



**HACETTEPE UNIVERSITY**  
Centre for Market Economics and Entrepreneurship

# **1<sup>ST</sup> INTERNATIONAL ANNUAL MEETING**

OF SOSYOEKONOMI SOCIETY

**PROCEEDINGS BOOK**



**Sosyoekonomi**

OCTOBER 29-30, 2015 MUNICH / GERMANY



Hacettepe University  
Centre for Market Economics  
and Entrepreneurship (CMEE)

Sosyoekonomi  
Journal



# *1<sup>st</sup> INTERNATIONAL ANNUAL MEETING*

***Sosyoekonomi Society***

*Editors*

*Ahmet Burcin YERELI*

*Altug Murat KOKTAS*

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## Themes & Topics

- Socio-economic Issues
- Market Economics and Entrepreneurship
- Gender, Diversity and Social Issues
- Microeconomics
- Macroeconomics
- Public Economics
- Economics and Law
- Law and Business
- International Economics
- Labour Economics
- Energy Economics
- Environmental Economics and Related Issues
- Regional Economics and Regional Development
- Local Government Finance
- Poverty and Income Distribution
- Tourism Economics
- Finance and Banking
- Health and Education
- Social Work and Family Studies

<b>DEADLINES</b>	
August 15, 2015	Abstract Submission
August 20, 2015	Author Notification
August 31, 2015	Registration Fee and Registration Form Submission
October 10, 2015	Announcement of Programme
October 20, 2015	Submission of Presentation Documents
October 29, 2015	Opening Ceremony and Sessions
October 30, 2015	Sessions

	<b>October 29, Thursday (1<sup>st</sup> Day)</b>	<b>October 30, Friday (2<sup>nd</sup> Day)</b>
08.30 – 09.00	Registration	
09.00 – 09.30	Opening Ceremony – Marstall I	Registration
09.30 – 11.00	Session IA – Marstall I Session IB – Marstall II	Session VA – Marstall I Session VB – Marstall II
11.00 – 11.30	Coffee Break	Coffee Break
11.30 – 13.00	Session IIA – Marstall I Session IIB – Marstall II	Session VIA – Marstall I Session VIB – Marstall II
13.00 – 14.00	Lunch	Lunch
14.00 – 15.30	Session IIIA – Marstall I Session IIIB – Marstall II	Session VIIA – Marstall I Session VIIB – Marstall II
15.30 – 16.00	Coffee Break	Coffee Break
16.00 – 17.30	Session IVA – Marstall I Session IVB – Marstall II	Session VIIIA – Marstall I Session VIIIB – Marstall II Session VIIIC – Maximilian II



## Preface

Center for Market Economics and Entrepreneurship (CMEE) was established in 2003 by Professor Ahmet Burcin Yereli and his colleagues in Hacettepe University, Turkey. CMEE, which is working in close cooperation with relevant institutions and organizations, makes researches on the structure of the market economy in Turkey and seeks to provide recommendations and solutions for the entrepreneurs who are the most important actors of the free market process. Since it was established the Center, has also made efforts to integrate public sector institutions and bureaucrats with market economy by providing advisory services to public institutions, organizing training programmes for public employees and holding international conferences.

Sosyoekonomi Journal, in accordance with the objectives of CMEE mentioned above, was started publication in 2005 by the same managerial staff of CMEE and since then continues its biannual publications for ten years. First ten years of the journal has been past under the conduct of CMEE. Sosyoekonomi Society has been founded by Professor Yereli who is the Director of CMEE and editor of Sosyoekonomi Journal, in the beginning of 2015 and taken charge of Sosyoekonomi Journal in its body.

Sosyoekonomi Journal is an international, scientific, refereed and quarterly journal in its eleventh publication year. 26<sup>th</sup> issue of the journal will be published in October 30<sup>th</sup>, 2015. Sosyoekonomi Journal is covered by several citation and abstracting/indexing databases like TUBITAK Ulakbim Turkish Social Sciences Database, Econlit, Proquest, Ebsco, Google Scholar, etc.

Based on a decade of its academical and publishing experience, the editorial board of Sosyoekonomi Journal has decided to hold the 1<sup>st</sup> International Annual Meeting of Sosyoekonomi Society on October 29-30, 2015 in Munich, Germany. By this way, our Society has added a new dimension to its scientific activities. We hope arrange this meeting in the best way and it is also planned to create a tradition to hold at least one international conference each year. For this purpose, we continue to work on organizing the second meeting in Amsterdam, Netherlands on October 28-29, 2016.

The main purpose of this event is to make contribution to social sciences by bringing together academics, professionals and decision makers from different countries. For this purpose *Politics, Behavioral Sciences, Country Analysis, Free Trade and Capital Accumulation, Macroeconomics, Women's Studies, Business Economics, Law, Financial Economics, Public Finance, Taxation, Economics, Tax Law, Social Policy Studies, Energy & Environment, and Sectoral Analysis* have been selected as sub-issues of the conference. We anticipate that 85 papers which were selected diligently by our Scientific Committee presenting by the participants from different institutions will provide very fruitful discussions.

We appreciate our colleagues for their great interest. This interest shows how far we progress in our way over a decade and makes us encouraging for our future works.

Members of the scientific committee have played a key role by evaluating the selection process of hundreds of abstracts that had been submitted for consideration and only the most relevants were selected from a large pool of applicants. This effort make a significant contribution to academic qualifications of our meeting. We thank to all those who contributed this effort and also special thanks to members of the Organizing Committee. We hope the Conference will have a very beneficial effect to the participants and the scientific world as well.

**Sosyoekonomi Society**



**Coffee Break 11.00-11.30**

**Session: II-A / 11.30-13.00**

**29 October 2015 Thursday**

**1<sup>st</sup> Day**

Room: Marstall I

Chair: **Ahmet Burcin YERELI**

Defining and Measuring Informality in the Turkish Labour Market

**Elif Oznur ACAR & Aysit TANSEL**

Corporate Social Actions, Performance of Social Responsibility in Case of Hungary

**Judit SÁGI**

The Significance of Transport Infrastructure for Social and Economic Condition of Polish Region - Case of Nowy Dwor Mazowiecki Region

**Aleksandra K. GÓRECKA**

Where Do We Stand in Saving and Improving Lives? Deceased and Living Donor Transplantation Practices in Spain and Turkey

**Ebru ILTER AKARCA & Alper ALTINANAHTAR**

A Gravity Model Analysis of Turkey-EU Trade Relations for the Period of 2004-2014

**Anna GOLOVKO & Mustafa KIZILTAN & Ahmet Burcin YERELI**

**Session: II-B / 11.30-13.00**

**29 October 2015 Thursday**

**1<sup>st</sup> Day**

Room: Marstall II

Chair: **Altug Murat KOKTAS**

Determinants of Foreign Direct Investments: Empirical Evidence from Selected East Asia and Pacific Countries

**Harun BAL & Emrah Eray AKCA**

Capital Accumulation in Turkey: Centre-Periphery Analysis

**Nefise Tugba KART & Cihan Serhat KART**

Influence of Agricultural Support Policies on Productivity

**Halil TUNCA**

Ottoman Soap Market before Free Trade System

**Haluk AYTEKIN**

Foreign Direct Investments (FDI) in OECD Countries

**Nuri Cagri AKAR & Bilal GODE**

**Lunch Time 13.00 – 14.00**

**Session: III-A / 14.00-15.30**

**29 October 2015 Thursday**

**1<sup>st</sup> Day**

Room: Marstall I

Chair: **Fatih Cemil OZBUGDAY**

Measuring the Extent of European State Aid Control: An Econometric Analysis of the European Commission Decisions

**Fatih Cemil OZBUGDAY & Erik BROUWER**

(How) Can Monetary Policy Effect Welfare: A Theoretical Approach

**Cihan Serhat KART & Nefise Tugba KART**

Macroeconomic Dynamics in Exchange-Rate-Based Stabilizations

**Ozlem AYTAC**

Relationship between Economic Crisis and Function of the Fiscal Policy: Does It Really Reduced the Effectiveness of Fiscal Policy

**Yasemin OZUGURLU**

The Impact of Information and Communication Technology on Human Development

**Erhan ISCAN & Duygu SERIN**

**Session: III-B / 14.00-15.30**

**29 October 2015 Thursday**

**1<sup>st</sup> Day**

Room: Marstall II

Chair: **Sema BUZ**

Social Security Rights of the Women in Turkey and Their Harmonization with European Union

**Senem ERMUMCU**

Representation of Women and Violence against Women in Turkish Television News

**Veli BOZTEPE**

Poor Women and Social Policy: A Gender Analysis

**Sema BUZ**

Clothing Preferences of Turkish Women between 1960s and 1980s

**Nesrin KACAR**

Service Debt of Turkish Citizen Housewives Who Live Abroad

**Merda Elvan TUNCA**

**Coffee Break 15.30-16.00**

**Session: IV-A / 16.00-17.30**

**29 October 2015 Thursday**

**1<sup>st</sup> Day**

Room: Marstall I

Chair: **Hulya CELEBI**

Political Risk Perception and Management Strategies of Turkish Construction Firms Operating in Libya  
**Kenan AYDIN & Lacin Idil OZTIG**

The Impact of Risk-Averse Behaviour on the Location Decisions of Investment - under Separate Accounting vs. Formula Apportionment  
**Hulya CELEBI**

The Postponement Process of Bankruptcy of the Companies Whose Financial Structure Deteriorated and the Evaluation According to the Tax Law  
**Funda KARAKOYUN**

The Importance and the Effects of National Decent Work Reporting in the Improvement of the Practicing “Decent Work”  
**Meltem ARAT**

Risk Assessment for Accounting Professional Liability Insurance  
**Serafettin SEVIM & Birol YILDIZ & Nilufer DALKILIC**

**Session: IV-B / 16.00-17.30**

**29 October 2015 Thursday**

**1<sup>st</sup> Day**

Room: Marstall II

Chair: **Ali DEGIRMENDERELI**

Evaluation of Tax Responsibility of Legal Representative after the Overruling Decision of Constitutional Court  
**Ali DEGIRMENDERELI**

European Court of Justice’s *Kaltoft* Decision: Could Obesity Be Considered as a Disability?  
**Gozde KAYA & Senar CAGIRGAN TUNCER**

Discussions on Contradiction to “Non Bis In Idem” Principle in Criminal Tax Law  
**Zubeyr YILDIRIM**

Individual Application Judgments of the Constitutional Court on the Taxation Aspects of Right to Property: A Step Further Than the Judgments of the European Court of Human Rights?  
**Ibrahim Nihat BAYAR & Oytun CANYAS**

Right to Water as a Global Public Goods  
**Safak Ertan COMAKLI & Zulkuf AYRANGOL**

**2<sup>nd</sup> Day**

**Session: V-A / 09.30-11.00**

**30 October 2015 Friday**

**2<sup>nd</sup> Day**

Room: Marstall I

Chair: **Aida A. QULIYEVA**

Arbitration: A Dispute Settlement Mechanism for International Commercial Contracts and Fair Trial Requirements

**Asli BAYATA CANYAS**

Encountered Problems in Electronic Commerce: The Impact on Firms

**Hasan GEDIK & Birol BUYUKDOGAN**

Does Guerrilla Marketing Determine The Brand Awareness? An Analyse of Medical Sector SME's in Turkey

**Begum SAHIN & Mahir NAKIP**

Trends in International Commodity Prices: An Old Question with a New Perspective

**Murat ASLAN & Saban NAZLIOGLU**

The New Paradox of Modern Asymmetric Economy

**Aida A. QULIYEVA**

**Session: V-B / 09.30-11.00**

**30 October 2015 Friday**

**2<sup>nd</sup> Day**

Room: Marstall II

Chair: **Recep KOK**

A Dynamic Model of a Nonlife Insurance Company

**Mustafa AKAN**

The Performance Measurement of the Energy Companies Traded in Borsa Istanbul According to Financial Statement Data for the Years of 2010-2014

**Veli OZTURK & Emine CINA BAL**

Performance Evaluation of Banks Listed in ISE by EVA Method

**Hasan BAL**

An Analysis of the Depreciable Assets of the Companies at BİST 100 Index and 30 Index with the aspect of Impairment of Assets Standard (TAS 36) for the Last Eight Years

**Aynur AKPINAR**

Cost Efficiency of Turkish Deposit Banks: 2005-2013

**Ayşe Elif AY & Recep KOK**

**Coffee Break 11.00-11.30**

**Session: VI-A / 11.30-13.00**

**30 October 2015 Friday**

**2<sup>nd</sup> Day**

Room: Marstall I

Chair: **Isil Sirin SELCUK**

Gold Business Activities Context of the Environment & Economic Relationship in Cerattepe and Genya Mountains, Artvin  
**Hayriye SENGUN**

Study of Performances of the Electricity Distribution Companies in Turkey by Data Envelopment Analysis and Comparison by Classification

**Onur DONMEZCELIK & Doganbey AKGUL & Hasan H. ERDOGAN**

Electrical Household Appliances Consumption Structure: The Case of Turkey

**Isil Sirin SELCUK**

The Examination of the Relationship between Electricity Consumption and GDP

**Muge CELIK & Esra AKGUL**

Analyzing the taxes on Residential Electricity Prices of European Countries which are the Member of the International Energy Agency and the Case of Turkey

**Esra AKGUL & Muge CELIK**

**Session: VI-B / 11.30-13.00**

**30 October 2015 Friday**

**2<sup>nd</sup> Day**

Room: Marstall II

Chair: **Zeynep ARIKAN**

Taxation of Family Income

**Eda OZDILER KUCUK**

Formation of Management Board in Joint Stock Companies According to Turkish Commercial Code No 6102  
**Ozge KARAEGE**

Taxable Income and the Practices Disrupting the Structure of Global System in Income Tax

**Zeynep ARIKAN & Ahmet INNECI**

Taxation of Capital Market Instruments: A Comparison of Turkey and Germany

**Hakan ARSLANER & Yusuf KADERLI**

Determining the Factors That Affect Certified Public Accountants' Perspective on Taxpayers' Rights and Tax Administration: Research in Turkey

**Gunes CETIN GERGER & Feride BAKAR & Adnan GERCEK**

**Lunch Time 13.00 – 14.00**

**Session: VII-A / 14.00-15.30**

**30 October 2015 Friday**

**2<sup>nd</sup> Day**

Room: Marstall I

Chair: **Ugur YILDIRIM**

Unemployment Hysteria in Turkey for the Period of 2005-2014

**Ugur YILDIRIM & Oktay OCAK**

An Evaluation on Possible Economic Reflections of Greece Debt Crisis

**Celal KIZILDERE**

TÜRKŞEKER Analysis from the Perspective of Privatization and New Policy Proposals

**Yalcin ARSLANTURK**

The Effects of Monetary Policies by TCMB, FED and Euro Area on Turkish Economy: Analysis for 1994-2014 Period

**Elif ERER & Deniz ERER & Mustafa CAYIR & Nasuh Oguzhan ALTAY**

The Relationship between the Rate of Inflation and the Unemployment Rate; Case of Germany

**Ekrem ERDEM & Mustafa Arif ULUBAS**

**Session: VII-B / 14.00-15.30**

**30 October 2015 Friday**

**2<sup>nd</sup> Day**

Room: Marstall II

Chair: **Ozgur Hakan CAVUS**

Substitution Effect and Suppression Effect, and the Relationship between the Level of These Effects and Willingness to Unionize

**Sadik KILIC & Kemal YILDIZ**

How Can the Governments Ensure the Widespread Use of the Bicycle? The Lessons of Fordism

**Emre BALIKCI**

The Role of ILO's Recommendation of National Social Protection Floors in the Extension of Social Security

**Ozgur Hakan CAVUS**

Examples from Turkey and the World on Social Entrepreneurship Reflection and Employment Generation

**Ilknur SEMSEK**

Social Policy Practices for Adult Education in Turkey since 2000 in the Context of Lifelong Learning

**Elif YUKSEL OKTAY**

**Coffee Break 15.30-16.00**

**Session: VIII-A / 16.00-17.30**

**30 October 2015 Friday**

**2<sup>nd</sup> Day**

Room: Marstall I

Chair: **Tekin AKDEMIR**

Participatory Democracy and Budgeting

**Gokhan COBANOGULLARI & Ahmet Burcin YERELI**

Aggressive Tax Planning and Evaluation of Turkey- Germany Applications

**Hilmi UNSAL & Metin MERIC & Hakan AY**

Local Governments Reform in Europe and Possible Discussions on Turkey

**Ugur SADIOGLU**

The Causality Relationship between Government Revenues and Government Expenditures: The Case of Turkey for the Period of 2006-2015

**Hale AKBULUT & Ahmet Burcin YERELI**

The Effects of the Global Crisis on Public Debt: An Assessment on Advanced and Developing Countries

**Tekin AKDEMIR & Birol KARAKURT**

**Session: VIII-B / 16.00-17.30**

**30 October 2015 Friday**

**2<sup>nd</sup> Day**

Room: Marstall II

Chair: **Huseyin GURBUZ**

Websites' Content Analysis on Restaurant Businesses: A Research in Denizli City

**Nuray Selma OZDIPCINER & Seher CEYLAN**

Differences in Communication Skills of Local Residents: An Application at the Destination of Pamukkale

**Seher CEYLAN & Nuray Selma OZDIPCINER**

The Importance of the Adaptation of Marketing Mixing in Export Marketing Activities and a Study on the Textile Industry in Denizli

**Duygu KOCOGLU & Emel SARITAS**

Measurement of the People Burnout Level Who Work in Banking Sector According to Copenhagen Criteria

**Huseyin GURBUZ & Murat KARAPINAR**

Analysis of Competitiveness of Provinces in Turkey with the Help of Innovation Index: Level – III Example

**Yasemin KARADENIZ YILMAZ & Mustafa YILMAZ & Mehmet Emin YIGITBASI & Orhan COBAN**

**Session: VIII-C / 16.00-17.30**

**30 October 2015 Friday**

**2<sup>nd</sup> Day**

Room: Maximilian II  
Chair: **Mustafa SAKAL**

The Applicability of Independent Auditing in Public Sector within the Context of Accountability: An Evaluation of Turkey  
**Mustafa SAKAL & Habip DEMIRHAN**

Patent Box Regime in EU Countries and Turkey  
**Isil Fulya ORKUNOGLU SAHIN & Ahmet Burcin YERELI**

A Comparative Study of Turkish and German Health Systems According to the Health Expenditure and Universal Coverage  
**Metin MERIC & Selin ERTURK ATABEY**

Taxation Mentality in Ottoman Empire in Light of Jurisdictions: A Review on Kadi Records  
**Altug Murat KOKTAS**

As a Tax Compliance Problem: Tax Administration  
**Onur UCAR & Cevat TOSUN & Emre ATSAN**

**29 October 2015 Thursday**

**Session: I-A / 09.30-11.00**

## **POLITICS**

Room: Marstall I

Chair: **Mark Anthony WILDING**

- Development of Conservative Capitalists under AKP Power: MUSIAD Case  
**Erden Eren ERDEM & Aysegul SAYLAM**
- Immigration Policy Frames in the UK: A Comparison of the Labour and Conservative Parties  
**Mark Anthony WILDING & Chisung PARK & Ewa DUDA-MIKULIN**
- The Class Consciousness, the Class Conflict, the Capitalist Process and the Ottoman Society  
**Ozge VAROL**
- Political Economy of Poverty in Turkey  
**Tarik ILIMAN & Recep TEKELI**
- Socio-Economic Situation of the Roma People in the Western Balkans  
**Murat ONSOY**

## Development of Conservative Capitalists under AKP Power: MUSIAD Case

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### Abstract

This study aims to show the Turkey's economic change during the AKP one party rule between 2002 and 2015 through the changes the biggest conservative capitalist association, namely MÜSIAD went through the same time span. The 13 years of the one party rule of AKP has seen its fair share of social, economic and political change in Turkey. As the unwritten rule of quick success in business has always been good connections with the state in developing countries, where the state had a heavy hand in economic development, these years had an impact in accordance with the ideological and social roots of AKP. This process has been the focus of many studies and analysis in academic circles. Most of the studies showed that the rule of AKP had continued alongside with a growing conservative middle class and capitalists. The reason why this study focuses on MÜSIAD is to highlight this process due to MÜSIAD's position as the biggest capitalist association among conservative industrialists and tradesmen. Its members have been the founders of Welfare Party (Refah Partisi, RP) and also its successor, Justice and Development Party. Today with more than 11000 members and 45000 companies MÜSIAD is the biggest capitalist NGO. This means that any unusual economic growth and increase of public and political power of conservative capitalists could be identified in MÜSIAD's growth and rise during the AKP rule. To study this process, we have used newspapers, the internet sites of the MÜSIAD headquarters and its branches, autobiographies of the organization's ex-presidents, studies and analysis on MÜSIAD; and to compare MÜSIAD's growth rate with the rest of Turkey's growth in different economical areas with using Turkey's yearly economic statistics. There aren't enough studies on Turkey's growing number of capitalist associations. Thus, effects of the swift developments in the Turkey's political infrastructure on the Turkey's industrialists and tradesmen cannot be followed with the necessary pace. By focusing on the growth of MÜSIAD, this study aims to show the rapid rise of conservative capitalist power in Turkey and present the most recent situation in Turkey's economic circles. Until the AKP establishment the number of MÜSIAD members was around 2100 in 2001 and this number increased dramatically to 11000 during the AKP rule. The association also saw its prestige skyrocketed in the eyes of the government as AKP got into disputes with different business associations such as TÜSIAD (The biggest capitalist association by economic share in Turkey) and TUSKON (A conservative association that has strong ties with a political and religious group that AKP started to quarrel at the end of 2013.) In general the result shows that there is a positive relation between AKP's rising power and MÜSIAD's increased share in Turkey's private sector and strengthened position.

**Keywords** : AKP, Interest Group, MUSIAD, Turkish Bourgeoisie, Turkish Economy.

**JEL Classification Codes** : H89, O10, P16.

## Immigration Policy Frames in the UK: A Comparison of the Labour and Conservative Parties

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### Abstract

Immigration policy has long been at the centre of British policy debates, and it has played an increasingly pivotal role in recent years. Yet, the meaning and significance of policy statements and the ways in which major politicians frame the issues is not always immediately apparent. This paper utilises semantic network analysis, a form of network analysis that uses written texts to identify salient words and concepts in order to extract underlying meanings and frames from the structure of concept networks. This method is applied to speeches made by cabinet or shadow cabinet members in order to explicate the framing of immigration policy among the Conservative and Labour parties in three general election periods from 2005 to 2015. The time frame (including preceding parliament) has witnessed a number of significant effects which may have impacted upon attitudes towards immigration policy, from riots in Burnley and Bradford and the September 2011 attacks to EU expansions, the financial crisis, and improvements in electoral performance for UKIP. The aims are (1) to identify the key policy arguments from the two parties, whether there are similarities and differences in frames and if these have changed over time; (2) to ascertain the effects of the policy environment (significant events) on the framing of immigration policy. While there have been shifts to the right from both parties, for Labour the change has been towards a national cohesion frame, whereas the Conservatives have focused more on economy, welfare and national sovereignty. For both parties the changes in frame have largely been reactive and stronger than public opinion. Semantic network analysis is a powerful tool to identify immigration policy frames and their shifts over time.

**Keywords** : Immigration Policy, Semantic Network Analysis, General Election, Framing.

**JEL Classification Codes** : D79, J61, Z18.

# **The Class Consciousness, the Class Conflict, the Capitalist Process and the Ottoman Society**

**Ozge VAROL**

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## **Abstract**

The sociological classes can be generally defined as a group of people who have similar status, life-styles, and ethnic-religious roots and have specific-similar roles at the production process. On the other hand, the class consciousness can be described as an individual's awareness of the main role at the class and the class's awareness and its main role at the whole society. Generally the class conflict is a conflict of benefit and authority, but it also contains politic- ideological activity and the class consciousness. According to Marx, the class conflict is a conflict of ownership of production factors and distribution of economic residual while Dahrendorf claims that the class conflict is a conflict of unequal distribution of the authority.

It can be asserted that the capitalist process has begun with the conflict between aristocrats and bourgeois classes and it has continued with the conflict between bourgeois and workers classes. At this point, it is significant to analyse the class consciousness and the class conflicts at the Ottoman Society to understand why the capitalist process and the capitalist development has not been succeeded.

In this article, the Ottoman Society will be analysed both from the view of Marx's and Dahrendorf's conflict theory. The comparative method will be followed and the structure of the European and the Ottoman Society will be compared to analyse both historical process of the capitalism and its outcomes.

This article aims to prove the absence of the class consciousness and the class conflict at the Ottoman Society. Therefore, it is possible to claim that the class conflict at the Ottoman Society was not for possessing the production factors and economic residuals which is asserted by Marx. On the other hand, it is possible to claim that the class conflict was not for being against the unequal distribution of the authority which was asserted by Dahrendorf. As a result, it is possible to claim that there was no class consciousness and class conflict to make economic and social changes at the Ottoman Society. The minor conflicts between rulers and working class or between working classes were so far from making any positive contribution to the capitalist development.

**Keywords** : The Ottoman Society, The Ottoman Working Class Consciousness, The Ottoman Working Class Conflict, Marx and the Ottoman Society, Dahrendorf and the Ottoman Society, The Capitalist Process at the Ottoman Society.

**JEL Classification Codes** : Z1, B14, B15.

## Political Economy of Poverty in Turkey

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### Abstract

Contemporarily, for all countries, there are many issues that require great attention at both micro and macro level. Among these issues, poverty holds the top position. Poverty is not only a problem for less-developed countries but also a problem for both developing and developed countries because of the ongoing rapid globalization trend for last quarter of a century. While the fight against poverty is continuing in the world, secondary income distribution has been regarded as an effective way in fighting against poverty in Turkey. For that purpose, the special fund called as “Social Aid and Solidarity Promotion Fund” was established in 1986. Primarily this fund is a kind of social transfer expenditure and it aims at helping poor people directly, but at the same time since it has some potential to improve income distribution, it can be easily said that the fund improves the income distribution indirectly.

In Turkey, special funds as social direct expenditures are utilized as the most effective instrument to combat poverty but allocation of the funds is known to be at the government’s discretion. Because of the unclear and subjective criteria to allocate the fund, it is possible that the fund can be used by politicians to maximize their interests in political arena. Therefore, the government in Turkey might incline to manipulate the (social) public expenditures to maximize their interests and enhance the re-election chances in terms of political-economy. This paper assesses empirically the relationship between “*Social Aid and Solidarity Promotion Fund*” (SASPF) and political economic factors within political-economy context. Further we assess the dependent variable at disaggregated level (*such as periodical, family, education, health payments*) in Turkey. In this context, the political variables we used in our study are *total number of votes of leading political party (Justice and Development Party-JDP) in the government, the ratio of JDP votes and the number of deputies of JDP* in 2007 general election results. The economic factors to capture whether the funds are used for poverty alleviation are *the unemployment rate, the ratio of green card and the per capita income in each province*. Data are obtained from Directorate of Social Assistance and State Institute of Statistics. In this study, using 81 provincial level data, we find that funds as social expenditures could be vital tools for politicians to maximize their political interests.

**Keywords** : Poverty, Political Economy, Pork-Barrel Politics, Special Funds.

**JEL Classification Codes** : H50, I38, D72.

## **Socio-Economic Situation of the Roma People in the Western Balkans**

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### **Abstract**

Minority rights are about ensuring respect for distinctive identities and strengthening the rights of minorities is a basic requirement of human rights. There are numerous international documents devoted to the protection of the rights of minorities by the UN and others.

The EU is a leading actor in the field of minority rights protection and it is actively engaged in protecting and promoting the rights of the minorities within its borders and beyond. With the Lisbon Treaty, minority rights were introduced into the founding treaties of the Union as Article 1a, which stated that, “[t]he Union is founded on the value of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities.”

Having suffered from interethnic violence, minority rights are a serious problem in the Western Balkans and the EU is doing its best to promote it the region. Only certain groups are enjoying all or some of the human rights while the others are deprived of it. Roma is one of these groups that are deprived of their basic rights. Despite decades of efforts that have improved their legal infrastructures in the Region, the overall picture with regard to their situation is still bleak. They face multiple, deep-seated social and economic disadvantages. The limited progress in improving their situation is evident in the reports of the international organizations.

This study focuses on the protection and promotion of the rights of the Roma minorities by the EU in the Western Balkans. The statistical data provided by several NGO’s within years gives us the chance to make a comparison between yesterday and today. Using a comparative approach, the aim of this study is to show that despite the reviewed domestic laws, regulations, and structures with the aim of complying with the EU standards, there is little change in the standards of the Roma in the Western Balkans. The main argument is that despite the backbone that is necessary to protect the rights of the Roma minorities, there are problems in the implementation of the legal framework.

**Keywords** : Western Balkans, EU, Normative Power, Conditionality, Enlargement, Roma.

**JEL Classification Codes** : F02, F59, I19, I29, O15.

**29 October 2015 Thursday**

**Session: I-B / 09.30-11.00**

## **BEHAVIORAL STUDIES**

Room: Marstall II

Chair: **Sabahat BAYRAK KOK**

- A Research on the Relationship between Job Stress and Burnout Levels of Traffic Policemen

**Ibrahim AKSEL & Yeliz MOHAN BURSALI**

- Mobbing in Workplace: Effects and Reactions

**Sabahat BAYRAK KOK & Yeliz MOHAN BURSALI & Seyma GUN EROGLU**

- Does Breach of Contract Effect Organizational Cynicism?

**Mehtap SARIKAYA & Sabahat BAYRAK KOK**

- The Relationship between Organizational Citizenship Behaviour and Job Satisfaction: A Research at the Health Industry

**Esin BARUTCU & Keziban KAYMAKCI**

- Family Companies, Institutionalization and Family Constitution

**Kenan OZDEN & Busra SARACOGLU & Nazan Nur TUNAY**

## **A Research on the Relationship between Job Stress and Burnout Levels of Traffic Policemen**

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### **Abstract**

The factors such as complicated relations within the workplace, role conflicts, and problems occurred within the operation of the institution, circumstances in relation to the status that the individual is in create stress for the individual and burnout appears when the stress negatively affects the individual. Stress can be defined as a general response by the individual to the several environmental stress sources (Selye, 1976). It can be expressed that the stress that occurred on the individual due to the complicated relations between the people and industrialization and urbanization negatively affects the health and this paves the way for burnout in time. The burnout term can be defined as the syndrome incurred with the reflection of negative attitudes on the work, life and other people due to the physical fatigue, long term fatigue, and despair and hopelessness emotions experienced in the people that have to work with other people continuously and exposed to extensive emotional requests thanks to his work (Maslach & Jackson, 1981). The objective of the research is to examine the organizational stress levels, burnout perceptions, relations between the organizational stress and level of the burnout of the police officers working in the Denizli Traffic Branch Office. Policing is one of the most important professionals that require working in a stressful environment due to its nature and serve directly to the people. For that reason, it is required to examine the level of the stress and burnout of the police officers. Target population of the research is 121 police officers working in the traffic division in the city of Denizli. The research sample consists of 74 traffic polices working in the branch. The job stress scale adopted by the Demiral et al (2007) in Turkish and developed by Theorell (1988) with an objective to measure the level of the job stress has been used in the research. "Maslach Burnout Inventory" developed by the Maslach and Jackson (1981) has been used for the measurement of the level of the burnout. The data that has been obtained has been evaluated with analysis methods and findings have been determined. According to the analysis conducted, when we consider the total of the job stress and total burnout; it has been found that there is a positive and significant relation between the total of the job stress and personal failure but there is no relationship between job stress and depersonalization and emotional burnout. It has been observed that there is a positive and significant relation between the work load and total burnout in the sub dimension of job stress. The more police officers have workload, the more they have burnout. Furthermore, it has been observed that there is a negative and significant relation between the social support and total burnout in the sub dimension of job stress. The more police officers get support, the more their burnout decrease. As a result, the workload is one of the most important reasons that cause stress and burnout. Furthermore, the more job stress we have, the more we fail, we burnout.

**Keywords** : Job Stress, Burnout Syndrome, Traffic Policemen.

**JEL Classification Codes** : D23, L20, M10.

**References** : Selye, H.M.D (1976), *The Stress of Life*, New York: Mc-Graw Hill Book Company.

Maslach, C. & S.E. Jackson (1981), "The Measurement of Experienced Burnout", *Journal of Occupational Behaviour*, 2, 99-113.

## Mobbing in Workplace: Effects and Reactions

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### Abstract

Mobbing includes an ingredient present in any cultures at any levels with vertical and horizontal forms that nobody is ever to ignore. At the same time mobbing is evaluated as more destructive and compact concept than any other stress sources since it causes to serious effects with regard to social, psychological and economical dimensions. Some broad feelings as continuous tension, chronic anxiety, despair, personal insecurity, self-insignificancy, anomie etc. that people who suffered from mobbing experienced may cause to unemployment due to deterioration in health conditions. Mobbing affects work efficiency and effectiveness due to increasing personal turnover, increasing absenteeism, unsatisfactory work, decreasing organizational commitment and trust. Thus, mobbing affects work and life quality by causing not only to psychological and physiological effects but also causing to social and economic effects. According to research in the field cost of mobbing is becoming harder and spreads to a level that passes beyond the interaction with the both parties. Such a case makes the issue of what will be the reactions to mobbing are of great importance.

Aim of the study is to analyse effects of mobbing and its results. In this context, this paper focuses on a case study how a profile that mobbing displays over nurses (sex, age, status etc.), who are the actors, at which dimension that mobbing expresses itself (vertical/horizontal) and which effects are caused to emerge. The study employs survey method (questionnaire and in-depth interview) and data is statistically tested.

When we evaluate the findings, nurses state that vertical mobbing ( $\bar{X}=58.5$ ) is more spread than horizontal mobbing ( $\bar{X}=26.3$ ) as mobbing type experienced. Under the "Effects of mobbing" we found that mobbing has effects firstly on work ( $\bar{X}=2.52$ ); while psycho-social effects ( $\bar{X}=2.21$ ) to be in second place, physiological effects come third as having effects of mobbing. Among mobbing effects in work life, the statement of "I feel under stress during work" appears as first ( $\bar{X}=3.26$ ). While "I feel tired" ( $\bar{X}=3.19$ ) comes as first among psycho-social effects, the statement of "I have headaches" ( $\bar{X}=3.15$ ) comes in the first among physiological effects. Among the reactions to mobbing, nurses state "I work harder and more planned to get out of mobbing" ( $\bar{X}=4.06$ ) in the first place, while "I try harder in the work for not to get criticized" ( $\bar{X}=4.04$ ) statement comes as second and "I try to solve the problems by talking face-to-face" ( $\bar{X}=3.03$ ) in the third place. After findings and discussion, we propose that relationships between doctors and nurses, nurses and head nurse, and head nurse-head physician that could yield to decrease mobbing potential. We also propose that mobbing victims are too educated and rehabilitated under an institutional base. Additionally, we are pleased for efforts to be realized in organizational culture to diminish the mobbing potential to zero-level.

**Keywords** : Mobbing, Effects of Mobbing.

**JEL Classification Codes** : M19.

## Does Breach of Contract Effect Organizational Cynicism?

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### Abstract

Psychological contract has become a subject which is found to be worth researching in the area of organizational behaviour; with an aim to research and analyse the expectations of employees in their relationship with their employers and organizations. Psychological contract is composed of employees' beliefs about what they owe to the organization and what does the organization owe to them in return. However, the psychological contract which is supposed to be between employee and employer and exists in employee's mind as mutual obligations; is sometimes broken and damaged. When the employer does not fulfil or delayed in fulfilling some obligations, these obligations being either obviously promised or implied the employee thinks that psychological contract is breached. Organizational cynicism is seen at the employee who perceives a psychological contract breach as a reaction behaviour. Organizational cynicism has its roots even in 4th and 5th centuries B.C.; and it is defined as the negative attitude of an employee towards the organizations (s)he is employed by; which is composed of believing that the organization lacks integration, negative feelings towards the organization, and consistently, humiliating and hypercritical behaviour tendency. Organizational cynicism has three dimensions called cognitive, affective and behavioural. In this context, the objective of the research is to reveal the effects of psychological contract breach which is gaining importance for organizations; on organizational cynicism and its dimensions. Data collection method for this research is questionnaire, and the universe is restricted as research assistants working in a state university. The reason for selecting research assistants is to test whether their different types of assignment creates a difference in psychological contract breach and organizational cynicism. As a result, 93 of the questionnaires distributed collected back and statistical analysis are completed via SPSS 17 package program. According to the results of descriptive analysis, they are found to be low. Additionally, ANOVA test results show that there is not a statistically significant difference in psychological contract breach and organizational cynicism levels of research assistants, according to their types of assignment (50/d, ÖYP, 33/a and 35th Clause). According to regression analysis results, psychological contract breach effects both organizational cynicism and its dimensions. Consequently, organizational cynicism increases while psychological contract breach increases. This result is consistent with the research (Abraham, 2000; Johnson and O'Leary –Kelly, 2003; Pugh et al., 2003; Delken, 2004; James, 2005; Wan Kuang-Man, 2013; Arslan and Boylu, 2014) conducted earlier. The employers should construct organizational structures which will prevent psychological contract breach and organizational cynicism.

**Keywords** : Psychological Contract, Psychological Contract Breach, Organizational Cynicism.

**JEL Classification Codes** : M19.

## The Relationship between Organizational Citizenship Behaviour and Job Satisfaction: A Research at the Health Industry

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### Abstract

In today's organisations, it is needed employees who provide positive contributions to the organization, show the dedicated efforts outside the formal job descriptions, and indicate "Organizational Citizenship Behaviour" in order to work effectively. Health industry is one of the most important sub service industries. As with all service businesses, healthcare service providers should closely follow the scientific developments and the technological changes. Therefore, the organizational citizenship behaviour and highly satisfied employees have significant values for the healthcare service providers. At this point, job satisfaction play very important role for Organizational Citizenship Behaviour.

The main objective of this study is to examine the relationship between the organizational citizenship behaviour and job satisfaction of family doctors in Denizli, Turkey. Thus, "Is there a relationship between the organizational citizenship behaviour and job satisfaction of family doctors in Denizli?" is the problem statement of the research sought to answers. Moreover, the relationships among the organizational citizenship behaviour, job satisfaction level and their demographic characteristics of health professionals who are working in Denizli healthcare centres as family doctors, midwives, nurses, health officers and emergency medical technicians are determined.

There are some differences that separate this study from the others as following; (1) although there are many studies about health professionals, especially in the organizational citizenship behaviour and job satisfaction separately, this study analysed and discussed the relationship between organizational citizenship behaviour and job satisfaction, (2) this research is concentrated on preventive health services and family doctors, and (3) the new ideas and necessary conditions are discussed and put forward how to improve their service quality and increase their motivations.

The descriptive research method has been used and conducted on 118 family doctors and 135 staffs working family health centres. In the questionnaire, there are three scales, nominal scales for demographic characteristics of respondents, the organizational citizenship behaviour scale and the Minnesota job satisfaction scale. The research data is analysed with SPSS program. As results of the research, there is a significant relationship between job satisfaction and organizational citizenship behaviour dimensions, in addition, organizational citizenship behaviour and job satisfaction of family healthcare doctors and staffs are different in terms of their genders, titles and levels of education. According to the research results, the following suggestions are given; (1) the success, recognition, career planning, professional development of health care employees, and their internal satisfaction should be supported, and (2) organizational environment should be provided for organization's development and employees' positive contributions.

**Keywords** : Organizational Citizenship Behaviour, Job Satisfaction, Healthcare Services.

**JEL Classification Codes** : L20, M12.

## Family Companies, Institutionalization and Family Constitution

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### Abstract

The majority of companies operating in Turkey are family companies. Successful management of the family company and successfully transferred to the next generation of these companies are especially important because of the positive contribution to the national economy. Institutionalization is a key factor for family companies to sustain their success and presence. In this study, family companies, the process of institutionalization, institutionalization criteria, To manifest and to apply corporate law/constitution, institutionalization and examine the process of creating a company constitution and the company is a model put forward regarding the creation of the constitution will be discussed. Changes in the organizational structure and management policy issues As a result of growth affects the family business like other businesses Family companies have not only faced with growth problems, but also mix of family and company relations causes problems. Family companies faced problems role conflicts, family members and other employees in charge, and imbalances in workload, clashes in decision-making, family members in contention can be sorted and difficulty in competition and in institutionalization. It is extremely important that can survive their presence taking into consideration the weight in the economy of family companies. These factors are the cause of the short-lived companies; founder, patriarchal structure, a sense of inability to share work, the separation of the operating concept with family concept. This is one of the most important factors of maintaining continuity in a way that is efficient, that goes from the constitution and implementation of the family. The main objective of the family constitution, working in the family business and in business, authority, determination of responsibility and sharing borders and standardized.

As a result, 4 basic outcomes are derived from the study. Firstly, 63.1% of family companies in Turkey, which are taken in the study as an example belongs to family members who owns the companies. Secondly, 57,4% of family companies in Turkey first time the young members of families must be encouraged to work other companies. 59.5% of family companies in Turkey, which are working operating with male family members. Finally many of the family company in Turkey has the family constitution, but 94.3% of these family companies has not yet been determined the transfer of management plans and candidate selection. According to these results we prepare family constitution model, which located in our study.

Finally, a model will be introduced for creation and implementation of corporate constitution/law which has positive effects on performance of company in the process of institutionalization. This survey will be carried out in family businesses and business people about their views on the constitution of the company, by trying to determine the effects of the content and the family constitution, a constitutional model will be created. In this study we used both of face to face interview and survey methods. These methods provided us better response rates, more tolerant for our study and we could observe their behavior. On the other hand comparing with other methods, this method caused us to spend more time. Working in our survey with 48 questions, directed to 124 family company. But 84 results provided by the family company, reached statistical data.

**Keywords** : Family Companies, Institutionalization and Family Constitution.

**JEL Classification Codes** : J14, J17, K2, L5.

**29 October 2015 Thursday**

**Session: II-A / 11.30-13.00**

## **COUNTRY ANALYSIS**

Room: Marstall I

Chair: **Ahmet Burcin YERELI**

- Defining and Measuring Informality in the Turkish Labour Market  
**Elif Oznur ACAR & Aysit TANSEL**
- Corporate Social Actions, Performance of Social Responsibility in Case of Hungary  
**Judit SÁGI**
- The Significance of Transport Infrastructure for Social and Economic Condition of Polish Region - Case of Nowy Dwor Mazowiecki Region  
**Aleksandra K. GÓRECKA**
- Where Do We Stand in Saving and Improving Lives? Deceased and Living Donor Transplantation Practices in Spain and Turkey  
**Ebru ILTER AKARCAY & Alper ALTINANAHTAR**
- A Gravity Model Analysis of Turkey-EU Trade Relations for the Period of 2004-2014  
**Anna GOLOVKO & Mustafa KIZILTAN & Ahmet Burcin YERELI**

## Defining and Measuring Informality in the Turkish Labour Market

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### Abstract

In this study, we consider how informality can be defined and measured in the Turkish labour market. The empirical analysis consists of developing three alternative definitions of labour informality, and exploring the relevance and implications of each for the Turkish labour market using descriptive statistics and multivariate probit analysis of the likelihood of informality under each definition. We find that social security registration criterion is a better measure of informality in the Turkish labour market given its ability to capture key relationships between several individual and employment characteristics and the likelihood of informality.

**Keywords** : Labour Market Dynamics, Informality, Definition and Measurement, Turkey.

**JEL Classification Codes** : J20, J21, J24, O17.

## **Corporate Social Actions, Performance of Social Responsibility in Case of Hungary**

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### **Abstract**

The topic, though not unknown to the market agents in Hungary, has yet conceptualised in accordance with the international mainstream. There is certainly a gap in the Hungarian literature in this field, and in practice the forum for corporate social actions is just forming. In this study, after analysing the involvement of actual and potential stakeholders and portraying the viewpoint of a key market consultancy agent, a conceptual model is to be shown. The author argues that in a broader context these social actions, if remaining segregated, are not sufficient enough to solve the civil society's problems, but instead, the knowledge-transfer (i.e. from consultancy partners towards civil organisations) is more essential, in order to encourage networking and furthermore to enlarge the several forms of employee community engagement. The conceptual model combines the knowledge-transfer (in connection with forming and implementing the strategy of civil organisations) with the necessary sources of funds; and the structure of the financing is to be illustrated by a case study. Finally, some conclusions are drawn concerning the prospects of dissemination in Central and Eastern European Countries.

The paper is going to be structured as follows:

The conceptual framework of CSAs in Hungary is forming in line with the international standards; however, there is a certain delay in conceptualising these actions into a strategic framework within private sector organisations. There seems to be a distinction between the for-profit and the non-profit agents; the former is rather characterised by corporate social responsibility initiatives, whilst the latter is relying on the sustainability of these initiatives. The author is aware that these phenomena are likely due to the country being an emerging economy within Europe and these needs to be explained first in order to precisely describe the CSA perspectives in Hungary.

In the following part, the CSAs are portrayed from the viewpoint of a key market consultancy agent, the IFUA Non-profit Partner, whose significance lies in the fact that under the umbrella of a for-profit large consultancy organisation, it serves non-profit aims with appropriate specific operational tools. In financial terms, the amount of funds channelled to CSAs reinforces the significance of the partner chosen for this study.

Then, the author examines the certain need for CSAs in Hungary, and by assessing the social setting, she argues that in a broader context these social actions, if remaining segregated, are not sufficient enough to solve the civil society's problems, but instead, the knowledge-transfer (i.e. from consultancy partners towards civil organisations) is more essential. Evidently, the author cannot restrict her scope of investigation to one or some market agents, since all the participants that are active in the CSA field are committed to using some form of networking. The organisations that are fostering this (formal and informal) networking are to be introduced in this part.

Hereby follows the conceptual model of IFUA Non-profit Partner, which combines the knowledge-transfer (in connection with forming and implementing the strategy of civil organisations) with the necessary sources of funds. The structure of the financing is to be illustrated by a case study, the

cooperation of agents within the for-profit and the non-profit sector is demonstrated, and the appropriate funding is elaborated after a scenario analysis.

**Keywords** : Corporate Social Actions, Corporate Social Responsibility Initiatives, Employee Community Engagement.

**JEL Classification Codes** : L31, M14.

## **The Significance of Transport Infrastructure for Social and Economic Condition of Polish Region - Case of Nowy Dwor Mazowiecki Region**

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### **Abstract**

The very important aspect of social and economic state of the country, region or area is unlimited and well developed excess to transport infrastructure. From one side, it influences economic development by creating a good area for starting new business encouraging not only local but also international investors. From the other hand, transport infrastructure should improve social level of leaving by simplifying transportation possibilities inside and outside of the region.

In the small region (European NUT-4 or NUT-5), especially these which are located next to the big cities/metropolis there can be numerous transport infrastructure investments which influence directly or indirectly on the inhabitants as follows: local and national roads, train/bus stations, railways, airports, junctions etc. Local governments are the most important institutions which create the plans of infrastructure development, nevertheless their rights should not be the only one and responsible decision of building new investment must be preceded by research on stakeholders of the region.

The aim of the paper is to present the assessment of 3 main transport investments made in one of the region in Poland. I present the result of the research in NUT-4 - Nowy Dwór Mazowiecki powiat. The selection of this region was intentional. It is included in Warsaw agglomeration where from 2004 - Polish EU accession, numerous investments have been made in transport infrastructure. The research covered social and economic aspects of road building, airport and train station and their meaning for business development and inhabitants. The main tool of data collection was the survey to stakeholders of Nowy Dwor Mazowiecki powiat.

The results point out that 3 groups of stakeholders (inhabitants, business, and local government) perceived 3 transport investments financed from EU funds in a quite different way.

**Keywords** : Infrastructure, Transport, Economic Development, Social Welfare.

**JEL Classification Codes** : R1, R4.

## Where Do We Stand in Saving and Improving Lives? Deceased and Living Donor Transplantation Practices in Spain and Turkey

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### Abstract

Since the beginning of the 20th century, organ transplantation has stimulated great interest in the medical field. Starting with the transplantation of human cornea, doctors pushed the boundaries with every operation to such an extent that, today almost every organ in the human body is available for transplantation. Especially following the invention and introduction to the market of a drug called cyclosporine, cadaver organ donation and transplantation have become possible. Nevertheless, all these advances and new procedures did not halt the crisis in the market for human organs. Once having had the potential for saving thousands of lives every year, the market for human organs has become a place where thousands of lives are lost annually due to the organ procurement methods which have not improved on a par with the transplant technology and the relevant medication. This study aims at comparing the experiences of Spain and Turkey which have respectively managed to become the leader in deceased and living donations. Comparing the organ procurement programs in both countries, the study intends to present a tentative list of factors that may be instrumental in accounting for the contrast in the approaches adopted by the two countries such as interpersonal trust, social capital, religiosity, family size, and urbanization. Whether the simultaneous boosting of transplants from deceased and living donors can be an attainable goal for the two countries is also examined.

**Keywords** : Organ Procurement, Shortage, Transplantation, Interpersonal Trust, Social Capital.

**JEL Classification Codes** : I11, I12, I18, J12, Z13.

## **A Gravity Model Analysis of Turkey-EU Trade Relations for the Period of 2004-2014**

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### **Abstract**

Geographical proximity of countries, historical backgrounds and trade networks remain one of the most important factors which determine the development of foreign trade flows during the globalization era because of trade costs increased contrary to the expectations. European countries are always maintaining their place in the top among Turkey's foreign trade partners for these reasons. There are lots of studies which focus on the effects of the Customs Union Agreement on Turkey-EU bilateral trade flows, and also some of them attempt to shed light on if Turkey has a special trade relation with the EU. Antonucci and Manzocchi's (2005) paper taking into consideration Customs Union has an important place in this context.

This study investigates the special role of EU for Turkey foreign trade for 2004-2014 period, parallel to Antonucci and Manzocchi (2005). In this period political situation in Turkey has changed and Africa and Asia became more important trade partners. As a method we applied the Gravity model which used firstly by Tinbergen (1962) and commonly used for foreign trade analysis. Due to strong theoretical background and empirical success, the gravity model is considered as a 'workhorse' model for quantitative studies of international trade. In the context of the gravity approach to international trade, trade flows are basically explained by the demand and supply of countries representing by their economic magnitude, the distance between trade partners reflecting trade costs and social-cultural factors. In other words according to this approach trade flows are determined not only by economic factors but also by social-economic dynamics.

In this paper we analyse Turkey's bilateral trade flows over 2004-2014 by using panel data for more than fifty countries to take into account majority of Turkey's trade volume. As a result we are of the opinion that EU is still an important trade partner for Turkey however this trade relation is not special. The possible explanation could be that the Customs Union and trade preferential are not enough to make Turkey's trade relations with the EU special.

**Keywords** : Turkey, European Union, Gravity Model, International Trade, Panel Data Analysis.

**JEL Classification Codes** : C33, F14, F49.

**29 October 2015 Thursday**

**Session: II-B / 11.30-13.00**

## **FREE TRADE AND CAPITAL ACCUMULATION**

Room: Marstall II

Chair: **Altug Murat KOKTAS**

- Determinants of Foreign Direct Investments: Empirical Evidence from Selected East Asia and Pacific Countries  
**Harun BAL & Emrah Eray AKCA**
- Capital Accumulation in Turkey: Centre-Periphery Analysis  
**Nefise Tugba KART & Cihan Serhat KART**
- Influence of Agricultural Support Policies on Productivity  
**Halil TUNCA**
- Ottoman Soap Market before Free Trade System  
**Haluk AYTEKIN**
- Foreign Direct Investments (FDI) in OECD Countries  
**Nuri Cagri AKAR & Bilal GODE**

## **Determinants of Foreign Direct Investments: Empirical Evidence from Selected East Asia and Pacific Countries**

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### **Abstract**

In this study, the determinants of foreign direct investment was analysed using the 2000-2013 period panel data for selected East Asian and Pacific countries (Australia, China, Indonesia, Philippines, South Korea, Hong Kong, Japan, Malaysia, Singapore, Thailand, New Zealand). Based on the related literature, market size, trade openness, macroeconomic stability, infrastructure, agglomeration effects and political stability had been determined as affecting factors of foreign direct investment. In this study, determinants of foreign direct investment were analysed by following balanced panel procedure. Panel data set provides some advantages compared to conventional cross-sectional and time-series: In panel data sets, because cross-section and time series observations are combined, there are more the number of observations, increasing degrees of freedom and decreasing multiple connection problems between the explanatory variables. In addition, panel data makes it possible to analyse the cases in which there are short time-series and/or inadequate cross-section observation and allowing for heterogeneity in variables, thus enhancing the efficiency of econometric estimates. In this context, in this study which used the World Bank database, initially unit root test was carried out to determine the stationary of the series. Based on the unit root test results, econometric model of the study were estimated by the least squares method. Depending on the F, LM, Honda and Hausman test results, the one-way random effects estimator is used in the model estimation. Our general findings from the study reveal that net foreign direct investment inflows depend on the market size, the agglomeration effects and the degree of trade openness. In particular, it is understood that the size of the market is the most important determinant of foreign direct investment inflows. Therefore, it is recommended that the countries which are aiming to increase the size of the net foreign direct investment inflows should implement active policies increasing national income levels and the liberalization of trade practices.

**Keywords** : Foreign Direct Investment, Panel Data Analysis, East Asia and Pacific Countries.

**JEL Classification Codes** : C23, F21, F23.

## Capital Accumulation in Turkey: Centre-Periphery Analysis

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### Abstract

Capital accumulation, is the both reason and result of industrial revolution, even this situation seems paradoxical. It occurs in Turkey after a long time, because of different reasons. Some of this reasons raised because of the Turkey's idiosyncratic social and economic structure. But the others have raised because of Turkey's economic relations with developed economies. Turkey had been an agrarian economy until 2000s. It has had mounting industries since 1960s, especially for final consumption. Turkey appear to be a peripheral economy as many less developed-or developing- countries when we analyse its' foreign trade, composition of foreign investment.

Different authors defined the relation between centre and periphery in different terms. For example according to Frank, this relation is not only economic; also it settles the institutions which are proper for it. On the other hand Wallerstein defined this relation by foreign trade and financial movements. We will analyse the capital accumulation process in Turkey, especially after 1980s; due to the centre-periphery approach and we will offer some policies to make Turkey more powerful.

**Keywords** : Turkey, Centre-Periphery, Capital Accumulation, Integration.

**JEL Classification Codes** : B24, F21.

## **Influence of Agricultural Support Policies on Productivity**

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### **Abstract**

Today, the importance of agriculture sector originates from the factors such as, nutrition and food security of the population, fair distribution of income, environment and human health. Besides the demographic transformation and production-oriented policies to increase production along with technological developments, policies to increase per capita income and to ensure stability in the sector have begun to have increasingly greater importance. On the other hand, urbanization phenomena together with industrialization have moved saturation of the increasing population and food security to a significant point. In the studies conducted by the International Food Policy Research Institute (IFPRI), it is expected that developments in population, income and urbanization processes will significantly increase the cereal demand in the world, and almost half of the world agricultural land will be withdrawn from the productive capacity in the future periods. The existence of restrictions on the inputs used in agricultural production, particularly on agricultural land, and climate changes, reveal the truth that agricultural production cannot be increased by increasing the use of natural resources. Therefore, increase in agricultural production will only be possible by increasing agricultural productivity. In order to achieve them, long-term planning and supportive policy measures are needed. In this study, using the definitions of agricultural support made by the OECD, effects of agricultural support policies implemented in Turkey and EU Member States on productivity will be tried to be explained with the help of panel data econometrics. As well as support policies, factors such as climate change and sector's integration into international markets have been included to the model as control variables. Analysis results show that supports given to a specific product, group of products, or directly to the manufacturer have a negative impact on agricultural productivity. On the other hand, it has been understood that the general services support estimate provided to sector is important in terms of strengthening the competitiveness of the sector. Control variables included in the model has been found to have significant impacts on agricultural productivity.

**Keywords** : Agriculture Support, Productivity, Turkey, EU, Panel Data.

**JEL Classification Codes** : Q10, C23, D24.

## Ottoman Soap Market before Free Trade System

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### Abstract

This study is about the restrictive regulations related to presenting the goods produced within the Ottoman boundaries to the market before “Baltalimanı Trade Agreement” signed in 1838, which was one of the first reforms of market transition in economic history of Turkey. It analyses the approach of market interventions in Ottoman economic thought, through the sample of soap market. With this study it was aimed to explain what were intended by means of market control and which research questions were needed to be managed in Ottoman economic thought.

The origin of intervention of market regulator in Ottoman economic management can be traced back to the period when Istanbul was capital city. However, this study is based on the second half of the 18th century that the archival documents related to soap market that we could reach are mainly belong to. Among the archival documents there are instructions that were sent from Istanbul to the local managers and explanations concerning the problems that the local managers met while applying these instructions. Original documents that are used in this study are from General Directorate of State Archives of the Prime Ministry of the Republic of Turkey in Istanbul.

Olive oil was used as a basic raw material of soap which was made according to the technology of the period. Olive and olive oil production was made along the coastline of the Mediterranean due to the effects of climate. Access between procurement centres of olive oil and ports was extremely easy. It is understood that shipping facilities had different effects on the achievement of interventionist policy as they were infinitely convenient. It seems that the interventions which were used to strive against soap shortage in the capital city were unsuccessful even selling soap to the other cities except the capital city was prohibited. It is understood that soap was transported to the other cities illegally. As a result of the risk premium resulted from the risk of being punished soap prices increased countrywide.

**Keywords** : Ottoman Economic Thought, Market Interventions, Soap Manufacturing, Olive Oil.

**JEL Classification Codes** : B11, N64, N74.

## Foreign Direct Investments (FDI) in OECD Countries

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### Abstract

Direct investment is a category of cross-border investment made by a resident in one economy (the direct investor or parent) with the objective of establishing a lasting interest in an enterprise (the direct investment enterprise or affiliate) that is resident in an economy other than that of the direct investor. The motivation of the direct investor is a strategic long-term relationship with the direct investment enterprise to ensure a significant degree of influence by the direct investor in the management of the direct investment enterprise. This study contains scope of FDI statistics and classifications. By the 80s (beginning of the globalization) importance of foreign direct investments has increased between many countries. Most of countries have been trying to attract foreign investors to their country to make investments. Countries boost their economic variables such as growth, employment, development and volume of foreign trade by gaining FDI. Moreover there are a lot of benefits of FDI in domestic sectors.

OECD have included 34 member countries which have different scale of economies, different economic and trade policies also different patterns of systems. OECD is not a regional group as European Union therefore it is not restricted by areas. FDI in OECD countries give us some hints about world general FDI between countries. This paper has focused on FDI data's (which are taken from OECD official website) in OECD countries to explain and comment fluctuations of FDI inflows, outflows and stocks by using given data and created charts per years. It is an evaluation about FDI in OECD countries and comparison among them to see and show the differences of amounts. Analysing of the graphs has given us some facts and impacts about the amount of FDI during the economic crisis years. The main purpose of this study is to show how FDI have changed in OECD countries and highlighted breaking points of the FDI statistics to understand effects of the years.

**Keywords** : Direct Foreign Investment, FDI, Foreign Direct Investment, Foreign Investment, International Investment, Long Term Capital Movement, Rate of Return.

**JEL Classification Codes** : F21.

**29 October 2015 Thursday**

**Session: III-A / 14.00-15.30**

## **MACROECONOMICS I**

Room: Marstall I

Chair: **Fatih Cemil OZBUGDAY**

- Measuring the Extent of European State Aid Control: An Econometric Analysis of the European Commission Decisions

**Fatih Cemil OZBUGDAY & Erik BROUWER**

- (How) Can Monetary Policy Effect Welfare: A Theoretical Approach

**Cihan Serhat KART & Nefise Tugba KART**

- Macroeconomic Dynamics in Exchange-Rate-Based Stabilizations

**Ozlem AYTAC**

- Relationship between Economic Crisis and Function of the Fiscal Policy: Does It Really Reduced the Effectiveness of Fiscal Policy

**Yasemin OZUGURLU**

- The Impact of Information and Communication Technology on Human Development

**Erhan ISCAN & Duygu SERIN**

## Measuring the Extent of European State Aid Control: An Econometric Analysis of the European Commission Decisions

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### Abstract

Governments tend to give financial support to companies in numerous ways owing to their incentives to shift a larger share of rents to be earned in the market to their sides. Generally, this form of financial aid has the impact of distorting competition in the internal market. The purpose of European state aid control is to enable European member states to grant state aid to address real market failures while avoiding the distortions of competition that this type of state intervention might give rise to.

The objective of this paper is to provide an analysis of the European Commission (EC) decisions on state aid control. In doing so, we adopt a positive approach rather than a normative approach, explaining *what the state of affairs is* instead of *what the state of affairs ought to be*. We characterize the last decade of European state aid control policy in summary statistics and, detailed quantile regression and duration analysis on 550 state aid cases in total.

In our paper, we consider three imperfect proxies to measure the impact of state aid: duration of state aid, total budget of state aid and daily budget of state aid. By using these imperfect proxies, we try to identify the extent of European state aid control. Our results suggest that aid with multiple objectives to achieve has both longer durations and higher amounts of budget. Our findings also reveal that for some aid objectives or industries, the EC approves aid with both a long duration and a high budget. Among these objectives, there are environmental protection aid, which is thought to be in the sphere of negative externalities, and aid given for services of general economic interest (SGEI), which occupy a specific position in the economies of the member states of EU. As to the industries, real estate activities sector draws special attention, as it is an example to the industries that can be characterized as being industries where public goods are not provided by the market up to an efficient level because it is not lucrative to do so. On the other hand, for some class of aid objectives and industries, there is a trade-off between duration and the level of budget so as to counter-balance the undesired effects. Aid given as a remedy for serious disturbance in the economy or aid given to the industries of public administration and defence; compulsory social security can be given as examples.

According to Heidhues and Nitsche (2006) it is obvious that EU state aid control has evolved over time. What once was originally intended to address concerns about export subsidies and strategic trade has now become Article 107, which is the legal basis for state aid control in Europe. In the light of the findings above, the emphasis of state aid control is more on market failures mostly associated with externalities and public goods.

**Keywords** : State Aid Control, Europe, Duration Analysis, Quantile Regression.

**JEL Classification Codes** : K21, L40, L50, H25.

## **(How) Can Monetary Policy Effect Welfare: A Theoretical Approach**

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### **Abstract**

Governments try to increase the income level of their country, implicitly the level of welfare of their citizens. They have limited policies to achieve this goal. Main instruments are fiscal policy and monetary policy. In the literature, especially after the dominance of Keynesian thought, fiscal policy has been underlined and has been associated to welfare. Few thinkers have studied effects of monetary policy on welfare. The aim of this study is to review the literature of macroeconomics to find the relationship between monetary policy and welfare.

First of all we will try to make a clear definition of welfare so we can investigate the relation of monetary policy to it. Many economists define increase of welfare level as an increase of income level. If we handle the concept of welfare as this, then it will be easier to analyse. Almost all economists are like-minded that monetary policy changes the income level by few different mechanisms. But if we handle the welfare profoundly then we must pore on the relation because it became more complicated and uncertain. After that deal with definition of welfare, we will review the thoughts of Keynes and Keynesian, Monetarists and New- classicals.

**Keywords** : Monetary Policy, Welfare, Keynesians, Monetarist, New-classicals.

**JEL Classification Codes** : E62, E63, O11.

## Macroeconomic Dynamics in Exchange-Rate-Based Stabilizations

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### Abstract

It's long been acknowledged that, whether successful or not, exchange-rate-based stabilizations (ERBS) in chronic inflation countries are characterized by an initial increase in consumption and real GDP followed by a later contraction, pronounced deterioration in current account, and sustained real exchange rate appreciation. More specifically, after the exchange rate is fixed, private consumption rises rapidly driven mainly by a boom in consumption of durable goods. Large increases in imports of durable goods lead to a considerable deterioration in trade balance. The increase in consumption is accompanied by an expansion in output in the early stages. Inflation usually falls, but the decline is rather slow, resulting in real exchange rate appreciation over time. The large current account deficit that arose is financed by substantial private capital inflows. The duration of this expansionary phase varies considerably across stabilization episodes. Later on, however, the boom is reversed and real output contracts. The recession starts usually before the program ends and as the recession sets in; the real exchange rate continues to appreciate. This unsustainable combination of continuous real exchange rate appreciation and rising current account deficit eventually ends with a massive attack on currency, and sometimes inflation surges to a level even higher than before the program was implemented. In order to replicate the aforementioned macroeconomic dynamics, numerous hypotheses have been put forward since the early 1980s, and I attempt to cover them in the hope of achieving to see which one is a better fit with the data. To be able to reach a solid conclusion, various models including the earliest ones as well as the recent contributions are evaluated based on the plausibility of their assumptions, the model specifications, and the extent to which we can trust the predicted effects by them. Results show that durables incorporated weak credibility model proves to be the most successful one when confronted with data on a wide range of economic variables from ERBS episodes. In the cases of successful programs however, or at least long-lasting ones, one can argue that there is no reason why public should have been pessimistic about sustainability if sound macroeconomic reforms have been in place. And weak credibility cannot provide any explanation for them. Thus, why both credible and non-credible ERBS programs have generated similar dynamics and ended in full-blown balance of payments crises still remains as a puzzle to be solved.

**Keywords** : Inflation Stabilization, Consumption Booms, Credibility.

**JEL Classification Codes** : E31, F41.

## **Relationship between Economic Crisis and Function of the Fiscal Policy: Does It Really Reduced the Effectiveness of Fiscal Policy**

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### **Abstract**

Great economic crises leads to reconsider the economy theories and policies that has been accepted as conventional wisdom for a long time. Thus, ongoing debates in theoretical and policy options level since 2008 financial crisis refers to the need for a paradigm shift. In other words after the great economic crisis, requirement to do rearrangement of the economic and social structure is manifested. In this contex fiscal policy is the main tool of the state to reorganize of the economic and social structure in line with the dynamics of capitalist economic system. . In this sense expansionary or contractionary fiscal policy is an important policy tool in all phases of capitalist development. Moreover, major paradigm shifts that emerged after the economic crisis shows the first effects on fiscal policy implementation. Today's economic crisis which is on-going at a further depth has brought in to search possibility of paradigm shift and increased discussion on effectiveness of the fiscal policy. Within this framework in this study will be discussed effects of the economic crisis on the function of the fiscal policy around the heterodox approach as an address of the possible paradigm shift. Thus as taking into consideration increasing social responses against the austerity policies of the post-2008, fiscal policy options to the goal of providing increased employment, real economic growth and improving income distribution will be evaluated with special focus on heterodox approach.

Studies on fiscal policy are mainly based on neoclassical and new Keynesian economic models in recent years. These models include the impact of fiscal policy on market mechanisms and the measurement of effectiveness. Undoubtedly, studies based on econometric models generates valuable results under the theoretical foundation of itself.

However, alternative theoretical discussion is extremely important for the development of new fiscal policy options. In this context this study will be discussed an interpretative and contextual content to investigate fiscal policy option under the assumptions of heterodox approach in the holistic perspective.

Based on heterodox approach; to reduce the impact of the economic crisis and to promote economic growth, improve to income distribution and to reduce the unemployment rate is recommended bottom-up approach fiscal policy. This approach include job guarantee public spending. Besides, job guarantee public spending, increase public investment spending for new industry and social spending. Tax structure can be heavily based on income and asset taxes rather than indirect taxes.

**Keywords** : Fiscal Policy, 2008 Financial Crisis, Heterodox Approach, Role of State.

**JEL Classification Codes** : H30, H12, H50, B50, E12, E62.

## **The Impact of Information and Communication Technology on Human Development**

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### **Abstract**

The measurement of the welfare of a country is the oldest issue of the economics science. Many of the economists in the history thought about this issue and accepted the Gross Domestic Product as the indicator of the welfare. However Gross Domestic Product only reflects the value of goods produced in a country so it does not reflect the dimensions of the welfare of a country. Therefore, the failure of economic growth as an indicator for development caused emerging of different measurement techniques of human development. In this content, the Human Development Index, which was developed by the United Nations Development Programme, measures development by using three basic elements, namely health, knowledge, and income level. These elements have key role in reaching political and social goals and better life standards. On the other hand, information and communication technology is seemed as a key for the economic growth. Especially in the late 1990s many countries in the OECD experienced a rapid growth because of the development of the information and communication technology. The increase of the production of information and communication technology based goods and services and effect of these goods and services on productivity was the main reason of the economic expansion in these OECD countries. Furthermore, there are important roles of the information and communication technology on poverty mitigation, enrichment of education and promoting the health standards. Numerous studies asserted that information and communication technology is one of the main key for economic growth. However, only few studies examined the relationship between human development and information and communication technology. Therefore, new studies and analysis that clarifies the significant role of information and communication technologies in countries' economic and human development is important for policy makers. The aim of this study is to analyse the impact of the information and communication technology on human development index in selected OECD countries. Within the theoretical background and results of this study, policy makers can understand the strong influence of the information and communication technologies on economic and human development and find support to their policy suggestions. This study differs from previous works by using dynamic panel method. For that purpose, we used a data set of selected OECD countries between the periods 2003-2013. The data for all countries obtained from United Nations and OECD.Stat. We used various independent variables as proxies for the information and communication technology and the Human Development Index (HDI) as dependent variable that reflects the poverty with three areas: first, as a long and healthy life second, is knowledge and third, as standard of living. As a conclusion it is found that information and communication technology have positive and statistically significant effect on human development index in selected OECD countries. This results implied important information to the policy makers to develop better social and economic policies to reach the high welfare goal. Information and Communication Technologies are the potential effective instruments for reduction of the poverty. Information and Communication technology affects the productivity of a nation and the use of technology increases the well-being of the country. On the other hand, producing the Information and Communication Technology based goods and services are another main key for the human development. Moreover Information and Communication Technology supports the health care systems and education in several ways that finally affects human development.

**Keywords** : Human Development Index, Information and Communication Technology, Dynamic Panel Data Analysis, OECD Countries.  
**JEL Classification Codes** : I30, O30.

**29 October 2015 Thursday**

**Session: III-B / 14.00-15.30**

## **WOMEN STUDIES**

Room: Marstall II

Chair: **Sema BUZ**

- Social Security Rights of the Women in Turkey and Their Harmonization with European Union  
**Senem ERMUMCU**
- Representation of Women and Violence against Women in Turkish Television News  
**Veli BOZTEPE**
- Poor Women and Social Policy: A Gender Analysis  
**Sema BUZ**
- Clothing Preferences of Turkish Women between 1960s and 1980s  
**Nesrin KACAR**
- Service Debt of Turkish Citizen Housewives Who Live Abroad  
**Merda Elvan TUNCA**

## **Social Security Rights of the Women in Turkey and Their Harmonization with European Union**

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### **Abstract**

The place and importance of women within the society are highly important. As a matter of fact, the women create the society and generations and born and raise and introduce them to the society. The subject matter of the study is the rights of women in terms of labour law and society security laws and harmony of Turkish legislation with those of European Union.

Birth Debit has been specified in the (a) subparagraph of the first paragraph of the article 41 titled as “The Debit Periods of the Insured” of the Social Security and General Health Insurance Law ([1]) (SSGSSK) no 5510, and it is referred that “insured woman, in the scope of the (a) subparagraph of the first paragraph of the article 4 with the maternity or motherhood leave without pay granted as required by the law, can debit the period of request providing that her child lives and she does not work in the workplace in reference to the labour contract on condition that it is no more than two years of the date of birth for twice only upon the written request of the herself or right owners and providing that she will pay the premiums to be calculated over the 32% of the daily incomes set forth by themselves to be between the lower and upper limits of the daily income based on the premium to be specified by the article 82 on the date of request within the one month as of the notification of the debt and by this way her debt period will be deemed as in their insurance.

Nursing benefit refers to the financial support made to the right owners set forth in the Law No 5510 SSGSS for they nurse their newly born child. The nursing benefit is not available for anyone and some set of conditions are required for the people to benefit this right.

Benefit for temporary incapacity has been given for each day for the eight weeks before and after the birth (by adding two week to the eight weeks before the birth if multiple pregnancy) to the women with 4/1-a (Social Security Institution) and woman with 4/b (Social Security Organization for Artisans and the Self-Employed) other than the company partners, woman doing agricultural activity and mukhtars due to maternity. Furthermore, in the event that the periods when the insured women cannot be employed before the birth due to the premature birth and when woman herself work until three weeks remaining to the birth upon her request and approval of the doctor, benefit for temporary incapacity is awarded for the periods added for the rest period after the birth.

Maternity and breast-feeding leave is a lawful right for the employed mothers and is a regulated leave and is not under the initiative of the employers. The marriage benefit is set forth in the article 37 of the SSGSS Law no: 5510 under the title of “Marriage and Funeral Benefit”. According to the provisional article 16 of the SSGSS Law no: 5510, the women who carry out handicrafts for a continuous manner and gainful occupation without being subject to any employer with labour contract, have a right to benefit from the health benefits and entitled to pension with voluntary pension by paying lesser premiums.

**Keywords** : Women, Labour Law, Environmental, Health and Safety Law, Insurance, Social Security.

**JEL Classification Codes** : K31, K32.

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## **Representation of Women and Violence against Women in Turkish Television News**

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### **Abstract**

This study aims to evaluate the coverages about the violence against women in the context of “discourse of TV coverages” It will be examined firstly the depicting of the violence against woman in general media and the problems in these coverages. After that it will be focused on depicting of the violence against woman in TV coverages.

We used the critical discourse analysing method of the Teun A.van Dijk for the study. We have chosen this method because of its ability to show the structure and ideological side of the coverages. This method is also more applicable to analyse the TV coverages comparatively to content analyse.

The universe of the study is the prime news of the TVs in Turkey. However, taking into account that the universe is too large to analyse completely, prime news of 3 TV channels has been selected as sample. Therefore, we focused on Kanal D, as a representative of mainstream TV channels, “conservative” Kanal 7 and public broadcasting channel TRT 1. We focused the prime news broadcasted between 1 January and 31 March.

The conclusion of the study is that the fact of violence of women is not included to the television news sufficiently and it is discussed as a personal rather than societal subject. And although the violence against is a very important fact in Turkey, the academical works which are low in quantity, are focusing mostly on newspapers. This study is important in that it discuss the representation of the problem in TV coverages.

**Keywords** : Violence against Women, Television, News, Discourse, Representation of Women.

**JEL Classification Codes** : L82, Z13.

## **Poor Women and Social Policy: A Gender Analysis**

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### **Abstract**

The patriarchal structure of the society and sexism leads for women to be seen as secondary position and gender discrimination. It means women have less education and employment opportunities in the society. There are many studies showing that women in the labour market have disadvantages because of gendered division of labour. Women mostly work in agriculture or family owned business as unpaid family workers and in their home they have striven activities of daily living for reproduction of household. In Turkey women labour rate is between 24% and 30. Lower participation in employment opportunities leads could not benefit some rights such as pensions. Women reach the right of health on their spouses and this situation creates a lifelong dependency. On the other hand women work part-time jobs because of caring responsibilities, receive lower wages than men, their work experience interrupted with motherhood and childrearing activities. Because of these facts women experience of poverty is more than men.

Turkey's traditional family-centred welfare regime prevents organizing and delivery of the comprehensive social welfare services and in the area of social policy for poor women is quite narrow. Although social policy for poor people has social security, social inclusion and social assistance components, social welfare system goes mostly social aids. In the social assistance arrangements for benefit to conditional cash transfer and education assistance women must be married with children. The welfare system considers women if they have mother position. Additionally low social assistance payments create difficulties to meet basic needs and have no contribution of wellbeing and emancipation of women. For these reasons this presentation aims to discuss social policies for poor women in the lens of gender.

Aim of this study to criticize social policy on poor women. Feminization of poverty is a global fact and gender equality and women's empowerment are related to closely with this fact. In this study gender differences in earnings, sexist division of labour, time poverty and, gender-stereotyped roles are some critical concepts to discuss the poor women and social policy relation. Current data, statistics and research findings on women poverty are some sources of the study but researcher will discuss these findings in terms of gender equality and emancipation of women.

**Keywords** : Poverty, Poor Women, Social Policy, Gender.

**JEL Classification Codes** : I31, I32, I38, J16.

## Clothing Preferences of Turkish Women between 1960s and 1980s

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### Abstract

Fashion has become an important concept for humanity depending on close interaction with glamorous events of history over the centuries. Human, being a social entity put an emphasis on everything he wears as his body wants to reflect a general view. Defined as a highlight of the time, adopted within a specific time frame and widespread, fashion, also can be considered as a tool reflecting the lifestyle, the social status and the success of the man. The study, by examining the historical development of the Turkish women's clothing culture, clothing fashion and clothing preferences between 1960s and 1980s, is thought to contribute to reflect the result to today's sense of clothing. In this research it is aimed to investigate the Turkish women's clothing preferences and changes in clothing culture between the years 1960s and 1980s, lifestyle and social development in how it affects their way of women's outerwear, the effects of the world's clothing fashion on clothing fashion of Turkish women. In this research, to achieve the goal the historical method has been used. During the collection of research data, written documents about the years between 1960s and 1980s, outdated newspapers, outdated magazines, encyclopaedias, history books, and the books about the history of clothing was scanned. The relationship between the Turkish women clothing and the social, cultural and political events those took place within the specified this time period has been analysed and evaluated.

In the 1960s with the development of industrialization, increasing and diversification of production have led the societies to consumption. The 1960's are defined by their liberal and innovative character. This brought democratization of fashion, everyone creating their own unique style and easy accessibility in the field of fashion, textiles and garments. Colours, patterns, fabrics were varied and creative than ever before in the previous period. In 1970s, called as "Complicated years", the rate of migration to the cities quite increased. The people of Anatolia with the influence of television are gradually advanced towards to the modernization from traditionalism. At the same time, the start of migration from villages to cities and the start of the urbanization of migrants laid the foundations of Arabesque Culture. The 1970s fashion, holding the contradictions, bell-bottomed pants, colourful clothes, large patterns and shabby tunics has a bohemian atmosphere. Compared to previous years, 1970s fashion has created a contrast fashion trend. According to this period's ideological structure clothes formed and 1970s brought a lot of diversity in cloth styles. In 1980s years, the developing technologies and the increase of television channels also increased the consumption-oriented behaviour. The popular clothing of the period was sports clothing, body wrapping stretch pants and T-shirts. Also created by large asymmetric cut clothes that plenty standing over the body, big wool sweaters, tights, thick-soled shoes and pants with mouflon were worn. Geometric patterned, bat sleeved wool sweaters and wool skirts, knitwear and baggy trousers were also used. Women threw a hand to male-dominated business world. For the business woman image, they used padded jackets, skirts and pants for drawing a strong, confident businesswoman profile. Lame, dore jackets appeared between the decisive clothes of the period.

**Keywords** : Clothing Culture, Apparel, Fashion, 1960s – 1980s Clothing Fashions, Clothing History.

**JEL Classification Codes** : L67.

## **Service Debt of Turkish Citizen Housewives Who Live Abroad**

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### **Abstract**

Running into debt of working hours for which no premiums have been paid and the addition of these hours to the insurance period in terms of disability, old age and survivors insurances are called service debt. Service debt is possible in the cases foreseen in the law in our social security legislation. One of these cases is identified for the citizens who live abroad. Such debt is that Turkish citizens run into debts of their time spent abroad under certain conditions in the legislation. Within this scope, the fact that Turkish citizen workers who work abroad and housewives can incur a debt of abroad service was made possible by our legislation. In our study, the provisions of foreign service debt in respect to our social security legislation will be addressed with all general principles and the foreign service debt of Turkish citizen housewives will be subjected to an investigation. The concept of housewife will be taken into consideration regardless of women's civil status for the time spent as housewives. No matter what their civil status is, Turkish citizen housewives who live abroad can apply to the Social Security Institution and become indebted for their whole time spent abroad or a part of it which they wish to run into debt for. However, it is not possible that they can become indebted for their time before the age 18. The relevant person does not have to return abroad to apply for the foreign service debt. Nevertheless, the condition of return home country permanently will be stipulated for allowance. The amount to be paid to the Institution for the time spent abroad will be calculated in Turkish currency. Housewives requesting for the service debt will be provided with allowance if they meet the conditions of service time, premium days and age in the legislation. The payment of the debt calculated by the Institution in full is required for allowance. If there is allowance provided to the housewives for the working hours spent domestically, the request for a second allowance by means of service debt will not be possible.

**Keywords** : Social Security, Turkish Citizenship, Service Debt.

**JEL Classification Codes** : K31, K37, H55.

**29 October 2015 Thursday**

**Session: IV-A / 16.00-17.30**

## **BUSINESS ECONOMICS**

Room: Marstall I

Chair: **Hulya CELEBI**

- Political Risk Perception and Management Strategies of Turkish Construction Firms Operating in Libya  
**Kenan AYDIN & Lacin Idil OZTIG**
- The Impact of Risk-Averse Behaviour on the Location Decisions of Investment - under Separate Accounting vs. Formula Apportionment  
**Hulya CELEBI**
- The Postponement Process of Bankruptcy of the Companies Whose Financial Structure Deteriorated and the Evaluation According to the Tax Law  
**Funda KARAKOYUN**
- The Importance and the Effects of National Decent Work Reporting in the Improvement of the Practicing “Decent Work”  
**Meltem ARAT**
- Risk Assessment for Accounting Professional Liability Insurance  
**Serafettin SEVIM & Birol YILDIZ & Nilufer DALKILIC**

## **Political Risk Perception and Management Strategies of Turkish Construction Firms Operating in Libya**

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### **Abstract**

The Arab Spring, which began in Tunisia in 2010, spread to Libya in 2011. While protests in Tunisia and Libya quickly led to the fall of regimes, protests in Libya evolved into a violent, protracted civil war (Anderson, 2011). The opposition, National Transitional Council (NTC), fought with the government forces. With the UN Security Council authorization, NATO launched an air campaign on government targets and established a no-fly zone. With the support of an international coalition, rebels took control of Tripoli. Subsequently, Muammar Qaddafi was overthrown and killed by rebel forces in August 2011.

In July 2012, the first democratic elections were held in Libya, and the General National Congress (GNC) came to power. That Islamists did not receive popular support in elections contributed to their further radicalization. In September 2012, Islamist militants attacked the US embassy in Benghazi. In April 2013, Islamist militants attacked the French Consulate in Tripoli (Mezran & Pack, 2013). In June 2014 elections were again disappointing for Islamists. Dismissing the results, they set up their government in Tripoli. The newly elected government was forced to move to Tobruk. While Islamists clashed with government forces for control of Benghazi, ISIS militants captured Derna Tobruk where the Libyan central government operated in October 2014. Even though ISIS lost Derna, it took control of Sirte and attacked Misrata.

When the Justice and Development Party came to power in 2002, it sought to ameliorate economic relations with Libya. In 2009, the two states agreed to lift visa requirements and sign a free trade agreement (Stein, 2014). However, economic relations deteriorated significantly after the Arab Spring. This deterioration reached its climax with the Tobruk government's decision to cancel contracts with Turkish firms in 2015. This paper presents an explanatory study of the impact of the Arab Spring and subsequent events on political risk perception and management strategies of Turkish construction firms.

Political risk refers to political decisions and political dynamics "which can threaten the assets and earning capacity of an enterprise" (Dickson, 1989:2). When firms operate in a foreign country, they are exposed to threats such as a change of government by force, civil war, terrorist attacks, government's decisions such as taxation and cancelling license contracts with firms. To put it crudely, political risk is associated with potential threats related to political decisions and political dynamics.

Uncertain environments compel firms to make critical decisions (Ellstrand et al., 2002). The scholarly literature treats political risk as an important factor which affects investment decisions of firms (Fagre & Wells, 1982; Gatignon & Andersen, 1999; Henisz, 1998; Levy & Spiller, 1994; Wheeler & Mody, 1992; Zelner & Henisz, 1999). Firms usually compile a political risk assessment before investing in a country. This assessment determines with which countries they will invest in and which strategies to follow to enter the foreign market (Delios & Henisz 2000).

Entering a foreign market is risky. When firms discuss entry conditions into a foreign market with a host government, the host government may later decide to reverse the conditions. (Jimenez, et al.

2014). Therefore, firms obtain political risk insurance to minimize risks associated with government decisions. Importantly, political risk insurance also compensates losses of firms due to political dynamics such as civil war and terrorism.

However, political risk management is not limited to political risk insurance. When the country, a firm is investing in, is entangled in political instability and violence, the firm could also withdraw or limit its operational capacity. However, it should be noted that political risk is not always deterrent for firms. It also provides opportunities for profit (Oliver and Holzinger, 2008). In other words, some firms might choose to turn political risks into advantages through investment. Table 1 summarizes the scholarly literature on risk management strategies of firms.

**Table: 1**  
**Risk Management Strategies**

1	<b>Risk Management Strategies</b>
2	Political risk insurance
3	Limiting operational capacity
4	Withdrawal
5	Investment

This paper explores how the Arab Spring and subsequent events in Libya affected political risk perception and management strategies of Turkish construction firms operating in Libya. We focus on the construction sector as it constitutes the main economic relationship between Turkey and Libya. These firms were engaged in projects such as “ports, roads, irrigation systems, shopping malls, residential buildings, hotels, etc.

The independent variables in this study are the Arab Spring and the subsequent events of political instability and violence. Table 2 summarizes processes following the Arab Spring and the decision of the Tobruk government to cancel contracts with Turkish firms.

**Table: 2**  
**Independent Variables: Processes of Political Instability and Violence in Libya**

Arab Spring (February 2011)	Fall of Qaddafi (August 2011)	Attacks on the American Embassy (September 2012)	Attacks on the French Consulate (April 2013)	The split of government (August 2014)	ISIS take control of Derna (November 2014)	The Tobruk government cancels contracts with Turkish firms (February 2015)
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The dependent variables in this study are political risk perception and political risk management strategies. Political risk perception refers components of political risks firms take into consideration before and after they invest in the host country. More precisely, political risk perception is the subjective identification of potential threats in a given country. Risk management refers to firms’ reactions towards the threats that they identify. As the scholarly literature indicates there are four ways of managing political risks: obtaining political risk insurance, withdrawal, the limitation of operational capacity and investment.

In this paper, we present an exploratory study aimed at understanding the dynamics of Turkish construction firms’ perception and management of political risks. On a broader scale, our paper contributes to the advancement of research on the relationship between political risk, political risk perception and management.

In order to analyse this relationship, we rely on the method of process-tracing. Process-tracing is “an analytical tool of drawing descriptive and causal inferences from diagnostic pieces of evidence – often understood as part of a temporal sequence of events or phenomena” (Collier, 2011: 824). In

simple terms, by analysing events over time, process-tracing identifies a causal sequence of independent, dependent and intervening variables (Collier, 2011). More importantly, process-tracing sheds light on decision-making processes (Todd & Benbasat, 1987).

Process-tracing enables us to understand the relationship between the independent variables and the dependent variable through the disaggregation of the process between the Arab Spring and the Tobruk government's decision to cancel contracts with Turkish firms. In order to identify perception and responses of Turkish construction firms in each process, we rely on interviews. We interview board of directors within these firms. We ask them whether their political risk perception changed after the Arab Spring and subsequent events till the Tobruk government's decision to cancel contracts with Turkish firms. We also ask them how they responded after identifying potential threats.

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**Keywords** : Political Risk Insurance, Turkish Companies, Investment, Growth.

**JEL Classification Codes** : M210, O53, F59.

# The Impact of Risk-Averse Behaviour on the Location Decisions of Investment - under Separate Accounting vs. Formula Apportionment

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## Abstract

Since the publication of the Common Consolidated Corporate Tax Base Proposal (abbreviated as CCCTB) by the European Commission, the switch from Separate Accounting (SA) to Formula Apportionment (FA) has triggered intensive debates in the fields of both research and politics, which is one element of the CCCTB. The aim of this proposal is to overcome the fiscal obstacles caused by the existence of 28 different taxation systems within the EU (such as higher compliance and administrative costs, double taxation, non-transparency regarding tax regulations etc.) that impact investments within the EU and the growth of the Single Market negatively. In this context, various research studies analysing the CCCTB as well as FA show ambiguous outcomes as to whether or to what extent FA be more appropriate for overcoming this taxation issue. A further point concerning the existing taxation studies on investment, in general, is that the major part focuses on the taxable income and tax burden of the investment by taking the returns, cash flows and costs of the investments into consideration. So, if there are broad variances across the returns or cash flows across the countries, these are not taken into consideration. In this context, a study of the European Investment Bank confirms that there are significant differences in the expected returns and variances across the Member States, not only in the financial sector, but also in the manufacturing sector. This outcome evokes the question:

“How does corporate income taxation under SA and FA impact the location of investments by considering the factors like the risk-aversion behaviour of investors, tax rates and their differences across the Member States?”

In order to answer this question, a theoretical model is applied. This model uses an exponential utility function for an investor who is making an investment decision regarding investing his initial cash in a high-tax or low-tax country. The optimal level of investment in each country is calculated by means of the certainty equivalent derived from the exponential utility function of the investor from the investment of the initial cash in both countries. The following hypotheses are to be tested by means of this model:

*H<sub>0</sub>1: There is no difference in the optimal level of investment for all the risk-averse behaviour levels of the investor in all three scenarios: any taxation, taxation under SA and FA.*

*H<sub>0</sub> 2: There is no difference in the optimal level of investment for all levels of tax rates under SA and FA.*

*H<sub>0</sub> 3: There is no difference in the optimal level of investment for all levels of tax rate differences under SA and FA.*

*H<sub>0</sub> 4: There is not difference in the optimal level of investment for all levels of Formula Apportionment under FA.*

A Monte Carlo simulation is carried out with the intention of testing the hypotheses above.

The outcomes of this simulation show that, if corporate income taxation is not taken into consideration, as expected, a more risk-averse investment behaviour leads to higher investments in a country where the returns are expected to show a lower variance level. Considering taxation under SA causes a higher investment level in the high-tax country (with lower standard deviation in expected returns), even if the tax rate difference between the high- and low-tax countries is at the highest level (i.e. about 23%). In analysis of FA, the outcomes show that FA has the most significant impact on the investment location. The investment level in a high-tax country varies between 0.01 and 0.98 across different FA levels. In contrast to the outcomes in the literature reviewed, this study demonstrates that taking uncertainty in the expected returns of investments as well as the risk-averse behaviour of investors into account weakens the influence of tax rates and tax rate differences significantly. In contrast to SA, in the case of a higher FA level, new investments in the low-tax countries are supported. So, when the taxation is based on a formula apportionment, the impacts of the tax rates are overlapped and new investments in other countries are more beneficial for multinational companies. This seems to comply with the aim of the European Commission regarding making investments within the EU more attractive and supporting cross-border investments across the Member States.

**Keywords** : Formula Apportionment, Corporate Income Taxation, Cross-Border Investment.

**JEL Classification Codes** : H20, H25, M41.

# **The Postponement Process of Bankruptcy of the Companies Whose Financial Structure Deteriorated and the Evaluation According to the Tax Law**

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## **Abstract**

In today's business, companies might have general problems like a financial, informative and administrative deficiency, lack of technological follow-up and low productivity. Shareholders, drawers and stakeholders of the companies that bankrupted especially because of capital deficiency are affected negatively by bankruptcy. By taking that negative effects of bankruptcy into account, lawmaker regulates debt relief under certain conditions like evaluating insolvency and improvement project. Thus, companies gain time to improve the return on capital. "Postponement of bankruptcy" suspends public claims and taxes as well. Nevertheless, legal arrangements are limited with Turkish Commercial Law, Execution and Bankruptcy Law and Supreme Court Decisions. Failing to pay tax debt on time is called tax violation. Together with other debts, tax debt of the taxpayer suspends during the postponement of bankruptcy. In this case, while a taxpayer violates Tax Law when the tax debt is not paid on time, the taxpayer during the postponement of bankruptcy gain time to pay the tax liability. Are legal arrangements that protect drawers adequate in Turkey? In this respect, as the government being one of the drawers there are not adequate or explanatory items in tax law. While the number of companies that apply for the postponement of bankruptcy increases, the control mechanism to check whether they lay down conditions or not is very weak. Deficiency in legal arrangements of the withdrawal of claims and exploitation of the postponement of bankruptcy are implementation problems of bankruptcy. In this study, the postponement of bankruptcy in Commercial and Fiscal legal system is analysed. Decisions of Court and The Supreme Court and legislation are evaluated, and examples are presented accordingly.

In fact, along with management deficiency, companies end up acquiring the conditions for postponement of bankruptcy by applying unlawful ways for the purpose of covering up their capital and income. Transactions considered a crime under the Tax Procedures Law and other laws may be carried out within the accountancy recording process. Records that may be created by way of decreasing the assets of the company and increasing debts need to be examined. Under the circumstances, the professional experience and the diligence of the person who has been appointed to the company as an administrator by the court comes to the forefront. Persons who have been appointed under a Court decree should show due diligence in protecting the rights of the creditors from the companies seeking postponement of bankruptcy when fulfilling their duties. As the company continues its commercial life, financial data constantly changes in a dynamic structure. All commercial transactions in terms of purchase, collection and payment have to be carried out in line with the book and record system stipulated under the Tax Procedures Law. However, it is possible to establish such transactions that show the company malevolently hides its income, transfers its capital to other companies they form throughout the postponement of bankruptcy period. In that case, the administrator and expert witnesses should not simply accept the financial data provided by the company. As the records are examined within the framework of the regulations, the required details must have been researched and inspected. Nevertheless, the framework of the ex officio research and powers of administrators and expert witnesses is ambiguous under the existing legal arrangements. Because, the

executives of the company consider the examination limited only to establishing the conditions of postponement of bankruptcy and subject the wider examination and inspection efforts to objection. In addition, we do not have a condition of certification in our country in order to provide accreditation to administrators and expert witnesses. Under the circumstances, the companies can cause the experts to lose time by way of keeping information confidential and complex. Whereas, Court judgement of postponement of bankruptcy is only an examination towards the time period requested. In that context, the importance and necessity of the profession of legal advice in such cases for expert persons who assist the judiciary have been explained. In order to avoid unfair competition between the companies, which continue operating under financial constraints and duly fulfilling their tax duties before the creditor state, companies, which request postponement of bankruptcy, should do what is required for their request. Indeed, throughout the examination stage by the state, it must be ensured that the guiding laws are clear, transparent and comprehensible. In this study, attention was drawn to the deficiencies in the legal arrangements in order that the correct and timely information reaches the judiciary when passing a decree of postponement of bankruptcy and the necessity of arranging the legal solutions to the problems faced in parallel to the tax laws.

In this study, the postponement of bankruptcy in Commercial and Fiscal legal system is analysed. Decisions of Court and The Supreme Court and legislation are examined. Situation assessment is carried out by way of applied examples as regards to postponement of bankruptcy.

**Keywords** : Postponement of Bankruptcy, Insolvency, Improving Project, Tax Law.

**JEL Classification Codes** : K34, G33.

## **The Importance and the Effects of National Decent Work Reporting in the Improvement of the Practicing “Decent Work”**

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### **Abstract**

Globalization leads to an increase in the number of international companies and thus an international outlook in the working conditions. At the same time, there are encouraging initiatives for labour mobility towards the regions in high need. Both the local and the migrant labour force’s needs of decent work are to be fulfilled by national and international labour standards and legislation, at the minimum level. ILO (International Labour Organization) performs an important role in the introduction of national and international labour standards for assuring at least the minimum level. Beginning with 2008 Declaration on Social Justice for a Fair Globalization, ILO assists the initiative of the establishment, evaluation, monitoring, and the improvement of appropriate indicators and statistics, which ensure social justice in labour economics. In this context, beginning from 2009, project countries determine substantive elements, statistical and legal framework indicators of decent work and assess, periodically report and make improvements accordingly. National decent work reporting of project countries between 2009 and 2013 enables determining the effects on improving decent work. This reporting on decent work supports data collection and usage of the collected data for policy analysis and policy-making. In this study, National Decent Work Reports of project countries for the mentioned period will be compared, and ILO’s projects on decent work will be examined. The importance and the effect of National Decent Work reporting in the improvement of decent work practices will be evaluated, and suggestions would be presented.

**Keywords** : Decent Work, National and International Labour Standards, ILO, International Labour Organization.

**JEL Classification Codes** : J81, J88, K31.

## Risk Assessment for Accounting Professional Liability Insurance

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### Abstract

The aim of this study was to foresee the litigation risks for accounting professional liability insurance. The liability insurance for the members of the accountancy profession involves litigation risk factors in two groups: customer-specific and firm-specific. Unknown and challenging relationships exist with litigation risk factors. The artificial neural network method can model these relationships, thanks to its nonlinear structure and, thus, it can present a risk assessment that models the unexplainable relationships between risk factors. Therefore, the artificial neural network method was used in the study.

To determine the risk of the insured, there are various risk factors that are regarded as variables. In artificial neural network management, processing the risk factors as inputs, the outputs are produced to determine the risk. The model allows us to either accept or reject the risk for the insurance companies.

The litigation risk factors were formed by assessing the insurance application forms of the insurance firms. Because insurance firms do not keep detailed insurance application forms, the data about customer specific risk factors could not be found for the study. For this reason, the risk factors of the liability insurance for the accountancy profession were assessed in the study as company-specific litigation risk factors.

The variables that determine the litigation risk were considered to be input variables for the estimation model. The risk factors that determine the litigation risk were gathered from the information in the insurance application forms. There were 11 factors considered to be litigation risk factors: the title of the accountant, the foundation year of the insured accountancy firm, the corporate tax percentage in the last completed year (stoppage tax and/or income tax returns), the financial turnover in the last completed year, the current financial turnover, whether the insured works alone with no employees, whether an accounting professional liability insurance will be renewed in five years, the cancellation of accounting professional liability insurance and the rejection of the renewing request and the premium. To support the artificial neural network model, the premium, the title of the member of the profession (as an independent accountant, an independent accountant and financial advisor or a certified public accountant) and the damage were assessed from policy data.

In the artificial neural networks model, data from 301 accounting professional liability insurance policies from insurance firms operating in Turkey were used, 202 of which were no damage policies whose litigation risks had not occurred and 99 of which were damaged policies whose litigation risks had occurred. For the training data set, 152 no damage and 49 damaged policies were used. For the test data set, 50 no damage and 50 damaged policies were used.

By comparing the litigation risks occurring in accounting professional liability insurance to those foreseen by the artificial neural network system, it was determined that the results were quite consistent. It was also determined that the realized results and the risks foreseen in the artificial neural network model provided data close to the real values and that the artificial neural network model could foresee the litigation risks in accounting professional liability insurance with a 99% success rate. The model resulted in a high forecasting ability. In the artificial neural network model, an insurance

company can determine and assess the litigation risk factors in accounting professional liability insurance and the litigation risk of accounting professionals and can subsequently either not insure the high-litigation-risk insured or can ask for a high premium.

**Keywords** : Insurance Industry, Litigation Risk, Accounting Professional Liability Insurance, Risk Assessment, Artificial Neural Network.

**JEL Classification Codes** : C45, G22, M41.

**29 October 2015 Thursday**

**Session: IV-B / 16.00-17.30**

## **CONSTITUTIONAL LAW**

Room: Marstall II

Chair: **Ali DEGIRMENDERELI**

- Evaluation of Tax Responsibility of Legal Representative after the Overruling Decision of Constitutional Court

**Ali DEGIRMENDERELI**

- European Court of Justice's *Kaltoft* Decision: Could Obesity Be Considered as a Disability?

**Gozde KAYA & Senar CAGIRGAN TUNCER**

- Discussions on Contradiction to “Non Bis In Idem” Principle in Criminal Tax Law

**Zubeyr YILDIRIM**

- Individual Application Judgments of the Constitutional Court on the Taxation Aspects of Right to Property: A Step Further Than the Judgments of the European Court of Human Rights?

**Ibrahim Nihat BAYAR & Oytun CANYAS**

- Right to Water as a Global Public Goods

**Safak Ertan COMAKLI & Zulkuf AYRANGOL**

## **Evaluation of Tax Responsibility of Legal Representative after the Overruling Decision of Constitutional Court**

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### **Abstract**

The concept of “tax responsible” is regulated in addition to “taxpayer” in Turkish Tax Procedure Law 8th. Thus it is provided that person has no direct relationship to taxable event carries out tax obligations. Responsible for the debts of partnership is owned to partnership itself for legal entities. But according to Turkish Tax Procedure Law people have duty and authority to represent the partnership has attributed the responsibility of tax debts.

It is regulated both Turkish Tax Procedure Law article 10th and 6183 numbered Law on Collection Procedure of Assets duplicated entry 35th. To be responsible for the tax debts of representatives, it is necessary that the assets of tax entity have been followed and the tax claims have not been collect. In other words, contacting to responsible is in second place.

The most important article which aims to safeguard the collection of public receivables is regulated in Law on Collection Procedure of Assets. It is changed that 35th article of 6183 numbered Law by 5677 numbered Law in 04.06.2008 and the scope of law is extended in terms of responsible. This arrangement is aimed at reducing the problems of collecting public receivables. The area of responsibility is relatively extended by the mentioned arrangement in 35th article of 6183 numbered Law. The most observable point is that when the legal representative changes, new representative is jointly responsible with the old one. This arrangement has led to discussion and a lawsuit is brought in Constitutional Court by State Council. The change is cancelled by Constitutional Court in 19.03.2015. The topic of this study is to evaluate the situation of legal representatives after the judgement. At the end of this study information will be given shortly about legal representative issue in German Tax System.

**Keywords** : Tax Responsibility, Tax Responsibility of Legal Representative.

**JEL Classification Codes** : H2, K34.

## European Court of Justice's *Kaltoft* Decision: Could Obesity Be Considered as a Disability?

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### Abstract

Obesity happens to be one of most critical conditions of our time that severely threatens the health of individual of all ages. Roughly some one third of the population living in both developed and developing countries worldwide is comprised of either obese or overweight individuals. Obesity increasingly ratify it for individuals to effectively participate to both the social life and the work life.

Disability, on the other hand, is a cause discrimination, which adversely affects the equal participation of individuals suffering from it to the society on sustained basis, and is prohibited in legal systems. Disability – based discrimination is prohibited by and under both national and international legislations. The case of disability is regulated by the United Nations globally, and the European Union (EU) regionally.

The legal basis of the prohibition of discrimination based on disability in the EU is constituted by the former Article 13 (currently, Article 19 as amended) of the Amsterdam Treaty. Amongst the secondary references of the EU's legal framework is significant the Council Directive 2000/78/EC Establishing a General Framework for Equal Treatment in Employment and Occupation, which is intended to combat the difficulties that disabled individuals encounter in employment and the work life as well as the other causes of discrimination.

European Court of Justice (ECJ) adjudicated and established in its decision Nr. C-354/13, dated December 2014, for the *Kaltoft* case, in which the termination of an employment contract on account of obesity was reviewed, whether or not obesity could be considered as a disability within the legal framework of the EU. The Court adjudicated in the case result that, even though obesity is not recognized as a disability with respect to the objective of the Directive 2000/78/EC, discrimination based on obesity could be considered as discrimination based on disability in the cases, where obesity entirely and effectively affects the participation of individuals to occupational life in sustained manner. The first part of this study discusses the concept of disability as provided by international legislations, while the second part discusses whether or not obesity could be considered as disability in its meaning as per the legal framework of the EU in the light the *Kaltoft* decision of EJC and the criticism directed to the same.

**Keywords** : Disability, Obesity, Equal Treatment in Employment and Work.

**JEL Classification Codes** : K31, K32, K33.

## Discussions on Contradiction to “Non Bis In Idem” Principle in Criminal Tax Law

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### Abstract

In accordance with the current regulation in the Tax Procedure Code (Art. 359), if an individual who has committed tax fraud offence also causes tax loss then the tax loss penalty is calculated as a triple of the tax loss amount. In this case, application of the tax loss penalty (in triple) with respect to a person is not a barrier for trial of the person that may lead to a sentence in a form of imprisonment.

After the delivery of decision *Glantz v. Finland* of the European Court of Human Rights on 20.08.2014, application of both triple of the tax loss penalty and imprisonment sentence at the same time against a person, stimulated a discussion about potential contradiction of this practice to the principle of *non bis in idem* in Turkey.

According to the Protocol 7 (Art. 4) of the European Convention on Human Rights, an individual who acts contrary to the law shall be prosecuted and be subject to sentence only once for the same crime: “*No one shall be liable to be tried or punished again in criminal proceedings under the jurisdiction of the same State for an offence for which he has already been finally acquitted or convicted in accordance with the law and penal procedure of that State.*”

In Turkey, consideration of the issue as a legal problem or not, relates to the absence of any regulation on principle of *non bis in idem* in the Turkish Constitution (1982) and absence of an approval of the Protocol 7 by Turkey since 1985.

In this article, based on the content of the relevant court decision, the condition of the problem in the national law will be questioned in the light of the Turkish Constitution (1982), Turkish Criminal Code (TCK), Code of Criminal Procedure (CMK), Code of Misdemeanors (Kabh. K), the influence of *Glantz v. Finland* on the current practice will be discussed and proposals as solutions to the controversial aspects of the issue according to the criminal tax law will be offered.

**Keywords** : Non Bis In Idem Principle, Tax Evasion, Tax Loss, The Right to Fair Trial, European Court of Human Rights.

**JEL Classification Codes** : K14, K34, K40, K41.

## **Individual Application Judgments of the Constitutional Court on the Taxation Aspects of Right to Property: A Step Further Than the Judgments of the European Court of Human Rights?**

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### **Abstract**

Introduction of individual application by the Turkish Constitution in 2010 has brought a new dimension for the protection of fundamental right and freedoms. In this regard, taxation that is among the political rights and duties regulated in the Turkish Constitution and protection of the rights related to it has also been affected positively.

On the other hand, political rights related to taxation have been protected by the European Convention on Human Rights and by the domestic courts. The purpose of this study is to make a comparative analysis between the individual application procedure stated in the Constitution and the protection enabled by the ECHR for the right to property of the tax payers.

Considering this aim, the procedures followed and the outcomes reached by the ECtHR are to be compared to the procedures and outcomes of the Turkish Constitutional Court. Only by this way it would be possible to reveal which judicial mechanism has provided a more effective legal protection.

In order to be able to use the method that has been explained above, specifically the judgments of the Turkish Constitutional Court and of the ECtHR have been thoroughly analysed. Moreover, the approach of the doctrine has also been assessed.

According to the general outcome that has been reached under the study, it has been concluded that judgments of the Turkish Constitutional Court enables a more effective protection when compared to the judgments of the ECtHR. The Constitutional Court has not only adopted the approach of the ECtHR at the same degree but also carried it a step further.

**Keywords** : Right to Property, Individual Application, Constitutional Jurisdiction, European Court of Human Rights, Taxation Procedure.

**JEL Classification Codes** : K19, K34, K41.

## Right to Water as a Global Public Goods

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### Abstract

In the 21th century various changes in the theory of public goods has being occurred as a result of globalization. As a result of previously experienced changes in some of public goods and services, global commodity classification has revealed by winning global dimension. This concept has currently being studied in many ways at national and international level. No country or people are deprived of the benefits of global public goods and there is no competition in supplying these goods so all countries is affected by this property in the context of positive or negative externalities. In particular; the concept of water and water rights has begun to be discussed in recent years and national and international dimensions of the right to water has examined. Addressing the right to water as a basic human right and no one be deprived of access to water issues has led to the emergence of impact on a global scale.

Today, waters are almost entirely publicly owned in the whole world and managed by public institutions. When taking into consideration the relationship of the right to water and many other rights, rights to water must be a public good. Especially externalities involved in public goods features itself in the rights to water. Coming positive or negative externalities requires the role of the state. Because of rapidly increasing world population, protection and sustainability of water resources are also required but the protection of these resources should be maintained by humanitarian grounds not commercial. That means water should be considered as a basic human right and should be addressed at the global level conservation efforts. Rights to water should be seen as a right to life and policies for the management and supply should be established on a global level. A step ahead of the right to water is a public good should be taken further and it should be seen as a global public good. Because the concept of the right to water has significant externalities that goods like education and health. The right to water should be considered as global public goods such as health, environment, peace and knowledge emerging with globalization and all countries and international organizations should take an active role in the development and protection of this right. To prevent water shortages and crisis predicted to occur in the coming years, the right to water must be examined on a global scale is emerging.

**Keywords** : Public Goods, Global Public Goods, Human Rights to Water.

**JEL Classification Codes** : H00.

**30 October 2015 Friday**

**Session: V-A / 09.30-11.00**

## **ECONOMICS, BUSINESS & LAW**

Room: Marstall I

Chair: **Aida A. QULIYEVA**

- Arbitration: A Dispute Settlement Mechanism for International Commercial Contracts and Fair Trial Requirements  
**Asli BAYATA CANYAS**
- Encountered Problems in Electronic Commerce: The Impact on Firms  
**Hasan GEDIK & Birol BUYUKDOGAN**
- Does Guerrilla Marketing Determine The Brand Awareness? An Analyse of Medical Sector SME's in Turkey  
**Begum SAHIN & Mahir NAKIP**
- Trends in International Commodity Prices: An Old Question with a New Perspective  
**Murat ASLAN & Saban NAZLIOGLU**
- The New Paradox of Modern Asymmetric Economy  
**Aida A. QULIYEVA**

## **Arbitration: A Dispute Settlement Mechanism for International Commercial Contracts and Fair Trial Requirements**

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### **Abstract**

There has been a significant growth in the amount of the disputes arising from international commercial contracts as a result of intense global business relationships and arbitration has become the leading mechanism to solve these disputes. Arbitration has been enjoying growing popularity among the business actors and arbitration clauses are generally added to international commercial contracts. By way of parties' mutual consent, the commercial dispute is settled by independent and objective arbitrators whose award might become binding like the court decisions. "Party autonomy" which is one of the most significant characteristics of arbitration enables parties to determine the applicable law both to substance and procedure. In this regard, parties do not have to choose a state law and it is possible to choose, for instance, *lex mercatoria* which is becoming more popular in international legal arena every day.

The main purpose of this study is to determine the obligatory elements of a "fair" arbitral process. Within this framework, after shortly analysing some main elements of international commercial arbitration, the advantages (rapid, objective, party-oriented etc.) and disadvantages (expensive, enforcement difficulties etc.) of arbitration compared to state courts are to be discussed. Through that analysis, the stress will be on the due process requirements of the arbitration process; such as objectiveness, independency of the arbitrators and the equal treatment of the parties. Considering the fair trial principles, the binding power of arbitral awards will be assessed from an international legal perspective together with the enforcement of foreign arbitral awards.

The subject is scrutinized not only from a theoretical perspective but also a practical approach has been introduced in order to be able to reveal the matter with all dimensions. Such a practical view is a must for arbitration that is one of the subjects situated in the centre of legal practice. Therefore, both arbitral awards and state court decisions gathered from the practice of different countries are scrutinized. Awards rendered by institutional (like International Chamber of Commerce) and by *ad hoc* arbitral tribunals together with annulment and enforcement judgments of state courts are evaluated in pursuant to the practical approach.

As a result, it can be said that arbitration is a popular dispute settlement mechanism revealing party autonomy and it should be stressed that principles of due process should prevail the whole procedure to reach an enforceable award. Therefore, the arbitrators should conduct a fair, objective and equal trial to prevent the award from annulment or from rejection of enforcement.

**Keywords** : Arbitration, Contracts, Business Law, Legal Procedure.

**JEL Classification Codes** : K22, K41.

## Encountered Problems in Electronic Commerce: The Impact on Firms

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### Abstract

Developments in the world economy, innovations in information and communication technologies widespread use of computers and the Internet, have caused individuals and businesses to enter into a great change. Share of the electronic trade in the whole trade of the world has noticeable been increased in today's world of economy and accordingly this has led to more prosperity and expansion of national electronic trade. In the economy of today, e-commerce and internet marketing are a must for businesses especially SMEs to gain competitiveness in marketing activities. Although the e-commerce is very important, there are still some problems. The purpose of this study is to examine encountered problems in electronic commerce and its impact on firms.

This study is a practical, expletory and causal Research. This study was accomplished between 01 March and 15 May in 2015. The sample of research was selected randomly from companies composed of micro and small companies. In the research, a survey was carried out with the 204 firms in Konya. First a pilot study with 10 companies it was done. The questions in the survey were created by the redesign of the questions of Ramin Sekarchi Tamar (2013) and the literature on the subject. The 42 questions in the questionnaire are about the e-commerce which is the Likert types. The data obtained from the questionnaire were analysed using different and appropriate methods.

**Table: 1**  
**Profile of Respondents and Means**

N 204		f		f	
<b>Education</b>	Primary Education	14	<b>Task</b>	Manufacturing Manager	8
	High School	59		Factory Manager	2
	University	115		General Manager	30
	University Above	16		Company Owner	111
<b>Gender</b>	Male	192	<b>Other</b>	Marketing Manager	20
	Female	12		Other	33
<b>Age</b>	20-30	55	<b>Worker</b>	1-9	83
	31-40	55		10-49	83
	41-50	61		50-249	21
	50 and Above	33		250 and Above	17
<b>Internet Marketing</b>	Yes (160)	Yes (160)	<b>Firm Age</b>	0-10	49
	No (44)	No (44)		11-25	79
<b>Internet Advertising</b>	Yes (137)	Yes (137)	26-50	72	
	No (67)	No (67)	50 and Above	4	

According to the literature studies, the medium and large businesses solve the problems about the e-commerce more than micro and the small companies. This study is the most distinctive feature of many studies which examine factors affecting the e-commerce problems of the small companies. In this study the electronic business problems of companies in general have been investigated as well as problems originating from governmental legislations, competition, quality, technological conditions,

corporation and customer point of view and additionally some suggestions have been proposed as solution.

*Socio-Demographic distribution of Respondents:* eight different socio-demographic characteristics were taken in the study. Socio- demographic distribution of the respondents is given in Table 1. The means of problems with e-commerce are given in Table 2.

**Table: 2**  
**e-Trade-Related Issues**

e-Trade-related issues	Mean
Problems with Customer	2,89
Problems with technology	2,69
Problems with business	2,58
Problems with personnel	3,02
Problems with competition	2,82
Macro and Legal Issues	3,11
e-Trade-related issues mean	2,83

It is given importance to Macro and legal-related problems. The second one is problems with the staff. It is given less importance to business-related problems than other problems. In the analysis of the regression of the study it was concluded that in general, the problems which the companies engaged in the electronic business and trade deal with and are dependent on the six variables mentioned above. There is positive and medium level correlation between total average problems and macro-legal related problems ( $r = 0,307$ ). The problems with the staff is still significant, however its correlation coefficient has decreased. ( $r = 0,119$ ). According to t-test and analysis of variance, we detected that there is significant relationships between gender, doing market research on the internet, the age of business, number of employees, business sectors, and transactions in internet and problems in e-commerce. There is no significant relationship between sales on internet, education level, and overview of problems in e-commerce.

*Results and Suggestions,* Rapid advances in e-commerce have revealed that there are some problems. If these problems in our country and the world are solved, it will provide firms with important contributions. The government should prevent initiatives which can be harmful to confidence in e-commerce through various legal regulations and regulate, applying deterrent punishments. Firms can take greater share of trade using new opportunities which e-commerce provides in both our country and the world. This work will increase the interest in the subject of much business. With regard to the solutions presented in this study, companies will burden a heavy responsibility. Today, companies are required to solve encountered problems in e-commerce, because e-commerce is one of the most important factors for competition.

**Keywords** : Electronic Commerce, Marketing, Business.

**JEL Classification Codes** : F19, M10, M31.

## **Does Guerrilla Marketing Determine The Brand Awareness? An Analyse of Medical Sector SME's in Turkey**

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### **Abstract**

In this study the effect of guerrilla marketing activities on brand awareness of medical sector SME's in Turkish market has analysed. The conceptual model including the main and sub hypothesis to investigate the causality relationship between guerrilla marketing and brand awareness has designed. Beside the main hypothesis, four different subtitles of guerrilla marketing that are non-consumer oriented factor, financial factor, emotional and advertisement factor and finally sales promotions factor that are obtained by factor analyse have been observed. A questionnaire answered by the company representatives of 88 firms located in Ostim (one of the big industry zone of Ankara) is used. As result, F-test model showed that the model is totally valid. The result of the regression analyse of the main hypotheses has proved that there are meaningful causality relation between financial factor, emotional and advertisement factor, promotions factor with brand awareness. On the other hand only non-consumer oriented factor has no meaningful causality relation with brand awareness. But because the determination coefficient is 24%, the explanation of the sub factors of the guerrilla marketing is relatively low. Thus, the companies are affected by guerrilla marketing activities basically and these activities play an important role to increase their brand awareness although it is a weak awareness. These results proved that Turkish SME's in medical sector did not have a brand consciousness yet. To increase the brand awareness, these companies should focus on the strategies of multinational brand concept and adapt the appropriate ones. Moreover, the brand managers or the managers related with marketing issues should be trained. For further research, the replications of our experiments could be on the consumers rather than producers.

**Keywords** : Guerrilla Marketing, Brand Awareness, SME.

**JEL Classification Codes** : M31, M37.

## Trends in International Commodity Prices: An Old Question with a New Perspective

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### Abstract

The developing nations' long-term development strategies, as well as their economic policies for the short and medium terms, have been directly or indirectly influenced by the movements of relative commodity prices. According to the classical economic theory, relative prices of primary commodities would follow a positive trend. However, two independent empirically studies carried by Prebisch (1950) and Singer (1950) showed evidence challenging the classical economic approach and showing that the relative price of primary commodities tends to deteriorate in the long run. Although the long-term behaviour of the prices has remained important for a large number of developing nations ;and moreover, serious research efforts have been exerted for more than 60 years, the controversy over the dynamic behaviour of real commodity prices is not settled. In order to investigate the dynamic behaviour commodity prices, the current study applies battery of unit root tests over 24 international commodity prices over the period of 1900-2010. In particular, the study incorporates both linear panel unit root tests (in both first and second generation characteristics) and also applies a recently developed nonlinear panel unit root testing framework (i.e. the sequential panel selection method augmented with a Fourier function) . Our nonlinear panel unit testing framework identifies that out of 24 commodities, 16 prices are compatible with stationary pattern and that 7 out of 24 commodities have downward tendency; and furthermore, the downward trend is more prevalent for agricultural commodity prices.

**Keywords** : Prebisch-Singer Hypothesis, Panel Unit Root, Fourier Function.

**JEL Classification Codes** : C23, F14, F47.

## The New Paradox of Modern Asymmetric Economy

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### Abstract

Today economic science is in the such a level that even we do not want to start a controversy while talking about which economical system is the strongest one, whereas contrasts of the modern era, the end of the existence of an unknown crisis, the struggle and wars on resource show that the stereotype of today's successful economic system is already old-fashioned. In this regard, we could talk about three basic principles of the existence of each country's economy: (1) The competitive attitude on the economic activity (its existence, being fair or unfair, whether sufficient conditions exist or not etc.); (2) Economical position which is parted into consumers in the economic environment- this whether depends on their attitude or not (there are different approaches and various economic system in this regard to the availability of different methods of management and regulation by different authors and schools which whether there is the role of consumer's behaviour or not on shaping the economic environment in the economy) According to the functioning of a market economy based on the idea of service to the consumer goods market economies and economic systems are necessary to comply with the maintenance of a balance between money supply, whereas this type of economy in which the population will be able to pay higher wages and demands; (3) The third and the last principle is that the economy is controlled by a dual financial system. Bilateral financial system means that the money supplies is understood consisting of cash and non-cash parts.

Economic principles which listed above corresponds that market economy and that administrative commands either western or capitalist and socialist, or public administration with high economic systems are different from one another in terms of basic principles and steps of these systems rude thoughtless in an attempt to speed the replacement of one another, it is clear that it should fail, it was in the beginning. Indeed, one sixth of world's lands is included economy of the USSR, which has a population of 280 million (and Azerbaijan economy is included in its basic principles), with a population of nearly 2 billion in China, and with a population of nearly 1 billion in India's economies. Even if they are different from one other in terms of the basic principles they are close and these countries virtually will never be repeated Western Europe or the US economy. Therefore, if western states has enough strength to solve the capital and investment problems with the help of Modigliani-Miller principles in the case of crisis, it cannot be applied to the Azerbaijan economy which wants to be independent in the world economy but it is in the case of reducing oil revenues, has extremely economic and political problems, and also has the crisis to confront in danger. Because applying those principles to the Azerbaijan economy creates a lot of difficulties and obstacles due to the world economic asymmetry. Despite a number of successes in the Azerbaijan economy now it also shows distinctly huge difference like other former USSR countries, thus it could not be corrected from economic asymmetry to other state in last 20 years. That is why it can be said with full of the assurance, till the world economic asymmetry exists, applying tricks (that are used successfully in the European countries) to the countries which has weak basic principles also to the Azerbaijan economy will not show the expected results.

**Keywords** : Asymmetric Economy, Basic Principles of Economic System, Modigliani- Miller Principles.

**JEL Classification Codes** : E2, E5, P5.

**30 October 2015 Friday**

**Session: V-B / 09.30-11.00**

## **FINANCIAL ECONOMICS**

Room: Marstall II

Chair: **Recep KOK**

- A Dynamic Model of a Nonlife Insurance Company  
**Mustafa AKAN**
- The Performance Measurement of the Energy Companies Traded in Borsa Istanbul According to Financial Statement Data for the Years of 2010-2014  
**Veli OZTURK & Emine CINA BAL**
- Performance Evaluation of Banks Listed in ISE by EVA Method  
**Hasan BAL**
- An Analysis of the Depreciable Assets of the Companies at BİST 100 Index and 30 Index with the aspect of Impairment of Assets Standard (TAS 36) for the Last Eight Years  
**Aynur AKPINAR**
- Cost Efficiency of Turkish Deposit Banks: 2005-2013  
**Ayşe Elif AY & Recep KOK**

## A Dynamic Model of a Nonlife Insurance Company

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### Abstract

An analysis of optimal investments in technical capacity, goodwill and financial portfolios to maximize the long term profit of a nonlife company is conducted using Optimal Control Theory. Technical capacity affects both the claim ratio and the number of policies while goodwill affects only the number of policies. Financial portfolio is assumed to be optimally managed hence it is not analysed.

Mathematically technical capacity (T) is assumed to obey the following differential equation;

$$T' = dT / dt = q - \delta T$$

Therefore, technical capacity increases by the investments (q) made in underwriting personnel, their education, software and hardware for technical analysis and decreases by the obsolescence of technical methods and the depreciation of hardware at a rate  $\delta$ .

Goodwill (G) is assumed by to obey the following differential equation;

$$G' = a - \eta G$$

where, (a) denotes the investment made in quality and advertising and  $\eta$  denotes the exponential rate of decline of goodwill.

In a competitive insurance market (where price is constant), the profit of a company at any time t is expressed as;

$$\Pi = p \cdot N(G, T) - p \cdot N(G, T) \cdot H(T) - q - w(a)$$

N represents number of policies sold. H(T) represents the claim ratio. q and a represents the investments made in technical capacity and goodwill respectively. w(a) represents the convex cost function of goodwill expenditures. The objective of the company is to maximize discounted profits over the infinite horizon. Analysis of the differential equations representing the necessary conditions for the solution of the problem gives the following results:

1. The company with lower than required goodwill at the beginning should increase the expenditures in both goodwill and the technical capacity at an increasing rate if the impact of technical capacity on claim ratio is greater than its impact on the number of customers.

2. The company should first invest heavily in goodwill to increase the number of customers and then increase the investment in technical capacity to decrease the claim ratio if impact of technical capacity on claim ratio is less than its impact on the number of customers.

3. A sudden drop in the level of goodwill can be increased by investment quality and advertising. Reinsurance is not included in the model since this function is a partnership function. Other expenses are assumed to be constant and hence they do affect the solution.

**Keywords** : Nonlife Insurance, Optimal Control, Technical Investment.

**JEL Classification Codes** : C61, G22.

## **The Performance Measurement of the Energy Companies Traded in Borsa Istanbul According to Financial Statement Data for the Years of 2010-2014**

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### **Abstract**

Energy resources can generally be divided into two groups as renewable and exhaustible. Renewable energy is the energy that is practically unlimited default and that can be used consistently and repeatedly, as solar energy, wind power. Exhaustible energy, on the other hand, can be defined as the energy used but do not re-occur in a short time interval. These are, in general, petroleum, natural gas and fossil fuels such as coal. Because of the depletion of world energy resources day by day, rational use of energy resources or finding new energy resources become an important point. Financial statement data concerning energy sector functioning energy resources presents the subject of the study.

Companies in the energy sector need large amounts of investment. Total assets of these companies' balance sheets' important parts are composed of tangible assets. For making large investment amounts, the source constitution of these companies' is also important. The distribution of the sources between capital and debt affects the liquidity, financial structure, operations and profitability situations in the financial statements of energy companies. The aim of this study is to measure performances of energy companies that are traded in Borsa Istanbul by investigation of financial statement data and by investigation of liquidity, financial structure, operations and profitability situations between 2010 and 2014 in Turkey.

**Keywords** : Energy Sector, Performance Measurement, Financial Analysis.

**JEL Classification Codes** : L25, M41, Q4.

## **Performance Evaluation of Banks Listed in ISE by EVA Method**

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### **Abstract**

Accounting profit of a company often remains inadequate in measuring the economic performance. Because accounting income does not consider the cost of shareholder equity that they have put into the company. Economic value added method takes into account the cost of equity. The aim of this study is to measure the performance of banks traded in Istanbul Stock Exchange by economic value added.

Economic value added is calculated as follows. First, over the years the cost of equity of each bank were determined. The capital asset pricing model in determining the cost of equity is used. Secondly, net income minus the cost of equity was determined economic value achieved by the bank.

Generally, economic added values achieved by the banks in 2001 and 2002 were negative. The economic value added created by the banks in 2003 has been a recovery until 2007. The effects of the global crisis in 2008 and 2009 are outstanding. The values improved again from 2009 to 2012. However, in 2012 after being hit in the eye again economic value added values went downward.

**Keywords** : Trade Banks, Economic Value Added, Performance Measure.

**JEL Classification Codes** : G21, L25.

## **An Analysis of the Depreciable Assets of the Companies at BİST 100 Index and 30 Index with the aspect of Impairment of Assets Standard (TAS 36) for the Last Eight Years**

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### **Abstract**

International Accounting Standards Board (IASB) was established with the aim of setting international accounting standards that enable the use of common accounting language among all the nations.

The goal of International Accounting Standards Board is to enable financial statements, prepared in accordance with these standards, to demonstrate real position and performance of firm.

Within this scope, as of 2005, Turkish Accounting Standards (TAS), which are prepared in line with International Accounting Standards, are applied in our country to prepare financial statements.

Basic principle of the Impairment of Assets Standard (TAS 36) is to prevent fixed assets to be shown more than the recoverable value.

For investors, creditors, employees and public institutions it is highly important that depreciable assets that are significant part of the total assets should be shown on the balance sheet at the value no more than their recoverable values.

Financial statements of companies whose shares are publicly traded in Istanbul Stock Exchange (BİST) are prepared in compliance with Turkish Accounting Standards and audited independently.

Year-end financial statements of companies listed in BİST 100 index and BİST 30 index have been researched and analysed for 2007-2014 period in terms of applicability of Impairment of Assets standard (TAS 36).

For this purpose, companies' Financial Statements and Comprehensive Income Statements including postscripts, that were audited independently and published by Public Disclosure Platform, have been examined for the last eight-year period.

Turkish Accounting Standard 36, which is the Impairment of Assets Standard, is applied to ensure the fair value of the fixed assets in Financial Statement and real income in Comprehensive Income Statement.

The rate of BİST 100 index companies that are using the Impairment of Assets Standard for depreciable assets is 30% for 2007, 33% for 2008, 36% for 2009, 30% for 2010, 25% for 2011, 30% for 2012, 27% for 2013 and 27% for 2014.

The rate of BİST 30 index companies that are using the Impairment of Assets Standard for depreciable assets is 57% for 2007, 63% for 2008, 67% for 2009, 50% for 2010, 33% for 2011, 37% for 2012, 40% for 2013 and 37% for 2014.

Findings of the study show that Impairment of Assets Standard (TAS 36) has been realized as 67% highest and 27% lowest for the companies' depreciable assets at BİST 100 index and BİST 30 index in last eight years.

For the companies that are not the part of these rates the results can be interpreted as follows.

1 - The other companies that are not using the standard may not have any impairment,

2 - Data from the in-house and outside resources are not sufficient to understand the Impairment of Depreciable Assets of the companies at BİST 100 index and BİST 30 index.

In-house and outside information should be given importance when doing year-end evaluation of depreciable assets of the companies. These findings are necessary for the prepared financial statements to reflect real position and the performance of the firm.

**Keywords** : Depreciable Asset, International Accounting Standards, Turkish Accounting Standards, Amount Recoverable, Impairment.

**JEL Classification Codes** : M41.

## Cost Efficiency of Turkish Deposit Banks: 2005-2013

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### Abstract

This study examines how credit mechanism works and whether resource allocation between the banks is successful in the context of the banks as decision-making units. The main hypothesis is that 'the allocative efficiency in the sector is optimal if cost efficiencies of the banks converge each other.'

In the literature, two main approaches are used to measure efficiency: Parametric and nonparametric approaches. Non-parametric approaches are data enveloping analysis and Malmquist index. And parametric approaches are stochastic frontier approach, thick frontier approach and distribution free approach. The difference between parametric and nonparametric methods is assumptions on the frontier and error terms. In this study, stochastic frontier approach is used. Following the model proposed by Battese and Coelli (1995) parameters in the cost frontier function and in the inefficiency effects model is estimated. Also, in terms of the aim of this study, we use  $\beta$  convergence and  $\sigma$  convergence that are developed by Barro and Sala-i Martin (1991).

Since outputs are taken exogenous (demand-oriented) and cannot be stored, cost function is used more appropriate to estimate efficiency of the banking sector, rather than production function. In this way, we utilize cost function to measure the efficiency of banks.

Our dependent variable is total cost which is equal to summation of interest and noninterest expenses. And the independent variables are assessed in two categories: Frontier variables and inefficiency correlates. With regard to frontier variables, output and input prices should be determined since cost function is used in this study.

The most disputable issue is the role of deposits. There are three methods to determine the role of deposits in the literature: Asset or intermediation approach, user cost approach and value added approach. Deposits are seen as an input in asset or intermediation approach, and an output in user cost approach and value added approach. In this study, we assume that banks are financial intermediaries using physical capital, labour and deposits to produce loans and other earning assets, so we utilize intermediation approach. In the framework of the intermediation approach, we determine two output and three input prices. While outputs are determined as total loans and other earning assets, our input prices are price of labour, price of physical capital and price of deposit. Also, intermediation ratio, loan loss provision, liquidity ratio, ratio of loans to assets, personnel expenses ratio and interest coverage ratio are selected as the inefficiency correlates.

Our main database in this study is the Banks Association of Turkey and we obtained the balance sheet and income statement from 2005 to 2013. Because of the assumption of homogeneous technology and cost minimization, we focus on the deposit banks in Turkey. Development and investment banks are excluded from our model because they do not accept deposits. Also, foreign banks having branches in Turkey are excluded from our model since their market share is small. In this context, 3 state-owned, 9 privately-owned and 9 foreign deposit banks are included into our analysis. The 21 banks that are included into our model on average cover 96.8% of the deposit banks and 93.3% of the banking system in Turkey in terms of the total assets.

Firstly, we calculate weighted average of cost efficiency which is equal to 76.6%. It means that on average commercial banks are 76.6% cost efficient relative to the best practice bank producing same amount of output in the same conditions. In other words, deposit banks are 23.4% cost inefficient. Hence, banks can decrease their cost by 23.4% comparing with the best practice bank producing same amount of output in the same conditions.

While cost efficiency is in its minimum value, 62.483%, in 2005, it reaches its maximum value, 84.558%, in 2011. The effects of 2008 economic crisis are appearing and after 2009, cost efficiency turned into its upward trend again. And in 2012, the problems in the economy have shown itself to be a decrease in cost efficiency. The most efficient deposit banks are ING Bank A.Ş., Fibabanka A.Ş. and Akbank T.A.Ş., while the most cost inefficient banks are Turkish Bank A.Ş., Türkiye Cumhuriyeti Ziraat Bankası A.Ş. and Citibank A.Ş respectively.

Then, we examine market share and weighted average of cost efficiency of sub-groups determined by the scale and the ownership status. Average market shares of large, medium and small banks are 82.6%, 14.1% and 3.3%, respectively. The highest average cost efficiency is observed for medium sized banks, 85.7%, and it is followed by small and large banks with the average cost efficiencies of 76.8% and 75.1%, respectively. Also, we analyse cost efficiency of deposit banks based on their ownership status. Average market share of private, state and foreign banks are 56.8%, 32.2% and 10.9% respectively. Cost efficiency of privately-owned deposit banks is maximum, 82.5% on average. Foreign banks' and state-owned banks' average cost efficiency are 80.8% and 67.5% respectively.

Last but not least,  $\beta$  and  $\sigma$  convergence tests for our panel data show a process in convergence in cost efficiency between banks. The convergence process is determined by an increase of the average efficiency level of less efficient banks and a decrease of the average efficiency level of more efficient banks. With reference to the results of the study, policy recommendations aimed at improving the competitive process has been developed.

**Keywords** : Bank, Cost Efficiency, SFA, Effects of Inefficiency, Convergence.

**JEL Classification Codes** : C14, D61, G21.

**30 October 2015 Friday**

**Session: VI-A / 11.30-13.00**

## **ENERGY & ENVIRONMENT**

Room: Marstall I

Chair: **Isil Sirin SELCUK**

- Gold Business Activities Context of the Environment & Economic Relationship in Cerattepe and Genya Mountains, Artvin  
**Hayriye SENGUN**
- Study of Performances of the Electricity Distribution Companies in Turkey by Data Envelopment Analysis and Comparison by Classification  
**Onur DONMEZCELIK & Doganbey AKGUL & Hasan H. ERDOGAN**
- Electrical Household Appliances Consumption Structure: The Case of Turkey  
**Isil Sirin SELCUK**
- The Examination of the Relationship between Electricity Consumption and GDP  
**Muge CELIK & Esra AKGUL**
- Analyzing the taxes on Residential Electricity Prices of European Countries which are the Member of the International Energy Agency and the Case of Turkey  
**Esra AKGUL & Muge CELIK**

## **Gold Business Activities Context of the Environment & Economic Relationship in Cerattepe and Genya Mountains, Artvin**

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### **Abstract**

People have benefited from mine since ancient times until present. These activities are known to influence the birth of civilization. Today, Iron & Steel, energy and agricultural productions that are described as development of indicators are largely provided by mining activities. Moreover, these activities often come into question in terms of their negative effects on the environment along with creating the greatest added value to the economic development of countries. There is a significant relationship between economic growth, economic development, and industrial improvement, and making environmental pollution as they benefit from the environment. The emergence of this relationship creates new conflict areas with sensible and conscious society.

A gold mine is in the first place among the precious metals in the earth's crust as an economical value. This mine has had two important functions from ancient times until the present day. First of all, it is used as ornamental objects and then secondly, it is used as wealth accumulation tool. Until the end of the Second World War, a gold-currency system was known to be used as an economic instrument. It should also be mentioned that, in recent years, the use of gold increased in various places. Besides these features of gold, gold mining operations include requiring huge capital and the negative impact on the production phase of the process nature and human life. It is estimated that Turkey's operability is to be about 609 tons of gold reserves total deposits. Despite being an important economic resource, because of the methods used during the operation, the harm it has on environment and human life is too much to be met by economic profit.

Artvin and its neighbourhood which are located in the north-eastern part of Turkey has been subject to various mines in the last fifty years. The most recent of these businesses is a gold mine on the Cerattepe and Genya mountains. There are many water sources located in the area on these mountains and these sources provide the drinking water Artvin province needs. Also, Artvin is a natural beauty with its endemic flora and fauna, and its geographical structure which is rarely seen in the other part of the world. It has been described that in this sphere, gold mining leads to irreversible and adverse effects to human health mentioned in several reports. Due to the effects of gold mining -that is wanted as a business to support the economy of country- on the environment, the local people want these activities to be stopped. And they bring their aim into the legal dimension because of their resistance. In recent days, Artvin Cerattepe & Genya Mountains gold mine operations are the subject of Turkey's most participatory environmental lawsuits.

In this paper, environment-economy relations will be researched in the context of Artvin as gold business activities. During this examination, there will be interviews and negotiations with NGOs that are representative of local communities and the relevant company officials to perform due diligence, and gold exploration aspect of the environment and economic relations will be evaluated shortly.

**Keywords** : Environment, Economy, Economical and Environmental Impact, Cerattepe Gold Mine Management.

**JEL Classification Codes** : Q58.

## **Study of Performances of the Electricity Distribution Companies in Turkey by Data Envelopment Analysis and Comparison by Classification**

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### **Abstract**

The study reveals the progress of the performances (financial, technical) of 21 electricity distribution companies operating in Turkey in years by using the Data Envelopment Analysis technique and the change in their performances particularly after privatizations. A research was made on the actions to be taken by the companies with low performance and similar and dissimilar basic companies were compared by statistical techniques.

The most important quality of the Data Envelopment Analysis which was used in the study is the fact that it can define the amount and causes of ineffectiveness in each decision making unit. With this, the method can guide the decision makers on the amounts of input reduction and/or output increase in ineffective Decision Making Units (DMU). In parametrical approaches like regression analysis attempt to estimate a function of the dependent variable compared to the other variables. This requires the provision of some special assumptions like the assumption of normality. On the other hand, there is no need to define any functional relation when using the Data Envelopment Analysis technique. Only assumption required for the method is that each decision making unit (DMU) is below or above the effectiveness limit. The DMUs that are not near the limit are evaluated according to the unit which is closest to it on the limit.

The study used the technical and financial data of the electricity distribution companies in Turkey and the data were collected from the Energy Market Regulatory Authority and Turkey Electricity Distribution Company.

The study found that the companies have different effectiveness with regard to financial and technical aspects.

**Keywords** : Electrical Distribution, GDP, Classification.

**JEL Classification Codes** : C61, O13, Q43.

# Electrical Household Appliances Consumption Structure: The Case of Turkey

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## Abstract

Energy efficiency, which is one of the cheapest and most efficient ways to use energy sources, is a concept which determines such national strategic targets as enabling supply security in energy, reducing the risks arising out of foreign-source dependency, sustaining energy costs, increasing the efficiency of struggle with the climate change and protecting the environment. There are various precautions and applications in countries for energy efficiency. It's possible to give an example for these applications as labelling, tax discounts, etudes and various investment incentives. However; one of the most important points is that governments also support the policies and instruments of energy efficiency. Like the whole world, there are policies followed also in Turkey in order to increase the energy efficiency together with the electricity energy consumption which has recently been increasing as well as the framework of sustainable energy policies.

When we analyse the annual development of net electricity energy consumption in Turkey, it is clear that it has an upward tendency through the increasing number of population and growth. In this regard, industry sector has the highest level of electricity consumption by the end of 2012. Second sector is the households. Majority of electricity used in houses is consumed by electrical and electronic goods. In this regard, two outstanding sectors are industry and households in the studies of energy efficiency. The sector of electrical household goods and, so, the sector of white goods are included in both supply and demand section of the economy, so they have a structure embracing both industry sector and household sector. In this regard, having the adequate knowledge about the sector and producing the appropriate energy efficiency policies will deeply affect economy because both sections, which have the highest level of consumption, are interested in that.

This study will analyse the consumption tendencies of electrical households goods by using data obtained from "Households Budget Survey" carried out by Turkish Statistical Institute, and it emphasizes the increase in the number of inventories of electrical household goods as from 2003. The reason of this emphasis is the fact that it is expected that Turkish sector of electrical household goods will experience a growth in the following years in accordance with Turkish economy. Such concepts as environment friendly and such products as energy efficiency devices will have an important position in the sector of electrical household's goods. Electricity consumption of the houses increased between 2003 and 2012 in a process of ten years. It is also observed in the number of inventories of electrical household goods. It puts forward that energy efficiency is of high importance for the houses. Changes in the habits of the consumers will bring out the differences in demand. So; if the consciousness of the houses is raised in terms of energy efficiency, for example, if energy saving products are made more attractive, it will directly affect the total energy efficiency of the country. Especially; if such devices as refrigerator and television which are intensively used in the houses as well as air conditioners which are mostly demanded can use energy efficiently, it will provide a positive feedback to both houses and economy.

**Keywords** : Energy, Consumption, Household Behaviour.

**JEL Classification Codes** : Q40, D10.

## The Examination of the Relationship between Electricity Consumption and GDP

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### Abstract

This paper examines the relationship between electricity consumption and GDP in Turkey within a cointegration and causality framework. If there is relationship, it is to reveal that variable which is to be the cause other variables by detecting the direction of causality with econometric methods. As for econometric methods, the Johansen test is a procedure for testing cointegration of several I(1) time series. This test permits more than one cointegrating relationship so is more generally applicable than the Engle–Granger test which is based on the Dickey–Fuller (or the augmented) test for unit roots in the residuals from a single (estimated) cointegrating relationship. Granger causality test determine the direction of causality if there are relationship. The data used in this study are electricity consumption and GDP for the period 1999–2013. Data series on electricity consumption is obtained from Turkey Electricity Transmission Company and the series on GDP is from Turkish Statistical Institute. It tries to observe that relationship between GDP and reforms in the electricity sector starting in Turkey early 2000s and in World 1990s and advancing rapidly. In this context, while quarterly electricity consumption and economic growth data existing 1999 to the present day are analysed in the application process, annual electricity consumption and economic growth data are analysed in graphical display. According to results of Johansen’s cointegration test, it’s found that electricity consumption and GDP are cointegrated. Then the direction of relationship among series is determined by performing Granger causality test. From Granger causality test of results, it appeared to be a unidirectional Granger causality from GDP to electricity consumption at the 5% significance level.

**Keywords** : Electricity, GDP, Econometrics.

**JEL Classification Codes** : Q43, B23, C01.

## **Analyzing the taxes on Residential Electricity Prices of European Countries which are the Member of the International Energy Agency and the Case of Turkey**

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### **Abstract**

In this paper, electric prices of Turkey and Greece for residence users between years of 2010-2014 are examined. Datas are obtained from B2020 database. The object of this study is to evaluate electric prices of Turkey and European Countries and ensure viewpoint to B2020 database. In this research, provide a realistic comparison between the countries as purchasing power parity or per capita income has not been a real rankings.

According to this analysis, as electric prices of Turkey and 20 EU member countries compared, it is seen that electric prices of Turkey are low than EU countries. As electric prices for per MWh including taxes calculated as 242 \$ in EU member countries, this price calculated as 172 \$ in Turkey.

**Keywords** : Electricity Price, B2020, Price.

**JEL Classification Codes** : Q41, Q43.

**30 October 2015 Friday**

**Session: VI-B / 11.30-13.00**

## **BUSINESS AND TAX LAW**

Room: Marstall II

Chair: **Zeynep ARIKAN**

- Taxation of Family Income  
**Eda OZDILER KUCUK**
- Formation of Management Board in Joint Stock Companies According to Turkish Commercial Code No 6102  
**Ozge KARAEGE**
- Taxable Income and the Practices Disrupting the Structure of Global System in Income Tax  
**Zeynep ARIKAN & Ahmet INNECI**
- Taxation of Capital Market Instruments: A Comparison of Turkey and Germany  
**Hakan ARSLANER & Yusuf KADERLI**
- Determining the Factors That Affect Certified Public Accountants' Perspective on Taxpayers' Rights and Tax Administration: Research in Turkey  
**Gunes CETIN GERGER & Feride BAKAR & Adnan GERCEK**

## Taxation of Family Income

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### Abstract

Modern tax theory, in the framework of the teachings of optimal taxation, rejects an analysis of income taxation separate from tax benefits, incentives or money transfers such as family allowances. In public finance, as one of the three indicators of ability to pay, rather than wealth and expenditures, taxation of income emphasizes “ability to expend income” more than “ability to pay tax”. “Ability to expend income” is different for “family” as a unit from “individuals” as the net increase in economic ability between two time points -which legally defines the income subject to taxation- for family and individuals is different. This should be considered in tax implementations for individuals and family.

In the scope of tax policies and socio-economic changes tax reforms are constantly actual. This paper surveys a comparative evaluation of tax legislations of economies in a theoretical aspect.

In Turkey, family notification system and cost-of-living allowance for wages is applied and individuals are taxed separately. This system also continues its existence in the Income Tax Code Proposal. This can be criticized insufficient as this allowance can only be used in wage income in a minimum amount. Therefore in the legislation process of actual tax reform, tax implementation for families especially in Scandinavian countries is conceivable.

**Keywords** : Taxation, Tax Law, Family.

**JEL Classification Codes** : H20, K34, J12.

## **Formation of Management Board in Joint Stock Companies According to Turkish Commercial Code No 6102**

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### **Abstract**

Turkish Commercial Code No. 6102 introduces new provisions regarding the formation of management board. In this paper, it is aimed to inquire these provisions in detail. We would like to particularly elaborate on the number, qualification, selection or appointment and the tenure of directors. According to article 359/I; the Board is formed of one or more person. The rationale for this provision is to comply with European Union regulations and introduce easier governance methods. With new provisions (Art. 359/I and II) it is possible for both natural and juristic person to be a member of the board. Rationale for these provisions is to get aligned with the article regulating the director of limited liability company, who could also be a juristic person (Art. 623/II), liability of juristic person so that this could build reliance to the company, shareholders and creditors and finally create an accordance with the provisions regulating conglomerate. In order to become a member of the board, it is also possible to introduce conditions via articles of association.

The main principle to be selected as a member of the board is to be chosen by general assembly (Art. 408). Other than this, there are several ways to become a member of the board. First, initial members of the board could be appointed by articles of association (Art. 339/III). Second, public juristic persons have the right to appoint their representatives (Art. 334). Third, when certain board member(s) are missing, the rest could fill up available seats (Art. 363/I). Final method is that certain groups could be represented in the board (Art. 360). These groups consist of share groups and minority investors. Finally, we will touch base on the tenure of the board. Duration for a board member is maximum three years. By the end of their tenure, same people could be selected, if there are no any contrary clauses in the articles of association (Art. 362/I).

In conclusion, by the new Turkish Commercial Code, the management board is regulated at both structural and functional level. Since the corporate governance principles are considered while adapting board regulations, we are in the opinion that the establishment of a qualified and professional board is facilitated.

**Keywords** : Joint Stock Company, Management Board, General Assembly, Juristic Person.

**JEL Classification Codes** : K220.

## **Taxable Income and the Practices Disrupting the Structure of Global System in Income Tax**

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### **Abstract**

Taxable income is the essence of the tax system. Taxable income capacities and policies of countries have an important role in determining the tax system. Determining the scope of taxable income is one of the important subjects to be emphasized for providing the efficiency in taxation. Because, understanding the taxable income and determining the scope of the taxable income are essential for efficiency taxation. There are two theories deal with determination of taxable income: "Source Theory" and "Net Increasing Theory". In practice, countries base on different theories in determining taxable income. While global tax system bases on the net increasing theory, scheduler tax system bases on the source theory and mixed system bases on both. Although the global tax system is applied in Turkey, it is observed that some practices cause deviations from the system and contrary to global structure. The excessive expansion of the scope of this practices cause damage the tax system, decline in tax revenues, reduce the desire about voluntary tax compliance and violate the rights of taxpayers.

In this study, it is focused on the concepts of income and taxable income. Besides, it is examined the practices caused deviations from global tax system for determining the ideal limits of taxable income and it is focused on the economic, fiscal and social results of the deviations from global tax system and it is offered the solutions in this study.

**Keywords** : Taxable Income, Tax System, Global Tax System.

**JEL Classification Codes** : H20, H24, K34.

## **Taxation of Capital Market Instruments: A Comparison of Turkey and Germany**

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### **Abstract**

Capital markets play a leading role as a financing actor for real investments, which take part in fundamental dynamics in economic growth and development models of countries. The existence of bureaucratic elasticity in the entry of capital markets, alternative investment channels, and the diversity of market instruments and low levels of financial obligations are the factors among others that affect the foreign cash flows and transaction volume in this market. Besides, the existence of wide range of investors is an important point for being a social state. It can be said that countries with high levels of capital stock, that completed its development and made it sustainable have rooted and strong capital markets. The increased hot money flow between countries with the help of globalization made the capital to move from above stated countries to other countries' investment channels. None or minimum levels of tax or financial obligation, ease of entry to the market, existence of new and diversified investments and of course low market risk are the most important factors that affect the choice of country of this orientation. Emerging markets should place importance on these points in order to attract investors that behave rationally. The objective of this study is to compare the taxation of important capital market instruments in Turkey and Germany and to discuss implications for global investors. For this aim, the paper first discusses generally the capital markets and then fundamental capital market instruments in Turkey and Germany. Finally, taxation of capital market instruments in these countries is detailed and by comparing them advice is given to global investors. In the study, literature review method will be used and significant statistics regarding the subject will be interpreted. Data are collected from the annual reports prepared for Turkey and Germany Capital markets. These data are the statistics about essential capital market instruments and tax laws, which take place in the reports. The comparison of taxation regimes is applied by reviewing the related literature and examining and comparing tax laws. This study presents important findings, which will affect the investment decisions of international capital market investors. Within the scope of the findings, implications are made for international investors.

**Keywords** : Capital Market, Capital Market Instruments, Taxation Regime, Personal Taxation.

**JEL Classification Codes** : G11, G15, G18, H24, K33, K34.

## **Determining the Factors That Affect Certified Public Accountants' Perspective on Taxpayers' Rights and Tax Administration: Research in Turkey**

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### **Abstract**

When the tax administrations in the various countries were reorganized with taxpayer-focused approach, they adopted to act “with taxpayer” rather than “despite taxpayer”. This organization structure needs a process that include getting opinion from taxpayers, making arrangements with helps of these opinions, monitoring changes regularly and making required revisions in the system. The perspective of taxpayers on Taxpayers' Rights and Tax Administration is an important indicator for ensuring tax compliance. For this reason, developed countries have conducted surveys of taxpayers to contribute to create a better taxation system and to determine taxpayers' perspective. Moreover in international area, studies regarding with taxpayer perspective on Taxpayers' Rights and Tax Administration are not only in theoretical level but also measuring taxpayer perspective empirically. However studies in Turkey in this field, remain only at a theoretical level. This study that was supported The Scientific and Technological Research Council of Turkey (TUBITAK) aims to fill this gap. To fill this gap, in the study, we examined the factors that determine perspective of certified public accountants' which conduct taxpayer's taxation works and have knowledge about taxation more, with the help of a structured questionnaire which applied first time in Turkey to analyse relationships between taxpayer's rights and resistance by means of structural equation modelling approach. Structural equation modelling approach is widely used in the social sciences in recent years to be superior from other methods to examine the relationship between latent variables. The remainder of this study was organized as follows. In the first section, we described the main factors that affect Certified Public Accountants' perspectives. Then, we presented the results of our data analysis and in the final section we discussed the implications of our findings for policy makers. The universe of the study includes certified public accountants who were the members of TURMOB (Chambers of Certified Public Accountants of Turkey) and this population consists of approximately 83.000 persons. The sample size was calculated as 680 at the confidence interval of 99% and margin of error of 5%. The research was conducted in 12 cities of NUTS-1 regions, which represented the whole of Turkey. The results were analysed using SPSS and LISREL. Structural equation model that was called - Resistance to Revenue Administration Model (RRaM) - was adopted from Murphy (2004) and developed to be measuring trust and resistance on tax administration. The factors were determined fairness, trust, taxpayers' rights, respect, technology use, consultation, and outcomes favourability. According to result of RRaM, taxpayers' right affects trust on tax administration and outcomes favourability affects resistance on tax administration directly. For ensuring tax compliance, the tax administration must make arrangements to improve trust and outcomes favourability.

**Keywords** : Taxpayers' Rights, Tax Compliance, Tax Resistance, Tax Revenue, Structural Equation Modelling.

**JEL Classification Codes** : H21, H26, K34.

**30 October 2015 Friday**

**Session: VII-A / 14.00-15.30**

## **MACROECONOMICS II**

Room: Marstall I

Chair: **Ugur YILDIRIM**

- Unemployment Hysteria in Turkey for the Period of 2005-2014  
**Ugur YILDIRIM & Oktay OCAK**
- An Evaluation on Possible Economic Reflections of Greece Debt Crisis  
**Celal KIZILDERE**
- TÜRKŞEKER Analysis from the Perspective of Privatization and New Policy Proposals  
**Yalcin ARSLANTURK**
- The Effects of Monetary Policies by TCMB, FED and Euro Area on Turkish Economy: Analysis for 1994-2014 Period  
**Elif ERER & Deniz ERER & Mustafa CAYIR & Nasuh Oguzhan ALTAY**
- The Relationship between the Rate of Inflation and the Unemployment Rate; Case of Germany  
**Ekrem ERDEM & Mustafa Arif ULUBAS**

## Unemployment Hysteria in Turkey for the Period of 2005-2014

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### Abstract

This study is to test the presence of unemployment hysteria on male, female and total population for the period January 2005 - January 2014. The examination period of the study is a relatively good period for Turkish economy. On being chosen this period as the period of the study, in addition to the presence of the unemployment data belonging to the period in question as complete series, the fact that unusual circumstances such as the economic crisis in related period has not been experienced have been also influential. In this framework, from the point of men, women, the total labour force unemployment, hysteria phenomenon has been discussed. In this study, between the relevant years, the determination of the direction of movement of the unemployment rate in Turkey and the investigation of the possible effects of this movement on the future labour markets has been aimed at on the basis of unemployment hysteria phenomena. To measure the elasticity level of the labour markets in Turkey is another purpose of the study. In order to achieve these goals, the historic view of the labour force has been analysed by econometric tests. As well as this, it has been proved whether or not the phenomena of unemployment hysteria is for men, women and total labour markets in Turkey. The main reason of the research, within the frame of the findings, is to induce the arising of the ideas sparking off new policy proposals aimed at the labour markets.

In this study, econometric methods have been utilized from. In an attempt to examine the unemployment hysteria, ADF unit Root test and Zivot and Andrews (ZA) unit root test has been used. ADF unit root test is the method ruling out structural breaks. In the case of the fact that there are structural breaks in series used, ADF unit root test will lose its efficiency. Therefore, the usage of Zivot and Andrews (ZA) unit root test taking the structural breaks into consideration has been considered more proper. The data used in the study have been obtained from the database on the website of Turkey Statistical Institute (TSI).

Although the economy of Turkey showed relatively good performance in the periods January 2005 - January 2014, the labour force could not be included to production process. Turkey could not open enough work area and could not provide productive working areas for growing labour. This case differs in terms of women, men and the total labour force. In case, radical reforms and structural improvements on labour market in Turkey were not made, the confrontation of Turkish economy with a significant unemployment problem in the future is highly likely. In simple way, the results of the study point out that the things on labour markets is going not well, and suggest the necessity for putting new policies into action rapidly. As a result, the finding of unemployment hysteria emerging with the results of study indicates that the related issue is not a problem being able to be solved in the market mechanism on its self. The necessity for producing new policies by public authority is the most important finding of the study.

**Keywords** : Unemployment Hysteria, Labour Force, Zivot & Andrews.

**JEL Classification Codes** : E240.

## **An Evaluation on Possible Economic Reflections of Greece Debt Crisis**

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### **Abstract**

In this study, the causes of the economic crisis in Greece, an assessment is made regarding the potential effects and can be taken against the crisis and the measures. In this context, before a European Union (EU) is given theoretical knowledge about the economic structure of Greece, then referred to generally as to why borrowing and held talks with assistance. Greece became a member of the EU in 1981 and in 2001 joined the European Monetary Union. Greece crisis appears especially shows itself in excessive deficit and the public debt level as a percentage of GDP. However, because of the crisis in Greece it is associated with both internal and external problems. Euro-zone economy and finance ministers in May of 2010, the International Monetary Fund (IMF) also gave their contribution to the 110 billion euros rescue package approved for Greece reached. Measures to be taken within the scope of the recovery package, all financial, envisages the use of financial and structural policies.

353 billion dollars of debt, Greece has also entered the global crisis in 2009 due to the debt crisis. This global crisis has deeply affected all of Europe in general and in particular Greece. Later, both politically as well as to overcome this crisis a series of interviews were conducted in economic terms. But we also could not get a positive result in any of them. As a result, the change of power in early 2015 has been politically. Selection of the winning Çipras, Troika (EU, European Commission and International Monetary Fund) imposed by the belt has received refused to referendum decision accepting the tightening conditions, a majority of people as 61% from the referendum showed that acceptance of the Troika's policies. However, a new package is provided partly in a later stage of negotiation.

**Keywords** : Greece, Debt Crisis, Economic Reflection.

**JEL Classification Codes** : F590.

# **TÜRKŞEKER Analysis from the Perspective of Privatization and New Policy Proposals**

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## **Abstract**

As a state-owned enterprise TÜRKŞEKER is the biggest company in Turkey's sugar sector which operates 25 factories with a market share of 56 percent. Despite the fact that TÜRKŞEKER is under privatization program, its privatization process couldn't be finalized since 2007. Different reasons like the lack of demand in tenders, decisions of Privatization High Council and the courts regarding the cancellation of tenders left the privatization process unfinished. The uncertainty of TÜRKŞEKER's privatization process inspired this study which considers two different policies. The first policy for TÜRKŞEKER is to continue its operations as a state-owned company and determine the policies to achieve a profitable structure, as the company generated losses in recent years. The latter policy option is privatization of TÜRKŞEKER and assuring lower prices and consumer welfare in the market as a result of the privatization process. Considering these policy options this study sought to answer questions with certain assumptions. For calculations, data up to 2013 were used as it was the last year of exact data available. The model which considers ensuring profitability of the company is designed by comparison of unit costs, productivity and cost advantages of factories over each other in a yearly basis. As for the privatization model, new market equilibrium after privatization is calculated with an adaptation of current market data to a competitive market structure.

For policy proposals, TÜRKŞEKER's worsening financial situation is analysed. Production and cost data of factories showed that in Turkey some regions have a low productivity level of beet and sugar and TÜRKŞEKER's factories which operate in these regions often operate with a lower capacity utilization rate. This case is considered as one of the most important causes of TÜRKŞEKER's current financial situation. In order to increase TÜRKŞEKER's capacity utilization rate, it is suggested that the company should only operate its factories which are situated at regions with high productivity level of beet and sugar. Thus, TÜRKŞEKER's unit cost of sales would drop and the company will start to generate profit instead of losses (399.6 million Turkish Liras decrease in cost per year according to the data of 2013). This suggestion is constructed on a policy of keeping the level of total production by shifting production to efficient factories which leads an increase in utilization rate of these factories and closing the inefficient ones (Operating in 13 factories instead of 25). In the case of second policy (TÜRKŞEKER's privatization), the impact of cost reduction (which is derived from lower labour costs of private companies) and competition (a given profit margin over unit costs) will decrease the market price of sugar by 0,38 Turkish Liras, which corresponds to an 18 percent decrease. This reduction leads to an increase of consumer welfare around 857 million Turkish Liras annually.

**Keywords** : Sugar Sector, TÜRKŞEKER, Productivity, Financial Analysis, Privatization.

**JEL Classification Codes** : H82.

## The Effects of Monetary Policies by TCMB, FED and Euro Area on Turkish Economy: Analysis for 1994-2014 Period

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### Abstract

It is of extremely importance for policymakers to know how much time and what direction policy instruments affect macroeconomic variables in the selection of monetary policy instruments and in determination of how to implement in terms of the fluctuations in economic process.

In this paper, the effects of monetary policies by TCMB, FED and ECB on macro-economic variables in Turkey are compared with each other considering high and low inflation regime by using TVAR method from the point of view of exchange rate channel which is one of the monetary transmission mechanism between 1994:01 and 2014:10. Short term (interbank) interest rate is used as monetary policy instrument. The industrial production index has been used to represent GDP as the measure of economic activity. We used interbank rate as short run interest rate. Price level and exchange rate variables have been measured by consumer price index and real effective exchange rate, respectively. Besides, crude oil has been taken into account as expletory variable. The results show that TCMB short term interest rate affects both industrial production index and real exchange rate positively, but they also Show that FED impacts only the real exchange rate positively in high inflation period. The response of real exchange rate is positive to TCMB short term interest rate, however this response is firstly positive than negative to FED and it is negative to Euro area monetary policy. The monetary policies of TCMB, FED and ECB have also first positive then negative effects on industrial production index, but they differentiate from each other in terms of the effect times of them. In conclusion, short-term interest policy the one of the FED monetary policies is shown to be vital in the sense of Turkey once again.

**Keywords** : TCMB, FED and Euro Area Monetary Policies, TVAR, Exchange Rate Channel.

**JEL Classification Codes** : C32, E00, E58.

## **The Relationship between the Rate of Inflation and the Unemployment Rate; Case of Germany**

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### **Abstract**

A country's economic strategy and policy is the most important factor to have a low inflation and full employment status. Countries always want to solve high inflation problem and high unemployment problem while having economic growth. The Philips Curve represents the relationship between the rate of inflation and the unemployment rate, and it takes an important place in economy theories. In this study, first The Philips Curve explained and after that the relationship between the rate of inflation and the unemployment rate explained for Germany's economy.

The purpose of this study is, represent the relationship between the rate of inflation and the unemployment rate with Philips Curve and test the validity of Philips Curve for Germany's economy. This study has a difference cause of; there isn't much study on this topic and also there isn't any study about Germany's economy on this topic with using selected data's. In this study we used the rate of inflation and the rate of unemployment data's of Germany between January 2000 and May 2015 by monthly. These data's get from The World Bank's website. Graphical methods were used in this study's lecture.

At the end of study, determined a positive relationship between the rate of inflation and unemployment rate of Germany and that means the Philips curve doesn't have validity for Germany's economy.

**Keywords** : The Philips Curve, Germany, Unemployment, Inflation.

**JEL Classification Codes** : E24, E31.

**30 October 2015 Friday**

**Session: VII-B / 14.00-15.30**

## **SOCIAL WORK AND SOCIAL POLICY**

Room: Marstall II

Chair: **Ozgur Hakan CAVUS**

- Substitution Effect and Suppression Effect, and the Relationship between the Level of These Effects and Willingness to Unionize  
**Sadik KILIC & Kemal YILDIZ**
- How Can the Governments Ensure the Widespread Use of the Bicycle? The Lessons of Fordism  
**Emre BALIKCI**
- The Role of ILO's Recommendation of National Social Protection Floors in the Extension of Social Security  
**Ozgur Hakan CAVUS**
- Examples from Turkey and the World on Social Entrepreneurship Reflection and Employment Generation  
**Ilknur SEMSEK**
- Social Policy Practices for Adult Education in Turkey since 2000 in the Context of Lifelong Learning  
**Elif YUKSEL OKTAY**

## **Substitution Effect and Suppression Effect, and the Relationship between the Level of These Effects and Willingness to Unionize**

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### **Abstract**

Union decline has been experienced around the world since 1980s. It has been explained with two opposite arguments in the industrial relations literature. The first, substitution effect, refers to employer practices designed to offer good pay and conditions or certain kinds of employee involvement and representation. The second, suppression effect, refers to direct attacks, such as threats and harassments, on symptoms of unionism (pro-union attitudes). The first aim of this study is to find out which of these two effects is stronger. In addition, suppression effect argument has led to begin the discussions of union revitalisation since 1990s. According to this argument employer opposition to unionize causes a representation gap among workers. The second aim of this study, therefore, is to find out the level of workers' willingness to unionize and its relationship with mentioned effects.

To do so, a survey was conducted among 215 jobseekers. Descriptive statistics were used to determine the levels of substitution effect, suppression effect and willingness to unionize; and hierarchical multiple regression analysis was utilized to reveal the relationship between mentioned effects and willingness to unionize.

There is a high level of suppression effect and willingness to unionize while is a low level of substitution effect, in other words there is a sizeable representation gap. Willingness to unionize is affected meaningfully by suppression effect while not affected by substitution effect and other control variables.

The results support union revitalization argument. Because workers are exposed to suppression effect and their willingness to unionize is highly apparent. Union revitalization depend on very different intermediators, however, we can say these without hesitation based upon both evidences from this study and from union revitalization literature: The majority of workers want to join a union, if it is available at their workplace.

**Keywords** : Substitution Effect, Suppression Effect, Willingness to Unionize.

**JEL Classification Codes** : J53.

## How Can the Governments Ensure the Widespread Use of the Bicycle? The Lessons of Fordism

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### **Abstract**

This study argues that the widespread use of the bicycle can only be ensured by imitating the practices of the Fordism which have been very successful in the automobile industry in the beginning of the 20th century.

The study asserts that one important quality of Fordism -which is perceived solely as a philosophy about production- is its presentation of commodities as something for the use of common people not for only a minority in the society. In his autobiography, Henry Ford states his main target as to convert the automobiles from an elite commodity to an instrument used in the daily life by a majority of people. With this perspective, it can be argued that the first aim of Henry Ford is to ensure mass consumption and that the mass production, which is very effective in decreasing the cost and price of goods, is a means for this purpose. Thanks to this revolutionary perspective, the 20th century became a period in which consumption, city planning, infrastructure investment and culture were shaped by the effect of automobile.

The present study aims to make a general review of the principal resources of Fordism and compare the perspective of the bicycle community in Turkey with that of Fordism in the 1900s. This comparison reveals that bicycle is presented and compared mostly as an object of sport and leisure times for the upper class but not as a commodity used every day by every stratum of the society. If governments' goal to make bicycle is the most important component of green transportation, the mass consumption and use of bicycle are required to be guaranteed. In other words, the revolutionary perspective of Fordism should be adopted by the bicycle industry.

The present study also compares the perspectives of Turkey and Austria where concrete steps have been taken for the perception of bicycle as a part of daily social life by focusing on a bicycle magazine published in Wien. As a result, it is argued that bicycle has been presented as a means of transportation for everyone rather than as a means of sport or leisure time.

The issues of *Drahtesel*, the bicycle magazines published in Turkey and the autobiography of Henry Ford are taken as main sources for this study.

**Keywords** : Green Transportation, Fordism, Consumption.

**JEL Classification Codes** : D70, D71, R40.

## **The Role of ILO's Recommendation of National Social Protection Floors in the Extension of Social Security**

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### **Abstract**

Liberal and global economic polities implemented in the World enabled the economic growth to come true. However, this situation rapidly increased the inequality and deprivation of social protection (precarity). In addition, the standards arranged in the ILO's Agreement number 102 of "The Minimum Standards of Social Security" failed to reduce the increasing social protection deprivation and remained insufficient. Due to these reasons, Recommendation number 202 was adopted by ILO in 2012. The horizontal dimension of the Recommendation includes the social security assurances to be formed at the national level, and its vertical dimension covers the policies of extending social securities.

At the International Labour Conferenc in 2011, a new strategy was formulated to establish sustainable social security systems. This strategy resulted in the recognition of the Social Protection Floors Recommendation by the ILC, which convened in 2012. The so-called Recommendation, number 202, is intended for the creation of national social protection floors.

Social protection floors cover legal implementations including the obtention of the right to basic health and basic income assurance. There are four fundamental policies that will be dealt with while creating the social protection floors at the national level. The first of these policies is to develop social security programs to support employment policies. Following this, it is necessary that a comprehensive national social security system be set up. The third fundamental policy is to strengthen the country's institutional capacity within the framework of principles of governance and liability. Finally, creating the financial sources of social protection floors should be dealt with within the national fiscal space.

In order to be able to succeed in the extension of social protection floors at national and international levels that will be created within the framework of the Recommendation numbered 202, the support of national governments, NGOs and global efforts is needed within the framework of social dialogue.

**Keywords** : Social Protection Floors, Recommendation Number 202, Extension of Social Security.

**JEL Classification Codes** : A13, H55, E62.

## **Examples from Turkey and the World on Social Entrepreneurship Reflection and Employment Generation**

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### **Abstract**

The aim of this study is to examine non-governmental organizations' significant pace keeping as well as governments in today's world's developing and changing social structure with the examples often where leadership of this change gets done by "social entrepreneurship". Social entrepreneurship is an emerging definition like social work and social policy. Initially, the entrepreneurship was called as people's business establishment with their own capitals. Though social entrepreneurship seems to not get enough attention as of the first outputs of economic policies, in recent years it has begun to take place in the forms of states' policies.

Social entrepreneurship is as old as human history. It is now more modern, purposeful and the stage of formations within the framework of systematic norms, but a number of studies examining examples of social entrepreneurship is limited. In today's diplomacy, the importance of social entrepreneurs' who have the social capital is increasing. This study focuses on social entrepreneurship's, alongside governments and private organisations, economic, environmental, social and political matters and several important enterprise's impact on employment, which are started by some entrepreneurs around the world and Turkey. Examining these enterprises aims to increase the formation of successful individuals and groups of the social entrepreneurship field. Some social entrepreneurs' annual budget exceeds millions of dollars and the number of employees reaches up to thousands around the world. It was not possible to find much data in literature, which only focused on the relationship of social entrepreneurship and employment generation. The analysis of this study considered the methods used by social entrepreneurs to increase the employment.

We see many social entrepreneurship examples throughout human history. Social and psychological needs can be met by non-profit businesses as well as businesses that profit. Social entrepreneurs' effects on employment should be examined from a wide angle. Because, social entrepreneurship can affect the quantity as well as the quality of employment and this influence may be direct or indirect. The development of social entrepreneurship is the cornerstone of social development. Not only to bring together the production elements, has social entrepreneurship also helped to create solidarity between the individuals. Associations, foundations, student and parent unions, non-governmental organizations are founded by social entrepreneurs and as long as the humanity exist different types of social enterprises will be gained in societies.

**Keywords** : Social Entrepreneurship, Employment Generation, Social Responsibility.

**JEL Classification Codes** : E200, E270, J230, O150, 0400, R190.

## **Social Policy Practices for Adult Education in Turkey since 2000 in the Context of Lifelong Learning**

**Elif YUKSEL OKTAY**

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### **Abstract**

The rapid changes faced in information and communication technologies cause the competition to increase and workplace, work organization and job qualifications to change. All these developments force individuals to adapt themselves to changing conditions. In order to take place in professional life and be employed in jobs with changing qualifications they need to develop their skills, qualifications and capabilities. This can only be achieved by lifelong education. While countries try to increase their competition power on one hand, on the other hand they also try to increase the prosperity level of citizens and realize social justice by the policies they apply. For the prosperity level of the community to increase states present obligatory and free of charge primary education to all citizens but also citizens have the opportunity to develop their skills and knowledges in order to have a better profession and reach to a higher income level and life standard by taking advantage of all levels of vocational, technical and higher education and also lifelong education as well. Therefore by lifelong education related social policies will lead people to adopt changing work conditions and to find better jobs and to actively join all fields of social and economic life regardless of age, gender, social and economic status.

In Turkey, social policies related with adult education are realized by National Ministry of Education, some organizations bound to prime ministry, some ministries, universities and academic institutions, some voluntary organizations, local administrations and public institutions. The main responsible authority which applies the prevalent education most intensively is National Ministry of Education. Reading-writing courses, family education courses, vocational technical courses, vocational education courses, workplace education programs, entrepreneurship courses and also projects related with adult education are conducted by this authority. According to the data of TÜİK (statistical institution of Turkey) the number of courses held in 2012 under the scope of prevalent education by ministry and related organizations, universities, municipalities, confederations, syndicates, foundations and clubs increased by 21% compared to 2011 and reached to 77.715 while number of people who completed these courses increased by 29.3% compared to 2011 and reached to 3.095.003 people.

Together with the developing of information and communication technologies new jobs appear and as these jobs require special education and skills the demanded labour type continuously changes. Courses are held in order to reach the qualifications required by labour demand but many people are unaware of existence and importance of these courses. Public should be informed by public spots and also by local administrations. Distant education should be made widespread as well as face to face education. The bureaucratic processes too restrictive to the extent that it causes people to forgo getting education should be removed and the registration processes should be simplified. By increasing life period in Turkey the ratio of old population gradually increases and these people have to be educated. In order to prevent the resigned population to sit at home without performing any productive activity, free of charge or very cheap courses compliant to their skills should be held in places where they live. The necessary budget for this should be allocated by the government. In adult education, the obstacles preventing disadvantaged people to reach education should be removed. If learning is not realized

different teaching methods should be tried and more than one teaching method plan should be made by taking this possibility into consideration. It is one of the important deficits of Turkey that none of the universities have graduate programs for adult educators. Some universities have post graduate programs about this subject but this is not enough.

**Keywords** : Lifelong Education, Adult Education, Social Policy, Turkey.

**JEL Classification Codes** : I24, I25, I28.

**30 October 2015 Friday**

**Session: VIII-A / 16.00-17.30**

## **PUBLIC FINANCE I**

Room: Marstall I

Chair: **Tekin AKDEMIR**

- Participatory Democracy and Budgeting  
**Gokhan COBANOGULLARI & Ahmet Burcin YERELI**
- Aggressive Tax Planning and Evaluation of Turkey- Germany Applications  
**Hilmi UNSAL & Metin MERIC & Hakan AY**
- Local Governments Reform in Europe and Possible Discussions on Turkey  
**Ugur SADIOGLU**
- The Causality Relationship between Government Revenues and Government Expenditures: The Case of Turkey for the Period of 2006-2015  
**Hale AKBULUT & Ahmet Burcin YERELI**
- The Effects of the Global Crisis on Public Debt: An Assessment on Advanced and Developing Countries  
**Tekin AKDEMIR & Birol KARAKURT**

## Participatory Democracy and Budgeting

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### Abstract

Participatory budgeting which was emerged at the end of the 1980's and enables citizens to participate in a system that is in accordance with the free will to decide directly related to budget spending and priorities. This budgeting system showed a great development in recent years, particularly to ensure the direct participation of the public in local government budgeting process.

It is necessary to fulfil the conditions such as participation of quantity, quality and the degree of transformation of choices to services furthermore the contribution of processes to the quality of life and how to determine the rules and conditions in order to ensure participation the participatory budgeting process. As the examples of participatory budgeting were assessed it can be seen that there was an improvement by years as the quantity and quality of participation. In this context, the first example of this practice has been realized in the Brazilian city of Porto Alegre and has found application areas in North America and Europe with Latin American countries. One reason for the applying in the participatory budgeting system, The Participative Budget has proved that is a quite successful system in using the resources efficiently and to avoid corruption and mishandling of public funds. This system, new governance structure has revealed that strengthening local democracy which eliminates the dependence on centres of local governance (decentralization). Besides, participatory budgeting has observed that the many benefits and that the two fundamental benefits ensure efficiency in the use of public resources and to provide stronger participatory democracy. As a result, central and local governments will have a more democratic society by ensuring the participation of citizens in the budgeting process. Also, participatory democracy and budgeting development is a need to provide national and regional development.

In this study, participatory democracy concept is going to be discussed in order to understand participatory budget comprehensively. Secondly, the reflection of the participatory democracy to the fiscal area and the emergence of the participatory budgeting, its process and methods are going to be discussed.

**Keywords** : Participatory Democracy, Participatory Budgeting, Governance.

**JEL Classification Codes** : H61, H72, H77.

## **Aggressive Tax Planning and Evaluation of Turkey- Germany Applications**

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### **Abstract**

It consists of a fiscal burden on taxpayers with the taxation process. Partially and completely, taxpayers may apply to some legal or illegal ways to get away of this burden. One of the ways that the said tax planning means getting rid of laws without violating the tax burden. In this way, taxpayers when planning for their production and investment decisions, they prefer less tax or tax-free activities and regions. Thus, they have the opportunity to get rid of the tax burden by planning.

Tax planning, states that they are the law appropriate activities to encourage their domestic legislation. However, this concept has changed structure with the globalization concept. The disappearance of the economic boundaries of multinational companies has resulted in the confrontation with the tax laws of many countries.

Multinational corporations are taking advantage of gaps in the legislation of the country while efforts to reduce the tax burden they entered into investment decisions. Aggressive tax planning concepts as a result of this process has been to come to order.

The importance of this issue has been enhanced by the aggressive tax planning is one of the recommendations contained in the Action Plan for tax evasion and losses announced by the European Commission on 6 December 2012.

Aggressive tax planning to reduce countries tax revenues lead to budget deficits. For this reason, OECD to struggle has taken the decision with aggressive tax planning.

The concentration of trade between Turkey and Germany brings together in taxation issues. Agreements on avoidance of double taxation have been made to solve the problems. Both experienced tax issues as well as double taxation avoidance agreement is important for its aggressive tax planning.

The aim of this study, evaluates the discussion on the struggle against aggressive tax planning is to give in a new perspective for Turkey and Germany.

**Keywords** : Aggressive Tax Planning, Fiscal Burden, Taxation, Turkey, Germany.

**JEL Classification Codes** : H2, H25, H26, H29.

## Local Governments Reform in Europe and Possible Discussions on Turkey

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### Abstract

Europe and, indeed Western world, has been under the effects of neoliberal economic, political, social and cultural waves to have arisen from within it and then fed in/from many centres since 1980's. This transformation changes social welfare states; political-administrative systems of the states; power relations between nation states and sub-national governmental levels; organization, service provision process, personnel regime, and their relations with other actors within their field of responsibility (private sector and non-governmental organizations) of local governments; and service-duty field scales of local governments. Administrative reform, particularly local governments reform, are tried to be pursued by the decision-makers at all levels of the European administrative space for the sake of sustainability of political, economic, social and cultural values steering these reforms.

In a domain where high number of actors -such as local governments- and variables are determinant, many similar and different results have been produced under the above-listed titles related to administrative reform. In general, while attempts are made to protect the equilibrium of democratic society, rule of law, human rights and market economy; there is a seek for a local government model which is representative, participatory, democratic, responsible, accountable, transparent, efficient and effective; which promotes social development; which is sensitive to governance and "market friendly" (Goldsmith, 1993; Taylor, 1995). In addition, there is a process where local governments come to the fore in the institutionalization, expansion and integration process of the European Union (EU), via the networks they have created at city and region level; they try to adopt themselves to this transformation; and the Union adopts the basic principles related to local governments. A supra-national structure, the EU is headed towards a goal which encompasses not only national state but also sub-national regional and local governments; which makes and implements policy with "*multilevel governance*" understanding which coexists with all these political-administrative levels and is based on interaction (Panara & Varney, 2013: xvii-xviii).

Above-summarized transformation of the sub-national governmental levels of the European administrative space or re-interpretation of the whole political-administrative system is one of the most important and current subjects for Turkey which is in the process of full accession to the EU. From this point of view, main purpose of this study is to evaluate from point of Turkey the motives and outcomes of the reform process to have transformed European local governments and to make an institutional discussion enabling re-interpretation of the local governments' reform in Turkey. Thus, the method of this study is based on review of the current academic studies on the local governments of the representative countries to be selected according to typologies such as "protective, economic developmental, social welfare state factor, market friendly" (Goldsmith, 1992) or "Germanic, Anglo-Saxon, Napoleonic/Continental Europe, Scandinavian, Post-Soviet" (Wollmann, 2012). Comparative analysis method will be used to interpret the effects of decentralization strategies and their effects on local governments of the states representing different cultures. On the basis of such evaluation criteria as obtained results, legitimacy of inputs (democratic control, accountability and transparency), legitimacy of outputs (efficiency and effectiveness of service provision), administrative restructuring (new public management) and spatial restructuring (scale enlargement/amalgamation) (See: Ebinger,

Grohs & Reiter, 2011); problems of local governments will be discussed and lessons will be tried to be taken for the Turkish case.

This study will focus on following main titles; local government models in Europe, local government issues to have arisen in the European administrative space, country-based decentralization strategies and local governments reform, similarities and differences between local governments reforms, comparison between European local governments reforms for Turkey.

In conclusion, by making evaluations on the titles of current decentralization strategies and local governments reform in European states applying different local government models in the European Union, with which Turkey negotiates for full membership, and the European administrative space encompassing Turkey, the study will attempt to offer solutions for the problems of local governments which heavily occupy political agenda of Turkey. The aim of these suggestions is to enrich the discussion topics in literature which detail the future of local governments' reform and to contribute to conceptual and theoretical framework in a sense rather than to affect policy-making actors in practice.

**Keywords** : Administrative Reform, Comparative Analysis, Decentralization Policy, European Local Governments, Turkey.

**JEL Classification Codes** : H70.

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# The Causality Relationship between Government Revenues and Government Expenditures: The Case of Turkey for the Period of 2006-2015

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## Abstract

The government revenues and government expenditures are widely used as a means of public finance and eliminating budget deficits. However a change in the level of government expenditures or government revenues will create different effects on the economy depending on the relationship between the aggregates in question. The aim of this study is to exhibit the relationship between government expenditures and government revenues for Turkey in order to serve to determine the favourable policy. For that purpose, the relationship is tested by using Central Government Budget Revenue Realization and Central Government Budget Expenditure series from the Republic of Turkey Ministry of Finance with 2006 January - 2015 April monthly data. In addition, by employing government revenues and expenditures in a disaggregated manner, the relationships about general government revenues, the revenues of regulatory and supervisory foundations, the revenues of private budgeted foundations, interest payments and non-interest payments are tried to be presented. Granger causality test is preferred as we have stationary series and also as this methodology is reliable, simple and widely used in literature.

The findings of the study indicate one-way causality from government expenditures to government revenues. In case of employing government expenditures and revenues in a disaggregated manner, the findings are observed to be differentiated. Accordingly, while non-interest payments have an effect on government revenues, interest payments have no effect. In addition, while government expenditures have an effect on general government revenues and the revenues of regulatory and supervisory foundation, they have no effect on the revenues of private budgeted foundations. As the government expenditures in total have an effect on government revenues and the same is also true for general government budget, it is doubtful that if government expenditures in Turkey cause tax revenues to increase. As tax burden also tends to increase after 2002 in Turkey, this may also mean that government revenues cause tax rates to increase instead of generating income. Therefore, the findings of the study suggest a decrease in government expenditures in Turkey as a favourable policy recommendation.

**Keywords** : Budget Deficit, Government Expenditures, Government Revenues, Turkey.

**JEL Classification Codes** : H00, H60, H62.

## The Effects of the Global Crisis on Public Debt: An Assessment on Advanced and Developing Countries

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### Abstract

Economic and financial crisis which of both the severity and intensity have gradually increased with the globalisation have triggered serious fiscal imbalances in many developed countries as well as developing ones. One of them and final one is the financial and economic crisis of 2007-2009 which emerged after the collapse of mortgage markets in the US and then swiftly spreaded to numerous countries. While in previous crises countries have managed their debt stock positively in some way, the global recession followed by the financial crisis of 2007-2009 has led to increase debt stock enormously. While countries were managing their debt stock under favourable circumstances, the 2008 financial crisis and turning it's into to recession, has led to the substantial increase in public debt stock. Prior to the crisis period, especially in the period 2000-2007), while countries had the ability to borrow with low interest rate and long maturities, there was more reliance on local currency-denominated borrowing. But along with the 2007-2009 crises, government borrowing for many countries has become much more costly and even become impossible. However the borrowing conditions notably changed, together with global financial crisis, As a result of this, the financial crisis of 2007-2009 has turned into a government debt crisis in some EU countries such as Greece, Portugal, Ireland, Spain, Cyprus and Italy. After the crisis, since the interest rates have risen sharply and debt indicators have deteriorated, Concerns about the sustainability of public debt have further increased. In brief, the crisis has affected all countries, both developed and developing. In fact there is a big divergence in the impact of the global crisis on the advanced countries and emerging market countries. Since some emerging market countries such as Brazil, China, Indonesia, South Korea and Russia had stronger fiscal position than developed countries, it can be stated that the crisis has caused a relatively less deterioration of their fiscal positions. These countries which had more favourable macroeconomic indicators in the pre-crisis period were successfully able to manage to eliminate the adverse effects of the global financial crisis. However, this has notably threatened the developed countries where the economic policy framework is unsatisfactory or relatively poor. This study examines the effects of the global financial crisis on public debt. The main objective of this study is to give opinion the impact of the global financial crisis on public debt by comparing countries' financial positions on the basis of macroeconomic indicators in pre- and post-crisis period.

**Keywords** : Global Financial Crisis, Debt Crisis, Sovereign Debt Crisis, European Debt Crisis.

**JEL Classification Codes** : E6, E62, F34, G01, H63.

**30 October 2015 Friday**

**Session: VIII-B / 16.00-17.30**

## **SECTORAL ANALYSIS**

Room: Marstall II

Chair: **Huseyin GURBUZ**

- Websites' Content Analysis on Restaurant Businesses: A Research in Denizli City  
**Nuray Selma OZDIPCINER & Seher CEYLAN**
- Differences in Communication Skills of Local Residents: An Application at the Destination of Pamukkale  
**Seher CEYLAN & Nuray Selma OZDIPCINER**
- The Importance of the Adaptation of Marketing Mixing in Export Marketing Activities and a Study on the Textile Industry in Denizli  
**Duygu KOCOGLU & Emel SARITAS**
- Measurement of the People Burnout Level Who Work in Banking Sector According to Copenhagen Criteria  
**Huseyin GURBUZ & Murat KARAPINAR**
- Analysis of Competitiveness of Provinces in Turkey with the Help of Innovation Index: Level – III Example  
**Yasemin KARADENIZ YILMAZ & Mustafa YILMAZ & Mehmet Emin YIGITBASI & Orhan COBAN**

## **Websites' Content Analysis on Restaurant Businesses: A Research in Denizli City**

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### **Abstract**

One of the important factors that affect to success of Restaurant businesses are web sites because using this technology is become widespread all over the world. Websites enables to increase turnover of restaurants, as well as it is also the place where the consumer facing restaurant is so great importance. In the present case restaurant businesses must use internet technologies efficiently to yield of this progress. The web sites of restaurants should include the necessary content and format in order to consumers can find everything on them. The purpose of this study is to evaluate the efficiency of restaurants' websites that located in Denizli. The main benefit expected to be obtained from this research is help to restaurant manager about develop their web pages and emphasis on the importance of the issue in order to increase of their awareness. In addition aim is to find out whether the tourists are target group of Denizli restaurants.

Content analysis is a qualitative analysis that systematic examination for meaning to information, document or visual obtained from various media. This analysed contained in text, visual or audio according to specific dimensions, coded and summarized.

For this study, 68 Web sites were analysed. Web sites were selected from internet and analysed via content analyses. The selected web sites were investigated in terms of the presence/absence of the content regarding 29 restaurant attributes and format of the content.

The results revealed that shortcomings and good sides of restaurant's websites. According to findings, a little part of restaurants uses internet technology efficiently. Approximately, all of web sites have visual items about firms and their product, contact information. The very few restaurants' web sites include language, prices options, online reservation and online sales. So it can be said restaurants' web sites intended for promotion more than sales. Also lack of language options is revealed that the web sites have no target of serving tourism at Denizli whereas Denizli has got very high tourism potential. So it can be said, the restaurants cannot use this potential.

**Keywords** : Content Analysis, Web Sites, Restaurant, Tourism, Marketing, Internet Technology, Denizli City.

**JEL Classification Codes** : L83, L86, M15, M30, O30.

## **Differences in Communication Skills of Local Residents: An Application at the Destination of Pamukkale**

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### **Abstract**

The growth of tourism in a destination has a high impact on the local residents and the communication between the tourists and the local residents becomes highly important. Current literature suggests that communication skills, one of the important parameters that affect the communication process, are favourable to learn and advance. Therefore, the development of communication skills of local residents is necessary for effective cultural exchange and to improve their attitude against tourists.

This study investigates whether demographic factors (e.g. age, gender, education, income, marital status, and tourism education, duration of work, occupation, residency, and birth place) make a difference on the communication skills of the local residents. This study has the potential to make Pamukkale a more preferred tourist destination by identifying and solving the issues regarding the communication skills, guiding the local residents, developing touristic activities, and satisfying the visiting tourists.

This study is based on a face-to-face survey that was conducted on 437 participants in Pamukkale between April 2013 and August 2013. The survey form that was used to measure the communication skills was adapted from Fidan Korkut's 43-item communication skills inventory survey, which was previously certified for validity and reliability. The population of this study was the tourism workforce of Pamukkale and Karahayit, where the population number was determined from the local residents (Pamukkale: 2.222 and Karahayit: 1.135).

A total of 437 surveys was conducted and evaluated followed by the analysis of the results using the SPSS 13 software. The cronbach alpha value of the surveys was determined to be 0.75. The data that was obtained from the likert scale was analysed using Anova and T test. As a result of this study, all demographic factors were found to make differences on the communication skills of local residents.

In lights of the collected and analysed data, this study suggests teaching the local residents, especially the subjects of communication, language, and tourism. It also suggests increasing participation by providing periodical occupational seminars and encouraging the local government entities and local business owners to work together regarding the tourism activities in the region.

**Keywords** : Communication Skills, Local Residents, Pamukkale, Tourism.

**JEL Classification Codes** : L83.

# The Importance of the Adaptation of Marketing Mixing in Export Marketing Activities and a Study on the Textile Industry in Denizli

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## Abstract

Manufacturing has shifted to China due to the recent crises and cheap labour force which has caused problems in some industries of Turkey. One of these industries is textile and it is worth studying for the sake of added value to Turkish economy. The primary aim of this study is to determine the level of marketing mix adaptation than examine the relationship between adaptation level and export. The questionnaire method was used for collecting the data.

The sample of the study is consisted of 106 textile companies selected based on Judgment sampling which is registered in Denizli Exporters' Association of and employed at least 100 employees. The small businesses are not in the scope of this study because they are not institutionalized enough and their exporting activities are based on subcontract production. Interviews have been made with the marketing managers and the employees in the exporting departments in the companies.

The research question of this study is determined as follows: "What is the relation between the level of adaptation of marketing mix of companies and ranking of the company among textile exporters of Denizli?" Since the dollar amount of exports of sampled companies cannot be obtained, companies' rankings have been taken into account and thus Spearman's rank correlation coefficient test has been conducted. Our findings indicate that "a strong level of relationship was found between these two variables.

As a conclusion findings of this study recommend that marketing mix adaptation has a direct influence over value of export size of companies in Denizli textile industry. The companies should understand the weight and the importance of the promotion in internationalization; also they should form proper marketing mixing for different target markets. The companies can only obtain sustainable competition by overcoming the difficulties they encountered in the foreign market and by the marketing activities that are adaptable for the opportunities of foreign market.

**Keywords** : Export Marketing, Marketing Adaptation.

**JEL Classification Codes** : M16, M31.

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## Measurement of the People Burnout Level Who Work in Banking Sector According to Copenhagen Criteria

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### Abstract

The concept of burnout syndrome was used in USA in the seventies to express the occupational depression of the officials who work in client sector for the first time. Burnout syndrome is one of the important factors that have direct effect on the productivity of an establishment. A productive establishment means physically and mentally active minds so when the workforce feel themselves psychologically, socially, or physically good success comes easily. Bank officials -as other workers in other sectors- can have problems, desperations, difficulties in every area of their lives. One of the factors that effects accomplishment of bank officials is their burnout (exhaustion) level which includes personal exhaustion, work exhaustion, client exhaustion. Burnout syndrome is also named as occupational intimidation. In this study, bank employees' burnout was measured with respect to CBI. As a result of the measurement, there were statistical differences were found in the gender and banks for CBI, operating limits.

In this study, the survey method was used and the survey reliability was found to be as 0.9213. The data of the survey was analysed by SPSS 20 (IBM statistics) by t and F tests. We aim correlate the state of prolonged physical, emotional exhaustion, and depression of bank officials to their demographic factors. Due to economic situation and various difficulties, the study was conducted via random sampling method with the employees of 17 bank whom work in Private equity and foreign deposit bank.

In the validation of Copenhagen Burnout Inventory, the variables of banks, area of activity, limits of activity area, personal quantity, department, title, educational status, age and sex were examined.

The significance ( $p < 0.05$ ) was found in three sub dimensions of Burnout according to the variables of sex and banks. Therefore we conclude that CBI is a reliable and valid instrument for measuring Burnout.

**Keywords** : Copenhagen Burnout Inventory, Bankers, Burnout, Reliability.

**JEL Classification Codes** : M54, D23.

## **Analysis of Competitiveness of Provinces in Turkey with the Help of Innovation Index: Level – III Example**

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### **Abstract**

In this study, it is aimed to reveal the competitiveness of the provinces on the level of 26 NUTS considered spatial units in Turkey. The innovation index was calculated in the analysis in which total of 22 variables taken into account and used factor analysis to present the competitiveness of the provinces. In this sense, provinces are grouped with their relative innovation index value. In this context, the development gap between regions for Level III regions in Turkey was found.

Factor analysis is used in calculating the innovation index taken into account as an indicator of competitiveness at the provincial level in this study. Factor analysis, based on the relationships between variables, allowing in presenting the data's more significantly and the summary of them is a kind of analysis (Çoban & Özgener, 2007: 30). Factor analysis is a kind of factorization or revealing the new variables called as the common factor or the functional definition of variables using substances' factor loading values. In this context, with the aid of principal component analysis data / size reduction and, as well as forecasting, data sets can be formulated and calculating the basic component scores by the way of using the associated set of variables, it is possible to order the units. Principal Component Analysis in this study was used as the factorization method, too.

Using a total of 22 variables and factorization technique, innovation index is calculated for 81 provinces in Turkey. Being based on the ground of 26 NUTS level, it was analysed the competitiveness of provinces in Turkey via that method. In the analysis, designed as the statistical regional units Level 3 (provincial), 81 Statistical Region Units are considered for classification. The aforementioned data are compiled from the databases of. Fortune Magazine as well as the Turkish Patent Institute (TPE), Turkey Statistical Institute (TUIK), The Union of Chambers and Commodity Exchanges of Turkey (TOBB), the Ministry of Economy, Republic of Turkey (EB), Ministry of Science, Industry and Technology (BSTB), Information and Communication Technologies Authority (BTK).

According to the results of our analysis, Istanbul takes the first place with 24.01 index value. Ankara with index value of 14.03 and Kocaeli by 7.93 index value follow Istanbul. Ağrı, Bitlis and Muş ranked at the last three rows of the innovation index. Grouping was made between provinces with similar indices and six homogeneous groups were determined in total. Istanbul, Ankara, Kocaeli, Izmir and Bursa took place in the primary group consisting of provinces whose innovation capacity developed. There are a total of 14 provinces in the last group and their innovation capacity development classified as the sixth degree.

As a result of analysis results, the present study may be formed as a base for the innovation strategy which might be made up at the provincial level in future, and it is clear that such a study should be done.

**Keywords** : Competitiveness, Innovation Index, Factor Analysis.

**JEL Classification Codes** : O30, O39.

**30 October 2015 Friday**

**Session: VIII-C / 16.00-17.30**

## **PUBLIC FINANCE II**

Room: Maximilian II

Chair: **Mustafa SAKAL**

- The Applicability of Independent Auditing in Public Sector within the Context of Accountability: An Evaluation of Turkey  
**Mustafa SAKAL & Habip DEMIRHAN**
- Patent Box Regime in EU Countries and Turkey  
**Isil Fulya ORKUNOGLU SAHIN & Ahmet Burcin YERELI**
- A Comparative Study of Turkish and German Health Systems According to the Health Expenditure and Universal Coverage  
**Metin MERIC & Selin ERTURK ATABEY**
- Taxation Mentality in Ottoman Empire in Light of Jurisdictions: A Review on Kadi Records  
**Altug Murat KOKTAS**
- As a Tax Compliance Problem: Tax Administration  
**Onur UCAR & Cevat TOSUN & Emre ATSAN**

## **The Applicability of Independent Auditing in Public Sector within the Context of Accountability: An Evaluation of Turkey**

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### **Abstract**

The share of Public sector in economy increased rapidly because of Keynesian policies and state intervention to overcome market failures which is an important instrument of these policies, just after Big Depression occurred in 1929. New Public Management is developed as a solution to overcome this situation after 1980s. According to this approach countries started to make various reforms. In our country this approach is developed within 2003 with public financial management and control law number 5018. The role of Court of Auditors and the accountability of staff are re-defined within the context of this law.

In this study the law number 5018 and other reforms are analysed and compared with various country practices. Current situation analysis is done in terms of the development reports and accountability literature. According to our research and analysis we realized the importance of a powerful and objective auditing structure to form an effective accountability. Especially the lack of Court of Auditors and internal auditing is defined. The advantages and disadvantages of independent auditing identified to overcome with this lack as a new auditing tool. It is seen that a new auditing in public sector is developed with starting of independent auditing in government owned corporations in 2015 with regulations done by new Turkish Law number 6102 and decree law number 660.

In our study, the advantages and disadvantages of this new approach are defined, a brief comparison with various country practices is done and it is concluded that we have an unorganized public government approach in our country. Despite the implementation of new auditing mechanisms is an innovative approach, it is concluded that implementation of new approaches will cause negative results without a total restructure of public management.

**Keywords** : Accountability, Public Accountability, Independent Auditing.

**JEL Classification Codes** : H83, M4.

## Patent Box Regime in EU Countries and Turkey

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### Abstract

The patent box regime for the first time discussed in the EU and usually encountered in EU countries, which has been using in 12 of the 28 EU member states. This regime primarily applied by Ireland in the 1970s. That was respectively followed by countries such as Hungary, Belgium, the Netherlands, South Cyprus, Spain, Luxembourg, China, and Malta between 2000 and 2010, and followed by England, Italy, Portugal and Turkey between 2013 and 2015.

Patent box regime expresses reduced corporate tax rate to the income derived from patents. It takes place between the R&D tax incentives. In France and in the Netherlands known as “innovation box” and “innovation tax credit”, but it’s commonly called as patent box regime. This regime is basically intended to take under protection of the IP rights, its owners and accordingly obtained revenues from patents at the national level. Hence, it is desirable to increase the attractiveness of the country’s incentive environment for technology and innovation. However, to reduce the total tax liabilities multinational firms are ultimately moving their profits to other countries where the tax rate is low. Although the origin of the removable intangible intellectual property rights are different, their places can be easily changed. For example, American origin companies like Apple, Microsoft, Intel, Dell, Google, Facebook and Twitter have chosen Ireland because of low corporate tax rate, as well as the possibility of low-cost real estate opportunities and young and talented workforce.

In this respect, as a result of the Modified Nexus Approach Agreement for IP regime from execution of the action against harmful tax competition, a benchmark created for measuring the harmfulness of the patent box applicable to intangible assets by OECD. Thus, it is aimed to evaluate the patent box applications, a debated subject, as comparatively in Turkey and in EU countries in the study. At the same time, current innovation situation in Turkey patent in particular were examined according to the guidelines of EU Innovation Union Criteria. When compared with selected EU countries for intellectual rights such as patent applications, create design and trademark, Turkey’s innovation performance was seen below the EU average. While examining patent tax incentives, all of the patent income or some of them were found to be taxable in some EU countries. In France, corporation tax rate is 15% for all the gains derived from qualified IP income. Reduced corporate tax rate for patent income which obtained after the deduction of other cost reductions from base is 10% in UK. 20% of patent income in Belgium and Luxembourg and 50% of patent income is subject to tax in Spain. All of the patent income is exempt from tax in Ireland. With the 2014 Article 82 of Law No. 6518 for the earnings which derived from R & D and software activities linked to the invention 50% corporate tax and income tax exemption application was put into effect in Turkey.

**Keywords** : Intangible Property (IP) Rights, R&D Tax Incentives, Patent Box Regime, EU Countries, Turkey.

**JEL Classification Codes** : H2, O31, O34.

## **A Comparative Study of Turkish and German Health Systems According to the Health Expenditure and Universal Coverage**

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### **Abstract**

One of the most important role of the State that every person ability to benefit from the highest standards of health care services according the fact that one of the essential human rights which services as the country adopted state mentality concept consistent with there is provided a presentation, control and support. In this study, a comparative examination of the most important factors in the German health care system of the Turkish health system, the German health system is being considered as one of the world's best health systems. Both countries which are the greatest common denominator having a health systems to cover the entire population. Although another common based health care financing are conducted through the public economy in both countries. Health systems financing method is divided in two through the public economy. These are compulsory social insurance method (The Bismarck Model) and general tax financing method (The Beveridge Model). From this perspective, in this study, the Compulsory Health Insurance Model implemented in Germany with the General Health Insurance Model implemented in Turkey was aimed to emphasize of overlapping and splitting points.

In this study, primarily in the prototype categorized which is stated that the health systems where are the Germany and Turkey. However, in this study adherence to a single prototype health system also is not discussed has been considered in the countries. The comparison of two health systems in question are the method of in this study that in light of data earned from OECD, WB, WHO and TSI. In this context according to health expenditure and universal coverage health system of these two countries were comparative examined in this study. Consequently, health expenditure accounted for 11.3% of GDP in Germany in 2012 while it is 5.4% of GDP in Turkey in 2012. For this rate, the average of OECD countries is 9.3%. Almost all the population in both countries when analysed in terms of universal coverage is covered by compulsory health insurance.

**Keywords** : Health Systems, Health Expenditure, Universal Coverage, Turkey, Germany.

**JEL Classification Codes** : H51, H55, G28.

## **Taxation Mentality in Ottoman Empire in Light of Jurisdictions: A Review on Kadi Records**

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### **Abstract**

The growing political, cultural and socio-economic events as well as the magnitude of geography of the Ottoman Empire that it ruled throughout historical process had affect the tax system with administrative changes. Dividend books implemented after Tanzimat reform era can be expressed as a clear indication of change in tax system. In this context, studies in last period had focused on socio-economic and demographic characteristics rather than tax system of the region where the books were kept by focusing on Dividend books. However, there are important judgments for taxation in the “kadi registers” which include the various judgments on daily life in Ottoman Empire. Thus, these registries are described as records including not only legal disputes referred to the court, but also legal proceedings such as tax records, the foundation specification, donation, lease, sell, loan; and listings, rates, inheritance shares of products and commercial goods sold in the market; items included in the estate, construction or repair of public buildings, activities of professional associations, governing standards for traders, marriage and divorce records, the provisions and edicts from the capital and as referring records of political, economic and social history of Ottoman Empire. Its reason is the fact that kadis’ scope of duty and authority in the Ottoman Empire was larger than of current judges. The problem focused by the study is the taxation mentality in the Ottoman Empire.

The purpose of this study is to investigate the taxation mentality of Ottoman Empire by examining the kadi registries being the principle juridical decisions of Ottomans in the light of relevant decisions. The performance of analysis generally on the Ottoman tax system and relevant studies under the cadastral record and dividend books by historians because of transcription problem bring along problems such as insufficient examination or interpretation failure of economic issues. This situation creates the unique aspect of the study.

The study focuses on the kadi’s registries of Istanbul since there are judgment books over twenty thousand in Turkey. Its reason is the fact that Istanbul was the capital, has a heavy Muslim population and had placed at the centre of the Empire during nearly four centuries. On the other hand, it can be suggested that Istanbul reflect the whole of community due to its structure composed of different languages, religions and its denominational and ethnical differences. In fact, Istanbul had become a cosmopolitan by addition of Muslim public and Jews migrated from the Europe beside the Christian elements inherited by the Byzantine period. In this context, the basic structure of taxation mentality will be revealed by examining within the framework of basic taxation elements, court decisions such as taxation procedures, tax disputes, double taxation, tax burden and tax audits as well as various taxes in the application of the tax system. Court records used in the study were collected from records of the ISAM - Centre for Islamic Studies. The study focuses on the court records period of the 16th and 17th centuries. Relevant kadi registries cover the period of two centuries in respect of 1500 and 1600s by selecting a book of each ten years.

**Keywords** : Ottoman Empire, Kadi Records, Taxation Mentality.

**JEL Classification Codes** : H20, N14.

## As a Tax Compliance Problem: Tax Administration

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### Abstract

Tax compliance is expressed as tax liabilities, in accordance with the law, complete and timely fulfilment. The increase in the public services provided by governments raises the need for public revenue with it. In fact, the largest share of public revenues is tax revenues and it's desired that tax obligations, to fulfil a complete way by anyone with the tax paying ability. Consequently, this situation has increased interest in the issue of tax compliance. Tax revenues have a significant impact on the tax compliance, the presence of many outside factors affecting economic factors makes a purely economic analysis is insufficient in this regard.

In this study, the factors which are about tax administration that constitutes an impediment to tax compliance were revealed and offered solutions by tax administration itself that is the dominant agent of taxation. For this purpose, beyond wide making literature review about tax compliance, opinions and suggestions that are belonged to tax administration bureaucrats were got by utilizing the interview techniques qualitative research methods. Problems about tax compliance are stemmed from tax administration was detected and offers solutions for the problems were proposed thank to the data that obtained from the tax administration bureaucrats. As a conclusion, for providing tax compliance, tax administration must not only comply with the technology but also satisfy demand of taxpayers simultaneously. And it is necessary that developing various strategies for tax administration for providing tax compliance.

**Keywords** : Tax, Tax Compliance, Tax Administration.

**JEL Classification Codes** : K34, H83.

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