HACETTEPE UNIVERSITY
Centre for Market Economics and Entrepreneurship

2ND INTERNATIONAL ANNUAL MEETING
OF SOSYOEKONOMI SOCIETY

PROCEEDINGS BOOK

Sosyoekonomi
OCTOBER 28-29, 2016 AMSTERDAM / HOLLAND

2nd INTERNATIONAL ANNUAL MEETING

Sosyoekonomi Society

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Altug Murat KOKTAS

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Themes & Topics

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

DEADLINES	
August 15, 2016	Abstract Submission
August 20, 2016	Author Notification
August 31, 2016	Registration Fee and Registration Form Submission
October 10, 2016	Announcement of Programme
October 20, 2016	Submission of Presentation Documents
October 28, 2016	Opening Ceremony and Sessions
October 29, 2016	Sessions

	October 28, Friday (1st Day)	**October 29, Saturday (2nd Day)**
08.30 - 09.00	Registration	
09.00 - 09.30	Opening Ceremony / *St. Olofs Chapel*	Registration
09.30 - 11.00	Session I-A / *Prins Hendrik 2* Session I-B / *Prins Hendrik 3* Session I-C / *Prins Hendrik 4*	Session V-A / *Prins Hendrik 2* Session V-B / *Prins Hendrik 3* Session V-C / *Prins Hendrik 4*
11.00 - 11.30	Coffee Break	Coffee Break
11.30 - 13.00	Session II-A / *Prins Hendrik 2* Session II-B / *Prins Hendrik 3* Session II-C / *Prins Hendrik 4*	Session VI-A / *Prins Hendrik 2* Session VI-B / *Prins Hendrik 3* Session VI-C / *Prins Hendrik 4*
13.00 - 14.00	Lunch	Lunch
14.00 - 15.30	Session III-A / *Prins Hendrik 2* Session III-B / *Prins Hendrik 3* Session III-C / *Prins Hendrik 4*	Session VII-A / *Prins Hendrik 2* Session VII-B / *Prins Hendrik 3* Session VII-C / *Prins Hendrik 4*
15.30 - 16.00	Coffee Break	Coffee Break
16.00 - 17.30	Session IV-A / *Prins Hendrik 2* Session IV-B / *Prins Hendrik 3* Session IV-C / *Prins Hendrik 4*	Session VIII-A / *Prins Hendrik 2* Session VIII-B / *Prins Hendrik 3* Session VIII-C / *Prins Hendrik 4*

Preface

Professor Ahmet Burcin Yereli and his colleagues in Hacettepe University, Turkey established center for Market Economics and Entrepreneurship (CMEE) in 2003. 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. 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 has founded Sosyoekonomi Society.

Sosyoekonomi Journal is an international, scientific and refereed journal and became quarterly after its eleventh publication year. 30th issue of the journal will be published in October 30th, 2016. Sosyoekonomi Journal has covered by several citation and abstracting/indexing databases like TUBITAK Ulakbim Turkish Social Sciences Database, Econlit, Proquest, EBSCO, Global Impact Factor, Google Scholar, etc.

Based on a decade of its academical and publishing experience, the editorial board of Sosyoekonomi Journal has decided to hold scientific events and for this purpose, First International Annual Meeting of Sosyoekonomi Society had taken place on October 29-30, 2015 in Munich, Germany. For this year's meeting Amsterdam had been choosen by editorial board members and made contract with Hotel NH Amsterdam Barbizon Palace as Meeting Hotel. Moreover, for the next year, we continue to work on organizing the third meeting in Ankara, Turkey on April 28-29, 2017 and the fourth meeting in Vienna, Austria on October 27-28, 2017.

The main purpose of this event is to contribute to social sciences by bringing together academics, professionals and decision makers from different countries. For this purpose, *Environmental Studies, Household Economics, Behavioral Studies, Marketing, Public Finance, Taxation, Budgeting and Audit, Business Economics and Entrepreneurship, Competition, Finance and Banking, Economic History, Fiscal Policy, Public Economics, Law Studies, Energy Economics, Regional Economics, Economic Growth and Development, Financial Economics, Gender Studies, Philosophy of Economics, Social Policy, Labour Studies, Public Expenditures, and Deterministic Studies* have been selected as sub-issues of the conference. We anticipate that 104 papers, which were selected diligently by our Scientific Committee presenting, by the participants from different institutions will provide very fruitful discussions.

Members of the scientific committee have played a key role by evaluating the selection process of abstracts that had submitted for consideration and only the most relevants were selected from a large pool of applicants. This effort makes a significant contribution to academic qualifications of our meeting. We thank to all those who contributed this effort and 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

Programme

1st Day

Opening Ceremony 09.00-09.30	**28 October 2016 Friday**	**1st Day**

Room: *St. Olofs Chapel*

Ahmet Burcin YERELI
President of Sosyoekonomi Society

Session: I-A / 09.30-11.00	**28 October 2016 Friday**	**1st Day**

Room: *Prins Hendrik 2*
Chair: **Kshitij G. TRIVEDI**

Econometric Analysis of Reationship between CO_2 Emissions, Health Expenditure and Economic Growth: The Case of Turkey
Ayca BUYUKYILMAZ & Metehan ERCAN

Analysis of the Environmental Impact of Euro Area Countries Based On STIRPAT Model
Mahmut ZORTUK & Seyhat BAYRAK GEZDIM

Participation of Citizen to the Environmental Management through Using Social Media
Fulya SOLMAZ

How Does ICT-Use Improve the Environment? The Case of Turkey
Feride GONEL & Atakan AKINCI

Session: I-B / 09.30-11.00	**28 October 2016 Friday**	**1st Day**

Room: *Prins Hendrik 3*
Chair: **Birol KARAKURT**

Impact of Socio-Economics Factors on Consumer Expenditure Inequality in Turkey: A Quantile Regression Approach
Neslihan KILINC & Nazli KARAOGLU

A Bayesian Approach to Logistic Regression: Household Poverty in Turkey
Ebru CAGLAYAN AKAY & Gulsah SEDEFOGLU

Household Expenditure Inequality in Turkey
Nazli KARAOGLU & Neslihan KILINC

Determinants of the Food Expenditure of Households in Turkey
Sibel SELIM & Cigdem DEMIR & Hasan SELIM & Derya BILGIN

Session: I-C / 09.30-11.00   **28 October 2016 Friday**   **1st Day**

Room: *Prins Hendrik 4*
Chair: **Tekin AKDEMIR**

An Empirical Study on the Effect of the Use of Animation in Advertisements on Brand Awareness
Mehmet BAS & Nazan BASBOZKURT

Organized Mall Customer a Study on the Purchase Preferences
Sena KESKIN & Mehmet BAS

Theoretical and Experimental Evaluation of Life Satisfaction Surveys on Public Sector Framework
Sevilay GUMUS OZUYAR

The Investigation of Factors Effecting City Satisfaction of University Students: An Application on Dumlupinar University Students
Aysegul YILDIZ & Erkan ARI & Veysel YILMAZ

Opinions of Instructor Oriented Vocational and Technical Education Teacher Training
Nejat IRA & Gozde OZENC

Coffee Break 11.00-11.30

Session: II-A / 11.30-13.00   **28 October 2016 Friday**   **1st Day**

Room: *Prins Hendrik 2*
Chair: **Aysen ARAC**

Investigation of Interaction Effect of Social Capital and Relationship Marketing: A Qualitative Study for Yacht Tourism
Ali Ender ALTUNOGLU & Derya ATLAY ISIK & Ramazan ERBILGIN

Consumer's Purchase Inclination towards Organized and Unorganized Retailers with Explicit Focus on Purchase of Fruits & Vegetables in Gujarat, India: An Empirical Study
Kshitij G. TRIVEDI & Hemantkumar P. BULSARA

How Does Mobile Commerce Effect Consumer Purchasing Behaviour?
Mehmet BAS & Zeynep AVCI & Melike PINAR & Selin ERISKIN

Safety and the Choice of Tourist Destination: The Case of Denmark
Susanne JENSEN & Gert Tinggaard SVENDSEN

Session: II-B / 11.30-13.00   **28 October 2016 Friday**   **1st Day**

Room: *Prins Hendrik 3*
Chair: **Veli KARGI**

Tax Schedules from the Perspective of Taxpayers: Turkey Experiment
Ihsan Cemil DEMIR

Improving Voluntary Tax Compliance of Large Businesses: Cooperative Compliance Models
Feride BAKAR

Evaluation of Provisions Related to Double Taxation in Turkish Tax System
Ersan OZ & Cansu SEVINC & Mahmure ESGUNOGLU

The Evaluation of the Turkish Agricultural Sector in terms of Personal Income Tax
Reyhan LEBA TANSOKER

Session: II-C / 11.30-13.00   **28 October 2016 Friday**   **1st Day**

Room: *Prins Hendrik 4*
Chair: **Sami TABAN**

Merger and Acquisitions: A Review of Valuation Methods
Nurhan AYDIN

Spatial Heterogeneity, Open Innovation and Firm Economic Performance Relationship: Turkish Manufacturing Industry Case
Sebnem ARIK & Umit K. SEYFETTINOGLU

Impacts of Open Innovation Practices on Firms' Innovation Risk
Umit K. SEYFETTINOGLU & Sebnem ARIK

The Efficiency of Tax Incentives for R&D and Innovation Investments in Selected OECD Countries and Turkey
Emre ATSAN & Mehmet Fatih CAPANOGLU

Lunch Time 13.00 - 14.00

Session: III-A / 14.00-15.30   **28 October 2016 Friday**   **1st Day**

Room: *Prins Hendrik 2*
Chair: **Filiz GIRAY**

The Effects of Organizational Innovation on Developing Competitive Strategies: Empirical Evidence from
Technopark Companies in Turkey
Ali Ender ALTUNOGLU & Derya ATLAY ISIK

Global Perspectives on Competition Law in Information Technology: Google, A Case Study in EU, US and
South Korean Antitrust Regulation
Stephen DNES & Troy Benjamin FELVER

R&D and Competitiveness of the Countries: An Analysis for Defense Sector
Ozlem INANC TUNCER

Competition Issues in Turkish Cement Industry
Volkan GURSEL

Session: III-B / 14.00-15.30   **28 October 2016 Friday**   **1st Day**

Room: *Prins Hendrik 3*
Chair: **Gert Tinggaard SVENDSEN**

Asymmetries between Stock Return and Consumer Confidence: Evidence from Turkish Stock Market Data
Emel SIKLAR & Ilyas SIKLAR

Sectorial Hierarchy in Borsa Istanbul
Veysel Fuat HATIPOGLU

Determinants of Credit Risk for the Turkish Banking System
Muharrem AFSAR & Emrah DOGAN

Composition and Trends of the Fiscal and Monetary Policy Measures after the 2007 Crisis: An Evaluation for
the MINT Countries
Hilmiye Yasemin OZUGURLU & Cansel OSKAY

Session: III-C / 14.00-15.30   **28 October 2016 Friday**   **1st Day**

Room: *Prins Hendrik 4*
Chair: **Ersan OZ**

Hejira and Muhajir's Settlement as First Example of Migration Management in Islamic Tradition
Faruk BAL

Migrations in the Early Years of the Turkish Republic and Their Relations with Foreign Trade
Abdullatif CEVIKER

The Impact of Industrial Revolution on Ottoman Empire: A Case Study of Military Factory
Ali Gokhan GOLCEK & Altug Murat KOKTAS & Isil Sirin SELCUK

"Tithe" in the Ottoman Empire: A Religious or Civil Tax?
Altug Murat KOKTAS & Ahmet Burcin YERELI

Coffee Break 15.30-16.00

Session: IV-A / 16.00-17.30   **28 October 2016 Friday**   **1st Day**

Room: *Prins Hendrik 2*
Chair: **Stephen DNES**

Fiscal Illusion: An Assessment for Turkish Economy
Melek AKDOGAN GEDIK

The Role of Local Fiscal Rules in Providing Fiscal Discipline: The Experience of Turkey
Tekin AKDEMIR & Birol KARAKURT

Is Raising Taxes Always Contractionary? Evidence from Turkey
Aysen ARAC

Does Taxation Matter on the Location Choice of Foreign Investors?
Hale AKBULUT & Ahmet Burcin YERELI

Session: IV-B / 16.00-17.30   **28 October 2016 Friday**   **1st Day**

Room: *Prins Hendrik 3*
Chair: **Troy Benjamin FELVER**

Dynamic Analysis of Corruption and Public Debt Relationship: The Case of Turkey
Filiz GIRAY & Betul INAM & Selim TUZUNTURK

Wage Inequality and Its Impact on Income Inequality in Turkey before and after 2007-2008 Global Crisis
Serdal BAHCE & Asli Ceren SARAL & Deniz ABUKAN & Cem AKIN

Governance as a Corporatist Delusion: Case of Turkey
Arzu OZSOY OZMEN & Doga Basar SARIIPEK

The Missing Link: Are Individuals with More Social Capital in Better Health? Evidence from Low-Income Countries
Baris ALPASLAN

Informal Social Protection in Turkey; A Challenge or Opportunity for Rights-Based Social Policy?
Doga Basar SARIIPEK & Arzu OZSOY OZMEN

Session: IV-C / 16.00-17.30   **28 October 2016 Friday**   **1st Day**

Room: *Prins Hendrik 4*
Chair: **Ihsan Cemil DEMIR**

The Defect in 5237 Turkish Penal Code
Recep KAHRAMAN

Organization Types of European Company
Halis KARADEMIR & Ali Gokhan GOLCEK

Inadequacy of Deterrence Function of the Damages under Turkish Law and Its Social Cost
Ibrahim GUL

Evaluation of Tax Privacy in the Context of Data Protection Law
Neslihan KARATAS DURMUS

2nd Day

Session: V-A / 09.30-11.00　　　　　　**29 October 2016 Saturday**　　　　**2nd Day**

Room: *Prins Hendrik 2*
Chair: **Blerion QELI**

The Role of EU and Turkey in World Energy Market and the Importance of the Renewable Energy Sources
Aytac DEMIRAY

The Place of Geothermal Energy in World Energy Sector and Its Importance for Turkey
Ulku BILDIRICI

The Effects of Feed-In Tariff Structure on Renewable Energy Development in Turkey
Sirri UYANIK & Aysegul UCKUN

Forecasting Regional Electricity Demand for Turkey
Gulsum AKARSU

Forecasting of Turkey's Electricity Consumption with Support Vector Regression and Chaotic Particle Swarm Algorithm
Oguz KAYNAR & Ferhan DEMIRKOPARAN & Halil OZEKICIOGLU

Session: V-B / 09.30-11.00　　　　　　**29 October 2016 Saturday**　　　　**2nd Day**

Room: *Prins Hendrik 3*
Chair: **Juan Francisco MARTÍN-UGEDO**

The Evaluation of Change in Providing Municipal Services in Turkey
Halil SERBES & Ozlem TUMER

Spatial Analysis of Socio-economic Impacts on Province Level Domestic Migration
Husnu Can DURAL & Selim CAGATAY

Urban Migration, Role of Universities in Development and Bayburt as an Example
Esmeray ALACADAGLI & Erdemalp OZDEN

Neither a Dream nor a Delusion: An Understanding of Urban Government with a Green Vision
Ilknur GUL

Session: V-C / 09.30-11.00   **29 October 2016 Saturday**   **2nd Day**

Room: *Prins Hendrik 4*
Chair: **Ibrahim TOKATLIOGLU**

Does Financial Development Lead Economic Growth in Turkey?
Mehmet MERT & Abdullah Emre CAGLAR

The Effect of Politic Shocks on Economic Performance after 2000: The Case of Turkey
Arif IGDELI & Ersan SEVER & Volkan HAN

Energy Consumption and Economic Growth Nexus in Selected Transition Economies: Quantile Panel-Type
Analysis Approach
Mahmut ZORTUK & Semih KARACAN & Noyan AYDIN

Military Expenditures and Economic Growth Nexus: An Empirical Application on Transition Countries
Mahmut ZORTUK & Semih KARACAN

The Dynamic Effects of Oil Price Shocks on OECD Countries: Global VAR Approach
Asli Onay AKCAY & Yagmur SAGLAM

Coffee Break 11.00-11.30

Session: VI-A / 11.30-13.00   **29 October 2016 Saturday**   **2nd Day**

Room: *Prins Hendrik 2*
Chair: **Zehra Bilgen SUSANLI**

CEO Women, Returns and Risk in Spanish Publishing Firms
Juan Francisco MARTÍN-UGEDO & Antonio MÍNGUEZ-VERA & Luis PALMA-MARTOS

Women and Deprivation
Ismail GUNES & Yelda BUGAY TEKGUL & Melek AKDOGAN GEDIK

The Relation between Work Family Conflict and Employee Performance: A Research on Hotel Employee
Ayhan KARAKAS & Nilufer SAHIN

The Relationship between Organizational Justice, Organizational Commitment and Intention to Leave:
Investigating Gender Difference
Alptekin SOKMEN & Emre Burak EKMEKCIOGLU

Session: VI-B / 11.30-13.00   **29 October 2016 Saturday**   **2nd Day**

Room: *Prins Hendrik 3*
Chair: **Aleksandra GÓRECKA**

The Relationship between Foreign Direct Investment and Economic Growth: Evidence from "Second Generation" Panel Cointegration Techniques
Anna GOLOVKO & Mustafa KIZILTAN & Ahmet Burcin YERELI

Current Account Surplus Sustainability in Germany
Zuhal KURUL & Aysen ARAC

Reflections of Global Financial Crisis on Culture Industry: A Study on Films Produced After Global Financial Crisis of 2008
Firat Botan SAN & Cagatay YAGCI

The Effect of Innovation on Productivity: Evidence from Turkish Manufacturing Firms
Basak DALGIC & Burcu FAZLIOGLU & Ahmet Burcin YERELI

Session: VI-C / 11.30-13.00   **29 October 2016 Saturday**   **2nd Day**

Room: *Prins Hendrik 4*
Chair: **Sevilay GUMUS OZUYAR**

Sultan Galiyev's Idea as a Nationalist-Socialist Theory and Its Effects on Turkish Left
Cagdas ZARPLI & Semra ALTINGOZ ZARPLI

Political Budget Cycles and Elections in Turkey
Sennur SEZGIN & Selami SEZGIN

Occupation of Public Mind
Esra DOGAN

The Evaluation of Tax Reduction in 2008 Crisis in Turkey with Actor Centered Institutionalist Approach: White Goods Sector
Nermin BILEK

Lunch Time 13.00 - 14.00

Session: VII-A / 14.00-15.30   **29 October 2016 Saturday**   **2nd Day**

Room: *Prins Hendrik 2*
Chair: **Burcu FAZLIOGLU**

Relationship between Emotional Intelligence and Paternalistic Leadership: A Field Study on the Turkish University Students
Belgin AYDINTAN

Underemployment among the University Graduates in Turkey
Zehra Bilgen SUSANLI

The Influence of Workplace Bullying on Employee's Job Performance, Job Satisfaction and Turnover Intention in a Newly Established Private Hospital
Edip Sabahattin METE & Alev SOKMEN

Wellbeing, Capabilities and Work: A Comparative Study between Employed, Unemployed and Informal Workers in Albania
Blerion QELI

Session: VII-B / 14.00-15.30   **29 October 2016 Saturday**   **2nd Day**

Room: *Prins Hendrik 3*
Chair: **Basak DALGIC**

The Determinants of Health Expenditures in Turkey: An ARDL Bounds Testing Approach
Tugay GUNEL & Emin Efecan AKTAS & Bahadir Sazak DOGAN

To Enhance Health of Society as a Tool of Public Policy Is Conditional Cash Transfers: Sample of Turkey
Tuncay KARA & Ahmet Burcin YERELI

Catastrophic Health Expenditures in Turkey and the Determinants of These Expenditures: 2002-2014 Period
Yagmur TOKATLIOGLU & Ibrahim TOKATLIOGLU

The Installation Costs of a Satellite and Space Shuttle Launch Complex as a Public Expenditure Project
Dogus OZUYAR & Sevilay GUMUS OZUYAR & Oguzhan KARADENIZ & Ozge VAROL

In The Light of Interest and Inflation, Investigating the Presence of Fisher Effect for the China Economy
Utku ALTUNOZ

Session: VII-C / 14.00-15.30   **29 October 2016 Saturday**   **2nd Day**

Room: *Prins Hendrik 4*
Chair: **Selami SEZGIN**

A New Type in Participatory Budgeting: e-Participatory Budgeting
Semih BILGE & Semra ALTINGOZ ZARPLI

Financial Budget Rules and Discipline in Turkey
Veli KARGI

Accountability in Turkish State Universities through Annual Reports: The Perspective of External Audit
Tolga DEMIRBAS & Ridvan ENGIN

The Success of Performance-Based Budgeting System in Municipalities from the Perspective of Practitioners:
The Case of Bursa
Tolga DEMIRBAS & Erdal EROGLU

Coffee Break 15.30-16.00

Session: VIII-A / 16.00-17.30   **29 October 2016 Saturday**   **2nd Day**

Room: *Prins Hendrik 2*
Chair: **Melek AKDOGAN GEDIK**

Analysis of the Growth Potential and Profitability in Turkish Banking Sector
Gokhan SUMER

Determination of Financial Indicators Effect onto the Cash Management: An Application in BIST
Eda ORUC ERDOGAN & Ebru NURCAN

Financial Ratios Effects on the Football Companies' Grouping Financing Performance: An Application on the
BIST
Ebru NURCAN & Murat ERDOGAN & Eda ORUC ERDOGAN

Globalization and Audit
Veli KARGI

The Economic Impact of Syrian Crisis on Turkey
Tunc DEMIRTAS

Session: VIII-B / 16.00-17.30   **29 October 2016 Saturday**   **2nd Day**

Room: *Prins Hendrik 3*
Chair: **Altug Murat KOKTAS**

Human Face of Globalization: An Assessment from the Perspective of International Migration
Munise Tuba AKTAS

The Fundamental Social Security Issues in Turkey: A General Comparison with Europe
Sadik KILIC

Aging without Having an Aging Plan; "Third Age" Rhetoric for a "Fourth Age" Reality in Turkey
Doga Basar SARIIPEK & Seyran GURSOY

Determinants of Household Employment Type in Turkey
Mehmet SENGUR & Sami TABAN

Determining Factors that Affect Consumers' Decision about House Purchasing
Bengu SEKEROGLU & Hulya OZTOP & Emrah ALTUN

Session: VIII-C / 16.00-17.30   **29 October 2016 Saturday**   **2nd Day**

Room: *Prins Hendrik 4*
Chair: **Omer GOKCEKUS**

Determinants of World Cotton Price
Ahmet Salih IKIZ

The Influences of Attitude towards Internationalization and Managerial Cultural Intelligence on the Internationalization of SMEs
Faruk SAHIN & Onur KOKSAL & Ayse CINGOZ

Tax Dimension of the Financial Structures of the Political Parties in Turkey
Selcuk BUYRUKOGLU

The Involvement of Local Governments in the Provision of Health Services in Turkey
Duran BULBUL

A Matter of Economic Balance: Home Consumption Choice
Fatih AKBAYIR & Ahmet Burcin YERELI

28 October 2016 Friday

Session: I-A / 09.30-11.00

ENVIRONMENTAL STUDIES

Room: *Prins Hendrik 2*

Chair: **Kshitij G. TRIVEDI**

- Econometric Analysis of Reationship between CO_2 Emissions, Health Expenditure and Economic Growth: The Case of Turkey

  Ayca BUYUKYILMAZ & Metehan ERCAN

- Analysis of the Environmental Impact of Euro Area Countries Based On STIRPAT Model

  Mahmut ZORTUK & Seyhat BAYRAK GEZDIM

- Participation of Citizen to the Environmental Management through Using Social Media

  Fulya SOLMAZ

- How Does ICT-Use Improve the Environment? The Case of Turkey

  Feride GONEL & Atakan AKINCI

Econometric Analysis of Reationship between CO₂ Emissions, Health Expenditure and Economic Growth: The Case of Turkey

Ayca BUYUKYILMAZ

Akdeniz University
abuyukyilmaz@akdeniz.edu.tr

Metehan ERCAN

Akdeniz University
metehan.ercan@outlook.com

Abstract

Developed countries to maintain their dominant position; to close the deficit of development between developing and least developed countries with developed countries, tend to ignore environmental risks and the health risks associated with it. Therefore, developed and developing countries are faced with the risk of rapid and unsustainable development such as intensive consumption, production, industrialization, the extensive use of the destruction of agricultural land and renewal energy sources. In this contex, the relationship between economic developments, CO_2 emissions as an indicator of environmental pollution and health expenditure for the 1967-2015 period had analyzed using the Markov regime-switching model from the non-linear time series models. Although there are many non-linear time series models in the literature the most preferred model is Markov regime switching modeling method, which has also used in this study. Markov regime model is a non-linear model approach for changes that it is not known when they occured and it is used to predict the results in stochastic way. As a result, model findings have expected to contribute to energy and health policy been applied.

Keywords : Economic Growth, CO₂ Emissions, MS-VAR Model, MS-Granger Causality.

JEL Classification Codes : C34, C53, O40, Q50.

Analysis of the Environmental Impact of Euro Area Countries Based On STIRPAT Model

Mahmut ZORTUK

Dumlupinar University
mahmut.zortuk@dpu.edu.tr

Seyhat BAYRAK GEZDIM

Dumlupinar University
seyhat.bayrak@dpu.edu.tr

Abstract

The determinants of CO_2 emissions have attracted many researchers over the past few years. However, most of the studies ignore the possibility of the effect of independent variables on CO_2 emissions, which could vary throughout the CO_2 distribution. Therefore, we employed a panel quantile regression model that takes unobserved heterogeneity. This study is carried out to investigate the determinants of CO_2 emissions in Euro Area countries during the period of 1990 to 2014 by using STIRPAT model. The empirical results indicate that the impacts of various factors on CO_2 emissions are clearly heterogeneous.

Keywords   :   Carbon Emissions, Panel Quantile Regression, Euro Area Countries.
JEL Classification Codes :   Q54, C23, C21.

Introduction

Scientists know that global warming is already having significant and harmful effects on our societies. The main cause of the global warming trend has driven by greenhouse gases growth. With increasing the amount of greenhouse gases in the atmosphere and its effects on economy as well as global environment, there is an urgent need to understand the influence of various human activities on environment. Human activities emissions of greenhouse gases, especially carbon emissions that responsible for climate change, are the highest in history and CO_2 emissions play a critical role in global warming.

CO_2 emissions are determined by economic and population growth, energy structure and technological change, but these impacts play different roles in explaining the growth of emissions. Numerous studies have been discussed determinant factors on CO_2 emissions by driving forces from human activities. The IPAT accounting model, which developed in the 1970s, shows that environmental impact is the product of the number of people living in an area, their affluence and implemented technology (Ehrlich & Holdren, 1971). This accounting model is a multiplicative identity that assume proportionality in the effects of independent variables, but it is not useful for statistical analyses and cannot test hypothesis about individual impact of each factor.

In order to overcome these limitations, Dietz and Rosa (1994, 1997) suggested an alternative stochastic version of the IPAT accounting model, which allows the use of modern statistical tools used in the social sciences. The stochastic equation has known as STIRPAT, meaning "Stochastic Impacts by Regression on Population, Affluence and Technology". The specification they used to perform a regression analysis is the following:

$$I_i = \alpha . P_i^{\beta} . A_i^{\gamma} . T_i^{\delta} \varepsilon_i \tag{1}$$

where I is environmental impact, P is population, A is affluence or economic activity per person and T is environmental impact per unit of economic activity. α denotes constant term; β, γ and δ are the

exponents of *P*, *A* and *T*, respectively and ε is the error term. The subscript *i* to emphasize that these quantities vary across observational units.

Furthermore, York et al. (2003) introduced the concept of ecological elasticity in order to analyze environmental questions. To facilities empirical estimation and hypothesis testing, this model has often converted to natural logarithms. This makes the variables and the parameters easier to interpret.

This paper we mainly focus on the economic growth, energy consumption and environmental pollution nexus. By using STIRPAT model, we examined to determine what are the carbon emissions elasticities for economic activities, energy consumption and population across countries.

Data and Methods

Traditional regression techniques, which assess how the mean of a distribution varies with changes in independent variables, focus on mean effects. In contrast, quantile regression estimate how specified quantiles of the distribution of the outcome variable vary with independent variables. Quantile regression is able to describe the entire conditional distribution of the dependent variable (in our case CO_2 emissions) so that it is useful for obtaining more complete picture of the factors affecting emissions. In addition, quantile regression is robust to outliers and heavy distributions. However, these methods do not take into account the unobserved heterogeneity of a country.

In this paper, we employ the panel quantile model with fixed effects, notably developed by Koenker (2004), which makes it possible to estimate the conditional heterogeneous covariance effects of emission drivers, thus controlling for unobserved individual heterogeneity. The parameter estimates are as follows:

$$\arg \min_{(\alpha,\beta)} \sum_{j=1}^{J} \sum_{t=1}^{T} \sum_{i=1}^{N} \omega_j \rho_{\tau_j}\left(y_{it} - \alpha_i - x_{it}'\beta(\tau_j)\right) + \lambda \sum_{i=1}^{N} |\alpha_i| \qquad (2)$$

where *N* is the index for countries, *T* is the index for number of observations per countries, *J* is the index for quantiles, x is the matrix of explanatory variables, ρ_{τ_j} is the quantile "check function" and ω_j is the relative weight given to the *j*-th quantile, which controls for the contribution of the *j*-th quantile on the estimation of the fixed effects. λ is the tunning parameter that reduces the individual effects to zero to improve the performance of the estimate of β. In this paper, we employ equally weighted quantiles $\omega_j = 1/J$ and we set $\lambda = 1$.

The purpose of this paper is to investigate the effect of economic activity, energy consumption and population on CO_2 emissions by using data from Euro Area countries over the period 1990-2014. We specify the conditional quantiles function for quantile τ as follows:

$$Q_{y_{it}}(\tau|\alpha_i, \xi_t, x_{it}) = \alpha_i + \xi_t + \beta_{1\tau}POP_{it} + \beta_{2\tau}GDP_{it} + \beta_{3\tau}EC_{it} + \beta_{4\tau}IND_{it} + \beta_{5\tau}TRADE_{it} \quad (3)$$

where the countries are indexed by *i* and time by *t*. y_{it} is the emission indicator we use per capita CO_2 emissions to measure it; POP denotes total population; GDP is measured by the per capita GDP; EC is expressed in terms of kg of oil equivalents per capita; IND is share of industry sector in GDP and $TRADE$ represents trade openness.

Results

The reported results are for the 10th, 25th, 50th, 75th and 90th percentiles of the conditional emissions distribution. The findings indicate that the impacts of economic growth, energy consumption and population on CO_2 emissions are clearly heterogeneous.

Table 1
Panel Quantile Regression Results

Variables	Quantiles				
	10th	25th	50th	75th	90th
POP	0.90116***	0.92140***	0.92865***	0.91078***	0.90051***
GDP	0.38356***	0.26605*	0.14255	0.05699	0.02369
ENC	0.46773**	0.60458***	0.74126***	0.90141***	0.91293***
IND	0.38382*	0.16372	0.02254	0.00496	0.06831
TRADE	-0.08710	0.04161	-0.05522	-0.18151	-0.18616
Constant	-11.8839***	-11.9829***	-10.9102***	-10.3229***	-10.0087***

*Note: *, **, *** statistical significance at the 10%, 5% and 1%, respectively.*

According Table 1, the coefficients of GDP is significant at lower quantiles but become insignificant at the 50th, 75th and 90th quantiles. The coefficients decrease along with the increase in the emission quantiles. The coefficient of population is highly significant and has positive sign at various quantiles, which initially increases and then decreases along with the increase in the emission quantiles. Similarly, the coefficient of energy consumption is positive and highly significant. The coefficients increase along with the increase in the emission quantiles. Furthermore, the other results for control variables which is include in the model are insignificant all quantiles except for industry at the 10th quantile. All significant coefficients <1.0 (but >0) are indicative of an inelastic relationship, where CO_2 emissions are less responsive to changes in the driving force.

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Participation of Citizen to the Environmental Management through Using Social Media

Fulya SOLMAZ

Istanbul Metropolitan Municipality
fulya13.11@gmail.com

Abstract

Participation of citizen to the environmental management is that citizens have role in processes of environmental process, have an impact in environmental process and direct environmental processes that will shape their lives. Some issues such as taking precaution of the citizens devoted to protect the environment at their own environment, doing activity to protect and improve environment, being effective positively related to ecocide issues are in the content of participation of environmental management. Participation, in this context, has regulated as a right. As far as having benefit from environment is a right, protecting environment deliberatively by environment awarness and having impact on environment managing processes by using local government sources are also responsibility of people use that environment.

In this context, usage of social media as a participation tool at local government is more helpful to enhance and improve the application areas of local services each passing day because of conveying citizens' thoughts and sharing of requests and complains by citizen.

In this study, the role of environmental management living in Istanbul in the period between 2013-2016 participation in the month of August has investigated by examining the references of social media. In the study, it has investigated if the citizens of Istanbul join the environmental management, the direction of environmental awareness and the local government to study environmental studies were on which topics via social media channels within Metropolitan Municipality Istanbul. The reference data had obtained from Istanbul Metropolitan Municipality Call Center Social Media Unit. Prepared using the qualitative method in this study, data have analyzed in detail and the contents have examined because of the reference year. Applicants' gender, educational status has examined and the most involved in environmental management such as person's profile has reached.

The findings from the study from the social media accounts of environmental issues at a call center in the number of applications 1.3% has been determined. Of the applications that come through a social media channel was 9.9%, it was determined that were related to the sector environment. Most applicants from the first five boroughs was determined that Kadıköy, Umraniye, Üsküdar, Fatih, Besiktas. Reference topics have collected under seven main headings because of the review; most had used for environmental cleanup of environmental rights. Other environmental issues, respectively, marine cleaning, environmental planning, water pollution, air pollution and noise pollution.

Keywords : Environment Management, Participation, Social Media.

JEL Classification Codes : I38, Q51, R19.

How Does ICT-Use Improve the Environment? The Case of Turkey

Feride GONEL

Yildiz Technical University
gonel@yildiz.edu.tr

Atakan AKINCI

Yildiz Technical University
atakanakinci@outlook.com

Abstract

This study presents the effects of ICT-use on environmental problems in Turkey from the perspective of reduction of environmental threats. In the first part, we will overview the general information of ICT-use and environmental problems. Then in the second part, some cases from Turkey such as filtering and purifying technologies, wind-powered generators or solar cells, examined and asked that which technology is more used and the reasons for that. The final part consists of some recommendations.

The global world has struggled to environmental problems for more than forty years. Among these problems, climate change has become one of the major problems. In recent years, many reports have focused on the capabilities of ICTs to overcome the problems posed by climate change and other environmental problems.

The relationship between the environment and ICTs is crucial and multidimensional, this link has both positive and negative features, and sometimes it has called as an *e-Environment*. This concept includes "*i) the use and promotion of ICTs as an instrument for environmental protection, the sustainable use of natural resources ii) the establishment of monitoring system and iii) the initiation of actions and implementation of project and programmes for sustainable production and consumption and the environmentally safe disposal and recycling of discarded hardware and components used in ICTs*" (ITU, 2008).

Actually, there are various dimensions of the role of ICTs in providing sustainability of environmentally friendly status. Inspired by the various classifications (Berkhout & Hertin, 2001; OECD, 2010) we classify this relationship into five categories and we use these categories to assess the Turkey's relationship between ICT and environment as a methodology.

- The consumption of material sources,
- The transportation of people and goods,
- Office spaces and smart buildings,
- Using data communication and monitoring,
- ICT Equipments. The last category involves the negative effects of ICT equipment itself; since we focus on "by ICT" issues, we will not examine this category in detailed.

It is obvious that using ICTs in environmental protection becomes increasingly more important issue in Turkey. Her activities have accelerated after becoming a party to the Framework Convention on Climate Change (UNFCCC) and after the ratification of Kyoto Protocol in 2009. The country has decided to prepare National Climate Change Adaptation Strategy (2010-2020) and started to implement the issue in five key areas such as water resources management, agricultural sector and food security, ecosystem services, biodiversity and forestry and natural disaster risk management and public health.

In the framework of our categories, reducing the consumption of material sources is one of the effective ways to protect environment in Turkey. For example, the implementation of e-Government

applications was first introduced in 1987 via the PERSIS (Personnel Information System) and then the second applications started in 1998 via the VEDOP I, which was a kind of Tax Department Automation Project. In 2004 VEDOP II and in 2009 VEDOP III introduced. These applications include e-collection, e-declaration, e-confiscation, e-invoice and other paperless correspondence. Another de-materialization tool, e-books have also rapidly entered into the Turkey's publishing market. Public activities (such as Fatih Project) and private enterprises (several online bookstores) are very active in this area.

On the other hand, another category is on the transportation of people and goods. In Turkey Intelligent Transport Systems (ITS) has been prepared by the Ministry of Transport, Maritime and Communication and documented as an ITS Strategy Document and an Action Plan. The first ICT application for transportation in Turkey was Smart Card and in 1999 in public transportation, it enacted and integrated in all transport modes. In the same year, open road tolling system (AutoPASS) was introduced for FSM Bridge then in 2012 Express Pass System has started to implement in Bosphorus Bridge and other paid motorways with the help of Radio Frequency Identification (RFID) application. This system has three times more efficient than traditional traffic flow and the system can communicate with drivers via SMS.

In terms of transportation of goods, the first studies on e-commerce began in 1997 under the management of the Supreme Council for Science and Technology (SCST) of Turkey. In 2016 there are 22 thousand active e-commerce web sites (such as *hepsiburada.com, sahibinden.com, gittigidiyor.com, markofoni.com, yemeksepeti.com, evim.net, Amway*, etc). For example, the biggest share in retailing market belongs to *hepsiburada.com* with its 15%. *Gittigidiyor.com* is following with its 8.1% market share. According to TUBISAD report, in Turkey the share of online spending in total retail spending is only 1.6%; despite its small share, the growth of e-commerce market increases 31% on average.

First implementation of smart building in Turkey had made in 1984 but it was just for monitoring. However, the number of them began to increase rapidly. Intelligent systems for the new buildings have become almost standard in major cities of Turkey. In the country, the share of energy consumption in buildings over total consumption is 37%. According to IBM data, 45% of the energy consumption in buildings belongs to heating and cooling systems, 30% belongs to lighting system. Therefore, attempts to increase energy efficiency will benefit to the economic and environmental life of the country.

Finally, under the authorities of Turkish State Meteorological Service computer-based observations on climate and weather discussed and evaluated daily by experts with the help of video conferencing system and sent via SMS. Data collecting and monitoring system does not just belong to TSMS. According to the Regulation on the Continuous Emission Monitoring Systems, several private companies are established and they measure the sooth, smoke, dust, vapor and aerosol type of emissions, which spreads into atmosphere as the result of industrial, and power generating activities.

As a conclusion, Turkey has done many activities in order to integrate the ICTs to the environmental solutions but there are still much things to do.

Keywords   :   ICTs, Environmental Problems, Smart Buildings, Green Economy.
JEL Classification Codes :   O33, O44, O5, Q4, Q55.

28 October 2016 Friday

Session: I-B / 09.30-11.00

HOUSEHOLD ECONOMICS

Room: *Prins Hendrik 3*

Chair: **Birol KARAKURT**

- Impact of Socio-Economics Factors on Consumer Expenditure Inequality in Turkey: A Quantile Regression Approach

  Neslihan KILINC & Nazli KARAOGLU

- A Bayesian Approach to Logistic Regression: Household Poverty in Turkey

  Ebru CAGLAYAN AKAY & Gulsah SEDEFOGLU

- Household Expenditure Inequality in Turkey

  Nazli KARAOGLU & Neslihan KILINC

- Determinants of the Food Expenditure of Households in Turkey

  Sibel SELIM & Cigdem DEMIR & Hasan SELIM & Derya BILGIN

Impact of Socio-Economics Factors on Consumer Expenditure Inequality in Turkey: A Quantile Regression Approach

Neslihan KILINC

Gaziosmanpasa University
neslihan.kilinc@gop.edu.tr

Nazli KARAOGLU

Gaziosmanpasa University
nazli.karaoglu@gop.edu.tr

Abstract

Income and expenditure differences among households reflect how welfare distributes in a society. In this respect, growing inequality in income or expenditure means growing inequality of welfare distribution. Our work focus on household consumer expenditure inequality and impact of socio-economics factors on this inequality in Turkey. Data for empirical analysis has taken Household Budget Survey Micro Data Set 2014 of TUİK. The survey covered all geographical regions throughout the country and provided data about household socio-economic features.

In the analysis, we estimate the effect of household head's education level, sex, age and household disposable income on the distribution of consumer expenditure by using quantile regression techniques. To compare different household size and composition, household expenditure and disposable income have rescaled with OECD equivalence scale so references to expenditure (income) refer to equivalized household expenditure (income). The advantage of using quantile regression is that it estimates the effect of explanatory variables on the different quantiles of the conditional distribution of dependent variable. We conclude that age and sex are not statistically significant. Education and income are statistically significant and have a positive impact on expenditure inequality. The impact of income on expenditure inequality shows an increase towards quantiles while the impact of education on expenditure inequality shows a decrease towards quantiles (except 90th percentile).

Keywords : Expenditure Inequality, Quantile Regression.

JEL Classification Codes : C21, D10, D39.

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A Bayesian Approach to Logistic Regression: Household Poverty in Turkey

Ebru CAGLAYAN AKAY

Marmara University
ecaglayan@marmara.edu.tr

Gulsah SEDEFOGLU

Marmara University
gulsahsedefoglu@windowslive.com

Abstract

Poverty is a common problem for all countries and it has attracted increasing attention in recent years. According to OECD last report, Turkey has the highest young poverty rate and at the top of the list with Chile and Mexico having highest Gini coefficient, which is a broader measure of income inequality, among OECD countries.

The aim of the study is to analyze the determinants of household poverty in Turkey using both classical and bayesian logistic regressions. According to Turkish Statistical Institute poverty statistics, poverty rates for rural area were higher than the poverty rates for urban area and the year of 2006 played main role for both rural and urban area having highest level between the period of 2006 and 2013. Furthermore, poverty gap, which gives the depth of poverty, had the highest value in 2006 and in this year, poverty gap for urban area was higher than the rural area.

In the study, the data is obtained from Turkish Statistical Institute Household Budget Survey and reorganized as rural and urban areas for the year of 2006 and 2013.To creat the dependent variable, OECD modified equivalence scale is performed. When we consider the scale, household size is recomposed as follows: a value of 1 is assigned to head of household, value of 0.5 to other adults and 0.3 to children. After assigning all values, household income has weighted using the reorganized household size. The dependent variable (Equivalised Household Income, EHI) is defined as follows:

EHI = 1, if the equivalised income is under the poverty line, otherwise 0.

Regarding to OECD modified equivalence scale, explanatory variables are used considering characteristics of head of household such as education level of head of household, having health insurance, household types, house types, house size, gender, marital status, having second house, employment status, having a disabled situation, etc. Nevertheless, relative poverty line is utilized to creat the dependent variable as poverty line. In relative poverty, income or consumption of household/individual is compared to other household/individuals' income or consumption.

The both classical and bayesian logistic regression approaches are applied to analyze the determinants of poverty for both rural and urban area in the study. Even if many studies have applied until now using classical logistic regression, there is a few studies have found which compares both classical and bayesian logistic regression in the literature. The key to the bayesian approach is the use of a prior probability distribution that favors sparseness in the fitted model, along with an optimization algorithm and implementation tailored to prior. Bayesian theory can define as follows:

$Posterior\ distribution \propto prior\ distribution\ x\ likelihood$

$$p(\beta : y, x) \quad\quad \propto \quad\quad p(\beta) \quad\quad x \quad \prod_{i=1}^{n} \Lambda\left(X_i'\beta\right)^{y_i}(1 - \Lambda(X_i'\beta)^{1-y_i}.$$

w*here,* $\Lambda(.)$ is logistic cumulative distribution. π can be expressed for the likelihood function of the logistic regression as $\Lambda(X_i'\beta)$. The equation above shows that prior distribution and likelihood function combined to reach the posterior distribution so to estimate the posterior distribution of the Bayesian logistic regression, likelihood function of the logistic regression has employed. However, all estimations are runned using R program and Zelig package. In the Zelig package, normal distribution is prefered for the prior distribution and Gibbs sampler has used as Markov Chain Monte Carlo Method. The Gibbs sampler is a special case of the Metropolis Hasting algorithm and it was introduced by Geman and Geman (1984). This sample has been focused on mainly complex stochastic models involving very large numbers of variables and it proceeds as follow:

First, given a starting set of values,

$$\theta^{(0)} = (\theta_1^{(0)}, ..., \theta_k^{(0)})',$$

and in the second step, new vectors are obtained by $\theta^{(j-1)}$,

$$\theta^{(j)} = (\theta_1^{(j)}, ..., \theta_k^{(j)})',$$

and it continuous as consecutive order until ensuring the convergence,

$$\theta_1^{(j)} \sim \pi(\theta_1 \Big| \theta_2^{(j-1)}, \theta_3^{(j-1)}, ..., \theta_k^{(j-1)})$$

$$\theta_2^{(j)} \sim \pi(\theta_2 \Big| \theta_1^{(j)}, \theta_3^{(j-1)}, ..., \theta_k^{(j-1)})$$

$$\theta_3^{(j)} \sim \pi(\theta_3 \Big| \theta_1^{(j)}, \theta_2^{(j)} \theta_4^{(j-1)}, ..., \theta_k^{(j-1)})$$

$$\theta_4^{(j)} \sim \pi(\theta_4 \Big| \theta_1^{(j)}, \theta_2^{(j)}, \theta_3^{(j)}, ..., \theta_k^{(j-1)})$$

$$\vdots$$

$$\theta_k^{(j)} \sim \pi(\theta_k \Big| \theta_1^{(j)}, ..., \theta_{k-1}^{(j)})$$

The findings of the study indicate that; the two approaches gave the same results for the logistic models except for estimation results of rural area. The both classical and bayesian approach worked well for a large sample size. Especially, bayesian approach has found to be more helpful in small samples. When the results have evaluated, the findings show that an increase of the education level of the head of household reduced the probability of living under poverty line for both the year of 2006 and 2013 for rural and urban area. However, while the household type of a couple without child was more influential factor on poverty in 2006, being single was more effective to reduce the probability of living under poverty line compared to others in 2013. Furthermore, when the education level of the head of the household was bachelor, master and PhD, it was more effective on poverty in 2006 and for the year of 2013, working full time was more important determinant. The most important indicator, which caused an increase on poverty, was that being illiterate for both in 2006 and 2013 along with being older, disable and never married.

Keywords   :   Logistic Regression, Logit, Bayesian Logit, Poverty.

JEL Classification Codes :   I32, P36, C11, C25.

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Household Expenditure Inequality in Turkey

Nazli KARAOGLU

Gaziosmanpasa University
nazli.karaoglu@gop.edu.tr

Neslihan KILINC

Gaziosmanpasa University
neslihan.kilinc@gop.edu.tr

Abstract

The paper focuses on an analysis of expenditure inequality of households in Turkey for 2014. To measure inequality often benefited from the indices and Gini index is the most common index of inequality. The Gini index satisfies the three basic properties of inequality measures: scale (or mean) independent, population size independent and Piqou-Dalton condition but it is not implicitly decomposable by population subgroups. To overcome this problem, generalized entropy family of inequality indices can be used. For this purpose, expenditure inequality has revealed by using Gini and Theil index and its decomposition according to individuals' characteristics like sex, age and education, which may influence the inequality. Within and between expenditure inequalities calculate for each group. Analyses based on data from Household Budget Survey 2014, collected by Turkish Statistical Institute and household has taken as the basic unit in the analyses. This study differs from others in that the inequality has measured based on the distribution of household expenditures. In inequality measures to compare different household size and composition, expenditure values, which collected on household basis, transferred to equivalised household expenditure with equivalence scale. In this study equivalised, household expenditure has used as expenditure. According to the conducted research Gini coefficient by equivalised household expenditure has calculated as 0.35, Theil coefficient by equivalised household expenditure has calculated as 0.25 for Turkey in 2014. TÜİK published the Gini coefficient by equivalised household disposable income as 0.39 in 2014. This proximity between income inequality and expenditure inequality value is the result that income distribution is the fundamental determinant of expenditure inequality. Concerning Theil decomposition, gender and age differences contribute a little part of the expenditure inequality. Education level constitutes more inequality in expenditure.

Keywords	:	Expenditure Inequality, Theil Index, GINI Index, Theil Decomposition.
JEL Classification Codes	:	D31, C81, D10.

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Determinants of the Food Expenditure of Households in Turkey

Sibel SELIM

Celal Bayar University
sibel.selim@cbu.edu.tr

Cigdem DEMIR

Akdeniz University
demircigdem@akdeniz.edu.tr

Hasan SELIM

Dokuz Eylul University
hasan.selim@deu.edu.tr

Derya BILGIN

Celal Bayar University
dry_1028@hotmail.com

Abstract

Food expenditure is one of the most important measure of welfare of households due to its relationship with income. The proportion of household expenditure on food is usually very significant and can be used assessing general household consumption. (Babalola & Isitor, 2014). Because food expenditure is an integral part of every household, it has the highest scope and implications for wellbeing out of all expenditure categories. It has evaluated because of its importance in welfare, and poverty alleviation, which is probably the most central objective for most countries (Mhlongo & Daniels, 2013). The analysis of changing food consumption pattern over time reveals a clear picture of living standard and the economic growth of the country. This would help in designing appropriate policies related to food production and distribution. (Dawoud, 2014).

The aim of this study is to analyze the factors determining the food expenditure of households in Turkey by using data of Household Budget Surveys 2007 and 2012 carried out by the Turkish Statistical Institute. Household Budget Surveys" refer to the studies, which reveal the consumption structures and income levels of the individuals and households comprised of individuals with respect to the socio-economic groups, rural, urban areas and regions. These surveys compile the data on the consumption habits, types of consumption expenditures, socio-economic characteristics of households, employment status of household members, total income of household, sources of income etc. In this country, which is in the process of development with an ever-changing socio-economic structure, Turkish Statistical Institute (TurkStat) has launched annual surveys since 2002 in order to gain repeat the Household Income and Expenditure Survey, the latest of which was conducted periodically in 1994 and provide the survey with a dynamic structure. Household Budget Survey is one of the major sources providing information on consumption expenditure patterns by socio-economic groups and urban-rural settlements and regions. Topics covered in these surveys include household composition and socio-economic status, consumption habits and expenditures, and information on income, durable goods and agricultural holdings. A stratified two-stage cluster sampling method was used, covering urban and rural areas of Turkey. These surveys measured purchases, products, and services consumed in the household during the survey month, as well as disposable income received during the past 12 months (Turkey Household Budged Survey, 2007, 2012). According to the results of these surveys, the expenditures on housing and rent had the highest share in total consumption expenditures with a rate of 28.4% and 25.8%, while the share of expenditures on food and non-alcoholic beverages was 24.4% and 19.6% (see Table 1).

Table 1
Total Household Consumption Expenditure (%) 2007, 2012

	2007	2012
Food and nonalcoholic beverages	24.4	19.6
Alcoholic beverages, cigarette	4.3	4.2
Clothing and foot wear	6.0	5.4
Housing and rent	28.4	25.8
Furniture, house appliances	6.0	6.7
Health	2.3	1.8
Transportation	11	17.2
Communication	4.5	3.9
Entertainment and culture	2.1	3.2
Educational services	2.6	2.3
Restaurant, food services, hotel	4.3	5.8
Various goods and services	4.2	4.2

Source: TurkStat, Household Budged Survey, 2007, 2012.

The analysis has performed by using semi logarithmic model, and it reveals the effect of each variable on food expenditure of the Turkish households. The findings expose that the most important variables are age of the household head, education level, income, marital status and household size. Because of potential non-linearity in the model, artificial neural network (ANN) has employed as an alternative prediction method in this study. ANN is a flexible regression approach. This method has different from the standard methods. According to a definition put forward by Haykin (1999), a neural network is a parallel-distributed operator, consisted of unsophisticated operator units, having natural inclination aimed at collecting experimental data and enabling them to be used. ANNs are mathematical systems consisted of many operation elements (neurons) which are weightily connected with each other. An operation element is actually an equation, which has generally mentioned as a transfer function. This operation element receives signals from the other neurons; connects them, transforms them and reveals a numerical result. Generally, operation elements roughly correspond to the real neurons and are connected to each other within a network; and this structure constitutes the neural networks (Yurtoğlu, 2005; Çuhadar et al. 2009). Although ANNs emerged during 1950s, they reached to the adequate level for the general-purpose usage merely in the middle of 1980s. Today, ANNs are applied on many serious problems and the number of these problems is gradually increasing. Since they are the best methods to define the trend or the pattern in the data, they are very appropriate for the proceedings of prediction and forecasting. ANNs, which do not require a previously defined relation between the dependent and independent variables, have a large usage area in financial analysis, decision problems and model defining. ANN is depicted as a strong means in estimation and classification problems (Rossini et al., 2002, Yurtoğlu, 2005; Selim & Demir; 2013). By comparing the prediction performance between the semi logarithmic and ANN models, this study demonstrates that ANN is a better alternative for prediction of the food expenditure in Turkey.

Keywords	:	Food Expenditure, Households, Semi Logarithmic Model, Artificial Neural Network, Turkey.
JEL Classification Codes	:	D12, C21, C45.

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28 October 2016 Friday

Session: I-C / 09.30-11.00

BEHAVIORAL STUDIES

Room: *Prins Hendrik 4*

Chair: **Tekin AKDEMIR**

- An Empirical Study on the Effect of the Use of Animation in Advertisements on Brand Awareness

  Mehmet BAS & Nazan BASBOZKURT

- Organized Mall Customer a Study on the Purchase Preferences

  Sena KESKIN & Mehmet BAS

- Theoretical and Experimental Evaluation of Life Satisfaction Surveys on Public Sector Framework

  Sevilay GUMUS OZUYAR

- The Investigation of Factors Effecting City Satisfaction of University Students: An Application on Dumlupinar University Students

  Aysegul YILDIZ & Erkan ARI & Veysel YILMAZ

- Opinions of Instructor Oriented Vocational and Technical Education Teacher Training

  Nejat IRA & Gozde OZENC

An Empirical Study on the Effect of the Use of Animation in Advertisements on Brand Awareness

Mehmet BAS

Gazi University
mbas@gazi.edu.tr

Nazan BASBOZKURT

Gazi University
nazanbasbozkurt@gmail.com

Abstract

Nowadays, the advertisement is one of the components of integrative marketing communication. In the advertisement, the message created by using words, sounds and visuals transmitted to the target group via different media. For enterprises, the advertisement is a means used in order to advertise the goods and services produced to the consumers and for the consumers to prefer the goods and services produced by that enterprise among the same goods and services in the market (Meral, 2006: 394-404).

Reasons such as that the expectations of advertisers from the agencies have changed as a result of the increase in the average costs of the traditional advertisement media and decrease in its effects, and the emergence of the technological developments and data-based systems that enable getting to know the consumers more closely and access them more effectively also facilitated the acceptance and development of the integrative marketing communication understanding (Odabaşı & Oyman, 2002: 65-70).

A good advertisement should ensure that the consumer totally focuses on the product. The reader or viewer should be mobilised by saying "I didn't know that before, I must try this product" rather than saying "what a clever advertisement" (Ogilvy, 1989: 115).

The advertisement does not always regard as a safe medium. The use of animation by brands changes the image of advertising gimmicks in the mind of the consumer. Animation appeals to the imagination. It takes the consumers out of the real world and brings them to the world it has created. The animation used in advertisements both increases credibility and reduces costs.

Animation characters continue to live in the lives of the consumers throughout generations by appearing in advertisements, product packages and consumer sales promotions. In a study performed on animation characters that can remind consumers of the brands that they have been using since childhood or in which they trust, it also suggested that these characters could reveal certain nostalgic emotions among consumers (Garretson & Niedrich, 2004: 28).

Brand is the name, term, word, symbol, design, sign, shape, and colour used for determining and introducing the goods and services of one or a group of producers and/or sellers, and differentiating them from those of the competitors, or their various combinations (Kotler, 2006).

The aim of this study is showing the effect of the animation characters that have used in a commercial advertisement for awareness of the brand.

Keywords	:	Brand Awareness, Awareness Pyramid, Advertisement, Animation.
JEL Classification Codes	:	K2, M12, K16, M16.

Research Method

A face-to-face survey method used in the collection of the data regarding the study. 161 individuals participated in the study. This sample selected among the students of Gazi University, Institute of Social Sciences using the convenience sampling on a volunteer basis. Care had taken that the questions

are comprehensible by the respondents and the results are not open for discussion while preparing the survey form. For this purpose, the necessary corrections made in the survey form by performing a 30-unit pilot application to the individuals in question. It examined in the study whether there is a difference in brand awareness by gender by applying the t-test as a statistical analysis.

Findings

40% of the participants are male and 60% are female for the survey performed in order to determine the effect of the use of animation in advertisements on brand awareness.

When the factors affecting brand awareness have ordered by the degree of importance, slogans come first. Advertisements, popular culture, popular people and TV series, respectively follow the slogan.

Because of the questions examining the state of public recognition of the mascots and its effect on brand awareness:

- The rate of public recognition of Turkcell's mascot Selocan is 92%. 84.5% of those who recognize the mascot said that they remember this mascot from the advertisements.
- The rate of public recognition of Arçelik's mascot Çelik is 94.5%. 85% of those who recognize the mascot said that they remember this mascot from the advertisements.
- The rate of public recognition of Michelin's mascot Bibendum is 73.3%. 77.6% of those who recognize the mascot said that they remember this mascot from the advertisements.
- The rate of public recognition of Nesquik's mascot rabbit is 55.3%, while the rate of its unrecognition is 44.1%. The reason for the unrecognition of the mascot has shown as its similarity to the cartoon character Bugs Bunny. 47.2% said that they remember the mascot from the advertisements.
- The rate of public recognition of Ing Bank's mascot lion is 79%. 71.4% of those who recognize the mascot said that they remember this mascot from the advertisements.
- The rate of public recognition of Yapı Kredi Bank's mascot Vadaa is 83%. 76.4% of those who recognize the mascot said that they remember this mascot from the advertisements.

Because of the validity and reliability analysis of the study, the Alpha value had calculated to be 0.95. This shows that the survey is of high reliability. The viewers find the use of animation in TV advertisements attention grabbing and enjoyable. In this context, they think that the mascots used in advertisements remind of the brand.

Because of the t-test performed in order to determine whether the recognition of the mascots varied by gender, it was found out that there was no difference by gender; i.e. there was no significant difference between males and females in terms of recognizing the mascot.

Conclusion and Suggestions

Different characters used in the advertisements raise curiosity among the viewers. An attention-grabbing mascot contributes to the brand awareness. When the recognition of the mascots examined, it has seen that the viewers remember these characters from the advertisements. The use of mascots is effective for increasing the interest in advertisements.

One of the elements that have to take into consideration when creating mascots is that they should not bear similarity to cartoon characters. Viewers should not remember the mascots from different

projects in order for them be identified with the brand. That Nesquik's rabbit is mistaken for Bugs Bunny is a good example.

The use of mascots by brands is an effective strategy in creating a selective perception. Including visuals in such animations increases the recognition of the brand.

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Organized Mall Customer a Study on the Purchase Preferences

Sena KESKIN

Gazi University
senakeskin9@gmail.com

Mehmet BAS

Gazi University
mbas@gazi.edu.tr

Abstract

The people realize consumer action untill lifetime to the death. Today technology and consequently, with the development of living conditions, the consumption concept have become move important and it has taken more complex shape. That is why consumer behavior has become an important issue. In terms of marketing, in terms of personal and situational factors, consumer behavior, psychological, socia cultural analyzed separately. If we briefly explain the concept of consumer behavior, evaluation and usage of good and services are physical activite (Khan).

When we analyze fundamental objective of physical distribution channels, the benefit time and place for consumer of marketing is important. The retailers are the main factor of the distribution channel, which helps the needed or desire location and desired time at desired products. Retail is one of the World's largest industry. Retailing shows on improvement rapidly over the past decade. Retailers are closer to the consumers of the production company. Retail marketing is steadily more effective, more meaning and more useful features is the marketing application (Zentes & Morschett & Schramm-Klein, 2011: 1). Today, increasing competition makes continuous improvement retailers obligatory.

If we look at the meaning of the world retail is persion origin words. If we define the retail, it is the scale of everytype of good and service to the foundings without any profit (Kotler, 2000: 378). There are several retail classes; one of them is shopping centers. Shopping malls are a kind of retail areas in which there are food, clothing, and entertainment activities. Shopping centers can define as on area in which store brands meet the consumers in a 5000 m^2 retail space. The use of shopping centers increased rapidly in the last 20-30 years and is still increasing. The rise is not only in metropolis cities but also in small cities Shopping malls are bir innovation in terms of both consumer and business manager. There are lots of retailers, cinema, fast food area, and playland, chemist's shop, department store, and bank and sport area in shopping centers.

If we analyze the historiy of shopping centers, the marketing in 18th century has become inadequate with the start of immigration from village to city in Europe. With the usage of place steel in buildings, the market became in an area. Close market place has some disadvantage such as being open only one a day. Then, the covered shopping arcade occured with the combination at glass and steel. With the increase of comsumption production progress renewed and as a result the production was increased, the cost decreased; however, the areas have become inadequate for the meeting of consumers and production. After that, multi storey shopping center has developed. In 1970, the shopping centers have become the most popular building (Brandmap, 2016: 58).

In our study, we aimed to determine the effect of usage of ever-increasing shopping centers to the preference of consumers purchase.

Keywords	:	Shopping Malls, Retailing, Shopping Malls Investigation, Consumer Behavior.
JEL Classification Codes	:	M19, L81.

Methodology

The survey method has used in order to collect primary data. The main reason for this is the greatness of main mass. The other reason is to reach to the consumers easily and to save the consumers' time. In terms of this study, we apply 18-questioned survey to the 100 consumer in Sivas. The survey analyzed with SPSS 14.0 programme. Frequence test, chi-square, T test analyze are done.

Findings and Outcomes

The table shows the demographic features of participants.

	FREQUENCY	PERCENT
GENDER		
Man	55	55,0
Woman	45	45,0
AGE		
18 age and below	4	4,0
19-25	24	24,0
26-35	33	33,0
36-45	24	24,0
46-55	11	11,0
56-65	4	4,0
MARITAL STATUS		
Single	34	34,0
Married	56	56,0
Married (not child)	10	10,0
LEVEL OF INCOME		
500 TL and below	13	13,0
501-1500 TL	19	19,0
1501-2500 TL	14	14,0
2501-3500 TL	23	23,0
3501-4500 TL	22	22,0
4501 TL and over	9	9,0
EDUCATIONAL STATUS		
Elementary education	2	2,0
Academy	5	5,0
University	60	60,0
Master Degree	18	18,0
High school	15	15,0

When we analyze the professions of the participants, it is determined that most at them are students and civil servant. 53% participants have their own car. According to the questions of how offen do the participant go to the shopping center, it is identified that 19% participant go to the shopping center once a month, 19% participant go to shopping center forthnightly, 19% participant go to shopping center once a week, 12% participant go to shopping center more than once a week and 37% participant go to shopping center once in 2 months. The participants choose going to the shopping center because all the storages are together in a center and secondly, the facility of the location. In terms of selecting brand; 66% of consumers choose local brand; 34% choose foreign brands. The reason of why do they choose the foreign brand is the quality and variety. The reason of why do they choose the local brand is to fortify the national brands and to contribute to economy. The consumer wants that in a shopping center there must be mostly child, teenage, adult textile, accessories, restaurant, and ATM. The participants mostly prefer shopping center storage rather than Street storage. The main reason of this is that all of the storages are together. The consumers mostly prefer textile and meal. The consumer

chooses the shopping center in which there are so many storage, and whose transpartation is easy. Consequently, the more storage there are in the shopping center, the more consumers prefer. Thus, that shopping center in which there are more storages have more advantage of rivalry than the others do.

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Theoretical and Experimental Evaluation of Life Satisfaction Surveys on Public Sector Framework

Sevilay GUMUS OZUYAR

Hacettepe University
sevilaygumus@hacettepe.edu.tr

Abstract

On a platform where the needs are unlimited and the resources are insufficient, the motivation of satisfying the needs is also at the forefront. Whether a clear statement of this sense of satisfaction described as "utility" numerically exists or not becomes the main problem of the ordinal and cardinal economic approaches. On the life-satisfaction surveys, the questions directed to the individuals such as "Are you satisfied with the specified service?" reveal if they are satisfied with the offered goods and service levels by scaling the questions from 0 to 5 based on the Likert scale. In addition, individual satisfaction has a close relation with population welfare. Since the individuals consume the goods satisfied themselves, individual as well as society's welfare optimality are achieved and maximized as it has been heavily mentioned in the economics literature. Moreover, the individual satisfaction surveys are also helpful to determine possible demands of society on pure public and local public goods since these surveys reflect individuals' perspectives on offered quantity of those goods and services. With the elimination of incomplete information of demand, public sector will be able to determine the level of goods and so be able to reduce distorting taxation. Furthermore, the governments, which effectively supply the goods that maximizes the benefit of the society, will be able to continue their presence. With the theoretical frame, this study will also evaluate the relation between the municipal services and socio-demographic as well as socio-economic factors given in the TÜİK life satisfaction survey between 2004 and 2012 by using the multi-nominal logit analysis.

According to main streams of economics, a rational and a self-seeker "homo-economicus" aims to maximize both its consumption and consequently its utility. There are two fundamental theories those have known as ordinal and cardinal economic approaches exist on "utility". Ordinal approach states that the utility, different from one person to another, cannot be measured yet can be ranked by utilities originated from preferences (Block & Wutscher, 2014: 28). However, cardinal perspective claims that utility provided from goods, the unit called "utilion" can measure services, and the utility levels are objective (Stigler, 1950: 310).

Neo-classic economists, which defense ordinal utility theory, are established the utility function based on ordinal theory's preferences mechanism (Frank, 1991: 90) and mathematically used notations in fact are the reflections of hypothetical elements of preferences. Barnet II argues that even though the ordinal theory has its own ordinal formulations, it may cause errors since cardinal numbers are used in formulations (Barnet II, 2003: 48, 52; Thomas, 1968: 14). "Satisfaction" and "pleasure" levels, which symbolize the individual's utility obtained from goods and services consumption, are ordered from 1 to 5 by Likert scale in the Satisfaction Surveys, and as a result an alternative ordinal number set can be provided for ordinal calculations.

In the ordinal approach, a Pareto optimal economic balance occurs where the conditions of consumption and production fulfilled in Edgeworth diagram derived from indifferences curves. When the efficiency in consumption (MRS=P1/P2), the efficiency in production (MRT=w/i) and the Pareto optimality (MC1/MC2= Pa/Pb = MRT) formulations are produced from these curves and the diagram, marginal rate of transformation can be calculated with reference to marginal rate of substitutions. In addition, since the negative form of indifferences curve's slope is marginal rate of substitution and

equal to the rate of marginal utility of goods and services that create utility, the cardinal and the ordinal analysis lead to the same results under the framework of economic efficiency. Therefore, the ordinal theory that uses the ordinal numbers, which are composed of satisfaction levels, intersects with the cardinal theory on the base of efficiency.

Moreover, the motives deemed as "satisfactory" or "pleasurable" pertaining to goods and services, are in direct relation to social welfare. When an individual has consumed goods and services, "utility" will go hand in hand, and will have given signals proportionate with the achieved "utility". If the achieved benefit is pleasurable, the individual will have provided signals displaying "satisfaction", but if it is not pleasurable; will have provided signals displaying "unsatisfied" or similar signals. In this manner, the level of satisfaction of the consumers from goods or services offered will rise even further due to the increase in levels of benefits provided from these goods and services; which accordingly promotes social welfare. It is a fact mainly discussed in economic literary works that with the presumption that consumers consume products, which are pleasurable to themselves, social welfare moves towards the optimal point and is therefore maximized.

Pigou is the first economist to establish a correlation between satisfaction and welfare. Because there was no level of measurement to be found based on satisfaction, money was accepted as a unit of measurement in determining an individual's level of satisfaction and he shaped the concept on the basis of individual or public economic welfare (Pigou, 1920; 30, 38). When it comes to Hicks, with reference to the satisfaction (happiness) acquired by an individual as a result of consuming goods and services and since the individual would not move higher in an indifference curve as s/he has been already satisfied, this type of consumer can be used for reaching individual and social optimum (Hicks, 1939: 700-701). When it comes to the founder of modern welfare economics, Pareto claims that in order to reach the optimum point, an individual's situation within society shall be deteriorated, otherwise another individual's situation cannot be improved (Pareto, 1971: 261). This, actually, has hampered by the market failure, which actually means that the price mechanism is not functioning effectively.

Products and services created and supplied by the public sector, are public goods and services (Trogen, 2005: 173). Public goods and services are mutually consumable (Samuelson, 1954: 387-389) since benefits from them are not to be divided, are not to exclude anyone and since no one can compete for the consumption of these goods and services (Sandler, 2001: 7). It is only because of this reason that it cannot be priced and therefore causes for market failure and requires a solution from the public sector (Deardorff, 2000: 3). In the event that individuals have not declared preferences towards specific public goods, the public sector cannot use correct signals to determine how much need there is for the production of these goods, and may produce less or more than the actual need. This situation causes a wasted of public resources and results in the failure to obtain the required level of public expenditure.

Satisfaction is the external expression made by an individual because of benefits from goods or services and so long as an individual is satisfied, there is no need to increase or reduce the level of goods or services provided by the public sector. Therefore, the level of satisfaction reveals the social and individual demands for public goods and services. Thus, this provides an alternative solution concerning better use of public resources, not necessary spending limits as well as the level of taxation necessary to finance the public goods, which actually twists economic decisions.

With all of these aside, the evaluation of individual satisfaction rates pertaining to public goods does not only affects voter-citizen-individual, included in the political decision making processes, but also political parties, and government holding the political power. This case has explained through the political conjuncture thesis, which explains that the elections have manipulated with macro-economic variables (Amacher & Boyes, 1978: 7). As difficult as these deviations may become due to voter's

rationality or rational expectations (Alesina, 1995: 146), the situation pertaining to a political power's level of support received is not to change when the rational and self-interested individual receives goods and service delivery that increases individual benefits/utility. Downs, too, claims that whether the government remains in power or not is of relevance to the voters' behaviors pertaining to the tradeoff between the marginal social benefits producing public expenses, being one of the finance policy tools and taxes burdening the public with marginal revenue (Downs, 1957: 27-28). Therefore, while the existence of political power that enables the satisfaction of the voters continues, the political power that fails to satisfy the needs of the voters pertaining to goods and services received will lose its political power.

Using the Life Satisfaction Survey conducted between the years of 2004 and 2012 by TÜİK (Turkish Statistical Institution), the correlation between the aforementioned satisfaction-benefit relation and socio-demographic and socio-economic components in relation to the garbage collection and cleaning services, public water and public transport services rendered by the municipal services were analyzed with multi-nominal logit model. The reason for having selected this model is that it can correlate the relation between the variables by eliminating the potential error terms. Seven different hypothesis were evaluated and it was found out that in general, those residing in rural areas and women are less satisfied with the municipal services than men and those residing in cities. Similarly, it was observed that the more the level of education and income are, the more dissatisfaction increases and that most of the people, who were usually satisfied with the services provided to them at the time being, supported the government of the time during the local elections in 2014. After 2012, TÜİK disseminated the Life Satisfaction Survey data at provincial level, which, in return, made it easier to compare the level of satisfaction in cities during general and local elections.

Keywords : Public Sector, Welfare Economics, Life Satisfaction, Local Public Goods, Distorting Taxation.

JEL Classification Codes : H21, H31, H41, I31.

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The Investigation of Factors Effecting City Satisfaction of University Students: An Application on Dumlupinar University Students

Aysegul YILDIZ	Erkan ARI	Veysel YILMAZ
Dumlupinar University	Dumlupinar University	Eskisehir Osmangazi University
aysegul.yildiz@dpu.edu.tr	erkan.ari@dpu.edu.tr	vyilmaz@ogu.edu.tr

Abstract

In this study, it is determined that factors affecting university students' satisfaction levels about city facilities with factor analysis. The effects of these factors on city satisfaction has revealed with regression analysis. According to results, student-public relations is defined most important factor explaining the city satisfaction.

Keywords : Factor Analysis, Regression Analysis, City Satisfaction.

JEL Classification Codes : C38, C30.

Introduction

University students lead to the formation of a different settlement and bring life to the local economy with their demand for housing, infrastructure, social and cultural fieds economy in developing countries. Therefore, it is extremely important for cities to have a positive image on university students, increasing the quality of services targeting them.

In this regard, the aim of our study is to examine the factors, which have effect on university students' satisfaction from the city and the services it offers.

Method

In this study, it has detected with explanatory factor analysis the factors affecting satisfaction levels about city facilities of students studying in Faculty of Economic and Administrative Sciences in Dumlupınar University, and a 13-factor structure has revealed. Afterwards, degrees of these factors affecting city satisfaction examined with regression analysis and searched with one-way ANOVA whether there is a difference between satisfaction levels in terms of demographic variables.

Findings

Population of study consists of 413 students determined with simple random sampling method, studying in Faculty of Economics and Administrative Science at Dumlupınar University in 2015-2016 academic year.

Data compilation tool has developed by paying attention to the factors including in "Better Life Index" scale of OECD (<http://www.oecdbetterlifeindex.org/>, 13.05.2016.). First section of questionnaire comprising of three sections is prepared for determining demographic information of students, second section for facilities of city, third section for their participation degrees to city-related statements. 62.5% are female students of total participant students and 81.4% are in age range of 18-22. Incomes of 39.2% are in range of 250-500 and 66% of them dwell in the city for 1-2 years. For determining factors about satisfaction level for city facilities, principle components analysis and varimax rotation been applied to 33 variables. 13 factors obtained because of factor analysis explain 79% of total variance. First factor named environmental facilities has 34.44 variance and 11.36

eigenvalue in total. While factor 2 and factor 3 have statements related to culture art, employment conditions; these factors explain respectively the 6.92% and 5.66% of total variance.

In this study, there are 8 questions related to the dependent variable city satisfaction. Regression analysis is applied to factor scores so as to reveal the relation between 13 factors obtained from satisfaction scale for city facilities and city satisfaction; and it is seen that all factors affect significantly and positively the level of city satisfaction. 35.6% of change occurred in city satisfaction is explained by factors of city facilities. It is seen that factor of student-public relations affects positively the satisfaction and it is higher than the other factors (β=0,249). Secondly, transportation facilities affect significantly the city satisfaction (β=0,240).

Table 1
City Satisfaction Explanation Level of Factors of City Facilities Satisfaction Scale

Model	Standardized Coefficient		Unstandardized Coefficient	t	Sig.
	β	Std. Error	β		
Constant	-1,001E-013	,039		,000	1,000
Environmental Facilities	,127	,040	,127	3,205	,001
Cultur-Art	,135	,040	,135	3,405	,001
Employment Facilities	,084	,040	,084	2,126	,034
Education Facilities	,179	,040	,179	4,536	<0,05
Transportation Facilities	,240	,040	,240	6,060	<0,05
Security	,180	,040	,180	4,559	<0,05
Pedestrian Access	,197	,040	,197	4,985	<0,05
Student-Public Relations	,249	,040	,249	6,298	<0,05
Rental House	,162	,040	,162	4,108	<0,05
Rental House for Students	,129	,040	,129	3,272	,001
Democracy-Liberation	,092	,040	,092	2,325	,021
Local Government	,146	,040	,146	3,686	<0,05
Social Facilities	,199	,040	,199	5,031	<0,05
R^2	0,376				
D.R^2	0,356				
F	11,930				

Results and Discussion

Environmental facilities, culture art and employment conditions have defined as the most important factors explaining the satisfaction scale regarding city facilities. Likewise, in the study revealed by Demirgunes and Avcilar (2014), it has concluded that job facilities, housing facilities, sociocultural activities and environmental factors affect considerably the public satisfaction. Because of the regression analysis, it is observed that student-public relations (β=0,249) and transportation facilities (β=0,240) affect the city satisfaction mostly. Bonaiuto et al. (2003) emphasized that transportation services and social relations are considerably important. Anova results correspond to the results obtained from the study of Williams et al. (2008). Williams et al. (2008) emphasized in his studies that there is a difference between gender, dwelling period in city and averages of city satisfaction.

Main contribution of this study to the literature for students is to try to develop "City Facilities Satisfaction Scale", examine factorial structure of scale and determine in which level are the undergraduate students affected by facilities of the city where they live.

Because leaving of students from the city that they take education with positive opinions, is so important for the future socioeconomic structure of Kutahya; local administrations may enter into some studies to improve the city satisfaction.

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Opinions of Instructor Oriented Vocational and Technical Education Teacher Training

Nejat IRA

Kocaeli University
nejat.ira@gmail.com

Gozde OZENC

Kocaeli University
gozdeozenc@gmail.com

Abstract

A great number of changes that affected the Vocational Technical Education occurred after the Industrial Revolution. Since families could not fulfil their educational and productive duty for the society, the schools were expected to do these tasks. Because of this, the schools that give the Vocational Technical Education were founded after the Industrial Revolution to meet the needs of the societies.

The Vocational Technical Education can be defined as the 'the whole of the supervision and education activities, organising and managing these activities, searching, planning and developing every kind of Vocational Technical Education services and managing all these activities coordinatively. The Vocational Technical Education is also defined as the branch of a job that aims to pursue a career with handcraft or practical activities in developed western countries. The purpose of the Vocational Technical Education is generally to train the individuals as the qualified work labour for the employment in the fields of services, industry and economy and to supply them with the necessary education for the Higher Education Institutions.

The Vocational Technical Education is given at Formal and Non-Formal Education Institutions in Turkey. There are two main categories in the secondary school education; Vocational High Schools and Technical High Schools. All the fields of Vocational High Schools are open to every student who has completed their basic education. However, Technical High Schools only accept students who have successfully completed their first year at Vocational High Schools. In Anatolian Vocational high schools, students are given language education for one year, and then vocational education is given in the following three years. Technical High Schools have a very similar education system to those, which are given at the science fields of General High Schools. Thus, the students who attend these schools have more chances to have higher education.

In Higher Education, the Vocational Technical Education has been carried out by two-year vocational schools and by four-year vocational and technical schools. Two-year vocational schools were founded to meet the need of intermediate staff (Technicians)in the industrial fields. The main purpose of four-year faculties of Vocational Technical, Industrial Arts and Technical and Tourism Education is to meet the need for teachers in vocational secondary schools and institutions.

It is only possible to have the qualified workforce in industry with the help of these Vocational Technical schools. Because the graduates of these schools contribute a lot to the development of national industry. Teachers that are going to work in these schools will help the students get the necessary qualifications. Therefore, these teachers are needed to maintain these schools successfully.

The start of these Vocational Technical Education schools, which were launched to get qualified work labour in industry, dates back to 1937-1938 Academic Year when the first faculty of vocational education for boys was founded. These faculties, whose purpose is train teachers for technical education at the levels of apprenticeship, semiskilled and mastership, continued until 2009. However, they were decided to be closed after this year. At the end of this period, the last graduates were

produced in 2013-2014 Academic Year. Following this period, the problem of teacher training for technical schools has been occurred.

Technical Education is an advanced level of education of vocation, which requires an upper level of Science and Mathematics knowledge. Although it is more common at engineering areas, it is not limited with this area.

Technical Education Faculties are the institutions not only to provide teachers for Industrial Vocational High Schools that belong to the Ministry of Education, Apprenticeship Education Centres and Multi-program high schools but they are also the institutions to provide qualified technical staff to be employed at Industry. The graduates to be employed as teachers at Vocational Technical Education are given the title of 'Technical Teachers'.

Purpose of the Study

The aim of the research in relation to teacher training in vocational and technical education and technical education schools and faculties working in technology to determine the views of the instructor.

Method

This research is a study made in screening model to determine the views of teachers to train teachers for vocational and technical education. For this purpose, semi-structured interview technique was used in qualitative research methods.

Population and Sample

The research population constitutes Kocaeli University faculty members who work at the Technical Faculty of Education and Faculty of Technology. In the study sample who were working at Kocaeli University Faculty of Technical Education and Technology Faculty lecturers 9 is located.

Data Collection Tool

Qualitative research methods to do this research developed by researchers in obtaining research data and consisting of eight open-ended questions, "the opinions of the vocational and technical education teacher training for teaching staff" has been used to form a semi-structured interview.

Analysing the Data

The data obtained from this study have been resolved through content analysis by two researchers and evaluated.

Findings and Conclusions

According to the results obtained from the study, teaching in vocational and technical education requires considerable qualification. In this sense, technical training schools were to act as an important source of teacher training.

Some developments, which will supply the teachers for technical education in the education system, was also adversely affected. These factors such as the barrier at the entrance to the university.

Develop vocational and technical education to train teachers' resolutions on the important issues and concerns should be taken quickly.

Keywords : Vocational Education, Technical Teachers, Technical Educational Faculty.

JEL Classification Codes : I20, I21, I23.

28 October 2016 Friday

Session: II-A / 11.30-13.00

MARKETING

Room: *Prins Hendrik 2*

Chair: **Aysen ARAC**

- Investigation of Interaction Effect of Social Capital and Relationship Marketing: A Qualitative Study for Yacht Tourism

  Ali Ender ALTUNOGLU & Derya ATLAY ISIK & Ramazan ERBILGIN

- Consumer's Purchase Inclination towards Organized and Unorganized Retailers with Explicit Focus on Purchase of Fruits & Vegetables in Gujarat, India: An Empirical Study

  Kshitij G. TRIVEDI & Hemantkumar P. BULSARA

- How Does Mobile Commerce Effect Consumer Purchasing Behaviour?

  Mehmet BAS & Zeynep AVCI & Melike PINAR & Selin ERISKIN

- Safety and the Choice of Tourist Destination: The Case of Denmark

  Susanne JENSEN & Gert Tinggaard SVENDSEN

Investigation of Interaction Effect of Social Capital and Relationship Marketing: A Qualitative Study for Yacht Tourism

Ali Ender ALTUNOGLU

Mugla Sitki Kocman University
aealtunoglu@mu.edu.tr

Derya ATLAY ISIK

Mugla Sitki Kocman University
deryaatlay@mu.edu.tr

Ramazan ERBILGIN

Mugla Sitki Kocman University
erbilgin@gmail.com

Abstract

Companies may gain competitive advantage by using the resources they have and they will be able to achieve much higher performance compared to their competitors if they have original and unique resources more than their competitors have. Using social capital and relationship marketing effectively as a social and institutional competitive tool will provide several benefits for the service firms especially in niche markets as yachting sector. With this point of view, this paper aims to understand how social capital affects knowledge gathering and sales performance by the relationship between the yacht brokerage firms and their customers and all business partners. For this purpose, a qualitative research design is developed and data had compiled from semi-structured face-to-face interviews conducted with 14 yacht brokers to explore their perspectives. Nvivo 7 software has used to facilitate for content analysis. According to the findings, trust, commitment and communication variables are important factors to develop relationship marketing through social capital perspective. The social capital formed by social relationships between firms, customer and other business partners is crucial for the achievement of relationship marketing practices.

Keywords	:	Social Capital, Relationship Marketing, Yacht Tourism, Yacht Brokers.
JEL Classification Codes	:	M10, M31, Z33.

Consumer's Purchase Inclination towards Organized and Unorganized Retailers with Explicit Focus on Purchase of Fruits & Vegetables in Gujarat, India: An Empirical Study

Kshitij G. TRIVEDI

Sardar Vallabhbhai National Institute of Technology
xitij.trivedi@gmail.com

Hemantkumar P. BULSARA

Sardar Vallabhbhai National Institute of Technology
hemantbulsara@gmail.com

Abstract

Retailing is one of the fastest growing in India over the last few years. This retail industry comprises of organised and unorganized retail. It has experienced high growth over the last decade with a noticeable shift towards organized retailing formats due to increase in disposable income of consumers', urbanization, adaptability of hedonic lifestyle. To study this major shift from unorganized to organized, in terms of purchase of perishable products like Fruits & Vegetables. The consumer's who purchase Fruits & Vegetables from both organized and unorganized retailers were the major respondents. On whom, an experimental survey of 450 structured questionnaires was conducted using non-probability convenience technique. This study determines relation between demographic variables with factors like visit, money spent, quantity and time of purchase of Fruits & Vegetables. The survey has collected from both organized and unorganized retailers from major cities of Gujarat, India.

Introduction

Consumers collectively make millions of decisions a day on where to shop for food. The results of these decisions are critical to retailer performance. Much effort has expended on getting consumers to 'switch' their main food store shopping trip behaviors (Cumminsa et al, 2008). Modern food consumer is highly concerned about the safety and quality of the food products purchased (Galvez-Nogales & Wall, 2005). Traditional eating patterns are not a characteristic of aware and affluent consumers (Thøgersen and Ölander, 2002). As multiple branded products and services are being easily available to the consumers in the market, the decision-making will play an important role selecting these products and services from widely diversified branded products and services of their choice (Kuhar & Juvancic, 2012). Therefore, study of consumer behaviour is need in terms of the different type of products they purchase, which can be classified into:

a. Organized retail formats,

b. Unorganized retail formats.

Since organised retailing is a recent phenomenon in Indian context, not much insight is available until date. It has also observed that food and grocery retailing is the most promising area to set up retail business for domestic as well foreign companies in India. This fact has vindicated by the entry of domestic giants and foreign companies. This is an unchartered and unexplored research area in an Indian context where few empirical studies examined and contributed to the existing knowledge. Towards this end, this study and its outcome is a significant contribution to the field of store choice behaviour literature in Indian retailing context. Hence, this study assumed significance aiming to examine the association between shoppers' characteristics and store format choice decisions in food and grocery retailing in India.

Literature Review

Demographic factors such as age, gender, marital status, income, female working status, education, occupation and family size exert enormous influence on choice of store format in grocery retailing (Bellenger & Korgaonkar, 1980; Zeithaml, 1985; Kopp et al., 1989; Sampson & Tigert, 1992; South & Spitze, 1994; Stone, 1995; East et al., 1995a; East, 1997; Mason, 1996; McGoldrick & Andre, 1997; Arnold, 1997; Bawa & Ghosh, 1999; Sinha & Banerjee, 2004; Fox et al., 2004; Carpenter & Moore, 2006). Traditional demographic variables cannot identify the complete characteristics of an evolutionary retail market because consumers in the same demographic group have very different psychographic make-up (Sinha, 2003).

Many authors have studied these factors in purchasing of perishable products so (Ozguven, 2012; Reddy et al, 2010 ; Webber et al, 2010 ; Goethals et al, 2012) to study all the category of the products will be difficult as it has a different product life cycle, the main category that can be studied is the Fruits and Vegetables category of the product as, in Indian Context it is a day to day product of the Indian Consumers and it becomes very essential to study the effect of the behaviour of the Different Mind-set of these highly fragmented segment of the society in purchasing Fruits and vegetables in India. To identify the different factors, attributes and variables that will determine the consumer behaviour to buy these products the appropriate retailer (Organized and Unorganized), channel of purchase, brands of fruits and vegetables in India.

Research Methodology

A convenience sampling method has used in an attempt to get as large a sample size as possible in the shortest time. 500 questionnaires were administered. After data cleaning, the final sample size utilized in the analysis was 450. The relevant data was analyzed using SPSS version 21. The data collected was primarily nominal and ordinal; as such, the analytical approach used was primarily descriptive. In marketing research, the use of contingency tables or cross-tabulation analysis is very common (Hoffman & Franke 1986; Feinbery et al., 2013), and the present study used this approach to test the stated hypotheses.

Research Instrument

In this survey, respondents were asked to indicate as to what extent they agree or disagree with the listed statements relating to the preferences of purchase of Fruits & Vegetables from various Retailors. The scale, therefore, recorded the intensity of their preference related to shopping of Fruits & Vegetables from various Retailers. A 5-point Likert scale was used to rate each of the identified parameter. It is rather difficult to measure such attitude (O'Keefe, 2002). We just can ask them to externalize the attitude we are interested in, but then we probably do not get a truthful answer (Thurstone, 1977).

Results and Discussion

The results of the retail formats have tested with the demographic variables like Gender, age, Education, Education and Monthly family income along with the variables like visit to retail formats, quantity purchased, money spent at retail formats and time of visit at the retail formats. Based on the analysis-using chi-square following values of the Pearson chi square value have generated using the SPSS-21 versions that gives the results shown in Table 1.

Table 1
Pearson Chi-square Value for Demographic Variables and Froamt Choice Factors

Demographic Variables	Organized Retail Format			
	Visit	*Money Spent*	*Quantity Purchased*	*Time of visit*
Gender	0.8	0.517	0.799	0.934
Age	**0.05**	**0.049**	0.317	0.664
Education	0.15	**0.00**	**0.019**	**0.004**
Monthly Family Income	0.58	**0.00**	**0.011**	0.406
Occupation	0.85	0.094	0.103	0.353

Hypothesis Testing

- H1: There is no relationship between gender and visit, money spent, quantity purchased and time to buy at the Organized Retail format
- H1: There is a relationship between gender and visit, money spent, quantity purchased and time to buy at the Organized Retail format

According to the analysis it is clearly identified that the value of Pearson chi-square of gender with that of visit (0.80), Money spent (0.517), Quantity purchased (0.799) and that of time of visit is (0.934) respectively at the organized retail format. As all the value of the Pearson chi-square of all the demographic variables are greater than the value of 0.05 that is the cut-off value the hypothesis is fails to reject the Ho of Organized retail format with respect to purchase of Fruits & Vegetables with visit, money spent, quantity purchased and time of visit at these formats.

- H2: There is no relationship between age and visit, money spent, quantity purchased and Time to buy at the Organized Retail format
- H2: There is a relationship between age and visit, money spent, quantity purchased and Time to buy at the Organized Retail format

According to the analysis it is clearly identified that the value of Pearson chi-square of age with that of visit (0.05), Money spent (0.049), Quantity purchased (0.317) and of time of visit is (0.664) respectively at the organized retail format. As the Pearson chi square value of visit and money spent variables is smaller than the value of 0.05, which is the cut-off value the hypothesis of visit and money spent, been rejected and that of quantity purchased and time to visit will be failed to reject Ho as the value of greater than 0.05 respectively. This is making selection at the organized retail format.

- H3: There is no relationship between education and visit, money spent, quantity purchased and Time to buy at the Organized Retail format
- H3: There is a relationship between education and visit, money spent, quantity purchased and Time to buy at the Organized Retail format

According to the analysis it is clearly identified that the value of Pearson chi-square of education with that of visit (0.15), Money spent (0.00), Quantity purchased (0.019) and of time of visit is (0.004) respectively at the organized retail format. As the Pearson chi square value of money spent, quantity purchased and time to visit variables is smaller than the value of 0.05, which is the cut-off value the hypothesis of money spent, quantity purchased and time to visit have rejected, and hence there is a significant difference among the variables. Moreover, visit to organized retail format variable fails to reject Ho as the value of greater than 0.05 respectively while making selection at the organised retail format.

- H4: There is no relationship between monthly family income and visit, money spent, quantity purchased and Time to buy at the Organized Retail format
- H4: There is a relationship between monthly family income and visit, money spent, quantity purchased and Time to buy at the Organized Retail format

According to the analysis it is clearly identified that the value of Pearson chi-square of education with that of visit (0.58), Money spent (0.00), Quantity purchased (0.011) and of time of visit is (0.406) respectively at the organized retail format. As the Pearson chi-square value of money spent and quantity purchased variables is smaller than the value of 0.05 which is the cut-off value the hypothesis of money spent and quantity purchased are rejected, and hence there is a significant difference among the variables. Moreover, visit to organized retail format and time to purchase variable fails to reject Ho as the value of greater than 0.05 respectively while making selection at the organised retail format.

- H5: There is no relationship between occupation and visit, money spent, quantity purchased and Time to buy at the Organized Retail format
- H5: There is a relationship between occupation and visit, money spent, quantity purchased and Time to buy at the Organized Retail format

According to the analysis it is clearly identified that the value of Pearson chi-square of gender with that of visit (0.85), Money spent (0.094), Quantity purchased (0.103) and that of time of visit is (0.353) respectively at the organized retail format. As all the value of the Pearson chi-square of all the demographic variables are greater than the value of 0.05, which is the cut-off value the hypothesis is, fails to reject the Ho of Organized retail format with respect to purchase of fruits & vegetables with visit, money spent, quantity purchased and time of visit at these formats.

Conclusions and Recommendation

Therefore, it can be concluded that in Researcher's study which is particular to the study in India especially limited to Gujarat. The variables like money spent, quantity to buy Fruits & Vegetables along with the education and occupation plays a significant role in selecting retail formats. In, researcher's study it has observed that gender and occupation does not have a significant association with retail format selection and it contradicts all most all the study in buying Fruits & Vegetables in Gujarat. In addition, it has observed that age does not have any significant in the selection of retail format in the study except in selecting the visit to the retail formats. Moreover, time to visit also does not contribute to the study of selecting the retail formats in selected formats.

A limitation of the study was the small sample size. In this regard it is suggested that future research use larger samples that might more accurately represent the population. It is also recommended that, retail formats irrespective of their shoppers' need to focus on other factors, such as, freshness, cleanliness, branded products especially in Fruits & Vegetables, location and surroundings, etc. in order to determine relevant attributes that attract customers and builds markets loyalty and retrieve the shoppers'.

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How Does Mobile Commerce Effect Consumer Purchasing Behaviour?

Mehmet BAS	**Zeynep AVCI**	**Melike PINAR**	**Selin ERISKIN**
Gazi University	Gazi University	Gazi University	Gazi University
mbas@gazi.edu.tr	zeynepavci91@gmail.com	mlkpnr92@gmail.com	selineriskin6@gmail.com

Abstract

According to Organisation for Economic Co-operation and Development (OECD), an e-commerce transaction is the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders. The goods or services have ordered by those methods, but the payment and the ultimate delivery of the goods or services do not have to conduct online. World over still to announce the name frequently in recent years when discussing the future of e-commerce and mobile commerce has emerged the concept of a new concept. Mobile commerce has considered a continuation of e-commerce. In addition, it has also mentioned as a mobile electronic commerce in some sources. Mobile commerce considered being a new revolution carried out in electronic commerce and in general, it defines as a wireless communication network and configured through a monetary value representing transactions (Kumar & Zahn, 2003). Consumer behavior, an evaluation of goods and services before they make a purchase, using the forms, they buy goods and it defines as being the next attitudes and behaviors (Solomon, 1999). Recently, with rapidly developments of technology, businesses provide shopping opportunities in the different fields to us to maintain and maximize the satisfaction of consumers. Especially, smart phones, which are a huge part of our daily lives, been translated to the commerce points. Besides, smart phones provide the opportunities us such as analysing product prices, comparing among products, gathering information about products, being able to see comments of other consumers too. Furthermore, the unique characteristics of mobile shopping encounters (e.g. small screen, limited data processing capability, ubiquity, various types of mobile apps, and different platforms) create different consumer needs and wants than other shopping channels (Yang & Kim, 2012). Current e-commerce providers, engaged through mobile devices, will find advantage in developing unique m-commerce value propositions founded upon the specific dimensions of ubiquity, convenience, localization, and personalization (Clarke, 2008). When consumers perceive that mobile shopping services and functions are useful in facilitating their shopping, the perception generates a positive feeling toward mobile shopping adoption (Yang, 2012). The usage benefit refers to the benefit of using good and services of consumers focus on financial benefit (Kim, 2006). Mobile commerce demand can occur because of the need to save time for consumers (Yang & Kim, 2012). In addition, consumers prefer to use mobile technology, which can provide to use convenience and does not create difficulty in detection.

The aim of this study is to determine consumer's attitudes and behaviors that has formed by changing consumer behavior with in the context of mobile commerce.

Keywords   :   Online Shopping, Mobile Shopping, e-Commerce.

JEL Classification Codes :   K2, M4, K3, M10, M3.

Research Method

An online survey method used in the collection of the data regarding the study. 200 individuals participated in the study. Care had taken that the questions are comprehensible by the respondents and the results are not open for discussion while preparing the survey form. For this purpose, the necessary

corrections made in the survey, form performing a 30-unit pilot application to the individuals in question. The questionnaire consists of two parts. In the first part, there are demographic information of consumers. Basic statistics, frequency distributions and has contributed to the survey results with these questions. The second part of the questions in the t-test and ANOVA test has applied.

Findings

According to frequency analysis, 54% of participants are female and 46% of participants are male. In addition, participants age ranges can line up this way: 60.5% of participant at 20-30 age range, 14.5% of participant at 19 age and under, 11% of participant at 31-40 age range, 9% of participant at 41-50 age range and 5% of participant at 51 age and above, also 72.5% of participants are single and 27.5% of participants are married. Education level percentage frenquency is ranged: 48.5% licence, 16% high school and associate degree, 14.5% master degree, 3% elementary school and 2% PhD degree. It is seen that 37.5% of participants are students, 21.5% of participants are private sector employees, 14.5% of participants are public sector employees, 13% of participants are unemployed, 4% of participants' private sector employers and 9.5% of participants are in other occupational groups. Lastly, participants' income level can range this way: 35% earn 2.000.-TL. (Turkish Lira) and above, 29.5% earn 500.-TL. and below, 15.5% earn 501.-TL. - 1.000.-TL., 13% earn 1.501.-TL. - 2.000.-TL. and 7% earn 1.001.-TL. - 1.500.-TL.

Hypotheses Testing

H_1: there is no difference between participants' income level and the number of shopping by using mobile devices.

H_2: There is no difference between participants' gender and the number of shopping by using mobile devices.

H_3: There is no difference between participants'martial status and the number of shopping by using mobile devices.

H_4: There is no difference between participants'occupation and the number of shopping by using mobile devices.

H_5: There is no difference between participants' education level and the number of shopping by using mobile devices.

H_6: There is no difference between participants'age ranges and the number of shopping by using mobile devices.

H_7: There is no difference between participants'daily mobile internet usage time and the number of shopping by using mobile devices.

While hypotheses H_2 and H_3 evaluated by doing T-Test, hypotheses H_1, H_4, H_5, H_6 and H_7 were evaluated by doing One-way Analysis of variance (ANOVA). Because of these statistical tests, hypotheses H_1, H_3, H_4 and H_6 rejected and hypotheses H_2, H_5 and H_7 were accepted.

Conclusion and Recommendations

In this study, which investigated the effect of mobile commerce on consumer purchasing behavior, seven hypotheses are established and three of them are accepted. The accepted hypotesis showed that there is no relationship between the number of shopping by using mobile devices and participant's gender, education level and daily mobile internet usage time. When examined the rejected null hypothesis, it has shown that there is a relationship between the number of shopping by using mobile devices and participant's income level, marital status, occupations and age.

In the view of such information, businesses that want to offer services to consumers via mobile devices should revise again their marketing mix elements considering some demographic variables such as income level, occupation and age. Moreover, if firms use these variables significantly while selecting the target market and the determinations of its constraints, they have the edge over their competitors.

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Safety and the Choice of Tourist Destination: The Case of Denmark

Susanne JENSEN

University of Southern Denmark
sjen@sam.sdu.dk

Gert Tinggaard SVENDSEN

Aarhus University
gts@ps.au.dk

Abstract

We know that a number of factors determine tourists' choice of holiday destination. So where to go? Quo vadis? A number of authors have listed decision and motivation factors such as availability of activities, affordability, travel costs, loyalty, geographical proximity, availability of cultural and entertainment attractions, nature experiences, relaxation, and meeting new people. A strong driver for a person's wish to travel is the opportunity for exploration; however, at the same time, another strong but conflicting driver is at play: the question of the tourist's personal safety when travelling to destinations where he or she may not be familiar with social rules for interaction, safety issues, and so on.

In this paper, we will study safety's significance as motivation factor for the choice of destination and furthermore describe what characterise tourists that find safety important. What matters for the tourists' choices are the perceived risks of travelling to and staying at a destination? Perceived risks may take many forms in tourism. It may include crime, disease, weather, physical, equipment failure, cultural barriers, terrorism, war and political crises. In recent literature on the safety of tourists, there has been a tendency to focus on major terrorism events such as 9/11 or bombings at Egyptian tourist resorts, which have caused huge safety problems for the tourism industry and a feeling of fear and danger among tourists when they travel. Similarly, issues relating to safety have been formed in the wake of other recent events such as the Arab Spring and the attacks in Tunisia and Paris.

The risks related to minor everyday situations, however, also matter for tourists' feeling of safety and sense of security. This issue is less highlighted in the literature even though many investigations of destination choice include one or several indicators of safety and security. As observed by Tasci and Boylu (2010: 179), "…safety and security perception and its influence on tourist behaviour have received limited empirical attention from researchers".

Our contribution to this literature on safety and destination choice among tourists is therefore to help filling this gap by investigating the single case of Denmark. Thorough analysis is possible because of access to unique data from VisitDenmark's tourist survey conducted among Danish and foreign leisure tourists in Denmark in 2004, 2008 and again in 2011. The main research question is as follows: Does safety matter for the choice of tourist destination in the case of Denmark and what characterises the profile of tourists that find safety important? Will our results fit the popular perception of Denmark as the fairy tale country where Hans Christian Andersen was born and where a policeman will stop the traffic to let a duck family pass?

To answer the main research questionm Section 2 reviews the literature on tourists' safety motives and how this may influence their final choice of destination. The review will show that the public good of safety is one of the main factors in the literature on motivation theory. Section 3 focuses on the empirical case of Denmark, describing method, data and results. The analysis has based on data from VisitDenmark's tourist survey, which contains information about Danish and foreign tourists in Denmark and their motivation, activities, profiles, and so on. We use data from 2004, 2008 and 2011 concerning the tourists' sense of safety. Our analysis shows that one of the most important motivation factors for tourists to choose Denmark as a destination is the feeling of safety. Safety is mentioned by

61% of the tourists in the 2011-survey, and this is the most important motivation factor for choosing Denmark as a holiday destination in 2011, the second most important factor in 2008 and the third most important factor in 2004. The result is in line with a study from Taiwan in which personal safety was also ranked very high (second) among factors influencing foreigners' choice of destination.

One implication of the analysis is that tourist managers may use the feeling of safety consciously in their marketing efforts designed to attract tourists. For example, some of the nationalities that attach importance to safety are already important markets for Danish tourism. In this case, the issue may be to sustain and possibly expand the market. For minor markets for Danish tourism, such as USA or Italy, the issue is to use this information in a more proactive manner in the marketing of Denmark. This implication applies in general to all countries seeking to enhance the feeling of safety and thereby attracting more tourists. The popular perception of Denmark as the fairy tale country where Hans Christian Andersen was born could, for example, be expanded with the notion of safety for tourists in the streets and elsewhere.

Future research should try to establish whether these detailed empirical results on safety from Denmark can be generalised to other countries. Furthermore, a future supplementary research question could be to explore the potential link between safety and social trust in a society. This is so because Denmark and the other safe Scandinavian countries hold the highest levels of social trust in the world, which implies a high degree of self-regulation based on cooperation norms. Such links may show a promising direction for future research as the need for formal enforcement of safety decreases when informal enforcement based on social trust increases. A perspective for tourism is that informal enforcement i.e. social trust may be preferable as formal enforcement visibly signals problems with safety. Thus, perceived safety risks are likely to be relatively lower in countries with high scores on social trust.

Keywords   :   Safety, Tourism, Destination, Marketing, Tourist Survey, Denmark.

JEL Classification Codes :   H6, H62, H63, H7, H72, H74, H77.

28 October 2016 Friday

Session: II-B / 11.30-13.00

PUBLIC FINANCE: TAX

Room: *Prins Hendrik 3*

Chair: **Veli KARGI**

- Tax Schedules from the Perspective of Taxpayers: Turkey Experiment

  Ihsan Cemil DEMIR

- Improving Voluntary Tax Compliance of Large Businesses: Cooperative Compliance Models

  Feride BAKAR

- Evaluation of Provisions Related to Double Taxation in Turkish Tax System

  Ersan OZ & Cansu SEVINC & Mahmure ESGUNOGLU

- The Evaluation of the Turkish Agricultural Sector in terms of Personal Income Tax

  Reyhan LEBA TANSOKER

Tax Schedules from the Perspective of Taxpayers: Turkey Experiment

Ihsan Cemil DEMIR

Afyon Kocatepe University
icdemir@aku.edu.tr

Abstract

Tax schedule is the measurement that applied to tax base to calculate tax. Tax schedules can divide into two basic groups: ad valorem and specific ones. Ad valorem tax schedules have divided into two groups: linear and non-linear ones (progressive and degressive).

In particular, the structure of ad valorem tax schedules is a controversial topic in public finance literature. Some people argue that the tax schedules should be progressive or degressive depending on the amount of income. In addition, some people argue that the income increasing should not affect the tax schedules (flat tax). In this context, it is possible to observe the applications of flat tax schedules and progressive tax schedules for various taxes, in every country. Even recently, flat tax suggestions are gaining popularity. The rationale of people who line up with the progressive tax schedules constitutes the idea that marginal benefit decreases as income rises.

However, there is almost no research, which takes into account the preferences of taxpayers about tax schedules. It is clear that the voluntary participation will not be high to tax policy, which is inappropriate to people's preferences. This paper is prepared for this purpose would carried out to determine the taxpayers' preferences and the main factors, which influence this choice. In the study, the opinions of taxpayers about ad valorem taxes asked by using a questionnaire, which is prepared by me. The survey is practiced in 14 other cities from 7 geographical regions (two cities from al regions) of Turkey. Specific tax schedules excluded from this research. Thus, 1520 taxpayers' preferences especially about income taxes are determined (*70% of taxpayers prefer progressive taxation, 18% of taxpayers prefer flat tax and 12% of taxpayers prefer degressive taxation*) and the factors which define the preferences are presented with the ordered probit regression analysis.

According to regression results the main factors which influence the taxpayers' preferences about tax schedules are public expenditures, trend of tax evasion, perception of shadow economy, business competition, perception of social security contributions, tax burden, tax justice, religion, conventionality, age, job and education level.

Keywords : Optimal Taxation, Tax Schedules, Progressive Taxation, Flat Tax.
JEL Classification Codes : H21, H24, H29.

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Improving Voluntary Tax Compliance of Large Businesses: Cooperative Compliance Models

Feride BAKAR

Uludag University
feridebakar@uludag.edu.tr

Abstract

Although large businesses over a certain scale are few in a country, they pay about 25% of tax revenues of the country. Hence, the accuracy of their operation and auditing them are important. These taxpayers carry out complex operations in terms of tax due to both its international structure and foreign transactions. Today, tax administrations have more qualified personnel and advanced electronic structures to serve all taxpayers. However, the existence of tax gap in countries continues. The only way to close it is improving voluntary tax compliance. Therefore, special applications particularly for large businesses have developed increasingly. It has accepted in tax administrations that level and quality of service provided to large businesses should be better than provided to others and special applications should develop for these taxpayers. Because of this approach, a structure specialized for large businesses built in tax administrations of various countries to develop communication between the large businesses and the administration as well as to enhance tax compliance. In parallel to this understanding alteration, cooperative compliance models with large businesses were developed. OECD (2013) and OECD (2015) show that models improve rapidly and there are different applications in countries. The aim of this study is examining cooperative compliance models and their benefits in many OECD countries to be comparative and making inferences for Turkey. Firstly, general aims and procedures of the models described in this study. Then, some important practices of the models in OECD countries presented. Lastly, findings and suggestions for implementation in Turkey discussed. Models applied in 24 countries of OECD; helps taxpayers having more tax risks to support implementing their policies about tax risk management, to ensure solution of problems quickly and to increase tax compliance by means of consultation to tax administration's personnel. In Turkey, Large Taxpayers Office provides services to selected largest businesses. Nevertheless, for improving tax compliance effectively, cooperative compliance model should establish with voluntary participation for fewer companies.

Keywords	:	Voluntary Tax Compliance, Large Business, Large Taxpayer, Cooperative Compliance Model, Tax Risk Management.
JEL Classification Codes	:	H20, H26.

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Evaluation of Provisions Related to Double Taxation in Turkish Tax System

Ersan OZ	**Cansu SEVINC**	**Mahmure ESGUNOGLU**
Pamukkale University	Pamukkale University	Cumhuriyet University
ersanoz@pau.edu.tr	csevinc@pau.edu.tr	mesgunoglu@hotmail.com

Abstract

The boundaries, which are disappeared with globalization, lead to increase the objects be taxed by the states and cannot be fully determined of taxation authority. The conflict of powers on taxation authorities result in different states take different taxes from the same person and subject. These results international tax law problem has referred to as double taxation. States are trying to prevent double taxation with two main methods. These are bilateral or multilateral avoidance of double taxation treaties and insert some provisions into their domestic law.

Aim of this paper is to scrutinize and criticize of provisions related to double taxation in Turkey with samples and court decisions. For this purpose, related provisions that partaking in Personal Income Tax Law, Corporate Tax Law and Inheritance and Gift Tax Law analyzed; then the study has concluded with evaluation the export exemption and destination principle.

Avoidance of Double Taxation Treaties are agreements of those signed bilaterally by states for avodiance of taxing on same subject or minimize the impact of double taxation to the taxpayers. International organizations and institutions have conducted various studies. First actions about avodiance of double taxation treaties exercised in 1921 by League of Nations. Then in 1928, first model of avodiance of double taxation treaty had presented. After that, OECD started to work on a bilateral treaty model fort the purposes of exercise by member states in 1956 and executed Model of Avodiance of Double Taxation Income and Wealth Taxes Treaty in 1963 (Pehlivan & Öz, 2015: 94-95). United Nations have made proposals about model treaties about this issue. Today, the world has a double taxation avoidance agreement with around 3000[1]. Turkey has 82 double taxation avoidance agreement as of January 2016[2]. These treaties are not enough to prevent the problem, so states insert some provisions into their domestic law that prevents double taxation. Turkey has done various regulations in its domestic law to prevent person rights and competitive capacity in international market as well as treaties signed to prevent double taxation.

Having looked at provisions about double taxation in Turkey, deduction, exemption and reduction methods are used. In Income Tax Law, two taxpayer types have accepted: full taxpayers and limited taxpayers. Full taxpayers will pay tax to Turkey in total income they have achieved both in Turkey and abroad. Parenthetical provision of Article 3 is a seperate exemption regulation and if charges abroad pay income tax or similar to income tax on their earnings and revenues to other state, these earnings and incomes are not subject to income tax in Turkey, in other words will not be taxed. The double taxation problem encountered by other full taxpayers except charges abroad is regulated in Article 123 and used tax deduction method. In terms of this Article, taxes paid to abroad on earnings and revenues

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[1] *<http://www.icaew.com/en/library/key-resources/double-tax-treaties>, 28.07.2016.*

[2] *<http://www.gib.gov.tr/turkiye-meksika-ve-turkiye-kosova-cifte-vergilendirmeyi-onleme-anlasmalari-1-ocak-2016-tarihinden>, 28.07.2016.*

from abroad by full taxpayers arededucted from the portion of income tax levied in Turkey fall to earnings and revenues received from abroad.

Article 6 and 7 regulate the obligations of limited taxpayers. In terms of these provisions, natural persons not aboded in Turkey are limited taxpayers and they are only excised on incomes from Turkey. In addition, income taxpayers are allowed to deducted taxes paid on controlled foreign Corporations' profit. Corporate Tax Law adopts two taxpayers' types that are full taxpayers and limited taxpayers. To prevent full taxpayers' double taxation, Article 33 resolves that taxes paid on profits received from abroad to abroad can be deducted from tax that will be paid in Turkey. For limited taxpayers of corporate tax, their earnings received from abroad are exempted tax in Article 5. In addition, Article 30 provides some of corporate earnings be excised by withholding. Thus, the implementation is made in favor of taxpayers.

Subject of Inheritence and Gift Tax is properties that are persons acquire gratuitously. About obligation of this tax, if states exercise territoriality principle and personality principle together, or every state exercise different principle, double taxation problem will rise. First Article of Inheritence and Gift Tax Law determine taxpayers of this tax. According to Article 1, if a Turkish citizen leave his property that is not located inside the boundaries to a foreign citizen, he is not taxpayers of this tax. According to "c" clause of Article 12, if foreign state takes taxes on properties of Turkish citizens that locates in abroad, the tax base of this tax can be deduct from tax base of payable in Turkey. This regulation accepts that paid tax to foreign state cannot be deducted from calculated sum of tax in Turkey, it deducted from base. So double taxation problem is not abolishing, only its effect is attenuationed.

Export tax relief lays out limitation of the right to receive tax for indirect taxes, especially value added tax (VAT). For value added taxes, destination principle (taxation in the country of destination) has been accepted and implemented in accordance with the Treaty of Rome. Taxation in the country of destination is a system that import levied; tax refund accepted from export, in other words export is exempted from tax. In this system, exported goods are completely purified from the burden of VAT. Exports would not be taxed; the exporter pays VAT on the export goods for the return. Export exemption regulating as full exemption in VAT Law issued as goods are tax-free delivery to customers from abroad and VAT that burdens by exporter refunds to him. In law, there are different export exemption regulations for goods delivery and service delivery. For good delivery exemption, tax is refunded to exporter or manufacturer. If exporter exports goods bought with paying VAT from domestic or manufacturing himself, tax will be refunded to exporter. If exporter exports goods that another person manufacturing and buys them without paying VAT, tax is refunded to manifacurer, not exporter.

To apply exemption in service delivery, it is necessary to get the service done in Turkey, to benefit from the service abroad, to edit the bill on behalf of the overseas customer and to bring the service fee as the currency to Turkey (Şimşek, 2000: 93).

In point to Private Consumption Tax, which is, another tax received over expenditures is accepted as export exemption in parallel to VAT and taxation is authorised by destination country. With this provision, legislative harmonisation is provided in regards to export exemption.

Consequently, various regulations are brought to prevent double taxation in our state. However, taxation authority of states is not sufficient in solution of double taxation problem. Because taxation authority is reflection of national sovereignty of states. Majority in bilateral treaties and conflict between old dated treaty and new date law, in regards to taxpayers and administration causes difficulty in executive. It is necessary multilateral international treaty to solve this problem.

| **Keywords** | : | Double Taxation, Provisions Related to Double Taxation, Double Taxation in Turkish Tax System, International Taxation. |
| **JEL Classification Codes** | : | K34, K39, H29. |

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The Evaluation of the Turkish Agricultural Sector in terms of Personal Income Tax

Reyhan LEBA TANSOKER

Uludag University
reyhan@uludag.edu.tr

Abstract

The purpose of the present study is to investigate the taxation of agriculture within the scope of income tax in Turkey that has the status of a developing country and offer suggestions by revealing the tax and non-tax reasons for the failure of an efficient taxation in agriculture today.

Capital accumulation is an indispensable element of development. During the process of capital accumulation, the role and significance of agriculture cannot ignore. The two manufacturing factors that a country, which fails to take its fair share due to the international trade and colonial movements, can rely on are the land and labor. The combination of these two manufacturing factors that are the first phases of economic development constitutes the field of agriculture activity. Agriculture has failed to develop in the non-developed countries due to the non-agricultural sectors, historical, economic and sociological reasons. The fact that the agriculture sector generally has a big share and makes a contribution to the significant part of domestic income in the countries in question increases the importance of agricultural sector concerning the financing of development. In other words, the agricultural sector in these economies is to finance the economic development. Therefore, the significance of economic development largely depends on improving the productivity in the agricultural sector and increasing the level of income. The process of development, in a sense, is the process of transferring resources from the agricultural sector to the industry one. In this respect, the main source of capital accumulation is the residual value generated in the agricultural sector. One of the main methods of transferring resources from the agricultural sector to the non-agricultural sectors is taxation. The other one is to change the terms of trade between the agricultural products and industrial products in favor of the agricultural products. A successful industrialization requires finding solutions to the problems likely to occur during the generation, transfer and utilization of agricultural surplus. In fact, it is clear during the process of historical development that majority of the developed western countries of today have increased their productivity by introducing the necessary reforms in agriculture before the industrial revolution and subsequently speeded up industrialization.

As the countries develop, the share of agriculture within the domestic income will decrease an expected outcome with the increasing industrialization. According to the data of 2015, the share of agriculture within the domestic income was 1.2% in the USA, 0.7% in Germany, 1.7% in France, 0.7% in Belgium, 2.5% in Spain, 2.2% in Italy, 2.3% in Portugal, 5.4% in Romania, and 5.3% in Bulgaria. This share is still at a considerable amount of 7.6% in Turkey. On the other hand, the share (20.6%) of agricultural sector within general employment in Turkey is at a considerably high level as well. Today one in every five persons employed in the agricultural sector. The fact that Turkey has depended on agriculture for many years and a considerable part of the population in the country currently employed in this sector initially gives the impression that the agricultural sector has a significant potential of taxation. However, agricultural gains taxation in Turkey is not efficient within the scope of income tax. It is possible to say that this particular state is caused by both tax and non-tax reasons. In fact, according to the law numbered 4369 enacted in 1998, the basic principle of the adoption of stoppage method over the products in the taxation of agricultural income today can been regarded as an important taxation reason. On the other hand, the failure to tax the agriculture efficiently within the

scope of income tax in Turkey has some non-tax reasons as well. In this context, it has clearly seen that agricultural structure-related reasons play an important role as well. The major ones of the aforementioned problems are; that small businesses in agriculture in Turkey are not common and land distribution is not fair; significant economic losses due to the fragmentation of agricultural land; and low level of agricultural added value per laborer/farmer. All these negativity regarding the agricultural sector in Turkey increase the production costs and have a negative impact over farmers' income and competitiveness of the agricultural sector.

In conclusion, given the purpose of economic development, it will be insufficient to deal only with the subject of taxation for the efficient taxing of agricultural revenues within the scope of income tax. In addition, the problems regarding the agricultural structure should take into consideration and they all need to been considered together.

| **Keywords** | : | Economic Development, Agriculture, Income Tax, Agricultural Policies. |
| **JEL Classification Codes** | : | O10, O13, H24, Q18. |

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28 October 2016 Friday

Session: II-C / 11.30-13.00

BUSINESS ECONOMICS AND ENTREPRENEURSHIP

Room: *Prins Hendrik 4*

Chair: **Sami TABAN**

- Merger and Acquisitions: A Review of Valuation Methods

  Nurhan AYDIN

- Spatial Heterogeneity, Open Innovation and Firm Economic Performance Relationship: Turkish Manufacturing Industry Case

  Sebnem ARIK & Umit K. SEYFETTINOGLU

- Impacts of Open Innovation Practices on Firms' Innovation Risk

  Umit K. SEYFETTINOGLU & Sebnem ARIK

- The Efficiency of Tax Incentives for R&D and Innovation Investments in Selected OECD Countries and Turkey

  Emre ATSAN & Mehmet Fatih CAPANOGLU

Merger and Acquisitions: A Review of Valuation Methods

Nurhan AYDIN

Anadolu University
naydin@anadolu.edu.tr

Abstract

Merger and acquisitions have grown dramatically the last years in the World. If companies cannot grow internally due to lack of physical and managerial resources, they can grow externally by combining their operations with other companies. Merger and acquisitions (M&A) are a strategic way for companies to increase their competitive strength. At the same time, M&A offer companies the opportunity to grow successfully and rapidly.

One of the most critical factors in M&A is valuation of companies. The success of M&A has closely related to determining the fair, real value of the companies. Determining the value of a company is one of the most complex and difficult subjects in financial management. Corporate executives face many choices and problems as they try to assess a company's value.

In this study, I will discuss the main methods of business valuation. The Discounted Cash Flow Method has often used in the valuation of companies. The Method determines a company's current value according to its estimated future cash flows. The method takes into considerations the following steps:

- Estimating the future free cash flows,
- Estimating the cost of capital,
- Discounting the estimated free cash flows.

In this study I will analyze that how to use The Discounted Cash Flow Method in M&A. Finally, I will try to determine which method would be appropriate in M&A.

Keywords	:	Mergers, Acquisitions, Valuation of Companies, Discounted Cash Flow Method.
JEL Classification Codes	:	G31, G32, G34.

Spatial Heterogeneity, Open Innovation and Firm Economic Performance Relationship: Turkish Manufacturing Industry Case

Sebnem ARIK

Akdeniz University
sebnemarik@akdeniz.edu.tr

Umit K. SEYFETTINOGLU

Akdeniz University
umitk@akdeniz.edu.tr

Abstract

The concept of open innovation has mainly referred to as firms' opening their innovation process to outside. This methodology, which is widely used by firms in innovation management, has sourced by the necessity to create value by sharing knowledge and technology developed in and outside of the firms (Elmquist et al., 2009). Open innovation facilitates the use of outside know-how in the internal procedures of the firm and the use of internal knowledge in outside processes.

Open innovation literature asserted that opening up the firms' innovation processes has a positive effect on firm economic performance. Economic performance indicators such as sales revenue, export revenue, value added and market share are affected by firm's degree of openness, which is determined by level of collaboration with different stakeholders in the open innovation process.

In cross section econometric analyses, a factor that may affect the relationship between dependent and independent variables are the neighborhood position and distance among sections. In this study, neighborhood and distance between the locations of firms are predicted to affect the impact of open innovation on firm economic performance. The effects of positive and negative externalities -that might be caused by the distance and geographic heterogeneity-on the relationship between dependent and independent variables can be modelled by spatial econometric techniques.

Main objective of this study is to estimate the effects of open innovation on firm economic performance and to analyze whether the spatial heterogeneity change these effects. The database is obtained through a field survey carried out on 496 firms which are listed in the first biggest 1000 firms ranked by Istanbul Chamber of Industry (ICI). ICI's own database regarding these firms are also integrated to the data obtained through survey. Our findings suggest that collaboration with customers in the open innovation process and open innovation practices towards commercialization creates statistically significant differences with respect to locations.

Keywords : Open Innovation, Firm Performance, Geographically Weighted Regression (GWR).

JEL Classification Codes : O31, L66, L25.

Impacts of Open Innovation Practices on Firms' Innovation Risk

Umit K. SEYFETTINOGLU

Akdeniz University
umitk@akdeniz.edu.tr

Sebnem ARIK

Akdeniz University
sebnemarik@akdeniz.edu.tr

Abstract

Technological development and societal evolution which have eased fast expansion and share of knowledge have given rise to the concept of open innovation. During the process of open innovation, firms which race to gain competitive power do not have to use their internal resources to carry out research and development activities (opposite to the case of closed innovation) and hence these firms experience decreases in cost of reaching and creating information. In addition, the created innovation does not become exclusive to firm itself but is open to external firms as well.

In Turkey it is argued that firms in different manufacturing industries confront important problems that constraint their innovative activities. These problems arise due to factors that are both internal and external to the firms. One of the most important external factors is the bureaucratic workload involved during various processes. On the other hand, innovation cost is the most common internal factor regarding innovation.

Open innovation enables the transfer of knowledge in and out of firms by incorporating all stakeholders of the firms into production process and in this way fastens creation of innovative procedures. In case if sustainability of open innovation is achieved, the competitive power of firms is obtained not through generation of most and the best ideas but rather using internal and outside knowledge in the best way. As a result, firms that employ open innovation activities experience improvement in their innovative performance through the fall in innovative costs.

The study aims at measuring the effects of main manufacturing industry firms' open innovation practices on innovation risk. The database is obtained through a field survey carried out on 496 firms which are listed in the first biggest 1000 firms ranked by Istanbul Chamber of Industry (ICI). ICI's own database regarding these firms are also integrated to the data obtained through survey. The results show that one-unit improvement in open innovation practices produce a reduction on innovation risk that vary between 0.43 to 0.71 units in different industries. It has found that textile and food industries benefit the most from open innovation practices in this context.

Keywords	:	Open Innovation, Firm Performance, Manufacturing Industries, Turkey.
JEL Classification Codes	:	O31, L66, L25.

The Efficiency of Tax Incentives for R&D and Innovation Investments in Selected OECD Countries and Turkey

Emre ATSAN

Hacettepe University
eatsan@hacettepe.edu.tr

Mehmet Fatih CAPANOGLU

Hacettepe University
mehmetfatihc@hacettepe.edu.tr

Abstract

In this study, we try to analyze the efficiency of tax incentives and their impact on the share of expenditure on research and development (R&D) in the country's GDP through international experience of introducing tax incentives for research and development in the business sector. Some suggestions have made in order to improve the support enterprises' research and development expenditures as Turkey's case has explained in detail.

Based on the information technology R&D can define as the creation of new products, the discovery and development of new production methods. Businesses, institutions and universities are using their knowledge in the field of research obtained so far have yielded new products and techniques by R&D (Sylwester, 2001: 72). Especially the last few years it's seen that financing of R&D investment in the scientific and technical field is continued growing in many countries at the level of direct government incentives (Klavdienko, 2014).

One of the variables commonly used to describe the technology skills of a country or company, is R&D spendings. It is great importance at every stage of technological activities that such as adapting or changing processes R&D expenditure to develop new products and production methods, existing or imported efficient use of technology (Cohen & Levintal, 1989: 569).

While in 1999, the overall level of world R&D expenditure was 641 billion dollars, it has reached 1.4 trillion dollars by the year 2012 (Erkiletlioğlu, 2013: 3). Today, with globalization and technological developments, competition between innovative and high value-added products produced in the country are affected significantly (Akçomak, 2007).

In recent years, poor-technology countries had to produce technological knowledge to reduce their dependence to developed countries (Oktayer, 2003: 187). In this context, there are three types of policies are often used to development of R&D and technology, new processes, in order to develop methods of exploration and production operations (Guellec & De La Potterie, 2003: 227):

- R&D activities carried out by public institutions and organizations,
- Loans for R&D activities and incentives are provided through direct government grant that carried out by the private sector and
- Indirect financing in the form of tax incentives to activities of R&D expenditures.

Last two incentives of political tools are known as fiscal incentives in the literatüre (Deloitte, 2013: 3). As one of the fiscal incentives and expressed as a financial support, indirect tax incentives include the following processes: Tax deductions, exceptions and exemptions, accelerated depreciation allowances, tax breaks and tax credits, under certain circumstances, the implementation of the rate applicable to companies in tax haven countries and R&D expenditures can be written as an expense (European Comission, 2003: 1).

Among the countries that giving the place importance to the tax incentives are France, Canada, Norway, Australia and the Netherlands. Tax incentives are seen as an important resource in the budget

that allocated for science and technology. Among the EU countries, Spain, Portugal and the Czech Republic can be considered as providing high tax incentives for R&D (Güzel, 2009: 36).

Tax incentives, has become widespread in recent exceptional in some countries in general, while there is a long history in many countries' business R&D spending by direct public funding. In addition, today it has become an important policy tool in the promotion of R&D expenditure (Busom et al., 2011: 1).

In Turkish Tax System, support and incentive regulations are discussed in the framework of the basic laws below (Çalışaneller, 2009: 2):

- Law No. 4691, Technology Development Regions Law,
- Law No. 5520, Corporate Tax Law,
- Law No. 5746, Supporting Research and Development Activities Law.

In recent days, R&D activities in Turkey are supported with tax incentive mostly by the Law on Supporting Research and Development Act 5746. It could be shown that according to that law, 40% discount rate of R&D was increased to 100% and extension the period of benefit from 12.31.2013 to 12.31.2023 is determined by Law No. 4691 (Göçer et al., 2014: 169-170). In addition, 50% corporate patent income tax had introduced in Turkey in 2014 and income tax exemption. In addition, in 2014, 50% corporate tax and income tax exemption was given to the patent incomes (Şahin & Yereli, 2016: 184).

In our study, analysis of the existing tax implementations for businesses operating in the business sector were presented. Measurement of the influence of the indirect tax incentives for the increase in the share of expenditure on research and development in the country's GDP was performed by the method of correlation - regression analysis. In the light of the OECD data; the relationship between Chile, Greece, Australia, Austria, the Netherlands, Japan, Canada, Turkey, Portugal, Italy, Finland, Denmark, Ireland, Norway, England, Iceland, Belgium, France, Czech Republic, Austria, Korea, the US, Hungary and Slovenia 's R&D share in GDP of support through tax incentives (x) with the business expenditure R&D share in GDP (y) were investigated. In the analysis, results are shown in Table 1.

Table 1
Construction and Analysis of Field Correlation

The value of the coefficient b	4,334549
Standard deviation b	1,842839
The coefficient of determination R2	0,200941
F- statistics	5,532394
The regression sum of squares	2,282817
The value of the coefficient a	0,818630
Standard deviation a	0,224010
Standard deviation y	0,642361
The number of degrees of freedom	22
The residual sum of squares	9,07780

Analysis showed that only 20% of the variation in the share of business expenses on R&D in GDP is explained by the factor x - the share of indirect state support for R&D through tax incentives, and 80% is explained by the influence of other factors not included in the model. The relationship between the explanatory and dependent variable can be assessed as weak. Thus, we can conclude that the

increase in the share of business R&D expenditure affects a number of other factors, and it is difficult to evaluate the strength of the impact of tax incentives for business R&D.

Figure 1
The Relationship of the Share of Indirect State Support for R&D through Tax Incentives and the Share of Business Expenses on R&D in GDP
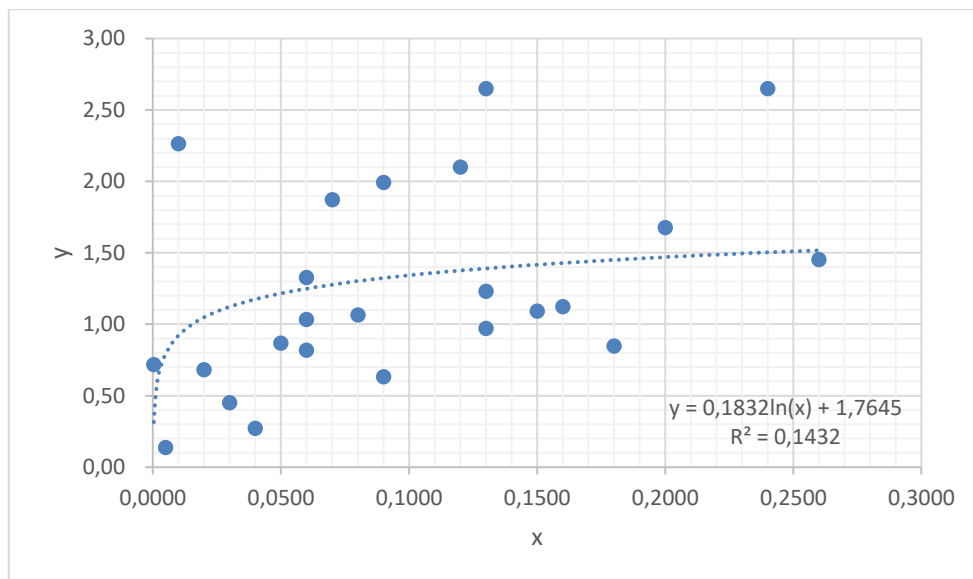

Figure 1 shows the smoothing of the trend line, based on a logarithmic function. The value of coefficient of determination R² decreases to 0.14, but it is not enough to draw a conclusion about the relation of explanatory and dependent variable.

As a result, we find that not all cases of indirect tax incentives lead to an increase in the share of research and development in enterprises' expenditure structure. Therefore, it is a necessary that tax incentives should be reviewed systematically in accordance with the analysis of changes in key macroeconomic indicators showing the level of innovativeness of the economy. It is well known that tax incentives for research and development expenditure of enterprises may give a positive socio-economic impact. In recent years, many OECD and EU countries in order to promote R&D activities, they find tax incentives more appropriate rather than direct subsidies. They also trying to incentive policies' effectiveness by reviewing the implementations. As a conclusion, tax incentives are one of the instruments to encourage the market development of the Research and Innovation Actions (RIA), which can have a positive impact on the supply of new products and technologies, as well as on their demand.

Keywords : Innovation, Research and Development, Macroeconomic Analyses of Economic Development, Taxation & Subsidies.
JEL Classification Codes : O3, O11, H2.

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28 October 2016 Friday

Session: III-A / 14.00-15.30

COMPETITION

Room: *Prins Hendrik 2*

Chair: **Filiz GIRAY**

- The Effects of Organizational Innovation on Developing Competitive Strategies: Empirical Evidence from Technopark Companies in Turkey

  Ali Ender ALTUNOGLU & Derya ATLAY ISIK

- Global Perspectives on Competition Law in Information Technology: Google, A Case Study in EU, US and South Korean Antitrust Regulation

  Stephen DNES & Troy Benjamin FELVER

- R&D and Competitiveness of the Countries: An Analysis for Defense Sector

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- Competition Issues in Turkish Cement Industry

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The Effects of Organizational Innovation on Developing Competitive Strategies: Empirical Evidence from Technopark Companies in Turkey

Ali Ender ALTUNOGLU

Mugla Sitki Kocman University
aealtunoglu@mu.edu.tr

Derya ATLAY ISIK

Mugla Sitki Kocman University
deryaatlay@mu.edu.tr

Abstract

Organizations tend to develop their strategies through creative and innovational perspective in order to survive in today's competitive environment. The purpose of this study is to determine effects of organizational innovation perspectives of technopark companies on their competitive strategies. In order to achieve this aim; the influence of organizational innovation on different competitive strategies categorized as cost leadership, differentiation, focus and internationalization has investigated. Necessary data have collected via two separate scales of the questionnaires. The population of the study is composed by top managers of technopark organizations located in several cities of Turkey and after the face to face and e-mail data collection process between the different time periods in years of 2015 and 2016, totally 98 valid questionnaires are obtained via convenience sampling. According to results of correlation, factor and regression analysis there are positive correlation between organizational innovation and differentiation, focus dimensions of competitive strategies and negative correlation with cost leadership.

Keywords	:	Organizational Innovation, Competitive Strategies, Technoparks Companies.
JEL Classification Codes	:	M10, M31, O32.

Global Perspectives on Competition Law in Information Technology: Google, A Case Study in EU, US and South Korean Antitrust Regulation

Stephen DNES

University of Dundee
s.m.dnes@dundee.ac.uk

Troy Benjamin FELVER

Ajou University
troybfelver@gmail.com

Abstract

The Korean Fair Trade Commission recently commenced an investigation into Google's competitive practices. This follows charges recently brought by the European Union. Meanwhile, the US has been much less aggressive in pursuing similar claims. This paper will use these actions as bases to understand and refine differential national understandings of illegal competition actions in the unsettled areas of internet search and service bundling. We will detail Google's basic business practices and explain the objections raised by different regulators. We will also discuss the different perspectives and legal bases used as both jurisdictional hooks to give the regulator power over the company and their substantive laws, which allow the regulator to pass judgment on the conduct. Finally, we will discuss remedies allowed in each regulator's remit. This paper takes a prominent and ongoing case of one of the most visible firms of the internet age to act as an insightful case study to understand each regulator's perspectives on what constitutes acceptable competition.

Google is the global behemoth of internet search, controlling 71 percent of the global search[1]. This market power has brought huge profits, $2.1b in the most recent quarter[2]. Since the late part of the last decade, Google has also experienced success in other areas beyond search. Most prominently, its operating system, Android OS, runs more than 70% of all smartphone users[3], with its biggest competitor, iOS from Apple, below 25% and falling. A few facts should note about Android. Unlike iOS, Android is not hardware restricted by its creator; it can run on a wide variety of chips. Further differentiating it is the code itself is open-source; anyone can take the code, modify it, and use it however, she sees fit, although Google has adopted some restrictive contractual practices in relation to the use of the Android platform by developers as explored further below[4]. Amazon has done exactly this with its Fire Tablets; it freely and with permission took the Android code from the Android Open Source Project and remade it in a way that suits Amazon's needs for its tablets[5]. This seems potentially quite liberal. However, there is a catch. While anyone can make mobile devices using Android, in order to claim your device is a Google Android device, one must follow all the terms of Google's Mobile Application Distribution Agreement, a compulsory licensing scheme. Terms of this agreement require hardware manufactures to include ALL Google Apps and display them in a particular way. These apps include the Google Search App, Chrome web browsers (with Google as the default search

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[1] <https://www.netmarketshare.com/search-engine-market-share.aspx?qprid=4&qpcustomd=0>, 28.06.2015.

[2] <http://www.wsj.com/articles/google-profits-surge-on-strong-ad-demand-1469736762>, 28.06.2015.

[3] <http://bgr.com/2016/06/02/apples-mobile-market-share-sees-big-drop-in-may-as-android-skyrockets/>, 28.06.2015.

[4] See especially the EU's ongoing investigation into competition issues in relation to Android in case AT.40099 Google Android.

[5] <http://www.howtogeek.com/232973/amazons-fire-os-vs.-googles-android-whats-the-difference/>, 28.06.2015.

engine) and the app store Google Play. Licensees must also share data with Google regarding phone activations, among other detailed conditions including restrictions on competing products, or preferential placement of Google's own offerings to give them much greater prominence than competing products.

On one hand, the underlying code is free, so there is a colorable argument Google is doing nothing untoward. On the other hand, there is real value in being a Google device, so makers will want to include this designation. This bundling will have the effect of driving Google's valuable search business to higher multiples through the powerful effect of user inertia. Google claims these rules prevent the fragmentation of Android, which could create substantial incompatibility issues if device makers were unrestricted. This is a reasonable argument, but it also has the effect of supporting Google's search business. It is an open question whether these restrictions comply with competition law requirements around the world, which, in differing ways, require companies not to distort product designs if doing so has an undue adverse effect on competition in the marketplace[1].

These business practices have drawn the attention of several regulatory agencies throughout the world. In the Republic of Korea, the Fair Trade Commission (KFTC) has recently opened an investigation into Google's business practices[2]. Korean Law bans "(u)njustly inducing or coercing customers of a competitor to deal with oneself"[3]. This practice has known as tying or bundling. It occurs when a company uses its strength in one market to enhance its position in another market. The KFTC has been aggressive at pursuing these claims in the past, including against Microsoft for tying its Windows Media Player to the Windows OS. In that case, the KFTC ordered Microsoft to produce an operating system without its free bundled media player in the Korean Market[4]. There are some similarities to Google's case, in that both involve some free products. However, there are also substantial differences. In Microsoft's case, the company used its paid-for dominant OS as a hook to distribute its media player, with the goal of increasing the player's market share. However, with Google, they are being accused of attaching conditions to a free product. In addition, and unlike Microsoft, Google made another option available, its Android source code, which some companies have already availed themselves of in an unrestricted, but unbranded way, with all the latest in mobile tech for free but without the Google branding commonly seen on many consumer products. In essence, Google has given companies a choice on which version of its OS to use, and the KFTC case alleges that when companies choose the Google-branded version, the terms are rather stringent and harsh. Crucially, however, developers do not face the same choice, and are often constrained in their development by restrictions. Importantly, in the context of the significant network externalities in digital markets, even the loss of a few consumers to the restricted branded market could pose a significant threat to scale, and thus create a potent barrier to entry - one that is all the more keenly felt because of the prevalence of branded devices i.e. those carrying the restrictions.

Another difference from Microsoft is benefit. Whatever decision a manufacturer makes, using branded or unbranded Android, it will not affect the consumer's price of the device, so at least in a purchasing sense; it is hard to argue direct harm to consumers in the device market. Knock-on effects

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[1] *See especially United States v. Microsoft Corp, 147 F3d 935 (DC Cir. 1998) ("Microsoft II") and Case T-201/04 Microsoft (analyzing competitive effects of product design decisions by Microsoft).*

[2] *<https://www.theguardian.com/technology/2016/jul/21/google-south-korean-offices-inspected-android-antitrust-probe>, 28.06.2015.*

[3] *MRFTA, Art. 23, § 1(3).*

[4] *The Korea Fair Trade Commission's Decision on Microsoft's Tying Practice: The Second-Best Remedy for Harmed Competitors, 16 Pacific Rim Law & Policy Journal, 375 (2007).*

in the apps market may, however, be affected by changes to entry dynamics for app developers looking to use the platform and, indeed, to thrive on it. Moreover, Google certainly benefits through the installation of the branded OS as the use of its profitable search engine will increase. These profits, though, come from advertisers and not consumers, so it is again difficult to quantify immediate consumer harm in the device owner segment, except for the loss of innovation in app markets that might be significant. One could speculate the data consumers divulge in the Google-branded devices could be used to target them more precisely, and although this is a relatively novel version of harm analysis, increasingly, more agencies considering competitive effects in data in greater depth[1]. Much depends on whether market power has considered necessary to achieve these integration benefits; to many, it is not, and the presence of market power could lead to an exploitative use of data, e.g. failure to license the data to an innovative entrant with a competing advertising product. Thus, although subtler than in older cases, there is ample scope for competitive harm from a gatekeeper position in a mobile OS, and many points remain open to debate.

The EU Competition Law authorities have also taken aim at Google, both for its bundling practices but also for a wide variety of other alleged offenses[2]. This case breaks along similar lines to Microsoft, where the company was also required to produce a separate OS without a free bundled app[3]. This goes along with a longstanding EU policy noted by some commentators as one that attempts to promote fairness for small and medium size competitors,[4] by requiring dominant companies to pay due attention to the competitive effects product design might have, and to balance innovation benefits from integration against the potential harm to innovation in related markets, in a proportionate way[5].

In the US, the focus has generally been on consumer welfare, in comparison to the EU's interests in promoting a number of providers as an alternative conception of protecting competition that arguably shows less deference to entry dynamics[6]; much of the difference may be driven by the historically greater level of competition in US markets, which were not affected by the postwar nationalizations of Europe, and so to this day remain in some instances more dynamic and competitive, arguably calling for lesser intervention. In some industries, economic analysis suggested that a monopoly or oligopoly could be the most efficient avenue for maximizing consumer welfare, a viewpoint seen most clearly in the historical decisions to nationalize telecommunications providers in Europe, and to protect them in the US, on the basis that a natural monopoly existed. While there have been rumors of Google's investigation in the US, it seems this principle, of a free OS and free search, with their substantial benefits for consumers, have not motivated US Antitrust authorities to act, reflecting a philosophical divide with the EU and Korea.

Keywords : Antitrust, Competition Law, Google, Microsoft, Bundling, Tying, Android.

JEL Classification Codes : K21.

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[1] *See especially the position of the French and German competition authorities on data as market power, Competition Law and Data, 10 May 2016, available at <http://www.autoritedelaconcurrence.fr/doc/reportcompetitionlawanddatafinal.pdf>, 28.06.2016.*

[2] *<http://www.economist.com/news/business/21697193-european-commission-going-after-google-againthis-time-better-chance>, 28.06.2016.*

[3] *<http://www.economist.com/news/leaders/21697223-eus-case-google-has-abused-its-dominance-mobile-operating-systems-has-merit-tie>, 28.06.2016.*

[4] *<https://piie.com/publications/chapters_preview/56/10ie1664.pdf>, 28.06.2016.*

[5] *The EU Microsoft case at paras 914 to 935.*

[6] *Id.*

R&D and Competitiveness of the Countries: An Analysis for Defense Sector

Ozlem INANC TUNCER

Isik University
ozlem.inanc@isikun.edu.tr

Abstract

In order to be an important player in the highly globalized world today, countries are obliged to increase their competitiveness. However, the literature on the competitiveness of the countries is narrow compare to the one, which discuss the competitive power of the firms. Both Krugman (1996) and Porter and Ketel (2003) argue that "productivity" is the best candidate to measure the competitiveness of the countries, and R&D activities are one of the key concepts in increasing productivity especially in high-tech industries. In terms of R&D in high-tech industries, specialization is a core concept. Simonen et.al (2015) analyze the case for Finland, and argue that smart R&D specialization improves global competitiveness by improving regional economies (Simonen et al, 2015).

In this research, effect of R&D in defence sector will be discussed. Defence industry is one of the high-tech industries with very high value added. In Turkey, defence industry has declared as one of the leading sectors in Turkey's most important nine strategic sectors, while Turkey is reaching its year 2023 objectives. Currently mainly USA, Europe, Russia, and new actors (e.g. China and India) have high levels of competition in this sector. However, recent data indicates that European defence industry is losing its competitive power against the US and other rising economies especially due to the decreased defence expenditures, and the fragmented nature of the European defence market.

When the effect of R&D specialization becomes an important factor, companies have been started to develop their own technology, and focus shifted more on innovation. This effect pushed governments as being a key player to focus to improve conditions. In defense sector, specifically, governments have a crucial role supporting R&D investments, and create policies for the sector. For example, in the EU, in order to reduce the competitives gap between the union countries and USA, policies are being implemented that enhance competitiveness. (Gardiner & Martin & Tyler, 2004) Main problem in defense sector that the investment amount monetarily is very high and the results of efforts is not always conclusive in terms of product. Recent reports of European Commission argue that state ownership of firms create inefficiencies in the sector due to the duplication of research activities. Moreover, many SME's in the market cannot survive because larger and more efficient suppliers will displace them from their supply chains.

This is the part of the problem in defence sector in Turkey as well. As an emerging country, Turkey is heavily investing the sector, yet there are many SMEs are not being encouraged to work on R&D due to uncertainty in sectoral policies such as intellectual property rights.

First part of this research will discuss the concept of competitiveness of a country and the importance of R&D in increasing competitiveness especially in high tech industries. The second part will analyze defence sector specifically by concentrating on the nature of R&D activities in the sector (agglomeration and specialization in the sector, dual use of innovative activities etc.). We aim to analyze and compare the cases for biggest players in the sector and Turkey. The third and the last part will aim to generate some policy proposals for Turkey to improve the efficieny of the defence sector in country.

Keywords : R&D, Competitive Power, Defence, SME.

JEL Classification Codes : E20, O11, O30.

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Competition Issues in Turkish Cement Industry

Volkan GURSEL

Uludag University
vgursel@uludag.edu.tr

Abstract

The cement industry is highly capital-intensive and therefore characterized by high fixed costs. The industry is mature with few technical improvements. Cement is a homogenous product, which can sell within a limited geographic market because of high transport costs. Although cement is one of the main ingredients used in the construction industry, it accounts for only small percentage of the total construction costs. It has no close substitutes. Thus, demand for cement may seen highly inelastic. For these reasons, cement has often cited as a market likely to have a collusive agreement. Interestingly, the assumed vulnerability for cartelization is not only supported by theoretical arguments but also reflected in the competition law enforcement records of many countries. The main objective of this paper is to discuss the competition issues in Turkish cement industry and to assess the effectiveness of sanctions to deal with anticompetitive behaviors of cement producers. For this purpose, the Turkish Competition Board decisions relating to the cement industry have examined in detail.

Turkish cement market was subject to government intervention until the late 1980s. Cement prices had determined by the state and share of state owned plants in the cement production was approximately 40%. After the process of economic liberalization and privatization began in 1980, government intervention in cement market decreased gradually over time. In 1982, the Ministry of Industry authorized the Turkish Cement Manufacturers' Association to determine cement prices. Cement prices were completely set free in December 1985. All of the twenty-four state owned cement plants had privatized between 1989 and 1998. Since the end of government intervention period, it has expected to become a competitive market. However, the ability of cement firms to engage in anticompetitive practices has defied expectations. Turkish cement producers have been under suspicion of involving in anticompetitive practices for many years. Collusion in the industry took place through the firms' concerted practices to fix prices and to share geographic markets among themselves. The Board has investigated the cement industry several times and imposed fines totally 65.6 million Euros on cement producers breaching competition rules.

However, recently it becomes very hard to fight against Turkish cement cartels for several reasons. First, it is difficult to claim that fines given by the Board have a deterrent effect. Furthermore, it has not easy to find direct evidence of collusive practices in this industry. Due to plenty of investigations that were carried out in the industry, firms are well aware of the value of certain documents in proving the time and place of anticompetitive agreements. They develop means to conceal documents indicating collusive practices. In addition, information technology related forensic activities are lacking to attain more evidence. To overcome these difficulties, the Board decided that all firms active in the cement market would send information about their production, sales and capacity information every three months. Yet such a precaution is not adequate to prevent collusion. It would be advisable to use other devices in order to increase deterrence. A well-designed system of private damages actions may represent a complementary instrument to increase deterrence. If appropriate steps are taken to make easy for buyers and final consumers to sue for damages, this will add to the costs that a firm which involved a cartel.

28 October 2016 Friday

Session: III-B / 14.00-15.30

FINANCE AND BANKING

Room: *Prins Hendrik 3*

Chair: **Gert Tinggaard SVENDSEN**

- Asymmetries between Stock Return and Consumer Confidence: Evidence from Turkish Stock Market Data

  Emel SIKLAR & Ilyas SIKLAR

- Sectorial Hierarchy in Borsa Istanbul

  Veysel Fuat HATIPOGLU

- Determinants of Credit Risk for the Turkish Banking System

  Muharrem AFSAR & Emrah DOGAN

- Composition and Trends of the Fiscal and Monetary Policy Measures after the 2007 Crisis: An Evaluation for the MINT Countries

  Hilmiye Yasemin OZUGURLU & Cansel OSKAY

Asymmetries between Stock Return and Consumer Confidence: Evidence from Turkish Stock Market Data

Emel SIKLAR

Anadolu University
esiklar@anadolu.edu.tr

Ilyas SIKLAR

Anadolu University
isiklar@anadolu.edu.tr

Abstract

According to general theoretical beliefs and empirical findings, there is a positive relationship between stock prices and aggregate consumption expenditures especially toward increment direction. The conventional explanation of this phenomenon has based upon the "wealth effect" concept. However, stock market movements can also affect the consumption expenditure in an indirect way. Bullish market conditions may cause customer to be more optimistic regarding the future conditions of the economy and, therefore, to increase their spending. This study investigates the presence of the consumer confidence channel of equity prices in Turkey during 2002-2015 period. Current study uses the Consumer Confidence Index composed by the Turkish Statistical Institute in a cooperation with the Central Bank of the Republic of Turkey as a proxy for the consumer confidence while Istanbul Stock Exchange main index (BIST100) has used to represent stock market conditions. Obtained empirical results indicate that there is strong confidence channel in Turkey whereas empirical findings also support the view that stock price changes have some asymmetric effect on consumer confidence. In other words, decreases in the stock exchange index, compared to increases, create more powerful and statistically meaningful effects on consumer confidence.

Keywords	:	Stock Prices, Confidence, Wealth Effect, Price Asymmetry.
JEL Classification Codes	:	E21, D12, G10.

Sectorial Hierarchy in Borsa Istanbul

Veysel Fuat HATIPOGLU

Mugla Sitki Kocman University
veyselfuat.hatipoglu@mu.edu.tr

Abstract

The weighted networks generally consider complex systems. Indeed, complex systems involve interacting agents and it is possible to maintain these agents as the nodes of a simple graph. Food networks, scientific citations, social networks, communication networks, the Internet, and the companies interacting in stock portfolios can be good examples to such systems.

Defining financial markets via complex networks that are with the large numbers of interacting agents provides a very general framework. For forecasting or risk analysis, understanding of the behavior of these interacting agents plays an important role. The complexity of such system has projected on the corresponding simple graph. This graph has the structure of the dense connections and entwined relations. Hence, it is possible to consider some kinds of subgraphs to extract the important properties of the complex system. One of the most used subgraphs is the minimum spanning tree. A spanning tree is an acyclic subgraph of G, which includes all vertices of G. For the weighted graph, the tree amongst the spanning trees with the minimum weight has called the minimum spanning tree (MST). Classical MST algorithms run with the O(m log n) time where the number of vertices is n and the number of edges is m. The MST clustering algorithm has known to determine clusters with irregular boundaries. Different from the classical clustering approaches, MST clustering algorithms do not assume the spherical shape of the data.

MST approach is attractive because it chooses the most relevant connection of each nodes. Moreover, MST directly gives the subdominant utrametric hierarchical structure of the data points. Hence, it is possible to determine the isolated groups of the stock market network by the hierarchical structure emerge from the MST topology. This hierarchy is important to define stock market network theoretically and to determine the factors affecting the isolated groups. The taxonomy of each portfolio in the stock market can determined by their time series. Recently, several methods based on statistical physics have applied to characterize such interactions of stock market indices and foreign exchange rates. In a financial market, the performance of a company has compactly characterized by a single number, the stock price, which results from a large number of interactions between different market participants.

The same idea can hypothesize to global financial networks; i. e., the performance of a stock market has compactly characterized by the global interactions of its sectors. In this study, we present a novel method that has based on signal processing to obtain hierarchical structure of Borsa Istanbul (BIST). For this purpose, we first construct the sectoral hierarchy amongst the globally operating stock markets by using dynamic time warping to measure similarity between two temporal sequences of daily logarithmic return of the closure prices of each sector that operating between December 2009 and August 2016. Dynamic time warping is a method to measure similarity between two-time series. Dynamic time warping calculates an optimal match between two-time series with certain restrictions. The time series have warped non-linearly in the time dimension to determine a measure of their similarity independent of certain non-linear variations in the time dimension. Since dynamic time warping focuses on the variations of speed, we do not need the equally length time series. It has also well known that a nearest neighbour classifier can achieve state-of-the-art performance when using dynamic time warping as a distance measure.

Once we determine global network of each sector of BIST, we compute MSTs and obtain the global hierarchies. Then, we used the Prüfer coding to obtain string like hierarchical structure between the sectors in BIST and global stock markets, and construct the intra-hierarchy of BIST by measuring similarity with Levenshtein distance.

Keywords	:	Multivariate Analysis, Hierarchical Clustering, Correlation Based Networks, Dynamic Time Warping.
JEL Classification Codes	:	C31, C46, C51, D47, D53, D85.

Determinants of Credit Risk for the Turkish Banking System

Muharrem AFSAR

Anadolu University
mafsar@anadolu.edu.tr

Emrah DOGAN

Anadolu University
emrah.dogan@anadolu.edu.tr

Acknowledgement

Abstract

An increase in credit risks in the banking sector adversely affect the economy and financial stability. Therefore, the controlling of the credit risk has considered one of the fundamental conditions to reduce economic and financial stability risks. In this study, it has aimed to explore the credit risk determinants those have believed significantly to affect non-performing loans (NPLs), in Turkish banking sector. High levels of non-performing loans (NPLs) could threaten a country's financial stability because of asset quality, capital adequacy and liquidity problems. In order to investigate the factors that influence the credit risk of the Turkish banking system via the interactions between unemployment rate, real gross domestic product (real GDP), inflation rate, real effective exchange rate, oil prices, broad money supply (M2), capital adequacy ratio and non-performing loans (NPLs), was estimated by using the ARDL methodology. The most important advantage of the ARDL model is that it enables the use of stationary variables of different degrees while all variables have to be of the same degree and different variables can assigned different lag-lengths in cointegration approach. The time series data that used in the study has obtained from the databank published by CBRT the electronic data distribution system (EDDS), Banking Regulation and Supervision Agency (BRSA), TURKSTAT, EIA and includes quarterly observations for the period of 2006 to 2015.

In respect of empirical findings, indicate that unemployment rate, inflation and capital adequacy ratio have turned out to significant and positive impact on the non-performing loans (NPLs) in Turkey. However, the impact of real gross domestic product (real GDP), real effective exchange rate, oil prices and broad money supply (M2) on non-performing loans (NPLs) have estimated to be negative and statistically significant. The findings in this paper implies that the unemployment rate and real gross domestic product (real GDP) may serve as leading indicators of credit risk deterioration.

Keywords	:	Credit Risk, Non-performing Loans, Turkish Banking System, ARDL.
JEL Classification Codes	:	C22, E44, E52, G21.

Composition and Trends of the Fiscal and Monetary Policy Measures after the 2007 Crisis: An Evaluation for the MINT Countries

Hilmiye Yasemin OZUGURLU

Mersin University
yaseminozugurlu@mersin.edu.tr

Cansel OSKAY

Mersin University
canseloskay@mersin.edu.tr

Abstract

The economic crisis that began in 2007 continues to impress all countries. Unemployment and income distribution problems has increased seriously owing to the fact the level of growth can not be obtained at the expected level since the crisis in the both developed and developing countries. Ongoing these problems have brought in to possibility of paradigm shift in development concept. Meanwhile the development framework including selective industrial policies in which the state has a more active role is among the suggestions. Thereby the orientation to the selective industrial policy enhances the importance of the fiscal and monetary policy implementation.

Within this framework in this study will be discussed effects of the fiscal and monetary policy measures based on the the development paradigm and selective industrial strategy on the MINT countries (Mexico, Indonesia, Nigeria, Turkey) which are classified as new emerging countries. Moreover, in this study it has aimed to be developed proposals for policy options to conduct the growth potential preventing of poverty and create jobs.

It is possible to associate with economic development literature in significance of the MINTs countries in present day. In this context, industrialization has considered a size of the development and the importance of medium and high-tech domestic production-oriented industrialization policies have discussed. Therefore, it does not seem to be possible implementation of the development- oriented industrialization policy without government intervention for the solution of the unemployment and income distribution problems.

Another point to emphasize in terms of its place in the international economy of the MINTs and other developing /new emerging countries is that the international component of industrial policy has always been important, because exports support disciplined industrial upgrading. Globalization through greater trade openness has expanded the potential for this policy route. However, globalization has also led to the emergence of vertical production networks that increase the complexity of required policies and the demands on state capacity, thereby making it harder to achieve effective policies (Kaur & Singh, 2013). Despite difficulties of the independent industrial and macroeconomic policy due to globalization process, it would be appropriate to understand whether MINTs countries have characteristics in common because it defined as groups of countries relatively less affected by the crisis.

Since 2013, the "MINT" countries - Mexico, Indonesia, Nigeria and Turkey - have been identified as emerging economic giants becoming the rallying point of an economic grouping. One of the Main common characteristics of these countries is demographic factors. All these countries have young population that will grow the economy faster when ageing and shrinking populations will lead to slower growth rates in many developed countries. The other is that geographical factor, they are also nicely placed to take advantage of large markets nearby, with Indonesia close to China, Turkey is the bridge between Europe and Asia and Mexico on America's doorstep. Nigeria does have the potential to become the hub of Africa's economy. Mexico, Indonesia and Nigeria are also leading commodity producers. Of the four, only Nigeria is not already a member of the G20 group of developed and

developing countries. Besides they have common advantange they also share challenges. Major tasks will be how to rapidly advance infrastructure and rapidly decline poverty rates by putting their young populations to gainful employment (Durotoye, 2014) . These tasks involves structural changes. Structural change should be addressed with industrial policies well coordinated with macroeconomic and social policies in order to provide better conditions.

In sum, this paper analyzes and evaluates a possible case for effect of the fiscal and monetary policy implication on the industrial policy with special reference to the MINT countries through tables and graphical assessments.

The studies on this subject are mostly to address effects of the fiscal and monetary policy or to develop proposals for the industrialization strategy within the framework of the prevailing development paradigm. The main feature of this study is to distinguish from other studies; it is effort of handlig of the monetary and fiscal policies with respect to development paradigm and industrialization policies associating with each other for the MINTs countries.

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28 October 2016 Friday

Session: III-C / 14.00-15.30

ECONOMIC HISTORY

Room: *Prins Hendrik 4*

Chair: **Ersan OZ**

- Hejira and Muhajir's Settlement as First Example of Migration Management in Islamic Tradition

  Faruk BAL

- Migrations in the Early Years of the Turkish Republic and Their Relations with Foreign Trade

  Abdullatif CEVIKER

- The Impact of Industrial Revolution on Ottoman Empire: A Case Study of Military Factory

  Ali Gokhan GOLCEK & Altug Murat KOKTAS & Isil Sirin SELCUK

- "Tithe" in the Ottoman Empire: A Religious or Civil Tax?

  Altug Murat KOKTAS & Ahmet Burcin YERELI

Hejira and Muhajir's Settlement as First Example of Migration Management in Islamic Tradition

Faruk BAL

Istanbul Medeniyet University
faruk.bal@medeniyet.edu.tr

Abstract

Hejira from Mecca to Madinah is the first example of major migration seen in Islamic History. Because of it being the first mass migration, Hejira became an exemplary event which is applied for solutions of the problems that occured in further migration movements. Islamic historians approached Hejira mostly on the aspect of its religious characteristics. The issue has examined as the beginning of a new phase in Islamic History and evaluated with its religious aspects. Besides, Hejira resulted in important economic and social consequences that would be effective on the further processes because of the fact that it was a mass migration movement. This article aims to approach economic and social consequences of the Hejira, the settlement of Muhajir in Madinah and the studies that is purpose was to provide social integration as examples of migration management. In this study, informations about Hejira have collected and analysed systematically by benefiting from primary sources that have rich data. The works had done related to the settlement of Muhajir after Hejira, the first settlement places and settlement format were researched from primary sources. Precautions that taken in order social integration to be actualized, social, and economical adaptations of Muhajir who came with Hejira have revealed. The methods that been followed in order Muhajir to adopt the business life were documented. Activities that carried out with the aim of offering a permanent solution to the social and economical need of Muhajir after the precautions that taken at the beginning have discussed. In this study, most particularly, the effect of Hejira on the formation of migration management tradition in Islamic societies has emphasized.

Hejira is a term that has used to express Prophet Muhammad and his believers' major migration from Mecca to Madinah at a.d 622. After given the permission of migration to Prophet and his believers, Muslims migrated to Madinah in groups. Hejira to Madinah actualized in two steps. Thoso who migrated with Prophet Muhammad at first stage are called al-muhacirunu'l-avvalun (first Muhajir). After this first migration movement, there had been second Hejira that continued until the conquest of Mecca at hijri 8th year. Second Hejira was an obligation for those who accepted Islam in different parts of Arabian Peninsula. Those were called as al-muhacirunu'l-aharun (Second Muhajir).

Madinah which accepted the Muhajir, had an almost cosmopolit structure when compared to Mecca. Localized in Madinah, two Arabian tribes Evs and Hazrec, had been at war all that time although they shared the same lineage. Apart from Arabs, there were also 3 Jewish tribes living in Madinah. Those were Sons of Kaynuka, sons of Nadir and sons of Kurayza. As for Christians, there were so little of them. We do not have reliable information about the population of Madinah before Hejira. It has known that Prophet Muhammad had made population census after the Hejira. However, the information about the census is not enough for us to reach clear results. It has mentioned in the studies about the population of Madinah that there were between 1000-1500 Muslims included those who migrated correspond to 10.000 non-muslim population in the first years of Hejira. There were around 4000 Jews, almost 50 Christians in non-muslim population. Rest of them were consist of pagans from various Arabian tribes. Amount of the Muhajir in Muslim population is again a problem for us. It has estimated that those first Muhajir were between 250 and 300.

Migration, beyond the spatial change, expresses transfering to a new system as socially and economically and pass through from one culture to another. Migrant's social and economic statuses, culturel environments and personal connections change, migrants confront with the problem of orientation to a new society. Adaptation problems between migrants and inhabitants have important place within the problems occured because of the migration. This situation has closely related with how societies, which let in migrants, see migrated people. At this point, integration and efficiency of the policies that practised for the coalescence will be determinative at solving these problems. We can examine the problems that occured with Hejira in three steps. First, one is Muhajir's settlement; second, one is the participation of Muhajir in economic structure and become productive. In addition, the final problem is integration of Muhajir in their new locations and provide the adaptation between migrants and inhabitants. In order to solve the problems an agreement between Muhajir and Madinah's inhabitants had assigned 5 mouths after Hejira. This agreement is called brotherhood agreement (muâhât). Muâhât was an agreement which seeked solutions for social union besides muhajirs's settlement and employment problems.

Part of the Muslims that migrated have related to Madinah's inhabitants and part of them had friendship attachments date back to old times. These families had welcomed as guests by their relatives and friends in Madinah. Some of the Muslims in Madinah opened their homes to the Muhajir that had no family. Some of those in Ansar donated land to Muhajir in order them to have homes. However, this was not a settlement that was extensive and including the total. Brotherhood agreement, obliged those wealthy people in Madinah to host a Muhajir family from Mecca. This agreement's provision about employment indicated that Muhajir would work mutual on the properties of Ansar and share the income with them. Those who became brothers within the agreement would be inheritors to one another at the same time. Thus, Prophet Muhammad established an environment in which Muhajir could find both material and moral support. With the brotherhood agreement, first of all, the settlement problem had solved. Muhajir had homes in where they could settle. This agreemnt also solved employment problems of Muhajir. The important problem related to employment was that people from Mecca didnt have knowladge about agriculture. In contrast with this, Madinah's economy had based on agriculture. With brotherhood agreement, Muhajir started to work with Ansar in palm gardens and in return they took share from the product. Thus, Muhajir would not only provide their own supplies while learning agriculture from Ansar but also could evaluate the remained products as fund and do the business they knew by far the best; trade.

Brotherhood agreement also offered a solution for social integration problem. Actually, Muhajir could be located in spare lands from the moment they came. Thereby these lands could use for agriculture and besides Muhajir could have land at first hand. Even though seems as an easy solution it had two important problems in practise. Firstly, because of the fact that Muhajir didnt have knowledge about agriculture it might cause existing labour to falsely employed. Secondly, Muhajir and Ansar's had been settled as seperately would prevent the social integration. Brotherhood agreement on the other hand, by settlening Muhajir between Ansar provided them to live together. Thus, Muhajir and Ansar that shared the same house, produced in the same place, inheritors for each other, created a community in which people commited to one another with religion.

With brotherhood agreement aimed to solve fundamental problems of migration, substantial solutions had created. After the agreement provided the willed aim, they passed to another stage in which Muhajir became property owners as a more permanent solution. For this purpose, the lands seized without war have shared between the Muhajir who had left everything behind in Mecca. Muhajir returned the Ansar's properties after they became property owners themselves. In addition, the provision that said Muhajir and Ansar were inheritors even though they were not relatives was revocated.

Migrations in the Early Years of the Turkish Republic and Their Relations with Foreign Trade

Abdullatif CEVIKER

Istanbul Medeniyet University
abdullatif.ceviker@medeniyet.edu.tr

Abstract

Anatolia was the source and target of migration and the transit line in the past as it is today. Thus, migration has been an important factor in the formation of Turkey's social, cultural, and economic structure. Especially, the population exchange that occurred in the first years of the republic was a mass migration movement, whose consequences are still being argued.

This study's aim is to examine the effects of the Greek-Turkish population exchange on the economy in general and, specifically, on the role of the organization of the exportation in addition to the qualitative and quantitative size of the incoming and outgoing immigrants within the exchange.

The study is based on documentation, systematic presentation, and analysis of the data acquired from the documents. The Turkish official archives and both local and foreign literature on the subject were used in the study.

After Turkish War of Independence, majority of the Rums (Greek of Turkish nationality) had already left Anatolia before Armistice of Mudania. After the exchange, which was an addition to Lausanne Agreement, almost 200 thousand Rums, who were in the Central Anatolia and Black Sea Region and were out of the conflict area had been forced to migrate. As a result, according to the 1928 population census held in Greece, 1.104.216 people were Rum refugees born in Anatolian lands. In return, with the agreement, totally 450 thousand Muslims had migrated from Greece; 370 thousand of them migrated between December 1923 and October 1924. Although the majority of the migration of Rums, who were trying to escape from the war, from Turkish lands had taken place before the exchange, it is clear that the exchange agreement was an attempt to set up a legal infrastructure for the actual situation occurred as a result of the war between two countries. Those who were subjected to forced migration according to the agreement were Muslims living in Greece. After the mutual migration movement, Turkey's population composition and ethnicity changed. In 1927 Turkey, out of its 13.269.000 total population, there were 120.000 people whose mother tongue was Greek. Compared to the 1913 census, the population decreased 30% and became ethnically homogeneous. The rate of Christian population in Anatolia was 2.5% in 1927, while it was 20% in 1913, which indicates the size of the homogenization. Nevertheless, other than the population exchange, factors such as population movements affected the religious composition of the population.

The most important aspect of the population exchange concerning its consequences is its asymmetrical structure, both quantitatively and qualitatively. This asymmetry exists in both countries. Quantitatively, Turkey had emigrated above 1 million people, while it took in below 500 thousand immigrants. In other words, it can be said that Turkey accepted one person in exchange for 2.5 people it had sent away. In addition, there was an inequality in the absorption capacities in relation to the size of the population and lands of the contracting countries. While Greece, which was fewer in population and land, had to accept the majority, Turkey accepted comparatively less migrants. This inequality determined the dimensions of settlement and integration problems that both countries were faced with. However, when exchange's qualitative aspect is considered, we face with a more complex scene. In exchange for the Rums who were craftsmen, tradesmen, teachers, doctors, lawyers, journalists,

merchants, dockers, businessmen and bankers in Anatolian cities as opposed to Turkey accepted mostly farmers.

Voluntary, mandatory, individual or mass migrations result in serious consequences on the social, economical and psychological statuses of the migrants. Similar consequences are also effectual for the migration's source and target countries. Mandatory and mass migrations load important economical and financial burdens to the target country. For example, at least in the short term, the share from the total income for the individuals would decrease. For the migrant's adaptation into society, huge settlement expenses have to be paid. On the other hand, there can also be negative consequences for the source country, which the migrants have left. The severity of the negative consequences is associated with country's income level, factor endowment and features as far as it is directly related with the roles of migrants in economic structure.

Turkey endured the costs of settlement at the end of exchange migration. 18 million liras spent for migrants from public purse between 1923 and 1928 and almost half of it was for those came within the exchange. At this point, it should be considered that Turkey's budget incomes were respectively 129 million and 153 million Turkish Liras in 1924 and 1925, when major part of the expenses were done. On the other hand, the most important problem related with the exchange's economic effects was to fulfill the gap in economic structure resulted by the Rums' leaving. The quality of outgoing people within the exchange had more important economic effects than its quantity. Rums' leaving had led Turkey to a serious economic depression. Rums have an important place in economic and commercial life of Turkey as producers, consumers, financiers, and entrepreneurs. The deficiencies occurred in these roles' fulfillment disrupted the routine process of economy and additional production increment.

The Rum population, who were sent from Turkey to Greece, had an important place in economic and commercial life as producers, mediators and organizers. The Rum merchant's leaving from Anatolia caused some of the commercial relations in foreign market to be broken down and some of them to change direction. Because of the fact that Turks' replacing Rums in the role of mediator in either domestic or foreign trade took a long time, it caused an important differentiation in commercial life. Published commerce guides have important information about the exportation port Izmir's economic process. According to the information obtained from those guides, which reflects the final situation before the exchange, 80% of the merchants were Rums who brought product to Izmir from their own hinterland. Domestic and foreign trade and half of the through transport were in Rums' power. Foreign merchants used to be first and Rums were second in the international trade. Despite that secondary position, the essential commercial power of Rums was originating from the small trade called craftsmanship. The half of the acorn barnacle exporter merchants consist of Rums in one of Izmir's foreign trade firms in 1920. 19 cotton exporters out of 28, 18 grain exporters out of 27 and half of 14 exporter merchants were Rums. 39 of 60 merchants, who were dealing with tobacco export, which had an important place in Turkey's exportation, and 27 dried grape exporters out of 41 were also Rums. They were not only dealing directly with exportation, but also had power on the sectors that support exportation such as packaging. For example, the producers of the paper bags used for products like figs and Turkish delight, producers of the tubs, wooden boxes and holdalls were all Rums.

Rums' leaving from Turkey's exportation port Izmir, caused exportable products to be recollected and network between exporting countries to be broken down. Some of the Rum businessmen, bankers, and merchants, who left Turkey, had very important position in international business world. Thanks to the qualified entrepreneur and financier Rums, Greece had become an exporter of some products. One of those was carpet business carried by Rums. Due to the Anatolian Greeks' skill in trade in carpet business, Greece became rival to Turkey in international market in the second half of 1920s.

The Impact of Industrial Revolution on Ottoman Empire: A Case Study of Military Factory

Ali Gokhan GOLCEK

Omer Halisdemir University
aligokhangolcek@gmail.com

Altug Murat KOKTAS

Omer Halisdemir University
altugmuratkoktas@nigde.edu.tr

Isil Sirin SELCUK

Abant Izzet Baysal University
isilselcuk@gmail.com

Abstract

Industrial Revolution that started in the UK and expanded its impact area in Western European countries later launched a large-scale transformation by changing Europe's existing socio-economic structure. Because of the transformation that started with the realization of surplus value in the agricultural sector in the UK firstly, urban centres have developed intensively and it created a market for this surplus value in rural areas. Industrialization has affected Europe quickly due to such reasons as increasing demand, capital accumulation is enough, social structure adapted to change. Transformation of the weaving industry became the first soul of industrialization then with the invention of machines running with steam power, the first phase of the Industrial Revolution was completed. While the number of factories operating in cotton weaving industry in Europe in the 18th century was around 900, it reached about 1.500 in 19th century.

With the existence of becoming technical, knowledge accumulation and the capitalist thought, labour-intensive production decreased and the share of capital-intensive production increased. European states of which economies developed with the industrialization started to use neighbouring countries as market. Countries like The Ottoman Empire, India and China that were in the outer space first with the existence of a trade flow from the centre toward to neighbour were began to be seen as the neighbouring countries and these countries have sought to integrate to the industrialization.

Industrialization movements in the Ottoman Empire that form the subject of study did not occur in a structure similar to that in Europe. While Industrial Revolution was expressing the essence of the transition from agricultural production to machine technology, this process was manifested in different areas in the Ottoman Empire. It was possible to control the geography that was owned sovereign in the Ottoman Empire that has wide range of geographical borders with a solid and working structure of military and financial power. Hence, the factories and mills located within the state were built to be used more in the manufacturing of military tool. The defeats in the wars in the 18th century unrolled that Ottoman cannonballs were insufficient; European states went into becoming technic in military area. Shipyard, armoury, gunpowder factory and arsenal are considered as heavy industry in the Ottoman and these were usually formed in such cities as İstanbul, Thessaloniki, Gelibolu, Bor, İzmir.

In the study, to what extent industrialization took place in the military field in the Ottoman Empire contributed to the Ottoman economy was examined by taking plant production data of that period into consideration.

Keywords : Industrial Revolution, Ottoman Empire, Military Industry.

JEL Classification Codes : N13, N43, N63.

"Tithe" in the Ottoman Empire: A Religious or Civil Tax?

Altug Murat KOKTAS

Omer Halisdemir University
altugmuratkoktas@nigde.edu.tr

Ahmet Burcin YERELI

Hacettepe University
aby@hacettepe.edu.tr

Abstract

The tax applications in the Ottoman Empire are generally examined in literature in two groups as religious and civil taxes. The application of religious taxes was practiced depending on the Islamic religious customs and principals. While the taxes in question were composed of financial charges such as alms, tribute, tithe and jizya, the number of the taxes are also known to have increased by different application and interpretations. On the other hand, the civil taxes which derived from the government's primary requirements and were based on the public's customs and traditions in its base formed another tax system along with the religious taxes. Especially with the decrease in the obtained gains due to the recession of the conquests, and the difficulties in public's financing as a result, the civil taxes are known to have caused a gradually hardening burden on the public. Indeed, the financial charge named avariz, which is a kind of civil tax, has regarded as the most important means of financing the extraordinary periods. On the other hand, the öşür (tithe), one of the religious taxes, is an Arabic word and means "one tenth." The plural of öşür is Aşar. The tithe, which was taken as one tenth of the agricultural products such as wheat, barley and rice, is also known to have applied differently regarding the land's fertility and local qualities. Actually, the efforts to set a stable tax rate of 10% with the aim of establishing a fair tax system during Tanzimat Reforms remained inconclusive and the rates were reported to have gone up to 50% in some regions. The tithe was one of the fundamental sources of income of the government for all the time it was applied and consequently, it was abolished after the proclamation of the republic, on 17 February 1925.

Even today, the tithe is categorized as a part of the religious taxes in the tax system. Nevertheless, Prof. Dr. Omer Lutfi Barkan argues that the tithe was not a religious tax but it had based on the historical heritages that took place in the different regions of the empire, the regional customs and traditions, and the financial and economic motives. Similarly, Prof. Dr. Halil İnalcık points out that the financial applications of the Ottoman Empire were just the continuation of the systems that peaked during the bright era of the Abbasid caliphate and the Ilkhanete Persia. Accordingly, the Ottomans accepted and applied these systems as of Yildirim Bayezid (Bayezid I) period, depending on the government's continual progression. For instance, a tax similar to the tithe has remarked to exist in the Sassanians. These arguments are further strengthened by the different application rates of the tithe as indicated in the emolument records, which came into practice with the Tanzimat era. Therefore, the theme of this study is the religious or civil framework of the tithe. The arguments about which context the tax takes place in terms of the application of the tithe constitute the unique aspect of the study. In this study, the data collected from the emolument records that belong to different regions are used and the rates of the tithe examined. Consequently, because of the examinations on the tithe applications, it has concluded that the tithe was not a religious tax in the Ottoman Empire.

28 October 2016 Friday

Session: IV-A / 16.00-17.30

FISCAL POLICY

Room: *Prins Hendrik 2*

Chair: **Stephen DNES**

- Fiscal Illusion: An Assessment for Turkish Economy

  Melek AKDOGAN GEDIK

- The Role of Local Fiscal Rules in Providing Fiscal Discipline: The Experience of Turkey

  Tekin AKDEMIR & Birol KARAKURT

- Is Raising Taxes Always Contractionary? Evidence from Turkey

  Aysen ARAC

- Does Taxation Matter on the Location Choice of Foreign Investors?

  Hale AKBULUT & Ahmet Burcin YERELI

Fiscal Illusion: An Assessment for Turkish Economy

Melek AKDOGAN GEDIK

Cukurova University
makdogan@cu.edu.tr

Abstract

Fiscal Illusion deals with the issue of taxpayers' perceptions devoted to the size of the public sector and tax revenues to finance public expenditures. Due to the factors as complexity of tax system, taxrates, goverments' preference between debt finance and increasing money supply instead of taxation, the share of indirect taxes in tax revenues, lack of confidence to goverment policy, etc, taxpayers can under estimate the level of real tax burden and the size of the public sector.

The theoretical and emprical literature related with fiscal illusion has based on the study of Puviani (1903) which focuses on public expenditure and income issue. In the theorical framework of our study, the fiscal illusion issue will have been assessed in terms of Puviani's fiscal illusion approach and different hypothesis in detail. In recent literature, fiscal illusion issue has evaluated in terms of complexity of tax structure, income elasticty of tax structure; fly paper effect, debt and renter illusion.

In this study, it has aimed to assess that fiscal illusion for Turkish Economy and different kinds of evidences have reached. Theorical literature that related with fiscal illusion emphasize individual's misperception about tax structure can causes illusion. Since 2000 new types of indirect taxes that are included in tax system can causes fiscal illusion by increasing the share of indirect taxes to direct taxes. On the other hand, between the years of 1975-2014 the difference between public expenditure and income causes budget deficit. Fiscal illusion can also occur in terms of deficit financing methods like taxation, borrowing or money supply. In addition, it has evaluated that in terms of different types of taxation the share of excise taxes has important role since 1990s. Income elastity of taxes can also cause fiscal illusion. In Turkish economy the elasticity of corporate taxes, income taxes and value added taxes have high coefficient value since 2008 World Financial Crisis.

Keywords	:	Fiscal Illusion, Turkish Economy.
JEL Classification Codes	:	H2, F0.

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The Role of Local Fiscal Rules in Providing Fiscal Discipline: The Experience of Turkey

Tekin AKDEMIR

Yildirim Beyazit University
tekinakdemir@hotmail.com

Birol KARAKURT

Karadeniz Technical University
birolkarakurt@yahoo.com

Abstract

Fiscal discipline is about making spending decision for a country or its administrative agencies by taking into consideration fiscal equilibrium and having sufficient revenue sources, which can offset public expenditures. There have been a large number of country experiences such as growing budget deficit, debt pressure, and ineffective service delivery that causes a deterioration in fiscal discipline. Today virtually all nation-states are obliged to carry out the efficient delivery of public services and to fulfill public needs in an efficient manner, which is gradually changing and increasing without a considerable financial pressure on fiscal balance. For this purpose, it has taken advantage of the various organizations in public administration and local governments has come at the beginning of those organizations. Since, well functioning public management systems consist of several sub-national units such as local government, Functionally Decentralized Organizations exc., it is important to ensure fiscal discipline not only at central government level but also at other governmental levels. While ensuring fiscal discipline is important for government agencies at all levels, the importance of local authorities concerning public financial management especially increases interest in ensuring fiscal discipline in those units' day by day.

Today, considering that local public services may be effectively delivered by local governments, much as many public services for local common needs are provided through local government, not central government, providing efficient public services at local level without inducing fiscal deteriation subject to whether or not local government has adequate revenue sources which can offset public expenditures and the existence of efficient and well functioning rules organizing intergovernmental fiscal relations. Unless there is appropriate legal and institutional structure organizing intergovernmental fiscal relations, local governments are obliged to make over spending, lower taxaion and excessive borrowing. If fiscal deteration occures in any local government units, this would lead to the negative impact (such as increased borrowing and the risk Premium) on other bodies funded from public sources. Furthermore, recovering the local government that has the problem of fiscal discipline by central government leads to a set of moral hazard. All these prevent to achieve sound public finance or erodes central government's efforts aiming to combat fiscal indiscipline by leading to fiscal deterioration. To sum up, lack of local fiscal discipline threatens national fiscal discipline and increases concerns about maintaining macroeoconimc stability.

As is often expressed in local government finance literature, a stable and meaningful decentralization requires having adequate financial resources that should be commensurated with the responsibilities set by the constitution and the rule of law and an unambiguous and well- defined institutional framework. To increase efficiency, effectiveness accountability and reduce unproductive overlap, local government units must have adequate and independent sources of revenue. They must also have certain degree of control and discretion over their fiscal resources. However, there has been significant reliance on intergovernmental transfers especially through tax sharing in many countries. A deficit between the allocated expenditure commitments and available revenue sources lead to fiscal gap, which is generally financed through intergovernmental transfers or borrowing. In short, a wide fiscal gap allows local entities to offload the costs of their fiscal irresponsibility onto the collectivity.

No matter countries are developed or developing, due to the increasing importance of local financial problems, local fiscal discipline has, in recent years, become a national concern for many countries including Turkey. In this context, causes of fiscal indiscipline and its solutions have significantly led to ongoing discussions. In this context, this study contextualizes the role of local fiscal rules in ensuring fiscal discipline. Fort this purpose, the most likely answer to the question is that whether providing full fiscal autonomy for local governments can ensure effective public service delivery has evaluated without being dependent on intergovernmental fiscal transfers. Additionally, under the assumption of those fiscal rules is a tool to provide fiscal discipline, the possible answer to the question is that whether local fiscal rules can be used as a tool in ensuring fiscal discipline is analyzed. Within this framework the assumption of those fiscal rules are regarded as a significant tool to ensure fiscal discipline is evaluated in the light of practices in various countries. Lastly, in Turkey, the relationship between fiscal discipline/indiscipline and intergovernmental fiscal relations has evaluated within the context of fiscal rules.

Keywords	:	Fiscal Rules, Local Fiscal Rules, Fiscal Discipline, Local Fiscal Discipline, Intergovernmental Fiscal Relations.
JEL Classification Codes	:	H6, H62, H63, H7, H72, H74, H77.

Is Raising Taxes Always Contractionary? Evidence from Turkey

Aysen ARAC

Hacettepe University
aysens@hacettepe.edu.tr

Abstract

There has been a great revival of interest in fiscal policy issues following the 2008-09 global financial crisis, particularly in light of substantial fiscal stimulus packages that were put in place in many countries in response to the crisis. Yet, there is still no consensus about the size and even the sign of its effects on economic growth. Uncertainty of the response of economic growth to fiscal impulse raises several critical questions, which the policymakers confront. One of them is if raising taxes always contractionary. The purpose of this study is to attempt to answer this question empirically by using data from Turkey.

The effects of raising net taxes on economic growth have been a subject of investigation for as long as economics existed as a discipline. In the standard neoclassical school, economic activity does not significantly change since aggregate demand is not affected by raising net taxes. This is because raising net taxes decreases current disposable income, which reduces private saving one-for-one. This argument is called the "Ricardian equivalence hypothesis".

When an increase in income tax rates rather than an increase in lump-sum taxes is considered, one should also take into account the supply side of the model. Namely, decreasing disposal income has opposite directional wealth and substitution effects on individual labor supply under the assumption of consumption and leisure to be normal goods. Decreasing disposal income induces a decrease in the quantity of leisure demanded at any given wage through wealth effect, while substitution effect suggests that tax increases reduce labor supply. The impact of an increase in income tax rates depends on the relative strength of wealth and substitution effects, which in turn depends on whether the change in the income tax is expected to be temporary or permanent. Substitution effect is assumed larger in the case of temporary increase in taxes; whereas wealth effect is assumed larger if the increase in taxes is perceived as permanent (Alesina & Ardagna, 1998).

The strong wealth effects of fiscal adjustments inducing additional consumption are called "wealth expectation effects". According to wealth expectation effect, current increases in taxes perceived as permanent generate a positive wealth effect by removing the danger of sharper and costlier fiscal adjustments in the future. Consumers anticipate a permanent increase in their lifetime disposable income and this leads an increase in current private consumption and in aggregate demand (Bertola & Drazen, 1993; Giavazzi & Pagano, 1996; Alesina & Perotti, 1996; Alesina & Ardagna, 2009).

Similar to the standard neoclassical school, the static IS-LM framework of Keynesian models do not predict an expansionary tax increases, either. According the IS-LM model, an increase in taxes always have negative impacts on demand. In addition, the fiscal contractions decrease interest rates. Lower interest rates induce rises in the components of aggregate demand sensitive to interest rates. However, increases in aggregate demand falls short off offsetting the contractionary effects of the increase in taxes.

The related literature suggests that there are three channels for interest rates to fall enough to yield expansionary fiscal consolidations. First, fiscal adjustments accompanied by sufficiently lax monetary policy could decrease interest rates to generate expansionary fiscal consolidation. Second, the factors that reduce risk premium on interest rates also lead the interest rates to fall. For instance, a strong fiscal

consolidation in a high debt country is considered to be able to decrease interest rates by reducing risk premium, which is called "credibility effects" (Alesina & Perotti, 1996). Last, Mundell-Fleming model implies that the negative impact of the fiscal consolidation on aggregate demand could be fully offset by an increase in net exports resulting from real exchange rate depreciation or devaluation under fixed exchange regime.

In sum, the wealth expectation and the credibility effects can be counted as the sources of expansionary tax increases.

Several empirical studies have provided evidence that some fiscal contractions are indeed expansionary. Giavazzi and Pagano (1996) find that how private sector reacts to fiscal impulse depends on the size and the persistence of the impulse. McDermott and Wescott (1996), using the fiscal expansion and consolidation experiences of the industrial countries over the 1970-95 period, find that fiscal consolidation need not hamper economic growth, especially over the medium term. Perotti (1999) finds that the outcome of a consolidation is more likely to be expansionary when public debt is high or growing rapidly. Romer and Romer (2010) estimate the output effects of the changes in various measures of tax, such as the change in cyclically adjusted revenues or all legislated tax changes. They find suggestive evidence, which is consistent with the idea that deficit-driven tax increases may have important expansionary effects through expectations and long-term interest rates, or through confidence.

A common finding of the aforementioned studies is that none of them used nonlinear models even though the response of the macroeconomic variables to tax increases appears to be nonlinear. Giavazzi et.al. (2000) claims that both the magnitude and the sign of the response depend on the conditions under which the impulse occurs and on its characteristics.

Against this background, in this study we aim to explore expansionary tax increases by using nonlinear modelling approach in case of Turkey. To this end, we utilize the extensions of smooth transition regressive (STR) models of Teräsvirta (1994) and then calculated The Generalized Impulse Response Functions (GIRF), proposed by Koop et al. (1996).

The specification of the STR models starts with the decision on the baseline linear model. We use a vector autoregressive (VAR) model of tax revenue, government spending and economic growth as baseline linear model in order to account for possible endogeneity problem of modelling fiscal variables and growth that the related theories suggest. We incorporate interest rates, capital inflows and Brent oil prices into baseline VAR model of STR model as exogenous variables since these variables can be assumed to affect the performance of growth in Turkey.

In order to specify appropriate STR model, we follow Weiss (1999), who generalize STAR model of Teräsvirta (1994) to vector autoregressive (VAR) models. In particular, we first estimate the (linear) VAR of fiscal variables and growth, then test for linearity of the estimated model against nonlinear alternatives. We use the ratio of the public debt to industrial product as a candidate source of nonlinearities between fiscal variables and growth based on the related literature. The results of the linearity tests are in favor of nonlinear specification. Besides, the domestic debt position can the main source of the nonlinearity.

The calculated GIRFs reveal the following results: Firstly, an increase in tax revenues is likely to increase the economic growth, but only a small extent. Secondly, there is an asymmetry in the effects of small and big increases in taxes on growth. Namely, big increases in tax revenues have smaller effects on the growth comparing to the small increases.

In conclusion, this study provides evidence of expansionary tax increases in case of Turkey. The results of this study can be used to shed light on the design of appropriate tax policies for policymakers, an issue with heightened importance in the post-crisis period.

Keywords : Fiscal Policy, Taxes, Economic Growth.

JEL Classification Codes : E62, H20, O40.

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Does Taxation Matter on the Location Choice of Foreign Investors?

Hale AKBULUT

Hacettepe University
halepehlivan@hacettepe.edu.tr

Ahmet Burcin YERELI

Hacettepe University
aby@hacettepe.edu.tr

Abstract

There is no consensus about the effects of foreign direct investments on the overall economy. While some economists mention to the negative effects of foreign direct investments based on the decrease in economic dependency of countries, some others claim that foreign direct investments stimulate economic growth by filling the deficiencies of savings and investments. Less developed or developing countries usually have disadvantaged positions as they have low amount of factors of capital. Therefore, foreign direct investment flows are very crucial especially for them and nowadays, a wide range of countries try to attract investments by benefiting from different policies.

Since capital controls and restrictions on trade have already reduced in most of the countries, differences in taxation become one of the basic determinants that affect the location choice of foreign direct investments. This study aims to investigate the relationship between taxation and foreign direct investments. For that purpose, we try to mention to the results and suggestions of previous studies in the previous literature as much as possible. Thus, we exhibit the mechanisms that explain the relationship between taxation and foreign direct investments.

We also confirm our suggestions with some empirical evidence. By using a data set covering the period 2006-2016 and by benefiting from the empirical tests that determine the cointegration relationship between the variables, our study concludes that there is a long run relationship between taxation and foreign direct investments. However, no significant relationship observes in the short run.

Keywords   :   Taxation, Foreign Direct Investments.
JEL Classification Codes :   E60, E62.

28 October 2016 Friday

Session: IV-B / 16.00-17.30

PUBLIC ECONOMICS

Room: *Prins Hendrik 3*

Chair: **Troy Benjamin FELVER**

- Dynamic Analysis of Corruption and Public Debt Relationship: The Case of Turkey

  Filiz GIRAY & Betul INAM & Selim TUZUNTURK

- Wage Inequality and Its Impact on Income Inequality in Turkey before and after 2007-2008 Global Crisis

  Serdal BAHCE & Asli Ceren SARAL & Deniz ABUKAN & Cem AKIN

- Governance as a Corporatist Delusion: Case of Turkey

  Arzu OZSOY OZMEN & Doga Basar SARIIPEK

- The Missing Link: Are Individuals with More Social Capital in Better Health? Evidence from Low-Income Countries

  Baris ALPASLAN

- Informal Social Protection in Turkey; A Challenge or Opportunity for Rights-Based Social Policy?

  Doga Basar SARIIPEK & Arzu OZSOY OZMEN

Dynamic Analysis of Corruption and Public Debt Relationship: The Case of Turkey

Filiz GIRAY	**Betul INAM**	**Selim TUZUNTURK**
Uludag University	Uludag University	Uludag University
giray@uludag.edu.tr	betulinam@uludag.edu.tr	selimtuzunturk@uludag.edu.tr

Abstract

The aim of this study is to analyze whether there exists a long run association between corruption and public debt for Turkey, or not. Besides, it is also to estimate and to interpret the long run coefficient by performing a dynamic analysis, if there is a long run association between these variables. With these aims, available yearly data in the period of 1995-2012 for Turkey was used. Because of Johansen Cointegration Test results, the existence of a long run association between corruption and public debt was determined. Then, Granger Causality Tests were performed and it was found that public debt does Granger Cause of Corruption. Thereby, the long run models Fully Modified Ordinary Least Squares (FMOLS) and Dynamic Ordinary Least Squares (DOLS) models were estimated separately. DOLS model determined to be outstanding as is compared to FMOLS model. Finally, the long run coefficient estimate of DOLS model was interpreted: As the public debt increases 1%, the CPI (score) decreases 0,02 point for Turkey in the long run. The decrease in CPI is a negative development, which means that the perceived corruption level rises for Turkey.

Keywords	:	Corruption, Public Debt, Time Series Analysis, Cointegration, FMOLS, DOLS.
JEL Classification Codes	:	D73, H63, O50.

Introduction

Corruption and public debt are an important issue for countries. Public debt has analyzed as a main variable in the field of public finance. Increased public debt has created discussion for regardless of the level of development, all countries. The widespread perception among economists 2008 global financial crisis is that it is a debt crisis.

As is seen in many empirical studies, corruption has affected most macroeconomic variables such as economic growth, stability and public finance. Corruption and public debt have taken place in the agenda of the majority of the countries around the world. The opportunity for corruption creates an incentive to enlarge budget deficits by raising tax rates and public debt. Public expenditure can create a major source of illicit gains through corruption. A Government deriving benefits from corruption may increase public expenditure in order to increase these benefits. This case reasons unsustainable budget policy (Pani, 2016: 117). Public investment increases the opportunity for corruption. Public debt is a way to increase public investment. Although there is the relationship of mutual causation between public corruption and economic growth, public corruption-public debt mechanism has based on one-way direction, except of possible indirect influence on both variables through the economic growth (Grechyna, 2010: 6). Corruption affects debts both direct effect by way of increase and reduction of government revenues or decrease in GDP as indirect effect (Benfratello et al., 2015: 2).

Although the literature on effects of corruption on growth is abundant, very few studies have addressed on the effect of corruption on public debt. The aim of this study is to analyze whether there exists a long run association between corruption and public debt for Turkey by using time series

econometric methodology. This paper contributes to the literature on public finance discipline from public corruption and public debt.

There is a comprehensive literature about this area. Yereli, Seçilmiş ve Başaran (2007) investigated to relate the public debt level with the shadow economy and corruption for Turkey. Their finding showed that shadow economy could consider as the main causes of the debt accumulation in Turkey.

Grechyna (2010) has explained to relate the level of government debt to the degree of public Office corruption in 23 advanced OECD countries for period 1995-2007. According to empirical result, public corruption is a positive and significant determinant of high public debt to GDP shares in high-income economies. González-Fernández and González-Velasco (2014) searched the relationship between the shadow economy and corruption as determinants of public debt in the Spanish with panel data for the period 2000-2012. According to their result, the volume of the shadow economy has a significant and positive impact on regional public debt. Ulman and Bujancă (2014) analyzed the influence of corruption on the level of macroeconomic environment. As result, both variables affect each other. Benfratello et al. (2015) have done another study investigating the relationship between corruption and public debt, by using a panel of 166 countries over the 1995-2013 periods. They find that corruption in the public sector increases government debt. Ivanyna et al. (2015) find that corruption did not have large negative effects on output, despite of having negative effect on public debt. In addition, corruption and tax evasion have both directions. While Montes and Paschoal (2016) analyses the impact of corruption on government effectiveness for a sample of 130 countries, they reach the result that countries with the most indebted governments and with higher inflation rates have less efficient governments. Pani (2016) has claimed that government-using corruption to make strong their political power increases the stock of debt level and appears financial crisis.

In this study, corruption Perceptions Index (CPI) has used as the indicator of corruption. CPI data have gathered from the web site of "Transparency International". Corruption has perceived to be rampant in countries with a score less than 2 out of 10. Conversely, very low levels of perceived corruption exist in countries with a score higher than 9 out of 10. Public Debt (PDEBT) data have gathered from the web site of the "World Bank. PDEBT has measured as the percentage of gross domestic product.

As methodology, this research steps those followed in this study are as follows:

(1) Time series unit root tests were performed,

(2) Time series cointegration tests have performed,

(3) Granger Causality tests were performed,

(4) Fully Modified Ordinary Least Square (FMOLS) Model was estimated,

(5) Dynamic Ordinary Least Square (DOLS) Model has estimated,

and at last most proper model was selected.

Table 1
Time Series Unit Root Tests on Corruption

Intercept				
	Level		**1st difference**	
Method	**Statistic**		**Statistic**	
ADF test statistic	-0.495007 (0.8698)		-2.736781 (0.0897)	
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Dickey Fuller GLS(ERS) test statistic	-0.688468	1% level -2.708094 5% level -1.962813 10% level -1.606129	-2.661071	1% level -2.717511 5% level -1.964418 10% level -1.605603
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Phillips-Perron test statistic	-0.741349 (0.8100)	1% level -3.886751 5% level -3.052169 10% level -2.666593	-2.736781 (0.0897)	1% level -3.920350 5% level -3.065585 10% level -2.673459
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Kwiatkowski-Phillips-Schmidt-Shin test statistic	0.431582	1% level 0.739000 5% level 0.463000 10% level 0.347000	0.371616	1% level 0.739000 5% level 0.463000 10% level 0.347000
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Elliott-Rothenberg-Stock test statistic	9.666733	1% level 1.870000 5% level 2.970000 10% level 3.910000	7.516455	1% level 1.870000 5% level 2.970000 10% level 3.910000
Ng-Perron test statistics				
	MZa	**Mzt**	**MSB**	**MPT**
Level	-1.75120	-0.64929	0.37077	10.1641
1st difference	-5.50630	-1.34010	0.24338	5.19311
Critical Values				
1% level	-13.8000	-2.58000	0.17400	1.78000
5% level	-8.10000	-1.98000	0.23300	3.17000
10% level	-5.70000	-2.62000	0.27500	4.45000
Trend and Intercept				
	Level		**1st difference**	
Method	**Statistic**		**Statistic**	
ADF test statistic	-0.966767 (0.9157)		-4.693983 (0.0119)	
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Dickey Fuller GLS(ERS) test statistic	-2.302246	1% level -3.770000 5% level -3.190000 10% level -2.890000	-5.298953	1% level -3.770000 5% level -3.190000 10% level -2.890000
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Phillips-Perron test statistic	-2.347610 (0.3898)	1% level -4.616209 5% level -3.710482 10% level -3.297799	-2.904969 (0.1864)	1% level -4.667883 5% level -3.733200 10% level -3.310349
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Kwiatkowski-Phillips-Schmidt-Shin test statistic	0.153485	1% level 0.216000 5% level 0.146000 10% level 0.119000	0.068451	1% level 0.216000 5% level 0.146000 10% level 0.119000
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Elliott-Rothenberg-Stock test statistic	110.2542	1% level 4.220000 5% level 5.720000 10% level 6.770000	9.980558	1% level 4.220000 5% level 5.720000 10% level 6.770000
Ng-Perron test statistics				
	MZa	**Mzt**	**MSB**	**MPT**
Level	-3.60627	-1.19581	0.33159	22.8731
1st difference	-9.75669	-2.11723	0.21700	9.68911
Critical Values				
1% level	-23.8000	-3.42000	0.14300	4.03000
5% level	-17.3000	-2.91000	0.16800	5.48000
10% level	-14.2000	-2.62000	0.18500	6.67000
None				
	Level		**1st difference**	
Method	**Statistic**		**Statistic**	
ADF test statistic	0.509397 (0.8151)		-2.697731 (0.0105)	
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Phillips-Perron test statistic	0.509397 (0.8151)	1% level -2.708094 5% level -1.962813 10% level -1.606129	-2.680346 (0.0109)	1% level -2.717511 5% level -1.964418 10% level -1.605603

Note: p-values are in parenthesis.

Table 2
Time Series Unit Root Tests on Public Debt

Intercept				
	Level		**1st difference**	
Method	**Statistic**		**Statistic**	
ADF test statistic	-1.765810 (0.3832)		-3.968907 (0.0091)	
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Dickey Fuller GLS(ERS) test statistic	-1.726321	1% level -2.708094 5% level -1.962813 10% level -1.606129	-4.108048	1% level -2.717511 5% level -1.964418 10% level -1.605603
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Phillips-Perron test statistic	-1.800228 (0.3676)	1% level -3.886751 5% level -3.052169 10% level -2.666593	-3.969004 (0.0091)	1% level -3.920350 5% level -3.065585 10% level -2.673459
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Kwiatkowski-Phillips-Schmidt-Shin test statistic	0.148225	1% level 0.739000 5% level 0.463000 10% level 0.347000	0.171002	1% level 0.739000 5% level 0.463000 10% level 0.347000
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Elliott-Rothenberg-Stock test statistic	6.212018	1% level 1.870000 5% level 2.970000 10% level 3.910000	2.738403	1% level 1.870000 5% level 2.970000 10% level 3.910000
Ng-Perron test statistics				
	MZa	**Mzt**	**MSB**	**MPT**
Level	-4.07014	-1.41370	0.34733	6.03007
1st difference	-7.96996	-1.99259	0.25001	3.08690
Critical Values				
1% level	-13.8000	-2.58000	0.17400	1.78000
5% level	-8.10000	-1.98000	0.23300	3.17000
10% level	-5.70000	-2.62000	0.27500	4.45000
Trend and Intercept				
	Level		**1st difference**	
Method	**Statistic**		**Statistic**	
ADF test statistic	-1.573914 (0.7601)		-4.069223 (0.0282)	
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Dickey Fuller GLS(ERS) test statistic	-1.715481	1% level -3.770000 5% level -3.190000 10% level -2.890000	-4.359737	1% level -3.770000 5% level -3.190000 10% level -2.890000
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Phillips-Perron test statistic	-1.584291 (0.7559)	1% level -4.616209 5% level -3.710482 10% level -3.297799	-4.069223 (0.0282)	1% level -4.667883 5% level -3.733200 10% level -3.310349
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Kwiatkowski-Phillips-Schmidt-Shin test statistic	0.141047	1% level 0.216000 5% level 0.146000 10% level 0.119000	0.062291	1% level 0.216000 5% level 0.146000 10% level 0.119000
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Elliott-Rothenberg-Stock test statistic	19.96954	1% level 4.220000 5% level 5.720000 10% level 6.770000	10.34538	1% level 4.220000 5% level 5.720000 10% level 6.770000
Ng-Perron test statistics				
	MZa	**Mzt**	**MSB**	**MPT**
Level	-4.20686	-1.39890	0.33253	21.1062
1st difference	-7.84703	-1.98041	0.25238	11.6135
Critical Values				
1% level	-23.8000	-3.42000	0.14300	4.03000
5% level	-17.3000	-2.91000	0.16800	5.48000
10% level	-14.2000	-2.62000	0.18500	6.67000
None				
	Level		**1st difference**	
Method	**Statistic**		**Statistic**	
ADF test statistic	-0.332235 (0.5504)		-4.105583 (0.0004)	
	Statistic	**Critical Values**	**Statistic**	**Critical Values**
Phillips-Perron test statistic	-3.319472 (0.5552)	1% level -2.708094 5% level -1.962813 10% level -1.606129	-4.105317 (0.0004)	1% level -2.717511 5% level -1.964418 10% level -1.605603

Note: p-values are in parenthesis.

Null hypothesis of all tests except Kwiatkowski-Phillips-Schmidt-Shin assumes unit root process (variable is non-stationary) which means variable has a unit root and alternative hypothesis assumes no unit root process (variable is stationary). Time series unit root test results for level show that in

most cases public debt and corruption which variables are not stationary in level. This result satisfies the prior condition for Johansen Cointegration Test.

Table 3
Johansen Cointegration Test Results

Assume no deterministic trend in data (1) No intercept or trend in CE or test VAR				
Trace test				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None	0.189099	4.715345	12.32090	0.6078
At most 1	0.081579	1.361596	4.129906	0.2846
Maximum Eigenvalue test				
Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None	0.189099	3.353749	11.22480	0.7321
At most 1	0.081579	1.361596	4.129906	0.2846
Assume no deterministic trend in data (2) Intercept (no trend) in CE-no intercept in VAR				
Trace test				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None	0.299019	7.048014	20.26184	0.8942
At most 1	0.081696	1.363625	9.164546	0.8971
Maximum Eigenvalue test				
Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None	0.299019	5.684389	15.89210	0.8222
At most 1	0.081696	1.363625	9.164546	0.8971
Allow for linear deterministic trend in data (3) Intercept (no trend) in CE and test VAR				
Trace test				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None	0.250133	4.781589	15.49471	0.8316
At most 1	0.010930	0.175844	3.841466	0.6750
Maximum Eigenvalue test				
Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None	0.250133	4.605745	14.26460	0.7905
At most 1	0.010930	0.175844	3.841466	0.6750
Allow for linear deterministic trend in data (4) Intercept and trend in CE-no intercept in VAR				
Trace test				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None*	0.739700	26.13649	25.87211	0.0464
At most 1	0.249945	4.601744	12.51798	0.6542
Maximum Eigenvalue test				
Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None*	0.739700	21.53475	19.38704	0.0240
At most 1	0.249945	4.601744	12.51798	0.6542
Allow for quadratic deterministic trend in data (5) Intercept and trend in CE-intercept in VAR				
Trace test				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None*	0.718585	23.64285	18.39771	0.0084
At most 1	0.189214	3.356028	3.841466	0.0670
Maximum Eigenvalue test				
Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None*	0.718585	20.28682	17.14769	0.0169
At most 1	0.189214	3.356028	3.841466	0.0670

*Notes: *denotes rejection of the null hypothesis 0.05 level. **MacKinnon-Haug-Michelis (1999) p-values.*

The Table 3 shows the results of Johansen Cointegration Test for five possible situations. As is seen from the table above trace tests and max-eigenvalue tests indicate one cointegrating equation at the 0.05 level for the fourth and fifth situations. Therefore, the result is that these two variables are co-integrated upon the fourth and fifth situations. These results indicate that there exists a long run association between public debt and corruption variables for the Turkish data. However, the causality between these two variables can be tested with Granger Causality Tests before estimating long run models.

Table 4
Granger Causality Test Results

Null Hypothesis:	F-Statistic	Prob.
CPI does not Granger Cause PDEBT	0.65033	0.6046
PDEBT does not Granger Cause CPI	4.86320	0.0327*

Note: *denotes that the null hypothesis has rejected at 0.05 significance level.

Depending on the Granger Causality Test results, PDEBT can be used as independent variable and CPI can be used as dependent variable in the model estimates. The Table 5 shows the FMOLS and DOLS model estimation results:

Table 5
FMOLS and DOLS Model Estimation Results with CPI Dependent Variable

FMOLS Model					DOLS Model with fixed lag selection				
Variable	Coefficient	Std. Error	t statistic	Prob.	Variable	Coefficient	Std. Error	t statistic	Prob.
PDEBT	-0.021	0.005	-3.817	0.0019*	PDEBT	-0.020	0.004	-4.441	0.0016*
C	3.932	0.293	13.414	0.0000*	C	3.732	0.233	15.955	0.0000*
TREND	0.094	0.014	6.690	0.0000*	TREND	0.105	0.010	10.086	0.0000*
R-squared	0.729				R-squared	0.940			
Adjusted R-squared	0.690				Adjusted R-squared	0.908			
Sum squared resid	1.291				Sum squared resid	0.203			

Note: * denotes that coefficient is statistically significant at 0.01 level.

Both FMOLS and DOLS model estimation results show that PDEBT independent variables coefficient is statistically significant. As the public debt increases, the corruption perceptions index has expected to decrease. Therefore, the economic expectation is negative: $\frac{\partial \text{PDebt}_t}{\partial \text{CPI}_t} < 0$ or $\beta < 0$. The PDEBT independent variable's coefficient sign found negative which is consistent with the economic expectation.

Concluding Remarks

- Based on Johansen Cointegration Test results, the existence of a long run association between corruption and public debt was determined for Turkey. This result meets the economic expectation.
- Granger Causality Tests have performed and it has found that public debt does Granger Cause of Corruption.
- As the public debt increases 1%, the CPI (score) decreases 0,02 point for Turkey in the long run. The decrease in CPI is a negative development, which means that the perceived corruption level rises for Turkey.

These results seem to suggest this problem need deeper analysis from macroeconomic dimension of corruption.

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Wage Inequality and Its Impact on Income Inequality in Turkey before and after 2007-2008 Global Crisis

Serdal BAHCE

Ankara University
sbahce@politics.ankara.edu.tr

Asli Ceren SARAL

Ankara University
saral@politics.ankara.edu.tr

Deniz ABUKAN

Ankara University
abukand@ankara.edu.tr

Cem AKIN

Ankara University
jemakn@gmail.com

Abstract

In the estimation of income inequality, analyzing the contributions of various income sources provide an important perspective to understand the determinants of the income inequality. Particularly, because of the fact that wage earners have the highest share among the income earning individuals, the underlying factors of the wage income inequality are fundamental in analyzing and eliminating the income inequalities.

In income inequality analysis, estimation of various income components impacts is done by decomposition of inequality by income source. This decomposition can be done by using Gini coefficient, with various approaches.

In this paper, we are using Lerman ve Yitzhaki (1985) approach to estimate the marginal effects of various income sources on income inequality. We have chosen this approach because it allows seeing "each source's contribution as the product of its own inequality, its share of total income, and its correlation with the rank of total income". It also allows analyzing the impact of marginal changes of each of the income source on overall inequality. In their approach inequality, decomposition by source is represented as:

$$G = \sum_{k=1}^{K} R_k G_k S_k$$

Where G is Gini coefficient for total income inequality, R_k is the "Gini correlation" between income component k and total income, G_k is the relative Gini of component k, and S_k is component k's share of total income.

The approach derives effects on inequality associated with marginal changes by using equation:

$$\partial G / \partial e_k = S_k (R_k G_k - G)$$

dividing equation above by G, the income source's marginal effect relative to the overall Gini can be written as:

$$\frac{\partial G / \partial e_k}{G} = \frac{S_k G_k R_k}{G} - S_k$$

We are using Turkey's household surveys' data for 2003 and 2011 years to analyze the evolution of wage inequality and its impact on total inequality, as those years represents the before and after global crisis years. Turkish Statistical Institute gathers the survey data. The detailed information about the income sources we are using can be found in the paper. The main empirical results are presented in the tables below (where total wage earnings are represented by topucret_yl);

Table 1
Gini Decomposition by Income Source, 2003

Sources	Income Share (S_k)	Gini Correlation (R_k)	Gini Index (G_k)	Absolute Contribution (S_k*R_k*G_k)	Relative Contribution (S_k*R_k*G_k/G)
1: topucret_yl	0.400132	0.586925	0.740141	0.173820	0.367211
	0.005085	0.007083	0.002834	0.004144	0.009424
2: topmut	0.216055	0.800389	0.937332	0.162091	0.342431
	0.006038	0.007473	0.001775	0.005974	0.011060
3: targ_yl	0.094378	0.471067	0.937857	0.041696	0.088086
	0.002501	0.012770	0.001365	0.002074	0.004522
4: topfaiz_yl	0.019687	0.818677	0.985132	0.015877	0.033542
	0.001567	0.014877	0.000789	0.001521	0.003169
5: topkira_yl	0.040717	0.735749	0.969446	0.029042	0.061355
	0.002714	0.018917	0.001808	0.002671	0.005494
6: topkarpayi_yl	0.001547	0.943941	0.999602	0.001460	0.003085
	0.000542	0.024297	0.000114	0.000534	0.001125
7: toptrans_yl	0.199859	0.281699	0.762151	0.042909	0.090650
	0.002780	0.007342	0.002243	0.001468	0.003323
8: topdigergel_yl	0.027625	0.243341	0.960525	0.006457	0.013641
	0.000972	0.023047	0.001100	0.000779	0.001646
Total	1.000000	---	---	0.473353	1.000000
	0.000000	---	---	0.004290	0.000000

Table 2
Gini Decomposition by Income Source, 2003

Sources	Income Share (S_k)	Gini Correlation (R_k)	Gini Index (G_k)	Absolute Contribution (S_k*R_k*G_k)	Relative Contribution (S_k*R_k*G_k/G)
1: topucret_yl	0.467403	0.697059	0.731218	0.238236	0.489296
	0.005758	0.006040	0.003073	0.004576	0.010168
2: topmut	0.137452	0.799563	0.959164	0.105414	0.216501
	0.005384	0.009499	0.001519	0.005107	0.009830
3: targ_yl	0.060863	0.578764	0.972103	0.034243	0.070329
	0.002846	0.018406	0.002554	0.002473	0.005080
4: topfaiz_yl	0.008362	0.823834	0.994885	0.006854	0.014077
	0.001476	0.032524	0.000915	0.001457	0.002969
5: topkira_yl	0.039524	0.740414	0.965178	0.028245	0.058010
	0.002104	0.015191	0.001628	0.001995	0.003996
6: topkarpayi_yl	0.001460	0.952238	0.999635	0.001390	0.002855
	0.000642	0.021853	0.000103	0.000637	0.001306
7: toptrans_yl	0.214711	0.335763	0.765588	0.055193	0.113356
	0.003351	0.009046	0.002861	0.002046	0.004284
8: topdigergel_yl	0.070224	0.270952	0.910369	0.017322	0.035576
	0.002086	0.019283	0.002613	0.001631	0.003320
Total	1.000000	---	---	0.486896	1.000000
	0.000000	---	---	0.003660	0.000000

The main findings are that, wage income represents a large share of total income and its share increases; it is unequally distributed, flows disproportionately toward those at the top of the income distribution and thus contributes to the increase of deterioration in overall income equality.

We also analyze the relation between wage income and some key factors by using descriptive statistics. By this way, we assess the impacts of the key underlying factors on the wage differentials. The factors we account for are; the educational attainment level, the years of work and occupation of the individuals and the status of workplace (public or private ownership) and unionization of employees. We conclude from descriptive analysis, that being employed in public sector or private sector is an important factor affecting wage differentials.

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Governance as a Corporatist Delusion: Case of Turkey

Arzu OZSOY OZMEN

Kocaeli University
ozsoyarzu@gmail.com

Doga Basar SARIIPEK

Kocaeli University
sariipek@kocaeli.edu.tr

Abstract

Eliminating the means of statist intervention since the 1980s, neoliberalism has changed its rhetoric about the state in the process of re-establishment of the socio-politic order. The reflection of this rhetoric in practice is the "New Public Management (NPM)". Governance, on the other hand, occurred as an alternative suggestion to expand the coverage of the NPM and constituted a response that had given to the attempt of expanding the business-like or market-oriented interpretation of "business administration". In other words, it is emphasised by the phrase of public governance that "public management requires more than an effective and efficient managing". The goal here is to expand the marketization initiatives through public management tools within the state towards the field of social relationships, which defined by the economic criteria such as competition, effectiveness and efficiency (Güzelsarı, 2004: 111).

The World Bank in a report about Africa first used the term in 1989 with the determination of the reasons for development problems in Africa as "governance crisis". The term of "governance" was used with its usual meaning here, which is "political power governing all issues of a society" (Güler, 2003: 102). The World Bank determined 4 key principles of governance in the "Governance Report of 1991": (1) public sector management, (2) accountability, (3) legal framework of development and (4) transparency and informing. The meaning of governance for public management is "a smaller-sized state empowered with a bureaucracy, which is professional, accountable and capable of creating the suitable environment for the growth through private sector leading". OECD uses the same definition of governance as the World Bank, and considers the term of "good governance" as a response to the concept of "development management" whose meaning was attributed by the World Bank originally, but prefers to use the term of "governance" with the general meaning of the word. The third international organization providing an institutional contribution to the term is United Nations. The meaning, which has attributed by the United Nations, is the same for the underdeveloped countries as the World Bank and OECD did. However, United Nations has precedence in consequence of defining the concept by revealing the core meaning clearly. The United Nations organizes and develops the concept as "global governance" (Güler, 2003: 103-107).

It is possible to summarize the contributions of these international organizations, which have definite impacts on both the processes of building and conducting of the governance, as follows: The World Bank is the primal and the most effective organization in the building of the model. OECD enabled the technical building of the state mechanism through regulating reforms. The United Nations has provided the legitimacy to the model. (Bayramoğlu, 2010: 27-65). In short, a transformation from the perception of "negative state" to the "entrepreneur state" has occurred with the contribution of international institutions.

Governance is neither a management "style", nor a process of participation/negotiation, but is a type of a government where the public power has handed over to the capital. Governance, above all, stands out with its distinctive nature that does not pay regard to the class balance in liberal corporatist practices based on the triplet of "government-employer-employee" as in the British example. In this formula, the employer takes its place with the name of the private sector, but the employee side has embedded in NGOs. NGO has not closed to the entrance of the employer; capital associations,

employer associations, producer associations, cooperatives and trade unions exist altogether under this title and have considered possessing the same qualifications. Therefore, the right to participate is entitled to the capital side twice as one of the three partners and one of the elements of the third partner, namely the NGOs, as well. (Güler, 2003: 113-114). Shortly, the governance as "state or bureaucracy-private sector-NGOs renews the corporatist formulation and the power of the capital in this formulation has increased. As is seen clearly, all separate and distinctive actors, such as state, the private sector and NGOs and semi-official institutions that do not have a solid place in the perception of the classical public management, may undertake a collective responsibility in the provision of public service in the process of governance. Besides, the state makes the public policy rules and controls their results in practice, but undertakes fewer roles as the direct provider of the public service. In such an environment with various actors, however, the questions of who and to what extent will be the responsible for the provision of public services may be the resource of a problem (Balcı, 2005: 19-38). This is also the main question of debate regarding the practice of governance. The process resulted in favour of the employer thanks to the rise in his/her share in it.

It is widely acknowledged that the Habitat-II Conference in June 1996 in İstanbul introduced the term of governance in Turkey for the first time. The main idea after this conference can be summarised as follows: "Human habitation should be fair, sustainable and liveable. These 3 goals can be realized by 3 means: citizenship conscious, strategy of raising capabilities, and management with multiple actors." Multiple actors indicate private sector and NGOs in addition to the state. In fact, it is possible to assert governance model finds a limited application ground on local levels in Turkey. Certain practices, such as city councils and project democracy in some cities are possible to address as the examples for this. The main reason why the governance model finds a limited application ground in Turkey is the fact of "participation" and the inadequacies in the context of "nongovernmental organizations". There is a political and governmental culture behind this. The belief fuelling the gap between the governing and the governed as well as blessing the state over the individual (governing over the public) does not serve for establishing a stable ground for the governance model to flourish in time (Sobacı, 2007: 233-235).

To this end, this study discusses the transformation in public management from the point of "governance" rhetoric. Considering the meanings attributed to the concept of governance, this study is an attempt to prove the occurrence of an irony and a delusion through the governance mechanism. Moreover, the current situation of this delusion in Turkey has addressed. As for the method, this study has based on the literature review due to being a discussion-based study and an analysis of the current conditions.

Keywords : Governance, New Public Management, Corporatism.

JEL Classification Codes : D79, H11, Z18.

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The Missing Link: Are Individuals with More Social Capital in Better Health? Evidence from Low-Income Countries

Baris ALPASLAN

Ankara Yildirim Beyazit University
balpaslan@ybu.edu.tr

Abstract

This paper offers a new model to examine critically associations between human capital, social capital, and health outcomes within the context of a two-period Overlapping Generations (OLG) model of endogenous growth. Individuals with higher level of human capital can build strong social ties, and those who have much more robust social networks are less likely to have health problems and are physically healthier. In an attempt to gain a better understanding of broader policy implications, a numerical analysis for low-income countries has been utilised and a sensitivity analysis under a different set of parameter values has employed in the paper. To that end, we provide a comparison of three main experiments: an increase in the share of public spending on education, social capital-related activities, and health. The results confirm the association between education, social capital, and health outcomes, and its favourable effect on long-run growth in low-income countries. In other words, individuals' social capital stock, which further enhanced through higher level of human capital stock, can act as a contributing factor to health outcomes and is conducive to long-run growth in low-income countries.

Keywords	:	Social Capital, Human Capital, Health Outcomes, Endogenous Growth.
JEL Classification Codes	:	H51, H52, H59, I15, I25, O41.

Informal Social Protection in Turkey; A Challenge or Opportunity for Rights-Based Social Policy?

Doga Basar SARIIPEK

Kocaeli University
sariipek@kocaeli.edu.tr

Arzu OZSOY OZMEN

Kocaeli University
ozsoyarzu@gmail.com

Abstract

Rights-based social policy approach has been declining in many parts of the world as the neoliberal ideology gained supremacy. Accordingly, governments have been encouraging voluntary, informal and self-supporting social protection mechanisms as a relief in social expenditure burden. Civil society associations and families, in this sense, have always been the first agents come to mind to share welfare liabilities of states. On what grounds that these self-solidarity associations would built change upon societies own socioeconomic characteristics and traditions.

Turkey, in this regard, has a very long past of waqf tradition in social protection sphere in society. These civil society associations have founded on the principles of Islamic solidarity and integrity of society and distributing non-contributory donations to the needy individuals and families for ages, even before the proclamation of the republic. Therefore, religion constitutes the most applicable and useful ground for civil society existence in welfare provision sphere in Turkey even today and the ruling Justice and Development Party (AKPARTİ) government has been encouraging intensely these religious endowments by making a very successful sociological analyses. The government, in this sense, keeps repeating that solidarity among individuals through waqf system, along with other philanthropic nets like family and kinship ties, has a crucial place in Islamic thoughts and is one of the main characteristics of our society, which enables to prevail even after severe economic and natural shocks. This rhetoric, which contains historical and Islamic references at the same time, is the reason why this strategy receives a wide acceptance in society. To this end, instead of suggesting a recent departure from once existing rights-based social policy measures in the period of current government, it might be more accurate to claim there has never been a comprehensive and Western style rights-based social policy approach in Turkish social protection history.

AKPARTİ, having its roots in Islamic, conservative and neoliberal ideologies, has been reshaping economic, political and social realms in Turkey for more than 10 years now. The main reflection of this neoliberal and conservative combination in the area of social policy can be observed in the attempts of replacing the formal social expenditures with philanthropic schemes, and thereby, leading the way to the conservative/philanthropic combination of social assistance as much as possible. The main tools of this combination are benevolent donators, municipalities, family ties, Social Assistance and Solidarity Fund, private sector, voluntary organizations, and religious charities (waqf practices). All these institutions and organizations constitute an effective philanthropic protection net across the country, which provides protection for the poor in hard times.

However, family and kinship ties along with other interpersonal relationships in society have altered by recent developments, such as massive migration from rural areas to big cities, demographic changes in family structures, new aspects of poverty and changing political economy. In addition, this alteration damages the once-strong informal social protection system in Turkey by creating its own counter responses in the prevailing political economy. First, waqf system has gained more strength with the help of the solid legal gestures by the ruling AKPARTİ government in order to fill the deficiency of family in social protection realm. Second, AKPARTİ government launched several campaigns and programmes with the purpose of returning the family's strength and integrity back by

using a strong Islamic rhetoric and emphasising the solid place of the family in Islamic ethics suggestions. The main projects to revitalise the healing role of the family are Back to Home Project for the rehabilitation of street children via foster families, *Return to Family Project* for returning institutionalised children back to their families, Family First Project for decreasing the divorce rates, *To Be a Family Project* for encouraging three-generation family life etc. This concern of AKPARTİ towards the revitalisation of integrity and solidarity of family is completely relevant with its basic neoliberal and Islamic ideologies.

Considering this background as a whole, it is possible to suggest that the method which AKPARTİ applies for improving social protection is not relying on redistributive intervention by the state or expanding the practices of formal welfare provision more, but on supporting the establishment of religious communities and networks which are built on the Islamic values of morality, mutual trust and solidarity.

Therefore, it is possible to explain this social protection approach as "a tendency of neoliberal transformation in the welfare system of Turkey in conformity with the own characteristics of Turkish society". In other words, AKPARTİ has been conducting this transformation process by grounding it on the core and prevailing values and discourses of social protection in Turkish social structure, which are waqf and charity culture and tight family bonds, with references to the traditional and religious rhetoric. This may be the core reason why AKPARTİ handles this process smoothly and does not face any strong opposition from the public.

However, the temporary relief among the poor via this informal protection scheme may hinder demands for a genuine, secured and rights-based social policy scheme, which is definitely crucial to break the vicious circle of poverty. In other words, service users may continue to live under poverty with the feeling of gratitude to the donator and had treated just as voters, instead of equal citizens. However, as a rule, only a rights-based approach, which has based on citizenship rights, can enable service users to enjoy a decent life without feeling indebted and grateful to the donator. There is always a guarantee and pre-determined rules for rights-based social protection measures since law secures them on contrary to the informal scheme.

In this sense, the state is definitely in eliminable in matters of social protection or social justice in general since it is the only agent that can undertake the right to protect against poverty and all other kinds of exclusion risks. Therefore, religion-based social protection and even the familial solidarity can only be good and effective complementary for the state, but not the core of a national social protection strategy.

In explaining all these above-mentioned issues, this study applies the *case oriented research strategy*. However, there are some limitations of this analysis. Since this study aims to reach conclusions through a detailed research of a single case, generalizability of the findings is limited. Nevertheless, the findings can still be useful for those comparative studies that attempt to explain similar questions in other contexts.

28 October 2016 Friday

Session: IV-C / 16.00-17.30

LAW STUDIES

Room: *Prins Hendrik 4*

Chair: **Ihsan Cemil DEMIR**

- The Defect in 5237 Turkish Penal Code

  Recep KAHRAMAN

- Organization Types of European Company

  Halis KARADEMIR & Ali Gokhan GOLCEK

- Inadequacy of Deterrence Function of the Damages under Turkish Law and Its Social Cost

  Ibrahim GUL

- Evaluation of Tax Privacy in the Context of Data Protection Law

  Neslihan KARATAS DURMUS

The Defect in 5237 Turkish Penal Code

Recep KAHRAMAN

Omer Halisdemir University
gokhan.sumer@halkbank.com.tr

Abstract

There has not been just one understanding adapted by everyone about what the elements of crime. However, according to generally accepted understanding: the elements of crime are typicalness, the material elements of crime, illegality and the moral element of crime.

The moral elements of crime are the psychological link between perpetrators and acts. This bond arises as intent and negligence. While the defects have accepted as the moral element of crime in classic criminal law, it has accepted as the penalty clause in Turkish Criminal Code. Therefore, the defect has not incorporated into the elements of crime, but it is evidence that individuals may condemned by society because of the resulting injustice (crime). According to article 21 of Turkish Crimial Code, the occurrence of the crime depends on the presence of the intent. Therefore, the intent has considered as the element of crime not the defect.

The crime is an injustice caused by the perpetrator's acts depend on the intent or the negligence. After determining the injustice, must consider whether the perpetrator is in fault. However, for his, the perpetrator must have defect ability. For instance, condemnation or punishment for people between 0-12 ages is not possible, because they have not defect ability, but their acts are crime.

In this study, it has tried to put forward that the intent and the negligence that are the moral elements of crime have not same meaning as the defect. As a resut, the moral element, which is one of the founding elements of crime, must exist before the defect, which is, accepted the penalty clause.

Keywords   :   Negligence, Intent, Defect, Turkish Penal Code.
JEL Classification Codes :   K10, K14.

Organization Types of European Company

Halis KARADEMIR

Omer Halisdemir University
hlskrdmr.hk@gmail.com

Ali Gokhan GOLCEK

Omer Halisdemir University
aligokhangolcek@gmail.com

Abstract

Today, where intergovernmental economic competition is important, the European Union has made studies for a long time to ensure that American and the Far East companies with big capital, particularly operating in Europe and depending on the nationality of the states in global power compete economically with the companies depending on the nationality of the member states of the European Union. Because of these studies, an agreement was reached on the establishment of incorporated companies that exceed a country's economic size and strength and "Regulation 2157/2001 Regarding the Articles of Association of European Company (Societas Europaea, AAŞ)" entered into force in 2001, which established European Company that has taken its place in the teachings and practice today.

According to the provisions of regulation, European Company, which was allowed to be established by only member states of the European Union, is also subject to strict conditions of establishment. In the regulation, four kinds of establishment form of European Company are organized. These are; with the merger of companies of different member states or with the participation of both incorporated companies and limited liability corporations located in different member states to the establishment of a Holding-AAŞ or with establishment of a Baby-AAŞ by commitment of their shares if at least two company founders are subject to the law of the member states or with type transformation of an incorporated company that is subject to national law European into European Company.

In the study, the aim is thoroughly addressing these organization types provided in regulation by evaluating opinions on the provisions of the regulations and doctrines and the determination of problems that might arise during the establishment phase.

In this context, in the first part of the study the definition and structure of European Company is briefly discussed and such issues as its capital, trade name, Articles of Association will be focused on. In the second part of the study, organization types of European Company will be explained in detail and solution proposals to problems identified regarding the organization will be put forward.

Keywords	:	Incorporated Company, European Company (SE), Establishment of AAŞ.
JEL Classification Codes	:	K30, K33.

Inadequacy of Deterrence Function of the Damages under Turkish Law and Its Social Cost

Ibrahim GUL

Hasan Kalyoncu University
ibrahim.gul@hku.edu.tr

Abstract

Under Turkish Law, the primary function of damages is compensatory function according to the traditional approach. In this respect, it is accepted that the amount of damages should not exceed and not lower the amount of harm that has occurred including loss of profit. As a result of this, it is accepted that the injured party's harm which will be determined by considering the assets of injured party, the damages which cause the enrichment of the injured party are not awarded and the benefits which injured party gained on the occasion of tort diminish the amount of damages. Also, the degree of fault of the tortfeasor whether it is intentional or negligence does not affect liability for damages. Losses suffered by third parties or by the society are not taken into account. The second function of damages is deterrence function which is dependent on the compensatory function of damages, but the deterrence and punitive functions of the damages which is independent of the compensatory function are denied under Turkish Law on tortious liability (Eren, 2015: 514; Reisoğlu, 2014: 216; Kılıçoğlu, 2015: 305; Antalya, 2015: II-3; v. Tuhr, 1925: 94; Tandoğan, 1961: 315; Hatemi, 1994: 16; Nomer, 1996: 33; Oğuzman-Öz, 2016: 39; Tekinay/Akman/Burcuoğlu/Altop, 1993: 583; İmre, 1949: 10; Y. 4. HD T. 05/11/2014, 2014/14876 E. 2014/14590 K.; Y. 4. HD 7.2.2002 T. 2002/10220 E. 2002/1376 K.- Gökcan, 2016: 636). However, it is essential to have the deterrence function of damages which is independent of the compensatory function. Because the compensatory function of damages cannot generate adequate initiative for the tortfeasor to deter or take preventive measures for wrongful acts by reason of fact that it focuses on post of wrongful act. These can be seen where the harm cannot be compensated due to difficulties in proof, where the tortfeasor benefits from wrongful act, where the injured party does not have sensitive to compensate for small loss, and where the tortfeasor is willing to pay damages in advance of the wrongful act, and where the cost to prevent accidents exceeds potential damages for accidents. The amount of damages should exceed the amount of compensatory damages for injured party in order to make a deterrent threat different from deterrence dependent on compensatory damages (Smith, 1987: 772; Abraham, 2002: 15). The complexity of urban life complicates the specialty of the wrongful acts and also increases the possibility of causes of harm. Due to this complexity and multitude of causes, wrongful act can be hidden or it is claimed that the causality does not exist. Actually, it is quite difficult to prove that lung cancer is caused by smoking. Because, revealing the causality between smoking and cancer event requires to ascertain a large number of the facts. Furthermore, lung cancer can be identified after smoking lasts for years, even after decades of smoking. In addition, manufacturer can claim that smoking is not the only cause for cancer, but also other factors such as air pollution, and even if smoking causes cancer, cigarettes which constitute a reason for cancer, carry not only its own brand, but also the others' brands at the duration of the occurring the cancer which last decades. It is not easy for victims to prove or even remember the brand of the cigarette which had been smoked many years ago. Similarly, the same statements can be repeated for harms caused by a nuclear reactor accident. Whereas, the wrongdoer can easily predict such a harm than the victim can, and also he/she can take measure and at least make caution to victim, due to the fact that the wrongdoer who is in a better position to know the characteristics of the product than the victim. On the other hand, the wrongdoer can benefit from insufficient deterrence of compensatory damages, due to the fact that compensatory damages focus on post-tort and compensation of loss of victim. Indeed, the wrongdoer does not sometimes compensate the loss arising from the tort but also

he/she can obtain benefits, which is excess of loss. Actually, consumers have applied to the Arbitration Committees for Consumer Problems and sued the bank at courts for damages to get back the bank credit cart annual fee and fee and charges of bank loan for a long time in Turkey but banks have not been willing to pay back such fees and charges to consumer who have not obtained a judgment of a consumer court or a decision of Arbitration Committees for Consumer Problems. Indeed, the result of the file to court or application of consumer is obvious at the beginning for banks to pay back the bank credit cart annual fee and fees and charges of bank loan thank to many judgments of Court of Cassation and decisions of Arbitration Committees for Consumer Problems concerning such fees and charges. Notwithstanding the decisions of the Committee for banks to pay back to consumers, banks sometimes pay back after the costumer applied to execute officially for the decision. Obviously, this seems to be an unreasonable conduct. Indeed, banks bear the court and execution costs and attorney fees apart from paying back the credit card fees and credit fees and charges to consumers. In other words, banks pay consumers more than the amount of the credit card fees and credit fees and charges which they receive. Why do banks pay consumers more than the amount they received? This question has three answers: First, banks take more than the amount which is equal to the difference between the total amount to be paid for all costumers and the total amount received for all customers; that is, banks still gains profit. Second, damages have no deterrence function and the compensatory damages have inadequacy of deterrent function in Turkish Law. Lastly, the customer behavior is in favour of bank. Considering the low amount of fees, some consumers do not prefer to sue banks in order to obtain the fees they paid. Likewise, in cases where the deterrence function depends on damages is inadequate, failure to prevent wrongful acts causes social cost in addition to significant economic welfare losses. In such cases, the deterrence function of damages as being the primary function of damages is essential to prevent the loss of economic prosperity and social costs. As a result, the functions of damages should be addressed in the light of a new perspective and it is accepted that damages can primary serve to deterrence.

Keywords	:	Functions of Damages, Compensatory Function, Deterrence Function, Economic Welfare Cost, Social Cost.
JEL Classification Codes	:	K10, K13, K42.

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Evaluation of Tax Privacy in the Context of Data Protection Law

Neslihan KARATAS DURMUS

Ankara Yildirim Beyazit University
neslihankaratas@hotmail.com

Abstract

Article 5 of Tax Procedure Law (TPL) regulates the principles with regard to secrecy of tax payers and other relevant people, their personality, transaction and statement of accounts, businesses, enterprises, wealth and jobs and other issues needed to be kept secret. What should remain secret here is data, i.e. information related to tax and financial subjects. Besides the cases for the obligation of secrecy laid down for certain people laid down in the Law, in some cases sharing of the data by other people could also be evaluated as a violation of secrecy. However, under certain circumstances this could also been abused in practice in the context of protection of taxpayers' rights. In particular, within cross-auditing process conducted during tax audit, tax survey reports may not be shared due to existence of other taxpayer's data. In order to prevent such abuses, the verdicts rendered by the Council of State are guiding.

Furthermore, sharing tax and financial data has not considered as a violation in all cases. The Law, in particular, outlines the cases when personal data could be shared which stands for legitimate grounds of sharing.

Aside from the general rules of secrecy under the TPL, there are rules under different legislations that deal with the share of personal data such as: The Turkish Commercial Law, Right to Information Acquirement Law, Electronic Communication Law and most importantly Data Protection Law of March 2016. Within the scope of this article, only the rules of the Data Protection Law with regard to tax and financial subjects will examine. Questions such as what are the conditions of sharing personal and financial data, how these kind of data should protect and in which cases it is not contrary to law to exceed the specified protection mechanisms and lastly what are the sanctions in cases of violations of the law will tried to answer.

In this context, under the first section the concepts of tax privacy, its scope, personal data, commercial secret, customer secret and then the differences between these concepts will examine. Under the second section, the principles of sharing tax and fiscal data and under the third section the sanctions in cases of violations under the Data Protection Law will be examined.

Keywords   :   Tax Secrecy, Personal Data, Business Secret, Data Protection.
JEL Classification Codes :   K34, H2, K20, K29.

29 October 2016 Saturday

Session: V-A / 09.30-11.00

ENERGY ECONOMICS

Room: *Prins Hendrik 2*

Chair: **Blerion QELI**

- The Role of EU and Turkey in World Energy Market and the Importance of the Renewable Energy Sources

  Aytac DEMIRAY

- The Place of Geothermal Energy in World Energy Sector and Its Importance for Turkey

  Ulku BILDIRICI

- The Effects of Feed-In Tariff Structure on Renewable Energy Development in Turkey

  Sirri UYANIK & Aysegul UCKUN

- Forecasting Regional Electricity Demand for Turkey

  Gulsum AKARSU

- Forecasting of Turkey's Electricity Consumption with Support Vector Regression and Chaotic Particle Swarm Algorithm

  Oguz KAYNAR & Ferhan DEMIRKOPARAN & Halil OZEKICIOGLU

The Role of EU and Turkey in World Energy Market and the Importance of the Renewable Energy Sources

Aytac DEMIRAY

Selcuk University
demiray@selcuk.edu.tr

Abstract

European Union Countries and Turkey constantly need energy to achieve their economic growth targets. These countries are located in a disadvantaged region in terms of oil and gas reserves and so are dependent on foreign countries for these sources. The biggest problem is the security of energy supply and the external deficit problem for these energy dependent countries. The political disputes that may arise with oil and gas suppliers, price fluctuations, or the problems which will be experienced in the supply lines can be caused an economic recession for these countries. After the period 2005, when the Kyoto Protocol was adopted, countries are now obliged to pay attention to the environmental damage caused by energy use.

It is a proven fact that, the oil and gas resources are depletable and in the next 40 years, oil will be exhausted. Moreover, it is certainly that, in the near future the world economy will be faced with negative supply shocks in oil market. The solution seems easy "renewable energy sources". However, in today's technological level, usage of renewable resources has not been reached to required efficiency level to meet the need for energy of the world. The governments are supporting the projects for the use of renewable energy despite the huge costs of R & D activities.

The main objective of this study is; to define the overall state of the EU and Turkey on the world energy market by tables and graphs, to give hints about current state of alternative energy sources that can be used to meet energy demand of the world.

Keywords   :   Energy Economy, Renewable Energy, Energy Supply Security.
JEL Classification Codes :   Q2, Q3, Q4.

Introduction

The energy sector is a sector that includes many variables. It contains countless problems to be solved by the government. The biggest one of those problems is energy dependency. Because meeting the majority of energy needs by importing from other countries, can also lead to a security weakness for the energy dependent countries Bilginoğlu (2012: 4395). It is observed that the current energy needs are met from the energy exporting countries in the economies of European Union Countries and Turkey.

Considering the rate of energy supply and demand, the usage rate of the world's conventional energy sources, it is certainly that world's oil and natural gas resources will be exhausted in a near future. The energy need of the world will be met by the alternative energy sources in future.

When a conventional energy source depleted, there are two basic conditions to be fulfilled for an alternative energy source in order to substitute for this energy source. This alternative energy source must be more responsive about the environment compared to conventional source and this alternative energy source must have enough reserve to compensate the deficit of the depleted source (Özemre, 1993: 32).

Literature Review

Different approaches exist regarding the studies on the energy. Murry and Nan, studied 15 different countries (includes Turkey) classified by the level of development in 1996. The authors searched causality between elctricity usage and GDP for the period 1970 -1990. Turkey was placed in the second group in the study as more developed countries with Canada, Hong Kong, Pakistan and Singapore. They found causality from Electricity consumption to GDP for these countries. Altınay and Karagöl (2004) investigated a series of unit root and causality tests to detect causality between the GDP and energy consumption in Turkey employing Hsiao's version of Granger causality method for the 1950-2000 period and they did not found a causality between the variables for this period.

Method

The method of the study is compilation. In this study, we chose the compilation method because there are many variables about the energy market and in an econometric study at the conclusion part; the author can reach complex results. In addition, the results can be hard to understand for the reader. In this study, the subject tried to be define with a simple and clear expression.

Variables

Mostly used sources for graphs and tables in the study are European Commission, EU Energy in Figures Statistical Pocketbook, 2015, Enerdata, Global Energy Statistical Yearbook, 2015, Eurostat, "Energy, Transport and Environment Indicators", Eurostat, European Commision, 2015.

Table 1
(2005-2014) Energy Dependence of Some European Countries (%)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EU-28	52,6	53,6	52,8	54,5	53,5	52,6	54,0	53,3	53,1	53,4
EUR 19	65,0	65,4	63,6	64,5	63,4	62,0	62,4	61,1	60,1	60,3
England	13,4	21,2	20,5	26,2	26,4	28,4	36,2	42,3	46,4	45,5
Germany	60,4	60,8	58,4	60,8	61,0	60,1	61,6	61,3	62,6	61,4
France	51,6	51,5	50,4	50,8	51,0	49,1	48,7	48,1	48,0	46,1
Spain	81,4	81,2	79,6	81,3	79,1	76,7	76,3	73,1	70,4	72,9
Italy	83,4	85,9	83,0	82,9	80,8	82,6	81,4	79,2	76,8	75,9
Greece	68,6	71,9	71,2	73,3	67,7	69,2	65,1	66,5	62,2	66,2
Turkey	71,6	72,6	74,3	72,2	70,4	69,3	70,7	75,3	73,3	74,8

Source: Eurostat, Energy, Transport and Environment Indicators, European Commision, 2015,
<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdcc310&plugin=>,
18.05.2016.

Graph 1
2013 World Energy Production by Region
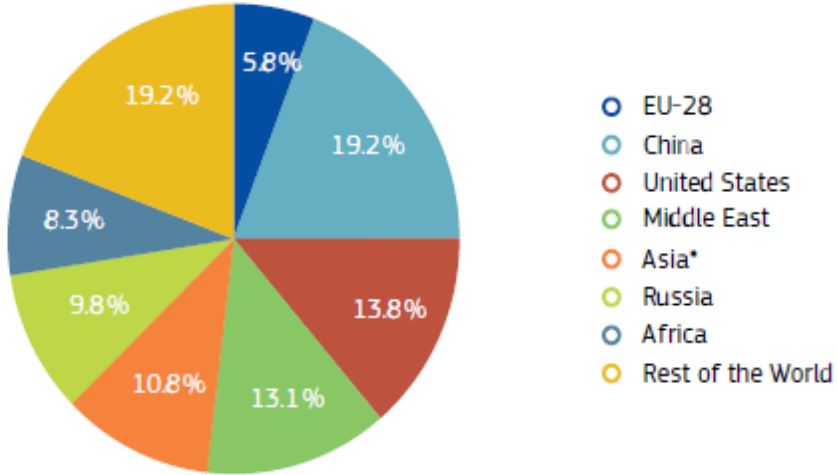
Source: European Commission, EU Energy in Figures Statistical Pocketbook, 2015.

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The Place of Geothermal Energy in World Energy Sector and Its Importance for Turkey

Ulku BILDIRICI

Istanbul Arel University
ulkubildirici@arel.edu.tr

Abstract

Energy is the major input of industry, manufacture, development and progress. Energy consumption is increasing in the world and in our country as well, in parallel with population growth, industrialization, technological advancements and globalization. Today on the other hand, conventional energy resources, which supply more than half of the energy necessity of the world, face with the danger of depletion. Apart from that, deterioration of ecological balance and dangerous amount of environmental pollutionmake it indispensable to head for new and renewable energy resources in order to realize sustainable development.

As a renewable resource of energy, geothermal energy is in an important position in terms of its affect and its wide area of utilization. Geothermal fluid, manufactured in areas with low and intermediate-temperature, are directly used in heating of houses, greenhouses and agricultural fields; in food drying, lumbering, paper and textile industry; in industrial applications such as refrigerating plants and in producing chemicals such as obtaining dry ice from the CO^2 in boric acid, ammonium bicarbonate, heavy water and fluid. Fluid manufactured in areas with high temperature has used for power generation and is made us of in other fields integratedly.

Turkey is one of the leading countries in terms of the richness in geothermal resources. However, Turkey is a country which consumes more than it produces, which prefers energy importing in order to balance power supply and consumption and which is foreign-dependent in terms of raw materials such as petroleum and natural gas. Using its geothermal energy as a renewable resource effectively is highly important for the economy of Turkey. Recently, in order to close the energy deficit and realize sustainable development, geothermal energy has used in many fields such as thermal tourism, heating/cooling applications, and manufacturing chemicals and mostly in power generation. Nevertheless, when the geothermal energy resources potential of Turkey has compared to the usage rate of these resources, we see the problem that geothermal resources have not used efficiently and productively. Especially, the lack of international marketing of thermal tourism, which has the potential to supply high rate of foreign exchange inflow and the usage of traditional methods in this field, affect medical tourism negatively in Turkey. While renewable energy usage has mentioned mostly upon power generation in litterateur, in our study the areas of utilization of geothermal energy has mentioned and especially the usage of thermal resources has emphasized. The reason behind this is the fact that the development of thermal tourism in Turkey will create a multiplier effect and will directly influence the whole economy and it will help sustainable development to establish by making medical tourism available for 12 months.

The aim of this study in this context is to indicate the position of geothermal energy in energy sector and its importance for Turkey. In this study, by considering the accessible results of data, researches, evaluation activities and reports of relevant institutions and organizations, the potential and quality of Turkey's geothermal energy resources and its position among world countries are tried to be analyzed in order to improve policies and strategies which support geothermal energy usage in Turkey and to improve competitive capacity of relevant sectors. The study adopts the approach of safe and sustainable recruitment of energy, which has needed by economical and social development with

minimum cost within the scope of National Science and Technology Policies Strategy Document 2023 aim, and 9th and 10th Development Plans and the study bring proposals forward in this context in order to create efficient national policies. Moreover, it suggests following points aimed at increasing the usage of geothermal resources in Turkey.

- Investments regarding geothermal energy usage should be encouraged.

- The government should take efficient and effective projects about renewable energy resources, notably geothermal energy, into account and should support them.

- Qualified labor force, which will realize innovation and research and development activities, should employ.

- The investors and the public should be trained on the advantages of using renewable energy resources such as the cost, saving and minimum damage to environment.

- Departments should be established in universities for the development of renewable energy resources and national and international congresses should be organized.

- The area of utilization of geothermal energy should be enlarged.

- Turkey's geothermal potential, especially thermal tourism potential should be improved and the recognition should be increased.

- In order to establish minimal basis and procedures of project, investments and organizations in thermal accommodation and medication centers and in order to give the position it deserves to thermal tourism in Turkey Ministry of Health and Ministry of Tourism should cooperate and take precautions to improve the service standards.

- Cooperation with successful countries in the usage of renewable and geothermal resources should be improved and thermal resource facilities with European standards should be established.

- A legislation on the operation and prospection of geothermal energy in parallel with international standards should be created and the legal gaps about this issue should be solved.

- Reinjection activities should be valued.

- Programs of at least five years should be prepared instead of annual ones.

- Finally, Turkey should have a leading role in terms of geothermal energy and medical tourism among EU-countries, Middle East and the neighboring countries. Beside, the loss in the tourism income in different times should compensate with medical tourism (balneotherapy, climatotherapy, speleotherapy, thalassotherapy etc.).

Keywords : Geothermal Energy, Renewable Energy, Thermal Tourism.

JEL Classification Codes : Q42, Q29, O13.

The Effects of Feed-In Tariff Structure on Renewable Energy Development in Turkey

Sirri UYANIK

Karatay University
sirriuyanik@yahoo.com

Aysegul UCKUN

Karatay University
aysegul.uckun@karatay.edu.tr

Abstract

Today, supporting renewable energy production and the promotion of it through special government regulations especially in the initial years has become a general practice and commonly accepted approach by many Governments. Turkey also attaches great importance to the electricity produced from the renewable energy resources. In this context, this importance has further emphasized with the Law No. 6094 "the Amendment Made in the Law on Utilization of Renewable Energy Sources for the Purpose of Generating Electrical Energy" that has been implemented in 2011. Accordingly, the aim of this paper is the examination of the Law No. 6094 and changes to this Law and the evaluation of the effects of so-called FITs (feed-in tariffs) in the development of the renewable energy sources in Turkish Energy Market.

Currently, the promotion of renewable energy sources (RES), especially in the initial years of the renewable energy production through special government regulations is a general view. Utilization of RES for generating electrical energy has supported by almost all countries. The main reason behind this policy is that the production of electricity derived from RES still does not compete with fossil fuels. In this regard, a variety of methods and policies have been developed in order to promote RES. Feed-in tariff, auction system, renewable portfolio standard, capacity auction, renewables obligations can be counted among these methods and policies (Gözen, 2014: 278).

In the last decade, Turkey, which is an emerging economy and a rapidly growing energy market with almost 6-7% increase in energy demand, has attached great importance to the development of RES and in 2011, the concrete amendments to the Law No. 6094 emphasized their importance. The Law No. 5346 on the Utilization of Renewable Energy Sources) for the Purpose of Generating Electrical Energy which was the first Law for the incentive of RES has entered into force in 2005. The Law No. 6094 on Amendments on the Law on Utilization of Renewable Energy Sources (RES) for the Purpose of Generating Electrical Energy came into force in 2011 amended Law No. 5346. With the Law No. 6094, incentive mechanism has amended and a new support program has integrated into day-ahead market. Besides, with the Regulation on the Certification and Promotion of Renewable Energy Sources which was published in 2013, it is identified the principles and procedures relating to establishment and process of YEKDEM and Renewable Energy Source Certificate. After all, of these changes into Laws and regulation, it has been an observable increase in applications to YEKDEM. While number of application was only 20, after the Law No. 6094 enacted in 2011, the number of application has reached 556 as of 2016. Between 2011 and 2016, it has seen that the greatest increase in the number of application is in hydroelectric power plants.

Despite these developments, there are those who argue that renewable energy should grow even faster. A large number of investors who want to invest in RES faced with constraints. The main reason is that investment-demand is subjected to competition, in other words, the amount of investment is restricted to an upper limit at geographical, regional and national level (especially for solar and wind resources) and it is intended to spread over time. There are two basic reasons for such a tacit policy: one is that electrical network and transmission lines have not yet attained the flexibility and capability of the ability to manage more renewable capacity (system reliability and intermittency problem). The

other one is that the fee for the competition has asked for. These adversely affect the feasibility of the projects in general.

Despite the restrictive developments and economic hardships, the current situation could have evaluated as successful. However, the system of competition and evaluation and related administrative procedures and bureaucratic formalities need to improve to be more efficient.

Keywords : Renewable Energy Resources, Feed-in Tariffs, the Law No. 6094, Policy Effects.

JEL Classification Codes : K32, Q28, Q42, Q48.

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Forecasting Regional Electricity Demand for Turkey

Gulsum AKARSU

Ondokuz Mayis University
gulsum.akarsu@omu.edu.tr

Aim of the Study

Accurate forecasts of electricity consumption are essential for the well-planned development of the electricity sector. Forecasts of future electricity consumption are employed by many decision makers such as energy suppliers, independent system operators, financial institutions and other participants in the electricity market and different segments of the sector for various purposes, such as the decision-making related to capital investment in generation, transmission and distribution and operational decisions related to plant availability requirements and purchasing decisions on fuel (Rhys, 1984; Feinberg & Genethliou, 2005).

Therefore, in this study, our aim is to forecast the regional electricity demand by using time series, panel data and spatial panel data models and compare their forecasting for Turkey over the period from 1986 to 2013. Our region definition has based on the Strategy Paper published in 2004. According to this Strategy Paper, 21 regional monopolistic distribution companies had planned to be established. These companies were established and their privatization had completed in year 2013. In fact, after the period of Turkish Electricity Authority (TEA), since 1984 the private sector participation allowed into the distribution segment by the enactment of Law No. 3096. Restructuring process proceed by the vertical unbundling of TEA in 1993, introduction of Electricity Market Law No. 4628 in 2001, further unbundling of the activities, establishment of Energy Market Regulatory Authority and lastly, the revision of the Electricity Market Law in 2016. Because of this restructuring process, especially the establishment of regional distribution companies and their need for forecasts of future electricity requirements, in this study, our focus is on the forecasting of regional electricity demand.

In the literature, there are many studies for the electricity demand forecasting. For Turkey, there are various forecasting studies for electricity demand employing different methods. However, at the regional level, there are only few studies (Çakmak, 2014; Transmission Company of Turkey and Marmara Research Center, 2013).

Keywords	:	Regional Electricity Demand, Forecasting, Spatial Panel Data Model, Panel Data Model.
JEL Classification Codes	:	C53, Q47, R12.

Methodology

In this study, our methodology base on the analysis of Kholodilin, Siliverstovs and Kooths (2008). We employ time series model, panel data models and spatial panel data models. Because of economic and social interactions among the regions, we need to account for spatial interdependencies by employing spatial econometric models. As a methodological issue, ignoring spatial interactions may cause the estimates to be biased, inefficient and inconsistent based on the type of the spatial effects.

We consider the following models given by (1), (2), (3), (4), (5), (6) and (7) under different assumptions where Y is the first difference of per capita net electricity consumption:

(1) Linear ARMA(p,q) model for each region i: $Y_{it} = \beta_{i0} + \alpha_i t + \sum_{j=1}^{p} \beta_{ij} Y_{it-j} + \varepsilon_{it} + \sum_{k=1}^{q} \delta_{ik} \varepsilon_{it-k}$, $\varepsilon_{it} \sim Niid(0, \sigma_i^2)$; i=1,2,…,20 and t=1,2,…,28 are subscripts for regions and time periods.

(2) Pooled panel data model: $Y_{it} = \beta_0 + \beta_1 Y_{it-1} + \varepsilon_{it}$, $\varepsilon_{it} \sim Niid(0, \sigma^2)$, i=1,2,…,20; t=1,2,…,28.

(3) Panel data model with spatial fixed effects: $Y_{it} = \beta_{i0} + \beta_1 Y_{it-1} + \varepsilon_{it}$, $\varepsilon_{it} \sim Niid(0, \sigma^2)$, i=1,2,…,20; t=1,2,…,28.

(4) Pooled spatial lag model: $Y_{it} = \beta_0 + \beta_1 Y_{it-1} + \rho \sum_{j=1}^{20} w_{ij} Y_{jt} + \varepsilon_{it}$, $\varepsilon_{it} \sim Niid(0, \sigma^2)$, i=1,2,…,20; t=1,2,…,28. Here, w_{ij}'s are the weights formed by considering the neighboring relations. Throughout our analysis, we employ binary (queen) contiguity weight matrix, in which, $w_{ii} = 0$ for all i and $w_{ij} = \begin{cases} 1, & \textit{if two regions are contiguous to each other}. \\ 0, & \textit{otherwise}. \end{cases}$

(5) Pooled spatial error model: $Y_{it} = \beta_0 + \beta_1 Y_{it-1} + \varepsilon_{it}$, $\varepsilon_{it} = \rho \sum_{j=1}^{20} w_{ij} \varepsilon_{jt} + u_{it}$, $u_{it} \sim Niid(0, \sigma^2)$, i=1,2,…,20; t=1,2,…,28.

(6) Spatial lag panel data model with fixed effects: $Y_{it} = \beta_{0i} + \beta_1 Y_{it-1} + \rho \sum_{j=1}^{20} w_{ij} Y_{jt} + \varepsilon_{it}$, $\varepsilon_{it} \sim Niid(0, \sigma^2)$, i=1,2,…,20; t=1,2,…,28.

(7) Spatial error panel data model with fixed effects: $Y_{it} = \beta_{0i} + \beta_1 Y_{it-1} + \varepsilon_{it}$, $\varepsilon_{it} = \rho \sum_{j=1}^{20} w_{ij} \varepsilon_{jt} + u_{it}$, $u_{it} \sim Niid(0, \sigma^2)$, i=1,2,…,20; t=1,2,…,28.

In the estimations of models 2 and 3, we employ Least Squares estimation method, and for others, Maximum Likelihood Estimation Method is used. We estimate the models for the periods between 1986 and 2010 and compare forecasting performance between 2011 and 2013.

Table 1
Moran's I statistic for pcec[1]

Year	Moran's I	z-value	Year	Moran's I	z-value
1986	0.5894	4.4327***	2000	0.6525	4.9301***
1990	0.5555	4.2709***	2005	0.5525	4.3230***
1995	0.5496	4.2530***	2013	0.4231	3.3953***

[1] *** shows statistical significance at 1% significance level.*

Table 2
RMSE Criterion for Different Models[1]

Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
0.03989	0.01317	0.01323	0.47354	0.47030	0.48665	0.47916

[1] *Models are described in the Methodology section.*

Data

We obtain NUTS-3 (province) level per capita net electricity consumption data between the periods 1986 and 2013 from TURKSTAT (Statistical Institution of Turkey) database. We arrange the data considering the region definitions given in Strategy Paper published in 2004 for each 21-distribution companies. In the definitions, for İstanbul province, there are two distribution companies,

one for Anatolia part and the other for Europe part. However, in our data, there is no separate information for these two companies. Therefore, the arranged data includes the per capita net electricity consumption of 20 regions over the period from 1986 to 2013.

Results and Conclusion

Our results show that there is evidence of spatial interactions among the regions of Turkey, as Moran's I statistic and Figure 1 indicate the evidence of spatial effects (see Table 1). However, forecasts obtained by using pooled panel data model are on average better than others based on root mean squared error (RMSE) evaluation criterion as shown in Table 2.

Figure 1
Electricity Consumption Per Capita of Turkey for Different Years

| 1986 | 1990 | 1995 |
| 2000 | 2005 | 2013 |
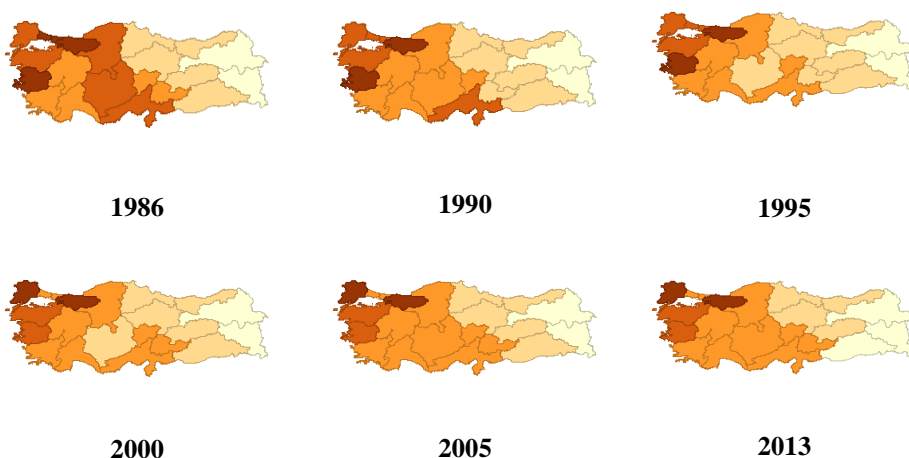
Therefore, we can conclude that while forecasting the regional electricity demand for Turkey, we can pool the data assuming homogeneity among regions. However, our result is only valid under the time period and region definition considered. In addition, other technological and economic factors affecting electricity demand and explaining regional differences should be included into the analysis based on the availability of data.

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Forecasting of Turkey's Electricity Consumption with Support Vector Regression and Chaotic Particle Swarm Algorithm

Oguz KAYNAR   **Ferhan DEMIRKOPARAN**   **Halil OZEKICIOGLU**

Cumhuriyet University
okaynar@cumhuriyet.edu.tr

Cumhuriyet University
fdemirkoparan@cumhuriyet.edu.tr

Cumhuriyet University
hozekicioglu@cumhuriyet.edu.tr

Abstract

Energy is a very important factor in terms of sustaining the economic development for developing and industrialized countries. Electricity is one of the most important forms of energy for industrialization and improvement of living standards. The estimation and modeling of electricity consumption has a special importance in Turkey, which is a foreign-dependent country in energy. In this study, a forecasting application has made by using Turkey's electricity consumption, population, import, export and gross domestic product between 1975-2014, employing support vector regression method. By using chaotic particle swarm algorithm (CPSO) to choose the parameters of SVR, the method outperforms significantly.

Keywords : Electricity Consumption, Support Vector Regression, Genetic Algorithm, Prediction.

JEL Classification Codes : C1, C5, C6.

Introduction

Energy is an important factor in terms of sustaining economic development for developing and industrialized countries. Worldwide energy consumption is rapidly increasing for reasons such as population growth, the importance given to large-scale industrialization and maintenance of positive economic growth rate (Bianco et al., 2009). Rising energy prices, global warming and climate change, increase in worldwide energy demand, dependence of fossil fuel depleted rapidly, the lack of new energy technologies meets the increasing energy demand comercially cause countries to be concerned about supply security (Küçükali & Barış, 2010). Accurate predictions of energy consumption affect not only capital investments, environmental quality, income analysis and research management but also maintain supply security and provide the energy policies to be implemented effectively (Ekonomou, 2010).

Electrical energy is also one of the most important form of energy for industrialization and improvement of living standards. Dependence on electrical energy worldwide is increasing in parallel with energy. According to IEA (International Energy Agency), the proportion of electricity in total energy demand of the world will increase in medium term and electric will be the fastest growing form of energy for end-users (Küçükali & Barış, 2010). Also in the light of developments in information and communication technologies electricity has seen as the main source of energy for the countries towards becoming a digital society and plays a vital role in scientific developments. Electricity consumption in Turkey is also increasing rapidly in parallel with the energy consumption. Electricity consumption has a chaotic and nonlinear trend in Turkey, which is a foreign dependent country due to an unstable economy having an extremely sensitive nature against domestic and foreign developments in politics, economics and market (Akay & Atak, 2007). Therefore, modeling and estimation of electricity consumption in Turkey has a special importance.

When literature of prediction it is seen that electricity consumption has closely related to economic indicators like GDP, population, import and export. Considering this relationship, in this study, a

forecasting application has made by using electricity consumption, population, and GDP, import and export data of Turkey between 1975-2014. A model has created with Support Vector Regression (SVR) method. Chaotic Particle Swarm Optimization (CPSO) determines the user-specified parameters of SVR like C (penalty), σ (width of Gaussian RBF function) and ε (error).

Application and Results

In this study electricity consumption of Turkey between thr years of 1974-2014 has modelled by using GDP, import, export and population variables. A prediction application has made by employing this model and SVR method. 60% of data is used as training data, 40% of data is used as test data.

The optimum values of user specified parameters of SVR method, which are C (penalty), σ (width of Gaussian RBF function), and ε (error) are determined by chaotic particle swarm optimization. Firstly, data has normalized to eliminate the effects of different scaling. Due to confine the solution space, the parameters of C, σ and ε are limited between 1-1000, 0-1 and 0-0.1 respectively. The parameter values of the model are given in Table 1.
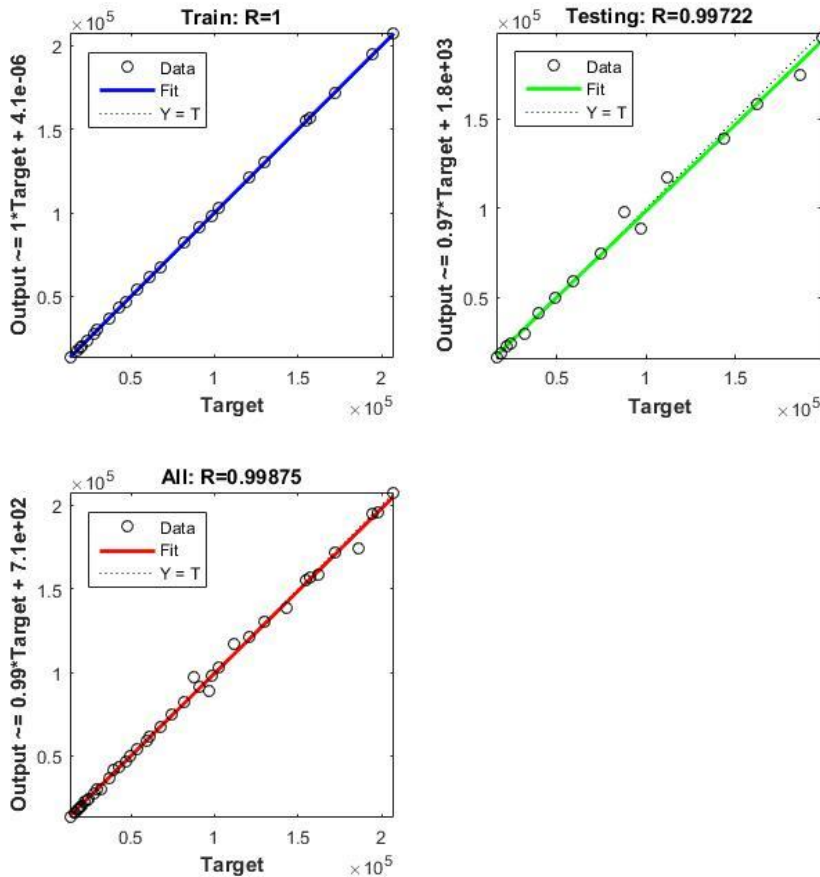
Table 1
Parameter Values of Model Determined by CPSO

	C (Penalty)	σ (width of Gaussian RBF function)	ε (error)
Value	593.23	0.4025	0.8055

The error of model according to MAPE metric 3.66% in test data and 1.46% in general. Actual and predicted values of the model can see in Figure 1:

Figure: 1
The Actual and Predicted Values of Electricity Consumption in Train, Test and All Data Set

Conclusion

The consumption of energy, especially electrical energy follows an increasing trend in Turkey like other developing countries. Electricity consumption can be influenced by many economic indicators, especially for a country like Turkey that is foreign-dependent in terms of energy and very sensitive to external factors. The most important ones of these economic indicators are import, export GDP and population.

The annual electricity consumption of Turkey has modelled by using mentioned economic indicators. SVR method trained by chaotic particle swarm algorithm is used. The SVR method trained

by CPSO with error performance of 3.66% indicates that this model can be used an alternative method to classical regression and artificial neural networks.

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29 October 2016 Saturday

Session: V-B / 09.30-11.00

REGIONAL ECONOMICS

Room: *Prins Hendrik 3*

Chair: **Juan Francisco MARTÍN-UGEDO**

- The Evaluation of Change in Providing Municipal Services in Turkey

  Halil SERBES & Ozlem TUMER

- Spatial Analysis of Socio-economic Impacts on Province Level Domestic Migration

  Husnu Can DURAL & Selim CAGATAY

- Urban Migration, Role of Universities in Development and Bayburt as an Example

  Esmeray ALACADAGLI & Erdemalp OZDEN

- Neither a Dream nor a Delusion: An Understanding of Urban Government with a Green Vision

  Ilknur GUL

The Evaluation of Change in Providing Municipal Services in Turkey

Halil SERBES

2211-A National Doctorate Scholarship Programme Scholar
Uludag University
hserbes@uludag.edu.tr

Ozlem TUMER

Uludag University
ozlemtumer@uludag.edu.tr

Abstract

It has clearly observed that a number of legal and institutional arrangements that restructure the public financial management in Turkey since 1980s have implemented. Together with all these arrangements that are based on the new concepts of public management and governance, an understanding that is market oriented and based on the principle of profitability in the production and presentation of public services both on the local and administrative levels has started to be adopted. A change in this understanding has considered within the perspectives of the marketability, commercialization and commodification of the public services (Cebeci, 2013: 197-199). One of the most important indexes of the transformation in the understanding of production and presentation of public services on the local level today is the municipality companies. In fact, within the context of the present research, the study aims to analyze the public services offered by the municipalities in Turkey taking into account the developments that pave the way for the restructuring of public financial management of the municipal companies that increasingly gain more importance, increase in number and are based on market relations and profitability.

Within the framework of specified objective of the study, it has to be initially determined which justifications the municipal base their efforts on regarding incorporation in the production and presentation of public services. The first justification is comprised of the efforts to increase the income sources of the municipalities (Meşe, 2011: 205). The second justifications why the municipal companies are applied to and the number and importance of these applications increase day by day, on the other hand, is the regulatory reforms that have come to be implemented in Turkey since 1980s. The municipal companies been considered as the natural extension of these reforms that have restructured the management of public finances in Turkey. Therefore, within the context of the study, firstly the transformation experienced in the management of public finances in Turkey has theoretically dealt with. Subsequently, the aim of this section is to make a contribution to the relevant literature in which the analyzed process is evaluated in terms of the dimension that municipal companies have grown into by taking into account the change caused by the public services in the production and presentation methods. For this purpose, the municipal company information available on the municipal internet pages, annual reports, the general annual reports of the municipal companies regarding the local governments issued by the Ministry of Internal Affairs, the public enterprise reports issued by the Undersecretariat of Treasury, and the articles and theses written on this subject have all utilized.

The present study concluded that the way of producing and presenting the public services available within the job definition of the municipalities in Turkey underwent a rapid transformation in line with the principles of restructured public finance management. One of the most crucial factors of this transformation is incorporation. In fact, based on the current information available on the internet pages of the municipalities and their annual reports, it had found that the number of municipal companies increased. Besides, given the period of 2009-2013 in the Public Enterprises Report issued by the Undersecretariat of Treasury, it was clearly observed that the total assets, the gross sales amount and the state of profit for the financial year increased by years (Kamu İşletmeleri Raporları, 2009-2013; Güneş, 2014: 79-80; Bektaş, 2016: 72). The fact that the roles of the municipal companies increased in the presentation of public services, in addition to the change in the way of how public services had

offered, also resulted in the change in the way the individuals had an access to the public services. In fact, it has observed that profitability and the citizen replaced the notion of public interest by the customer form in accordance with the principle of "whoever uses it pays for it". Furthermore, it has also observed that the conditions of those who produced the services (an increase in the number of contracted and temporary employees) also changed in this process (Cebeci, 2013: 197-198). It is possible to conclude that every finding obtained is compatible with the concepts of the marketability, commercialization and commodification of the public services.

Keywords : Municipalities, Municipal Companies, New Public Management, Public Finance Management, Local Administrations.

JEL Classification Codes : H70, G38, H83.

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Spatial Analysis of Socio-economic Impacts on Province Level Domestic Migration

Husnu Can DURAL

Akdeniz University
hcdural@akdeniz.edu.tr

Selim CAGATAY

Akdeniz University
selimcagatay@akdeniz.edu.tr

Abstract

Regional divergence in Turkey is a long lasting problem and various policies have been applied so far to solve this. The analysis of the dynamics behind rural-urban and regional divergence is still an interest and research area for economists, sociologists and demographers. For instance, in the last decade several arguments put forward stating that interregional movement of population strengthens the factors that cause Turkey to be caught in middle-income trap.

Demographers mostly research the spatial characteristics of interprovincial population movements and yet the methodology is still not so popular among economists in Turkey. In fact, regional heterogeneity and possible interactions among regions that might arise due to this heterogeneity, in other words, positive and negative economic externalities that are caused by geographical/spatial closeness of provinces might create quite efficient messages to be used for reshaping resource allocation and economic policies to solve the divergence problem.

From the above perspective this study first aims at diagnosing the socio-economic development divergences among provinces in Turkey and the trend those divergences follow in the last decade. Secondly, the socio-economic factors behind interprovincial migration in Turkey will analyze by using spatial econometrics. The database used by the Ministry of Development to calculate the socio-economic development level in provinces in 2000 and 2011 will be utilized and therefore the analyses will focus on those years. While global effects of those socio-economic factors on migration are searched local/spatial effects at province level will be investigated as well. In addition, the changing direction of local factor impacts in the research period will also be analyzed which might put some light on the current policy instruments used for eliminating the divergence among regions. The study aims at diagnosing particularly the positive externality impacts that might be created by spatial characteristics. The socio-economic indicators will be grouped under economic, social and demographic indicators and the study will investigate whether the separate and changing effects of these indicators reflect a pattern among provinces or not.

Keywords : Regional Divergence, Domestic Migration, Spatial Econometrics.
JEL Classification Codes : R12, O15, C21.

Urban Migration, Role of Universities in Development and Bayburt as an Example

Esmeray ALACADAGLI

Bayburt University
ealacadagli@bayburt.edu.tr

Erdemalp OZDEN

Bayburt University
eozden@bayburt.edu.tr

Abstract

The movements of population, whether it is from town to city or it is from country to country, is a phenomenon that affects all kinds of development in society; such as economic, social, environmental. While this phenomenon has a positive role in revitalization of economies of immigration-receiving cities and countries, it is different adverse impacts on emigrant countries.

The purpose of this study is that examining the phenomenon of migration in Bayburt and determining the solutions to urban development by stopping migration from the city by the way of collaboration with all sectors and Bayburt University.

In this study, the data about the migration and the current situation of Bayburt are provided by the method of scanned literature. These data have been evaluated in basic components of two important events for Bayburt; "become a city and establishment of the university". While this evaluation is in progress, initially, the phenomenon of immigration, which is a dependent variable of geographic and economic structure, sources of income and its distribution, population, employment, unemployment, income level, was investigated. Afterwards, the variations in economic and social variables were evaluated after these two events. With comparative evaluation of the evidence provided by both examinations, we pursued to create solutions that sustain the development of the city, and stop the migration from Bayburt. Methods of "Current situation, Comparative data analysis / Benchmarking" were employed both in order to detect the current situation and to examine to appropriate case basis and to facilitate its special solution.

According to the data provided by the literature;

Bayburt is a province dominated by continental climate, where is on the edge of the Coruh River, at 1550 m. heights from the sea level, and 45% of its surface area (3741 km^2) is a mountainous area. According to the study of State Planning Organization, Bayburt is located in the group of fifth-grade developed provinces. In this group, not only agricultural productivity is low, but also there is a hidden unemployment problem in the agricultural sector. Agriculture and livestock raising (60% of the population) are leading business areas of the economy in Bayburt. There is a light level of the industry and heavy industry has not established.

Proportion of landless families in the province (26%) is below the average of Turkey. Since these businesses did not respond to the needs of staffing and lacking of the establishment of new businesses, people usually look for new ways to provide for migration to foreign countries and other developed provinces.

Despite all this negativity, since Bayburt has became a province, there has been a positive movement in economic indicators per capita and the net migration rate is 1.46% (TUİK, 2013). In this progression, the establishment of the University in 2008 has a major role since students and academicians start living in the city. According to the research about the 15 university-established cities, in the following years after the establishment, there was a very dramatic changes the amount of

the population of this city, in the age structure, immigration data, and directly or indirectly employment that is created by universities. (Isik, 2008).

According to the data, to reverse to migration, the increased level of prosperity should diminish the disparities between Bayburt and other cities. The most important step is that policies and applications which stop the migration and provide developments.

Establishing new factories is not to be understood the only way of the development. The development is not only a new combination of production factors or not an increase in the labor productivity of a new production function; but it creates changes in habits, behavior and mentality. To ensure that, collaboration between education, university and academia cannot be ignored. This fact has been proved in several examples; such as successfully in Tennessee Valley in the USA and unsuccessfully in Mezzogiorno Region in Italy. Although the basic missions of the universities are education and research, they are institutions that contribute preciously to economic and social development of a city. In addition to the traditional education and research, modern universities undertake different mission, ranging from sustaining research activities with private sector to licensed innovation (Drucker & Goldstein, 2007).

As in the examples, the projects will be led by Bayburt University, it is possible to accelerate the development process by presenting educational services to the benefit of this region and not only providing a new employment and job opportunities but also changing in behavior of the students who are 25% of the population size in the central district.

Consequently, project proposal will be presented to the authorities for urban development under the leadership of Bayburt University. With these efforts, we aim to determine to create policies to stop the exodus from the city, to improve to existing business, and to start new practices to create new economic sectors. In our opinion, as an example of the country and the world, economic and social development of Bayburt will be accelerated within the process, by the collaboration between the state, private sector, non-governmental organizations and academic units and putting into practice the planned project. Thus, the city will turn into a livable urban center and become more attractive from every angle.

Keywords : Migration, Development, University.

JEL Classification Codes : 018, O21, R23, R58.

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Neither a Dream nor a Delusion: An Understanding of Urban Government with a Green Vision

Ilknur GUL

Kirklareli University
ilknur.gul@klu.edu.tr

Abstract

Vision is the thing that an organization wants to execute in middle or in long term. In other words, it is the guide and the main reason of the current studies of an organization. Like organization administrations, urban governments have a road map, a vision, about where they want to go, according to why they exist and what they defend. This vision, today, is a green vision in the government of many world cities from Ljubliana (Slovenia) to Putrajaya (Malaysia), from San Jose (CA-USA) to Ayutthaya (Thailand).

In the 21st century, both governments and people cannot evade environmental issues any more, however they are troublesome. It is necessary to participate in the solution of common problems in communities. For this, there should be a division of labor between central government and local governments concerning environmental issue. Nonetheless, if local governments, such as urban governments, have enough personnel, enough financial resources and supports from public, it is expected to understand problems and find out solutions better. In this regard, it has said that local governments can provide many services quicker than the central government. With regard to environmental issues, administrators of many local governments have chosen more environmentally friendly behaviors in order to confront environmental challenges over the last decades. This behavior gives them the green vision.

A green vision can only be achieved by embracing the practices in protecting the land, soil, water, energy and the ecosystem; and by improving the quality of the air and water. However, short-term solutions are essentially ineffective because environmental problems have complex and dynamics structure and when dealing with problem solving process, they could lead to new problems in the future. This only will provide success for administrators trying to achieve results in the short term. Yet, especially after 1980's, as environmental problems caused threats over the daily life, the public opinion has enhanced green ideas, which cause to be interested in thinking more carefully about these problems among administrators, too. Moreover, administrators with green vision have transformed these green ideas into green politics. The behavior these administrators will show, the plans they will apply, and the methods they will be using, will show their effects in middle to long term, on every living creature in nature.

In this study, the importance of a green vision that will affect the life quality of not only us, but also the other creatures, and even the cities in a positive way will be underscored. Then, the question of how this vision will be achieved will be answered. Moreover, different world cities will be compared, and the difference between the current situation and how it is supposed to be will be elaborated. Apart from those, it is thought that this study will contribute to the literature in the sense that it will once more draw the attention of the policy makers and public opinion to this issue. This study is going to be employed some qualitative research, which will be based on literature review. In the first part, the arguments and ideas of others -theoreticians', administrators' etc- will be summarized and synthesized associated with green vision. Personal thoughts will be added at the last part of the study.

Keywords   :   Vision, Green Vision, Environmental Problems, Urban Government.

JEL Classification Codes :   Q28, Q56, Q58, R58.

29 October 2016 Saturday

Session: V-C / 09.30-11.00

ECONOMIC GROWTH AND DEVELOPMENT I

Room: *Prins Hendrik 4*

Chair: **Ibrahim TOKATLIOGLU**

- Does Financial Development Lead Economic Growth in Turkey?

  Mehmet MERT & Abdullah Emre CAGLAR

- The Effect of Politic Shocks on Economic Performance after 2000: The Case of Turkey

  Arif IGDELI & Ersan SEVER & Volkan HAN

- Energy Consumption and Economic Growth Nexus in Selected Transition Economies: Quantile Panel-Type Analysis Approach

  Mahmut ZORTUK & Semih KARACAN & Noyan AYDIN

- Military Expenditures and Economic Growth Nexus: An Empirical Application on Transition Countries

  Mahmut ZORTUK & Semih KARACAN

- The Dynamic Effects of Oil Price Shocks on OECD Countries: Global VAR Approach

  Asli Onay AKCAY & Yagmur SAGLAM

Does Financial Development Lead Economic Growth in Turkey?

Mehmet MERT

Akdeniz University
mmert@akdeniz.edu.tr

Abdullah Emre CAGLAR

Akdeniz University
aecaglar@akdeniz.edu.tr

Abstract

The objective of this study is to explain the relationship between economic growth, one of the important indicators of the economy, and financial development. The share of economic growth is excessive in managing macroeconomic policies of countries. Therefore, the determination of indicators affecting growth is of utmost importance. When the literature examined, it has observed that financial development is one of the important indicators affecting growth in developing countries such as Turkey. Therefore, financial development, which is determinant of growth on macro basis, will been represented by various variables. Out of financial development indicators, financial system deposits to GDP, deposit money bank assets to GDP, private credit to GDP and the ratio of liquid liabilities (M3) to GDP variables will use. Gross domestic product (GDP) as a proxy for economic growth is used.

The study's basic question is to explore financial development in Turkey whether or not contributes to growth between 1970 and 2013.To seek an answer this question, Hatemi-J (2012) asymmetric causality test, newly used in literature, will be used. Unlike classical causality tests, in this method causality relationship have explained between two variable discriminating positive and negative shocks. Random shocks in series is not discriminated in classic causality tests. So negative and positive shocks coming towards the series have evaluated together. In Hatemi-J (2012) approach, the effects of positive and negative trends have observed by discriminating the shocks. Hatemi-J (2012) test examines four different causality relationship (positive-positive, positive-negative, negative-negative, and negative-positive). In the study, Hatemi-J test have used due to bringing different perspectives to causality subject.

In the literature, many variables represent financial development. Therefore, five different indicators will use to represent financial development while examining the effects of financial development over growth. If same signal gets from at least three financial development indicators, the effects of financial development over growth would explained by sound footing. When Hatemi-J (2012) test results examined, there is no casuality relationship found from growth towards all financial development indicators. It is a substantial result that there is no casuality relationship between growth and all financial development indicators. Because with the change of economic growth many macro level variables are significantly influenced by this change. However, the obtained results illustrate that economic growth is not a reason of financial development. On the contrary, when other side of casuality examined, it has observed that there is a casuality relationship from negative shocks in the financial development towards negative shocks in growth. Another remarkable issue in the issue all financial development indicators reveal same result. That has to say, if financial development in Turkey encounters a negative situation economic growth will be affected by this situation negatively. Giving the same signals of five financial development indicators consolidates this result significantly.

Consequently, the motivation of this study is to investigate affects of financial development on economic growth in Turkey. For this purpose, Hatemi- J (2012) causality test have performed for the relationship between economic growth and financial development. The empirical results obtained from asymmetric causality tests show no causality from all financial development indicators to GDP in Turkey. Applying the asymmetry causality test, the estimation results strongly suggest that a negative financial development shock will cause a negative shock on GDP. That is, if the financial development

decreases, then GDP will also decrease. These results have important implications for research analysts as well as policy makers of the Turkey economy.

Keywords : Asymmetric Causalty, Financial Development, Economic Growth.

JEL Classification Codes : G20, O40, E40.

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The Effect of Politic Shocks on Economic Performance after 2000: The Case of Turkey

Arif IGDELI

Aksaray University
arifigdeli@hotmail.com

Ersan SEVER

Aksaray University
severersan@gmail.com

Volkan HAN

Aksaray University
volkanhan38@gmail.com

Abstract

Economic Shocks are known as the one of the main factors of the economic fluctuations and especially the effect of politic origin shocks on macroeconomic variables among economic shocks are attracted attention by economists' every time. Many studies have been made related with the effect of political instability, which caused by political shocks on countries' economies so far. One of the main factors of the study that Political uncertainty, which is the results of the political shocks, hamper the economic agent economic decision making such as investment, consumption, production and employment. Politic shocks can cause temporary and permanent effects by disturbing the existing balance of economy. Expansion and contraction that are the result of the politic shocks, realized different speed, violence or rate. The aim of this study is to investigate the impact on the economic performance of economic fluctuations caused by politic shocks in Turkey after 2000 using by econometric models. Also in this study, it is aimed to find relationship between political shocks and macroeconomic variables and to find the direction and intensify the relationship between these variables.

In this study, long term and short term ARDL Bound Test Model tests relationship between political shocks and macroeconomic variables for Turkey during the 2000-2015. In order to check the long term relationship between variables in Johansen and Engle Granger cointegration, variables should be stable level I(0) or stable in first difference I(1). In this method if variables were not stable in I(0) or I(1) then it is not possible to conintegration test according to these methods. Peseran saw that it is not possible to reveal the long-term relationship between different level stable variables in these methods. Then he discovers the ARDL Bound Test method, which eliminates the constraints that hinders to reveal the existence of long-term relationship between variables. In addition to this, compared to other methods ARDL Bound Test method are superior from many sides. The first advantage of ARDL Bound Test method respect to other methods is to able obtain more reliable results with low number of observations. Another advantage of ARDL bounds test method that makes it superior to other methods is to use unconstrained error model. Unconstrained error model which containing information about short term and long term dynamic between variables, gives more consistent result than other cointegration tests. In addition to these advantages, unlike other methods there is no requirement to unit root test for making cointegration test in ARDL Bound Test method. To sum up, ARDL Bound Test facilitated to existence of long term and short-term relationship between variables by eliminating constraints, which are used in other methods.

It is investigated to relationship between macroeconomic variables and political shocks, which causes political uncertainty for Turkey during the 2000-2015 periods in this study. In addition to reliable and accessible data, experienced political events in the relevant period play important role the selection of these years. After 2000, mainly political shocks that causes political uncertainty, is given in table below:

Table 1
Experienced Political Shocks in Turkey and Political Shocks Experienced Date

Political Shocks	Political Shocks Experienced Date	The Time Zone of the Variable which Represents the Political Shocks
Constitution Crisis	February 2001	2001Q1
Danıştay Attack	May 2006	2006Q2
367 Crisis and Republic Meetings	April 2007	2007Q2
Clouse Against the AK Party	March 2008	2008Q2
MİT Crisis	February 2012	2012Q1
Gezi Park Events	June 2013	2013Q3
17-25 December Coup Attack	December 2013	2013Q4

The relationship between Inflation rate, GDP, Exchange rates and Government Debts Interest rate with political shocks which are shown above table, trying to illuminate by the help of ARDL Bound Test. Political shocks are included as an explanatory (independent) variables in model and macroeconomic variables such as inflation rate, GDP, exchange rate, government debts interest rate are included as an explained (dependent) variables in model. Political uncertainty, which is caused by political shocks, not only affects economic agents' decisions such as investment, consumption, employment but also affects the foreign investor who consider investing capital from abroad to country. Investor wants to invest his or her capital to countries, which have no political uncertainty or little political uncertainty. For this reason, whenever investor invests their capital to any country, they decide country by looking political stability index, which represent political trust. Political stability index that is published in Worldbank and is composed of five different components is used proxy variables in order to represent political shocks in the study. These components are political stability, socio-economic conditions, investment profiles are the internal strife and external conflicts. Political stability index can take values between 2.5 and -2.5. According to Political stability index, if political stability value approaches 2.5, political uncertainty decreases. If political stability value approaches -2.5, political uncertainty increases. GDP, Inflation rate, Exchange rate and Government debts interest rate variables that are obtained from Turkey Republic Central Bank, are quarterly data in the period of 2000-2015.

There is negative correlation between political shocks and GDP in studies in the literature. In addition, there is positive correlation between political shocks and other macroeconomic variables in studies in the literature. The results of the studies in the literature show that political uncertainty affects economic performance negatively. In this context, unlike the literature relationship between political shocks and macroeconomic variables are investigated by using ARDL Bound Test Method. The results of the study show that there is meaningful relationship between political shocks and macroeconomic variables. There are many studies related with the effects of the political shocks on macroeconomic performance for Turkey but there is not enough working paper about long term and short-term relationship between political shocks and macroeconomic variables for Turkey.

Energy Consumption and Economic Growth Nexus in Selected Transition Economies: Quantile Panel-Type Analysis Approach

Mahmut ZORTUK

Dumlupinar University
mahmut.zortuk@dpu.edu.tr

Semih KARACAN

Dumlupinar University
semih.karacan@dpu.edu.tr

Noyan AYDIN

Dumlupinar University
noyan.aydin@dpu.edu.tr

Abstract

Energy is a key component in modern, industrialized economies. Thus, there is a wide literature on the energy consumption and economic growth nexus. Yet, the researches have conflicted results and there is an ongoing debate over the topic. Today, the literature gathers around four widely accepted theories; namely the growth theory, conservation theory, feedback theory and finally the neutrality theory. While growth theory indicates that, there is a positive causal relationship running from energy consumption to economic growth; conservation theory asserts the opposite. The feedback theory, on the other hand, argues about a two-way causality. Lastly, neutrality theory indicates that there is not a causal relationship between energy consumption and economic growth. The differences between mentioned theories are generally arising from country dynamics; therefore, both can be true for different cases and can be trusted for adopting new policies.

In the past decades, numerous studies have contributed to debate and shed light onto energy-growth nexus. Supporting the growth hypothesis, Glasure and Lee (1997) found one-way causality for Singapore over the period 1961-1990; likewise, Soytas and Sari (2003) for Turkey, France and Germany; Lee and Chang (2007) for Taiwan over the period 1954-2003; Hou (2009) for China; Shahiduzzaman (2012) for Australia over the period (1960-2009); Shaari et al. for Malaysia and Dergiades et al. (2013) for Greece over the period 1960-2008. On the other hand, Cheng and Lai (1997) for Taiwan over the period 1955-1993; Soytas and Sari (2003) for Argentina, Italy and Korea; Ouedraogo (2013) for 15 African countries between 1980-2008; Baranzini et al. (2013) for Switzerland over the period 1950-2010 are among the supporters of convasation theory. Chang et al (2001) for Taiwan; Fatai et al. (2004) for Australia, India, Philippines, Thailand, Indonesia and New Zealand between 1960-1999; Belke et al. (2011) for 25 OECD countries over the period 1981-2007 and Fuinhas et al. (2012) for Spain, Greece, Italy, Portugal and Turkey over the period (1965-2009) are the supporters of feedback theory. Lastly, Cheng et al. (1998) for U.S.A; Asafu-Adjaye (2000) for India, Indonesia, Philppines and Thailand; Payne (2009) for U.S.A over the period 1949-2006 are supporting the neutrality theory.

Keywords	:	Transition Countries, Energy Consumption, Economic Growth, Quantile Regression Analysis.
JEL Classification Codes	:	O40, Q43.

Data and Model

In the study, 13 transition countries (Albania, Belarus, Czech Republic, Croatia, Hungary, Latvia, Lithuania, Slovak Republic, Slovenia, Romania, Bulgaria, Poland and Estonia) have investigated for the period 1996-2011. LEC variable is represented by the natural log of energy consumption (kg of oil equivalent per capita) and $LGDP$ by the natural log of economic growth per capita (PPP, 2005 constant, international $).

Long-term relationship between LEC and LGDP has defined by equation (1):

$$LGDP_{it} = \alpha_i + \beta_i LEC_{it} + \varepsilon_{it} \tag{1}$$

where i represents countries, t represents the time, a_i is autonomous parameter and β_i is the long-term elasticity estimator, which indicates cross-coupling if $\beta_i > 1$; relative decoupling if $0 < \beta_i \leq 1$ and absolute decoupling if $\beta_i \leq 0$.

Empirical Results and Discussions

The empirical analysis consists of three parts. First, to test the cross-correlation between countries, Breusch-Pagan (1980) LM test and Pesaran (2004) CD tests have conducted. Then, in the second part Pesaran (2004) CIPS test is applied to data to investigate the unit root issue. Lastly, using Quantile Regression Analysis (QRA) method, model (1) has estimated. In a stable long-term relationship, QRA can be used for estimating a panel type model that has different levels of quantile to test the long-term relationship and short-term adjustment between $LGDP_{it}$ and LEC_{it}. Table (1) shows the test results.

Table 1
Test Results

Cross-Correlation Tests					
Breusch-Pagan LM	209.03**				
Pesaran CD	2.21*				
Unit Root Test (CIPS)					
LEC	-2.39*				
$LGDP$	-2.71**				
QRA Estimates					
	0.05th	0.25th	0.50th	0.75th	0.95th
Equation	.455	.471	.360	.107	.091
(1)	.000**	.000**	.000**	.000**	.000**

Chi-square statistic tests the equality of slope estimations at different levels of quantiles.

Quantile				
0.05th				
0.25th	[13.921]b 0.000)**			
0.50th	[23.173] (0.000)* *	[4.284] (0.038)*		
0.75th	[27.454] (0.000)**	[6.477] (0.010)**	[29.8] (0.000)**	
0.95th	[29.397] (0.000)**	[8.503] (0.041)*	[31.7] (0.000)**	[16.70] (0.000)**

*Note: a, b, c, ** and * indicate the sum of coefficients, statistic value, p-value, significance at the 1% and 5% respectively.*

The estimated model indicates that income elasticity decreases with increasing quantiles and the relationship between $LGDP$ and LEC shift from cross coupling to relative decoupling. As a result, the growth in LEC will progressively pass the growth in $LGDP$ with increasing $LGDP$ quantiles. While the effect of energy consumption is always positive for the dataset, this situation indicates that in higher quantiles, growth effect is little if any. Therefore, a transition from growth policies to conservation policies should be applied with increasing economic growth.

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Military Expenditures and Economic Growth Nexus: An Empirical Application on Transition Countries

Mahmut ZORTUK

Dumlupinar University
mahmut.zortuk@dpu.edu.tr

Semih KARACAN

Dumlupinar University
semih.karacan@dpu.edu.tr

Abstract

Almost three decades after the cold war era, military expenditures still have a significant share in government spendings. This fact sparks off an important question on whether military expenditures have a positive effect on economic development of a country or not. Despite the seminal work of Benoit (1978) which is arguing that military expenditures have a positive effect on economic growth through employment, production and Keynesyen type aggregate demand effects; a significant amount of studies have found otherwise, arguing that the rent-seeking behaviour of the military sector is causing opportunity costs. Since these effects are generally simultaneously existing in an economy, causality between military expenditures and economic growth and its sign are not clear (Deger, 1986). Furthermore, as Dunne et al. (2005) stated, there are two different literatures on military expenditures, which are defence economics and mainstream growth economics. While defence economics literature focuses on so-called Feder-Ram model and supports positive effects of military expenditures; growth economics literature tends to use Barro and Solow models and argues that military expenditures have generally negative effect or no effect on economic growth. Yet, Barro model suggested by Aizenman and Glick (2006) is generally too complex to estimate, therefore recent studies generally focuses on an augmented Solow growth model.

In the general literature about military spendings and economic growth, Knight et al. (1996) first employ Solow growth model. Using data from 79 countries for 1971-1985 period, they have estimated a panel fixed effects model and found that the military expenditures have a negative effect on economic growth. Dunne et al. (2002) found similar results for 28 OECD countries for 1960-1997 period. Same year, investigating 14 countries for 1960-1998 period, Dunne and Nikolaidou (2002) found that the situation is nearly the same for small industrializing countries and military expenditures have no positive effect on economic growth for the sample. Yakolev (2007), using the Solow growth model suggested in Dunne et al. (2005) investigated the effects of both military expenditures and net arms export for a panel of 28 countries during 1965-2000 period and asserted that both variables have negative effects when they have estimated in separate models. Yakolev (2007) further argued that when countries are net arms exporters, military spendings are less detrimental to economic growth. More recently, Hou and Chen (2013) studied the issue for 35 developing countries over the 1975-2009 period and concluded like its predecessors.

The aim of this study is to investigate the issue for transition countries. Although they are main victims of the so-called "Cold War" and other regional wars like Bosnian War and recent Ukrainian War, there are no comprehensive studies investigating the topic for their special case.

Data and the Model

In this study 20 non-oil producing transition countries are investigated for 1995-2014 period. To avoid measurement errors and country fixed shock effects, five-year averages are used. Gross domestic production growth per capita (2010 constant, dollars), gross capital formation per capita (% of GDP) and working population rate (%) data are collected from World Bank (2016). Military expenditures (% of GDP) data is collected from SIPRI database. Finally, secondary school completion data is collected from Barro & Lee (2013) database. According to recent literature on Solow growth models, technological progress (g) + capital depreciation (d) rate is a fixed value and somewhere between 0.05 and 0.09. We found appropriate to take it as 0.07.

The model used in the study is so-called Solow-Swan growth model that has augmented by Mankiw et al. (1992). Equation (1) shows the econometric form of the model.

$$\Delta lgdp_{it} = lgdp_{i,t-1} + lgcf_{it} + leduc_{it} + lmilex_{it} + l(g + n + d)_{it} + \epsilon_{it} \tag{1}$$

where l indicates natural log transformation, $\Delta lgdp_{it}$ is economic growth per capita, $lgdp_{i,t-1}$ is one lagged gross domestic production per capita, $lgcf_{it}$ is physical capital formation per capita (% of GDP), $leduc_{it}$ is secondary school completion rate, $lmilex_{it}$ is military expenditures (% of GDP), g is the exogenous rate of Harrod-neutral technical progress, n is working population growth rate, d is the capital depreciation rate and finally ϵ_{it} is the error term.

Results and the Conclusion

In the study, equation (1) has estimated with fixed effects, random effects, and difference-GMM and system-GMM estimators. While fixed effects, random effects and difference-GMM estimators are not BLUE for dynamic panel data models, they have estimated to show the robustness of system-GMM estimation results. Table (1) shows estimation and diagnostic test results.

Table 1
Estimation and Diagnostic Test Results

	Fixed	Random	Diff-GMM	System-GMM
$lgdp_{i,(t-1)}$	-0.224*	-0.046**	-0.539*	-0.262***
$lgcf_{it}$	0.324***	0.297***	0.373***	0.341***
$leduc_{it}$	0.136	-0.019	0.065	0.119***
$l(g + n + d)_{it}$	0.007	-0.035	0.007	-0.163***
$lmilex_{it}$	-0.089	-0.026	-0.029	-0.03**
Constant Coeff.	0.638	-0.170		0.529**
F or Wald Test	22.70	120.90	153.39	144.55
AR(1)			-0.26	-1.37
AR(2)				
Sargan Overid.			0.00	0.06
R^2	0.824	0.772		
*Respectively, *, ** and *** represent 0.1, 0.05 and 0.01 significance levels.*				

Results show that physical capital formation is the most important positive indicator of economic growth in transition countries. Also human capital formation has an important role in promoting economic growth. Yet, an increase in working population rate is negatively effecting economic growth, since an increase in labour supply (while gross domestic production is fixed) will reduce the per capita income. Finally, military expenditures have a significant and negative effect, although it is relatively very low.

Transition countries spend an average of 2.3% of their GDP into military expenditures every year. Since a proportion of these expenditures are necessary to provide public security and territorial integrity, it is irrelevant to say that not to spend into military. In our belief, transition economies should carefully evaluate the threats and aim for a conservation policy. Potential savings can use to promote infrastructure or education investments, since these have a positive and vital effect on economic growth.

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The Dynamic Effects of Oil Price Shocks on OECD Countries: Global VAR Approach

Asli Onay AKCAY

Dokuz Eylul University
asli.akcay@deu.edu.tr

Yagmur SAGLAM

Dokuz Eylul University
yagmur.saglam@deu.edu.tr

Abstract

Aim of this study is to reveal the effects of oil price changes as a global shock on OECD countries' economies. In order to analyze how these countries, affect oil price changes Global VAR (GVAR) approach is used. The GVAR model is proposed by Pesaran et.al. in 2004 and its theoretical proof is done by Dées et.al in 2007. It is necessary to include multiple country and variables into the equation systems to analyze the global effects such as oil price changes. Nevertheless, this necessity cause very important problem, i.e. dimensionality problem. GVAR approach overcomes this problem by solving the global model with two steps instead of shrinkage of variables. In the first step, country specific models are estimated conditional on the other countries. These models consist of three different variables, which are domestic, foreign (or star) and global (observable) variables. The foreign variables are specific to each country. These variables are constructed from domestic variables and weight matrices. Therefore, weight matrices are benchmark of the GVAR approach. In the second step, country specific models are gathered and solved simultaneously.

A set of countries $i = 0,1,2,3,\ldots,N$ where 0 taken as the dominant country, a simple $VARX^*(p_i, q_i)$ structure for country i is

$$x_{it} = a_{i0} + a_{i1}t + \Phi_{i1}x_{i,t-1} + \cdots + \Phi_{ip_i}x_{i,t-p_i} + \Lambda_{i0}x_{it}^* + \Lambda_{i1}x_{i,t-1}^* + \cdots + \Lambda_{iq_i}x_{i,t-q_i}^* + \Upsilon_{i0}d_t + \cdots + \Upsilon_{iq_i}d_{t-q_i} + u_{it}$$

a_{i0}: $k_i \times 1$ constant vector

a_{i1}: $k_i \times 1$ trend vector

x_{it}: $k_i \times 1$ vector of domestic variables

x_{it}^*: $k_i^* \times 1$ vector of foreign variables

d_t: $m_d \times 1$ vector of observable global variables

where

$$x_{it}^* = \sum_{j=0}^{N} w_{ij}x_{jt} \qquad\qquad w_{ii} = 0$$

with $w_{ij}, j = 0, 1, 2, \ldots, N$, a set of weights such that $\sum_{j=0}^{N} w_{ij} = 1$, u_{it} are cross sectionally weakly correlated, idiosyncratic, country specific shocks such that $N \to \infty$, $\bar{u}_{it} = \sum_{j=0}^{N} w_{ij}u_{jt} \xrightarrow{p} 0$ ($\xrightarrow{p}$ denotes convergence in probability). $\Phi_i(L, p_i)$, $\gamma_i(L, q_i)$, and $\Lambda_i(L, q_i)$ treated as unrestricted.

By using this method, rather than analyzing the long-run effects by adhering to economic theory, short-run effects can be analyzed. In addition to this, one of the important advantages of GVAR method is selection of Impulse-Response functions are optional. Instead of using Orthogonalized Impulse-Response functions (OIRF) as a compulsory, the method allows the researcher to use either the OIRF

or the Generalized Impulse-Response functions (GIRF). Therefore, by using GIRF analysis can be done without ordering the variables according to exo/endogeneity assumptions and putting any restrictions on variables according to theory and with these features of the approach, GVAR had advantage over Bayesian VAR, Structural VAR and Factor Augmented VAR.

In this study GVAR model for 26 countries - with selected 19 OECD and 7 developed and developing countries - over 1981Q1-2015Q4 period is estimated by using 4 macro-financial variables and 1 global variable according to data constraints and OECD membership dates. The countries are; Argentina, Australia, Austria, Brazil, Bulgaria, Canada, China, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Indonesia, Italy, Japan, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States. The variables that included in the country specific models are industrial production indexes, unemployment rates, short-term interest rates, and inflation rates and the global variable is selected as oil price for the purpose of the study.

This study uses two weight matrices. One of them is to quantify the linkages countries in the model; i.e. to calculate foreign variables. The reason to rely exclusively on trade weights is trade linkage is important feature of economic integration and transmission of shocks between countries. The 26x26 matrix of the trade weights computed as shares of imports and exports over the 1981-2015 period. Another weight matrix for GVAR is based on the PPP valuation of country GDP's. These data are used for the computation of global shocks (i.e. shocks to a variable across all countries) in impulse response analysis.

Sources of the macro-financial variables, Crude Oil Brent Price data, and bilateral trade data are Thomson-Reuters Datastream for Office v2.1 International Financial Statistics (IFS) and Oxford Economics. GDP(PPP) data is downloaded from World Bank. All data were seasonally adjusted using Eviews, applying Census X-12 program.

Since it is well known that oil price volatilities disrupt spending of consumers and firms it is expected statistically significant effects of oil price changes on OECD countries' macro-financial variables. This expectation is supported with the application results. However, according to results, the industrial production index responds to oil price shocks differently across countries. Although for United States, Canada, and United Kingdom increase in oil price led to decrease in industrial production index, the results for Austria, Finland, Germany, Netherland, and Turkey are opposite. Also for Australia, Denmark, France, Greece, Italy, Japan, Norway, Portugal, Spain, Sweden, and Switzerland the results are statistically insignificant. When negative oil price shock applied, industrial production index of Canada, Greece, Portugal, Spain, Sweden, Switzerland, United Kingdom and United States are increased. However, for Austria, Finland, Germany, Netherlands, and Turkey decrease in oil price had negative effect on these countries' industrial production indexes. Rests of the countries' responses are insignificant.

Empirical example on the transmission of oil price increases to inflation rates showed that most of the OECD countries affected from this change negatively i.e. increase in inflation rate. However, many countries are affected positively by the decrease in oil prices. Yet, Australia, Portugal, Norway, and Turkey had insignificant results.

The results for the short-term interest rate are statistically significant for most of the OECD countries except Canada, Finland, Germany, Greece, Norway, Turkey, and United Kingdom. However, result of the United States is contrast with these results. When negative shock gave to the short term interest rates, most of the countries had insignificant and/or unclear results.

Finally, the results for the unemployment rate are similar with the changes in industrial production index and responds to oil price shocks differently across OECD countries. For Australia, Canada, Italy,

Portugal, Sweden, and United Stated inflation rates are increased. However, for Austria, Denmark, France, Germany, Japan, Netherlands, Switzerland, and Turkey the results are opposite. The results for Finland, Greece, Norway, and United Kingdom are insignificant. Yet, decrease in oil price result in mostly insignificant and unclear responses.

Keywords   :   Oil Price Shocks, Global VAR (GVAR), OECD, Impulse-Response, Transmission Channel of Shocks.

JEL Classification Codes :   C32, E17, F32.

29 October 2016 Saturday

Session: VI-A / 11.30-13.00

GENDER STUDIES

Room: *Prins Hendrik 2*

Chair: **Zehra Bilgen SUSANLI**

- CEO Women, Returns and Risk in Spanish Publishing Firms

  Juan Francisco MARTÍN-UGEDO & Antonio MÍNGUEZ-VERA & Luis PALMA-MARTOS

- Women and Deprivation

  Ismail GUNES & Yelda BUGAY TEKGUL & Melek AKDOGAN GEDIK

- The Relation between Work Family Conflict and Employee Performance: A Research on Hotel Employee

  Ayhan KARAKAS & Nilufer SAHIN

- The Relationship between Organizational Justice, Organizational Commitment and Intention to Leave: Investigating Gender Difference

  Alptekin SOKMEN & Emre Burak EMEKCIOGLU

CEO Women, Returns and Risk in Spanish Publishing Firms

Juan Francisco MARTÍN-UGEDO   **Antonio MÍNGUEZ-VERA**   **Luis PALMA-MARTOS**

University of Murcia
juanfran@um.es

University of Murcia
minver@um.es

University of Seville
lpalma@us.es

Abstract

Cultural sector in Spain is relevant for at least two reasons. The first is its size, both in terms of its contribution to GDP, 2.5%, or 3.4% if all economic activities linked to intellectual property have taken into account; and of employment, 2.8% of all employment (data taken from the 2014 Cultural Statistics Yearbook. Ministry of Education, Culture and Sport (MECD, 2014a). The second reason is the key strategic role, which the cultural sector plays in a knowledge-based society. In such a society, culture based creativity is one of the fundamental cornerstones of innovation and growth. Within the broad field that is the cultural sector, our study explores the impact of CEO gender on return and risk in the publishing industry. This sector represents an average of 1% of national GDP and 38.2% of cultural GDP over the period 2008-2012, according to the Satellite Account on Culture in Spain (MECD, 2014b).

The gradual incorporation of women into management posts in firms, and the introduction in many countries, including Spain, of gender equality laws, has sparked interest amongst researchers in the presence of women in top management positions (Heidrick and Struggles, 2007; Carter et al., 2003; Campbell and Mínguez, 2008). In Spain, a number of measures have implemented in an effort to ensure equal opportunities between men and women in a range of social areas. Such measures include the Unified Code of Good Governance, Código Unificado de Buen Gobierno de las Sociedades Cotizadas, CNMV (2006), lately modified in 2013 and 2015, which urges positive discrimination towards women so as to balance the representation of men and women on boards of directors and the Law on Equality, Ley de Igualdad (2007), which aims to secure a 40% female presence on the boards of companies employing over 250 workers. However, these are merely recommendations and have focused on large firms.

In recent years it has been developing an increasing literature on gender and corporate governance, most of it focused on the board of directors (Terjesen et al., 2009). The gender of the CEO has also studied on the corporate governance literature, but to a lesser extent. On this topic, many of the theories employed to examine gender diversity on the board are also considered. Theories that are closely tied to the attributes of individual managers, predicting differences in leadership behaviour and effectiveness between women and men: Human Capital Theory, Leadership Theory, Resource Dependency Theory, etc. Arguments for gender-based differences are grounded, on the one hand, on assumptions about the values, traits and skills required for effective leaders (implicit theories) and, on the other hand, on assumptions about inherent differences between men and women (gender stereotypes) (Nielsen & Huse, 2010).

This study examines the influence of CEO gender on returns and risk for a sample of Spanish publishing firms. It also studies the determinants of the presence female CEOs. The sample includes 2,157 publishing firms for the year 2013. The data for CEO are only available for one year in this database. Thus, it was not possible to collect a panel data. To analyze the effect of the gender of CEO on firm returns and firm risk the methodology employed is Three Stage Least Squares (3SLS). This methodology controls for the endogeneity of the variables, using a system of simultaneous equations (Chamberlain, 1982). To analyze the determinants of women presence as CEO we use a Probit methodology that it is appropriate when the dependent variable is binary.

The results show that when the CEO is a woman, the firm has higher returns, lower debt levels and a lower degree of financial leveraging. The study of the determinants of whether a woman is the CEO shows that firms with higher returns are more likely to have female CEOs. We also find that the firm's financial risk, measured by the debt ratio, has a negative influence on the presence of a female CEO.

Keywords   :   Gender, Publishing Firms, Return, Risk.

JEL Classification Codes :   J16, G30.

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Women and Deprivation

Ismail GUNES

Cukurova University
ismailgunes@cu.edu.tr

Yelda BUGAY TEKGUL

Cukurova University
ttekgul@cu.edu.tr

Melek AKDOGAN GEDIK

Cukurova University
makdogan@cu.edu.tr

Abstract

One of the most challenging issue that has been discussed during man's history is the role of women in social life. Even partial recovery is provided, gender discrimination problem has not been resolved during centuries. There are three basic indicators that indicate the current status about gender discrimination. First indicator is the social role of women in society and social deprivation. Second, one is economic deprivation that defines the labor force and share in economic life. Last deprivation of women is related with their democratic rights.

Factors like religion, cultural beliefs, tradition, family, tribe, citizenship, relations, social pressure, inadequancy of the laws, morals, ethics, murder, etc. Can effect directly or indirectly the role of women in life. In terms of economic view, participation of women in labour force is not adequate. One of the main reason that prevent participation of women in labor force is the failure in education to girls. Unpaid family labour, familial attitutes, social and political views can be evaluted as the other reasons for economic deprivation of women in labor force. In terms of democratic deprivation, the role of women in politic life is restricted. We can easily see that women, which make up half of the population, is systematically excluded from the political life. This is a result of social and economic deprivate of women. It does not seem possible for women who have respected place in economiclife, to take equal share in social and democratic life. Such countries can be evaluated as rich but not civilized. In this study, it has been aimed to evaluate social, economic and democratic status of women in Turkey. Both international data's supported the hypothesis that woman's social, cultural and educational Depreveetion causative to woman's economic depreveetion. The same effects valid for economic depreveetion causative to woman's political depreveetion. This study provides information based on a depreveetion on causal relationship and the long-term impact of woman's economic, social and political position.

Keywords	:	Women, Deprivation, Turkey, Social Depreveetion, Economic Deprivation, Women Political Representation, Gender Equality, Inequality.
JEL Classification Codes	:	I21, I24, I32, D72, M14.

The Relation between Work Family Conflict and Employee Performance: A Research on Hotel Employee

Ayhan KARAKAS

Bartin University
ayhankarakas74@gmail.com

Nilufer SAHIN

Bartin University
nilufer-sahin-@hotmail.com

Abstract

The aim of this study was, to examine the relation between work family conflict and employee performance. To measure the relationship, WFC and EP scales used. Data has gathered from hotel employees in Western Black Sea provinces. End of the study, through data had examined -obtained statistical software package-, frequency analysis, correlation analysis, t-test, ANOVA test and regression analysis. The result indicate that work family conflict related significantly to employee performance. Employee performance perceptions, work, and family conflict vary according to some demographic variables.

Family concept has been one of the important concepts that continue to exist despite undergoing various changes up to date. One of the most important values in human life, family life can be in conflict with business life, which is necessary for sustainability of a quality life. Complication of the business life and the increase in individuals' workloads affect the family life negatively. During the conflict in question, the stress is one of the striking factors.

Keywords   :   Work Family Conflict, Employee Performance, Hotel Employee.

JEL Classification Codes :   M120, M540, Z300.

Regression Analysis

Aim of this study is to present the relation of the performance with conflict of business-family life and stress level of hotel workers. Also in line with the demographic features, the determination of the variance between the business-family conflict, job stress and job performance is one of the other aims of the study. The main aim of the study is to present the relation between the variables.

In order to evalute the business-family life conflict, a scales composed of 10 questions, which was developed by Netenmeyer, Boles and McMurrian, and reliably adapted to Turkish by Efeoğlu, was used. In order to evaluate job stress, a scale composed of 7 questions, which was developed by Huselid and Day, and reliable adapted to Turkish by Efeoğlu, was used. In order to evaluate job performance, a scale composed of 13 questions, which was developed by Choo, and reliably adapted to Turkish by Yıldız, Savcı and Kapu, had used.

Population and Sample: Participants accepted as the accomodation sector workers in Karabük, Bartın and Zonguldak provinces in Western Blacksea Region. 347 questionnaires were acquired from 57 accomodation businesses reached in this population.

It is seen that averages of variables related to business-family conflict is 2.56, average of variables related to job stress is 2.46 and the average of variables related to job performance is 3.47. When looked at the values, it has seen that their perceptions of job performance are high, their perceptions of conflict and stress have relatively lower values.

Because of correlation analysis, when the relation between business-family conflict, job stress and job performance examined; because the relation between conflict and stress is P<0.05, it can be said

that there is a significant relation and there is positive relation of 56% between conflict and stress. When conflict increases, stress also increases. Because the relation between conflict and performance is P>0.05, it can be said that there is a significant relation between performance and stress. It has seen that this relation is at the level of 1% and this is not a significant relation.

Table 1
Regression Analysis Anova Test

Model	Total of Squares	df	Average of Squares	F	Sig.
Regression	.056	2	.028	.065	.937[b]
Increase	148.327	343	.432		
Total	148.383	345			

It has seen in the model in which we examine job stress and explanation levels of job performance of business-family conflict is P>0.05, the model is not significant. It has seen that conflict and stress cannot explain the performance significantly.

Table 2
Regression Analysis

R	R^2	Adjusted R^2	R^2 Change	F Change	F Change Significance
.019[a]	.000	-.00.5	.000	.065	.937

In the analysis performed to examine the explanation level of job performance, which is a dependent variable, of business-family conflict and job stress, which are independent variables; when R^2 value examined; it has seen that there is not a significant relation regarding the performance explanation of conflict and stress. Namely, conflict and stress cannot explain performance significantly.

There some factors like stress and business-family conflict, which affect the performances of individuals striving to make a living and reach the future successfully. These factors can have varying effects of the performances of individuals.

In this study, the relation between business-family life conflict, job stress and job performance and their effects regarding the accomodation sector workers in Bartın, Karabük, Zonguldak provinces were analysed. In this area, questionnaire conducted and the data acquired was analysed for the results.

As a result of the analyses based on general aim; when the relation between business-family conflict, job stress and job performance examined; it was concluded that there is a positive relation between business-family conflict and stress, the stress level increases when business-family conflict level increases and there isn't a significant relation between business-family conflict and job performance.

When the explanation levels of job performance of business-family conflict and job stress examined; it was concluded that there is not a significant relation between job performance explanation levels of business-family conflict and job stress.

It has concluded that there is not a significant variance of business-life life conflict, job stress and job performance levels according to the gender, marital status and education status variables.

When the business-family life conflict, job stress and job performance according to the variable of position in the organization examined; it has concluded that there is not a significant variance of business-family and stress levels, besides there is a significant variance of job performance according to the position in the organization. When this significant variance examined; it is seen that it is between

administrative units and all other units. This variance results from the administrative units' workers' different perception of job performance from the other workers.

This data acquired for the relation between business-family conflict, job stress and job performance is significant for workers and directors in the sector, scholars and other groups interested in this subject. Individuals should keep their life balances at the ideal level and should not be involved in conflicts with business and family life. The arising conflict can also have some effects on other life balances over time. In developing competitive environment, individuals should continue to conduct their business with success away from the conflicts, show high performance and reach the life balance.

One of the best ways to solve this conflict environment for individuals is to establish good relationships and communication with others in both family life and business life. It is possible to offer some suggestions regarding the results of the study:

- Workers can inform about performance from time to time in order to improve their perceptions of performance.
- In order to prevent the stress and business-family conflicts of workers due to working hours, some changes can make in working hours.
- A more appropriate pricing system can apply in order to increase the performance of workers.
- Some trainings can provide to the workers in order to reach business-family life balances more easily.
- Human Resources Management in the organizations should become more important. This way, workers' needs can determine earlier and they can reach a good life level.
- This study can repeat by reaching wider and more different areas.
- By adding different variables to this study, their relations with others can study, or the same variables can apply to different sectors.

The Relationship between Organizational Justice, Organizational Commitment and Intention to Leave: Investigating Gender Difference

Alptekin SOKMEN

Gazi University
asokmen@gazi.edu.tr

Emre Burak EKMEKCIOGLU

Gazi University
emreburak.ekmekcioglu@gazi.edu.tr

Abstract

In today's global and strict competitive environment of health services, hospitals aim to create and retain a pool of loyal and profitable customers with the help and high performance of their employees. To accomplish this aim, the satisfaction, commitment, and retention of employees is of great importance to service firms. Like manufacturing firms, hospitals implement several strategies in order to satisfy consumers' needs and wants. These strategies play critical roles in the context of unique characteristics of services and interaction between employee and consumer, when they examined from the service firms' perspectives. Having outlined this basic information, organizational justice (OJ) assumed to depict relationships with health employees' organizational commitment (OC) and intention to leave (INTL). In light of the aforementioned information, this study examines the relationship between OB, OJ and INTL whether the gender has an effect on the respondents' perceptions according to the survey variables. Researchers developed hypotheses that tested against data collected from 384 health employees of a private hospital in Turkey by related instruments. Consequently, OJ was measured using Niehoff and Moorman's (1993) scale; Mowday, Steers and Porter's (1979) scale to measure OB used and INTL was measured using Bluedorn's (1982) scale. The reliability and validity of the survey instrument assessed, frequency tests employed, and correlation and independent t-test made in order to evaluate the relationships between health employees' demographic characteristics and survey items. The findings of the study suggest important implications for management theory and practice. The results show that OJ is positively related to OB and negatively related to INTL. OB is negatively related to INTL. As predicted, gender has great effect on OB, OJ, and INTL. Further, males appear to have a higher OJ and INTL perception, females tend to engage higher OC.

Keywords : Organizational Commitment, Organizational Justice, Intention to Leave, Health Sector.

JEL Classification Codes : M12, M14.

Introduction

The relationships between OJ, OC and INTL were indicated in many studies (Cohen-Charash and Spector, 2001; Meyer et al., 2002; Loi et al., 2006), however few research examined gender differences in this relation (Jepsen & Rodwell, 2012). The purpose of the current study is to investigate the relationships between OB, OJ, and INTL and examine the differences according to gender.

OJ related to employees' perception of just or unfair treatment on the job (Fox & Spector & Miles, 2001: 294). Employees with high perception of justice tend to have higher performance, more committed and have fewer INTL than employees with lower perception of justice (Cohen-Charash & Spector, 2001).

OC has a multidimensional structure, namely, affective, continuance and normative commitment (Allen & Meyer, 1990). Most measures of OC were affective commitment (Cohen-Charash & Spector, 2001: 291), however, we investigated the overall organizational commitment in present study.

Turnover intention defined as "*a conscious and deliberate willfulness to leave organization*" (Tett & Meyer, 1993: 262). Previous researches indicated that OC (Loi et al., 2006) and OJ (Cohen-Charash & Spector, 2001; Ambrose & Schminke, 2009) were associated with INTL.

This leads us to the following hypothesis:

Hypothesis 1: Organizational justice will associate positively to organizational commitment.

Hypothesis 2: Organizational justice will relate negatively to intention to leave.

Hypothesis 3: Organizational commitment will relate negatively to intention to leave.

Hypothesis 4: There is significant gender difference in all variables.

Method
Participants

The data collected through questionnaires from 384 health employees of a private hospital in Turkey of whom 78.6% were women and 21.4% men. Their mean age was 25.9 (SD=8.56). The mean tenure in the present organization was 9.67 years (SD=8.7).

Measures

The relevant writings canvassed to design the survey instrument. OJ measured with 20-item scale that was by Niehoff and Moorman (1993). Cronbach Alpha was .88 (M=4.30, SD=0.72). In this study, global measure was preferred because we intended to observe the overall perception of justice effect rather than its dimensions (e.g., procedural).

OC tapped by means of 15-item scale employed by Mowday, Steers, & Porter (1979). Cronbach Alpha was .85 (M=4.59, SD=0.69).

INTL measured by using Bluedorn (1982) three-item scale. Cronbach Alpha was .88 (M=2.33, SD=0.84).

Results and Discussion

The present study investigated the relationship between OJ, OC, and INTL using a sample of hospital employees in Ankara. To test the strength of the relationships between OJ, OC and INTL correlation coefficients were calculated. Thus, OJ positively strongly relates with OC and negatively strongly relates with INTL (r=.48, p<.01; r=-.44, p<.01). OC relates negatively strongly to INTL (r=-.57, p<.01). Thus, our first three Hypothesis received full support.

In this study, an independent t-test conducted to investigate whether there are any significant differences according to gender in the mean of the participants OJ, OC, and INTL. Interestingly; it has found that gender has significant effect on OJ, OC, and INTL. It was found that males tend to engage in higher OJ (t (302) = 14.229, p<0.05) and INTL (t (302) = 6.452, p<0.05), females tend to engage higher OC (t (82) = 21.476, p<0.05). Thus, Hypothesis 4 received full empirical support.

The current empirical investigation provides some useful guidelines for managerial action. In this study, it has indicated that OJ positively related with OC and negatively related with INTL. OC negatively related with INTL. Additionally, gender effect the OJ, OC, and INTL. As stated by the results, males tend to higher OC and INTL; however lower OC than females. In future research, the use of other demographic variables such as age, marital status, education, and tenure should use in order to investigate the relationships between OC, OJ, and INTL. In addition, in order to provide

support for the results of this study, future research should direct to investigate the relationships in different samples cross-nationally.

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29 October 2016 Saturday

Session: VI-B / 11.30-13.00

ECONOMIC GROWTH AND DEVELOPMENT II

Room: *Prins Hendrik 3*

Chair: **Aleksandra GÓRECKA**

- The Relationship between Foreign Direct Investment and Economic Growth: Evidence from "Second Generation" Panel Cointegration Techniques

  Anna GOLOVKO & Mustafa KIZILTAN & Ahmet Burcin YERELI

- Current Account Surplus Sustainability in Germany

  Zuhal KURUL & Aysen ARAC

- Reflections of Global Financial Crisis on Culture Industry: A Study on Films Produced After Global Financial Crisis of 2008

  Firat Botan SAN & Cagatay YAGCI

- The Effect of Innovation on Productivity: Evidence from Turkish Manufacturing Firms

  Basak DALGIC & Burcu FAZLIOGLU & Ahmet Burcin YERELI

The Relationship between Foreign Direct Investment and Economic Growth: Evidence from "Second Generation" Panel Cointegration Techniques

Anna GOLOVKO

Sosyoekonomi Society
golovko.anna@gmail.com

Mustafa KIZILTAN

Hacettepe University
mustafa.kiziltan@hacettepe.edu.tr

Ahmet Burcin YERELI

Hacettepe University
aby@hacettepe.edu.tr

Abstract

Countries which need to finance their infrastructure investments and to ensure economic stability and growth are taking measures to increase domestic savings. However low saving rates especially in developing countries lead these countries to foreign direct investment. Globalization accelerates this process. Foreign direct investment coming to the country has an impact on many macroeconomic variables, especially on gross domestic product. Therefore, the aim of this study is to investigate the relationship between foreign direct investment and economic growth according to the income levels classification of World Bank.

Analyzing the relationship between foreign direct investment and economic growth occupies a large place in the economic literature. There are two fundamental theories, which explain the influence of the foreign direct investment to the host countries. According to the modernization theories which relying on the endogenous growth theories countries need capital for the economic growth and on the other hand in comparison with the modernization theories, dependence approach emphasizes that relying heavily on outside financial sources influence adversely of the countries' income distribution (Adams, 2009, 940).

Many theoretical and empirical works reveal different aspects of foreign direct investment and economic growth relationship. Adams (2009) investigates not only the effect of foreign direct investment but also domestic investment on economic growth for fourty-two Sub Saharan African countries from 1990 to 2003. He shows that foreign and domestic investments influence the economic growth in different way. Agosin and Machado (2005) which examining the developing countries from Africa, Asia and Latin America search for the crowding-out effect of foreign direct investment to the domestic investment. They said that there is no positive influence of FDI to the host countries' domestic investment. According to the Hermes and Lensing (2003), effect of FDI to economic growth has closely related to the economic conditions of the host countries. If countries have deep financial market FDI effect positively economic growth at that case.

These different results motivate us to analyze the issue by applying the most recent econometric test procedures to obtain more consistent and robust results. The source for data is the World Bank's World Development Indicators database. The dataset contains annual data of foreign direct investments net inflows and GDP (both are in current US dollars) for 35 years' period (from 1980 to 2014) for 127 countries. In purpose to see how foreign direct investment - economic growth relationship changes depending on development level, we divided countries according to the World Bank income level classification to 5 groups: High income: OECD group, High Income: non-OECD, Upper Middle Income, Lower Middle Income and Low Income. At the same time to take into consideration whole sample we used group named "World" that contains all countries.

As empirical method, second-generation panel cointegration analysis is used. This method allows for cross-sectional variation among countries so results are more consistent and robust. In this framework, for each panel we applied the following four step panel techniques: Cross-section

dependency tests, panel unit root tests, panel cointegration tests and, to measure the long-term relationship, estimation the magnitude of the cointegration coefficient. According to the Pesaran (2004), CD test for cross-section dependence in each panel, both for FDI and GDP, there is cross-dependence. For this reason, on the next step of analysis we employed the CADF test suggested by Pesaran (2007) which is the second-generation panel unit root test allowing for cross-dependence. Results for the test calculated for both "intercept" and "intercept and trend" specifications suggest that all series are stationary in first differences. On the third stage of analysis, we examined whether there exists a cointegration relationship between FDI and GDP by applying second-generation panel cointegration tests developed by Westerlund (2007). According to the test results, we conclude that for all sample groups, the no cointegration null is always rejected at least at the 5% level. Because FDI and GDP are cointegrated we estimated magnitude of cointegration coefficient by using the Common Correlated Effects Mean Group (CCE-MG) estimation procedures, that take into account the presence of cross-section dependency (Table 1).

Table 1
Common Correlated Effects Mean Group Estimates (Pesaran, 2006)

	Coef.	Std. Err.	Prob.
World	1.897***	0.523	0. 000
High income: OECD	-1.424	1.308	0.276
High income: non-OECD	0.077	0. 475	0.870
Upper middle income	2.354**	0.753	0.002
Lower middle income	0.869*	0.534	0.100
Low income	1.287**	0.515	0.013

Note: ***, **, and * denote significance at the 1, 5, and 10% level, respectively.

The results for estimating of long-term cointegration coefficient are significant and positive for all groups except "High Income" groups. Therefore, we can conclude that higher developing level attracts more investment. However, the size of magnitude of cointegration coefficient indicates that for more rich country groups it smaller than for that with lower income. Analysis results reveal that the effect of foreign direct investment to economic growth vary among country groups with the income level in line with expectations.

Keywords   :   Panel Data Models, International Investment, Economic Growth of Open Economies, Macroeconomic Analyses of Economic Development.

JEL Classification Codes :   C23, F21, F43, O11.

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Current Account Surplus Sustainability in Germany

Zuhal KURUL

Hacettepe University
zkurul@hacettepe.edu.tr

Aysen ARAC

Hacettepe University
aysens@hacettepe.edu.tr

Abstract

Over the last decade, increasing concerns about the global imbalances have given new impetus to empirical literature on the countries' current account adjustments. The main concern of the researchers is whether or not the current account surpluses in some countries such as China and Germany will be able to continue to counterbalance the growing current account deficits in the other countries such as the USA and many European countries. Similar to the global imbalances, the euro area suffers from the European imbalances. In fact, in the euro area the individual countries' current account balances have substantially diverged in recent years. For instance, Germany have experienced large surpluses while Greece, Portugal and Spain have been running large current account deficits. In particular, from 2002 to 2007, Germany ran average surpluses of over 5% of its GDP while the current account deficits in Greece, Portugal and Spain averaged over 7% of their GDPs (OECD, 2010). As argued in OECD (2010), after the global financial crisis in 2008, the dispersion of current account balances has substantially narrowed because of the fall in domestic demand, the remarkable contraction of deficits and some reduction in surpluses. However, between 2010 and 2012 Germany's surplus on a 3-year average increased to 6.6% and current account deficit of the euro area countries increased to 7.7% (OECD, 2013). More recently, in 2015 Germany's surplus reached to 8% of GDP and remained at historically high levels while the countries with deficits experienced reduction in their deficits due to weak export performance (European Commission, 2016). This continuing dispersion across countries is viewed by Dooley et al. (2004) and Roubini and Setser (2005) as a renewed "Bretton Woods II" system, which is considered to contain serious threats on global current account adjustment in the future.

Nevertheless, the overall current account position in the euro area remain balanced. This is because the current account deficits in the countries such as Greece, Portugal and Spain are financed by the creditor euro area economies such as Germany. In this context, the knowledge of the sustainability of Germany's current account is likely to shed light on the future path of the European imbalances. To this end, in this study we examine the sustainability of Germany's current account surplus.

A correction to imbalances has undesirable consequences especially for countries with current account deficits. For example, it might lead to sudden stops in capital flows to these countries, drastic changes in exchange rates and in yields on assets. Thereby, the potential reorder might cause a collapse in both external deficits and surpluses, a severe macroeconomic and financial instability over the years and a global fall down of economic growth. Therefore, it is not surprising that a considerable number of studies have investigated current account balance positions in several countries. Many studies examine the medium and long-term nexus between the current account balance and its potential determinants, and suggest that current account balance is determined mainly by economic factors such as differences in initial foreign assets, income levels, GDP growth, trade openness, financial development and demographics (Chinn & Prasad, 2003; Gruber & Kamin, 2007; Ca'Zorzi et al., 2009; Decressin & Stavrev, 2009; Cheung et al., 2010; Jaumotte & Sodsriwiboon, 2010; Fournier & Koske, 2010; Barnes et al., 2010). The literature on the determinants of current account balance helps researchers identify the nature of the relationships between several factors and current account balance and provides important insight for the time series behavior of current account balance. For instance, there might be changes in risk perceptions of market participants, in portfolio allocation decisions and

policy changes in international financial markets that can alter the time series behavior of current account balance (Chortareas et al., 2004; Christopoulos & Leon-Ledesma, 2010; Cecen & Xiao, 2014). Hence, it is reasonable to take into consideration the presence of nonlinearity in the current account adjustments.

Against this background, we apply not only the linear unit root tests but also the nonlinear unit root tests to analyze the sustainability of Germany's current account balance. In the related literature, the stationarity of the current account balance to GDP ratio has been used to test current account sustainability. Following the literature, we first apply the standard linear unit root tests. Then, we consider the possibility of nonlinearity in data generating process by allowing the dynamics to be different over time. In order to capture the presence of nonlinearity in the series, we employ the LM-type linearity tests put forward by Teräsvirta (1994). After we find evidence for nonlinearity in the data, we proceed to use nonlinear unit root tests, developed by Kapetanios et al. (2003).

Both the linear and the nonlinear unit root tests for the current account balance give consistent results with each other indicating that the current account balance is nonstationary for the period between 1991:Q1 and 2016:Q1 for Germany. This result suggests that Germany's current account balance is unsustainable, which implies that an unexpected correction might take place in the future.

The results of this study also have implications for the European imbalances. Since Germany's current account balance is not in a persistent path, the results of this study imply that the current account deficits of the countries like Greece, Spain and Portugal cannot be financed by Germany's external surplus forever. When assessing the European imbalance, one should solemnly take into account its potential negative economic and financial spillover effects that can exacerbate the fragility of the euro area and make smooth functioning and well managing of the union economy difficult. Therefore, Germany's unsustainable surplus not only signals the policy makers to be on the alert of possibility of rebalancing of the current account but also reminds the other countries in the euro area of being aware of that they cannot be isolated from this process.

Keywords : Germany, Current Account, Nonlinear Unit Root.

JEL Classification Codes : F32, F10, C51.

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Reflections of Global Financial Crisis on Culture Industry: A Study on Films Produced After Global Financial Crisis of 2008

Firat Botan SAN

Mugla Sitki Kocman University
firatbotansan@mu.edu.tr

Cagatay YAGCI

Mugla Sitki Kocman University
cagatayyagci@mu.edu.tr

Abstract

The aim of the study is to investigate the footprints of culture industry on crisis themed films, which produced after the global financial crisis of 2008 erupted first in the U.S.A. and later spread around the world. Examining a social phenomenon (industry and markets) with films (culture) is important because there are commonalities between these variables like mounting technique in the beginning and imaginary character in the present. There are two approaches to examining the movies. Firstly, critical approach indicates that all products are similar to each other and produced to cooling the anger of the society to the public issues on the one side. Mainstream approach points out the importance of movies to explain complex social events to the public on the other side. This study aims to analysis global financial crisis related movies based on this distinction. Internet Movie Database (IMDB) named web site was used as data source to this study. Keywords search was conducted on these movies to determine the sample size by typing the words such as "financial", "crisis", "global" and "economics". According to this search, numbers of 236 movies were detected. Films do not directly take the global financial crisis as a main theme excluded from the list. Number of 47 films determined by keywords search in the database and 10 films with highest ranking scores (gross revenue, public ratings, metascore, and moviemeter) from number of these 47 titles selected as research sample. Correlation analysis conducted on database showed no relationship between these revenues and rankings variables. Content analysis conducted on the selected films according to hypotheses of the study. Classification of genres, joint producing companies, outsourcing services, rankings, budgeting and gross revenues are all giving tips about culture industry characteristic of the films. For example, Table 1 shows the genre types of the selected movies:

Table 1
Descriptive Statistics for Film Genres

Genres	%	Sum
Action	2,73	2,00
Comedy	6,84	5,00
Drama	20,54	15,00
Biography	6,84	5,00
Crime	5,74	4,00
Documentary	36,98	27,00
History	5,74	4,00
Reality-TV	4,10	3,00
Short	5,74	4,00
Thriller	5,74	4,00
Sum of Genres		73

A vast majority of the films produced as a documentary according to Table 1 indicates that producers intended to show the reality of global financial crisis as it is without acting or using metaphors. Besides, up to date feature of the event caused to not utilizing literary based texts in the scenarios.

Investigation of home countries for these films shows that more than half of the films produced in United States, which is both the land of financial capital, film industry and the epicenter for the global financial crisis of 2008. It is important to note in this point that some of the films sampled are jointly produced and cross country projects.

Another finding is the density of male roles. Majority of the films credited casts are male dominated and yet some films do not have any female performer. According to reports (Wyman, 2016) even woman employment is comparable low in executive/senior levels; rates of the women are very high in global financial sectors. This contradiction with real life experiences brings topic to the critical thinking that financial crisis is caused by individuals' mistakes instead of paradigm problems in the financial systems.

Rankings of the first 10 movies according to their popularity (User Ratings, Moviemeter and Metascore[1]) and their U.S. gross revenues available in dollar are given below in Table 2.

Table 2
Top 10 Movies According to Evaluations and Revenues*

Movies (Year)	Moviemeter (1-100.000+)	User Ratings (1-10) (# Based on)	Metascore (0-100)	U.S. Gross ($)
The Big Short (2015)	71	7,8 *(175.568)*	81	70MM
99 Homes (2014)	2.087	7,1*(14.936)*	76	1,4MM
Margin Call (2011)	2.721	7,1*(92.143)*	76	5,4MM
Wall Street: Money Never Sleeps (2010)	3.196	6,3 *(83.822)*	59	52MM
Requiem for American Dream (2015)	4.596	8,2 *(2.138)*	73**	108K
Inside Job (2010)	4.686	8,3 *(55.079)*	88	4,3MM
Assault on Wall Street (2013)	7.611	6,1 *(16.840)*	24	-
Capitalism: A Love Story (2009)	12.394	7,4 *(34.965)*	61	14MM
The Queen of Versailles (2012)	17.127	7,1 *(10.624)*	80	2,4MM
Collapse (2009)	23.995	7,8 *(5.873)*	71	47K

Films as of indicator for social relations showed that financial markets are disembedded systems to the social life of the people especially in economically developed countries. Films show how brutal and ruthless is the financial markets in particular and economies in general on the lives of households. One of the main themes that adopted in these films is predictability skills of the main characters for approaching global financial crisis. The idea of foresight for the future of financial markets is still controversial in the literature. Nevertheless, producers would not mind to create characters with super abilities. In addition, such films are already located at the top of the ranking lists, which suggest that these films drew more attention.

On the other side, art can interpret the world as much as it looks like world itself in structural sense; because, this similarity integrates art to the world as indicated by Baudrillard (1972, 1982). In addition, he points out that, cinema industry diminishes the history by replacing it with archiving that dominant

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[1] *Metascore is the weighted average rating of a film by large group of the worlds most respected critics. The higher the metascore, the more positive reviews a movie has. Metascore range from 0-100 that requires at least four critics' reviews. (Source: <http://www.metacritic.com/about-metascores>, 20.07.2016).*
* Because the data is variable, it is important to note that data provided in the Table obtained as date of 20.07.2016.
** Metascore obtained from the weighted average of three critics retrieved from metacritic web site.

on everything. Moreover, he warns that art does not criticise anything anymore as even if it did once. This feature of the films may be useful also for instructors.

Keywords : Global Financial Crisis, Culture Industry, Films, Content Analysis.

JEL Classification Codes : A12, A23, B53, G01.

The Effect of Innovation on Productivity: Evidence from Turkish Manufacturing Firms

Basak DALGIC

Hacettepe University
basakcakar@hacettepe.edu.tr

Burcu FAZLIOGLU

TOBB Economics and Technology University
bfazlioglu@etu.edu.tr

Ahmet Burcin YERELI

Hacettepe University
aby@hacettepe.edu.tr

Abstract

The role of innovation on economic outcomes has long been studied within the framework of industrial economics. Just as firms are the main economic actors in production processes of economies, in order to investigate the dynamics of development it is crucial to understand whether innovation behavior of firms create productivity gains. Benefits from innovative efforts in terms of the firm performance gains importance especially for developing regions of the world, as innovation activity is costly for such countries due to their scarce resources of technology and human capital. Motivated by these facts, this paper focuses on the effects of firms' innovation activities on their productivity changes for Turkey. Particularly, we dissect the effects of product and process innovation on Turkish manufacturing firms' productivity.

The linkage between characteristics of the products that firms produce and their productivity is important for competition in domestic and global markets. Consequently, we conjecture that product and process innovations play different roles. However, there is limited theoretical and empirical evidence on the differential impact of product and process innovations on firm productivity. Further, both economic intuition and stylized facts suggests that different modes of innovation are endogenous. Our contribution to the regarding literature on innovation-productivity nexus is twofold. First, apart from the most of the studies, when estimating the influence of innovation on firm productivity we explicitly consider the endogeneity of product/process innovation. Next, to the best of our knowledge this study is the first attempt to explore the effect of innovation on productivity for Turkish firms.

We utilize a recent and comprehensive firm level dataset for Turkish manufacturing firms over the period 2003-2014. For the analyses, two different sources of data that collected by TURKSTAT have combined. The first one is Structural Business Statistics (SBS) giving detailed information on firms' income, input costs, and employment and investment expenditures. While SBS is a representative sample for firms less than 20 employees, it is a census for more than 20 employees. The second source of data is Community Innovation Surveys that covers information on innovative activities of firms, the sources of information and costs for these activities. We use the 2005, 2008, 2011 waves of the Community Innovation Surveys (CIS) which includes information regarding the firms' innovation activities and allowing for the distinguishing between different modes of innovation. The variables in CIS characterize the treatments within the framework of our empirical investigation and they correspond to three-year periods. For instance, the 2005 wave of the survey reveals information on whether the firm introduces new processes and/or new products during the period from 2003 to 2005. CIS data covers whole population of firms with more than 250 employees whereas it is a representative sample for firms with 10-250 employees.

In order to conduct our analyses on the innovation-productivity relationship for Turkish firms, we utilize an endogenous switching technic, providing us to exploit the richness of our dataset as well as to control for endogeneity and selection bias issues. In this methodology, the factors enhancing firms' probability to innovate have analyzed firstly, and then, the productivity gains from process and/or product innovation have investigated. This model is widely used in many different areas (see among others Lee, 1978; Adamchik & Bedi, 2000; Ohnemus, 2007). While one way of avoiding selection

bias arose by firms' innovation decision is to employ Heckman's (1979) selection model, we choose to use an endogenous switching model. In our case, the switching model is appropriate where some nexus between innovation and firm level productivity alters across discrete regimes of innovation. The high productivity performance of a firm affects on her innovation decision and vice versa. Accordingly, given this endogenous relationship between firms' productivity and innovation activity, the unobserved behavior must also take into account, with the estimation of an auxiliary regression (Dutoit, 2007). In this setup, we are particularly interested in characteristics of firms that innovate and, the productivity differentials between firms that undertake innovative activities with respect to those that do not dissecting different modes of innovation.

The main findings of our study can summarize in the following way. First, both process and product innovations have positive effects on the productivity of firms with respect to non-innovating firms. Further, we find robust evidence for the differential impact of innovation firm productivity across different innovation types. In particular, our results indicate that there exists a more pronounced effect in terms of product innovation on productivity with respect to process innovation.

Keywords : Product Innovation, Process Innovation, Firm Productivity.

JEL Classification Codes : D22, L25, O30.

29 October 2016 Saturday

Session: VI-C / 11.30-13.00

PHILOSOPHY OF ECONOMICS

Room: *Prins Hendrik 4*

Chair: **Sevilay GUMUS OZUYAR**

- Sultan Galiyev's Idea as a Nationalist-Socialist Theory and Its Effects on Turkish Left

  Cagdas ZARPLI & Semra ALTINGOZ ZARPLI

- Political Budget Cycles and Elections in Turkey

  Sennur SEZGIN & Selami SEZGIN

- Occupation of Public Mind

  Esra DOGAN

- The Evaluation of Tax Reduction in 2008 Crisis in Turkey with Actor Centered Institutionalist Approach: White Goods Sector

  Nermin BILEK

Sultan Galiyev's Idea as a Nationalist-Socialist Theory and Its Effects on Turkish Left

Cagdas ZARPLI

Bilecik Seyh Edebali University
cagdas.zarpli@bilecik.edu.tr

Semra ALTINGOZ ZARPLI

Bilecik Seyh Edebali University
semra.altingoz@bilecik.edu.tr

Abstract

Sultan Galiyev who is less known in Turkey is one of the biggest Turkists in his own era. He is an important politician, statesman and scientist and he made a struggle for Turkish unity and peace. Galiyev who has accepted as one of the most important theorists of Russian socialist revolution became the prominents of Eurasianist idea with the idea of international of exploited countries.

Our study aims to reveal that how much left flows in our country so Turkey's political life would have effected by analizing the nationalist-socialist perpective whic is put forward by Sultan Galiyev via colonies international.

Particularly, Turkish and Muslim countries, he put forward ideas for the opressed and exploited countries. He showed a way to the opressed countries because Russian revolution in which he took place firstly went towards imperial goals. When Bolshevists deal with the nation issue, social-economic system is the determinant factor. While in the East where feudal system continued to exist, the right of determination of their own destiny was recognized unconditionally because of their progressivist quality. In the West, this right was rejected because of being excessive in terms of economy and morals and being reactionist.

While Part Programme which was accepted in 1919 recognize the right of seperation of oppressed nations, it pointed to Federal States Unity as a main target and while will of seperation was evaluated, it accepted that it is necessary to look at whether the country in question passed to bourgeois democracy from Middle Age or soviet democracy from bourgeois democracy with denominational- historic perspective. Sultan Galiyev's ideas and acts brought some issues into question such as Middle Age Muslim Turk Nations' past and present, content of October Revolution, nation problems in SSBC, communism in Anatolia and TKP. In our day, these discussions increased by being varied. When SSBC stil existed, some people talked about Galiyev. However, after collapse of SSBC, there is an observable increase in studies about Galiyev, which were done for questioning the past and lightening the future. One of the debates is international and the other one is national. They focus on two points. The fisrt one is Galiyev's approach towards unequal system in international system, which has seen as North/South discrimination today. The second one is Galiyev's views on applicability of National Left in Turkey.

Atilla ilhan indicated that after East block attended to capitalist system, contradicton between cruels and oppressseds, which is real contradicton, came up clearly in 21st century. It isa said that big social-economic contradiction on Earth is between Libreal and Capitalist cruels and Eastern expolited oppresseds. 21st century is not a socialist earth revolution century, it is a century of national liberty wars and it proved Sultan Galiyev and Mustafa Kemal right.

According to Atilla ilhan, Galiyev's this important and valid determination determined his abstaining approach to proletarian revolution, which is expected to take place in the Western Europe. According to the writers supporting the idea that Galiyev's ideas based on two discriminations: cruel and oppressed discrimination and according to those writers, Galiyev made that distinction also demanded that the distinction would be cleared away and the exploitation would be ended. Sultan

Galiyev adapted that to Asian agriculture countries' needs by looking at Bolshevism. In this frame, it can say that Sultan Galiyev has three big ideals. Those are like an integrated, interwoven synthesis. The first one is unity of Turk- Islam World. The second one is unity of exploited and oppressed nations of third world. The third one is a humanity saved from domination of imperial capitalism and its exploitation. When we talk about Galiyev, nationalism is one the adjectives we use. About his approach to nationalism, we need to talk about some points.

Above all, Galiyev and his friends' nationalism based on politics that Czarist Russia carried out to non-Russian nations.

Russian Chauvinism created Muslim-Turk nationalism in the late of 19th century. Galiyev's idea has based on this situation and it causes him to be criticized as Pan-turanist clearly. A Turan Country was not suggsted by Galiyev and his friends firstly. From dawn of late 19th century, several turanist movements also took part in Galiyev's era. Above all, while considering the "Turan Country" Project, conditions of the term should have considered. Turan Ideal became a serious option for the Muslim-Turk nations escaped from Russian Tzarism's pressure. The most original aspect of Sultan Galiyev is that he tried to apply Marksist theory, which reacted against West industry by changing it. With a broader expression, he made it Assian, arrangedit for Asian's needs especiaslly fort he nations who were engaged in agriculture.

Galiyevism constitutes one of the most passionate criticisms directed to Russian Communist Party and Comintern Politics. In the Muslim societies that live by moving away from communism and getting close to nationalism, Sultan Galiyev has a big impact. One of the Galiyev's most important characteristics is his Bolshevik identity. We can infer this from the effort of Bolshevik Power for settling in Muslim-Turk geography. While talking about Galiyev is Bolshevik not Marksist or Socialist this distinction should made carefully. In the frame of Bolshevik discipline, conceptes brought into question by Galiyev caused some developments causing Galiyev's cooperation with Bolshevik power to discharge.

Sultan Galiyev has labeled as the father of Third World Countries' revolution. So indeed, Sultan Galiyev analyzed the national liberation movements which were against colonists theoretically and his ideas effected national liberation movements and underlied the ideology called "Third World Socialism" galiyev's colony international thesis of solidairty of oppresseds have a quality to be a resource for every nation and movement which is against every kind of exploitation.

In terms of our subject, today Galiyev's another important characteristic is that he is one of the theoreticians of Eurasianism idea which came to the fore with the collapse SSCB. In esence, idea of Eurasianism has based on further past. Nevertheless, Galiyev's thesis that is about Turk and Muslim nations is important for these nations. Turkish Eurasianists like Atilla İlhan prefered to ground their thesis by basing upon Galiyev.

In this frame, it can have said that Galiyevism effects most socialist political movements in Turkey. Today, it can have seen that galiyev's theoretical approach has a big impact on national left political ideas and movements.

Keywords	:	Sultan Galiyev, International Colonies, Socialism, Nationalistarian-Left.
JEL Classification Codes	:	P20, Y80, Z00.

Political Budget Cycles and Elections in Turkey

Sennur SEZGIN

Eskisehir Osmangazi University
sennursezgin@ogu.edu.tr

Selami SEZGIN

Eskisehir Osmangazi University
selamisezgin@hotmail.com

Abstract

This paper analyzes political budget cycles in theory and applies Turkish elections between 1950 and 2011. Political budget cycles theory refers to increases in government spending or the deficit or decreases in taxes (including changes relative to long-term trends) in an election year which are perceived as motivated by the incumbent's desire for re-election for his party. This study examines and tests existence of political budget cycles in Turkey. For this analysis, defense spending, educational spending, health spending, agricultural spending and spending on construction and housing on central government budget has used. In addition, budget of Ministry of Finance and government debt has analyzed. In our study, changes one year before the elections and a year after election in certain key items in the budget analyzed to see the ruling party manipulation on government expenditure. Findings of this study indicate that there is weak evidence of manipulation of the government budget but no evidence of manipulation of the budget after 2002. For defense spending, we have not observed associated with systematic budgetary cycle. Educational spending directly concerns a large part of society. For the vote maximization, it is an increase in these expenses and rapid decline after the elections. Our analysis indicates that budgetary cycles on educational expenditure can be seen elections in 1950 and 1957. Health is an important place in terms of voting behavior. In terms of health expenditure, budgetary cycle has not been observed in Turkey. Another important sector is the agricultural sector in terms of elections. There is supporting evidence of budget cycle in 1950, 1954, 1957 and 1995 elections. There is no evidence of budgetary cycle the 2002 elections in subsequent elections. In agriculture and public works spending, the ruling parties manipulate the budget until 2002. In debt and interest payments until the 2002 elections had an increase and budgetary cycles, but such an increase was not seen after that date. As a result, the effects of political budget cycles are found in Turkey from 1950 to 2002. After the 2002 elections, we see the disappearance of political budget cycle.

Keywords : Elections, Turkey, Political Budget Cycles.

JEL Classification Codes : D72, E63, H61.

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Occupation of Public Mind

Esra DOGAN

Eskisehir Osmangazi University
edogan@ogu.edu.tr

Abstract

"Public-Publicity" as words have used in different meanings in the historical process, however it can have said that these different meanings are also used in a common definition in this century. This common definition refers to "pertaining to people and open to general observation" in different languages (Turkish, English, German). As it can have seen that stated below:

- In Turkish, it is using as "kamu/kamusal" and the definition refers to "all, every, all of the people in a nation".
- In English, it is using as "public" and the definition refers to "common, general, pertaining to public affairs open to all in the community".
- In German, it is using as "öffentlichkeit" and the definition refers to "combination of public and publicity". Therefore, it is more comprehensive than the English is. Moreover, in German it directly relates to "öffent/offan" and "glasnost".

On the other hand, "public-publicity" is not just a word but also has a conceptual meaning in the scope of social and political sciences. It has also seen that importance of these words increase in consideration of their places in the philosophy and economy politics. When it is using "public sphere" these situations can appraise in five different approach. These approaches:

- "Public sphere approach of Arendt that includes political cases behind of the distinction of public-private. This approach is based an Athenian city. According to this approach public sphere is necessitate the independency from labour. Work, labour is included in the private sphere but politics and negotiation on the common interest is included in the public sphere, which is also an indicator of citizenship. Therefore, extension of public sphere is exact.
- "Public sphere approach of Habermas" that appraise the public sphere in the scope of development and transformation of bourgeois. According to this approach, public sphere does not include all of the community. Only educated part of the community has related to public sphere.
- "Liberal public sphere approach" as political relation based on law. Different public sphere approaches are included in the liberal model (Locke and Mill; Hayek and Rawls public sphere approaches).
- "Feminist public sphere approach" which based on spatial evaluations related to women. According to this approach "public" as a word, derive from "pubic" which relates to gender. It is evaluated the gender and public sphere relationship.
- "Proletarian public sphere approach" composed by Negt and Kluge that opposed to bourgeois public sphere. According to this approach, community has not a universal structure and it includes particularity because of the segregational structure. Therefore, there is also a proletarian public sphere behind the bourgeois and other kinds of public spheres.

The important point in these approaches is determination of the borders of the public sphere. Although the border of public sphere was determined based on human-citizen relationship, it can said that the border of public sphere is getting complicated with the increasing importance of society.

Especially "bourgeois and proletarian" approaches directly relate to social class. These approaches are evaluated the public sphere and/or public related conceptions based on the economic and social differences in the society. Although bourgeois public sphere approach is associated the public sphere and public mind with the educated class, proletarian approach is evaluating the public and public related conceptions not only related to education level or some parts of the society but also different parts of the society.

Behind these approaches stated above there are also stratification theories for the society. These stratifications in the society are also determining for the formation of public sphere. These stratification theories can be divided into three parts i) Conflict theories of stratification (Karl Marks) ii) Functionalist theories of stratification (Max Weber, Talcot Parsons) iii) Stratification theories after Marx and Weber. Especially one of these theories has a strong relationship with public sphere and public mind approaches. This theory is belonging to John H. Goldthorpe who explains the stratification theory according to the occupation and prepare class scheme that based on the occupation level. According to Goldthorpe, social class determined by social statute and social statute is determined by occupation level.

Public sphere approaches cannot be evaluated independent from the stratification theories. Especially Goldthorpe class scheme is important for understanding the internecine public minds. Because all of the determinants of segregation cause to particularity. On the other hand, escalation of segregation cause to universality. Determination of particularity and universality of the public sphere is vital for the evaluation of public sphere and related conceptions properly.

In this paper it is aimed that evaluation of these terms "public, publicity, public sphere" in the view of etymology and economy-politics based on human-citizen-equality. Therefore, it can have said that it will be if public mind/view for policies and the applications related to public-society-human relations. The method used in the study is empirical analyses based on the differences between the public sphere approaches in the scope of stratification theories. These differences evaluate in the view of occupation level. It will compare to relationship between the public-public sphere level and occupation level. Thanks to this study, it is planning to cast light on the definition and conception of public/public sphere/public mind and evaluate the related approaches in a different perspective in the view of particularity and universality perspective. Therefore, it is used the statistics published by World Bank and Euro Stat for the evaluation of 25 European Countries. In the scope of this evaluation firstly it is formed a map for the comparison of democracy level and occupation level between the European countries using GeoDa Programme (spatial data analyses programme). Secondly, occupation categories of the European Countries are evaluated using ratio analyses. Finally, it is planning to conclude that there will be a relationship between the democracy level and occupation categories of European countries. Therefore, it can say that if democracy is accepted as the indicator of modern state bourgeois public sphere approach and proletarian public sphere approach is both of them is acceptable.

Keywords : Public Sphere, Publicity, Occupation, Democracy.

JEL Classification Codes : J62, P16, J32.

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The Evaluation of Tax Reduction in 2008 Crisis in Turkey with Actor Centered Institutionalist Approach: White Goods Sector

Nermin BILEK

Akdeniz University
nerminbilek@akdeniz.edu.tr

Abstract

In this study, the "economic stimulus package" put into effect on 16 March 2009 in Turkey to lessen the impacts of 2007/8 global crisis has investigated from the actor centered institutionalist perspective. The effects that emerged admission of the economic stimulus package has modelled using the classical game theory tools with respect to the data gathered from the white goods sector.

Identifying the problems with institutionalist approach and analyzing the players, who are economic decision maker by classifying them, are called "Actor Centered Institutionalist Approach." The players' power of decision-making is more important than their physical form. In uncertainty dominated economic crisis periods, players make decisions in accordance with their own, subjective definitions of crisis. Economic crisis is legitimacy crisis for the government who is responsible for public administration as well as being a fund crisis for supplier/dealer who is in free market. Individuals who act coordinately and whose attitudes are formed by institutions and rules, are conceptualized as "composite players". Composite players consist of wage earners, and economic crisis means unemployment crisis for them. Adhering to players' subjective definition of crisis, the preferences that could increase their payoffs during economic crisis periods are explained in theoretical frame. By taking white goods sector in crisis period as an example, players' decisions that have been made by their subjective definitions of crisis are analyzed within cause and effect relationship. Determining players via actor centered institutionalist approach and modelling theory of play, enables to argue the rationality of decisions.

Economy Stimulus Package put into effect on 16th of March in 2009 through Council of Ministers Decision No: 14802, includes temporary (3-month) reduction in private consumption tax (PCT) and value added tax (VAT) for some products and services. Tax reduction was extended more for 3 months on the date of 16th of June in 2009, tax incentive was provided for 6 months in total. In this study, the decisions taken by players within 6 months including tax reduction are modelled via game tree. Profit table is prepared deterministically in the light of panel market data consisting of four big white goods (product group of refrigerator, oven, washing machine, and dishwasher) from GFK Research Company. Obtained data include 20-month period between the dates of September 2008 and April 2010. Table 1 shows quarterly tax reduction in 2nd and 3rd period. Prices have stabilized by using Producer Price Index of 2003.

Reflections of Tax Reduction in White Goods Industry on Average Consumption Amount and Prices on the basis of Periods

	I. Period September 2008 March 2009	II. Period April May	III. Period June September	IV. Period October April
Average Consumption Quantity (thousand)	345,00	478,00	440,00	358,00
Average Market Price (TL)	651,81	632,48	670,95	693,15
Price with tax reduction (1-0,079P)	P(1-0,079)	600,32	600,32	
Changes in profit margins	π	0,05	0,11	
Average change in consumption	Q	0,39	0,22	

PPE (2003=100); Industrial Machinary Producer Price Endexes (Source: T.C. Central Bank Data Base).

Tax reduction in white goods industry remains limited to 6.7% PCT. Because private consumption tax is taken over value added tax, its effect should be 7.9% on prices. Payoffs to be obtained by potential movements of composite players and private sector are calculated based on price and consumption amount. The government-defining crisis as legitimacy crisis, presented a crisis solution with "economy stimulus package" in two weeks before local elections. After the decision taken by political mechanism, private sector reflected 2.9% of tax reduction on prices, and composite players increased its consumption at the rate of 39% by believing that tax reduction is totally reflected on prices. Private sectors monitoring the adverse selection of composite plays maximized its profit by increasing prices in III. Period, namely the second period of tax reduction. After tax reduction is ended, demand amount dropped to its old level again.

Tax incentive provided to the market in government budget of 2009, is covered by meeting from unemployment fund. Consequently, the process is established on adverse selections made by composite players. Resource crisis of private sector is solved by tax incentive and increase on demand. Composite players have a big transaction cost for following market prices and they have confidence in decisions taken by political will. At the same time, while private sector has the power of following the market and developing strategy; composite players have no such a power, their positions are not equal as decision makers. To prevent the adverse occurred in political arrangements affecting the market; it is important to follow and inspect the private sector and open channels, which will transfer the right information to people.

29 October 2016 Saturday

Session: VII-A / 14.00-15.30

LABOUR STUDIES

Room: *Prins Hendrik 2*

Chair: **Burcu FAZLIOGLU**

- Relationship between Emotional Intelligence and Paternalistic Leadership: A Field Study on the Turkish University Students

  Belgin AYDINTAN

- Underemployment among the University Graduates in Turkey

  Zehra Bilgen SUSANLI

- The Influence of Workplace Bullying on Employee's Job Performance, Job Satisfaction and Turnover Intention in a Newly Established Private Hospital

  Edip Sabahattin METE & Alev SOKMEN

- Wellbeing, Capabilities and Work: A Comparative Study between Employed, Unemployed and Informal Workers in Albania

  Blerion QELI

Relationship between Emotional Intelligence and Paternalistic Leadership: A Field Study on the Turkish University Students

Belgin AYDINTAN

Gazi University
abelgin@gazi.edu.tr

Abstract

This study introduced the relationship between emotional intelligence and paternalistic leadership in frame of cultural context and examined the level of relationship between two variables. The sample consisted of randomly selected 190 undergraduate students at the Department of Business Administration, Faculty of Economics and Administrative Sciences, Gazi University, Ankara, Turkey. It has found that there is a positive and medium level relationship between emotional intelligence and paternalistic leadership. Girls of 22 and above years old students have lower emotional intelligence and paternalistic leadership level than others.

Keywords	:	Emotional Intelligence, Leadership, Paternalism, Paternalistic Leadership.
JEL Classification Codes	:	M19.

Introduction

Emotional intelligence has studied by many researches. For example, Spinoza (1677) explained that emotions and intellect together measure the cognition. Thorndike (1920) introduced social intelligence, which can have divided emotional and motivational intelligence that involves understanding motivations such as need for achievement, affiliation or power as well as understanding tacit knowledge related to these motivations (Wagner & Sternberg, 1985) and goal setting (Cantor & Kihlstrom, 1987). Wechsler (1940) developed Adult Intelligence Scale. According to him, intelligence has influenced by intellective and personality traits and other non-intellective components, such as affective, social and personal factors (e.g. anxiety, persistence and goal awareness) which are important to achieve success in life. In 1948, Leeper believed that the idea of emotional thought contributed to logical thought (Sharma, 2008: 59).

Moreover, Cook et al. (2004) declared that leader's qualities relate to four types of intelligences that help leaders to navigate the stormy waters of change: business intelligence, political intelligence, spiritual intelligence, and emotional intelligence. Emotional intelligence relates to the high quality of leadership because behaviors that demonstrate emotional intelligence include understanding one's own and others' feelings, listening, being open and emphatic, sharing feelings, and appreciating others (Cook & Macaulay & Coldicott, 2004: 4-6). In addition, according to Goleman (1998) emotional intelligence proved to be twice as important as technical skills and cognitive abilities for leadership jobs at all levels of an organization.

Furthermore, a nation's specific cultural attributes play an important role in determining the selection of management and leadership style. An effective leadership in one cultural setting may be ineffective in another. Organizations become more effective when they are able to identify and foster the appropriate leader behaviors for the relevant cultural situation (Reilly & Karounos, 2015). In addition, even though paternalism is a common cultural aspect in eastern societies, it did not get much attention of researchers it (Rehman & Afsar, 2012). For example, while jobs maintained with institutional relations in Western enterprises, they maintained with personal relationships in Turkey.

Most of time emotions preclude of the norms for Turkish leaders and extreme vulnerability, susceptibility, and resentment take the place of the norms. Thereby Turkish managers and leaders behave by their emotional intelligence rather rational intelligence.

Based on main concepts and demographic profile (age and gender) of the students the following hypotheses offered:

Hypothesis 1: Emotional intelligence will be positively associated with paternalistic leadership.

Hypothesis 2: There is a difference between males and females in terms of emotional intelligence and paternalistic leadership.

Hypothesis 3: There is a difference between emotional intelligence and paternalistic leadership in terms of the students' ages.

Today's university students are the prospective leaders of the companies or organizations in the future. As the demands of technology and global competition increase, the need for university trained leaders will become more evident and success in business life. Therefore, it is important to measure their paternalistic leadership and emotional intelligence levels to improve them through education at the universities before having experience outside.

The sample is 190 undergraduate students who are studying in the Department of Business Administration, Faculty of Economics and Administrative Sciences, Gazi University, Ankara, Turkey. Questionnaires on the subject were distributed to the students are from second, third and fourth grades.

Results of the study can summarize below:

1. There is a positive and medium linear relationship between emotional intelligence and paternalistic leadership. Therefore, hypothesis 1 has supported even though direction and power of the relationship is weak. It may say that if emotional intelligence increases, level of paternalistic leadership increases.
2. Emotional intelligence and paternalistic leadership features are high among males than females. Since there is a difference between males and females in terms of emotional intelligence and paternalistic leadership, hypothesis 2 is supported.
3. As descriptive statistics of the students' ages that had to be divided 2 groups (between 19-21 and 22 and above), there is a difference between emotional intelligence and paternalistic leadership in terms of the students' ages and so hypothesis 3 is supported. Emotional intelligence and paternalistic leadership scores are higher at between 19-21 years old than older age group.

Concluding Remarks

In conclusion, nation's cultures have high impacts on emotional behaviors and leadership styles of people. It also reflects to social relations and communications in organizations. Leadership style is paternalistic and relations among people are highly emotional in Turkey. In this study, females and 22 and above years old students have lower emotional intelligence and paternalistic leadership level than others. Emotional intelligence can be improved competence and support paternalistic leadership, which is suitable for Turkish companies. Therefore, future researches in this subject must done with more students to reveal present situation more clearly.

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Underemployment among the University Graduates in Turkey

Zehra Bilgen SUSANLI

Isik University
bilgen.susanli@isikun.edu.tr

Abstract

By drawing on individual level data from the Household Labor Force Surveys for the 2009-2015 period, this paper aims to analyze the evolution and the determinants of underemployment among the university graduates in Turkey. Preliminary results from probit estimation suggest that labor market status in the previous year is an important determinant of underemployment. In particular, individuals that moved from education or unemployment into their current jobs are significantly more likely to be underemployed. Concerning the employment status, self-employed individuals are significantly more likely to be underemployed relative to the wage and salary employed.

Keywords : Underemployment, Turkey, University Graduates.
JEL Classification Codes : I23, J24.

Introduction

It is well documented that the gross enrollment ratios in higher education are on the rise in the developing world (Yamada, 2015). This phenomenon has also observed in Turkey. The share of 25-34 year olds holding a university diploma almost tripled from 8.9 per cent to 25 per cent between 2000 and 2013. Despite the rising educational attainments, the unemployment rate among the youth is highest for the university graduates, 29 per cent as of 2013. Similarly, among the working age population, the unemployment rate of university graduates is 10.3 per cent as of 2013. According to a survey conducted by McKinsey consultancy in 2012, in nine countries, including Turkey, 43 per cent of employer's report that lack of skills is a problem for filling entry-level vacancies; and only 50 per cent of the youth believe that their post-secondary studies improved their employment opportunities. The corresponding shares are 56 per cent for the employers, and 46 per cent for the youth in the Turkish subsample. Clearly, these indicate growing difficulties the university graduates face when transitioning into the labor market. The rise in the number of university graduates could aggravate unemployment, underemployment, and cause overeducation of professionals (Yamada, 2015).

Using individual level data from the Household Labor Force Surveys for the period 2009-2015, this paper aims to analyze the evolution and the determinants of underemployment among university graduates in Turkey.

According to guidelines adopted at the the 16th International Conference of Labour Statisticians in 1998, there are two forms of underemployment. *Time related underemployment* refers to situations when persons employed in the reference week work less than 40 hours in total, were willing to work for more hours, and are available to do so. Employed individuals not covered under time related underemployment have considered being in *inadequate employment* if they report that they looked for a job in the last four weeks, and that they are available to start working if a job is found.

It has found that certain groups such as the youth, the older workers, women, immigrants, and ethnic minorities are more susceptible to becoming underemployed. One possible explanation for the underemployed youth is that underemployment is a temporary stage for accumulating human capital as younger workers use these jobs as stepping-stones to better ones. However, it has also been

documented that underemployment may be persistent (Mosca & Wright, 2011) and may lower wellbeing (Angrave & Charlwood, 2015).

Methods

The working sample in this study consists of 15-64 year-old individuals that hold a university diploma (including the 2-year, and 3-year vocational schools). First, an indicator variable for underemployment will define. This variable equals one if an employed individual is either in time-related or in inadequate employment. Second, the likelihood of underemployment will be estimated using a Probit model controlling for age, gender, education, marital status, employment status, and labor force status in the previous year.

Findings

Preliminary analyses show that in the sample of higher educated individuals, underemployment is highest among the group aged 20-24, followed by those in the 25-29 year olds. The lowest underemployment rates have found among the 30-64 year-olds. As of 2015, the underemployment rate among the 20-24-year-olds is 3 per cent.

Results from the probit estimation indicate that women are significantly more likely to be underemployed although the magnitude of this effect is negligable. Labor force status in the previous year is an important factor for being underemployed. In particular, individuals that moved from another job or from unemployment into their current jobs are significantly more likely to be underemployed. Self-employed individuals are significantly more likely to be underemployed than the wage and salary employed.

Conclusions

Findings from preliminary analyses reveal interesting insights. First, underemployment is highest among the 20-24 age group followed by those aged 25-30. Second, moving into the current job from unemployment or education within the last year is positively associated with the likelihood of underemployment. Clearly, these results highlight the mismatches between the the skills and qualifications gained during higher education and those required by employers in the labor market. Third, self-employed individuals are significantly more likely to be underemployed relative to the wage and salary employed. In ongoing analyses, the effect of academic major on the likelihood of underemployment will be investigated. Separate estimations for the youth and prime-age individuals will be conducted to focus on the obstacles faced by recent graduates in the labor market.

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The Influence of Workplace Bullying on Employee's Job Performance, Job Satisfaction and Turnover Intention in a Newly Established Private Hospital

Edip Sabahattin METE

Gazi University
edip.sabahattin.mete@gazi.edu.tr

Alev SOKMEN

Baskent University
alev@baskent.edu.tr

Abstract

This paper presents a study conducted at a private hospital in the province of Ankara, which examined the effects of workplace bullying among the healthcare staff on the job performance, job satisfaction and turnover intention. It was determined that there was a positive relationship between the workplace bullying behaviors towards the individuals and the turnover intention, whereas a negative relationship has observed between the workplace bullying and the job performance. In addition, a negative relationship was determined between job satisfaction and turnover intention. Within the scope of this study, the path analysis modeling, which considers applicable among the structural equation modeling types and which aims to study the relationship grids among the observed variables, has considered. The values defined as Goodness of Fit Indices enabled the decision of the acceptability of each model as a whole by the data. The findings obtained within the scope of the analysis demonstrated that the factor structure in general sense was within the acceptable limits.

Keywords	:	Workplace Bullying, Job Satisfaction, Job Performance, Turnover Intention.
JEL Classification Codes	:	M10, M12, J24, M54.

Introduction

The workplace bullying, defined as the situation in which the individuals experience systematic mocking, maltreatment and harassment or have subjected to the social exclusion at the workplaces, is not something new and is a phenomenon that has possibly been in existence since the beginning of time. The concept of bullying had first discussed in detail in the mid 80s when the Norwegian and Swedish organizational psychologists began to investigate the phenomenon along with its extent, causes and results. On the individual level, the bullying may cause suicidality and loss of honor and self-esteem (Djurkovic et al., 2004), high stress, posttraumatic stress disorder, phobias, sleep disorders and increased depression (Salin, 2003), unhappiness, anxiety, withdrawal and unreasonable prudence and may therefore affect the performance (Hoel and Cooper, 2003). On the organizational level, it negatively influences the employee commitment, job satisfaction, absenteeism and staff turnover rate (Oghojafor et al., 2012).

Literature Review

Different approaches exist regarding the studies on the workplace bullying (Lewis and Gunn, 2007; Leymann, 1996; Salin, 2004), and accordingly, different typologies, forms and tactics were determined for the workplaces. Rayner et al. (2002) propose five bullying categories, namely the threat to professional status, the threat to personal standing, isolation, overwork and destabilization. The organizational culture of the institutions, manner of leadership, work design, work characteristics (Salin, 2004; Vartia, 2001) and the gender (Vartia, 2003) were defined as the precursors for the bullying at the institutions.

Theoretical Framework

Although the effects of the workplace bullying on the job satisfaction, job performance and the attitude of the other employees as well as on the job-related outcomes are well documented in the scientific literature, these studies frequently concern the developed countries. The present study aims to investigate the same relationships in a developing economy and in an environment that struggles to be both Eastern and Western culturally.

Method
Design and Participants

The study was in the form of a questionnaire study. The sample groups were the doctors, nurses, health technicians, caregivers and administrative staff.

Instruments

In order to measure the job performance of the participants, Sökmen, (2000) Job Performance Questionnaire (JPQ) applied. Regarding the measure of the workplace bullying, the NAQ (Negative Acts Questions) consisting of 22 items was used based on the definition by Einarsen et al. (1996). Job Satisfaction Scale, which originally developed by Miller and Medalia (1955) and the 3-point Turnover Intention Scale, developed by Mobley, Horner and Hollingsworth (1978:410), were employed.

Study Model and Hypotheses

The objective of this study is to investigate the effect of the bullying behaviors on the job performance, job satisfaction and turnover intention of the healthcare staff. The seven hypotheses based on this goal enumerated.

Figure: 1
Study Model
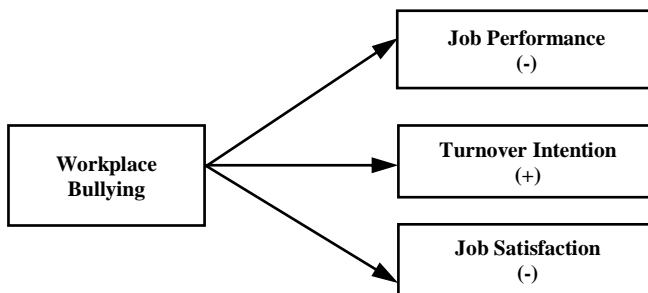
Analysis

The questionnaire form distributed to 171 health staffs in a private hospital. The SPSS 21 package software utilized and the compiled data analyzed and interpreted in line with the determined objectives by using the descriptive statics and employing various statistical analyses (Frequency Analysis, Correlation Analysis, T-Test, One-Way Analysis of Variance and Multiple Comparison Test and Structural Equation Modeling).

Results and Discussion

In order to identify the effect of the workplace bullying behaviors towards the healthcare staff on the job performance, job satisfaction and turnover intention of the individuals, the correlation analysis applied. Table 1 indicates that there is a significant and positive correlation between the bullying behavior towards the individuals and the turnover intention and that there is a significant and negative correlation between the bullying behavior and the job performance. Negative correlation between the bullying behavior towards the individuals and the job performance is consistent with the finding of Einarsen et al. (2004).

Table 1
Correlation between the Bullying Behaviors towards the Healthcare Staff and the Job Performance, Job Satisfaction and Turnover Intention

		Bullying	Job Performance	Job Satisfaction	Turnover Intention
Bullying	*Pearson Correlation*	1			
	(p)	-			
	N	99			
Job Performance	*Pearson Correlation*	-0.210	1		
	(p)	0.007*	-		
	N	98	98		
Job Satisfaction	*Pearson Correlation*	-0.120	0.188	1	
	(p)	0.239	0.063	-	
	N	98	98	98	
Turnover Intention	*Pearson Correlation*	0.360	0.049	-0.310	1
	(p)	0.000*	0.630	0.002*	-
	N	98	98	98	98

* p < 0.05

The Structural Equation Modeling employed in order to evaluate the effects of workplace bullying towards the staff. The model's estimation result and the regression coefficients have shown in Figure 2. In order to perform a precise assessment regarding the model within the scope of this analysis, it is necessary to use some assessment criteria. These values, referred to as Goodness of Fit Indices presented in Table 7, allow the decision to make about the acceptability of each model as a whole by the data.

Figure: 2
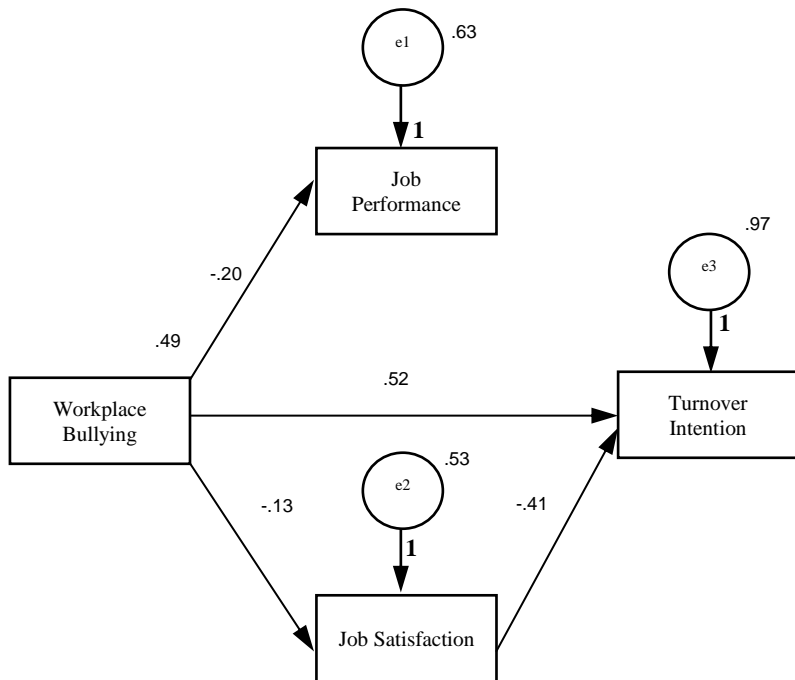**Path Analysis Model, Estimation of Regression Coefficients**

Table 2
Goodness of Fit Indices for the Structural Equation Modeling

Criterion for Fit	Acceptable Fit Values	Results
x^2/sd	$x^2/sd < 4$	2.456
GFI	GFI $\geq$ 0.90	0.976
AGFI	AGFI $\geq$ 0.85	0.880
SRMR	SRMR $\leq$ 0.10	0.038

In the context of the development of the study model and in line with the previous studies (Egan, Yang & Bartlett, 2004; Lambert, Hogan & Barton, 2001; MacIntosh & Doherty, 2010; Schwepker, 2001; Silverthorne, 2004), a direct relationship was discovered from the job satisfaction to the turnover intention.

Conclusion

In this study, the effect of the workplace bullying behaviors towards the healthcare staff on their job performance, job satisfaction and turnover intention has evaluated. Consistent with the results of the studies in the literature mentioned above, a positive correlation between the bullying behavior towards the individuals and the turnover intention and a negative correlation between the bullying

behavior and the job performance were determined also in the present study. In the context of the development of the study model and in line with the previous studies (Egan, Yang & Bartlett, 2004; Lambert, Hogan & Barton, 2001; MacIntosh & Doherty, 2010; Schwepker, 2001; Silverthorne, 2004), a direct relationship was discovered from the job satisfaction to the turnover intention. The present study aimed to investigate the relationships between the workplace bullying, job satisfaction and job performance in a developing country that the issue of workplace bullying has still encountered as a taboo despite the Western style work environments with Middle Eastern shades. It is necessary to review and revise some of the definitions (frequency, process, etc.) about the bullying behavior in the existing literature, because the social relations changed because of the effects of the advancing technology and the social media. In conclusion, the organizational pendulum between the administration and leadership practices of the managers and the concern for the job security should oscillate in a way to create a dynamic effect on the phenomenon of workplace bullying and to bring the same under control so that the performance and the permanence of the staff in the workplace may increase in harmony with the organizational strategy.

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Wellbeing, Capabilities and Work: A Comparative Study between Employed, Unemployed and Informal Workers in Albania

Blerion QELI

Free University of Bozen-Bolzano
bqeli@unibz.it

Abstract

Well-being is a multidimensional concept; it encompasses all aspects of human life. Inside the socio-economic paradigm, the Capability Approach of Amartya Sen (1985) is a central framework for the study of individual well-being. CA shift the focus from resources to individual freedoms as the central factors that determine the well-being of the people. In CA well-being is conceived as a multidimensional concept compound from both subjective and objective factors and is measured in terms of freedom people have to do what they want to do and to be what they want to be.

The aim of this study is to analyse the aspiration on wellbeing of a group of employed unemployed and informal workers and to show the strategies and the capabilities of the respondent's in pursuing wellbeing. Another aim of this study is to describe the changes in society and in the world of work in the last 20 years of political and economic transition in Albania and their consequences in workers' life. Biographical interviews have used for data collection and phenomenological approach is used to analyze "functionings", "capabilities" and "agencies" by catching meanings and emotions of the interviewed. The preliminary results show a long lasting transition characterized by instability, insecurity, and discouragement in the respondent lives. Work and family are the most important factors of well-being. Some of coping strategies used to build and to maintain well-being are: double employment, emigration, paying to get a job, social connections. At the end, it seems to be an incongruence between well-being and freedom as concerned in the CA. For the mature respondents some aspects connected with objective wellbeing were better during communism than now in democracy.

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29 October 2016 Saturday

Session: VII-B / 14.00-15.30

PUBLIC FINANCE: PUBLIC EXPENDITURES

Room: *Prins Hendrik 3*

Chair: **Basak DALGIC**

- The Determinants of Health Expenditures in Turkey: An ARDL Bounds Testing Approach

  Tugay GUNEL & Emin Efecan AKTAS & Bahadir Sazak DOGAN

- To Enhance Health of Society as a Tool of Public Policy Is Conditional Cash Transfers: Sample of Turkey

  Tuncay KARA & Ahmet Burcin YERELI

- Catastrophic Health Expenditures in Turkey and the Determinants of These Expenditures: 2002-2014 Period

  Yagmur TOKATLIOGLU & Ibrahim TOKATLIOGLU

- The Installation Costs of a Satellite and Space Shuttle Launch Complex as a Public Expenditure Project

  Dogus OZUYAR & Sevilay GUMUS OZUYAR & Oguzhan KARADENIZ & Ozge VAROL

- In The Light of Interest and Inflation, Investigating the Presence of Fisher Effect for the China Economy

  Utku ALTUNOZ

The Determinants of Health Expenditures in Turkey: An ARDL Bounds Testing Approach

Tugay GUNEL

Hacettepe University
tugaygunel@gmail.com

Emin Efecan AKTAS

Hacettepe University
efecanaktas@yahoo.com

Bahadir Sazak DOGAN

Hacettepe University
bhd44@hotmail.com

Abstract

Health care expenditure is a major health policy concern worldwide. To assist decision-makers in finding best policies to manage health care cost, it is important to understand the factors that affect health care expenditure. In thıs paper, determinants of health expenditure in Turkey have analyzed within the period from 1975 to 2013. Firstly, Augmented Dickey Fuller test has employed to check whether the variables are stationary or not. Then Autoregressive distributed lag (ARDL) bound testing approach has employed to investigate the short-run dynamics and long-run relationship between health expenditure and its determinants. According to results, the major determinants of health expenditure in Turkey is unemployment rate. The coefficient sign of unemployment rate is positive and statistically significant in both long run and short run. Hence, an increase in unemployment rate will lead to increase health expenditure. The other important factor that increase health expenditure at the long run is the previous year health expenditure which is positively related to the health expenditure and statistifically significant with the very low probability (0,0075). Therefore, a unit increase in the previous year expenditure will lead to increase the health expenditure by 0,47 units. The coefficient of Error Correction Model, indicating the speed of adjustment to restore equilibrium in the dynamic model and how quickly variables converge to equilibrium, is equalto (-0.52) and imply that more than 0.52 percent of disequilibrium in the previous year corrected in the current year.

Keywords : Health Expenditure, Autoregressive Distributed Lag, Cointegration, Error Correction Method.

JEL Classification Codes : C22, H51, I18.

Methodology and Data

Data Analysis: Data for the study was obtained from OECD and Turkstat. Data are annual and cover the period 1975-2013.

Table 1
Basic Descriptive Statistics of Variables

	HE	LIFEX	POP15	POP65	UNEMP	DOCT
Mean	63.44103	67.19487	32.60769	5.656923	8.587179	1.068974
Median	2.800000	69.00000	32.60000	5.440000	8.400000	1.100000
Maximum	5.800000	76.60000	40.40000	7.830000	13.10000	1.760000
Minimum	1.500000	56.10000	24.70000	4.200000	6.500000	0.540000
Std. Dev.	1.424686	6.333867	5.138420	1.217292	1.383394	0.389540
Jarque-Bera	4.860544	3.607617	3.302681	4.194174	8.685752	2.831415
Probability	0.088013	0.164671	0.191793	0.122814	0.012999	0.242754
Observations	39	39	39	39	39	39

According to Jarque-Bera statistic, all series are normally distributed except UNEMP. Because probability of UNEMP is 0,012999, less than 5 percent, meaning that UNEMP is not normally

distributed. The standart deviation of the data are small, it means that the variability of series from the mean is small. The line grafics of the variables are shown in below.

Empirical Results

Table 2 present the results of the ADF test. The order of integration has tested at 5% significance level.

Table 2
ADF Unit Root Tests Results for Stationary of the Variables

Variables	Level		First Difference		Order of Integration
	Intercept	Intercept and Trend	Intercept	Intercept and Trend	
HE	-0.452	-1.854	−5.714***	−5.615***	I(1)
LİFEX	-1.308	-0.919	−3.651***	−3.594**	I(1)
POP15	-0.199	-1.113	−7.027***	−6.920***	I(1)
POP65	0.367	−4.598***	-1.995	-2.411	I(0)
UNEMP	-2.508	−3.629**	−5.181***	−5.088***	I(0)
DOCT	1.548	-2.273	−4.937***	−5.243***	I(1)

*** Significant at 1% level, ** Significant at 5% level, * Significant at 10% level.

As can be seen from the table 2, POP65 and UNEMP are stationary in levels at the 5% level of significance. So they are integrated of order I(0) but other variables are not stationary in levels and found to be I(1). But after first difference of the data series, the null hypothesis of non-stationary is rejected. In other words, after first difference, all the data series can become a stationary.

Autoregressive Distributed Lag (ARDL) Approach

Autoregressive Distributed Lag (ARDL) test is based on Pesaran, Shin (1999) and Pesaran, Shin, Smith (2001). ARDL approach has several advantages. Firstly, it is based on a single ARDL equation, rather than on a VAR as in johansen, thus reducing the number of parameters to be estimated. Secondly, the ARDL approach does not require pre-testing for the order of integration (0 or 1) of the variables used in the model (Khalil & Dombrecht, 2011: 2).

Table 3
Bounds F-test for Cointegration

NullHypothesis: No Cointegration

Computed F-*statistic 8.079507****

Bounds Critical Values	Lower	Upper
1% significancelevel	3.93	5.23
5% significancelevel	3.12	4.25
10% significancelevel	2.75	3.79

Notes: The reported bounds critical value are taken from Pesaran et al. (2001).

As presented in the table 3, computed F statistic is (8.079507) greater than upper bound critical values at all level. This implies that the null hypothesis of no cointegration among the variables has rejected. In other words, this indicates that there is a long-run relationship (cointegration) between health expenditures and its determinants.

Table 4
Long Run Coefficient (1.0.0.1.3.3)

Variables	Coefficient	Std. Error	t-Statistic	Prob.
HE(-1)	0.472379	0.159801	2.956044	0.0075***
LIFEX	-0.009985	0.072336	-0.138031	0.8915
POP15	0.477681	0.320978	1.488203	0.1516
POP65	0.334371	0.715699	0.467196	0.6452
POP65(-1)	1.260813	0.676386	1.864044	0.0764*
UNEMP	0.205640	0.044156	4.657149	0.0001***
UNEMP(-1)	-0.015910	0.052544	-0.302788	0.7650
UNEMP(-2)	0.040053	0.050319	0.795976	0.4350
UNEMP(-3)	0.101251	0.041218	2.456475	0.0228**
DOCT	-1.121108	1.552929	-0.721931	0.4783
DOCT(-1)	-2.431857	1.874422	-1.297391	0.2086
DOCT(-2)	-1.355146	2.019424	-0.671056	0.5095
DOCT(-3)	-7.026824	1.868524	-3.760628	0.0011***
C	-22.42197	16.71982	-1.341041	0.1942
@TREND	0.501087	0.183849	2.725528	0.0127**

*Notes: *** Significant at 1% level, ** Significant at 5% level, * Significant at 10% level*

Table 5
Results of Error Correction Model (1.0.0.1.3.3)

Variables	Coefficient	Std. Error	t-Statistic	Prob.
D(LIFEX)	-0.009985	0.072336	-0.138031	0.8915
D(POP15)	0.477681	0.320978	1.488203	0.1516
D(POP65)	0.334371	0.715699	0.467196	0.6452
D(UNEMP)	0.205640	0.044156	4.657149	0.0001***
D(UNEMP(-1))	-0.040053	0.050319	-0.795976	0.4350
D(UNEMP(-2))	-0.101251	0.041218	-2.456475	0.0228**
D(DOCT)	-1.121108	1.552929	-0.721931	0.4783
D(DOCT(-1))	1.355146	2.019424	0.671056	0.5095
D(DOCT(-2))	7.026824	1.868524	3.760628	0.0011***
D(@TREND())	0.501087	0.183849	2.725528	0.0127**
ECM(-1)	-0.527621	0.159801	-3.301743	0.0034***

*** Significant at 1% level, ** Significant at 5% level*

Table 6
Results of Diagnostic Test

Diagnostic Tests	Fstatistic	Probability
Normality Test	*(Jarque- Bera) 0.029005*	*0.985602*
Serial Correlation (LM)	*1.767251*	*0.1977*
ARCH Test	*0.359773*	*0.5527*
Heteroskedasticity Test	*0.468571*	*0.9259*
Ramsey Reset Test	*1.479650*	*0.2380*

Conclusion

According to results, the major determinants of health expenditure in Turkey is unemployment rate. The sign of coefficient of unemployment rate is positive and statistically significant in both long run and short run. Hence, an increase in unemployment rate will lead to increase health expenditure. Politicians should carry out policies to reduce unemployment since sickness benefit payments strongly

increase due to job loss. Unemployment rate is more than 10% in Turkey and this rate is more than average rate of OECD countries.

The other important factor that increase health expenditure at the long run is the previous year health expenditure (HE(-1)). The HE(-1) is positively related to the health expenditure and statistifically significant with the very low probability (0.0075). That means a unit increase in the previous year expenditure will lead to increase the health expenditure by 0.47 unit. The numbers of doctors, providing direct care to patients per 1000 inhabitants, have negatively correlated to health expenditure. That means increasing the number of doctors will lead to decrease the health expenditure since increasing tha supply of doctors will increase the level of health services and will reduce the price of health care services. As a result, the efficiency of health services will also be increase. Therefore, it is important to increase of the supply of doctors. Bringing foreign doctors may be one solution to this problem.

The coefficient of POP 15 and POP65 are positive but not statistically significant. Sign of POP15 is compatible with expectations. The implication of this result is that an increase in the population of 15 will lead to high demand of health expenditure since this group are more vulnerable to diseases. The coefficient of ECM(-1) is equalto (-0.52) and imply that more than 0.52 percent of disequilibrium in the previous year corrected in the current year.

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To Enhance Health of Society as a Tool of Public Policy Is Conditional Cash Transfers: Sample of Turkey

Tuncay KARA

Duzce University
uyvar01@hotmail.com

Ahmet Burcin YERELI

Hacettepe University
aby@hacettepe.edu.tr

Abstract

Since 1990s, Conditional Cash Transfers to be implemented in the world and it is known as one of the methods of combating poverty. On the basis, it is aimed to make human capital better, through investing on education and health, feeding topics.

This approach includes paying cash to individuals under risk factors or need to been empowered as mothers in family, in case of realizing necessities of conditions as enhancing maternal and children health. In Turkey, Conditional Cash Tansfer Programs were started with the support of World Bank and put in to practice at the end of 2001 and gradually in 2003 and since 2004 it has been implemented throughout the country. Turkey has targeted to reach individuals who are in the poorest 6% in Conditional Cash Transfer application. This program, funded by World Bank loans between 2002-2009, then since 2009 is continuing with Turkey's own resources.

As there is no data in the field covered by the study, it is taken into consideration Turkey Demographic and Health Survey data was reanalyzed. It was aimed to evaluate the identifier variable to track of variable frequencies for 1993-1998-2003-2008 year's data before and after the CCT application. Also evaluated terms of 1998-2008, 1998-2003, 2003-2008 separately from each other. These terms evaluated separately, because Turkey lived the worst economic crisis of its history in 2001. In study, it has been focused on the poorest 20% of population because at the same socio-economic zone there may interpersonal interaction will be high, then considered to be replace in the poorest 6% of individuals in the poorest 20%.

To get robust results, data sets was weighted firstly and before passing analyse process, prepared new categorical variables and prepared complex sample files from main data.

BCG, DBT, Polio and Measles vaccination rates were evaluated. In evaluation two different perspective was used. One is showing pure improvement in public population. In another perspective, how level changed in risky groups. Generally, there is improvement for poorest part in whole public. However, if we looked at changing for risky groups, there are blurry results about benefit of conditional cash transfers. In that perspective results were like that:

In poorest socio-economic part of society, while vaccination rate of BCG 46%, vaccination rate of DPT 50.9% and Polio vaccination rate 28.2% increasing, vaccination of measles rate decreased as 11.9% in 1998-2008 term. These percentages realized in poor part as 40.3%, 54.1%, 32.0 % and -5.3%.

In 1998-2003 term, in poorest socio-economic part of society, while vaccination rate of BCG 10.3%, vaccination rate of DPT 34.3% and Polio vaccination rate 9.3% increasing, vaccination of measles rate decreased as 3.8%. These percentages realized in poor part as 31.4%, 48.6%, 24.6% and 19.3%. It seems that vaccination rates were affected in positive way in poor part more than poorest part of society.

In 2003-2008 term, in poorest socio-economic part of society, while vaccination rate of BCG 39.8%, vaccination rate of DPT 25.3% and Polio vaccination rate 20.9% increasing, vaccination of measles rate decreased as 7.8%. These percentages realized in poor part as 13%, 10.8%, 9.8% and-

30.4%. It is observed that there is decreasing in vaccination rate of measles for poor and poorest groups. However, ratio of decreasing is less in poorest part than poor.

To sum up, the poorest 20% slice and second (poor) 20% slice' usage levels of vaccination services are similar in 1998 and 2008, but there are differences in 2003 and 2008 years. This difference was advantage for childrens vaccination rates in the poorest 20% slice.

Keywords : Conditional Cash Transfers, Public Policy, Inequality, Child Health, Turkey.

JEL Classification Codes : I140, I180.

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Catastrophic Health Expenditures in Turkey and the Determinants of These Expenditures: 2002-2014 Period

Yagmur TOKATLIOGLU

Gazi University
yagmurkaya@gazi.edu.tr

Ibrahim TOKATLIOGLU

Gazi University
tokatli@gazi.edu.tr

Abstract

Although the out-of-pocket health expenditures have low capacity to create poverty and a small share among the reasons for falling into poverty, the out-of-pocket health expenditures are the most unavoidable and irrecusable reason of poverty. Thus, when out-of-pocket health expenditures of households have catastrophic feature, it causes the households to be driven to rapid, almost irreversible and sticky poverty. Because of all these features of such expenditures, policymakers who have social state understanding put into action various policies to preserve households from catastrophic health expenditures by monitoring these expenditures. Due to the fact that public health system in Turkey involve 90% of the population owing to policies implemented in recent years, capacity of catastrophic health expenditure to create poverty remain low when compared with countries which have similar characteristics. In addition, to determine the improvement of these expenses by years is very important for effectiveness and re-design of policies.

When people have to pay fees or co-payments for health care, the amount can be so high in relation to income that it results in "financial catastrophe" for the individual or the household. Such high expenditure can mean that people have to cut down on necessities such as food and clothing, or are unable to pay for their children's education. (Xu et.al., 2005: 1). Catastrophic heath expenditure occurs when a household's total out-of-pocket health payments equal or exceed 40% of household's capacity to pay or non-subsistence spending (Xu, 2005: 4). A popular approach has been to define medical spending as "catastrophic" if it exceeds some fraction of household income or total expenditure within a given period, usually one year. The idea is that spending a large fraction of the household budget on health care must be at the expense of consumption of other goods and services (O'Donnell et.al., 2007: 10-1, 203-5).

For out-of-pocket health expenditures have catastrophic property, two factors have to be present. First, the health payments must be made out-of-pocket. Secondly, household's total out-of-pocket health payments must exceed a certain threshold of household income or consumption. All high amount of out-of-pocket health payment has not catastrophic property.

If out-of-pocket health expenditures, although very high amount, does not reach certain threshold of household's income or consumption, they are not considered as catastrophic. Similarly, if out-of-pocket health expenditures, although very low amount, correspond a considerable rate of household's income or consumption, these expenditures are evaluated as catastrophic health expenditures for these households (Tokatlıoğlu et.al., 2013: 12-3). A non- poor household is impoverished by health payments when it becomes poor after paying for health services (Xu, 2005: 5).

In this study, households that have catastrophic health expenditure is determined by the approaches of Xu (2005) using micro data set of Household Budget Survey in selected years between 2002-2014 periods.

According to *Household Budget Survey of Turkey* between 2002-2014 periods in order 0.83%, 0.75%, 0.86%, 0.64%, 0.62%, 0.70%, 0.37%, 0.48%, 0.37%, 0.17%, 0.14%, 0.22% and 0.31% of total households incur in catastrophe. Moreover, 0.38%, 0.26%, 0.27%, 0.33%, 0.34%, 0.28%, 0.32%,

0.23%, 0.21%, 0.11%, 0.10%, 0.12% and 0.12% of total households became poor after paying for health services.

In order to determine the factors that affect catastrophic health expenditures of households in Turkey, a logistic regression model has estimated by using micro data set of 2014 Household Budget Survey, published by TurkStat, by the approaches of Xu (2005).

The results indicate that, compared to other households, households that household size is smaller than 5; households that are difficult to access of medical center services; households that have not a family members 5 years old and under or have family members 65 years old and over; households whose head is unemployed; households whose head's educational level is under high school; households whose head has not any health insurance; households whose head is female or married; households that have family members having physical or mental problem that prevents daily activity are more likely to come across with catastrophic health expenditure. In addition, it is concluded that households which are in the second and third 20% income level groups are more likely to come across with catastrophic health expenditure than the households that are in the first (lowest) 20% income level group; and households that are in the first 20% income level group are more likely to come across with catastrophic health expenditure than the households that are in the fourth and fifth 20% income level groups.

Keywords : Out-of-pocket Health Expenditures, Catastrophic Health Expenditures, Logistic Regression, Marginal Effects.

JEL Classification Codes : I13, I18, C34, C83.

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The Installation Costs of a Satellite and Space Shuttle Launch Complex as a Public Expenditure Project

Dogus OZUYAR **Sevilay GUMUS OZUYAR**   **Oguzhan KARADENIZ**   **Ozge VAROL**

Ankara University
sibel.selim@cbu.edu.tr

Hacettepe University
demircigdem@akdeniz.edu.tr

Ankara University
oguzhan.karadeniz.0666@gmail.com

Ankara University
varol.ozge94@gmail.com

Abstract

From the 1940's to the present, space explorations, which is a highly important topic for the world and human beings, penetrate into many areas from the communication to the national security as well as from the discovery of exo-planets and new life forms to space mining. On the top of the countries, which do, researches on these fields are the developed countries and the developing countries are only used as launch areas, in an irrelevant manner of the research and development. However, developing countries can significantly reduce foreign dependency and security flaws as well as providing important reputation gain in international platforms by conducting space research and development activities as already done by developed countries. All the large-scale space probes conducted by developed countries oblige Turkey to develop space researches in terms of economy, security and scientific aspects. Due to these reasons, the approximate costs of a launch base, which will be installed to conduct space researches in Turkey, and of a satellite or a spacecraft, which will be able to launch from this base and serve a variety of purposes, are calculated in this study. In an effort to make the mentioned calculations, examples of various countries that have already established a launch base and already launched from these bases are analyzed and some projections are built for Turkey by calculating the estimated costs. Since the Republic of Turkey must carry out these projections since the private sector in Turkey will not be willing to invest in such activities, the possible public advantages can be gained through these activities are also mentioned and evaluated.

Keywords   :   Space Sciences, Launching Site, Public Expenditure, Economic Development, Turkey.

JEL Classification Codes :   H42, H50, O1, O3, O14.

Introduction

The stars were used for different purposes by different civilizations in the human history. While ancient Egyptian civilization used the stars to determine the time of the Nile River flooding, Ancient Greek and Arab civilizations utilized them in the fields of mathematics and philosophy. By the help of these cultures' developments, Turk and Chinese civilizations conducted researches on space called as "the empyrean" and invented the first calendar concept with twelve animals (Unat, 2006: 2). Although several improvements had been achieved in the earlier times mentioned above, the medieval time was the darkest period for the space practices because of the geo-centric universe model belief of church until Copernicus. Yet, the Europe's space interest raised again with the mathematical demonstration of the helio-centric universe model by Copernicus (Copernicus, 2002: 43), the assertion of the Earth's revolving around the Sun by Galilei and the discovery of elliptic planet orbits by Kepler (Cushing, 2003: 100-105). Because of this enlightenment, the West gradually increased its attention on space explorations even the World Wars are experienced.

The space race, which had begun between Soviet Russia and the United States with the aim of providing military and political superiority, accelerated by Soviets' sending the first living being into space. Because of the experiences gained from the different space missions with different species, the Soviet Union sent Yuri Gagarin into outer space as the first human in April 12, 1961. Gagarin returned

into the Soviet Russian borders after his orbital flight around the Earth. Followingly, the US considerably increased the budget allocated for the space researches to keep up with the Russians, and National Aeronautics and Space Administration (NASA) was founded to carry out space explorations. Also, the US made a fundamental change in the education system and started investing in NASA with $89 million which was only 1% of the total expenditure budget in 1958 (Guardian Newspaper, 2010). After that, space exploration has become both an economic and technological race and a symbol of the development of a country.

Since sunk costs and total fixed costs are economically quite high in this ındustry type, the private sector companies generally do not invest in it. Therefore, the space researches all over the world have mostly been carried out by state or with state assistance. In Turkey, this area does not draw considerable interest except for some research done in universities. Though there are several countries that do academic studies on the field of astronomy in the world, as of 2015, there are seventy countries with a government space agency (US Space Foundation, 2016). Of these countries, only thirteen have a facility with a launch capacity and seven of these sites are full-capacity launch areas (Japan Science and Technology Agency; Center for Research and Development Strategy, 2013). Except India, the countries having these sites are developed countries and the majority of the launch sites located in the developing countries are controlled and used by the developed countries. Therefore, the space expenditures of the developed countries are higher compared to those of the developing countries. According to the space economy report of the Organization for Economic and Co-operation and Development (OECD) in 2014, the space expenditures of the seven countries with a full launch capacity are approximately as follows; the US, $39.332 million; the People's Republic of China, $10.774 million; the Russian Federation, $8.691 million; the European Union, around $7.000 million; Japan, $3.421 million and Canada, $395 million (OECD, 2014).

India, which is the only country having a full launch capacity among the developing countries, is the only developing country heavily investing in the space explorations with the budget of $4.267 million (OECD, 2014). Even though Kazakhstan, another developing country, has a facility with a full launch capacity, it has rent all of the rights of this space base out to the Russian Federation (NASA, 2010) the outlays in this area are considered within the Russian Federation. Russia annually pays $115 million for lease and $50 million for facility maintenance and repair services to Kazakhstan for this base (IMF, 1995: 1999). The outlays to the space sector in other developing countries are quite low; Brazil, $259 million; Indonesia, $142 million; Iran, $139 million; Turkey, $104 million; Israel, $89 million; South Africa, $76 million and Mexica, $8 million (Washington Post, 2014; OECD, 2014). These expenditures include the lease payments made to the countries with a launch base for construction and launching of communication and intelligence satellites.

Although the amount of the space expenditures varies depending on the development level of the country and the capacity utilization, the approximate costs of the launch areas having full capacity are quite close to each other. This is due to the similarities of the structures and facilities that should be in a launch base. In addition to the established settlements for the employees, depending on the nature of the satellite, a launch complex should contain at least an access tower, a launch pad, a launch mount, a mobile service tower, exhaust ducts, a shuttle assembly building, propulsion and fuel systems test buildings, clean rooms, a payload preparation room, a fuel holding area, liquid hydrogen and oxygen storage room as well as an emergency power building and a railway to transport the spacecraft to the launch pad (Arianespace, 2016).

Although these structures' costs are not completely itemized on the open sources, the total costs of some launch sites and space missions can be found from various sources. For example, the establishment expenditure of KouRou launch base located at 5 degrees North latitude is around 25 million French Franc in 1968, which is equivalent to 3 million and 750 thousand American Dollars

with the exchange rate of that day (Russian Space Web, 2008). On the other hand, while the NASA's Juno mission launched in 2011 costs $1.1 billion (NASA, 2011), Russia will pay $3.4 billion for the Vostochny launch complex located at 51 degrees North latitude when the construction is completed (Russia Global Security, 2016). In this manner, Turkey has to allocate only 1,8% of its income to establish such a full launching facility with the same standard of Vostochny if the current exchange rate of dollar is assumed to be 2,96 TL. This budget share is smaller than the NASA's space budget between 1962 and 1969, in which NASA began to accelerate the space missions in order to get ahead of Russia.

Since the launch bases are natural monopoly production facilities, the profitability will gradually increase due to the cost reduction depending on its positive scale economy feature as production or launching is executed. Hence, even though the launch bases seem to have a high installation costs, the economic contributions of the launch bases are inevitably superior. For instance, India earned around $100 million from the satellite launching of 45 different countries (The Hindu newspaper, 2015). In addition, NASA gained $1.93 billion revenue only in Florida in 2008 (NASA, 2008:1-2) and it annually brings $1 billion in only the technology transfer to the federal budget (NASA Socioeconomic Impacts, 2011).

Furthermore, when the historical progress of the countries conducted space researches are examined, it is observed that the public expenditures primarily raise the social capital because of the awareness, motivation and education and that physical capital and capacity are improved with this increment (US Information Office, 1959). With this irrevocable progress of a country, the capital increase in human and physical sense is actually one of the scales that determines the development level of that country. Due to the highness of the sunk costs such as installation and operating cost, the funding of the space researches has to be provided from the taxes since private sector will not be willing to invest in. Therefore, it is required to perform a comprehensive assessment concerning the public expenditure for the space researches since taxes of the society will be used for financing. In this context, a SWOT analysis was conducted with 30 Ankara University astronomy students to have a better understanding on their opinions about a launch facility to be established in Turkey.

Swot Analysis

Strengths

- Turkey is located between the latitudes of 36 and 42 degrees. It has a better latitudinal position than all other launch sites except KouRou and Cape Canaveral launch bases.
- Our close latitudinal position to the equator provides an advantage in terms of quickly escaping from the gravity, carrying heavier loads and using less fuel in space missions.
- Whereas the complicated orbital maneuvers are required in higher latitudes close to the poles, Turkey can obtain more effective results with less and easy orbital maneuvers due to its latitudinal location.
- Based on the geo-political position, Turkey can become the only potential launch base located in the junction of three continents.
- Turkey has a large number of young population that are graduated from limited number of universities with astronomy research departments and many of this population are unable to find any work in this field.
- Turkey can provide employees cheaper than developed countries.
- Turkey has the 18th powerful economy in the World.

- The presence of experienced Turkish astronomer such as İsmail Akbay who worked in a senior position at NASA between 1965 and 1973, and who was one of the chief engineers of Apollo projects.
- The experiences of the organizations such as Havelsan, Roketsan and Aselsan on aviation and satellite technologies.

Weaknesses

- The astronomical studies are limited to academic researches and application fields are inadequate.
- Turkish astronomers do not have enough engineering knowledge.
- Since the sunk costs, which includes the installation costs, are considerably high for this industrial area, it has to be made by state.
- Turkish astronomers are inexperienced in launching compared to their rivals.
- There are not enough educational and motivational notions encouraged the space activities.
- There is not any regulation about the conducting a domestic or foreign launch operations within country borders in Turkish legislations.
- With the 77 million population, Turkey's residential areas are quite dense and there is not quite possible to find unmanned large flat areas near the sea.
- Turkey is located on several fault lines, which can produce intense earthquakes.

Opportunities

- The installation of a launch base eliminates the external dependence on some fields such as defense, communication and security since the land or software of other countries will not be used.
- When a satellite or a similar vehicle is launched in desired time, Turkey will take intelligence and defense advantages by getting information earlier than other resources.
- Since Turkey has a strong geo-political position, countries will highly prefer to use Turkey instead of other launching sites.
- The construction of a launch base and attraction of foreign investors will increase the economic gain.
- The development of new industries will increase employment opportunities by creating job opportunities in the country and hence this will reverse the brain drain.
- Acceleration and weight gain of the space researches will increase the quality and amount of the academic studies.
- Technological breakthroughs will affect the other economic fields and this will create an overall development wave.
- The presence of a launch base in Turkey will lead a power and prestige increment in foreign policy.

Threats

- Since the installation of a launch base in Turkey will cause reductions in both economic shares of other neighbor countries and the external dependency of Turkey, external pressures from foreign forces will highly increase.

- When the return travel of launched satellites to the Earth, they may cause environmental pollution by falling within the Turkish borders. On the other hand, if they fall out of Turkish borders, the technology may be passed into the hands of other countries.

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In The Light of Interest and Inflation, Investigating the Presence of Fisher Effect for the China Economy

Utku ALTUNOZ

Sinop University
utkual@hotmail.com

Abstract

In economic science, Fisher effect has known as the long run relationship between interest rates and inflation rates. According to Fisher, Gross national product will be at the full employment level in the long-term. Because of this fact, increase in inflation is reflected fully in, while real rates remain same. Fisher equation is used to formulate the relationship between inflation and interest rates. Equation stands out the evidence about money growing, inflation and rates. In this study, the validity of fisher effect for China was tested over the period 1996:01- 2015:03, the long-term relationship between nominal interest rate and inflation rate was examined by using ARDL Bounds Testing Approach, which was developed by Peseran et al. Before ARDL, theoretical background of Fisher Effect was explained. Following the literature survey, stationary situations were tested by Augmented Dickey Fuller unit root test. After that, Autoregressive-Distributed Lag Bounds Test was applied on variables. According to result of study, the presence of fisher effect in China was supported.

Keywords	:	Interest Rate, Inflation, Fisher Effect, Error Correction Model, Co-Integration Analysis, ARDL, Bounds Testing.
JEL Classification Codes	:	C12, C22, E31, E43.

Introduction

China, theoretical background of Fisher Effect was explained in the light of Fisher's study (1930). Following to explanation of the financial liberalization and economic development in China, study was supported by detailed literature survey. In the last part, fisher effect was tested by ARDL model and reached the fact that it is concluded that the Fisher hypothesis is valid in China for the relevant terms. The results obtained from the study about fisher effect in China shows that nominal interest rate and inflation rate are co integrated. It is understood that the Fisher effect is supported for China Economy.

Theoretical Background of Fisher Effect

Relationship between interest rate and inflation is one of the most discussed problems in economics. According to Fisher (1930), nominal interest rate will be equal to the sum of the expected inflation and real interest rate in same term. In other words, as a parallel of increasing in inflation, nominal interest rates increases but nominal interest rates does not effect from this situation. This is called as the Fisher Effect in economics.

According to Fisher, Gross national product will be at the full employment level in the long-term. Because of this fact, increase in inflation is reflected fully in, while real rates remain same. (Fama, 1975: 17). Fisher equation is used to formulate the relationship between inflation and interest rates. Equation stands out the evidence about money growing, inflation and rates. Equation is given below (Fisher, [1930] 1961: 27).

$$i \equiv r^* + \pi \tag{1}$$

where i symbolizes nominal rates, r*real rates and π inflation.

In a similar way;

Simply, Fisher effect shows that nominal interest rates (i_t) equal the sum of expected inflation (π_t^e) and real interest rates (r_t^e).

We can formulate fisher effect like below:

$$i_t = r_t^e + \pi_t^e \tag{2}$$

Under the rational expectation assumption, expected inflation is equal to the sum of actual inflation rate (π_t) and a random error term (ε_t). Formulization is like below:

$$\pi_t^e = \pi_t + \varepsilon_t \tag{3}$$

(ε_t) In equation 3 denotes error correction term, which means where EC, is the error correction part of the model and measures the speed at which prior deviations from equilibrium are corrected.

In some sources, Fisher hypothesis is examined by three different approaches as domestic Fisher Hypothesis, international Fisher hypothesis and generalized Fisher hypothesis. Domestic Fisher hypothesis is described that nominal interest rate is equal to the sum of real interest rate and expected interest rate. However, domestic Fisher effect cannot be valid always due to change in domestic policy effects the real interest rates. Under the ceteris paribus assumption, the relationships between nominal interest rate, real interest rate and inflation rate can show as equation (4) below (Akıncı & Yılmaz, 2016: 36);

$$1 + r_t = \frac{1+i_t}{1+\pi_t} \tag{4}$$

In the equation (4), i_t shows the nominal interest rate, π_t shows the inflation rates and r_t shows the real interest rate. By considering r_t, we can reach the equation (5) as below;

$$r_t = \frac{i_t - \pi_t}{1+\pi_t} \tag{5}$$

In the case where the denominator is ignored and the real interest rate is fixed, expected inflation of beginning period π_t^e is the determinant of nominal interest rate. so equation (6) is obtained as below;

$$i_t = r + \pi_t^e \tag{6}$$

Second type of Fisher effect is known as generalized Fisher effect. It describes, the nominal interest rate differences between the two countries equals difference of inflation rate of mentioned countries. Under the assumption of X and Y countries, generalized Fisher condition shows as below;

$$i_x - i_y = \pi_x - \pi_y \tag{7}$$

In the equation (7) i_x ve i_y is respectively

$$i_x - i_y = \pi_x - \pi_y \tag{7}$$

In equation (7), i_x and i_y respectively represent the nominal interest rates of X and Y countries, π_x and π_y respectively represent the expected inflation rate of X and Y countries. Because Fisher believe that monetary and real sector are independent, the real rate of return is determined by financial factors and the fiscal rate of return is determined by monetary factors (Akıncı & Yılmaz, 2016: 36). So that in equation (7) means in case of high expected inflation, nominal interest rate will be considerably higher.

Third type of Fisher effect is named international Fisher Effect, which is explained thedifference of nominal interest between two countries will reflect the information regarding the expected exchange rate changes in these countries. International Fisher effect consists of combining with generalized Fisher effect and relative purchasing power parity. Relative purchasing power parity is describing that expected inflation rates for both countries will be equal to the change in expected exchange rate. This situation shows as equation (8) below:

$$\pi_x - \pi_y = \frac{S_{t+1} - S_t}{S_t} \tag{8}$$

In equation (8), S_t and S_{t-1} respectively reflect current and next term spot exchange rates. When equation (7) and (8) is combined, international Fisher effect can be formed as equation (9) below;

$$\pi_x - \pi_y = i_x - i_y = \frac{S_{t-1} - S_t}{S_t} \tag{9}$$

According to equation (9), it can be said that countries with the high inflation rates causes the increasing of interest rates. As a parallel of this situation, exchange rate rises and National currency will lose value.

According to Hatemi-J and Irando (2008), despite the theoretical base, the Fisher hypothesis has not been powerfully encouraged empirically. Fama and Gibbon (1982), Huizinga and Mishkin (1986) and Kandel et al., (1996) reached that real interest rates were negatively concerned to the expected inflation rates. Nevertheless, great majority of economic literature accepts the Fisher Equation as stated in Fisher's original work. In this study, the Fisher effect will be tested by using 1996:01- 2015:03 data sets for the China economy.

Econometric Analysis for China Economy

In this part of study, the Fisher effect in China economy will be test by using ARDL bounds testing approach over the period 1996 :01- 2015:03. Nominal interest rates and inflation rates which were obtained from International Money Fund (IMF) and Organization for Economic Co-operation and Development (OECD) web page will be used as variables in the analysis. For empirical analysis, Şimşek and Kadılar's study (2006) has been used.

Table 2
Symbol of Variables

R_t	Nominal Interest Rates
π_t	Inflation Rates
η_t	Error Term

Vector auto regression (VAR) is an econometric analysis used to get the linear interdependencies among multiple time series. Vector auto regression (VAR) models universalize the univariate auto regression (AR) models by letting for more than one evolving variable. In our study, equation is as given below.

$$R_t = \gamma_0 + \gamma_1 \pi_t + \eta_t \tag{4}$$

In equation (1), R_t shows nominal interest rates, π_t inflation rate, which is based on gross national products deflator.

Augmented Dickey Fuller Unit Root Test

Before setting the logit model, we will examine if data lead to "spurious regression "problem or not by using Augmented Dickey Fuller unit root tests.

Table 3
Results of Augmented Dickey Fuller Unit Root Result Test

Variables	Lag	ADF Values	Lag	First Differences
R_t	1	-2.09 **	1	-8.44 *
π	3	-1.17	3	-11.90 *

Note: (*) denote the rejection of the null hypothesis at first difference of variables for 1% level and (**) denote the rejection of the null hypothesis at level of variables for 5% level. Mc Kinnon Critique values at 1% level and 5% level are respectively -3.421 and -2.312.

It is understood from the Augmented Dickey Fuller result that R_t is a stationary at level and $\boldsymbol{\pi}$ is stationary at first difference for 5% significant level.

F Statistic for Determining Long Run Relationship and Johansen Co Integration Test

Significance of lagged level relationship can be determined by calculating the F statistics.

Null hypothesis refers if there is co-integration relationship among variables or not. It is shaped as below:

Ho : λ1 = λ2 = 0

H1 : λ1 ≠ 0, or λ2 ≠ 0 (See Peseran et al., 2001: 8)

Table 4
F Statistic for Long Run Relationship

The critical limit value						
	10%		5%		1%	
d	I(0)	I(1)	I (0)	I(1)	I(0)	I(1)
1	4.61	4.96	4.80	6.20	8.41	8.75
Calculated F statistic						
F_r 19.130						
F_π 1.661						

Firstly, F statistic was calculated under the condition that nominal interest rate is an independent variable. After that, inflation was accepted as an independent variable.

Johansen co integration test was developed Johansen (1988) and Johansen-Juselius (1990) to examine the existence of co integration relationship. Johansen methodology puts forward to test formulation as below:

$$\lambda_{Trace}(r) = -T\sum_{i=r+1}^{n}(ln(1-)\lambda_i) \tag{6}$$

$$\lambda_{max(r_1,r+1)} = -Tln(1-\lambda_{r+1}) \tag{7}$$

In the event of F statistic (19.130) is bigger than highest of critical (8.75) at 1% significant level, null hypothesis is rejected. That means there is a long run relationship among variables. In accordance with result, there is a long run relationship between interest rate and inflation. Result of Johansen co integration can be seen table 5 below:

Table 5
Johansen Co integration Results

Null Hypothesis	Test Statistic	%1 Value	%5 Value
	(LR)		
r=0	71.21	33.34	26.64
r≤1	12.21	18.39	11.85

ARDL Bounds Testing Approach

The autoregressive distributed lag (ARDL) model was developed by Pesaran and Shin (1999), Pesaran et al. (2001) in order to consolidate I(0) and I(1) variables in same prediction under the assumption that all variables are stationary I(0) , ordinary least square (OLS) is acceptable. However, if variables of model are non-stationary I(1) then it is preferable to do vector error correction model (VECM, Johanson Approach) as it is much simple model we can't predict.We cannot estimate traditional ordinary least square on the variables in the event that any one of variable or all of variables are (1) because mentioned variable will not treat like constants which is required in OLS. ARDL bounds testing involve two parts. In the first part, relationships among variables will be tested for long run by using equation (8) below:

$$\Delta R_t = a_0 + \sum_{i=1}^{p} b_i \Delta R_{t-i} + \sum_{i=0}^{p} c_i \Delta \pi_{t-i} + \lambda_1 R_{t-1} + \lambda_2 \pi_{t-1} + \varepsilon_t \tag{8}$$

Table 6
Selected ARDL (1,0)

Variables	coefficient	t statistic
R_{t-1}	0.621*	3.87
π_{t-1}	420.124*	3.07
C	0.312	-0.009
LM	2.02(0.721)	

Error Correction Model

In order to provide the consistence of error correction model, coefficient should be negative. Result of error correction model is:

Table 7
Result of Error Correction Model

Variables	Coefficent	t statistic
$\Delta \pi_t$	374.214*	4.011
EC_{t-1}	-0,61*	-6.21

According to table 7, the EC (Error correction) is statistically significant and negative. Coefficient of term is -0.61, which means that theoretically driven approach beneficial for predicting both short and long terms effects of one-time series on another. Result means that 61% of the shock to the long run equilibrium disappears after one period.

Table 8
ARDL Long-Term Results

Variables	Coefficent	t statistic
π_t	711.12	4.12
C	-0.23	-0.31

According to obtained results in table (8), long-term inflation rate statistical has a strong and significant effect on nominal interest rates.

Conclusion

Investments and savings in China show a tendency decrease. Because of this situation, growth rate and current account surplus decrease. Beside, China prevents the unemployment problem by implementing the policies related to labor-intensive investments. In order to increase of falling growth rate, Chine implemented the expansionary fiscal policy. Because of this fact that China faced the growing budget deficit and growing public debt burden. Before the empirical analysis, Theoretical background of Fisher effect was explained. Following, economic improvements in China economy was scrutinized by considering the regional issues Study has been strengthened by literature survey, which is including domestic and foreign literature.

According to reported by the National Bureau of Statistics of China, Inflation Rate averaged 5.48 % from 1985 until 2016, reaching an all-time high of 28.40 in 1989. China is for this reason; Fisher effect has become more important issue for China.

In this paper, fisher the hypothesis of fisher was examined by Johansen co integration analysis and bound testing approach for the period between 1995:01- 2013:03 for China. For this aim, nominal interest rates, inflation rate was used an s a variable. According to obtained results, coefficient of term is -0.61, which means that theoretically driven approach beneficial for predicting both short and long terms effects of one-time series on another. Result means that 61% of the shock to the long run equilibrium disappears after one period.

It is concluded that the Fisher hypothesis is valid in China for the relevant terms. The results obtained from the study about fisher effect in China shows that nominal interest rate and inflation rate are co integrated. It is understood that the Fisher effect is supported for China Economy. Because of the fact that majority of studies doesn't support the Fisher effect, result of this paper become more important.

Three different conclusions can be drawn from the study. The first of these is that the monetary policies implemented in China could not be much more effective on long-term real interest rates. Second result is that according to the inflation expectations of economic agents, resources would be directed to the investments and mentioned relationships will be proportional. Last one is that inflationary press on the Chinese economy might be blocked by adjustments on interest rates.

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29 October 2016 Saturday

Session: VII-C / 14.00-15.30

PUBLIC FINANCE: BUDGET AND AUDIT

Room: *Prins Hendrik 4*

Chair: **Selami SEZGIN**

- A New Type in Participatory Budgeting: e-Participatory Budgeting

  Semih BILGE & Semra ALTINGOZ ZARPLI

- Financial Budget Rules and Discipline in Turkey

  Veli KARGI

- Accountability in Turkish State Universities through Annual Reports: The Perspective of External Audit

  Tolga DEMIRBAS & Ridvan ENGIN

- The Success of Performance-Based Budgeting System in Municipalities from the Perspective of Practitioners: The Case of Bursa

  Tolga DEMIRBAS & Erdal EROGLU

A New Type in Participatory Budgeting: e-Participatory Budgeting

Semih BILGE

Eskisehir Osmangazi University
sbilge@ogu.edu.tr

Semra ALTINGOZ ZARPLI

Bilecik Seyh Edebali University
semra.altingoz@bilecik.edu.tr

Abstract

Participatory budgeting, a process where the spending priorities to be performed by local administrations are defined and budgeted in line with the demands of the people, has emerged in Porto Alegre of Brazil in 1989. Participatory budgeting has become a complementary element of governance and democracy since its inception. The participatory budgeting approach which has become a new tendency in the public budgeting, particularly local administration, is now being implemented by reliance on a diverse set of methods.

e-Participatory budgeting, a different type of participatory budgeting, is a new practice and category in the field of public budgeting. e-Participatory budgeting is a modernized version of the participatory budget by use of information and technology. This study reviews the e-participatory budgeting that was first introduced in Belo Horizonte of Brazil in 2006. Subsequent to a theoretical framework of the participatory budgeting, the e-participatory budgeting system is explained with reference to the practice in Belo Horizonte. The e-participatory budgeting is viewed as a complementary element in the participation of the public in the budgeting processes rather than as an alternative to the current practices. Unlike the conventional participatory budgeting, e-participatory budgeting has become very popular in practice because of time saving, decline in participation costs and consideration of greater number of people. The study compares the conventional participatory budgeting and e-participatory budgeting and underlines both the advantages and disadvantages of this practice.

Since 1990s, usage of information and communication technology in democratic phases has been called as Electronic Democracy. At the same time, this concept also called as e-democracy is an important means for citizens to participate in management directly. Some philosophers claim that expense costs decrease by using information and communication technology and leaving centralized mangements out of system. It is encouraging that citizens are included in income prcess of mangement of the places they live in terms of usage of democracy and resources productively. In addition, to include citizens in budgeting processes via information and communication technology enable the necessities of the time to be realized and the rate of participation increased. With internet and information and communication technology systems, city administrations and citizens share the same virtual setting.

By this way, they find a solution to mutual problems of cities and they aim to have optimum profit in decisions of income and expense. City of Belo Horizonte hasd people of 2.350.564 and voters of 1.732.606. It is the capital of Minas Gerais State. Since 1993, with e-participant budgeting, it has adopted participant budgeting process. In 1996, housing participant budgeting was formed for meeting the increasing house demand in the city. If we put in order the reasons of applying participant budget application, we can put the updating participant budgeting via usage of BIT in the first order.

As a second, we can say that to increase the citizen participation in budegeting process and the last reason is to widen the scope of public Works exposed to voting. If we look at the coordinators behind the e- participant budgeting, it took a long time to wait and demand the citizens to participate in meetings in traditional participant budgeting. However, with e-participant budgeting, citizens are

allowed to vote online in 42 days. In this period, citizens can vote from their homes where they can reach online. In addition, citizens don't have to vote for managements where they live, they can vote for any managements from which they demand service. All the ones who are registered in Belo Horizante register of electors and over 16 years of age can vote on official web site of the city by connecting to e-voting platform. Operation of e-voting platform has four factors. These factors:

- Providing the information,
- Mutual interaction,
- Multilateral interaction,
- e-Voting devices.

In Belo Horizonte, in the studies done after the applications of e-participant budgeting when traditional participant budgeting and e-participant budgeting were compared, it was regarded that the participation rate of e-participant budgeting was seven times as much. Usage of internet decreased the participation cost significantly, and it has a big impact on the success of e-participant budgeting. Besides, 42 days of period of time granted and chance of voting in any place enabled e-participant budgeting to outpoint to the traditional pariticipant budgeting.

Keywords	:	Participatory Budgeting, e-Participatory Budgeting, Participatory Democracy, Local Administration.
JEL Classification Codes	:	H11, H61, H72.

Financial Budget Rules and Discipline in Turkey

Veli KARGI

Mersin University
velikargi@mersin.edu.tr

Abstract

Discretionary fiscal policies that implemented with the Keynesian idea in the 1930s started to give its way to the financial rules towards the end of the 20th century. The budget deficits of the countries as well as the efforts to preclude political interests have played an important role in this change. Financial rules, that were imposing limitations on fiscal policy tools, have become the focus of attention of researchers and policy makers over the past two decades.

The debates on some predetermined rules of fiscal policies to be implemented the governments occupy a significant place in public finance literature. Populist policies that implemented without a vision of the future within the scope of public financial management have led to rapid increase of public debt and a situation where public finance is no longer sustainable. This situation played an active role in the increasing of importance of the financial rules.

Fiscal rules that discussed for some time in our country have brought back to agenda, this time discussed detailedly, with the medium-term program. There are two ways to follow implementing fiscal policy. Firstly, fiscal policy, with the condition of carrying out provided it has carried out within the rules set out in the constitution and the law, has some flexibility. We call this flexible policy. Secondly, it stipulated that revenue, flexibility limits of the policies been followed in the medium and long term regarding the expenditure, borrowing and financial liabilities of the public sector are subject to specific rules.

Although always it expressed that there should be no concessions from fiscal discipline, departure from fiscal discipline became acceptable especially after the great depression depending on the economic conditions. In many advanced economies, it has made sustained increase in government spending growth exceeding revenue growth. Despite of the fluctuations in capital flows and commodity prices, similar processes had followed depending on the continuation of its growth targets in some underdeveloped countries.

Starting in the 1980s, thoughts and claims had raised regarding the negative impact on private investment due to closing of budgets deficits with public debts. In this context, some governments have implemented medium-term fiscal consolidation programs to rebuild macroeconomic stability and fiscal sustainability, and these programs had followed by financial rules.

Attempts to provide fiscal discipline by putting permanent provisions in the constitutions or laws have made for 150 years. This 150-year period could divide into three periods:

i. In the first period, in some federal systems memberstates have adopted the golden rule. In the framework of this rule, many states in the United States mid-19th century onwards and some cantons in Switzerland after 1920s had applied the rule of budget balance. The main purpose of this implementation was financing of capital expenditures from the market without the need for national government intervention.

ii. In the second period which began after the Second World War, some industrialized countries (Germany, Italy, Japan, Netherlands), following monetary reforms, had enacted some balanced budget rules in the golden rule type that support the stability program. In 1960s, other rules

that limit and prohibit financing of the deficit from certain local sources (especially from central banks) had adopted in some industrialized and developing countries.

iii. In today's era began in 1994 with the Fiscal Responsibility Law adopted in New Zealand, countries with emerging economies and a growing number of industrial countries began to adopt financial rules. These adopted rules in the various levels of government can be in the form of balanced budget rules, borrowing limits and spending limits. The commonality of existing rules in this period was supporting of accountability agreements with the current and regular reporting requirement and transparency standards including the medium-term budget framework. The current fiscal policy rules have a profound diversity in terms of both planning and implementation. While Anglo-Saxon countries (Australia, Canada states, New Zealand, England) emphasizing transparency, continental Europe (European Monetary Union Stability and Growth Pact and Switzerland) and emerging market economies (Argentina, Brazil, Colombia, Peru and India), focus on the digital reference value (target limit). Federal states where member states have strong autonomy, the rules have only accepted by the central government (Argentina, India); while in other federal systems, rules are determined separately at the level of each federal state.

In 2010 at a press conference, Turkey Finance Minister Ali Babacan has stated that, with the fiscal rules that are expected to strengthen the fiscal discipline in the medium and long term and to increase the predictability, they targeted Republic of Turkey's budget balance in medium and long-term to be minus 1 percent, i.e. 1 percent growth in GDP and that the growth rate will be 5 percent.

As a result, in our day, poverty has reached serious proportions; brought economic instability and crisis are questioning the concept of an abstract market. Although seen that all the views put forward when we look at the evolution of the historical process of the finance literature is nothing but the reinterpretation of minimalist and intrusive government approach, in fact, fundamental questions need to be answered in today's public finance literature, so if there will be the economy, government intervention, intervention in what way and be done with the help of which means, discretionary fiscal how to design the limits of the policy is on the way to what would be the institutional organization of public finance.

As a result, today poverty that reached serious proportions, economic instability and crises have become the concept of market questionable. Although it can be evidently seen that all the views put forward are nothing but the reinterpretation of minimalist and interventionist government approach when we look at the evolution of the it can historical process of the finance literature, the fundamental questions need to be answered in today's public finance literature, in fact, are in what way and with the help of which means government intervention will be made, how to design the limits of the discretionary fiscal policy and how will institutional organization of public finance be rather than if there will be an state intervention to the economy.

Keywords : Fiscal Rule, Budgetary Discipline, Fiscal Discipline.
JEL Classification Codes : H29, H61, H63, H69.

Accountability in Turkish State Universities through Annual Reports: The Perspective of External Audit

Tolga DEMIRBAS

Uludag University
tolga@uludag.edu.tr

Ridvan ENGIN

Canakkale Onsekiz Mart University
ridvanengin@comu.edu.tr

Abstract

The management approach adopted in the Public Financial Management and Control Law numbered 5018 in Turkey aims to ensure that the public administrations use the allocated resources efficiently, effectively and economically, and accordingly, these administrations in question have a structure that is liable to be transparent and accountable. It is the requirement of this accountability to prepare reports containing information regarding the activities of these administrations that have the authority to use public power and resources, and share these reports with the public and the parliament. Therefore, the annual reports have considered as the significant tools in ensuring transparency and accountability in the public administrations.

The Law numbered 5018 has taken a significant step in an attempt to change the notion of traditional input-oriented that has adopted the performance based budgeting system and accrual-based accounting in financial management. Performance based budgeting ensures the allocation of the resources of public administrations for the pre-determined purposes. Furthermore, the system that has based on performance measurement allows the public administrations to records to what extent they have lived up to their expectations. In this way, the public administrations have acquired the opportunity to announce their outcomes in their annual reports as well as revealing how much they have spent for which input. In addition, efforts have exerted to strengthen the performance-based accountability framework introduced by the Law numbered 5018 through performance audit. With the Law numbered 6085 dated 2010, the Turkish Court of Accounts took on the mission of auditing the performance data announced by the public administrations. In performance audit, The Turkish Court of Accounts audits the three basic documents (strategic plan, performance program, annual report) of a public administration to see if it has sound performance measurement system.

A rapid increase in the demand for higher education in Turkey has also increased the number of state universities and as a result, an orientation towards mass education has occurred. The state universities are the public administrations that operate in the same sector by using public sources and have expected to be in dynamic competition with one another. Since state universities serve for hundreds of thousands of students and are considered as administratively and financially autonomous institutions due to their legal entity, it is crucially important that they account for the sources they utilize and this is a subject which is worthy of discussion. In the period before the Law numbered 5018 was passed, the state universities were traditional budget-oriented and their accountability to public was widely limited. The institutional arrangements introduced by the law in question have increased the capacity of state universities to generate knowledge and information. Currently, the state universities, similar to the other public administrations, are obliged to measure their performances and announce the outcomes in annual reports. Besides, the Turkish Court of Accounts subjects these annual reports to performance audits.

The purpose of this study is to investigate and reveal to what extent the state universities in Turkey are accountable to their stakeholders through their annual reports. The method adopted in an attempt to fulfill this purpose is to analyze the performance audit findings obtained by the Turkish Court of Accounts, an external audit body. The auditors of the Turkish Court of Accounts, unlike the ordinary

citizens, has endowed with strong powers regarding the acquisition of knowledge about public administration. Therefore, external auditors' findings on annual reports of state universities are very valuable for us. Recently there have been 25 performance audits performed by the Court of Accounts in the state universities.

When the audit reports in question are analyzed, the problems observed in the state universities as follows: Failure to announce the annual report to the public on time; failure to include necessary some information and headings according to the legislation in the annual report; failure to justify some of the performance information in the annual report with supportive documents; failure to make an announcement regarding the reasons of deviations in some of the performance targets; non-convincing explanations regarding some deviations; partial inconsistencies between the information in the strategic plan and the annual report.

To conclude, the state universities in Turkey are unable to account for every lira they spend to the public. The audit reports of the Turkish Court of Accounts demonstrate that the state universities that are in a position to be able to implement the performance based budgeting system in the best way have failed to live up to the expectations.

Keywords	:	Accountability, Annual Reports, State Universities, External Audit, Turkish Court of Accounts, Performance Based Budgeting.
JEL Classification Codes	:	H83, I23.

The Success of Performance-Based Budgeting System in Municipalities from the Perspective of Practitioners: The Case of Bursa

Tolga DEMIRBAS

Uludag University
tolga@uludag.edu.tr

Erdal EROGLU

Uludag University
erdaleroglu@uludag.edu.tr

Abstract

The performance-based budgeting (PBB) system is one of the key tools that it has adopted from the private sector regarding the productive, efficient and economical use of public resources. The fact that the input-oriented traditional budget is not a management and planning tool has made it an obligation to switch to a new system. The PBB enables the public agencies to determine medium-term both qualitative and quantitative purposes, allocate its resources for the purposes in question, measure the ensuing performance as a result of the use of the resources and explicate the performance information revealing the success of the management. Therefore, the PBB system has considered as an appropriate approach for efficiency both in the use of resources, and transparent and accountable management. Theoretically, the pledges of PBB are quite plentiful. These pledges include allocation of resources for the strategic priorities of government agencies, maintaining efficiency in delivering public services, maintaining fiscal discipline, increasing transparency, strengthening the accountability, increasing the interaction, participation and trust between the public agencies and the shareholders, taking the budgetary decisions more rationally etc.

The PBB system has been in operation in Turkey for nearly 10 years at both central and local administration levels. Therefore, it is possible to say that sufficient experience has accumulated for the evaluation of success. The purpose of this study is to evaluate the success of the PBB system, which has thought to assist the municipalities in Turkey to utilize the resources efficiently, effectively and economically, and be accountable to the public. It is possible to state the basic question of the study as in the following: *"To what extent are the pledges of the PBB system put into practice by the municipalities?"* The very first reason why the municipalities have elected is the fact that the local governments are the first application laboratory of the new budget systems in the public sector. On the other hand, it is clear that a successful application at the local governmental level is to lead the central government to success as well. The second one is that the municipalities in Turkey have strengthened in comparison to the past since early 2000 and this constitutes a significant advantage in terms of the PBB application. The municipal law in Turkey changed in 2005 and the administrative and financial autonomy of the municipalities were increased. Furthermore, the regulations aimed to improve the municipal-civil society relations implemented. Similarly, the municipalities were encouraged to offer services by establishing companies and take advantage of the private sector. The third one is the fact that municipalities in Turkey are the most powerful local units from the financial perspective and at a closest point to the public.

Within this perspective, the study aims to analyze the success level of the PBB system operative in the municipalities within the provincial boundaries of the Bursa. The outcomes pledged by the PBB system based on the relevant literature and existing regulations have been explicated as follows (Joyce, 1999; Curristine, 2005; Shah & Shen, 2007; Özen, 2008; Çelebi & Kovancılar, 2012; Ministry of Finance, 2005): an increase in the level of accountability; an increase in fiscal transparency; an increase in the quality of public services; allocation of the resources to the priority areas; paying closer attention to the demand of the citizens regarding the public services (participation); an increase in the

communication and cooperation between the spending units; saving the resources and fiscal discipline; administrative flexibility; focusing on the performances in budgetary decisions. In this study, the data was collected by means of a semi-structured interview method from the employees in the financial services unit, the spending unit administrators and the council members that have a key role to play in the success of the operation of the PBB system.

The findings obtained revealed that the PBB system was partially successful. While the participants emphasized that the system led to an increase especially in accountability and transparency, they also stated that the habits of the traditional budget partially lingered on.

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29 October 2016 Saturday

Session: VIII-A / 16.00-17.30

FINANCIAL ECONOMICS

Room: *Prins Hendrik 2*

Chair: **Melek AKDOGAN GEDIK**

- Analysis of the Growth Potential and Profitability in Turkish Banking Sector

  Gokhan SUMER

- Determination of Financial Indicators Effect onto the Cash Management: An Application in BIST

  Eda ORUC ERDOGAN & Ebru NURCAN

- Financial Ratios Effects on the Football Companies' Grouping Financing Performance: An Application on the BIST

  Ebru NURCAN & Murat ERDOGAN & Eda ORUC ERDOGAN

- Globalization and Audit

  Veli KARGI

- The Economic Impact of Syrian Crisis on Turkey

  Tunc DEMIRTAS

Analysis of the Growth Potential and Profitability in Turkish Banking Sector

Gokhan SUMER

Türkiye Halk Bankası A.Ş.
gokhan.sumer@halkbank.com.tr

Abstract

Nowadays economy and finance create a meaningful whole. It is impossible that when there is some problem in one of them, this also reflects the other one. Every individual in the society directly influenced economically and financially as well as positively and negatively. Banks, main actor of finance, are essential of life. Decreasing cambium controls, liberalism of global trades, decreasing effects of state and variety of banking services cause an increase in service concepts in finance and real life.

Banking services has become an indispensable part of individuals like as loans, deposits, saving, payment, leasing, factoring, forfaiting, forward and swap transactions, credit cards, investment funds, consumer loans etc.

Banks operating in Turkey have become corporations that use advanced technology, response necessities of the requirements of period, offer fast solutions to the needs of their clients, have improved themselves in product diversification, can adjust fast to legislative regulations, have strong capital structure are administrated with risk management and effective supervision by both their internal supervision and regulation departments and external authorities.

Banks in Turkey serve their clients by chain of distribution such as internet, mobile, television, telephone, web-kiosk, ATM except common client webs. Reaching banks and transacting possibilities and transacting speeds extremely developed in both physical and virtual meaning. Banks' service qualities that are increasing day by day bring customer satisfaction in its wake. While banks are supervising themselves with confidential client application to access to better grade in this subject, they also take stock of the information that they took from their clients with the applications like customer complaint line and happy client centre.

Turkish Banks serve all the modern banking's needed work and transactions while brokerage operations made to products such as factoring, leasing, forfaiting, instruments, equity share, insurance transactions, foreign trade operations, letter of guaranty, credit, bill of guarantee acceptance credits, cheques, bonds etc.

Fourtyseven banks are active in Turkish Banking Sector since 31 December 2015. These 47 banks are serving with total 201.204 staff in branches.

Assets of sector reach to level of TRY 2.235.99 from the 31 December 2015 up to date. For the same term, it has recognized that items for loans and credit balances are TRY 1.458.516, total deposit figure is TRY 1.250.689 and equity capitals are TRY 251.614. While sector of Turkish banking total capital figure, which dated on 31 December 2015, is TRY 64.584, total profit is TRY 25.644.

The proportion of GDP and the assets were 52.5% in 1998 while there was an increase up to 107.9% towards to 2014. Although the proportion of credits and claims to GDP was 20.1% in 1998, it increased to 69.1% in 2014. Similar to this, the proportion of deposits to GDP was 34.5% in 1998; it also increased to 60.4% in 2014. These are clearly shows that the sector is growing rapidly day by day,

and the interests and profits from GDP is increasing. It also observed that the sector is growing much faster than the GDP increase rate.

The ratio of GDP to Turkish Banking Sector was around 52.5% in 1998 while that became twice as large up to 107.9% in 2014. This proves the potential development and fast pace of growth rate of the sector in Turkey. The proportion of deposits to GDP and the proportion of credits / claims to GDP is increasing day by day.

It is possible to describe return on equity as ratio that shows return on investment and calculated by diving net profit by equity. Return on equity is quite important to investors and shareholders. Investors primarily aim at acquiring minimum equity and high profitability because the investor wants to know the profitability of the money that they have invested and when it is to return. For this reason, investors prefer business organisations, which possess high return on equity.

Real and juridical people who are also to invest capital in banks first check the related bank's return on equity. In a state of a non-registration between other data while the ultimate investment decision made, the bank with high return on equity opted for. Not only does high return on equity increase the will of native and foreign investors but also it brings results such as increase in share price or paying high dividend. In banking sector, in addition to helping capital rally, increasing capital adequacy ratio, high return on equity brings positive impacts such as opening new branch, increasing demand for funds that is limited by audit authority.

Equity capital profitability of Turkish Banking Sector, which was 26.4% in 2009, fall to 14.7% by decreasing over the years. Banks' administrative and financial obligations are increased which formed in society overall, with the sense of high profit effect. In addition, it affects banks to decrease in profitability ratio. Turkey has less profitability of equity capitals to other developing countries with the rate of 14.7% profitability of equity capital. Contrary to popular belief, numbers show that Turkish Banking Sector's equity capital profitability is lower than other opponent countries.

No doubt, the investor will consider the return of the capital that they invested while deciding on investment. Present equity capital profitability in Turkish Banking Sector will bring with investors preference to use other opponent country markets.

In order to develop Turkish Banking Sector and to allow both foreign capital and investors to enter the sector from beginning or invest on the existing banks', the sector itself should take the responsibility and decrease their profitability. In addition, this negation should avert by stressing stability although it is one of the developing cities, which there are equity capital profitability of foreign capital.

Capital income should provide with political and economic stability, institutions that are independent and autonomous supervision and regulation and by emphasising on the potential growth of the Turkish Banking Sector.

Determination of Financial Indicators Effect onto the Cash Management: An Application in BIST

Eda ORUC ERDOGAN

Akdeniz University
edaoruc@akdeniz.edu.tr

Ebru NURCAN

Akdeniz University
ebrunurcan@akdeniz.edu.tr

Abstract

Financial decisions which will be taken by enterprises have become more important with increasing competition environment on accessing to financial resources and using them nowadays. Financial decisions about cash management have a large place in financial literature. It is important that cash management has made effectively in scope of finance managers because there is no synchronization between cash inflow, cash outflow in enterprises, in other words; cash inflow, and cash outflow is not actualized simultaneously.

Cash assets, which is under current assets is an important item of assets for most companies. Especially catching up with the optimum amount of cash, allows the company to perform its liabilities and be ready against extraordinary situations. (Ali, Ullah & Ullah, 2016) On the other hand the companies, when determining the optimal amount of cash; should consider opportunity cost, which denotes the situation where the cash at hand is not being utilized at various investment areas. There are two basic advantages to hold a certain amount of cash available. First, one is that the companies do not need liquid assets to make payments. Second, one is that the company can use its presently available liquid assets, to finance its activities and assets (Opler & Pinkowitz & Stulz & Williamson, 1999: 4).

When we observe the finance literature, we find that there are two approaches regarding the cash management. One is trade off theory and the other one is pecking order theory. Trade off theory suggests that the companies calculate the benefit from holding a certain amount of cash available versus the cost arising from doing so, in calculating the optimal amount of cash. (Al-Najjar & Belghitar, 2011). According to pecking order theory by Myers and Majluf (1984) profitable companies go for using less debentures and they don't meet their funding needs from debentures or issuing bonds. (Medeiros & Daher, 2005). Hence, they will have made use of financial surplus they created. When required, they use this financial surplus instead of issuing bonds (Vasiliou, 2005). According to this theory, cash management is a practice which suggests the redirecting of the company's profit and excess cash to investments instead of watching for a certain, targeted amount of cash (Ferreira & Vilela, 2004).

The study thereof aims at defining the relation between the determined financial indicators and company's cash management. 66 companies that were operand through 2010-2015 period at Borsa İstanbul 100 continuously have been observed for the study thereof. Within the scope of the study; as expressed in Ali, Ullah and Ullah 's (2016) study, cash indicator determined by: Cash and cash equivalents / (total assets- Cash and cash equivalents) ratio being the dependent variable; current ratio, return on assets, leverage ratio, tangible assets total assets ratio and net working capital total assets ratio are taken as independent variables.

Panel data analysis has used in determining the relation between the companies's various financial ratios and cash management. The model we use in determining the relation between cash management and various financial ratios through panel data analysis can expressed as follows:

$$Cash_{it} = \beta_{0it} + \beta_{1it}CR_{it} + \beta_{2it}ROA_{it} + \beta_{3it}TA_{it} + \beta_{4it}LR_{it} + \beta_{5it}NWCTA_{it} + e_{it}$$

Panel data set shows a structure that consists of section of duration and horizontal section. Accordingly, to prevent the fake relations from occurring among the variables in analyzing the durations of time, as it is occasionally the case; the variables have to be stable. The analyses performed indicate that Levin, Li and Chu and IPS unit root tests give out data at 5% level of significance when the stability of the series are tested.

To determine whether to use permanent effects model or random effects model in analyses; Hausman test has performed. As the calculated figure because of the test was greater than 5%; random effects model is preferred.

Table 1
Results of Anaylsis

	Fixed Effect Model		Random Effect Model	
	t-statistics	P-value	t-statistics	P-value
Current Ratio (CR)	-4.21	**0.000***	-5.57	**0.000***
Return on Assets (ROA)	-0.65	0.516	-0.36	0.717
Tangible Assets/Total Assets (TA)	-3.91	**0.000***	-3.26	**0.001***
Leverage Ratio (LR)	1.59	0.112	1.36	0.174
Net Working Capital/TotalAssets (NWCTA)	0.60	0.548	0.85	0.397
Constant	4.01	0.000	3.32	0.001
R^2	0.2102		0.2875	
F-statistics	14.36	0.000		
Wald statistics X^2			94.02	0.000
Durbin Watson	1.98954		1.99896	
Breusch-Pagan	243.21	0.0000		
Hausman TestX^2	9.74	0.0829		
Observation Number	396	396	396	396

*Note: * 5% level of significance.*

According to analysis results, it is observed that current ratios of the companies effect their decision to hold cash positively and at a significance level of 5%, and that the ratio of the tangible assets against the total assets effect their decision to hold cash negatively at a rate of 5%. Active profitabilities of the companies regarding the sampling group which is subject to the study thereof, and their leverage rate and active assets have no effect on their decisions to hold cash.

Current ratio being high at a company is an indicator of the company's high solvency capability. High solvency capacity is also an indicator of sufficient current assets. Accordingly, a company with sufficient current assets, in other words a company with sufficient ready assets, reserves and receivables; has expected to hold less cash. In addition, the companies that have sufficient tangible assets have a tendency to hold less cash. Accordingly, the companies have the capacity to sell their tangible assets and create cash whenever they may need. (Drobetz & Grüninger, 2007). In the studied sampling group as well, a similar result remains valid and the negative relation between the decision to hold cash and tangible assets.

Therefore, as for the companies be able to make decision about the amount of cash to hold, it is beneficial for them to duly consider the factors which may effect the decision to hold cash. The factors may be sourcing from the company itself, or from outside the company. Our study concludes that various financial ratios of the companies have guiding effects in determining the need for holding cash. Accordingly, it would be a convenient practice for the financial directors to evaluate various financial ratios while making decisions relating cash management, so as for them to be able to catch a certain level of efficiency.

Keywords	:	Cash Holdings, Cash Management, Financial Ratios, Panel Data Analysis.
JEL Classification Codes	:	G30, G31.

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Financial Ratios Effects on the Football Companies' Grouping Financing Performance: An Application on the BIST

Ebru NURCAN

Akdeniz University
ebrunurcan@akdeniz.edu.tr

Murat ERDOGAN

Akdeniz University
muraterdogan@akdeniz.edu.tr

Eda ORUC ERDOGAN

Akdeniz University
edaoruc@akdeniz.edu.tr

Abstract

Being more active player in developing industrial football market for football clubs depends on taking more shares from this market. With increasing competition environment, the clubs tend to new sources of income in order to maximizing their share in the market. The most important one of the activities is that clubs get into capital markets (Kaya & Gülhan, 2013).

There are a number of theories developed those relate to success of sport clubs. These theories relate to the objective of maximization of the financial performance or maximization of the success at sport activities or maximization of both financial performance and success at sport activities, which have defined as the main goal by sport director (Dobson & Goddard, 2002). In addition to this, as Haas et al (2004) states at their study, social objective of the sport clubs, which are relating to the sport club fans, is also one of the goals of the sport clubs.

When the academic studies made for assessing the financial performance of the sport clubs are analyzed, it is seen that some of them assesses financial ratings directly and some of them correlates the criteria which shows success at sport activities and financial performance.

One of the firs tempirical Works studying the relation between sporting performance and Arnold (1991) makes financial performance. The work examined by OLS model, studied British Football Clubs between 1905 and 1985. According to the results obtained, a strong correlation between British Football Clubs' income level and their sports performance has seen. Zsymanski (1998) makes one of the Works studying the correlation between sport clubs' financial performance and various indexes. Zsymanski (1998) studied the correlation between the earnings before tax and match results of the 40 British sport clubs. According to the results he obtained it has seen that, a development in sports performance reflects to the increase at the earnings of the sport clubs.

Football clubs tend to attempt of incorporation with the aim of maximizing income in our country like the whole world. The activities first began in the 1980s. In that period, Professional football offices of the clubs were handed over to founded or established incorporated companies.

It is result of rapid changes in Turkish football sector that Beşiktaş, Fenerbahçe, Galatasaray and Trabzonspor Football Club sknown as Turkey's big 4 firstly incorporated, then offered to public their stocks of founded companies and quoted to BIST. Changes occurred especially on incomes and costs feature sport financing.

While some of the football clubs in Turkey incorporated, just the corporations of football clubs which are called 4 bigs went public. First Beşiktaş Football Club's Incorporated Company and Galatasaray Sport Club's Incorporated Company (went public in February 2002, then Fenerbahçe Sport Club's Incorporated Company went public in February 2004 and quoted to BIST (Borsa Istanbul). Trabzonspor Football Club's Incorporated Company participated in BIST in April 2005.

The aim of this study is determination of which financial rate is effective on grouping of football clubs listed on BIST in 2012-2015 period for financial performance. In accordance of this purpose, evaluation will be made with discriminant analysis from statistical methods.

Discriminant analysis, which considers many features of the units, has applied for assignment of the units to the real classes at natural environment optimally. Also, the variables, which have the greatest correlation with the groups, and their prediction capability of group member ship defined.

The independent variables used to define financial performance of the football clubs are current ratio, acid test ratio, receivables turnover ratio, asset turnover ratio and return on equity. When literatüre review was made, the independent variables used at the study were seen as the mostly used financial ratios. For the football clubs, which are trading on the stock exchange, the financial performance that reflects the financial success and the criteria for the classification of the setback defined according to the being over or under the average net earnings for every term. The unsuccessful terms of the football club are coded with "0" and successful terms with "1".

This study aims to distinguish the financial ratios coming into prominence to detect financial setback of the Turkish Football Teams. The results of discriminant analysis Show that current ratio (CR), acid-test ratio (AR), asset turnover (ATO) and return on equity (ROE) are the key variables to identify financial setback of football clubs when they have assessed financially. Receivables turn over ratio has seen to have no affect to identify financial setback.

One discriminant analysis function was obtained after making decomposition analysis. As presented at Table 1, eigenvalue showing importance of the discriminant analysis is 0.853 and defined variance ratio is 100%. The canonical correlation coefficient of the function is 0.678.

Table 1
Results of Discriminanat Analysis

Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	0,787	100,0	100,0	0,664
Test of Function	Wilks' Lambda	Chi-square	Df	Sig.
1	0,560	34,817	4	0,000

When the Standard Discriminant Function's Coefficients showed at Table 2 are studied, for the sampling of football clubs, "CR, AR, ATO, ROE" variables are most contributing factors to the discriminant function of the model. Below are discriminant function equations, which are designed by using standardized values.

$$DF = 6,098CR - 5,225AR + 0,383ROE - 0,697ATO$$

Table 2
Discriminant Function Coefficients

Standardized Canonical Discriminant Function Coefficients		Classification Function Coefficients (Fisher's linear discriminant functions)		
Independent Variables	Function	Independent Variables	Financial Unsuccessful Football Club	Financial Successful Football Club
CR	6,098	CR	54,862	113,613
AR	-5,225	AR	-43,592	-92,864
ROE	,382	ROE	,066	,246
ATO	,697	ATO	4,819	8,295
(Constant)			-2,850	-7,892

* *78,1% of original grouped cases correctly classified.*

When analysis results are studied, the variables used to distinguish the success and setback that relates to the football club's financial performance evaluated. When the independent variables are

studied, it is seen that current ratio, acid test ratio, return on equity and asset turnover define financial success or setback but receivables turnover has no affect to define financial performance. According to this, it is seen that mostly liquidity ratios come into prominence to assessment of football clubs' financial performance.

Keywords　　　　　　:　Financial Performance, Financial Ratios, Discriminant Analysis.

JEL Classification Codes :　G30, G31.

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Globalization and Audit

Veli KARGI

Mersin University
velikargi@mersin.edu.tr

Abstract

The increasing trend towards globalization, which has created by the economic and technological developments, has allowed countries to share many values at the international level by removing the limits of the states. In this regard, businesses are engaged in activities in different countries around the world outside their own countries.

During the process of globalization, changes in the preferences of the societies and in the process of competition among companies, increase in the contribution of the countries to the world economy, the development of international capital markets, the desire to benefit from the alternatives provided by the process of restructuring of the world economy, have led businesses to operate at an international level.

The removal of barriers of trade and globalization lead to the emergence of major economic developments in both national and international markets. Depending on these developments, various economic crises are emerging because of false and deceptive information. Especially Enron incident occurred in the recently reduced the confidence in economic markets and necessitated importance to give to the auditing in order to regain this declined trust.

Rapid changes in technology, liberalization of international goods trade and capital flows, the reconstructions that are based market system in the economy, developments in politics towards a more liberal democracy and new searchings of social organization models became widespread at global level and gained deep and comprehensive evolutionary feature. Gaining fluidity of technology between the countries along with the gradual trend towards integration in world trade liberalization and financial markets significantly affect production structures of national economies, consumption patterns and their connections with other economies as well as increase their sensitivity to external conditions.

In this context, while capacity of the state to divert the national production from the center is decreasing and the area of activities of private enterprise are expanding, relative importance of local productive forces is growing. In these circumstances, reforms that redefine the role of government that the regulation of the framework that will lead to the best economic performance of the market system and that of the decentralization of the public authority institutions in a balanced manner will apply have entered the agenda of governments in every region of the world. The phenomenon of globalization, on one hand requires new governance models at national and subnational level and on the other hand gives prominence to participation of countries to the organizations that represent and protect their interests, which are at the supranational level.

In the globalizing world, it is a fact that there is a need for international audit organizations for monitoring international environmental problems, corruption the events and the international projects. The political and social pressure of international organizations and world public opinion on national governments reveals the importance of the audit crossing the boundaries of domestic politics and gaining an international importance.

The strengthening of international law, increasing international integration and convergence, the creation of global awareness and other developments make it necessary to undertake the various

control functions for the national audit. Globalization requires the transformation of the national audit institutions and aim at new audit areas and into new horizons.

The approach that the financial market must be kept under control at the national level to protect the national and international economic stability has led to the emergence of new regulatory and supervisory unit. National economic crises whose effects are crossing the international boundaries, imbalances and fluctuations in the national economy that because international problems have led to efforts to reach a standard recognized at the international level for the supervision of the international financial markets.

The main findings reached in the process of determining the international principles to be applied in the regulation and supervision of the financial markets are the creation of technical infrastructure in supervision and regulation of financial markets and the provision of requirement of specialization and requirement of the avoidance of the political preferences in the inspection and regulation of financial markets. The countries have chosen administrative structuring based on their preferences on the basis of principles set out in the creation of national institutions to carry out regulation and inspection applications of the markets.

An organization that independently audit at the international level, especially ensure the accountability of international organizations against international community been adequately assessed is deemed necessary. INTOSAI in Cuba (International Organization of Supreme Audit Institutions-International Supreme Audit Institutions Association) has created in order to develop the relationships among supreme audit institutions, to strengthen, to share information and experiences about the public financial control and to provide support to its members in the field needed in 1953. Relating INTOSAI with the UN, it can be considered that a structure that could assume a direct role in this area would be a solution to this issue.

In the study, after giving information about globalization and internationalization of the control mechanisms, a brief history of the audit had given. It was also underlined the definition of the audit, the types of audit and the internationalization of the audit as well as its reasons. Finally, it was investigated the supreme audit and its position before the national parliaments across the world.

Keywords   :   Audit, Audit Firms, Audit Public Budget, Globalization.
JEL Classification Codes :   H61, H69, M42, M49.

The Economic Impact of Syrian Crisis on Turkey

Tunc DEMIRTAS

Uludag University
tunc@uludag.edu.tr

Abstract

The concept of conflict has political, cultural, ethnic and economic dimensions. During and aftermath of the conflict, at the first stage, effects of the crisis can be seen on economic fields such as trade, tourism and transport sectors in conflict areas. Turkey has a significant geographical location that has advantages. Yet, it could also have disadvantages due to the ongoing crises in its region. Regionalism and interdependence together with globalisation have become key notions of the 21st century. Regionalism has brought up some developments that have impacts that are more remarkable on conflict and crisis areas than before. This paper discusses economic impact of ongoing Syria crisis on Turkey. The paper used the official figures obtained from the institutions including the Ministries of Economy, Culture and Tourism, Customs and Trade, Chambers of Commerce and Industry of Antalya, Mersin, İstanbul, Hatay, Gaziantep, Kilis etc. In general, there are negative and positive economic impacts of the Syrian crisis on Turkey. In 2011, the decrease on Syrian imports to Turkey was 21% and the exports decreased 12.6% while the volume of trade between Turkey and Syria has reached at $1.9 billion in 2015. This is in fact a result of the humanitarian crisis in Syria rather than improve on bilateral relations. In addition, Turkey has made more than $10 billion humanitarian aid for refugees who flee from Syria crisis to Turkey as majority of this amount has spent from Turkey's own resources. Moreover, the intense refugee influx that Turkey has received has dramatically changed the socioeconomic structure of some particular cities.

Foreign and bilateral trade volumes between Turkey and Syria have negatively effected after Syria crisis has emerged in 2011. In this regard, while the trade volume between two countries was $1.7 billion in 2011, this number has decreased to $1.5 billion in 2015 in according to data from TÜİK (Turkish Statistical Institute). In general, whilst Turkey's foreign volume was $375 billion in 2011, it has dropped to $351 billion in 2015. Syria crisis has oblique impacts on Turkey's tourism. The number of tourist arrivals in Turkey has proportionately fallen particularly since 2013 mainly due to fact that tourists have intended to travel other countries for security reasons. There has been cancellation of reservations by tourists after bomb attacks in Turkey since 2013. In addition, a Turkish Air Force F-16 fighter jet shot down a Russian Su-24M bomber aircraft near the Syria-Turkey border on 24 November 2015 because it violated the border. This case has caused significant decrease in the number of Russian tourist arrivals. Such decrease in Tourism has had direct and indirect impacts on Turkey economy. Eventually, while Turkey had $10.4 billion income in the period of the first half of 2015, yet, this number dropped to $6.6 billion in the first half of 2016. Besides. Syria crisis has had considerable impacts on transportation. There are six border gates between Turkey and Syria, and these play significant role in road transport for trade with Middle East countries. What is more, after border gates have closed between two countries, Ro-Ro services has granted importance in order to prevent from interrupting the exportation in the Middle East. Therefore, Mersin-İskenderiye and Mersin-Trablussam Ro-Ro lines have used as an alternative.

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29 October 2016 Saturday

Session: VIII-B / 16.00-17.30

SOCIAL POLICY

Room: *Prins Hendrik 3*

Chair: **Altug Murat KOKTAS**

- Human Face of Globalization: An Assessment from the Perspective of International Migration

  Munise Tuba AKTAŞ

- The Fundamental Social Security Issues in Turkey: A General Comparison with Europe

  Sadik KILIC

- Aging without Having an Aging Plan; "Third Age" Rhetoric for a "Fourth Age" Reality in Turkey

  Doga Basar SARIIPEK & Seyran GURSOY

- Determinants of Household Employment Type in Turkey

  Mehmet SENGUR & Sami TABAN

- Determining Factors that Affect Consumers' Decision about House Purchasing

  Bengu SEKEROGLU & Hulya OZTOP & Emrah ALTUN

Human Face of Globalization: An Assessment from the Perspective of International Migration

Munise Tuba AKTAS

Anadolu University
mtturker@anadolu.edu.tr

Abstract

With the globalization, it is observed that international mobility of goods, services and capital is gaining momentum rapidly while human mobility remains at a limited level. However, although certain restrictions could be applied to human mobility, international migration continuously increases. Theoretical examination of the reasons for international migration demonstrates that economic, social, political factors and interpersonal connections are the significant agents of migration. On the other hand, it is observed that the phenomenon of migration is addressed with a holistic approach as a combination of all these factors. According to World-Systems Theory, one of the theoretical approaches to migration, migration flows would increase in capitalist development process inevitably. Here, migration could be considered as a part of neoliberal globalization process. However, to determine the place of this part within the globalization process accurately, addressing immigration development within time, including its reasons, would be a correct approach. Thus, the main objective of the present study is to assess the development of human mobility parallel to globalization. The study attempts to explain the relationship between globalization and human mobility within the framework of the dynamics that induce this correlation.

Keywords : Globalization, International Migration, Capitalism.

JEL Classification Codes : F60, F22, 015.

Introduction

With the globalization, it is observed that international mobility of goods, services and capital is gaining momentum rapidly while human mobility remains at a limited level. Globalization is a phenomenon which is being discussed extensively especially in terms of its economic reach. Existence of totally opposite views on this subject is considerable when the literature on globalization is explored. On one hand, there are people who take globalization as a power which unites the nations of the world while encouraging civilization, economic growth and welfare. On the other hand, there are those who take globalization as a destructive power which compromises economic, social and cultural conditions of people, increase economic vulnerability and which leads to polarization, conflict and exclusion. In other words, claims are that there are those who reap the benefits of globalization while others are left out of this process. Based on the data obtained from the World Bank, Kazgan (2015) stated that low-income population is left outside of the globalization, being unable to exploit the provisions of globalization. However, the low-income population is left outside of the globalization, it is obvious that their countries of origin are suffering the consequences of this situation. Likewise, the share of the global economy accounted for the low-income group decreased dramatically from 3.5% in 1984 to 1% in 2011 as the globalization gained momentum. The share of the global economy accounted for the high-income group was 71.4% in 2011 (Kazgan, 2015: 62-63). Such an inequality provides a economic motivation for immigration. Another phenomenon which escalated with the globalization is the unbalanced development of production factors with respect to the globalization level. In other words, the level of globalization of the workforce is quite below the globalization level of the capital. In terms of economy, such an observation suggests that the globalization phenomenon mainly depends on

economic and commercial globalization. This study consists of three chapters. The first chapter focuses on the concept of globalization and its economic aspects. The second chapter addresses immigration trends, immigration types and the main motivations for immigration. The last chapter discusses immigration routes and the globalization level of the workforce. This study aims to shed a light on the human dimension of the globalization phenomenon which is commonly discussed for its capital and commercial considerations.

## The Globalization Concept and Its Economic Aspects

Several researches are available in the literature focusing on different aspects of the globalization concept. Some of the definitions available suggest an economic globalization definition addressing the economic aspects of globalization. On the other hand, there are also definitions based on socio-cultural, legal and political aspects of globalization. A definition which will address all the possible aspects of globalization can be developed, as follows: Globalization is a process in which relationships and interactions between nations, societies and local groups expand, deepen and gain momentum and it involves any trends and phenomena associated with these processes (Ministry of Development, 2000: 11). The main driver of the globalization process is the ease of information flow brought in by the innovations in information and communication technologies. With the liberalization of global trade and global integration trend in financial markets, international transfer of technology significantly affects the production structure and consumption patterns of national economies and their relations with other economies increasing their sensitivity to external conditions. The globalization concept can be defined in terms of its economic aspects. The main result here is the national economies becoming interdependent. Globalization can also be defined as the trend towards a single, integrated and interdependent world.

Globalization Process from the Perspective of Immigration Theories

According to Lee, immigration, in a broad sense, is defined as the permanent or temporary change in residence (Lee, 1966, 49). The phenomenon of immigration is shaped directly by the political, economic, and cultural determinants of the period it gains momentum. It can be said that theoretical explanations of immigration movements are affected by the periodical economic and political developments in the world while mainstream economic mentality also plays an important role in the form of immigration policies. It can be said that while there is a significant link between globalization and migration, there is no singular causal relationship between the two. On the one hand, for example, national immigration policies have been shown to vary along with changes in the dominant economic regime. Immigration policies have generally become much more liberal during periods of global economic expansion and stricter during periods of economic recession and crisis (Brickner, 2013: 6).

In this context, the relationship between the stages of globalization and immigration waves can be evaluated in Figure 1 for the USA example. In the decade prior to World War I (1901-10), the total non-native population reached a peak level of 14.7% of the U.S. population. In turn, in the same decade, total immigration reached a peak level of 9.5% of the U.S. population The period of 1870-1914, characterized by free trade, free capital mobility, and the gold standard has been termed by economic historians as the "first wave of globalization." The period was as accompanied by a large flow of international migration. Although immigration policies in the countries of the New World promoted and encouraged international migration in response to the need for increased labor supply to support rapid economic expansion, these policies gradually became more restrictive toward the end of that century and the early 20th century, particularly in the 1910s and 1920s (Solimano, 2010: 85-94).

Figure: 1
Share of Foreign-Born People and Immigrants of the U.S. Population (Percent, 1871-2006)
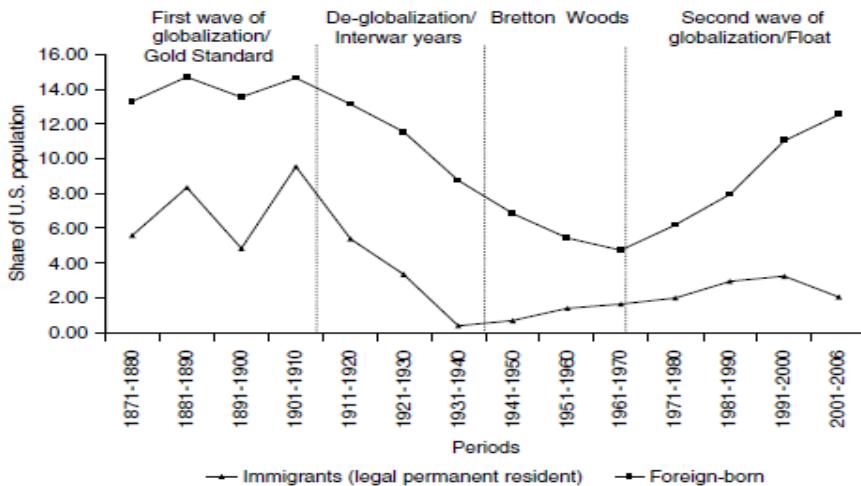
Source: Solimano, 2010: 85.

As seen Figure 1, immigration has changed quantitatively when compared to the first globalization wave. In the second globalization wave, it is found that the ratio of non-natives and international migrants to US population was decreased when compared to the first globalization wave. The relationship between neoliberal globalization and immigration could be explained by some theoretical approaches.

World system theory which claims that immigration is controlled by the central countries in line with their interests explains the immigration movement in connection with the capitalist system. In this respect, immigration is a result of mobilization of the cheap labor for capital as required by the expansionist structure of the system. When the supply and demand balance is disrupted to the detriment of the supply or when the labor potential available is not flexible and cheap, then, the developed countries demand international migrant workforce. In other words, according to the world system theory, resources and workforce available under peripheral or semi-peripheral countries will be transferred to the central countries at the end of the capitalistic expansion process and immigration movements occur in the peripheral countries when the developed countries face a labor gap (Özyakışır, 2013: 58). In this respect, according to Structuralist theory of migration, "reserve army" which is drawn from Marx's account of the relationship between employment opportunity and the cycles of capitalist expansion and contradiction is the most important issue. A precondition to facilitating industrial expansion is the availability of cheap and dispensable labor. As the profit is invested in new technologies, or as demand decreases, labor requirements will vary (Papastergiadis, 2000: 32-33).

Hollifields' (1992) "hegemonic stability" theory suggests that the world economic system is based on the political, economic and military power of the dominant states. Hegemonic states utilize neoliberal economic policies in order to manage the immigration movements for trade and capital and especially for workforce shortage. İnternational migrant-receiving countries attempt to control immigration supporting the temporary workforce emigration instead of continuous immigration (citation by Bean & Gonzales-Baker & Capps, 2001, 679; from Hollifields, 1992). After 1990s, culture,

family, ethnicity, and relationship networks were included into the immigration analyses in addition to structural factors with the complexity brought in by globalized economy and developing international communication and transportation resources to the immigration process (Güllüpınar, 2012: 57-71).

According to the immigration systems theory, immigration patterns depend widely on factors such as colonialism, political interaction, trade, investment or culture available between the emigrant country and the international migrant-receiving country and it occurs through pre-established connections between these countries. Immigration systems approach -at least outside of the neoclassic tradition- is a part of a more comprehensive interdisciplinary approach developed as principle immigration theory. The main view of this approach is to address any immigration movement as a result of the interaction between macro and micro structures (Castles & Miller, 2008, 36-37). Recent studies show that immigration is a complex phenomenon which cannot be explained with a single approach. Several factors such as income differences between countries which may reduce the cost of moving in the destination country and relevant risks, availability of other markets such as insurance, colonialist connections which make it possible for the international migrants to speak the language of the destination country, personal values, environmental changes due to natural catastrophes or manmade disasters, political oppression, civil wars, and family ties in the destination country affect immigration (Sert, 2012: 44).

Immigration Routes and Globalization of Human Capital in Terms of Immigration

United Nations, World Bank, and United Nations Development Programme classify immigration routes as North-North, South-South, South-North and North-South.

Table 1
Distribution of International Migrants, by Origin and Destination, 2015

Direction	Stock (million)	% of total international migrant stock
South --> South	90.2	37%
South --> North	85.3	35%
North --> North	55.2	23%
North--> South	13.6	5%

Source: IOM, 2015 Global Migration Trends Factsheet, <http://iomgmdac.org/global-trends-2015-factsheet/>, 23.07.2016.

Table 1 shows that 37% of the total immigration stock is from South to South while 35% is from South to North. It is found that only 5% of the total immigration stock is from North to South. However, today interstate and intercontinental mobility of workforce is limited to an extent, immigration still assumes a gradually increasing pattern. DHL's report for 2014 emphasizes the shallowness of globalization and measures the depth of globalization in ratios. Accordingly, it is suggested that globalization of human capital especially in terms of international migrants, tourists and students is significantly below the globalization of capital and commercial globalization. While the value of international portfolio equity stocks has reached to 39% of stock market capitalization, the percentage of international migrants was less than 10% of the world's population (DHL, 2014: 12). However, globalization of labor is not as substantial as the commercial and economic globalization, the United

Nations Population Division (UNDP) reported that in 2015, 243.7 million people lived in another country than they were born or they are a citizen of their country.

Table 2
International Migrants as a Percentage of Total Population, 1990-2015

	1990	2000	2010	2015
World	2.9	2.9	3.2	3.3

Source: United Nations, Department of Economic and Social Affairs, Population Division, World Migration in Figures and Trends in International Migration: The 2015 Revision, Table 3 <http://www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml>, 23.07.2016.

According to Table 2, the share of the international migrants in the total world population increased to 2.9% in 1990 and 3.3% in 2015.

Table 3
International Migration: International Migrant Stock 1990-2015

	International migrant stock at mid year (both sexes) (million)				Annual rate of change at the migrant stock (both sexes) (%)			
	1990	2000	2010	2015	1990-1995	2000-2005	2005-2010	2010-2015
World	152,5	172,7	221,7	243,7	1,05	2,04	2,95	1,89
Developed regions	82,3	103,3	132,5	140,4	2,28	2,51	2,47	1.16
Developing regions	70,1	69,3	89,1	103,2	-0.49	1,33	3,70	2,93

Source: United Nations, Department of Economic and Social Affairs, Population Division, Trends in International Migration Stock: The 2015 Revision, Table 1 and Table 5, <http://www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml>, 23.07.2016.

Table 3 shows that the international migrant stock had increased between 1990 and 2015 globally. Once 152.5 million in 1990, the international migrant stock increased by 91.2 million to add up to 243.7 million in 2015. As of 2015, approximately 58% of the international migrant stock lives in developed countries while 42% lives in developing countries. The term 'international migrant' here represents the people who live in a different country than the one they were born.

According to United Nations Internationan Migration Report 2015, the majority of international migrants worldwide live in high-income countries, most migrants originate from middle-income countries (UN, 2015a: 5).

Conclusion

International workforce migration is a phenomenon occurred in several periods of the history due to non-economic reasons such as immigration as a result of wars, catastrophes, political tension and immigration encouraged by desire to travel and adventure and to economic reasons such as finding jobs, and increasing the standard of living. Global and extensive migration movements were started with the colonialist policies of the European countries and today, however it assumes an increasing trend, it is relatively lower when compared to the total population of the world.

Immigration has several aspects today. Among these aspects, the development gap between developed and underdeveloped countries and the resulting inequality are significant for the immigration process. Immigration movement from South to North supports this notion. The fact that most of the international migrants are from countries with medium level of income shows that immigration from underdeveloped countries is extensively limited and it is considered that the

motivation for immigration is affected by other reason than economic ones such as lower per capita income, standard of living, etc.

As a result, it was not possible for immigration movements to be outside of the neoliberal economic system and therefore it is shaped in accordance with the dominant system. Having a gained momentum with the industrial capitalism brought in by the Industrial Revolution, capital accumulation process only offers mobility to the extent labor is needed. In this context, it can be said that the approach for international human mobility did not follow a consistent pattern in the history. It can be observed that periods of economic recovery encourage inwards immigration while taking a moderate attitude towards immigration and periods of economic stagnation, unemployment and financial instability bring about a skeptical, negative and reluctant attitude towards immigration. When the development of immigration movements is explored with respect to the historical evidence, immigration can be explained in terms of slavery, colonialism movements, and population arrangement of new states, population exchange and meeting the labor demand temporarily with guest workers. However, with the crisis of Fordist production system leaving its place to post-Fordist production system in 1970s, the resulting flexible production drove the evolution of immigration policies to focus on immobilizing groups of people rather than mobilizing them.

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The Fundamental Social Security Issues in Turkey: A General Comparison with Europe

Sadik KILIC

Bulent Ecevit University
sadik.kilic@beun.edu.tr

Abstract

There is no uniform model of social security in Europe and it will not exist in the near future. However, central features of social security systems in advanced EU Countries (particularly Europe 15) show similarities rather than differences. In this study, these central features have investigated for Turkey and thus it become possible to reveal fundamental issues in Turkey's social security. Indeed, the aim of this study is to present a comparative analysis of the fundamental problems of social security in Turkey and Europe 15 countries. To this end, the subject has discussed in terms of civil society tradition, coverage and quality of social security and some financing issues arising from ageing society and labor-market problems.

Keywords   :   Social Security, Turkey, Europe15.
JEL Classification Codes :   H55, I30, O57, P52.

A Background of Social Security: Civil Society Tradition

Social security is an outcome of civil society tradition coming from the depth of European or Western history based on capitalist development, which formed from conflict of interest between pressure groups, such as capitalists and working class. Such a development process has peculiar to Western societies and this process took place social rights like social security, labor law and unionization. Indeed, capitalism created widespread and structural conflicts, and social rights -and naturally, democratic rights- had gained with fights by working class. Today, social rights are one of the indefeasible rights for European societies.

Atatürk, who the great leader of Turkish history*,* his friends and followers constituted a modern state based on parliamentary democracy after proclamation of the republic in 1923. However, Turkish society had not still been ready sociologically, psychologically and economically for internalization of Western values, such as democracy, secularism, liberation, state of law, and social state. *Atatürk* and his followers persisted to set Western (perhaps universal) values and they tried to transform the society in defiance of such a negative structure. On the other hand, neither the partly transforming society have powerfully demanded social rights until now, nor a conscious working class have been come into existence. Indeed, modernity in Turkey, contrary to development of European modernity, has a vanguard character and Turkish civil society has underdeveloped even though there has a certain level of public opinion, which has mostly not based on economic-distributional issues. Even today, the society and working class, except actions and explanations of a few leftist and trade unionists, meet most of good or bad adjustments and changes about social security and labor rights in Turkey unresponsively. In sum, social security in European Countries has built on more solid basis than in Turkey.

Coverage and Quality of Social Security

Although the mentioned negative structure, Turkey constituted necessary institutions for social security and it secured with constitutional and statutory rights in 1960s. Moreover, Turkey signed ILO's 102st convention concerning with minimum standard of social security in 1971.

Although it is highly developed in today comparison to the past, there has still been existed some important deficiencies in terms of its scope and qualification of services. The scope of social security in the European Countries is almost 100%, while in Turkey is more or less 80%. Although all but one -family benefits- of the minimum standards has practiced in Turkey, it cannot argue that these standards can properly been prevented to poverty among disadvantaged groups. For instance, an unemployed person has to work for a long time to receive unemployment benefit, which restrict between 40%-80% of minimum wage. Old age benefits are considerable less than in Europe 14. Quality of medical care is relatively poor, for example, patient per medical personnel is very high.

Financing Issues

Ageing Society: Social security is a distributional and financing issues which moving money from employed to non-employed classes. Financing of modern social security systems has generally realized with PAYGO method. Thus ageing society is now a fundamental problem for much of the EU Countries, while it will be a potentially serious problem in the future for Turkey. It has been discussed some measures like rising of retirement age for solution, but these require very tough political choices.

Labor Market Issues: Unfortunately, Turkey have financial difficulties, although ageing society have not still appeared. The reasons of these problems are included other structural labor market problems such as a rate of informal employment (33% of total employment), very low levels of employment (45%) and labor-force participation (50%) rates. I am afraid Turkey will face with a reality of ageing society, before solve the other mentioned structural problems.

Neo-Liberalism Waves: Neo-liberalism wave has penetrated the Europe and Turkey since 1980s. This wave sounds the death knell for golden age of social policy in advanced world. One of the reference point of this shift is individualization of social security. However, neo-liberal policies about social security work more in underdeveloped systems than in developed ones. In todays, individual and occupational pensions are more desired among governments across the world than a pension based upon social insurance. Setting tripartite social security systems look like an attractive choice with several aspects (particularly financing facilities) for most of the governments in the world, however, in some countries like Turkey where first and the most important column -social insurance- of the tripartite could not properly be established are potentially included serious questions in the context of setting a powerful social security.

Conclusion

In sum, social security in Turkey has characterized with lack of civil society tradition, inadequate protection of disadvantages in the society and structural labor market problems. Only visible virtue in Turkey's social security has related with relatively high population growth rate and thus has still been non-ageing society. However, since -so called- the virtue transforms a real advantage; aforementioned fundamental problems must be overcoming.

Aging without Having an Aging Plan; "Third Age" Rhetoric for a "Fourth Age" Reality in Turkey

Doga Basar SARIIPEK

Kocaeli University
sariipek@kocaeli.edu.tr

Seyran GURSOY

Kocaeli University
seyrangursoy@gmail.com

Abstract

The world is now aging with an unprecedented speed. Numerous advancements in the overall quality of life, such as improvements in health care technologies and in the level of welfare, declines in the rate of fertility etc. altogether have generated rising numbers and proportions of the elderly population in many parts of the world as well as in Turkey.

Covering the last years of adulthood, the concept of Fourth Age has generally considered starting at about age 80 or 85 (Blanchard-Fields & Kalinauskas, 2009) and refers to dependency to others in social and personal issues of daily life as well as biological and functional decline. Age-imposed physical, emotional, and cognitive limitations are very common during this span of time. The Third Age, on the other hand, starts with the retirement at age 60 or 65 and continues until the beginning of the fourth age. On contrary to the fourth age, third age addresses many positive aspects both socially and personally such as self-fulfilling and taking up new hobbies, social engagement (Smith, 2000), knowledge and expertise (Singer & Verhaeghen & Ghisletta & Lindenberger & Baltes, 2003), and adaptive flexibility in daily living (Riediger & Freund & Baltes, 2005).

These two age concepts refer to the fact that old age is not a single and integrated span of life regardless of considering it demographically or socially. Old age has divided into sub-periods of life with their distinctive needs and demands. Thus, the policy makers must be well aware of these distinctive old age periods, and design and conduct the appropriate social protection policies, which are capable of meeting the needs and demands of each ageing periods successfully.

However, in the lack of an effective formal care insurance model in Turkey, the issue of elderly care is still a problem expected to find solution within the family and heavily depends on the goodwill of the family members. The spouse is attributed the primal role in the elderly care and if the spouse is not available for such a caring duty, then the adult children take over this responsibility. This means the care problems attempted to solve in families first in conformity with the informal bonds of solidarity in the traditional society order of Turkey.

Owing to these traditional solidarity bonds in Turkish society, a substantial part of the elderly population still lives in the same apartment with their adult children or very close to them under their close supervision and concern. A survey carried out by the State Planning Organization indicates that 7 out of every 10 elderly individuals live in the same house, building, street or neighbourhood with their children (SPO, 2007: 11). This, in turn, makes it possible to support the elderly both socially and economically and works as an informal mechanism to complement the social protection duty of the state.

Starting with the period of the Republic, however, internal and external changes in social and family life, such as increasing industrialization and rapid urbanization, put pressures on familial solidarity. This is especially a big problem in large cities where the social life flows much quicker. Demographic shifts are among the other key factors affecting social relations and the level of formal services. Individuals have started to live longer, for instance, essentially because of the advancements in medicine and level of wellbeing. The increase in the number of divorces and single parenthood,

turning from large family into immediate family, and growth in the number of women labour force all together weakened the former strong positions of the elderly in the family and challenged the informal support mechanisms (Akgeyik, 2006: 59; Bayoğlu, 2011: 125). Besides, migration by children from rural areas to urban areas, changing culture and increasingly conflicting values between young and old generations, and social and economic deprivation challenged the former strong positions of the elderly in families (Saka & Varol, 2007: 20). Old age and life experience do not provide as much prestige as before and caring the elderly is not a voluntary act anymore in families. In short, the demand for formal care services to replace the insufficient informal care services has increasingly expanded than ever before.

However, the issue of elderly care has never been a primal concern of any Turkish governments thanks to the strong informal care mechanisms. Put differently, it is not easy to infer from government programs and activity plans that old age has deemed as a social policy problem in Turkey. The state does not see itself as the primal actor in this matter, but attribute itself the role of facilitator who enables the informal mechanisms, especially the family, functioning well. The rhetoric and commitments on this matter been kept the same in numerous government programs for years, but only cyclical adaptations have been done. Therefore, the real problem here is the disconnection between the rhetoric and the practice.

However, considering the new society order and new interpersonal relationships mentioned above, new and well-equipped rehabilitation or nursing homes for the elderly are definitely required. The existing care centres, in fact, are in need of revision and improvement in terms of capacity and quality as well as the number of the staff. Projects and programs enabling social, cultural, economic and political inclusion of the elderly should also be redesigned and encouraged in conformity with the modern principles of active, successful, self-sufficient and, creative ageing.

Moreover, as stated in the 10th Development Plan, a well-functioning national home care system must be encouraged and supported particularly in places where caring institutions are difficult to build and/or run due to various reasons. In addition, designing simple procedures to benefit from these services, provision of a decent and comfortable life standard must be the guiding principle in the design of all these services.

In short, despite of having a rapidly ageing population, Turkey still seems very slow in taking the necessary measures against the socioeconomic problems relating with ageing. Traditional family-based solutions can be effective to some extent now and there is definitely a need for a more systematic, institutional, and nationwide solution. As being applied heavily in recent times, in this regard, local solutions by the municipalities may be useful and rational only if they provide the required uniformity and quality in social services nationwide. Otherwise, clientelist and populist impacts may emerge instead of the rights-based solutions in care issues.

Keywords : Third Age, Fourth Age, Elderly Care, Turkey, Informal Care.
JEL Classification Codes : J14, I38, D64.

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Determinants of Household Employment Type in Turkey

Mehmet SENGUR　　　　　　　　**Sami TABAN**

Eskişehir Osmangazi University　　　　Eskişehir Osmangazi University
msengur@ogu.edu.tr　　　　　　　staban@ogu.edu.tr

Abstract

The achievement of full employment in the economy contributes to the stability of other macroeconomic variables. Therefore, it is a critical indicator for the national economy. To talk about unemployment, individuals primarily must be willing to search a job and have ability of work. Employment is not only necessary variable in terms of finding a job or unemployment but also in terms of employment form, permanent or temporary employment of peoples is also highly important for the economic growth and economic stability.

In this study, the variables that is effective on employment status of the household, which represents largely private sector in Turkey, has researched. The data of "Household Budget Survey" conducted by Turkish Statistical Institute covering the years 2012-2013 has used in study. Logistic regression determines the relationship between a categorical dependent variable and one or more independent variables by using probability estimations. So that survey data has analyzed by logistic regression models. Permanent or temporary employment status including two different situations had selected as the dependent variable in the models.

We can determine the direction of the relationship between the variables by looking at the coefficients in the logistic regression. However, odds ratio has used to interpret the relationship between the variables of a logistic regression model. Two independent variables, marital status and income group variables have only negative coefficient sign.

According to analysis results, all of independent variables and constant are statistically significant in models for 2012 and2013 years. Analysis results for these two years are largely similar. When we look at the details of the analysis results in Table 1.

Pseudo R^2 values of the models are 0.36 and 0.35 respectively for the years 2012 and 2013.Wald-chi2 (chi-square) value and the probability value measure the general significance of the logistic regression model. As it has seen in Table, Wald-chi2 probability values are statistically significant at the 5% level for both of two models.

The Hosmer-Lemeshow's and Pearson-chi2 tests have used for goodness-of-fitin logistic models. The probability values of Pearson-chi2 test were determined as 0.66 and 0.12 respectively for the years 2012 and 2013. In this case, it has seen that our models are consistent (fit) with our data. Receiver Operating Characteristic (ROC) analysis and classification table are used to determine the explanatory power of the logistic regression. Explanatory power of models is 88% and 87% as shown in the Table. Total classification table values related to explanatory power of models are 80% and 81%. Also, it was determined that there is not multicollineraty problem, which causes bias in estimations, through the variance-covariance values estimated for regression models According to the results of all these tests, goodness-of-fit, explanatory power and multicollinearity problem are not in question for our models.

Table 1
Analysis Results

Dependent Variable Employment Type	2013			2012		
Independent Variables ↓	Odds Ratio	Std. Err.	P>z	Odds Ratio	Std. Err.	P>z
Education	2.138	0.135	0.000	2.127	0.135	0.000
Marital Status	0.647	0.080	0.000	0.748	0.097	0.026
Age	1.097	0.002	0.000	1.101	0.002	0.000
Income Group	0.762	0.017	0.000	0.766	0.017	0.000
Gender	2.328	0.287	0.000	2.697	0.336	0.000
Working in The Mining	3.643	1.605	0.000	7.421	3.925	0.000
Working in The Manufacturing	2.041	2.849	0.000	2.221	3.223	0.000
Working in The Construction	2.343	0.359	0.000	3.255	0.493	0.000
Working in The Other Sectors	4.598	0.529	0.000	5.675	0.701	0.000
Living in The Rural or Urban	1.371	0.101	0.000	1.137	0.081	0.062
Size of Household	1.090	0.019	0.000	1.096	0.019	0.000
Constant	7.14e-06	4.40e-06	0.000	1.54e-06	1.06e-06	0.000
Number of Observations	10 060			9 987		
Pseudo -R^2	0.35			0.36		
Wald chi2- (p)	2431.55-(0.00)			2485.96-(0.00)		
ROC	88%			87%		
Correctly Classified	80%			81%		

Marital status and income groups variables reduce the likelihood of being regularly (permanent) employed in a job. In case of transition to a high-income group, the likelihood of being regularly (permanent) employed decreases on an average 0.7 times. This case may be considered because of diminishing the desire to work as the income level rises or more flexible working form. Individuals prefer to have more free time when they have a higher level of wealth.

The gender variable also decreases the likelihood of being regularly (permanent) employed in a job. If an individual is male increases an average 2.32 times the likelihood of being regularly (permanent) employed in a job increases on an average 2.32 times. There is a labor market, which men more easily employed than women are.

To graduate from high school and higher education institutions increase an average 2 times the likelihood of permanent employed in a job compared to graduation of a secondary school and lower educational institutions. In other words, people who graduate from higher education institutions employed in permanent jobs easily. This case may be an indicative in permanent jobs, which require the more knowledge and skills.

Living in the urban area increases an average 1.25 times the likelihood permanent employed in a job compared to living rural areas. People, who are living in urban areas, have permanent employment opportunities more than those who are living in rural areas. This case may be a result of the existence of more industrial and manufacturing facilities in urban areas.

Size of household increases an average 1.1 times the possibility permanent employed in a job. The likelihood of permanent employed in a job increases depending on the rising of the number of households. Big families have much more desire to work permanently in order to meet the basic needs. Age variable increases an average 1.1 times of the possibility of permanent employed in a job. Older adults either work in a regularly job or avoid changing a job compared to young ones.

Working in the mining, construction and manufacturing sectors also increase the probability permanent employed in a job. Mıning sector increases the possibility of permanent employment as an average of 6.5 times more than other sectors. It is to say that mining sector produces less flexible labor supply compared to the other sectors.

In conclusion, permanent employed in a job has positively affected by such as education, age, sex, size of the household and living in urban areas except for marital status and income group in Turkey. High-income groups want to work less in order to spend time with their families and take time for themselves.

To increase the permanent employment of individuals in Turkey: First, investment priorities should change in rural areas to create employment and governments should encourage investments for the rural development. Women should be encouraged to join labor market more for the economic development. The differences of qualitative and quantitative education levels between individuals should eliminate. Individuals should remain actively in the labor market with increasing of their wealth.

Keywords : Household, Employment, Logistic Regression.
JEL Classification Codes : B22, D1, E24.

Determining Factors that Affect Consumers' Decision about House Purchasing

Bengu SEKEROGLU

Hacettepe University
bengu.sekeroglu93@hacettepe.edu.tr

Hulya OZTOP

Hacettepe University
hoztop@hacettepe.edu.tr

Emrah ALTUN

Hacettepe University
emrahaltun@hacettepe.edu.tr

Abstract

Being a house owner is considered an important indicator of household's economic welfare. Especially in Turkey, house represents the greatest financial wealth for families and is the most reliable investment instrument. However, changing your decision is very difficult while purchasing a house and costs high. A livable house means the highest costly investment during a whole life according to most families. Recent researches stated that owning a house ensures lasting and regardful bonds, involving society and increases self-esteem and life satisfaction. Moreover, it was found that behaviours related to house choice and preference are value-focused and target-driven like at any other product choice. Thus, necessary house characteristics desired by users and definition of house preference beheviour are the most significant steps while house designing process for building suitable houses.

This study was planned and conducted as a pilot study to determine basic features regarding housing that have effects on consumers' decisions about housing purchasing and to present whether these decisions differ by gender and socio-economic status. The study data were obtained using a questionnaire form developed by the researchers reviewing different studies. This questionnaire form was administered using face-to-face interview method to 200 administrative and academic personnel studying in Karabük University. 5 likert scale was used to investigate environment, architectural/plannning and security/comfort characteristics of houses according to socio-economic status in house purchasing decision. These questions were coded as "very important" (4), "important" (3), "indecisive" (2), "unimportant" (1), "very unimportant" (0). Participants were asked what socio-economic level they felt in order to determine their level. Socio-economic level was classified as high, middle-high and middle as nobody felt low-middle and low level. Normality of data was investigated by Kolmogorow-Smirnov test. T-test was used to compare independent two groups and ANOVA was used to compare more than two groups when normality hypothesis provided. Mann Whitney U test was used to compare independent two groups and Kruskal Wallis H test was used to compare more than two groups when normality hypothesis was not provided. Bonferroni test was used for multi-comparison.

According to study results, 73.5% of participants reported that the most important feature has effect on their decision-making process while purchasing a house is earthquake resistant. The second most important criteria is safety and comfort with the rate of 46%, third and fourth important factors are price (28%) and social opportunities (27.5%) with close rates, respectively. This situation also shows similarity when analyzed according to gender. However, this study found that the rate of women (86.2%) who reported that the most important feature in the housing purchasing process is earthquake resistant is higher than the rate of men (68.3). 43% of men and 53.4% of women stated the security as the second important factor. 25.4% of men reported social opportunites as the third important factor where as 43.1% of women reported the cost. When purchasing a house decision was investigated according to socio-economic levels; 100% of high level, 72.1% of middle-high level and 70.5% of middle level consumers stated earthquake resistance as the most important factor. Also, 94,1% of high socio-economic level and 44.3% of middle level consumers stated security as the second important

factor, n purchasing decision. 52.9% of high socio economic level and 18% of middle level consumers reported social opportunities as the third important factor.

According to gender environmental efffects and security/comfort was not found statistically significant in purchasing decision. However, interior design and planning was found more significant according to women $\left(p = 0.005 < 0.05 \right)$. Security/comfort was determined as more important for he ones who have child and older than 47. Environmental effects were not found statistically significant where as security/comfort and interior design/planning were determined as statistically significant $\left(p = 0.001 < 0.05, \ p = 0.025 < 0.05 \right)$ according to socio-economic level. This shows that high-level consumers are more attentive to architecture/planning and security/comfort than middle-high and middle level consumers are.

Consumers stated three characteristic of a house as suitability of habitation for earthquake and flood (74.50%), security (57.5%) and reliable infrastructure of water, sewage, electricity and natural gas (49.5%) in house purchasing decision. Consumers stated three characteristic according to architecture/planning as suitable room for furniture (65.5%), spacious and light-well of house (58%) and at least one balcony availability and cosy place for it (57%) in house purchasing decision. Consumers stated three characteristic according to security/comfort as available legal building licence (78%), appropriacy to earthquake regulations (76.5%) and available construction servitude/ property deed (72%) in house purchasing decision.

Regarding study results, it can be asserted that earthquake resistance and security/comfort come into prominence when house-purchasing decision of consumers were investigated according to socio-economic and demographic characteristics. Thus, a related mechanism, which takes consider in these important characteristics during house designing process, can be created. This implementation has great importance to increase house and life satisfaction of families and individiuals.

Keywords : Consumer, House, House Purchasing Decision, Important Characteristics in House Choice.

JEL Classification Codes : D1.

29 October 2016 Saturday

Session: VIII-C / 16.00-17.30

DETERMINISTIC STUDIES

Room: *Prins Hendrik 4*

Chair: **Omer GOKCEKUS**

- Determinants of World Cotton Price

  Ahmet Salih IKIZ

- The Influences of Attitude towards Internationalization and Managerial Cultural Intelligence on the Internationalization of SMEs

  Faruk SAHIN & Onur KOKSAL & Ayse CINGOZ

- Tax Dimension of the Financial Structures of the Political Parties in Turkey

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- A Matter of Economic Balance: Home Consumption Choice

  Fatih AKBAYIR & Ahmet Burcin YERELI

Determinants of World Cotton Price

Ahmet Salih IKIZ

Mugla Sitki Kocman University
ahmet@mu.edu.tr

Abstract

Cotton is one of the most important agricultural commodities in all primary commodities. Usually it is counted under the multifibre agricultural products. Because of increase in population in world and the increasing importance of cotton in the fashion industry, the demand for cotton increased smoothly over time. Most of the cotton is produced from seed, which is planted annually. Therefore, after the planting the production level cannot be changed until the next year. Cotton is grown mainly in three zones in world, North zone, Ecuador zone and South zone. Most of the cotton is grown in north zone. The world's largest producers of cotton are USA, Turkish Republics (Azerbaijan, Uzbekistan, Turkmenistan, Kirghizstan, Kazakhstan), China, explained the determinants of cotton price in general level. The demand for cotton mainly consists from textile industries demand. Because of increasing population in world and changes in fashion accelerating the demand for textiles and also cotton. In supply side there are several factors. The production of cotton in the world is the main factor. New techniques for cotton production and more effective techniques for pest control are improving quality and quantity of cotton grown. In supply side, also the government intervention and current political and economic environment affect price of cotton. Unstable political and economic environment in countries and high government intervention creates some distortions in price determination. In this paper, I will clarify the price determination process of cotton in global context.

Cotton is one of the most important agricultural commodities in all primary commodities. Usually it is counted under the multifibre agricultural products. Because of increase in population in world and the increasing importance of cotton in the fashion industry, the demand for cotton increased smoothly over time.

Market Models

The form of these commodity models commonly considered is one whose solution is reached through the equilibrium of a set of demand and supply conditions. By considering these market models individuals try to estimate the future movements of a primary commodity by evaluating historical data. This type of model also considers inventories in its calculations.

These models focus on price mechanism to clear the market. Although much complex model structures can be used, the main body of model consist of four equations. In these models demand is explained by prices, economic activity, prices of substitute commodities and technical factors. Supply of product depends on weather and geological conditions. Price is also explained by changes in inventories (Labys, 1973). Policy variable in these models capture the changes in economic policy in given country. Under liberalised policies, the price of primary commodities is determined by the commodity market whereas in less liberalised countries government intervention effects the determination of primary commodity prices.

$$D_t = d(D_{t-1}, P_{t,}{}^e, A_t, T_t)$$ Eq. (3.3)

$$Q_t = q(Q_{t-1}, P_{t-\theta}, N_t, Z_t)$$ (3.4)

$$P_t = p(P_{t-1}, \Delta I_t)$$ (3.5)

$$I_t = I_{t-1} + Q_t - D_t$$ (3.6)

Where:

D: is Commodity demand

Q: Commodity supply

P: Commodity prices

Pe: Price with lag distribution

A: Income level GNP

T: Technological factors

N: Agronomic or geologic factors

Z: Policy variable influencing supply

The equations in this model can be considered separately by using OLS. If there is simultaneity between equations, it would be better to solve them by the Two Stage Least Squares method. In order to this, we create reduced form equations. The reduced form provides a basis for analyzing model stability. The model then can be used to analyze policy questions through explanation or prediction.

The market model is easy to apply especially for agricultural commodities. If we just interested in price determination in a raw commodity it performs very well. However, the model cannot consider the related industry has derived demand for this commodity. The market model cannot be applied in sectorial or industrial basis. Because of its suitability for agricultural primary commodities, the market model can be easily applicable to cotton.

Determinants of Cotton Price: Importance of Textile Industries in Demand Side

Although cotton is used in different areas such as in the chemical and paper industries, it is mainly used in the textile sector. The increase in world population and changes in fashion are the most important sources of textile demand.

The world's population is increasing. The birth rate is quite high. If this rate were to be maintained, then world population would be doubled in about forty years. As we know, one of the most important basic needs of human is clothing. Thus, increase in population would certainly increase the demand for textiles.

In long run, the population growth and fashion changes will positively affect the demand for textiles. However, in the short-run fluctuations in income level negatively affects textiles demand and creates deviations from long run.

Determinants of Cotton Price by Supply Side: Production of Cotton

Most of the world's cotton is produced from seed, which is planted annually. A long, warm growing season is needed to obtain a good crop of cotton. Thus, it is grown between latitudes 45 degrees north and 30 degrees south where 175-225 frost-free days a year can be expected. Sunshine is also important to stimulate early growth and ripen the mature bolls.

World Cotton Inventory

World cotton stocks are also another element affecting cotton price. Since cotton captures strategic importance for all countries, both supplier and user countries prefer to maintain minimum levels of cotton stocks for strategic reasons. The speculative nature of cotton also pushes textile manufacturers to maintain certain level of cotton stocks in order to hedge against the price change exposure.

Government Intervention

Government intervention usually affects cotton prices and plantation area. USA especially intervention in cotton prices remained along time after 1929. The liberalization wave in both politic and economic life in the 1970s has lessened the government intervention and has changed the way of intervention to direct to the indirect way. USA Government has started to use target price policy to intervene to the market. According to that policy, the difference between intervention price and market price is paid directly to the farmers from Government funds.

Political and Economic Environment

The political and economic situation in main cotton producer countries also affects the price of cotton. For example, huge trade deficits in Egypt may force this country to decrease the price of cotton in order to reduce the deficit by increasing exports. Also the factors such as, political stabilization, inflation rate, increase in GDP and unemployment rate in countries affects the price of cotton.

Main Findings

In last decade primary commodity prices increased sharply. In our model, we searched the main determinants of cotton price in world context. An empirical finding reveals that market forces are not relevant for the explanation of price level changes. Thus, demand supply relations are not applicable to long-term price determination process.

The Influences of Attitude towards Internationalization and Managerial Cultural Intelligence on the Internationalization of SMEs

Faruk SAHIN

Mugla Sitki Kocman University
tugaygunel@gmail.com

Onur KOKSAL

Omer Halisdemir University
okoksal@nigde.edu.tr

Ayse CINGOZ

Nevsehir Haci Bektas University
acingoz@nevsehir.edu.tr

Abstract

The present study aims to investigate the importance and the roles of attitude towards internationalization and managerial cultural intelligence as key components of internationalization of SMEs. This study develops a model to explain the concurrent effects of attitude towards internationalization of SMEs managers on the internationalization of the firm. Applying the resource-based view (Barney, 1991) and building on upper echelons theory (Hambrick, 2007; Hambrick & Mason, 1984), we propose that attitude towards internationalization influences managerial cultural intelligence, which then enhances success in international expansion. In other words, we argue that managerial cultural intelligence mediates the effects of attitude towards internationalization of SMEs managers on the internationalization of firm. The sample surveyed consisted of 151 Turkish SMEs. Measurement tools were based on scales previously established in the literature for measuring attitude towards internationalization (Cadogan et al., 2001; Nummela et al., 2004), cultural intelligence (Ang et al., 2007) and degree of internationalization. To address the aim of the study, the mediation procedure suggested by Baron and Kenny (1986) for mediational analysis was used. The results showed that both attitude towards internationalization and cultural intelligence are positively associated with the degree of internationalization of the firm Moreover, cultural intelligence fully mediated the effect of attitude towards internationalization of SMEs managers on the internationalization degree of the firm. The present study indicates that SMEs need managers who have favorable attitude toward internationalization and cross-cultural competence that enable them to function effectively in the international environment. As an internal factor, managerial cultural intelligence appears to be related to the level of internationalization of SMEs. Moreover, in thinking that research on cultural intelligence at organizational level is scarce, this study, which examines the relevance of cultural intelligence for small business managers, adds to increasing body of cross-cultural competence literature.

Keywords   :   SMEs, Attitude towards Internationalization, Cultural Intelligence.

JEL Classification Codes :   M12, M16.

Tax Dimension of the Financial Structures of the Political Parties in Turkey

Selcuk BUYRUKOGLU

Omer Halisdemir University
sbuyrukoglu@nigde.edu.tr

Abstract

Political parties have become an indispensable element of the democratic political life with the entrance of Turkey into the multiparty era as of 1945. Political parties that have the authority to be established and organized within the constitutional framework act based on the principles of the democracy. Certain income is needed in financial terms and outcomes occur in order for these activities to take place. These incomes and outcomes that are clearly addressed in Law No. 2820 on Political Parties may not be against the objectives of the political parties. The formation of legal entities by the formation of political parties led to the questioning of the tax liability of the political parties. That political parties cannot be engaged in commercial activities was resolved in Article 69 of the Constitution of the Republic of Turkey, that political parties cannot perform commercial activities was resolved in Article 67 of Law No. 2820 on Political Parties, and it was resolved in Article 121 that the provisions of the Turkish Civil Law, Law on Associations and other laws on the associations that are not against this law will also be applied with regard to political parties. Hence, political parties that are regarded as associations in terms of tax applications do not have any corporation tax liability. However, local enterprises that are owned by or affiliated to them or similar financial enterprises will be liable for the tax in question.

In addition to the corporation tax, political parties are also not liable in terms of income tax. However, while political parties that are regarded as associations in terms of tax applications are not tax liable, they are obliged to withhold income tax as a tax liable over the payments made in question while paying for the rent and fees that are listed in Article 94 of the Income Tax Law in cash or on account, and this withheld tax should be declared to the tax office where this tax is affiliated with withholding tax.

The state of the political parties against VAT also constitutes another problem that has been discussed. The trade ban determined in terms of the political parties prevents the parties from being VAT liable because of the procedures in the first group of Article 1 of the VAT Law. However, VAT that will incur in case political parties do import should be declared with VAT declaration No. 2 in the framework of the procedures and principles determined in the reverse charge VAT application general communique. In addition to this, certain deliveries and services stated in the third paragraph of Article 1 also seem possible to be performed by political parties.

In this study, the legal nature and financial structure of the political parties in Turkey, and the situations when they are subject to tax will be addressed with the help of exemplary applications.

Keywords	:	Political Parties, Financial Structure, Taxation.
JEL Classification Codes	:	H20, Z0.

The Involvement of Local Governments in the Provision of Health Services in Turkey

Duran BULBUL

Gazi University
duranbulbul@gazi.edu.tr

Abstract

The main actors who are involved in the provision of health services are the non-governmental organizations, public and private sectors. The health services offered by the public sector is mainly performed through central and local governments; yet, there are various differences between countries with regards to the provision of health services by central and local governments due to the nature of the services. In Turkey, the health services given by local governments involve activities performed at the level of municipalities, special provincial governments and villages.

The purpose of this study is to determine the extent to which local governments should be involved in the provision of health services, and to identify the types of health services in which the active involvement of local governments is necessary. We would like to evaluate the involvement of local governments in European Union countries and Turkey in the provision of health services from the past to the present by providing a definition for the concept of health and health services, and by describing the reasons why the provision of health services by the public sector is necessary.

Keywords : Local Governments, Health Services, Provision of Health Services, Turkey.

JEL Classification Codes : H75, I18.

Introduction

Health service is a semi-public good as a matter of its structure and the positive externalities it provides. Delivering health services only through public sector will result in a cost by crowds and underproduction, while presenting them only through private sector may bring various problems ranging from damage to equal opportunity principle to low quality; from underproduction to decrease in the number of patients benefiting from these services. Thus, neither public nor private sector may perform health services solitarily.

As defined in the Constitution of the World Health Organization (WHO), health "is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity" (WHO, 1948: 100). In the light of this definition, the Law numbered 224 of the Republic of Turkey on the Socialization of Health Care Services, defines health as *a state of complete bodily, mental and social well-being and not simply the absence of disease or disability[1]*.

World Health Organization also defines the health care services as "the whole of the medical care practices to eliminate several and wide-ranging factors damaging human health, to provide patient examination to diagnose and, if necessary, treat the diseases and to restore physical and mental abilities if they are lost or withered" (Tümerdem, 1992: 352). Again in the light of this definition, the 2nd Article

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[1] *The 2nd Article of the Law numbered 224 of 05.01.1961 of the Republic of Turkey on the Socialization of Health Care Services.*

of the Law numbered 224 of Republic of Turkey[1] defines the health care services as "the medical care practices in order to eliminate the factors damaging to human health, to protect the society from the impacts of these factors, to treat patients, and to help the ones having problems with their physical and mental abilities and capabilities to integrate them in the labor market".

Participation of Local Administrations in Certain European Countries in Health Care Services

Similar to the differences between developing and underdeveloped countries in terms of their perception of health care services, the considered points in the structuring of health systems also vary. When the expenditure on health, an area considered "*productive human capital investment*", by underdeveloped, developing and developed countries is reviewed, it is seen that the total health expenditure is low in Africa, consisting of underdeveloped and developing countries, but that the states economically contribute to health expenditure in a considerable amount.

A general deduction from the table is that the total health expenditure is lower in underdeveloped and developing countries compared to developed ones. While health expenditure considerably increased in European countries from 1960 to 2014[2], it is also observed that the public sector has an important share in the total delivery of health care services. Countries such as Finland, Sweden, and Denmark, top-of-the-list in today's conjuncture of developed countries according to WHO statistics, support their health care services with other income items in their budget beyond the premiums collected for social security. Additionally, it is also seen that in the great majority of the developing and developed countries, the premiums paid by the citizens in order to benefit from social security system are used to cover the expenses of the public sector health system.

High level of total health expenditure in European countries and the high amount of this expenditure covered by the public sector in these countries are both remarkable.[3] While the high average of age is an indicator of the need for health system and health care services, the high level of education is also an indicator of human capital, in other words, the value of the people. It is beyond doubt that the prevailing understanding of social state in the European countries also explains why the share of public sector is larger in total health care services.

Thus, despite the differences between their approaches in terms of delivery of the health services, the expenses of the health care services delivered under the cooperation of the public and private sector, are shared by the central and local administrations. According to a viewpoint, *"although the responsibility of financing and organization is shared between the central and local administrations, generally the central administration is the key determinant"* (Akdağ, 2011: 209).

Besides, in the European Union, the public sector makes its decisions regarding the management of health system sometimes via central administration and sometimes via local administrations[4]. For example, although a combined model consisting of both private and public sector is adopted in Austrian health care system, the public sector generally gives authority to regional and local administrations or social security institutions to operate in this field. Many Union members do not transfer its right to legislation to regional administrations or they abstain from making a definition of

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[1] *The Law numbered 224 of the Republic of Turkey on the Socialization of Health Care Services was published in the Official Gazette numbered 10705 of 12.01.1961.*

[2] *World Health Organization, WHO, Official Statistics <http://www.who.int/gho/publications/world_health_statistics/2013/en/>, 05.06.2015.*

[3] *OECD Health Statistics, 2014, <http://www.oecd.org/els/health-systems/health-data.htm>, 03.03.2016.*

[4] *Council of European Municipalities and Regions, >http://www.ccre.org/>, 14.03.2016.*

a right for this, while they have empowered local or regional administrations with functions of planning, applications, and funding. Among these three functions, the function of application is the right most commonly entitled to the local or regional administrations[1].

Participation of Local Administrations in the Delivery of Health Care Services

While the central administration in Turkey consists of administrations with no legal entity apart from the state, the local administrations are *"the public legal entities, whose decision making bodies are defined by the local people in order to meet the common needs of a society living in a certain area, having the duties and authorization defined by the law, and having its own income, budget and personnel"* (Ulusoy & Akdemir, 2001: 19).

Municipalities, as per the applicable regulations, may provide any type of health care services. Yet, the organization of health services within the municipalities is limited to Directorates of Health Services and it cannot reach every region in the municipality because of insufficient number of healthcare providers and personnel. The Constabulary, the executive organ of the municipality, provides only limited health care services and the support needed from the Ministry of Health cannot be obtained for the inspections. (Cannot receive necessary assistance from the Ministry of Health for the supervisions/inspections)

The total expenditure of the municipalities and the administrations working under the municipalities, all included in scope of local administrations, in 2014 to deliver these legal services was 76.901.234 TL, while this amount was 6.840.846 TL for the provincial administration units.

	SSI State Premium	Total Expenditure	%
Municipalities	1.611.617	63.266.220	2,55
Municipal Administrations	350.914	13.635.014	2,57
Provincial Administration Units	202.329	6.840.846	2,96

Source: 2014 Local Administrations General Activity Report, https://www.muhasebat.gov.tr, over 1000 TL.

As another element of the local administrations, villages deliver the health care services mainly through village midwives and mobile healthcare officers. They have an activity schema ranging from fight against infectious diseases to provide birth and care services. However, the health care services in villages are generally of a therapeutic nature, not of a preventive or rehabilitating nature.

According to the data by Turkish Statistical Institute (TurkStat) for the year 2014, the shares of the central administration and local administration within the total health expenditure are as follows:

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[1] *Based on the information obtained from the official web pages of European Observatory on Health Systems and Policies (EOHSP), World Health Organization (WHO), OECD, IMF, and EU Local Government Association. Please see the annexes.*

	Public & Private Total	Public Sector Total	Central Level	Local Level	Social Security
Total health expenditure	94 750	73 382	21 282	744	51 356
Current health expenditure	88 878	68 974	18 213	704	50 058
Hospitals	46 429	37 606	9 566	54	27 986
Nursing care at home	1	-	-	-	-
Ambulatory care providers	11 624	8 334	4 444	351	3 539
Retailers and providers of other medical materials	24 136	17 627	72	12	17 542
Delivery and management of public health programs	3 836	3 836	3 714	122	-
General health management and insurance	374	225	-	-	225
Unclassified other category	2 479	1 346	417	164	765
Investment	5 871	4 407	3 069	40	1 298

Source: TurkStat, 2014 Health Statistics, <http://www.tuik.gov.tr/PreTablo.do?alt_id=1084>, 13.07.2016.

As seen above, the local administrations consisting of the municipalities, their affiliated bodies, provincial administration units, and villages, make only 1% of the health care expenditure spent for the general health care services by the public sector. Concerning the expenses of the health care services by the local administrations, the highest share belongs to ambulatory care services and generally remedial health services, while the lowest belongs to the hospital service.

Upon analyzing the countries in scope of the European Union, it is found that the central administrations provide general health care services such as drug enforcement and hospital management; and that local administrations deliver especially environmental health services, and any preventive, therapeutic, and rehabilitating health services. An analysis of the related legislation in Turkey indicates that the local governments may provide any health care services as their counterparts in Europe. However, while the local administrations in Turkey are expected to provide health services, as they are the closest institutions to the citizens as per the subsidiarity principle, they remain incapable in terms of allocation, organization, expenditure, and distribution of the health care services.

Health care services in Turkey are not handled on an advanced political level, and these results in failing to show necessary care and importance when forming health care policies. As a very expectable result of this, delivering the health care service causes disagreement even for the central administration, about the policies in which this service will be maintained, and when the local governments try to deliver this service, this results in a conflict between the central administration and local administrations. Thus, inefficacy problems emerge for the designation, production and allocation of the resources, meaning, and the building blocks of the economy. Making same expenditure repeatedly for the delivery of the same services causes not only the inefficiency of the service delivery, but also waste of resources. In this case, by building the health care service policies on more scientific norms, overlapping of the services by central and local administrations should be eliminated.

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A Matter of Economic Balance: Home Consumption Choice

Fatih AKBAYIR

Hacettepe University
akbayirfatih@yahoo.com

Ahmet Burcin YERELI

Hacettepe University
aby@hacettepe.edu.tr

Abstract

The aim of the study is that it is scientifically to explain necessity of preference of domestic product to residents for consumption in terms of economic balance. Domestic product is output in consequence of the use of domestic factors of production in the production process. However, now, it is not easy determining whether a good is domestic product because economic relations are relatively more intricate. A commodity as a whole can be produced in each country. Besides different pieces of a commodity can be produced in each country too. In parallel with these developments, domestic products are categorized as follows; full domestic products (100 percent domestic capital and goods are produced in the country), first-level half domestic products (100 - 51 percent domestic capital and goods are produced in the country), second-level half domestic products (100 - 51 percent domestic capital and goods are produced abroad), third-level domestic products (100 percent foreign capital and goods are produced in the country) and full foreign goods (100 percent foreign capital and goods are produced abroad). On the other hand, economics is basically a matter of balance. This phenomenon is clearly understood from accepted its definition in the international literature. Accordingly, economics is the science that deals with allocating scarce resources among unlimited wants. In other words, it is tried to answer the question of how to satisfy unlimited wants that is "demand" with limited resources that is "supply". In this regard, every economics school has tried to formulate this balance in the micro and macro level since the beginning of modern economics. Many theories like "comparative advantages" aimed at balancing global merchandise trade have been proposed in the literature of the international economics. However, at the present, trade between developed and developing countries results generally in developed countries' favor in despite of all these theories. Policy makers in the developing countries have tried to change this imbalance with public expenditures and tax expenditures as well as many reforms. However, it is not enough because this effort is just for production dimension of the problem, and the consumption dimension should not be overlook. If residents make purchase decision in favor of domestic products so far as possible, competitiveness of domestic company in the international markets increases as well as imports reduces. In this direction a consumption habits are an important responsibility of individuals. In other words, taking into consideration those economic imbalances cause deep-scaled welfare losses in long term; individuals who do not want to live bigger welfare losses in the future should consider lower welfare losses. Consumers should make purchase decision in favor of domestic products without exposing to large cost in terms of price-quality and within the bounds of possibility in their countries. In this way, the created added value remains in the country and these resources can be used to create new added value. More clearly, consumers supplement revenues of domestic producers with demanding domestic products, and domestic producers take opportunities of newly investing with created capital accumulation because of revenue growth. In addition, employment increases with new investments. By taking into consideration another factor, consumers should consider their contributions to production process in the country while deciding consumption. Thus, balance is regarded. Consequently, residents in the developing countries, which could not complete the market transition process, should make purchase decision in favor of domestic products without exposing to large cost in terms of price-quality. In this way necessity of created social moral codes have great importance in terms of economic balance (especially balance of trade).

Contributors

Deniz ABUKAN	Ankara University	Turkey
Muharrem AFSAR	Anadolu University	Turkey
Gulsum AKARSU	Ondokuz Mayis University	Turkey
Fatih AKBAYIR	Hacettepe University	Turkey
Hale AKBULUT	Hacettepe University	Turkey
Tekin AKDEMIR	Ankara Yildirim Beyazit University	Turkey
Melek AKDOGAN GEDIK	Cukurova University	Turkey
Cem AKIN	Ankara University	Turkey
Atakan AKINCI	Yildiz Technical University	Turkey
Emin Efecan AKTAS	Hacettepe University	Turkey
Munise Tuba AKTAŞ	Anadolu University	Turkey
Esmeray ALACADAGLI	Bayburt University	Turkey
Baris ALPASLAN	Ankara Yildirim Beyazit University	Turkey
Semra ALTINGOZ ZARPLI	Bilecik Seyh Edebali University	Turkey
Ali Ender ALTUNOGLU	Mugla Sitki Kocman University	Turkey
Utku ALTUNOZ	Sinop University	Turkey
Nunzio ANGIOLA	University of Foggia	Italy
Aysen ARAC	Hacettepe University	Turkey
Erkan ARI	Dumlupinar University	Turkey
Sebnem ARIK	Akdeniz University	Turkey
Derya ATLAY ISIK	Mugla Sitki Kocman University	Turkey
Emre ATSAN	Hacettepe University	Turkey
Zeynep AVCI	Gazi University	Turkey
Noyan AYDIN	Dumlupinar University	Turkey
Nurhan AYDIN	Anadolu University	Turkey
Belgin AYDINTAN	Gazi University	Turkey
Elshan BAGIRZADEH	Azerbaijan State University of Economics	Azerbaijan
Serdal BAHCE	Ankara University	Turkey
Feride BAKAR	Uludag University	Turkey
Faruk BAL	Istanbul Medeniyet University	Turkey
Mehmet BAS	Gazi University	Turkey
Nazan BASBOZKURT	Gazi University	Turkey
Seyhat BAYRAK GEZDIM	Dumlupinar University	Turkey
Ulku BILDIRICI	Istanbul Arel University	Turkey
Semih BILGE	Eskisehir Osmangazi University	Turkey
Nermin BILEK	Akdeniz University	Turkey
Derya BILGIN	Celal Bayar University	Turkey
Yelda BUGAY TEKGUL	Cukurova University	Turkey
Duran BULBUL	Gazi University	Turkey
Hemantkumar P. BULSARA	Sardar Vallabhbhai National Institute of Technology	India
Selcuk BUYRUKOGLU	Omer Halisdemir University	Turkey
Ayca BUYUKYILMAZ	Akdeniz University	Turkey
Selim CAGATAY	Akdeniz University	Turkey
Abdullah Emre CAGLAR	Akdeniz University	Turkey
Ebru CAGLAYAN AKAY	Marmara University	Turkey
Mehmet Fatih CAPANOGLU	Hacettepe University	Turkey
Abdullatif CEVIKER	Istanbul Medeniyet University	Turkey
Joanna CHUDZIAN	Warsaw University of Life Sciences	Poland
Ayse CINGOZ	Nevsehir Haci Bektas Veli University	Turkey
Basak DALGIC	Hacettepe University	Turkey
Caterina DE LUCIA	University of Foggia	Italy
Cigdem DEMIR	Akdeniz University	Turkey
Ihsan Cemil DEMIR	Afyon Kocatepe University	Turkey

Aytac DEMIRAY	Selcuk University	Turkey
Tolga DEMIRBAS	Uludag University	Turkey
Ferhan DEMIRKOPARAN	Cumhuriyet University	Turkey
Tunc DEMIRTAS	Uludag University	Turkey
Stephen DNES	University of Dundee	United Kingdom
Bahadir Sazak DOGAN	Hacettepe University	Turkey
Emrah DOGAN	Anadolu University	Turkey
Esra DOGAN	Eskisehir Osmangazi University	Turkey
Husnu Can DURAL	Akdeniz University	Turkey
Burcu FAZLIOGLU	TOBB Economics and Technology University	Turkey
Emre Burak EKMEKCIOGLU	Gazi University	Turkey
Ridvan ENGIN	Canakkale Onsekiz Mart University	Turkey
Ramazan ERBILGIN	Mugla Sitki Kocman University	Turkey
Metehan ERCAN	Akdeniz University	Turkey
Murat ERDOGAN	Akdeniz University	Turkey
Selin ERISKIN	Gazi University	Turkey
Erdal EROGLU	Uludag University	Turkey
Mahmure ESGUNOGLU	Cumhuriyet University	Turkey
Troy Benjamin FELVER	Ajou University	South Korea
Matthias FINGER	Ecole Polytechnique Fédérale de Lausanne	Switzerland
Filiz GIRAY	Uludag University	Turkey
Omer GOKCEKUS	Seton Hall University	U.S.A.
Ali Gokhan GOLCEK	Omer Halisdemir University	Turkey
Anna GOLOVKO	Sosyoekonomi Society	Turkey
Feride GONEL	Yildiz Technical University	Turkey
Aleksandra GÓRECKA	Warsaw University of Life Sciences	Poland
Ibrahim GUL	Hasan Kalyoncu University	Turkey
Ilknur GUL	Kirklareli University	Turkey
Sevilay GUMUS OZUYAR	Hacettepe University	Turkey
Tugay GUNEL	Hacettepe University	Turkey
Ismail GUNES	Cukurova University	Turkey
Volkan GURSEL	Uludag University	Turkey
Seyran GURSOY	Kocaeli University	Turkey
Jafar HAGHIGHAT	University of Tabriz	Iran
Volkan HAN	Aksaray University	Turkey
Veysel Fuat HATIPOGLU	Mugla Sitki Kocman University	Turkey
Arif IGDELI	Aksaray University	Turkey
Ahmet Salih IKIZ	Mugla Sitki Kocman University	Turkey
Betul INAM	Uludag University	Turkey
Ozlem INANC TUNCER	Isik University	Turkey
Nejat IRA	Kocaeli University	Turkey
Susanne JENSEN	University of Southern Denmark	Denmark
Recep KAHRAMAN	Omer Halisdemir University	Turkey
Tuncay KARA	Duzce University	Turkey
Semih KARACAN	Dumlupinar University	Turkey
Halis KARADEMIR	Omer Halisdemir University	Turkey
Oguzhan KARADENIZ	Ankara University	Turkey
Ayhan KARAKAS	Bartin University	Turkey
Birol KARAKURT	Karadeniz Technical University	Turkey
Nazli KARAOGLU	Gaziosmanpasa University	Turkey
Neslihan KARATAS DURMUS	Ankara Yildirim Beyazit University	Turkey
Veli KARGI	Mersin University	Turkey
Kamalbek KARYMSHAKOV	Kyrgyzstan-Turkey MANAS University	Kyrgyzstan
Oguz KAYNAR	Cumhuriyet University	Turkey
Sena KESKIN	Gazi University	Turkey
Sadik KILIC	Bulent Ecevit University	Turkey

Neslihan KILINC	Gaziosmanpasa University	Turkey
Mustafa KIZILTAN	Hacettepe University	Turkey
Onur KOKSAL	Omer Halisdemir University	Turkey
Altug Murat KOKTAS	Omer Halisdemir University	Turkey
Zuhal KURUL	Hacettepe University	Turkey
Reyhan LEBA TANSOKER	Uludag University	Turkey
Juan Francisco MARTÍN-UGEDO	University of Murcia	Spain
Mehmet MERT	Akdeniz University	Turkey
Edip Sabahattin METE	Gazi University	Turkey
Antonio MÍNGUEZ-VERA	University of Murcia	Spain
Mehmed MURIĆ	University of Peace	Serbia
Ebru NURCAN	Akdeniz University	Turkey
Asli Onay AKCAY	Dokuz Eylul University	Turkey
Eda ORUC ERDOGAN	Akdeniz University	Turkey
Cansel OSKAY	Mersin University	Turkey
Ersan OZ	Pamukkale University	Turkey
Erdemalp OZDEN	Bayburt University	Turkey
Halil OZEKICIOGLU	Cumhuriyet University	Turkey
Gozde OZENC	Kocaeli University	Turkey
Arzu OZSOY OZMEN	Kocaeli University	Turkey
Hilmiye Yasemin OZUGURLU	Mersin University	Turkey
Dogus OZUYAR	Ankara University	Turkey
Luis PALMA-MARTOS	University of Seville	Spain
Melike PINAR	Gazi University	Turkey
Blerion QELI	Free University of Bozen-Bolzano	Italy
Yagmur SAGLAM	Dokuz Eylul University	Turkey
Faruk SAHIN	Mugla Sitki Kocman University	Turkey
Nilufer SAHIN	Bartin University	Turkey
Firat Botan SAN	Mugla Sitki Kocman University	Turkey
Asi Ceren SARAL	Ankara University	Turkey
Doga Basar SARIIPEK	Kocaeli University	Turkey
Gulsah SEDEFOGLU	Marmara University	Turkey
Isil Sirin SELCUK	Abant Izzet Baysal University	Turkey
Hasan SELIM	Dokuz Eylul University	Turkey
Sibel SELIM	Celal Bayar University	Turkey
Mehmet SENGUR	Eskisehir Osmangazi University	Turkey
Halil SERBES	Uludag University	Turkey
Ersan SEVER	Aksaray University	Turkey
Cansu SEVINC	Pamukkale University	Turkey
Umit K. SEYFETTINOGLU	Akdeniz University	Turkey
Selami SEZGIN	Eskisehir Osmangazi University	Turkey
Sennur SEZGIN	Eskisehir Osmangazi University	Turkey
Emel SIKLAR	Anadolu University	Turkey
Ilyas SIKLAR	Anadolu University	Turkey
Biagio SIMONETTI	Università degli Studi del Sannio	Italy
Alev SOKMEN	Baskent University	Turkey
Alptekin SOKMEN	Gazi University	Turkey
Fulya SOLMAZ	Istanbul Metropolitan Municipality	Turkey
Gokhan SUMER	Halkbank	Turkey
Zehra Bilgen SUSANLI	Isik University	Turkey
Gert Tinggaard SVENDSEN	Aarhus University	Denmark
Sami TABAN	Eskisehir Osmangazi University	Turkey
Ibrahim TOKATLIOGLU	Gazi University	Turkey
Yagmur TOKATLIOGLU	Gazi University	Turkey
Kshitij G. TRIVEDI	Sardar Vallabhbhai National Institute of Technology	India
Ozlem TUMER	Uludag University	Turkey

Selim TUZUNTURK	Uludag University	Turkey
Aysegul UCKUN	Karatay University	Turkey
Sirri UYANIK	Karatay University	Turkey
Ozge VAROL	Ankara University	Turkey
Cagatay YAGCI	Mugla Sitki Kocman University	Turkey
Ahmet Burcin YERELI	Hacettepe University	Turkey
Aysegul YILDIZ	Dumlupinar University	Turkey
Veysel YILMAZ	Eskisehir Osmangazi University	Turkey
Cagdas ZARPLI	Bilecik Seyh Edebali University	Turkey
Mahmut ZORTUK	Dumlupinar University	Turkey