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Evaluations in the
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Chapter 1

IMPORTANCE WEIGHTS OF COMMERCIAL BANK PERFORMANCE CRITERIA: CRISUS METHOD

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Introduction

The concept of performance, by definition, refers to the result of a process in which more than one factor and criterion take place. Many factors, often contradictory to each other, play a role in the realization of this result. It is extremely important for all stakeholders in the sector to evaluate the analyses regarding the financial performance determinants (factor, criterion or factor) and impact levels of commercial banks operating in the banking sector, which is one of the important elements of the financial system. Even if these stakeholders have a general view of what are the key determinants of long-term performance in the industry, a consensus on its elements has not yet emerged. The aim of this study is to find out the determinants of commercial bank performance and their weights on bank performance.

In the literature, it is seen that bank performance is generally associated with profitability. However, it is not enough to explain only profitability and performance. Because other factors other than profitability also play a role in long-term performance. In this study, some financial ratios were taken into account as performance determinants of commercial banks. A multi-criteria decision-making approach was used to determine the degree or weight of these ratios on performance. The research questions of the study are; What are the main criteria affecting bank financial performance? Are the degrees to which these criteria affect performance the same or are they different? If so, can the criterion effect levels (weights) be calculated? If so, what are the criterion weights?

After the introduction, a literature summary was given, and then the research method used in the study was explained. In the following part, the findings obtained by applying the method were reached. After the discussion section, the results obtained from the study findings were evaluated in the last section.

1. Literature Summary

In recent years, the number of studies in the literature on the determination of the importance weights of the criteria determining the performance of banks in Turkey and in which multi-criteria decision-making techniques are applied has been increasing. In the following lines, some of the studies in recent years are summarized.

In his study, Aydın (2025) applied a hybrid MAXC and ROV multi-criteria decision-making method to evaluate a bank's financial and non-fi-

financial Environmental, Social, and Governance (ESG) performance. The bank's ESG performance between 2012 and 2022 was measured. The MAXC method was used to objectively calculate the weights of financial and non-financial performance indicators, while the ROV method ranked the performance over the years. At the end of the study, Return on Average Assets (ROA), Return on Average Equity (ROE) and Non-Performing Loans/Total Loans criteria emerged as the most important criteria, respectively.

Karadağ Ak et al. (2025) compared the financial performances of six participation banks operating in Turkey between 2019 and 2023 with multi-criteria decision-making (MCDM) methods. SD (Standard Deviation) method was used to weight the 8 selected criteria (Shareholders' Equity/Total Assets, Total Funds Disbursed/ Total Assets, Total Funds Collected/Total Funds, Net Profit for the Period/ Total Assets (ROA), Net Profit for the Period/ Shareholders' Equity (ROE), Shareholders' Equity / (Loan + Market + Amount Subject to Operational Risk), Net Dividend Income/ Total Assets), and GIA (Gray Relational Analysis) method was used for the success rankings of banks. The most effective criterion on the financial performance of banks was "ROA" for 2019, while it was "Total Funds Collected/Total Assets" in 2020-2021. In 2022-2023, the criterion that had the greatest impact on bank performance was "Net Profit for the Period/Shareholders' Equity (ROE)".

Süzülmüş and Yakut (2024) evaluated the performance of 21 commercial banks operating in Turkey between 2014 and 2021 with integrated CRITIC, PROMETHEE, and EDAS from MCDM techniques. Eight financial criteria (Total assets, Total loans and receivables, Total deposits, Total shareholders' equity, Paid-in capital, Net profit / loss for the period, Net interest margin, Non-interest income) were evaluated with the CRITIC method. While the net interest margin criterion was the factor that had the most impact on bank performance, total deposits had the least impact.

Demirhan et al. (2025) evaluated the performance of 10 commercial banks traded on Borsa Istanbul using multi-criteria decision-making techniques such as LODECI and ARLON. The weights of the criteria were ranked with the LODECI method and the performance was ranked with the ARLON method. Within the scope of the study, the performance of 10 commercial banks in 2023 was evaluated based on their values in 8 financial performance criteria (Total assets, Total loans, Total deposits, Total Shareholders' Equity, Net Profit/Loss for the Period, Off-Balance Sheet accounts, Number of branches, Number of personnel). According to the LODECI method, the most important criteria affecting performance were

Off-Balance Sheet Accounts and Net profit/loss, respectively, while the least important criterion was the Number of Branches.

Yilmaz (2022a) evaluated the performances of 3 public deposit banks in Turkey in 2019-2021 by applying multi-criteria decision-making techniques. In the study, the performance analysis of public deposit banks in Turkey was carried out using the IDOCRIW weighting method and EDAS ranking methods, which are multi-criteria decision-making techniques. As a result of the study, it was determined that the most important criterion was the capital adequacy ratio (SYO). Return on Average Assets (ROA) ranked second and Return on Average Equity (ROE) ranked third. The criterion with the least level of importance was Non-Performing Receivables/Total Loans.

Yilmaz (2022b) examined the performance of foreign capital bank branches operating in Turkey in 2019-2021 using CILOS and SMART methods, which are multi-criteria decision-making techniques. Average Return on Assets, Average Return on Equity, Profit Before Tax/Total Assets and Net Current Period/Paid-in Capital ratios were selected as performance determinants. The CILOS method was used to calculate the criterion weight. As a result of the research, Return on Average Equity (ROE) emerged as the most important criterion. In second place was the Net Current Period Profit/Paid-in Capital criterion. Return on Average Assets (ROA) and Earnings Before Tax/Paid-in Capital were the criteria with the lowest weights.

Yilmaz (2022c) examined the financial performances of the 10 largest banks operating in Turkey using the PSI method. In the study, the criteria of Equity/Assets, Loans/Assets, Loans/Deposits, Return on Equity (ROE), Return on Assets (ROA), Profit/Number of Branches, Profit/Number of Employees were evaluated. As a result of the study, it was determined that the criteria with the greatest importance were Loans/Deposits, Equity/Assets and Return on Equity, respectively. The smallest criterion is the Profit/Branch ratio. Therefore, in all three of Yilmaz's studies above, the Return on Equity (ROE) criterion ranked in the top three.

2. Method

The CRiterion Importance Based on SUM of Squares (CRISUS) method is a fairly new criterion weighting method. Proposed by Adalar & Işık (2025). The method developed for the objective calculation of criterion weights is one of the multi-criteria decision making (MCDM) techniques. The method uses a statistical approach based on the sum of squares

and standard deviation. The method has several important advantages; Since it is a weighting method that does not rely on expert opinion, it reduces subjectivity, improving the consistency and reliability of decision outcomes. The simplicity of the calculation leads to quick and accurate assessments without the need for complex software. Additionally, it significantly enhances transparency as it is based on objective mathematical principles. Finally, it is suitable for large-scale applications since it produces reasonable and robust results even in complex decision problems with numerous criteria and alternatives. The steps of the method are described below;

Step 1. Creation of the initial performance matrix (X). This matrix contains m (O1, O2,..., Om) and n criteria (C1, C2,...,Cn). Here, O denotes options or alternatives, C shows criterion.

$$X_{ij} = \begin{bmatrix} X_{11} & \cdots & X_{1n} \\ \vdots & \ddots & \vdots \\ X_{m1} & \cdots & X_{mn} \end{bmatrix} \quad (1)$$

Step 2. Calculation of the first normalized matrix (). Vector normalization is performed for the initial performance matrix according to the total Euclidean distance. In the normalization process, equation 2 is used for benefit-oriented criteria and equation 3 is used for cost-oriented criteria.

$$x_{ij} = \frac{x_{ij}}{\sqrt{\sum_{i=1}^m x_{ij}^2}} \quad (2)$$

Step 3. Obtaining the second normalized matrix (S). All elements of the second normalized matrix are divided by their column sum and reduced to the range [0-1]. Equation (4) is used for this.

$$x_{ij} = 1 - \frac{x_{ij}}{\sqrt{\sum_{i=1}^m x_{ij}^2}} \quad (3)$$

Step 4. Finding the sum of squares (pj) of each criterion. The sum of the squares of each element of the second normalized matrix is calculated with the help of equation (5).

$$s_{ij} = \frac{x_{ij}}{\sum_{i=1}^m x_{ij}} \quad (4)$$

Step 5. Calculation of the standard deviation (σj) of each criterion. The standard deviation of each element of the first normalized matrix is calculated.

$$p_j = \sum_{i=1}^m S_{ij}^2 \quad (5)$$

Step 6. Finding the weight coefficients (w_j) of the criteria. Equation (6) is used for this.

$$w_j = \frac{\sigma_j p_j}{\sum_{j=1}^m \sigma_j p_j}, \quad \sigma, p = 1, 2, \dots, n \quad (6)$$

3. Application and Findings

In this study, which was conducted to determine the impact weights of bank performance determinants on performance, the 10 banks with the highest sector share according to asset size were selected among the banks operating in the field of commercial banking in Turkey. The year taken into account in the size ranking of these 10 banks is 2024, which has the most up-to-date data. According to this year's data, the bank with the largest total assets is Ziraat Bank, a public bank. The second largest is Türkiye Vakıflar Bank, which is also a public bank. This bank has continuously increased its sector share over the period under review, rising from sixth to second place in the ranking. The fourth largest is the Halk Bank of Turkey, which is also a public bank. Türkiye İş Bankası, which has the status of a private bank, is the third largest commercial bank. Among these 10 largest banks, the bank with the lowest share in the total active sector is the Turkish Economy Bank. The sector shares of banks in the 2020-2024 period are shown in the table below.

Table 1. Top 10 commercial banks with the highest sector share in total assets (%)

Row	Bank	2024	2023	2022	2021	2020
1	Türkiye Cumhuriyeti Ziraat Bankası	18,0	17,7	17,6	16,1	16,6
2	Türkiye Vakıflar Bankası	13,4	13,0	12,8	11,9	12,3
3	Türkiye İş Bankası	11,1	11,4	10,7	10,9	10,5
4	Türkiye Halk Bankası	10,0	10,2	10,6	10,6	12,0
5	Türkiye Garanti Bankası	8,7	9,0	8,8	8,9	8,7
6	Akbank	8,4	8,3	8,2	8,4	7,9
7	Yapı ve Kredi Bankası	7,9	8,1	8,4	8,7	8,1
8	QNB Bank	5,0	4,6	4,6	4,4	4,0
9	Denizbank	4,6	4,7	4,0	3,6	3,5
10	Türk Ekonomi Bankası	2,0	1,9	2,1	2,3	2,5
	Toplam	89,2	88,9	87,9	85,8	86,2

Source: TBB. <https://www.tbb.org.tr>

The total sector shares of these 10 major banks included in the analysis increased to 89.2% by the end of 2024 and have the ability to adequately represent the banking sector.

The table below shows the code numbers of these 10 major banks participating in the analysis.

Table 2. Banks CODE	BANK (Alternatives)
O ₁	Türkiye Cumhuriyeti Ziraat Bankası
O ₂	Türkiye Halk Bankası
O ₃	Türkiye Vakıflar Bankası
O ₄	Akbank
O ₅	Türk Ekonomi Bankası
O ₆	Türkiye İş Bankası
O ₇	Yapı ve Kredi Bankası
O ₈	Denizbank
O ₉	QNB Bank
O ₁₀	Türkiye Garanti Bankası

Financial ratios, which are frequently used in the literature as bank performance determinants, are called criteria in analysis. The table below contains the code of the performance criteria, the name of the criteria abbreviation and their full names.

Table 3. Performance Criteria Code	Criterion Abbreviation	Criteria Name
C1	SYR	Capital Adequacy (%)
C2	OÖK	Average Return on Equity (%)
C3	LA/KVK	Liquid Assets/Current Liabilities
C4	OAK	Average Return on Assets (%)
C5	DV/TV	Non-Current Assets / Total Assets

If we take a closer look at the performance criteria, the C1 coded capital adequacy indicates the relationship between the bank's equity and bank's total risky assets. The numerator includes the sum of the shareholders' equity, and the denominator part includes the total risky assets. The larger the ratio, the more the bank finances its assets with autofinancing or equity. Therefore, it is preferable for banks to be large in order to show their financial soundness. Shareholders' equity consists of paid-in

capital and other funds held within the structure (reserves, retained earnings, stock premium increase gains, etc.). Risky assets, on the other hand, include active accounts other than readily available assets and assets that are very easy to convert into cash, such as treasury bills.

C2 coded Average Return on Equity is one of banks' profitability indicators. It shows the relationship between bank profit and total shareholders' equity. The denominator of the ration is the bank's profit for the period, and the denominator is the sum of the shareholders' equity.

C3 coded Liquid Assets/Current Liabilities ratio is a criterion that shows the bank's ability to pay off its short-term debts by selling its liquid assets which can be easily converted into money. Especially in times of crisis in the markets, banks with a high ratio have a high ability to cope with the crisis.

Average Return on Assets with code C4 shows the relationship between bank profit and the bank's total assets. As one of the bank's profitability ratios, it is considered one of the important indicators of financial performance. A high ration shows that the bank has placed its assets in profitable areas.

C5 coded Non-Current Assets/Total Assets ratio shows the share of fixed assets such as immovables and vehicles in the bank's total assets. A high ration indicates that the bank invests its assets in illiquid assets. The fact that banks have high fixed assets is generally not viewed positively. Therefore, although all of the above criteria are benefit-oriented, only this criterion is cost-oriented.

In the application of the CRISUS method, as the first step, an initial performance matrix was created. The initial matrix values consist of the benchmark values of the 10 largest banks at the end of 2024. In this way, in the initial performance matrix in the table below, $m=10$, which indicates the number of alternatives (A_m), and $n=5$, which indicates the number of criteria (C_n). Thus, the total number of elements of the matrix is $m*n=10*5=50$.

Table 4. Initial performance matrix

	C1	C2	C3	C4	C5
	Max	Max	Max	Max	Min
O_1	18,64	25,07	28,60	2,19	3,19
O_2	14,82	10,75	30,95	0,58	2,63
O_3	16,11	20,67	40,79	1,18	1,87
O_4	21,14	18,77	34,01	1,97	4,27

O ₅	19,15	27,62	31,28	2,14	0,87
O ₆	19,65	15,53	29,42	1,58	8,10
O ₇	18,55	15,61	27,28	1,41	3,74
O ₈	19,37	37,39	46,93	3,78	8,17
O ₉	17,35	36,06	29,62	2,89	2,99
O ₁₀	21,92	32,08	28,21	4,06	4,74

Source: TBB. <https://www.tbb.org.tr>

In the table above, the criteria are divided into two as benefit-oriented or cost-oriented. Benefit-oriented criteria are shown as Max. and cost-oriented criteria are shown as Min. The higher the numerical value of the criteria specified as Max., the higher the bank's performance will be. There is only one criterion determined as min. The smaller the numerical value in this criterion, the higher the performance.

The following table shows the minimum, maximum, and total values of the criteria.

Table 5. Minimum, maximum and total values of the criteria

	C1	C2	C3	C4	C5
Min	14,8	10,8	27,3	0,6	0,9
Max	21,9	37,4	46,9	4,1	8,2
Sum	186,7	239,6	327,1	21,8	40,6

In the application of the method, as the second step, the first normalized matrix was created. At this stage, firstly, the sum of the squares of the elements in the initial performance matrix was taken. Then, the sum of these numbers obtained on the basis of criteria was calculated. In this step, the square root of the most recent sum is taken. The results of these operations are shown in the table below.

Table 6. Sum of squares and square root of sum

	C1	C2	C3	C4	C5
O ₁	347,5	628,3	818,2	4,8	10,2
O ₂	219,6	115,6	957,8	0,3	6,9
O ₃	259,5	427,3	1663,6	1,4	3,5
O ₄	446,9	352,1	1156,8	3,9	18,2
O ₅	366,7	763,0	978,7	4,6	0,8
O ₆	386,2	241,2	865,6	2,5	65,6
O ₇	344,1	243,8	744,5	2,0	14,0
O ₈	375,2	1398,0	2202,0	14,3	66,7
O ₉	300,9	1300,5	877,6	8,4	9,0

O ₁₀	480,6	1028,9	795,6	16,5	22,5
SUM	3527,3	6498,8	11060,2	58,7	217,4
SQUARE ROOT OF SUM	59,39	80,62	105,17	7,66	14,74

In the second part of the second step, the first normalized matrix is laid out. In this step, vector normalization was performed, equation 2 for utility-oriented criteria and equation 3 for cost-oriented criteria was used. In addition, standard deviation was calculated on the basis of criteria. The results of the procedure are given in the table below.

Table 7. First normalized matrix

	C1	C2	C3	C4	C5
O ₁	0,3139	0,3109	0,2720	0,2861	0,7836
O ₂	0,2495	0,1334	0,2943	0,0758	0,8213
O ₃	0,2712	0,2564	0,3878	0,1546	0,8731
O ₄	0,3559	0,2328	0,3234	0,2570	0,7106
O ₅	0,3224	0,3426	0,2975	0,2796	0,9411
O ₆	0,3309	0,1927	0,2798	0,2057	0,4506
O ₇	0,3124	0,1937	0,2594	0,1840	0,7460
O ₈	0,3262	0,4638	0,4462	0,4938	0,4460
O ₉	0,2921	0,4473	0,2817	0,3779	0,7969
O ₁₀	0,3691	0,3979	0,2682	0,5305	0,6783
SUM	3,1436	2,9716	3,1102	2,8451	7,2477
SUM OF SQUARES	0,0343	0,1082	0,0571	0,1380	0,1557

In the third stage, the second normalized matrix was arranged. Here, the values obtained in the first normalized matrix were proportioned to the column totals on the basis of criteria and thus reduced to the range [0-1]. Equation (4) is used for this. The matrix values are seen in the table below.

Table 8. Second normalized matrix

	C1	C2	C3	C4	C5
O ₁	0,0998	0,1046	0,0875	0,1006	0,1081
O ₂	0,0794	0,0449	0,0946	0,0266	0,1133
O ₃	0,0863	0,0863	0,1247	0,0544	0,1205
O ₄	0,1132	0,0783	0,1040	0,0903	0,0980
O ₅	0,1026	0,1153	0,0956	0,0983	0,1299

O ₆	0,1053	0,0648	0,0899	0,0723	0,0622
O ₇	0,0994	0,0652	0,0834	0,0647	0,1029
O ₈	0,1038	0,1561	0,1435	0,1736	0,0615
O ₉	0,0929	0,1505	0,0906	0,1328	0,1099
O ₁₀	0,1174	0,1339	0,0862	0,1865	0,0936

In the fourth step, the sum of squares of each criterion was calculated. The sum of the squares of each element of the second normalized matrix was calculated with the help of equation (5). The results of the procedure are shown in the table below.

Table 9. Sum of squares

	C1	C2	C3	C4	C5
O ₁	0,0100	0,0109	0,0076	0,0101	0,0117
O ₂	0,0063	0,0020	0,0090	0,0007	0,0128
O ₃	0,0074	0,0074	0,0155	0,0030	0,0145
O ₄	0,0128	0,0061	0,0108	0,0082	0,0096
O ₅	0,0105	0,0133	0,0091	0,0097	0,0169
O ₆	0,0111	0,0042	0,0081	0,0052	0,0039
O ₇	0,0099	0,0042	0,0070	0,0042	0,0106
O ₈	0,0108	0,0244	0,0206	0,0301	0,0038
O ₉	0,0086	0,0227	0,0082	0,0176	0,0121
O ₁₀	0,0138	0,0179	0,0074	0,0348	0,0088
SUM	0,1012	0,1132	0,1034	0,1235	0,1046

In the fifth and sixth steps, the criterion weight coefficients were found by evaluating the previously calculated standard deviation values and the sum of squares values, respectively. Equation (6) is used for this. In the last stage, the criterion weight values were sorted according to their size according to the “rank” function in excel. The results of the procedure are given in the table below.

Table 10. Criterion weights (w)

	C1	C2	C3	C4	C5
	0,0035	0,0122	0,0059	0,0171	0,0163
WEIGHT(W)	0,0632	0,2228	0,1074	0,3102	0,2964
RANK	5	3	4	1	2

As a result of the application of the method, a finding emerged as C4 > C5 > C2 > C3 > C1. The figure below shows the importance weights of the criteria more clearly.

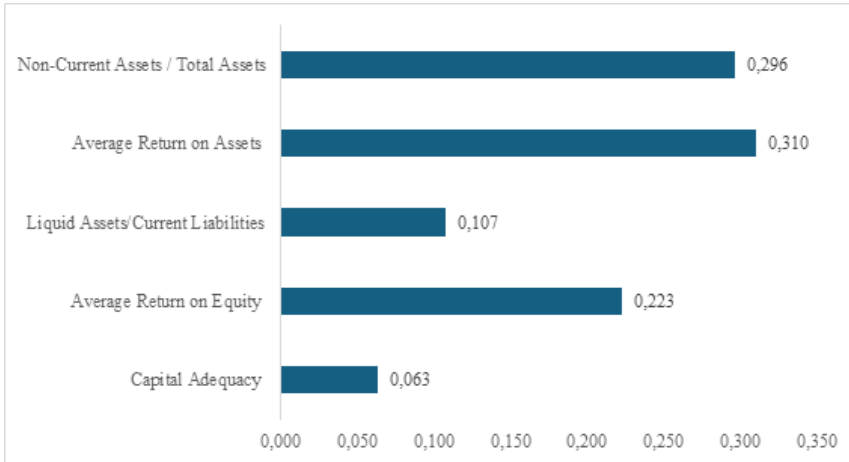


Figure 1. Criterion Weights

What this finding tells us is that the C4 benchmark is the most influential predictor of commercial bank performance. Average Return on Assets (ROA), coded C4, shows the relationship between bank profit and the bank's total assets. As one of the bank's profitability ratios, it is considered one of the important indicators of financial performance. A high ratio indicates that the bank has placed its assets in profitable areas. The weight coefficient of this determinant in performance is 31.02 percent. In other words, nearly one-third of the performance is determined according to this criterion. The second important performance determinant, the C5 coded Non-Current Assets/Total Assets ratio, shows the share of fixed assets such as immovables and vehicles in the bank's total assets. A high ratio indicates that the bank invests its assets in illiquid assets. In third place, Average Return on Equity (ROE) coded C2 is one of the bank's profitability indicators. It shows the relationship between bank profit and total shareholders' equity. While the weight of the Non-Current Assets/Total Assets ratio criterion in performance is 29.64 percent, the weight of the Average Return on Equity ratio is 22.28 percent. C4 and C2 coded criteria, in other words, ROA and ROE are the profitability indicators of the bank. The weight total of the two reaches 53 percent. It has been revealed that profitability affects more than half of the bank's performance. This result is not surprising at all. Because, in many cases, profitability and performance are evaluated in the same way. The determinant that affects the Bank's performance the least is the C1 coded Capital Adequacy ratio, which has a weight coefficient of 6.32 percent.

4. Comparative Analysis

After determining the impact levels of the determinants of commercial bank performance with the CRISUS method, a comparative analysis was conducted for the accuracy and robustness of the analysis. Five of the most common objective weighting methods in the literature were selected for comparative analysis. These; ENTROPY, MEREC, MPSI, and WENSLO are multi-criteria decision-making techniques (Pamucar et al.2023; Gligorić et al., 2022; Shannon and Weaver, 1949; Keshavars-Ghorabae et al., 2021; Zavadskas & Podvezko, 2016). . In this analysis, the criterion weights determined by the CIRCUS method were compared with the criterion weights found by other methods. In this comparison, the PEARSON correlation coefficient [r] was calculated. The findings of the comparative analysis are shown in the table below.

Table 11. Comparative Analysis

Code	CRISUS	ENTROPI	MEREC	MPSI	WENSLO
C1	0,0632	0,0136	0,0681	0,0414	0,0179
C2	0,2228	0,1513	0,2200	0,2604	0,1513
C3	0,1074	0,0352	0,0503	0,0785	0,0489
C4	0,3102	0,2672	0,3781	0,3242	0,2779
C5	0,2964	0,5327	0,2834	0,2956	0,5040
r(*p<0.01)	1	0,84	0,96*	0,99*	0,86

According to the findings of the comparative analysis, a strong and positive relationship emerged between the criterion weights determined by the CIRCUS method and the criterion weights determined by other methods. Two of the correlation coefficients were calculated above 90%. The highest correlation was found with the MPSI method with 99%. The correlation with the MEREC method was quite high with 96%. In addition, the correlation with the other methods was very close to 90%. This result shows that the CIRCUS method, which is a fairly new method applied in the research, is a very robust and accurate weight determination technique.

5. Discussion

The aim of this study is to determine the degree of impact of financial performance criteria of commercial banks on performance. For this purpose, CRISUS weighting technique, which is a very new method among the multi-criteria decision-making techniques, was applied. The research questions of the study are; What are the main criteria affecting bank fi-

nancial performance? Are the degrees to which these criteria affect performance the same or are they different? If so, can the criterion effect levels (weights) be calculated? If so, what are the criterion weights? As the universe of the research, the 10 banks operating in Turkey with the highest share in the sector in terms of asset size were examined. The data of these 10 banks at the end of 2024 were analyzed by taking them from the database of the Banks Association of Turkey.

As a result of the application of the method, it was understood that the average return on assets (ROA) ratio was the factor that affected the bank's performance the most. In other words, the determinant that most affects a bank's performance is its high profit relative to its assets. The performance of the bank that invests in profitable assets will be higher. Approximately one-third of performance is determined according to this criterion. The second important performance determinant is having low non-current assets, in other words, having a small Non-Current Assets to Total Assets ratio. In third place is the ROE (Return on Average Return on Equity) ratio. In this study, it was revealed that ROA and ROE criteria, which are profitability indicators, affect more than half of the bank's performance. This result once again proves the interplay between bank profitability and performance. The factor that affects the bank's performance the least is the Capital Adequacy ratio.

It is seen that these results are generally compatible with the results of the studies mentioned in the literature. For example, while Return on Equity (ROE) is among the three most important criteria in Yılmaz's research (2022a, 2022b, and 2022c), the same is true in this study. Likewise, in the study of Karadağ Ak et al. (2025), ROA and ROE were the top three criteria in all of the years examined (2019-2023), while in our study, they ranked 1st and 3rd, respectively. In the study of Süzmuş and Yakut (2024), although the most important criterion on average in the 2014-2021 period was Net interest margin, the Net profit/loss criterion, which is a criterion related to profitability, was determined as the most important criterion in 2021. Likewise, in the study of Demirhan et al. (2025), the Net profit/loss criterion, which is a criterion related to profitability, was the 2nd criterion with the highest weight of importance in 2023. In the study of Aydın (2025), ROA and ROE were found to be the most important financial criteria.

After determining the impact levels of the determinants of commercial bank performance with the CRISUS method, a comparative analysis was conducted for the accuracy and robustness of the analysis. For comparative analysis, ENTROPY, MEREC, MPSI and WENSLO multi-criteria decision-making techniques, which are among the most common

objective weighting methods in the literature, were applied. As a result, a strong positive relationship was found between the weights of the criteria determined by the CIRCUS method and the criteria weights determined by other methods. Thus, the CIRCUS method has proven to be a very robust and accurate weight determination technique.

One of the limitations of the study is that an analysis limited to a single country was made. Conducting such a study for countries other than Turkey may eliminate the local nature of the study findings. Another constraint is that the number of criteria may be higher and thus the criterion weights may change accordingly.

Conclusion

As a result of the study, it was revealed that the most important criteria affecting the bank's financial performance were Average Return on Assets (ROA), Non-Current Assets/Total Assets ratio and Return on Average Equity (ROE), respectively. It has been revealed that the profitability indicator ROA and ROE affect more than half of the bank's performance. The Capital Adequacy ratio is the criterion that affects the bank's performance the least.

It is thought that these results may provide useful data on the decisions and practices that bank managers and bureaucrats who shape economic policy may take in the future. Of course, evaluating the results of the study together with the results of other weighting methods will allow healthier managerial decisions to be made.

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Chapter 2

**SUSTAINABILITY REPORTING, ESG REPORTING
INTEGRATED REPORTING, GLOBAL
REPORTING INITIATIVE AND
IFRS SUSTAINABILITY STANDARDS:
CONCEPT CLARIFICATION**

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1. Introduction

“Accounting consists of three basic activities—it identifies, records, and communicates the economic events of an organization to interested users (Wegandt, Kimmel, & Kieso, 2009).” Companies identify the economic events relevant to their business and records those events in books in a systematic manner in order to provide a history of their financial activities, measured in terms of money. After classifying and summarizing the economic events, companies communicate the collected information to interested users by means of accounting reports. These reports are called financial statements.

Financial statements are the primary sources of information used to assess whether businesses can survive in the long term. A company’s financial statements are not designed to provide investors with all the necessary information. “Financial statements inform whether financial capital has been maintained historically, they are not designed to answer the question of whether it will be maintained in the future. While financial statement information is in this sense *ex post*, investment decisions are made *ex ante*, and there is therefore unmet investor demand for information (Barker, 2025).”

The basic objective of a business entity is to maximize the profit while maintaining a sustainable growth; for both the entity and the wealth of the investors. In the past, financial statements were assumed to be satisfactory to evaluate the company’s ability to achieve its objectives. Sustainability in business activities was almost enough for the success and survival of the businesses. In today’s global economic, financial, social, and environmental factors, financial statements which are presenting the past data are not sufficient for stakeholders to evaluate company’s financial position for today, to make projections for the future and for decision-making. Since the company’s sustainability depends on its ability to manage the risks and opportunities arising from those factors correctly, it became necessary for companies to disclose their performance how they manage those risks and opportunities to stakeholders. This necessity led companies to prepare other reports additional to financial reports.

“Climate change and environmental management have become key strategic issues, which are enjoying importance in core decision making

because of financial implications. Stakeholders demand accountability and transparency from corporates in the way they do business (Diwan & Sreeraman, 2024). Businesses are not only a part of the economic, social, financial and political environment in which they operate, but also of the natural environment in which they are located. Businesses have a two-way interaction with the natural environment in which they operate. One is that environmental changes affect a business's financial situation, which requires it to adapt. Examples of these changes include depletion of natural resources, environmental pollution, and natural disasters, etc. The second is when the company's activities affect the environment; causing environmental pollution, misuse of natural resources, etc. In this case, the company should reduce or even eliminate these effects with an environmentally sensitive attitude."

It is undeniable that stakeholders who will obtain information about the company need not only financial statements showing the past financial position of the company but also other reports that show the past attitude of the company and its future plans, which will show its communication with the environment. These non-financial reports are now called as sustainability reports.

2. Sustainability-related Financial Information

Sustainability-related information is information about the risks and opportunities arising from a company's interactions with its stakeholders, society, the economy and the natural environment. This information is increasingly integral to economic and investment decisions (IFRS). In order to appropriately report on sustainability-related risks and opportunities, companies must first understand what those risks and opportunities are. Unfortunately, the IFRS does not give a clear definition.

A full set of sustainability-related financial disclosures fairly presents all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's future financial viability. A specific form of financial report that provides information about the reporting entity's sustainability-related risks and opportunities that could reasonably be expected to affect its cash flows, access to finance or cost of capital in the short, medium or long term, and includes information about the entity's governance, strategy and risk management related to those sustainability-related risks and opportunities, and related metrics and targets (KGK).

According to KGK TSRS1, financial information related to sustainability must have fundamental and enhancing qualitative characteristics;

such as relevancy, materiality, faithful presentation, comparability, verifiability, timeliness and understandability. These qualities are just the same as in the IFRS Conceptual Framework of Financial Reporting. It is because sustainability-related financial disclosures are part of general-purpose financial reports. Therefore, the qualitative characteristics in the Conceptual Framework also apply to sustainability-related financial information.

In his article (Barker, 2025) summarized the differences in disclosing sustainability-related risks and opportunities with traditional financial statements under six areas:

“First, while financial reports show the past performance and current financial position of the company using historical data, the sustainability report also predicts future events.

Secondly, unlike historical performance, the future is uncertain and therefore sustainability reports need to disclose how the company is preparing itself for the uncertain future.

Third, sustainability reporting is more comprehensive than financial reports in terms of the disclosure of resources used. While financial reports disclose the equity used, sustainability reports also explain the strategies employed in using these resources in the profit-generating process and the effectiveness of these strategies.

Fourth, the formats of sustainability reports and financial reports differ. While the format for financial reports has been established globally, there is no consensus yet on the format and content of sustainability reports.

Fifth, measurement unit in financial reports is money. From an investor’s perspective, sustainability-related disclosures are still related to company performance, but the unit of measurement may not be money.

Sixth, while each business transaction directly impacts a company’s financial position, it’s impossible to aggregate sustainability metrics and express them as a single measure of sustainability performance. Investors are more interested in how much a company’s carbon footprint contributes to its profitability than how much it leaves behind.”

Businesses convey information about their activities to information users through various reports. The information transfer is provided by several reports such as financial, annual and sustainability reports. The reports both financial and not financial may cause informational convergence rather than supplying with those concerned that they want to get

information about the business (Akalın & Tuğay, 2023).

3. Sustainability Reporting vs ESG Reporting

The concept of sustainability was introduced with the Brundtland Report prepared by the World Commission on Environment and Development in 1987. The report defined sustainable development as “ensuring that the needs of the present are met without compromising the ability of future generations to meet their own needs.” The commission, based on the unavoidable reality of widespread poverty, emphasized the need to meet everyone’s basic needs and provide opportunities for a better life through sustainable development (Özdemir, 2024).

“Corporate sustainability can be defined as enterprises’ undertaking of social, economic and environmental as well as financial responsibilities. The information related to new responsibilities placed on companies must be presented to stakeholders just like the financial information. Inadequacy of financial reporting, in providing information related to new responsibilities of companies to large numbers of stakeholders spread all over the globalized world, has led to emergence of a new vehicle. This new tool, used by companies to communicate their activities with internal and external stakeholders, is called sustainability reporting (Atağan, 2017).”

According to authors (Filho, et al., 2025) key features of sustainability reporting are:

“Transparency; providing stakeholders with transparent information about the company’s sustainability performance.

Accountability; holding organizations accountable for their impacts on society and the environment.

Performance Improvement; encouraging organizations to improve their sustainability performance over time.

Stakeholder Engagement; engaging with stakeholders and responding to their concerns and expectations regarding sustainability.

Value Creation; demonstrating how sustainability practices contribute to the long-term value creation of the organization.

Reputation; enhanced reputation and brand value.”

According to Greenly earth, sustainability reporting necessitates the disclosure of environmental, social and governance (ESG) goals. With

sustainability reporting, organizations reach better risk management, better cost optimization, improved reputation and more. These benefits result from evaluating social and environmental risks and improving new risk management strategies, setting newer goals (Quoreka, 2025).

The term ESG first came to prominence in a 2004 report titled “Who Cares Wins”, which was a joint initiative of financial institutions at the invitation of the United Nations. By 2023, the ESG movement had grown from a UN corporate social responsibility initiative into a global phenomenon (Wikipedis, n.d.).

ESG is a corporate governance and investment framework. This means that businesses that adopt ESG principles will consider, measure, and report environmental, social, and governance aspects of their businesses, as well as their financials (Brighest, n.d.).

Greenbusinessbureau.com states that ESG reporting is the disclosure an enterprise’s data on its initiatives across environmental, social, and governance aspects. By disclosing this information, a company’s progress related to these three fields can be examined against benchmarks and targets. (Quoreka, 2025).

“ESG reporting is the disclosure of environmental, social and corporate governance data. As with all disclosures, its purpose is to shed light on a company’s ESG activities while improving investor transparency and inspiring other organizations to do the same (Tocchini & Cafagna, n.d.).”

“Investment firms across the globe are changing their priorities. Some of these companies use environmental, social and governance factors in assessing a company’s long-term performance. This shift away from the short-term perspective by financial institutions has created a new term in the corporate world: ESG. The terms ESG and sustainability are often used interchangeably, yet it is incorrect to do so (Courtneil, 2021).”

Although the concepts of sustainability and ESG are sometimes used interchangeably, and their definitions are very similar, some authors argue that these terms should not be used interchangeably because there is a subtle difference between these concepts.

According to (Tocchini & Cafagna, n.d.), while sustainability shows the relationship of the business with the environment, ESG additionally includes social responsibility and corruption. ESG is a framework of metrics that enable businesses to provide information about their performance and risks to their investors. On the other hand, sustainability is a framework that guides the business itself regarding capital investments.

In other words, sustainability is internal framework, ESG is the external framework. Since ESG is a reporting framework, it is more relevant to publicly traded companies looking to attract and inform investors or any other business looking to attract financing.

According to (Brighest, n.d.), there are some the key differences between ESG and sustainability:

“1. ESG is about company stakeholders, identity, and decision-making whereas sustainability is about the relationship between a company and the environment.

2. ESG is an investment framework that helps external investors assess company performance and risk, whereas sustainability is a framework to make internal capital investments.

3. ESG is based on standards set by lawmakers, investors, and ESG reporting organizations whereas sustainability standards are more science-based and standardized.

4. ESG includes sustainability as one of its three pillars, but also incorporate broader social and corporate governance considerations

5. ESG is more relevant for large companies who are listed on public investment exchanges or who need financing from institutional investors.

Ultimately, ESG looks at how the world impacts a company or investment, whereas sustainability focuses on how a company (or investment) impacts the world.”

(Quoreka, 2025) tabulated the key differences between sustainability reporting and ESG reporting:

Sustainability reporting	ESG reporting
Sustainability as a concept and reporting has a broader focus incorporating scientific inputs.	ESG reporting has a narrow focus helping enterprises assess a company’s performance and risks.
Sustainability reporting is used as a communication tool by enterprises.	ESG reporting is considered by investment decisions for businesses.

Sustainability reporting utilizes various metrics such as carbon footprint, energy consumptions, and water consumption.	ESG reporting also uses some of the sustainability measures but has a more comprehensive inclusion with metrics related to gender equality, employee benefits, greenwashing among others.
Sustainability reporting has been vague which deters businesses from accepting it. Also, without a clear measurement for performance and reporting, businesses find it hard to quantify the result.	Given its precision, more businesses adopt ESG reporting, and it has been proven that businesses having high ESG performance showcase lower risk exposure and higher returns on investment, along with increased resilience and performance.

Table 1 Differences between Sustainability Reporting and ESG Reporting

Source: (Quoreka, 2025)

According to (Sheikh, 2025) the difference between ESG & Sustainability Reporting are listed as follows:

Aspect	Sustainability	ESG
Scope	Broad, holistic principle	Specific, measurable framework
Focus	Long-term impact on environment & society	Company performance on E, S, and G criteria
Purpose	Guide business toward lasting positive impact	Assess, compare, and report company risks/impact
Use	Internal strategy, culture, and operations	External reporting, investment, compliance
Frameworks	GRI, SASB, ISSB, TCFD, CDP	GRI, UN SDGs, Integrated Reporting

Table 2 Differences between Sustainability Reporting and ESG Reporting

Source: (Sheikh, 2025)

Again, according to (Sheikh, 2025) while both ESG and Sustainability

Reports address non-financial performance, they differ in purpose, audience, and structure:

Feature	ESG Report	Sustainability Report
Focus	Financially material risks and investor-grade disclosures	Broader environmental and social impact stories
Audience	Investors, regulators, analysts	Public, customers, employees, NGOs
Reporting Standards	SASB, TCFD, ISSB, GRI, CDP	Often GRI, UN SDGs, Integrated Reporting
Tone	Data-driven, compliance-focused	Narrative, mission-driven
Purpose	To inform capital markets and manage risk	To showcase sustainability initiatives and values

Table 3 Differences between ESG Reports and Sustainability Reports

Source: (Sheikh, 2025)

“As ESG and sustainability reporting move to the core of corporate strategy, using the right terminology is essential for clarity, credibility, and compliance” (Sheikh, 2025). “From a corporate point of view, integrating sustainability and ESG accounting into classical financial reporting aims to balance financial objectives with broader societal and environmental goals (Dasinapa, 2024).”

4. Global Reporting Initiative (GRI) vs Integrated Reporting

“The Global Reporting Initiative (GRI)’s SR Guidelines and the International Integrated Reporting Committee (IIRC)’s International Integrated Reporting Framework (IIRF) have gained importance in the past years as new sets of reporting frameworks. These frameworks require businesses to report companies’ social and environmental impacts, governance, strategies, and future goals (Needles, Sarı, Güngör, Türel, & Can, 2019).”

Integrated Reporting (IR) is a framework for corporate reporting that

aims to provide a holistic view of an organization’s performance, including its financial, environmental, social, and governance aspects. It tries to understand how businesses create value over time. By adopting the IR framework, adopting regulatory requirements and making technological innovations, businesses can improve the effectiveness and value of their sustainability reporting, thus ensuring that ESG disclosures are transparent and accountable. (Dasinapa, 2024).

“The Global Reporting Initiative (GRI) is an independent international organization that has pioneered sustainability reporting since 1997. It provides a framework for organizations to report on their economic, environmental, and social impacts, and has become the most widely used sustainability reporting standard globally.

Integrated Reporting (IR) and the Global Reporting Initiative (GRI) are complementary frameworks that can be used together to provide a comprehensive view of an organization’s performance. While IR focuses on integrated reporting of financial and non-financial aspects, GRI provides specific guidelines for sustainability reporting, which can be incorporated into an integrated report (Business Case Studies, 2024).”

Both the GRI and IR frameworks provide guidance on contents of the report. A distinction between the two is that IR expressly states that the Content Elements are not intended to serve as a standard structure and checklist of specific disclosure but rather as probing questions that management needs to consider when deciding on report content. GRI on the other hand, expressly requires Standard disclosure to be made. There is significant alignment between the Content Elements and Standard Disclosures of IR and GRI respectively as demonstrated by the table below (KPMG, 2014):

IR	GRI G4
Business Model Strategy & Resource Allocation	Strategy & Analysis
Organizational Overview & External Environment	Organizational Profile
Risks & Opportunities	Identified Material Aspects & Boundaries

Stakeholder Relationships (Principle)	Stakeholder Engagement
Basis of Preparation & Presentation	Report Profile
Governance	Ethics & Integrity
Performance Outlook	Management & Performance related to Material Aspects

Table 4 Report Content Elements

Source: (KPMG, 2014)

5. IFRS Sustainability Standards vs Integrated Reporting

A number of risks and opportunities arise from businesses' interactions with stakeholders, the public, the economy, and the natural environment. The need for information about these risks and opportunities led to the establishment of the ISSB by IFRS. The founding purpose of ISSB is to provide accurate information to capital market parties to help them make more accurate economic and investment decisions. The ISSB uses transparent standards that:

- ensuring that companies disclose comparable information useful for decision making; and
- consolidate the 'alphabet soup' of voluntary sustainability-reporting initiatives.

The ISSB has consolidated and built on the work of market-led reporting initiatives—comprising the Climate Disclosure Standards Board (CDSB), the Task Force for Climate-related Financial Disclosures (TCFD), the Value Reporting Foundation's Integrated Reporting Framework and the Sustainability Accounting Standards Board (SASB) (IFRS).

The ISSB issued IFRS Sustainability Disclosure Standards—IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures—in June 2023. ISSB has established a base that serves to ensure that sustainability-related disclosures are made in the best possible way for investors.

- “IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information provides a set of disclosure requirements

designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. The information provided about sustainability-related risks and opportunities is based on the four content elements set out in the TCFD recommendations and in addition, industry-based information is required to be provided.

IFRS S2 Climate-related Disclosures sets out specific climate-related disclosure requirements for a company to disclose information about its climate-related risks and opportunities. IFRS S2 builds on the requirements set out in IFRS S1 and fully integrates the TCFD recommendations (IFRS).”

An integrated report is crucial for decision-makers to access meaningful and comparable information and to allocate resources to the business. Therefore, it may be necessary to explain sustainability-related risks and opportunities and integrate their links with IFRS S1 and IFRS S2. (Cojocaru (Barbieru) & Mihaila, 2024).

Sustainability reports convey the impact of businesses on the economy, environment, and society to a broad audience. On the other hand, an integrated report explains the value created by a company for investors. Integrated reporting is based on the assumption that traditional financial reports are inadequate in presenting this value. Therefore, integrated reporting explains the impact of not only monetary capital on a company, but also human capital, social relations, intellectual capital, and so on. Some information from a sustainability report can be transferred to an integrated report when necessary. (Cojocaru (Barbieru) & Mihaila, 2024).

The key to integrated reporting is value creation in the short, medium, and long term. In line with the disclosure requirements in IFRS S1, entities define the duration of maturities by taking into account their sector, investment cycles, and strategies. Strategies regarding issues concerning the social and natural capital of businesses will be effective in determining the maturity length (Cojocaru (Barbieru) & Mihaila, 2024).

Integrated reporting, as part of the VRF (Value Reporting Foundation), is a global sustainability framework. The IFRS Foundation established the ISSB in 2021. The ISSB’s aim was to establish the base for global sustainability reporting and, to this end, published two sustainability standards. However, the subsequent merger of the VRF and ISSB into the IFRS Foundation has raised several questions, including the role and necessity of IR in sustainability reporting standards. (Wyk & Els, 2023).

6. Conclusion

According to (Çelik & Aydemir, 2022) it has been observed that the social, environmental and economic values of companies publishing IR have a greater positive impact on ROA and ROE values than other companies. Integrated reporting, unlike other sustainability reports, is not just about the activities themselves but it focuses on how these activities add value to the business by looking at their outputs rather than their inputs.

Efforts made in recent years to prevent the incomparability of reports caused by the redundancy and presentation differences in reporting standards for non-financial information, and the desire and necessity for standard-setting organizations to come together and adopt a single reporting system, are significant developments in terms of international sustainability reporting practices. In our country, reporting of sustainability information is voluntary for publicly held enterprises and has been implemented since 2021 in accordance with the “Sustainability Principles Compliance Framework” published by the Capital Markets Board of Turkey (CMB). The gradual implementation of the S1 and S-2 international sustainability reporting standards, published by the CMB in December 2023 and implemented in 2024, will also make this reporting mandatory for companies within the scope of auditing. Furthermore, the implementation of CMB regulations in line with international practices will ensure uniformity in reporting in our country and ensure the presentation of appropriate and accurate audited information. Furthermore, the sustainability reporting principles published by the European Union and implemented as mandatory for some companies in 2024 will also affect certain sizes of companies in Turkey that conduct business with European Union countries in terms of revenue and asset size. It is important for stakeholders to know the extent to which organizations are implementing the sustainable development goals set by the United Nations. This information can be obtained from sustainability reports. Therefore, the need for independently audited sustainability reports that provide useful information is increasing daily (Akdoğan, 2024).

In line with current practices, it appears that fully meeting the criteria and regulations stipulated in international sustainability standards for the preparation and reporting of sustainability-related information and achieving standardization in sustainability reports requires a significant adaptation process and time. Standardization in sustainability reporting practices is particularly important for the comparability of these reports among financial information users. While the new sustainability standards expected to be published following IFRS S1 and S2 (Draft) Standards may significantly contribute to standardization in existing sustain-

ability reporting practices and likely eliminate some of the ambiguities in IFRS S1 and S2 (Draft), it is clear that the individual effort, development, and time spent by businesses during this adaptation process will also be critical for ensuring that their sustainability reports are compliant with the standards and comparable (Bircan & Özcan, 2023).

According to (Santoso, Meuthia, & Kartasari, 2025) regarding sustainability reporting, businesses have shifted from a compliance-based reporting approach to a strategic and integrated reporting approach. When evaluating the use of standards, many studies indicate that the GRI has been largely adopted. While the GRI is largely used in reporting, other standards are used to complement the specific needs of stakeholders. This highlights the need for harmonization of standards.

According to (Atağan, 2017) a great majority of the reports are identified as GRI reports both in Turkey and other countries. This might suggest that the GRI guidelines are designed to meet all criteria for businesses. While there is no consensus on integrated reporting, there is some thought about the need for a new report format.

Simply being financially strong is no longer sufficient for businesses to survive. Businesses must make socially, economically, and environmentally sustainable decisions and implement them. Therefore, in addition to financial reports, businesses must report the risks and opportunities they create in economic, social, and environmental terms. In this literature review-based study, I discovered a lack of consensus regarding the name, content, format, and standards of this reporting. Multiple names have been given to these reports, and while their content is largely similar, there are minor differences. Similarly, various organizations and initiatives have developed frameworks and standards for preparing these reports. These frameworks and standards complement each other. Consequently, harmonization of the name, content, and format is necessary for sustainability-based reporting, which has gained significant importance in recent years and is now mandatory in many countries.

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Chapter 3

ASSESSING THE TOURISM POTENTIAL OF THE TURKIC WORLD CAPITALS OF CULTURE IN THE CONTEXT OF CULTURAL HERITAGE - A CASE STUDY OF KAZAKHSTAN

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INTRODUCTION

The International Organization of Turkic Culture (TÜRKSÖY) is the first cooperative institution established within the Turkic World. Founded in 1993 through an agreement signed by the ministers of culture of the Republic of Azerbaijan, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Uzbekistan, Turkmenistan, and the Republic of Türkiye, TÜRKSÖY has since conducted extensive scientific and cultural initiatives focusing on the shared history, culture, and arts of Turkic peoples. Among its most prominent projects is the “Turkic World Capital of Culture Program”, launched in 2012 to promote the cultural heritage of the Turkic World while fostering intercultural and artistic exchange among its cities. Through this program, a different Turkic city is designated as the “Capital of Culture” each year, serving as a host for international cultural and artistic events. To date, thirteen cities have been honored with this title, reflecting the cultural richness and shared values of the Turkic World on a global scale: Astana, Kazakhstan (2012); Eskişehir, Türkiye (2013); Kazan, Tatarstan (2014); Merv, Turkmenistan (2015); Shaki, Azerbaijan (2016); Turkistan, Kazakhstan (2017); Kastamonu, Turkey (2018); Osh, Kyrgyzstan (2019); Khiva, Uzbekistan (2020); Bursa, Turkey (2022); Shusha, Azerbaijan (2023); Anev, Turkmenistan (2024); and Aktau, Kazakhstan (2025).

Cities and cultures attract tourism by offering unique elements that are novel to visitors from different lands and traditions. Culture and tourism, therefore, are inherently interconnected. That is, culture initiates and sustains tourism, while tourism, in turn, disseminates and popularizes culture. In the contemporary context, the growing global interest in cultural heritage has underscored the importance of transmitting to future generations the cultural values that embody the identity and character of the Turkic World, shaped and strengthened over centuries. Ensuring the transfer of this heritage requires approaches that remain faithful to its essence while adapting to the demands of the present era. Within this framework, the present study seeks to evaluate the tourism potential of Astana, Turkistan, and Aktau cities in Kazakhstan, which are designated as Cultural Capitals of the Turkic World, with a particular focus on their cultural heritage. The study further develops recommendations and strategies for enhancing tourism in these cities. By analyzing their internal strengths and weaknesses alongside external opportunities and threats, the research aims to identify cultural heritage resources, core competencies, competitive advantages, and potential challenges in the tourism sector of Astana, Turkistan, and Aktau. Within the scope of this research, which is deemed significant in highlighting future priorities,

particularly in relation to cultural heritage, the primary aim is to propose recommendations for tourism development in Kazakhstan's Turkic World Cultural Capitals, with a focus on the sustainability of cultural heritage.

CONCEPTUAL FRAMEWORK

The Relationship between Cultural Heritage and Tourism

As a concept encompassing all values created by societies over time, culture constitutes a framework for understanding others within the broad spectrum of human experience (Temir, 2020; Geçikli et al., 2024). It is shaped by the relationships individuals establish with their social and physical environment, driven by their own motivations; in this process, culture continuously accumulates, transforms, and evolves (Avcı, 2024). The tourism sector, which plays a vital role in fostering recognition and mutual understanding among cultures, also serves as an effective means of connecting communities across the Turkic World (Oktay et al., 2015). Moreover, the shared historical and geographical unity of Turkic societies provides a valuable foundation for sustaining cultural heritage experiences within the tourism sector (Tellan, 2015). Visitors to cultural and historical sites have contributed to making tourism one of the largest, most widespread, and fastest-growing sectors in the world today. Within this framework, cultural heritage tourism, generally based on both tangible and intangible cultural assets, entails the utilization of past legacies as tourism resources (Timothy & Nyaupane, 2009). It must therefore be emphasized that cultural heritage and its elements have consistently represented a primary driver of tourism. The value attributed to cultural heritage assets extends beyond assessments made solely by scholars based on historical or artistic criteria; it must also be evaluated in terms of its social, economic, and societal significance (Conti, 2015). Cultural heritage tourism, in this regard, not only facilitates the transmission of cultural and historical traditions to future generations but also contributes to the preservation and revitalization of heritage itself (Geçikli et al., 2024). Moreover, tourism has emerged as one of the most effective means through which ethnic groups that were separated centuries ago can reconnect, reunite, and reinforce their shared sense of cultural identity and unity (Evcin, 2018).

Cultural heritage, encompassing traditions, practices, places, objects, and artistic expressions developed by communities and transmitted across generations, plays a vital role in ensuring both cultural continuity and the sustainability of tourism. In this context, sustainability refers to the careful transmission of heritage to future generations, considering not only natural and historical assets but also

the social and cultural processes that have shaped them (Geçikli et al., 2024). For cultural capitals, which are designed to reflect the identity and heritage of a society, achieving the intended economic, social, cultural, and environmental objectives, while simultaneously preserving existing values, requires comprehensive strategies. These include infrastructure development, effective governance, human resource management, social participation, visitor management, cultural programming, risk management, financial management, marketing and communication, as well as ongoing monitoring and evaluation (Karadağ & Savaşkan, 2018).

The International Organization of Turkic Culture (TÜRKSOY)

The Turkic World encompasses a wide range of Turkic peoples residing across North, East, Central, and West Asia, Northwest China, and parts of Eastern Europe (Akıllı, 2019). This concept embodies not only ethnic and geographical dimensions but also social, economic, religious, political, and cultural aspects. Within this framework, the scope of the International Organization of Turkic States is particularly noteworthy, as its activities extend to cooperation in political, economic, customs, transportation, tourism, education, information, youth and sports, health, agriculture, cultural relations, and other related fields (Avcı, 2024). The International Organization of Turkic States represents one of the most significant institutionalized expressions of multidimensional relations between Türkiye and other Turkic-speaking countries. Prior to its formal establishment, numerous summits were convened, laying the groundwork for regional cooperation among Turkic states (Akçapa, 2023). A central aim of this cooperation is the advancement of tourism and cultural initiatives designed to promote the historical, spiritual, and cultural legacy of Turkic civilization, guided by the principle of the “Common Turkic Space.” In this regard, both the tangible and intangible heritage of Turkic peoples are officially recognized as part of the Common Turkic Heritage (International Organization of Turkic States, 2025a).

Following their independence in 1991, the Turkic republics, with the support of Türkiye, established a range of institutions to rapidly enhance cooperation mechanisms among these states. These organizations have since implemented diverse programs aimed at strengthening collaboration in academic, political, economic, and cultural spheres (Yaldız, 2022). The Organization of Turkic States (OTS), founded to promote cooperation and solidarity among Turkic states on the basis of shared history, language, and cultural heritage, currently includes Türkiye, Azerbaijan, Kazakhstan, Kyrgyzstan, and Uzbekistan as member states, while Hungary, Turkmenistan, and the Turkish Republic

of Northern Cyprus (TRNC) hold observer status. The OTS functions as an umbrella institution encompassing several Turkic cooperation mechanisms, including the International Organization of Turkic Culture (TÜRKSÖY), the Parliamentary Assembly of Turkic Speaking Countries (TURKPA), the International Turkic Academy, the Turkic Culture and Heritage Foundation, the Turkic Chamber of Commerce and Industry (TTSO), and the Turkic Investment Fund (Republic of Türkiye Ministry of Foreign Affairs, 2025). Through this process of institutionalization, several mechanisms have emerged within the Turkic World, including official coordination, the signing and ratification of international agreements, the establishment of bureaucratic structures, and the development of formal discourse, dialogues, and conventions. Within this framework, the International Organization of Turkic Culture (TÜRKSÖY) was founded in 1993 by the Republic of Azerbaijan, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Uzbekistan, Turkmenistan, and the Republic of Türkiye. As the first cooperation body established in the Turkic World, TÜRKSÖY seeks to reinforce the bonds of shared heritage among Turkic peoples by emphasizing common language, history, and cultural values, while simultaneously promoting and conveying this heritage to the global community (Akıllı, 2019).

TÜRKSÖY can be regarded as a key actor in the recognition and promotion of shared cultural and tourism heritage within the Turkic World. Shared cultural and tourism assets across the Turkic cultural geography play a crucial role in fostering closer ties among Turkic-speaking peoples (Bıyıklı, 2017). Through its activities, TÜRKSÖY provides a framework for member states to consolidate common cultural values under a unified platform and to advance their visibility through cultural diplomacy initiatives (Akıllı, 2019).

Each year, TÜRKSÖY announces significant cultural event dates, organizes commemorative activities in various Turkic languages and dialects, publishes cultural materials, and works to transmit the heritage of leading cities in the Turkic World to future generations (Sarsenbayeva & Egamberdiyev, 2023). In this context, TÜRKSÖY has initiated a range of programs positioning culture as a primary platform for dialogue and communication among its members. Among these, the “Turkic World Capital of Culture Program” stands out as one of the most prominent initiatives. Through this program, a different Turkic city is designated as the “Capital of Culture” each year, with the host city representing its national culture and organizing a variety of events throughout the year (Akıllı, 2019). Widely regarded as one of TÜRKSÖY’s most

successful projects, and often described as the UNESCO of the Turkic World, the Cultural Capital program aims to promote cooperation while strengthening cultural, artistic, scientific, economic, and social ties across the region, notably between cities such as Astana, Turkistan, and Aktau and the broader Turkic World (Gocuk, 2022).

The Program of Turkic World Capitals of Culture

The concept of cultural capital refers to the promotion of a society's culture, created collectively and transmitted across generations through learning, by showcasing it to visitors through diverse activities. This concept thus encompasses not only the phenomenon of culture but also that of tourism, thereby establishing an inherent link between the two (Çevik & Yıldırım Saçılık, 2014). Given their shared historical background, cooperation in the field of tourism among Turkic states with common linguistic, cultural, and historical ties has considerable potential to contribute to both the economic and socio-cultural development of each country (Tuna et al., 2022). The designation of cultural capital is typically awarded to provinces that possess significant cultural heritage or that have historically served as centers of cultural activity, while also featuring examples of both modern and traditional art, in accordance with specific criteria (Çam & Avcı, 2021). The Turkic World Capital of Culture project is notably rich in terms of the diversity of its cities and cultures, yet remains under recognized at the global level (Temir, 2020). Moreover, it plays a crucial role in highlighting the distinct characteristics within the shared cultural heritage of the Turkic World (Yaldız, 2022).

During their tenure as cultural capitals, designated cities host a wide range of cultural events, including art exhibitions, theater performances, and music concerts with the support of TÜRKSOY and its partner institutions. Within this framework, initiatives aimed at strengthening cultural ties among these cities gain particular prominence. By welcoming international visitors to year-round events, cultural capitals make substantial contributions to both the local and national economy through increased activity in the tourism sector (Keskin et al., 2022). The status of cultural capital not only enhances tourism by attracting visitors but also generates multiple economic, cultural, and environmental benefits for local communities (Çevik & Yıldırım Saçılık, 2014). Thus, the "Turkic World Capital of Culture" program, while cultural in orientation, also serves as an important economic mechanism by fostering the financial and developmental potential of the historic cities selected. Importantly, the benefits often extend beyond the program's official duration, as tourists

frequently return to these destinations, thereby sustaining positive effects on local budgets (Sarsenbayeva & Egamberdiyev, 2023).

Cultural Heritage Values of Kazakhstan

Situated across the steppes of Central Asia, Kazakhstan is the largest of the Turkic republics in terms of land area (Nergiz, 2019). Owing to its vast territory and multi-ethnic composition, the country embodies a rich historical and cultural heritage shaped by diverse peoples (Tagmanov, 2023). In line with global trends emphasizing cultural exploration through travel, Kazakhstan emerges as a destination offering not only a wealth of cultural heritage but also distinctive natural landscapes, including nature reserves, lakes, deserts, and forests (Tagmanov & Ulema, 2024). Having declared sovereignty on October 25, 1990, and independence on December 16, 1991, Kazakhstan has since positioned tourism as a sector of strategic importance. Its geographical location along the historic Silk Road constitutes one of its strongest assets, as the country hosts a 1,700 km stretch, approximately 15% of the total route (Gürsoy & Yegemberdiyeva, 2021). Historically, this region has also played a pivotal role in both Turkic and broader Asian history (Myrzabekova, 2021). Since gaining independence, Kazakhstan has undertaken systematic efforts to assess and utilize its rich historical and cultural heritage within the framework of tourism development. One prominent example is the “Congress of Leaders of World and Traditional Religions,” organized triennially since 2003. This initiative not only enhances dialogue among diverse cultures and religions but also promotes interfaith understanding and contributes to global peace (Zhumagulova, 2011).

The tourism sector in Kazakhstan is designated as a priority industry within the national economy, functioning as a catalyst for the country’s broader socioeconomic development. Although Kazakhstan’s tourism destinations are not yet prominently represented in the global tourism market, the country’s distinctive natural resources and wealth of cultural and historical heritage sites provide strong potential for achieving a competitive position internationally (Kenzhebekov et al., 2021). Tourism already plays a pivotal role in the Kazakh economy by contributing to the sustainable development of several regions. To enhance its global visibility, however, effective branding of products and services is essential. Each Kazakh city, with its unique geographical features, local products, urban fabric, and historical heritage, embodies a distinctive brand identity (Sadykova et al., 2025).

Kazakhstan currently has six sites inscribed on the UNESCO World Heritage List (UNESCO, 2025a). These include the Mausoleum of Khoja Ahmed Yasawi (2003), Petroglyphs of the Archaeological Landscape of Tanbaly (2004), Saryarka – Steppe and Lakes of Northern Kazakhstan (2008), Silk Roads: the Routes Network of Chang’an-Tianshan Corridor (2014), Western Tien-Shan (2016), and Cold Winter Deserts of Turan (2023). The National Inventory of Intangible Cultural Heritage Elements of the Republic of Kazakhstan serves as a dynamic catalog that reflects the rich diversity of the Kazakh people’s living traditions and cultural expressions. This inventory documents intangible cultural heritage elements such as oral traditions and expressions, performing arts, social practices, rituals, nature-related practices, and traditional crafts that are officially recognized by the state as integral to the nation’s cultural identity and as requiring special protection to ensure their transmission to future generations (Kulmanova, 2025). Among these, the traditional Kazakh art of Dombra Kuy (a solo vocal performance accompanied by the dombra, a pear-shaped, long-necked, two-stringed instrument played with a plectrum) was inscribed on UNESCO’s Representative List of the Intangible Cultural Heritage of Humanity in 2014. This marked the first recognition of an element of Kazakhstan’s intangible cultural heritage at the international level (Yılmaz, 2015). The other elements inscribed on Kazakhstan’s Representative List of the Intangible Cultural Heritage of Humanity are as follows (UNESCO, 2025b):

Traditional knowledge and skills in making Kyrgyz and Kazakh yurts (Turkic nomadic dwellings) (2014)

Aitysh/Aitys, art of improvisation (2015)

Kuresi in Kazakhstan (2016)

Flatbread making and sharing culture: Katyrma (2016)

Kazakh traditional Assyk games (2017)

Traditional spring festive rites of the Kazakh horse breeders (2018)

Heritage of Korkyt Ata epic culture, folk tales and music (2018)

Traditional intelligence and strategy game: Togyzqumalaq (2020)

Falconry, a living human heritage (2021)

Telling tradition of Molla Nesreddin Kozhanasyr Anecdotes (2022)

Orteke, traditional performing art in Kazakhstan: dance, puppet and music (2022)

Nauryz (2024)

Betashar, traditional wedding ritual (2024)

Biosphere reserves serve as key sites for advancing and practicing sustainable development. Within the framework of UNESCO's Man and the Biosphere (MAB) Programme, Kazakhstan hosts a number of designated areas that form part of the World Network of Biosphere Reserves. These include Markakol (2022), Burabay (2022), Kolsai Kolderi (2021), West Altai (2020), Almaty Biosphere Reserve (2020), Zhongar (2018), Charyn (2018), Karatau (2017), Altyn-Emel (2017), Barsakelmes (2016), Aksu-Zhabagly (2015), Katon-Karagay (2014), Ak-Zhayik Biosphere Reserve (2014), Alakol (2013), Korgalzhyn (2012) and Katunsky (2000) (UNESCO, 2025c).

UNESCO's Memory of the World Programme, established in 1992, aims to safeguard humanity's shared documentary heritage, ensure its accessibility, and raise awareness of its significance. Within this framework, Kazakhstan has three items inscribed in the International Register of the Memory of the World. These are: the Collection of the Manuscripts of Khoja Ahmed Yasawi (2003), the Audiovisual Documents of the International Antinuclear Movement "Nevada-Semipalatinsk" (2005), and the Aral Sea Archival Fonds (2011) (UNESCO, 2025d).

CULTURAL CAPITAL OF THE TURKIC WORLD: ASTANA

The name Astana means "capital" in the Kazakh language. The city distinguishes itself through its local traditions, rich culinary culture, historical and architectural monuments, and vibrant artistic life (Sadykova, 2021). Its urban identity is reflected in official buildings, boulevards, shopping centers, and other structures that combine Turkic cultural heritage with modern urban planning. Notable examples include the Bayterek Tower and the Khan Shatyr shopping mall. The Bayterek Tower, widely regarded as the city's most iconic landmark, derives its name from the Bayterek (poplar) tree, a Kazakh symbol of longevity and wisdom. The Khan Shatyr, the world's largest tent, symbolizes the nomadic traditions of the Turkic peoples while simultaneously embodying modern architectural innovation (Nogayeva, 2020). Today, Astana stands out not only as Kazakhstan's modern capital but also for its rich history, strategic geographical location, tourism development, and role along the historic Silk Road. Nevertheless, its development is challenged by environmental factors, including a harsh desert climate and flat terrain (Sadykova et al., 2025).

As Kazakhstan's capital, Astana attracts both domestic and international tourists with its distinctive and visually striking architecture. The city's global recognition was reinforced when it received the UNESCO World City Prize in 1999 (Mukhitdinova, 2009). Astana's role as a hub for international gatherings, such as hosting the 18th General Assembly of the World Tourism Organization, conferences, festivals, and international fairs, including the Kazakhstan International Tourism Fair (KITF) has significantly enhanced the country's image and visibility in the global tourism sector (Zhumagulova, 2011). The city's historical and cultural assets further expand the tourism volume of both the region and Kazakhstan as a whole. Moreover, the majority of the country's accommodation facilities and travel enterprises that meet modern international standards are concentrated in Astana (Myrzabekova, 2021). Accordingly, Astana functions as an economic, commercial, and cultural center. Institutions of national significance, such as the Bayterek Museum, play an important role in preserving and showcasing Kazakh cultural heritage (Kobeshova, 2013).

The process of Astana, the capital of Kazakhstan, becoming the Turkish World Cultural Capital began with the opening ceremony on February 24, 2012, at the internationally renowned Palace of Peace and Reconciliation (Pyramid Building). Throughout that year, Astana hosted numerous scientific, cultural, and artistic events, as well as cultural tours, marking its designation as the Cultural Capital of the Turkic World. A series of successful activities was carried out not only to celebrate this title but also to promote Kazakh culture internationally. Astana's effective implementation of the program provided an exemplary model for subsequent Cultural Capitals in the Turkic World and significantly enhanced both the regional and global visibility of the initiative (Yaldız, 2022). Moreover, this achievement contributed to Astana's international recognition as a cultural city rooted in a shared Turkic heritage. Consequently, it can be argued that Kazakhstan's efforts to build and sustain a cultural city are most prominently reflected in Astana.

CULTURAL CAPITAL OF THE TURKIC WORLD: TURKISTAN

The most significant historical foundation of Turkistan's designation as the Cultural Capital of the Turkic World is rooted in the life and teachings of Hoca Ahmed Yesevi, a prominent figure in Turkic-Islamic thought (Ertürk, 2020). As the birthplace of Yesevi, Turkistan carries profound spiritual and cultural significance, which it highlighted during its tenure as Kazakhstan's second Cultural Capital. Within the framework

of the program, the city hosted a wide range of cultural and scientific activities aimed at strengthening bonds of friendship and brotherhood, promoting unity and solidarity, and encouraging intercultural exchange. The 2017 Turkistan Cultural Capital of the Turkic World officially began on March 21 with the Nevruz celebrations. Over the course of the year, numerous conferences, panels, festivals, and artistic events were organized, reinforcing Turkistan's identity as the spiritual capital of the Turkic world and contributing to the visibility of Kazakhstan's cultural heritage on regional and international platforms (Yaldız, 2022).

Turkistan holds considerable appeal owing to its strategic location on the historic Silk Road and the presence of the Hoca Ahmed Yesevi Mausoleum, which was inscribed on the UNESCO World Heritage List in 2003. As a city of great historical and spiritual importance for all Turkic peoples, Turkistan is regarded as one of the most prominent destinations for those seeking to experience Turkic culture firsthand (Ertürk, 2023). In recent years, the tourism sector in Turkistan has expanded significantly, particularly following its designation as the Spiritual Capital of the Turkic World (Rızakhojayeva et al., 2024). The city's numerous archaeological sites and monuments, some dating back 1,500 years, also make valuable contributions to Kazakhstan's cultural tourism potential. However, certain disadvantages remain. Among these are the geographical distance between many attractions and residential areas, limited awareness of the city's cultural assets, and the perception in the international tourism market that Turkistan functions primarily as a transit destination for short-term or one-day visits. These issues are identified as the most significant obstacles to unlocking Turkistan's full tourism potential (Zhaylybayev, 2021; Garda, 2022; Inan, 2022).

In 2023, Turkistan hosted approximately 769,000 domestic and international tourists, a figure projected to exceed 1 million by 2030 (Kazakh Tourism, 2025). Visitors to the city include Sufis seeking to visit the sacred tomb of Hoca Ahmed Yesevi; Kazakhs who engage in cultural and entertainment activities with family and friends; Kazakh pilgrims performing "small Hajj," which is believed to carry spiritual equivalence to the pilgrimage to Mecca; travelers interested in the unique cultural history of Silk Road countries; and tourists from Turkic states who share historical and cultural ties with the region. Turkistan promotes itself under the slogan "The Threshold of Two Worlds, the Cradle of the Turk" (Sartayeva & Garda, 2024).

CULTURAL CAPITAL OF THE TURKIC WORLD: AKTAU

Aktau, located on the Caspian coast of Kazakhstan, is the country's only port city and hosts a wide array of historical and cultural artifacts that represent a shared cultural treasure of the Turkic world (Zeveke et al., 2022). Strategically positioned at the crossroads of Europe and Asia, Aktau serves as a significant cultural and economic hub in Western Kazakhstan. Its rich history and multi-ethnic composition make the city a unique example of how cultural and ethnic factors can shape the development of modern urban architecture (Tanzharykova et al., 2025).

Known as the “jewel of Kazakhstan’s Mangystau region,” Aktau was designated the 2025 Cultural Capital of the Turkic World. The opening events were launched on April 5, 2025, with a ceremony at the Darkhan Dala Cultural Village. This venue provided participants with opportunities to experience the shared culture and traditions of Kazakhstan and the broader Turkic world, while also showcasing the region’s historical heritage, traditional handicrafts, and local ways of life. Moreover, the strategic and historic city of Aktau, situated on the shores of the Caspian Sea, is expected to serve as a custodian of the cultural memory of the Turkic peoples through the numerous events it will host throughout the year, positioning itself as a cultural and artistic center of the Turkic world. Within the framework of the Aktau program, which seeks to strengthen cultural ties across the Turkic world and highlight the unifying power of art, a variety of activities have been organized. Among these were visits to historical and cultural heritage sites, as well as a handicrafts fair featuring 30 Kazakh yurts established along the Caspian coastline. Another notable event was “Best Fest Nevruz,” designed to promote the cultural heritage of the Kazakh people to a global audience. The festival attracted more than 5,000 participants dressed in Kazakh national costumes and culminated in the breaking of the Guinness World Record for the “Largest Gathering of People in Kazakh National Costumes” (International Organization of Turkic States, 2025b).

RESULTS AND EVALUATION

In contemporary societies, achieving a balance between preserving traditional culture and embracing innovation presents an ongoing challenge. This issue is particularly pronounced in Kazakhstan, where cultural identity is closely tied to the historical and collective memory of its people. The country’s future, in which cultural heritage forms a central component of national identity, depends on the effective preservation and transmission of cultural values. One key initiative in this regard is the Turkic World Capital of Culture Program, which functions as a

strategic platform for presenting Kazakhstan's rich cultural heritage to the global community. Through this program, Kazakhstan seeks not only to promote and disseminate its heritage internationally but also to reinforce its cultural identity on the global stage (Nurkusheva & Ashimova, 2024; Syzdykova et al., 2024; Baranov & Ozkan, 2025). Cultural heritage, understood not merely as a static legacy of the past but as a dynamic element, actively contributes to Kazakhstan's present and future socioeconomic development. In this context, both tangible and intangible heritage serve as powerful drivers of domestic tourism (Kadyrbekova et al., 2023).

Sungur Avcı and Avcı (2025) conducted a study to assess Kazakhstan's current status in terms of tourism development and competitiveness, identifying both its strengths and weaknesses. Their findings suggest that Kazakhstan achieved notable progress in 2024 by leveraging key assets such as natural resources and cultural heritage to enhance its tourism appeal. Strengths were identified in areas including natural resources, cultural heritage, price competitiveness, and health and hygiene, while weaknesses were observed in land and port infrastructure, air transport infrastructure, and environmental sustainability. Accordingly, infrastructure and service provision were highlighted as critical areas for further development (Sungur Avcı & Avcı, 2025). Similarly, Akybayeva et al. (2022) argue that infrastructure improvements, human resources, and information support are essential for advancing Kazakhstan's tourism sector. Complementing these perspectives, Akimov (2024) emphasizes the broader socioeconomic importance of tourism, noting that its development not only strengthens the national economy and improves public welfare but also contributes to the preservation and promotion of cultural and historical heritage.

Since gaining independence, Kazakhstan has pursued wide-ranging economic, social, and political reforms with the aim of positioning itself among the world's competitive nations. Within this framework, the tourism sector has emerged as a key driver of regional economic growth, offering high commercial returns and steady expansion in a globalizing environment. For Kazakhstan to strengthen its position in the global tourism market, it is essential to focus not only on branding tourism products and services but also on promoting cities as distinctive destinations (Sadykova, 2021). In this regard, the Turkic World Capital of Culture Program plays an important role in increasing Kazakhstan's share of international tourism by showcasing its cultural heritage. Specifically, the project carries significant value in highlighting the

historical continuity and cultural importance of Astana, Turkistan, and Aktau within Kazakhstan.

The Turkic World Cultural Capital Program has hosted diverse cultural events in Astana, Turkistan, and Aktau, each of which emphasized the unique cultural heritage and identity of these cities. In this regard, significant progress has been made toward granting them a universal cultural identity by preserving traditions while introducing them to the international community. Cultural initiatives in these cities have been implemented through a wide range of activities, such as festivals, artistic performances, scientific meetings, conferences, exhibitions, and sporting events, providing platforms that showcase the richness of Kazakhstan's tangible and intangible heritage (Arioğlu, 2025). Based on the findings of the research, the following recommendations have been developed:

An urgent priority is to compile a comprehensive inventory of Kazakhstan's cultural heritage, ensuring that all tangible and intangible values are documented and recorded.

Potential risks to cultural heritage sites should be identified, and detailed management plans should be developed at the local, regional, and national levels.

Strategic investments are required to improve accessibility and facilities for cultural heritage sites prioritized for tourism, catering to both domestic and international visitors.

Policies should support private sector investments and initiatives aimed at promoting cultural heritage tourism, particularly in key cities such as Astana, Turkistan, and Aktau.

Steps should be taken to train skilled and educated professionals through both formal and informal education to meet the tourism sector's demand for qualified labor.

Future studies should incorporate the perspectives of tourism stakeholders and employ both qualitative and quantitative research methods to provide a more holistic understanding of cultural heritage tourism development.

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Chapter 4

THE EU'S PERCEPTION OF SECURITY: STRATEGIC AUTONOMY OR TRANSATLANTIC ALIGNMENT?

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Introduction

The European Union stands at a fork in the road today on matters surrounding the security and borders of citizens. The geopolitics of the world has seen unprecedented changes over the past decade. The strength of the multilateral system has weakened, great power competition has acquired greater salience, and American priorities in foreign policy have shifted exponentially. Against this backdrop, the term strategic autonomy—the EU’s capability to make its defence and foreign policy with minimal dependence on external actors—has become a key concept in European political and strategic thinking today. Nevertheless, the transatlantic alliance cannot be replaced, at least for the time being, as the EU remains heavily dependent on NATO and the security commitments of the United States. The transatlantic security partnership is the linchpin of most of the European collective defense system.

The tension between the desire for strategic autonomy and the need for transatlantic reliability has become the main point of contention within the European Union in terms of security perception. The EU’s 2016 Global Strategy enshrined strategic autonomy as a core principle of European foreign and security policy, which has subsequently been promoted through frameworks such as Permanent Structured Cooperation (PESCO), the European Defense Fund (EDF) and the Strategic Compass. However, this happened in parallel with the continued political assertions of both the EU and its member states about the continuation of NATO’s primacy in European defense policy. External influences such as the war between Russia and Ukraine, China’s growing assertiveness and political instability within the US leadership have added to the urgency and uncertainty in the European security context.

This article will analyze the EU’s dynamic security landscape in light of this strategic question: Is the EU truly striving for strategic autonomy or is it irrevocably embedded in the transatlantic security institutions? The article approaches this challenge by first examining the development of EU security policy after Brexit, the transatlantic frictions under the Trump presidency and the EU’s Strategic Compass for 2022. He then analyzes the ruptures in the EU security architecture caused by the Russia-Ukraine conflict, EU aid to Ukraine, the redefinition of the relationship between NATO and the EU, the German “Zeitenwende” policy and energy security. Subsequently, topics such as PESCO, Franco-German cooperation in defense matters, projects for a new generation of weapons and the idea of a European army will be dealt with under the title

“The European defense sector and efforts towards strategic autonomy”. Ultimately, the question “Is strategic autonomy possible or is transatlantic dependence inevitable?” will be addressed against the backdrop of European military spending, NATO enlargement and future scenarios. The article addresses the question of the extent to which the EU has taken a step towards a security policy sovereignty identity or has consolidated its classic Atlantic loyalties by contrasting the ideal of normative independence with the structural forces of transatlantic dependence. The research thus contributes to the ongoing redefinition of the European international security order and alliances in the midst of a growing multipolar international order. The research also hopes to clarify whether strategic autonomy represents a revolutionary change in EU security policy or is rather a rhetorical tool at the mercy of fluctuating geopolitical realities and domestic political decisions.

The Transformation of EU Security Policies

Changes in EU Security Following Brexit

Brexit has monumental and complex implications for the security context in the EU and the UK; it has change the way both operate security inside and outside the EU. The UK’s exit from the EU means a massive reshaping of the European security structure. This title summarizes recent academic accounts of the impact of Brexit on security cooperation within the EU. The focus is on the change in bilateral interactions, the change in defense policy and the growing need for cooperative security structures.

The greatest threat posed by Brexit could be that the UK changes the EU’s security structure, particularly the CFSP and CSDP. Importantly, the UK has remained a key facilitator of these policies for many years, increasing the EU’s military capacity and its ability to make strategic decisions. Following the UK’s withdrawal from the EU, questions have arisen about the EU’s overall security capacity given the UK’s military capital and years of experience (Sweeney & Winn, 2021; Cebeci, 2021). Sweeney and Winn (2021) noted that Brexit will challenge the EU’s established regulatory and diplomatic approaches and question its ability to develop a coherent security policy in the face of increasing global security threats. Furthermore, the post-Brexit landscape means a recalibration of the security and defense relationship between the EU and the UK. As is known, while Brexit has changed the nature of the relationship so that it now faces difficulties, the UK’s inclination to engage in security and defense cooperation is no less changed than the future of the relationship. Cladi (2023) points out that while the UK is not part of any formal EU institutions, it

still exercises a significant amount of power in European security through its various bilateral agreements with European states or cooperation with NATO. Thus, the UK finds itself in the contradictory position of being a heavyweight in European security while not being able to participate in formal EU decision-making.

On a broader level of international relations, Brexit has curtailed the EU's power projection capabilities and hindered the cohesion of an EU foreign policy in the face of global weakening, which includes new issues driven by geopolitical challenges such as Russia's aggressiveness and China's assertiveness. In the face of piracy and international terrorism, Gstöhl (2020) emphasizes that the EU should no longer shy away from the security and geopolitical dimensions that it must adapt to accommodate both. This situation calls for a pre-emptive approach to strengthen the possibilities for defense and explicit or implicit coordination with allies outside the EU, including the UK in a slightly different relationship (Sweeney & Winn, 2020). Furthermore, the challenges of Brexit also extend to the UK-EU relationship in terms of cooperation on key issues such as cyber security, law enforcement and counter-terrorism. While there would be some formal separation at a strategic and political level, political cooperation would continue, and while ties may be politically weakened, day-to-day operational cooperation is vital to the security of both sides (Carrapico & Christou, 2024). This is indicative of a larger pattern in which the UK is seeking to re-engage its partners in Europe while gaining strategic autonomy post-Brexit.

Finally, the EU's experience in managing security with non-EU actors must also be placed in the context of an ongoing crisis, in terms of the impact of the Russia-Ukraine conflict. As EU member states rethink their military and strategic priorities, the absence of the UK in this particular debate actually leads to deeper conversations about how to shape independent defense cooperation frameworks in which the UK could be invited to play a constructive role in a European security architecture as a non-EU partner (Wolff et al., 2022). In short, Brexit is a major change for the EU's security and defense policy, and both the EU and the UK need to take action to address the problems that Brexit has caused. Brexit fundamentally changes the future of bilateral relations and collective defense. So security strategies need to be creative and collaborative, but they also need to be realistic about what the post-Brexit world will look like. The EU and the UK must work together to build a stronger security system that takes into account their interdependence and the new assertiveness of autonomy.

Tensions in Transatlantic Relations During the Trump Era

The first term of President Donald Trump from 2017 to 2021 catalyzed significant shifts in transatlantic relations, which have reverberated through EU security policies. Trump's administration adopted an approach characterized by skepticism toward established international institutions, significantly impacting the foundation of the transatlantic alliance. Critics highlighted that Trump's rhetoric and policies initiated a period of escalating discord, revealing fundamental tensions between the United States and Europe regarding defense, trade, and multilateralism, thus casting doubts on the reliability of U.S. commitments to NATO and the liberal international order as a whole (Aggestam & Hyde-Price, 2019; Ringsmose & Webber, 2020).

During this time, the instability in transatlantic relations was exacerbated by substantial geopolitical developments, notably the Russian annexation of Crimea in 2014 and the subsequent rise in hostilities in Ukraine. The discourse surrounding these events was shaped by Europe's perceived need for greater strategic autonomy. Many EU leaders advocated for a stronger European defense identity, leading to the establishment of initiatives such as the Permanent Structured Cooperation (PESCO) aimed at enhancing European military capabilities (Ratti, 2023; Leuprecht & Hamilton, 2021). The Biden administration's subsequent shift back to traditional alliances has not entirely bridged these gaps, leaving lingering questions about Europe's capacity for independent security action (Olsen, 2022; Knutsen & Tvetbråten, 2021). Moreover, the discourse surrounding the Ukraine crisis has further altered the security landscape. Russia's invasion of Ukraine in 2022 has provided a stark reminder of external threats, leading to a re-evaluation of NATO's role and a renewed emphasis on collective defense. In this context, transatlantic ties have been both strengthened and tested, as the U.S. re-engagement with NATO coincides with European efforts to achieve greater autonomy in security matters. The conflict has proven a catalyst for a new wave of defense spending in EU states, signaling a pivotal moment in the discussions surrounding burden-sharing within NATO (Ratti, 2023; Scott-Smith, 2024; Cross, 2022).

The second Trump term in 2025 raises concerns over the potential re-emergence of the 'America First' rhetoric, which could inhibit collaborative defense efforts and further strain transatlantic relations. It is possible that Trump's return could reignite debates over NATO's relevance and trigger a backlash against European autonomy initiatives, as past trends have indicated a preference for unilateralism (Olsen, 2022). The divergent

paths of U.S. and European security policies must be analyzed within this context, considering the relationships evolving in response not only to the Ukraine crisis but also to the internal political dynamics within the U.S. itself (Knutsen & Tvetbråten, 2021). In conclusion, transatlantic relations during Trump's presidency revealed a critical juncture for EU security policies. The intersection of strategic autonomy and reliance on NATO frameworks has been a complex narrative shaped by geopolitical crises and leadership changes. In the second Trump term, the future of these relations remains precarious, burdened by unresolved tensions and the potential for further divergence in U.S.-European priorities regarding security.

2022 The EU Strategic Compass

The EU's security policy took a major step forward in 2022 with the publication of the EU Strategic Compass. This is a major step towards greater strategic independence and proactive security. The Strategic Compass is an important document that clearly sets out the EU's defense and security needs and the next steps for military and civilian responses to the unprecedented complexity of global security issues. The Heads of State and Government have chosen March 21, 2022 as the "Year of European Defense" (Dorosh & Lemko, 2023) for the adoption of the Strategic Compass. The compass contains concrete plans and deadlines for the next 5 to 10 years. It is also important because it talks about the gap between capabilities and expectations that prevents the EU from working well when it comes to security capabilities (Håkansson, 2022). The Strategic Compass also shows that EU member states are beginning to understand that they need to be able to rely on their own capabilities in a world where geopolitics are constantly changing (Molnár & Harnos, 2024).

The Strategic Compass is part of a larger historical process in the development of EU security policy. In the past, EU security policy has responded to new threats and challenges such as terrorism, migration and geopolitical instability, which have been significantly influenced by the EU's changing transatlantic relationship (Knutsen, 2022). Existing frameworks through previous agreements such as the Lisbon Treaty have enabled the EU to build its CSDP (Common Security and Defense Policy) and pursue the ambitious goals of the Strategic Compass. The idea of strategic autonomy goes beyond military capabilities and considers economic security and resilience, which promotes awareness of threats due to vulnerabilities in the global supply chain and reliance on external dependencies for en-

ergy and technology (Youngs & Lazard, 2023).

While the Strategic Compass aims to stabilize and improve security within the EU, there are major obstacles that stand in the way of its goals. Experts have warned that the implementation of the Strategic Compass could fail if the Union is unable to fully mobilize the resources and political will of its member states to develop options (Håkansson, 2022). Geopolitical risks also remain, with some nations pursuing ambitious foreign policies that pose security challenges for the EU in the Eastern Mediterranean. The growing link between climate change and security strategies, which are increasingly becoming part of EU foreign policy (Bremberg & Bunse, 2023), also shows how important it is to respond to these threats in the right way.

The Strategic Compass is an opportunity for a major shift in the security policy of the EU as a whole. It shows how strategic autonomy can help solve today's problems and protect the interests of Member States. The Strategic Compass is important because it reminds Europe nations of the importance of working together, sharing resources and responding to global security threats in a meaningful way. It also reminds them of some of the problems and threats that continue to emerge.

The War in Ukraine and the Breaking Point in EU Security Perception

The EU's Military and Financial Aid to Ukraine

The EU has set an important precedent with the way it has helped Ukraine in its national conflict with Russia. Through a variety of military and financial support measures, EU states have provided much-needed assistance to Ukraine, such as through arms transfers and through the European Peace Facility (EPF), whose mandate when it was established in 2021 was to be a funding instrument for the EU to respond to international crises, including supporting state partners with military equipment and financial assistance. The EPF funding clearly identifies Ukraine as a state exercising its right to self-defense capabilities in the context of war, allowing the EU to use them in a decisive and planned action. Furthermore, this is the first time that the EU has provided military assistance to a country at war, positioning clear foreign and defense policy support for its states as opposed to a purely bilateral policy and allocation of funds. Furthermore, when considering the context of the amount of aid the EU

has provided, approximately €27 billion of total bilateral aid to Ukraine, each member of the EU has not only made a historical commitment, but a total contribution of pledged aid (Trepanowski et al., 2023; Kolomoiets & Agapova, 2024).

The EU has not only provided military aid, but also financial resources to support Ukraine's economic stability and recovery. From 2014 to 2019, the European Union has allegedly granted over €15 billion in loans designed to support reforms within Ukraine and facilitate Ukraine's potential accession to the EU (Trepanowski, et al., 2023). The years-long devotion has witnessed the formulation of various support measures, instigated by military support and high financial contributions (Kolomoiets & Agapova, 2024). Political implications of these policies reveal a security strategy shift from a dependency on inadequate military support and into recognition of the interconnectivity between security, political stability, and economic strength. There is evidence that EU citizens have increased support for defense efforts since the beginning of the war. This would suggest that the war has helped to reinforce European solidarity and identity in a response against external threats (Chaban & Elgström, 2021; Steiner et al., 2022). This in turn may suggest that the European Union seeks to reinforce its recognition as an international security force and ensure the collective defense of EU nations (Prati, 2023).

Beyond military assistance, the European Union has delivered on humanitarian fronts in a bid to supplement the massive population displaced by the war. The measures that were aimed at aiding Ukrainian refugees are evidence of a holistic direction towards addressing the wide range of problems that are posed by war (Cifuentes-Faura, 2023; Grosman & Raadschelders, 2024). The intent on addressing humanitarian issues in addition to military support constitutes evidence on how the Union addresses crises on the political sphere.

Redefining NATO-EU Relations

The Ukraine War, which began with Russia's invasion in February 2022, has profoundly redefined the relationship between NATO and the European Union (EU). This conflict has led to significant changes in both organizations' strategic orientations and operational dynamics, emphasizing resilience, territorial defense, and collective security. The evolving nature of NATO-EU relations can be examined through the lens of how the Ukraine War has transformed Europe's security landscape and the

implications for both organizations within an increasingly multipolar international system. Central to this transformation is the renewed emphasis on NATO's core function of territorial defense. As Ratti (2023) notes, the war has significantly shifted the security paradigm in Europe, re-establishing NATO's relevance amidst doubts regarding strategic autonomy and intra-European security cooperation. The invasion has unified NATO member states and reactivated discussions around burden-sharing, clarifying that NATO's primary focus remains on deterrence against external threats, primarily from Russia (Ratti, 2023). This has altered the EU's approach to security, compelling it to enhance its defense capabilities and deepen collaboration with NATO, particularly given the escalating military confrontation (Newsome & Riddervold, 2022).

Moreover, the concept of resilience has emerged as a guiding principle within both NATO and EU policy frameworks. Crises, like the Ukraine War, have influenced the articulation of resilience in EU and NATO strategies, highlighting the necessity for both institutions to bolster their defense industries and prepare for prolonged conflict situations (Friede, 2025). This focus on resilience is further supported by the need to adapt to new security challenges, reinforcing NATO's status as a cornerstone of European defense while simultaneously encouraging the EU to take on a more active role in security and defense matters. Ivanov (2023) also underscores this shift, emphasizing that the war has fostered a renewed commitment among EU and NATO member states to ensure collective security through more integrated responses to external threats.

As the Ukraine crisis progresses, the EU's role in security and defense has evolved alongside its relationship with NATO. There has been a notable increase in military expenditures across EU member states, often coordinated with NATO initiatives (Ratti, 2023; Newsome & Riddervold, 2022). This cooperative dynamic indicates that while NATO focuses on defense and deterrence, the EU is expanding its security responsibilities through initiatives like the Permanent Structured Cooperation (PESCO) and various mission deployments in Europe's eastern neighborhood (Newsome & Riddervold, 2022). The synergy between NATO's military capabilities and the EU's strategic objectives reflects a pragmatic shift towards a more integrated approach to collective security, where each organization plays to its strengths—NATO as a military alliance and the EU as a political-economic powerhouse. However, this restructuring of NATO-EU relations is not without challenges. The war has revealed deep-seated tensions surrounding strategic autonomy. Some argue that the EU's security strategy remains heavily reliant on NATO, limiting its ability to function independently in a multipolar world (Newsome & Riddervold, 2022). The unintended consequence of the conflict might lead to

an over-reliance on NATO at a time when Europe faces the imperative of developing its own defense capabilities and strategic voice in international affairs (Howorth, 2016). Ensuring that both NATO and the EU can function cohesively while maintaining the integrity of their distinct identities and missions remains a priority in contemporary discussions.

In conclusion, the Ukraine War has catalyzed a redefinition of NATO-EU relations, reinforcing a cooperative yet complex relationship that addresses contemporary security challenges. The interplay between these two organizations increasingly centers around themes of resilience, shared burdens, and the need for a robust defense posture against mutual threats. As both entities adapt to the changing geopolitical landscape, the success of this evolving partnership will depend on achieving a balance between collective security needs and the pursuit of a more autonomous European defense identity.

Germany’s “Zeitenwende” Policy and the Increase in Defense Spending in Europe

The term “zeitenwende”, which was introduced by Federal Chancellor Olaf Scholz on February 27, 2022, refers to a fundamental reorientation of German foreign policy during the Russian invasion of Ukraine. The policy shift is notable because it stands in contrast to Germany’s long-standing idealistic commitments to pacifism and a restrained military role, as expressed in decades of diplomacy following the Second World War. Scholz described the invasion of Ukraine as a “zeitenwende” that underscored the need for important changes in German defense strategy, including Germany’s role in broader European security (Blumenau, 2022; Wang, 2024). The transition to an increased role in military activity is reflected in commitments to increase defense spending and to supply arms to Ukraine to support its defense efforts- both departing from a fundamental post-war normative principle of not supplying arms to areas of armed conflict (Wang, 2024). A closer look reveals that the politics of the turn of the era are multi-layered and not only a reaction to external threats, but also represent internal German discussions about the idea of German identity and the understanding of security dynamics (Blumenau, 2022). Due to the different perspectives and associations in German society, there are contradictory ideas about how a new foreign policy should be conceived and implemented. For example, some groups express concerns about militaristic thinking in relation to Germany’s illustrious past, while others pursue a power strategy that is strongly oriented towards milita-

rism (Spohr, 2023).

The shift in German historical perspective coincided with a sharp increase in defense spending across Europe in response to the conflict in Ukraine. In response to the alleged threat from Russia, a number of NATO members pledged to increase military spending. This change reflects a much more open reassessment of European countries' financial priorities (Lyu et al., 2022). Also, the overall trend of more military spending isn't just a reaction to what Russia has done. Instead, it also shows that more and more people agree that Europe needs a common defense strategy that reaffirms its commitments to NATO's goals while still allowing for some military independence within the EU's global goals (Wang & Moise, 2023; Bois, 2023). As public opinion in Europe increasingly demands military readiness and enhanced collaboration among European states regarding security matters, the ramifications of the Ukraine conflict permeate the socio-political domain (Wang, 2024; Wang & Moise, 2023). Surveys indicate a shift in public opinion towards national military buildups and European security initiatives, implying a potential consensus on the necessity of integrating military and non-military strategies to enhance stability amid challenges to entrenched perceptions of geopolitical threats (Lyu et al., 2022; Steiner et al., 2022).

To sum up, Germany's *Zeitenwende* is a new chapter in its foreign policy, which is needed because of the unstable security situation in Europe after the invasion of Ukraine. This big change in policy is in line with a bigger trend in Europe toward higher national defense budgets. This is happening as countries and a group of related countries rethink and maybe improve their military capabilities against threats they see. The dual pressures of policy change and public opinion represent a key moment in security strategy for both Germany and Europe in response to Russian aggression.

Energy Security and Efforts to Avoid Dependence on Russia

The geopolitical context for EU energy security has witnessed a great degree of evolution following Russia's February 2022 invasion of Ukraine. The EU is therefore faced with the immediate need to diversify energy sources while concurrently recommitting to ensuring energy sustainability. This title traces EU energy security policy, particularly on LNG terminal development, explorations for various energy sources, and the green transition agenda.

LNG Terminals and Energy Diversification: One of the first major steps the EU took to reduce its dependence on Russian fossil fuels was to accelerate the construction of liquefied natural gas (LNG) terminals. LNG terminals are a crucial part of the diversification of energy procurement in the EU and reduce the risks associated with a single supplier. What the authors refer to as ‘LNG capacity’ enables the EU to import gas from more countries and increases energy security (Yakoviyk & Tselikh, 2023; Falkner, 2023). The outbreak of war in Ukraine has also underlined the importance of this improved infrastructure, as the increasing geopolitical tensions now pose unprecedented risks associated with dependence on Russian energy (Yakoviyk & Tselikh, 2023; Falkner, 2023). The accelerated construction and development of LNG terminals is one means by which the EU is attempting to gain faster access to alternative suppliers and navigate a changing geopolitical landscape (Li et al., 2024).

Alternative Energy Sources: Parallel to the development of infrastructure, the European Union is actively looking at alternative forms of energy to fuel its energy demands. The effort is emblazoned on the European Green Deal aimed at reaching a target of 2050 for climate neutrality (Shayegh, 2023; Rabbi et al., 2022). Renewable energy installations such as solar, wind, and hydroelectricity are being given priority to boost energy autonomy as well as reduce greenhouse gas emissions. Notably, the implications emanating from the Ukraine war have accelerated the EU’s resolve to invest in renewable technologies, a departure for conventional strategies for cogeneration to ingenious solutions that ensure maximum resource efficiency and sustainability (Falkner, 2023; Shayegh, 2023). Moreover, assessing the direct air capture opportunity sheds light on a common strategy that supports EU energy security and climate resilience (Shayegh, 2023). There is a general understanding that stability in energy supply provides a foundation for constructing long-term sustainability that aligns a nation’s climate goals.

Green Transformation and Integrating Climate Policy: The integration of the European Union’s energy policy with a focus on climate policy has gained unprecedented importance in the wake of the Ukrainian war. This evolution manifests in legal frameworks such as the Climate Law that imposes legally binding targets aligned with the EU decarbonization targets (Zahfira, 2024; Turchyn et al., 2022). The interrelation between energy security and mitigation against climate change stems from the European Union’s commitment to apply energy policies for purposes beyond just supply stability management to supporting environmental sustainability (Shayegh, 2023; Liu et al., 2023). The holistic approach to energy security requires a transition to a low-carbon economy, thus allowing for the creation of groundbreaking solutions and investments in green technologies.

The evidence thus illustrates that the transition is necessary for enhancing the European Union's resistance to external interruptions while at the same time promoting sustainable development goals (Nastos, 2022; Rabbi et al., 2022). Eventually, understanding that energy security constitutes a tool for promoting environmental agendas has called for a re-evaluation of present investments in hydrocarbons, with plans being contemplated for accelerating an end to coal, oil, and gas use.

The European Defense Industry and Strategic Autonomy Efforts

Progress of PESCO Projects and the Development of the European Defense Industry

In recent years, the growth of the European defense sector and the European Union's pursuit of strategic independence have come more into focus. This is especially true in the face of security and geopolitical threats such as Russia's ongoing aggression against Ukraine. An important way to improve the European defense industry is the Permanent Structured Cooperation (PESCO) initiative. The aim of PESCO is to improve defense cooperation between EU member states, which in turn will improve their common defense capabilities and the coherence of their security policies. The PESCO initiative has already led to a large number of PESCO projects, and the development of the European Defense Technological and Industrial Base (EDTIB) has made great progress. It is this base that enables strategic behavior, strategic autonomy and strategic coherence.

PESCO facilitates various cooperation initiatives aimed at improving the military capabilities of EU Member States and thus increasing competitiveness. Zieliński (2020) argues that the EU needs to improve its military capabilities in the face of the changing security environment, in which PESCO is fully involved through cooperation and the development of various defense projects between member states. The success of these initiatives can also be attributed to the European Defence Fund (EDF), regarded as a "game-changer" in bolstering defense capabilities and fostering supranational collaboration within the EU (Kılıç, 2024). Through the EDF, the EU encourages research and technological development in defense, thus playing a crucial role in reducing member states' reliance on external defense suppliers and enhancing domestic industries (Kılıç, 2024; Martins & Mawdsley, 2021).

However, the drive toward strategic autonomy encounters notable

challenges, particularly stemming from the deeply entrenched national foreign and security policies of EU member states. Cottey (2019) highlights the limitations within EU policymaking that arise from the inter-governmental nature of its structure, wherein achieving consensus on defense matters becomes complex. The EU struggles with member states reluctant to cede authority over their defense policies, raising questions about the genuine integration of military capabilities as envisioned by PESCO. Furthermore, the perceived need for a unified EU defense strategy often clashes with national interests, as demonstrated by the varying levels of commitment among member states (Baykara, 2021).

The geopolitical landscape has further complicated these dynamics, requiring a reevaluation of Europe's strategic posture concerning both external threats and internal unity. The European Union has recognized that fostering a robust defense industry is integral to its strategic autonomy efforts, as evidenced by its emphasis on creating an independent military and technological base that is less reliant on U.S. defense technologies (Dorosh & Lemko, 2023; Igrutinović, 2021). Discussions have reemerged regarding the EU's capacity to independently formulate its foreign and defense policy, especially in the context of NATO and transatlantic relations (Helwig & Sinkkonen, 2022). These talks about how national interests and collective defense are linked are becoming more and more important.

In conclusion, PESCO and the EDF may be steps in the right direction for making the European defense market better and giving countries more tactical freedom, but they also have problems to deal with. To be successful, you need to find a balance between national authority and collective defense. In the end, the EU's ability to strengthen its defense while still being coordinated on security policy will be important for its role as a global player in a world that is becoming more complicated politically (Knutsen, 2022).

Franco-German Defense Cooperation and New Generation Weapons Projects

Over the last decade, European defense cooperation has evolved significantly; in direct response to global security developments and the need for the EU to develop its own strategic autonomy (Baun & Marek, 2019). An important aspect of this development is the cooperation between France and Germany in the development of new generation weapon systems. This experience is a clear example of how larger European

countries can pool their capabilities to build a better, more coherent and competitive defense system against modern threats.

The proposal of strategic autonomy is timely and is reflected in various forms of cooperation, including PESCO and the EDF. PESCO also includes military projects that aim to share military capabilities as part of advance cooperation. Through PESCO and the provision of investments by the EDF, defense projects for new weapon systems such as the FCAS (Future Combat Air System) and the MGCS (Main Ground Combat System) are jointly developed, similar to the Air Force's ambition for a European fighter aircraft. These projects represent the path of modernization of military capabilities for new warfare, while at the same time helping Europe to diversify its multinational supply chains - as a precaution against total dependency on defence supply chains developed with non-European partners to respond to crises in the future (Baun & Marek, 2019).

Furthermore, the MERLIN (Methane Remote Sensing LIDAR Mission) illustrates the scientific and technological aspects of Franco-German cooperation, and dual-use technology that could potentially lend itself to military uses. The has a dual purpose in environmental monitoring and surveillance as noted by the French Space Agency (CNES) and also by the German Aerospace Centre (DLR). This not only permits for environmental monitoring but signifies surveillance activity in line with defence objectives (Strasser et al., 2023; Wührer et al., 2019). Germany and France are both forefront practitioners of modern applications of remote sensing techniques to create new approaches and to establish new methods towards situational awareness and multinational capability and thus countering the changed military context.

Besides contributing to a European defence industry, France in this case is leading with transatlantic security relations to enable a more potent European voice on European commitments and on the efforts underway with France and Germany in Africa, while also building an over-arching European strategic narrative depending on bilateral relationships with states such as the United States (Rieker, 2022). The more integrated capabilities become, the more it requires not just sufficient technological development, but the political capital to ensure innocence by structuring European fusion correctly within broader defence strategies and their associated location tracking.

The Idea of a European Army and Political Divisions on the Issue

The current conflict in Ukraine has sparked massive discussion regarding a European Army and whether Europe can achieve strategic autonomy. This discussion shows the evolution of European defense and its role in the larger geopolitical picture. The war has again highlighted a vulnerable security architecture in Europe and prompted calls for enhancing military capacities, intergovernmental collaboration and reform of the European Union (Wang & Moise, 2023), (Steiner et al., 2022). Historically, Europe has been a fragmented defense market relying on NATO as a form of aggregation or individual national military capabilities, or the United States. However, Russia's invasion of Ukraine has energized a debate on collective defense that reinforces the sense of the need for European armies to become autonomously and collectively more robust. Importantly, as noted by Wang and Moise, public perceptions within Europe toward a more unified foreign and security policy have positively changed as a result of the conflict (Wang & Moise, 2023). Additionally, several political leaderships within the European Union have declared the need for a strong common military policy as valid. This implies they recognize collective military policy responses to external threats, essentially stating the need for an institutional argument rehashing what had just been previously voiced during discussions on whether a European Army is necessary (Steiner et al., 2022).

The impact of Russia's behavior goes beyond operational military parameters and also affects economic resilience and energy policy. Europe has developed energy crises due to the current conflict and needs to invest in other types of energy security policies and strengthening strategic autonomy away from dependence on Russian gas (Makarychev & Dufy, 2024; Haralampiev & Panayotova, 2023). Apart from the energy crises of the war, the economic impact of the war is also profound. Rising military spending will certainly reshape the defense industry across Europe (Covachev & Fazakas, 2024). Moreover, policy makers will naturally use these developments to make political decisions on defense procurement and military innovation. This attention is warranted as a coherent European defense strategy is needed to respond to the increasing threats (Astrov et al., 2022).

Strategic autonomy in European defense aims to consolidate military capabilities while supporting the post-conflict economic recovery efforts of third parties. The importance of the defense industry in building self-sufficiency and resilience during global geopolitical crises is crucial.

Policy makers are increasingly focused on exploring viable options that promote ways to improve localized industrial scaling, support investment in world-class technologies, and effectively shield supply chains as part of autonomous plans (Dudin et al., 2024). Emphasizing the creation of a unified military and economic framework provides the two options needed to manage further crises and a functioning stable security environment (Lepskiy & Lepska, 2022). A post-Ukraine war environment is re-shaping Europe's stance on defense and security, where the European Army goal becomes important in achieving strategic autonomy. The war crisis is providing an avenue for unity and the nations pushes toward a defence posture that is much more unifying and proactive - not through military only, but also economically unifying and cooperative.

Looking to the Future: Is Strategic Autonomy Possible, or is Transatlantic Interdependence Inevitable?

EU Plans to Increase Defense Spending

Strategic autonomy for the EU is currently being investigated underneath the banner of the question: is strategic autonomy even an option for the EU or is transatlantic interdependence unavoidable? Therefore, it is necessary to consider a range of issues to select between these options including the state of EU defense integration, the role of NATO in challenges facing the EU, changes to the global security environment. A multi-faceted analysis indicates there are significant features of both avenues, which can be understood as possibilities by internal and external pressures.

Strategic Autonomy: Possibilities and Limitations

The search for strategic autonomy from NATO is evolving quickly due to global security issues generating the need for new operational partnerships. For example, since the large enhanced operational response by NATO to Russia invading Ukraine, the EU has been offers to provide some structure and harmony within EU member nations to support as a more cohesive defence plan through the CSDP and PESCO, which strive to facilitate into the defence force space using defence integration platforms, that are designing political framework to operational plans that aim to increase EU nation defence interoperability and decrease reliance from NATO. Yet, some argue that while there is evidence of some EU nations engaging in defence integration, it does have the materiel and military co-

ordination from each nation changes (Gürsu, 2021). Also significant is the duplication of military resources through multinational configurations in the EU, which contrasts with the more seamless military integration in the US (Frassini, 2024). This complexity will bring operational challenges that may affect efficiency and readiness. While the arguments for strategic autonomy are obvious, national interests associated with certain regional threats are nevertheless a reality that must be taken into account.

The Certainty of Transatlantic Interdependence

Transatlantic interdependence is crucial to the European security architecture and applies in particular to the EU and the US. NATO will continue to play an important role in joining forces with a defense strategy, especially in the face of perceived threats from geopolitical aggressors such as Russia (Gürsu, 2021; Junbo & Jiongsheng, 2023). The EU is still evolving. While the EU continues to develop its military capabilities, it remains to be seen to what extent the EU can afford to operate independently of NATO. The EU hopes to assume a greater share of responsibility for its security, but the alliance with the US provides important strategic depth and deterrence that the EU cannot yet achieve without NATO support and US backing. Additionally, the interaction of EU acts and NATO context shows that although strategic autonomy may become a key consideration in the future, there is no alternative way to meet immediate security challenges without relying on transatlantic links (Junbo & Jiongsheng, 2023). Structural conditions such as differences in willingness, aims and capabilities between the EU and US will require some degree of joined up thinking.

Conclusion: Not an Either/or

To conclude the discussion about strategic autonomy or transatlantic interdependence within the EU is not about deciding one or the other. Instead of being about either/or, it reflects a nuanced relationship where both dynamics co-exist. This suggests it is conceivable for the EU to gradually become more strategic autonomous while enjoying greater ties with NATO, blending the two pathways for an effective defence response. Therefore, the development of European defence policies will likely involve ongoing negotiation of these two, in response to changing global security circumstances.

NATO Enlargement and the Role of Europe

The question of whether strategic autonomy is achievable for Europe, particularly in the context of NATO expansion and transatlantic connections, encompasses a complex interplay of geopolitical realities, strategic objectives, and historical developments. As Europe grapples with the implications of NATO's eastward expansion and the evolving security landscape, particularly following Russia's invasion of Ukraine, the debate on strategic autonomy versus transatlantic connectedness gains renewed urgency.

A pivotal factor in this discourse is the interconnected nature of NATO and EU security frameworks. The European Union's pursuit of strategic autonomy is contingent on its cooperation with NATO. Research suggests that effective strategic autonomy can only materialize if Europe bolsters collaboration with NATO, as the latter remains a critical component of the European security architecture (Knutsen, 2022). Recent scholarly work argues that, even as the EU seeks a more independent security posture, its capacity to act in a competitive global arena hinges on maintaining robust transatlantic ties, particularly with the United States (Helwig, 2023). This perspective challenges the notion that strategic autonomy can be achieved merely by reducing dependencies on existing partners; instead, it suggests that investments in partnerships—especially with NATO—will fortify the EU's strategic agency.

The modification of NATO's role in response to geopolitical provocations, such as Russia's actions in Ukraine, complicates the landscape for European strategic autonomy. The war has rekindled NATO's focus on collective defense, suggesting a shift from the EU's distinct security strategies towards a more unified transatlantic approach. Critics argue that this reorientation may inadvertently undermine European aspirations for strategic independence, as NATO's renewed emphasis on territorial defense could draw member states further into an American-centric security paradigm (Ratti, 2023).

Additionally, the dynamics of NATO expansion have exacerbated tensions with Russia, aligning with historical patterns of alliance formation prompted by external threats (Marten, 2017; Shiffrin, 2020). The perception of NATO expansion as a security threat has driven a more aggressive Russian military posture, complicating Europe's navigation through its security identity and its efforts at establishing strategic autonomy. Consequently, the relationship between NATO and the European Union must be critically reevaluated, especially as they confront hybrid

threats (Jacuch, 2020). This reexamination could pave the way for a more coherent European defense strategy that respects NATO's foundational role while acknowledging Europe's independent security challenges.

The search for strategic autonomy is also manifest in the operational dynamics within the European defense industry. The European defense sector functions on the assumption of boosting autonomy in strategic supply systems while maintaining trade within EU countries. Researchers have pushed for a common European industrial policy to promote autonomy and trade within the EU amid changing global economic conditions (Coveri et al., 2025). The proposed measures emphasize facilitating a potential pathway for strategic autonomy while strengthening Europe's motivation for international linkages while working with the benefits offered by the United States.

The question of whether strategic autonomy is an idea and transatlantic ties must never be forgotten must be examined through the prism of security dynamics that arise in a context of interdependence, not isolation. The link between the EU's desire for strategic autonomy and interdependence with NATO underscores that Europe may have to make two choices - one to invest in its security capabilities and one to invest in transatlantic alliance partnerships. As tempting as the vision of strategic autonomy may be, its realization is likely to take place in a context that is aware of the qualities of beneficence that the EU-NATO arrangements represent and cognizant of the increasingly multipolar aspects of the global environment.

Scenarios as to Whether Europe Can Become an Independent Security Actor in the Future

There are many political, economic and strategic issues that will shape whether Europe can evolve into an independent security actor in the future. Increasingly, as the geopolitical situation changes particularly with regard to the impact of a US withdrawal on European security, the strategic autonomy of the EU is a current topic that needs to be discussed. With respect to the threats from the East and the South, Zieliński (2020) observes that if the EU wants to assume the role of independent security actor, it needs to be adaptable concerning its security situation to future threats. Depending on how those threat perceptions change the EU may need to reinforce its military capacity to adjust to scenarios wherein there is less or no support from the US.

Therefore, as well as the strategic considerations, the economic motivators for security policy are also changing. Danzman and Meunier (2023) argue that the investment protection regimes developed in the EU reflect a move away from a purely economic focus towards security. This means that the EU can further develop its security expertise through its economic policies, suggesting that an economic framework could be the basis for its future security profiles. In addition, Steinberg and Wolff (2023) pointed out that economic security should be seen as a core dimension of global politics, and that the EU must strengthen economic security mechanisms to mitigate vulnerabilities in what is seen as an increasingly protectionist, geopolitical landscape. The collective security question from a European perspective remains crucial in examining its capacity to act autonomously. President Macron has publicly argued that Europe needs to build its security architecture in reaction to threats from the outside world, particularly Russia (Gvalia & Khaduri, 2023). This suggests a growing sense among EU member states that a formal and durable security framework beyond NATO and transatlantic security is warranted.

Brexit's impact has added another layer of complexity to the EU's security policy. While Sweeney and Winn (2021) argue that the EU may benefit further in regulatory conditions in regards to the UK in the aftermath of Brexit, this will come at reduced formal and informal cooperative security ties which they fear may diminish collaborative security capacities in the EU. They note that the structural contingencies with respect to internal and external security in Europe that have arisen in the wake of Brexit will see weakened EU-UK security structures resulting in diminished better-quality European cooperation. In this fluid environment, it is necessary for the EU to formulate a coherent approach which attends to both internal security governance and wider external relationships.

The ideal-type of a 'Global Civilian Power' is still relevant in current discourse surrounding the EU's global role. Brljavac and Concordia (2011) also acknowledge that while some progress has been made in integrating defence, the EU's biggest advantages interventions would likely remain in terms of its civilian and diplomatic interventions, rather than military. Brljavac and Concordia (2011) argue that the EU should continue to pursue its civilian policy and try to develop its military ambitions - a kind of double track to achieve a greater degree of autonomy in security ultication. For the EU to act as an autonomous security actor, it will have to traverse a more unnecessarily complex global landscape. The diminishing role of traditional ordering agents in Europe, such as the U.S. hegemon, demands a reconsideration of how the EU understands, approaches, and executes security.

Where the developments as an independent European security actor lead depends upon a confluence of factors, including internal coherence, constitutional transformation, and new foundational approaches to exist or speak to external threats absent a reliance on a conventional powerful ally. If the EU can transparently maneuver around these conditions, the EU could reestablish itself as a prominent security actor and a prevailing player on the global stage, striking a viable balance between its extensive civilian power and military capabilities to offer a lasting approach to security in Europe and elsewhere.

Conclusion

The current geopolitical situation raises profound questions about the EU's thinking on security, namely whether it should focus more on strategic autonomy or continue to adhere to transatlantic relations, especially with the United States. The term "strategic autonomy" has become a key buzzword in the EU's foreign and security policy, but the actual meaning and effectiveness of the concept is disputed among academics and policy makers.

One of the main obstacles to achieving strategic autonomy lies in the heterogeneous foreign policy orientation of the EU member states. Some scholars argue that the EU's ability to formulate a common security strategy is hampered by persistent domestic political interests and a general lack of common strategic objectives at the member state level. States are concerned about their sovereignty, which complicates decision-making at EU level and hinders the coherence of foreign policy plans. While strategic autonomy is a common thematic framework for thinking about EU foreign policy, the term itself is shrouded in a kind of vagueness and is understood differently by those involved. The hurdles arising from security policy convergence at the national level and the translation of rhetoric into action at the group level hinder the EU's progress on a solid autonomous basis on the international stage.

Moreover, the development of multipolarity in the international context offers a significant test to the EU's adherence to transatlantic relationships. As the EU's reliance on the transatlantic security paradigm decreases due to changes in international power configurations, the need for the EU to develop a specific security identity becomes increasingly pronounced. The EU's cooperation with NATO is still crucial; yet the evolving security context requires a redoubled focus on the EU's autono-

mous operational capacity. The current geo-political disruptions manifest a compelling necessity for re-evaluating the EU's security paradigm in light of its commitments towards NATO for tackling imminent crises.

The linkage between strategic autonomy and transatlantic commitment is again underlined by European Union plans, for example, the PESCO and EDF. The latter is a historic step towards greater integration and the development of common strategic capacities between EU members and thus may boost the bloc's strategic autonomy. Nevertheless, plans should be viewed relative to transatlantic dynamics, as viable cooperation with the United States and NATO is needed in order to develop whole-security frameworks. The general notion of the EU's vision of its security system is one of plural interplay between the call for strategic autonomy and the need for military co-operation from transatlantic allies. The notion of a country's interests and the engagement in changing geopolitical circumstances, as well as a need for interaction to sustain mutual benefits, also matter significantly in forming the EU's security identity. Although faith in transatlantic partnerships is a key part of the EU's security policy, achieving an autonomy strategy will require responsibly managing these interdependent frameworks in order to develop a viable, impactful European security system.

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Chapter 5

THE IMPACT OF THE INTERNATIONAL TRADE TOWARD UNEMPLOYMENT IN TURKEY

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ABSTRACT

The work on international trade toward unemployment in Turkey (1985- 2021) aimed at evaluating the effects international trade on unemployment. The study used data collected from Turkish Statistical Institute, and analyzed by VAR model. The results show that while imports and foreign direct investment have a negative effect on unemployment, exports had positive effect. Either, a unit change in export, import and foreign direct investment led to 0.39 and 0.035 increase and 2.00 decrease in unemployment, respectively. The study recommended that policymakers should adopt flexible policies related to international trade to solve unemployment problem.

Keywords: Trade, International Trade, Unemployment, Foreign Direct Investment, VAR Model.

Jel Code:F1, B17, E24

INTRODUCTION

In the economics profession, there is a fierce dispute on whether international trade associated with trade openness is helpful to growth (Nannicini & Billmeier, 2011). For several years, scholars and thinkers have focused their devotion on the global labor market and the international trade of goods. The contributing factors of global trade, its effects, and the need for government involvement in it to secure its benefits are typically the emphasis in this area. In general, economic theory can clarify the contributing factors and effects of international trade, whereas economic and trade policy help determine the need for government interference in international trade and its benefits (Wu, 2007).

The connection between international or intercontinental trade and employment for a while has been a base of contention. It has never been clear how employment and global trade are related. Experts in trade and economics have long emphasized how trade can increase productivity without having any effect on overall employment. Contrarily, politicians and government officials frequently hold the belief that trade has a constructive influence on employment and frequently cite data about the number of employment opportunities generated by export flows to support their claims (Mohler et al., 2018).

However, the public perceives that, particularly because of increased imports, there is a danger of losing jobs as a consequence of global trade. The consensus among trade economists is that there may be distribution-

al effects of international trade within nations. However, they frequently define these effects in terms of altering factor prices. For instance, international trade with nations that have an abundance of low-skilled labor, like China or India, may cause the low-skilled labor to become completely and relatively unemployed in a high-income country (Mohler et al., 2018).

Despite being a significant economic problem, trade economists have typically discounted unemployment. The majority of trade models feature flexible wages and full employment. This implies that trade economists do not believe trade is a major factor in determining unemployment. There are undoubtedly exceptions to this notation, and the research on the connection between unemployment and trade is both sparse and expanding. People who are not experts in economics believe that among the major consequences of trade is the loss of jobs, which leads to high unemployment. The various well-known news media outlets frequently publish such stories, which completely ignore how global trade resulted in the creation of many new jobs. Thorough empirical research is necessary in addition to theoretical research to truly comprehend how trade affects unemployment (Dutt et al., 2007).

General and Specific Objectives of the Study

The study aims to provide a general overview of how international trade in Turkey impacts employment through exports, imports, and foreign direct investment. The analysis of the study aims at covering the period from 1985 up to 2021, where there has been judgmental discussion on the effects of international trade on employment in several economies.

Specific objective

To ascertain the impact of export activities on Turkey's employment rate

To examine the effects of import activities on employment levels in Turkey.

To determine the impacts of the foreign direct investment activities on employment levels in Turkey.

Research questions

What is the impact of the export activities on the unemployment rate in Turkey?

What is the effect of import activities on employment levels in Turkey?

What is the impact of the foreign direct investment activities on the employment level in Turkey?

LITERATURE REVIEW

In this section of the study, some studies related to the subject are reviewed.

Theoretical Review

In this section different theories explaining the trade mechanism will be explained. These theories include theories such as comparative advantage, specific-factors model, and new trade theory.

The Comparative Advantage Theory

This comparative advantage theory was pioneered by Ricardo and Torrens. The Heckscher-Ohlin framework was used to describe international trade until the late 1980s (Ohlin, 1935). Primarily, Heckscher-Ohlin assumed that there are two economies, two commodities and homogeneous resources used in manufacturing process, that is, capital for investment and labor, or skilled and unskilled labor. It was given the name “2x2x2 Model” based on this supposition. Other presumptions in this model include identical production technologies in both countries, constant returns to scale in output production, perfect market competition, and mobility of factors used in production within countries but immobility between them (Siddiqui, 2018) which emphasises that if protection is removed, resources would be expected to move away from high cost to low-cost products and as a result productivity would rise. His comparative advantage trade theory advocates in favour of a free trade, the argument implied generally to defend *laissez faire*. This study discusses the mainstream arguments relating to static and dynamic gains from trade liberalisation which seem to be based on weak theoretical and empirical grounds. It will also briefly discuss free trade and its impact on the industrial and agricultural sectors and how the performance of both sectors could have a long-term impact on local industrialisation, food security, employment and well-being of the people in developing countries. This article builds on this political economy and looks in particular at free trade policies and their impact on the economies of developing countries. Free trade theory, which has wide support among international financial

institutions, namely, the IMF (International Monetary Fund).

Four commonly known theorems that include Heckscher-Ohlin, factor-price equalization, the Stolper Samuelson, and finally the Rybczynski theorem can be used to generally describe the Neoclassical theory of comparative advantage. Depending on their comparative advantages, nations will often import goods whose production is heavily dependent on scarce national resources and export goods that are produced extensively using abundant national resources. The real prices of production factors tend to be equalized between nations either way through trade. In addition, an upsurge in the price of a commodity leads to a rise in the earnings of the resource applied to the production of that commodity the most heavily and a reduction in the earnings of the scarce resource. Furthermore, it is hypothesized that increasing the endowment of one production factor will lead to the decline in production of another good while increasing the manufacturing of the commodity that uses that factor most heavily. The H-O theory asserts that international trade should upsurge the labor demand in countries with abundant labor, and real wages will likely be equalized between partners doing trade (Aleman-castilla, 2020).

Specific-Factors Model

Jacob Viner, a Canadian economist, was the first to propose the specific-factors model (1892–1970). It was later developed in 1971 by Samuelson and Jones. This is just a Ricardian model variant. The specific-factors theory is also known as the Ricardo Viner Specific Factor Model (Aleman-castilla, 2020).

In contrast to the neoclassical theory of comparative advantage, this model recognizes that factors of production cannot move instantly and freely between industries, at least not in the near future. Once again, the Ricardo-Viner framework believes in the assertion that in an economy there are two sectors producing two different goods with only three factors used in production, that include labor, capital, and land. In contrast to capital and land, which are fixed, immovable, and not interchangeable specific factors that can be utilized in the manufacturing of only one commodity, labor is considered to be a movable factor that can be moved and used in either sector. In addition to that, the Ricardo-Viner theory holds that when land and capital are seized to be constant, labor tends to diminish in returns and the markets involved are in perfect competition. So prices will be held constant and unchanged, and employers who seek to maximize profit will demand labor until it reaches the point where the marginal product value or price of labor to each sector equals the wage

rate (Schonhardt-Bailey, 1991).

The distribution of income among the factor of production is impacted by shifts in the relative worth or good's price in this model. Sector-specific factors with relative price increases are better off than those with relative price decreases, and the welfare impact of the mobile factor (labour) is unclear. Though it is estimated that trade may harm the most inert factors in import-competing industries, such as land, capital, and the labor force, if they are unable to easily relocate to other sectors, and thus trade may end up causing an unemployment problem (Aleman-castilla, 2020).

New Trade Theory: Economy of Scale, Product Differentiation and Imperfect Competition

It is asserted that this theory was developed after the researchers realized that the comparative advantage theory of neoclassical failed to explain the true pattern of trade in a scenario of significant trade between economies with equal factor endowments and the contribution of domestic markets in encouraging the volume of production and exportation of goods with high transport costs. By combining product differentiation, economies of scale, together with imperfect competition, a new theory was created. Krugman created a theory as a novel framework that provides an alternative explanation for differences in technology or factor endowments between countries behind the rationale of international specialization and trade (Krugman, 1979)

This theory makes the presumption that there are only two countries, each of them with two different industries. These industries trade with one another and have positive transport costs. Furthermore, it is supposed that in the two countries involved, a variety of goods can be produced and demanded by consumers with similar preferences. In accordance with this theory, labor is the sole and one factor in production, and the same cost function is used by all firms to produce all goods. Due to the variety of goods produced and consumed, this theory foresees that full employment on the labor market and significant welfare gains from trade will be realized. This theory also states that higher wages because of specialization are a feature of the labor market (Aleman-castilla, 2020)

New-New Trade Theory: Dynamic Industry Models with Heterogeneous Firms

Melitz (2003) built a dynamic industry theory that takes into account

firm heterogeneity and investigates the effects of trade taking place within the industries by fusing Krugman's (1980) model of trade monopolistic competition, which is characterized by increasing returns, and Hopenhayn's (1992) dynamic stochastic theory of a competitive industry, which is marked by firms making exit and entry decisions (Aleman-castilla, 2020).

According to Melitz (2003), firms with varying levels and capacities of productivity exist. However, his dynamic industry models with heterogeneous firms predict that only a few extremely productive firms can conduct export business. The core principle of this theory is that only highly productive businesses can generate enough profits to cover the high fixed costs necessary for exporting (Tanaka, 2010).

According to Melitz's new trade model, trade encourages the more industrious firms to do the exports, the averagely productive firms to operate in the domestic and local markets, and the least industrious ones are obliged to withdraw from the relevant industry. As a result of increased trade within the industry, resource distribution and reallocations result in more fertile firms, which increases productivity and leads to benefits for well-being. Typically, these two impacts work together to increase the industry's real wages and labor demand (Aleman-castilla, 2020).

Empirical Review

Muhtaseb (2015) studied how trade affects manufacturing employment in Jordan. This study's primary goal was to calculate how trade would affect employment in Jordan's manufacturing sector. Panel data from 1994 to 2010 at the industry level, along with an empirical econometric model, were used in the study. The study's findings indicated that increased imports have no discernible impact on employment in either the total manufacturing sector taken as a whole or in capital-intensive industries.

Rajesh Raj and Sasidharan, (2015) investigated the influence of trade on employment levels and wages in India's manufacturing sector. This study's goal was to look into how international trade affected Indian manufacturing employment and wages. The study applied data from the Industrial Survey and the World Bank trade data base from 1980 to 2005. The researchers used three common modeling techniques to confirm how employment rates and wage are affected by trade, which included growth decomposition, factor content, and panel data modeling. The study's findings indicated that the creation of job opportunities in the manufacturing sector has not been significantly impacted by international trade.

Nwaka et al., (2015) examined the trade openness and unemployment rates in Nigeria. The study's goal was to examine how trade policy affected Nigeria's unemployment level. The researchers analyzed the data collected for 40 year period (1970-2010) with the help of vector error correction method. The research looked at factors like trade openness, national unemployment rates, recurrent spending toward education, per capita income, and foreign price shocks. The study's findings showed that while trade openness policies are linked to increases in unemployment, income per capita is associated with a long-term decline in unemployment.

Alawin, (2013) researched the balance of trade and unemployment level in Jordan. This study's primary goal was to present empirical and theoretical evidence regarding the affiliation between Jordan's unemployment level and balance of trade. The study applied yearly data provided by Department of Statistics and the Central Bank of Jordan from 2000 to 2012. The technique of vector error correction (VECM) model was applied to study the rapport exists in studied the variables. The study's findings showed that definitely, there was no long-term relation exist among the variables of the study.

Darwin and Marshall, (2018) conducted an analysis of the relationship between trade and unemployment level. The study aimed to show evidence of how global trade effected the aggregate unemployment. The study made use of panel data that was gathered and examined in 20 OECD nations between 1961 and 2008. A fixed-effects model was used in the study's analysis to draw a conclusion. According to the study's findings, increased trade interacts with rigid labor market institutions to increase overall unemployment, as opposed to flexible labor markets, where it may have the opposite effect and lower overall unemployment.

Van Ha & Tran, (2017) did research on employment in developing nations and international trade. Examining the link between global trade and manufacturing employment was the study's primary goal. The study used a fixed-effect quantile approach and ordinary least squares to analyze the data gathered from 2010 up to 2015. The findings proved a positive relationship between global trade and firm employment, according to the ordinary least square's scrutiny technique.

Feenstra et al. (2019) researched American employment and exports. The study's goal was to look at how employment has changed in recent years due to Chinese import competition and American global export expansion. The study used data collected between 1991 and 2011, and a two stage least squares model was applied in the analysis. The study's results

revealed that, despite the fact that Chinese imports result in job losses in both local commuter zones and industries, the growth of US exports globally also generates a sizeable number of jobs.

Oscar (2015) did research on the effects of import derived competition from China toward Mexican labor markets. The study's goal was to determine how Chinese import competition and Chinese trade divergence affected the labor markets in Mexico. The study's conclusions demonstrated that the expansion of China's trade had a significant adverse indirect effect.

Malgouyres (2017) I estimate the impact of Chinese import competition onto the structure of employment and wages of local labor markets in France, with an emphasis on spillovers effects beyond manufacturing and the degree of local wage inequality. Local employment and total labor income in both manufacturing and nonmanufacturing are negatively affected by rising exposure to imports. Import competition from China polarized the local structure of employment in the manufacturing sector. The wage distribution is uniformly negatively affected in manufacturing while the nontraded sector experiences wage polarization, i.e., a rise in upper-tail inequality and a decline in bottom-tail inequality. While overall wage inequality is on average not affected, I show that it increased in response to trade shocks in areas where the minimum wage is only weakly binding.”,”author”:[{“dropping-particle”：“”,”family”：“Malgouyres”,”given”：“Clément”,”non-dropping-particle”：“”,”parse-names”：false,”suffix”：“”}],”container-title”：“Journal of Regional Science”,”id”：“ITEM-1”,”issue”：“3”,”issued”：{{“date-parts”：[[“2017”]]},”page”：“411-441”,”title”：“the Impact of Chinese Import Competition on the Local Structure of Employment and Wages: Evidence From France”,”type”：“article-journal”,”volume”：“57”},”uris”：[“http://www.mendeley.com/documents/?uuid=07523f62-0c53-43dc-a769-7c96712f-16b6”]],”mendeley”：{{“formattedCitation”：“(Malgouyres, 2017 examined the impact of import derived competition from China on local wages and employment using evidence from France. The study’s goal was to determine how Chinese import competition affected the composition of employment and wages in regional labor markets. The study used data that was gathered between 1995 and 2001 and between 2001 and 2007, and the 2SLS model was used for analysis. According to the study’s findings, an upsurge in imports is associated with a negative impact toward both local total labor income and employment in the manufacturing and nonmanufacturing sectors.

Jenkins & Sen, (2006) conducted research on trade and manufacturing employment in the Southern Hemisphere. The study's goal was to

look into how trade with other countries affected manufacturing jobs in emerging nations. Kenya, Bangladesh, South Africa, and Vietnam were the four case studies in this work. The study used an econometric model, a growth accounting model, and a factor content model for its analysis. According to the study's findings, foreign trade appears to be linked to job creation in Vietnam and Bangladesh, with female employees reaping the majority of the benefits.

Asaley et al., (2017) conducted research on trade openness and employment in Nigeria. The study's goal was to discover how openness to trade and unemployment were related to one another. The study used Granger non-causality and the VECM method to do the analysis. The study's results demonstrated a short-run causal relationship between employment, trade openness, GDP, the consumer price index (CPI), exchange rates and interest rates. Both findings showed that trade openness and output had a bad long-term relationship. This suggests that trade has generally been detrimental to the creation of jobs.

Ojetunde (2009) investigated trade movements and employment levels in Nigeria. The investigation aimed at studying the prevailing affiliation between international trade flows over the years and employment levels in Nigeria. The study analyzed quantitative data collected for 25 years starting from 1981 using ordinary least squares technique. It was concluded that, there was no relationship between employment levels and trade flows.

Tuhin, (2015) investigated the impact of trade on employment in Australian industries. The study aimed at studying the existing connection between employment and competition in import within Australia's manufacturing sector. To reach his conclusions, the researcher used factor content calculation, growth accounting, and regression-based labor demand estimation. The researcher also administered panel data across 16 years (1996 to 2012). The study's findings revealed a statistically significant negative relationship between manufactured imports and manufacturing employment. In contrast, exports have the opposite effect.

METHODOLOGY

The study employed VAR to evaluate the relationship between the variables. There were four variables involved: unemployment, exports, imports, and foreign direct investment. The national unemployment rate serves as a dependent variable for the study. Export, import, and foreign direct investment were measured in TL as independent variables.

Development of the Model

In mathematical terms, this functional relationship can be expressed as follows:

$$UE = \beta_0 + \beta_1 \text{exp}rt + \beta_2 \text{impt} + \beta_3 \text{fdi} + \mu \dots\dots\dots i$$

Where;

UE = Unemployment Rate

EXPR T = Export value in Turkish Lira (TL)

IMPT = Import value in Turkish Lira (TL)

FDI = Foreign Direct Investment Value in Turkish Lira (TL)

t = An Annual Time Series and Variables as Previously Defined.

$\beta_0, \beta_1, \beta_2,$ and β_3 = The Coefficients Belong to Regression to be Estimated,

μ = The Error Term.

As a VAR the model the involved variables in the study can be labelled as follow:

$$\ln ue_t = \sigma + \sum_{i=1}^k \gamma_i \ln ue_{t-i} + \sum_{i=1}^k \beta_i \ln exp_{t-i} + \sum_{j=1}^k \eta_j \ln imp_{t-j} + \sum_{i=1}^k \varphi_i \ln fdi_{t-i} + u_{t1} \dots\dots\dots ii$$

.....ii

In the VAR model, dependent variable is considered to be a function of its own lag. Furthermore, in this VAR model, all the involved variables are endogenous, implying that no exogenous variables exist. According to the developed VAR model, each equation's model will use the same optimal lag length, K.

Where:

$\beta_i, \gamma_i, \eta_i,$ and φ_i = The coefficient used in model for short run adjusted in long run equilibrium

u = Residual

$\sigma,$ = Constant term

k = Optimal lag length

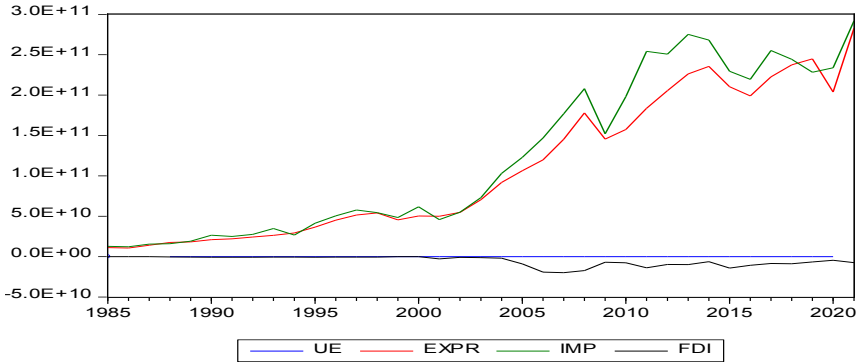
ue = Unemployment rate

DATA ANALYSIS

An Overview of the Data

This study relied heavily on three independent variables: export (EXPR), import (IMP), and foreign direct investment (FDI). The graphic presentation was created primarily to remark the features and behaviors of the raw data as a whole, and the results are depicted in the charts below.

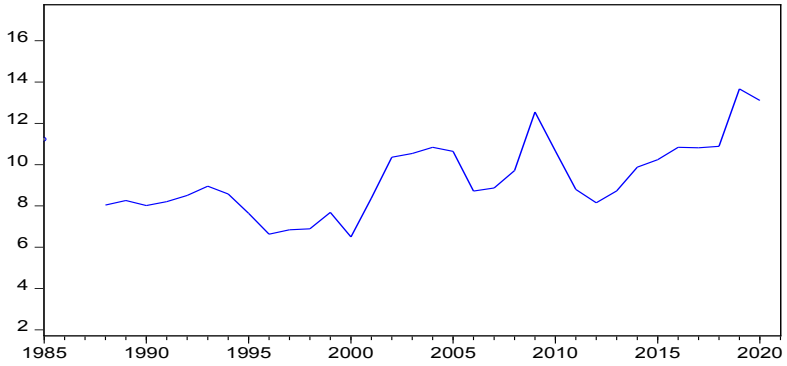
Graph 1. The Behavior of Dependent and independent Variable Graphical Presentation



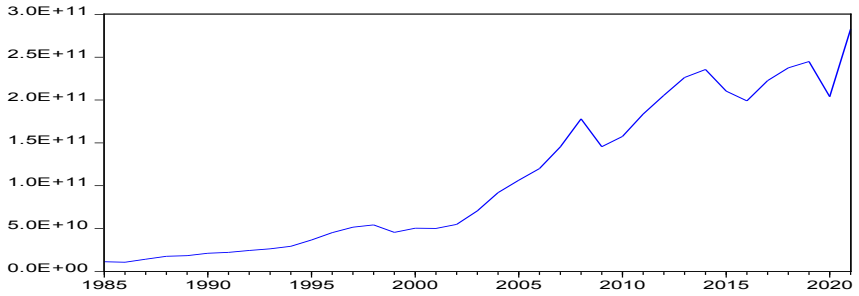
According to Graph 1, three of the four variables appear to have trended upward over time. Although this increasing behavior is not constant, it is the reason why the lines in these graphs, which include UE, EXPR, and IMP, are not straight but have a positive slope. Because it is clearly below zero, the graph of one variable (FDI) appears to have a negative slope.

The charts below show the behavior of the individual raw data for all four variables, and in Graph 4, it is clear that the graph for FDI has a negative slope.

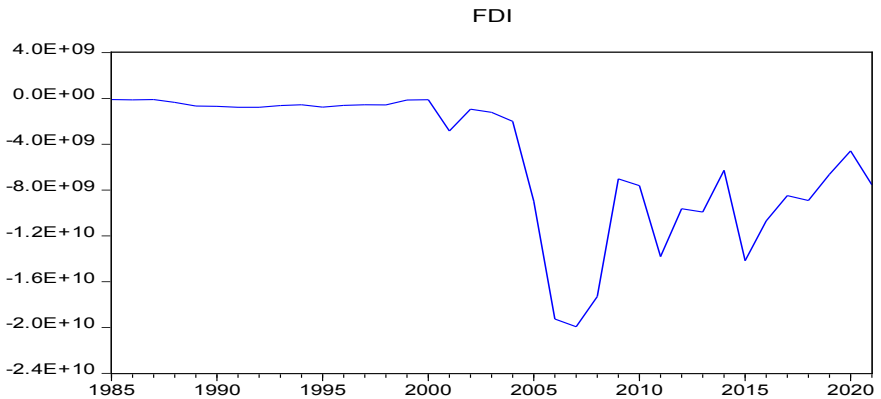
Graph 2. The Individual Behavior of Unemployment level Variable
UE



Graph 3. The individual Behavior of Export Variable
EXPR



Graph 4. The Individual Behavior of Foreign Direct Investment



The Raw Data’s Descriptive Statistics

Descriptive statistics, in their simplest form, are the enquiry, summarization, and demonstration of findings connected to the set of data set collected from the study population or sample in raw form. The descriptive statistics used in this study concentrated on measures of central tendency and data normality. It actually gives a summary or overview of the data set applied in the study and the basic information contained in the data sample, such as the series distribution.

Table 1. Descriptive Statistics

Summary Statistics Descriptive Statistics				
Variables	UE	EXPR	IMP	FDI
	mil.tl	mil.tl	mil.tl	mil.tl
Mean(\bar{X})	9.36	109,000.00	123,000.00	-528,000.00
Std.Dev. of (X)	1.80	869,000.00	982,000.00	590,000.00
Min Value	6.50	106,000.00	122,000.00	-199,000.00
Max Value	13.67	283,000.00	292,000.00	-99.00
Skewness Value	0.50	0.43	0.35	-1.02
Kurtosis value	2.71	1.65	1.46	3.03
Jarque-Bera	1.51	3.93	4.39	6.44
Probability	0.47	0.14	0.11	0.04

Starting with the measure of the central tendency, according to Table 1, which contains the results of descriptive statistics belonging to the raw data, the unemployment variable, which assumes the position of dependent variable in the study, has a mean rate of 9.36%, with the minimum followed by the maximum rates of 6.5% and 13.67%, respectively. For the independent variables, the export variable’s mean amount is 109.4 TL billion, with the minimum amount of 106 TL billion and a maximum amount of 283 TL billion. The mean amount of the import variable is 123 TL billion, with the minimum amount followed by the maximum amount of 982 TL billion and 292 TL billion, respectively. Finally, for the foreign direct investment variable, it has a mean amount of 528 trillion, a minimum amount of 199 trillion, and a maximum amount of 99 trillion.

Regarding the skewness, according to Table 1, it is indicated that the skewness for the unemployment series is positive with an approximate value of 0.5; this indicates that the distribution for the unemployment

series will have a long right tail and a higher value than the sample mean. Either the unemployment series or Kurtosis is platykurtic. In other words, it has the negative kurtosis characterized by the flattened curve since its kurtosis value is 2.711, which is lower than 3. This implies that the series in question has more lower values than its sample mean.

According to table 1, again, the export series skewness is normal. This is because its skewness value is 0.43, which approximately equals to zero. This result implies that the export series is symmetric around it. Either the export series according to Table 1 again seem to be platykurtic or 1.6, which is lower than 3: This is also termed negative kurtosis with a flattened curve. This kind of kurtosis implies that the export series has more lower values than value of its sample mean.

Import series with the reference shown in Table 1 seem to have a normal skewness of 0.35, which again can be approximated to 0. Either, according to Table 4.1, the import series has a kurtosis value of 1.46, which is also termed platykurtic. Its implication is that the distribution of a series will consist of more lower values than its sample mean.

Finally, the foreign direct investment series (FDI) according to Table 1 has a negative skewness because its skewness value is -1.02. The implication of the negative skewness is that the foreign direct investment series have a long left tail and that the series distribution has more lower values than its sample mean. While the foreign direct investment has negative skewness, it seems to have a kurtosis type of leptokurtic. This is because the kurtosis value in this series is 3.03, which is greater than 3. The series of the distribution with leptokurtic or positive Kurtosis (peaked value) normally indicates that there are more items of higher value than the sample for this mean.

To determine whether the series distribution is normal or not, the Jarquebera value from Table 1 must be interpreted. The null hypothesis (H_0) for the Jarque-Bera test affirms that the series used in the study are normally dispersed and distributed with a 5% level of significance. The UE, EXPR, IMP, and FDI series probabilities are 0.47, 0.14, 0.11, and 0.04, respectively, according to Table 1. All of these probabilities are greater than 0.05, except for the FDI (0.04) series, which is less than 0.05. This implies that, with the exception of FDI, all of the series are normally distributed, and thus the data used for further analysis was in log form.

Stationarity Test

The H0 hypothesis generally states that a series distribution in question has a unit root. The study intends to use the VAR, which requires that all the series applied in the study be stationary at first order. The Table 2, 3, 4, and 5 indicate the results obtained from the stationarity test by using the Dickey-Fuller test and consideration of the Akaike information criterion.

Table 2. Stationarity Test for Unemployment Variable

	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic	-4.944723	0.0004
Test critical values: 1% level	-3.661661	
5% level	-2.960411	
10% level	-2.619160	

Table 3. Stationarity Test for Export Variable

	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic	-5.250331	0.0001
Test critical values: 1% level	-3.632900	
5% level	-2.948404	
10% level	-2.612874	

Table 4. Stationarity Test for Import Variable

	t-Statistic	Prob.*
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Augmented Dickey-Fuller test statistic		-6.792192	0.0000
Test critical values:	1% level	-3.632900	
	5% level	-2.948404	
	10% level	-2.612874	

Table 5. Stationarity Test for Foreign Direct Investment

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-3.291996	0.0237
Test critical values:	1% level	-3.653730	
	5% level	-2.957110	
	10% level	-2.617434	

The calculated results of the Dickey-Fuller unit root tests with the H0 hypothesis that the series has a unit root with a probability of 5% are shown in Table 2, 3, 4, and 5 above. According to these results, the probabilities for the UE, EXP, IMPR, and FDI (0.0004, 0.0001, 0.0000, and 0.0237, respectively) are less than 5%, and thus the Dickey-Fuller unit root test's H0 hypothesis that series have unit root is rejected. As a result, all series under the study are concluded to be stationary at first order.

Optimal Lag Length for the Applied Model

Having optimal lag lengths is very decisive in running the VAR analysis, and it is one of the elements that is used to calculate the VAR and find out if the regressions involved in the study have or don't have cointegration. To reach the conclusion of the lag length, the VAR lag order selection method has been used, and the findings are depicted in Table 6. According to the result of Table 6, the lag length which is optimal one is 1, as prescribed by the Akaike information criterion.

Table 6. VAR Lag Order Selection Criteria

Lag	LogL	LR	FPE	AIC	SC	HQ
0	57.96858	NA	1.31e-07	-4.497382	-4.301040	-4.445292
1	125.0687	106.2419*	1.90e-09*	-8.755727*	-7.774015*	-8.495279*
2	134.5601	11.86427	3.71e-09	-8.213345	-6.446264	-7.744538
3	143.9665	8.622468	9.27e-09	-7.663873	-5.111423	-6.986707
4	156.6040	7.371905	2.97e-08	-7.383669	-4.045849	-6.498144

Johansen Cointegration Test

Cointegration Tests analysis and aim to uncover the affiliation and relationships of studied variables by determining the series stochastic trends. The results of the Johansen Cointegration test is shown in Table 7.

Table 7. Johansen Cointegration Test

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None	0.521565	34.22394	47.85613	0.4896
At most 1	0.249172	13.58138	29.79707	0.8633
At most 2	0.165210	5.557160	15.49471	0.7471
At most 3	0.017736	0.501050	3.841466	0.4790

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None	0.521565	20.64256	27.58434	0.2984
At most 1	0.249172	8.024219	21.13162	0.9022
At most 2	0.165210	5.056109	14.26460	0.7347
At most 3	0.017736	0.501050	3.841466	0.4790

The result can be seen from the trace or maximum Eigenvalue, as portrayed in Table 7 above, which shows the results of cointegration. The general null hypothesis for the Johansen Cointegration Test states that there are no cointegration in the series. According to trace test portrayed in Table 7, the H0 hypothesis that none of these series are cointegrated cannot be rejected, and thus the results show that the series are not cointegrated. This implies that the series in this study are VAR-eligible.

Table 8. Vector Autoregression Estimates

	LNUE	LNEXPR	LNIMP	LNFDII
LNUE(-1)	0.621782	0.216262	0.408914	-0.045947
	(0.14936)	(0.14156)	(0.21794)	(0.03575)
	[4.16297]	[1.52766]	[1.87624]	[-1.28535]
LNEXPR(-1)	0.385080	0.668997	0.455403	0.061253
	(0.22726)	(0.21540)	(0.33161)	(0.05439)
	[1.69447]	[3.10591]	[1.37332]	[1.12621]
LNIMP(-1)	-0.352615	0.289845	0.483040	-0.068095
	(0.21882)	(0.20740)	(0.31930)	(0.05237)
	[-1.61140]	[1.39750]	[1.51279]	[-1.30023]
LNFDII(-1)	-2.213734	2.397557	2.405402	0.032970
	(1.46451)	(1.38807)	(2.13698)	(0.35050)

	[-1.51158]	[1.72725]	[1.12561]	[0.09406]
C	7.043142	-6.960142	-6.808239	3.323821
	(5.19632)	(4.92510)	(7.58233)	(1.24363)
	[1.35541]	[-1.41320]	[-0.89791]	[2.67267]
R-squared	0.713935	0.987104	0.970510	0.276337
Adjusted R-squared	0.668165	0.985041	0.965792	0.160551
Sum sq. residuals	0.323602	0.290703	0.689009	0.018536
S.E. equation	0.113772	0.107834	0.166013	0.027229
F-statistic	15.59818	478.4069	205.6866	2.386621
Log likelihood	25.37341	26.98158	14.03731	68.27081
Akaike AIC	-1.358227	-1.465439	-0.602487	-4.218054
Schwarz SC	-1.124694	-1.231906	-0.368954	-3.984521
Mean dependent	2.216595	25.11972	25.22923	3.148239
S.D. dependent	0.197503	0.881664	0.897587	0.029719

Table 9. Estimation Method: Least Squares

System: UNTITLED				
Estimation Method: Least Squares				
Date: 03/10/23 Time: 22:48				
Sample: 1986 2021				
Included observations: 33				
Total system (unbalanced) observations 129				
	Coefficient	Std. Error	t-Statistic	Prob.
C(1)	0.631564	0.151372	4.172254	0.0001
C(2)	0.369524	0.230292	1.604588	0.1115
C(3)	-0.314853	0.220166	-1.430070	0.1556
C(4)	-0.564105	0.790825	-0.713312	0.4772
C(5)	1.261382	2.890768	0.436348	0.6634
C(6)	0.118542	0.140932	0.841128	0.4021
C(7)	0.794171	0.243683	3.259039	0.0015
C(8)	0.175586	0.237675	0.738764	0.4616
C(9)	0.271893	0.874082	0.311061	0.7563
C(10)	-0.303682	3.143518	-0.096606	0.9232

C(11)	0.241964	0.191864	1.261122	0.2100
C(12)	0.639178	0.331748	1.926699	0.0566
C(13)	0.309344	0.323569	0.956037	0.3412
C(14)	-0.292811	1.189968	-0.246066	0.8061
C(15)	1.827800	4.279560	0.427100	0.6701
C(16)	-0.030818	0.028940	-1.064905	0.2893
C(17)	0.048336	0.050059	0.965583	0.3364
C(18)	-0.056512	0.049146	-1.149883	0.2527
C(19)	0.079014	0.329334	0.239920	0.8108
C(20)	3.178550	1.155446	2.750929	0.0070
Determinant residual covariance		4.37E-10		
Equation: LNUE = C(1)*LNUE(-1) + C(2)*LNEXPR(-1) + C(3)*LNIMP(-1) + C(4)*LNFDII(-1) + C(5)				
Observations: 31				
R-squared	0.693982	Mean dependent var	2.215500	
Adjusted R-squared	0.646902	S.D. dependent var	0.194279	
S.E. of regression	0.115445	Sum squared resid	0.346514	
Durbin-Watson stat	1.574253			

FINDINGS AND DISCUSSION (VECTOR AUTOREGRESSION ESTIMATES RESULTS)

According to the results in Table 8, focusing on the column where the target variable is unemployment level, it is indicated that *seteris peribus*, the unemployment level, significantly influenced itself. Unemployment level realization is associated with a 0.62 increase in average unemployment *seteris peribus*. Either way, a unit increase in exports accounts for a negligible 0.39 percent increase in unemployment. For the import and foreign direct investment variables, the results revealed that there was negative relationship where a unit change in import and foreign direct investment led to a 0.35% and 2.5% decrease in employment, respectively.

The focus equation appears to be free of the serial correlation problem in terms of the Durbin-Watson equation because its Durbin-Watson value is 1.5, which is approximately 2 as shown in Table 9. This is also evident in

Table 10, which displays the VAR and residual serial correlation Lagrange Multiplier (LM) test results. The H0 hypothesis of the residual serial correlation LM test assert that there is no serial correlation in the series. According to Table 10, the series in the study do not have serial correlation issues, so the H0 hypothesis for the Lagrange Multiplier (LM) test cannot be rejected at a probability of 0.82.

Table 10. Diagnostic Test

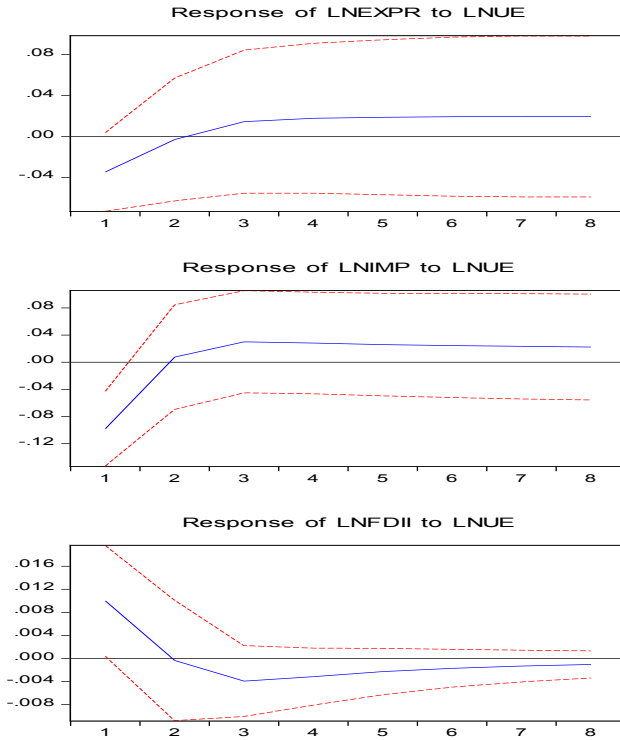
Null hypothesis: No serial correlation at lag h						
Lag	LRE* stat	df	Prob.	Rao F-stat	df	Prob.
1	10.90693	16	0.8152	0.661414	(16, 55.6)	0.8180
Null hypothesis: No serial correlation at lags 1 to h						
Lag	LRE* stat	df	Prob.	Rao F-stat	df	Prob.
1	10.90693	16	0.8152	0.661414	(16, 55.6)	0.8180

Impulse Response Function (IRF) Analysis

In relation to the response of the endogenous variables used in the study to respond to innovation shocks or impulses, also known as the Impulse Response Function (IRF), it is depicted in Graph 5, 6, and 7. The Graph 5 depicts the response of LNEXPR to a one standard deviation shock to LNUE. The results show that in periods 1-3, the response of LNEXPR is gradually increasing from negative to positive, and from periods 3-8, the response to shock seems to be fairly positive at the beginning and stable at the end. Graph 6 depicts the response of LNIMP to a one-standard deviation shock to LNUE. The results show that in periods 1-2, the response of LNIMP is sharply increasing from negative to positive, and from periods 3-5, the response to shock continues to increase fairly. Finally, Graph depicts the response of LFDI to a one standard deviation shock to LNUE. The results show that in periods 1-2, the response of the LNFDI is sharply decreasing to negative and continues to fairly decrease from periods 3-5. From periods 3-8, the response of LNFDI to a one-standard deviation shock to LNUE seems to be gradually increasing up to the end of the period.

Graph 5, 6, 7. The Response of LNEXPR, LNIMP and FDI to a One Standard Deviation Shock of LNUE and Variance Decomposition

Response to Cholesky One S.D. (d.f. adjusted) Innovations ± 2 S.E.



In relation to the variance decomposition to get detailed information about possible shocks, Table 11 shows that in reference to the period 3 impulse, innovation or shock accounts for 79% variation of the fluctuation in LUE (own shock), while the shock in EXPR, IMP, and FDI accounts for 0.12%, 3.7%, and 18% variation of the fluctuation in LUE in the short run. In the long run, according to the results in Table 11 with reference to the period 2008, impulse, innovation, or shock accounts for 76% variation of the fluctuation in LUE (own shock), while the shock in EXPR, IMP, and FDI accounts for 2.3%, 3.5%, and 18% variation of the fluctuation in LUE, respectively.

Table 11. Cholesky (D.F adjusted) Factor Variance Decomposition

Variance Decomposition of LNUE:					
Period	S.E.	LNUE	LNEXPR	LNIMP	LNFDII
1	0.113772	100.0000	0.000000	0.000000	0.000000
2	0.147579	81.82112	0.001558	3.779539	14.39779
3	0.157335	78.58426	0.119193	3.746341	17.55020
4	0.161575	77.68714	0.399396	3.640642	18.27282
5	0.163898	77.26077	0.794598	3.578269	18.36636

6	0.165329	76.93799	1.268167	3.535710	18.25813
7	0.166326	76.61646	1.787733	3.501782	18.09402
8	0.167111	76.27047	2.326319	3.472382	17.93083
Variance Decomposition of LNEXPR:					
Period	S.E.	LNUE	LNEXPR	LNIMP	LNFDII
1	0.107834	10.23693	89.76307	0.000000	0.000000
2	0.162002	4.567044	79.32451	2.093555	14.01489
3	0.194568	3.725101	78.85341	1.594322	15.82717
4	0.218951	3.603017	79.21729	1.287599	15.89209
5	0.238848	3.646932	79.56442	1.100073	15.68857
6	0.255658	3.758044	79.83928	0.972891	15.42978
7	0.270149	3.893351	80.05749	0.880392	15.16876
8	0.282817	4.031320	80.23287	0.810041	14.92577
Variance Decomposition of LNIMP:					
Period	S.E.	LNUE	LNEXPR	LNIMP	LNFDII
1	0.166013	34.74202	40.30858	24.94940	0.000000
2	0.207279	22.41987	49.33510	19.62800	8.617020
3	0.231865	19.60002	55.36465	15.72228	9.313048
4	0.251716	17.89130	59.41009	13.34190	9.356721
5	0.268816	16.62091	62.24529	11.70241	9.431382
6	0.283799	15.66112	64.31468	10.50383	9.520362
7	0.297038	14.91751	65.88621	9.592428	9.603850
8	0.308815	14.32627	67.11705	8.878292	9.678391
Variance DEC Decomposition of LNFDII:					
Period	S.E.	LNUE	LNEXPR	LNIMP	LNFDII
1	0.027229	13.47852	0.209470	0.008290	86.30372
2	0.027839	12.91039	0.299901	4.134014	82.65569
3	0.028203	14.50396	0.337550	4.029768	81.12872
4	0.028475	15.44531	0.400382	3.999715	80.15459
5	0.028619	15.91460	0.505320	3.979165	79.60092
6	0.028702	16.16948	0.641356	3.963412	79.22575
7	0.028758	16.31183	0.796138	3.951058	78.94098
8	0.028801	16.39012	0.960325	3.940561	78.70899
Cholesky Ordering: LNUE LNEXPR LNIMP LNFDII					

Causality Relation of the Variables

Regarding the causal relations among the variables under study, the Granger Causality Test was applied, and the obtained findings are shown in Table 12. According to Table 12, when the LUE acts as a dependent variable, all the likelihood probability values of the independent variables LNEXPR, LNIMP, and FDI are greater than 0.5%. This implies that the H0 hypothesis for the Granger Causality Test cannot be rejected. Therefore, *seteris perbus*, it is concluded that, altogether, the studied variables in the short run don't have causal effects on the dependent variable.

Table 12. The Granger Causality Test

Dependent variable: LNUE			
Excluded	Chi-sq	df	Prob.
LNEXPR	2.871235	1	0.0902
LNIMP	2.596617	1	0.1071
LNFDII	2.284882	1	0.1306
All	7.090394	3	0.0691
Dependent variable: LNEXPR			
Excluded	Chi-sq	df	Prob.
LNUE	2.333735	1	0.1266
LNIMP	1.952994	1	0.1623
LNFDII	2.983406	1	0.0841
All	5.547733	3	0.1358
Dependent variable: LNIMP			
Excluded	Chi-sq	df	Prob.
LNUE	3.520293	1	0.0606
LNEXPR	1.886015	1	0.1697
LNFDII	1.266994	1	0.2603
All	10.82240	3	0.0127
Dependent variable: LNFDII			
Excluded	Chi-sq	df	Prob.
LNUE	1.652137	1	0.1987
LNEXPR	1.268339	1	0.2601
LNIMP	1.690610	1	0.1935
All	5.253395	3	0.1542

CONCLUSION

Historically, despite the massive diversity of economic activities' due to technological advancement, export, import, and foreign direct investment have continued to play a vital role in other economic elements such as employment. Regardless of the insignificance of the causality effects of the variables concluded in this study, it is undeniable that the level of import, export, and foreign direct investment affects local industries, which in turn affects the labor market in various sectors positively or negatively. It is critical for authorities and policymakers to pay close attention to these economic variables and implement flexible and dependable policies to address the unemployment problem.

In addition to that, typically it is anticipated that foreign direct investment will act as a catalyst for the domestic economy of the host nation by providing access to skilled laborers like managers, technicians, and engineers, as well as ready-made infrastructure. However, authorities must exercise caution when prioritizing local experts and labor for such investments. In addition to prioritizing local expertise, authorizers must ensure that any foreign direct investments do not hinder local manufacturers. If the operations of a foreign investor pose a hardship for local manufacturers, authorities should not prioritize such investments.

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Chapter 6

**BALANCE OF POWER AT THE CONGRESS OF
VIENNA:**

**DRAWING THE MAP OF EUROPE AFTER
NAPOLEON (1814-15)**

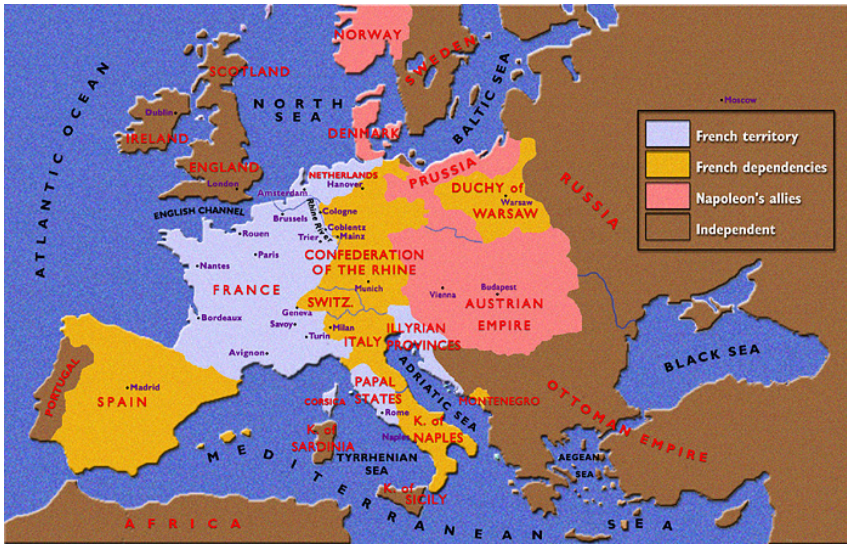
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Introduction

Convened after the Napoleonic Wars, the Congress of Vienna established the foundations of a new international order. The system brought relative peace for almost a century; there was no war involving all the great powers of Europe that could have brought the kind of instability and chaos like that of the preceding 18th century or the following 20th century. The stability of the system in great part relied on the territorial status quo that the great powers agreed upon. In doing so, they came up with guiding principles, namely legitimacy, compensation and balance (or equilibrium). The great powers not only made use of these principles while drawing the map of Europe, but they also maintained them as guiding principles in their relations with each other. Therefore, both the territorial status quo and the great power relations of Europe cannot be comprehended properly if not positioned within the framework of these principles, but one principle especially stands out: balance of power.

Napoleon and His Empire



To understand why the great powers drew the borders of whole Europe and not just dealt with their own borders and territorial acquisitions we must briefly examine Napoleon's territorial arrangements which made major alterations in the territorial status quo of Europe. Rather than giving a chronological list of Napoleon's campaigns and acquisitions of territory we will focus on the strategic and economic mentality that led him to reorganize the borders of Europe. With a combination of territorial arrangements and a complex system of alliances and allegiances, by 1807 Napoleon was able to subordinate almost all of Europe under French

domination.

Figure 1: Map of Europe before Napoleon's Russian campaign (1812)

Source: "Map of Europe in 1812," in World History Commons, <https://worldhistorycommons.org/map-europe-1812> [accessed July 31, 2025]

The map above shows three categories of Napoleon's territorial arrangements: The light blue areas include the French state proper and the territories that are directly incorporated into France. Austrian Netherlands (Belgium today), Netherlands, a part of the Rhine region, and parts of Italy were directly ruled by France. The yellow areas are labelled as "French dependencies" meaning that these are ruled either by Napoleon's close relatives or his generals. These include Spain, Switzerland, parts of Italy, and two new states that were formed by Napoleon: Confederation of the Rhine and the Grand Duchy of Warsaw. The pink areas are labelled as Napoleon's allies. In addition to Prussia and the Austrian Empire, Norway and Denmark are also included. Not all of these alliances were consequences of voluntary policies; as in the case of Prussia it was rather the fear of further encroachments on Prussian territory, or an alliance through dynastic ties which Austrian foreign minister Metternich described as "a necessary evil that would strengthen Austria ... and allow more time to heal her wounds." (King, 2008: 28). Therefore, these were not alliances that were signed between equal states but were imposed upon them by the stronger power. The only exception to this was Russia. Napoleon knew that if he was to dominate Europe he had to come to an understanding with Russia, that is, not to subdue but allies as equal partners. The result was the Tilsit (1807) treaty which provided Russia an upper hand in the status quo of Eastern Europe against Prussia and Austria. The alliance lasted until 1811, when Russia announced its withdrawal from the Continental Blockade, which also proved to be the trigger of events that led to Napoleon's downfall.

Therefore, Napoleon's success in domination of Europe was not only the result of his military victories but also careful arrangement of European territories in such a manner that it created zones of tension among his enemies which in turn prevented them from joining under a lasting alliance against France. The creation of the Confederation of the Rhine and the partial revival of Poland as the "Grand Duchy of Warsaw" are results of this careful arrangement.

The Confederation of the Rhine was partly established on the territories which existed for centuries as the Holy Roman Empire. The Empire

was an all-embracing word for a region that included more than 300 states of kingdoms, principalities, duchies, free cities, imperial towns, and ecclesiastical states. The territories on the west bank of the Rhine River were directly incorporated into France before Napoleon (1792). Napoleon put an end to the Holy Roman Empire by establishing the Confederation of the Rhine in 1806, reducing the number of states to sixteen. The initial sixteen members of the Confederation were those that had allied with Napoleon. The Confederation later on grew to include thirty-six members. From a strategic point of view, both direct acquisition of German lands and the creation of the Confederation served well for France's strategic vulnerability. Throughout history the northeastern regions of France remained vulnerable to attacks from its neighbors as there were no natural barriers to ward off an aggressor. Therefore, it was the primary policy of French rulers to either incorporate these lands into French territory so as to reach a "natural frontier" (Hicks, n.d.) or not to allow one single state to dominate all the territories east of France. If either of these policies failed, then France looked for powerful allies that would deter a possible attack from hostile German neighbors. Hence, through his military victories Napoleon was able to rearrange these German lands that would serve the vital interests of France. The Confederation also served as a counterbalance against the other two German states, Prussia and Austria, while also creating a potential zone of rivalry as to who would have the upper hand in the region. By creating such a zone Napoleon also ensured that Prussia and Austria did not form a united front against France (Hicks, n.d.).

The Duchy of Warsaw is another case in Napoleon's policy of creating potential zones of rivalry. The history of Poland prior to and during the French Revolution is a history of internal weakness, partitioning by the neighboring powers, and ultimately disappearance from the map of Europe. The partitions of Poland were significantly influenced by the ambitions of neighboring powers—Prussia, Russia, and Austria. These nations sought to expand their territories at the expense of Poland, particularly during periods of internal weakness within the Polish Commonwealth. The partitions were formalized through treaties, such as the First Treaty of Partition in 1772 and subsequent treaties in 1793 and 1795, which were signed under the pretext of preventing anarchy in Poland. These agreements were often made without Polish consent and reflected the geopolitical interests of the partitioning powers (M. B., 1939: 2-3). Territorial ambitions, strategic concerns and balance of power politics were factors that contributed to the clash of interests regarding the Polish question between Austria, Prussia, and Russia. The Poland question was potentially so dangerous for these states that in their last partition they agreed not to use any mention of Poland in their royal titles that would remind them a

question that created a lot of tension between these Eastern monarchies.

Therefore, it was only a matter of time that Napoleon would revive Poland. As a token for Polish contribution to his war efforts against Prussia and Russia Napoleon established the Grand Duchy of Warsaw in 1807. The Duchy, however, covered only a portion of former Polish territory and was to be ruled by Frederick-Augustus, the King of Saxony, member of the Confederation of the Rhine and loyal to Napoleon (Senkowska-Gluck, n.d.). This in turn meant that the Duchy was indirectly tied to Napoleon's empire and was subordinated to his political and strategic plans, which in this case was the resurfacing of the old rivalries between Austria, Prussia and Russia over Polish territories (Czubarty, 2022: 184-5).

Even though the Holy Roman Empire and Poland were the two main areas that Napoleon made fundamental changes in the map of Europe, no other area remained untouched. It was against this complicated background that the great powers undertook the job of making the map of Europe.

The Congress of Vienna

Following the defeat of Napoleon, the Congress of Vienna was convened to decide on a number of issues at the center of which lay the territorial issues. The Congress lasted from November 1814 to June 1815. Apart from dealing with territorial issues, the Congress also dealt with navigation on international rivers, Jewish rights, abolition of slave trade and diplomatic precedence. Although the Final Act of the Congress is the actual document that most of the matters of Europe were settled, other international agreements before and after the Congress should also be taken into consideration as all of these are instrumental in shaping post-Napoleonic Europe. The most important of these are: Treaty of Kalisch signed between Russia and Prussia (February 1813); Treaty of Chaumont signed between the four great powers (Britain, Russia, Austria, Prussia) (March 1814); First Treaty of Paris signed with France (May 1814), and the Second Treaty of Paris, again signed with France following the defeat of Napoleon at Waterloo (November 1815).

Although all the countries that were affected by the Napoleonic Wars were invited to the Congress it was the great powers that took the major decisions and decided on the final map of Europe. This right or entitlement was already secured in the secret clauses of the First Treaty of Paris. The great powers argued that since they were the ones that carried most of the burden of war they should be in charge of the decisions on the final

map of Europe (Peterson, 1945: 533). For this purpose, the great powers established a Central (or Directing) Committee which would be charged with powers to take decisions binding on all of Europe. In other words, “all states were equal, but some of them were more equal.” As expected, this decision created much resentment among the smaller states but did not have an impact on the attitude of the great powers apart from including France and Spain in some of the decisions they would make (King, 2008: 77-78).

The Central Committee was necessary for practical reasons as well. First of all, more than forty states were attending the Congress, and it was very hard if not impossible to expect all of the members to have a consensus on all of the questions, especially if these were related to territorial questions. This in turn would run the risk of the Congress lasting forever without any concrete results. There was a much more complicated problem as well: as we mentioned earlier Napoleon had altered the map of Europe significantly; he dissolved the Holy Roman Empire, revived Poland and dethroned rulers, appointed his relatives and generals as kings to these thrones in Europe. When Napoleon was defeated some of these rulers were still in power, which created a question of representation, or rather a question of legitimacy. Joachim Murat, for example, was appointed as the king of Naples by Napoleon, who was still on his throne. Whether Murat or Ferdinand IV, the dethroned king of Naples should be legitimate representatives was confusing (King, 2008: 71). As for the Holy Roman Empire, if the great powers had no intention of reviving it, was it logical to accept each former member of the Empire as the legitimate representative? Therefore, by appointing a Central Committee and endowing it with the powers to decide on all matters of significance all of these intricate problems would be eliminated. The solution was not perfect, it most certainly created a double-standard in terms of representation and legitimacy, but it also facilitated the procedures and enabled the powers to establish a territorial status quo. In the final analysis, it was the satisfaction or dissatisfaction of the great powers that actually determined the duration of the territorial status quo. Furthermore, the privilege of deciding on the new borders of Europe also came with the responsibility or the burden of maintaining them. Hence, the Congress had actually never convened in the proper sense of the term, all the major decisions were taken by the great powers.

Principles of Legitimacy, Compensation and Balance of Power

A number of principles played an important role at the Congress when considering territorial arrangements. These principles were legitimacy, compensation and balance of power, or “a just equilibrium” as the members of the Congress often preferred (Schroeder, 1992: 697). These principles were not only utilized for territorial arrangements but later also formed an integral part of the 19th century international system (or the Vienna System). Therefore, a short explanation of these principles is necessary if we are to comprehend the territorial arrangements at the Congress.

The principle of legitimacy was put forward by Talleyrand, representative of France who was both influential in throning and dethroning Napoleon. He went as far as to say: “I ask nothing but I bring you something important – the sacred principle of legitimacy” (quotation from Nicolson, 1961: 143). The concept basically meant the restoration of legitimate sovereigns to their thrones, including the restoration of France to the Bourbon dynasty. The introduction of this principle would resolve the territorial issues as well, since the restoration of monarchs would also mean the restoration of their respective territories. Talleyrand’s actual objective was to use this as a key bargaining tool, given France’s weak bargaining position at the Congress (Hobson, 2015: 111). Talleyrand had two broad interrelated objectives: to prevent France being subjected to an excessively harsh peace treaty and to prevent Austrian domination in Italy by supporting the restoration of monarchs to their rightful thrones (Binn, 1935: 144). The outcome of the territorial arrangements in fact shows that Talleyrand had achieved only limited success with this principle; the Bourbons were restored to the French throne, but Austrian dominance was established on Italy through placing monarchs from the House of the Habsburgs in the Duchies in northern Italy. It appears that the great powers were more inclined to apply the principle only in selected areas, when their interests are best suited, and ignore it to avoid eruption of complicated questions. If this principle was to be strictly observed, the Holy Roman Empire should have been revived, giving over 300 rulers their rightful territories, which none of the great powers had the interest in doing so. Interestingly, the more frequent use of this principle was not during but after the Congress and it was Metternich, Austrian Foreign Minister, that clung on to it because legitimacy meant an unconditional obedience of the peoples of countries to their legitimate rulers. Thus, legitimacy became an important tool when Metternich suppressed the revolutions in Europe (Scott, 1972: 466-470).

The last two principles: compensation and balance of power inevita-

bly interconnected. The great powers argued that while bearing the major burden against Napoleon they suffered material losses which they expected to be compensated for in the form of territorial acquisitions. Another form of compensation would be relinquishing a territory in return for a territory in another region, like Austria giving up Belgium and in return gaining Venetia and Lombardy in Italy. An example that has more to do with balance of power was Prussia gaining land in the Rhine region in return for relinquishing its claims on the whole of Saxony.

The great powers had already mentioned “re-establishing a just balance of power” in the Treaty of Chaumont, and both compensation and balance of power as principles had entered into the secret clauses of the First Treaty of Paris. Regarding balance of power the first article of the secret clauses reads:

The disposal of the territories given up by His Most Christian Majesty, under the IIIrd Article of the Public Treaty, and the relations from hence a system of balance of power (emphasis added) in Europe is to be derived, shall be regulated at the Congress upon the principles determined upon by the Allied Powers among themselves, and according to the general provisions contained in the following Articles (The Napoleon Series, n.d.).

The fourth article reads, “The German territories upon the left bank of the Rhine, which have been united to France since 1792, shall contribute to the aggrandizement of Holland, and shall be further applied to compensate (emphasis added) Prussia and other German states.” (The Napoleon Series, n.d.) In general, the compensation would be formulated in such a manner that it would not disrupt the balance of power among nations. In other words, no state, through territorial aggrandizement, should find itself in a position to dominate the whole of Europe.

This understanding of balance of power was obviously shaped by the fear of the Napoleonic era when Napoleon was able to dominate almost the whole of Europe. Thus, when it came to restriction of France through territorial arrangements there was a consensus among the great powers. That consensus was already reached by the First Treaty of Paris. Furthermore, there was also a consensus to form a counter-balance against a possible French aggression in the future. The Treaty of Chaumont that was signed before the final coalition against Napoleon (March 1814) also mentioned a “just balance of power” (Wirtschaftler, 2021: 25). What complicated the matter, however, was the fact that each state had a different approach in how territorial arrangements should be made in order to achieve that balance. Each state envisaged a balance of power where their respective security is protected the most. Let us also not forget that in the

early 19th century the power of a state was still measured by how much land it possessed. More land meant more resources, more manpower and more taxpayers (Chapman, 1998: 36). Therefore, that balance was going to be very hard to achieve if each state sought after its own utmost security. Schroeder (1992) argues that the great powers referring to a “just equilibrium” is a radical departure from the previous century international relations: the redistribution of power must be a thoughtful process, serving not only the involved parties but also the overall stability of Europe (1992: 697). As such, Britain and Austria came closest to this understanding of a just equilibrium.

For Britain, the objective was to bring stability back to Europe, following the turmoil of war. This envisioned a peaceful scenario where all continental powers were content with the agreed settlement, thereby reducing the likelihood of future conflicts. Such a state of affairs would enable Britain to focus on its foreign policy objectives globally without the need for further intervention in European matters (Chapman, 1998: 16-17). The Belgian port of Antwerp was of special concern for Britain. The port had a strategically viable position if any state wanted to attack Britain. Therefore, Britain wanted to make sure that this port did not fall into French hands (Webster, 1918: 10-12). As far as Continental Europe was concerned, the threat to the future stability of Europe did not only come from France but also an expansionist Russia. A strong Central Europe was the only way to prevent both threats. To achieve this, Castlereagh, Foreign Minister of Britain, suggested that Prussia should extend its territory in Germany, and Austria in Italy so that the balance of power could be preserved (Chapman 1998: 17). The Industrial Revolution in Britain was in full swing and Britain was on the verge of becoming a global power in pursuance of global interests. The pursuance of such interests necessitated the Continent to be in stability so that Britain would not be obliged to turn its attention and efforts to maintain it. The plausible way to achieve this would be to create a balance where everyone was satisfied enough not to attempt to disrupt the system.

What Metternich had in mind when he talked about a “just equilibrium” was rather an equilibrium that provided utmost security for his country (Schroeder, 1994: 525-6). He was greatly concerned that the war with France would position Russia to dominate Europe, a mere exchange of one hegemonic power for another. He also felt disadvantaged in the early allied negotiations from 1813 onward, as Austria was the last to join the Fourth Coalition. The idea of a balance of power provided him with a convincing justification for restricting Russian power, one that did not only appear to be a self-serving measure for Austria’s security against Russia (Chapman, 1998: 17-18).

The powers that were least interested in a balance of power, at least at the beginning, were Prussia and Russia. They signed what is known as the Treaty of Kalisch in February 1813, where Prussia would relinquish its Polish territory to Russia and would compensate its losses by gaining almost the whole of Saxony (White, 2001: 339). Being the least powerful of the great powers what Prussia would gain from this deal did not really bother Britain and Austria, at least until Talleyrand pointed out to the potential harmful effects on Austria. What was more terrifying was Russia taking Poland that would serve as a “launchpad [for an] attack on western Europe” (Chapman 1998: 18). For Austria, it made no difference if threat from France would be replaced by threat from Russia. Thus, what needed to be done was to restrict both France and Russia. The Polish-Saxon question was so dangerous that it almost brought the powers on the brink of a war with Russia and Prussia on the one hand, and Britain and Austria together with France on the other hand.

Without the inclusion of France, now defeated but still a great power, there would be no proper balance of power in Europe. If one reason for the relatively mild treatment of France at the Congress was not to hold the Bourbon dynasty responsible for what Napoleon had done in Europe, the other was the fact that the weakening of France had the potential risk of disrupting the balance of power in Europe. True, the bargaining position of France was weak, but Talleyrand was quick to grasp that his country also played a key role in the maintenance of future status quo. Therefore, the great powers would also have to strike balance between restricting France and not weakening it to a point that it would cease to be an element of balance of power (Blinn, 1935: 153). An even more undesirable outcome would be to impose an overly harsh punishment on France that it would be driven to seek retribution, thereby once again disrupting the balance of power.

Whether it was named balance of power or just equilibrium it is obvious that each state was pursuing its own security interests. Thus:

The idea of a ‘just equilibrium’ was one to which all five great powers subscribed by the end of the Vienna Congress, but with different degrees of support. The balance of power was not to be simply a territorial arrangement; it was, more importantly, a strategic and military balance. It could not be weighed precisely and was not measured or calculated to leave each of the five great powers with an equal share. Nor was it the idea of any one individual who had a clearcut aim for each area of Europe. It was instead a compromise between both the victors and the vanquished which they all considered to be at least satisfactory in protecting their own security. (Chapman, 1998: 19)

Treaties, Agreements, Borders

As we mentioned above, treaties and agreements together with the final act of the Congress of Vienna had a role in drawing the borders of Europe after Napoleon. The Treaty of Chaumont was the first treaty that brought the four powers together in March 1814 for a final coalition against Napoleon. The treaty was not a multilateral one; instead, it was a document that each state signed separately with each other. The document they signed, however, was identical.

The document called on Napoleon to retreat France to its pre-revolutionary borders. In return, Napoleon could keep his throne and continue to be the ruler of France. If rejected, the Allies would wage war against him. When Napoleon rejected the terms, the Allies prepared for a final coalition against Napoleon. Although defeated in the Russian campaign, Napoleon counted on the Allies' inability to sustain an alliance, as the previous coalitions demonstrated, so that he would not have to give up anything. However, the Treaty included an important clause which ensured that the Allies would not deviate from their commitments. Article II reads: "The High Contracting Parties reciprocally engage not to negotiate separately with the common Enemy, nor to sign Peace, Truce, nor Convention, but with common consent. They, moreover, engage not to lay down their Arms until the object of the War, mutually understood and agreed upon, shall have been attained."¹ They also agreed that their alliance against France would last twenty years.

The other clauses of the treaty included the military contributions of the Allies in terms of manpower, and Britain's financial contributions to continue with the war effort. Compared to the previous Coalitions which quickly dissolved the final Coalition against Napoleon survived until the French army was defeated thanks to the binding nature and clearly defined responsibilities of the Allies. The Treaty was also the first towards territorial arrangements as it was decided that France would lose every territory it conquered after 1792. The Treaty did not go into details of delineating the borders of the territories once these were freed from Napoleon's rule but rather drew broad guidelines: Germany was to become a confederation, separate states would exist in Italy, and the territory of Holland was to be enlarged, although the Dutch were not interested in expansion (Schroeder, 1994: 512). There was no mention of what would happen to Poland, whether the Duchy of Warsaw would survive or Russia would take the whole country. This would be the thorniest issue at the Congress of Vienna. The Alliance survived Napoleon, but whether it

1 For the full text of the Treaty, see: <https://www.familysearch.org/library/books/viewer/473976/?offset=45518#page=3&viewer=picture&o=info&n=0&q=>

would survive the Polish question was to be found out at the Congress.

Following the defeat of Napoleon the First Treaty of Paris was signed on May 30, 1814. As we mentioned earlier, the Treaty was a mild one compared to the damage Napoleon caused in Europe for the past decade. No indemnity was imposed either. If one reason for that was not to weaken France so that it could continue to be one of the key actors in the balance of power in Europe, the other was the fact that now that the Bourbons were restored on the French throne, the practical problem of holding the Bourbons responsible for the damages that Napoleon had inflicted. As for the territorial settlement, the Allies implemented the decisions that they agreed upon in Chaumont. Although the public articles of the Treaty treated France fairly, it was the secret articles that were most disturbing for the Bourbons as well, because France was being deprived of its “natural frontiers” (Chapman, 1998: 8-9). A cordon sanitaire was to be established along these natural frontiers: to the north-east Belgium and the Netherlands would be united, a portion of the west side of the Rhine river was to be given to Prussia, and to the south-east the territory of the Kingdom of Sardina was to be enlarged (Bridge & Bullen, 2004: 12). Even with enlarged territories these countries would not be able successfully resist a future aggression from France without the assistance from the great powers, but these barriers reflected the determination of the Allies to keep France in check.

With France defeated and the treaty signed, the path to deal with the greater issues of territorial arrangements was open. The Congress of Vienna both gave the final shape to cordon sanitaire around France and the remaining frontiers of Europe. As we mentioned above, three principles were influential in drawing the boundaries of Europe, the balance of power being the crucial one. It would also be useful to have a brief look at the aims of the great powers in terms of territory together with their relative strengths and weaknesses.

As far as continental Europe was concerned, Britain did not demand any territory but was rather concerned with the general balance of power in Europe. The last foothold of England in the continent was Calais which it lost to France in 1558, and from then onwards Britain did not claim any land in the European continent. The costs of maintaining territory far weighed the benefits that were derived from it. Thus, as far as territorial arrangements in the continent were concerned Britain’s primary aim was to assure that no single power should dominate the entire Europe. Not only did such a situation create a strategic threat to Britain, but it also created an economic threat as well. The Continental Blockade that Napoleon imposed on Europe from 1806 onwards proved to be detrimental to Brit-

ish commercial interests. The pace of the industrial revolution in Britain made it imperative that no single power should control the commercial markets of the continent. Britain's territorial acquisitions were mostly concentrated on overseas colonies. While Europe was busy fighting in the continent Britain had a free hand in occupying the overseas colonies of France as well as the Netherlands, and Denmark. Britain did not intend to keep all these colonies, but some would be used for bargaining purposes for territorial arrangements on the continent (Nicolson, 1961: 205). Security also meant safeguarding maritime routes for Britain, a power with increasing global commercial interests.

Unlike Britain, Austria's concerns were entirely European. Apart from the threats to the territorial integrity of the empire posed by the spread of liberalism and nationalism Austria was now worried that Russia might replace France in dominating the whole of Europe. The expansion of Prussian territory to Germany was also seen as a threat to Austria's vital interests. Thus, a "just equilibrium" was imperative for a power weakened by domestic as well as international concerns.

The most elusive of the great powers was Russia. This was not because it had a hidden agenda, but because the Russian Tsar Alexander I was to change his mind quickly. His advisers came both from conservatives and liberals, which made matters complicated from time to time. He changed his policies without informing his diplomats which was another matter that gave a hard time to Russia on the negotiating table. Alexander's policies became more obscure because sometimes his Christian mysticism took over his rational views (King 2008: 255-6). In spite of these, Russia's overwhelming military power put Russia to a strong bargaining position. Napoleon was defeated in the Russian campaign; the Russian army was the first to enter Paris, the Tsar himself negotiated the terms of Napoleon's abdication. The memories of Russian troops crossing over much of Eastern and Central Europe and entering Paris were still fresh. But this overwhelming military power also scared Austria that Russia would demand territories that would match this military power. Alexander, however, was more concentrated on retaining the Poland that they agreed with Prussia but missed several opportunities to press his case.

After its defeat at Jena (1806), Prussia, the weakest of the great powers, did not play a significant part in the Napoleonic wars. However, it was also Prussia who had the most territorial ambitions (Nicolson, 1961: 151). These, however, stemmed less from greed and more from a genuine necessity for Prussia to accumulate territories as a defensive measure against aggressive powers like France and Austria. During the eighteenth century, Prussia was famously characterized as 'an army with a state rath-

er than a state with an army,' (Chapman, 1998: 23) highlighting the extensive militarization of its society. It was widely regarded as an artificial entity, lacking natural borders, whose continued existence depended on maintaining a large, perpetually war-ready army (Chapman 1998: 23). Prussia's military power, however, did not put it to a strong negotiating position, when compared to other great powers.

As for France, the main goal was to minimize damage. The First Treaty of Paris had already set the borders of France, but there were still issues to be solved. For example, French colonies were still under British control, and territorial arrangements in Europe could put France in a difficult position. Talleyrand's main concern in this respect was to prevent, if possible, the expansion of Prussia which could pose a direct threat to France's security. Therefore, he stood close to Metternich's and Castlereagh's idea of a balance of power in Europe. Being the defeated power, Talleyrand did not have much room to maneuver, but he did have the skill to exploit the differences of opinion between the Allies, which he did successfully during the Polish-Saxon crisis.

The Territorial Arrangements

The Congress was scheduled to open in the autumn of 1814 and was not expected to last long since a series of preliminary agreements between the great powers had already existed about the future borders of Europe. However, there were no clear decisions about the future of Poland, or the Polish-Saxon question for that matter, which prolonged the Congress. This question alone lay at the heart of the balance of power in Europe, and once this was resolved every other territorial question fell into place.

Saxony held an important position in the Holy Roman Empire as one of the princedoms endowed with the right to choose the Emperor. During the Napoleonic wars Saxony allied itself closely with France and as a reward Napoleon promoted it to a kingdom after the dissolution of the Holy Roman Empire. Saxony fought alongside Napoleon at the Battle of Leipzig (1813) where its king Frederick Augustus was imprisoned by the Prussians (Vick, 2014: 15). As the Congress convened, he was still being held captive, therefore had no chance of representation. The Prussians were quick to exploit this situation and argued that the King had forfeited his rights as the ruler of Saxony. However, the Prussians were also aware of the fact that if Prussia gained Saxony not by mutual consent, but rather with the help of Russia putting pressure on the other great powers, that would eventually put Prussia at the mercy of Russia.

It also quickly became obvious that the Treaty of Kalisch would become obsolete. At the initial stages of the problem, Metternich was rather concerned with Russia taking whole of Poland, which also meant that Austria must cede its Polish territories to Russia as well, than Prussia taking Saxony (Nicolson, 1961: 151). The bargain Metternich made with Prussian representatives was that in return for Austria's support to Prussia taking Saxony the Prussians would support Austria against Russia. However, Talleyrand warned Metternich of the dangerous consequences of such a bargain, because the minute Metternich gave in to Prussian demands the Prussians would surrender their Polish territories to Russia. "Metternich would then end up helping Alexander gain exactly what he wanted. Austria, on the other hand, would be stuck with a much stronger Russia and Prussia threatening its borders." (King, 2008: 149)

The negotiations on Poland went on for several months until they broke down with the creation of a not-so-secret defensive alliance between Britain, Austria, and France against Russia and Prussia in early January 1815. One final round of negotiations followed the creation of the alliance, and it proved harder to convince Prussia to relinquish its claims over whole of Saxony than to convince Russia to relinquish its claims over Poland. Talleyrand was influential in striking a bargain: he proposed that in return for giving up a portion of Saxony Prussia would be compensated by lands along the River Rhine. This seemed to be a sensible solution, but also one that preserved the balance of power since there would be no direct connection between mainland Prussia and the Rhine region (King, 2008: 265).

Once the Polish-Saxon problem was resolved the other questions regarding territorial arrangements were easier to tackle. Added to that was Napoleon escaping Elba and gaining control of France between March and June 1815, which showed the Allies Napoleon would be the sole benefactor of the quarrels between them. Ten days before the Allied victory at Waterloo, the Final Act of the Congress was signed (June 9, 1815). As for France, the Second Treaty of Paris (November 1815) imposed harsher terms. France's territory was pulled further to its 1790 frontiers. A war indemnity of 700 million Francs. Furthermore, "certain military positions along the frontiers" (Article V) and the costs of maintaining this army of 150,000 fell on to the French. The occupation was to last five years, although there was the possibility of lasting less, if the Allies agreed (The Second Treaty of Paris, n.d.).

As was envisaged in the Treaty of Chaumont and the First Treaty of Paris, a cordon sanitaire was established along the borders of France. Holland and Belgium were united to form the Kingdom of Netherlands. The

other barrier in the north was the acquisition of the Rhineland by Prussia. The territories of Baden, Wittenberg and Bavaria to the eastern borders of France were expanded. In the south, Switzerland became neutral, the territories of the Kingdom of Sardinia were enlarged. None of these countries, however, were powerful enough to serve as effective barriers against French aggression unless supported either diplomatically or military by the great powers.

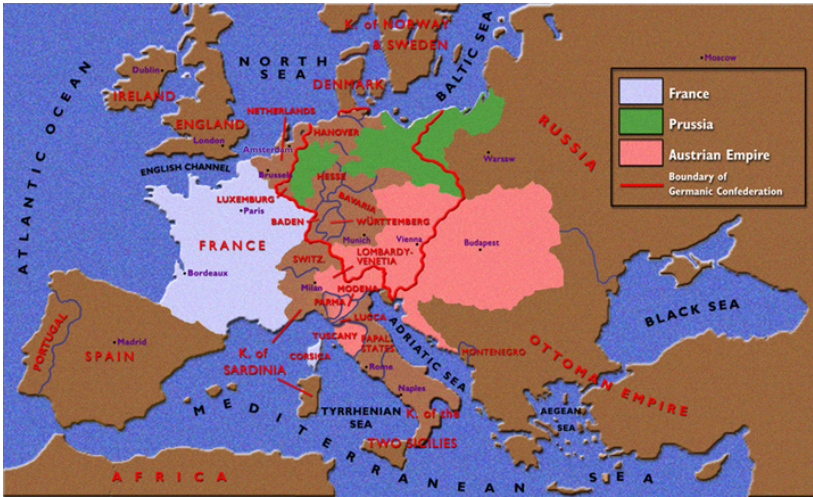


Figure 2: Map of Europe in 1815

Source: *Map of Europe in 1815*, in *World History Commons*, <https://worldhistorycommons.org/map-europe-1815> [accessed July 31, 2025]

As can be observed in figure 2, Central Europe remained fragmented, both in Germany and in Italy. As far as Germany was concerned, no one wanted to revive the Holy Roman Empire, yet no one wanted to see a united Germany either. The calls for a united Germany were ignored because the great powers drew the borders of Europe taking into consideration not national aspirations but the balance of power. To that end, German territories were to be powerful enough to defend themselves against an attack from France or Russia, but not that powerful to pose a threat to their neighbors at the center of Europe. Hence, a united Germany would rather be an element of instability within the European state system. The German Confederation, therefore, was composed of thirty-eight states loosely bound together by a constitution. The members were free in their domestic affairs and could sign international bilateral agreements which were not binding on the whole Confederation. The president of the Con-

federation was to be Austria (Act, No IX, n.d.).

Italy was treated in the same way as well. The fragmented structure was preserved, the northern regions becoming completely dependent on Austria either by direct acquisition of territory (Venetia and Lombardy) or through placing rulers from the House of Habsburg in several duchies, which was completely against the principle of legitimacy. Elsewhere in the peninsula, a complex web of alliances placed all the other entities under Austrian influence.

These arrangements show that the Austrian Empire, with its influence over both Germany and Italy bore the responsibility of preserving the status quo in Central Europe. Whether Austria was powerful enough to live up to the task was, however, highly debatable. Together with support from Prussia and Russia Austria was able to suppress both nationalistic and liberal uprisings in both regions. As the 19th century progressed, however, Prussia in Germany and Sardinia in Italy would successfully challenge the territorial status quo in Central Europe safeguarded by Austria.

Conclusion

As far as the territorial arrangements were concerned it would be hard to say that each and every power was completely satisfied, or each territorial settlement was an ideal one. Although compensated in the Rhineland, Prussia was not entirely satisfied with the solution. There was no connection between the two regions, and it was doubtful whether Prussia could successfully defend Rhineland against an attack from France. Russia was not entirely content with the final status quo over Poland as well since it was not able to acquire all of Poland. Austria, on the other hand, although successfully tackled the Polish-Saxon problem was rather occupied with the question of ruling a multi-ethnic empire. Although Austria gained territory in the final settlement, as Chapman (1998) points out, “the result was still an empire that was being pulled in too many directions at once.” (1998: 45)

The greater question, however, was whether any of the powers move to revert the balance of power in its favor. One power that was more prone to disrupting the territorial status quo was France. In general, the Bourbons were not discontent with the territorial arrangements; in any case, most of the territories they lost were acquired when they were not ruling France. What they were discontent about, however, was being deprived of exerting influence over their “natural frontiers.” From then onwards, the aim of French rulers, be it Charles X, Louis Philippe of the Orleans dynasty

or Napoleon III, the same goal applied: to rid France of these restrictions imposed by the great powers. Therefore, as far as the Vienna System was concerned there were two balances of power: a general one created by the territorial arrangements and preserved mostly by self-restraint by the great powers, and one that became operational from time to time when France attempted to disrupt the status quo. One might say that the latter worked better.

A comparison is often made between the Vienna System and the international system that prevailed after World War I. The scholars often praise the Vienna System because it preferred balance rather than punishment (that is, of France), and it was this notion that brought relative peace and stability to Europe for a hundred years. However, as we pointed out above, the French felt itself punished because of being deprived of a “right” to exert influence over its smaller neighbors, what they deemed as an inherent right of a great power. What prevented France from getting rid of these restrictions was the ability of the other great powers to unite against France each time it attempted to disrupt the status quo, no matter how deeply they were divided on other issues. After World War I, the great powers were not able to present such a united front against German aggression. The true success of the Vienna System, therefore, lies in the successful restriction of France together with the self-restraint exercised by the great powers for the sake of continuation of that status quo.

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Chapter 7

**SUPPLY CHAIN PERFORMANCE IN
RELATION TO NATIONAL CULTURAL
DYNAMICS AND THE REFLECTIONS OF
THOSE DYNAMICS**

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ABSTRACT

With globalization, supply chain management has become one of the most affected processes by intercultural interaction since the 1980s. The key to establishing successful collaboration is effectively communicating with suppliers, employees, and customers of the country being worked with, understanding their cultural values, and integrating these into business processes. The supply chain is considered a vital element that connects the business with the outside world. To pave the way for achieving successful results, it is important to set goals, design and implement the process correctly. In a way that will form the cornerstones of continuous improvement, it is necessary to correctly determine measurement methods and criteria, collect and analyze data, detect deviations, and make improvements.

While efficiency determines the ratio of resource usage to output, effectiveness expresses the degree of achieving the goal. These two simple definitions are the most fundamental points of support that enable businesses to sustain their existence. Scientific performance measurement was initiated by Taylor in the early 20th century for determining, developing, and implementing these definitions, and continues to this day. In more than a hundred years, humanity has caught up with development at an exponentially increasing speed. Today, instant data is simultaneously transformed into information through sensors and data mining, analyzed with artificial intelligence, and with a proactive approach, enables rapid detection of factors that would negatively affect efficiency and effectiveness, and intervention without negatively impacting performance. The pursuit of efficiency and effectiveness will continue in the future.

1. From Industrial Revolutions to the Digital Age: The Evolution of Productivity and Efficiency

The First and Second Industrial Revolutions caused the beginning of interrelated developments in areas such as marketing, production, economics, social sciences, industrial design, technology, information, and communication. They initiated migration to cities to access job opportunities. Urbanization not only changed the social structures of societies but also led to the development of management forms appropriate to these structures.

The concept of the nation-state, which began with the French Revolu-

tion, spread worldwide over time, continued with the rebellion of nations wanting to gain their freedom against colonial countries, and caused the formation of new country maps with the First and Second World Wars. With energy being provided first from steam and then from electricity, factory designs changed, the number of products produced per unit time rapidly increased, and supply deficiencies to meet customer needs were quickly addressed through investments. The primary goal of businesses became the pursuit of efficiency and effectiveness to produce more at lower costs.

As a result, scientific methods began to be applied in businesses, necessitating the simultaneous rapid development of different scientific disciplines. While efficiency focuses on the ratio of resource use to output, effectiveness centers on the degree of goal achievement. These concepts are the fundamental foundations for businesses to sustain their existence. Scientific studies for performance measurement began with Taylor in the early 20th century and have continued to the present day. With increasing development speed, data is now processed instantly through sensors and data mining, and with artificial intelligence analyses, factors that could negatively affect efficiency and effectiveness are quickly identified, enabling proactive interventions to protect performance. The pursuit of efficiency and effectiveness will be a journey that continues into the future.

National cultural models reveal important scientific regulations that help analyze the characteristic features of the triple-legged stool consisting of suppliers, employees, and customers in the operating country. By using these models, businesses can adapt more quickly to the environment and conditions, and create a difference in increasing competition.

2. Culture and National Culture Concepts

When examining the concepts that form the concept of culture, it is seen that history, social norms and values, religion, art and literature, social structure, geography, economic structure, technological development, language, identity, ideology, community, nation, folklore, land, and memory are interconnected as a whole with culture. The concept of culture is interdisciplinary; although used in different fields, the only point researchers generally agree on is that culture is shared by a community (Hofstede, 1980).

The first use of the culture concept derived from the word “colore” was in agriculture, expressing the words crop, care, and order. Over time, its usage has become widespread in the context of human cultivation and

education (Özlem, 2012). Taylor's (1871) definition has been accepted as a reference for defining the concept of culture for many years. Taylor defined culture in this definition as "a complex whole that includes the knowledge, beliefs, traditions, artistic activities, law, moral values, and other abilities and habits acquired by a person as a member of a society" (Kottak and Altuntek, 2008).

In scientific literature, there is no generally accepted definition of culture (Bolten, 2006; Jahoda, 2012). On the contrary, numerous broad and narrow definitions of cultural concepts have been made, determining different priorities depending on the scientific research field (Maletzke, 2013: 15). Kroeber and Kluckhohn (1952) made a significant contribution in this area, compiling over 150 definitions for culture. This study emphasized that culture is a multifaceted and broad concept. Later, Baldwin et al. (1994) published a compilation on the definition of culture and presented 200 different definitions. This showed that the meaning of culture is constantly evolving and diversifying. A reference list of 313 definitions, which also includes definitions by some famous authors before Kluckhohn and Kroeber, demonstrates that the definition of culture has a rich and multilayered history. This historical process has created an important foundation for understanding the complexity of culture and addressing it from various perspectives (Baldwin et al., 2006).

National culture is defined as the values and morals shared or accepted by a specific country or nation (Ko et al., 2007: 13). Solomon et al. (2006) described national culture as the memory of a society's brain and expressed it as the sum of an organization member's meanings, norms, or traditions. Hofstede (2001) defined culture as brain programming that distinguishes group members from each other. However, researchers do not have a consensus on a single and definitive definition (Lebron, 2013: 128).

Since every person in a nation can be a member of different subgroups simultaneously, they possess various cultural characteristics. For example, at the national level, an individual carries the characteristics of the country they live in, while at the social class level, they carry the cultural characteristics of their profession or education level. Although there are different subgroups within itself, it can be said that the national level is the most appropriate cultural level for determining cultural differences due to the historical wholeness of the concept of nation. There are some strong factors that highly ensure the integration of subgroups within a nation, such as a dominant language shared by the vast majority of the population, a general education system, a specific political order, and media (Kartarı, 2016: 151).

3. The Concept of Supply Chain and Supply Chain Performance

Supply entails acquiring the appropriate product, in the correct quality, in the requisite amount, and at the optimal time. When a business places an order with its supplier for items, the supplier must also acquire raw materials from its own suppliers for manufacture. Thus, the supply chain is established, extending to the provider's supplier. The supply chain encompasses the integration of chain partners and is a procedure designed to deliver the product from its origin to the point of consumption, incorporating all processes and participants, including the supplier, manufacturer, distributor, retailer, and shipper (Tanyaş, 2010: 22). It is a system that enhances the value of procedures related to each product, inventory, and delivery in the market. Every business that manufactures a service and/or product is integrated into a supply chain (Autry et al., 2010: 526; Ganeshan et al., 2000: 844).

The supply chain encompasses the sequence of actions that commence with the acquisition of raw materials and culminate in the delivery of the product to the ultimate consumer, including post-sales returns. The idea includes all phases involved in launching a product or service, such as concept development, planning, procurement, production, distribution, and customer service. A supply chain can be defined as a network comprising organizations, individuals, activities, information, and resources engaged in the production and delivery of a product or service. Every entity within the supply chain is interlinked and enhances the overall efficiency and efficacy of the system (Shukla, 2011: 2066).

The supply chain idea denotes the interrelated system of organizations, processes, and activities engaged in the production and distribution of a product or service. Efficient supply chain management is essential for a business's success, as it optimizes the movement of goods and information, minimizes costs, enhances efficiency, and elevates customer happiness. The definition of the supply chain in the literature differs according to the writers and the emphasis of their research. Nevertheless, certain recurring characteristics are evident in numerous definitions. According to Chopra et al. (2007), the supply chain is a "network of facilities and distribution options that performs the functions of procuring materials, converting these materials into intermediate and finished products, and distributing these finished products to customers." According to Chopra et al. (2007), the supply chain is defined as a "network of organizations involved in different processes through upstream and downstream connections." It can also be expressed as "activities that generate value in the form of products and services in the hands of the final customer." According to Lambert and Cooper (2000), "The supply chain is the alignment of

firms that bring products to market.” Sheth et al. (2000) define the supply chain as the “process of planning, implementing, and controlling supply chain operations to meet customer requirements.” Simchi-Levi et al. (2008) define the supply chain as the “integration of key business processes from the end user to the original suppliers providing products.” These definitions emphasize multiple aspects of the supply chain, encompassing material and information flow, the network of participating firms, corporate alignment, integration of essential business operations, and prioritization of customer satisfaction. Nonetheless, despite variations in articulation and emphasis, all these definitions converge on the shared concept of the supply chain as a multifaceted system of interconnected activities and processes designed to deliver value to customers.

Four. National Influences on Supply Chain Performance within Cultural Contexts

The expansion of global trade underscores the need of comprehending the influence of country culture on supply chain management. The interplay between these two notions has been a continuous subject of investigation, yielding significant discoveries for both academics and practitioners. An in-depth analysis of this relationship facilitates a comprehensive understanding of the elements influencing the efficiency and efficacy of global supply chains, hence enhancing decision-making and performance. To guarantee the success of international collaborations, it is essential to manage operations via supply chain management and comprehend the significance of a collaboration-oriented culture among partners. This viewpoint is substantiated by “contingency theory,” which posits that organizational performance outcomes are contingent upon the contextual environment of their operations (Drazin and Van de Ven, 1985; Luthans and Stewart, 1977). According to this theory, as Scott (1987) observed: “the optimal method of organization is contingent upon the characteristics of the environment with which the organization must engage (Scott, 1987:114)”. Culture constitutes a framework of social phenomena that embodies the “mental programs” of various nations, demonstrating individuals’ actions and practices (Hofstede, 1980). Kroeber and Kluckhohn (1952) describe culture as the overt and covert behavioral patterns acquired and conveyed through symbols, representing the unique accomplishments of human communities. National cultures vary on values, beliefs, concepts, attitudes, and ethical principles that govern individual conduct (Vitell et al., 1993: 755-756). Cultural variations exist amongst nations due to differing backgrounds and stimuli encountered by individuals.

The disparity in national culture influences institutional culture by impacting the management and execution of daily procedures conducted by local populations (Hofstede, 1980). The Contingency Theory posited

by Sousa and Voss (2008) indicates that national culture might affect contextual variations in the efficacy of supply chain management activities. Punctuality, an indicator of temporal value, differs among cultures (Malinsson 2017). Individuals from other nations exhibit divergent perspectives on risk-taking, tolerance of inequity, gender distinctions, adherence to rules, perceptions of quality, service expectations, acceptance of deceptive methods in negotiations, and interpretations of life's purpose. The observed disparities among individuals across nations have substantial consequences for supply chain management.

4. Assessment of Supply Chain Performance and Its Significance

The supply chain is a lengthy and crucial process that commences with the supplier's supplier and extends to the client. The supply chain process comprises internal subprocesses. The sub-processes include planning, procurement, production, and delivery (Stewart, 1995). Supply chain performance refers to the systematic assessment and analysis of the process according to established standards, including all constituent subprocesses. Supply chain performance assesses the efficacy, efficiency, and success of a business's supply chain operations. This performance illustrates the integration of all processes, activities, and interactions throughout the supply chain to yield a result.

Assessing supply chain performance facilitates the identification of possible areas for process enhancement. Analyses of deviations conducted on the stated targets and the subsequent enhancements derived from these analyses will substantially contribute to the company's sustainable value creation and, in this regard, to achieving a competitive advantage. Measuring supply chain performance is a method employed to assess the efficacy and efficiency of an organization's supply chain operations. This procedure is regarded as an essential instrument for comprehending the efficacy of actions throughout the supply chain, assessing the achievement of objectives, and identifying avenues for performance enhancement. This statistic, designed to identify and enhance inefficiencies in supply chain operations, integrates both financial and non-financial indicators and is relevant at strategic, tactical, and operational decision-making levels (Gunasekaran, 2004).

Measuring supply chain performance is essential for firms to sustain and enhance their competitive advantage. By using appropriate assessment measures, firms can more accurately assess their effectiveness in supply chain activities and more efficiently attain their strategic objectives. Consequently, the measurement process is integral to the strategic

management and planning activities of enterprises. A systematic assessment of supply chain performance allows firms to engage in continuous improvement and innovation, thereby assisting them in sustaining and augmenting their competitive advantages (Gunasekaran, 2004).

CONCLUSION

The expansion of global trade underscores the need to understand the influence of country culture on supply chain management. The interplay between these two notions has been a continuous subject of investigation, yielding significant insights for both researchers and practitioners. An in-depth analysis of this relationship yields a comprehensive understanding of the elements influencing the efficiency and efficacy of global supply chains, hence enhancing decision-making and performance. To ensure the success of international partnerships, it is essential to manage operations through supply chain management and to comprehend the significance of a collaborative culture among the partners. This perspective is endorsed by “contingency theory,” which posits that the effectiveness of organizational endeavors is contingent upon the contextual environment in which they operate (Drazin and Van de Ven, 1985; Luthans and Stewart, 1977).

Culture constitutes a framework of social phenomena that manifests individuals’ actions and practices, mirroring the “mental programs” of various nations (Hofstede, 1980). Kroeber and Kluckhohn (1952) describe culture as the explicit and implicit behavioral patterns acquired and transmitted through symbols that represent the unique accomplishments of human communities. National cultures vary on values, beliefs, concepts, attitudes, and ethical principles that direct individual behavior (Vitell et al., 1993: 755-756). Cultural variations among nations arise from the distinct backgrounds and impulses experienced by individuals of different nationalities. The disparity in national culture influences organizational culture, affecting the management and execution of daily procedures conducted by the local populace (Hofstede, 1980). Contingency Theory, as developed by Sousa and Voss (2008), posits that country culture can affect contextual variations in the efficacy of supply chain management activities.

Since the 1980s, globalization has significantly impacted supply chain management due to cross-cultural interactions. Successful collaboration hinges on effective communication with suppliers, employees, and consumers in the relevant country, as well as the comprehension and integration of their cultural values into business processes during this commu-

nication. People view the supply chain as a crucial element that connects the business to the external environment. Establishing objectives, meticulously planning the process, and executing it are crucial for facilitating favorable outcomes. To establish the foundations of continuous improvement, it is essential to accurately define measuring techniques and criteria, gather and evaluate data, recognize discrepancies, and implement enhancements.

The principal objective of businesses has been to achieve efficiency and effectiveness in order to increase output while minimizing costs. Consequently, the use of scientific procedures in enterprises commenced, requiring the concurrent rapid advancement of several scientific fields. Efficiency pertains to the ratio of resource usage to output, whereas effectiveness concerns the extent to which an objective is accomplished. These notions are the essential foundations for corporate sustainability. Research on performance measurement originated with Taylor in the early 20th century and persists to the present. Due to the accelerated pace of development, data is now processed instantaneously through sensors and data mining techniques. Artificial intelligence analyses swiftly identify elements that adversely affect efficiency and effectiveness, enabling proactive measures to sustain performance. The quest for efficiency and effectiveness will persist in the future.

International or global enterprises must acclimate to the conditions of the host country to ensure their survival. National culture models provide significant scientific frameworks for examining the attributes of the triad, including suppliers, employees, and customers inside the host country. Utilizing these models will enable organizations to swiftly adjust to environmental situations and distinguish themselves amid escalating competition.

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Chapter 8

DISCIPLINING MADNESS: PATRIARCHAL CONTROL, PSYCHIATRIC DRUGS AND MENTAL INSTITUTIONS IN KATE MILLETT'S *THE LOONY BIN TRIP*¹

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Introduction and Concepts: Politics of Madness and Femininity

Re-vision - the act of looking back, of seeing with fresh eyes, of entering an old text from a new critical direction - is for us more than a chapter in cultural history: it is an act of survival.

Adrienne Rich

This study aims to analyze how madness is represented and constructed in cultural and literary contexts particularly within a feminist perspective. Therefore, Kate Millet's semi-autobiographical book *The Loony Bin Trip* has been selected as the primary material for analysis. It is argued that the line between sanity and insanity, commonly perceived as stable and objective, is in fact fluid and culturally contingent. This ambiguity comes from realizing that ideas about mental illness, though often seen as universal, are deeply shaped by cultural values and social structures. Thus, culture does not only influence how mental illness is experienced but also becomes a determinant for its formation and classification. In his well-known book *Madness and Civilization*, Michel Foucault conceptualizes madness not as an objective scientific reality, but as a cultural construct shaped by historical and social forces. For Foucault, power is closely related to knowledge and produces discourses that define and regulate reality: "power is all about making and remaking the world in a particular way" (Baldwin, 2004, p.94). In this context, the discourse of madness is shaped by mechanisms of power that determine what is considered normal or deviant, sane or insane. Foucault's perspective has been widely endorsed by many philosophers, theorists and writers. For instance, in *The Myth of Mental Illness*, Thomas Szasz argues that madness is not a neurological disorder but rather a heterogeneous collection of emotional and behavioral states such as anger, aggression, fear, frustration, confusion and exhaustion (Ussher, 2011, p.5). While many women thinkers concur with the notion that madness is socially constructed, they extend this critique further by attributing a specific and gendered significance to the experience and representation of madness.

Feminist scholars such as Elaine Showalter and Phyllis Chesler have emphasized the relationship between women and madness. They show that patriarchal structures have strongly shaped both human psychology and cultural views of mental illness. Tracing this argument back to myths and fairy tales, they claim that within the dualistic paradigm of Western thought, madness has consistently been constructed as a feminine condi-

tion, opposed to rationality which is aligned with masculinity. Therefore, madness is symbolically coded as feminine leading to the historical and cultural framing of women as uniquely intertwined with notions of instability and they “have occupied a unique place in the annals of insanity” (Ussher, 211, p.4). As Shoshana Felman (1989) emphasizes, “What we consider ‘madness’, whether it appears in women or in men, is either the acting out of the devalued female role or the total or partial rejection of one’s sex-role stereotype” (p.134). Accordingly, madness has emerged as a recurring theme in Western literature which is often reflecting cultural anxieties and the ambivalent attitudes toward mental illness, particularly the fear of the unknown. In male-authored works, representations of madwomen frequently symbolize the “absence of womanhood” with their condition portrayed as a deviation from femininity. Consequently, treatments within these narratives often aim to restore the woman’s so-called “femininity” which are in accordance with the prevailing gender stereotypes and patriarchal expectations of the period. On the other hand, women’s literature attributes a different significance to madness and often interpreting it as a form of “transcended sanity” through which women resist and break traditional norms. Feminist critiques further study the institution of psychiatry itself and view it as a mechanism of social control which is designed to control and suppress women. From this perspective, psychiatry which is mostly dominated by male authority is perceived as a patriarchal institution whose diagnostic and therapeutic practices are deeply rooted in misogyny. As Barbara Rigney (1980) states “A great part of the feminist movement has considered traditional psychology to be both a product and a defense of status quo - a patriarchal society” (p.3).

While writers such as Simone de Beauvoir and Kate Millett critically examine how male authors have represented women within the Western literary canon, Elaine Showalter shifts the focus to women as producers of literature, analyzing both their authorship and the thematic content of their work. Noting the absence of a term in the English language to define this approach, Showalter introduces the concept of “gynocritics” to define a framework centered on the study of women as writers and the distinctiveness of female literary expression. In her essay “Toward a Feminist Poetics” Showalter (1986) describes gynocriticism, “the program of gynocritics is to construct a female framework for the analysis of women’s literature, to develop new models based on the study of female experience, rather than to adapt male models and theories” (p.131). Therefore, Showalter regards women’s writing as her major area of study and seeks to establish a distinct female literary tradition as she states “before we can even begin to ask how the literature of women would be different and special, we need to reconstruct its past, to rediscover the scores of women

novelists, poets, and dramatics...” (p.137). Her efforts focus on the belief that women writers have been systematically marginalized and excluded from the literary canon. Like Elaine Showalter, French feminists such as Julia Kristeva, Luce Irigaray and Hélène Cixous have been influential in foregrounding women’s writing and developing theoretical frameworks that emphasize a distinctly female literary voice. They believe that language serves both as a tool of women’s oppression and as a means to challenge that very oppression. Hélène Cixous introduces the term “écriture feminine” in her 1975 manifesto *The Laugh of the Medusa*, where she critiques the patriarchal structure of language, which she argues is founded on binary oppositions, a system she refers to as “patriarchal binary thought”. These oppositions include pairs such as culture/nature, father/mother, and head/heart (Tyson, 2006, p.100). Within this context, the elements related to masculinity, such as culture, father, and head are positioned as dominant and superior, while those linked to femininity, such as nature, mother, and heart are presented as subordinate and inferior.

Similarly, Julia Kristeva emphasizes the central role of language which she views as a means of transcending patriarchal structures. Drawing on Lacanian psychoanalysis, Kristeva divides language into two interrelated components: the symbolic and the semiotic. As Cavallaro (2003) explains, “Semiotics argues that the signs through which human beings attempt to express themselves and to communicate with others are not merely words or visual images but also gestures, postures, clothes, food, etc.” (p.79). In this sense, the semiotic encompasses the rhythms, intonations, bodily movements, and affective expressions that precede structured language and contribute to its acquisition. Kristeva contends that, in the process of acquiring language, we become estranged from our instinctual drives and our pre-linguistic bond with the maternal, as the symbolic is inherently aligned with patriarchal authority. Kristeva argues that it’s not possible to return the semiotics but it’s likely to reach “the part of our consciousness where semiotics resides through such creative means as art and literature” (Tyson, 2006, p.104).

In *The Female Malady: Women, Madness and English Culture*, Elaine Showalter (1985) posits that madness is more closely associated with femininity due to its higher prevalence among women compared to men. Her argument is grounded in the Cartesian dualism that underpins much of Western intellectual tradition, which systematically aligns women with “irrationality, silence, nature, and the body”, while positioning men “on the side of reason, discourse, culture, and the mind” (pp.3-4). This ideological opposition not only supports gender hierarchies but also serves as a cultural structure through which mental illness is feminized. In this structure women are often associated with emotionality and corporeali-

ty. This association makes them more vulnerable to being pathologized which frames madness as a condition closely connected to the feminine. Although conceptions of madness and its diagnostic criteria have varied through historical periods, the condition has persistently been constructed as inherently feminine. This enduring gendered association results in different treatment of men and women even when they exhibit comparable symptoms or suffer from similar psychological conditions. Consistent with the logic of binary oppositions that structure Western thought, male psychiatric disorders are frequently attributed to external factors such as “intellectual and economic pressure”, whereas female disorders are more often linked to “sexuality and essential nature of women” (p.7). Such divisions show the existence of gender biases within psychiatric discourse. Elaine Showalter critically engages with these dynamics by providing a historical analysis of female insanity by revealing how cultural narratives have systematically pathologized women under the guise of medical objectivity. Her historical analysis starts with the Victorian era that the “feminization” of madness which is marked by a significant increase in the number of female patients relative to male patients happened predominantly in the nineteenth century.

Showalter (1985) conceptualizes female insanity through three perspectives: Psychiatric Victorianism, Psychiatric Darwinism, and Psychiatric Modernism. Psychiatric Victorianism associates madness with female biology, reflecting the gendered assumptions of the era (p.17). During this period, women begin to outnumber men in psychiatric asylums, a phenomenon that continues to persist today. In the stage of Psychiatric Darwinism, psychiatric theory incorporates Darwin’s ideas, emphasizing evolution, heredity, and degeneration. Hysteria and neurasthenia emerge as primary diagnoses which are viewed as signs of inherited weakness or social decline. Psychiatric Modernism focuses primarily on conditions such as schizophrenia and, later, depression. The increasing reliance on medicalization in the treatment of mental illness becomes a central issue. Eventually leads debates over the authority of psychiatry and the pharmaceuticals in shaping psychological health. Lastly Showalter states that “The best hope for the future is a feminist therapy movement” (p.249). Although she acknowledges the contributions of male doctors throughout history, she argues that until women break them for themselves, the chains that make madness a female malady, “like Blake’s ‘mind-forg’d manacles,’ will simply forge themselves anew” (p.250).

Madness vs. Sanity in Kate Millett's *The Loony Bin Trip*

Much Madness is divinest Sense -
To a discerning Eye -
Much Sense - the starkest Madness -
'Tis the Majority
In this, as all, prevail -
Assent - and you are sane -
Demur - you're straightway dangerous -
And handled with a Chain -
Emily Dickinson

Kate Millett's *The Loony Bin Trip* differs from her other works because of its autobiographical structure and its exploration of mental illness. Reflecting her characteristically direct and unflinching prose style, Millett herself refers to the book as "my crazy book: my coming out as a crazy," signaling both a personal and political engagement with the subject (Hoffmann, 1988). *The Loony Bin Trip* opens on Millett's "farm," an art colony founded and managed by women in 1980, which serves as both a creative refuge and the realization of Millett's long-held dream: to maintain a space where her "apprentices" can freely express themselves. However, this dream is soon challenged by a series of personal and institutional obstacles. Having spent much of her adult life undergoing therapy and psychiatric hospitalization and after six continuous years on psychiatric medication, Millett decides that she wants to discontinue her medication. Her decision is not welcomed and disapproved of by her partner and family. After narrowly avoiding involuntary hospitalization in New York, she is later arrested and forcibly institutionalized in a mental institution in Ireland. Denied communication with the outside world, she is medicated against her will for several months until, with the intervention of friends, she is transferred to another facility in Dublin and eventually released. Upon returning to New York, Millett experiences a profound depression as she lost her partner, her community and her financial stability. Ultimately, she overcomes these hardships and writes her experiences: life as a psychiatric patient, the stigma attached to mental illness and her resistance to involuntary treatment and medical coercion.

Kate Millett was diagnosed with bipolar disorder, historically referred to as manic-depressive illness in 1973. From that point onward, her life became deeply intertwined with psychiatric institutions and treatments. Drawing on years of personal experience, Millett arrives at a provocative and radical conclusion: “insanity doesn’t exist” (Millett, 1990b, p.315). This perspective is found not only in her personal experiences but also in her critical observations of the health system. Millett was institutionalized at the behest of her family, who perceived her deep involvement in the case of a political prisoner, whom she was trying to prevent from being executed, as a sign of psychological instability. Millett reflects on the incident with characteristic irony: “I thought it was noble, they thought it was expensive” (p.157). Her family’s response shows a view of activism and emotional intensity as deviations from standard behavior and likening political commitment with pathology. This incident highlights the subjectivity in defining “abnormality.”

As feminist scholar Elaine Showalter has shown, women have historically been labeled “abnormal” for reasons as varied as resisting domestic roles, seeking education or expressing sexual autonomy. Millett’s experience fits within this broader pattern. The second attempt by her family to have her institutionalized occurred when she decided to stop psychiatric medication after six years of continuous use. Once again, her behavior was interpreted as “irrational,” this time not for activism but for rejecting psychotherapeutic drugs. The criteria her family employs to define irrationality are revealing as Millett states that “They begin by worrying over my finances” (Millett, 1990b, p.147). The family go on to describe her as easily angered and professionally irresponsible, for example, her being thirty minutes late to a lecture at Princeton University. While Millett acknowledges experiencing difficulties, she resists pathologizing them as symptoms of mental illness. Instead, she critiques the way psychiatric diagnoses can function as tools of social control, particularly against women who challenge normative expectations. Millett states:

Of course there is no denying the misery and stress of life itself: the sufferings of the mind at the mercy of emotion, the circumstances which set us at war with one another, the divorces and antagonisms’ in human relationships, the swarms of fears, the blocks to confidence, the crises of decision and choice. These are the things we weather or fail to, seek council against, even risk the inevitable disequilibrium of power inherit in therapy to combat - they are the grit and matter of the human condition. But when such circumstances are converted into symptoms and diagnosed as illness, I believe we enter upon very uncertain ground. (p.311)

As the passage clearly shows that Millett deeply questions the princi-

ples of psychiatry. She suggests that human behavior is naturally affected by emotional distress, psychological crises and instabilities that can be considered as normal outcomes of lived experience. Therefore, the critical issue is the threshold at which such experiences are pathologized as indicators of mental illness. Whereas physical illness is diagnosed through measurable physiological symptoms, mental illness, Millett argues, is frequently constructed through “standard” judgments where socially deviant or nonconforming behavior is interpreted not only as symptomatic, but as definitive proof of psychological disorder. Socially unacceptable behavior has labeled women as “mad” for varying reasons through different historical periods and reflect shifting cultural norms and gender expectations. This inconsistency shows the dangers of classifying individuals along gendered lines. As Millett asserts, “diagnosis is based upon impressionistic evidence: conduct, deportment, and social manner. Such evidence is frequently imputed” (Millet, 1990b, p.311). In her own case, such judgments are informed by what her family and partner perceive as “normal” and “sane.” Beyond her personal experience, Millett also critically observes the conditions and treatment of other patients within the psychiatric institution and unfolds the subjective and often arbitrary nature of psychiatric diagnosis:

The patients. If they could talk, their stories of how they got here: the husband who wanted that other child and she didn't and he committed her for postpartum psychosis; the brother and sister who wanted one woman's bit of land; the husband and the priest of another; the son and daughter in law who wanted the house of another. The incarceration of another in adolescence for promiscuity.... (p.247)

As highlighted above, the boundary between sanity and emotional states such as stress, anger, annoyance and confusion is both weak and culturally mediated. Kate Millett argues that insanity is not a legitimate medical reality but rather a construct “manufactured out of other things such as “social controls, family disagreements, lover's quarrels, professional interests and advantages, the state's ambition to control private life” (Millet, 1990b, p.314). In her view, the processes leading to institutionalization and the very definitions of “sanity” and “socially acceptable behavior” are defined by the authority of what she terms “American popular psychiatry” in which individual psychiatrists are empowered to make moral judgments. Through these judgments, a collective psychiatric authority establishes and enforces normative standards that are effectively legislating morality under the guise of medical objectivity (p.44).

According to Kate Millett, “insanity” and “madness” are different that insanity is a socially constructed category with no real existence,

whereas she acknowledges the possibility of madness as a genuine, albeit misunderstood experience. Madness, in Millett's view, represents a form of distinct knowledge, an alternative mode of understanding inaccessible to most: "it is a certain understanding, a special knowledge" (Millett, 1990b, p.85). She contends that individuals who go "mad" do not lose their minds: "Reason gives way to fantasy—both are mental activities, both productive. The mind goes on working, speaking a different language, making its own perceptions, designs, symmetrical or asymmetrical; it works" (p.315). Society, however, is incapable of tolerating such divergence, as sanity functions as an ideology, a kind of secular religion that demands conformity and represses deviation (p.87). As a result, the ideological apparatuses of society such as the "police, psychiatry, family, property, religion, state medicine" serve to institutionalize and confine those who deviate from the norm (p.229).

Pathologizing Femininity: Psychotropic Drugs and the Patriarchal Order

Kate Millett's main criticism of traditional psychiatry is rooted in its dependence on pharmaceutical drugs, which are routinely prescribed as the primary method of treatment. Millett's journey into the psychiatric system is catalyzed by her decision to reject taking lithium, a medication she had been prescribed for six years. This act shows a significant moment of resistance against the biomedical paradigm of psychiatry which privileges pharmacological intervention as the central method of psychiatric care. Millett articulates her reason:

Then why quit taking lithium? Six years of diarrhea. Six years of hand tremor in public places, on podiums, at receptions, at the moment one is watched and observed.... Six years of being on a drug that made one sluggish, the mind sedated, this suppressant. Rumors that it isn't good for you in the long run, the kidneys, the liver, maybe even the brain. (p.31)

In this quotation, Millett reveals how the drug not only compromised her physical health but also dulled her intellect and public presence that are crucial to her identity as a writer and activist. Her refusal to take lithium is not only a medical decision, but a political one: a rejection of a system that requires compliance at the cost of autonomy and self-expression. Moreover, Millett critically reflects on the cognitive and psychological effects of lithium, stating that it "slows thought, clouds the synapses, holds it back, quiets it, represses the brain activity in order to prevent manic overexcitement and hyper stimulation—the great bugaboos" (p.72). Her account shows significant discomfort not only with the drug's physiolog-

ical side effects, but also with its long term effect on her mind, perception and independence in decision-making. Most significantly, Millett resists the underlying psychiatric assumption that her mental stability is contingent upon pharmaceutical intervention. She challenges the internalized belief that her survival and coherence depend entirely on chemical regulation: “they had deceived me into believing that I was a cripple held together with four pink tablets a day, that 1200 mg of lithium separated me from hopeless insanity, that only the drug kept me among the living...” (p.71). Through this criticism, Millett exposes the disempowering narrative presented by psychiatric discourse and regains agency over her own mental state. Millett’s decision to discontinue lithium is considered with skepticism and concern by those closest to her. Her girlfriend, echoing the authoritative tone of psychiatric discourse, warns her: “Start taking that lithium again. You’re acting very odd. Watch it or you’re going right off the deep end” (p.24). Even in unrelated conversations, her sister abruptly shifts focus to question her compliance: “Are you taking your medicine? What the hell does this have to do with anything I wonder?” (p.28). These reactions reflect the internalization of psychiatric authority within personal relationships, where the individual’s behavior is pathologized and observed. This dynamic extends to Millett’s interactions with medical professionals: “My sickness is chemical, they say, and the cure is also chemical” (p.261). She criticizes the mechanistic form of psychiatric care, “The doctors ignore you; no further observations, just chemicals now” emphasizing the loss of therapeutic dialogue and critical engagement (p.227). Physicians who were seemingly the only figures with the authority to alter her institutional status remain distant and inaccessible. Millett describes the futility of seeking support: “So the only thing I can do here is to try to talk to one of the doctors. But they are never here. If one draws your blood he does not speak. If you meet one in the hall, he isn’t yours or he cannot talk to you now; you are to see the nurse, who tells you to see the doctor” (p.239). The institutional process becomes a closed loop of suspension and neglect which does not recognize patients as active participants in their own care.

Consequently, deprived of any real autonomy within the institution, Millett is subjected to involuntary medicalization. When she resists taking the prescribed medication, a nurse demands, “Swallow that [the pill] right now”, and when she inquires about the drug’s contents, she is met with the dismissive response, “none of your business” (Millet, 1990b, p.205). Over time, she learns that she is being administered Thorazine during the day and Prolixin at night, an experimental drug originally developed for the treatment of schizophrenia. Millett describes its use as “a political punishment, sadistic control,” noting that some older women in the hos-

pital bear physical scars from prolonged exposure: “Old women here show me blisters on their backs from the stuff, years of large doses” (p.222). Millett’s criticism of psychopharmacology extends beyond her personal experience. She views the widespread use of psychiatric drugs as a mechanism of institutional discipline which is designed more to pacify patients for the convenience of staff than to facilitate genuine healing. As she observes, “the drug is advocated because it pacifies and makes work easy for the aides and nurses, the guards” (p.218). Furthermore, she highlights the paradoxical effects of these medications, which purportedly treat mental illness while producing symptoms commonly associated with it: “all very contrary to sanity, it includes visions, hallucinations, paranoia, mental confusion. Nothing could be harder than to maintain sanity against the onslaught of a drug” (p.218).

Millett also criticizes the overreach of pharmaceutical treatment into nearly every domain of human emotional experience. She notes that not only individuals diagnosed with manic depression, but also those with “the blues,” “ordinary depression,” alcohol dependency, or even “hyperactive school children” are routinely medicated (Millett, 1990b, p.55). This broad application, she argues, constitutes a form of social regulation. “Whatever synthetic they are all eating so obediently has become a form of social control,” she writes, “because this psychiatric thing is in itself a form of social control and very much directed by institutions. Not just schools and companies and hospitals but ultimately by state” (p.55). Through her rejection of prescribed medication, Millett shows her stance against both the psychiatric establishment and the other forces that legitimize it. Her decision to discontinue lithium becomes a symbolic act of liberation: “I went to sleep for the first time in seven years having taken no lithium at all. Nothing happened. Nothing ever happened. None of the anger I had feared ... And this time I kept my secret” (p.310). In reclaiming control over her body and mind, Millett challenges the authority of modern psychiatry and affirms the right to self-determination. As Thomas Steinbuch (1993) states “Kate’s ongoing appropriation of autonomy is an act of resistance against authoritarian, patriarchal society, an act of aggression against it, a war upon it” (p.203).

Confined Bodies, Silenced Voices: Women in Mental Institutions

As Kate Millett have been involuntarily institutionalized on two occasions, she expresses deep skepticism regarding the role of psychiatric hospitals, the nature of their treatments and most critically the protection of patients’ rights. She asserts that no individual should be coerced into

psychiatric confinement and defined the issue as a fundamental matter of civil liberties. Millett's first hospitalization occurs in Minnesota during a visit to her family, as she recounts: "stepping off to visit my mother on my way to the farm, and she had me committed to the Mayo wing of the University of Minnesota" (Millett, 1990b, p.30). Against her will, Kate Millett is institutionalized by her family under the pretense of acting in her best interest. She vividly recounts the traumatic incident, describing how forceful ambulance drivers "pin me to the floor of a parking lot; having threatened to break my right arm," while her friends, husband, and family passively observe the scene (p.152). This episode arouses the historical precedent of Victorian-era hospitalizations when women were frequently confined at the request of their husbands or families and often without genuine medical justification. The use of physical coercion and involuntary confinement in a supposedly modern and progressive era show the continuity of patriarchal control and reveals the enduring violence in psychiatric practices. Millett writes, "To be on the rebel side and end in a madhouse; how it dwindles. These are the prisons for women—it's your line after all. Like a fate it settles over me as I am led down the hall. Home in an awful way" (p.196). Here, Millett suggests that nonconformity, particularly for women carries the risk of being pathologized and institutionalized. Refusing to comply with societal norms positions one as a threat and the madhouse becomes the paradoxical "home" for the rebellious woman. In this context, psychiatric institutions function not as places of healing but as instruments of social control and systematically erode individual identity and autonomy. As a result, they function to suppress dissent by dismantling the self and enforcing conformity through the destruction of personal agency.

Millett depicts a harsh portrayal of the state hospital as a site of deprivation and dehumanization. She describes it as a "place of poverty: worn yellow chenille bedspreads, dingy curtains, a crucifix, Jesus displaying his bleeding heart for thirty-five tired female captives", evoking both physical decay and spiritual resignation (Millett, 1990b, p.197). The lack of basic privacy further emphasizes the institutional violence: "The toilets are without doors. Millett states, 'How could you shit without a door? This is how. And if someone walks by, you assume the look of the blessed or the hopelessly mad'" (p.242). As the institution forces patients to perform intimate bodily movements in public, this does not only humiliate them but also weakens their sense of individuality and dignity. In addition to this psychological degradation, the physical care of patients is shown to be extremely inadequate. Their diet consists primarily of tea, white bread, and medication. Millett refers to this as a "Starvation of a certain kind; enough white bread to blow you up into fat, never enough food to fill or

satisfy. And always the pills, the chemicals you must fight on an empty stomach” (p.208). Through these details, she exposes how the institution functions less as a space for healing and more as a mechanism of control, one that weakens both body and spirit in the name of treatment. Another troubling aspect of the hospital, as depicted by Millett, is the complete denial of her right to communication. Each time she requests access to a telephone, she faced with the vague and dismissive response: “tomorrow.” The same reply follows when she asks for writing materials which effectively silences her voice. In defiance of this enforced isolation, Millett writes secretly, using “little brown sheets of folded toilet paper” as a makeshift medium (p.210). This act of resistance not only shows the institution’s efforts to suppress patient expression but also reveals the persistence of Millett’s effort to regain her narrative under oppressive conditions. Above all, the most devastating consequence of prolonged confinement is the gradual erosion of one’s spirit. Kate Millett reflects on this psychological toll by emphasizing that extended institutionalization would lead to a deep sense of defeat and internal breakdown. Over time, the constant surveillance, deprivation of autonomy and enforced compliance disrupt individuals’ resilience and selfhood. The institution does not only aim to contain but also seeks to break:

The bin itself is insane, abnormal, a terrifying captivity, an irrational deprivation of every human need - so that maintaining reason within it is an overwhelming struggle. After a certain time, many victims collapse and agree to be crazy; they surrender. And withdraw. And as time goes by, they cannot or finally will not return; it is too far, it is too unrewarding, it is too dubious - they have forgotten. And they limit their lives to their own minds, the diversions within them. The woes and gratifications of some carefully wrought fantasy, built like a nest out of the tatters of what was once a life but could be no longer. (p.218)

The quote shows how Millett sees psychiatric confinement as a place that is itself irrational and destructive. She describes the institution as “insane” because it limits patient’s basic human needs and makes it almost impossible to keep sanity. In this setting, patients have always been under constant pressure and they eventually give up and accept the label of madness. Such repeated words as “agree”, “surrender” and “withdraw” show how the institution forces patients to comply. Over time, patients alienate from their former lives and find it too difficult or painful to return to them. Instead, they turn inward and create private imaginary worlds. The image of a “nest” made out of “tatters” suggests both protection and loss: while imaginary world offers a kind of shelter which is built from the fragments of a destroyed life. Millett characterizes the experience of institutionalization as akin to being “buried alive” (p.205), framing it as

the most egregious violation of individual autonomy, an “arbitrary and absolute deprivation of liberty” (p.61). In this context, she compares psychiatric institutions to carceral systems. Patients are portrayed as prisoners who are deprived of their freedom, dignity and integrity. As she states, “This is no hospital, this is jail”, emphasizing her view that mental institutions function less as spaces of healing and more as mechanisms of control and punishment (p.246).

Conclusion

Kate Millett’s *The Loony Bin Trip* addresses similar themes to those which are studied by earlier authors, yet it also serves as a personal and political statement, a manifesto of madness through which she asserts her voice. Millett’s main conflict lies with the tradition and practice of psychiatry, which from the very beginning defines mental illness through behaviors deemed socially “unacceptable.” In this framework, it is society’s norms, not objective science that define the boundaries of “abnormal” or “irrational” behavior. Once these behaviors are medicalized as symptoms, psychiatric diagnosis becomes highly ambiguous and subjective. Since societal and cultural norms have historically been defined by patriarchal structures, it is often women who are labeled as deviant, punished and subjected to psychiatric treatment.

Millett also criticizes the tendency of psychiatry to conflate intense emotions such as anger, anxiety and emotional instability with madness. She argues that this reduction of complex psychological states to symptoms of mental illness is a part of larger ideological framework which defines and polices what is considered “sane.” For Millett, sanity itself functions as an ideology which imposes rigid norms and suppresses behavioral and emotional diversity. In this context, madness is not a clinical certainty but a socially constructed label used to control deviation from the norm. Psychiatry then becomes an instrument of ideological enforcement with hospitalization and medication acting as its legitimate tools. Millett accuses mental institutions not only for their ineffectiveness but also for their dehumanizing effects: they strip patients of individuality and enforce conformity, especially among women. These institutions do not offer healing; instead, they foster isolation, silence, and passivity. Millett describes the hospital as a void, devoid of therapy, intellectual engagement or meaningful activity. For a writer like her, being denied the ability to write is not just a restriction, it is an existential erasure.

Millett’s experience of being forbidden to write reminds the case of Charlotte Perkins Gilman who was similarly instructed by her doctor

to abandon writing which was a form of patriarchal silencing under the guise of care. Millett also strongly opposes the use of psychiatric drugs which is a resistance rooted in her broader rejection of the concept of insanity itself. She views medication not as treatment but as a tool of social control which is designed to dull thought, suppress emotion and sedate the individual for the convenience of hospital staff. She argues that these drugs do not promote healing but instead reinforce compliance and passivity. Furthermore, Millett expresses concern over the long-term effects of pharmaceutical drugs which remain largely unknown and possibly harmful. Through *The Loony Bin Trip*, she expresses her deep doubt toward the psychiatric system and eventually calls for a collective feminist resistance as a solidarity among women against the institutional forces of patriarchal ideology.

The Loony Bin Trip also represents an introspective journey through which Kate Millett questions the legitimacy of her own madness. She reflects, "I wrote *The Loony Bin Trip* to go back over the ground and discover whether I did go mad. Went mad or was driven crazy, that differentiation" (Millett, 1990b, p.313). As Millett documented the events and conditions that led to her institutionalization she concludes that her madness was not an inherent psychological condition but rather a socially manufactured construct, which she terms "enforced irrationality." She argues that this state is sustained by a powerful and interconnected network that includes "pharmaceutical corporations," "an entrenched bureaucratic psychiatry," "unassailable social beliefs," and "all the scientific prestige of medicine. Locks, bars, buildings, cops" (p.241). The book functions not only as an instrument for reclaiming her sense of self and critically reassessing her so-called illness but also as a deliberate act of solidarity with others who have experienced similar experiences. Millett dedicates *The Loony Bin Trip* to other women "who've been there," offering it as a form of guidance, resistance and collective healing.

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