş and Zorlu groups, which had better relations with the ruling party of the period, grew by 197.6% and 110% compared to the previous period, Doğan group, which has respectively bad relations with the state recorded a growth of only 2,63% in the same period. However, it important to highlight that when each group is individually focused, there are some different data. For instance, Koç and Sabancı which are accepted relatively larger, well-established and more institutionalized groups seem to have made more economically rational decisions with the sale of their major companies from time to time. These behaviors called as corporate refocusing (Hoskisson et al., 2005) or Multi-Focusing Diversification (Karevli, 2008) in literature correspond to invest in other high added value areas as in the case of Koç's selling Migros and focusing the Yapı Kredi and Tüpraş. However, this kind of behaviors is not seen for other groups. On the other hand, Schneider (2010) emphasizes that any of these three groups can gain weight in some countries or periods but in practice, these three groups can be observed in each country and period. For example, the core set of organic subsidiaries could be blended other strategies by combining with another set of risk-balancing portfolio investments. In other cases, organic or portfolio groups can be stimulated by specific policies to enter new sectors, especially during periods of rapid political change. This also shows that the mix of diversified groups' characteristics may be valid for different groups in the same country.

6. Conclusion

It has found a voice that business groups are emerging in different forms depending on the different politico-economic environment and business groups also can vary with changes in these conditions. Thus, this study is also built on the idea that the effect of different economic and political conditions may show differences in various business groups. Moreover, we think it will show differences even in diversification and the type of diversification, and the relationships with the government in question period have a significant impact on the decisions of business groups. Therefore, this study set out to determine the relationship between various political eras and the growth and diversification decision of the largest business groups.

It has been determined that different political periods have a significant effect on large groups and when the periods are examined one by one, differences are observed in terms of related and unrelated diversification in different government periods: When the effects of growth, diversification and the type of diversification in each period are analyzed independently and comparatively, the Sabancı and Koç groups achieved the highest growth figures during the single-party periods (Single Party Period, Democratic Party, Justice Party, Anavatan Party, Doğru Yol Party and AK Party) while the other four groups achieved more growth activity during the coalition-party periods. In the military periods, all the groups except Doğan experienced the weakest times. The era 5, the coalition era, was the period when almost all groups peaked in terms of unrelated diversity. It is clear that the best period is clearly ANAP (Era 7) and the worst is the 2nd military coup (Era 6). The existence of so many growth activities in the seventh period generally overlaps with the liberal economic programs adopted by the Ozal government. Moreover, the good relations with Turgut Ozal, who is the ruling power of the era and the former manager of the group, have a significant influence on Sabancı Group's remarkable growth in this period. Finally, it can be clearly seen that there is a general increase in sector diversity and total activity number although increases or decreases are observed between periods in the numbers or types of diversification.

The study explains the central importance of main growth motivation and pattern in Turkey context and hence it is expected that findings will show significant contributions to the literature. The evidence from this study may suggest completely different and novel point of views. The research results accessed by this study may help business group managers to understand better the new environmental and competitive conditions in the process of integration with the global competition. Also, it may be a guide to decide the new strategies and the necessities of these strategies under these new environmental conditions. Of course, it should not be ignored that this is a proposal work and some changes may be experienced during the process but being a proposal is the main limitations of the study with the time.

7. References

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