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Asts. Prof. Hasan Selim Kiroğlu

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Chapter 20

TURKEY’S UNEMPLOYMENT AND EMPLOYMENT POLICY

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INTRODUCTION

Today, unemployment is one of the most important structural problems not only of the developing countries, which have a rapid population rate and lack of sufficient investment and education opportunities, but also of developed countries. Unemployment is a global problem due to the inequality in income distribution, the decrease in total production and national income, and the psychological burdens imposed on the unemployed individual. However, there are differences between developed and developing countries in terms of the causes and characteristics of unemployment. Unemployment is also an increasing problem in our country. For this reason, as in other countries, searches for solutions to prevent unemployment have been made and active and passive employment policies have been adopted in addition to suggestions of macroeconomic solutions to prevent unemployment.

In this study, the concept of unemployment was first explained. Then, the psychological effects of unemployment are mentioned. Thirdly, unemployment types are specified. Fourth, the causes of unemployment and the name of the unemployment have been discussed. Finally, Turkey's employment policies are examined.

1. UNEMPLOYMENT CONCEPT

Social unemployment means that some of the productive resources, especially the workforce, cannot be used and wasted. In other words, being idle, the most important production factor of a nation, is a social loss. On the other hand, unemployment is not having a job, a willingness and income generating income. In this case, four factors are required for the existence of the unemployment situation (Sapancağı, 2000: 31; Talas, 1997: 129; Zeng & Wei, 2004: 3).

- The first is the ability to work.
- The second is that the person is determined to work. In other words, a person who does not seek job or does not accept the existing job opportunity is not considered unemployed.
- The third condition is to be ready to work. In this case, the person should be able to accept it immediately when the job is offered.
- The last element is the absence of a job that is suitable for one's ability and generates income.

2. PSYCHOLOGICAL EFFECTS OF UNEMPLOYMENT

Undoubtedly, the desire and ability to work and not having the oppor-

tunity to work have profound psychological effects on the person. Losing job or lack of work opportunity causes various deficiencies in the person. When a person is unemployed, he lacks a source of income that provides him with economic security. The family's role in making a living ends. Since the person does not have a specific job, he loses his sense of time and accordingly the perception of order. The individual's career perspective and social acceptance perspective disappear, and the sense of social repulsion replaces them. The person is faced with great loneliness and is deprived of a work environment in which he will establish a social relationship. In addition to this, there is a lack of warnings of social life in the workplace and a disconnection from the social environment. The person loses his occupation at work as a place of life and a place of satisfaction for the need to do something. Thus, it loses the sense of being useful to the society and of being useful (Tınar, 1996: 105).

Although these problems differ according to individuals and societies, in addition to health problems such as weakening of body resistance, gastrointestinal disorders, heart and circulatory diseases; stress, depression tendencies, hopelessness, closure, loss of self-esteem, loss of control over his own life and difficulties in planning the future. Indeed, the higher the professional position, the greater the psychological burden of unemployment (Feather, 2012: 93). However, unemployment is a social cost incurred by the whole society, especially in the immediate environment of the person. It is suggested that unemployment especially increases adolescence, alcohol and drug addiction and tendency to commit crimes. It is stated that unemployed people can easily lose their trust in society and the current socio-economic order, and unemployment can shake social balances by causing an increase in social conflicts and moral collapse (Tınar, 1996: 106-110).

3. TYPES OF UNEMPLOYMENT

There are many types of unemployment in the literature. These can be listed as hidden unemployment, seasonal unemployment, structural unemployment, cyclical unemployment, fractional unemployment. Frictional unemployment, structural unemployment, cyclical unemployment are among the most common types of unemployment.

3.1. Hidden Unemployment

Hidden unemployment is the common type in the agricultural sector in developing countries. Although the entire active population in this sector seems employable, if some of the workers are withdrawn from work, the same amount of production is made as the remaining workers, then there is hidden unemployment. In other words, without technological change, more workers are employed compared to production capacity (Zaim, 1992: 137).

3.2. Seasonal Unemployment

It is a type of unemployment that occurs due to weather conditions, seasonal changes, demand for goods or services in some branches of industry, depending on the season. Generally, seasonal unemployment in industrialized countries is mostly due to seasonal changes in demand for goods and services. In countries where the agricultural sector is dense, seasonal unemployment is not related to demand for goods or services, but about supply of goods or services, and is due to seasonal changes in production. The most important issue of employment in the agricultural sector in these countries is not hidden unemployment, but the labor force that is not separated from agriculture at the current technological level, but is not used for a long time of the year, namely seasonal unemployment (Zaim, 1992: 139).

3.3. Structural Unemployment

Structural unemployment appears due to changes in the structure of society. For example, as a result of industrialization, there is a large excess of labor force in the agricultural sector. As a result of the fact that the economic structure does not show a development that will absorb the workforce structure in developing countries, where this unemployment is the most intense, an employment level called “underemployment” occurs. In addition, rapid population growth also prevents the excess of the workforce in these countries from melting in the slower developing industry and service sectors (Koray, 2000: 140).

In addition, structural unemployment is encountered in developed countries due to technological change. Rapid technological change also causes excess supply of labor in these countries. It is generally accepted that today’s unemployment problem in developed countries shows structural changes in addition to supply and demand (Koray, 2000: 140). With technological change, employees remain unemployed until they adapt to the new situation or undergo vocational training and find jobs in other areas. In other words, this unemployment comes from replacing manpower instead of replacing the machine or applying more productive methods (Talas, 1997: 135; Zaim, 1992: 141).

As a matter of fact, while 70-80 thousand robots were involved in the production process in developed countries in 1984, this number increased to 1.1 million in 2009 with a rapid increase. It is stated that the use of robots shows an increase of 16% each year, and according to the data of the International Robot Federation, it is stated that an estimated 3.8 million industrial robots will be used in factories worldwide in 2021. According to the research of the International Robotics Federation, the density of industrial robots per 10,000 employees is 74 on average worldwide. Today,

every robot replaces an average of 6.2 people and offers cheaper labor. In the U.S. manufacturing of computer electronics, using a robot for a routine assembly task costs \$ 4 per hour and \$ 24 for an average employee (Koray, 2000: 140; Kurt & Bozoklu, 2019: 28; Technavio Block, 2016).

3.4. Cyclical Unemployment

The decrease or inadequate demand for goods and services produced in a certain economy also decreases the production of these goods and services. Therefore, this fluctuation in the economic structure leads to cyclical unemployment as the demand for labor decreases. In short, this unemployment arising from lack of demand can be seen in countries with sufficient capital accumulation and investment power, and it is a type of unemployment that occurs in developing countries. The rates of cyclical unemployment were very high between the two world wars. Fighting this kind of unemployment requires broad and continuous economic and financial measures. As a matter of fact, after the Second World War, the activity of war-based production did not stop completely and decreased relatively due to the implementation of planned employment policy and anti-deflationary measures by the states (Koray, 2000: 141; Zaim, 1992: 147; Talas, 1997: 135).

3.5. Frictional Unemployment

This type of unemployment occurs due to the short-term displacement of workers, even when there is a general balance between labor supply and demand in the economy. In other words, even if there is a full employment situation, that is, if there are more jobs than the number of workers seeking jobs, short-term unemployed people will change. Therefore, if the turnover of workers is high, frictional unemployment tends to increase and its importance increases. In short, this type of unemployment is the result of the mobility of the workforce (Zaim, 1992: 149).

4. REASONS FOR UNEMPLOYMENT

Structural unemployment in developed countries means that those who are working have lost their jobs, while in the developing countries, hidden unemployment is also experienced in addition to open unemployment. For this reason, the problem of unemployment in developing countries is not the problem of losing their job like in developed countries, it is the problem of “not finding a job” and is called “underemployment” by the International Labor Organization. However, in recent years, youth unemployment has been increasing in developed countries and long unemployment periods have been experienced. For this reason, it can be said that developed countries also face the problem of underemployment. Because in these societies there is a transition from the industrial society to the

post-industrial society and both the production and employment structure is undergoing a serious transformation (Koray, 2000: 141). In this serious turn, technological developments, globalization caused by technological developments and transition to flexible production systems, and the deregulation brought by flexibility have effects.

The effect of technological developments on employment volume appears in two ways. Technological advances create technological unemployment by shrinking employment by replacing human power with machinery in the short term. Technological development, on the other hand, plays a compensatory role in unemployment and creates new employment opportunities. However, technological development also has a double effect on the quality of the workforce (Werding, 2006: 16). First, technological development can reduce the demand for skilled labor. For example, the proliferation of information technologies enables some work to be done by machines. The second is the need for a more qualified workforce to use new technologies. In other words, manpower needs to be retrained to use new technology (DPT, 2001: 41). As a matter of fact, new technologies reduce the demand for unqualified labor in developed countries and further qualifications and skills are needed more. Technical developments in the services sector; has created new professions that are highly qualified in healthcare, computing, financial and commercial services. In contrast, in certain developed and developing countries, there is an increase in jobs that require less qualifications in trade and services, which proves development in the services sector. In developed countries, finance, insurance, immovable property, business services and to a certain extent technology-intensive services sector such as transportation, storage, communication contribute to employment creation. Employment in other service branches is entirely labor-intensive, less qualified, low-wage and atypical (Erdut, 2002: 31).

It is known that labor markets have become interdependent in the context of globalization. This dependency brings inequalities due to the liberalization of trade and the competition increased by foreign direct investments. In the face of the intensification of competition, restructuring is carried out in national as well as transnational enterprises (Murphy & Topel, 1997: 295) In this framework, localization is initiated in countries with low costs, and it is tried to reduce costs by showing evidence of collective labor disputes. All this has a negative impact on employment, wages and working system in enterprises. Indeed, developing trade between developed countries and developing countries with cheap and qualified workforce and technological capacity, on the other hand, direct foreign investments to such developing countries lead to mass layoffs, business closures and thus unemployment in developed countries (Erdut, 2002: 21).

Today's developing production techniques have increased competition. These changes, which are projected to increase or decrease the production of enterprises as a result of crises or cyclical fluctuations both at the global and country level, gave rise to flexibility. Switching to flexible production systems to adapt to the pace of increasing consumer demand and increasing product diversity is another reason that increases unemployment (Murphy & Topel, 1997: 301). Flexibility, the state's increasingly lesser role in employee-employer relations, freeing strict legislation from the labor legislation, gives social partners the freedom to regulate the terms of employment and employment contracts (Erdut, 2002: 17). In this context, labor markets today are subject to deregulation due to the increasing impact of multinational corporations on economic and social life on the one hand, and the decline of nation states on the other. In this context, in terms of labor supply, flexible working hours limit the organizational and social rights of workers. Today, flexible working styles have been included in the labor legislation in many industrialized countries and certain rules have been introduced. However, when flexible working hours are evaluated among the informal working styles in our country, we face an important problem (DPT, 2001: 39).

Indeed, atypical employment, especially in most developing countries, has often taken the form of "unprotected" employment, ie devoid of written employment contracts or legal social security opportunities. This situation leads to job insecurity (Erdut, 2002: 35).

Privatization policies also lead to unemployment. One of the most important results of privatization is the reduction of the impact of the public sector, which sets an example for the private sector and plays a regulatory role. As a result, wage levels decrease, unionization and subcontracting increases (DPT, 2001: 41).

5. DIMENSIONS OF UNEMPLOYMENT IN THE WORLD AND IN TURKEY

According to the estimates of the International Labor Organization, as of 2019, 15 million 600 thousand people in Europe and 188 million people in the world are unemployed (ILO, 2020). In the countries included in the European Union, which entered a rapid development process after the Second World War, an employment level close to full employment was reached in the early 1960s. Some countries that are members of the Union such as

Germany, France, the Netherlands and Belgium have focused heavily on foreign employment in order to continue their economic development. For this purpose, Italy, Spain, like Greece, later joined the Union, especially in some countries, Turkey and the (former) foreign workers were employed in bringing the country from Yugoslavia. However, it has not been possible to maintain this high level of employment with various factors for various reasons. Because an economic crisis caused by the recession in the world has been felt for a long time due to the effects of similar economic factors such as first and second oil crisis, raw material shortage, technological developments, activities of multinational companies and demographic structure. Both the European Union countries and our country have been severely affected by this crisis. Unemployment experienced in the European Union today is mostly structural, temporary and technological unemployment. For this reason, in the European Union, great importance is attached to re-training and channeling those who are unemployed as a result of transition to advanced technologies (Savaşır, 1999: 176).

In our country, which has a young population structure, there is a structural unemployment resulting from not being able to create employment for the rapidly growing population. In fact, as a result of the decrease in the growth rate in our country, the unemployment problem is experienced due to the limited investment opportunities. In this context, there is a difference between unemployment in our country and unemployment in the European Union. After the members of the Union have reached their full employment level, they have entered a process of structural change due to the change in society, technology and economy. As a result, they have started to experience a medium-term unemployment period until a new structure is added to their labor and economies. Turkey on the other hand, society has not yet reached full employment in the economy can not fully perform its organizational structure. In this regard, the surplus of labor force in our country; population growth and the fact that our economy has not reached the power to carry this population. Unemployment in our country is mostly structural, but unemployment seen in the European Union is cyclical unemployment (Savaşır, 1999: 177).

Agriculture production in Turkey is a priority. Nearly half of the workforce in the agricultural sector maintains seasonal fluctuations, mainly based on family businesses, small-scale, women-intensive employment, largely free family helpers. Agricultural technology developments that have enabled agricultural products to be processed and evaluated to create added value have broken the usual production patterns of the rural areas. In the process, almost half of the rural population's labor force has fallen into idle labor force (Yıldız, 20014: 3). In addition, migration in recent years, hidden unemployment and seasonal unemployment have an impact

on employment. In addition, the employment structure in the informal sector, which consists of an urbanization rate of up to 4% in our country, and a labor force that migrated to cities in a short time and could not find a job in the formal sector; the unskilled labor force that has just arrived in the city is diversified within itself as children, women, second-hand workers and foreign fugitives. Those working in the informal sector are involved in unstable, low-income jobs. Thus, the urbanized population has gained employment opportunities both in the industrial sector and the productive and income-generating formal sector. Only informal work, which provides the opportunity to maintain a minimum level of life and which is often temporary but not permanent, provides underemployment. For this reason, it has some degree of unemployment. It is stated that the shortage of employment opportunities against the rapidly growing young population is the basis of this end. Also, the high job expectations of the youth at the beginning is a factor that prolongs the duration of the job search. In addition to these reasons, it is stated that the uneducated and unqualified groups of workers are the most affected by unemployment and underemployment in the young population. Employment problems in our country mainly originate from macroeconomic reasons and it is very difficult to develop and increase employment opportunities unless economic growth and industrialization are accelerated. The high inflation experienced in our country and the inadequate investments cannot meet the labor supply. In addition, the fact that the technologies used in the workplaces are capital intensive, also increases the employment problem (Ekin, 2013: 127; Savaşır, 1999: 189).

If you look at the employment and unemployment situation in Turkey Official data for 2019 is 4 million 570 thousand people unemployed. The unemployment rate in Turkey 13.7%, the employment rate is 44.7%. The youth employment rate is 31.9% and the youth unemployment rate is 25%. Also, there is a 9.3% unpaid family worker in general employment. The rate of participation of women in the labor force in Turkey again according to Turkstat (15+ years) is 34.2% (TÜİK 2020a, TÜİK 2020b).

6. EMPLOYMENT POLICIES IN TURKEY

Social policy adopted for the prevention of the right to work and Turkey are likely to see unemployment in the regulation of employment creation and labor market policies. Employment creation policies are primarily found in development plans. In the first five-year development plan, the employment problem was handled independently, and in the following plans, the view that employment will be created within the development policy was adopted (Koray, 2000: 235).

6.1. Macroeconomic Policies

In the report prepared for the labor markets for the eighth five-year development plan, the recommended macroeconomic policies on combating unemployment were determined. Accordingly, “priority should be given to reducing poverty, eliminating imbalances in income distribution and increasing welfare. In this framework, it is important to improve the aid systems and support the services of the lower income groups to benefit from education, health and other social services” (DPT, 2001: 46).

Increasing employment in the process on these foundations remained important in the Ninth five-year development plan and the preparation of the National Employment Strategy was envisaged. In the tenth five-year development plan, it is aimed to provide employment in the context of high and high quality growth. In the Eleventh five-year development plan, in which the employment rate of 50.8% is targeted as the target of 2023, it is seen that the issue of digitalization is also included in the employment policies as a requirement of the age. In addition, it is aimed to increase female employment in the coding-software field (Ulusal İstihdam Stratejisi; Onbirinci Kalkınma Planı 2019: 141).

As in all industries, SMEs are enterprises that provide employment opportunities for more people with less investment, are more prone to technological change, less affected by economic fluctuations, and can easily adapt to changes in demand and diversity. With these aspects, young unemployed people will be employed locally as a result of the intensification of organized industrial zones, taking advantage of the potential of SMEs, which occupy an important place in the unemployment of the country and have the biggest share in creating employment for young people (Ulusoy & Akarsu, 2012: 114).

6.2. Active Employment Policies

Active employment policies are generally aimed at increasing labor demand and preventing unemployment; These are policies that ensure limiting unemployment, such as retraining, early retirement and limiting labor mobility. In short, it serves to match between labor demand and labor supply (Bayrakdar, 2019: 340).

The “Employment and Training Project”, which was launched in 1993, in order to effectively implement active labor policies, continues. With this project, it is envisaged to diversify employment services and increase their efficiency by allowing private employment agencies. Other objectives of the project are providing vocational training to unemployed people with low skill level, occupational standards, establishment of examination certification system, development of the labor market information

system and increasing female employment. Thus, it was aimed to ensure the institutionalization of the labor market and to ensure effectiveness in the formation of labor market policies. Vocational education forms the basis of the active labor market (Bayrakdar, 2019: 140).

In addition to being a work placement tool, İŞKUR is obliged to provide employment to the workforce and to improve employment through activities such as on-the-job training, orientation to the profession, job and vocational counseling, monitoring developments in the labor market, providing support and assistance to starting a business, implementation of job creation measures. Between 2002-2008, İŞKUR organized a total of 5225 courses, of which 114395 people participated, 897 of them with employment guarantee, 649 for the disabled (İŞKUR, 2020).

6.3. Passive Employment Policies

Passive employment policies are not primarily about employment, but generally aim to repair the negative consequences of the unemployment problem. To this end, measures such as unemployment insurance and unemployment benefits are implemented to provide certain economic security to the unemployed and thus, it is aimed to prevent possible damages for the individual and the society (Kocabaş & Özgüler, 2019: 268).

Unemployment insurance has a two-way opposite effect as a mechanism that compensates for the loss of income of the unemployed person. On the one hand, it provides stability to the economy by preventing demand contraction and prevents unemployment due to total demand shortage. On the other hand, unemployment insurance increases unemployment by shortening the duration of job search. Unemployment insurance, which compensates temporary losses or decreases, compensates for losses until it finds a new job, and ensures short income continuity, has been legalized (Kocabaş & Özgüler, 2019: 268).

On the other hand, the reasons for the failure of the employment policies developed were tried to be revealed. As stated, the first reason for this failure is the lack of social participation in the formation of these policies and not being discussed by the related organizations sufficiently. Secondly, the inconsistency in economic policies also affects employment policies, and structural disorders of the economy limit success in the expansion of employment. It has been suggested that the policies and programs developed are not continuous, and there are laws that restrict employment expansion (Ekin, 2003: 133).

RESULT

Unemployment is a vital problem both individually and socially. The

high rate of employment in the country is one of the most important factors in ensuring economic development. However, the unemployment rate, which started to rise especially after the Second World War in the world, the development of technology after the 1980s, and the globalization brought about by technological development, international trade has developed and thus the goods, services and labor markets have become interdependent. Developed countries have turned to foreign direct investments in developing countries with cheap and qualified workforce and technological capacity. This has led to mass layoffs, business closures and hence unemployment in developed countries.

Today's developing production techniques have increased competition. In order to adapt to the change in consumer demands and diversity and technological change, businesses have entered the restructuring process and adopted flexible organizational models. With the flexibility, the rules governing the working life have been removed and the state's intervention in the working life has weakened. Thus, the enterprises went to increase or decrease the number of workers in the enterprise according to the fluctuations in demand. In this context, labor markets are being subjected to deregulation on the one hand due to the increasing impact of multinational firms on the economic and social life on the one hand, and the decline of the nation states on the other. In this context, structural unemployment, which is experienced intensely in developed countries, means that those who are working have lost their jobs, while in the developing countries, hidden unemployment is also experienced in addition to open unemployment.

If we make a comparison in terms of the European Union and Turkey is unemployment, but structural unemployment in our country is more along the cyclical unemployment is seen unemployment in the European Union. In our country, where the unemployment rate is high, the highest unemployment rate is among the youth. However, in Turkey, which vary between urban and rural women's labor force participation rate in urban areas, this rate is reported to be lower. However, when we look at the gender discrimination in the sectoral distribution of employment, it is seen that the majority of women are unpaid family workers in agriculture.

Nearly half of the workforce in the agricultural sector in our country maintains seasonal fluctuations, mainly based on family-owned businesses, small-scale, women-intensive employment, mostly using free family helpers. Hidden unemployment is high. In addition, the unskilled labor force, newly arrived in the city, children, women, workers in the second job, and those working in the informal sector of foreign fugitives are working in unstable, low-income jobs. The informal sector has a partial unemployment effect.

Employment problems in our country mainly stem from macroeconomic reasons. The high inflation and inadequate investments cannot meet the labor supply. In addition, the fact that the technologies used in the workplaces are capital intensive, also increases the employment problem. Due to the high youth unemployment, the main focus of active employment policies in our country is vocational education. For this reason, training courses are planned to provide new professional skills to the workforce or to enrich the existing professional equipment. However, the number of courses still held and the number of trainees graduating from these courses is very low.

Another issue that is emphasized in employment policies is the support of SMEs. SMEs, which are labor intensive and have employment-enhancing effects, are more prone to technological change and less affected by economic fluctuations, are particularly effective in creating employment for young people. For this reason, as a result of the intensification of organized industrial zones in the eighth five-year development plan, it is envisaged to provide employment for young unemployed people in their neighborhood.

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Chapter 21

THE MEDIATING ROLE OF ORGANIZATIONAL SUPPORT IN THE IMPACT OF INCLUSIVE LEADERSHIP AND SERVANT LEADERSHIP ON JOB SATISFACTION

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1. Introduction

Leadership has a greater effect on the mindset of workers to their work. The role of leaders has changed in today's organizations, and every organization's performance depends on leadership styles. According to Mintzberg (2010), real leaders serve many citizens with respect and integrity as they partake in something they do not actually do for their own benefit. Servant leadership can build a supportive work climate, improving employee sense of identity, career satisfaction, and organizational engagement, as well as collaborative members can more successfully cultivate staff awareness and job satisfaction. Both leadership type has an impact on job satisfaction. There is substantial empirical evidence that where organizational support has an important effect on employee satisfaction. Organizational support is possible to create an outcome in the effect of two leader types on job satisfaction. The aim of this article is to present a model proposal that can identify the mediating role of organizational support in the impact of inclusive leadership and servant leadership on job satisfaction.

2. Conceptual Framework

2.1. Inclusive Leadership

Nembhard and Edmondson (2006, p. 162) suggested the idea of inclusive leadership was originally in the field of management, which was described as the words and actions of the leader or the leaders showing an invitation and respect for the participation of others. Ospina and El Hadidy (2011) defined inclusive leader as trustworthy and someone who acknowledged and was accountable for outcomes workers at all levels of the company. Hollander (2012, p. 3) described inclusive leadership as a form of relational leadership that focuses on leaders listening and paying attention to the desires of followers and the sense that leaders are open to them. In other words, inclusive leaders often help supporters and leave their channels available to encourage them to join. Such leaders demonstrate care for their followers 'needs, aspirations and emotions and are alert and willing to assist (Carmeli, Reiter-Palmon, & Ziv, 2010, p. 251). Inclusive leaders are the guiding forces behind their workers in order to inspire them to commit to their jobs (Aslan, 2019b). Hollander (2012, p. 43) described inclusive leadership as an inter-dependent win - win role with a shared objective and perspective.

The inclusive leader was viewed as having a key function in building the inclusive organization. Three measurements that defined leadership: (1) Leaders acknowledged staff' opinions and shortcomings by listening closely to their viewpoints, rationally tolerating their errors, and providing support and guidance to assist employees in making mistakes (2) Leaders

that have been acknowledged and educated by recognising and reflecting on workplace performance and honouring successes rather than showing jealousy. (3) Leaders viewed workers equally, acknowledged their desires and wishes, displayed a reasonable disposition towards workers and assured that they shared their earnings (*Van de Ven, 1986*). Ensuring fairness and equality helps Inclusive leaders to ensure that group members are equally represented and to demonstrate that participants of the collective are valued (Lind & Tyler, 1988; Sabharwal, 2014; Shore et al., 2011). This leadership is seen as a collection of other forms of leadership, such as servant leadership, transformational leadership and ethical leadership. Inclusive leadership covers three facets of a supportive leader, including involving availability, openness, and accessibility (Van Dierendonck, 2011). Choi, Tran, and Kang (2017) express that inclusive leadership motivates good aspects of communication between leaders and followers. Inclusive leaders are not only eager to listen to and help the followers, they are also able to empower staff to communicate their desires and explore possible solutions to delivering successful outcomes.

2.2. Servant Leadership

In 1969 Robert Greenleaf used the term “servant leader” for the first time, and has been widely known for more than a decade (Sendjaya & Sarros, 2002, p. 57). A servant leader combines being a servant with being a leader. The servant leader is first servant, says Greenleaf (1969). It starts with the inherent instinct that you want to serve. So a deliberate decision causes us to seek to lead. Lacroix and Pircher (2017, p. 2) defined servant leaders as successful role models. Servant leaders, as described in the term, embody their “other” emphasis as opposed to the “self” emphasis through serving others, mainly their followers (Sousa & van Dierendonck, 2017). In his seminal work, (R. Greenleaf, 1979) claimed that the servant leader has a normal feeling of helping others rather than themselves, providing incentives for the development of followers (Luthans & Avolio, 2003).

The main inspiration of a servant leader is the ability to represent others, which in effect contributes to the pursuit of common objectives. Spears and Lawrence (2016) emphasized that a servant leader is one who genuinely listens, attempts to learn and respectfully strives to support followers accomplish their social, career and spiritual objectives. (Dierendonck, 2011) stressed that servant leadership is based on inspiring to act as a servant that affects and produces the healthier working atmosphere on the individual front, contributing to improved individual efficiency. This would allow organisations to recruit, develop loyalty, credibility and enable workers realise the intent of their stay in the organisation for mutual benefit. The servant leader anticipates the corporate potential and focuses on concrete

targets, unleashes the challenges of the past, concentrates on the moment and steps on to meet the possible implications (Spears, 2005). Dierendonck (2011) provides six characteristics that suggest servant leaders inspire and develop people, humble themselves, embrace the people for whom they are, guide and work for the benefit of the whole.

2.3. Organizational Support

The perception of organizational support is to some extent defined as the organization's value to the employee's contribution and its interest in his or her well-being Eisenberger, Armeli, Rexwinkel, Lynch, and Rhoades (2001a, p. 42). To exchange for its support, the company needs staff to help the companies accomplish its organizational goals and success targets and to assist its peers and superiors.(Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001b, p. 42). The theory of organizational support is focused on the interpretation of the theory of social exchange as in the connections between workers and employers (Eisenberger, Huntington, Hutchison, & Sowa, 1986, p. 500). Organizational support theorists also suggest that employees develop perceptions of support to meet socio-emotional needs and determine whether the organization is prepared to reward the increased efforts made on its behalf (Rhoades & Eisenberger, 2002, p. 698; Eisenberger et al.1986). Due to the principle of organizational support, workers create a concept of organizational support in reaction to the fulfillment of socio-emotional requirements and the incentive of greater commitment toward the company (Eisenberger, Stinglhamber, Vandenberghe, Sucharski, & Rhoades, 2002, p. 565). In the basis of this idea, workers will be dedicated to their employer and can make the best of their contributions to carry out their job in socio-emotional advantages such as financial rewards and wages as well as care (Eisenberger et al., 1986, p. 503). Employees who perceive organizational support feel compelled to respond with increased zeal, loyalty and citizenship behaviors (Shore & Wayne, 1993).

2.4. Job Satisfaction

Given its extensive application in academic studies, as well as in daily life, there is also no universal consensus as to what job satisfaction is. In truth, there is no final description of what job is. Therefore the essence and value of employment as a basic human task must be understood before a description of job satisfaction can be provided. Spector (2006, p. 32) defines job satisfaction as what people think of their jobs and the various facets of their employment. Job satisfaction is described as feelings resulting from employee evaluation of work. According to Roodt, Rieger, and Sempane (2002) work satisfaction refers to interpretation and appraisal of the job by the employee. According to them, the understanding of the person is

affected by particular situations including desires, beliefs and aspirations. Therefore workers determine their work according to their significant factors. conclude that job satisfaction is a mentality and not a behavior. They describe work satisfaction as a good feeling that a person has regarding his / her employment, centered on the assessment of work characteristics. Attitudes are acquired and can alter such as work satisfaction (Khandelwal, 2003). There are three components of attitudes: cognitive, affective and behavioral. The cognitive portion refers to a mindset section of thought or conviction. The emotional portion is the mental or tactile section of the disposition, whereas the behavioral aspect relates to the desire to act in a certain way (Robbins & Judge, 2007). Job satisfaction may be deemed one of the primary considerations when it comes to organizations productivity and efficacy. Spector (1997) assessment, causes, and consequences describes three main aspects of job satisfaction. First, organizations must be motivated by individual principles. Second, the actions of employees, based on their degree of job satisfaction, can have an effect on the working and activities of the group. Second, employee satisfaction may function as a measure of organizational performance.

2.5. Proposal Development

2.5.1. Inclusive Leadership and Organizational Support

Organizational support is the degree to which the workers view the concern of the company for their participation and wellbeing (Eisenberger et al., 2002). The disposition of inclusive leaders toward subordinates and the degree of support to subordinates will have a huge effect on the organizational support viewed by employees (Li, Ling, & Shun., 2009). Analysis has shown that leadership guidance and encouragement for workers can effectively boost their perceived organizational support (Rhoades & Eisenberger, 2002). The study undertaken by Aslan (2019a) to evaluate the connection between inclusive leadership and perceived organizational support has found that inclusive leadership has had a substantial positive influence on perceived organizational support. Inclusive leadership looks after staff at work and offers workplace support. Employees receive organizational support from their members leaders. Then employees perceive organizational support from their leaders. We therefore propose the following proposal:

Proposal 1: Inclusive leadership is positively related to organizational support.

2.5.2. Servant Leadership and Organizational Support

Servant leadership theory focuses on prioritizing the needs of follow-

ers (Joseph & Winston, 2005). The type of relationship between the servant leader and his followers is a covenant-based relationship, according to the current literature and there is a major personal bond including common beliefs, dedication, faith and interest that cannot be quickly broken and contributes to optimistic emotions like expectations of organizational support (Baykal & Zehir, 2018). Owing to being a caring leader and having a main concern as helping his followers, relations between servant leaders and subordinates may boost workers' views of organizational support (Baranik, Roling, & Eby, 2010; R. K. Greenleaf, Spears, Covey, & Senge, 2002). Enhanced assistance given to adherents goes beyond traditional work arrangements due to supportive and loving partnerships (Dannhauser & Boshoff, 2006) and servant leadership gives way to high rates of presumed organizational support. We therefore propose the following proposal:

Proposal 2: Servant leadership is positively related to Organizational Support.

2.5.3. Organizational Support and Job Satisfaction

Cable and DeRue (2002) noted that perceived organizational support was substantially positively related to job satisfaction, and Erdogan, Kraimer, and Liden (2004) noted that perceived organizational support was a major predictor of job satisfaction. Perceived organizational support leads to outcomes favorable to both employees as job satisfaction and positive mood (Yu & Frenkel, 2013). Organizational support will aim to incorporate schemes that improve workplace engagement, increase efficiency, increase work satisfaction and increase employees' adherence to organizational goals (Kubuga, 2014). We therefore propose the following proposal:

Proposal 3: Organizational Support is positively related to Job Satisfaction.

2.5.4. Inclusive Leadership and Job Satisfaction

In several respects inclusive leadership is a combination of transformational leadership and transactional leadership. Both forms of leadership can have a positive impact on the success of team activities. Inclusive leaders regard team members as partners, acknowledging the importance of each. This action will improve team leaders' dedication and encourage team members to cope flexibly with their work (Carmeli et al., 2010). Therefore, responsive members will more successfully foster participant understanding of team priorities and work satisfaction, and positively enhance the efficiency of team activities. Inclusive leaders may also foster participant understanding of team goals and job satisfaction more effec-

tively (Qi & Liu, 2017). We therefore propose the following proposal:

Proposal 4: Inclusive leadership is positively related to Job Satisfaction.

2.5.5. Servant Leadership and Job Satisfaction

Servant leadership helps create a productive working atmosphere, improving the sense of identity, job satisfaction and commitment of employees to the organization (Ding, Lu, & Song). Hashim, Khattak, and Kee (2017) have identified a relationship between servant leadership and job satisfaction in an effort to understand the role of servant leadership. Jing (2019) expresses that Servant leadership contributes positively to the job satisfaction of health professionals. Aslan (2020) points out that servant leadership has an enhancing effect on job satisfaction. Jordan (2015) indicated a strong positive correlation between employee leadership and job satisfaction. We therefore propose the following proposal:

Proposal 5: Servant leadership is positively related to Job Satisfaction.

2.5.6. Mediator Role of Organizational Support in the effect of Inclusive Leadership and Job Satisfaction.

Inclusive leaders will more efficiently foster the understanding of team goals and work satisfaction among participants. Inclusive leaders may also foster participant understanding of team goals and job satisfaction more effectively (Qi & Liu, 2017). There is a large body of data suggesting that organizational support has a high impact on Job satisfaction. We therefore propose the following proposal:

Proposal 6: Organizational support mediates the relationship between Inclusive Leadership and Job Satisfaction.

2.5.7. Mediator Role of Organizational Support in the effect of Servant Leadership and Job Satisfaction

There is a large body of research evidence demonstrating that where the Servant leadership techniques have an effect on employee satisfaction, mostly by the worker retention process for their work. And also a considerable body of research also show that organizational support has a strong impact on job satisfaction. We therefore propose the following proposal:

Proposal 7: Organizational support mediates the relationship between Servant Leadership and Job Satisfaction.

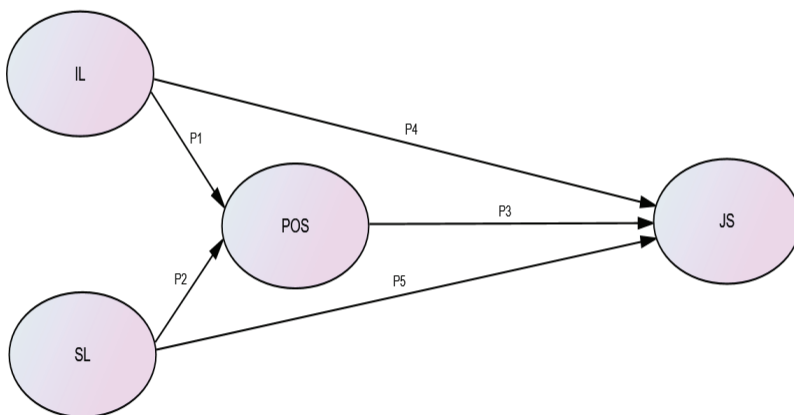


Figure 1: Conceptual Model

3. Result and Discussion

In a competitive environment, as institutional success depends on employee satisfaction and it was important to understand how leaders would stimulate their followers. Inclusive leadership stress recognition of workers with what they are, strengthening and empowering workers to relate to their special capacity and beliefs. Given this, servant leadership insists on encouraging workers to develop and thrive (Liden, Wayne, Zhao, & Henderson, 2008). Job satisfaction is likely to arise in organizations where these forms of leadership are seen. In addition to these leadership styles, it can be proposed that workers with high levels of organizational support continue to judge their job more positively, and that their job satisfaction is improved (Rhoades & Eisenberger, 2002).

A model proposal has been presented in this context. Statistical testing of the proposed model is expected to contribute to the literature.

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Chapter 22

**EIN TÜRKISCHER DETEKTIV IM ROMAN
„HAPPY BIRTHDAY, TÜRKIE!“ VON JAKOB
ARJOUNI: KEMAL KAYANKAYA**

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I. Einleitung

Ethnokrimi ist eine Gattung im Kriminalroman, die eine der Hauptfiguren einer ethnischen Gruppe angehört, deren Kultur im Krimi eine besondere Rolle spielt (Huesmann, 2019: 47). Die Merkmale des Ethnokrimis stellt Martin Compart mit ähnlichen Worten dar:

„Ethnokrimi Krimis, die die Besonderheiten einer ethnischen Gruppe als Handlungsträger miteinbeziehen. Besonders gern wird ein Protagonist (wie John Balls Virgil Tibbs in „In der Hitze der Nacht“ oder „Nakia“, „Der Indianersheriff“) als Detektiv eingesetzt, der den Fall dank seiner ethnischen Dazugehörigkeit löst“ (Compart, 2000: 114).

Wie man aus diesen Zitaten entnehmen kann, spielt Miteinbeziehung einer ethnischen Gruppe als Handlungsträger eine zentrale Rolle im Ethnokrimi. Jeanne Ruffing vorschlägt folgende Definition:

„Ethnokrimis oder ethnische Kriminalromane sind Krimis, in denen ein Ermittler, der einer im fiktionalen Universum als partikular präsentierten ethnischen Gruppe angehört, aus seiner ethnischen Position heraus ermittelt und in denen identitäre Probleme ethnischer Gruppen sowie soziale Probleme der multikulturellen und multiethnischen Gesellschaft erörtert werden“ (Ruffing, 2011: 36).

Aus diesem Grund bedient Ethnokrimi, der eine Gattung der Kriminalroman ist, als soziale Probleme der multikulturellen und multiethnischen Gesellschaft erkannt werden. Ethnokrimis ist eine Gattung, „dass Literatur und Kultur auf eine ethnische, territoriale, kulturelle und sprachlich geschlossene Einheit bezogen sind“ (Kimmich, 2010: 34).

Obwohl im hard-boiled Krimi, der in den 1920er Jahren in Amerika aufgetaucht ist, die Begriffe wie „Exotismus“ und „Fremdenfeindlichkeit“ stattgefunden wurden, „spielten Interkulturalität, Ethnizität und Rassismus lange Zeit kaum eine Rolle in der Themenwahl der Kriminalliteratur“ (Kastner, 2017: 27). Im Bunde mit den Begriffen wie „Interkulturalität“, „Ethnizität“ und „Rassismus“ ist eine neue Gattung im Kriminalroman entstanden: Ethnokrimi. Diese Gattung „ist erst vor einigen Jahren entstanden. Doch bereits Anfang des 20. Jahrhundert schrieb der britisch-australische Krimiautor Arthur W. Upfield Krimis, in denen er Kultur der Aborigines kenntnisreich darstellt. 1929 erschien der erste Band seiner Serie mit dem Kriminalinspektor Napoleon „Bony“ Bonaparte, Sohn eines weißen Vaters und einer Aborigine-Mutter, ein ausgezeichnete Spurenleser und Kriminalist. Ab den 1970er Jahren veröffentlichte der US-Amerikaner Tonny Hillerman seine Krimiserie, die in der Navajo Nation Reservation spielt. Seine Hauptfiguren sind Joe Leaphorn und Jim Chee, zwei Officer der Navajo Tribal Police. Hillerman galt aus Autorität für die Kultur der Diné und Hopi“ (Huesmann, 2019: 47).

Durch diese neue Gattung ist im Kriminalroman die Problematik der Ethnizität beteiligt. „Daneben werden aber auch ältere Tradition des „Ethnokrimis“ weitergeführt. Das Feld der ethnischen Kriminalromane wird also immer heterogener. Gleichzeitig kann der einer Minderheit entstammende Detektiv nun nicht mehr ohne weiteres als Figur behandelt werden, die ‚uns‘ d.h. dem weißen Durchschnittsbürger, eine ‚fremde‘, d.h. farbige, indigene, exotische, minoritäre Kultur nahebringt. Die sich in den 1990er Jahren zunehmend durchsetzende Reflexion über Multikulturalität und den politischen Charakter der Repräsentation von Minderheiten hat dazu geführt, daß die gesellschaftliche Unsichtbarkeit ethnischer Subjekte problematisiert wird und daß Ethnizität/race stärker in Zusammenhang mit Aspekten wie Gender, soziale Klasse und sexuelle Orientierung wird“ (Ruffing, 2011: 26).

II. Reflexionen aus dem Roman „*Happy Birthday, Türke!*“ von Jakob Arjouni

Jakob Arjouni, mit bürgerlichem Namen Jakob Michelsen, einer der bekanntesten Autoren der zeitgenössischen deutschsprachigen Kriminalliteratur, wurde am 8. Oktober 1964 in Frankfurt am Main geboren. Sein Vater Hans Günter Michelsen war ein Dramatiker und seine Mutter arbeitet als Verlagschefin. Ambros Waibel stellt den biografischen Abriss von Arjouni mit dem folgenden Zitat fest:

„Mit zehn auf ein Internat im Odenwald. Mit zwölf zum ersten Mal *Rote Ernte* von Hammett gelesen- nicht alles verstanden, aber begeistert. Von vierzehn bis achtzehn regelmäßige Fahrten ins Frankfurter Bahnhofsviertel zum Pool-Billard. Nach dem Abitur nach Montpellier, Südfrankreich. Abgebrochenes Studium. Zweieinhalb Jahre Arbeit als Kellner, Badeanzug- und Erdnussverkäufer. Ersten Roman geschrieben *Happy Birthday, Türke!* Und erstes Theaterstück *Die Garagen* [Uraufführung im Kulturzentrum am Gasteig, München, (25.2.1988)]. Mit zweiundzwanzig nach Berlin auf eine Schauspiele“ (Waibel, 2000: 89).

Nach seinem ersten Roman „*Happy Birthday, Türke!*“ führt er Kayankaya-Krimiserie fort. Die Krimiserie geht weiter mit den Romanen „*Mehr Bier*“ (1987), „*Ein Mann, Ein Mord*“ (1991), „*Kismet*“ (2001) und „*Bruder Kemal: Ein Kayankaya-Roman*“ (2012). Neben diesen Krimiserien wurde er „außerdem die Geschichtensammlung *Ein Freund* (1998) sowie den Berlinroman *Magic Hoffmann* (1996)- um nur zwei seiner vielen Werke zu nennen“ (Wiedermann, 2006: 266) geschrieben. Im Jahr 1992 wurde er für seinen Roman „*Ein Mann, Ein Mord*“ mit dem Deutschen Krimipreis ausgezeichnet. Doris Dörrie hat in 1992 den Roman „*Happy Birthday, Türke!*“ verfilmt. Jakob Arjouni ist nur 48 Jahre alt, als er im Jahr 2013 an Krebs gestorben ist.

Diese Arbeit konzentriert sich auf den Roman „*Happy Birthday, Türke!*“, in dem Kemal Kayankaya zum ersten Mal in einem literarischen Werk auftritt. Im gesamten Roman werden die Nöte eines Türken in Deutschland erzählt. Aus dieser Sicht wird der Roman in dieser Arbeit im Kontext der „Ethnokrimi“ analysiert, der eine Gattung des Kriminalromans ist und mit der werkimmanenten Methode versucht.

Der Roman beginnt am 11. August 1983, dem auch der Geburtstag der Hauptfigur des Romans ist: „Es war der elfte August neunzehnhundertdreißig, mein Geburtstag“ (Arjouni, 1987:9). Kemal Kayankaya, der beide die Hauptfigur des Romans „*Happy Birthday, Türke!*“ und sein Erzähler ist, ist ein türkischer Mann, der als Privatdetektiv in Frankfurt lebt und seit drei Jahren als Privatdetektiv arbeitet: „Privatdetektiv war ich seit drei Jahren. Türke von Geburt“ (Arjouni, 1987:13). Privatdetektiv Kemal Kayankaya, unterscheidet sich völlig von dem bekannten fiktiven Detektiv des Kriminalromans mit seinem Privatleben und den einzigartigen Methoden, mit denen er die ihm gegebenen Fälle löst. Kemal Kayankaya ist weder schlau wie Agatha Christies fiktive Figuren Miss Marple, höflich wie Hercule Poirot, noch klug wie Sir Arthur Conan Doyles fiktive Figur Sherlock Holmes. Bestenfalls ist er so professionell wie Dashiell Hammetts fiktiver Charakter Detektiv Sam Spade, aber Kayankaya, wer seine Karriere erst vor drei Jahren begonnen hat, macht diesen Job meistens, um seinen Lebensunterhalt zu verdienen. Anja Heinze stellt fest:

„Die Hauptfigur Kayankaya zeichnet sich nicht nur durch permanente Geldknappheit, Sympathie für Alkohol, Zigaretten und Frauen aus, sondern vor allem durch sein loses Mundwerk. Mit seinen rotzigen Bemerkungen macht er sich viele Probleme. Schnell ist er in Prügeleien verwickelt, bei denen er meistens den Kürzeren zieht. Kayankaya hat einen großen Sinn für Gerechtigkeit. Er hat ein weiches Herz, was er sich oft nicht eingestehen kann, denn er wäre gern ein harter Kerl und cool“ (Heinze, 2002: 53).

Kayankaya, dessen Mutter während der Geburt gestorben ist. Er wandert mit seinem Vater, der sein einziger Verwandter ist, aus Ankara nach Deutschland aus: „Mein Vater Tarik Kayankaya und meine Mutter Ülkü Kayankaya stammten beide aus Ankara. Meine Mutter starb neunzehnhundertsebenundfünfzig bei meiner Geburt, sie war achtundzwanzig Jahre alt gewesen. Mein Vater, Schlosser von Beruf, entschied sich daraufhin ein Jahr später, nach Deutschland zu gehen“ (Arjouni, 1987:13). Der Vater und sein Sohn, die sich in Frankfurt niederlassen, beginnen dort ihr neues Leben. Dies dauert jedoch nicht lange und er verliert den Vater bei einem Unfall. Eine deutsche Familie adoptiert Kemal, der in ein Heim geschickt wird und somit deutscher Staatsbürger wird. Er ist jetzt ein Deutscher mit türkischem Namen: „Er ging nach Frankfurt und arbeitete drei Jahre bei der Städtischen Müllabfuhr, bis ihn ein Postauto überfuhr. Ich kam in ein

Heim, hatte Glück und wurde nach wenigen Wochen von dem Ehepaar Holzheim adoptiert. Ich erhielt die deutsche Staatsbürgerschaft“ (Arjouni, 1987:13).

Obwohl er sich ganz wie ein Deutscher fühlt, besucht er die Türkei, wenn er siebzehn Jahre alt ist, um seine Abstammung zu finden, aber er ist erfolglos: „Mit siebzehn fuhr ich in die Türkei, doch mehr als ich durch die Heimakte schon wußte, habe ich über meine Familie nicht herausfinden können“ (Arjouni, 1987:14). Von diesem Zeitpunkt an ist er ein einsamer Mann ohne Verwandte. Er eröffnet ein Büro in der Nähe der Frankfurter Innenstadt: „Es liegt am Rand der Frankfurter Innenstadt, gut beschützt von einigen tausend Amerikanern, die nach dem Krieg dort ihre Wohnkartons hochgezogen haben“ (Arjouni, 1987:12).

Als er am 11. August, seinem Geburtstag, seine Wohnung verläßt, stolpert ein Gemüsehändler, bepackt mit Bananen. Die Haltung des Gemüsehändlers so; „Statt eines Grußes murmelte er irgendwas von unnützem Gesocks, um dann schnell in seiner Wohnung zu verschwinden“ (Arjouni, 1987:12) gibt erste Anzeichen dafür, wie schwierig es ist, in Deutschland eine türkische Identität zu haben. Kayankaya, der in sein Büro kommt, erschrickt, als es an der Tür klingelt. Eine türkische Frau betritt das Büro: „Das Schwarze war eine kleine Türkin im Trauerflor mit dicken goldenen Ohrringen. Ihre Haare hatte sie zum strengen Zopf geflochten, und unter den Augen hingen Schatten“ (Arjouni, 1987:15). Sie beginnt auf Türkisch zu sprechen. Von diesem Moment wird es deutlich, dass Kayankaya kein Türkisch sprechen kann: „Sie murmelte etwas auf Türkisch, aber selbst laut und deutlich verstehe ich diese Sprache nicht. Ich erklärte ihr, ich sei zwar ein Landsmann, könne aber Türkisch wegen besonderer Umstände weder sprechen noch verstehen“ (Arjouni, 1987: 15). Daher ist er ein deutscher Mann, die türkische Eltern hat. Seine Beschreibung der Frau in seinem Büro gekommen ist, die als „*türkische Frau*“, zeigt, dass er sich wie ein deutscher Mann fühlt. Er geht zum Kreditinstitut, das sich im Obergeschoss seines Büros befindet, um ein Stück seiner Geburtstagstorte ihr anzubieten. Der Kassenbeamter spricht ihn als „Na, Mustafa, was gibst?“ (Arjouni, 1987:16) an. Dies ist ein Diskurs über Türken und Islam. Der Satz so; „Was gibst denn Feines? Kebab?“ (Arjouni, 1987: 16) ist auch allgemeine Vorurteile gegenüber Türken als eine Gesellschaft wahrgenommen zu werden, die nur Kebab isst. Lesley Gissane erklärt der Anlass diese Vorurteile mit dem folgenden Zitat:

“His upstairs neighbor refers to him as “Mustafa” (9) and the police-woman to whom Kayankaya smiles flirtatiously dismisses him as “Aladdin” 28). Casual racism is the strongest thematic element that permeates Arjouni’s work as it flows unchecked through his portrayal of Germany in the 1980s and 1990s. Arjouni uses all of the tropes of his genre to expose

its effects in the detective's self-perception as the hyper-visible outsider and by exposing the depths of racialized thinking in German society" (Gissane, 2016: 49).

Die Frau, die in seinem Büro kommt, heißt Ilter Hamul. Ihr Ehemann Ahmed Hamul wurde vor einigen Tagen in der Nähe des Terminals von seinem Rücken gestochen und wurde Opfer eines Mordes. Soweit die Frau sagt, hat die Polizei nicht allzu viel Mühe darauf verwendet, den Mörder ihres Mannes zu finden. Der Satz von Kayankaya so; „Sie vermutete, daß ein toter Türke genauere Ermittlungen nicht wert sei“ (Arjouni, 1987:17) unterstreicht die Tatsache, dass der deutsche Polizeidienst der damaligen Zeit Fällen im Zusammenhang mit der türkischen Bevölkerung keine große Bedeutung beigemessen hat.

Die Frau hat ein türkischer Mann als Detektiv bevorzugt: „Sie hatte im Branchen-Telefonbuch unter Detekteien nachgesehen und mit Freunde unter den ganzen Müllers einen türkischen Namen entdeckt“ (Arjouni, 1987: 17-18). Dies kann als die Überzeugung der Frau interpretiert werden, dass es schwierig und mühsam wäre, mit einem Deutsch Detektiv zusammenzuarbeiten. Kayankaya macht einen Deal mit der Frau, um den Mörder des Ehemanns zu finden. Bis zu diesem Zeitpunkt ähnelt der Roman einem typischen Beispiel für den Kriminalroman. Es gibt eine Leiche und einen Detektiv, der versucht, den Mordfall zu lösen. Was diese Arbeit geeigneter macht, um den Roman im Ethnokrimi zu analysieren, ist der türkische Detektiv, der versucht, den Mordfall zu lösen.

Als er während seiner Mittagspause am ersten Tag seiner Ermittlungen die Straße entlang geht, trifft er eine Bierdose. Die Dose rollt neben einem deutschen Mann. Deutscher Mann murt so; „Hier Deutschland! Nix Türkei! Hier kommen Bierdosen in Mülleimer, und ... ähm, türkisch Mann zu Müllabfuhr!“ (Arjouni, 1987: 20). Kayankaya geht zum Haus der Familie Ergün, um Ilter Hamul und ihre Familie zu besuchen. Das Haus von Familie Ergün ist ein typisch türkisches Haus. Die Bilder an den Wänden weisen auf Heimweh hin: „An den Wänden hingen Bilder aus der Heimat. Unter anderen Umständen mußte es gemütlich sein“ (Arjouni, 1987: 23). Sogar die Art und Weise, wie die Familie sitzt, zeigt ihre türkische Identität: „Zwischen einem Haufen bunter Decken, Kissen, Sessel und Sofas hockten die Mitglieder der Familie Ergün“ (Arjouni, 1987: 23). Die Familie Ergün besteht aus Melike Ergün, der Mutter, Yilmaz Ergün, dem Bruder, Ayşe Ergün, der Schwester, Ilter Hamul und ihren zwei Kindern. Vater Vasif Ergün ist bei einem Verkehrsunfall ums Leben gekommen und hat früher als Müllmann gearbeitet: „Vasif Ergün hatte, genau wie mein Vater, bis zu seinem Tod anderer Leute Müll geschleppt“ (Arjouni, 1987: 26). Während des Besuchs bittet Kayankaya um ein Bild von Ahmed Hamul. Das Bild ist eine typische Darstellung eines türkischen Mannes:

„Ahmed Hamul hatte dichtes schwarzes Haar gehabt, einen ebenso kräftigen Schnurbart und abstehende Ohren, wie hundert andere auch“ (Arjouni, 1987:27).

Kayankaya holt die Informationen, die er von der Familie Ergün benötigt, mit Ausnahme von Ilter Hamuls Schwester Ayşe, die zum Polizeipräsidium gehen, um seine Ermittlungen fortzusetzen. Er spricht dort mit einem Polizisten. Als er den Ahmed Hamul erwähnt, fragt ihn der Polizist: „Ein Türke“ (Arjouni, 1987:30). Die Polizisten wollen ihm zuerst nicht helfen. Kayankaya erzählt ihnen, dass er von der türkischen Botschaft ist und dass er Informationen über Ahmed Hamul ernannt wurde. Ab diesem Zeitpunkt sind die Polizisten hilfreich. Kayankaya denkt wie folgt: „Vielleicht hatte man Abgesandte der türkischen Diktatur neuerdings zuvorkommend zu behandeln“ (Arjouni, 1987:33). Als der Polizist an der Telefonzentrale Kayankaya sieht, betont er, dass er wie ein Ausländer aussieht: „Na, Aladin, wo haste denn deine Lampe gelassen“ (Arjouni, 1987: 34). Daher führt Kayankayas Aussehen, das einem Ausländer ähnelt, dazu, dass er einer anderen Behandlung ausgesetzt ist. Ähnlicher Ausdruck ist auch im folgenden Zitat zu sehen: „Die Selbstgerechtigkeit der guten Bürger, die Hintermänner des hässlichen Geschäfts im Bahnhofsviertel, den Polizisten, der fordernd die Hand aufhält, die Ausländerfeindlichkeit der Deutschen“ (Leonhardt, 1990: 235).

Kayankaya erhält einen Drohbrief über den Mordfall Ahmet Hamuls. Er ist von dem Brief nicht beeindruckt und setzt seine Ermittlung fort. Er findet heraus, dass Ahmet Hamul eine Affäre mit einer Frau hatte. Er geht in Nachtclubs und Bordelle, um die Frau zu finden. Wenn er seinen Ausweis in einem Nachtclub zeigt, die er betritt, wird er von einem Taxigirl als „Happy Birthday, Türke!“ (Arjouni, 1987:50) beglückwünscht, was auch der Titel des Buches ist. Als Ergebnis seiner Ermittlungen trifft er Hanna Hecht, die Hamul eine Affäre mit Ahmet Hamul hatte, in einem Hühnerrestaurant. Hecht erzählt ihm, dass Ahmed früher im Heldinnengeschäft war.

Am zweiten Tag der Ermittlung besucht er Melike Ergün und erzählt ihr von Ahmed Hamuls Heldinnengeschäft. Die Frau sagt ihm, dass sie davon wusste: „Natürlich wußte ich es. Alle wußten es. Nur Ilter hat den Lügen von Ahmed geglaubt“ (Arjouni, 1987:72). Ihr verstorbener Ehemann Vasif war auch im Geschäft und es ist tatsächlich Ahmets Schwiegervater, der ihm diesen Job gefunden hat:

“Etwa ein Jahr vor seinem tödlichen Unfall begann er damit, die Abende in Kneipen und Clubs zu verbringen. Mutter Ergün wußte das. Sie war ihm mehrmals bei seinen Ausflügen gefolgt. Zugegeben hatte er es nie, aber alles lief darauf hinaus, er mußte Heroin verkauft haben. Wo-

her er das Zeug bekam, hatte sie nicht herausfinden können. Besuch oder ungewöhnliche Pst habe ihr Mann nie erhalten. Irgendwann in dieser Zeit mußte auch Ahmed in das Geschäft eingestiegen sein. Sehr wahrscheinlich durch Vermittlung seines Schwiegervaters" (Arjouni, 1987:73).

Kayankaya ist etwas überrascht. Gerade als er gehen will, sieht er Ayşe Ergün, die Schwester. Es ist offensichtlich, dass sie an der Fixe hing: „Wie im Dunst suchten ihre Augen nach Halt; doch der Blick schwamm immer wieder weg, glitt ohne Ziel durch die Küche. Der kleine, magere Körper zitierte leicht, und die Finger krampften sich ineinander, als wollten sie sich verstecken. Ayse Ergün hatte nicht die Syphilis. Sie hing an der Fixe“ (Arjouni, 1987: 77).

Während die Ermittlungen tiefer gehen, untersucht Kayankaya nicht nur Ahmed Hamuls Mordfall, sondern der Tod des Vaters, Vasif Ergün. Vasif, der Vater, hatte einen Verkehrsunfall gehabt und der Fahrer des anderen Wagens wurde für schuldig befunden. Kayankaya bittet einen alten Bekannten namens Löff um Hilfe, der ein pensionierter Polizeikommissar ist:

„Ich steuerte die nächste Telefonzelle an, um einen ehemaligen Kripo-kommissar anzurufen. Theobald Löff sitzt seit zwei Jahren seine Rente ab. Ich hatte ihn getroffen, als er eine frühere Klientin von mir wegen Mörders suchte. Es war der erste und einige Polizist, den ich kennengelernt hatte, mit dem man sich verständigen konnte. Löff, mit allen Ehren aus dem Polizeidienst entlassen, würde bestimmt die Akteneinsicht erhalten, die ich brauchte" (Arjouni, 1987:83).

Beide arbeiten zusammen, um Informationen zu sammeln. Als sie Informationen über Vasif Ergün erhalten, wird klar, dass auch die Polizisten beteiligt sind. Der Polizist namens Paul Futt hatte beim ersten Unfall entschieden, dass Vasif Ergün abgeschoben werden würde, obwohl er für schuldig befunden und erpresst wurde, um in seinem Namen Heldinnengeschäfte zu machen: „... na ja, wir haben ihm erzählt, der Unfall sei besonders schlimm, und deshalb müsse er zurück in die Türkei, oder lange ins Gefängnis[...] also das haben wir für ihn gemacht. Dafür sollte er für uns Drogen verkaufen. Dreißig Prozent vom Gewinn haben wir ihm angeboten, und er war einverstanden“ (Arjouni, 1987:139). Im weiteren Verlauf des Heldinnengeschäfts hatte Vasif der Polizist mitgeteilt, dass er mit seinem Schwiegersohn Ahmed zusammenarbeiten will. Die Polizisten hatten ihn dann getötet, so dass es wie ein Unfall aussah. Kayankaya lässt sie mit Hilfe von Löff ihre Schuld eingestehen und Beklagten werden gefasst. Jetzt muss er den Mörder von Ahmet Hamul finden.

Am dritten Tag besucht Kayankaya das Haus von Ilter Hamul und erzählt ihr, dass er den Fall gelöst hat. Er fragt, wo Yilmaz Ergün, der Bruder. Yilmaz Ergün macht sich bereit, nach Istanbul zu fahren. Sie führen ein

Gespräch über Yılmaz, der Ahmed Hamul tötet. Yılmaz eingesteht seine Schuld; aber Kayankaya ihn nicht der Justiz übergibt: „Und wissen Sie, weshalb ich Sie nicht zur Polizei bringe?“ (Arjouni, 1987: 162).

III. Analyse der ethnischen Merkmale im Roman „Happy Birthday, Türke!“ von Jakob Arjouni

Die Kriminalromane von Jakob Arjouni sind treffende Beispiele sowohl für den Kriminalroman als auch für die deutschen Aspekte gegenüber Türken: „Krimis der Gegenwart gehen dabei jedoch über sein selbstreflexives Spiel um des Spielens willen hinaus und integrieren oft Realitätspartikel, die durch den humorvoll-spielerischen Umgang damit einer sozialkritischen Reflexion unterzogen werden. Krimis von Gisbert Haefs, Jakob Arjouni, Heinrich Steinfest oder Bernhard Schlink sind dafür treffende Beispiele“ (Düwell, Bartz, Hamann und Ruf, 2018: 346).

Wie man aus diesem Zitat entnehmen kann, ist Krimis von Jakob Arjouni ein Beispiel, das Türken als eine ethnische Gruppe fokussiert werden. Die Probleme erbrechen für Kayankaya und Familie Ergün wie Multikulturalität, soziale Klasse, Ethnizität, Rassismus durch die Abwanderung nach Frankfurt. Der Begriff „Migration“ ist ein entscheidender Faktor, um Ethnokrimi zu analysieren:

„Migration größeren Umfangs aus unterschiedlichen Beweggründen, unterschiedlichen Herkunftsländern und mit unterschiedlicher Orientierung, anfangs oft in Zusammenhang mit der Arbeitsmigration stehend, prägt also nicht nur die soziale und politische Wirklichkeit, sondern macht sich auch im kulturellen Bereich immer stärker bemerkbar.“ (Ackermann, 2004: 124).

Obwohl sich Kemal Kayankaya wie ein Deutscher fühlt, sieht er aus wie ein Türke. Dies wird ihm an jedem Ort ausgedrückt, den er für die Mordermittlung besucht. Obwohl er manchmal sehr gut behandelt wird, ist er im Allgemeinen mit einer schlechten Behandlung konfrontiert. Kayankaya findet das nicht seltsam. Für ihn ist es wichtig, den Mörder zu finden. Während der Leser die Mordermittlung im Roman verfolgt, liest er auch an ihn gerichtete Ausdrücke. Darum geht es beim Ethnokrimi. Jakob Arjouni betont das Leben eines Detektivs, der einer ethnischen Gruppe angehört, durch eine gute Erzählung. Er ist offensichtlich, dass der Schriftsteller Beobachtung über die Türken in Deutschland gemacht hat. Er porträtiert detailliert die Welt der Türken von der Polsterung des Hauses der Familie Ergün bis zu dem Tee, den sie trinken und das Motiv des türkischen Kaffees. Die Einflüsse von Leben als Ausländer stellen Arlene A. Teraoka mit diesen Worten dar:

“Thought Arjouni’s novel, Kayankaya faces the constant demand,

whether explicitly stated or not, that he prove his legitimacy, his authenticity, his legality and his competence as a private investigator, as a Turk, and as a German citizen. Yet the question of legitimacy is answered not in its own terms but by the irreducible fact of Kayankaya's existence as a German with the name, physical appearance, and race of Turk [...]. In embodying the contradictions within German conceptions of racial and national identity, Kayankaya exposes a fundamental crime: the policing of rigid boundaries separating Turk from German. The cult popularity and the scandal of Jakob Arjouni's crime series lie in Kayankaya's example of a new nation of ethnicity defined by its transgressive, investigatory adventures" (Teraoka, 2009: 128).

Ein Mord, kriminelle Polizisten und gelöste Rätsel sind die Merkmale eines Detektivromans, aber das Wort „*Türke*“ und ethische Diskurse werden häufig im Roman gesehen. Der Schriftsteller verwendet diese Ausdrücke in vielen Dialogen. Dies lässt sich anhand von Zitaten veranschaulichen:

das Zitat	Seite
„Na, Mustaffa, was gibts?“	16
„Was gibts denn Feines? Kebab?“	16
„Hier haste dein Porzellan, Mustaffa.“	16
„Hier Deutschland! Nix Türkei! Hier kommen Bierdosen in Mülleimer, und ... ähm, türkisch Mann zu Müllabfuhr!“	20
„Ahmed Hamul hatte dichtes schwarzes Haar gehabt, einen ebenso kräftigen Schnurbart und abstehende Ohren, wie hundert andere auch“	27
„Bammelst ein gudes Deutsch. Bilde net vom Balgan?“	29
„Ja bin ich auch Türke. Jetzt verraten Sie mir mal, an wen ich mich wenden muß.“	30
„Vielleicht hatte man Abgesandte der türkischen Diktatur neuerdings zuvorkommend zu behandeln“	33
„Na, Aladin, wo haste denn deine Lampe gelassen“	34
„Lass deine Finger von Ahmed Hamul, Türke! Erste und letzte Warnung!“	35
„[...]Den >Türken< hatte man bei der rasanten Überschrift >Türke peitschte Dackel bis zum Herzinfarkt< gefunden.“	36
„Ob die Türkische Botschaft mich mit >Türke< anreden würde? Warum nicht?“	37
„Hhm... Ihr Brüder habt doch alle dieselben Namen.. naja ... Hamul ... Ha... Ham“	40
„Ich arbeite nicht mit Ausländern“	42

„Ja, mein Gott, ist das so schwer? Schwarzhaariger Türke mit Schnurrbart und Segelohren, hat vergangene Weihnachten das letzte Mal hier gearbeitet. Ganz kurz >ja< oder >nein<. Ob ihr eure Ferien nicht am Schwarzen Meer verbringen wollt, oder ein Türke'n Rattenschwanz in der Unterdose hat, interessiert mich nicht im geringsten! Alles klar?“	42
„Na, mein wilder Scheich, darf ich dir Gesellschaft leisten?“	49
„Happy birthday, Türke!“	50
„Du bist nur 'n Türke, steht sie nicht besonders drauf, und wenn du nur trinkst, lohnt sich's nicht.“	51
„... Eigentlich sollte ich dich festhalten und die Polizei rufen, aber dann würden wahrscheinlich zehn Türkenbälger ihren Papa verlieren. Ich bin kein Unmensch, also verschwinde.“	52
„Mach, daß du weiterkommst, sonst breche ich dir deine verfluchte Türkennase“	53
„Kleine türkische Ratte, sowas machst du nie wieder!“	54
„Hau ab, Mann, fahr deinen Kümmelschwanz ein und mach die Fliege, du hast hier nix verloren!“	58
„Seit wann haben die Bullen denn ,ne Fremdenlegion?“	59
„Ingenieur bei der Müllabfuhr.“	80
„Heute sind die anderen Zeiten. Sehen Sie, sogar mit einem Türken, ha, ha, ha“	89
„Nix Superscheich, bin das dicke Ding vom Kebab-King.“	91
„Laß deine Finger von Ahmed Hamul, ein für allemal! Verstehst du? Wir machen dich sonst alle, Kanake!“	111
„War irre freundlich, hat sich die ganze Zeit bedankt. Sonst nichts. Kann man aber auch verstehen, möchte auch nicht nach Anatolien geschickt werden.“	119
„Wahrscheinlich überlegte er sich, wo die Polizei enden würde, wenn blutverkrustete Türken ihren Nachwuchs bilden sollten.“	129
„Sie, weil ich nicht Horstlein war, sondern ein Türke mit angeschwollener Visage.“	133
„Futt wollte sich nicht geschlagen geben, schon gar nicht von einem Türken.“	154
„Mit Bemerkungen, man hätte doch lieber den Türken verhaften sollen[...]“	156
„Machen Sie es gut, Herr Ergün. Schöne Tage in Istanbul.“	162

IV. FAZIT

Der deutsche Schriftsteller Jakob Arjouni fügt den Charakter des türkischen Detektivs Kemal Kayankaya, den er aufgrund detaillierter Beobachtungen fiktionalisiert hat, zum deutschen Kriminalroman hinzu. „Happy Birthday, Türke!“ ist der erste Roman der fünfteiligen Krimis-

erie und stellt Privatdetektiv Kemal Kayankaya mit den Lesern des Kriminalromans vor. Das wichtigste Merkmal der Charakter ist, dass ein türkischer Privatdetektiv zum ersten Mal durch einen deutschen Schriftsteller fiktionalisiert wurde. Obwohl der Roman nicht mit literarischer Sorge geschrieben wurde, verkörpert er die gemeinsamen Merkmale des Detektivromans. Das Geheimnis des Verbrechens wird gelöst und der oder die Mörder werden enthüllt. Der Raum des Romans sind die Seitenstraßen in Frankfurt. Die Umgebung des Zugterminals, abgelegene Orte, dunkles Milieu und die depressive Atmosphäre erzeugen beim Leser ein unheimliches Gefühl. Die Zeit der Roman ist im Jahr 1983 und das Vorurteil gegenüber Türken in Deutschland wird scharf dargestellt, als ob die damalige Zeit der erste Generation wäre.

Kemal Kayankaya ist ein Charakter, der nur in der Türkei geboren wurde und außer seinem Namen keine Bindung daran hat, Türke zu sein. Er ist einfach ein Charakter, der kein Türkisch sprechen kann. In gewisser Weise ist er ein Deutscher, der eine türkische Jacke trägt. Sein körperliches Erscheinungsbild verrät seine Abstammung und dies wird häufig gegen ihn gerichtet.

Der Roman mit seiner Handlung, an dem einen türkischen Detektiv, dem türkischen Opfer und dem türkischen Mörder beteiligt ist, können als gutes Beispiel für den Stil des Ethnokrimis angesehen werden. In der Tat ist eine der Hauptfiguren mit einer ethnischen Gruppe in Ethnokrimi. Dies ist der Grund, warum diese Romane als *ethnic detective fiction* bekannt sind.

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Chapter 23

SYMMETRIC AND ASYMMETRIC CAUSALITY RELATIONSHIPS BETWEEN HOUSING LOAN INTEREST RATES AND HOUSING SALES IN TURKEY

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INTRODUCTION

The construction sector has an important place for the economies of the countries. The presence of more domestic firms in this sector has a great potential to affect the whole of the economy in terms of its capacity to create employment and its relationship with other sectors. In this regard, the construction industry is one of the sectors that should not be ignored among the other sectors.

Residential buildings have the largest share in the construction sector. The most important reason for this is that the amount of demand for housing, which is considered both consumption and investment expenditure, is continuously increasing. In addition to housing demand, there has been a significant increase in demand for housing loans in recent years. However, the planned activity of the construction sector is also vital for the economies of the countries. If this sector is carried out in a planned manner, it will prevent resources from being idle and may have a multiplier effect on other sectors of the economy. One of the most important reasons for the 2008 financial crisis, which became global after the increase in housing demand for low-interest housing loans in the United States, in particular, is the unplanned organization of both the construction sector and the used/sold housing loans.

The dynamism of the Turkish economy in recent years has been provided by the construction and housing sector. According to the data obtained from the TurkStat database, 87444 houses were sold in January 2013, while this number increased to 113615 in January 2020. The highest housing sales in this period were 202074 in December 2019. Besides many factors, housing loan interest rates are also an important determinant for housing sales. The expectations are that there is an inverse relationship between the housing loan interest rate and housing sales. Housing loan interest rates in January 2013, December 2019, and January 2020 were around 9.77%, 12.68%, and 11.88%, respectively. Based on the latest data, housing sales in Turkey decreased by 55.5% compared to the same month of the previous year and amounted to 42783 in April 2020 (TurkStat, 2020).

In this study, the relationship between housing sales and housing loan interest rates is analyzed using Hacker and Hatemi-J (2006) symmetric causality test and Hatemi-J (2012) asymmetric causality test based on the 2013:01 and 2020:01 monthly data of Turkey. In the following chapters of the study, the literature review, the introduction of the data used in the analysis, the methodology used in the analysis, and the findings are given. Finally, a general evaluation of the findings is made in the conclusion chapter.

LITERATURE REVIEW

The housing industry, which is based on monetary elements, has the potential to affect the overall economy. Growth, employment, inflation, and interest rates in macroeconomic performance indicators also have significant impacts on housing demand (Baffoe-Bonnie, 1998:181). This interaction between housing demand and macroeconomic variables has been the most important motivator for researchers to conduct studies in this sector. Among these studies, the studies that were carried out regarding the determinants of housing demand are more remarkable. Çelik and Kral (2018), one of these researchers, determined that the mortgage loan interest rate is an essential determinant of housing demand as part of the SWOT analysis and panel data set analysis with the data of 2008-2015. In addition to the loan rate, another one of the most important determinants of housing demand is loan conditions. Loans offering flexible payment can significantly affect the housing demand of the middle-income group (Gelfand, 1966:472).

Painter and Redfearn (2002), one of the researchers studying the relationship between housing loan interest rates and housing demand, found in their study that the effect of the U.S. interest rate on housing demand is weak in the short term and ineffective in the long term. Another researcher, Apergis (2003), reported that a positive shock in housing loan rates decreased the demand for housing as a result of his study with the Vector Error Correction Model (VECM) method based on data from the period 1981-1999 in Greece. In their study, Jin and Zeng (2007) concluded that interest rate reductions increase the demand for investment housing, but decrease the demand for household housing. Agnello and Schuknecht (2011) used data from 18 developed countries for the period 1980-2007 and stated that the surplus of housing supply was due to low housing interest rates and excessive loan amounts.

Öztürk and Fitöz (2009), one of the researchers particularly interested in this subject specific to Turkey, found a positive relationship between the interest rate and the housing demand in the study that covered the period 1968-2006, as opposed to the common approach in the literature. In another study, Bekmez and Özpolat (2013) revealed that interest rate decreases housing demand, but this effect is not very significant in their study using vector autoregressive model (VAR) with data from 1986-2009 period. As a result of the Vector Error Correction Model (VECM) test conducted using the data of the 1970-2011 period, Lebe and Akbaş (2014) reported that a shock in the interest rate negatively affects housing demand. Uysal and Yiğit (2016), who conducted a study using VECM method using 1970-2015 data, concluded a positive correlation between the interest rate and loan demand, similar to the findings of the study of Öztürk and Fitöz

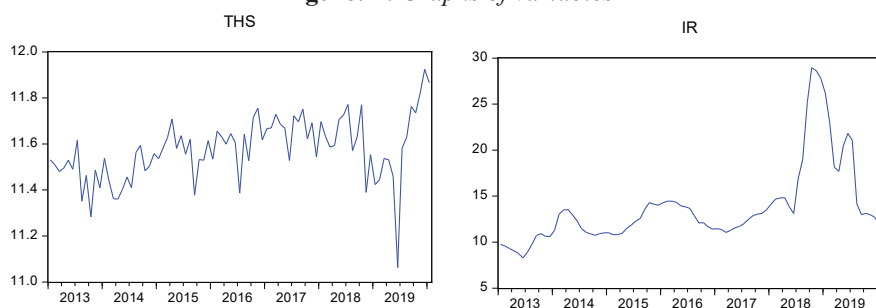
(2009). Karadaş and Salihoğlu (2020), the authors of the latest study on the literature review, found that there is an inverse correlation between housing loan interest rate and housing demand according to the results of the ARDL bounds test conducted with the help of the 2012:12-2018:07 monthly data.

There is also a common consensus that one of the most important determinants affecting housing demand is the housing interest rate. Based on the general evaluation of the literature review, the studies carried out to determine the relationship between housing loan interest rates and housing demand suggest different results. This study differs from previous studies in that it investigates symmetric and asymmetric causality relationships between these variables.

RESEARCH DATA AND MODEL

Monthly data for the period 2013M01-2020M01 were used in this study, which examined the symmetrical and asymmetric causality relationships between total housing sales and housing loan interest rates in Turkey. The logarithmic and seasonally adjusted data on total housing sales (THS) and housing loan interest rates (IR) were obtained from the Electronic Data Distribution System of the Central Bank of the Republic of Turkey, and the graphics of these variables are shown in Figure 1.

Figure: 1: *Graphs of variables*



When the graphics are examined, it is seen that there are structural breaks in THS and IR variables. It is evaluated that these structural breaks may have been caused by shocks occurring on the variables.

The relationship showing the effect of housing interest rates on the number of housing sales in Turkey can be modeled as in equality 1:

$$THS_t = \beta_0 + \beta_1 IR_t + u_t \quad (1)$$

The relationship that shows the effect of the number of house sales on the housing interest rates in Turkey can be modeled as in equality 2:

$$IR_t = \alpha_0 + \alpha_1 THS_t + \varepsilon_t \quad (2)$$

where β_0 and α_0 are constant term coefficients, β_1 and α_1 are slope coefficients, u_t and ε_t are the error term of the models, and the t indices are the time series of the models. Also $t = 2013M01, 2013M02, 2013M03, \dots, 2020M01$ represents monthly time periods.

METHODOLOGY

The study primarily uses the symmetric causality test developed by Hacker and Hatemi-J (2006) and the asymmetric causality test developed by Hatemi-j (2012) to investigate the dynamic relationships between THS and IR variables.

Hacker and Hatemi-J (2006) Symmetric Causality Test

Hacker and Hatemi-J (2006) developed a new causality test by improving the causality test developed by Toda and Yamamoto (1995). In Hacker and Hatemi-J (2006) causality test, as in the Toda-Yamamoto (1995) causality test, the Vector Autoregressive Model (VAR) is used to test causality relationships between variables. VAR ($p+d_{\max}$) model is seen in equality (3).

$$\begin{bmatrix} THS_t \\ IR_t \end{bmatrix} = \varphi_0 + \varphi_1 \begin{bmatrix} THS_{t-1} \\ IR_{t-1} \end{bmatrix} + \dots + \varphi_{p+d_{\max}} \begin{bmatrix} THS_{t-p+d_{\max}} \\ IR_{t-p+d_{\max}} \end{bmatrix} + e_t \quad (3)$$

where φ_0 is constant term vector, $\varphi_1 \dots \varphi_{p+d_{\max}}$ are parameter vectors, and e_t is the residual term of the model. “p” indicates the appropriate number of lags for the model, while d_{\max} shows the maximum degree of integration. The appropriate number of lags, “p,” is determined using the VAR model with the help of information criteria¹. In this study, the maximum degree of integration is determined with the help of the “Generalized Dickey-Fuller (ADF)” unit root test, which takes into account a single break². The following hypotheses are tested on the VAR ($p+d_{\max}$) model:

H_0 : $\varphi_1 = \varphi_2 = \dots = \varphi_p = 0$, “IR is not the Granger causality of THS” or “THS is not the Granger causality of IR.”

H_1 : At least one $\varphi \neq 0$, “IR is the Granger causality of THS” or “THS is the Granger causality of IR.”

The MWALD statistic is acquired to test these hypotheses. The calculated MWALD statistical value illustrates the χ^2 distribution (Hacker and Hatemi-J, 2006; p.1490-1491). However, Hacker and Hatemi-J (2006) state that there are examples where this assumption may not be valid. In

1 . In this study, the appropriate lag (p) value was determined by considering the HJC criterion.

2 As shown in Figure 1, the ADF unit root test, which takes structural break into account, is used because there is a structural breaks in the variables.

addition, they underline that there may be a variance problem in the model. For this reason, using the bootstrap method in the causality test eliminates these problems. They obtain critical values of the test with the bootstrap method (Hacker and Hatemi-J, 2006: 1491-1493). If MWALD test statistics are greater than bootstrap critical values, H_0 is rejected.

Hatemi-J (2012) Asymmetric Causality Analysis

In the asymmetric causality test, Hatemi-J (2012: 449) investigates the causality relationship between cumulative shocks by the causal analysis developed by Hacker and Hatemi-J (2006) by separating the cumulative shocks of the variables (positive and negative) as in Granger and Yoon (2002). Thus, the effect of shocks that were not taken into consideration in the symmetric causality test is included in the analysis. The causality test that shows the relationship between these positive and negative shocks is named asymmetric causality test. For instance, the causality relationship between THS_t^+ and IR_t^+ is tested with the VAR ($p+d_{max}$) model as follows;

$$\begin{bmatrix} THS_t^+ \\ IR_t^+ \end{bmatrix} = \delta_0 + \delta_1 \begin{bmatrix} THS_{t-1}^+ \\ IR_{t-1}^+ \end{bmatrix} + \dots + \delta_p \begin{bmatrix} THS_{t-p+d_{max}}^+ \\ IR_{t-p+d_{max}}^+ \end{bmatrix} + v_t \quad (4)$$

where δ_0 is constant term vector, $\delta_1, \dots, \delta_{p+d_{max}}$ are parameter vectors, and v_t is the residual term of the model. Other indices show the same concepts as in model (3). Stationary levels of shocks were determined by the ADF unit root test.

Thanks to this causality analysis, it is possible to test the 8 hypotheses mentioned below:

1. H_0 : There is no causality from Positive Housing Interest Rate Shock (IR_t^+) to Positive Total Housing Sales Shock (THS_t^+).
2. H_0 : There is no causality from Positive Housing Interest Rate Shock (IR_t^+) to Negative Total Housing Sales Shock (THS_t^-).
3. H_0 : There is no causality from Negative Housing Interest Rate Shock (IR_t^-) to Positive Total Housing Sales Shock (THS_t^+).
4. H_0 : There is no causality from Negative Housing Interest Rate Shock (IR_t^-) to Negative Total Housing Sales Shock (THS_t^-).
5. H_0 : There is no causality from Positive Total Housing Sales Shock (THS_t^+) to Positive Housing Interest Rate Shock (IR_t^+).
6. H_0 : There is no causality from Positive Total Housing Sales Shock (THS_t^+) to Negative Housing Interest Rate Shock (IR_t^-).
7. H_0 : There is no causality from Negative Total Housing Sales Shock

(THS_t^-) to Positive Housing Interest Rate Shock (IR_t^+) .

8. H_0 : There is no causality from Negative Total Housing Sales Shock (THS_t^-) to Negative Housing Interest Rate Shock (IR_t^-) .

If these 8 hypotheses listed above are rejected, it is found that there are causality relationships among the shocks indicated. Hypotheses are tested similar to the study of Hacker and Hatemi-J (2006) (Hatemi-J, 2012: 450).

FINDINGS

Table 3 shows the results of the ADF unit root test with a single break conducted to determine the d_{\max} value for the Hacker and Hatemi-J causality test (2006).

Table 3: Single-Break ADF Unit Root Test

Variable	Intercept Model			Trend and Intercept Model		
	Test Statistics	Critical Value	Date of break	Test Statistics	Critical Value	Date of break
THS	-4.0668	-4.4436	2019M06	-4.6701	-5.1757	2019M05
IR	-6.3570*	-4.4436	2018M06	-7.5824*	-5.1757	2018M08
Δ THS	-15.7673*	-4.4436	2019M08	-15.5160*	-5.1757	2014M10
Δ IR	-	-	-	-	-	-

* Refers to stationarity at the level of significance of %5.

As indicated in Table 3, the THS variable is at the first difference, while the IR variable is stationary at its level. That is, THS is I(1) and IR is I(0). In this case, the maximum degree of integration (d_{\max}) of the variables is 1. The results of the causality test developed by Hacker and Hatemi-j (2006) using the maximum degree of integration information can be seen in Table 4. The statistics here were obtained using the VAR(2+1) model.

Table 4: Hacker and Hatemi-j (2006) Bootstrap Symmetric Causality Test Results

NULL HYPOTHESES	MWALD	Critical Value**
There is no causality from IR to THS.	8.531**	6.37
There is no causality from THS to IR.	17.880*	4.966

*,** Refers to stationarity according to 1% and %5 level of significance, respectively

** Critical values were obtained using bootstrap.

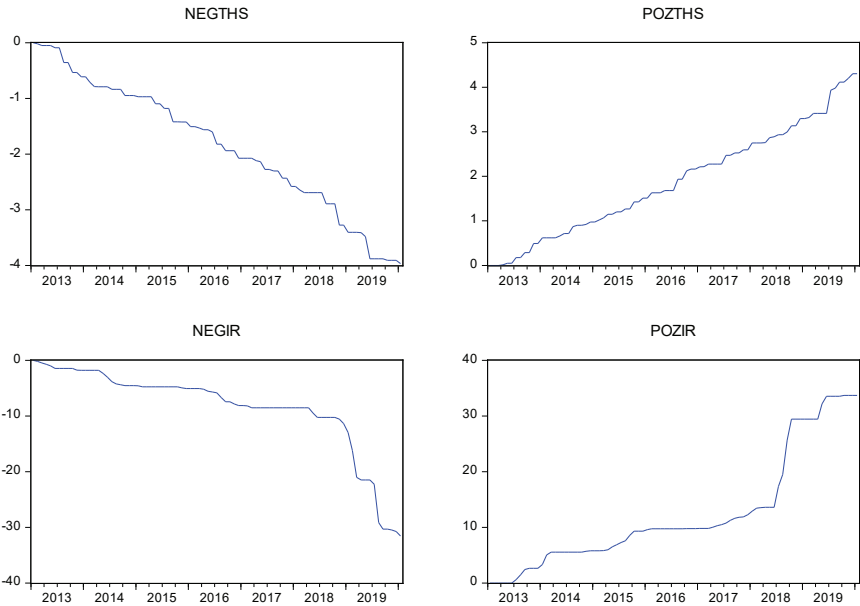
p (appropriate lag value) = 2 (Selected according to Hatemi-J Information Criteria.)

d_{\max} (maximum degree of integration) =1

As shown in Table 4, the hypotheses “There is no causality from IR to THS” and “There is no causality from THS to IR” are rejected because the calculated MWALD test statistic is higher than the bootstrap critical values. This means that there is a causality relationship between the original values of the variables. In other words, there are two-way symmetric causality relationships between variables.

After the determination of symmetric causality relations, it is important to determine asymmetric causality relations. Thus, asymmetric causality relations underlying the symmetric causality relationship are also identified. Asymmetric relationships are identified by the causality test developed by Hatemi-j (2012), as stated before. First, cumulative shocks of variables were acquired. Positive and negative cumulative shocks of variables are seen in Figure 2.

Figure 2: *Graphics of Positive and Negative Components of Variables*



The ADF unit root test results for determining the d_{\max} value in the VAR $(p+d_{\max})$ model to be used in the asymmetric test are shown in Table 5.

Table 5: *ADF Unit Root Test Results for Components ***

Variable	Test Statistics	Probability
THS ⁺	-1.1482	0.9139
IR ⁺	-2.0728	0.5522

THS ⁻	-2.4876	0.3334
IR ⁻	-2.2979	0.4296
Δ THS ⁺	-12.2240*	0.0001
Δ IR ⁺	-5.0021*	0.0005
Δ THS ⁻	-11.4460*	0.0001
Δ IR ⁻	-4.1705*	0.0079

* Refers to stationarity at the level of significance of %5.

** Trend and Intercept Model.

Table 5 suggests that all of the cumulative shocks are I(1). The results of the asymmetric causality test using this information are seen in Table 6.

Table 6: *Hatemi-j (2012) Asymmetric Causality Test Results*

NULL HYPOTHESES	MWALD	Critical Value**
There is no causality from IR ⁺ to THS ⁺ .	0.001	6.887
There is no causality from IR ⁻ to THS ⁻ .	2.643	7.126
There is no causality from IR ⁻ to THS ⁺ .	9.043	18.954
There is no causality from IR ⁺ to THS ⁻ .	26.315*	20.795
There is no causality from THS ⁺ to IR ⁺ .	1.438	6.913
There is no causality from THS ⁻ to THS ⁻ .	0.761	6.898
There is no causality from THS ⁻ to IR ⁺ .	68.413*	60.711
There is no causality from THS ⁺ to IR ⁻ .	39.045	44.244

*5% refers to the relationship of causality concerning significance

p = 2 (Selected according to Hatemi-J Information Criteria.), dmax=1

Given the results in Table 6, the hypotheses “there is no causality from IR⁺ to THS⁻” and “there is no causality from THS⁻ to IR⁺” at 5% significance level were rejected due to the fact that the calculated MWALD test statistic is greater than the bootstrap critical values. In other words, there are neither symmetric nor asymmetric causality relations between THS and IR.

4. CONCLUSION

Analysis of total housing sales and housing loan interest rates in Turkey for the period 2013M01-2020M01 determined both symmetrical and asymmetric causality relationships between the two variables. The fact that there are such relationships between variables shows that the sensitivity

of housing sales to interest rates and vice versa are high in Turkey. Moreover, these relationships show that financial developments in Turkey are an important factor in terms of both supply and demand aspects of the sector because many economic units, especially households that do not have enough savings, benefit from the effects of financial development. Especially with the development of receiving loan opportunities, increases in housing number, and naturally increases in housing demand have occurred. Therefore, housing demand is seriously affected by house sales interest rates. The financial development index published by the International Monetary Fund (2020) shows that financial development in Turkey has gained momentum, especially since the early 2000s.

The fact that there is a causal relationship between housing sales and housing loan interest rates is also significant, as it indicates that the banking sector closely follows the construction sector. By allocating more loans, banks that want to take a share from housing sales will want to adjust interest rates in the future based on changes in housing sales. Economic policies for the sector should be implemented by considering the symmetrical and causal relationships between variables. In particular, the most fundamental reason for the economic crisis that began in 2008 in the United States was that financial institutions provided increasing loans to gain more profit in an uncontrolled way. The rapid decline in house prices, combined with the difficulty of repayment of housing loans, especially by those demanding housing purchases without adequate risk assessment, caused the outbreak of this crisis. In this context, it is necessary to maintain the activities of the construction sector, which is one of the active sectors in Turkey, as well as the number of loans and credit risk assessments that financial institutions will allocate for housing loans under particular supervision. Consequently, asymmetrical relationships must be taken into consideration in future studies.

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Chapter 24

**SOCIAL MEDIA ADDICTION, GRATIFIED
NEEDS AND SELF-ESTEEM RELATIONSHIP:
“IS MY SELF-ESTEEM CORRELATED WITH
THE LEVEL OF MY FACEBOOK USAGE?”**

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1. Introduction

Research into Communication and Media Studies took another dimension after the expedited acceptance and use of social networking sites, particularly Facebook at the outset of the new millennium. Social Networking Sites (SNS) started to emerge at the end of the 20th century after the diffusion of the web into the lives of ordinary people. Started with the SixDegrees.com (boyd, 2007) gained worldwide acceptance and use after the emergence of Facebook, initially ‘Face-Match’ that was originally a student’s project in Harvard University in 2004. In a short time, Facebook gained the reputation of the most popular SNS all over the world. Facebook has a variety of functions and lenses itself to multitasking thus is used to gratify a variety of needs of the users. On the one hand its heavy use leads to addiction, on the other hand its conscious use enhance self-esteem of the users (Tartaglia, 2016).

Research into using media, emerged in the 1940s and considered audience as “mass” – passive recipient of the media. It underwent change in the 1970s to 1980s... Despite earlier studies, audience research focused on the other side of the coin; on the audience rather than media itself. After 1970s, audience started to be considered as active consumers of media. In other words, audiences were considered as active in making choice as far as their media use in considered. One of the most widely used communication theories is Theory of Uses and Gratifications. This theory assumes that audience use media to fulfill their needs (Papacharissi, 2008). This theory defines audience as “active recipients” by emphasizing the effects of media audience... Audience is assumed to include individuals who have the power to make selections or preferences regarding their needs and wants. These needs are also assumed to be motives for selecting, adopting, and using a particular medium and experience-related gratification. More specifically, the Theory of Uses and Gratifications focuses on “what people do with media” (Blumler & Katz, 1974a) and takes for granted the assumption that audiences fulfill their complicated system of needs through media. Moreover, the receivers are presumed to be effective as senders in the communication process, and defines message not as the sender is intended but rather it is what the receiver give the meaning to (Berger, 1996; Fiske, 2010; Lull, 2013). The theory suggests that active audience makes active decisions about what they consume in relation to not only their social and cultural needs but also their psychological ones.

2. Theoretical Framework

Uses and Gratification theory has been out for less than a century. Throughout this time, it is one of the most popular mass communication theories and has been adapted to emerging new media parallel to technological developments.

2.1. Using media for being gratified

McQuail, Blumer, and Brown (1972) clarified the audience needs that are gratified by mass media and categorized them into four groups: diversion, personal relationships, personal identity, and surveillance. The authors claimed that audiences use media to escape from the routine of everyday life and to obtain emotional release; they get into contact with characters to socialize, they improve their personal identity through the representation of media, and they gather information toward making decisions.

Blumler and Katz (1974b) also suggested three groups in relation to the uses and gratification of audiences: information, personal identity, and integration/social integration. According to these authors, people use media to retrieve information and satisfy their curiosity. They also use media to reinforce personal values, such as finding behavior model so that audience uses media in order to improve their personal identity which can be defined as “traits or characteristics that may feel separate from one’s social and role identities or linked to some or all of these identities” (Leary & Tangney, 2005:74). Hence, media plays a significant role in the construction of personal identity, which refers to “content quite isomorphic with what is typically referred to as self-concept in the psychological literature” (Leary & Tangney, 2005:74); it is therefore important to deal with the relationship of media, including new media, with other self-related issues, such as self-esteem. Finally, Blumler and Katz (1974b) draw attention to the social integration functions of mass media, which situates audience in a system and pattern their relationship to others. According to these authors, people use media to integrate socially by gaining insights into the circumstances of other individuals, helping them to develop social empathy, gain a sense of belonging, and establish interaction and connection with others.

On the other hand, Dominick (1983) categorized the reasons for using mass media into four groups: cognition; socialization; stimulation, relaxation, and emotional release; and withdrawal. He stated that audiences fulfill their cognitive needs, which are among the basic human needs, by obtaining knowledge or information about something through mass media. They also create or maintain links, as well as socialize, with other individuals or groups through media to fulfill their social integrative needs. In addition, audiences use media to escape from the boredom and stress of real life and to give vent to pent-up emotions and frustrations. Finally, according to Dominick (1983), people may use mass media to withdraw or escape from the need to communicate with people around them.

Finn and Gorr (1988) reduced the number of categories of motivations to needs as social compensation and mood management. Social compen-

sation includes companionship, pass time, habit, and escape motivations, whereas mood management includes relaxation, entertainment, arousal, and information motivations. These two models cover the nine categories of the uses and gratification of media applied by Rubin (1977).

The frequency of using any type of media may gratify needs of the audience or has negative outcomes. Up until the end of the 20th century media was mass media ultimately where messages were transferred in a 'linear' fashion from media to the audience/reader. Yet, with SNSs, audience also started to not only to interact with the text but also to produce for the media. In other words, in addition to being active in selection process, audience also became producers. One of these negative consequences is addiction, as suggested by Brown (1993) and Griffiths (1996, 2005) and cited by Andreassen (2012). These authors identified six core components of addiction: salience, mood modification, tolerance, withdrawal, conflict, and relapse (Kuss& Griffiths, 2011). Correspondingly, investigations regarding the reasons for the use of media and the rationale for the changing face of gratification, as well as studies emphasizing the interrelation between new media and self-related issues, gained momentum (Tartaglia, 2016).

2.1. The self-esteem at socialization process

Self-esteem can be defined as negative, positive, or objective attitudes, judgments, and evaluations of an individual toward himself. In other words, it is all about how we evaluate or judge ourselves, as well as how we identify our meaning in the world and how important we think we are to others. Thus, it is possible to suggest a close relationship between self-esteem and socialization and, thus, social environments, which provide opportunities to socialize.

Self-esteem is a personality variable and can be considered as a prerequisite to the development of a healthy personality. The level of self-esteem of an individual affects everything that he thinks, says, and does; his point of view and the points of view of other people about him; the decisions that he makes about his life; his ability to love and be loved; and his motives for taking action to change the things that need to be changed (Sanford & Donovan, 1984). Global self-esteem, which is measured in the present study, refers to how people habitually feel about themselves. Hereafter, we use the term "self-esteem" (without any qualifiers) to refer to this variable (Brown, Dutton, & Cook, 2001).

Through socialization, an individual constructs everything related to the self, such as self-concept, self-schema, and even self-esteem. Self-schema refers to the specific beliefs that we have about ourselves, defines who we are (self-concept). In contrast, self-concept includes our view of both

our existing selves and our possible selves, whereas self-esteem refers to our overall sense of self-worth. Thus, it is possible to suggest the interrelation of these three concepts. As Stein (1995) cited Greenwald & Pratkanis (1984) and Markus & Wurf (1987) suggest that self-schemas are considered as active working structures that form and affect not only our perceptions and memories but also our emotional and behavioral responses. Stein (1995) also states that, according to Markus (1977), to process the considerable array of self-relevant stimuli that are regularly encountered, we construct knowledge structures about the self, referred to as self-schemas. Self-esteem is one of the many components of the self-concept.

What can be the effect of socialization or social environment on self-esteem as a component of the self? Socialization, as a lifelong process with outcomes that influence how we behave toward others and what we think of ourselves, establishes self-concepts such that how we think and feel about ourselves are the consequences of the socialization process. As social, cultural, and psychological beings, we construct ourselves through our interactions with other people. Within this context, the social environment plays a significant role in any self-related issue.

The development of new communication technologies has brought about changes in many aspects of our daily lives, including the socialization process. New media, as a novel platform for connecting people with each other, have enabled their users to be isolated from both the spatial and temporal restrictions of offline life and have provided new paths for socialization, integration, and enculturation.

The purpose of the present study is to investigate whether a reciprocal interaction exists between the self-esteem and Facebook usage levels of Turkish Cypriots who live in Northern part of the Cyprus Island. Particular attention is given to the levels of self-esteem and Facebook addiction (in terms of frequency of new media usage) of the respondents and whether there is a significant relationship between these two variables.

Hypothesis

H₁: Facebook usage frequency is closely correlated with high self-esteem.

H₂: Self-esteem is related to mood modification through Facebook usage.

H₃: Self-esteem is related to facing conflicts in offline life because of Facebook usage.

3. Method

3.1. Participants

The participants consisted of 414 Facebook users 233 (56.3%) were female, 181 (43.7%) were male. Age range of the respondents started from “21 and below” and went up to “34 and above”. 144 respondents (34.8%) belong to “28-33” age group, 140 (33.8 %) “34 and above”, 102 (24.6 %) “22-27” years; 28 (6.8 %) “21 and below”. Of the 414 respondents, 309 (74.6 %) work “full time”, 43 (10.4 %) “Part-time”; 42 (10.1%) had “no income”; 20 (4.8 %) got “scholarship or state aid”.

In relation to the education level of the respondents; 156 (37.7%) hold a “university degree”; 58 (14%) were graduate of “high school or less”; 151 (36.5%) hold “graduate degrees”; 49 (11.8 %) hold “PhD”. 163 of the respondents (39.4 %) were “married”; 124 (30 %) were “single”; 75 (18.1 %) were “in a relationship”; 28 (6.8 %) were “divorced or widow”; 24 (5.8%) were engaged.

As far as the income level of the respondents is concerned 160 participants (38.6 %) earn a basic salary of the North Cyprus or less; 151 (36.5 %) earn the amount between “1-2 basic salary”; 100 (24.9 %) earn “double or more basic salary”. 183 (44.2%) respondents lived “with their parents/spouses (husband/wife)”; 145 (35 %) lived “with their parents”; 71 (17.1%) lived “alone”; 15 (3.6%) lived “with a housemate”.

94.7% (392) had no physical defects that prohibit them from acting; 5.2% (22) had some defects. The respondents were asked whether they were treated by a psychologist or psychiatrist, 70.3% (291) pointed out that they had no such treatment; 29.7% (123) mentioned that they were treated by a psychologist or a psychiatrist.

The participants were recruited by posting a link to an online survey on the Facebook wall. The survey was available for two months, from December 2015 to February 2016. The criteria for inclusion in the study were: Turkish Cypriot, English speaker, and having a Facebook account. In the instructions for the online survey, the respondents were informed that the study was regarding Facebook activity and that their responses would be kept anonymous.

2.2. Instrument

The Bergen Facebook Addiction Scale (BFAS) was used to measure the frequency of Facebook usage of the respondents (Andreassen et al., 2012). The scale includes 18 items, with 3 items for each symptom of addiction; the symptoms are salience, mood modification, tolerance, withdrawal, conflict, and relapse (Andreassen et al., 2012). The scale ranges

from 1 to 5, with a higher score indicating a more severe level of Facebook addiction. The Cronbach's α reliability score of the scale was 0.94.

The Rosenberg Self-Esteem Scale (SES) was used to measure the self-esteem levels of the respondents (Rosenberg, 1965). This uni-dimensional scale uses a 4-point Likert scale format that ranges from strongly agree (SA, 3) to strongly disagree (SDA, 0); five items are reverse scored. The instrument measures both negative and positive feelings about the self. The Cronbach's α reliability score of the scale was 0.83.

2.3. Statistical analysis

The data collected in the present study were analyzed by using SPSS 21.0 for Windows. Descriptive statistics, Pearson product-moment correlations, independent samples *t*-tests, and ANOVA were carried out to evaluate the relationships and differences at a significance level of 0.05.

3. Results

Measures of central tendency were computed to summarize the data for the Facebook addiction. The findings showed that the majority of the Turkish Cypriot Facebook users were non-addicted. Measures of dispersion were also calculated to understand the variability of the scores for the self-esteem levels of the participants; the results indicated that the majority of respondents had low self-esteem ($N = 414$, $M = 1.227$, and $SD = .4194$).

An independent *t* test was carried out to compare the self-esteem levels between male and female respondents; the results showed no significant difference in scores between male ($M = 12.8833$, $SD = 3.13081$) and female participants [$M = 12.4615$, $SD = 2.97353$; $t(412) = 1.40$, $p = .163$]. There was also no significant difference in Facebook addiction levels between male ($M = 12.8833$, $SD = 3.13081$) and female respondents [$M = 1.8333$, $SD = .37372$; $t(412) = .116$, $p = .908$].

Moreover, the results indicated that education had a significant effect on self-esteem ($p < .05$) for the three conditions [$F(3,410) = 3.207$, $p = 0.03$]; however, there was no significant effect of education on Facebook addiction ($p < .05$) for the three conditions [$F(3,410) = 2.215$, $p = .086$].

Marital status had a significant effect on Facebook addiction levels ($p < .05$) for the three conditions [$F(4,408) = 3.458$, $p = 0.009$]. Similarly, there was a significant effect of marital status on self-esteem ($p < .05$) for the three conditions [$F(4,409) = 3.461$, $p = 0.009$]. A significant effect of occupation on Facebook addiction levels was also found ($p < .05$) for the three conditions [$F(3,410) = 3.090$, $p = .027$]; however, occupation had no significant effect on the self-esteem scores of the Turkish Cypriot Facebook users.

Interestingly, sharing a home was found to have a significant effect on both Facebook addiction and self-esteem levels ($p < .05$) for the three conditions [$F(3,410) = 2.937, p = .033$ and $F(3,410) = 2.835, p = .038$]. The Pearson product-moment correlation coefficient was computed to assess the relationship between house sharing and the self-esteem levels of the participants; a negative correlation between the two variables ($r = -0.099, n = 414, p = 0.45$) was obtained. Physical defect or psychological treatment was found to have no significant effect on either Facebook addiction levels or self-esteem scores.

3.1. Is the Facebook addiction level of the participants correlated with their self-esteem level?

The Pearson correlation coefficient for the Facebook addiction and self-esteem levels of the respondents was computed to assess the relationship between these two variables; a negative correlation was found ($r = -.149, n = 414, p = .002$) (Table 1).

		Total addiction Score	Total self-esteem score
Total addiction score	Pearson Correlation	1	-.149**
	Sig. (2-tailed)		.002
	N	414	414
Total self-esteem score	Pearson Correlation	-.149**	1
	Sig. (2-tailed)	.002	
	N	414	414

** . Correlation is significant at the 0.01 level (2-tailed).

Table 1. Correlation of Facebook Addiction and Self-Esteem of Turkish Cypriot Facebook Users

An independent-samples *t*-test was done to compare the self-esteem scores (DV) between addicted and non-addicted Turkish Cypriot Facebook users (IV); a significant difference was found [addicted users: $M = 1.368, SD = 0.4857$; non-addicted users: $M = 1.119, SD = .4001$; $t(412) = 3.054, p = .002$].

Additionally, one-way between-subjects ANOVA were carried out to compare the self-esteem scores between addicted and non-addicted Turkish Cypriot Facebook users. The self-esteem scores were found to have

a significant effect on the Facebook addiction levels of the participants ($p < .05$) for the three conditions [$F(1, 412) = 9.326, p = .002$].

3.2. Is the self-esteem level of the respondents related to their mood modification through the Facebook environment?

The Pearson correlation coefficient for the self-esteem and mood modification scores of Turkish Cypriot Facebook users was computed to assess the relationship between these two variables; a positive correlation was found [$r = .196, n = 414, p = .000$].

In addition to obtaining the Pearson correlation coefficient, an independent samples *t*-test was done to compare the scores for mood modification through the Facebook environment with the self-esteem levels of Turkish Cypriot Facebook users (IV). A significant difference was found between users with low self-esteem ($M = 5.8531, SD = 2.92117$) and those with average self-esteem [$M = 7.3085, SD = 3.46418; t(412) = 4.064, p = .009$].

One-way between-subjects ANOVA were done to compare the mood modification scores between Turkish Cypriot Facebook users with low and normal self-esteem levels. A significant effect of the conflict scores on the Facebook addiction levels of the participants was found ($p < .05$) for the three conditions [$F(1, 412) = 16.520, p = .000$].

3.3. Is self-esteem related to facing conflicts in offline life because of Facebook usage?

The Pearson correlation coefficient for the self-esteem and conflict scores of Turkish Cypriot Facebook users was computed to assess the relationship between these two variables; the results indicated a positive correlation [$r = .243, n = 414, p = .000$]. An independent samples *t*-test was done to compare participants with low and average self-esteem levels in terms of facing conflicts because of Facebook usage. The results indicated a significant difference between users with low self-esteem ($M = 5.0906, SD = 2.57086$) and those with average self-esteem [$M = 6.7021, SD = 3.10334; t(412) = 5.087, p = .000$].

Additionally, one-way between-subjects ANOVA were carried out to compare the conflict scores between Turkish Cypriot Facebook users with low and normal self-esteem levels. The conflict scores were found to have a significant effect on the Facebook addiction levels of the participants ($p < .05$) for the three conditions [$F(1, 412) = 25.878, p = .000$].

3.4. The purpose of Facebook usage and the needs that are gratified

According to the results, out of 414 participants, 219 (52, 9%) stated

their purpose of using Facebook as “Diversions”, 122 (29, 5%) as “Personal Relationship”, 64 (15, 5%) participants as “Surveillance” and 9 of respondents claimed their purpose of FB usage as “Personal Identity”.

Based on this, it would be put for the majority of Turkish Cypriot FB users use Facebook in order to fulfill their need of entertainment or for relaxation. It is noted that 63% (132) of respondents who use Facebook for relaxation are female, 37% (87) are male; 54% (66) of respondents who use Facebook for establishing personal relationships are female and 46% (56) are male. This data indicates that females have stronger tendency for using Facebook in order to fulfill the need of entertainment as well as to establish or improve their personal relationships. However the results indicate that 52 % of participants who use Facebook to *surveil* or to *peep* are male, 48% are female; 56 % of participants who use Facebook to *improve personal identity* are male and 44% are female. So, males are more willing to peep via Facebook and to use FB to further improving their identities.

In addition to this, 40% (81) of 219 respondents who use Facebook for relaxation are aged “34 and above”, 33% (72) are “28-33” years old, 24% (52) are “22-27” years old and 3% (14) are “21-below”; 35% (43) of 219 respondents who use Facebook to improve or construct personal relationship are aged “34 and above”, 31% (38) are “28-33” years old, 25% (31) are “22-27” years old and 9% (10) are “21-below”. While none of respondents who are aged “21 years old and below” use Facebook in order to improve their personal identity, 78% who use FB for this purpose are aged “28-33”, 11% were aged “22-27” and 11% were aged “34 and above”. Moreover, 42% of respondents who use Facebook for peeping are aged “28-33” years old, 28% are “22-27” years old, 23% are “34 years old and above” and 7% are “21-below”.

Purpose of using Facebook users was searched among Heavy Facebook users and noted that 53 % of them stated that they use FB for relaxation, 29% for improving or constructing personal relationship, 15% for peeping and only 3% indicated that they use FB to improve their personal identity.

According to the data obtained 60% of 219 Facebook users who use FB for relaxation, 54% of 122 FB users who use FB to construct and improve personal relationships are female on the other hand 56 % of FB users who indicated the reason for using FB as improving personal identity and 52% of FB users who indicated reason for using FB as peeping are male users. However the ultimate purpose for both genders (57 % of female and 48 % of male) is including in FB is relaxation.

The results also indicate that, 53% of both of “lightly dependent” and “highly dependent” Facebook users stated their main reason for using

Facebook as relaxation. However, 31% of “highly dependent” Facebook users use social network in order to construct or improve their personal relationship while 29% of “lightly dependent” Facebook users use social network for the same purpose. So, the ultimate purpose of using FB for both categories is for relaxation. It should also be noted that none of “highly dependent” FB users’ purpose of usage is for improving personal identity.

3.5. Does level of Facebook dependency or level of self-esteem affect the purpose of using Facebook?

An independent-samples t-test was conducted to compare dependency of Facebook in lightly dependent and highly dependent users. However, it is noted that there was not a statistically significant difference between lightly dependent ($M=1.81$, $SD=0.057$) and highly dependent ($M=1.78$, $SD=0.139$) users of Facebook; $t(412) = 0.201$, $p = 0.841$. Also there was not a statistically significant relationship at the $p < .05$ level for two conditions [$F(1, 412) = 0.495$, $p = 0.509$]. These results suggest that a level of dependency to Facebook really does not have an effect on the purpose of using this particular social network site.

Likewise, it is noted that there was not a statistically significant difference between average self-esteem ($M=1.82$, $SD=0.057$) and high self-esteem ($M=1.72$, $SD=0.130$) on Facebook; $t(412) = 0.660$, $p = 0.509$. These results suggest that a level of self-esteem does not have an effect on purpose of using this particular social network site.

4. Discussion

The results of the present study suggest that being addicted to Facebook does have an effect on the self-esteem levels of the users. Specifically, our findings indicate that when people are addicted to social media, such as Facebook, their self-esteem levels increase. The Facebook addiction levels of the participants were found to have a significant effect on their self-esteem scores ($p < .05$) for the three conditions [$F(1, 412) = 9.326$, $p = .002$]. Our results further suggest that when people have high self-esteem, their level of addiction to social media, such as Facebook, also increase.

Overall, there was a correlation between the Facebook addiction and self-esteem levels of Turkish Cypriot Facebook users; however, the correlation was weak and negative. Increase in addiction was correlated with decrease in self-esteem (H_1 : Facebook addiction is correlated with self-esteem). The results suggest that the self-esteem levels (DV) of Turkish Cypriot Facebook users have an effect on their Facebook addiction scores. Specifically, by H_1 our findings indicate that self-esteem level is related to tendency toward Facebook addiction.

As suggested by H₂ (Self-esteem is related to mood modification through Facebook usage), there was a significant difference in mood modification between Turkish Cypriot Facebook users with low and average self-esteem levels. Also, there was a weak but positive correlation between the level of self-esteem and the scores for mood modification through the Facebook environment.

Finally, there was a significant difference in the Turkish Cypriot Facebook users with low self-esteem and with average self-esteem conditions as suggested by H₃.

Based on the results of the present study, it is possible to suggest that usage of Facebook as a new socialization platform and the frequency of such use, regardless of whether the user is addicted or not, are closely related to the self-esteem levels of the users. Moreover, the findings not only showed that the self-esteem level of the Facebook user is one of the factors that influence the frequency of new media usage but also vice versa. However, self-esteem level is clearly only one of several variables that affect such usage. Research in the future should take into account the relationship between self-esteem and using Facebook as passive an active participant.

Informed consent

Informed consent was obtained from all individual participants included in the study.

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Chapter 25

ECONOMIC GROWTH, LIFE EXPECTANCY AND HEALTH PROBLEMS: EVIDENCE FROM ALCOHOL CONSUMPTION IN EU-15 COUNTRIES

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1. INTRODUCTION

Today, alcoholic beverages are seen as a part of socialization. In some communities, alcohol is a symbol of wealth and power (Babor et al. 2010). In many countries, alcohol is regarded as a luxury product (Probst et al. 2017). Alcohol brands and consumption are perceived as an indicator of individuals' purchasing power and social status; hence the notion that the problems associated with alcohol consumption (ALC) can be ignored by individuals.

With the globalization process, individual preferences, cultures, and living conditions have changed. Individuals receive better health services and have longer life expectancy. At the same time, alcohol consumption, tobacco use and harmful food consumption has increased among many individuals. All these harmful factors can cause various important health problems such as obesity, shortness of breath, vascular obstruction, nutritional deficiencies, liver diseases, cardiovascular diseases, cancers, and tuberculosis. Cumulative consumption of alcohol can have adverse effects on organs and tissues (GBD Alcohol Collaborators, 2018). Alcohol dependence and intoxication can lead to inability to control oneself, psychological problems, depression, injuries, homicides, aggression, violence, and intensity of suicidal ideation. The risk of these health problems increases as the volume of ALC increases. Moreover, excessive ALC can cause absenteeism and inappropriate behavior in the workplace. Alcohol use also leads to unemployment, loss of human capital, and a decrease in labor productivity (Anderson et al. 2012). Therefore, alcohol adversely affect economic growth (EG).

Alcohol is the third most important public health area in the world after unsafe sex and low birth weight, and is more significant than tobacco (Anderson et al. 2012). Although the value of alcohol use varies across the world, the health burden on the world population caused by the harmful effects of ALC is enormous (World Health Organization, 2018). ALC, which is more common in developed countries, is associated with 60 different diseases and accounts for 4% of the global burden of disease [Anderson and Baumberg, 2006; Connor et al. 2016]. In 2016, nearly three million people lost their lives (5.3% of all deaths) due to the harmful effects of ALC. The effect of ALC on mortality rates is higher than that of diseases such as tuberculosis (2.3%), hypertension (1.6%) and digestive problems (4.5%). However, there has been no progress in reducing per capita ALC worldwide, and the burden of alcohol-related diseases remains high (World Health Organization, 2018).

Some factors, such as EG, changes in lifestyle, and the rise of global alcohol production companies, contribute to changing consumption pat-

terns (Ferreira-Borges et al. 2015). Gender, health status, economic wealth, culture, and religion have an impact on the patterns of ALC (World Health Organization, 2018). Economic development, cultural change, and the effectiveness of alcohol policies are factors that help explain the differences and historical trends in ALC and its related harm (European Alcohol Policy Alliance, 2016). Economic crises can also affect ALC, both positively and negatively. Individuals with reduced income may reduce their ALC due to budget constraints. At the same time, people who experience more anxiety and stress due to unemployment increase their ALC to alleviate these problems (Ruhm, 1995; Dávalos et al. 2012; De Goeij et al. 2015). In both cases, the relationship between ALC and economic development is significant.

Economic development can affect many socioeconomic indicators such as income inequality, financial development, environmental quality, and health status. Kuznets (1955) first revealed the existence of an inverted U-shaped relationship between income inequality and EG. This relationship, called the Kuznets curve, postulates income inequality increases at the initial stage of EG, and then declines with the rise in per capita income, after exceeding a threshold level. The Kuznets curve hypothesis has been analyzed for many other dependent variables, such as environmental pollution and financial development. Greenwood and Jovanovic (1990) stated that there is an inverted U-shaped relationship between these variables, and described this relationship as a financial Kuznets curve. According to Grossman and Krueger (1991), there is such a relationship between environmental pollution indicators and EG. Panayotou (1993) called this relationship the environmental Kuznets curve. Recently, various studies have argued that there may be an inverse-U relationship between health problem indicators such as health inequality, ALC, obesity and per capita income level. On the one hand, Grecu and Rothhoff (2015) presented the obesity Kuznets curve hypothesis, and Costa-Font et al. (2018) developed the health Kuznets curve hypotheses. On the other hand, the ALC Kuznets curve hypothesis has recently been introduced by Cantarero-Prieto et al. (2019). This hypothesis states that societies increase ALC in the first stages of EG, and when per capita income exceeds a certain limit, individuals become conscious about a healthier lifestyle and reduce ALC. All three studies investigated whether there is a nonlinear relationship between health problems and EG. The association between ALC and EG has important policy implications. If there is a relationship between the two variables, ALC and its related harmful effects can be prevented by economic policies.

In 2006, the European Union (EU) published its strategy to support member states in reducing alcohol-related harm. The strategy has the following main objectives: to prevent injuries and deaths, to protect young

people and children, to reduce alcohol-related damages and diseases in adults, and to raise awareness about the harmful and destructive effects of alcohol in the EU member states (European Alcohol Policy Alliance, 2016). The harmful effects of ALC are greater in low-income communities. High-income countries have more opportunities to reduce their ALC and the possible harmful effects of this consumption. European Union member states have a relatively high-income level on a global scale. Moreover, while EU-15 countries account for more than 90% of the GDP of the EU, life expectancy in these countries has increased significantly over the past 50 years.

Table 1 *ALC and GDP in EU-15 Countries*

Indicators	ALC (in litres)		GDP (constant 2010 US\$)	
Countries	1970	2015	1970	2015
Austria	14.2	11.6	19,573	47,850
Belgium	12.4	10.4	20,070	45,174
<i>Denmark</i>	8.6	9.3	30,541	60,402
<i>Finland</i>	5.8	8.5	18,373	45,316
France	23.2	11.9	19,984	41,765
Germany	15.5	12	19,624	45,521
Greece	10.3	6.6	13,392	22,615
<i>Ireland</i>	7	10.7	12,708	67,719
Italy	19.7	7.1	17,653	33,959
Luxemburg	18.7	11.9	35,457	107,235
<i>Netherlands</i>	7.8	8.3	24,519	51,872
Portugal	19.9	10.5	8,770	22,017
Spain	12.8	10.2	13,542	30,595
Sweden	7.2	7.2	26,500	55,419
<i>United Kingdom</i>	7.1	9.5	17,843	41,757

Source OECD (2019); World Development Indicators (2019).

Table 1 presents the per capita GDP and ALC in the EU-15 countries in 1970 and 2015. Over the past 47 years, ALC increased in five countries and decreased in nine countries. Italy and France experienced the sharpest decline in ALC. In Sweden, ALC remained steady over this period, while it increased in Denmark, Finland, Iceland, the Netherlands, Sweden, and the United Kingdom (UK). It is a considerable achievement that 60% of these countries reduced their ALC. All EU-15 countries, except Greece, have more than doubled their per capita income. Although the income levels of all countries have increased over time, these differences in ALC trends between countries necessitate an examination of the relationship between income level and ALC.

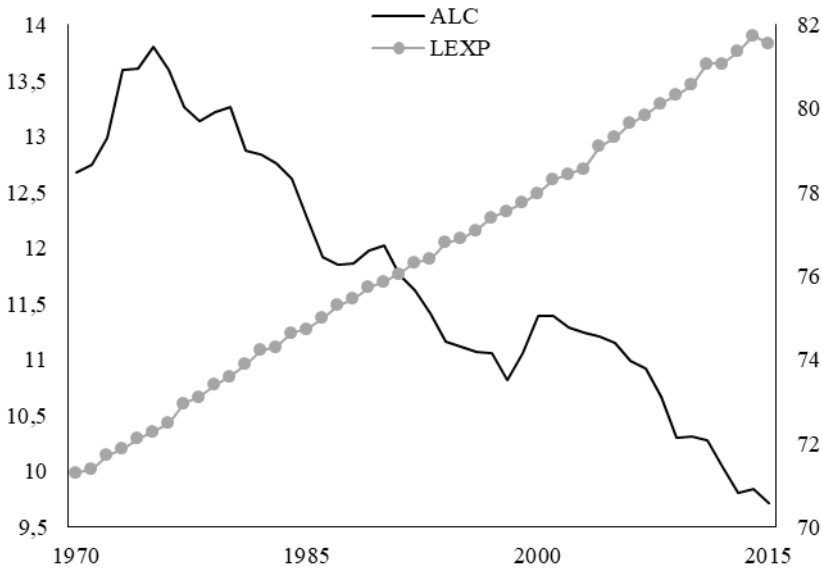


Fig. 1 *The average per capita ALC and life expectancy in EU-15 countries.*

Source: OECD (2019); World Development Indicators (2019).

Figure 1 presents the average ALC and life expectancy in EU-15 countries. The average per capita ALC of EU-15 countries decreased from 12.68 liters in 1970 to 9.71 liters in 2015. It appears that EU-15 countries have successfully reduced ALC over time. Life expectancy in these countries has increased by almost 10 years on average – from 72 years to 82 years. Both these developments imply that people pay more attention to their health than in the past.

According to the World Health Organization (World Health Organization, 2018), it was only on the European continent that per capita ALC decreased from 2000 to 2016. In the same period, ALC increased in Western Pacific, Eastern Mediterranean, African, and South-East Asian regions. Determining the factors that affect the success of European countries in reducing ALC may also be a guide for other countries. For this reason, we examined the relationships between ALC, EG, and life expectancy in relation to the ALC Kuznets curve, with a view to determining whether policies on life expectancy and EG change ALC.

The rest of the paper is structured as follows. The next section presents a literature review of a few studies examining the relationship between health problems and EG. This is followed by a brief presentation of the data set and model used in the study. The following sections introduce the panel data methods and empirical results. The study concludes with a section that presents policy recommendations.

2. LITERATURE REVIEW

The association between health expenditure and EG has been empirically tested in numerous studies (see Baltagi and Moscone (2010); Yavuz et al. (2013); Atilgan et al. (2017); and Zaidi and Saidi (2018)). These studies used linear models. However, limited research has been undertaken to analyze the effects of EG and life expectancy on health problems.

Grecu and Rotthoff (2015) used a fixed effects model for the United States covering the period 1991–2010, and confirmed the validity of the obesity Kuznets curve hypothesis for white females. Moreover, the results of this study demonstrated that the obesity Kuznets curve is not valid for males; an increase in income inequality led to a decrease in obesity rates. The authors also found that after per capita income exceeds \$29,744, women pay attention to their health and thus obesity is reduced. Costa-Font et al. (2018) used Tobit models, as well as ordinary and generalized least squares methods for EU-15 countries from 1994 to 2001. The authors concluded that the health Kuznets curve is hold, and that health inequality decreases as the income level increases between \$26,000 and \$38,700. Nghiem et al. (2018) applied panel data analysis for 34 OECD countries for 1980–2008, and found an inverted U-shaped relationship between weight gains and EG. Aydin (2019) employed an ARDL bounds testing procedure for the most 20 obese countries over the period 1991 to 2016, and found that the obesity Kuznets curve hypothesis is valid for 4 out of 6 countries. The author also concluded that obesity increases with increasing unemployment rates. Spiteri and von Brockdorff (2019) utilized random effects and fixed effects models for 27 European countries from 2003 to 2014, and found an inverted U-shaped relationship between per capita number of deaths from cardiovascular diseases and EG. They argued that the human capital index and life expectation reduces cardiovascular disease mortality, while smoking prevalence increases it. Windarti et al. (2019) investigated the nonlinear relationship between obesity and EG in 130 countries between 1975 and 2010. They verified an inverted U-shaped relationship between obesity and EG. The authors also found that urbanization is a factor that increases obesity. Cantarero-Prieto et al. (2019) applied a fixed effects method for 18 OECD countries between 1990 and 2017, and their results supported the validity of the ALC Kuznets curve hypothesis. Moreover, they also revealed that unemployment rate and life expectancy decrease ALC, while Gini coefficient increases it.

To our knowledge, few empirical studies to date have tested the association between health problems and EG with the inverted U-shaped hypothesis. Moreover, there is only one study in the literature that tests ALC and EG in this way. The current study is the first to test the validity of the ALC Kuznets curve hypothesis with various panel data methods in EU-15

countries. Moreover, none of the studies conducted in the literature takes cross-sectional dependency and heterogeneity into account. This study also eliminates the deficiency in the literature. In both respects, the study is expected to contribute to the current literature and create potential for future research.

3. DATA AND MODEL

Following Cantarero-Prieto et al. (2019), this study examines the relationship between ALC, real per capita income, and total life expectancy at birth within the framework of inverted U-shaped hypothesis. Eq. (1) indicates the quadratic model used in the study.

$$\ln \text{ALC}_{it} = \partial_0 + \partial_1 \ln Y_{it} + \partial_2 \ln Y_{it}^2 + \partial_3 \ln \text{LEXP}_t + \omega_{it} \quad (1)$$

where ∂_0 is the constant term, ∂_1 , ∂_2 , and ∂_3 are the long run coefficients, t , i , and ω_{it} indicate time, cross-section and error term respectively. In addition, $\ln \text{ALC}$ denotes log of per capita ALC at age 15 years and over in liters, $\ln Y$ ($\ln Y^2$) denotes log of real per capita GDP (log of the real per capita GDP squared) in constant 2010 US dollars, and $\ln \text{LEXP}$ denotes log of total life expectancy at birth. The annual data of ALC is collected from the OECD (2019), while the data of Y and LEXP are drawn from World Development Indicators (2019). The data relate to EU-15 countries covering the period of 1970-2015.

4. EMPIRICAL METHODOLOGY

4.1. CADF unit root test

Pesaran (2007) devised the cross-sectionally augmented Dickey–Fuller (CADF) unit root test, which takes into account the cross-sectional dependence and heterogeneity in a panel dataset. He performs Eq. (2) to obtain the CADF statistics of each unit.

$$\Delta \ln Y_{it} = \delta_i + \theta_i \ln Y_{it-1} + \mu_i \ln \bar{Y}_{t-1} + \rho_i \Delta \ln \bar{Y}_t + z_{it} \quad (2)$$

where Δ refers to the difference operator, Y stands for an investigated variable in this study, δ_i denotes intercept, i refers to cross-sections (1,..., N), t denotes time dimensions (1,...,T), θ_i , μ_i , and ρ_i are the coefficients, and z is the error term.

The CADF statistics provide information about stationary for country-specific variables. Pesaran (2007) also developed a cross-sectionally augmented Im-Pesaran-Shin (CIPS) statistic that demonstrates the stability of the panel as a whole. The CIPS statistic consists of the cross-section

average of individual CADF statistics. This test statistic is estimated by Eq. (3).

$$CIPS = \frac{1}{N} \sum_{i=1}^N t_i(N, T) \quad (3)$$

where $t_i(N, T)$ refers to the CADF t-statistic of each unit. If the obtained CIPS statistic is higher than the critical value developed by Pesaran (2007), it is decided that the panel data has a stationary process. Otherwise, the panel data contains a unit root.

4.2 Cointegration tests

Westerlund (2006) proposed a panel cointegration test based on the LM statistic that permits multiple structural breaks in the constant and trend by following Eq. (4).

$$\ln ALC_{it} = \delta_{ij} + \beta_1 \ln Y_{it} + \beta_2 \ln Y_{it}^2 + \beta_3 \ln LEXP_{it} + u_{it} \quad u_{it} = \tau_{it} + \mu_{it}, \quad \tau_{it} = \tau_{it-1} + \alpha_i \mu_{it} \quad (4)$$

The index $j=1, \dots, M_{i+1}$ is utilized to determine structural breaks from the period T_{1i}, \dots, T_{iM_i} when $T_{1i}=0$ and $T_{iM_i+1}=1$. The location of the structural breaks is determined as a fixed fraction $\delta_{ij} \in (0,1)$ of T such that $T_{ij} = [\delta_{ij} T]$ and $\delta_{ij-1} < \delta_{ij}$. The null hypothesis indicates all country-specific series of the panel are cointegrated ($H_0: \alpha_i = 0$, for all $i=1, \dots, N$), while the alternative hypothesis states that there is no cointegration for all countries of the panel ($H_1: \alpha_i \neq 0$, for $i=1, \dots, N_1$ and $\alpha_i = 0$ for $i=N_1+1, \dots, N$). In this test, appropriate table critical values can be generated by the bootstrap method in order to remove the cross-sectional dependency.

Westerlund (2008) also developed two cointegration test statistics based on the Durbin-Hausman (DH) approach. These are DH-group mean (DH_g) and DH-panel (DH_p) tests. The DH_p test assumes that the autoregressive parameters are the same between countries. By contrast, the DH_g test allows for dependence of cross-sectional units and parameter heterogeneity. In these tests, the dependent variable must be $I(1)$, while the independent variables can be $I(0)$ or $I(1)$. Eq. (5) and Eq. (6) indicate the DH_g and DH_p test statistics respectively.

$$DH_g = \sum_{i=1}^N \hat{S}_i (\tilde{\phi}_i - \hat{\phi}_i)^2 \sum_{t=2}^T \hat{\epsilon}_{it-1}^2 \quad (5)$$

$$DH_p = \hat{S}_n (\tilde{\phi} - \hat{\phi})^2 \sum_{i=1}^n \sum_{t=2}^T \hat{\epsilon}_{it-1}^2 \quad (6)$$

For the DH_p test, the null hypothesis of no cointegration $H_0: \phi_i = 1$ for all $i=1, \dots, N$ is tested against the alternative hypothesis $H_1: \phi_i = \phi$ ($\phi < 1$) that states there is a cointegration relationship in the panel as a whole. By contrast, for the DH_g test, the same null hypothesis is tested against the alternative hypothesis $H_1: \phi_i < 0$ that supports a cointegration relationship in at least some countries.

4.3 Augmented mean group estimator

The augmented mean group (AMG) approach formulated by Eberhardt and Bond (2019) and developed by Eberhardt and Teal (2010) considers both time series data characteristics and differences in observable and unobservable effects in panel groups. The AMG estimator is robust to serial correlation and consists of two stages. In the first stage, Eq. (7) is estimated using pooled regression by taking the first difference of dummies and dependent and independent variables.

$$\Delta Y_{it} = \beta' \Delta X_{it} + \sum_{t=2}^T c_t \Delta D_t + \sigma_{it}, \quad (7)$$

where Δ is the difference operator, D_t are year dummies, and σ_{it} is the error term. From this equation, the coefficients of the dummies; $\hat{c}_t \equiv \hat{\mu}_t^*$ are captured.

$$Y_{it} = \delta_i + \beta_i' X_{it} + c_i t + d_i \hat{\mu}_t^* + \vartheta_{it}, \quad \beta'_{AMG} = N^{-1} \sum_i \hat{\beta}_i \quad (8)$$

In the second stage, as shown in Eq. (8), c_t parameters are replaced by the $\hat{\mu}_t^*$ variable. This variable is added to each country regression that allows for parameter heterogeneity. β'_{AMG} constitutes the panel coefficients obtained by averaging each cross-section.

5. EMPIRICAL RESULTS AND DISCUSSION

Before analyzing the long-run relationships between the variables, we investigate the existence of cross-sectional dependence. In Breusch and Pagan's (1980) LM, Pesaran's (2004) CD and CD_{LM} , and Pesaran et al.'s (2008) LM_{adj} tests, the null hypothesis is tested against the alternative hy-

pothesis of cross-sectional dependence. We also utilize Pesaran and Yamagata's (2008) $\tilde{\Delta}$ and $\tilde{\Delta}_{adj}$ tests to examine the slope homogeneity. The results of the are presented in Table 2.

Table 2 *The results of cross-sectional dependence and slope homogeneity tests.*

Methods		Test-statistics	p-values
Homogeneity	$\tilde{\Delta}$	40.252***	0.000
	$\tilde{\Delta}_{adj}$	42.581***	0.000
Cross sectional dependency	LM	599.689***	0.000
	CD _{LM}	34.137***	0.000
	CD	16.309***	0.000
	LM _{adj}	31.439***	0.000

*** indicate statistical significance at the 1% level.

The findings demonstrate that the null hypothesis indicating no cross-sectional dependence and homogeneity is rejected for the panel dataset. This implies that the shock in one country can affect the other, and that there is a country-specific heterogeneity in EU-15 countries. We therefore use tests that take into account cross-sectional dependence and heterogeneity. In order to investigate the stationarity properties of the variables, we perform the CADF unit root test. The results of this unit root test are presented in Table 3.

Table 3 *The results of CADF unit root test*

Variables	CIPS statistics (constant)	CIPS statistics (constant and trend)
lnALC	-1.787	-1.762
lnY (lnY ²)	-2.261	-2.202
lnLEXP	-1.565	-1.677
Δ lnALC	-4.644***	-4.957***
Δ lnY (Δ lnY ²)	-3.391***	-3.683***
Δ lnLEXP	-4.408***	-4.587***

See notes for Table 2.

The CADF unit root test reveals that per capita ALC, real per capita income, and life expectancy are non-stationary at their levels. The variables are determined as stationary in first differences. In other words, ALC, income, and life expectancy are integrated of order I(1). Thus, there may be a cointegration relationship between the variables. After determining the stationary properties of the series, the cointegration relationship between the variables is investigated by two different methods. The results of the LM type panel cointegration test with multiple structural breaks are presented in Table 4.

Table 4 *The results of the panel LM cointegration test*

Models	Break in constant		Break in constant and trend	
Countries	TB	Break locations	TB	Break locations
Austria	2	1991;2000	1	2000
Belgium	2	1987;2005	2	1979;1999
Denmark	2	1979;2006	2	1985;1999
Finland	2	1981;1997	3	1978;1992;2006
France	2	1985;2000	3	1978;1989;2002
Germany	2	1980;1990;2002	3	1980;1990;2006
Greece	2	1985;2006	3	1985;1995;2006
Ireland	3	1978;1994;2006	2	1980;2000
Italy	2	1984;2000	3	1980;1989;2004
Luxemburg	2	1984;2000	3	1979;1988;2003
Netherlands	3	1978;1987;2004	3	1978;1992;2001
Portugal	2	1984;2006	3	1980;1994;2003
Spain	1	1992	2	1982;1993
Sweden	3	1979;1990;2000	3	1979;1994;2003
United Kingdom	2	1978;1995	3	1979;1995;2006
Panel	LM-stat.	p-value	LM-stat.	p-value
	23.592	0.489	65.706	0.671

p-values are based on 5000 bootstrap replications.

The LM statistics cannot reject the null hypothesis, implying cointegration for all countries of the panel in both break in constant and break in constant and trend models. Thus, the findings of Westerlund's (2006) cointegration test provide evidence of a cointegration relationship between the variables in both models. We also utilized the DH cointegration test to obtain more robust results. The findings of the DH_g and DH_p test statistics are presented in Table 5.

Table 5 *Results of the DH cointegration test*

Tests	Constant	p-values	Constant+trend	p-values
DH_g	-0.759	0.224	-1.774**	0.038
DH_p	-1.846**	0.031	-1.933**	0.027

Note: ** indicate the rejection of no-cointegration null hypothesis at 5% significance level.

As indicated in Table 5, the findings of the DH_g and DH_p tests reject the null hypothesis of no cointegration at the 5% significance level, implying that a long-run relationship exists between ALC, EG, and life expectancy. Then, we estimate the long-run coefficients using the AMG estimator for each country.

The long-run coefficients are reported in Table 6. According to these results, we find that the inverted U-shaped hypothesis between ALC and

EG is not valid for the panel. On the other hand, we confirm the validity of the ALC Kuznets curve hypothesis in Austria, Denmark, Ireland, the Netherlands, and the UK while a U-shaped relationship is found in France, Luxembourg, Portugal, Spain, and Sweden. These findings suggest that in one-third of EU-15 countries, ALC first increases as the per capita income level increases, and then begins to decrease after a certain turning point. Per capita income in Austria, the Netherlands, and the UK has exceeded the turning points determined by analysis. In 1987, Austria had a per capita income of \$30,677. As of that year, the increase in income helped to reduce ALC in Austria. In 2015, per capita income in the Netherlands and the United Kingdom was \$51,871 and \$41,765, respectively. In these countries, as the income level increases, ALC decreases. Nevertheless, Denmark and Ireland have not yet reached the per capita income at the turning point. Thus, as the income level increases in the two countries, so ALC continues to increase.

Table 6 *Results of the AMG estimation*

Countries	lnY	lnY ²	lnLEXP	EKC/ Turning point
Austria	7.645***	-0,370***	-1,208	□/ \$30,295
Belgium	-1.754	0.060	4.987***	Invalid.
Denmark	7.897***	-0.346**	-2.649***	□/ \$92,111
Finland	3.379*	-0.127	-1.068	Invalid.
France	-9.176***	0.423***	-0.732	Invalid.
Germany	-2.587	0.146	-4.510***	Invalid.
Greece	-7.389	0.377	2.061	Invalid.
Ireland	7.686***	-0.335***	-4.390***	□/ \$94,041
Italy	-4.552	0.198	-2.422**	Invalid.
Luxemburg	-3.131***	0.133***	-1.135***	Invalid.
Netherlands	17.124***	-0.798***	-2.591***	□/ \$45,593
Portugal	-12.782***	0.674***	-1.280	Invalid.
Spain	-6.240***	0.318***	0.271	Invalid.
Sweden	-29.924***	1.423***	0.371	Invalid.
United Kingdom	18.555***	-0.874***	-0.845*	□/ \$40,378
Panel	-0.981	0.546	-0.858	Invalid.

***, **, * indicate statistical significance at the 1%, 5%, and 10% level, respectively.

We also determine that a higher life expectancy led to a decrease in ALC in Denmark, Germany, Ireland, Italy, Luxembourg, the Netherlands, and the UK. Increasing life expectancy is related to health expenditure. An increase in health expenditure makes it possible for individuals to lead a healthier and better-quality life. Meanwhile, individuals who have a better quality of life can also choose to reduce their ALC. Therefore, it is necessary for EU15 countries to take into account life expectancy when implementing policies to reduce ALC.

6. CONCLUSIONS

Health problems can adversely affect both societies and individuals. Therefore, policies that can be applied to eliminate health problems are important. Recently, the relationship between income and health problems has been empirically investigated in the literature. EG and life expectancy are two important macroeconomic indicators that can affect health problems. As life expectancy and economic development increase, health expenditure is expected to increase, and individuals are expected to reduce consumption of harmful products such as alcohol and tobacco.

The aim of this study was to investigate the relationship between per capita ALC, per capita real income, and life expectancy in EU-15 countries within the framework of the inverted U-shaped hypothesis. In doing so, we utilized Westerlund's (2006) cointegration test with multiple structural breaks and the DH panel cointegration test. After determining the cointegration relationship between the variables, we estimated the long-term coefficients using the AMG estimator. We determined that the ALC Kuznets curve hypothesis is not valid for the panel. Nevertheless, country-specific coefficients demonstrate that there is a relationship between per capita income and per capita ALC in 11 of the 15 countries. In five of these countries, there is a U-shaped relationship between income and ALC, and in one of them there is a linear relationship. Meanwhile, the ALC Kuznets curve hypothesis is valid in Austria, Denmark, Ireland, the Netherlands, and the UK. This suggests that EG reduces ALC after the threshold per capita income level. In Austria, the Netherlands, and the United Kingdom, ALC began to decline as income increased. However, the increase in per capita income has a positive effect on ALC in Denmark and Ireland, because the two countries do not reach the threshold per capita income level. We also concluded that ALC decreased as life expectancy increased in 7 of the 15 countries.

Our main finding is that income level changes people's drinking habits. Along with economic development, social and cultural structure is also changing. People now pay more attention to their health and care for themselves more than they did in the past. It is clear that econom-

ic policies in the EU-15 countries have an impact on the health status of individuals. Policy makers can prevent major problems caused by ALC, such as cancer and stroke, through economic development. They can also increase labor productivity by reducing ALC. According to the results of our analysis, economic development does not guarantee the reduction of ALC in all countries. When EG is more or less than necessary, ALC may increase. Thus, optimal EG is a requirement for EU-15 countries to reduce their ALC. National policies to prevent ALC are generally applied in the countries of the European region (World Health Organization, 2018). The health sector plays a key role in implementing these policies by raising people's awareness of alcohol-related hazards. At this point, policies that restrict ALC, prohibit ALC, and impose tax on alcohol sales can be effectively implemented. Moreover, ministries of health and various social organizations can make people aware of the dangers of ALC. Governments can earn income and prevent health problems by imposing taxes on ALC. Furthermore, EG can be positively affected by improving the health and productivity of individuals through these policies.

Ultimately, this study provides various opportunities for future research. Future studies could test the relationship between ALC and EG by including control variables such as urbanization, divorce rate, unemployment rate, international trade, education, and Gini coefficient. This study could also be repeated for low-income country groups. In addition, the validity of the ALC Kuznets curve hypothesis could be tested by means of time series analysis. Finally, an examination could be undertaken into whether there is a relationship between EG and health problem indicators other than obesity and ALC.

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Chapter 26

THE IMPORTANCE OF DEVELOPING STRATEGIES FOR THE SUSTAINABLE FOOD INDUSTRY IN TERMS OF AGRICULTURAL PRODUCTION

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Strategies to Increase Food Industry's Competition Power

The food industry has a tremendous competitive force. Yet food industry need to take steps to boost the power of competition and also to obtain the sub-sectors a power of competition. The measures are calculated according to the circumstances and the foreign markets. It's especially necessary to track and evaluate the developments. Low commodity and labor costs can offer the food industry a great opportunity. It is therefore important to improve sector diversification, improved facilities, skilled and reliable sector for permanent and efficient capacity enhancement. Food industry is also essential in the terms of job creation in a great country position, efficient in enhancing, enabling the use of natural resources and earning money for the country. Since of agriculture dependency, it bears several additional assets. The food industry is influenced to some extent by the characteristics of the sector. Compulsory cleaning activities limit the implementation of Lean Six Sigma strategies such as time reduction for setting up. The Six Sigma role structure and the dimensions of statistical process control are among the least adopted practices in the sector. Such activities require budgetary capital for preparation, which may be a difficulty in a low-margin sector that relies mainly on cost control, and they involve methodological methods and expertise that is commonly viewed as sophisticated and too specialized in the food industry (Massoud, 1955; Ruttan, 1982; Halcrow et al., 1994; Costa et al., 2018; Costa et al., 2020) .

Different opinions could be built that will increase the competitive position of the food industry. But among them, food industry in Turkey must pick beneficial ones that are relevant and fast. Agricultural companies in Turkey must offer priority to the incorporation of the foreign market into the food sector, and we must seek to boost our strategic capacity to take any foreign share. In the foreign business rivalry has a very significant role. Competitive power also relates to the energy and communication systems of education, technology, and infrastructure, relationships between employees and employers, linkages between government and private sectors, and any other economic and social systems. For this reason, to prepare for international competition, Agricultural companies in Turkey must completely change the production model. Following the world facts, relationship with foreign nationals, enhancing competition on agricultural exports are mainly sensitive issues during the integration of international economy. Of this purpose, studying and developing studies have to be given particular priority (Ruttan, 1982; Halcrow, 1994; Yalçınkaya et al., 2006; Url 1, 2019).

Perspective of Corporate Strategy

Since the publication of two complementary books in 1963, the con-

cept of strategy making as a corporate method has gained popularity. Charles Lindblom and David Braybrooke write *A Policy Decision Strategy for Public Sector Policymaking* while Richard Cyert and James March published *A Firm's Behavioral Theory* based on empirical decision-making studies. Process Corporate is also called Strategy making adaptive mode. Four major characteristics distinguish the process of corporate strategy making (Braybrooke and Lindblom, 1963; Cyert and March, 1963). These are listed as below;

a) There are no clear objectives in the adaptive organization; strategic management reflects a division of power and a complex coalition among participants. The organization is caught up in a complex political web of forces. Unions, executives, stakeholders, advocacy organizations, policy officials and so forth try to control policies, each for their own needs. There is no central power source, no single purpose. The goal system of the organization is characterized by bargaining among these groups with each winning some issues and losing others. Hence the organization attends to a whole array of goals sequentially, ignoring the inconsistencies among them. The organization can not make decisions to maximize any one goal such as profit or growth; rather it must seek solutions to its problems that are good enough, that satisfy the constraints.

b) During the process, the strategy making process is characterized by the reactive solution to existing problems rather than the "proactive" search for new opportunities. - The adaptive organization works in a difficult environment that imposes many problems and crises. Little time remains to search out opportunities. And even if there were time, the lack of clear goals in the organization would preclude a proactive approach.

c) The adaptive organisation, taking incremental, serial steps, makes its decisions. Owing to the complexities of the setting, the adaptive enterprise considers that input is a key element in strategy building. For fear of wagging so far into the wild it can't take major decisions. The strategy maker first tends to focus on what is familiar, taking into account the convenient alternative approaches and those which differ only moderately from the status quo. Hence the organization moves forward in incremental steps, laid end to end in serial function so that feedback can be received and the course adjusted as it moves along. Policymaking is typically never ending process of successive steps in which continual nibbling is a substitute for a good bite.

d) Disjoined judgements are typical of the adaptive organisation. In adaptive mode, decisions can't be easily interrelated. The foundation's demands are diverse and no manager has the intellectual faculties to reconcile them all. Sometimes it is simply easier and less expensive to make deci-

sions in disjointed fashion so that each is treated independently and little attention is paid to prob coordination. Strategy making is fragmented, but at least the strategy maker remain flexible, free to adapt to the needs of the moment.

Strategic Priorities and Alternative Options

Strategic priorities and alternative options are also essential in deciding strategies for the company. The first business goal is to improve the firm's domestic market position. The policy's justification for winning extra leverage against domestic and international rivalry. Therefore, a thorough analysis on the sector and the competitors is required. During the inquiry, changes in environmental factors and demands shall be determined. Based on the results, the business looks for possible approaches and it offers a judgment. If the results of the investigation are positive the company must surpass the domestic market. The new strategies must be penetrating strategy (penetrating in a foreign market) consolidation strategy (settle down to market with), and integration strategy (integration with the strategy (settle doustrating Integration with the foreign market). So this kind of firms use offensive growth strategy. During the strategy, backward integration (integration on the source), forward integration (integration with the market), product proliferation and product differentiation are gaining importance in the view of production and cost policy. If the company couldn't realize offensive growth strategy alone, it must find a partnership in the same area for foreign market (Related External Complementary or Supplementary Diversification through Joint Venture). The company may also buy another company for the strategy (Related External Complementary or Supplementary Diversification through Acquisition) (Gluck et al., 1980; Porter, 1987; Nigel, 1998).

On the other hand, if there was intensive competition and foreign companies were penetrating into domestic market. The strategy must be defensive growth strategy. In the situation, backward integration, forward integration, product proliferation and product differentiation are still important. The company might go with a partnership or might buy another company. The company may be inside or outside company's main activities (Related External or Supplementary Diversification through Merger, Joint Venture or Acquisition). The second strategic priority is expansionist growth strategy with unrelated diversification. The main reason of strategy is finding a strong location against domestic and foreign competition unless the firm is not being leader in its main activities in domestic market. The aim of the strategy is penetrating (then integrating) with an unrelated activity in domestic market (Gluck et al., 1980; Porter, 1987; Nigel, 1998).

Providing Qualitative Raw Material-Sources

Raw material can be advantageous or disadvantageous to food industry. This varies for the sub-sectors of the food business. The row commodity issues are raw material consistency, strong or unreliable costs, and often high or low output levels. Agricultural companies in Turkey usually have low manufacturing capacity and technological framework. The Products of Agricultural food industry include no regular production besides onions, feet and similar products. There is the same issue in the cheese sub-sector too. Each region produces one unique cheese. Trakya and East regions in particular contain popular cheese stuff. Yet in international marketplace, the sector doesn't have the right location, despite the advantages we listed the exporters have Probičm station. Two cheese products of the same types and mark have different tastes. And it stops this and similar industries from expanding. For this purpose, the food export businesses in (Agricultural companies) can not conclude long-term contracts (Massoud, 1955; Kohls et al., 1980; Ruttan, 1982; Eicher, 1990; Cramer and Clarence, 1991; Halcrow et al., 1994).

Food producers do not have permanent location in the markets and a better image for the same reasons. They have to generalize the modern farming techniques. They have to try to ase production with more importance given to seed, fertilizer, irrigation and increased production fighting against insect pests. These activities must be funded by Policy. Over the last decade, there's been a big explosion in this industry. By giving fertilizer, technological equipment and other assistance, this form of firms making contracts has rendered a major ex nh producers and has helped them. This gives them skilled content and thus improves efficiency and rate of profitability. Although these companies increases efficiency of production, people believe that they can improve agricultural field of the country and export share. The supports of Agricultural companies in Turkey would trigger either an improvement in content demand or efficiency. (The Agricultural Council, 1968; Sungu, 2004; Aksoy and Beglin, 2005; Yalcinkaya et al., 2006; The Turkish Ministry of Agriculture and Rural Affairs, 2007; Willer and Yussefi, 2007; Galanakis, 2018; Url-1, 2019) This may be included certain steps to have normal, eligible content. They are listed as below:

- i. To provide crop, vine, and stallion to increase the amount of eligible content.
- ii. Attempting to apply the modem strategies to rising production in farm and animal fields.

In order to generalize the new methods, certain instructional services may still offer to manufacturers. Some private firms or associated co-operation can give these seminars.

iii. Organization of agriculture activities on a broad area to this end, the division of fields by inheritance must be prevented. The government also makes legal regulations for the combination of farm firms.

iv. There is a need to organize a system that links the agricultural and food industries.

v. While agricultural companies in Turkey are trying to make large areas of production at the same time, they have to try to increase productivity in small and medium-sized production areas.

vi. Government assistance to agricultural activities in accordance with domestic international demands.

vii. Support from the Government also attempts to make qualified raw materials.

Developing Domestic Competition Environment

Food producers (Agricultural companies) need to build an atmosphere of domestic rivalry in Turkey. For this distance, they ought to discourage unfair competition. They will need to create a tighter monitoring structure for food safety. Public health is also an important subject on this point. In addition, we have to educate consumers across the country against unhealthy foods. The results will be beneficial for the domestic competition. Many companies would create a name so they can help promote their goods-food products in domestic or international markets. They would also be financially supporting themselves in the domestic business. This gives the foreign enterprises an additional competitive position (Aksoy and Beghin, 2005; The Turkish Ministry of Agriculture and Rural Affairs, 2007).

Informing Exporters and Food Industry about Foreign Markets

Food producers (Agricultural companies in Turkey) clearly don't know much about international markets. Lots of things to investigate. Secondly, researching laws, legal requirements, market-level consumer demand for quality and other standardization is significant. In addition, the food industry must follow the technological improvements and demands that change with time, quality, new equipment etc. For example, it can be given from the oil sector. There is a new crop in this region named soybean soybean bean to produce oil has further advantages on the oil market. This has less calories and becomes more active. Additionally, investment in the area is easy to make. There is great demand from numerous countries for this drug. In every market too, food culture is another essential subject. People in every country have different tastes. Therefore our producers and exporters must be cautious on this level. Technological advancements around the

topic are also essential. New scientific techniques can be improved during agricultural or bestial production. Some can be of help to the food industry. For example, Holland provides standardization in cheese sector with a method. The method involves these four steps. i) Same type of cows ii) Same type of pastures (usually in one pasture) iii) Same methods of storage iv) Same techniques (Boserup, 1965; Grunert, 2005; Aksoy and Beghin, 2005; The Turkish Ministry of Agriculture and Rural Affairs, 2007; Byerlee and Sadoulet, 2009; Mellor, 2017) .

The scientific method which is mentioned above can be applied to food industry. If the companies in Turkey apply it to agricultural sector, they obtain the same kind of harvest. The high, appearance, color and (most importantly) testes of products will be same. If the food industry in Turkey uses the method in cow, this industry obtains same kind of cows. This provides Turkey to greater standardization on mill and then the industry in Turkey obtains products. On all these purposes, symposiums and conferences ought to be coordinated. Furthermore, researchers must learn from the research released by some collaboration (Tusiad, ITO, ISO and any others) on different food markets. It will also be effective to arrange trips to the states where marketing strategies can be. It will be more fun if the government covers a aspect of the price (Boserup, 1965; Aksoy and Beghin, 2005; The Turkish Ministry of Agriculture and Rural Affairs, 2007; Byerlee and Sadoulet, 2009; Mellor, 2017) .

Supports for Increasing Competitive Power- Increasing the Productivity

For years the governments of Turkey have been funding business. The supports prevent the external effects of our sectors, so that our economy does not open itself to external markets. The endorsements have not reached their purpose. While the free market system is endorsed by almost all nations. All governments, especially rich countries, have a close and hidden mechanism to support their agriculture and industries. And they are improving their strategic strength. The supports in the food industry must not only be a way of credit. The supports also have some professional assistance. Especially in many collaborations, lack of technical assistance they needed did not reach their goals. The topics of the supports must include business transformation, provide modernization of firms, increase capability, develop new product, research and development, and education of technique personnel in the food industry (Eicher, 1990; FAO, 2007; FAO, 2009).

Standardization and calibration is more essential especially in European markets. They are the most significant world-market problems for us. There is inadequate oversight of this issue in Turkey. Also, customers

usually want their products with a certain standard. The movement to globalize provides a great competitive environment across the globe. In that environment, it's hard to stand up. If a company or country to live, it must measure its competitive performance, control realization of planning aims, analyze the location of its own and also calculate future market factors. When the company measures these, there are some critters. These critters are profitability, productivity, efficiency, quality, creativity and convenience of working environment. The most important one among these critters is profitability. Profitability is dependent on efficiency and expense. But expense loses its value when determined profitability in a strong competitive area like the international markets. In the markets, productivity is the most important. Productivity protects competition chance in long term. In the productivity; costs, quality, standardization and flexible manufacturing is also essential terms. Firms must seek to increase their efficiency for many of these purposes. Alimentary industry is based on human resources. So, the key factor in the area is people. In businesses, researchers have to train the employees and use modern control strategies (Eicher, 1990; FAO, 2007; Mellor 2007; Fao, 2009).

Improving the Export

a) The terms of Structural Requirement: Export is an experience-wanted subject. Turkey 's agricultural sector composed of tiny middle-sized businesses. A successful export system requires experienced employees, market studies research strong flow of information, advertisements and qualified units of production. In order to develop the export network, small and medium-sized enterprises must gather their strength together and constitute big corporations. The companies could make efficient exports. This concept brings a new framework to food area as well. It will bring some advantages particularly to the companies based on a product level. First, Turkish companies are raising competition in foreign markets among themselves. They also reduce export costs per unit and increase the power of competition in foreign markets. These companies will also provide important additions to qualified raw material, manufacturing quality, and technological improvements. To constitute food export companies, support must be given on various ways. To many small and medium-sized firms these supports have to be given (Massoud, 1955; Lawrence, 1965; Fox, 1970; Ruttan, 1982; Geroski, 2003; Galanakis, 2018).

b) The terms of Marketing Requirement: i) *In the short term*: During export, producers have to take care of the country's food culture. European countries, for example, typically use their tomato sauce as a raw material (aseptic) in their factories to produce more complex goods. Their criteria have to be fulfilled in the short term. Producers have to export their product

according to the taste of our consumers. Calibration and standardization is also important about this topic. Nearly all products today have one standard. European countries particularly do not approve a commodity because it does not have a certain quality. Each fruit has a certain size. So, the companies of Turkey have to be cautious about the issue. These companies will benefit from certain incentives. People in European countries, for instance, especially enjoy the dried nuts. Particularly in their religious holidays there are great demands (noel, thanksgiving days) The nuts that are grown in Africa and Turkey. After the companies of Turkey are willing to export the product line with their image to European countries. Brand is another significant subject, too. Everybody understands what it says. If the idea is well-accepted, the producer will take advantage of that on the well (Johnston and Mellor, 1961; Timmer, 1986; Zinkhan and Pereira, 1994; Geroski, 2003; Mellor, 2017).

ii) The terms of Period - In the Long-term: Turkey has a rich culinary culture. Though many people are acquainted with popular kebabs and beverages of Turkey. The situation becomes worse when it comes to agricultural goods. For instance; Turkey's culture of aubergines is very rich. But this product is not used much particularly by European countries. State wants to establish advertising management team. Meat promotion is a separate issue. It needs more stuff about daily marketing activities. The food culture in Turkey may be marketed at international fairs (e.g. international cook fairs, international diet fairs etc.) (Kuznets, 1964; Mellor, 2017).

iii) The terms of Partnerships-Realition: Strategic partnerships can often be expected in the same situations. But Partnership shape can change. The objective of partnership may differ slightly. In the domestic market, the company's first goal must be to strengthen. So, the business can go through a foreign company via a joint venture. The relationship can be in central or other outstanding locations. The raw-natural materials are grown in the same region in Turkey. So, they both use the same organization on various agricultural products. Cooperative investment may also be produced in the international markets. Turkish businesses are profiting from the name of another business. The businesses market of Turkey are their goods under the name of another firm. There is a big argument here. If the international customer knows that the company comes from the companies in Turkey, so it is time to exit the relationship. However, timing is critical. And, after quitting, it's also essential to not lower expectations. The business may lose the market, in another way. The businesses are also strategically buying other corporations. When a small business is dealing with person for cheaper costs, as it often physiologically influences the market; it would be prudent to acquire the small business. When a corporation has a good brand identity in a sector, the company will purchase a small business

that has located close raw materials (Zinkhan and Pereira, 1994; Geroski, 2003; Mellor, 2017) .

Quality On Production - Research And Development Studies

Price is one of the main reasons for improving competitive strength in world markets. Quality on food industry production begins with a qualified raw resources. The other phases are production technology, packaging, storing, shipping and distribution. Every step must be applied efficiently for qualified production. Every phase has to be effectively added to eligible output. It's also essential to grab the consistency and standardization that consumers need. In this respect: packaging is essential. For this purpose it is necessary to use modern methods of packaging. The companies need to try and develop the packaging industry. It should support the business in overseas markets. Distribution is also another important step especially in animal products. This product must be shipped in cold chain. Damaging of cold chain can be destroying the country image or companies brands. Technology is also essential. Technology must be developed continuously and there must be connections with universities and researching collaborations (Eicher, 1990; Sarris, 2001; Grunert, 2005; Stolze, 2005; Galanakis, 2018)

Scientific studies are important to improve the research for this issue. Rich countries give big importance to research and development studies. The products will be much more sized with the enzyme. It also increases the nourishment value. Furthermore it is an enzyme, not an additional subject. So it is not harmful for human body. These kinds of technology improvements will unexpectedly chance all agricultural policies around the globe. Turkish companies usually makes Technology Transfer Technology transfer also called as horizontal way to obtain technology. Technology is developing the vertical route to receive data. It starts with a technological discovery, and finishes with an economical commodity. This field needs to be organized for prompt improvement. Turkey can build research centers and provide credit supports. The government needs to step up support for research and investigating studies in the area. In fact, cooperation with technologically-developing countries in different fields is often beneficial. Tübitak is launching a study project on agriculture in Turkey. Tübitak supports for initiatives in agriculture and forestry (TÜSIAD, 1987; OECD, 1994). The agricultural research project and subjects include some of these issues: - Organizational control of harmful insects; - Biological control of harmful insects; - Agricultural soil-free production techniques; - Greenhouse heat improvement; - Stable heat in the greenhouse; -Water and energy-saving technologies throughout irrigation.

DISCUSSIONS AND CONCLUSIONS

Turkey is an agricultural area. The climate of Turkey allows to develop numerous agricultural products. Raw material is the most important topic in the food industry. It is being difficult to supply qualified raw material. Standardization and calibration is another important problems during the process. Hybridization is another danger for food industry of Turkey. Turkey has a considerable competitive power over the food industry. The factories of Turkey have been making technology transfer. They try to use latest technology in their factories. Although these optimistic view on food industry, we can not benefit from the advantages. The increase of competitive power on food industry will provide us some advantages. Firstly, we can gain more money. Then it can solve most of our problems like unemployment. So, the private sector and government must take some duties for increase the share of food industry among the export Products (The Turkish Ministry of Agriculture and Rural Affairs, 2007; Galanakis, 2018; Url-1, 2019).

The primary topic in the food industry is raw material. Supplying qualified raw material is tough. Another important problem during the process is standardization and calibration. Another danger to food industry is hybridisation. Since The food Products of Turkey have more advantages than those of international companies. Governments and the private sector must help the farmers on these points (The Turkish Ministry of Agriculture and Rural Affairs, 2007; Galanakis, 2018; Url-1, 2019).

There has to be a generalization of contract agriculture. The farmers must be given various farming equipment and demands. A more concern is the domestic sector. It's important to build an atmosphere of domestic rivalry. It enhances our films in the domestic industry. This supports the companies of Turkey with consistency, effective production and powerful products for domestic business and financial source. In this process, these must take on a great duty. Standardization of food commodity needs to be given. There aren't enough regulations on this topic. The government also needs to avoid unfair domestic market competition. Any companies hire uninsured employees, make unqualified products. And other businesses don't clash with the company. The exporters ought to be informed about foreign countries. Important for export are rules, food culture, legislation, distribution networks, national values and other relevant factors. Many organizations can also do the greater duty about the subject (Universities, Istanbul Chamber of Commerce, Istandul Trade Center, etc.) to help farmers and exporters. European countries pursue so in secret fashion. The relevant laws must be governed by the legislature. At the same time, support needs to be comprehensible and applicable.

Food industry also complains about certain production difficulties. There are also several extra taxes that need to be complied with by the government for overseas nations. Productivity is yet another subject. The companies will allow use of the new manufacturing technologies and techniques in the field. They also need to develop special ways of making production. Additionally, education is essential for productivity. Marketing strategies are a bit complex. In the short term, Turkey must try to sell according to their demand. Turkish acquire a strong a good image- reputation with brand name during the process. Partnerships, Joint ventures can be make for the foreign markets. In the long term, The companies of Turkey try to advertise their food culture- traditional food habits.

Studies related to research and development are often significant. The enterprises of Turkey have to design and produce their own machines. In the long term the conversion of technologies is costly. Government needs to support studies of this type. Government also throws light on technological advances for producers and businesses. Since major technological advancement will alter both agricultural policies and production processes in a short time. If government and the private sector accurately fulfill their duties, the countries will become more pretentious in the food industry.

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Chapter 27

BILINGUAL STRUCTURAL AMBIGUITY PROCESSING: EVIDENCE FROM EYE TRACKING

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INTRODUCTION

The cognitive and linguistic achievements of bilingual children have become a popular area of inquiry in linguistics, psychology and education. Researchers state that bilingual children have advantages in cognitive development, school achievement, linguistic processing and metalinguistic abilities (Grosjean, 2010; Bialystok, 1991; Fletcher & MacWhinney, 2017). Psycholinguistic researches reveal the processes and representations that bilinguals use when they are processing language. The aims of the studies on bilingualism is to understand how bilingualism impacts cognition, language processing and how knowing another language changes the cognitive system. How co-activation and interaction of two languages affect processing is a question researchers try to answer. The stimuli offered by a rich environment are vital and necessary means in developing both language and cognition. Bilingualism affects the linguistic performance of individuals. Many definitions have been suggested about bilingualism. According to Bloomfield (1993) bilinguals are capable of using both languages although they do not have the same performance in each language but still they can use the language to a certain extent. There are types of bilingualism depending on the age of exposure to the language, level of language maintenance and the society they live in. According to age exposure, the individual's performance on language skills such as reading, listening, writing, speaking changes. People who have learned a second language and a second culture before puberty, preferably in the early childhood are called early bilinguals (Yılmaz & Demirel, 2015; Grosjean, 1992).

Since there are various definitions of the bilingualism, literature defines three types of bilingualism: compound, coordinate and sub-coordinate. A compound bilingualism is that person learns two languages in the same environment so that he learns one notion with two verbal expression, in the brain there is a fused representation of two languages which are interdependent. The child acquires simultaneously and answers in both languages according to the system in which the question was asked. The two languages are learned in parallel and the child knows that one notion correspond two phonological realizations. A coordinate bilingual is a person who acquires the two languages in different context, for instance one at home and the other at school so that the words of the two languages belong to two separate systems which are independent. Initially the child develops one system, then he builds up a second system at last he operates the two in parallel. Weinreich defines another type of bilingualism which he calls sub-coordinate and it occurs when one language predominates on the other. In this case the person interprets words of his weaker language through the words of his stronger language, the dominant language acts as a filter for the other (D'Acerno, Maria Rosaria, 1990).

Theoretical Background

Language Processing in Bilinguals

Psycholinguistic research on bilingualism suggest that the bilingual's two languages are always active and it provides benefit to produce comprehension and production. Behavioral and neurocognitive studies have shown that bilinguals differ from monolinguals in their performance on tasks that are purely cognitive (Marian & Shook, 2012; Grosjean, 2010; Desmet& Duyck, 2007). Bilinguals show advantages relative to monolinguals and there is clear differences in neural function and structure (Kovelman et al. 2008; Grady et al. 2015; Marian & Shook, 2012). Most of the studies suggest that there is an interaction between the two languages of bilinguals in comprehension. There is a cognate facilitation interaction between the two languages of bilinguals. When bilinguals read sentences in their second language, they recognize cognates faster if they have a cognate translation in their first language (Elson-Guttler, Gunter& Kotz 2005; Schwartz& Kroll 2006). Schwartz and Kroll (2006) found that if the cognate words in the second language were very predictable from the context, the cognate facilitation disappeared. The studies also suggest that bilinguals have more than one lexical representation to express the same meaning. They have two separate lexicons, one for their native language and another for their second language. However most of the psycholinguistic studies reject this hypothesis. Their findings support the view that lexical representations from the first language are accessed during processing the second language and vice versa (Dijkstra& Van Heuven 2002; Desmet& Duyck, 2007). It is also reported that bilingual's two languages are activated in parallel in word recognition tasks. Eye-tracking technique has been used to reveal parallel activation of two languages during bilingual spoken-word recognition (Weber& Cutler, 2004; Ju & Luce, 2004; Marian & Spivey, 2003). It can be concluded that both recognition and production processes in bilinguals proceed in parallel.

In language processing, visual word recognition is driven by bottom-up processes (Dijkstra & Van Heuven, 2002). Language production is driven by top-down processes (Levelt, Roelofs & Meyer, 1999). Kaushanskaya & Marian (2007) hypothesized that in the same bilingual individual, a nontarget language will be activated to a greater extent at recognition than at production. They found that nontarget language information is processed during a target language task. Dijkstra et al. (1999) developed Bilingual Interactive Activation model. This model constitutes an extension of the interactive model of monolingual visual word recognition. In this model, first language (L1) and second language (L2) words are represented in an integrated lexicon. The model suggests that the word recognition is non-selective with respect to language, word recognition is affected by

competing representations from both languages.

Semantic Representation

Bilinguals have more than one lexical representations (words) to express meaning. Most research findings suggest that bilinguals have only one store with concepts, rather than two separate stores. Fox (1996) found that semantic processing in one language may interfere with processing in the other language. In his study bilinguals were slower to recognize words in their second language when semantically related words in their native language were presented as irrelevant distracter stimuli on previous trials. Studies have shown that regardless of the word's language, picture naming is disrupted when semantically related words are presented (Costa, Miozzo & Caramazza 1999; Hermans et al. 1998). Illes et al. (1999) measured the brain activity of bilinguals performing a semantic categorization task and found that the brain activity related to activating the meaning of words was exactly the same independent from the language. In both languages, the activation in the left inferior prefrontal cortex was reported. Researchers accepted that both L1 and L2 words access a common semantic system. It is accepted that the speed of development of lexico-semantic connections may differ depending on word type and language characteristics.

Syntactic Representation

Structural or syntactic ambiguity is the presence of two or more possible meanings with a single sentence or sequences of words. For example "The professor said on Monday he would give an exam." This sentence means either that it was on Monday that the professor told the class about the exam or that the exam would be given on Monday. Another example is "The chicken is ready to eat." This sentence means either the chicken is cooked and can be eaten now or the chicken is ready to be fed (Oaks, 2010). In Turkish "Misafir odasına yürüdü." This sentence means either the guest walked through his/her room or a person walked through guest room in the house. Another example in Turkish language "Genç doktora soru sordu." This sentence means either the young doctor asked a question or a young person asked a question to the doctor. This type of structural ambiguity in Turkish have two meanings. It can confuse the listeners or readers mind. Because of the structure the sentence has two noun phrases.

According to Hartsuiker and Pickering's (2008) model of syntactic representation, bilingual speakers have an integrated lemma stratum which is the base form of each word. Each lemma mode (e.g. mavi in Turkish or blue in English) is linked to one conceptual node at the conceptual stratum, to one category node (e.g., adjective, noun), to combinatorial nodes (e.g., prenominal or post-nominal adjective) and to one language node (e.g., Turkish, English). In this model, category nodes specify grammati-

cal categories and combinatorial nodes specify different kinds of syntactic structures (Bernolet et al. 2007). Cross-linguistic grammatical effects and lexical switching are predicted in this model. According to Hartsuiker and Pickering model for instance, Turkish-English bilingual speaker selects a Turkish construction when using an English adjective.

At the syntactic level, researchers compared syntactic processing of bilinguals with syntactic processing of monolinguals instead of investigating whether processing one language influenced processing of the other language in bilinguals. It is believed that for instance if Spanish-English bilinguals process Spanish sentences differently compared to how Spanish monolinguals process the same sentences, it means that their knowledge of English has influenced how they process their native language (Desmet & Duyck, 2007).

Researchers have evaluated the preferred interpretation of syntactic ambiguities and how these interpretations change under the influence of learning second language. Dussias (2003, 2004) studied the preference for the relative clause attachment ambiguity. In a relative clause the ambiguity can be attached to two possible noun phrases. 'Someone shot the servant of the actress who was on the balcony.' The first interpretation is called Noun Phrase 1 (N1) attachment because the relative clause is attached to the first noun phrase and the second interpretation Noun Phrase 2 (N2) attachment where the relative clause is attached to the second potential noun phrase. Dussias assumed that if knowing a second language interfere native language, Spanish speakers who have been exposed to English should have a higher preference for N2 attachment than Spanish speakers who have not been exposed to English. They found that Spanish monolinguals had a lower preference for N2 attachment than Spanish-English bilinguals, even both groups were tested with the same Spanish sentences. The studies conclude that knowing a second language has a strong influence on processing first language.

Few studies on sentence processing in bilinguals and multilinguals evaluate first language processing influence on second language sentence processing (Song & Andrews, 2009; Liszka, 2004). However the influence in the other direction is still a question.

The aim of this study is to evaluate bilinguals' ambiguous syntactic sentence processing comparing with monolinguals.

These are the research questions asked in this study.

1. Is there any difference in processing durations of structural ambiguous sentences in bilinguals and monolinguals?

2. Do the metrics of eye tracking data used in this study ('the first fixation duration', 'total fixation duration') differ between the statutes of being bilingual and monolingual?

3. Is being a bilingual a facilitative effect in processing structural ambiguity?

4. Is there an association of being bilingual and monolingual with processing noun phrase categories?

The hypothesis about these research questions is that as second language may have an interfering effect when processing native language, the bilinguals may process structural ambiguous sentences slower than monolinguals. Two experiments were conducted in order to reveal the underlying language system in bilinguals.

METHODOLOGY

Participants

The data of the study were collected from a group of early bilinguals and monolinguals. Turkish-English bilinguals, whose native language is Turkish and whose second language is English attended the study. Monolinguals whose native language is Turkish attended the study. Fourteen bilingual children and seventeen monolingual children participated the study. The bilingual group consisted eight female, six male children and monolingual group, consisted nine female, eight male children. They were tested using an on-line eye-tracking measure. Bilingual group were attending to a private school in Western Turkey. Monolingual group were attending a state school in Western Turkey. They were all third graders. They were all nine years old. Both monolingual children and bilingual children were right-handed and they do not have visual deficiency. Bilingual children started learning English when they were attending kindergarden. They began learning English at the age of five. The children are defined as early bilinguals as they began learning second language at the age of five before critical period and still using second language. Six of the data of the bilingual children and three of the data from monolingual group were excluded from the analysis because of the eye-movements artifacts.

Apparatus

In this study, eye tracking device was used for the first experiment. In linguistics, eyetracking is generally used for studying language processing during comprehension and production. In this study eye movements were recorded with Tobii Pro Glasses 2, with a sampling rate of 100Hz. The device is an eye tracker designed for researchers who want to conduct a study inside and outside a lab with high sampling rate. Participants wore

the glass and chinrest during the study. This device provides detailed analysis of saccades, fixations, pupil size changes and blinks.

Data Collection Tool

Two experiments were conducted in order to reveal the underlying language system in bilinguals. For the first experiment, the data collection tool consists of twenty structurally ambiguous sentences in Turkish. For example these are the sentences used in the study: “İhtiyar adamı karşıya geçirdi.” “Genç doktora şikayetini anlattı.” “Yabancı dükkandaki eşyaları beğenmedi.” “Misafir odasına doğru yürüdü.” “Kadın şöförü şöyle bir süzdü.” The sentences were prepared by an experienced faculty member from Turkish Language Teaching Department. Each sentence has two interpretations. Each sentence has a key word which is called area of interest. Each ambiguous phrase in the sentences were determined as area of interest.

For the second experiment, the same twenty structurally ambiguous sentences in Turkish and two different options of pictures representing the two ambiguous meanings for each sentence were used.

Procedure

All the study was conducted by a single researcher. The researcher read the guideline and informed both the participant and his/her legal guardian about the study and took informed consent from each participant’s legal guardian. The data collection design and the sequence of the materials were organized according to the pilot study. For the first experiment, the participants were sitted comfortably in front of the display monitor. After the calibration settings were made, the experiment was started. The participants were presented with a written sentence. The participant’s eye movements were recorded while they were reading sentences silently. All the participants were tested individually. In the current study an eye-tracking paradigm is used which can directly and effectively assess sentence comprehension abilities. The first experiment took approximately an half an hour.

The second experiment, the same twenty structurally ambiguous Turkish sentences were presented. The participants were asked to read each sentence silently and asked to do Sentence-Picture Matching Task. They were asked to choose the best picture which matches with the sentence they read. There were two visual options for each sentence. The second experiment took approximately twenty minutes.

Eye Metrics

The length and the frequency of the fixation increase when there is difficulty in processing. Also the duration of fixations indicate whether the reading was processed easily or not (Garrod 2006). 'First fixation duration' on a particular area of interest was defined as the time the reader spent initially. Total duration of fixations on a particular area of interest was defined as the sum of the durations of all fixations on a word including all saccades. (Rayner and Pollatsek, 2006). In this study, 'the first fixation duration', 'total fixation duration' are used as the metrics of eye tracking data to analyze the processing of structurally ambiguous sentences. Each sentence in the study was divided into area of interests (AOIs), a single key word with different meaning types. Each AOI was measured.

Statistical Evaluation

For the first experiment which was conducted via eye tracking technique, all data including First Fixation Duration (FFD), Total Fixation Duration (TFD) parameters were harvested from the Tobii Lab Pro Software. The data was transferred to PASW 18 software for statistical evaluation. Continuous variables were tested for normality using Shapiro-Wilk test. Normally distributed data were submitted to Student t test in order to evaluate for intergroup differences. Statistical significance was assumed when $p < 0,05$.

The second experiment evaluated the processing of structural ambiguity by asking to choose an option of two pictures for the given sentence. The response for each sentence was coded as Noun Phrase 1 (N1) and Noun Phrase 2 (N2) in bilingual and monolingual groups. Categorical data were evaluated using Chi Square test using 2x2 table. Statistical significance was assumed when $p < 0,05$.

RESULTS

The First Experiment

First Fixation Duration (FFD) and Total Fixation Duration (TFD) data of bilingual and monolingual groups were checked for normality using Shapiro-Wilk test. The results revealed that the group data were normally distributed ($p < 0,05$). Then a Student t test was held to test the group differences.

The results revealed that there was significant difference in FFD among monolingual (Mean= 0,85, SD= 0,08) and bilingual (Mean= 0,54, SD= 0,04) ($t(29)=-3,093$, $p=.0,002$) group. The results revealed that there was significant difference in TFD among monolingual (Mean= 1,14, SD=

0,10) and bilingual (Mean= 0,69, SD= 0,07) ($t(29)= -3,478, p=.0,004$) group (Table 1).

Student t Test										
	FFD					TFD				
	M	SD	t	df	p	M	SD	t	df	p
Bilingual	0,54	0,04	-3,093	29	0,002	0,69	0,07	-3,478	29	0,004
Monolingual	0,85	0,08				1,14	0,10			

Table-1 The table illustrates the Student t test results of the FFD, TFD data among the bilingual and monolingual groups. FFD=First Fixation Duration, TFD= Total Fixation Duration.

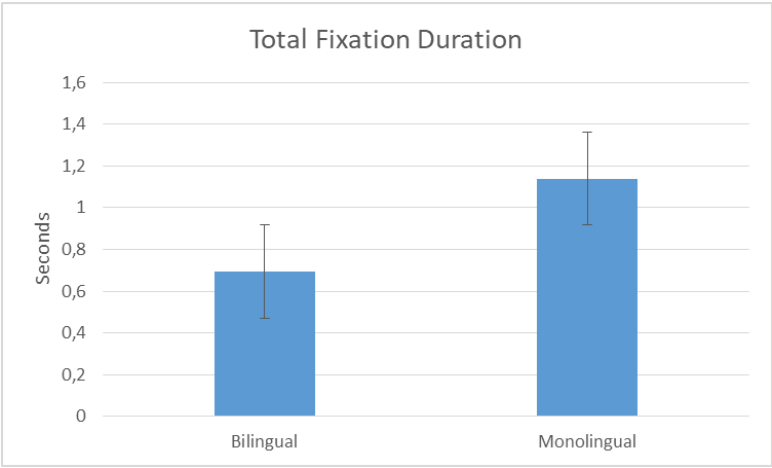


Figure 1 illustrates the results of Total Fixation Duration (TFD) comparisons among the bilingual and monolingual groups.

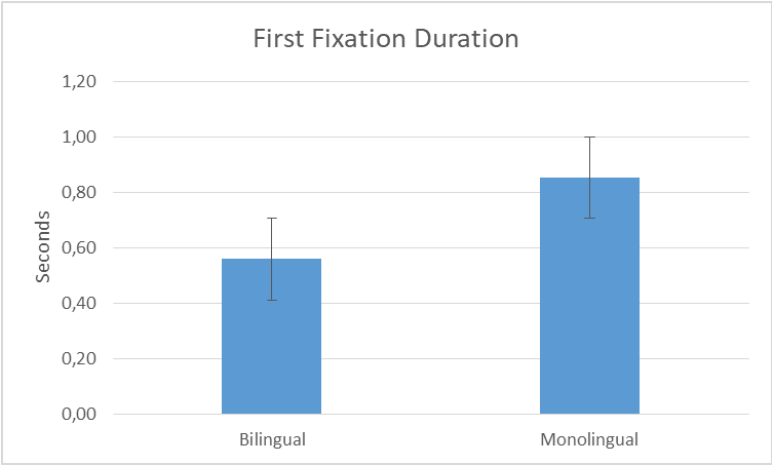


Figure 2 illustrates the results of First Fixation Duration (FFD) comparisons among the bilingual and monolingual groups.

The results of the first experiment done via eye tracking technique revealed that bilinguals process structural ambiguous sentences faster than monolinguals (Fig 1 and Fig 2).

The Second Experiment

For the second experiment, the chi square test revealed that there was an association between being bilingual and monolingual and Noun Phrase choice (Chi Square (1, n=620) = 6,955, p= 0,01). It is evident that the bilingual group tended to select the Noun Phrase 2 (N2) response. On the other hand the monolingual group tended to select the Noun Phrase 1 (N1) response (Table 2).

Chi square test				
		N1	N2	Total
Bilingual	n	130	150	280
	%	46,43	53,57*	100
Monolingual	n	194	146	340
	%	57,06*	42,94	100
Total	n	324	296	620
	%	52,26	47,74	100

Table-2 The table illustrates the 2x2 crosstabulation of bilingual and monolingual versus N1 and N2 choices. The percentages are significantly different (Chi Square (1, n=620) = 6,955, p= 0,01).

The results of the second experiment revealed that bilingual and monolingual group have different preferences in processing structurally ambiguous sentences. The results revealed that the study is in consistent with Hartsuiker and Pickering’s (2008) model of syntactic representation indicating that cross-linguistic influences and lexical switching affect processing of syntactic patterns.

DISCUSSION

This study analyses the bilingual on-line processing of Turkish structurally ambiguous sentences with two different meanings with comparing monolinguals. Two experiments were carried out to evaluate the processing. The first research question of the study was if there was any difference in processing durations of structurally ambiguous sentences in bilinguals and monolinguals. The results revealed that in First Fixation Duration and Total Fixation Duration parameters there was significant difference between bilingual and monolingual group. The results indicate that bilinguals process structural ambiguous sentences faster than monolinguals. The sec-

ond research questions of the study was if the metrics of eye tracking data used in this study ('the first fixation duration', 'total fixation duration') changed according to being bilingual or monolingual. The results of the study indicated that there is significant difference between the groups. The bilingual group processed the ambiguous sentences faster than monolinguals. So being bilingual or monolingual affect the way the language is processed. The third research question of the study was whether being a bilingual had a facilitative effect in processing structural ambiguity. The results of this study indicated that according to the statues the processing of first language changed. The fourth research question of the study was if there was there an association of being bilingual and monolingual with processing noun phrase categories. The results of the study revealed that according to being bilingual or monolingual the processing of syntactical representation changed. In this study it is evident that the bilingual group selected the Noun Phrase 2 (N2) response. On the other hand, the monolingual group selected the Noun Phrase 1 (N1) response. For instance in this Turkish sentence "Genç doktora soru sordu." bilinguals preferred "genç doctor" as the subject of the sentence whereas monolinguals preferred "genç" as the subject of the sentence. The meaning of the sentence changes according to the choice of selecting subject. The results are in consistent with Hartsuiker and Pickering's (2008) model of syntactic representation indicating that cross-linguistic influences and lexical switching affect processing of syntactic patterns.

The overall results of this study revealed that bilinguals process structurally ambiguous sentences faster. The results are in consistence with Dussias (2003, 2004) studies that knowing a second language have an influence on processing the first language. In other words being bilingual effect the cognitive processing of first language. Because bilingual people have rich linguistic environment and cognitive advantages. It is reported that bilingualism affects cognitive and linguistic performance. Bilingualism have both benefits and costs. For some researchers, bilinguals have lower language proficiency than monolinguals do, they have smaller vocabularies and weaker access to lexical items. However the benefits of being bilingual are that bilinguals exhibit enhanced executive control in nonverbal tasks (Bialystok & Craik, 2010).

The results of this study are in consistence with Cedden & Aydın's study (2017). The aim of their study was to find out whether being mono-, bi-, tri- or plurilingual has an effect on reading times in native language. Their results revealed that monolingual group was slower than bi- and multilingual groups in processing three sentence types. They concluded that non-native languages have a positive effect on processing native language processing. The results of this study also supports the idea that knowing

a second language have a positive influence on processing first language.

The idea that bilingualism have cognitive advantages is a topic that has received a lot of attention in the recent studies. Recent evidence suggests that specific aspects of executive control are related to bilingualism and bilinguals have cognitive advantages.

The recent research on metalinguistic development in monolingual and bilingual children revealed that monolingual and bilingual children were equally capable of detecting grammatical violations in meaningful sentences. But when the sentences were semantically anomalous, bilingual children were more accurate in these cases.

Tao et al. (2011) found bilingual enhancement of executive functions for early and late bilinguals. They investigated how age of L2 acquisition influenced performance on a lateralized attention network test for executive function. They found that monolinguals were less efficient in the resolution of conflict than both early and late bilinguals. Both early and late bilinguals were found to have more efficient attentional networks. The executive function is located in the prefrontal cortex and it is the most crucial cognitive achievement in early childhood. It is reported that bilingualism affects cognitive processes (Bialystok & Martin, 2004). The results of this study are in consistence with their study that bilinguals cognitive advantage affects language processing.

Hommel et al. (2011) investigated the relation between bilingualism and creativity. The results of their study showed a specific advantage for high proficient participants for convergent thinking. They suggest that bilingualism supports a relative focused cognitive control style with strong top-down control.

Bartolotti et al. (2011) investigated whether cognitive control and bilingual experiences influence success in learning a new language. Their results showed that both factors may influence learning success.

Krizman (2012) reported that when monolingual and bilingual adolescents listen to simple speech sounds without intervening background noise, they show highly similar brain stem responses to the auditory information. When they play the same sound to both groups in the presence of background noise, the bilingual listeners' neural response is considerably larger, reflecting better encoding of the sound's fundamental frequency. This boost in sound encoding appears to be related to advantages in auditory attention.

Hakuta (1986) support the idea that bilingualism can lead to higher levels of metalinguistic awareness and cognitive ability. Metalinguistic ability refers to the ability to think flexibly and abstractly about language.

Alptekin and Erçetin (2015) found that in an eye tracking experiment, the fewer the number of fixations, the shorter the fixation duration, the less the reader experience difficulty in reading comprehension. When lexical access is easy readers will not need to use fixations and fixation duration will be short. Fixation duration characterizes the time needed to process the information. In this current study, the frequency and length of the fixations increased because monolingual participants had difficulty in processing structurally ambiguous sentences.

The overall results of this current study are in consistent with the studies (Hakuta, 1986; Tao et al., 2011; Hommel et al., 2011; Bartolotti et al., 2011; Krizman, 2012; Bialystok & Martin, 2004) suggesting that cognitive, neural and social advantages of bilinguals facilitate their language processing.

In conclusion, the data of this study provide the evidence that the bilingual children process structurally ambiguous sentences faster than monolinguals. Monolinguals were slower. In the second experiment the data of the study showed that bilinguals and monolinguals syntactic processing changes. Consequently, the results indicate that bilinguals and monolinguals differ in processing structurally ambiguous sentences. The results of this study support the idea that the cognitive and neural advantages observed in bilingual people help their processing of language. This study supports the idea that knowing a second language has a strong influence on processing first language. This study is in consistent with Hartsuiker and Pickering's (2008) model of syntactic representation indicating that cross-linguistic influences and lexical switching affect processing of syntactic patterns.

CONCLUSION

This research reflects the bilingual and monolingual on-line language processing of syntactically ambiguous sentences in Turkish. The results indicate that bilingual children process structurally ambiguous sentences faster than monolinguals. Also the results indicate that monolinguals and bilinguals prefer different ways in understanding ambiguous sentence. The results support the idea that knowing a second language have an influence on processing first language. Bilinguals have advantages in processing a language system. The results of this study are in consistent with Hartsuiker and Pickering's (2008) model of syntactic representation indicating that cross-linguistic influences and lexical switching affect processing of syntactic patterns.

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APPENDIX

These are the structurally ambiguous sentences used in this study.

1. İhtiyar adamı karşıya geçirdi.
2. Genç doktora şikayetini anlattı.
3. Yabancı dükkandaki eşyaları beğenmedi.
4. Misafir odasına doğru yürüdü.
5. Kadın şöförü şöyle bir süzdü.
6. Hırsız çocuğu kovaladı.
7. Yaşlı adama seslendi.
8. Çocuk arabasını beğenmedi.
9. Genç kadın doktorla görüşmek istedi.
10. Sarhoş adama ağzına geleni söyledi.

11. Deli adamı dövdü.
12. Tahta evin önüne yığıldı.
13. Yaralı doktora üzüntüyle baktı.
14. Küçük çam ağacının arkasına saklandı.
15. Genç adamın arkasından koşuyordu.
16. Gazeteci bayanın sözlerini dikkatle dinledi.
17. Hırsız polise ateş ediyordu.
18. Hasta yolcuya seslendi.
19. Katil adamı kovaladı.
20. Küçük ağacı dikti.



Chapter 28

ORGANIZATIONAL STIGMATIZATION IN WHITE COLLARS WITH POLITICAL SKILL

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INTRODUCTION

Organizations have structures created to achieve organizational goals, and employees are employed in organizations to ensure these structures to become functional. Although there are many features of structure, division of labor, hierarchy, competition and collaboration are the defining features in fulfilling its functions. In organizations, jobs are divided into parts to be done more systematically and more efficiently by many people. It is essential that these works devoted to parts are carried out in cooperation, and organizational goals are fulfilled. Collaboration is one of cornerstones of harmony, and harmony is that of productivity too. While the division of labor makes cooperation and cohesion necessary; hierarchy also makes competition and conflict inevitable. High level of competition among employees means high and severe conflicts at the same time. This harms cooperation and harmony for organization, and hence efficiency of organization.

Experiencing stigma in organizations is an issue that can prevent employees from cooperating and harmonizing with each other. This will mean decreasing efficiency of organization. High competition and conflict in organizations can lead to high organizational stigmatization. Since stigmatization includes concepts such as labeling, discrimination and exclusion, it is not possible for a stigmatized employee to work in harmony with a stigmatist. In this sense, organizational stigmatization is one of the types of organizational behavior that can harm organizations.

The existence of hierarchy, competition and conflict in organizations made organizations a political arena (Mintzberg, 1985: 133). Increasingly complex structure of organizations and the uncertainties experienced in organizations further strengthen their existing political structure of organizations further (Oruç and Kutanis, 2015: 37; Zaleznik, 1971: 52). When the existence of hierarchy and career making concepts are evaluated together in organizations, hierarchy is not only the structure determining hierarchy, but also scale of power that is or likely to be possessed for employees. Moving towards upper parts of this scale, positions decrease, and therefore, employees compete and accordingly conflict with each other for scarce positions. Employees having an understanding of winning at any cost and acting with a Makyevelist approach may want to stigmatize their competitors instead of competing within the framework of certain ethical principles. Employees with low merit are more likely to behave like this. Stigmatization can be performed to ascend to upper positions or to continue to stay at upper positions. Employees in lower and equivalent positions to ascend to upper positions can try to be successful in stigmatizing efforts by taking advantage of organizational behaviors such as political skill, impression management tactics and whistleblowing. Those having reached the upper positions can apply for stigmatization by using both political

skill and power stemming from their positions to maintain their positions. In order for stigmatization to occur, stigmatist must affect others. It seems likely that networking ability, interpersonal influence, social astuteness and apparent sincerity, political skill dimensions, will be effective in the formation of organizational stigmatization. For this reason, the main purpose of this study is to reveal the relationship between political skill and organizational stigmatization in an empirical way. It was a triggering factor that there was no study regarding the relationship between these two variables, previously investigated. The sample was assigned with the consideration that the nature of relationship between these two variables could be easier and more likely to be determined in the white collar sample, whether they work in production or service sector, that is known to be of decisive importance.

When the related literature is scanned, it is seen that empirical studies focusing on the appearance of political skills in organizational life (Ohlsson et al., 2016; Özdemir & Gören, 2016; Fang et al., 2015; Blass & Ferris, 2007; Harvey et al., 2007; Liu et al., 2007; Perrewe et al., 2005; Ahearn et al., 2004; Treadway et al., 2004; Hall et al., 2004; Ferris et al., 2003) tend to increase in recent years. Similarly, some empirical researches on organizational stigmatization in the organizational literature (Önk & Cemaloğlu, 2016; Akın Bayramlık & Uluğ, 2019; Yaman & Güngör, 2013) was carried out more recently. The purpose of this study is that it hasn't been encountered studies revealing the relationship between political skill, closely related to many variables covered by organizational behavior, and organizational stigmatization, and contribute to the discovery of the nature of relationship between these two variables. Based on the perceptions of employees in organizations, revealing the nature of relationship between employees' political skill and organizational stigmatization will lead managers and employees in organizations to be more conscious about these two variables, and to benefit from both of them by contributing to the efficiency and effectiveness of organizations.

THEORETICAL BACKGROUND

Political Skill

In organizations considered to be political areas (Mayes & Allen, 1977; Pfeffer, 1981; Mintzberg, 1985 quoted by Özdemir & Gören, 2016: 334), political behavior emerges due to reasons such as inconsistent goals, scarce resources, and uncertainty of goals, decision processes, performance criteria and awards (Evans and Qureshi, 2013: 36). Emergence of political behavior depends on the existence of political intent and political skill (Atay, 2009: 892-893). In order for employees in the organization to be effective and successful, they must have political intentions (Mintzberg, 1983 quot-

ed Akçakanat and Uzunbacak, 2017: 790) and political skill forming the basis of political behavior. In organizations, individuals and groups display political behavior to achieve resources and personal interests. So obtaining resources and personal interests is the main political intent behind political behavior.

Political skill enable political intentions to transform into political behavior. Political skill is “the ability of an employee to analyze and understand other employees well by using their knowledge about them to influence them to act for their own and organization’s goals (Cingöz, 2013: 155; Ferris et al., 2005: 127; Ahearn et al., 2004: 311; Perrewe and Nelson, 2004: 366- 367). Those having high political skill try to realize their political intentions to increase their resources and interests by trying to control organizational issues that may affect them negatively or positively (Robbins & Judge, 2013: 431) with their flexible structures (Akçakanat and Uzunbacak, 2017), their behaviors exhibited unknowingly (Ferris et al., 2005: 127), their ability to appear sincere, manipulate, and negotiate. In addition, the wide relationship networks of these people enable them to achieve organizational gains such as promotion and wage increase easily (Cingöz, 2013: 173).

Today, changing environment, flexible organizational structures, teamwork, advances in communication technology and developments affecting organizational field have made political skill, social skills in the field of organization, more important than ever before for employees and managers (Ferris et al., 2000: 31). Organizations’ efficiency and effectiveness, success of employees and achievement of their career goals depend on both employees and managers having political skills.

Although political skill is claimed to be an innate feature, Perrewe and Nelson (2004: 374) stated that it can be acquired through education and socialization; Atay (2010: 68) stated that it can be developed with consultancy and coaching; Hartley and his colleagues (2007: 8) stated that it can be developed mainly and mostly through experiences at work, mistakes made and lessons learned from the crises experienced.

Dimensions of political skill have been handled with various classifications by different researchers. While Farrell and Petersen (1982: 407) classified dimensions of political skill as internal-external, horizontal-vertical and legitimate-illegitimate; On the other hand, İslamoğlu and Börü (2007: 135) classified the dimensions as behaving concessively, acting hypocrites, trying to get in the eye, establishing coalitions, looking after mutual interest and currying favor with senior management. In the literature, the classification mostly encountered in terms of the dimensions of political skill is that of Ferris and his colleagues (2007: 292) consisting of

social astuteness, interpersonal influence, networking ability and apparent sincerity.

Employees with high social astuteness are also capable of observing others and adapting to social environments. These people analyze their social environments and interpersonal relationships very well. Their reasoning skills and personal awareness are high (Atay, 2010: 67). People with social astuteness are sensitive to others and intelligent in their relationships with others (Ferris et al., 2007: 292). Employees with high interpersonal influence are competent to direct others and their behavior in a certain direction. People with high networking ability can easily make new friends and establish internal coalitions for different purposes. Apparent sincerity is of great importance in mobilizing others in a certain direction. People suspected of sincerity lose power to influence others.

It is seen in the literature review that relationship between political skill and various variables is discussed. Studies on the relationship between political skill, and personality traits and team performance (Ohlsson et al., 2016), studies on the relationship between psychological capital (Özdemir & Gören, 2016), studies on the relationship between political skill and social capital (Fang et al., 2015), studies investigating the effect of the leader's political skills on employees and the team (Ahearn et al., 2004; Treadway et al., 2004), studies on how political skills affect personal reputation and leader reputation (Blass & Ferris, 2007; Liu et al., 2007; Hall et al., 2004; Ferris et al., 2003), studies examining the relationship between political skills and stress (Harvey et al., 2007; Perrewe et al., 2005; Perrewe et al., 2004) are the studies in the literature.

Stigmatization and Organizational Stigmatization

Stigma has been defined by Goffman (2014: 5) as symbols, signs, or hereditary scars having been imposed on people because of their characteristics, creating a sense of shame in the people and scribbling them in the eyes of society. Stigmatization is the behavior decreasing the dignity of people due to the evaluation that they are outside the norms adopted by the culture in which they grow (Bilge and Çam, 2010: 72). Stigmatization, which takes its source from values and norms dominating most of daily life, causes some groups to be degraded and reproached, while others to feel superior (UNAIDS, UNICEF, 2003: 12).

Distinctive features causing stigmatization of individuals or groups are shaped by historical, cultural, universal or local values (Zorlu & Çalım, 2012: 169). While leprosy was a stigmatizing disease in the past, it is far from stigmatizing, and obesity is stigmatizing nowadays. On the other hand, schizophrenia is a stigmatizing disease today and was in the past. (Üçok, 1999: 67)

Stigmatization is a concept related to power and domination in the social field and has a determining effect on the production and maintenance of power relations (Zorlu ve Çalım, 2012: 170). Inequalities in societies can strengthen stigmatization, and stigmatization increases social inequalities.

Although there are approaches (Zorlu & Çalım, 2012: 170) that stigmatization legitimizes discrimination, discrimination is a concept intertwined with stigmatization and creates a space that can cause stigmatization. Discrimination factors such as race, ethnicity, color, gender, sexual orientation, age, language, religion, belief, national and social origin, property, disability, birth, political or other view (Gül & Karan, 2011: 79) can also be the subject of stigmatization and cause stigmatization.

It is possible to consider the underlying causes of stigmatization under three main headings as psychological, social and technological reasons in general (Özmen and Erdem, 2018: 200). Among the psychological reasons, negative beliefs, prejudices (Bilge & Çam, 2010: 71, Oran & Şenuzun, 2008: 5), fear and anger towards those stigmatized (Bilge & Çam, 2010: 74), low self-esteem, being focused on external control and presence of high anxiety level (Bilge & Çam, 2010: 72). The social reasons of stigmatization include differences, extreme competitiveness, religious beliefs, culture, traditions (Kadioğlu & Hotun Şahin, 2015, 5; Özmen & Erdem, 2018: 200) and power (Rüsch et al., 2005: 531). Technological reasons of stigmatization are increased communication channels, stigmatizing advertisements, movies and social media messages (Haghighat, 2001: 207; Kadioğlu & Hotun Şahin, 2015: 5).

Stigmatization process consists of labeling, stereotypes, prejudices (cognitive separation), emotional responses, loss of social position and discrimination (Link et al., 2004: 513). Labeling is the application of a label to people having different characteristics or behaviors from society (Özmen & Erdem, 2018: 197). Stereotypes laying the ground for the formation of prejudices are beliefs about the characteristics and behaviors of social group members (Baron & Graziano, 1991: 526). Prejudices built on stereotypes and interpretations (Kadioğlu & Hotun Şahin, 2015: 4) are humiliating attitudes against the category of others in the categorization created as “us and them” or “us and others” (Link & Phelan, 2001: 367; Topkaya, 2011: 16). Emotional responses are combination of stereotypes and prejudices, and making sense of the relationships between stigmatist and stigmatized on the basis of emotions (Özmen & Erdem, 2018: 199). Loss of social position is labeled person’s loss of position in social life. Discrimination is the process in which the stigmatization becomes concrete and the disadvantaged behaviors and set aside for the individual and the group (Baron & Graziano, 1991: 526). Discrimination, on the other hand, is the process in which stigmatization becomes concrete, and negative

behaviors and exclusions are experienced against the individual and the group (Baron & Graziano, 1991: 526).

Results of stigmatization display some differences according to stigmatization field. Patients stigmatized can hide their illnesses with the anxiety of being stigmatized, be deprived of social support when explained their illness (Oran and Şenuzun, 2008: 10), have to spend their energy to fight against stigmatization rather than their disease (Kadioğlu and Hotun Şahin, 2015: 4), avoid treatment (Corrigan et al., 2014: 42), be exposed to negative classification, discrimination, exclusion and isolation, experience stress, and commit suicide (Katkak, 2008: 12). The psychology of stigmatized people can be negatively affected because they experience some situations reducing their self-esteem, such as being ashamed, getting depressed, and feeling disliked by family members (Arboleda-Florez, 2002: 25). Employees stigmatized face consequences such as exclusion, desolation, exposure to mobbing, increasing workload and preventing their promotion (Yaman & Güngör, 2013: 783). People stigmatized in the social sphere are generally denied and deprived of certain rights and interests (Topkaya, 2011: 16-17; Oran & Şenuzun, 2008: 4). The family and relatives of the stigmatized can also experience the same or similar results as the stigmatized (Goffman, 2014: 90).

Corrigan and Watson (2007: 441) argued that there exist two types of stigmatization, social stigmatization and self-stigmatization. While the exclusionary attitude of people towards a person in society is called social stigmatization, feeling insufficient and worthless is called self-stigmatization.

Organizational stigmatization has been defined by Devers and his colleagues (2009: 157) as a labeling activity in the collective perception of its stakeholders causing deep perception of flaw harming organizational identity and reputation of an organization. In addition, Devers and his colleagues (2009: 158) called stigmatization based on organizations' institutional identity as organizational stigmatization, while stigmatization of individuals in the social context was individual stigmatization. In this study, contrary to the definition of organizational stigmatization of Devers and his colleagues, organizational stigmatization is considered as the stigmatization of individuals or a group within the organization.

Studies on the relationship between organizational stigmatization and some other variables are found in the literature. Studies examining the relationship between organizational stigma and organizational justice (Önk & Cemaloğlu, 2016), studies examining the relationship between organizational stigma and personality traits (Akın Bayramlık & Uluğ, 2019), studies examining the relationship between organizational stigma and organizational culture (Yaman & Güngör, 2013) are the studies in the literature.

PURPOSE AND HYPOTHESES OF THE STUDY

Stigmatization is a phenomenon manifesting itself in many areas in social life. Organizational stigma is the stigma formed within organizations. Organizational stigmatization, one of interaction types between people, is likely to be influenced by political skill, the ability to influence others. Therefore, in this study, the relationship between political skill and organizational stigma was investigated based on the opinions of the white collar. In this context, the following questions were sought in this study:

- 1) What are the participants' views on political skill and organizational stigmatization?
- 2) Is there a significant relationship between political skill and organizational stigmatization?
- 3) Does political skill affect organizational stigmatization? If so, to what extent does it affect?

The following hypotheses have been developed in line with above questions and the study purposes:

H1: There is a negative relationship between political skill and organizational stigmatization.

H2: There is a negative relationship between networking ability and organizational stigmatization.

H3: There is a negative relationship between interpersonal influence and organizational stigmatization.

H4: There is a negative relationship between social astuteness and organizational stigmatization.

H5: There is a negative relationship between apparent sincerity and organizational stigmatization.

METHOD

This study aiming to explain whether political skill of employees affects organizational stigmatization behavior of them and if so, to what extent it affects, was designed according to screening model. In this context, study data has been analyzed with a quantitative approach.

Sample

This study was carried out in the period between January and September 2019 with voluntary participation of 417 white collar workers working in public and private sectors in Ankara, Denizli and Diyarbakır.

Table 1. Demographic Characteristics of Participants

		n	%
Gender	Female	221	53
	Male	196	47
Marital Status	Married	254	60,91
	Single	163	39.09
Age	18-24	50	11.99
	25-35	87	20.86
	36-45	133	31.89
	46-55	125	29.98
	56 and above	22	5.28
Education	High School	29	6.96
	University	300	71.94
	Master	54	12.95
	Phd	34	8,15
Work Experience	Below 1 Year	33	7,91
	1-5 Years	129	30,94
	6-10 Years	116	27,82
	11-15 Years	87	20,86
	16 Years and above	52	12,47

As seen in Table 1, 221 (53%) of the participants are women and 196 (47%) of them are men. Education levels of the participants are 29 high schools (6.96%), 300 universities (71.94%), 54 masters (12.95%) and 34 doctors (8.15%). In terms of education levels, 29 (6.96%) of the participants are high school and 300 (71.94%) of them are university graduates; 54 (12.95%) of the participants have masters and 34 (8.15%) of them have doctorate degree. In addition, 254 (60.9%) of the participants are married and 163 (39.09%) are single. Of the participants, 50 (11.99%) are 18-24, 87 (20.86%) are 25-35, 133 (31.89%) are 36-45, 125 (29.98%) are 46-55 and 22 (5.28%) are 56 and over years old. Moreover, of the participants 33 (7.91%) own less than 1 year, 129 (30.94%) own 1-5 years, 116 (27.82%) own 6-10 years, 87 (20.86%) own 11-15 years (20.86%) and 52 (12.47%) own 16 years or more professional seniority.

Data Collection Tools

Political Skill Inventory

Political Skill Inventory developed by Ferris et al. (2005) was used to determine the political skill levels of participants. Political Skill Inventory consists of four different dimensions, namely networking ability (6 items),

interpersonal influence (4 items), social astuteness (5 items), apparent sincerity (3 items) and a total of eighteen items. Political Skill Inventory is a seven-point Likert scale valued between “I disagree” and “I totally agree”. The limits and weights given for the options in the scale are as follows: *I totally agree*=7, the limit is 6.21-7.00; *I Strongly Agree*=6, the limit is 5.34-6.20; *I quite agree*=5, the limit is 4.47-5.33; *I agree*=4, the limit is 3.61-4.46; *Partially Agree*=3, the limit is 2.74-3.60; *I disagree*=2, the limit is 1.87-2.73; *I never disagree*=1, the limit is .00-1.86 (Yıldıztaşı, 2017: 43). Exemplary items included in Political Skill are: “*I am good at connecting with the people having influence at work*”, “*I am good at establishing my connections and networks for work, to get things done*”, “*I can make most people feel comfortable and peaceful when they are with me*” and “*It can always be said that I instinctively know what the right thing is to influence others*”. The adaptation of Political Skill Inventory to Turkish was done by Özdemir and Gören (2016) based on the opinions of 325 participants. In the original work of Political Skill Inventory, Cronbach alpha values were calculated as .90 for political skill, .87 for networking ability, .78 for interpersonal influence, .79 for social astuteness and .81 for apparent sincerity. In the study of Özdemir and Gören (2016), LISREL was compatible with the original version of the scale’s four-factor structure and items with confirmatory factor analysis with 8.8 version [$\chi^2=447.97$; $SD=126$; $\chi^2/df=3.5$; AGFI=.82; GFI=.87; NFI=.96; CFI=.97; IFI=.97; RMR=.18; RMSEA=.08] and PBI’s Cronbach alpha value was found to be 0.94. With the confirmatory factor analysis, the 4-dimensional and 18-item structure of the scale was confirmed

In this study, Cronbach alpha values of PSI were found to be .88, .85, .79, .81 and .76, respectively, of networking ability, interpersonal influence, social astuteness and apparent sincerity. KMO and Bartlett Test were applied to the data to determine the suitability of PSI for factor analysis. The KMO value was 0.911, and the sample size was sufficient for factor analysis, and the Bartlett Test value (874.337, $p < 0.001$) was found to be significant. The variance rate announced by PSI is 63.27%. The variances explained by PSI’s networking ability, interpersonal influence, social astuteness and apparent sincerity are 18.42%, 16.23%, 13.06% and 15.56% respectively. According to the dimensions of the scale, factor loads are .75-.90 for networking ability, .73-.85 for interpersonal influence, .68-.88 for social astuteness and .70-.87 for apparent sincerity. Confirmatory factor analysis performed after explanatory factor analysis showed that fit index of the model ($\chi^2/df=3.574$, GFI=.861, CFI=.893, NFI=.857, RMSEA=.075) were found to meet compliance criteria. Confirmatory factor analysis revealed parallel results with Özdemir and Gören’s study (2016) in terms of dimensions and items of the scale.

Stigma Scale

Stigma Scale developed by Yaman and Güngör (2013) for measuring organizational stigmatization level, consists of 22 items and four dimensions, discrimination and exclusion (6 items), labeling (6 items), psychological health (5 items) and bias (5 items). Stigma Scale is a five-point Likert scale having values between “absolutely disagree” and “totally agree”. Limits and weights given for the options in the scale are as follows: *I totally agree*=5, the limit is 4.20- 5.00; *I agree*=4, the limit is 3.40-4.19; *I partially agree*=3, the limit is 2.60-3.39; *I disagree*=2; the limit is 1.80-2.59 and *I strongly disagree*=1, the limit is 1.00-1.79 (Balci, 2002: 220). Getting high scores from the scale indicate high level of stigmatization and low scores indicate low level of stigmatization. Exemplary items included in Stigma Scale are “I would be disturbed by working in the same environment with someone having a life in violation of the rules of society”, “I would have a different attitude according to the origin of people” and “If I had a choice, I wouldn’t want to work with a person born out of wedlock”. Cronbach Alpha value of the original scale is .84 and its total variance is 43.63%.

In this study, Cronbach alpha value of the Stigma Scale was found to be .87 and the total variance was 51.32%. KMO and Bartlett Tests were applied to the data in order to determine suitability of Stigma Scale for factor analysis. KMO value was 0.823, and sample size was sufficient for factor analysis and Bartlett Test value (1102.038, $p < 0.001$) was found to be significant. Total variance rate of Stigma Scale is 51.32%. According to explanatory factor analysis of the scale, it was stated that factor loads were .68-.85.

Data Analysis and Transactions

Filling of data collection tool by employees is provided online or in paper environment. Study data was collected in the period between January and September 2019. Employees voluntarily participated in the study. The data collection tool took approximately 10 minutes to complete. In the research, the data collected from the participants were analyzed with Pearson correlation, linear regression and hierarchical multiple regression techniques as well as descriptive statistics such as arithmetic mean, standard deviation and percentage value. Before the analysis of the data, extreme value and lost data analyzes were made and the problems found were resolved. In order to determine the suitability of the data for multivariate analysis, normality and coexistence analyzes were also performed. In scatter diagram, it was determined that the study variables showed an ellipse-like distribution. Based on this data, it was seen that the data set showed normal distribution and had linearity features. In order to exam-

ine covariance, variance-covariance matrices were used. In the tests performed, the result of the Box M test was not significant ($p>.025$). It was interpreted that the variance-covariance matrices are not homogeneous as the result is not significant. In this context, it was observed that the research data were suitable for multivariate analysis.

RESULTS

Descriptive Statistics and Correlations Between Variables

Means and standard deviations of political skill and organizational stigmatization behavior of the participants and correlation coefficients between variables are presented in Table 2.

Table 2. Descriptive Statistics and Correlation Coefficients of Variables

	1	2	3	4	5	6
1-Political Skill	-					
2-Networking Ability	.808*	-				
3-Interpersonal Inf.	.769*	.410*	-			
4-Social Astuteness	.878*	.548*	.701*	-		
5-Apparent Sincerity	.697*	.410*	.391*	.539*	-	
6-Org. Stigmatization	-.185*	.096	-.167**	-.233*	-.140**	-
Mean	5.64	5.20	4.89	5.37	4.75	2.63
Standard Deviation	0.85	0.79	0.72	0.99	0.74	0.48

N=422, ** $p<.05$, * $p<.0$

As can be seen in Table 2, mean of political skill of the participants is 5.64 (SD=.85), mean of network ability is 5.20 (SD=.79), mean of interpersonal influence is 4.89 (SD=.72), mean of social astuteness is 5.37. (SD=.99), mean of apparent sincerity is 4.75 (SD=.74) and mean of organizational stigmatization is 2.63 (SD =.48). Accordingly, political skill and social astuteness levels of the participants are quite high; networking ability, interpersonal influence and apparent sincerity are high; organizational stigmatization is moderate. As can be seen from Table 2, there is a negative and low-level statistically significant relationship between levels of political skill and organizational stigmatization of the participants. ($r=.19$; $p<.001$). There is a negative and low-level statistically significant relationship between organizational stigmatization, and interpersonal influence ($r=-.17$; $p<.05$), social astuteness ($r=-.23$; $p<.001$) and apparent sincerity ($r=-.14$; $p<.001$) There is a low level of negative statistically significant relationship; however there is no statistically significant relationship be-

tween organizational stigmatization and networking ability ($r=.10$; $p>.05$). Accordingly, H2 hypothesis was not supported.

Power of Political Skill to Predict Organizational Stigmatization Behavior

The relationship between organizational stigmatization, dependent variable, and political skill, independent variable, was tested by linear regression analysis (Table 3). Model 1, in which political skill predicted organizational stigmatization, was found statistically significant. According to the analysis, determination coefficient of Model 1 is $R^2=.034$ and 3.4% of the organizational stigmatization is explained by the independent variable in the model. According to the results of the regression analysis, one unit increase in political skill of employees participating in the study causes a decrease of 0.13 units in the organizational stigmatization. Accordingly, the H1 hypothesis was supported.

Table 3. Regression Analysis Results on Power of Political Skill to Predict Organizational Stigmatization

Dependent Variable: Organizational Stigmatization			
Independent Variable	Coefficient	t Value	Significance
Fixed Term	3.123	11.689	.000
Political Skill	-.131	-2.650	.009
R ²	.034		
Adjusted R ²	.029		
F Value and Level of Significance	7.022		.009

Power of Political Skill’s Dimensions to Predict Organizational Stigmatization

The relationship between organizational stigmatization-dependent variable-, and interpersonal influence, social astuteness and sincere apparent sincerity-independent variables- were tested by multiple regression analysis (Table 4). Model 2, in which interpersonal influence, social astuteness and apparent sincerity predicted organizational stigmatization, was found statistically significant. According to the analysis, determination coefficient of Model 2 is $R^2=.064$ and 6.4% of organizational stigmatization is explained by the independent variables in the model. According to the results of multiple regression analysis, one unit increase in social astuteness of the employees causes a decrease of 0.14 units in organizational stigmatization. There was no statistically significant effect of interpersonal in-

fluence and apparent sincerity on organizational stigmatization separately. Accordingly, while H4 hypothesis was supported, H3 and H5 hypotheses were not supported.

Table 4. Regression Analysis Results on Political Skill's Dimensions to Predict Organizational Stigmatization

Dependent Variable: Organizational Stigmatization			
Independent Variable	Coefficient	t Value	Significance
Fixed Term	3.226	12.683	.000
Interpersonal Influence	.011	.204	.839
Social Astuteness	-.140	-2.207	.028
Apparent Sincerity	-.022	-.557	.578
R ²	.064		
Adjusted R ²	.049		
F Value and Level of Significance	4.377		.005

DISCUSSION AND CONCLUSION

In this study, the relationship between political skill and organizational stigmatization, based on the opinions of white-collar employees working in public institutions and private firms in Ankara, Denizli and Diyarbakır was investigated. In this context, the opinions of 417 white collar employees were consulted. In the study, the answer to the question of the participants' political skill and organizational stigmatization levels was sought primarily.

The findings indicate that the participants' average score of political skill, networking ability, interpersonal influence, social astuteness and apparent sincerity are 5.64, 5.20, 4.89, 5,37 and 4.75 respectively. Looking at the average of political skill's dimensions, the highest dimension is social astuteness; the lowest one is apparent sincerity. It can be said that level of political skill and social astuteness of the participants are moderately high; however level of networking ability, interpersonal influence and apparent sincerity of them are moderate. Findings of this study regarding high level of political skill don't overlap with the result of studies of Ohlsson and his colleagues (2016), Özdemir and Gören (2016), Fang and his colleagues (2015), Wihler and his colleagues (2015) and Brouer (2007) due to moderate level of political skill in them. Findings of the study regarding moderate level of networking ability, interpersonal relationship and apparent sincerity coincide with the findings of Özdemir and Gören (2016) and Fang and his colleagues (2015). However, findings of this study regarding high level of

social astuteness don't coincide with the findings of Özdemir and Gören (2016) and Fang and his colleagues (2015) because of moderate level of social astuteness in them.

Findings show that the participants' mean of organizational stigmatization is 2.63. Accordingly, organizational stigmatization level of the participants is moderate. This finding does not coincide with the research results of Önk and Cemaloğlu (2016), Akın Bayramlık and Uluğ (2019), Yaman and Güngör (2013) due to their low level of organizational stigmatization.

In the study, a negative and low level statistically significant relationship was found between political skill and organizational stigmatization. This finding displays that as the employees' political skill tend to increase, their organizational stigmatization levels decrease. In addition, in this study, a negative and low level statistically significant relationship was found between social astuteness, a dimension of political skill, and organizational stigmatization. On the other hand, it was determined that networking ability, interpersonal influence and apparent sincerity, other dimensions of political skill, don't have statistically significant relationships with organizational stigmatization.

Finally, in this study, analyzes were made on the extent to which political skill and its dimensions predict organizational stigmatization of employees. According to the linear and multiple regression analyzes performed for this purpose, it has been determined that political skill and social astuteness are significant predictors of organizational stigmatization. Accordingly, a relative portion (3.4%) of variability in organizational stigmatization is determined by political skill of the participants and 6.4% of that was explained by social astuteness of the participants. In other words, political skill and social astuteness of the participants significantly predict organizational stigmatization behavior.

LIMITATIONS AND RECOMMENDATIONS

This study is limited to the views of 417 white collar employees working in public institutions and private firms in Ankara, Denizli and Diyarbakır. Therefore, it is thought that conducting research on larger samples can contribute more to the literature to reveal the relationship between political skill and organizational stigmatization. In addition, conducting similar studies in different sectors may shed light on the understanding of relationship between these two variables in different sectors. When the relevant literature was reviewed, studies revealing relationship between political skill and organizational stigmatization were not found in Turkey and abroad. Furthermore, it is considered that studying the relationship between

both variables and different variables, and especially conducting qualitative studies, may allow a better understanding of the nature of both variables. Besides, according to the results of the study, it has been observed that political skill and social astuteness dimension of the employees are effective on organizational stigmatization. As the improvement of employees' political skill and social astuteness reduces organizational stigmatization, it will be beneficial to provide trainings and workshops to increase levels of employees' political skill and social astuteness. As a matter of fact, high organizational stigmatization behavior of employees can lead to high non-productivity conflict among them, problematic organizational communication, and deterioration of organizational climate and health.

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Chapter 29

ACCRUALS ANOMALY ON GLOBAL MARKETS: A LITERATURE REVIEW

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1. Introduction

Exploring a basic and practical strategy that conducts specific information to enable great returns on global markets is an ideal in investment world. It would be a wonderful affair to find a basic strategy in prediction of future returns and to have excess return over the market without bearing that much risk. Theoretically, it is impossible to beat the market and earn extra return over the market by using a set of specific information because the markets are efficient and no one can predict future returns. These are assumptions of Efficient Market Hypothesis (EMH). According to EMH, the markets process the information properly and reflect it to the prices correctly. In case of unexpected deviation, the market would quickly correct it and would not allow to profit in the course of deviation. The accuracy of the hypothesis has been questioning just after the term “anomaly” settled to the literature.

An asset pricing anomaly is identified “inappropriate or abnormal patterns observed in asset prices and returns”. It doesn’t mean a deterioration in market structure but a deviation from regular functionality. The exact causes of these deviations are unknown but extra risk-taking might be one of the potential reason. When investors bear extra risk in trading, extra return is supposed to be a response to this risk. Another explanation is about inability of Capital Asset Pricing Model. In accordance with this view, the studies investigated anomalies are commonly tested by using an asset pricing model. When the model unables to capture the common variation of returns, it is attributed nothing but incompleteness of the model. These are regarded as the rational explanation of the patterns. As to behavioral finance, anomalies stem from irrational investor behaviors that affect the market and cause an unbalanced risk-return tradeoff or in other words irrational investor behaviors enable higher returns without bearing high risk in the market. Ordinarily, it wouldn’t have happened, the traders had to invest riskier assets to gain a higher return. Those are primary reasons attempt to explain why anomalies exist but the literature keeps growing with alternative explanations depending on characteristics of the anomaly.

On the other hand, those findings are not compatible with market efficiency even challenges the EMH, that’s because they are called *stock market anomalies*. In literature, various classifications have been done in order to describe common characteristics of the patterns. They could be basically split into two categories, “calendar anomalies” and “cross-sectional anomalies”. Calendar anomalies are the patterns that cause a rise or fall in returns on specific time of year, months, week even day. For example, one well-known calendar anomaly is January effect refers the stocks bring higher returns in January of the years than the rest of eleven months. When particular stocks that own common elements outperform in

comparison to other stocks refer the cross-sectional anomalies. It is simply related to common characteristics of stocks. A well-known cross-sectional anomaly is size effect that was first documented by Banz (1981). The author explores the lower value of market equity is associated with the higher cross-sectional returns and small stocks bring higher returns than large ones so it is named “*small firm effect* or *size anomaly*” in literature.

The subject of this research falls under the group of cross-sectional anomalies. Sloan (1996) was first documented accruals anomaly and reported stocks with low accruals bring higher future returns than stocks with high accruals. The author intended to unearth whether future earnings could be predicted from current earnings that consist of two elements which are accruals and cash flows from operations. Sloan (1996) observed that the investors focus on current earning in predicting future earnings but the current earnings convey the information both accruals and cash flows and further investors unable to dissect the different information containing two elements. It is crucial to discriminate accruals from cash flows from operations in predicting future earnings because each has its own specific implication in evaluation of future earnings and obviously the persistence of accruals is lower than cash flows from operations. The persistence of current earnings decrease depends on the magnitude of accruals element while it rises depend on the magnitude of cash flows of operations. When investors unable to dissect the accruals from cash flows and could not anticipate the lower earning or unaware of the lower persistence of accruals those would cause overpricing. The market will fix incorrect pricing when future earnings realize lower than expected and then the market reacts against the lower earnings negatively that result in anomalously low stock prices. Due to incorrect assessment of accruals persistency causes accruals anomaly in asset markets (Sehgal, Subramaniam and Deisting, 2012: 49). This is one of the potential reason of accruals anomaly however there are many studies put forward the other reasons underlying abnormal accrual returns (Collins and Hribar, 2000; Desai, Rajgopal and Venkatachalam, 2004; Hirshleifer, Hou and Teoh, 2006; Kraft Leone and Wasley, 2006; Khan, 2007; Hirshleifer, Hou and Teoh, 2009). On the other hand, the aim of this study is to present a literature overview for accruals anomaly but the reasons behind the anomaly are the subject of other studies. Thus this research is confined with studies that investigate the existence of accruals on global markets.

Overall, evidences do not support the existence of accruals anomaly globally. Although it seems persistent in some markets, it is not as strong and common as book-to-market or momentum anomalies. That's why it is assumed that accruals are a semi-pervasive anomaly for international markets.

2.Exisiting Literature about Accruals

The study of Sloan (1996) about the relationship between the stock prices and accruals revealed that low accrual stocks earn higher subsequent returns and vice versa. Thus that makes possible the extra returns when the investors trace a profitable investment strategy by taking long position in low accruals stocks, whereas short in high accruals stocks. The author tests the performance of long-short strategy in US. market and the results are outstanding. Between 1962 and 1991, the hedge portfolios generate yearly %10.4 abnormal return.

Zach (2003) has investigated the effect of accruals together with the other firm characteristics in US. market. Additionally, the author searches the relationship between returns retained by accruals anomaly and the corporate events specifically mergers and divestitures. It is crucial to retest the sample by excluding the firms undergo mergers and divestitures because the firms undergo mergers and divestitures perform poorly or exceptionally well. Thus those firms are excluded from the sample, the returns of accruals fall approximately 25% afterwards. As to why it happens is indefinite but it might be attributable to either corporate events or accrual anomaly. In the analysis period of 1970 and 1999, the size and value factors have considerable effect on accrual returns. When the value factor is included to analysis, the return of accruals fall approximately 20%. It is concluded that considerable part of returns remain unexplained though the other effects have controlled on abnormal returns in US. market.

After Sloan (1996) and Zach (2003), another supportive result about the existence of accruals anomaly has attained by Lev and Nissim (2004). The authors explore a strong accrual persistence on earnings in the US. between 1966 and 2003. The findings present that the relation between accruals and subsequent returns is negative that may endure for some time and further the institutional ownership is not the main driver of accruals anomaly.

Koerniadi and Tourani-Rad (2005) investigate the presence of accruals and cash flows anomalies in New Zealand stock market. Between 1987 and 2003, stocks with high accruals yield significant negative abnormal return at -4.13% whereas stocks with low accruals bring insignificant abnormal return -1.57% and further the results present positive abnormal return at 2.56% but statistically insignificant. It looks like the stocks with high accruals drive the positive abnormal returns. Significant abnormal returns mean that investors misled to assess the accruals in stocks with high earnings. When the cash flows are evaluated it is noticed that the relationship between cash flows and subsequent returns is positive and significant. Furthermore, cash flows-based investment strategy brings positive returns

most of the time in analysis period. Koerniadi and Tourani-Rad (2005) conclude that there is no accruals anomaly in New Zealand stock market.

LaFond (2005) search the accrual anomaly and its causes on global security markets. The sample consists of Australia, Belgium, Canada, Denmark, France, Germany, Hong Kong, Italy, Japan, Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, United Kingdom and United States. As can be seen, the research comprises quite large sample obtained from Datastream and it is noteworthy to examine the accruals outside of US. market. In analysis, the country-specific hedge portfolios are formed between 1989 and 2003. After the formation of country-specific portfolios, three factor model alphas are obtained from regressions of 17 countries. The findings are striking. The results point out strong and significant abnormal returns except for Denmark and Norway. According to LaFond (2005), accruals anomaly is not specific to US. market even a global phenomenon. The author also scrutinizes common factors drive the phenomenon however no unique factor is determined but observed varies of factors across countries.

Another global research has conveyed by Pincus, Rajgopal and Venkatachalam (2007). The authors have selected 20 global markets to analyze the existence of accruals anomaly. The study might be assumed for the extension of LaFond's research consists of 17 countries. The analysis period is taken between 1994 and 2003. Pincus et al. (2007) suggested distinguishing the cash flows effect from accruals because findings reveal anomalous accrual returns not cash flow returns. The abnormal accruals returns exist in the US., the UK, Australia, and Canada. Thus it is concluded that accruals are pervasive in common law countries than code law ones. Besides that, the hedge returns are attained positively in 85% of the sample but only significant in 11 countries out of 17.

Fama and French (2008) tested a set of anomalies including accruals in the US. market. The analysis period covers the years between 1963 and 2005. Fama-MacBeth cross-sectional regressions and portfolio methods are applied to the sample consist of stocks traded in NYSE, AMEX and NASDAQ. In the context of portfolio approach, the stocks are ranked in order and split into three groups as micro those have the lowest market capitalization value, small group and big group those have the biggest market capitalization value. After that, the pervasiveness of accruals anomaly has controlled in each group. The relationship between average returns and accruals has found negative. Accruals anomaly is not detected in each group of portfolios. When regression results are evaluated together with the portfolio method, it is deduced that the accruals are generally pervasive in US. market.

Green, Hand, and Soliman (2011) put forward that accruals have no effect on subsequent returns. In order to prove this, the authors test two set of samples composed of hedge funds. One covers the data used in the study of Lev and Nissim (2006) from December 2003 to March 2010 and another is chosen from May 1970 to March 2010 that is more or less the same analysis period of Sloan (1996). By doing so, the authors aimed to assess whether and when the hedge returns differ from the relevant studies. The findings do not support to presence of accrual anomaly in other words, the strategy based on long-short trading does not yield positive returns on average. As to Green, Hand, and Soliman (2011), the accrual returns have dissolved with time.

Clinch, Fuller, Govendir and Wells (2012) search the accrual anomaly in Australia between 1991 and 2008. The authors initially provide the existence of accruals in the market but somewhat weaker than US. market. In the analysis, Mishkin test (1983) is used to detect whether the market prices rationally reflect the different components of earnings as cash flows and accruals. One of the main findings is the investor are overestimating the persistence of accruals and underestimating the persistence of cash flows and further two in a row drives anomalous returns. On the other hand, hedge portfolio returns begin to decrease just after the third year of portfolio formation. First-year only presents significant positive returns that support the presence of anomaly in Australia.

Leippold and Lohre (2012) test the validity of negative relationship between accruals and future returns in 26 markets between 1994 and 2008. Fama-French regressions and portfolio methods are employed to determine whether the accruals-based trading generates abnormal returns. Zero-cost portfolios and regressions show significantly positive returns roughly 10 of 26 countries. However, the authors approach the results with suspicion and have further checked the findings before coming to a conclusion. Thus they have conveyed a set of robustness tests against data snooping. The US., Australia, Italy and Denmark have revealed the profitability of accruals-based trading strategy. Leippold and Lohre (2012) concluded that evidences present statistically significant abnormal returns in some markets but others are spurious due to data snooping and the accrual returns diminish just after being explored and publicized.

Cupertino, Martinez and Costa (2012) examine whether accrual-based investment strategy is profitable in Brazil and the prices reflect the information of future earnings. The zero-cost portfolios are constructed to understand better if the accrual-based trading produces positive hedge returns in the sample that consists of nonfinancial stocks traded in BMF&BOVES-PA between 1990 and 2008. The standard Mishkin test is applied to determine the possible bias between fundamental value of an asset and mar-

ket valuation, The test results reveal that both accruals and cash flows are priced correctly but the hedge returns are not steadily positive or negative. The authors employ panel regressions alternatively so that the coefficients could exhibit the relationships between future returns and accruals. The regression coefficients indicate a significant positive relationship but that's inconsistent with the literature. To sum up, accruals anomaly does not occur in Brazilian market and accruals-based trading does not provide extra return for the analysis period.

Çelik, Ozkan and Akarım(2013) was first examined the existence of accruals anomaly between 1998 and 2010 in Borsa Istanbul manufacturing sector. Sloan (1996) methodology is followed in the analysis. Mishkin test results exhibit an overestimation in persistence of earnings and it is not compatible with Sloan (1996) documented no difference in earnings persistence. The evidences do not support cash flows have higher persistence in future earnings in comparison with accruals. Çelik et. al (2013) also report the findings are not adequate to come up with an outcome that supports the presence of accruals anomaly in Borsa Istanbul. However, it is recommended to apply zero-cost trading strategies that helps to better understand if the abnormal returns will exist but remained the subject of future research.

Sehgal, Subramaniam and Deisting (2014) test the persistence of six anomalies including accruals in six developing markets of Brazil, China, India, Indonesia, South Korea and South Africa. For that aim, multi-factor models are employed and alfa values are used to decide whether unexplained returns are left and statistically significant. Empirical tests present that South Africa is the most inefficient market because Fama-French model unable to explain the set of anomalies. More specifically, abnormal accruals returns in South Africa would not be explained between 1994 and 2011 by the multifactor models. Thus the negative relationship between average returns and accruals is approved only for South Africa.

Lu, Stambaugh and Yuan (2018) attempt to search the presence of commonly investigated 9 anomalies in non- US. countries. Since the data constraints of other markets, the study focuses on Canada, France, Germany, Japan and the UK and the analysis is held for the period of 1980 and 2015. Zero-cost portfolios are formed and factor model regressions are used to measure unexplained returns by the model. Hedge returns and the alpha values point out the existence of accruals anomaly across the markets. Besides that, the authors asserted that anomalous returns do not stem from data mining that's commonly pronounced for US. market, contrarily, the reason for abnormal returns is attributed to mispricing.

Although varies of studies are conducted in literature, there are still

missing pieces of complete picture on global markets. Fan, Opsan and Yu (2015) investigate the existence of well-known anomalies including accruals in 43 international markets and the correlation of those anomalies with idiosyncratic risk between 1989 and 2009. For that purpose, stocks are divided into five quintiles and created portfolios by taking long position in stocks with low accruals and short position in stocks with high accruals. After that, monthly equal-weighted returns are calculated from July of year t to June of year $t+1$ and hedge returns are obtained from accrual-based portfolios. Table 1 presents the hedge portfolio returns and t-statistics for 27 developed countries.

Table 1: Accruals Anomaly on Developed Markets

Country	Hedge Returns ²	t-stat.
Australia	-0.079	-0.190
Austria	0.440	0.760
Belgium	0.824	1.660
Canada	0.587	1.450
Denmark	0.578	1.970
Finland	0.115	0.310
France	0.468	1.400
Germany	0.926	3.050
Greece	0.444	0.370
Hong Kong	1.079	2.390
Ireland	-0.465	-0.570
Israel	0.066	0.120
Italy	1.098	2.690
Japan	0.111	0.510
Luxembourg	-2.646	-1.830
Netherlands	-0.326	-0.650
New Zealand	0.449	0.930
Norway	0.410	1.050
Portugal	0.642	1.330
Singapore	0.242	0.700
South Korea	0.428	0.890
Spain	0.238	0.220
Sweden	0.106	0.310
Switzerland	0.160	0.650
Taiwan	0.328	0.930
United Kingdom	-0.151	-0.260

² The values represent the equal-weighted returns but value-weighted returns exhibit similar results as reported by Fan, Opsan and Yu, (2015: 34).

United States	2.160	1.760
Developed	0.327	3.360
Total Number of Countries		27
Number of Countries with positive hedge returns		22
Number of countries with statistically significant positive hedge returns		4

Source: Fan, Opsan and Yu, 2015: 43-44.

Zero-cost portfolios produce positive hedge returns in 22 markets however only four of them are statistically significant at least %5 significance level, Denmark, Germany, Hong Kong and Italy

Table 2 exhibits hedge returns and t-statistics for 16 emerging markets. Number of countries with positive hedge returns is 14 out of the 16 countries but only 2 are statistically significant. In studies, it is generally known that the anomaly findings are much more pervasive in developed security markets however this finding is invalid for accruals because no difference observed between developed and developing markets.

Table 2: Accruals Anomaly on Developing Markets

Country	Hedge Returns ³	t-stat.
Argentina	0.947	1.070
Chile	0.006	0.020
China	0.745	2.020
Egypt	0.470	0.440
Hungary	-1.152	-1.010
India	0.419	1.230
Indonesia	0.161	0.190
Malaysia	0.088	0.110
Mexico	0.729	-1.040
Pakistan	0.399	0.570
Peru	1.421	1.330
Philippines	-0.021	-0.030
Poland	1.237	1.640
South Africa	1.003	1.950
Thailand	1.307	2.910
Turkey	0.192	0.150
Developing	0.346	1.760
Total Number of Countries		16

³ The values represent the equal-weighted returns but value-weighted returns exhibit similar results as reported by Fan, Opsan and Yu, (2015: 34).

Number of Countries with positive hedge returns	14
Number of countries with statistically significant positive hedge returns	2

Source: Fan, Opsan and Yu, 2015: 44-45.

Besides all of these, there is a huge body of research about accruals anomaly. Some have suggested the potential reasons why it occurs in specific market, others have focused on the relation between future returns and accruals, existence of anomaly on global markets, persistence the different components of earnings, the fixation hypothesis, association the abnormal accruals returns with other anomalies and so on. In order to cite some of them, Ali, Hwang and Trombley (2000), Bradshaw, Richardson, and Sloan (2001), Collins, Gong, and Hribar (2003) and Kothari, Loutskina, and Nikolaev (2006) investigate the fixation hypothesis and possible explanations underlying behind the anomaly. Dechow and Dichev (2002) and Richardson, Sloan, Soliman and Tuna (2006) search the potential reason to the estimation errors of accruals that arose from accounting distortions. Xie (2001) and Chan, Chan, Jegadeesh and Lakonishok (2006) examine the effect of management manipulation on accruals. Lev and Nissim (2006) and Mashruwala, Rajgopal and Shevlin (2006) wonder potential explanations why accrual returns are not arbitrated away. Collins and Hribar (2000), Desai, Rajgopal and Venkatachalam (2004), Fan and Yu (2013) and Gu and Wu (2019) analyze the relationship between abnormal accrual returns with other anomalous patterns for instance, momentum, idiosyncratic volatility, post-earnings announcements, value-growth effects.

3.Conclusion

Asset pricing anomalies have maintained popularity beginning from 1980s in literature. Since the anomalies behave contradictory to the fundamental hypothesis about how markets process information and so prices are formed. Thus, anomalies are assumed for a real manifestation against EMH. By the time, new researches have steadily increased and paved the way for a new field exploring and researching market anomalies.

In this chapter, it is aimed to review the findings about accruals anomaly in international markets. In this context, evidences are compiled across countries. It is supposed that this literature review could draw a big picture about how strong and common anomalous returns are on global markets.

All evidences reveal that accruals are more pervasive in some countries such as US. market but it is not a phenomenon as common as value or momentum on global markets. After the strong evidence of Sloan (1996), Lev and Nissim (2004), LaFand (2005) and Pincus et al. (2007), the evidences have been dwindling away by the years with some exceptions as

well. Thus it looks as though the findings remain limited to particular markets and further evidences in certain markets are quite controversial.

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Chapter 30

SPONSORSHIP IN TOURISM BUSINESSES

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Sponsorship is an important tool, which goes back before Christ and is frequently used by businesses today. In this section, sponsorship is revealed in every aspect. By giving examples of sponsorship activities carried out by tourism companies, the necessity of sponsorship in tourism is emphasized.

1. Sponsorship Concept and Its Aims

The starting point of today's sponsorship is the notion of *mæcenas* which was implemented centuries ago.

The notion of *mæcenas* emerged with the protection of artists and poets by the Roman Diplomat Gaius Clinu Maecenas who lived between BC. 70-80 and who was the advisor of Emperor August.

Thanks to the support he gave to artists, Maecenas' name is mentioned with the help of strong people around the world to encourage artists and scientists to create more valuable and permanent works.(Şahin et al., 2003: 1) The families of that time, called the *mæcenas* were families such as; Rockefeller, Rotschild, Ford. These families established some institutions and carried out some cultural activities that the state could not do. First of all, reasons such as tax exemption have been beneficial in filling a gap with these activities (Taşyürek, 2010). Mozart and Beethoven also benefited from the support of the noble. In the contemporary sense, the first sponsorship emerged in the USA after the Second World War, and was realized in Europe in 1970. It was evaluated for the first time in France as "The fact that companies fulfil their citizenship duties" and this view was later transformed into a slogan (Bülbül, 2004: 86). The development of the notion of Maecenas in Turkey was different from the West. While palaces, princdoms and rich people were maecaneas in western countries, the state emerged as an art protector during the Ottoman Empire (Okay, 2005: 31). Although sponsorship, the notion of meacaenas and donation are thought to be based on aid, they are not the same thing.

There are different definitions related to the concept of sponsorship.

- Sponsorship is the mutual business relationship of a person, event or institution that provides some rights and commercial opportunities such as money, resources and opportunities (Bozkurt, 2006: 316).

- According to Dinkel, sponsorship is the stage of supporting individuals or organizations in material, equipment or service, planning the organization, conducting the organization and controlling the organization in activities performed in the fields of sports, arts, culture and social for corporate purposes (As cited in Peltekoğlu, 2007: 364).

According to the sponsorship definitions in the literature, sponsorship covers two main areas of activity. The first of these activities; It is defined as a mutual exchange between the sponsored and sponsoring institution, where the sponsored institution is charged and the sponsoring one is entitled to associate itself with the event it sponsored. The second is defined as the presentation of the sponsored institution by the sponsoring institution (Cornwell & Maignan, 1998: 11).

Donating means helping a person or institution without expecting a response. In the dictionary of the Turkish Language Association; “Donation is defined as “what is donated, aid, grant”. (tdk.gov.tr Date of Access: 24.12.2019). The purpose of the donor is to help the grantee and does not expect a response. The donor may not want his name revealed. However, the main purpose in sponsorship is to benefit the business. Therefore, the name of the business or product is in the foreground.

Sponsorship is a form of organization that can be received feedback, when considering the long-term marketing activities. These are activities to stay in the market and to gain potential customers. Holding on the market consist of not only due to the quality of the product, but also with the sensitivity of the company towards the society (Sezgin; 1997). Sponsorship; It is carried out to create image, to take place in the society, to increase the knowledge of the brand or product, to promote the sale of products or services (Baybars; 1997), to create an institutional identity, to win public’s favour, to benefit the society and to promote the organization (Okay, 2005).

1.1. Aims of Sponsorship

Institutions can engage in sponsorship activities for many reasons today. The main purpose in the sponsorship activities is to create positive attitudes towards the sponsoring institution and to ensure the purchase of the product / service (Enginkaya, 2014: 147). In general, we can gather the purposes of sponsorship in three groups: (Okay, 1998)

- Public Relations Objectives of Sponsorship,
 - o To consolidate the identity of the institution
 - o To announce the name of the organization to the target groups.
 - o To consolidate the image of the institution.
 - o To win the goodwill of the public
 - o Attract media’s attention
 - o To Improve internal relations and to create entertainment opportunities.

Advertising purposes of sponsorship

- o To announce products that are prohibited from advertising in the media.
- o Supporting products
- o Using other advertising opportunities
- Marketing objectives of sponsorship
- o To place a product to the market.
- o To make changes in marketing policy.
- o To Introduce a new product
- o To Support product use
- o To Support sellers
- o To Contribute to international marketing activities.

The public relations objectives of sponsorship are very important for the business. (As cited in: Göksel and Yurdakul: Jefkins; 1986: 144): It is possible to show that the organization is trying to fulfil its social responsibility through sponsorship. By acting in this way, the business can support the corporate image by providing a good reputation about itself. During sponsorship activities, the logo, font, and colours used by the business are repeated many times. Thus, the company can be easily recognized, separated from its competitors and differentiated. The establishment of the corporate identity in the consumer mind is an important tool for sponsorship. Thanks to sponsorships, it is possible to recognize the name of the business or a product and place it in the minds. Sponsorship is very advantageous especially if the business or product has just entered the market. In addition to these (Odabaşı and Oyman, 2007: 347); Creating goodwill, attracting the attention of media members, entertaining customers, social integration, government relations, relations between employees are all among the public relations objectives of the sponsorship. Sponsorship is very important in businesses, especially in public relations activities aimed at the internal target audience, ie employees. A suitable environment is created among the personnel carrying out the management and sales activities within the organization through hospitality, and the grounds for creating shopping opportunities among the guests are prepared. Hospitality opportunities create a comfortable environment to convince without pressure. While sponsorship increases the unity among the employees and the sense of belonging to that organization, bringing a sponsored star or group among the employees strengthens the morale of the staff and makes them embrace their jobs with a more enthusiastic feeling with the feeling that they are valued by the

management (Şahin et al., 2003: 40-41). Since tourism businesses are the service sector, establishing and maintaining positive relationships with the internal target audience is very important for the success of the business. The vital objectives of the business, such as providing quality service, customer satisfaction, creating permanent customers, depend on the tourism business staff. It is possible for tourism companies to reach better points in their relations with the employees by taking advantage of sponsorship and return this to the business as a plus.

What is expected from the advertisement is to ensure that the product offered to the market is sold or to increase the demand of a product that is still on sale by the market. The purpose of advertising is seen in two forms, short term and long term. In the short term, advertising tries to persuade consumers to convince them to buy that good or service within a small time frame. In the long term, companies aim to create a demand for that good or product by introducing the goods or services they produce through advertising and by showing the advantages they will bring to the consumer. (Kocabaş and Elden, 2005: 23). The sponsorship aims to persuade, unlike the purposes of advertising activities. Sponsorship affects indirectly. The main purpose is to increase the sympathy and trust to the brand (Crimmins and Horns, 1996). While advertising is done to increase sales, sponsorship is basically done to provide a positive view of the public towards that business or brand. While advertising aims to increase sales in a short or long time, sponsorship affects sales indirectly. Logo, slogan, font, which are corporate identity elements, are at the forefront in sponsorship. It is tried to create a positive image for the institution. Placing the name of the business or product into the mind of the target audience is an important tool for gaining the positive view of the target audience.

Accommodation companies mostly make room sales by agreeing with tour operators, travel agencies or other intermediary institutions. Most of their advertisements are made by these intermediary institutions that they make contingent rate agreement with. Of course, they also continue their own advertising activities. In addition to these advertising activities, they should support public relations activities, advertisements and marketing activities by sponsoring. Sponsorship activities are very attractive for being in the media. For this reason, it will make easier for tourism companies to reach target audiences. In this regard, there are tourism companies that carry out sponsorship activities.

Crystal Hotels, with fourteen hotels in Turkey, is a chain of domestic enterprises. After the Crystal Hotels management made a contingent rate agreement with “Biblio Globus”, one of the important tour operators of Russia and Eastern Europe, the management signed a sponsorship agreement with the Women’s and Men’s National Teams of the VTB United

League, Russian Basketball Federation for 2 + 4 years ([https:// www.turizm gazetesi.com](https://www.turizm gazetesi.com), 73 043 Date of access: 31/12/2019). In this example, we see that a local chain business in the majority of its hotels in Antalya has signed a sponsorship agreement in the field of sports after making an agreement with an important tour operator in the Russian market. Russia is the first country in the tourism demand of Antalya and Crystal Hotels has made its sponsorship agreement in order to make its name known in the Russian market.

It will be beneficial for the business to carry out sponsorship activities for travel companies like accommodation companies. Turkish Airlines is the first airline company in our country and is involved in many sponsorship studies. Some of THY's sponsorships are as follows; The main sponsor of the Presidential Cycling Tour of Turkey, transportation sponsor of the Istanbul Marathon, official sponsor of Şahika Encümen's who owns four world record in Freediving, from the 2019-2020 season for three years, Argentine soccer team River Plate jersey sponsor. (<https://www.turkishairlines.com> Date of access 29.12.2019). Also; Turkish Airlines (THY) sponsored the 33rd Belgrade Marathon, which will be held in Serbia on April 26, 2020, in the field of "air transport". (<haberler.com-12749840> Date of access.: 31.12.2019).

2. Reasons for the Development of Sponsorship

The biggest factor in the development of sponsorship is the prohibition of advertising of alcohol and tobacco products. Later, it started to develop sponsorship to spread social, legal, technological and economic developments and to provide new promotion of institutions and organizations. The reasons for the development of sponsorship are as follows (Meenaghan, 1991: 5):

- Prohibitive, Restrictive Legal Regulations on Alcohol and Tobacco Products.
- The Cost of Advertising in the Media, Especially on the Television, and the Negative Effect of Zapping.
- The status of sponsorship proving itself on success
- Opportunity to Take More Place in the Media with Sponsorship
- Increasing People's Free Time and Emerging New Opportunities

3. Target Audience in Sponsorship

The sponsorship activity has direct and indirect audiences. A sponsorship project for consumers also affects the employees of the relevant institution. The perception created by brand value is effective both on those

who want to acquire that branded product and on the employees working within the brand (Jalleh et al: 2002, 37). In sponsorship, it is possible to divide the target audience into two as internal and external target groups. This approach is correct when considering sponsorship's public relations goals. The employees of the company are the internal target audience in their sponsorship activities. The fact that tourism companies are a service-oriented sector increases their sponsorship activities one more time. Employees who have positive thoughts about business are very important and necessary for tourism businesses.

It is possible to divide the external target audience of sponsorship into three groups (Quotation: Acar: Hastings, 1984: 171):

Active Participants:

Those who actually participate in the supported event, and who spend their lives active in this event, are considered as 'active target audience'. For example, the active target audience of a football tournament is football players, and the active target audience of a music festival is music-dealers. The active target audience of an event is naturally the most interested target audience for that event.

• Viewers:

Although not actively participating in any activity, those who follow that activity type on a continuous basis on site are another target audience of the sponsorship. For example, those who watch golf tournaments on the spot are in the audience position.

Media Viewers:

Although not an active participant or audience of any type of activity, those who regularly watch the event from the media are in the target audience in case that event is supported.

We see that the external target group of sponsorship activities are divided into three as active participants, viewers and media audience. The fact that the service provided in tourism enterprises is purchased without being seen makes it difficult for the consumer to decide. However, if the advertising activities ongoing are supported with sponsorship, it will be easier for the consumer to decide. The tourism company to be a sponsor should first determine the target group it wants to reach and then plan its sponsorship activities.

4. Types of Sponsorship

In the literature, sponsorship activities with various types can be diversified today, including support for major sports activities, cultural and

artistic events, social and environmental support activities (Oliver, 2004: 190).

- Sports Sponsorship:

Sports sponsorship occupies a dominant place in sponsorship areas compared to others (Jefkins, 1995: 387). Sports branches, news, sports experts come to the consumer's way and are demanded in every moment of life. It has taken this feature to a wider audience, especially with the contribution of commercialization in some branches. It has become a large-scale industry by adding the power to influence interdependent sectors (Yoon and Choi 2005: 191). Sports sponsorship is preferred more than other types of sponsorship and a significant investment is made in this field, since it allows to increase its degree of awareness by the public (Grassinger, 2003: 54). Sports sponsorship ranks first with a 70% share in sponsorship activities, which is one of the most effective practices on brand awareness and consumer decisions (Tarakçı & Baş, 2018: 291). In 2018, sponsorship revenues are \$ 66 billion worldwide, of which \$ 40 billion belongs to sports clubs. (Hürriyet.co I / 41,403,054: Date of access: 12/31/2019).

Sports sponsorship is a type of sponsorship that is widely seen all over the world. It is possible for tourism companies to be sponsors in sports sponsorship activities in the areas they serve. Accommodation enterprises can be accommodation sponsors, travel companies can be travel sponsors. Or they can take part in different sponsorship activities.

- o Culture and Art Sponsorship

From the past to the present, arts and artists have been supported by emperors, states or families with economic power. Recently, foundations and commercial companies provide indispensable support to art within the framework of social responsibility (Tavlak, 2007: .43). With the sponsorship activities for art institutions and artists, various financial and technical facilities were provided to both art institutions and artists. Sponsorship activities play an important role in the realization of exhibitions, concerts, theatres and various art events, meeting all kinds of expenses of artists such as transportation-hotel, and in many subjects (money, technique and service etc.). Thus, artists can do their work more easily and easily, and art activities can be carried out under much more favourable conditions. Art institutions can increase their financial resources by getting sponsors, and they can reach their goals of realizing various projects by planning new organizations (İlıcak, 2014: 278).

The Martı Group, which is also the owner of the Istanbul Martı Hotel, sponsors with the aim of preserving the cultural and historical heritage in the places it establishes. It is the founder of the festival held at the ancient

theatre in the ancient city of Phalesesis in Kemer, Antalya. Since 1996, it has been sponsoring the festival organized every year (<https://turizmguncel.com>: Date of access: 20.12.2019) Exhibitions can also be the subject of sponsorship. The works of Pablo Picasso were exhibited within the scope of “Picasso-Méditerranée” project at Arkas Art Center in Izmir between September 18, 2019 - January 5, 2020. The main sponsorship of the exhibition was Turkish Airlines, the official sponsorship of Izmir Metropolitan Municipality and the support of the exhibition was Allianz. (<https://www.izmir.bel.tr>: Date of access :20.12.2019) More than 30,000 people visited the exhibition in the first three weeks. (<https://www.aa.com.tr>,1605713: Date of access: 20.12.2019) Tourism depends on the creation of tourist demand and it is understood from the examples that the “attraction” feature of the touristic product can be achieved through sponsorship activities. Tourism demand can be created in touristic destinations by sponsoring cultural and artistic events. It is very important that tourist destinations constitute attraction as a sponsor for artistic activities.

Business management can sponsor any area of interest. For example, Nejat Eczacıbaşı, the founder of Eczacıbaşı, who is interested in art, supports artistic projects with his foundation (Demir, 2011). Istanbul Culture and Music Festival has been organized for 47 years and ECA is the main sponsor of the Festival. The festival was last held between 11-30 June 2019. The Marmara Hotels became the accommodation sponsor of the Istanbul Culture and Music Festival by undertaking the official accommodation sponsorship of the Istanbul Foundation for Culture and Arts (İKSİV). (of access: 31.12.2019).

Sponsorships can also be carried out for promotional purposes. The private airline company SunExpress, which serves in our country, undertook the sponsorship of the promotional activities carried out within the scope of the 2019 Aspendos Year. Accordingly, to promote the year of Aspendos; In July, it served a Boeing 737-800 model aircraft by preparing the theme ‘The Year of Aspendos’. Sun Express also sponsored the Aspendos Opera and Ballet Festival, which runs from September 1 to September 18, 2019. (<https://www.sunexpress.com> Date of access :31.12.2019)



o Environmental Sponsorship

Risk awareness and sense of responsibility, as well as participation and honesty, are important factors in forming the public.

For this reason, it is in favour of the organization to prove its responsibility to legitimate problems of the public with convincing answers. The stronger link between the organization's activities and the sponsored activity, the easier it will be to prove it.

For organizations engaged in activities that can affect the environment, an activity in the field of environmental sponsorship is undoubtedly the most effective in terms of public view. An example of this is to save or restore environmentally damaged or threatened artworks by the chemical industry (Okay, 2005: 87).

Environmental sponsorships that offer a lot of options to businesses are not necessarily an environmental project support, besides, competitions can be organized on environmental issues, campaigns can be organized, informational activities can be carried out, concrete aid programs can be prepared, a sports match or the income of the organized concert can be donated (Peltekoğlu, 2007). Similarly; With the sponsorship of the environment, institutions are carrying out activities to increase the diversity of living things by planting trees to prevent erosion and reviving the lakes that have dried up. With such sponsorship activities, institutions contribute to the protection of natural life and can create an image of an environmentally sensitive institution to their target audience (Tarhan et al., 2015: 822-823).

o Training

Education sponsorship is also a type of sponsorship that takes part in social sponsorship activities. It can be realized by making libraries, schools, kindergartens in places where there is not enough budget in the field of education; by granting scholarships to young people who continue their education life, sometimes by contributing to the publication of an academic publication, and sometimes by supporting the construction of an educational institution (Bulut, 2009). Organizations that come together with children and young people through sponsorships can convey various messages about them in the future by announcing the names of their organizations and the products and services they offer (Bennett and Gabriel, 1999: 42).

o Health Sponsorship:

Sponsorships in the field of health include the following topics. Supporting the hospitals, clinics, informing the public about health and diseases, supporting the organizations and associations operating in the field of health.

o Adventure-Travel Sponsorship

Supporting activities such as mountaineering, crossing oceans with small boats, world tour with balloons, long-distance trips, one-person world tour and record attempts by institutions and organizations in terms of money or equipment is called adventure and travel sponsorship (Akyürek, 1998). It is a popular sponsorship type in recent years. Long-term original sea, land, airline, travels and discoveries attract the attention of the society and organizations are making their names known by sponsoring such activities (Göksel & Yurdakul, 2002: 355).

5. Points to Consider When Choosing a Sponsor

In a “sponsorship event” that aims to create image and increase awareness, the following questions need to be answered (Bozkurt, 2006: 326-327):

- Can a good harmony be achieved with brand and corporate positioning?
- Is the event single or is there any danger of losing its feature with other similar activities?
- Does the event have its own identity or is it dependent on the impact the sponsor will have?
- Is the event in strong harmony with other sponsorships?
- Can the event be combined with advertising campaigns?
- Does the event have a negative image? For example, does it have violence, hooliganism or similar relationships? Does this image affect the sponsor?
- Can the name of the sponsor be associated with the event?
- How will the sponsorship be visible?
- To what extent is it estimated that the event will take place in the media?
- Will the television channels follow the event?
- Will the media use the name of the sponsor?
- Will the sign, logo or emblem be used? What will be its quality, quantity and location, if used?
- Will there be signs and logos of competing organizations?
- Could the mind of the target audience be confused by other sponsors?

6. Sponsorship Application

The sponsorship application includes a series of studies that will be followed carefully, especially by the sponsorship organization. In particular, many activities such as supporting brochures, catalogues such as brochures, catalogues with visual materials such as photographs, slides, videos, distribution of press releases to the media, necessary photographs, movies and videos for the sponsored event, organizing press conferences and clipping compilation are among the activities of the application phase. Serious sponsorship preparatory work should be started at least a year in advance. During the implementation of the sponsorship, the failing parties of the sponsorship are evaluated through regular meetings (Akyürek, 2005: 114).

Sponsorship contracts expire if one of the following conditions occurs (Topaloğlu).

- If a certain period of time has been agreed in the contract, in case the deadline expires,
- Death, loss of act or bankruptcy,
- Force majeure,
- Agreement of the parties,
- When one of the parties makes a notice of termination.

7. Media Relations in Sponsorship Practice

In order for the sponsorship event not to disappear and to survive, it has to be in the media. We can list the things to be considered in order to be included in the media as follows (Aydede, 2007: 172):

• Press conferences and press releases should be used as a tool in sponsorship applications; The place and time of the press conference should be carefully selected. Care should be taken not to overlap with other events that are of particular interest to the media.

• An invitation to the press conference must be made in writing at least a week in advance, and all press institutions must be invited to the meeting.

• Press release should be prepared carefully.

• Press release content should definitely not look like advertising,

• Press bulletin should be delivered to each broadcasting station on the same day and time, and broadcasting organs should be treated in accordance with the principle of equality.

• Press members should be provided with all kinds of ease of work

and opportunities; information should be transmitted to them in the most accurate, realistic and fastest way.

Taking part in the media is the most important goal in sponsorship activities. Therefore, special attention should be paid to planning media relations.

8. Sponsorship in Tourism Enterprises

Sponsorship, which is based on the notion of Maecaenas, is an important tool used by today's businesses. Although it is sometimes thought of as donation or aid, it is actually a business relationship that benefits both sides. While the sponsoring party achieves its public relations, advertising and marketing purposes, the sponsored party receives money, material or service support. One of the most important benefits for the sponsoring business is that the event takes place in the media. Tourism companies should also benefit from the positive effects of sponsorship by doing sponsorship activities.

The touristic product has an abstract feature, it is a product with different features, where production and consumption take place at the same time, the product cannot be tried before and demand fluctuations can be experienced easily. In addition, there is quite intense competition in the tourism market. For this reason, enterprises need to do well-programmed public relations, advertising and marketing activities in order to stay in the tourism market for a long time and to be successful. Sponsorship activities are also an important tool to support public relations, advertising and marketing activities.

As with all businesses, tourism businesses carry out public relations activities to establish and maintain positive relationships with internal and external target audiences. In terms of public relations of tourism enterprises; internal target group are business employees, their families and shareholders. The external target group is the intermediaries who provides goods and services, potential and actual tourists, competitors, educational institutions that it can provide labour force, press and broadcasting organizations, the municipality, official departments such as the district governorship, that is, all the people and institutions with which it can or may be involved. Sponsorship activities also appear as a tool that facilitates the reach of the tourism companies to their target groups. The sponsorship activities include the name, logo and slogan of the tourism company, which contributes to the establishment of the corporate identity. In addition, the sponsorship activities carried out attract the attention of the media and are published in media tools such as television, newspapers, magazines, and the internet. This significantly increases the positive effect on corporate

identity studies. Tourism business is frequently remembered by both internal and external target groups. The loyalty and sympathy of business employees to the business are positively affected. The sense of belonging increases as they participate in sponsorship activities on behalf of the institution in the events. They are also motivated by taking part in a fun and different environment.

One of the reasons for the emergence and spread of sponsorship is to promote products that are prohibited from advertising in the media. For this purpose, it is seen that tobacco and alcoholic beverages producers frequently apply for sponsorship. Although there are no prohibitions regarding the advertisement of tourism companies, it will be useful to carry out sponsorship activities in order to support their advertisements. As a result of the intense competition in tourism and the increasing number of businesses, it is necessary to benefit from sponsorship activities in order to remind the consumer, introduce their existing products and enable them to try new products. The tourist consumer can ignore the advertising of the business in the face of the excessive number of competitors and in the face of redundant messages in the media. Therefore, it will be useful to support the promotion of the new product with sponsorship activities.

Another important benefit of sponsorship in tourism businesses is to support sellers. Accommodation establishments sell some of their rooms by making contingent rate agreements with tour operators. Tour operators also advertise the hotels where they sell their rooms. However, it will be beneficial for hotel businesses to support tour operators and agencies by making their name known through sponsorship. Tourism companies operating in connection with abroad should also do sponsorships activities in those countries in order to be successful in their international markets. These studies will provide an important advantage in communicating with the mass in the international market. It is a good example that Crystal domestic hotel chain started sponsorship activities in Russia after signing a contingent rate agreement with the Biblo Globus tour operator serving the Russian market. (<https://www.turizm gazetesi.com>, Date of access: 31.12.2019)

After the tourism business decides to sponsor, it should clarify some points by evaluating the characteristics of its target audience. First of all, efforts are made to determine the area to be sponsored (sports, culture and art, etc.). It will be useful to consider the interests of the target audience during the field determination studies. The most sponsorship in the world and Turkey, has been realized in the field of sports. It is seen that sponsorship is preferred especially in the field of football. In our country; accommodation companies, tour companies, airlines operate football sponsorships. Culture, art, environment, education, health, adventure and

travel sponsorships are also the areas where tourism businesses carry out sponsorship activities.

Tourism companies should decide which type of contribution they will make at the beginning of their sponsorship activities. The enterprise may choose one of the options to provide cash support, material support, and service support in line with its own policy. It is common practice for tourism businesses to sponsor in the field they serve. Accommodation companies generally prefer to be accommodation sponsors and airline companies generally prefer to be transportation sponsors. The fact that Swisshotel Izmir is the accommodation sponsor of the 3rd Employment Summit(<https://blog.anasponsor.com>, Date of access: 31.12.2019), that the 16th ICT Summit's Accommodation Sponsor is the Hilton Garden Inn <https://bilisimzirvesi.com.tr> , Date of access: 31.12.2019)and that THY is the transportation sponsor of the Istanbul Marathon (<https://www.turkishairlines.com> Date of access: 29.12.2019) can be given as examples. Besides, it would be beneficial for tourism companies to take place in different types of sponsorship. For example, Turkish Airlines is the official sponsor of Şahika Encümen, which holds four world records in the field of free diving (<https://www.turkishairlines.com> Date of access:29.12.2019), Qatar Airways sponsors the FIFA e-World Cup, the world's largest online game tournament. (<https://www.qatarairways.com/tr-tr/sponsorship.html>: Date of access:31.12.2019)

Sponsorship activity can be successful with good planning and this is also valid for tourism companies. Sponsorship activities aiming at creating image and increasing awareness should be within the framework of integrated marketing communication. To put it more clearly; The messages given to the target groups should be particularly supportive and the sponsorship activity of the tourism company should be in line with these messages. Possible advantages and effects of participation in the event should be revealed in detail. Taking part in the media is one of the main objectives of sponsorship; There should be answers to questions such as how to take place in the media, which television channels will watch the event, how to present the signs, logos and emblems that constitute the corporate identity, how the event will be perceived in terms of the target audience.

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Chapter 31

SOCIAL WORK AND HUMANITARIAN AID: PRACTICE IN THE AFTERMATH OF DISASTERS

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INTRODUCTION

Emergencies caused by natural or human-made disasters often require urgent international interventions as a result of the damage it causes at the human and infrastructure levels. Some many international humanitarian associations and institutions are the first to arrive in humanitarian aid in an emergency. Here, the example of the Red Crescent and the Red Cross as one of the most important international organizations with a long history of humanitarian action can be struck in times of crisis or emergency, as well as the vital role played by the United Nations and non-governmental organizations. Regardless of the causes of disasters and emergencies, the consequences and damage to human beings and the infrastructure of affected communities often require international interventions to save civilians and victims in general. Global responses in emergencies are characterized by urgent, temporary, international, and multidisciplinary.

Natural disasters are one of the most severe emergencies facing countries because of their sudden occurrence and the severe economic, psychological, and social damage caused by the disaster within a short period. The consequences of natural and human-made disasters are a real humanitarian crisis that requires humanitarian action and international cooperation focused on providing assistance and the protection of human rights.

Natural Disaster: “Natural disasters are events brought about by natural hazards that seriously affect the society, economy and/or infrastructure of a region. Depending on population vulnerability and local response capacity, natural disasters will pose challenges and problems of a humanitarian nature”². Disaster and Emergency Management Presidency of Turkey Defining the natural disasters as the general name given to the consequences of natural phenomena arising from geological, meteorological, hydrological, climatological, biological, and other extraterrestrial hazards that cannot be prevented such as Earthquake, flood, landslide, avalanche, drought, storm, fire, drought, meteorite fall etc.³

In the emergency of war and conflict, international interventions and international humanitarian action are urgent. As the potential for local humanitarian action is almost futile without external intervention. The best examples of international humanitarian action in these emergencies lie in the international interventions of the Red Crescent and Red Cross Committees and the United Nations.

The victims of wars and conflicts increase the need for international

2 World Health Organization. (2008). ReliefWeb glossary of humanitarian terms: <http://www.who.int/hac/about/reliefweb-aug2008.pdf>

3 AFAD (2014) Açıklamalı Afet Yönetimi Terimleri Sözlüğü: <https://www.afad.gov.tr/upload/Node/3495/xfiles/sozluk.pdf>

humanitarian assistance and interventions because of the protracted period of emergency and instability. It is, therefore, difficult to monitor the results and determine the intervention mechanisms for a given period. Making humanitarian work in emergencies in times of war and conflict more difficult and dangerous. In addition to the risks that can be exposed to humanitarian aid workers in the field.

In general, the consequences of wars, conflicts and natural disasters lead to the displacement of millions of people within the state or to other countries. For example, the number of people displaced by war and conflict in the world in 2015 is 8.6 million, while displacement due to natural disasters amounts to about 19.2 million people around the World.⁴ IDMC forced migration resulting from wars and conflicts in the world for the year 2016 is the highest since World War II.⁵ UNHCR rapport for 2019 shows that “at least 70.8 million people around the world have been forced to flee their homes. Among them are nearly 25.9 million refugees, over half of whom are under the age of 18”⁶. The lives of people affected by conflict and natural disasters depend primarily on aid and humanitarian relief, especially international. Therefore, the provision of such relief must be effective and timely.⁷

However, some countries, particularly economically weak countries or developing countries, are in urgent need of international humanitarian assistance in emergencies that require international intervention to deal with the outcome of the crisis. International cooperation in providing humanitarian aid to affected countries is based on many principles and laws and has many mechanisms. Therefore, it is necessary to address the concepts related to humanitarian action and international humanitarian assistance to countries affected by emergencies. In this chapter, we address emergencies, international humanitarian assistance, and social work practice to deal with emergencies. In the beginning, it is necessary to identify emergencies where a particular country or region in the world can be exposed. A crisis can be human-made or based on natural actors.

THE HUMANITY OF HUMANITARIAN AID

“Humanitarian assistance,” according to the Institute of International Law, means “all acts, activities and the human and material resources for

4 Council, N. R., & Grid, I. D. M. C. (2016). Global Report on Internal Displacement. Consultado en <https://reliefweb.int/sites/reliefweb.int/files/resources/2016-global-report-internal-displacement-IDMC.pdf>

5 IDMC (Internal Displacement Monitoring Centre) (2016) Global report on urban displacement. IDMC, Geneva, Switzerland.

6 UNHCR report for 2019: <https://www.unhcr.org/figures-at-a-glance.html>

7 Fisher, D. (2007). Domestic regulation of international humanitarian relief in disasters and armed conflict: a comparative analysis. *International Review of the Red Cross*, 89(866), 345-372.

the provision of goods and services of an exclusively humanitarian character, indispensable for the survival and the fulfillment of the essential needs of the victims of disasters. While the United Nations has defined defines humanitarian assistance as “aid to an affected population that seeks, as its primary purpose, to save lives and alleviate the suffering of a crisis-affected population. Humanitarian assistance must be provided by the basic humanitarian principles of humanity, impartiality, and neutrality” this assistance can be divided into three categories based on the degree of contact with the affected population⁸:

Direct Assistance is the face-to-face distribution of goods and services.

Indirect Assistance is at least one step removed from the population and involves such activities as transporting relief goods or relief personnel.

Infrastructure Support involves providing general services, such as road repair, airspace management and power generation that facilitate relief, but are not necessarily visible to or solely for the benefit of the affected population.

International humanitarian aid provided in all crises and disasters also provided in natural or human-made disasters. This international humanitarian assistance provided based on international humanitarian law and human rights, as well as based on international conventions, notably the Fourth Geneva Convention. It based on many principles, most notably neutrality and impartiality. The Fourth Geneva Convention provides for the provision of humanitarian assistance in times of war and conflict or human-made disasters, as stated in Article 55 and 81 also, as stated in Article 18 of Additional Protocol II⁹. “Humanitarian aid can be properly defined as international assistance designed solely to save lives and protect human dignity and alleviate suffering during and in the aftermath of emergencies. To be classified as a humanitarian, aid should be consistent with the humanitarian principles of humanity, impartiality, neutrality, and independence (OECD-DAC definition of humanitarian aid). “Humanitarian Assistance” means assistance designed to save lives, alleviate suffering, and maintain and protect human dignity during and in the aftermath of emergencies. To be classified as a humanitarian, aid should be consistent with the humanitarian principles of humanity, impartiality, neutrality, and independence. Humanitarian aid includes¹⁰:

8 United Nations Office for the Coordination of Humanitarian Affairs (OCHA). 2007. Guidelines on the use of foreign military and civil defence assets in disaster relief. At https://www.unocha.org/sites/unocha/files/OSLO%20Guidelines%20Rev%201.1%20-%20Nov%2007_0.pdf

9 Fourth Geneva Convention and Additional Protocol II

10 “Humanitarian Assistance” Sixteenth Commission of the Institute of International Law, Bruges Session dated 2 September 2003.

- Disaster prevention and preparedness;
- The provision of shelter, food, water and sanitation, health services and other items of assistance for the benefit of affected people and to facilitate the return to normal lives and livelihoods;
- Measures to promote and protect the safety, welfare and dignity of civilians and those no longer taking part in hostilities and rehabilitation, and
- Reconstruction and transition assistance while the emergency situation persists. Activities to protect the security of persons or property through the use or display of force are excluded. Humanitarian assistance also includes aid to refugees in developing countries, but not to those in donor countries. Relief food aid comprises supplies of food, and associated costs, provided for humanitarian relief purposes”.

DISASTERS AND THE NEED FOR INTERNATIONAL HUMANITARIAN ASSISTANCE

All the countries of the world without exception are vulnerable to disasters. As we live in an age of globalization, the disasters of one country can affect people in neighboring countries and the world as a whole. But natural disasters can be devastating in less developed countries because of weak infrastructure, resulting in human and material losses and creating social unrest. Countries suffering from recurrent natural disasters should, therefore, prepare appropriate resources and equip disaster management centers, emergencies, and cooperation at the regional and international levels¹¹. International cooperation in this area focuses on capacity-building and the deployment of disaster response experts in high-risk countries. In this context, high-risk countries are responsible for creating an environment to reduce disaster risk through legal reform¹². Because international cooperation in humanitarian assistance to affected countries is often based on relief aid rather than investment in disaster reduction work¹³.

In general, cooperation is the fundamental basis for dealing with the destructive consequences of earthquakes. With the recurrence of disasters and the development of mechanisms to deal with them, we find that local cooperation in emergency management is one of the essential mechanisms

11 “Natural Disasters and Humanitarian Assistance to 2020: Relief and Recovery on a Global Scale (Workshop).” *Natural Disasters and Humanitarian Assistance to 2020: Relief and Recovery on a Global Scale (Workshop)* | STAR-TIDES, star-tides.net/documents/natural-disasters-and-humanitarian-assistance-2020-relief-and-recovery-global-scale.

12 Assembly, U. G. (2003). International cooperation on humanitarian assistance in the field of natural disasters, from relief to development. In *United Nations documents related to disaster reduction 2000-2002: Advance copy* (pp. 221-28). UN. International Strategy for Disaster Reduction (ISDR). Secretariat.

13 Seck, P. (2007). Links between natural disasters, humanitarian assistance and disaster risk reduction: A critical perspective. *Occasional Paper*, (15).

because the aid may not contact for hours or days¹⁴.

However, relief during or after the aftermath of natural disasters requires rapid steps in dealing with survivors and identifying and providing their basic needs. Relief activities usually occur in the early days of the disaster. Relief activities vary according to the nature of the disaster, generally involving search and rescue, medical services, shelter, and necessary survival materials. Consequently, disaster relief is a multilateral continuum. In general, humanitarian assistance in natural disasters aims to protect life first of all and to limit human suffering and preserve their dignity based on international humanitarian principles. As well as to restore normal living conditions by taking the necessary actions for reconstruction and cooperation in the area of disaster prevention. It should be noted that humanitarian assistance must be a direct response to the needs of the affected people or affected society, as well as do not neglect the cultural aspect and its importance in accepting assistance and access to affected people¹⁵. This lies in the concept of relief and its goal as “foreign intervention into a society to help local citizens”.¹⁶

THE MAIN ACTORS IN HUMANITARIAN AID

Humanitarian assistance constitutes a safety net specifically for vulnerable civilian groups. However, it is difficult to talk about neutrality in international humanitarian aid, especially in human-made disasters¹⁷. Humanitarian work and humanitarian aid may be more complicated by the nature of the disaster, for example, conflicts adversely affect civilians both directly, and indirectly, through the resulting "complex emergencies" that protracted conflicts create. In the immediate area of conflict, the primary aim is preventing human casualties and ensuring access to the basics for survival: water, sanitation, food, shelter, and health care. Away from the main fighting, the priority is to assist people who have been displaced, prevent the spread of conflict, support relief work, and prepare for rehabilitation. The four main actors in humanitarian aid and development assistance are¹⁸:

14 Waugh Jr, W. L., & Streib, G. (2006). Collaboration and leadership for effective emergency management. *Public administration review*, 66, 131-140.

15 Somers, Nicholas. "International Humanitarian Aid Policy Document." *Www.entwicklung.at*, Federal Ministry for European and International Affairs Department for Development Cooperation and Cooperation with Eastern Europe , 2009, www.entwicklung.at/fileadmin/user_upload/Fotos/Themen/HuHi/Englisch/PD_International_humanitarian_aid_03.pdf

16 Long, D.C. and Wood, D.F. (1995), "*The logistics of famine relief*", *Journal of Business Logistics*, Vol. 16 No. 1, pp. 213-29.

17 Neckolas Morris , humanitarian aid neutrality , conference on the .o promotion and protection of human Rights in Acut crisis , Londen , 11- 13 February 1998: <https://www1.essex.ac.uk/rightsinacutecrisis/report/morris.htm>

18 Branczik, A. (2004). "Humanitarian Aid and Development Assistance." Beyond Intractability. Eds. Guy Burgess and Heidi Burgess. Conflict Research Consortium, University of Colorado, Boulder Colorado, USA. <http://www.beyondintractability.org>.

- **International (IOs) and Regional Organizations (ROs) (or Intergovernmental Organizations (IGOs)):** The most important actor in the provision of humanitarian aid and development assistance is the United Nations (U.N.) and its various agencies, funded by member states. The World Bank and regional development banks also fund development projects.

- **Unilateral assistance:** As well as multilateral assistance, many countries also direct aid unilaterally through their own foreign-aid and development agencies. In addition to a sense of moral obligation, aid can be part of foreign policy.

- **Non-Governmental Organizations (NGOs):** NGOs increasingly play a key role in providing humanitarian aid and development assistance, both directly and as partners to U.N. agencies. They often have advantages over IOs or foreign governments. For example, they are less limited by political constraints and their diversity and independence allows them to work in very difficult places.

- **The Military:** The military acts primarily to ensure a secure environment in which relief agencies can operate. In some circumstances, the military may also provide aid directly, usually when IOs and NGOs find themselves overstretched or unable to deal with security problems. The military can be used to manage and coordinate the overall humanitarian response and to deal with technically and physically demanding needs, such as restoring communications and supply routes.

Natural disasters and human-made disasters directly increase human suffering because of increased humanitarian needs. Therefore, international concern for the need to assist the affected country in the facing disaster when it cannot cope with it alone by its resources.

Emergencies and their aftermath require considerable efforts to deal with the crisis, whether local or international. While disasters and crises have been a scourge for humanity in recent decades, technological advances have much helped to develop human capacity to respond to disasters and crises. Modern technologies used by States have contributed to the ability to monitor, analyze, and address extensive crisis data. This enables an effective response to crisis-dependent crisis analysis in preparation for the start of the relief, rehabilitation and development linkage process.¹⁹ The use of technology in dangerous areas or human-made disasters is a central point in the security strategy of relief agencies to mitigate the risks to in-

19 Qadir et al. Crisis analytics: big data-driven crisis response *Journal of International Humanitarian Action* (2016) 1:12: <https://www.springeropen.com/track/pdf/10.1186/s41018-016-0013-9?site=jhumanitarianaction.springeropen.com>

ternational and local relief workers.²⁰

The ability and speed of local and international emergency response are some of the essential steps of humanitarian action in emergencies. Consequently, international organizations such as the Red Cross and Red Crescent Societies and the United Nations, as well as non-governmental organizations, constitute the core of humanitarian action in emergencies. Cooperation between these international and local societies in disaster situations in providing aid to victims and affected countries enhances long-term security and peace between nations.

Social Work and Humanitarian Work in emergency situations

The emergencies caused by wars, conflicts, and natural disasters all over the world have increased humanitarian needs in an unprecedented way. For example, in 2017, there were 1.141 million people affected by emergencies and in need of humanitarian assistance in 37 countries²¹.

Emergencies of different classifications, whether natural or human-made, are short or long-term. But it shares a common reason for requiring humanitarian assistance. It causes famines, homelessness, diseases, and disabilities, and hence the urgent need for social work and humanitarian action.

The problems that emerge after the disaster are multidimensional and have a definite impact on the victims, as well as on humanitarian workers. They are affected by high levels of stress and have a particular effect on them, organizations, and the aid sector. To overcome this situation, we find that relief workers often tend to use effective strategies such as social, sports, and recreational activities, or resort to ineffective strategies such as alcohol and unhealthy eating²². Consequently, the process of assisting after a disaster is arduous and requires many high skills to benefit the victims and avoid the employee's stress.

In general, it can be said that effective humanitarian aid depends primarily on relief workers, therefore work to improve and invest in relief workers can be considered as the most critical way to improve the pro-

20 Kalkman. Practices and consequences of using humanitarian technologies in volatile aid settings *Journal of International Humanitarian Action* (2018) 3:1: <file:///Users/yaser/Desktop/Practices%20and%20consequences%20of%20using%20humanitarian%20technologies%20in%20volatile%20aid%20settings.pdf>

21 Global humanitarian overview 2017: https://reliefweb.int/sites/reliefweb.int/files/resources/GHO_2017_publication_corrections_digital.pdf

22 Young, T. K., Pakenham, K. I., & Norwood, M. F. (2018). Thematic analysis of aid workers' stressors and coping strategies: work, psychological, lifestyle and social dimensions. *Journal of International Humanitarian Action*, 3(1), 19.

vision of humanitarian aid²³. Disaster Relief : is the goods and services provided to meet the immediate needs of disaster-affected communities.

Providing relief does not mean commodities for the affected. Still, it is necessary to focus on skills and professionalize the workers in humanitarian organizations, and this is considered one of the essentials in the success of humanitarian relief operations. Although many professions work in the humanitarian field and post-disaster humanitarian relief, they often lack the essential competencies that are necessary to work in the humanitarian field. However, there is a need for professions that serve those affected by disasters as efficiently as possible. Consequently, it is essential to raise the efficiency of humanitarian service providers in addition to creating continuous learning opportunities for these workers²⁴.

The services that should be provided to the communities affected by disasters require specialists who can deal with the situation and provide these services to those concerned with high quality. These specialists should have top skills such as "technical expertise, competencies inside and outside the organization, personal abilities, sector specialization, education, and language requirements." Perhaps the social work profession and the roles that the social worker plays within international relief organizations have a crucial role in international humanitarian assistance. Noting the importance of the social work profession in international humanitarian aid, it is not a mistake to say that the advanced social workers can effectively lead international development and relief campaigns. Hence, large NGOs and international organizations should appreciate the importance of social work in providing international humanitarian assistance to people affected by disasters. The prominent professional contribution that social workers can make to relief campaigns should not be overlooked²⁵.

Given the reality of the use of professionals in providing international humanitarian aid, we find that humanitarian organizations focus primarily on technical skills and field experience when recruiting a staff member in international humanitarian assistance. However, it is necessary to focus on the importance of emotional skills, communication skills, and leadership skills on an equal footing with technical expertise. The presence of these skills plays a significant role in the recovery of the population affected and

23 Webster, M., & Walker, P. (2009). One for all and all for one: intra-organizational dynamics in humanitarian action. *Medford, MA: Feinstein International Center*.

24 Walker P, Russ C (2011) Professionalising the humanitarian sector: a scoping study. Enhancing learning and research for humanitarian assistance. <http://euhap.eu/upload/2014/06/professionalising-the-humanitarian-sector.pdf>. Accessed 10 June 2019.

25 Pittman, S., Sugawara, C. L., Rodgers, M. E., & Bediako, A. (2015). Social workers in international relief and development: A natural fit. *Interdisciplinary Journal of Best Practices in Global Development*, 1(1), 3.

exposed to emotional crises and PTSD. Therefore, possessing these skills contributes clearly to relief and recovery programs after the disaster. But in some disasters, there may not be time to think about difficult skills to measure, as this urgent necessity in employment may lead to owners of relief organizations not being able to reconcile the skills they value with the most important skills.²⁶

The social work profession has a long history of working with disaster victims and providing professional humanitarian relief. Throughout history, social workers have worked with victims of natural disasters such as the Chicago earthquake of 1871 and armed conflicts in world wars. I have contributed to finding resources, making them accessible to people, providing the necessary services to vulnerable groups, and using all skills to work at the individual, group, and community levels. This profession has brought together volunteer work and professional experience in relief operations to provide them in the best way possible to help them recover from the crisis. The goals of the social work profession in these emergencies lie in:

“(a) providing needed resources for disadvantaged and vulnerable populations, (b) preventing serious health and mental health consequences, (c) linking individuals and resource systems, (d) linking various resource systems to make them more accessible to people, and (e) changing micro and macro systems to promote improved client welfar²⁷.”

The social worker in an emergency has a significant role to play in counseling on many matters related to the provision of assistance and the legal jurisdiction of children who have lost their relatives. It also helps to accurately assess the needs of special groups and young people who have been depressed and affected negatively by the disaster²⁸. Social work interventions and roles performed by social workers after a disaster aim to reduce population problems and vulnerabilities, reach vulnerable groups, provide their basic needs, and provide them with material assistance. The post-disaster social work model also focuses on harmony and harmony between a person and the social environment. Social service plays a significant role in mitigating disaster, response, recovery and social development in the long run²⁹. Therefore, it must have a significant role in disaster

26 Remington, C. L., & Ganapati, N. E. (2017). Recovery worker skills in post-earthquake Haiti: the disconnect between employer and employee perspectives. *Natural Hazards*, 87(3), 1673-1690.

27 Zakour, M. J. (1997). Disaster research in social work. *Journal of Social Service Research*, 22(1-2), 7-25.]

28 EMERGENCY SOCIAL SERVICES FIELD GUIDE “The Heart of Disaster Response January 2010” Accessed 19 June 2019.2019.<https://www2.gov.bc.ca/assets/gov/public-safety-and-emergency-services/emergency-preparedness-response-recovery/ess/field-guide/essfieldguide.pdf>

29 Elliot, D. (2010). A social development model for infusing disaster planning management and response in the social work curriculum. *Disasters and concepts and issues. A guide to social work education and practice*, 89-110.]

management and enhance this role by strengthening the presence of social workers in international humanitarian and humanitarian relief organizations.

CONCLUSION

This chapter deals with international humanitarian assistance and the importance of social work in this field. Through this review, it becomes clear the importance of social work and the active role that the social worker can contribute. There is an urgent need to use social workers with their knowledge and skills in this field to provide psychological and social support to both victims and workers in delivering humanitarian assistance. The importance of social work with vulnerable groups, which increases the problems faced in times of disaster and conflict, was also highlighted. There is no doubt that the effectiveness of the humanitarian assistance provided and the quality of services are related to the professionalism, skills, and specializations of its workers, as it is not limited to providing material aid only. In contrast, the turbulent atmosphere and psychological trauma left by the destruction on the population require professional intervention skills different from those of the service delivery employee. Consequently, fruitful intervention in international humanitarian assistance for victims of disasters and wars must be based on the professional practice of social work and a team of social workers who are qualified to work in these circumstances.

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- Qadir et al. Crisis analytics: big data-driven crisis response *Journal of International Humanitarian Action* (2016) 1:12: <https://www.springeropen.com/track/pdf/10.1186/s41018-016-0013-9?site=jhumanitarianaction.springeropen.com>
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Chapter 32

EVALUATION OF DEVELOPMENTS AND EXPECTATIONS FOR STRUCTURAL STRATEGIES OF FOOD INDUSTRY

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General Overview of Food Policy

A food policy that solves the fundamental problem by keeping low food prices and thus damping agricultural opportunities can achieve partly in the short term as long as the strategy has food capital. However, the long-term consequence of this food price policy is that these essential food resources are lacking. The alternative, a food pricing strategy primarily designed for its optimistic long-term growth effects, has the short term result of decreasing significantly the food consumption of the disadvantaged, whose incomes are not comparatively explicitly related to food prices. This research deals with the production method. Because the manner in which the analytical design method is described puts certain constraints on the dimensions of the resulting food plan, it is always feasible, even important, to differentiate between what “optimal” food policy looks like across all environments and the analytical mechanism that poses the correct collection of questions. Such concerns stem from the need for a national food policy to achieve four specific objectives: (i) Efficient development in the food and agriculture sectors; (ii) increased income distribution, mainly by efficient work creation; (iii) sufficient nutritional status for the whole population through establishing a reasonable floor for basic needs; and (iv) appropriate food protection to guard against poor harvests, natural disasters or unpredictable global food sources (Massoud, 1955; Kohl and Joseph, 1980; Ruttan, 1982; Eicher, 1990; Cramer and Clarence, 1991; Zinkhan and Pereira, 1994; Halcrow et al., 1994; Fao, 2007; Khanna, 2017).

Firstly, the four specific goals set out above reflect the broad range of priorities that most decision makers in poor and rich countries have for their food and agricultural sectors. Growth, employment, a good basic standard of living and protection against starvation or severe food crises catch much of what will hopefully be provided by a productive food policy. If not all goals are achieved at the same time by a defined series of policies and are not usually reached, it would be appropriate to consider which priorities are most relevant. While the planning plans that suggest that all four priorities are equally relevant, the real food and agricultural expenditure, prices and trade policies generally imply otherwise. The first significant starting point is therefore the political economy viewpoint, structured around the definition of national priorities for the food and agricultural field. The second point of departure is the concern to shift from here to there, that is, to the cycle of gradual progress that pushes the country gradually but steadily towards the simultaneous achievement of all four objectives of the food strategy. Such a marginalist perspective is definitely not acceptable in any, maybe even several, national environments. Without a drastic transformation of properties and fundamental ties of output. This research, however, is not about revolution but rather the search for feasible improvements in the individual components of a food strategy in those environments where the four objectives are taken seriously by some sector of the Government (Fox, 1970; Kohls and Joseph, 1980; Ruttan, 1982; Davidson, 1987; Cramer and Clarence, 1991; Harrison, 1993; Halcrow et al., 1994; Zinkhan and Pereira, 1994; Geroski, 2003; Mellor, 2017).

The third main point of departure for this paper is the deep conviction that consumer awareness is crucial for creating an successful and balanced food policy. This business orientation stems from the assumption, underlined by the already amazing spectrum of scientific evidence, that the quality and pace of consumer decisions would result in a significantly improved economic growth in a fast, almost revolutionary price transition in a global economic setting and hence in the relative shortage of major manufacturing and resources variables. There is no central planning of food system anywhere in the world, although some (such as the Soviet Union, China or Cuba) are more strongly influenced than others by planner allocations. Nevertheless, most private actions are made in households around the world in reaction to private opportunities. How challenging it is to work, which materials to use, and which products to eat are primarily by way of preferences and personal estimation. Since a approach on nutrition is directed at modifying all of these choices, it is important to provide clear knowledge of the sense in which the decisions are taken and research contributing to the implementation of the food Policy (Fox, 1970; Kohls and Joseph, 1980; Ruttan, 1982; Cramer and Clarence, 1991; Harrison, 1993; Zinkhan and Pereira, 1994; Halcrow et al., 1994; Geroski, 2003; Mellor, 2017).

Analysis that addresses the food price dilemma directly is key to the development of a successful alimentary strategy. This is to acknowledge a fundamental developmental revolution: macro price policy represents the forefront of economic development; projects and programmes, they are the cutting edge in the mitigation of nutritional inequalities. The critical bridge requires two supports, one being: (a) understanding the nutritional implications of this efficient macro-price policy, and (b) developing and implementing targeted food programmes. The food policy design perspective suggests four parts of the analysis process:

(i) determining the feasible set of policies, and (ii) expanding the degree of political freedom;

(iii) decide the investments that are needed to remove the binding policy option constraints;

(iv) Build strategies to tackle the short-term consequences of successful growth of the long-run food industry. The first step is to define the possible collection, or at least the essence, of the future strategies and initiatives that are frequently debated and addressed, even though they are thought to be unsuccessful or impossible in the near term. Part of this process involves understanding the perceived constraints on unfeasible policies and programs. Do policy makers see these limitations in terms of the economy, in political threats, or in non-responsive rice plants, producers,

or consumers? The next step in this policy review is a search for ways to extend the degrees of freedom for policy choice. Policy makers do not live in an efficient world where all alternatives are clearly defined with costs and benefits attached, merely awaiting the nod of a person with power to decide. Many policy choices are constrained by myopic visions and faulty analysis of too aggregated a picture of the world. The first instinct of a good food policy analyst is to disaggregate, to take the data apart by producers and consumers, by income class, by commodity, by region, by urban and rural status. The poor-the ultimate focus of a successful food strategy-are different from the middle- and upper-income groups. They consume different foods, live in different places, have different kinds of jobs, and different size families. A full analytical understanding of these differences frequently suggests whole new policy approaches to dealing with food problems. Constructing the key components of an successful food campaign is sometimes hindered by specific limitations on what dedicated decision makers should do. Discovering this is essential to the study of food policies. It is crucial to recognize when successful policy research will imply additional degrees of freedom and when appropriate limits are strictly binding. In the above case, the third stage in the empirical phase is to decide what interventions are required to crack the policy's binding constraints. Investments in capacity development to produce further financial capital could be required; investment in agricultural science to develop the base for locally oriented, high-yield agriculture; investment in communications and building public confidence and understanding with respect to specific policy dilemmas or investment in analytical ability. Without a question, all such projects have big payouts much of the time. Good food policy analysis will identify which investments are critical to the development and implementation of a successful food strategy. The fourth dimension of the innovative food policy research is specifically related to the short-term welfare implications of effective long-term food sector growth strategies. Two simple solutions are feasible, and they are typically incorrect. The first assumes that effective long-term policies also address short-term welfare and nutritional problems. The second strategy acknowledges that successful growth policies have significant short-term social costs, but the solution is to be found in balanced monetary transfers from the wealthy to the weak via the budget. Political will is often the key element in this vision of the world. Both approaches pose an significant issue. How can effective policy analysis recognize the appropriate bridging services that enable decision makers to make tough choices? A government that can not raise food prices because it will no longer be the government will not raise food prices, no matter how crucial it is to long-term efficiency. A country that can not raise income taxes can not allow fair tax payments, no matter what political power it has. Rational shops, subsidized low-consumption

foods mainly consumed by poor people, or even direct food distribution can be feasible programs that mitigate the impact of effective food production strategies on food consumption. It would be a wonderful world in which decisions on food consumption might be separated from decisions on food production, but this is not the world in which we live. Both link food prices, and this understanding begins with the analysis of Food Policy (Fox, 1970; Kohls and Joseph, 1980; Ruttan, 1982; Cramer and Clarence, 1991; Harrison, 1993; Zinkhan and Pereira, 1994; Halcrow et al., 1994; Geroski, 2003; Mellor, 2017).

ANALYTICAL OVERVIEW OF FOOD INDUSTRY

The implicit assumption behind the search for famous food policies is that neither nutrition nor agricultural practices can solve the basic problem of hunger. In short, “one-sided” analytical approaches, either on the production side or on the basic needs side, do not provide for the central role of the food system, particularly food markets and prices. Output strategies depend on the position of digital technologies or, more recently, the quality and competitiveness of smallholder farmers, but these solutions struggle to include the demand side separately from rural farm income. The outstanding achievement of diet managers in recognizing and assessing the degree and effects of hunger and poverty, the nutritional needs approach to capital management is typically limited to the country’s commercial economy. Nutrition simply does not have a lot of policy levers to pull. The alternative is to approach the hunger problem explicitly through the food sector and to the food consumption endpoint. The advantage of such a food policy approach, apart from its central focus on food markets, is the ease with which macro-economic influences, especially via the budget and macro price policy, and international influence can be linked to the hunger problem (The Agricultural Council, 1968; Fox, 1970; Kohls and Joseph, 1980; Ruttan, 1982; Eicher, 1990; Zinkhan and Pereira, 1994; Colman and Young, 1995; Eckhard H. and Engelbert, 2011).

In this case, the question sounds complex enough to involve complicated models. These models exist and test the naivety in their design and interpretation of even the brightest graduate students. Not enough is understood about the cycle of agricultural development, in the light of fundamentally changing macroeconomics and the international climate, to have a great deal of confidence in the capacity of these models to catch the subtle relation between micro and macro sectors that are now essential drivers of agricultural modernisation. Macro-consistency structures with separate food grain industries and even differentiated savings groups are faced with many of the same problems. There is no doubt that shifts in food policy in most Third World countries and in many developed countries have significant macroeconomic ramifications that few agricultural

economists have been educated to recognize. It is necessary to understand and loosely calculate these macro-economic impacts, but two provisions restrict the utility of structured and complicated macro-economic models for this reason. "First, the nature of the dynamics of food, services and consumer goods development in the real world, of market creation and of the trends of food use by income class of different essential food resources is such that all macro models are vastly exaggerated and sometimes involve significant counter-actual assumptions in order to be 'calculable.' Secondly, Keynesian assumptions about industrial surplus capacity, closed economies or foreign currency "restraints" economies and cost-plus price formation are the basis of most of these macro models. Most, but not all, of the big countries with significant food issues are somewhat like classic economies in the Lewis context, where labour itself, rather than energy and manufacturing power, is in excess supply. Such economies have important macro-economic links with their food sector, but these links are not always mediated by Keynesian mechanisms (The Agricultural Council, 1968; Fox, 1970; Kohls and Joseph, 1980; Ruttan, 1982; Eicher, 1990; ; Zinkhan and Pereira, 1994; Colman and Young, 1995; Eckhard H. and Engelbert, 2011).

The solution would be extendable, if the aim was to understand the food system and its horizontal links to agriculture and nutrition, and its vertical links with the world economy and macro-pricing policies. In view of the complexity of these connections and the components themselves, a comprehension can only be produced through an intuitive but sophisticated system analysis. Combined with an intellectual responsiveness to essential questions and the system's motivating factors, informal modeling of the interconnections and linkages between food sector components is potentially something that can be done in the foreseeable future. Many economists are concerned about this, and surely no two creative food policies analysts will develop the exact sense of how the system works and the policy options. However, the ambiguity is guided by a fact. The more qualified the analysts are, the more appropriate will be their vision. These analysts require three different sensitivities. The first is the sensitivity to social protection from the macroeconomic point of view. The product of adjustments in economic, fiscal and macro-price policies is the income distribution and food use issue. The problem is from the earliest stages. The second sensitivity calls for a macro understanding from a food or nutrition viewpoint. The implementation of a nutritional strategy to influence the severity of the fundamental poverty will be responsive to the requirements of the government and the complexity and constraints of national policy goals. Understanding the macroeconomics and productivity impact of food price changes must also condition nutrition policy, which must condition the design of nutrition programs in order to be concerned with replicability and the aggregate

impact of feeding interventions. This concern has its roots from below. The most critical of all might be a final sensitivity. The analysis of food policies is the search for the best solutions in a poorly understood and imperfect world. The best solutions are, and when they appear reasonably feasible, the designer of food strategies can fight for them. However, what is conceivable needs to be responsive. A food policy analyst should not give up thoughts or values, which are why equality should be pursued. But in the real world the search must be, and not a model (The Agricultural Council, 1968; Eicher, 1990; Colman, D. and Young, 1995; opinion by authorized).

Perception of the Food Structure

(i) Food consumption: Food consumption is the closest concern for the food policy analyst. Water and sanitation conditions, the health status and food preparation techniques, and a host of other variables, interfering between the amount of food in the household and how well-fed household members, are strongly influenced by the nutritional state. In certain cases, though, poverty is an essential aspect in their lives owing to the volume of food eaten by households. The study of food policy therefore focuses on food usage trends with the highest empirical importance, even to the degree that this aspect of the food system begins the research. The other disaggregated ones should be carried out and reconciled, toward the separate analyzes-one in aggregate. First, a comprehension of the main market demand parameters of basic food product must be generated. How sensitive is demand for absolute and relative food prices on the market? How much is dose demand lowered if all food grains costs raise compared to non-food rates? Amount, what is the growth in rice consumption as rice prices rise?(Johnston and Mellor, 1961; Kuznets, 1964; Harrison, 1993; Mellor, 2017; Lawrence, 1965).

Answering these question is important because the resulting income, own price, and cross-price elasticities provide necessary linkages from macro price policy macroeconomics performance to food consumption and through the food marketing sector, to incentives for agricultural production. Obtaining these aggregate market demand parameters with any real confidence is seldom easy. Time series data are frequently short and of dubious accuracy when domestic foodgrain production makes up a significant part of total consumption. Mechanical regression analysis seldom gives plausible parameters. The economic theory implies that certain specific partnerships are the same way: the fact is that, for many purposes, parameters will vary every year, and for other causes, like rational decisions, interaction, household polls, easy graphical and statistical study and related parameters in certain countries are always the best thing to do. Parameters of aggregate demand are important; rarely accurate (Johnston and Mellor, 1961; Kuznets, 1964; The Agricultural Council, 1968; Lawrence,

1965; Harrison, 1993; Block and Timmer, 1994; Colman and Young, 1995; Aksoy and Beghin, 2005; Byerlee and Sadoulet, 2009; Mello, 2017) .

The second step is to break down the first step in the analysis of food consumption. The reason for this step however is quite different from the requirement to understand the macro-connections of the food industry through aggregate market demand parameters. The disaggregate understanding of consumption is necessary to track the impacts on the consumption of the poor of various prices and income policy. Indeed, this stage of the food consumption evaluation can be focused on the poor in particular. Similar analyzes of the middle-class and rich dietary trends, especially with regard to the effect of demand for grain-fed livestock, may also help gain further information. However, if time and computational tools are a limitation, consider what the poor are consuming and whether the first consideration will be given to them. The launching point is to find out what the poor eat actually is. Everyone knows that they eat less than the rich, but in virtually all societies, the composition of food that the poor eat is also significantly different from that of the middle-income and rich diet. This may generally be illustrated and accurately quantified by planning different food balance sheets for three or four levels of income in a country and contrasting them with the overall food balance sheet reported by most governments. In household expenditure studies, the information required is normally available (if not published, in the file drawers of the statistical office). Even though the base year may not be recent, any country which has published a living price index has such data. Failure to do that will replace and offer a fascinating prospective of changes in the way food is practiced among income classes with dozens of representative users in each category (Johnston and Mellor, 1961; Kuznets, 1964; Lawrence, 1965; The Agricultural Council, 1968; Harrison, 1993; Block and Timmer, 1994; Colman and Young, 1995; Aksoy and Beghin, 2005; Byerlee and Sadoulet, 2009; Mello, 2017).

Good food policy analysts will also go too far in recognizing disaggregated trends of food intake. It 's important to have the quantities of goods correct. Whether the demand parameters can be disaggregated by income level would rely on the availability of data, computer equipment and analytical capability. With the appropriate combination of these factors, as in Indonesia and Thailand, a very powerful analysis of food intake indicators by income group can be implemented. This research is carried out by service, middle class by wealth sector, using exceptionally broad household spending surveys performed by statistical offices for certain purposes. Only computational expenses are due to the study of food policies. The results of the few such analyses, which have been carried out, are both satisfactory and exiting. The intuitive judgment that the poor are significantly

more responsive to economic signals – both income and price signals – is strongly based on the analysis. The study also revealed substantial differences in food consumption rates and criteria of transition by geographic area, age and sex, and, in particular, by season of the year. It can not benefit a malnourished infant to provide enough food on average for the year if it fails during the hungry season of three months (Johnston and Mellor, 1961; Kuznets, 1964; Lawrence, 1965; The Agricultural Council, 1968; Harrison, 1993; Block and Timmer, 1994; Colman and Young, 1995; Aksoy and Beghin, 2005; Byerlee et al., 2009)

Food processing is indeed a valid starting point for the study of food strategy. Essentially, food can not be consumed unless it has been produced. Society can not borrow from next year's production for this year's consumption needs (although, in desperate times, companies have eaten the seed for next year's production). Food needs to be produced in some way, and identifying that process is an essential component of food policy evaluation. What should social system ask about its food production industry? The question is more difficult to answer than it seems. Most people's immediate feeling is that the domestic food-producing sector will satisfy the needs of society for food consumption. But the careful hedges are beginning. The United States should not grow all its sugar and bananas. Japan does not raise all its maize, Europe will not need to develop all its soya beans. Nonetheless, the same four fundamental priorities for the overall food policy may also be extended, with different weights, to the food-producing field. The development of agricultural yields by productive agricultural development creates a clear base for growth on which all other goals can be addressed. Unless productive income production, the rural sector as a whole would serve as a drag-on for both macroeconomic success and the willingness of policy makers to cope with poverty and malnutrition. Understanding which commodities, which modern crop technology, which farm sizes, which rural development improvements, and which growth strategies can produce productive agricultural output is partly the duty of policy research, public spending, and macro-price management, and partly the duty of millions of farmers who usually make sound decisions under constraints. The strategy on food security has three primary tasks (Johnston and Mellor, 1961; Kuznets, 1964; Lawrence, 1965; The Agricultural Council, 1968; Harrison, 1993; Block and Timmer, 1994; Colman and Young, 1995; Aksoy and Beghin, 2005; Byerlee and Sadoulet, 2009; Mello, 2017) :

(i) ensuring that the various agro-climatique zones of the country have access to efficient agricultural Technology (ii) create a system of macro market policy, capital markets, labor costs and the trade of foreign currencies and food policies that at the very least are not involved in discrimination against the agricultural sector.

(iii) establish a rural marketing program for inputs and outputs with fair access to minimum access and subsidized access for small farmers for all groups of farmers.

Each of these public policy roles with respect to efficient food production has an implicit or explicit income distribution consequence. The optimal strategies construct a concern for the concentration of wealth specifically in the development of policy and initiatives, as evidence shows that the distribution of rural wages will worsen without such particular consideration as an productive increase of agricultural production. Which rates do farmers earn for their production at the farm gate and how do those rates align with foreign markets that are sufficiently discounted at local level? The response to this query is very informative regarding the degree to which domestic farmers are granted incentives or disincentives for their respective crops. When farmers get big prices for their crops but have very small yields, all compared to world averages, then a visit to the nearby agricultural research station is in order. It is feasible that the farm workers actually do not know how and when to make very efficient use of the available agricultural advanced technologies and then an aggressive agricultural extension program is called for. Traditionally, though, these conditions have been clarified by the absence of a high-yielding crop technology that has performed consistently with usable inputs on a farmer's land (Johnston and Mellor, 1961; Kuznets, 1964; Lawrence, 1965; Block and Timmer, 1994; Colman and Young, 1995; Aksoy and Beghin, 2005; Byerlee et al., 2009).

How these three interactions are empirical? Comparing the yields of producers, farm-gate opportunities and accessible technologies offers clear hints as to where the leadership's agricultural sector will be centered. Most emerging nations have presented very poor opportunities for their farm workers, and with little modern biological emerging technologies until previously. In most nations, this legacy of negligence and inequality must be reversed if the domestic food production sector is to play a competitive position in the overall cycle of modernisation, if the allocation of income between urban and rural areas is to be more equitable, and if domestic food protection is to be strengthened without raising access to insecure world markets. The policy makers have to pay attention to three further aspects of agricultural production. The first is the composition of the production of goods. Many countries would prefer to see their farmers grow simple food grains in domestic amounts at very high prices before moving to more lucrative cash and export crops. The second micro-problem is the option of agricultural processing equipment. There are three important explanations why farmers mix growth factors with agricultural output:

(i) techniques chosen to change the income distribution in rural areas, depending on the scope of employment;

(ii) certain strategies recruit considerably more foreign exchange than others, with macroeconomic consequences that result;

(iii) Certain methods are more resource-intensive than others, in particular in the use of liquid fuels or in the handling of porous soils. Many technological choices are highly affected by geo-precious policies, with a close correlation between macro- and foreign economic strategy in the choice of technology in agricultural production. The third point of micro-production for decision makers is how the agricultural system is responsive and flexible. In a changing internal climate year-to-year but a stagnant outside world, conventional agriculture has shifted. Some evidence shows that the weather can be even more variable, but obviously the outside world is no longer static. An effective farming method, which reacts to new signals about what is required as growth, would be a crucial cornerstone for a productive food strategy for the 1990s (Johnston and Mellor, 1961; Kuznets, 1964; Kawrence, 1965; Block and Timmer, 1994; Colman and Young, 1995; Aksoy and Beghin, 2005; Byerlee et al., 2009).

(ii) Marketing Policy: Food consumers are transferred via the marketing strategy the requirement for responsiveness and flexibility in their production. If the messages are not successfully transmitted, the food network becomes irritated from both sides. Almost any product eaten needs to be commercialized in the technological context as it is almost always different in time, location or form from the product as it has been made. Not every food should however be placed on the marketing strategy as the agricultural household itself carries the grain from the farm, stores it and mills it before consumption often performs its three marketing functions. The process of economic upgrading increases the cost of these household activities and is increasingly supported by the marketing system in relation to the production of these infrastructure. In relation to time, space and form transformation, and the dynamic capacity and flexibility for managing different and especially larger quantities of food policy experts are important issues relating to the marketing system for food policy analysts (Kohl and Joseph, 1980; McMillan, 1988; Eicher, 1990; Zinkhan and Pereira, 1994; Geroski, 2003; FAO, 2009).

Business performance applies to how the selling mechanism aligns packaging, distribution and production costs with temporal, geographical and commodity quality disparities. Large marketing margins do not automatically imply competitive sales costs that are proportionately high. Strong expense usually represent insufficient physical and administrative infrastructure in the marketing system (poor roads accessible to trucks even during

the dry season, lack of central market places where demand discovery is efficient and the resultant rates are widely marketed and distributed to farmers, scarcity of fertilizers near the point of fertilization, insufficient milling facilities). Greater efficiency typically ensures lower short-term marginal costs as inputs escalate sharply: thus, the versatility of the network to adapt to fluctuations is often increased. Food policy analysts ought to be alert to two common biases in developing country food marketing systems. First, most traditional peasant households have always sold at least a small portion of their basic grain output in order to buy a few cash goods necessities-salt, cloth, cooking ware. The conventional marketing mechanism has developed to manage large amounts of grain streaming from the countryside to urban centers and restricted amounts of manufactured products flowing back to the countryside. Such a marketing system is frequently incapable of providing large quantities of agricultural inputs to the countryside or of returning a sizeable increase in the net marketed output. The second market bias has built up in regions with heavy reliance on a single export commodity, for example, cocoa, peanuts, sugar. The marketing system then tends to be efficient at moving the export commodity out to ports and possibly at moving foodstuffs and other consumer goods back to the growing region. Even fairly strong demand for food from other parts of the country, especially the commercial and governmental centers, may not be transmitted back to potential growers. The argument is not that cocoa farmers should grow rice or peanut farmers, millet, but that the marketing system may be more efficient at transmitting both commodities and price signals for some goods than for others and in one direction rather than both directions (Kohls and Joseph, 1980 Ruttan, 1982; Zinkhan and Pereira, 1994; Halcrow et al., 1994; Colman and Young, 1995; Byerlee et al., 2009).

The marketing system must not only effectively relay price signals, but it should also act as a selling field for many farm commodities. Many countries have a basic basic staple grain (and often much more), and these strategies are usually enforced by specific trade agreements with regard to food imports and exports at the international border. In fact, the marketing system must still communicate the prices requested, even in the context of this macro food pricing policy, to consumers and farmers. The marketing mechanism will include the demand creation arena itself, for certain goods, which are very relevant to farm incomes such as berries, vegetables, livestock and legumes. The institutions that government promotes or discourages this activities strongly influence farmers' net returns and consumer retail prices. The consequences of inefficient price formation or policy-determined pricing signals on the distribution of income are almost evenly bad High marketing costs do not mean high incomes for 'the center man,' but they do imply high returns for the people who take the real risks of a

costly marketing venture. While none notice the losses of food prices in the event of unexpected drops, speculative profit from food grain production during food shortages look antisocial or, if not criminal, the middleman has been treated by many societies. In food marketing, respectful profits should be made and the role of the public strategy should be to ensure that those profits, and only those profits, form an ordinary part of the cost of food for consumers (Kohl and Jiseph, 1980; Ruttan, 1982; McMillan, 1988; Eicher, 1990; Zinkhan and Pereira, 1994; ; Colman and Young, 1995; Halcrow, 1994; Sarris, 2001; Fao, 2007; Fao, 2009; Byerlee et al., 2009).

ECONOMIC STRUCTURE OF FOOD INDUSTRY

(i) Internal Macro Approach: If policy is at the cutting edge of growth, so domestic macro-policy determines the growth climate in which the food strategy is planned and applied. Sadly, this macro-environment is generally hostile to a number of food policy goals, especially the crucial one of successful (and even equitable) growth in agricultural output. Through a food sector standpoint, macro-policy has three main components : (1) political, budgetary and monetary policy. (2) economic labour, money and land costs (food prices); (3) the foreign currency ranking. Fiscal policy includes the general tendency towards growth or contraction of the economy; budgetary policy requires the real sectoral distribution of the fiscal total; and monetary policy appears to be an mechanism that accommodates fiscal policy as tax receipts fall short of discretionary expenditure. Monetary policy can operate independently of fiscal policy, but in most cases money supply tends to expand to fill fiscal deficits. The resulting consequence is persistent and sometimes high inflation. Inflation is a part of the normal macro-economic sense in which food economic is presented. The second critical aspect of the macro-policy is the actual amount of the macro-prices of the economy-prices for the specific factors of production: labour, resources, property. Most countries influence land prices through the urban -rural terms of trade (though land often serves as a buffer against inflation), and these terms of trade are heavily influenced by prices for basic food staples. Thus the macro prices are wages, interest rates, and food prices as a proxy for the broader rural-urban terms of trade (The Agricultural Council, 1968; Fox, 1970; Kohls and Joseph, 1980; Ruttan, 1982; Timmer, 1986; Zinkhan and Pereira, 1994; Halcrow et al., 1994; Sarris, 2001; Fao, 2007; Fao, 2009; Mellor, 2017).

All three macro costs often appear to be prejudicial to productive agricultural growth, at least to the degree that government policy intentions are enforced. As markets are intended to convey relative scarcity to economic decision-makers, policy-driven macro markets that are strongly at odds with real scarcity values appear not to be commonly adopted as specific decision variables. Low interest rates may be sustained for a few favored cus-

tomers by a rationing scheme and an supportive monetary policy, but these rates would decrease savings and drive informal credit rates, particularly rural ones, to advanced concentration than otherwise. For large industries, high minimum wages may be applied but the demand for labor and salaries of workers in a much broader, informal and predominantly agricultural labor market may be decreased. The lower food prices will tend to create a black market, when non-preference customers, particularly the poor, have to pay significantly higher food prices, while forced food surplus market supplies depress farm incentives. Typical macro price policies are a very serious burden on an successful food policy, although they are completely understandable as a political response to the very difficult pressures of economic modernisation (Harrison, 1993; Mellor, 2017; Johnston and Mellor, 1961; Kuznets, 1964; Mellor, 2017; Zinkhan and Pereira, 1994; Kohls, Richard and Joseph, 1980; Ruttan, 1982; Halcrow et al., 1994).

The appropriate food imports or exports policies supported by the government may also maintain, usually more effectively, low food prices. Restricting agricultural exports or supporting imported goods will decrease domestic food prices. Restricting food exports is usually a government major recession, so it is a doubly popular policy with urban government officials. Even though import subsidies require a budget allocation, the cost of just such a low food price strategy is more clearly evident (The Agricultural Council, 1968; Fox, 1970; Harrison, 1993; Geroski, 2003; Mellor, 2017) .

Wide macroeconomic changes encompassing all three main components of macro-fiscal, budgetary, and monetary policy, geo employment, resources, and food prices. The foreign exchange rate are unlikely to be enforced at the behest of food strategists. But first, they should still be implemented if the country is concerned about economic development, and second, food analysts should be on the right rather than the opposite side of the macro policy discussion. Where are the angles to the side? The first argument is to recognize that macro-policy change would have major short-run implications in terms of food intake and high political costs. Before a major reform is enforced, programs to deal with both should be in place rather than constructed in a scramble after the difficulties start to appear. In effect, the fundamental role of good policy analysis is to determine the need for such programs and assist in their design (Kuznets, 1964; Kohls and Joseph, 1980; Ruttan, 1982; Harrison, 1993; Zinkhan and Pereira, 1994; Halcrow et al., 1994; Mellor, 2017) .

The components of successful macro-policy are relatively clear, also systematic with this phase (Kuznets, 1964; The Agricultural Council, 1968; Fox, 1970; Kohls and Joseph, 1980; Ruttan, 1982; Harrison, 1993; Harrison, 1993; Zinkhan and Pereira, 1994; Halcrow et al., 1994; Geroski, 2003; Eckhard and Engelbert, 2011; Mellor, 2017):

(i) a relatively balanced budget with restricted monetary production, resulting in stable prices under international trading partners' conditions and (ii) macro prices which reflect long-term opportunity costs of production factors determined by their allocative efficiency in the production of equilibrium exchangeable commodities. Such cost of opportunity must not be read with a narrow, short-run or mechanical vision from the international prices. The first leaves out environmental costs, the second is unduly influenced by temporary fluctuations in highly leveraged international markets, particularly for sugar and food grains, and the third implies that some formula may translate border prices into a suitable domestic price policy. However, with these conditions such a macro-policy adjustment would end up representing the domestic economy's truth rather than the illusions of planners' wishes.

(ii) Universal Components for Food Policy: Several countries sought to separate themselves from the world market, and far fewer progressed. International interdependence brings significant benefits, but it also magnifies the expenses of policy positions that go against them. Long-term autarky is almost never a successful idea, however for certain countries in the early stages of nation-building a short-term break from nominal free trade could be necessary. However, international trade generally benefits a youthful and unbalanced economy. It is fair to ask who benefits such trade from the gains, and that is a task of analyzing food policy. However, the presumption of evidence falls on those who wish to prove damages, and vice versa. This viewpoint indicates that the world market acts as the basis by which distributions of domestic wealth are made, at least until the implications of income distribution are factored into the policy judgment. Tradable products, in particular much of the production from the rural sector, may be produced or exported at the margin, so therefore the marginal cost compared to the domestic cost of production shows the efficiency of producing the profits of a domestic enterprise. Such an efficiency analysis will not entail a 'no go' judgment if the reasons for the allocation of profit are convincing, but the measurement should still be made (Timmer, 1986; Kohls and Joseph, 1980; Ruttan, 1982; Zinkhan and Pereira, 1994; Halcrow et al., 1994; Zinkhan and Pereira, 1994).

If foreign opportunity costs are to be viewed as a baseline for assessing domestic output (and consumption) prices, any knowledge of the long-term workings of global international commodity markets should be in the bag of resources held by successful food policy analysts. Such commodity markets are often said to be highly leveraged, unstable, and controlled by multinational corporations in the industrial world. There is still enough reality in the appearance of some of these businesses for expenses to have some validity, particularly with regard to power and influence and economic uncertainty. Domestic Food policy preparation would be made even simpler if global food markets could be balanced with the promise of sufficient food supplies for years of poor harvest-but in today's environment preparing domestically for such stabilisation would be stupid. Home managers should engage in learning how the world's grain markets are currently working, thus urging negotiators to search for opportunities to boost their efficien-

cy. In fact, the global commodity markets are strongly interlinked through technical economic relations, primarily through the livestock trying to feed industry and possibly also through the sugar substitute and alcohol fuel industrial sectors in the not-too-distant future. Thus these mechanisms connect cassava, com, wheat, and soybeans. Recognizing interdependence is the essence of intercultural dialogue of the commodity prices. Which international aid tools are available to national food strategy planners? None is sufficiently important in influencing the basic strategic planning for the food sector, but food aid can be useful as assistance for short-run expenditure to an identified with the help existing food pricing strategy with higher long-run benefits for governmental farming. The international monetary fund and several other aid agencies will provide invaluable financing and design assistance for vital urban and rural infrastructure, and their help from the Foreign Agricultural research organizations is utterly crucial to the creation of a long-run technical base for rapid change in domestic agricultural productivity. Eventually, analytical encouragement for developing successful food approaches is available. This design phase is extremely complex and requires qualified staff to think about such interconnectivity imaginatively. No country has a monopoly on such employees or on the enterprises of training that generate them. The earnings to foreign investment here are indeed outstanding (Kuznets, 1964; The Agricultural Council, 1968; Fox, 1970; Kohls and Joseph, 1980; Ruttani, 1982; Harrison, 1993; Zinkhan and Pereira, 1994; Halcrow et al., 1994; Geroski, 2003; Eckhard H. and Engelbert, 2011; Mellor, 2017).

DISCUSSIONS AND CONCLUSIONS

A distinct obstacle is the establishment of modern food sources. Agricultural integration with downstream activities requires considerable boost. Stock, distribution, and manufacturing costs are relatively small. The proportion of primary products which flow into industrial handling and processing is relatively poor, and high post-farm losses occur. Vertical contracting is not broad-spread. Domestic goods in certain food sectors, however allows them to be channeled to broader and more varied customers. There is a strong influence of semi-formal and low-technology operation across all phases of the supply chain which hinders the development of acceptable standards, technical regulations and food health. Well-developed food chains are a prerequisite for future agricultural growth, because they increase the competitiveness of costs and quality. Using the food processing technologies will minimize energy use and thereby reduce the cost of production and increase the quality of food production. (Kohls and Joseph, 1980; Ruttani, 1982; Zinkhan and Pereira, 1994; Halcrow et al., 1994; OECD, 2016; Galanakis, 2018; opinions by author).

Cooperation between the food sector and a recent development in technologies is cleverer relative to the past few years. Food often takes steps to get aware of the latest technological spending from skilled people or foundations. Production technology requires that technology development, selection and application of the most suitable technology follow.

It depends upon the science infrastructure and future partnership of the region. Countries must develop production technology and research for new sources so that they can continue to exist on the world market. Technological and scientific development affects the food industry. These improvements give the packaging and delivery social challenges and horizons to keep. It also gives new food trade opportunities all over the world. Developed countries are applying the continuous innovation principle with the aim of improving their economy. They obtain efficient packaging methods, stock preservation and distribution areas through modern technical advances. So they plan to boost their competitive power. It is not taking too much time nowadays to produce innovative goods and emerging technology. From this point of view, trading companies do not draw up plans dependent on fix info. They have to schedule continuously according to quickly evolving business conditions. (Kohls and Joseph, 1980; Ruttani, 1982; Zinkhan and Pereira, 1994; Halcrow et al., 1994; OECD, 2016; Galanakis, 2018; opinions by author).

The expensive costs of investigations, the lack of adequate of the organic farming advisory system and inadequate training of organic farming are also among the agricultural policies with which the Turkish organic farmers are struggling. On the other side there are the consumer-related restrictions. Interesting findings were collected from the limited field analysis conducted with the participation of eight organic farmers from different countries. The underlying limitations in demand are the lack of comprehension of customers and the high market prices of agricultural foods.

The architectures of the food industry and of production processes are influenced by this rapid growth of technology. Political, economic, and social factors play a deterministic role in producing the food industry. From that standpoint, a mechanism developed by the food industry is a complex event. The food industry has a very significant part to play in strengthening prosperity in the people.

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Chapter 33

THE PHILOSOPHERS CONTRIBUTED TO MANAGEMENT UNDERSTANDING

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The concept of management has entered the social sciences as an academic field in the early 20th century, and today it has become a scientific field of study where many universities have separate faculties and schools; and many academicians have studied and produced scientific knowledge internationally. Even if the discussions of management is science or art have continued in academy, management meets wider phenomenon in society more than an activity by managers just occurring in economic organizations called business that emerged only after the industrial revolution.

From this point of view, it is necessary to consider the concept of management in a way that covers not only an action carried out under enterprises, but also all forms of organization. Today, both management studies and organizational theory have also started to concern with other forms of organization different from businesses. From a historical point of view, we can say that different forms of organization emerged in front of us. Businesses that developed after the industrial revolution and became the dominant organizations of today have attracted the attention of scientists in the field of management and organization for the last 200 years. However, when we look at the previous organizational forms of the industrial revolution, we see variety of different political, social and economic organizational structures.

In this study, we will examine the philosophers who have already contributed to today's management studies and those have a potential to make contribution to the future studies. There are some points that represent the main reasoning of this study.

First, the concept of management will be thought as an activity comprised of all types of organizations. Thus, business organizations will not assume the only place where management activities occur. Being dominant organizations of the times before industrial revolution, the state and the ideas related with its operations will be thought as the subjects of management.

As a result of above point, the activity of "managing" will be thought in wider perspective. Looking at etymologically, we can find similar word used instead of "manage" in English language like administer, govern, rule, etc. When we consider the actions expressed by these words, we see that it includes similar actions to the verb "manage". Therefore, we will use management instead of those words represent similar activities in the original works of philosophers.

At this point, it should be mentioned that there is a potential risk to equalize philosophy of management with political philosophy by assuming the works related with the state completely within the scope of management studies. In order to escape this confusion, the selection of the philosophers has been made accordingly. We will examine the philosophers who

have already contributed to today's management and organization studies and those have a potential to make contribution to the future studies.

The philosophy of management is newly emerging and developing area in academy. Thus, there have not been so much studies that describe the scope and subjects of the field and differ the area from the scope of political philosophy. One of the aims of this study is also to make contribution to the philosophy of management literature by introducing the philosophers who have contributed to the management understanding and open a discussion on these ambiguous areas.

Platon

Plato has developed an idealist management approach in parallel with his philosophy and its ontological perspective. He sees virtue as the most important goal of man in life. It emphasizes the understanding of justice as the social reflection of virtue. The main duty of the state should be to ensure this, that is to establish justice. With this stance, he influenced the utopian thinkers after him (Abadan, 1959: 13-14).

Plato reveals the natural root of the state, the natural reason that established the state, based on its perspective on human nature. According to him, man cannot be self-sufficient, so he needs the help of others to eliminate many needs. The duty of the state should be to regulate the needs of people arising from their shared lives in a way that will make them happy (Gökberk, 2012: 60). We see here that Plato associates the foundation of the concept of management with the fact that people are a social entity that is not enough for themselves and reveals the state as the absolute administrative structure that meets this need.

While introducing the ideal state structure, Plato has associated it with his theory of soul that has been created within the framework of his view of human nature. It states that one of the three parts of the soul is dominant in people living in a community. Accordingly, it divides people into three categories. These are those who love wealth, those who love honor, and those who love knowledge. He says that in the light of the ideal state understanding, people will be divided into three types within the society according to their desire to achieve one of these three values and that they will only gain full meaning within the state administration (Russell, 1983: 115-120).

Accordingly, it consists of three parts, three types of people in the state. These are the feeders who come in response to the impulses and love the wealth, those who protect the will and the honor, and finally the teachers, philosophers, who correspond to the mind and love knowledge and virtue. In Plato's ideal state understanding, those who nurture constitute

the material basis of society, while those who protect are defend against the enemy against the outside, and those who teach are the state administration. Plato's ideal understanding of the state is the aristocracy and says that a good state and administration should be ruled by philosophers (Gökberk, 2012: 60).

Plato's ideal state and management approach still shows its effect in management studies today. The competencies and virtues that managers should have can be evaluated from this perspective. Especially business and managerial ethics' studies can be given as examples. In addition, the idea of having a separate managerial class at the social level discussed throughout history can be evaluated in this context.

Aristotle

The Aristotle's concept of management has been also identified with the state according to his understanding of human nature. Unlike Plato, Aristotle tries to put social classes and the right to rule on a natural basis. Aristotle argues that the dichotomy of manager-managed is something natural and this can also be realized in nature. In his work titled *Politika* he states the following:

“...if we look at the natural development of things from the beginning, as in other subjects, we will have seen the problem in the best way. First, things that will be devoid of activity without a partner should be combined in pairs. For example, unity of male and female is imperative for reproduction, because without the other one is ineffective. This is not a thoughtful choice; it arises from the desire that nature gives to animals and plants and to reproduce its own analogues. The merger of the ruler and the ruled is just as necessary; the purpose of these combinations is to protect their common security. Because a person who can foresee the necessary things with his intelligence is the ruler and master of nature, whereas a person who can do them with his body power is a slave to the nature, one of the ruled. For this reason, there is a common interest that unites the master and the slave” (Aristoteles, 1975: 7-8).

This way of thinking also enabled him to connect a male-dominated social order to a natural cause. According to Aristotle, it is necessary to separate the slave and the woman. While the slave sees many jobs at the same time; women provide other tools with their generosity and work best if they are given only one job. He argues that communities are naturally superior or inferior, apart from the distinction between men and women. According to him, barbarians consider women and slaves identical, so “Hellenes are eligible to rule the barbarians”, which means that by nature, Hellenes (civilizations) have superiority over barbarians (1975: 8).

From this point, Aristotle goes on to gradually explain the process developing until the state (police-city state):

“The first family consisted of merging men with these two, namely women and slaves; Hesiodos is right when he says, ‘First get a house and a woman and an ox to run to the plow’. (Ox is the slave of the poor man). Established under the law of nature, this union, which continues day by day, is the family. The next step is the village: When many houses unite to meet a purpose beyond daily needs, the village is formed. This first union is generally formed as a result of a natural process with the addition of the houses of sons and grandchildren. ... When it was established in this way, its administration was necessarily a kingdom; city states, like some nations today, were initially ruled by the kingdom.” (1975: 8-9).

The nature of something in Aristotle’s system of thought does not represent its original form, but its final form. Therefore, the city state is inherently superior to kingdoms and other forms of government. The state is something that exists in nature, just like its manager - managed relationship.

In order to understand the concept of state and management, Aristotle first tries to explain the concept of family and what are the four natural relationships that make it up. These are the relationships marriage between man and woman, slavery between master and slave, paternity between father and son and monetary relationships among all subjects. Starting from the family, these relations are the determinants of the other social structures, especially the relationships of slavery and money.

As can be clearly seen in his systematic thought, Aristotle’s understanding of human nature has determined his view of the concept of management. According to him, the current managed - manager distinction is a natural thing, and like other subjects, management should be considered within the nature of something. Considering the effects of Aristotle in philosophy, politics, religion and many other areas, we can find many things from Aristotle at the root of his perspective in the field of management and organizations. Being a systemic and wholistic philosophy, Aristotle has been the starting point for management scholars when they plan to think over the researched subjects in philosophically. We can find many examples from the literature. Organizational logic studies can be shown as apparent example nowadays.

Plotinus

The other philosopher contributed to management understanding comes from medieval age. As a common feature of the period, the understanding of state of god plays an important role both in the Christian and

Islamic world. Augustinus' distinction between the celestial (god) state and the earth state and the concept of prophet state discussed by İbn-i Haldun can be shown as one of the important pillars of this tradition at that time period. However, in here we will discuss the other idea that had been dominant during this period, which comes from Plotinus.

Plotinus' genesis theory and holy hierarchy idea played an important role in the legitimacy of management, and managerial hierarchies by determining the basis of the hierarchy in medieval institutions such as the Church. According to this, the "good idea" is at the top of the ideas and this has been found in the idea of god. Just like the reflection of light from the sun, everything spreads from the absolute and one god. It is shaped according to the degree of closeness to God in the existential hierarchies. Existential hierarchy is mind, spirit, nature, and matter, in turn, after God (Çotuksöken and Babür, 2011: 37-41).

According to this understanding, everything within the universe can be classified and ranked compare to the closeness to the god. There are holy hierarchy in universe and the reflection of this hierarchy embodied in the formation of church organization. In human world, the main reason of hierarchy among people results from the closeness to the god. Therefore, human being aims to live and behave like Christ in order to reach the happiness and virtue.

Creating a hierarchical structure according to the degree of closeness to God can have important consequences for the management understanding. It played an intellectual supportive role in the formation and legitimacy of the philosophical foundation of the church and its hierarchical structure at that time. Plotinus thoughts can also have potential to contribute today's management and organizational studies. We can find the reflection of his thought especially in religious-based organizations, for example Tekke, Tarikat in Islamic culture. The leaders of those organizations can be easily thought as a holy or higher ranked people due to the belief that they are close to the god with their faith and knowledge compare to the average member of those organizations. We can analyze similar organizational structure and the level hierarchies in underground organizations like mafia and masons.

Machiavelli

The reform movements that developed against the church order in Europe affected the prevailing governmental and state conceptions, and enabled the period called Renaissance to be experienced. Like Ancient and Medieval period, the ontological thinking structure and the view of human nature of Renaissance led to the emergence of a wide variety of thoughts

about the origins of management and organizations at that time.

In parallel with the ontological foundation of the state and administration in the Medieval period, the understanding of the state of god and holy hierarchies led the administrators holding the power to rule the people living on earth with this sacred legitimacy, and the social differences between them and the social classes were legitimate with this basis. It can be said that the new understanding of human nature, which was put forward with the idea of the Renaissance, allowed to shake the existing ontological basis in Europe and to link the legitimacy of the existing administrative structures to natural causes different from religion (Ari, 1999: 90-91).

One of the most important pillars of these transformation was Niccolò Machiavelli, especially in politics and the concept of management. He put forward the idea of a nation state based on power. He formed the basis of the realist paradigm, especially in political philosophy.

According to him, the real source of the power of the state is the nation and it takes the real source of a state or administrative power from the people within its borders. That is why it denies the impact of an institution such as a church, whose legitimacy is not based on a natural cause. It is the power relations that are fundamental in management, and he tries to establish his theory independently of all idealized situations and moral foundations. There is no limit to the means to which a nation, united for a purpose, will use. The sole purpose of those who govern the state is to increase the power of the state and ensure its survival. To reach this goal, it is legitimate to use all kinds of vehicles. These tools include concepts such as religion, morality and law (Abadan, 1959: 188-192; Gökberk, 2012: 185-186).

Compare to the political science and international relations, the direct reflection of Machiavelli's thoughts in management and organization studies can be seen limited, but it should not be denied the influence of his realistic perspective in strategic management and managerial behaviors. Assuming business organizations as states in this realistic perspective, managers can use any kind of instruments to reach the organizational goals. For the sake of organization interests and successes, any kind of immoral and unethical behaviors and activity can be legitimated (May, 1994: 22-32). Organizations can also be seen the absolute entity that should continue to live. We can find the influence of realist perspective especially in the classical theory of management and organizational studies.

Grotius

In addition to Machiavelli, an important thinker of this period is the Dutch Hugo Grotius. It has become one of the main pillars of Liberalism with its openness to the concept of natural law. Grotius's works are famous

mostly in the field of philosophy of law, but we will examine here because of his contribution to the legal basis to the employee relations and paid work.

According to him, there are two kinds of law: positive and natural. Positive law is the rules that people set voluntarily at a certain time and place in the historical process. Therefore, it is specific to the conditions it is in. However, natural law is a law that is inherent in man, does not change according to time and place and is superior to all man-made positive law. In the protection and realization of natural law, it needs a power belonging to that time, namely the state. Accordingly, the main purpose of the state and management is to protect the law, especially natural law that could be harmed according to the power relations of current time.

It states that the first and most fundamental right of human beings arising from natural law is the right to property. The state has also emerged from the need to protect property and property rights. It also defines the right to life of man through the right to property. According to him, the first property that man has is his own body and how he wants to use it depends on his own will. He also tried to legitimize the concept of slavery in his thought systematic by explaining the right to life on the basis of property right (Gökberk, 2012: 187-188).

His ideas are important for management studies because he was the first person to conceptualize usage of labor in legal terms. With his thought about natural law, he has been seen as the father of modern law, and with his linkage between property right and labor, he should also be seen as the father of employee relations and paid work by conceptualizing these in legal terms. Even though, he is not famous among the scholars different from philosophy of law, I think his ideas are worth to analyze within the scope of management.

Thomas More

Another important thinker of the Renaissance period is English Thomas Moore. Moore, who put forward an ideal understanding of the state as in Plato, was one of the first representatives of the egalitarian understanding of the state with his work called Utopia. Like many of the thinkers we have studied above, it has shown an understanding that covers all citizens, rather than just approaching the concept of management over how the manager should be. He emphasized how management should be rather than what it is.

According to him, the main reason for the injustice in society is private ownership. He states that the main starting point for the happiness of all society is the principle of equality. He explains this ideal situation in his

novel by explaining the island state called utopia its operation. Utopia has an ownership partnership rather than private property. All the needs of the community consisting of families are provided free of charge. There is no such thing money, and the commodity relationship is realized through regular exchange of goods. Working hours are maximum six hours and people are asked to engage in science and art (More, 2010).

Apart from Thomas Moore, other ideas of utopian state understanding were also introduced in the Renaissance and following periods. Some of these are Tommaso Campanella's "The State of the Sun" and Francis Bacon's "New Atlantis". The common starting point of these state utopias is that they want to create a system based on science and that promotes the equality of all citizens. They are important because they view the concept of management not only from those who manage it but also from the whole society.

His thoughts are important for management and organizational studies because he influenced the anarchist and Marxist thinkers for alternative types of social and economic organizations different from business organizations of today's capitalist economies. For example, Kropotkin (2012), as an anarchist thinker, offered the network of the small communal economical units without private property as an ideal form of future economic organizations in 19th century. In addition, Marxist tradition offered state owned and control economic and social construction of all society at that time. We can also see the effects of this perspective in Turkey with agricultural cooperatives and public economical organizations. Thus, it is worth to analyze Thomas Moore's thoughts for management and organizational studies by giving impulse to the ideas of alternative of organizations different from dominant capitalist structures.

Hegel

Hegel is one of the most important thinkers in German idealism, from which we can get ideas about the origin of the concept of management. Even though we cannot find direct influence of his philosophical thoughts over today's management sciences, his philosophy, especially the dialectic of master and slave, has been important to explain the relations of manager and managed and affected the discussions in the field of philosophy of management. Therefore, it is worth to analyze his contribution here in order to open a way to the new discussions for future studies.

Within the scope of huge philosophy of Hegel, we will examine two thoughts related with management. The first is the dialectical study of the existence, that is, idea or spirit, which also forms the root of the idealist philosophy. As a result of this analysis, Hegel has important ideas about the

ontological origin of ideal concepts such as state, society, and philosophy. The second important point we will examine is the master-slave dialectic, where we can find ideas about the origin of the concept of micro-scale management.

When we look at Hegel's dialectical study of the concept of existence, he revealed three different areas of existence. First, we will focus on this philosophy detailly because this is important to understand how Hegel's ideas about management, state and other related concepts. He analyzed these areas of existence and the relationship between them intellectually by using a dialectical method. According to Hegel, "the most universal concept is the concept of being" (Gökberk, 2012: 388). The concept of being, that is, the first principle that underlies the universe, is to achieve a most universal goal. He called it mind, ide, or spirit. From a dialectical point of view, in order to accept something as existent, we need to upload it to a certain content, that is, to present it within a certain time and place. If we do not do this, then there will be absence. The acquisition of content with the concept of time and space brings it to the nature of the other being. Here, ide is now alienated from itself and must maintain its existence because of someone else. The next dialectical movement takes place when it passes into the human world, that is, the field of culture, where the externalized idea returns in nature. Being acquired by content in a certain time and space movement of the natural field, the entity that has become externalized has reached its synthesis with another human dimension and has started to idealize and internalize (Hegel, 1976: 143-147).

According to Hegel, man is a self-conscious spiritual being, and the spirit shows triple dialectical development in this field of being. These are absolute spirit, subjective spirit and objective spirit. First, the spirit exists in the realm of ideas, which is called absolute spirit. "As the absolute spirit, the self is the conscious subject and the self-thinking thought." (Velioğlu, 2000: 12). Like the understanding of the realm of existence, the human spirit travels dialectically through the realms of existence. In the realm of time and space, absolute spirit turns to subjective spirit, which is the field in which the individuality of the spirit turns to itself, which shows itself to be, and in short, the human perceives itself as being. Resulting from the dialectal movement, subjective spirit turns to objective spirit within the body of collective understanding. Objective spirit is the inter-individual domain of being opposed to subjective spirit. Here, the Spirit realizes the collective self-exclusion and objectification (Hilav, 2012: 106).

For Hegel, the concept of state is a phenomenon that falls within the field of objective spirit within the concept of ethics. While achieving this, he finds many intertwined concepts by examining their multiple dialectical processes. The first is the concept of law. Law is the formal laws in which

relationships between individuals and social classes are determined, and in this way they remain abstract. Morality, on the other hand, is where the concept of abstract law becomes concrete with the individual. The synthesis of these two is ethical and ethical law embodies itself within individual consciousnesses. The concept of ethics speaks for itself in the organic unity of a community, and Hegel calls this concept “public”. The concept of ethics goes through various dialectical processes in the public. The first moment of ethics is the concept of family. The family is based on the bond of love between individuals and separates the family and its individuals from other communities. In front of the family dialectically, it puts bourgeois society, a modern urban society. The idea of the state is the final stage of the ethical pursuit where the synthesis between bourgeois society and individuals takes place. “According to Hegel, the state represents the highest level of expression of the idea of morality. The state is where individual wills and general will meet. Thus, a synthesis has emerged between individual interests and wills and general interests. This synthesis is the state.” Hilav, 2012: 107-108).

The second thought of Hegel that we will examine in relation to management is the master-slave dialectic. It emerged at the end of the process of gaining self-consciousness of the self-conscious being. From a dialectical point of view, the first person who first encounters another can give himself a reality as a human as a result of this encounter and creates subjective certainty that he is human. In other words, the fact that man is truly human depends on the acceptance of this idea from the other side. This led to the war of two subjects trying to make themselves accepted. Therefore, the first human action and activity will be in the form of the struggle of two subjects who want to be accepted (2012: 146). In this struggle, it will have to result in the acceptance of one part. Because if this conflict results in destroying one of the two sides, the purpose of being accepted as a human will not be achieved. With the acceptance of a party from this conflict, the concepts of master and slave, whose existence is connected to each other, have emerged. Here, master’s self-consciousness is an independent being, unlike the slave is self-consciously dependent. In order to impose his own existence, master will not eliminate the slave, destroying his autonomy and enslaving him (Velioğlu, 2000: 114).

Here, a problem arises for the master. Something that the master objectifies his own existence can reveal with the slave. The master had to be accepted by something that he did not accept his existence as a human being, he could not achieve the satisfaction of the human existence he wanted and struggled for in this cause. Therefore, the truth of the master is slave and it is the consumption of the labor he produces by working with his labor (Hilav, 2012: 149).

The slave, on the other hand, will be in the opposite dialectical process with his dependent self-consciousness. Although the master's relationship with the object exists indirectly on the slave, he shapes the nature with the slave work action and enters the humanization process different from his master. His work for his master (that is, for someone else) leads him dialectically towards the upper process, allowing him to integrate with nature (Velioglu, 2000: 117). So, Hegel says that slavery, the working labor, is the source of all historical progress.

Hegel's thoughts are significant for management studies, especially in the field of philosophy of management. His ideas of master-slave dialectics can be assumed as the fundamental and philosophical background of the concept of management. It allows to describe the concept of management as a relation. If we reflect Hegel's understanding to the management concepts, management can be assumed as a relation between the subjects called manager and managed. Therefore, different from today's dominant paradigm of management studies, which criticized by critical management studies for having one sided managerial perspective to the management concept, the management is not just an activity manager held for reach the organizational goals. It is set of relations among various subjects and should be thought as general set of relations within the society.

Conclusion

As it has been mentioned in the introduction, this study aims to contribute to the philosophy of management literature by introducing philosophers' thoughts that could be related with the concept of management. Accordingly, we have chosen seven philosophers. The four of them have already been known and studied under the philosophy of management: Platon, Aristotle, Machiavelli and Hegel. The other philosophers have been chosen on purpose, because even though their thoughts consisted of significant ideas that could be related with the concept of management and organization, they have not been known or rarely studied by the scholars of philosophy of management.

The discussions in the text show us that different philosophical perspectives can open alternative windows to the views on management and organization studies. It also shows us that today's dominant managerial paradigms of management studies represent the only existing perspectives to this social phenomenon. Philosophy of management can be good place for combining different philosophical perspectives and their reflections historically and supply philosophical background for the future studies in management and organizational sciences.

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Chapter 34

ARE PANDEMICS BLACK SWANS? A RESEARCH ON WORLD MARKET INDICES

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1. INTRODUCTION

The linguistic root of the word “pandemic” comes from pan and demos in Greek. Pan means “all” and demos means “people”, so Greek origin word pandemic means all people. In this study, the pandemic is used for a health issue or a disease. World Health Organization (WHO) explains pandemic as the worldwide spread of a new disease (WHO, 2020a). It states that a transferable disease which extends in worldwide and reasons death with important number. However, endemics denote to limited occurrence and epidemics denote to sudden occurrences. There have been a number of outbreaks of contagious diseases that have turn into pandemic in history. These are, for example, viral infections such as smallpox, influenza, and AIDS, bacterial infections such as the plague, syphilis, cholera, tuberculosis, and typhus and protozoan infections such as malaria (Yamamoto, 2013; 51). Pandemics have effects such as political, social, demographic and economic. This study deals with the issue in terms of financial markets in the field of economy due to the emergence and general effects of pandemics.

The black swan was specifically engaged by John Stuart Mill and interpreted in the financial framework by Nassim Nicholas Taleb (Manhire, 2018; 227). Taleb states a black swan as an occasion with three characteristics. It is an abnormal event, standing out of the consistent hopes because nothing in the past can strongly indicate existence of it. It conveys a great influence and reasonable descriptions for its existence to clarify and forecast can be given after it happened (Estrada, 2009; 1118). These characteristics, rarity, extremeness and retrospective predictability, are pointing out the existence of an event that is considered as impossible or highly improbable. Although it is high improbable, the highly probable events may not exist so this is also called a black swan (Bogle, 2008; 30).

There is a debate between researchers about the predictability of a black swan event. For Taleb, black swan events are random, highly improbable and unavoidable events which these instances can be managed to convert ant-fragile and strong in order to be resistant to prediction mistakes. Although these kinds of events are not predictable, societies should formulate to be increasing an effective reaction. Nevertheless, on the other side, black swan events can to a firm degree be predicted and there are some methods to cope with them (Hajikazemi et al., 2016; 185). Black swan is used for events naturally make obvious themselves as extreme price variations in financial markets (Manhire, 2018; 227). History presents that infectious diseases, epidemics and pandemics have been mass destroyers of people, outperforming even natural disasters and wars. Indeed, more people died from the 1918 Spanish flu outbreak than died in the I. World War. Many countries are heavily reliant on the main industries hardest hit by the

pandemics. With the latest economic fallout from stay-at-home orders and other restrictions mounting worldwide because of Covid-19, this situation is perhaps the more visible now. So, do pandemics have characteristics like rarity, extremeness and retrospective predictability of a black swan?

The aim of this research is to reveal the black swan effect of pandemics on world market indices which outbreak between 2000 and 2020. For this purpose, pandemics between 2000 and 2020 are determined and there are five pandemics such as SARS, Swine flu, MERS, Ebola and Covid-19. Furthermore, thirty-three stock market indices are selected for investigation of black swan effect in the worldwide. In the introduction part of the study, briefly the pandemic, black swan and the purpose of the study are explained. In the second part, the history of pandemics and characteristics of pandemics which are related with this study are given briefly. In the third part, literature review of black swan studies in financial context is provided. In the fourth part, the scope and method of the research is explained and in the fourth part the findings are shared. In the conclusion part, the debate of the black swan effect of pandemics in world market indices, predictions about future and research suggestions for those who will work in this field are included.

2. HISTORY OF PANDEMICS AND EFFECTS OF PANDEMICS ON STOCK MARKETS

2.1. History of Pandemics

Throughout history, humanity has encountered many epidemics and pandemics caused by different pathogens such as Black Plague, Cholera, Smallpox, Yellow Fever, Spanish Flu. With the developments in the scientific world since the 20th century, studies on these epidemics have increased and become more comprehensive. Looking at the past 20 years, Swine Flu, SARS, MERS, Ebola, and finally emerged in Wuhan, China in December 2019, Covid-19 pandemic, which spread all over the world in a while, are seen to be effective globally. However, when the reason of emergence and spread of deadly pandemics historically questioned, the answer is animals. Pandemics sometimes also used interchangeably with zoonotic diseases. WHO clarifies: *“During the past decades, many previously unknown human infectious diseases have emerged from animal reservoirs, from agents such as human immunodeficiency virus (HIV), Ebola virus, West Nile virus, Nipah virus and Hanta virus. In fact, more than three quarters of the human diseases that are new, emerging or re-emerging at the beginning of the 21st century are caused by pathogens originating from animals or from products of animal origin”* (WHO, 2004).

Historical knowledge indicates that even during an epidemic, the com-

munity become accustomed to the disease in a short time and economic activity continues. However, it seems likely that a pandemic will affect consumer assurance and change consumption and social patterns on the demand side. Pandemic will also affect investor assurance, which may have significant long-term concerns. A pandemic will affect the attendance of labor, because the disease will force many workers to stay at home. Governments will have to deal with an undefined policy situation when responding to community health emergencies and economic problems. Markets will tend to overreact, which can increase economic impact (Bloom, De Wit and Carangal-San Jose, 2005; 3). Pandemics are naturally going on events since ancient times. A new type A virus, highly pathogenic and antigenically exceptional, is easily spread to and by humans. Although virus was not recognized until 1933, historical records describe pandemics that date back to Hippocrates. The first severe pandemic with important historical records happened in 1580 and reportedly destroyed some Spanish cities. It has been documented that there are ten influenza outbreaks in the last 300 years (Kelley and Osterholm, 2008; 6).

History's most deadly pandemics are given in Table 1 from A.C. 165-180 Antonine Plague to A.C. 2019-as May 2020 Covid-19 (Visualcapitalist, 2020).

Table 1. The history of pandemics

Name	Time period	Type/Pre-human host	Death toll
Antonine Plague	165-180	Believed to be either smallpox or measles	5M
Japanese smallpox epidemic	735-737	Variola major virus	1M
Plague of Justinian	541-542	Yersinia pestis bacteria/Rats, fleas	30-50M
Black Death	1347-1351	Yersinia pestis bacteria/Rats, fleas	200M
New World Smallpox Outbreak	1520 – onwards	Variola major virus	56M
Great Plague of London	1665	Yersinia pestis bacteria Rats, fleas	100,000
Italian plague	1629-1631	Yersinia pestis bacteria/Rats, fleas	1M
Cholera Pandemics 1-6	1817-1923	V.cholerae bacteria	1M+
Third Plague	1885	Yersinia pestis bacteria/Rats, fleas	12M (China and India)

Yellow Fever	Late 1800s	Virus / Mosquitoes	100,000-150,000 (U.S.)
Russian Flu	1889-1890	Believed to be H2N2 (avian origin)	1M
Spanish Flu	1918-1919	H1N1 virus / Pigs	40-50M
Asian Flu	1957-1958	H2N2 virus	1.1M
Hong Kong Flu	1968-1970	H3N2 virus	1M
HIV/AIDS	1981-present	Virus/ Chimpanzees	25-35M
Swine Flu	2009-2010	H1N1 virus / Pigs	200,000
SARS	2002-2003	Coronavirus / Bats, Civets	770
Ebola	2014-2016	Ebolavirus / Wild animals	11,000
MERS	2015-Present	Coronavirus / Bats, camels	850
COVID-19	2019-Present	Coronavirus-Unknown (possibly pangolins)	324,200*

* Johns Hopkins University estimate as of 8:32am PT, May 20, 2020

2.2. Effects of Pandemics on Stock Markets

Pandemics are given under this heading as effects on stock markets.

Nippani and Washer (2004) studied the influence of SARS on the stock markets of Canada, China, Hong Kong Special Administrative Region of China, Indonesia, the Philippines, Singapore, Thailand and Vietnam. They compared the foremost stock indices of these countries during the SARS occurrence with a non-SARS period. Conventional t-tests and the non-parametric Mann-Whitney test are used in the study. They found that SARS had no negative impact on the affected countries' stock markets but China and Vietnam affected negatively. SARS seems to have had partial and short-term economic impacts in the examined countries.

Chen et al. (2009) used GARCH to reveal whether there were positive impacts on the Taiwan's stock market during the SARS outbreak in 2003. They showed that the SARS had negative effects on tourism and the wholesale and retail sectors as many studies inspected before. Biotechnology sector influenced positively from SARS.

Loh (2006) examined the impact of SARS on the performance and risk profiles of airline stocks listed at the stock markets of Canada, China,

Hong Kong, Singapore and Thailand. They found that airline stocks are more sensitive to the news about SARS compared with the non-aviation stocks.

Attavanich et al. (2011) investigated the market impact of media reporting related to swine flu and measured the revenue loss with engaging the subset vector autoregressive model. They found that the media reporting was related with a significant and impermanent negative influence on the futures prices of lean hogs, but with little effect on the other futures prices.

Ichev and Marinč (2018) studied the geographic proximity of information dispersed by the 2014-2016 Ebola outbreak events combined with concentrated media reporting affected stock prices in the U.S. They found that the Ebola effect is the strongest for the stocks of companies with contact of their operations to the West African countries and the U.S. Their results show that Ebola related information is significant for firms that are geographically nearer to both the source of the Ebola outbreak and the financial markets.

Naidenova et al. (2020) examined the impact of distinctive and systematic shocks of COVID-19 pandemic on financial markets. They investigated 22 countries with mainly different primary circumstances and anti-pandemic plans implemented because of assuming high range of market responses. They found that systematic shocks are reliably damaging.

Al-Awadhi et al. (2020) analyzed effects of contagious infectious diseases for stock market results. They used panel data analysis to investigate the effect of the COVID-19 virus on the Chinese stock market. They found noteworthy negative effects on stock returns relation with the daily growth in total confirmed cases and in total cases of death.

Kizys et al. (2020) examined the mitigation of investor herding behavior in international stock markets according to the government reaction to COVID-19. Their study includes 72 countries from both developed and emerging economies in the first quarter of 2020 by daily stock market data. They found that there is an investor herding in international stock markets, the government reaction lessens investor herding behavior.

3. LITERATURE REVIEW OF BLACK SWAN

A “Black Swan” is emerged when the breach between what we know, think, know becomes hazardously extensive. A Black Swan event is usually a shock but hinge on the witness (Hajikazemi et al., 2016; 184).

Estrada (2009) determined how investors acquire higher returns efficiently by the return of just a few anomalous events as day of the week in

the US stock market. This study evidenced from the Dow Jones Industrial Average over the 1900-2006 period indicates that a few anomalous events have an enormous impact on long-term performance.

Estrada and Vargas (2012) concentrated on beta as a measure of risk and a useful tool for portfolio selection with analyzing over 47 countries and 57 industries. They found that portfolios with high beta decrease significantly more than portfolios with low beta and offered a strategy depending on choosing portfolios with betas to from effects from black swans.

Adams and Thornton (2013) demonstrated the presence of black swan events and their historical frequency for 1980-2010. They found that small price fluctuations act more often and large negative fluctuations act far greater than a normal distribution.

Desai et al. (2015) analyzed unexpected outliers of stock market as black swans or not. They developed a quantitative strategy to receive higher returns with removing outliers from portfolio and increasing average daily returns from 0.05% to 0.35%. They found that higher standard deviation in a downtrend market is a result of higher volatility in a downtrend market.

Hajikazemi et al. (2016) described the environment of Black Swan in projects and classify organizational process which depends on literature.

Manhire (2018) examined the behavior of financial markets as a dynamic variables price and time based on the net difference between ask and bid volumes over a unit period. This study is aimed to give provision the extreme price occurring to manage risk for Black Swan events.

Jin et al. (2019) studied from the standpoint of big data by using 9 emerging markets with 60000 daily returns to show that the small outliers have a important impact on long-term performance. The Central and Eastern Europe countries' have some unique advantages like low risk, stable returns, and diversified advantages compared with some Asia countries. They found that black swans are triggered by a predictable source and keeping a confident level of passivity and diversification of investment have critical part for the long-term investment.

4. SCOPE AND METHODOLOGY

4.1. Scope

The purpose of this research is to reveal the black swan effect of pandemics on world market indices which outbreak between 2000 and 2020. For this purpose, pandemics between 2000 and 2020 are determined and there are five pandemics such as SARS, Swine flu, MERS, Ebola and

Covid-19. Furthermore, thirty-three stock market indices are selected for investigation of black swan effect in the worldwide. The 33 stock market indices are given in Table 2.

Table 2. The Stock Market Indices

	Stock Market Index		Stock Market Index
1	DOW 30	18	WIG20
2	S&P 500	19	BIST 100 (XU100)
3	NASDAQ Composite (IXIC)	20	TA 35 (TA35)
4	S&P/TSX Composite (GSPTSE)	21	Tadawul All Share (TASI)
5	Bovespa (BVSP)	22	Nikkei 225 (N225)
6	S&P/BMV IPC (MXX)	23	S&P/ASX 200 (AXJO)
7	DAX (GDAXI)	24	Shanghai Composite (SSEC)
8	FTSE 100 (FTSE)	25	SZSE Component (SZI)
9	CAC 40 (FCHI)	26	Hang Seng (HSI)
10	AEX (AEX)	27	SET Index (SETI)
11	IBEX 35 (IBEX)	28	KOSPI (KS11)
12	SMI (SSMI)	29	IDX Composite (JKSE)
13	PSI 20 (PSI20)	30	Nifty 50 (NSEI)
14	BEL 20 (BFX)	31	FTSE Straits Times Singapore (STI)
15	OMX Stockholm 30	32	Karachi 100 (KSE)
16	MOEX Russia (IMOEX)	33	FTSE/JSE All Share (JALSH)
17	RTSI (IRTS)		

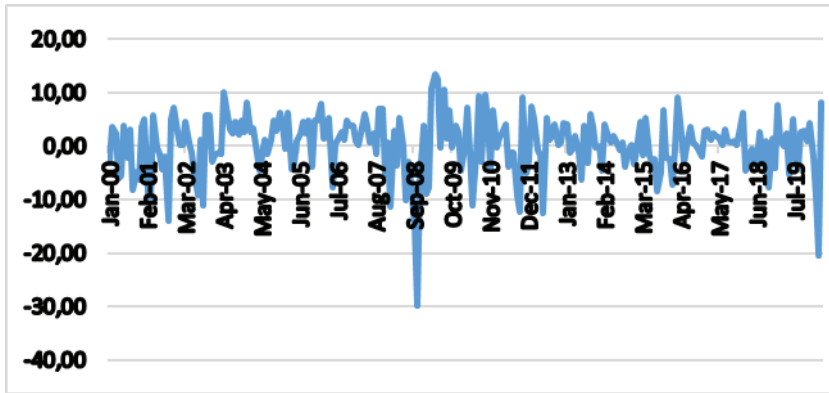
4.2. Methodology

Estrada and Vargas (2012) defined a black swan with a monthly return higher than or equal to 5% in absolute value. They classified a black swan as negative black swan and positive black swan. Negative Black Swan (NBS) has a negative monthly return, in the other words, NBS is lower or equal to -5%. Positive Black Swan (PBS) has a positive monthly return, in the other words, PBS is higher or equal to 5%. In this study, absolute value 5% is used to determine negative or positive black swans in pandemics outbreaks in 33 stock market indices. The data obtained from investing.com as monthly closing prices of indices and currencies, the indices with national currencies converted to US Dollar, then returns calculated.

5. FINDINGS

The average monthly returns as percentage of 33 stock market indices from January 2000 to April 2020 are given in Figure 1.

Figure 1. The Average Monthly Returns of 33 Stock Market Indices from January 2000 to April 2020 (%)



In Figure 1, there were two obvious negative black swans, the first was in September 2008 with -29.85% and the second was in March 2020 with -20.47%. The most observable positive black swan was in April 2009 with 13.55%.

SARS started in China as first pandemic of twenty-first century in November 2002 and then spread to 29 countries with 916 fatalities from 8422 (Cherry and Krogstad, 2004; 1). SARS was recognized by WHO at the end of February 2003 and declared SARS controlled on 5 July 2003 but several cases detected until May 2004. The average monthly returns as percentage of 33 stock market indices from January 2000 to January 2005 are given in Table 3.

Table 3. The Average Monthly Returns of 33 Stock Market Indices from January 2000 to January 2005 for SARS

Date	r (%)	Date	r (%)	Date	r (%)	Date	r (%)	Date	r (%)
Jan-00	-2.59	Jan-01	5.15	Jan-02	0.29	Jan-03	-1.80	Jan-04	2.57
Feb-00	3.66	Feb-01	-8.80	Feb-02	0.29	Feb-03	-1.33	Feb-04	3.30
Mar-00	2.50	Mar-01	-9.63	Mar-02	4.54	Mar-03	-1.51	Mar-04	0.24
Apr-00	-6.06	Apr-01	5.87	Apr-02	0.73	Apr-03	10.08	Apr-04	-4.56
May-00	-5.54	May-01	-0.13	May-02	-1.12	May-03	7.30	May-04	-1.70
Jun-00	3.74	Jun-01	-1.47	Jun-02	-4.99	Jun-03	3.16	Jun-04	1.26
Jul-00	-2.19	Jul-01	-4.35	Jul-02	-9.06	Jul-03	2.38	Jul-04	-1.44
Aug-00	3.02	Aug-01	-1.95	Aug-02	1.26	Aug-03	4.49	Aug-04	1.17
Sep-00	-8.07	Sep-01	-13.98	Sep-02	-11.04	Sep-03	2.24	Sep-04	4.71
Oct-00	-4.82	Oct-01	5.04	Oct-02	5.85	Oct-03	4.73	Oct-04	2.89
Nov-00	-6.33	Nov-01	7.09	Nov-02	5.70	Nov-03	2.71	Nov-04	6.16
Dec-00	3.51	Dec-01	2.57	Dec-02	-2.94	Dec-03	8.19	Dec-04	3.83

In table 3, the red colored boxes are higher or under value from 5% in pandemic period of SARS and the yellow boxes are for non-pandemic period of SARS.

A disease like influenza triggering respiratory problems in humans was stated in the United States in April 2009. Swine flu has widespread of infection and WHO increased the worldwide pandemic alert level to Phase 6 in June 2009. This is the highest level since the 1968 Hong Kong flu (Attavanich et al., 2011; 241). WHO declared the end of the Swine flu-H1N1 on 10 August 2010 (WHO, 2020b).

The average monthly returns as percentage of 33 stock market indices from January 2005 to January 2011 are given in Table 4.

Table 4. *The Average Monthly Returns of 33 Stock Market Indices from January 2005 to January 2011 for Swine Flu*

Date	r (%)	Date	r (%)	Date	r (%)
Jan-05	-0.58	Jan-07	0.98	Jan-09	-8.87
Feb-05	6.27	Feb-07	0.31	Feb-09	-7.81
Mar-05	-4.27	Mar-07	3.65	Mar-09	10.75
Apr-05	-3.07	Apr-07	6.10	Apr-09	13.55
May-05	0.96	May-07	3.68	May-09	12.60
Jun-05	2.28	Jun-07	0.67	Jun-09	-0.28
Jul-05	4.62	Jul-07	2.46	Jul-09	10.64
Aug-05	2.43	Aug-07	-1.41	Aug-09	1.45
Sep-05	4.79	Sep-07	7.09	Sep-09	6.68
Oct-05	-3.87	Oct-07	6.90	Oct-09	-0.31
Nov-05	4.75	Nov-07	-5.23	Nov-09	3.74
Dec-05	4.73	Dec-07	0.78	Dec-09	2.63
Jan-06	8.04	Jan-08	-11.28	Jan-10	-4.52
Feb-06	1.32	Feb-08	2.90	Feb-10	-0.05
Mar-06	1.57	Mar-08	-3.73	Mar-10	7.10
Apr-06	5.25	Apr-08	5.19	Apr-10	-1.07
May-06	-7.80	May-08	0.06	May-10	-11.18
Jun-06	0.56	Jun-08	-10.12	Jun-10	-1.45
Jul-06	1.18	Jul-08	-2.80	Jul-10	9.26
Aug-06	2.72	Aug-08	-6.89	Aug-10	-2.97
Sep-06	1.19	Sep-08	-15.22	Sep-10	9.67
Oct-06	4.78	Oct-08	-29.85	Oct-10	4.56
Nov-06	3.96	Nov-08	-6.54	Nov-10	-4.43
Dec-06	3.91	Dec-08	3.96	Dec-10	6.68

In table 4, the red colored boxes are higher or under value from 5% in pandemic period of Swine flu and the yellow boxes are for non-pandemic period of Swine flu.

MERS, is a newly appeared betacoronavirus that was first known in a patient from Saudi Arabia in April 2012. The average monthly returns as percentage of 33 stock market indices from January 2011 to January 2014 are given in Table 5.

Table 5. *The Average Monthly Returns of 33 Stock Market Indices from January 2011 to January 2014 for MERS*

Date	r (%)	Date	r (%)	Date	r (%)
Jan-11	-0.32	Jan-12	7.42	Jan-13	3.96
Feb-11	1.79	Feb-12	5.05	Feb-13	-1.31
Mar-11	2.34	Mar-12	-0.66	Mar-13	-0.51
Apr-11	4.15	Apr-12	-1.71	Apr-13	1.98
May-11	-3.75	May-12	-12.63	May-13	-1.17
Jun-11	-1.20	Jun-12	5.34	Jun-13	-6.24
Jul-11	-1.26	Jul-12	1.12	Jul-13	3.73
Aug-11	-9.29	Aug-12	1.94	Aug-13	-3.12
Sep-11	-1.29	Sep-12	3.96	Sep-13	6.04
Oct-11	9.21	Oct-12	0.16	Oct-13	3.62
Nov-11	-5.13	Nov-12	0.78	Nov-13	-0.15
Dec-11	-2.57	Dec-12	4.35	Dec-13	0.00

In table 5, the red colored boxes are higher or under value from 5% in pandemic of MERS and the yellow boxes are for non-pandemic of MERS.

The Western African Ebola virus (2013-2016) was the most extensive outbreak of Ebola disease, affecting major life as death and socio-economic trouble. The first cases were documented in Guinea in December 2013, the disease spread to Liberia and Sierra Leone (WHO Ebola Response Team, 2014; 1481). Following outbreaks happened but the latest was reported on 9 June 2016 (WHO, 2020c).

The average monthly returns as percentage of 33 stock market indices from January 2014 to January 2017 are given in Table 6.

Table 6. *The Average Monthly Returns of 33 Stock Market Indices from January 2014 to January 2017 for Ebola*

Date	r (%)	Date	r (%)	Date	r (%)
Jan-14	-4.55	Jan-15	-0.63	Jan-16	-7.20
Feb-14	4.03	Feb-15	4.65	Feb-16	-0.26
Mar-14	1.75	Mar-15	-1.78	Mar-16	9.13
Apr-14	0.70	Apr-15	5.39	Apr-16	2.11
May-14	1.93	May-15	-1.78	May-16	-3.10
Jun-14	1.07	Jun-15	-2.78	Jun-16	-0.12
Jul-14	-0.74	Jul-15	-2.44	Jul-16	3.60
Aug-14	0.64	Aug-15	-8.53	Aug-16	0.65
Sep-14	-3.82	Sep-15	-4.84	Sep-16	0.16
Oct-14	-0.75	Oct-15	6.64	Oct-16	-0.59
Nov-14	0.12	Nov-15	-2.20	Nov-16	-1.95
Dec-14	-3.44	Dec-15	-2.46	Dec-16	2.84

In table 6, the red colored boxes are higher or under value from 5% in pandemic of Ebola.

Coronavirus disease 2019 (COVID-19) is an infectious disease triggered by severe acute respiratory syndrome coronavirus 2 (Mayo Clinic, 2020). It was first recognized in December 2019 in Wuhan, China, and has since extent to the other parts of the world, causing in a continuing pandemic. More than 5.64 million cases have been reported across 188 countries and territories, resulting in more than 352,000 deaths as of 27 May 2020. More than 2.3 million people have recovered (John Hopkins University, 2020). The average monthly returns as percentage of 33 stock market indices from January 2017 to May 2020 are given in Table 7.

Table 7. *The Average Monthly Returns of 33 Stock Market Indices from January 2017 to May 2020 for COVID-19*

Date	r (%)	Date	r (%)	Date	r (%)	Date	r (%)
Jan-17	3.02	Jan-18	6.27	Jan-19	7.80	Jan-20	-2.28
Feb-17	1.31	Feb-18	-4.47	Feb-19	1.29	Feb-20	-9.51
Mar-17	2.52	Mar-18	-2.15	Mar-19	-0.06	Mar-20	-20.47
Apr-17	1.84	Apr-18	-0.41	Apr-19	2.37	Apr-20	8.25
May-17	1.56	May-18	-3.43	May-19	-5.39		
Jun-17	0.18	Jun-18	-2.75	Jun-19	4.97		
Jul-17	3.07	Jul-18	2.67	Jul-19	-1.50		
Aug-17	0.96	Aug-18	-3.29	Aug-19	-4.31		
Sep-17	0.68	Sep-18	1.00	Sep-19	2.60		
Oct-17	0.90	Oct-18	-7.65	Oct-19	2.90		
Nov-17	0.23	Nov-18	1.48	Nov-19	1.00		
Dec-17	2.42	Dec-18	-4.14	Dec-19	4.36		

In table 7, the red colored boxes are higher or under value from 5% in pandemic of COVID-19 and the yellow boxes are for non-pandemic of COVID-19.

CONCLUDES

The purpose of this research is achieved with revealing the black swan effect of pandemics as SARS, Swine flu, MERS, Ebola and Covid-19 on 33 market indices which outbreak between 2000 and 2020.

According to Estrada and Vargas (2012) measure for a black swan (5% in absolute value), in SARS period, there were four months which could be defined as positive black swan in the period of SARS from November 2002 to May 2004, respectively Nov-02 5.70%, Apr-03 10.08%, May-03 7.30% and Dec-03 8.19%. However, from Jan-00 to Nov-02, there were nine negative and four positive values from thirteen months. The Swine flu-H1N1 period from April 2009 to August 2010 had 5 months with average returns higher than 5% so these are regarded as positive black swans, respectively Apr-09 13.55%, May-09 12.60%, Jul-09 10.64%, Sep-09 6.68% and Jul-10 9.26%. The average return of May 2010 was lower than 5% with -11.18% as negative black swan. However, there were nine negative and eight positive values which were higher or lower 5% from Jan-05 to Jan-11. Also October 2008 had the lowest value with 29.85% from Jan-00 to May 2020 because of 2008 financial crises. MERS emerged in April 2012 and had 1 month with average return lower than 5% so these are regarded as negative black swan, May-12 -12.63%. Also Jun-12 was 5.34% and regarded as positive black swan. Ebola started in December 2014 and ended

in June 2016. In this period there were 3 months which could be defined as positive black swan in the period of Ebola from December 2012 to June 2016, respectively Apr-15 5.39%, Oct-15 6.64% and Mar-16 9.13%. There were 2 months which could be defined as negative black swan in the same period, respectively Aug-15 -8.53% and Jan-16 -7.20%. The new pandemic outbreak COVID-19 emerged in China in December 2019. After emergence of COVID-19 in December 2019, there were 2 months which could be defined as negative black swan, respectively Feb-20 -9.51% and Mar-20 -20.47%. However, in April 2020, the average monthly return was 8.25% which was regarded as positive black swan.

It is obvious that after declaration of pandemics there were negative average monthly returns except Swine flu. After SARS declared in November 2002, the average monthly returns (December, January and March) were negative but not lower than 5%. After Swine flu declared in April 2009, the average monthly returns (May, June and September) were positive and higher than 5%. After MERS declared in April 2012, it was negative and lower than 5%. Ebola started in December 2014, there was a negative average monthly return but not lower than 5%. COVID-19 effected 33 stock market indices like 2008 financial crisis, but not much as 2008's average monthly return. Although pandemics founded similar as black swan according to measure of 5% absolute value, there were more average monthly returns which were lower or higher than 5% in researched period from 2000 to 2020.

A black swan has three main characteristics: rarity, extreme impact and retrospective predictability. Pandemics can have extreme impact and retrospective predictability. Book of Taleb's subtitle is "*The impact of the highly improbable*", but organizations like OECD (2011), The World Bank (2013) and many recent studies in the literature warned about pandemics and their impacts so they are not black swans as seen not rare for two decades. Indeed, these outlier returns can be signs of global fragility.

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Chapter 35

IMPLEMENTATION OF SOFTWARE COSTING TO PRODUCT LIFE CYCLE COSTING: A TECHNOLOGY MANUFACTURER COMPANY CASE

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1. INTRODUCTION

Although agriculture has been out of the interest of the IT sector for many years in many countries, it has undergone a serious evolution in developed countries, especially with the development of information technologies, that is sensitive to human beings, plants, animals, and the environment, enabling an increase in quality and productivity in production. “Precision Farming”, which is considered as the continuation of the transition process from manpower to animal power and then to tractor power, refers to the use of the developing technologies of the information age in economic and environmentally integrated production activities. Although the producers know that they buy different amounts of products from different parts of their fields or have different soil structure in their fields, they know very well that it will not be possible both economically and practically to act according to this information. For this reason, it is aimed to distribute the inputs such as fertilizer and medicine that the plant grown in the field, regardless of size, as a whole, to the whole field in a homogeneous way. However, the concept of “sustainable agricultural production”, which has been put forward for the protection of the environment and natural resources for the last 15-20 years, emphasizes the need to use these inputs as little and more carefully as possible. It can be said that sensitive agriculture is taking place in agricultural production as a method that can meet these requirements.

Today, especially farmers with limited soil resources cause higher yields and higher income anxiety, taking into account the variability of in-field variability in crop and soil conditions. Developments in microprocessors and other electronic equipment enable producers to achieve these goals. Today, this new agricultural production approach is called “Precision Agriculture” and the technology behind this approach is called “Variable Rate Application Technology”. Precision agriculture is an important approach for a sustainable production strategy aimed at reducing environmental impacts. Precise agriculture, by using advanced technologies, instead of the usual fixed level application methods applied to the whole field, determination of soil and plant characteristics (soil moisture, level of plant nutrients in the soil, soil structure, product conditions, yield, etc.) a business and agricultural production that targets variable level application (application of fertilizer or medicine to each part as much as it needs, soil cultivation at different depths, cultivation in different norms, irrigation and drainage at different levels) and as a result of these, more economical and environmentally friendly production method. Sensitive farming practices not only increase economic profitability but also provide important contributions to the protection of the environment. These additives are high efficiency in fertilizing and saving in operating costs. Precision agriculture

is the use of the developing technologies of the information age by integrating them in agricultural production. These technologies include global positioning system, variable rate technologies, geographic information systems, remote sensing technologies, data mapping systems, automatic steering and controlled field traffic technologies, electronic measurement and control systems. It covers many information and communication technologies such as. The latest technological developments in precision agriculture are the use of unmanned aerial vehicles with the detection and imaging platforms for agricultural purposes, optical and radar satellite technologies with remote sensing, smart sensors applications, computers for tablets or handheld computers. Software, portable land computers, wireless data transfer and communication systems, data transfer from vehicle to vehicle, autonomous vehicles and platforms, robots, smart machines, ISO-Bus systems in tractors and equipment compatible with them. Precision agriculture has shown technological developments and innovations in many areas of agriculture. The areas where these technologies are used and applied in agriculture can be listed as follows; precision farming, precision horticulture, precision livestock, precision viticulture, precision forestry (Zarco-Tejada et al., 2014; Bongiovanni and Lowenberg-DeBoer, 2004).

When the technology 4.0 agriculture is evaluated, the production of this technology becomes more important. Along with the increase in the productivity of the country's agriculture, it creates much more added value in exports. The contribution of domestic technology production and sales is great due to the effect of reducing the foreign trade deficit. However, in this technology production, the costs that will affect the sales price and profitability in both software and hardware production must be calculated correctly. Especially the lack of capital, lack of qualified personnel, etc. For reasons, companies can only produce software or hardware, and the other complement (Software/Hardware) is obtained by outsourcing. The cost of products covering both hardware and software from technology products should be considered together. In this study, it is aimed to calculate and analyze the cost by integrating COCOMO software cost estimation model with product life cycle costing. In the introduction part of the study, briefly the importance of technology, especially manufacturing side in farming, and the purpose of the study are given. In the second part of the study, COCOMO model and product life cycle costing are explained, in the third part, the scope and method of research are provided. In fourth part, findings of the research are shared, then in the concludes, findings are evaluated and the recommendations are shared.

2. COCOMO MODEL AND LIFE CYCLE COSTING

2.1. COCOMO MODEL

Boehm (1981) introduced the model COCOMO (Constructive Cost Model) in his book “Software Engineering Economics”. The year in which the book was written and the name of the model used is combined and the model is generally called “COCOMO 81”. Algorithmic models are used to estimate the effort, plans and costs of the software project. The effort required for the software depends on the exponential value of the program size and COCOMO, which has been developed with information obtained from the industry, is based on experiment and observation. COCOMO 81 is an estimate that provides the data obtained from the sample software project, compiled and analyzed to obtain the best formula compatible with observation. Projects made with COCOMO differ according to their fields. It is widely used, and its documentation is detailed and descriptive. Continuous improvements are made (Chandak et al., 2016; 615). The first version of the COCOMO model, COCOMO 81 is a three-level model that defines the details of the cost estimate (Boehm, 1981). At the first level, an estimate is made for the beginning, the second level is improved by using the factors of the project and the process, and in the third level, the detailed level, the predictions are made for different stages of the project. The calculations for estimation consist of three different models in terms of their scope. Problems to be used in simple models, medium and detailed models are also found under organic, split and buried classes. Few programmers for organic problems develop well-understood applications in environments they know. In semi-detached, there may be experienced and inexperienced employees in the software team.

Employees may have limited experience with systems and may not recognize every part of the developed system. In embedded problems, links are created with the components of software, hardware, rules and operating processes to be developed. Solving problems with requirements changes is not easy. The control of the employees involved in the development of the software has decreased. The Table 1 below shows the formulas for the basic model by problem classes (Karen et al., 2003).

Table 1. Basic COCOMO Models

Problem	Effort	Time
Organic	Effort = 2.4 (KLOC) ^{1.05}	Time = 2.5 (Effort) ^{0.38}
Semi-detached	Effort = 3 (KLOC) ^{1.12}	Time = 2.5 (Effort) ^{0.35}
Embedded	Effort = 3.6 (KLOC) ^{1.20}	Time = 2.5 (Effort) ^{0.32}

In the COCOMO Intermediate model, other features such as reliability, database size, operating and registration restrictions, personnel feature

and software tools used are taken into account. The coefficients are calculated by accommodating the effects of a certain set of features separately for the project. These factors are determined as low (<1), nominal (1) or high (> 1) depending on the feature. When the coefficients are multiplied, “Effort Adjustment Factor” (EAF) is found.

EAF takes a value between 0.9 and 1.4 and results in the calculation of effort using the middle COCOMO model formulas. Time is calculated as in the basic COCOMO model. In the Table 2 below, effort equations of the intermediate COCOMO model are given.

Table 2. *Intermediate Effort Equations for COCOMO Model*

Problem	Effort
Organic	Effort = 3.2 (KLOC) ^{1.05} x EAF
Semi-detached	Effort = 3.0 (KLOC) ^{1.12} x EAF
Embedded	Effort = 2.8 (KLOC) ^{1.20} x EAF

The detailed COCOMO model is an estimation calculation based on the changes in the process according to the phases of the project (Fenton and Pfleeger, 1998). In the detailed model, time commitment is the main variable. The intensity of effort and complexity of the work to be done at different stages of the project vary. In the Table 3 below, Intermediate Effort Equations for COCOMO Model are given.

Table 3. *Intermediate Effort Equations for COCOMO Model*

Cost drivers		Ratings					
		Very low	Low	Nominal	High	Very high	Extra high
Product Attributes							
RELY	Required software realibility	0.75	0.88	1.00	1.15	1.40	-
DATA	Size of application database	-	0.94	1.00	1.08	1.16	-
CPLX	Complexity of product	0.70	0.85	1.00	1.15	1.30	1.65
Hardware Attributes							
TIME	Run-time performance constraints	-	-	1.00	1.11	1.30	1.66
STOR	Memory constraints	-	-	1.00	1.06	1.21	1.56
VIRT	Volatility of virtual machine enviroment	-	0.87	1.00	1.15	1.30	-

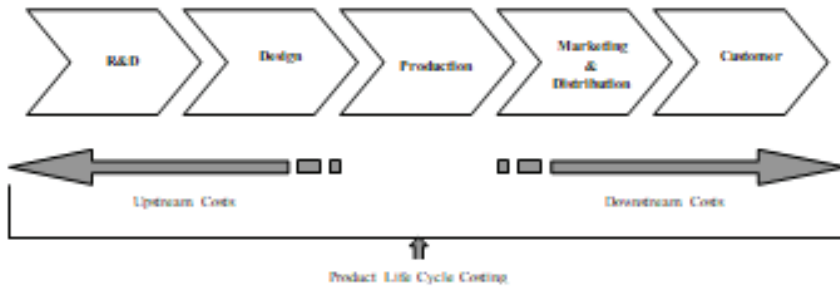
TURN	Required turnabout time	-	0.87	1.00	1.07	1.15	-
Personnel Attributes							
ACAP	Analyst capability	1.46	1.19	1.00	0.86	0.71	-
AEXP	Application experience	1.29	1.13	1.00	0.91	0.82	-
PCAP	Software engineer capability	1.42	1.17	1.00	0.86	0.70	-
VEXP	Virtual machine experience	1.21	1.10	1.00	0.90	-	-
LEXP	Programming language experience	1.14	1.07	1.00	0.95	-	-
Project Attributes							
MODP	Application of software engineering methods	1.24	1.10	1.00	0.91	0.82	-
TOOL	Use of software tools	1.24	1.10	1.00	0.91	0.83	-
SCED	Required development schedule	1.23	1.08	1.00	1.04	1.10	-

2.2. Product Life Cycle Costing

Product life cycle costing (PLCC) dates back to the 1960s. It was used in conjunction with the long-term cost effects of products when making purchasing decisions by the US Department of Defense (Lindholm and Suomala, 2005; 283). Life cycle cost analysis process is the method of determining the cost elements of the investment, defining the cost structure, establishing the cost estimation relationship, and calculating the cost of the life cycle (Woodward, 1997; 336). For the manufacturer, the product life cycle is the determination of the changes in the activities that have been introduced throughout the life cycle. Product life cycle costs are the costs associated with the product throughout the life of the product (Hansen and Mowen, 2006; 389). There is an important difference between the concepts of life cycle costing and full-life cycle costing. While the life cycle costs refer to the costs to be made by the manufacturer, full-life cycle costing includes the costs to be made by the consumer and the costs such as installation, operation, maintenance-repair, strengthening and disposal, which are expressed as social costs. (Pesonen, 2001; 38). While traditional

understanding focuses more on the periods of maturity and decline of the products, the advancement in production technology requires the product to focus on the early stages of the product's life cycle. Product life cycle costing method (PLCCM) is the approach of collecting the costs of activities related to the whole life cycle of a product by accumulating. PLCCM starts the product life period at the product design stage and ends the product at the withdrawal phase. Thus, determining, measuring, accumulating and collecting all the costs incurred and predicted about the whole life of a product and the analysis (pricing, profitability, etc.) to be made on the basis of the product's life cycle. PLCCM is gaining more importance for products with short life periods. Because for products with a short product life period, there is not enough time to earn sales revenues that will cover all expenses for that product. Also, there is not enough time to change pricing and profitability policies (Blocher et al., 2008; 376).

Figure 1. Product Life Cycle Costing



PLCCM enables business management to predict, understand and manage the costs that the product may encounter in the whole life period. It draws the attention of the business management to the pre-production stages, preventing spending more and promoting savings in the following stages.

PLCCM envisages that the envisaged costs and current costs must be followed during the whole life period. In addition, PLCCM allows the business management to make cost-profitability analysis regarding the decisions to be taken during the product life cycle stages. Especially, within the scope of marketing and production decisions, PLCCM plays an important role in decisions such as increasing/decreasing product diversity, price differentiation, after-sales services and increasing the quality of existing products. PLCCM is especially important for products with a short life period. Because it is of utmost importance to meet the costs made during the life periods of the products with a short life period and to reach the targeted profit level. While it is possible to make changes in pricing policies or changes in the product mix in products with long life periods, it is not

possible to make these changes and get results in products with short life periods. PLCCM does not try to maximize profits in every phase of the product's life cycle, while minimizing costs. Because an enterprise can maximize its profits at one stage of the product life cycle, but it may lose at other stages of the life cycle (Lapašinskait and Boguslauskas 2005; 18). PLCCM determines the profitability of a product by comparing the totals of revenues from that product with the expenses made for that product during the life period of a product. The inclusion of all expenses incurred for the product in the cost of the product requires that many expenses (research, development, marketing, sales and distribution expenses), which are period expenses, are directly or indirectly charged to the products. PLCCM plays a complementary role in the valuation of a product. Evaluation of the total profitability of a product is possible with a product life cycle approach. To this end, the profitability process is evaluated by comparing the present value of the estimated life cycle costs of a product with the present value of the estimated income for the product's life cycle. Positive net present value will affect profitability positively. In order to accurately calculate profitability in product life cycle management, the costs calculated during the product life cycle must be distributed in accordance with the product life cycle. Unlike the traditional accounting system, costs should not be related only to the periods when they occur.

3. SCOPE AND METHODOLOGY

3.1. Scope

In this research, it is aimed to estimate and analyze the cost by integrating both the embedded system software produced by an agricultural company producing agriculture technology and the equipment produced by outsourcing it into the life course of the product. COCOMO cost model was used to estimate software cost, and the estimated design and production cost of the hardware was combined with the product life cycle.

The scope of the research is the remote monitoring station (RMS), which is used to measure soil moisture with the wireless sensor networks of a company producing smart agricultural technology in İzmir. This company established in January 2015 in İzmir with the aim of establishing wireless sensor networks in large agricultural lands, and programming irrigation with soil-based monitoring techniques and consultancy services. All system components of the company consist of remote monitoring station (RMS), control station, filtration station, fertilization control station, pumping station, coordinator and transponder. The RMS monitors soil moisture and electrical conductivity at all critical points of your land. The station works with solar panel and transmits the data it collects via wireless

communication to the company. Therefore, there is no need to carry signal cable and energy to the monitoring point. Monitoring soil moisture and electrical conductivity has various advantages such as ensuring a healthy root development, saving water and fertilizer by increasing irrigation and fertilizing efficiency, determining the need for washing and maintaining sustainable soil conditions, increasing yield / quality with limited water and fertilizer application according to phenological periods of the plant. The circuit and board design of the remote monitoring station was made by other companies with outsourcing and the embedded software in the microchip was made by the company itself.

3.2. Methodology

In the study, a cost model was formed to integrate software and hardware costs into the product life cycle. The PLCC model used in the research is formulated below (Blocher, Stout, Cokins and Chen, 2008; 376 based on and compiled.).

$$PLCC = C_{r\&d} + C_p + C_a + C_{m\&d} + C_{cs}$$

$C_{r\&d}$ = Research and Development Cost

C_p = Production Cost

C_a = Assembly Cost

$C_{m\&d}$ = Marketing and Distribution Cost

C_{cs} = Customer Services Cost

The estimated cost of the software, which is included in the research and development costs, was estimated with the COCOMO cost model. The COCOMO calculator on the NASA-Glenn Research Center website was used to calculate the COCOMO cost estimation model. In the calculations made for the embedded system, the number of staff to work after the labor and time are estimated. The estimated cost of the software will be found according to the number and time of the staff to work. The calculation of the labor, time and number of personnel to be employed will be made with the online program given in Figure 2. Although there are software developers in the company, freelancers (freelancers) will be used for a fee. Estimated software cost according to the program outputs, labor, time and number of employees is obtained with the formula below.

Software Cost = [(Number of Personnel x Wage) x Duration of the project-Month]

The COCOMO Calculation page is given in Figure 2 below (<https://strs.grc.nasa.gov/repository/forms/cocomo-calculation/>).

Figure 2. NASA-Glenn Research Center COCOMO Calculator

Space Telecommunications Radio System (STRS) > Application Repository > Forms > COCOMO Calculation

COCOMO Calculation

This form must be completed in one session. If you have any questions about this form, please send email to strs-repository-manager@lists.nasa.gov. The COCOMO computation is used to estimate the level of effort needed to produce a given quantity of code. The project should save the results of this COCOMO calculation if needed to support its make or buy decision.

☐ Organic Mode: Relatively small, simple software projects in which small teams with good application experience work to a set of less than rigid requirements.

☐ Semi-detached Mode: An intermediate, (in size and complexity), software project in which teams with mixed experience levels must meet a mix of rigid and less than rigid requirements.

☐ Embedded Mode: A software project that must be developed within a set of tight hardware, software and operation constraints.

Application name:

SLOC estimate:

Calculate COCOMO

Sifira

Acronyms used below:

VL = Very Low
L = Low
N = Nominal
H = High
VH = Very High
XH = eXtra High

Product Attributes

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

Required Reliability

Database Size

Product Complexity

Computer Attributes

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

Execution Time Constraint

Main Storage Constraint

Platform Volatility

Computer Turnaround Time

Personnel Attributes

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

Analyst Capability

Applications Experience

Programmer Capability

Platform Experience

Programming Language and Tool Experience

Project Attributes

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

Modern Programming Practices

Use of Software Tools

Required Development Schedule

New (Values are probably wrong)

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

☐ VL ☐ L ☐ N ☐ H ☐ VH ☐ XH

Required reusability

Documentation match to life-cycle needs

Personnel continuity

Multisite development

Card design costs and prototype costs are included in research and development costs ($C_{r\&d}$). Electronic card design and prototype production are done by outsourcing. These activities were added to the model by conducting market research, receiving offers from relevant companies and finding average estimated costs. Another cost in PLCC is C_p production costs. The production costs for the company are both the electronic card and the plastic box in which the electronic card will be located. It will produce the electronic card and plastic box by outsourcing. Average price was added to the model by taking the price requests according to the production quantity for the designed electronic card of the quality required from the suppliers. Assembly costs (C_a) are the total cost of joining the electronic card and the plastic box and the installation costs to the field. It is formulated as follows.

$$C_a = (\text{Electronic Card-Plastic Box Installation Time} \times \text{Hourly Wage} \times \text{Number}) + (\text{Land Acquisition} \times \text{Installation Time for 1 Acre} \times \text{Hourly Fee} \times \text{Number of Persons})$$

Marketing and distribution costs ($C_{m\&d}$) are estimated advertising, promotion and distribution costs determined by the company. Customer ser-

vice costs (C_{cs}) are the estimated maintenance and repair costs of the customers. The PLCC model was formed under certain assumptions. These assumptions are;

- The economic life of software and hardware is 5 years.
- Production quantity is determined and all are sold. Stock level is insignificant.
- Fixed costs are the same at all production levels.
- Unit variable expenses are fixed.
- Raw materials, inputs and labor, etc. prices are fixed.
- The information obtained from the company was provided by the company in order not to violate the confidentiality of the company information.

4. FINDINGS

Research and development ($C_{r\&d}$) estimated costs are software cost, electronic card design cost and prototype cost. For electronic card design, quotations were received from both card designers and freelancers, and the average price was determined as 5,200 US Dollar. The average of the proposals for the production of 10 prototypes was taken from the companies producing electronic cards. The costs for the prototype are the sum of the average screen, PCB, string, component and antenna costs. Sieve is a one-time cost and is 550 US Dollar. Average unit costs; PCB 1.5 US Dollar, string 1.2 US Dollar, component 29 US Dollar and antenna 4 US Dollar. The average cost for one prototype is 585.7 US Dollar ($550 + 35.7$) and 907 US Dollar ($550 + 357$) for 10 prototypes.

The values calculated using the COCOMO calculator on the web page of the NASA-Glenn Research Center are given in Figure 3.

Figure 3. NASA-Glenn Research Center COCOMO Calculator

COCOMO RESULTS								
MODE	"A" variable	"B" variable	"C" variable	"D" variable	KLOC	EFFORT, (in person-months)	DURATION, (in months)	STAFFING, (recommended)
embedded	2.9109637268749045	1.2	2.5	0.32	2.177	7.404	4.744	1.561
<p>Explanation: The coefficients are set according to the project mode selected on the previous page, (as per Boehm). The final estimates are determined in the following manner:</p> <p>$effort = a * KLOC^b$, in person-months, with KLOC = lines of code, (in thousands), and:</p> <p>$staffing = effort / duration$</p> <p>where a has been adjusted by the factors:</p>								
Product Attributes								
Required Reliability	0.88 (L)							
Database Size	1.16 (XH)							
Product Complexity	1.00 (N)							
Computer Attributes								
Execution Time Constraint	1.66 (XH)							
Main Storage Constraint	1.00 (N)							
Platform Volatility	0.87 (VL)							
Computer Turnaround Time	0.87 (VL)							
Personnel Attributes								
Analyst Capability	0.86 (H)							
Applications Experience	0.91 (H)							
Programmer Capability	0.86 (H)							
Platform Experience	0.90 (H)							
Programming Language and Tool Experience	0.95 (H)							
Project Attributes								
Modern Programming Practices	0.91 (H)							
Use of Software Tools	0.91 (H)							
Required Development Schedule	1.00 (N)							
New (Values are probably wrong)								
Required reusability	1.05 (H)							
Documentation match to life-cycle needs	1.20 (VH)							
Personnel continuity	1.00 (XH)							
Multisite development	1.05 (H)							

According to the COCOMO model, the number of staff to work in the project is 1.561 people (2 people). The duration of the project is 4.744 months (about 5 months). It is determined that the personnel working in the project will be paid 1,500 US Dollar person per month.

Software cost = [(Number of staff to work x Monthly Fee) x Project duration-month]

Software cost = [(2 people x 3,000 US Dollar/month) x 5 months]

Software cost = 30.000 US Dollar

C_{r&d} = Software Cost + Electronic Card Design + Prototype Cost

C_{r&d} = 30,000 + 5,200 + 907

C_{r&d} = 36,107 US Dollar

Another cost in PLCC is C_p, production costs. For the company, it

supplies/produces both the electronic card and the plastic box in which the electronic card will be located. The average costs were added to the model by receiving price requests for 150 electronic cards and plastic boxes of the required quality from the suppliers. 5,340 US Dollar (150×35.6) for 150 electronic cards and 322,5 US Dollar (150×2.15) for 150 plastic boxes. The estimated total production cost is $C_p = 5,662.5$ US Dollar ($5,340 + 322.5$).

Assembly costs (C_a) are the total cost of joining the electronic card and the plastic box and the installation costs to the field. The average installation time of the plastic box with the electronic card is determined as 10 minutes (0.17 hours), and the estimated hourly installation fee is 1.30 US Dollar. Remote monitoring system to be used for 1 acre of land, 1 acre of land installation time 120 minutes (2 hours) and 2 people will work. Hourly wage per person was determined as 3.5 US Dollar.

C_a = (Plastic Box Assembly Time with Electronic Card x Hourly wage x Number) + (Land Acquisition x Mounting Time for 1 Acre x Hourly Fee x Number of Persons)

$$C_a = (0.17 \times 1.30 \times 150 \text{ units}) + (150 \text{ acre} \times 2 \times 3.5 \times 2 \text{ people})$$

$$C_a = 33.15 + 2.100$$

$$C_a = 2,133.15 \text{ US Dollar}$$

Marketing and distribution costs ($C_{m\&d}$) are estimated by the company as 13,350 US Dollar/year. Participation in international fairs, advertising, promotion, potential customer visits and product transportation to the customer are the total estimated marketing and distribution costs. Estimated maintenance and repair costs to be offered to customers as customer service costs (C_{cs}) have been determined as 3,800 US Dollar. The product life cycle cost of the remote monitoring system consists of R&D cost ($C_{r\&d}$), production cost (C_p), assembly cost (C_a), marketing and distribution cost ($C_{m\&d}$) and customer service cost (C_{cs}).

$$PLCC = C_{r\&d} + C_p + C_a + C_{m\&d} + C_{cs}$$

$$PLCC = 36,107 + 5,662.5 + 2,133.15 + 13,350 + 3,800$$

$$PLCC = 61,052.65 \text{ US Dollar}$$

As a result of the model generated in this research, PLCC was calculated as 61,052.65 US Dollar in total.

CONCLUDES

Today, digitalization, which has effects in almost every field, is also used in the sector that meets basic human needs, such as the agriculture

sector. Countries that benefit from the technology and the outputs from the production factors, which are the inputs in the economy, in order to provide the maximum benefit, can increase the welfare levels more. In this study, the software and hardware production costs of an agricultural technology manufacturer was integrated. Considering that the number of small and medium-sized enterprises (SMEs) constitutes the vast majority in almost every country, technology producing firms also have to deal with the problems faced by other SMEs. It can be said that the priority of these problems are capital insufficiency, difficulties in reaching capital, and lack of qualified workforce. The company from which the study is conducted also has problems with being an SME. For this reason, it tries to maintain its competitive advantage by using the software part in the agricultural technology they produce, and the hardware part in the company by outsourcing due to the lack of capital. With the model formed in the study, both software and hardware costs of the technological product were estimated in an integrated manner. The COCOMO model, which is used to estimate software cost, has been calculated within the research and development cost in PLCC. It can be stated that the COCOMO model has the disadvantage of estimating with constant coefficients based on historical data, being algorithmic and linear. However, the prevalence of the field of use in the literature and the closeness of the results to other models may give an approximate estimate result. Personnel wages are the main factor in software cost, which is based on labor, time and number of personnel. The fact that the number of staff working as software developer in the company is low and the experience of the existing staff in agricultural software is also low, which increases the cost. Even if it is thought that the personnel who have not worked on agricultural software before will increase their experience during the project and specialize for subsequent projects, this period causes the estimated time to be exceeded with the COCOMO model. In the lack of qualified personnel, evaluations regarding the personnel in the COCOMO model should be kept as low as possible. In addition, the fact that freelancers are costlier due to insufficient personnel brings additional costs. Even if the number of lines in the COCOMO model is estimated by experienced staff, a security margin must be calculated for the additional code requirement that may arise while coding the software. The design and production of the electronic card has been done by using external sources, not being considered as risky by the company due to the lack of capital. It can be said that this method is advantageous for the companies that will enter the market firstly, whose core competency is the expertise on the software. However, in accordance with the assumptions of the model, the amount produced is sold and the stock level is kept to a minimum. As the production amount increases, more discount can be obtained from the supplier. Even if just-in-time production and/or lean production are preferred in terms of pro-

duction and cost management, it is not always possible to supply products with quality and quantity at the desired time from the supplier. Another problem is that prototype production and mass production companies are different. It can be said that outsourcing is a good decision to overcome this phase, considering that companies like the firm in the study that are newly established and are still in their infancy will not be able to make their capital-intensive investments due to insufficient resources and alternative costs of capital. Costs such as assembly costs, marketing and distribution costs and customer service costs are also low since they do not require employment (because of activities such as software, marketing and distribution, maintenance and repair sustained by the same personnel), and the completion of software and hardware in different processes. Even though the business volume is low and the business processes are carried out at different time intervals, it is possible that additional personnel will arise in the future when the jobs are intense. This study especially suggests a useful and simple model for companies that will produce technology, in which the cost of both software and hardware can be calculated together. In subsequent software cost studies, cost models with algorithmic and nonlinear variables (such as fixed and variable cost) that are not in the COCOMO model should be used. Although it is essential to have the minimum cost of hardware design and production, expert opinions can be taken within the framework of university-industry collaborations. Due to the fact that embedded system software cost has been researched, it is recommended to examine it in an integrated manner with other cost management systems in organic and semi-detached systems.

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Chapter 36

PRIVATE SECTOR CREDITS AND INTERNATIONAL TRADE RELATIONSHIP IN TURKEY UNDER THE EXISTENCE OF STRUCTURAL BREAKS: AN ARDL BOUNDS TEST APPROACH

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1. INTRODUCTION

Undoubtedly, various macroeconomic variables play a role in flawless management of the country's economies. An in-depth examination of each of these variables is important in establishing a good and sustainable policy. There are much empirical researches in the literature that demonstrate to test the relationship between the macroeconomic variables. In this context, the role of *the domestic credits to the private sector* in the prediction and interpretation of some important economic indicators of a country such as a growth rate, financial development, foreign trade, etc. cannot be denied. For this reason, this study attempts to contribute to the existing literature by examining the relationship between the components of international trade and private sector credits for Turkey over the period of 1960-2018 by using the ARDL Bound Test Approach. To the extent of our knowledge, there are not too many studies that investigated the relationship between domestic credits and trade especially for the case of Turkey; notwithstanding there exist a large number of studies about the relationship between growth and international trade and the relationship between growth and private sector credits. In order to shed more light, the studies that investigated the countries in which the direction of the development process is similar to Turkey are explained in the literature review.

In the literature, when studies closely related to this study's subject are examined, it can be seen that the trade openness, economic growth, and the financial development-which is related to the private sector credits in many articles, are the most used variables. Although the crucial importance of the private sector credits on economic growth is known, there is no consensus in the directions and magnitudes of the impacts. The same situation is valid for the relationship between international trade components and private sector credits -which can be thought an indicator of financial development. Therefore, it can be said that the overall relations and results are varied by the countries and the time periods. Moreover, by using some additional variables could affect the course of the analysis. That's why in the literature review part, the studies which differ by the topics, countries, time periods, and methods but actually related to each other investigated.

2. LITERATURE REVIEW

According to the general view, loans given to the private sector are indicators of financial development. Besides, international trade components, at least the exports, can be interpreted with the help of trade openness which can be defined as the sum of exports and imports normalized by GDP. (Alotaibi & Mishra, 2014). In this way, in order to comment on the domestic credits to the private sector, we can begin by examining the studies that include financial development in the literature and other variables involved in this study.

Sare et al. (2018) suggest that with the aid of a high level of private credit- which is used in their study to show the financial sector development- international trade may be affected positively, for 46 countries of Africa and years from 1980 to 2015. In a more detailed and similar study of Sare et al. (2019), financial development whether measured by domestic credits or private credits cannot affect international trade as a whole, in the long run. They also argued that private credits can have a negative impact on exports which is statistically significant when financial development proxied by private credits. Sare et al. show us in the same paper, when trade openness assumed as a measurement of international trade, private credits are effective on trade openness, positively. On contrary to this evidence, focusing on the sectoral effects (industrial sector and service sector), a raise in private credits causes a fall in trade openness. Kim et al. (2010) argue that financial development and trade openness interacts with each other as substitutionary for the short-run but on the contrary, complementary for the long-run. Kim et al. also investigated in 2012 that financial development affects the trade-in in a positive direction but vice versa is not clear for the richer ones of the sample of 63 countries. (Kim et al, 2012.)

The economic growth rates of the countries and the factors affecting this have been one of the most studied topics in the economic literature from past to present. In this context, it is possible to benefit from the studies dealing with the nexuses between economic growth and financial development (especially private sector credits) and foreign trade.

In a paper on some transition economies -Poland, Hungary, and the Czech Republic- the cointegration link between growth and private sector credits for both the short-run and long-run is observed. In the short run, there is two-fold cointegration in Poland and the Czech Republic; and going from growth to private credits cointegration link in Hungary. For Poland and Hungary, a positive relationship is found between two variables, unlike the Czech Republic. (Bakardzhieva & Kamar,2009). King and Levine showed that there is a positive relationship between the private sector credits and economic growth in their study, by using data on 80 countries over the 1960–1989 period. (King & Levine1993). Similarly, in the paper in 1998 of Levine and Zervos, a positive and strong link between economic growth and financial development- which has private sector credits as an ingredient. (Levine & Zervos, 1998). Gökmenoğlu et al. (2015) investigated the trade, growth, and private sector credits of Pakistan -which is one of the Developing Eight (D8) countries like Turkey. According to Gökmenoğlu, the import is Granger-cause of the export, and growth is Granger- cause of the imports. There are no causalities going from private credits through the import and vice versa, private credits through export and vice versa, and exports through imports. Obein and

Awad (2018) search the effect of the trade openness on economic growth by using private credits, via the ARDL approach. In this study prepared for Jordan, the private sector credits and trade openness had a positive impact on growth in the long term although it did not have a statistically significant effect in the short term.

Söğüt (2008) surveyed the determinants of the financial development for 85 countries, including Turkey, between the years 1980-2006 by using panel data analysis. The research proves that the private sector credits are determined by financial development and more, the influence of financial development on private credits is significantly positive, in terms of the expectations.

When the studies that dealt with Turkey are analyzed, it can be said that import and export variables are not handled individually, but as a whole within the trade openness. Also, since imports and exports are the components of GDP, and economic growth indirectly, exploring the growth-based papers could be helpful to interpret the evidence of this study. In addition, it is possible to observe that the private sector credits - which usually based under the title of financial development- discussed in terms of economic growth mostly. In some studies, it is stated that the relationship between private sector credits and economic growth is expected to be directly proportional. Furthermore, loans to the private sector are expected to affect economic growth in the same direction. However, according to the results of some empirical studies, the relationship is negative, contrary to expectations. (see Öztürk et al. 2010, İsabetli 2012). Yücel (2009) argued that trade openness has a positive effect on economic growth, but financial development has a negative effect, on the Turkish economy.

Demez et al. (2019), Mutlugün (2014), Demir et al. (2007) and Ünalmış (2002) analyzed the financial development and economic growth relationship, and they found that the financial development is the Granger cause of the economic growth for the short run and the causality going from the opposite way is not valid. In addition, the role of the private credits within financial development is mentioned by the authors. In some papers which are prepared for investigating the Turkish Economy, it is advocated that the direction of cointegration between growth and financial development varies depending on the components of financial development. (see Börü 2009, Altunç 2008, Kar& Pentecost 2000, Aslan & Korap 2006)

3. MODEL and METHODOLOGY

3.1. Model

In this paper, to investigate the relationship between private sector credits, exports, and imports the following models are used.

$$P_t = f(X_t, M_t) \quad (1)$$

$$X_t = f(P_t, M_t) \quad (2)$$

$$M_t = f(P_t, X_t) \quad (3)$$

where t is the related period and P , X and M represent private sector credits, exports, and imports, respectively.

Equation 1, Equation 2 and Equation 3 are transformed into following log-linear forms to estimate the elasticities.

$$p_t = \alpha_{0a} + \alpha_{1a}x_t + \alpha_{2a}m_t + \epsilon_{t0} \quad (4)$$

$$x_t = \alpha_{0b} + \alpha_{1b}p_t + \alpha_{2b}m_t + \epsilon_{t1} \quad (5)$$

$$m_t = \alpha_{0c} + \alpha_{1c}p_t + \alpha_{2c}x_t + \epsilon_{t2} \quad (6)$$

where t is the related period, p_t , x_t and m_t represents the natural logarithm of the private sector credits, exports, and imports, respectively; $\alpha_0's$, $\alpha_1's$ and $\alpha_2's$ are the OLS estimators and $\epsilon_t's$ are the white noise terms.

3.2. Methodology

The possible relations between private sector credits, exports, and imports are investigated with the help of linear time series techniques over the period of 1960-2018. Spurious regression problem which causes the results being statistically biased and inconsistent is the most common problem faced by the researchers while working with time series data. Since, stationarity properties of the time series under investigation need to be analyzed by using appropriate unit root tests, to avoid the spurious regression problem. Having determined the stationary properties, the possible dynamic relations among the variables can be investigated by virtue of suitable econometric techniques. To this end, stationarity properties of the time series, namely, private sector credits, exports, and imports are tested with the Zivot-Andrews (ZA) (1991) unit root test which allows for one structural break, along with the conventional unit root tests as ADF, PP, and KPSS.

Although Vector Autoregression (VAR) model which required the time series being level stationary [I(0)] and Engel-Granger (1987), Johansen (1988), Johansen and Juselius (1990) and Gregory-Hansen (1996) cointegration approaches which requisite the variables ought to be first difference stationary [I(1)] are the most common techniques to analyze the dynamic relations among the variables, in the case of working with the

variables which are stationary at different orders, except being stationary at second or greater orders, using these conventional methods will produce statistically biased and inconsistent results. Therefore, the ARDL approach to cointegration which also known as bounds test approach which introduced and developed by Pesaran and Pesaran (1997), Pesaran and Smith (1998), Pesaran and Shin (1999) and Pesaran and others (2001) shines out while working with the variables i.e. $I(0)$, $I(1)$ or a mix of both due to producing statistically unbiased and consistent results even for the small-sized samples. The other superior properties of the bounds test approach are, accepting all the variables as endogenous and allowing to investigate both short and long run relations among variables.

The first step of the ARDL approach to cointegration requires the establishment of the Unrestricted Error Correction Model (UECM) forms of the models under investigation with and without the trend variable. Moreover, if there is/are also structural break(s), break years need(s) to be added the UECM forms as dummy variable(s) as well. In this context, UECM forms of the models which were expressed with the equations 4,5,6 are shown with the equations 7,8,9 (without trend variable) and equations 10,11,12 (with trend variable) in which all models include one dummy variable for the break year which is found by using ZA unit root test.

$$\Delta p_t = \alpha_{0d} + \sum_{i=1}^{a_1} \alpha_{1d} \Delta p_{t-i} + \sum_{i=0}^{a_2} \alpha_{2d} \Delta x_{t-i} + \sum_{i=0}^{a_3} \alpha_{3d} \Delta m_{t-i} + \alpha_{4d} d_1 + \beta_{1d} p_{t-1} + \beta_{2d} x_{t-1} + \beta_{3d} m_{t-1} + \epsilon_{td} \quad (7)$$

$$\Delta x_t = \alpha_{0e} + \sum_{i=1}^{b_1} \alpha_{1e} \Delta x_{t-i} + \sum_{i=0}^{b_2} \alpha_{2e} \Delta p_{t-i} + \sum_{i=0}^{b_3} \alpha_{3e} \Delta m_{t-i} + \alpha_{4e} d_2 + \beta_{1e} p_{t-1} + \beta_{2e} x_{t-1} + \beta_{3e} m_{t-1} + \epsilon_{te} \quad (8)$$

$$\Delta m_t = \alpha_{0f} + \sum_{i=1}^{c_1} \alpha_{1f} \Delta m_{t-i} + \sum_{i=0}^{c_2} \alpha_{2f} \Delta p_{t-i} + \sum_{i=0}^{c_3} \alpha_{3f} \Delta x_{t-i} + \alpha_{4f} d_3 + \beta_{1f} p_{t-1} + \beta_{2f} x_{t-1} + \beta_{3f} m_{t-1} + \epsilon_{tf} \quad (9)$$

$$\Delta p_t = \alpha_{0g} + \sum_{i=1}^{a_1} \alpha_{1g} \Delta p_{t-i} + \sum_{i=0}^{a_2} \alpha_{2g} \Delta x_{t-i} + \sum_{i=0}^{a_3} \alpha_{3g} \Delta m_{t-i} + \alpha_{4g} d_1 + \alpha_{5g} T + \beta_{1g} p_{t-1} + \beta_{2g} x_{t-1} + \beta_{3g} m_{t-1} + \epsilon_{tg} \quad (10)$$

$$\Delta x_t = \alpha_{0h} + \sum_{i=1}^{b_1} \alpha_{1h} \Delta x_{t-i} + \sum_{i=0}^{b_2} \alpha_{2h} \Delta p_{t-i} + \sum_{i=0}^{b_3} \alpha_{3h} \Delta m_{t-i} + \alpha_{4h} d_2 + \alpha_{5h} T + \beta_{1h} p_{t-1} + \beta_{2h} x_{t-1} + \beta_{3h} m_{t-1} + \epsilon_{th} \quad (11)$$

$$\Delta m_t = \alpha_{0j} + \sum_{i=1}^{c_1} \alpha_{1j} \Delta m_{t-i} + \sum_{i=0}^{c_2} \alpha_{2j} \Delta p_{t-i} + \sum_{i=0}^{c_3} \alpha_{3j} \Delta x_{t-i} + \alpha_{4j} d_3 + \alpha_{5j} T + \beta_{1j} p_{t-1} + \beta_{2j} x_{t-1} + \beta_{3j} m_{t-1} + \epsilon_{tj} \quad (12)$$

where; Δ , is the first difference operator, d 's are the structural break years, a 's, b 's and c 's are the maximum lag lengths and T is the trend variable.

The second step of the bounds test approach is to estimate the models which are represented with Equations 7,8,9,10,11 and 12 with the appropriate lag length determined by the criteria as Akaike Information Criterion (AIC), Schwarz Information Criterion (SIC), Hannan-Quinn Information Criterion (HQ) and Adjusted R^2 (\bar{R}^2) Information Criterion, by using OLS technique. Furthermore, the cointegration relationships among the variables need to be investigated, by using F and t tests for each UECM, k being d, e, f, g, h and j for the models 7,8,9,10,11 and 12, respectively, where the null hypothesis $H_0: \beta_{1k} = \beta_{2k} = \beta_{3k} = 0$, which suggests

no cointegrating relation among the variables is tested against the alternative hypothesis, $H_1: \beta_{1k} \neq \beta_{2k} \neq \beta_{3k} \neq 0$ which suggests there exist a cointegration relation among variables. If the computed F and t values are less than the critical lower bound values, the null hypothesis of no cointegration cannot be rejected. On the contrary, if the computed F and t values are greater than the critical upper bound values, the null hypothesis which suggests that the variables are cointegrated is rejected. As a third option, if the computed F and t values fall between lower and upper critical values the result is inconclusive. Hence, to investigate the dynamic relations among the variables other cointegration techniques needs to be used.

Having estimated the models and found the variables are cointegrated by performing F and t tests, a series of diagnostic tests, namely, normality, serial correlation, heteroskedasticity, functional form, and parameter stability needs to be performed to check whether the findings of the estimated models are statistically significant.

In the third step, assuming the related UECM model passed the above-mentioned diagnostic tests, the long run form of the related UECM model needs to be estimated by using the normalization procedure in which the long coefficients of the model are estimated by dividing one period lagged terms of each independent variable by the coefficient of the one period lagged term of the related dependent variable. The fourth step of the ARDL approach to cointegration methodology is to estimate short run Error Correction Model (ECM) forms which include the short run coefficients. ECM forms of the models represented with the equations 7,8,9,10,11 and 12 are presented below with the equations 13,14,15,16,17 and 18, respectively.

$$\Delta p_t = \alpha_{0d} + \sum_{i=1}^{a_1} \alpha_{1d} \Delta p_{t-i} + \sum_{i=0}^{a_2} \alpha_{2d} \Delta x_{t-i} + \sum_{i=0}^{a_3} \alpha_{3d} \Delta m_{t-i} + \alpha_{4d} d_1 + \gamma_1 ect_{t-1} + \epsilon_{t4} \quad (13)$$

$$\Delta x_t = \alpha_{0e} + \sum_{i=1}^{b_1} \alpha_{1e} \Delta x_{t-i} + \sum_{i=0}^{b_2} \alpha_{2e} \Delta p_{t-i} + \sum_{i=0}^{b_3} \alpha_{3e} \Delta m_{t-i} + \alpha_{4e} d_2 + \gamma_2 ect_{t-1} + \epsilon_{t5} \quad (14)$$

$$\Delta m_t = \alpha_{0f} + \sum_{i=1}^{c_1} \alpha_{1f} \Delta m_{t-i} + \sum_{i=0}^{c_2} \alpha_{2f} \Delta p_{t-i} + \sum_{i=0}^{c_3} \alpha_{3f} \Delta x_{t-i} + \alpha_{4d} d_3 + \gamma_3 ect_{t-1} + \epsilon_{t6} \quad (15)$$

$$\Delta p_t = \alpha_{0g} + \sum_{i=1}^{a_1} \alpha_{1g} \Delta p_{t-i} + \sum_{i=0}^{a_2} \alpha_{2g} \Delta x_{t-i} + \sum_{i=0}^{a_3} \alpha_{3g} \Delta m_{t-i} + \alpha_{4g} d_1 + \alpha_{5g} T + \gamma_4 ect_{t-1} + \epsilon_{t7} \quad (16)$$

$$\Delta x_t = \alpha_{0h} + \sum_{i=1}^{b_1} \alpha_{1h} \Delta x_{t-i} + \sum_{i=0}^{b_2} \alpha_{2h} \Delta p_{t-i} + \sum_{i=0}^{b_3} \alpha_{3h} \Delta m_{t-i} + \alpha_{4h} d_2 + \alpha_{5h} T + \gamma_5 ect_{t-1} + \epsilon_{t8} \quad (17)$$

$$\Delta m_t = \alpha_{0j} + \sum_{i=1}^{c_1} \alpha_{1j} \Delta m_{t-i} + \sum_{i=0}^{c_2} \alpha_{2j} \Delta p_{t-i} + \sum_{i=0}^{c_3} \alpha_{3j} \Delta x_{t-i} + \alpha_{4j} d_3 + \alpha_{5j} T + \gamma_6 ect_{t-1} + \epsilon_{t9} \quad (18)$$

As stated by Granger (1988), if cointegration relation among variables is detected, there needs to be causality relation at least in one direction in terms of Granger non-causality. On account of this, the variables should be tested for possible Granger non-causality relations. However, Toda and Yamamoto (1995) showed that if the variables under investigation are integrated at different orders, then the findings of the conventional Granger non-causality test are statistically biased. Thus, Toda and Yamamoto

(1995) introduced the Toda-Yamamoto (TY) version of the Granger (1988) non-causality test in which the information loss caused by the conventional Granger non-causality test is avoided by including the non-stationary variables in their levels.

In the Toda and Yamamoto (1995) version of the Granger (1988) non-causality test, the stationarity properties of the time series need to be determined by using unit root tests. Based on the findings of unit root tests the order of the variable(s) with the highest order of stationarity is determined as the maximum order (d_{max}) of the stationarity. Then, unrestricted Vector Autoregression Models (VAR) ought to be constructed and the appropriate lag lengths (l's) for the related VAR models need to be determined by using criteria (i.e., AIC, SIC, HQ). Assuming the constructed VAR models are not suffering from serial correlation and heteroskedasticity problems, VAR models with the lag length of ($d_{max} + l$) should be estimated.

VAR forms of the models represented with the Equations 7,8,9,10,11 and 12 are presented with the below equations 19,20,21,22,23 and 24, respectively.

$$p_t = \alpha_{0n} + \sum_{i=1}^{d_{max}+l_1} \alpha_{1n} p_{t-i} + \sum_{i=1}^{d_{max}+l_1} \alpha_{2n} x_{t-i} + \sum_{i=0}^{d_{max}+l_1} \alpha_{3n} m_{t-i} + \alpha_{4n} d_1 + \epsilon_{t16} \quad (19)$$

$$x_t = \alpha_{0o} + \sum_{i=1}^{d_{max}+l_1} \alpha_{1o} x_{t-i} + \sum_{i=1}^{d_{max}+l_1} \alpha_{2o} p_{t-i} + \sum_{i=0}^{d_{max}+l_1} \alpha_{3o} m_{t-i} + \alpha_{4o} d_2 + \epsilon_{t17} \quad (20)$$

$$m_t = \alpha_{0r} + \sum_{i=1}^{d_{max}+l_1} \alpha_{1r} m_{t-i} + \sum_{i=1}^{d_{max}+l_1} \alpha_{2r} p_{t-i} + \sum_{i=0}^{d_{max}+l_1} \alpha_{3r} x_{t-i} + \alpha_{4r} d_3 + \epsilon_{t18} \quad (21)$$

$$p_t = \alpha_{0s} + \sum_{i=1}^{d_{max}+l_2} \alpha_{1s} p_{t-i} + \sum_{i=1}^{d_{max}+l_2} \alpha_{2s} x_{t-i} + \sum_{i=0}^{d_{max}+l_2} \alpha_{3s} m_{t-i} + \alpha_{4s} d_1 + \alpha_{5s} T + \epsilon_{t19} \quad (22)$$

$$x_t = \alpha_{0t} + \sum_{i=1}^{d_{max}+l_2} \alpha_{1t} x_{t-i} + \sum_{i=1}^{d_{max}+l_2} \alpha_{2t} p_{t-i} + \sum_{i=0}^{d_{max}+l_2} \alpha_{3t} m_{t-i} + \alpha_{4t} d_2 + \alpha_{5t} T + \epsilon_{t20} \quad (23)$$

$$m_t = \alpha_{0u} + \sum_{i=1}^{d_{max}+l_2} \alpha_{1u} m_{t-i} + \sum_{i=1}^{d_{max}+l_2} \alpha_{2u} p_{t-i} + \sum_{i=0}^{d_{max}+l_2} \alpha_{3u} x_{t-i} + \alpha_{4u} d_3 + \alpha_{5u} T + \epsilon_{t21} \quad (24)$$

Following the construction of the VAR model with the appropriate lag length, Granger (1988) non-causality relations need to be investigated by using modified Wald test where the null hypothesis, $H_0: \alpha_{wz} = 0$; where $w=1,2,3$ and $z=n,m,o,s,t,u$, which suggests there exists no Granger causality between the related variables tested against the alternative hypothesis $H_0: \alpha_{wz} \neq 0$ for the equations 19,20,21,22,23 and 24.

4. DATA SET and EMPIRICAL RESULTS

4.1. Data Set

Annual data over the period 1960-2018 for the variables domestic credit to private sector by banks (USD), exports of goods and services (USD), imports of goods and services (USD) is used. All the data are taken from the WDI database.

4.2. Unit Root Tests

Results of the conventional unit root test, namely, ADF, PP, and KPSS, which do not include structural break(s) in the series are presented in the below table.

Variable	ADF ^a		PP ^b		KPSS ^b	
	Constant	Constant&Trend	Constant	Constant&Trend	Constant	Constant&Trend
$\mathbf{o_t}$	0.14	-2.73	0.12	-3.00	0.91	0.13**
$\Delta \mathbf{p_t}$	-8.71*	-8.52*	-8.65*	-8.47*	0.10*	-
$\mathbf{x_t}$	-1.61	-0.91	-1.61	-1.06	0.93	0.21
$\Delta \mathbf{x_t}$	-6.95*	-7.01*	-6.94*	-7.01	0.26*	0.06*
$\mathbf{m_t}$	-1.22	-1.62	-1.23	-1.78	0.92	0.17**
$\Delta \mathbf{m_t}$	-7.57*	-7.66*	-7.57*	-7.66*	0.16*	-
Critical Values (5%)	-2.96	-3.49	-2.96	-3.49	0.46	0.14
Critical Values (1%)	-3.54	-4.12	-3.54	-4.12	0.34	0.11

Table 1: Findings of the Conventional Unit Root Tests

^a for the ADF unit root test maximum lag length is 10 periods and the optimal lag length is selected by using SIC.

^bfor the PP and KPSS unit root tests Bartlett kernel is used as the spectral estimation method and Newey-West Bandwidth is used for the bandwidth selection.

* and ** denotes statistical significance at 1% and 5% levels, respectively.

According to the findings of the ADF unit root test, all variables are found to be first difference stationary [I(1)] both for the models which include only constant and constant and trend. PP unit root test results both for the models with constant and with constant and trend are consistent with the findings of the ADF unit root test. KPSS unit root test results for the model with constant are also verified the findings of ADF and PP unit root tests. However, KPSS test results of the model with constant and trend are produced different findings where the variables $\mathbf{p_t}$ and $\mathbf{m_t}$ are found to be level stationary [I(0)].

Although the conventional unit root test such as ADF, KPSS, and PP are among the most common tests used by the researchers, these tests cause false rejection problem if there exist structural break(s) in the series under investigation. To avoid this problem Perron (1989) suggested a new unit root test in which structural break is taken into account endogenously. However, the requirement of the endogenous determination of the

structural break is criticized by many researchers. In this regard, Zivot and Andrews (1992) suggested a new unit root test (ZA Unit Root Test) which is an ADF type unit root test in which one structural break is determined endogenously.

Results of the Zivot-Andrews (1992) unit root test which includes one structural break in the series are presented in the below table.

Variables	Constant	Constant& Trend
p_t	-4.18 (2005)	-3.92 (1980)
Δp_t	-9.38* (2003)	-10.33* (2003)
x_t	-3.01 (1981)	-3.35 (1981)
Δx_t	-7.64* (1971)	-7.59* (1983)
m_t	-3.70 (1973)	-3.47 (1973)
Δm_t	-8.01* (1970)	-8.34* (1976)
Critical Values (5%)	-4.93	-5.08
Critical Values (1%)	-5.34	-5.57

Table 2: Findings of the Zivot-Andrews Unit Root Test

* and ** denotes statistical significance at 1% and 5% levels, respectively.

The values in the parenthesis are the structural break years.

Findings of the ZA unit root test either including constant or constant and trend showed that all variables are [I (1)].

Since the unit root tests, as a whole, are produced mixed results regarding the stationarity of the variables and all the series are proven not to be [I (2)], the dynamic relations between the variables are investigated via ARDL bounds test approach.

4.3. ARDL Approach to Cointegration

The empirical results for the steps of the ARDL approach to cointegration methodology are presented below.

4.3.1. Bounds Test Results

The findings of the F and t tests for the models shown with the equations 7,8,9 which do not include the trend variable are shown in the tables below; respectively.

	AIC	SIC	HQ	\bar{R}^2
(p x,m) Model	ARDL(1,0,3)	ARDL(1,0,1)	ARDL(1,0,3)	ARDL(1,0,3)
<i>F-statistic</i>	0.24	1.88	0.24	0.24
(x p,m) Model	ARDL(1,0,1)	ARDL(1,0,0)	ARDL(1,0,0)	ARDL(1,3,4)
<i>F-statistic</i>	2.97	7.02*	7.02*	1.79
(m p,x) Model	ARDL(3,1,3)	ARDL(1,1,1)	ARDL(1,1,1)	ARDL(3,1,3)
<i>F-statistic</i>	1.05	3.62	3.62	1.05
	Lower Bound		Upper Bound	
Critical Values (5%)	4		5.05	
Critical Values (1%)	5.69		6.98	

Table 3: Findings of the F test without trend models

* and ** denotes statistical significance at 1% and 5% levels, respectively.

	AIC	SIC	HQ	\bar{R}^2
(p x,m) Model	ARDL(1,0,3)	ARDL(1,0,1)	ARDL(1,0,3)	ARDL (1,0,3)
<i>t-statistic</i>	-0.34	-1.93	-0.34	-0.34
(x p,m) Model	ARDL(1,0,1)	ARDL(1,0,0)	ARDL(1,0,0)	ARDL(1,3,4)
<i>t-statistic</i>	-2.36	-3.81*	-3.81*	-2.01
(m p,x) Model	ARDL(3,1,3)	ARDL(1,1,1)	ARDL(1,1,1)	ARDL(3,1,3)
<i>t-statistic</i>	-1.55	-3.08	-3.08	-1.55
	Lower Bound		Upper Bound	
Critical Values (5%)	-2.86		-3.53	
Critical Values (1%)	-3.43		-4.1	

Table 4: Findings of the t test without trend models

* and ** denotes statistical significance at 1% and 5% levels, respectively.

The findings of the F and t test results for the models which do not include trend variable suggested there exist a cointegration relation among the variables where p and m are the long-run forcing variables of x according to the SIC [ARDL(1,0,0)] and H-Q [ARDL(1,0,0)]

The findings of the F and t tests for the models shown with the equations 10,11,12 which include the trend variable are shown in the tables below; respectively.

	AIC	SIC	HQ	\bar{R}^2
(p x,m) Model	ARDL(1,0,3)	ARDL(1,0,1)	ARDL(1,0,3)	ARDL(1,0,4)
<i>F-statistic</i>	0.46	2.51	0.46	0.68
(x p,m) Model	ARDL(1,2,0)	ARDL(1,0,0)	ARDL(1,2,0)	ARDL(1,2,0)
<i>F-statistic</i>	9.24*	9.65*	9.24*	9.24*

(m p,x) Model	ARDL(3,1,3)	ARDL(1,1,0)	ARDL(1,1,1)	ARDL(4,1,3)
F-statistic	0.90	5.87	3.42	1.18
	Lower Bound		Upper Bound	
Critical Values (5%)	5.19		6.2	
Critical Values (1%)	7.05		8.24	

Table 5: Findings of the F test with trend models

* and ** denotes statistical significance at 1% and 5% levels, respectively.

	AIC	SIC	HQ	\bar{R}^2
(p x,m) Model	ARDL(1,0,3)	ARDL(1,0,1)	ARDL(1,0,3)	ARDL(1,0,4)
t-statistic	-1.01	-2.66	-2.66	-0.97
(x p,m) Model	ARDL(1,2,0)	ARDL(1,0,0)	ARDL(1,2,0)	ARDL(1,2,0)
t-statistic	-4.71*	-4.81*	-4.71*	-4.71*
(m p,x) Model	ARDL(3,1,3)	ARDL(1,1,0)	ARDL(1,1,1)	ARDL(4,1,3)
t-statistic	-1.33	-4.05	-3.09	-1.48
	Lower Bound		Upper Bound	
Critical Values (5%)	-3.41		-3.95	
Critical Values (1%)	-3.96		-4.53	

Table 6: Findings of the t test with trend models

* and ** denotes statistical significance at 1% and 5% levels, respectively.

The findings of the F and t test results for the models which include trend variable suggested there exist a cointegration relation among the variables where p and m are the long-run forcing variables of x according to the AIC [ARDL(1,2,0)] SIC [ARDL(1,0,0)], H-Q [ARDL(1,0,0)] and \bar{R}^2 [ARDL(1,0,0)].

4.3.2. Diagnostic Test Results

All the models which suggested there exist cointegration relation among variables are tested for diagnostic checks, namely, for normality (χ^2_N) with Jarque-Bera, for serial correlation with Breusch-Godfrey LM (χ^2_{sc}), for heteroskedasticity (χ^2_{hs}) with ARCH, for model misspecification with Ramsey RESET (χ^2_{mm}) and for parameter stability with both CUSUM (CS) and CUSUMSQ (CS^2).

Findings of the diagnostic tests for the model [(ARDL(1,0,0)] selected by both SIC and HQ, which suggested cointegration relation between

variables where the model does not include trend variable is presented in the below table.

ARDL (1,0,0)			
χ^2_N	8.98 (0.01) *		
$\chi^2_{SC}(1)$	0.01 (0.90)	$\chi^2_{SC}(4)$	3.08 (0.54)
$\chi^2_{HS}(1)$	0.12 (0.72)	$\chi^2_{HS}(4)$	5.94 (0.20)
$\chi^2_{MM}(1)$	2.05 (0.04)	$\chi^2_{MM}(4)$	n/a
CS	Stable	CS^2	Unstable

Table 7: Diagnostic Test Results for $x|p,m$ without trend

* and ** denotes statistical significance at 1% and 5% levels, respectively. The values in parenthesis are the p-values.

Diagnostic test results of the model ($x|p,m$) without trend revealed that the model is unable to pass normality test, model misspecification test, and parameter stability test in terms of CUSUMSQ test; therefore, since the coefficients of this model is statistically unreliable the estimated coefficients are not given.

Findings of the diagnostic tests for the models [(ARDL(1,2,0))] -selected by AIC, HQ and \bar{R}^2 - and [(ARDL(1,0,0))] -selected by SIC- which suggested cointegration relation between variables where the model includes trend variable are presented in the below tables, respectively.

ARDL (1,2,0)			
χ^2_N	3.30 (0.19)		
$\chi^2_{SC}(1)$	0.45 (0.49)	$\chi^2_{SC}(4)$	1.74 (0.78)
$\chi^2_{HS}(1)$	0.00 (0.93)	$\chi^2_{HS}(4)$	7.31 (0.12)
$\chi^2_{MM}(1)$	0.01 (0.99)	$\chi^2_{MM}(4)$	n/a
CS	Unstable	CS^2	Unstable

Table 8: Diagnostic Test Results for $x|p,m$ with trend

* and ** denotes statistical significance at 1% and 5% levels, respectively. The values in parenthesis are the p-values.

Diagnostic test results of the ARDL (1,2,0) model ($x|p,m$) with trend showed that the model is unable to pass parameter stability tests both in terms of CUSUM and CUSUMSQ test; therefore, since the parameters of this model are unstable, the estimated coefficients of the related model are not given.

ARDL (1,0,0)			
χ^2_N	3.40 (0.18)		
$\chi^2_{sc}(1)$	0.05 (0.81)	$\chi^2_{sc}(4)$	3.15 (0.53)
$\chi^2_{HS}(1)$	0.32 (0.56)	$\chi^2_{HS}(4)$	5.47 (0.24)
$\chi^2_{MM}(1)$	1.15 (0.25)	$\chi^2_{MM}(4)$	n/a
CS	Stable	CS^2	Stable

Table 9: Diagnostic Test Results for $x|p,m$ with trend

* and ** denotes statistical significance at 1% and 5% levels, respectively.

The values in parenthesis are the p-values.

The results of the CUSUM and CUSUMSQ tests are given in the following figure.

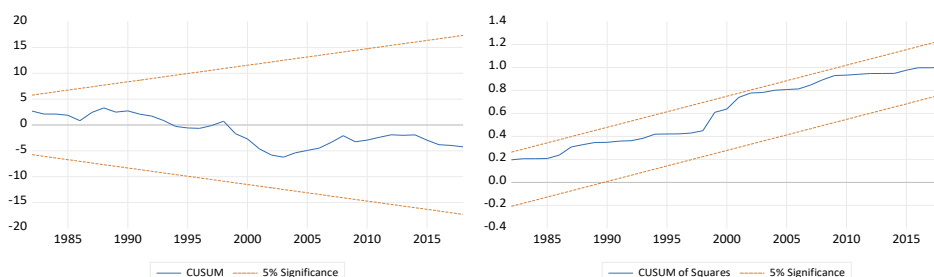


Figure 1. Results of the CUSUM and CUSUMSQ Tests

The findings in Table 9 and Figure 1 suggested that the ARDL (1,0,0) model ($x|p,m$) with trend is passed all the diagnostic tests. Therefore, estimated coefficients of the related model are given in the following section.

4.3.3. Long Run Coefficients

Since ARDL (1,0,0) model ($x|p,m$) with trend passed both bounds tests and diagnostic tests, there exists a statistically significant dynamic relationship among, private sector credits, exports, and imports where private sector credits are the long run forcing variables of exports.

Estimated coefficients of the ARDL (1,0,0) model ($x|p,m$) with trend are given in the table below.

Variable	Coefficient	t-statistic	p-value
P_t	-0.40	-4.50	0.00*
m_t	0.86	7.37	0.00*

Table 10: Long Run Coefficients for ARDL (1,0,0) model ($x|p,m$) with trend

* and ** denotes statistical significance at 1% and 5% levels, respectively.

According to the results shown in Table 10, a 1% change in the domestic credits to private sector by banks will cause a 0.40% change in exports

in the opposite direction; while a 1% change in the domestic credits to private sector by banks will cause a 0.86% change in imports in the same direction.

4.3.4. Error Correction Model

ECM representation of the ARDL (1,0,0) model ($x|p,m$) with trend is presented in the below table.

Variable	Coefficient	t-statistic	p-value
Intercept	4.49	5.66	0.00*
T	0.02	5.14	0.00*
d1981	0.21	2.02	0.04*
ect _{t-1}	-0.41	-5.37	0.00*
Important Statistics			
\bar{R}^2	0.44	F-Statistic	16.14
RSS	0.53	DW Statistic	1.90

Table 11: ECM for ARDL (1,0,0) model ($x|p,m$) with trend

* and ** denotes statistical significance at 1% and 5% levels, respectively

According to the findings of the ECM representation of the ARDL (1,0,0) model ($x|p,m$) with the trend, all the variables, with the exception of Δp_t and Δp_{t-1} , are statistically significant. The coefficient of the ect_{t-1} is negative and less than -1 as expected. The estimated coefficient of the ect_{t-1} is found to be -0.4 6 which implies 40% of the disequilibrium adjust back to the long run equilibrium in one period.

4.4. Toda-Yamamoto Version of Granger non-causality

The findings of the TY Version of Granger non-causality test are presented in the below table.

H ₀	x ²	P-value	Decision:H ₀ is
$p_t \nRightarrow x_t$	3,10	0.07*	rejected
$m_t \nRightarrow x_t$	6,70	0.00*	rejected
$x_t \nRightarrow p_t$	0.60	0.43	not rejected
$m_t \nRightarrow p_t$	0.14	0.70	not rejected
$x_t \nRightarrow m_t$	2.10	0.14	not rejected
$p_t \nRightarrow m_t$	0.17	0.67	not rejected

Table 12: Results of the TY Version of Granger non causality test ^a

^a The lag length of the VAR Model is determined as $(d_{max} + l) = 2$; since the appropriate lag length is selected as $l = 1$ by AIC and the maximum lag length is determined as $d_{max} = 1$ according to the KPSS unit root test results. Since the serial correlation test result of the model is $\chi^2_{sc}=14.09$ (0.17) and the heteroskedasticity test result of the model is $\chi^2_{Hs}=10.28$ (0.59) the model is not suffering from serial correlation and heteroskedasticity problems.

* and *** denotes statistical significance at 1% and 10% levels, respectively.

The findings of the TY Version of Granger non-causality test suggested that there exists unidirectional Granger causality running from domestic credits to private sector to exports and imports to exports.

5. CONCLUSION

In this study, possible dynamic relations among domestic credits to private sector by banks, exports, and imports were investigated by using annual data over the period of 1960-2018 for the case of Turkey. In this regard, possible relations between the variables analyzed with the ARDL approach to cointegration methodology and TY version of the Granger non-causality tests where one endogenous structural break is also taken into account.

Findings of the bounds test approach showed that there exists a cointegration relationship among exports, domestic credits, and imports where domestic credits and imports are found to be long run forcing variables of exports where a 1% increase in domestic credits to private sectors by banks will cause a 0.45% decrease in exports and a 1% increase in imports will cause a 0.81% increase in exports.

TY version of the Granger non-causality test results revealed that domestic credits to private sector Granger causes the exports but not vice versa. Findings of the TY version of the Granger non-causality test also suggested that there also exists a unidirectional Granger causality running from imports to exports.

In the light of above-mentioned findings, the findings of this paper showed that the use of domestic credits to private sector as a tool to boost economic growth needs to be used carefully by the policy makers; since it may also harm the exports of Turkey.

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Chapter 37

SELECTION OF DISTRIBUTION CHANNELS IN INTERNATIONAL MARKETING

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1. Meaning and Definitions of International Distribution Channels:

The sole objective of production of any commodity is to help the goods reach the ultimate consumers. In the era of modern large scale production and specialization it is not possible for the producer to fulfill this work in all circumstances. The size of market has become quite large. Therefore, the producer has to face numerous difficulties if he undertakes the distribution works himself.

Besides, in the age of specialization it is not justified on the part of a single person or organisation to entertain both production as well as distribution work. Thus the producer has to take help of many distribution channels to transfer the goods to the ultimate consumers. In other words, many different distribution channels are needed between producers and consumers for effective distribution of products.

Definitions:

According to Philip Kotler, “Every producer seeks to link together the set of marketing intermediaries that best fulfil the firm’s objectives. This set of marketing intermediaries is called the marketing channel.” According to Richard Buskirk, “Distribution channels are the systems of economic institutions through which a producer of goods delivers them into the hands of their users.” According to William J. Stanton, “A channel of distribution for a product is the route taken by the title to the goods as they move from the producer to the ultimate consumers or industrial user.” According to McCarthy, “Any sequence of institutions from the producer to the consumer, including none or any number of middlemen is called a channel of distribution.”

After studying the definitions, the appropriate definition of distribution channel can be given as follows:

“Distribution channel is that path which includes all individuals and institutions which work to make goods reach the consumers from producers without interruption.” Thus distribution channel helps in the transfer of goods in original form from producers to consumers (www.artofmarketing.org, 2020).

2. Importance of Distribution Channels

There are two aspects of final product distribution: physical distribution channel and trading (transaction) channel. Physical distribution channel implies all logistical activities and processes whose realisation ensures the launch of final products from the place of production to the place of consumption. On the other hand, the trading (transaction) channel refers to

non-physical activities concerning in placing products from producers to consumers.

Distribution channels are very important because they provide the following:

- Products availability at the market,
- Cooperation and collaboration into network,
- Concentration of companies according to core activities,
- Appropriate level of service,
- Minimum of logistic and total costs,
- Exchanging accurate and reliable information in direct and reverse flows,
- Transactional efficiency as a result of reduced number of connections and activities.

Through reducing transactional costs and providing purchasing for the consumers, distribution channels enable enhancing of sales, cash flows, and profitability. An efficient distribution system can help the sustainable development of countries. The role of intermediaries in process of socio-economic development is reflected in :

- Contribution to creating gross domestic product and national income,
- Influence on personal consumption and living standards,
- Reduction of unemployment - distribution channels are way of reducing unemployment, at the level of economy (Singh, 2016a).

Selection of distribution channels is very important process for each company, especially because efficiency of distribution channels has great influence on success of company's operations. Limitations of measuring distribution channels efficiency are: selection of appropriate indicators, level of measuring efficiency, efficiency decomposition, conflicting goals, shared resources etc. There are a lot of different indicators of successfulness of distribution channels. One of them is efficiency of distribution channels, which can be improved as a result of cost reduction and increased consumer satisfaction. Higher consumer satisfaction could be result of different services of distribution channels, such as:

- Accessibility - possibility of consumers to use services easily,
- Product assortment - availability of great size and length of the product list,
- Assurance of product delivery - availability of products in the requ-

ired format at space and time when consumer wants them,

- Amount of information - availability of different information to the consumers (about prices, products, services and etc.),
- Ambience - customised ambient to the consumers (Anđelković, Barac, & Radosavljević, 2017, s. 505-507).

3. Distribution Channel Strategies

The implementation phase of distribution channel management takes place after the design process (Tek, 1997). In other words, the primary firm or manufacturer first chooses her effective distribution channel design and then determines distributors specifically motives and evaluates them in proper situation. To manage the channel there must be a special structure in the primary firm. Here, while firms establish these structures, they must choose suitable organizational structure for aim of distribution channel to compete with other competitor firms and keep their position in the market. In the literature, one of the popular problems in the distribution channels management field is choosing distribution channels (Coughlan, 1985; Coughlan & Wernerfelt, 1989; Crosno, Nygaard, & Dahlstrom, 2007; Eriksson, Hohenthal, & Lindbergh, 2006; Gupta, Su, & Walter, 2004; Kiang, Raghu, & Shang, 2000; McGuire & Staelin, 1983; McNaughton, 1996; Min, 1991; Moorthy, 1986) (Paksoy, Pehlivan, & Kahraman, 2012, s. 2822).

Distribution channels are among the most highly differentiated aspects international setting, generalizations of international marketing. Marketing channel decisions involve supply chain strategy at the policy level and channel management at the differences operations level. The complexity of these decisions is increased by widely different social, cultural, economic and political patterns. While analysis of domestic channels and the concepts embodied in channel management theory may be applicable in an international setting generalizations about international channel of distribution can be deceptive due to the extend of country to country differences (Ensign, 2006, s. 95).

Each country has its own unique distribution system that has evolved over time and changes very slowly. These channel systems as well as the relative significance of different members or elements of a channel system can vary significantly across countries. Intercountry variations are partly due to history, tradition, legal conditions, and economic reasons behind effectiveness and efficiency. Thus global marketers must usually adapt their channel strategies to the existing structures within each country (Kotler et al., 1999). It is impossible to prescribe a single distribution method that is ideal for all products and markets because of many types of intermediaries. A number of factors (such as product type, regulations, customs, and inter-

mediary loyalty) must be taken into account in designing and developing an international channel of distribution. These factors determine how long, how wide, and how many channels are appropriate (Horská, 2014, s. 197).

Designing an international distribution market should take into account a number of factors, such as: the requirements concerning operative serving of customers; nature and destination of goods; conjuncture of foreign market; economic development level of the importer's country; characteristics of the international commercial flows; methods of information used by manufacturers to identify customers' requirements; economic efficiency of the import – export activity; international specialization in sales etc.

1) Requirements of final consumers is a key factor in achieving international distribution, they can be known either through direct information (own agents or companies specialized in foreign market study), or with the support of intermediaries or traders (information from the final links of the distribution channels – which is why manufacturers will seek to be as close as possible to them).

2) The nature and destination of goods directly influences the types of distribution channels that are to be used. Thusly, for products intended for industrial users certain channels are used, and for those intended for final consumers other channels. Also, products of a high complexity are often achieved for users already known, being distributed on short channels, while mass products, destined for a large number of consumers, are distributed on longer channels. Typically, when using long channels, for many manufacturers final consumers are unknown, which is why the problem of their operative serving is transferred to intermediaries. Therefore, it won't always be solved in favour of the manufacturers. Hence the importance of national choice not only of the type of channel, but of the intermediaries involved in the distribution of goods on that channel.

3) The conjuncture of foreign markets also influences the selection of distribution channels on the international market, given the fact that harnessing a favorable conjuncture requires finding channels that allow the fastest transfer of the goods.

4) The level of economic development of the importer's country influences the distribution the more, to the extent of the national markets' development, a specialization and extension of distribution channels used by manufacturers to meet the demand in different geographic areas. In these circumstances, when reaching a certain level of economic development takes place and a maturation of markets, that makes possible a larger satisfaction of consumers' requirements and a simplification of distribution channels.

5) Characteristics of the international commercial flows is also a factor in the distribution of goods on the foreign market. The development of the manufacturing of goods and improvement of the political climate after the 1990's have determined significant modifications, quantitative and qualitative, of the flow of goods on the international market (following the abolition of commercial barriers between countries in the Eastern and Western Europe).

6) On the other hand, specialization in sales (territorial, on products or customers) requires the emerging of distribution channels whose content depends on its nature and understanding between the parties that, because of its existence, will have to cooperate with each other.

a) Territorial specialization is achieved following agreements through which manufacturing firms undertake to distribute products only in certain areas, ensuring for each one secure and stable markets.

b) Specialization by products occurs as a result of agreements through which firms in different countries surrender one in favor of the other in selling products in order to simplify the classification of exported products without reducing the volume of the export. It is found especially in the case of high technical complexity products (unique complex machinery, installations, special equipment etc.) to which trading on the international market special operations are necessary (concerning commercial negotiation, promoting, conducting trials etc.) that would require, for each importer, big costs. The existence of firms specialized in the export of such products provides manufacturers with some benefits, such as: labour productivity growth in the activity of distribution and lowering of costs, reduction of promotion costs, improving the image of manufacturing firms etc.

c) Specialization by customer is based on agreements between manufacturers concerning surrendering (one for the other) sales to certain customers, leading to: organization of distribution networks in a smaller number of categories of customers; a better knowledge of their specific requirements; achieving permanent relations; reducing commercial costs etc (Gherasim, 2014, s. 86).

Some of the important types of distribution in international market are intensive, Selective and Special (Exclusive) distribution.

3.1. Special Distribution

Applied for consumer and industrial goods. The firm sells its goods through a single broker or a privileged institution in a particular international marketing area. This type of distribution may be in the form of single dealership or it may be in the form of sub-dealerships affiliated with this

vendor. Besides the degree of choice here, some sanctions are applied to the channel member such as not selling similar goods or brands and. Special distribution manufacturer provides benefits such as controlling the price and service quality, some degree of protection against competitors in the distribution channel, and directing the promotion activities only to the end consumer (Sarı, 2007, s. 94).

3.2. Selective Distribution:

Selective distribution involves a producer using a limited number of outlets in a geographical area to sell products. An advantage of this approach is that the producer can choose the most appropriate or best-performing outlets and focus effort (e.g., training) on them. Selective distribution works best when consumers are prepared to “shop around” – in other words – they have a preference for a particular brand or price and will search out the outlets that supply.

This alternative is the middle path approach to distribution. Here, the firm selects some outlets to distribute its products. This alternative helps focus the selling effort of manufacturing firms on a few outlets rather than dissipating it over countless marginal ones.

It also enables the firm to establish a good working relationship with channel members. Selective distribution can help the manufacturer gain optimum market coverage and more control but at a lesser cost than intensive distribution. Both existing and new firms are known to use this alternative (www.yourarticlelibrary.com, 2020).

4- Literature of Review About Distrubution Channels Strategy

Palmatier et al. (2016) opined that, channel strategy is the set of activities focused on designing and managing a marketing channel to enhance the firm’s sustainable competitive advantage and financial performance. In another perspective, channel strategy is concerned with the entire process of setting up and operating the contractual organisation that is responsible for meeting the firm’s distribution objectives (Rosenbloom, 2013). Kotler & Keller (2009) and Segetliga et al. (2012) identified two major channel strategy alternatives to be the direct channel and the indirect channel. According to them, in a direct channel, the producer sells directly to final consumers through its own sales force. But, this has evolved overtime from the traditional face-to-face selling in the market place to modern selling through the internet in the market space (Berkowitz et al., 2000; Healthier & Seanna, 1998).

Where it is employed, direct channel strategy leads to disintermediation or elimination of supply chain middlemen (Baron et al., 1991; Kot-

ler & Armstrong, 2006). The practice of direct channel strategy is usually aimed at enhancing the efficiency of marketing activities in the areas of communication and distribution and building loyal and profitable customer base (Moller & Halinen, 2000). Indirect channel involves the use of independent intermediaries in the target market (Nhem, 2016). However, this is further characterised by first-tier and second-tier structures depending on the channel objectives of firms. The first tier structure involves the use of value-added resellers to sell directly to end customers, whereas the second tier structure involves the existence of an additional level, the distributors, between the sales subsidiary and the resellers or retailers (Gabrielsson et al., 2002).

In addition to opinions in literature regarding the channel practices of direct and indirect strategies of distribution in marketing, multichannel strategy in marketing channels, multichannel retail and multiple marketing channels have all been discussed in literature by various authors (Ansari et al., 2008; Berman & Evans, 2012; Berman & Thelen, 2004; Levy & Weitz, 2013; Rosenbloom, 2007:2013; Venkatesen et al., 2007). Multiple channel strategy is a channel strategy that combines traditional and electronic channels (Berman & Evans, 2012; Wilson et al., 2008). This occurs when an organisation uses two or more marketing channels to reach one or more customer segments (Kotler & Keller, 2009; Stojkovic et al., 2016).

The high expectations of today's customers (both at the level of business-to-customer and business-to-business), which cannot be easily satisfied by one channel strategy structure is a major justification for the increased adoption of the multichannel strategy practices among businesses worldwide (Oliver, 2000; Thornton & White, 2001). To meet these expectations, firms must develop multichannel strategy that complement rather than undermine each other (Rosenbloom, 2013). Other reasons for the increased utilisation of multichannel strategy are suggested as the need for sales growth (Coelho et al., 2003), the need to substitute high cost channels for low cost ones (Sathye, 1999; Thornton & White, 2001; Wright, 2002), the need for more market information, reduction of risks associated with doing business and diversification of business sources (Coelho et al., 2003).

In another study which was made (Adefulu & Adeniran, 2000) Empirically the results derived after test of hypothesis indicated that, channel strategy had a significant influence on marketing performance of selected consumer goods firms in Lagos State, Nigeria (Adefulu & Adeniran, 2019, s. 3).

Katsikeas (2003) stands out the lack of attention afforded to examining outcomes of firms' international marketing activities and the need of

incorporating specific company performance issues in this field.

In their well-known international marketing manifesto, Czinkota and Ronkainen (2003) postulate that the field of international marketing has already and can continue to make major contributions to the improvement of society (Rialp & Rialp, 2007, s. 2).

5. Channels of distribution

Channels are well-organized structures of buyers and sellers that bridge the gap of time and space between the manufacture and the end customer (Doole & Lowe 2012). Selling (can also be called marketing) channel represents a system of marketing institutions through which products, resources, and information flow from the producer to the end user. This channel is concerned with non-physical aspects of the transfer such as negotiations, the purchasing and selling of the product, and the ownership of goods as they are transferred through various distribution systems.

Whereas physical distribution means coordination of the information and goods flow among the involved parties of the channel, in the way that the goods are available in the right places, at the right time, in the right quantities, and in a cost-efficient manner. It involves not only physical movement of goods, but also location of plants, warehousing (storage), transportation, inventory quantities, etc.

The fundamental issue of distribution planning is a company’s choice of a distribution channel. Two principal channels when marketing abroad are indirect and direct selling..) Table 3 summarizes the main characteristics as well as advantages and disadvantages of indirect and direct selling channels.

Table 3. Direct and Indirect Selling Channels

Indirect selling channel	
Characteristics	Indirect selling channel can also be called as the local or domestic channel. It can be applied when a manufacture wants to employ a domestic sales intermediary, which acts as the manufacturer’s external export organization and is responsible for export of goods.
Advantages	The channel is simple and enables reduction of exporting costs. The manufacturer incurs no start-up costs for the channel, and it is not responsible for physical movement of goods overseas.

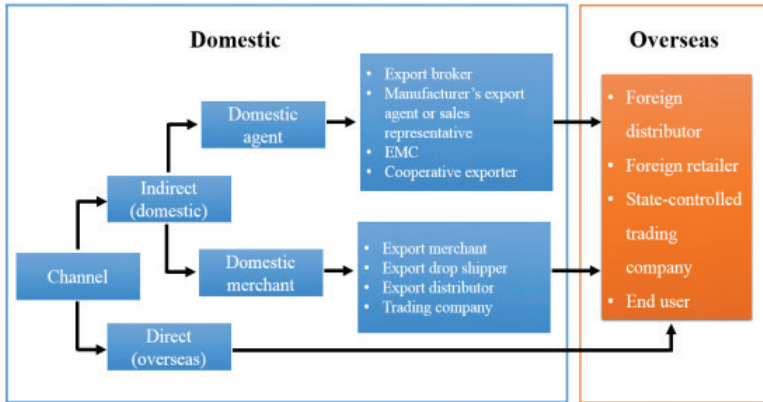
Disadvantages	The company has little control over how, when, where and by whom the products are sold. If products stop being profitable, or a competitive product offers a better profit potential, the channel intermediaries can stop the contract.
Direct selling channel	
Characteristics	It is employed when a manufacturer develops an overseas channel. It deals directly with the foreign party: sets the channel, takes care of the international activities, is responsible for physical distribution, exports through its own internal export department.
Advantages	Direct selling channel enables active marketing exploitation, greater control over the market and elements of marketing mix, improved feedback about the performance of the exported goods, and the manufacturer does not have to agree transaction with middlemen.
Disadvantages	It is a difficult channel to manage due to unique and unfamiliar foreign market traits. It is an expensive and time-consuming channel, which cannot be affordable without large sale volumes.

Having considered pros and cons, the company gets an idea of the selling channels. Then an important step is to consider the types of intermediaries that can be involved in the process of distribution.

4.1. Direct and Indirect Channels of Distribution

Nearly every international company is forced by the market to use at least some middlemen in its distribution arrangement. The structural arrangements of domestic and foreign distribution might seem alike, but this is misleading. Companies should understand various intricacies of distribution patterns in a foreign country, and take the country's unique characteristics into account when choosing a selling channel and intermediaries. Various types of middlemen can be involved in distribution process. Figure 8, illustrates direct and indirect selling channels and lists different types of intermediaries.

Figure 8. International Channels of Distribution



When a company builds a direct selling channel to a foreign market, it can distribute its goods to the following parties:

4.1.1. Direct Selling Channels

Direct selling is employed when a manufacturer develops an overseas channel. This channel requires that the manufacturer deals directly with a foreign party without going through an intermediary in a home country. The greatest advantage of direct selling channel is the active market exploitation, since the manufacturer is more directly committed to its foreign markets. Direct selling has a number of problems also. It is difficult channel to manage if the manufacturer is unfamiliar with foreign market. Moreover, the channel is time consuming and expensive. Without a large volume of business the manufacturer may find it too costly to maintain the channel (Lovely Professional University, 2013, s. 174).

4.1.1.1. Foreign distributor

Distributors buy products from the manufacturer at a discount and then resell or distribute them to retailers or end-users. The contract established between them is renewable as long as the conditions are beneficial for both. The distributor is a merchant who buys and maintains merchandise in its own name, and this simplifies the credit and payment activities for the manufacturer.

Effectively the distributor becomes the customer. The distributor takes the risk, whereas agents take no risk. It is generally a higher involvement strategy. Additionally, there is more involvement for the manufacturer in the marketing and support of the product. Distributors will generally be closer to the manufacturer and will allow greater knowledge to be gained

about the overseas market (Lewis & Housden, 1998, s. 69).

In general, distribution agreements should be for a specified, relatively short period (one or two years). The initial contract with a new distributor should stipulate a trial period of either three or six months, possibly with minimum purchase requirements. Duration should be determined with an eye on the local laws and their stipulations on distributor agreements. These will be discussed later in conjunction with distributor termination. Geographic boundaries for the distributor should be determined with care, especially by smaller firms. Future expansion of the product market might be complicated if a distributor claims rights to certain territories. The marketer should retain the right to distribute products independently, reserving the right to certain customers. For example, many marketers maintain a dual distribution system, dealing directly with certain large accounts. This type of arrangement should be explicitly stated in the agreement. Transshipments, sales to customers outside the agreed-upon territory or customer type, have to be explicitly prohibited to prevent the occurrence of parallel importation (Czinkota & Ronkainen, 2007, s. 432).

4.1.1.2. Foreign retailer

Manufacturers and retailers engage in direct trade relationships to decrease costs and personally discuss prices and other issues. Generally, manufacturers that produce very expensive and large products prefer to work without intermediaries.

If foreign retailers are used, the product in question must be a consumer product rather than an industrial product. There are several means by which a manufacturer may contact foreign retailers and interest them in carrying a product, ranging from a personal visit by the manufacturer's representative to mailings of catalogs, brochures, and other literature to prospective retailers. The use of personal selling or a visit, although expensive due to travel costs and commissions for the manufacturer's representative, provides for a more effective sales presentation as well as for better screening of retailers for the distribution purpose. The use of direct mail, although less expensive, may not sufficiently catch the retailers' attention. For such big-ticket items as automobiles or for high-volume products, it may be worthwhile for a manufacturer to sell to retailers without going through a foreign distributor. In fact, most large retailers prefer to deal directly with a manufacturer. In Europe, for example, a number of retail food chains are becoming larger and more powerful, and they prefer to be in direct contact with foreign manufacturers in order to obtain price concessions (Onkvisit & Shaw, 2004, s. 350).

4.1.1.3. State-controlled trading company

Special products, for example telecommunication equipment, agricultural machinery, and technical instruments, must be sold only to state-controlled companies. These companies have monopoly in buying and selling a set of specific goods, and they are controlled by the government's policies and regulations.

4.1.1.4. End user

For some manufacturers, that for example produce costly industrial products, it is reasonable to sell directly to the end-users. The difficulties that might arise are duty and clearance problems, for example when a customer orders goods without understanding of his/her country's import regulations.

4.1.2. Indirect Selling Channels

Indirect selling also known as the local or domestic channel is employed when a manufacturer in the United States for example, markets its product through another US firm that acts as the manufacturer's sales intermediary (middleman). As such, the sales intermediary is just another local or domestic channel for the manufacturer because there are no dealings abroad with a foreign firm. By exporting through an independent local middleman, the manufacturer has no need to set up an international department.

There are several advantages to be gained by employing an indirect domestic channel. The channel is simple and inexpensive. The manufacturer incurs no start up cost for the channel and is relieved of the responsibility of physically moving goods overseas. Because the intermediary very likely represents separate clients who can help share distribution costs, the costs on moving the goods are further reduced (Lovely Professional University, 2013, s. 175).

Choosing an indirect selling channel, manufacturers collaborate with one or more domestic intermediaries, which move and sell the goods to foreign parties or end-consumers. All the local middlemen can be divided into two broad categories: domestic agent – it represents the manufacturer, and it can make contracts on its behalf, but it can never take title to goods; and domestic merchant – it represents the manufacturer's goods and takes title to those goods, but it has no power to make contracts on behalf of the manufacturer.

4.1.2.1. Domestic agents

Export broker: This is an individual or organization that operates

under its own or manufacturer's name in one or more markets, negotiates the most favourable conditions for the manufacturer, but cannot conclude the deal without the manufacturer's approval. The broker performs only the contractual function. It gets paid for any action performed.

Manufacturer's export agent or sales representative: This is an independent external person, who works on the permanent basis, but does not operate under the 22 manufacturer's name. The task is to make potential buyers interested in the manufacturer's products by presenting literature, products' samples, and other materials.

Export management company (EMC): EMC is an organization that is responsible for the whole manufacturer's export program as well as for programs of other manufacturers as long as the exported goods do not compete against each other. It performs activities under the manufacturer's name, and it makes arrangements starting from promotional activities to export documentation.

An EMC is also known as a combination export manager (CEM) because it may function as an export department for several allied but non-competing manufacturers. In this regard, those export brokers and manufacturer's export agents who represent a combination of clients may also be called EMCs. When compared with export brokers and manufacturer's export agents, the EMC has greater freedom and considerable authority. The EMC provides extensive services, ranging from promotion to shipping arrangement and documentation. Moreover, the EMC handles all, not just a portion, of its principal's products. In short, the EMC is responsible for all of the manufacturer's international activities. Foreign buyers usually prefer to deal directly with the manufacturer rather than through a third party. Therefore, an EMC usually solicits business in the name of the manufacturer and may even use the manufacturer's letterhead. Identifying itself as the manufacturer's export department or international division, the EMC signs correspondence and documents in the name of the manufacturer. This may be an advantageous arrangement for small and medium-sized firms that lack expertise and adequate human and financial resources to obtain exports. This arrangement may be a good way for a firm to develop foreign markets while creating its own identity abroad. The EMC, on the other hand, faces a dilemma because of a double risk: it can easily be dropped by its clients either for doing a poor job or for making the manufacturer's products too successful.

Many EMCs are also traders (i.e., export merchants). As both agents and merchants, they sometimes act as agents and rely on the commission arrangement. When acting as merchants, they engage in the buy-and-resell arrangement. In such cases, they buy merchandise outright and thus take

title to the goods. They are compensated by receiving discounts on goods purchased for resale overseas, and such discounts may be greater than what other middlemen receive for the domestic market. They may receive promotion allowances as well. For example, Overseas Operations, Inc., markets builders' hardware, housing accessories, door closures and locks, and computer software and accessories. As an exclusive representative of a number of American manufacturers, the company buys products when orders are received and makes its profit on the markup (Onkvisit & Shaw, 2004, s. 353).

Cooperative exporter (piggyback exporter or export vendor): This is an organization which in addition to manufacturing acts as an export agent, it is responsible for organizing shipping. Cooperative exporter can have goods in possession but not the title. The business objective of this exporter is to decrease own costs by sharing them with other companies which want to sell their products in the same market(s).

4.1.2.2. Domestic merchants:

Export Merchant: This is an independent organization, which goal is to make profit. The task is to look for the unmet needs in a foreign market and fulfil the needs with products purchased from manufacturers in its home country. The merchant can possess the goods and resell them in foreign markets under its own name (Louckx, 2014, s. 23).

One kind of domestic merchant is the export merchant. An export merchant seeks out needs in foreign markets and makes purchases from manufacturers in its own country to fill those needs. Usually the merchant handles staple goods, undifferentiated products, or those in which brands are unimportant. After having the merchandise packed and marked to specification, the export merchant resells the goods in its own name through contacts in foreign markets. In completing all these arrangements, the merchant assumes all risks associated with ownership. The export merchant's compensation is a function of how product is priced. The markup is affected by the profit motive as well as by market conditions. In any case, the export merchant hopes that the price at which the product is sold will exceed all costs and expenses in order to provide a profit. An export merchant may sometimes seek extra income by importing goods to complement its export activities. The merchant may or may not offer a steady business relationship to his supplier (Onkvisit & Shaw, 2004, s. 356).

Export drop shipper: This intermediary receives an order for a foreign buyer, places order for a manufacturer and informs where to 'drop shipped' directly to the overseas buyer.

Export distributor: This distributor, located in the manufacturer's

country, can represent it and sell goods in foreign market(s) under own or the manufacturer's name. The export distributor organises shipment and selling of the goods abroad, and it takes the risks.

Franchise Outlets: Manufacturers often give legal rights to an independent business entity to run the franchiser's business (under some controls by the franchiser, like quality control). The franchisees help the manufacturers to add to their business, have bigger geographic coverage and increase their market share. MacDonald's and Pizza Hut are two examples of manufacturers who have used the franchise system effectively (Mathur, 2008, s. 457).

Trading company: Generally, it is a large company which buys and sells goods, engages in production, goods accumulation, physical distribution channel development, marketing planning arranges transportation and prepares documents for customs, searches for buyers and etc. It does not represent manufacturers or buyers, it can take title to goods. In some cases, the manufacturer may use both indirect and direct selling channels simultaneously. The decisions on using a direct or indirect selling channel and type of intermediaries is influenced by a number of factors. Farther, these are presented and explained (Louckx, 2014, s. 21-23).

Large, established trading companies generally are located in developed countries; they sell manufactured goods to developing countries and buy raw materials and unprocessed goods. Japanese trading companies (sogo shosha) date back to the early 1700s and operate both as importers and exporters. Some 300 are engaged in foreign and domestic trade through 2,000 branch offices outside Japan and handle over \$1 trillion in trading volume annually. Japanese trading companies account for 61 percent of all Japanese imports and 39 percent of all exports, or about one-fifth of Japan's entire GDP. For companies seeking entrance into the complicated Japanese distribution system, the Japanese trading company offers one of the easiest routes to success. The omnipresent trading companies virtually control distribution through all levels of channels in Japan. Because trading companies may control many of the distributors and maintain broad distribution channels, they provide the best means for intensive coverage of the market (Cateora, Gilly, & Graham, 2011, s. 433).

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