

Foreword

The book *Studies on Balkan and Near Eastern Social Sciences-Volume V* is a collection of research articles on a wide range of social science issues written by researchers from several different universities and institutions.

OKŞAK aims to scrutinize the association between labor productivity, female labor force participation rate, and freedom in a panel framework via a panel data set of developing countries for the period of 1981–2011. The panel study by SARITAŞ investigates the impact of foreign trade on human capital by the System GMM Method for the period between 2000 and 2017 and 47 countries in the upper income group. ÖZEN empirically analyzes the relationship among productivity, globalization and rents by using a panel data set of developing countries for the period of 1991–2017. BENLİ examines the causal structure between finance, economic growth, and poverty, in conjunction with some other economic and social factors. YALÇINKAYA KOYUNCU and ÜNVER investigated whether openness and productivity are associated in the case of Turkey.

The study of GÜNDÜZYELİ evaluates the transition process from traditional marketing to green marketing. The study of YAZICI focuses on the importance of agricultural cooperatives in the development of agricultural sector. The study of KERSE focuses on the empirical relationship between hedonic consumption and impulsive buying behavior. The study by GÜVEN examines the interesting world of guerrilla marketing based on the strategy of causing confusion.

KERSE and BABADAĞ evaluates the relationship between transactional leadership and job satisfaction in Turkey by conducting meta-analysis. The study by ÜNVER focuses on the concept of organizational commitment. The study of YÜCENURŞEN attempts to explain the role of opportunity cost in cost management. ÜLER reviews studies on leadership and social intelligence. ÇELİK examines the concept of emotional labor in depth. ÖZYURT KAPTANOĞLU empirically investigates whether the emotional intelligence of customers has an effect on advertising perception.

BAYRAM and YILDIZ scrutinize financial performance of the conventional banks in Turkey by using the PROMETHEE (Preference Ranking Organization Method for Enrichment Evaluation) method which based on CRITIC (CRiteria Importance Through Intercriteria Correlation) weighting method. UĞUR evaluates the importance of non-governmental organizations for reducing

public costs in natural disasters. GÜMÜŞ DEMİR investigates happiness in old age. The study of KESKİN evaluates the concept of positive psychology.

ÜNSAL examines the establishment of the ministry of foreign affairs in the Ottoman Empire and modernization in the Ottoman diplomacy. ONHAN examines a Turkish communist/socialist politician, writer, and theoretician Hikmet Kıvılcımlı's views on Turks and Islam. The study by DÖNMEZ aims to examine the root causes of war crimes by studying modern conflicts during the last decades and searching for possible courses of action for preventing these crimes against humanity.

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The Relationship between Productivity, Female Labor Force Participation and Freedom

Introduction

The workforce is expressed as the total of the population employed and unemployed between the ages of 15–64. The concept of labor force includes unemployed people looking for a job. The ratio of the workforce to the population of people over the age of 15 gives the labor force participation rate. This ratio is also a variable that is of great importance for the functioning of policies within the economy. In order to maximize the employment of the workforce, it is necessary to find out how many people want to work at first. The indicator of this is the labor force participation rate (Korkmaz and Korkut, 2012: 42).

Unemployment is always one of the biggest problems of developing countries. Developing technology affects production and it becomes difficult for the workforce to adapt to changing technology, and hence the concept of labor productivity is beginning to be discussed. Women contribute significantly to the development process with their household and non-household labor force. In the development process, although women's domestic reproductive activities have started to be emphasized, the labor that women spend on reproductive activities is not sufficiently included in economic studies.

Women mostly do care and housework at home. Marcal (2016) stated that one of the important reasons why women are lower in economic life than men is that women have higher empathy and compassion than men. However, Marcal (2016) also stated that the duty of the woman is not to meet her husband at home after his stressful working day and arrange the life of his wife and that the woman should be the balance of the market. When we look at the position of women in the work life across the world, the understanding of women should stay out of working life and take care of activities such as housework and childcare can be observed. In a country where women constitute a significant portion of the population, it is expected that women have a great place in employment. Although the gap between female and male employment is not the same, it poses a problem in every economy. There is a substantial gap between female and male labor force participation in developing countries.

Female labor force participation first started with agriculture, then took place in the industrial sector and finally in the services sector. Increase in production with industrialization required capital and labor intensively. Along with the industrial sector, the service sector has also developed. More use of mental power instead of muscle power, flexible regulation of working hours, and a concentration of service jobs in the city centers enabled women to be employed more in the service sector compared to the industry. Considering the high number of women working in business fields such as salespeople, health technicians and teaching, it can be said that the service economy has turned into an economy where women are densely populated (Dura and Atik, 2002: 104).

In the economic development process, women should have taken part in working life as having the same rights as men from a social, political and economic perspective (Koray et al., 1999: 22). However, despite legal regulations in developing countries, labor force participation of women is also low (Özbey, 2004: 1). Throughout history, women's participation in the labor force has increased continuously. This situation is generally perceived as a positive situation and is increasingly seen as positive. It has been emphasized in many studies that the participation of women in the labor force has increased since the 1980s.

Increases in the number of women who have gained economic freedom and self-sufficiency are generally perceived as positive developments. However, in the historical process, the first increase in the female labor force participation rate occurred around sectors that provided precarious work, low wages and unqualified labor. Thus, the increasing dominance of women in the labor market initially had quantitative meaning in developed countries. In present time, although the status of women is in a better position in the labor market in developed countries compared to developing countries, gender equality has not been fully achieved in the market in general (Kılıç and Öztürk, 2014: 111). Today, with globalization, entry of women into the business life intensively is one of the biggest and most important developments in the business world (Mercanlıoğlu, 2009: 35).

According to Jaumotte (2003), greater female labor force participation (FLFP) can increase growth by increasing the labor supply. The increasing contribution of women to the labor force has become one of the main policy issues, especially in developed economies facing rapidly aging and shrinking population. FLFP has been increasing in many developing countries over the past decade, although differences between countries remain large. The female labor force can be the key to unlocking the growth potential in economies where

skilled female labor is abundant. This is particularly important for countries with labor shortages due to the rapidly aging population.

When the freedoms are tried to be diversified, a concept of freedom is encountered at almost every stage of life. The concept of freedom is encountered at every stage of life. For example, expressing one's opinion without any pressure is freedom of thought, the right to choose or abandonment a religion without interference is freedom of religion, participating in political elections or to vote according to one's own opinion is freedom to choose and be elected, going to foreign countries is freedom of travel. Although freedom is a value that concerns all humanity, the freedom of women is more or less restricted in almost every society.

It is possible to say that the freedom of the press is also a mirror of freedom of thought. One of the places where freedom of thought should exist is the communication network the internet that has become indispensable in the globalizing world. For this reason, the concept of internet freedom, which has attracted attention in recent years, actually gives an idea about the freedom of countries. Internet freedom is subject to restrictions in cases of military, homeland security and protection of family life.

Women and women's rights are largely included among alternative development approaches and goals. Amartya Sen (2001), who has important studies in the fields of feminist economics, gender equality and development, emphasized the disadvantaged position of women against men in terms of enjoying freedoms and the vital importance and necessity of women's access to economic resources, especially education, on development. In societies where freedom of expression is developed, women can take part more in social life, political life and economic life (Yalcinkaya Koyuncu and Özen, 2018a: 550).

Literature

Labor productivity has recently increased with the privatization policies of states. Privatization has become an integral part of short-term stabilization and long-term structural adjustment policies implemented by many developing countries since the 1990s. One of the aims of privatization is to increase economic efficiency and productivity by reducing the role of the state. Empirical studies indicate that the relationship between privatization and labor productivity is positive (Brown et al., 2004; Yilmaz and Yalcinkaya Koyuncu, 2018). Also, due to corruption, political influence, financing, lack of capital and market discipline, public companies and firms will not be as productive as private firms

(Dessy and Florio, 2004; Gronblom and Willner, 2008; Yalcinkaya Koyuncu and Ünver, 2018).

Labor productivity has been the subject of evaluation from different angles. For example, Yıldırım, K., Koyuncu, C. and Koyuncu, J. Y. (2009) measured the effect of temperature on labor productivity and stated that there is a statistically significant negative relationship between temperature and labor productivity. Koyuncu and Ünver (2018) examined the role of globalization on labor productivity in both the short and long term. They concluded that globalization and productivity are positively correlated with each other and this relationship is statistically significant both in the short and long term. Koyuncu and Yilmaz (2006) analyzed the impact of imports on productivity and unemployment.

According to the discrimination theory, men and women are equally productive workers, but the exclusion of women from “male” jobs due to the exclusionary behavior of employers, colleagues or customers affects women’s wages and jobs. Discrimination against women emerges when the wage gap between male and female labor is large enough for the same job (Becker, 1957; Blau and Jusenius, 1976). Studies indicate that even if differences in education, age, work experience, and productivity don’t explain the gender pay gap (O’Neill and Polachek, 1993; Kunze, 2003). However, the wage gap between men and women has narrowed in recent years (Monk-Turner and Turner, 2008; Petersen et al., 2010).

In recent years, women’s attachment to the labor market has increased due to the increase in the average age at marriage, decreased fertility, and decreased household responsibilities. Employment restriction for women enabled women to enhance their education levels in different fields in the education sector. The number of university graduates of women continued to increase with each passing time (Mulligan and Rubinstein, 2005). As women increased their human capital investments, a significant number of women have traditionally turned to a variety of men’s jobs. As a result, women’s productivity and hence their wages increased. Yilmaz et al. (2016) examined the relationship between labor productivity and various indicators representing women’s participation in the labor force. A positive relationship has been found between the labor force participation indicators of women and labor productivity. The research results indicated that female labor force participation increases labor productivity.

There are studies that examine women’s participation in the labor force from different angles. For example, Koyuncu and Özen (2017) examined religious, ethnic, linguistic and cultural diversity and women’s participation in the labor force. On the other hand, Yalcinkaya Koyuncu and Özen (2018b) analyzed the impact of political stability on female labor force participation.

Freedom is represented by freedom of expression. It shows the extent to which freedom of expression and press freedom, including ownership of media organizations, are affected by government censorship. When the literature is examined, it is observed that studies on freedom of expression and women's participation in the labor force are very limited. The fact that there are almost no studies in recent years on this section is an important factor that causes the literature review to be limited in this section. In the study conducted by Evans and Kelly (2008), education, income, income of spouses, marital status, number of children were discussed in the study on the tendency of women's participation in the labor force. The results show that these variables are related to labor force participation.

One of the places where freedom of thought should exist is the internet, which has become indispensable in the globalizing world. In the study of Yilmaz et al. (2017) on this subject, the relationship between internet penetration and productivity were examined and they concluded that internet penetration increases efficiency by controlling other factors that may contribute to productivity.

Data and Methodology

Labor productivity level in a country may be affected by the level of freedom and female labor force participation (FLFP) rate in that particular country. Increases in degree of freedom or FLFP rate in an economy may lead to rises in labor productivity. In that sense this study examines the association between labor productivity, FLFP rate, and freedom in a panel framework via a panel data set of developing countries for the period of 1981–2011. Productivity (PRODUCTIVITY) is measured in terms of output per employed person and the data come from The Conference Board Total Economy Database. FLFP rate is given by female labor force participation rate as of percentage of female population ages 15+ and it is collected from WDI (World Development Indicators). Freedom (FREEDOM) is represented by freedom of speech and it is gathered from CIRI Human Rights Dataset. FREEDOM variable shows the extent to which freedoms of speech and press are affected by government censorship, including ownership of media outlets.

Whenever time series are used in empirical analyses, series should be checked for stationarity since models using non-stationary series have a potential facing with spurious regression problem. Therefore first of all panel unit root tests are applied to each series to see if it stationary or not. By using stationary forms of the variables, random effect model is estimated to figure out

Tab. 1: Panel Unit Root Test Results

| | At levels | | At 1. differences | |
|--|------------|--------|-------------------|--------|
| | Test Stat. | Prob. | Test Stat. | Prob |
| Model: Individual effects & linear trends (H0: PRODUCTIVITY has unit root.) | | | | |
| Levin, Lin & Chu Test | 1.06877 | 0.8574 | -25.5257 | 0.0000 |
| Im, Pesaran and Shin Test | 3.18236 | 0.9993 | -26.509 | 0.0000 |
| ADF-Fisher Test | 196.157 | 0.3644 | 1018.94 | 0.0000 |
| PP-Fisher Test | 156.138 | 0.9655 | 1633.71 | 0.0000 |
| Model: Individual effects & linear trends (H0: FLFP has unit root.) | | | | |
| Levin, Lin & Chu Test | -0.38827 | 0.3489 | -9.50893 | 0.0000 |
| Im, Pesaran and Shin Test | -0.0707 | 0.4718 | -13.254 | 0.0000 |
| ADF-Fisher Test | 387.670 | 0.0001 | 732.300 | 0.0000 |
| PP-Fisher Test | 287.129 | 0.5695 | 1388.86 | 0.0000 |
| Model: Individual effects & linear trends (H0: SPEECH has unit root.) | | | | |
| Levin, Lin & Chu Test | -12.6726 | 0.0000 | - | - |
| Im, Pesaran and Shin Test | -11.3663 | 0.0000 | - | - |
| ADF-Fisher Test | 815.302 | 0.0000 | - | - |
| PP-Fisher Test | 1324.58 | 0.0000 | - | - |

how these variables are interacted with each other. After that a panel vector autoregressive (PVAR) model is constructed based on information criteria and a causality analyses is conducted among variables by utilizing PVAR structure.

Estimation Results

Panel stationarity test results are shown in Table 1 for four different stationarity tests (i.e., Levin, Lin & Chu Test, Im, Pesaran and Shin Test, ADF-Fisher Test, PP-Fisher Test) for the model of “individual effects&linear trend”. Lag selections of each model is automatically made based on AIC information criterion. The findings of panel unit root tests in Table 1 indicate that PRODUCTIVITY and FLFP variables turn to be stationary in first differences and hence PRODUCTIVITY and FLFP variables are integrated order one (i.e., I(1)). Moreover SPEECH variable is stationary at levels and thus SPEECH variable is integrated order zero (i.e., I(0)). Finally the results in Table 1 reveal that PRODUCTIVITY and FLFP variables are I(1) whereas SPEECH variable is I(0).

Both fixed cross-section effect model and random effect model are constructed and estimated. Based on Hausman test result, random effect model was picked up against fixed cross-section model and therefore Table 2 below

Tab. 2: Random Effect Results

| | Coefficient | Std. Error | t-Statistic | Prob. |
|----------------|--------------------|------------------------|--------------------|--------------|
| Constant | 33.3479 | 220.1164 | 0.1515 | 0.8796 |
| FLFP | -348.0244 | 105.5307 | -3.2979 | 0.001 |
| SPEECH | 470.1065 | 133.071 | 3.5328 | 0.0004 |
| R-squared | 0.0113 | Hausman Stat. | 0.0547 | |
| Adjusted R-sq. | 0.0103 | P-value for Hausman | 0.973 | |
| F-statistic | 11.0122 | # of country | 94 | |
| Prob(F-stat.) | 0 | # of obs. | 1922 | |

reports estimation findings for random effect model. All variables are used in their stationary forms in the random effect model in order to avoid from spurious regression problem. According to the estimation results both FLFP and SPEECH variables have statistically significant impact on labor productivity. While FLFP variable negatively affects labor productivity, SPEECH variable has a positive impact on labor productivity.

The following part conducts causality analyses among variables. If all variables were integrated order one then causality analyses would be conducted via panel vector error correction model (PVECM) structure. Therefore causality analyses are performed by using stationary forms of all variables in VAR model. VAR(5,5) model is constructed and estimated based on information criteria. The estimation results of VAR(5,5) model are shown in Table 3.

Figure 1 below shows inverse roots of AR characteristic polynomial, which give information on the satisfaction of stability condition for VAR(5,5) model. As indicated by Figure 1, the inverse roots of AR characteristic polynomial do not lie outside the unit circle. Thus it can be said that VAR(5,5) model satisfies the stability condition.

Table 4 depicts the variance decomposition for VAR(5,5) model. As of 10th period: %99.81, %0.09, and %1.09 of changes in variance of PRODUCTIVITY variable is counted by the change in its own variance, variance of FLFP and variance of SPEECH variables respectively. %98.89, %0.90, and %0.19 of changes in variance of FLFP variable is explained by the change in its own variance, variance of PRODUCTIVITY and variance of SPEECH variables respectively at the 10th period. As of 10th period: %98.09, %0.17, and %1.73 of changes in variance of SPEECH variable is explained by the change in its own variance, variance of PRODUCTIVITY and variance of FLFP variables respectively.

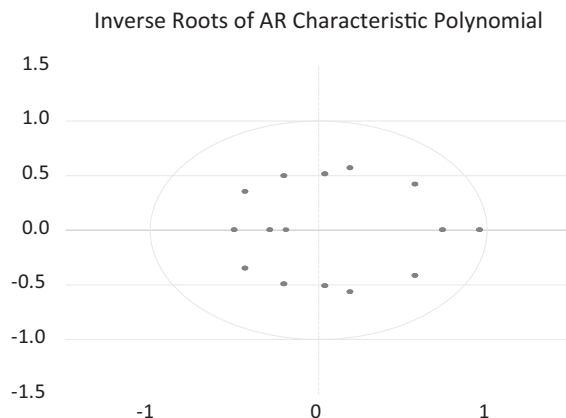
Tab. 3: VAR(5,5) Estimation Results

| | PRODUCTIVITY | FLFP | SPEECH |
|------------------|-------------------------|-------------------------|-------------------------|
| PRODUCTIVITY(-1) | 0.453126 [22.6018] | -1.63E-06 [-0.22798] | 4.92E-06 [1.49070] |
| PRODUCTIVITY(-2) | -0.104427 [-5.12910] | 2.72E-06 [0.37421] | 2.57E-06 [0.76571] |
| PRODUCTIVITY(-3) | 0.026462 [1.30286] | -1.09E-05 [-1.50610] | -4.62E-07 [-0.13814] |
| PRODUCTIVITY(-4) | -0.108918 [-5.74436] | 5.49E-06 [0.81082] | 1.60E-06 [0.51174] |
| PRODUCTIVITY(-5) | -0.043538 [-2.54347] | 6.03E-06 [0.98603] | 1.51E-06 [0.53559] |
| FLFP(-1) | -20.73456 [-0.27944] | 0.168113 [6.33949] | 0.006306 [0.51596] |
| FLFP(-2) | -62.11623 [-0.83246] | 0.123361 [4.62582] | 0.026126 [2.12554] |
| FLFP(-3) | -14.6585 [-0.19481] | 0.037612 [1.39865] | -0.02665 [-2.15037] |
| FLFP(-4) | -23.71462 [-0.31801] | 0.117187 [4.39704] | 0.030870 [2.51308] |
| FLFP(-5) | 4.472460 [0.05959] | 0.015317 [0.57106] | -0.00348 [-0.28120] |
| SPEECH(-1) | 444.9217 [2.79944] | 0.056665 [0.99760] | 0.454146 [17.3472] |
| SPEECH(-2) | -129.3375 [-0.74819] | 0.023436 [0.37933] | 0.143892 [5.05325] |
| SPEECH(-3) | 50.73001 [0.29599] | -0.0652 [-1.06438] | 0.140533 [4.97776] |
| SPEECH(-4) | 41.16965 [0.23956] | -0.03702 [-0.60278] | 0.058958 [2.08266] |
| SPEECH(-5) | -27.62708 [-0.17446] | 0.042915 [0.75829] | 0.109565 [4.20036] |
| C | 67.42389 [0.52365] | 0.048245 [1.04842] | 0.058052 [2.73707] |
| R-squared | 0.295108 | 0.092613 | 0.690068 |
| Adj. R-squared | 0.287694 | 0.083069 | 0.686808 |
| Akaike AIC | 18.41187 | 2.538515 | 0.989378 |
| Schwarz SC | 18.47039 | 2.597032 | 1.047895 |

Tab. 3: Continued

| | PRODUCTIVITY | FLFP | SPEECH |
|------------------------------|--------------|----------|--------|
| Akaike information criterion | | 21.92766 | |
| Schwarz criterion | | 22.10321 | |

Note: t-statistics are in brackets.

**Fig. 1:** Inverse Roots

Lastly a causality analysis is implemented among the variables by using estimated VAR(5,5) model and the results of panel Granger causality tests are shown in Table 5. As can be seen from the results, there is a causality relationship running from SPEECH variable to PRODUCTIVITY variable but not from FLFP variable to PRODUCTIVITY variable. PRODUCTIVITY variable and SPEECH variable are not Granger cause of FLFP variable. There exists a causality relationship running from FLFP variable to SPEECH variable but not from PRODUCTIVITY variable to SPEECH variable.

Tab. 4: Variance Decomposition for VAR (5,5) Model

| Period | PRODUCTIVITY | FLFP | SPEECH | PRODUCTIVITY | FLFP | SPEECH |
|--------------------------------|--------------|----------|-----------------------|--------------|----------|----------|
| Panel A: PRODUCTIVITY variable | | | Panel B:FLFP variable | | | |
| 1 | 100.0000 | 0.000000 | 0.000000 | 0.803314 | 99.19669 | 0.000000 |
| 2 | 99.55658 | 0.000970 | 0.442454 | 0.821078 | 99.11294 | 0.065981 |
| 3 | 99.35219 | 0.045248 | 0.602564 | 0.809875 | 99.05819 | 0.131939 |
| 4 | 99.22800 | 0.062345 | 0.709656 | 0.907429 | 98.95587 | 0.136699 |
| 5 | 99.05627 | 0.089078 | 0.854648 | 0.907031 | 98.93490 | 0.158074 |
| 6 | 99.00814 | 0.088812 | 0.903044 | 0.910153 | 98.91335 | 0.176500 |
| 7 | 98.95926 | 0.088329 | 0.952410 | 0.909914 | 98.90394 | 0.186143 |
| 8 | 98.90899 | 0.088865 | 1.002146 | 0.909075 | 98.90125 | 0.189680 |
| 9 | 98.86383 | 0.090659 | 1.045511 | 0.908384 | 98.90107 | 0.190547 |
| 10 | 98.81797 | 0.092484 | 1.089551 | 0.907854 | 98.89955 | 0.192592 |
| Panel C: SPEECH variable | | | | | | |
| 1 | 0.111980 | 0.291422 | 99.59660 | | | |
| 2 | 0.107786 | 0.361970 | 99.53024 | | | |
| 3 | 0.143945 | 0.850447 | 99.00561 | | | |
| 4 | 0.157222 | 0.772794 | 99.06998 | | | |
| 5 | 0.164376 | 1.202413 | 98.63321 | | | |
| 6 | 0.172446 | 1.310246 | 98.51731 | | | |
| 7 | 0.177401 | 1.435651 | 98.38695 | | | |
| 8 | 0.176918 | 1.536136 | 98.28695 | | | |
| 9 | 0.174406 | 1.629258 | 98.19634 | | | |
| 10 | 0.172267 | 1.729231 | 98.09850 | | | |

Tab. 5: Panel Granger Causality Tests

| Dependent variable: PRODUCTIVITY variable | | | | Dependent variable: SPEECH variable | | | |
|---|----------|----|--------|-------------------------------------|----------|----|--------|
| Excluded | Chi-sq | df | Prob. | Excluded | Chi-sq | df | Prob. |
| FLFP | 1.303229 | 5 | 0.9346 | PRODUCTIVITY | 4.494273 | 5 | 0.4807 |
| SPEECH | 18.58148 | 5 | 0.0023 | FLFP | 15.39930 | 5 | 0.0088 |
| All | 19.30505 | 10 | 0.0366 | All | 18.85515 | 10 | 0.0421 |
| Dependent variable: FLFP variable | | | | | | | |
| Excluded | Chi-sq | df | Prob. | | | | |
| PRODUCTIVITY | 3.290687 | 5 | 0.6553 | | | | |
| SPEECH | 3.091699 | 5 | 0.6859 | | | | |
| All | 6.175132 | 10 | 0.8003 | | | | |

Conclusion

The degree of freedom or female labor force participation rate in a country may play an explanatory role on the labor productivity level of that particular country. Increases or decreases in degree of freedom or FLFP rate in an economy may lead to change in labor productivity. Therefore, this study empirically investigates the relationship between labor productivity, female labor force participation rate, and freedom by utilizing a panel data set of developing countries for the period of 1981–2011.

The estimation results of panel random effect model hint that there is a statistically significant association between female labor force participation rate and labor productivity and between freedom of speech and labor productivity. While an increase in female labor force participation rate reduces labor productivity, an increase in freedom of speech improves labor productivity.

Variance decomposition results gathered from VAR(5,5) model show that changes in variances of PRODUCTIVITY, FLFP, and SPEECH variables are mainly explained by changes in their own variances. VAR(5,5) model, which satisfies the stability condition, was used to conduct causality analyses. According to panel Granger causality test results, there is a causality relationship running from SPEECH variable to PRODUCTIVITY variable but not from FLFP variable to PRODUCTIVITY variable. PRODUCTIVITY variable and SPEECH variable are not Granger cause of FLFP variable. Meantime there exists a causality relationship running from FLFP variable to SPEECH variable but not from PRODUCTIVITY variable to SPEECH variable.

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Tufan Sarıtaş

The Impact of Foreign Trade on Human Capital: System GMM Method

Introduction

Foreign trade gained importance throughout the history of humanity. This process is escalated especially by commercial capitalism. At the later stage, industrial capitalism caused an explosion on foreign trade at an unprecedented scale. The high return of foreign trade on the economic performance of countries has caused countries to shape their own economies in accordance with foreign trade. This situation significantly affected the economy together with human capital. Countries have started to implement policies that increase the productivity of labor in order to both produce and trade more.

According to economists, human labor is an important element in the wealth of nations. It is argued that increasing the productivity of human labor will bring along an increase in the efficiency of production. This productivity increase makes significant economic contributions not only for states or companies but also for individuals. Aware of this, individuals spend on factors such as education, health, or migration to increase their economic returns by taking advantage of better job opportunities (Schultz, 1961: 2). In this context, we can define human capital as the sum of skills, education level, health status and knowledge of individuals.

In economic theory, the concept of human capital has been emphasized and addressed implicitly since Adam Smith. However, on a theoretical basis, the concept of human capital is addressed explicitly by the Neo-classical growth theory founded by Solow (1956). In this theory, population growth rate and technological development are variables that determine growth. Of course, a very detailed human capital definition has not been made in this early theory. In the following years, more comprehensive explanations were proposed by the endogenous growth model developed by Lucas (1988), Romer (1990) and Rebelo (1991). In this new theory, it was emphasized that knowledge is an important element in the production process.

Today, the concept of human capital is measured with an index named Human Capital Index (HCI). This index uses quantitative data and is published every year in a report prepared by the World Bank. The report published in 2019

contains human capital index data for the period between 2000 and 2017 for 164 countries as such it includes information for more than 98 % of the world population. There are many elements such as education, employment, gender equality, population, income, life expectancy in the index (Angrist et al., 2019).

There are many empirical studies in the literature investigating the impact of human capital on economic performance. As a proxy for human capital, some of these studies have used the human capital index while others used variables such as education, health, etc. Most of the studies on human capital have investigated the relationship between human capital and economic growth. On the other hand, there are only few studies dealing with the relationship between human capital and foreign trade.

Chuang (2000) investigated the relationship between human capital, exports and economic growth in Taiwan for the period 1952–1995. The findings of the study point out that human capital positively affects growth and exports. In addition, it has been found that exports also affect human capital positively.

Narayan and Smyth (2004) examined the relationship between human capital, real income, and exports in China for the period 1960–1990. They found a reciprocal causality between exports and human capital and a unidirectional causality running from real income to exports.

Contractor and Mudambi (2008) investigated the relationship between exports and human capital in their study covering 25 countries and the period 1989–2003. Their empirical findings indicate that human capital positively affects exports. Also, according to the results of the study, human capital has a greater impact on exports of goods than on exports of services.

Agosin et al. (2012) conducted an empirical research on the determinants of export diversification for 79 countries and the period between 1962 and 2000. Their study suggests that human capital has a positive effect on export diversification. Their results also suggest that factors that contribute positively to trade also contribute positively to exports, but this effect is lower for those countries with higher levels of human capital.

Greenland and Lopresti (2016) investigated the effects of changes in the US labor market originating from Chinese imports on human capital accumulation for the period 1990–2007. Their findings indicate that that the US imports from China caused an increase in high school graduation rates, led to a decrease in wages for all educational groups, and a decrease in the employment for individuals without a high school degree.

Empirical framework of the study is provided in the next section of the study. Then, estimation results and the conclusion are given in the following sections.

Empirical Framework

In this study, the impact of foreign trade on human capital is investigated by the System GMM Method for the period between 2000 and 2017 and 47 countries¹ in the upper income group. Foreign trade is represented by two series as export and import and four different models were developed. Definition and data sources of the variables used in the study are provided in Table 1 below.

All series are obtained from the World Bank and logarithmic transformations of series are used in the study. Descriptive statistics for the series are given in Table 2 below.

System GMM analysis is employed as a method in the study. This method, which is called “Generalized Moments Method”, is one of the dynamic panel data analysis methods. Suggested by Arellano and Bond (1991), this method can be valid when error terms are autocorrelated. In addition, the model can make consistent estimates even under both constant variance and heteroscedasticity assumptions (Çağlayan Akay, 2015: 95).

The System GMM method is valid in case of $N > T$ in the data set. The model should have first order autocorrelation and it should not have second order autocorrelation so that the System GMM method makes a consistent estimation (Yerdelen Tatoğlu, 2018: 150). The presence of first order autocorrelation is

Tab. 1: Privatization Indicators Used in the Study and Their Definition and Data Source

| Variable | Definition | Data Source |
|----------|--|-----------------|
| LHCI | Human Capital Index | Pen World Table |
| LEXP | Exports of goods and services (constant 2010 US\$) | World Bank |
| LIMP | Imports of goods and services (constant 2010 US\$) | World Bank |
| LBRT | Birth rate, crude (per 1,000 people) | World Bank |
| LPOP | Population, total | World Bank |

Tab. 2: Descriptive Statistics of Series Employed in the Study

| Variable | Observations | Mean | Std. Dev. | Min. | Max. |
|----------|--------------|---------|-----------|---------|---------|
| LHCI | 846 | 1.3110 | 1.1899 | 0.7905 | 9.4171 |
| LEXP | 846 | 25.2867 | 1.5839 | 21.8696 | 28.4619 |
| LIMP | 846 | 25.2144 | 1.6122 | 21.6719 | 28.7526 |
| LBRT | 846 | 2.4520 | 0.2558 | 1.9315 | 3.2724 |
| LPOP | 846 | 15.7722 | 1.6442 | 12.5468 | 19.5993 |

investigated with the AR (1) test while the presence of second order autocorrelation is investigated with the AR (2) test. If the probability value of the AR test is statistically less than 5 % significance level, the H0 hypothesis, which states that autocorrelation does not exist, is accepted and the H1 hypothesis, which states that autocorrelation is found, is rejected. On the other hand, if the probability value of the AR test is statistically greater than 5 % significance level, the H0 hypothesis, which states that there is no autocorrelation, is rejected and the H1 hypothesis, which states that autocorrelation is found, is accepted (Çağlayan Akay, 2015: 103–104). Therefore, in order for the System GMM method to be valid, the probability value of the AR (1) test should be statistically less than 5 % significance level and the probability value of the AR (2) should be statistically higher than 5 % significance level. In addition, the probability value of Sargan and Wald tests should be statistically less than 5 % significance level in order for the System GMM method is valid.

Four different models have been constructed in the study. The econometric forms for these models are as follows:

$$\text{LHCI}_{it} = \beta_1 \text{LHCI}_{it-1} + \beta_2 \text{LEXP}_{it} + \varepsilon_{it} \quad (\text{Model 1})$$

$$\text{LHCI}_{it} = \beta_1 \text{LHCI}_{it-1} + \beta_2 \text{LEXP}_{it} + \beta_3 \text{LBRT}_{it-1} + \beta_4 \text{LPOP}_{it} + \varepsilon_{it} \quad (\text{Model 2})$$

$$\text{LHCI}_{it} = \beta_1 \text{LHCI}_{it-1} + \beta_2 \text{LIMP}_{it} + \varepsilon_{it} \quad (\text{Model 3})$$

$$\text{LHCI}_{it} = \beta_1 \text{LHCI}_{it-1} + \beta_2 \text{LIMP}_{it} + \beta_3 \text{LBRT}_{it-1} + \beta_4 \text{LPOP}_{it} + \varepsilon_{it} \quad (\text{Model 4})$$

In the models, LHCI represents human capital and is the dependent variable of all models. In the first model, LEXP represents export and is the independent variable in the model. In addition to the variables in Model 1, second model includes LBRT series representing the birth rate and LPOP series representing the total population among the independent variables as control variables and thus the scope of the research is expanded. In the third model The LIMP series representing import is the independent variable. In addition to the variables in Model 3, fourth model includes LBRT series and LPOP series among the independent variables as control variables.

Estimation Results

In this study, four different models have been constructed to investigate the possible impact of foreign trade on human capital. Export is independent variable

Tab. 3: System GMM Estimation Results for Models (Dependent Variable: LHCI)

| | Model 1 | Model 2 | Model 3 | Model 4 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| LEXP | 0.0002 (0.0000)* | 0.0014 (0.0000)* | - | - |
| LIMP | - | - | 0.0002 (0.0000)* | 0.0015 (0.0000)* |
| LBRT | - | -0.0025 (0.0010)* | - | -0.0023 (0.0030)* |
| LPOP | - | -0.0015 (0.0000)* | - | -0.0017 (0.0000)* |
| Wald Test Statistic (Prob.) | 5.58e+07 (0.0000) | 5.61e+07 (0.0000) | 5.58e+07 (0.0000) | 5.61e+07 (0.0000) |
| Sargan Test Statistic (Prob.) | 501.62 (0.0000) | 478.10 (0.0000) | 502.31 (0.0000) | 476.98 (0.0000) |
| AR(1) | -10.58 (0.0000) | -10.61 (0.0000) | -10.58 (0.0000) | -10.62 (0.0000) |
| AR(2) | -0.42 (0.6750) | -0.43 (0.6650) | -0.42 (0.6770) | -0.42 (0.6750) |
| Number of Observations | 799 | 799 | 799 | 799 |
| Number of Countries | 47 | 47 | 47 | 47 |

Notes: Probability values are provided in parentheses below the coefficients.

in Model 1 and Model 2 while import is independent variable in Model 3 and Model 4. Hence, foreign trade is represented by two different series, namely export and import series. Table 3 presents estimation results for four different models estimated by the System GMM method.

In Model 1, LHCI series representing human capital index is dependent variables while LEXP series representing export is independent variable. Estimation results suggest that LEXP series with its 0.0002 coefficient positively affects the LHCI series at a statistically 1 % significance level. Probability of Wald Test and Sargan Test for Model 1 are statistically significant at 1 % significance level. Also, as expected, the probability value of the AR (1) test is statistically less than 5 % significance level while the probability value of the AR (2) test is statistically higher than 5 % significance level.

In Model 2, the LHCI series representing the human capital index is dependent variable while LEXP series representing export, LBRT series

representing birth rate, and LPOP series representing population are independent variables. Unlike Model 1, LBRT and LPOP series are included in Model 2 as control variables. The empirical findings of Model 2 indicate that The LEXP series representing exports affects the LHCI series which represents human capital positively at a statistically 1 % significance level with a coefficient of 0.0014. In addition, regarding the control variables in the model, both the LBRT series representing the birth rate with a coefficient of -0.0025 and the LPOP series representing the population with a -0.0015 coefficient affect negatively the LHCI series representing human capital at a statistically 1 % significance level. Probability of Wald Test and Sargan Test for Model 2 are statistically significant at 1 % significance level. Also, as expected, the probability value of the AR (1) test is statistically less than 5 % significance level while the probability value of the AR (2) test is statistically higher than 5 % significance level.

In Model 3, LHCI series representing human capital index is dependent while LIMP series representing import is independent variable. Estimation results suggest that the LIMP series positively affects the LHCI series at a statistically significant level of 1 % with 0.0002 coefficient. Additionally, probability of Wald Test and Sargan Test for Model 3 are statistically significant at 1 % significance level. Also, as expected, the probability value of the AR (1) test is statistically less than 5 % significance level while the probability value of the AR (2) test is statistically higher than 5 % significance level.

In Model 4, LHCI series dependent representing human capital index is dependent variable while LIMP series representing import, LBRT series representing birth rate, and LPOP series representing population are independent variables. Unlike Model 1, LBRT and LPOP series are included in Model 4 as control variables. The empirical findings of Model 4 indicate that LIMP series representing imports positively affects the LHCI series representing human capital with a coefficient of 0.0015 at a statistically significant level of 1 %. In addition, regarding the control variables in the model, both the LBRT series representing the birth rate with a coefficient of -0.0023 and the LPOP series representing the population with a -0.0017 coefficient affect negatively the LHCI series representing human capital at a statistically 1 % significance level. Probability of Wald Test and Sargan Test for Model 4 are statistically significant at 1 % significance level. Also, as expected, the probability value of the AR (1) test is statistically less than 5 % significance level while the probability value of the AR (2) test is statistically higher than 5 % significance level.

Conclusion

In this study, the impact of foreign trade on human capital was investigated by the System GMM Method employing 47 countries in the upper income group and the period between 2000 and 2017. Foreign trade is represented by two series as export and import and four different models were established.

In Model 1, LHCI series representing human capital index is dependent variables while LEXP series representing export is independent variable. Estimation results suggest that LEXP series with its 0.0002 coefficient positively affects the LHCI series at a statistically 1 % significance level. Probability of Wald Test and Sargan Test for Model 1 are statistically significant at 1 % significance level. Also, as expected, the probability value of the AR (1) test is statistically less than 5 % significance level while the probability value of the AR (2) test is statistically higher than 5 % significance level.

In Model 2, the LHCI series representing the human capital index is dependent variable while LEXP series representing export, LBRT series representing birth rate, and LPOP series representing population are independent variables. Unlike Model 1, LBRT and LPOP series are included in Model 2 as control variables. The empirical findings of Model 2 indicate that The LEXP series representing exports affects the LHCI series which represents human capital positively at a statistically 1 % significance level with a coefficient of 0.0014. In addition, regarding the control variables in the model, both the LBRT series representing the birth rate with a coefficient of -0.0025 and the LPOP series representing the population with a -0.0015 coefficient affect negatively the LHCI series representing human capital at a statistically 1 % significance level. Probability of Wald Test and Sargan Test for Model 2 are statistically significant at 1 % significance level. Also, as expected, the probability value of the AR (1) test is statistically less than 5 % significance level while the probability value of the AR (2) test is statistically higher than 5 % significance level.

In Model 3, LHCI series representing human capital index is dependent while LIMP series representing import is independent variable. Estimation results suggest that the LIMP series positively affects the LHCI series at a statistically significant level of 1 % with 0.0002 coefficient. Additionally, probability of Wald Test and Sargan Test for Model 3 are statistically significant at 1 % significance level. Also, as expected, the probability value of the AR (1) test is statistically less than 5 % significance level while the probability value of the AR (2) test is statistically higher than 5 % significance level.

In Model 4, LHCI series dependent representing human capital index is dependent variable while LIMP series representing import, LBRT series

representing birth rate, and LPOP series representing population are independent variables. Unlike Model 1, LBRT and LPOP series are included in Model 4 as control variables. The empirical findings of Model 4 indicate that LIMP series representing imports positively affects the LHCI series representing human capital with a coefficient of 0.0015 at a statistically significant level of 1 %. In addition, regarding the control variables in the model, both the LBRT series representing the birth rate with a coefficient of -0.0023 and the LPOP series representing the population with a -0.0017 coefficient affect negatively the LHCI series representing human capital at a statistically 1 % significance level. Probability of Wald Test and Sargan Test for Model 4 are statistically significant at 1 % significance level. Also, as expected, the probability value of the AR (1) test is statistically less than 5 % significance level while the probability value of the AR (2) test is statistically higher than 5 % significance level.

As seen in the empirical findings of the study, foreign trade makes a positive contribution to human capital. Therefore, countries should not ignore this positive effect of foreign trade in the policies they implement to enhance their human capital. All kinds of policies that facilitate foreign trade can increase the productivity of production by enhancing human capital and therefore have a positive effect on economic growth.

Notes

- 1) The 47 countries employed within the scope of the study are as follows: Australia, Austria, Bahamas, Bahrain, Belgium, Brunei Darussalam, Canada, Chile, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea Rep., Latvia, Lithuania, Luxembourg, Macao, Malta, Netherlands, New Zealand, Norway, Panama, Poland, Portugal, Romania, Saudi Arabia, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States, Uruguay.

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Eda Özen

Productivity, Globalization and Rents in Developing Economies

Introduction

Developing economies follow economic policies focused on continuous innovation. In this way, they can make their development sustainable. Since the economy is a dynamic system, it should be examined in a multi-directional way in order to make its development sustainable. In this study, the effect of globalization and rents on developing economies is examined while considering the productivity of developing economies. Globalization, productivity and rents relations are analyzed for the period of 1991 and 2017. Before empirical study, some studies on the subject in the literature are summarized below.

Productivity is an important macroeconomic variable which has an important effect on the development of economies. For this reason, development in many studies and in many sectors is measured by the concept of productivity. While there are many studies on productivity in the literature, labor productivity is also frequently studied. For example, in one of the studies conducted on labor productivity, the effect of privatization on labor productivity is examined with transition economies (Yilmaz and Yalçınkaya Koyuncu, 2018). In another study, the effect of female labor force participations on labor productivity was examined by a panel data analysis (Yilmaz et al., 2016). There are also other studies on labor productivity (Koyuncu and Unver, 2018; Yildirim et al., 2009; Yalçınkaya Koyuncu and Unver, 2018; Okşak and Yalçınkaya Koyuncu, 2017). Fulginiti and Perrin (1998) examined the changes in agricultural productivity during the 1961–1985 period for 18 developing countries while Satchi and Temple (2009) examined labor markets and productivity in developing countries. Chudnovsky et al. (2006) analyzed the relationship between innovation and productivity in developing countries for the case manufacturing firms in Argentina by using the data of 1992–2001. There are also other studies focusing on the other relationship of the productivity variables such as internet penetration, exports, unemployment, subsidies have been examined, has a wide literature (Koyuncu and Yilmaz, 2010; Yilmaz et al., 2017; Koyuncu and Oksak, 2017; Koyuncu and Yilmaz, 2006).

Another macroeconomic variable considered in this study is rents. The concept of rent is influenced by the existing feudal structure in the West and is shaped by the unity of legal and political systems and the relationships of individuals that make up the society. Therefore, rent should be examined separately depending on the state structures of the East and the West (Sözden et al., 2011: 90–91). Rent is separated into two types by Tollison (1982). The first of these is considered as artificial and the second as natural rent. Tollison (1982) argues that a rent that fails economically with the intervention of the state can be called as artificial rent while a rent that is generated in competitive markets with the changes in supply and demand within the ordinary price mechanism in the market can be called as natural rent (Tollison 1982: 575–602). Rent is the first variable that comes to mind in areas such as system disorders and government ineffectiveness.

If rents are mentioned in an economy, a decrease in productivity is expected. In this study, the relationship between rents and globalization and the relationship between rents and productivity in developing economies are discussed. When rents are mentioned in an economy, one of the first questions that comes to mind is whether the government's effectiveness is weak. This question is investigated by the study of Yalçinkaya Koyuncu and Okşak (2019a). They concluded that corruption decreased as the efficiency of the government increased. Their study reveals that there is a negative relationship between rents and government efficiency. In their another study Yalçinkaya Koyuncu and Okşak (2019b), they investigated the relationship between accountability and rents by using panel analysis. In their analysis rents are represented by five variables as natural gas, forest, oil, mineral and total natural resource rents. The results of the study indicate that there is a negative relationship between rents and the voice and accountability variable. In another study (Yalçinkaya Koyuncu and Unver, 2020) focusing on natural resource rents, the effect of naturel resource rents on political stability is investigated.

In this study, the effect of globalization on developing economies is also examined. Globalization emerges as a concept that is economically and socially internalized in every field. Many aspects of globalization are examined in the literature. For example, Yalçinkaya Koyuncu and Unver (2017) investigated the relationship between globalization and corruption. Empirical results of the study indicate that countries with higher political globalization display more corrupt behavior. Yilmaz and Yalçinkaya Koyuncu (2019) analyzed the asymmetric effect of globalization on interest rates on external debt. They found a nonlinear relationship between these two variables.

These three variables (productivity, globalization and rents), which are generally examined in separate studies in the literature, have been investigated together in this study. It has also analyzed how productivity, globalization and rents are related to each other.

Data and Methodology

In this study the relationship between productivity, globalization and rents are analyzed by using a panel data set of developing countries for the period of 1991–2017. Productivity (PRODUC) is represented by GDP per person employed in terms of constant 2017 PPP \$ and it was gathered from WDI (World Development Indicators). Rents (RENT) are measures as total natural resources rents (% of GDP) and it was collected from WDI. Globalization (GLOB) index values were obtained from KOF index.

Firstly, stationarity level of each series is checked and after that static panel time effect model is estimated to find out the interaction among variables. Finally, causality analyses among variables are performed via panel vector autoregressive (PVAR) structure.

Table 1 reports the descriptive statistics and Table 2 shows the correlation coefficients for variable pairs. As indicated by the correlation matrix there is a statistically significant association between PRODUC and RENT and between PRODUC and GLOB and between RENT and GLOB variables.

Tab. 1: Descriptive Statistics

| | PRODUC | RENT | GLOB |
|------------------------|----------|----------|----------|
| Mean | 39804.62 | 7.870697 | 55.42325 |
| Median | 24928.73 | 2.524927 | 53.72261 |
| Maximum | 267403.9 | 84.22876 | 91.31335 |
| Minimum | 972.7493 | 0.000000 | 19.20007 |
| Std. Dev. | 40741.21 | 11.57498 | 16.20175 |
| Skewness | 1.668373 | 2.143633 | 0.260517 |
| Kurtosis | 6.498450 | 7.928345 | 2.255741 |
| Number of Observations | 3633 | 4053 | 4119 |

Tab. 2: Correlation Matrix

| | PRODUC | RENT | GLOB |
|---------|---------|---------|-------|
| PRODUC | 1 | | |
| P-value | ----- | | |
| RENT | -0.2022 | 1 | |
| P-value | 0.0000 | ----- | |
| GLOB | 0.7677 | -0.3521 | 1 |
| P-value | 0.0000 | 0.0000 | ----- |

Estimation Results

Table 3 below depicts the panel unit root test results for each variable for two distinct models (i.e., “individual effects” and “individual effects & linear trend”). As can be deduced from the test finding PRODUC and GLOB variables are stationary in first differences and thus each one of PRODUC and GLOB variables is integrated order one (i.e., $I(1)$). On the other hand RENT variable is stationary at levels and hence RENT variable is integrated order zero (i.e., $I(0)$). As a results PRODUC and GLOB variables are $I(1)$ while RENT variable is $I(0)$.

Before implementing causality analyses, the impact of RENT and GLOB variables on PRODUC variable is analyzed via static panel time effect model in which all variables are used in stationary forms and the results are given in Table 4 below. Since Hausman test result chooses fixed time effect model instead of random time effect model, Table 4 reports findings for fixed time effect model. As indicated by the results RENT variable has a statistically significant negative effect on PRODUC variable whereas GLOB variable does not have a statistically significant impact on PRODUC variable.

Owing to the fact that RENT variable is not $I(1)$ causality analysis will be conducted by using PVAR model structure rather than panel vector error correction model (PVECM) structure. Each variable is utilized in stationary form in VAR model and based on information criteria VAR(1,1) model was determined as optimal model. The estimated VAR(1,1) model is shown in Table 5.

As can be seen from both Table 6 and Figure 1, none of the inverse roots of AR characteristic polynomial lie outside the unit circle and hence VAR(1,1) model satisfies the stability condition.

Variance decomposition results for VAR(1,1) model is given in Table 7 underneath. As of 10th period: %99.41, %0.47, and %0.11 of changes in variance of PRODUC variable is explained by the change in its own variance, variance of GLOB and variance of RENT variables respectively. %96.36, %1.76, and %1.87 of changes in variance of GLOB variable is explained by the change in its own variance, variance of PRODUC and variance of RENT variables respectively at the 10th period. As of 10th period: %97.39, %0.29, and %2.32 of changes in variance of RENT variable is explained by the change in its own variance, variance of PRODUC and variance of GLOB variables respectively.

By utilizing VAR(1,1) structure causality test was performed and the findings are depicted in Table 8. According to the results, there is a causality running from GLOB and RENT variables to PRODUC variable, running from PRODUC and RENT variables to GLOB variable, running from GLOB and PRODUC variables to RENT variable.

Tab. 3: Panel Stationarity Test

| | Level | | I. Difference | |
|--|--------------|---------|----------------------|---------|
| | Test Stat. | P-value | Test Stat. | P-value |
| Model: Individual effects (H0: PRODU is non-stationary.) | | | | |
| Levin, Lin & Chu Test | 8.26791 | 1.0000 | -24.2683 | 0.0000 |
| Im, Pesaran and Shin Test | 11.0406 | 1.0000 | -27.5383 | 0.0000 |
| ADF-Fisher Test | 214.190 | 0.9977 | 1328.80 | 0.0000 |
| PP-Fisher Test | 231.994 | 0.9747 | 1696.37 | 0.0000 |
| Model: Individual effects & linear trends (H0: PRODU is non-stationary) | | | | |
| Levin, Lin & Chu Test | -0.11958 | 0.4524 | -23.4106 | 0.0000 |
| Im, Pesaran and Shin Test | 0.07624 | 0.5304 | -24.9745 | 0.0000 |
| ADF-Fisher Test | 338.254 | 0.0062 | 1119.15 | 0.0000 |
| PP-Fisher Test | 275.462 | 0.4978 | 2019.96 | 0.0000 |
| Model: Individual effects (H0: RENT is non-stationary) | | | | |
| Levin, Lin & Chu Test | -9.55743 | 0.0000 | - | - |
| Im, Pesaran and Shin Test | -10.3001 | 0.0000 | - | - |
| ADF-Fisher Test | 579.979 | 0.0000 | - | - |
| PP-Fisher Test | 632.684 | 0.0000 | - | - |
| Model: Individual effects & linear trends (H0: RENT is non-stationary.) | | | | |
| Levin, Lin & Chu Test | -7.18264 | 0.0000 | - | - |
| Im, Pesaran and Shin Test | -7.42005 | 0.0000 | - | - |
| ADF-Fisher Test | 508.350 | 0.0000 | - | - |
| PP-Fisher Test | 516.529 | 0.0000 | - | - |
| Model: Individual effects (H0: GLOB is non-stationary) | | | | |
| Levin, Lin & Chu Test | -20.3819 | 0.0000 | - | - |
| Im, Pesaran and Shin Test | -5.25102 | 0.0000 | - | - |
| ADF-Fisher Test | 577.318 | 0.0000 | - | - |
| PP-Fisher Test | 799.440 | 0.0000 | - | - |
| Model: Individual effects & linear trends (H0: GLOB is non-stationary.) | | | | |
| Levin, Lin & Chu Test | -3.52972 | 0.0002 | -36.9753 | 0.0000 |
| Im, Pesaran and Shin Test | -0.47205 | 0.3184 | -40.3224 | 0.0000 |
| ADF-Fisher Test | 366.881 | 0.0096 | 1894.73 | 0.0000 |
| PP-Fisher Test | 394.563 | 0.0005 | 3607.98 | 0.0000 |

Tab. 4: Fixed Time Effect Results

| | Coefficient | Std. Error | t-Statistic | P-value |
|-------------------------|--------------------|-------------------|--------------------|----------------|
| Constant | 647.0618 | 53.5665 | 12.0796 | 0.0000 |
| GLOB | -43.6960 | 30.6731 | -1.4246 | 0.1544 |
| RENT | -26.9955 | 3.4292 | -7.8722 | 0.0000 |
| R-squared | 0.049 | | | |
| Adjusted R-squared | 0.042 | | | |
| F-statistic | 6.572 | | | |
| Prob(F-statistic) | 0.000 | | | |
| Hausman Stat. | 6.535 | | | |
| Hausman Stat.(P-value) | 0.038 | | | |
| Number of countries | 138 | | | |
| Number of Observations | 3471 | | | |

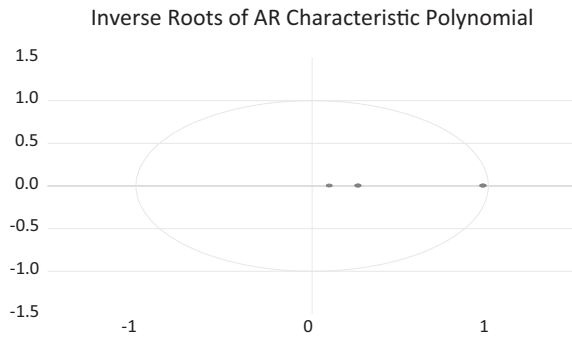
Tab. 5: VAR Estimates

| | PRODUC | GLOB | RENT |
|------------------------------|-------------------------------------|------------------------------------|------------------------------------|
| PRODUC(-1) | 0.180677 (0.01702) [10.6144] | 5.67E-05 (1.0E-05) [5.50855] | -0.0001 (2.4E-05) [-4.18446] |
| GLOB(-1) | 111.4552 (27.2861) [4.08469] | 0.189660 (0.01650) [11.4979] | 0.129333 (0.03800) [3.40323] |
| RENT(-1) | -10.0417 (2.98711) [-3.36169] | 0.019602 (0.00181) [10.8552] | 0.970210 (0.00416) [233.205] |
| R-squared | 0.015852 | -0.1372 | 0.919700 |
| Adj. R-squared | 0.015261 | -0.1379 | 0.919652 |
| F-statistic | 26.81084 | -200.8467 | 19064.14 |
| Log likelihood | -30636.8500 | -5943.1720 | -8724.0710 |
| Akaike AIC | 18.39127 | 3.569131 | 5.238338 |
| Schwarz SC | 18.39677 | 3.574633 | 5.243840 |
| Akaike information criterion | | 27.17167 | |
| Schwarz criterion | | 27.18818 | |

Note: Standard errors are in parentheses while t-statistics are in brackets.

Tab. 6: Characteristic Roots

| Root | Modulus |
|----------|----------|
| 0.974271 | 0.974271 |
| 0.264799 | 0.264799 |
| 0.101476 | 0.101476 |

**Fig. 1:** Inverse Roots

Tab. 7: Variance Decomposition for VAR(1,1) Model

| Period | PRODUC | GLOB | RENT |
|---------------------------------|---------------|-------------|-------------|
| Panel A: PRODUC variable | | | |
| 1 | 100.0000 | 0.000000 | 0.000000 |
| 2 | 99.56349 | 0.418087 | 0.018421 |
| 3 | 99.49821 | 0.467399 | 0.034391 |
| 4 | 99.48174 | 0.470049 | 0.048208 |
| 5 | 99.46912 | 0.469989 | 0.060886 |
| 6 | 99.45712 | 0.470086 | 0.072796 |
| 7 | 99.44565 | 0.470281 | 0.084066 |
| 8 | 99.43475 | 0.470497 | 0.094752 |
| 9 | 99.42440 | 0.470710 | 0.104892 |
| 10 | 99.41457 | 0.470915 | 0.114513 |
| Panel B: GLOB variable | | | |
| 1 | 0.457960 | 99.54204 | 0.000000 |
| 2 | 1.622783 | 98.18764 | 0.189575 |
| 3 | 1.766635 | 97.80407 | 0.429290 |
| 4 | 1.777499 | 97.55365 | 0.668848 |
| 5 | 1.775405 | 97.32649 | 0.898109 |
| 6 | 1.772015 | 97.11255 | 1.115437 |
| 7 | 1.768582 | 96.91041 | 1.321003 |
| 8 | 1.765288 | 96.71935 | 1.515363 |
| 9 | 1.762161 | 96.53870 | 1.699135 |
| 10 | 1.759201 | 96.36787 | 1.872924 |
| Panel C: RENT variable | | | |
| 1 | 1.307106 | 0.915325 | 97.77757 |
| 2 | 0.769523 | 1.609918 | 97.62056 |
| 3 | 0.570719 | 1.899692 | 97.52959 |
| 4 | 0.469989 | 2.048850 | 97.48116 |
| 5 | 0.409510 | 2.138549 | 97.45194 |
| 6 | 0.369256 | 2.198252 | 97.43249 |
| 7 | 0.340572 | 2.240792 | 97.41864 |
| 8 | 0.319124 | 2.272600 | 97.40828 |
| 9 | 0.302500 | 2.297254 | 97.40025 |
| 10 | 0.289253 | 2.316900 | 97.39385 |

Tab. 8: Causality Tests

| Dependent variable: PRODUC variable | | | |
|-------------------------------------|----------|----|---------|
| Excluded | Chi-sq | df | P-value |
| GLOB | 16.68473 | 1 | 0.0000 |
| RENT | 11.30095 | 1 | 0.0008 |
| All | 22.52679 | 2 | 0.0000 |
| Dependent variable: GLOB variable | | | |
| Excluded | Chi-sq | df | P-value |
| PRODUC | 30.34415 | 1 | 0.0000 |
| RENT | 117.8364 | 1 | 0.0000 |
| All | 144.4265 | 2 | 0.0000 |
| Dependent variable: RENT variable | | | |
| Excluded | Chi-sq | df | P-value |
| PRODUC | 17.50970 | 1 | 0.0000 |
| GLOB | 11.58196 | 1 | 0.0007 |
| All | 26.85913 | 2 | 0.0000 |

Conclusion

This study empirically investigates interactions among productivity, globalization, and rents by using a panel data set of developing countries for the period of 1991–2017. Panel unit root tests imply that PRODUC and GLOB variables are integrated order one whereas RENT variable is integrated order zero. Estimation results of fixed time effect model revealed that there is a statistically significant negative impact of RENT variable on PRODUC variable while GLOB variable do not possess a significant effect on PRODUC variable. Variance decomposition results based on VAR(1,1) model show that changes in variance of each variable is mainly explained by changes in its own variance. In order to find out causality association among variables VAR(1,1) model, which satisfies the stability condition, was constructed and estimated. The results of causality analyses conducted under VAR(1,1) model indicate that there exists a causality running from GLOB and RENT variables to PRODUC variable, running from PRODUC and RENT variables to GLOB variable, running from GLOB and PRODUC variables to RENT variable. Therefore, variables mutually cause to each other.

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Muhammed Benli

Financial Development, Economic Growth and Poverty

Introduction

“Long-term sustainable economic growth depends on the ability of an economy to raise the rates of accumulation of human and physical capital, to use the resulting productive assets more efficiently, and to ensure the access of the whole population to these assets” (Fitzgerald, 2007). Well-functioning financial intermediaries and markets are expected to be important factors fostering sustainable and balanced economic growth through mobilizing and allocating idle savings, reducing information asymmetries, diversifying risks, evaluating prospective entrepreneurs, facilitating transactions, monitoring managers, exerting corporate control, and attracting foreign investments. Financial development and economic growth are thus clearly related, and this idea dates back to Bagehot (1873) and Schumpeter (1911). This view has been discussed intensively in the economic literature and supported robustly empirically e.g. Goldsmith (1969), McKinnon (1973), and King and Levine (1993a, 1993b), yet the channels and even the direction of causality have remained unresolved in both theory and empirics (Fitzgerald, 2007).

How financial development affects economic growth, and how it helps reduce poverty, are clearly related issues because growth is a powerful instrument to alleviate poverty (Bruno et al., 1998). However, it is possible that the potential benefit of growth for the poor is undermined or even offset entirely if growth is accompanied by sharp increases in inequality. As Kanbur (2001: 1090–91) notes, though there have been many empirical demonstrations that growth in real national per capita income is correlated across countries and over time with reductions in the measure of national income poverty, “the real dispute is about consequences of alternative politics”. This raises interest in assessing the specific influence of financial development on poverty (Jeanneney and Kpodar, 2011).

The debate on the interrelationship between financial development and economic growth is extensive in the theoretical and empirical literature. However, empirical evidence on the interaction between financial development and economic growth has been inconclusive due to mixed findings.

Meier and Seers (1984) do not even mention finance in a collection of essays on “pioneers of development economics”, including three Nobel Prize winners, and Nobel Laureate Robert Emerson Lucas (1988: 6) argues that finance is “over-stressed” in explaining growth. Furthermore, Joan Robinson (1952: 86) famously noted that economic growth, which is generated elsewhere, is simply followed by financial development. From this perspective, finance responds to changing demands from the “real sector”; finance does not cause growth. At the other extreme, Nobel Laureate Merton Miller (1998: 14) argues that “[the idea] that financial markets contribute to economic growth is a proposition too obvious for serious discussion”. “Drawing a more restrained conclusion, Bagehot (1873), Schumpeter (1912), Gurley and Shaw (1955), Goldsmith (1969), and McKinnon (1973) reject the idea that the finance growth nexus can be safely ignored without substantially limiting our understanding of economic growth” (Levine, 2005).

The literature on financial development and poverty is again equivocal due to mixed findings. The traditional idea is that financial development has an indirect impact on the living standards of the poor through its support of economic growth. Some earlier studies have shown that financial development can help reduce poverty in a number of ways (Odhiambo, 2009). First, by addressing the causes of financial market failures such as information asymmetry and the high fixed cost of lending to small borrowers, financial development can improve the opportunities for the poor to access formal finance (Jalilian and Kirkpatrick, 2001; Stiglitz, 1998). Second, financial development helps the poor to borrow money to start microenterprises, or to draw down accumulated savings, which ultimately leads to wider access to financial services, generates more employment and higher incomes, and thus reduces poverty (Department for International Development, 2004). Third, because of the implied positive relationship between financial development and economic growth, financial development may trickle down to the poor through its effect on economic growth. This theory has been supported by many studies such as Mellor (1999), Fan et al. (2000) Ravallion and Datt (2002), and Dollar and Kraay (2002), among others (Odhiambo, 2010).

In light of these conflicting views, the purpose of this study is to examine the causal structure between finance, economic growth, and poverty, in conjunction with some other economic and social factors. In doing so, this study attempts to shed light on both the direct and indirect causation between these three variables, and also distinguishes between different causal patterns in developing and developed countries, and with respect to other mediating economic and social factors.

Directed Acyclic Graphs (DAGs)

Empirical studies in economics have primarily relied on economic theory or researchers' intuitions to identify and measure the structure and parameters of economic models. However, the theory is oftentimes too heterogeneous to provide a conclusive causal structure or does not provide sufficient information to identify the underlying causal structure. Moreover, such a priori models fail to specify the underlying causal structure on observational data since the causal structure is generally underdetermined by the statistical properties of the data in theory, and may provide incorrect causal inference (Kwon and Bessler, 2011). "Inductive causation" relies on observational data and infers a causal graph from conditional independencies among variables, whereas "deductive causation" arises from either innate ideas or the mathematics of assumed behavior.

In the economic literature, the empirical studies on the causal nexus between financial development, economic growth, and poverty have primarily relied on Granger causality tests based on Vector Autoregression (VAR) and Vector Error Correction (VEC) models. However, Bessler (2002) argues that the reason for studying causal models is to predict the consequences of changing an effect variable (Y) by changing the cause variable (X). The heart of causation is the possibility of manipulating Y by way of manipulating X. Bunge (1959), as discussed in Bessler (2002), argues that causality requires a productive or genetic principle that models "how something comes into being". If X is productive of Y, X causes Y. Without considering intervention and manipulation, definitions that focus solely on prediction, for example, Granger-type causality, may mistakenly label as cause variables that are associated only through an omitted variable.

DAGs, which are the most widely used graphs in causal modeling, are simply directed graphs (DGs) that contain no directed cycles. In our context, a directed graph (DG) or digraph is a mathematical object consisting of an ordered pair (V, E) , where V is a set whose elements are called nodes or vertices (variables), and E is a set of ordered pairs of vertices (or a set of directed edges), called arrows. Vertices (variables) connected by an edge (arrow) are said to be adjacent. An undirected edge does not have a causal direction, whereas a directed edge is an edge that has an arrow indicating its causal direction. For example, let $V = \{A, B, C\}$ and $E = \{(B, A), (C, A)\}$. Then $G = (V, E)$ is a directed graph, represented in Figure 1(a). The directed graph G contains no directed cycles because for any node A there does not exist a nonempty directed path that starts and ends with A . Therefore, G is a directed acyclic graph (DAG), as seen in Figure 1(a). In contrast, the directed graph, $G' = (V, E')$, where $V = \{A, B, C\}$, and $E' = \{(B, A),$

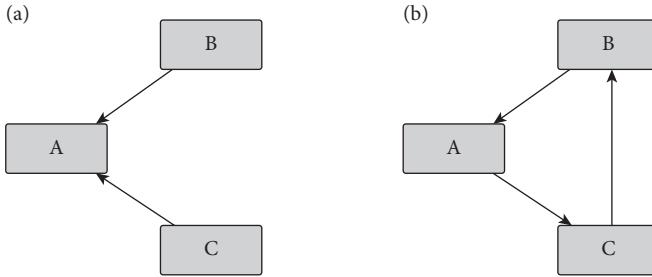


Fig. 1: Example of Directed Graphs

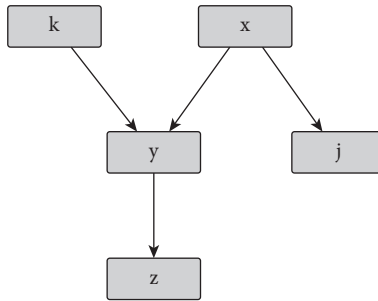


Fig. 2: Example of a Directed Acyclic Graph

$(A, C), (C, B)$ is not acyclic since we move from A to B but then return to A by way of C as seen in Figure 1(b). In this article, we discuss only acyclic graphs, as in Figure 1(a) and Figure 2 since cyclic graphs are not identifiable (Li et al., 2013). When referring to variables in the causal model, terms from genealogy are used. For example, in Figure 2, the variables x and y are ancestors of variable z, whereas z is the descendant of variables x and y. Similarly, variable x is the grandparent of variable z and parent of variable y (Zhang et al., 2006; Li et al., 2013).

There are several algorithms discussed in the machine learning literature that can be used to identify DAGs, including PC (Partial Correlation), GES (Greedy Equivalence Search), and FCI (Fast Causal Inference) algorithms (Soremekun and Malgwi, 2012). For the purpose of our study, we use the PC-algorithm. The PC algorithm starts by forming a complete undirected graph in which all the variables in the system are connected through undirected edges

(for example, $A - B$). Then, the algorithm removes edges between variables sequentially based upon significance tests of zero correlation or zero partial (conditional) correlation. The remaining edges are then directed by using the notion of *sepset*². “Edges are directed by considering triples $X - Y - Z$, such that X and Y are adjacent as are Y and Z , but X and Z are not adjacent. Direct edges between triples: $X - Y - Z$ as $X \rightarrow Y \leftarrow Z$ (which makes Y a collider) if Y is not in the *sepset* of X and Z . If $X \rightarrow Y$, Y and Z are adjacent, X and Z are not adjacent, and there is no arrowhead at Y , then orient $Y - Z$ as $Y \rightarrow Z$. If there is a directed path from X to Y , and an edge between X and Y , then direct $(X - Y)$ as $X \rightarrow Y$.” (Awokuse and Bessler, 2003)³. The PC algorithm may make mistakes of edge inclusion/exclusion and edge direction, especially with a small sample size (Spirtes et al., 2000; Awokuse and Bessler, 2003; Demiralp and Hoover, 2003). Spirtes et al. (2000) suggest that the use of higher significance levels (e.g. 0.2–0.3 at sample sizes less than 100, and 0.1 at sample sizes between 100 and 300) may improve performance at small sample sizes. Given our 89 observations (28 developed and 61 developing countries) we choose the 30 percent significance level as the cut-off for the removal of edges, which provides a relatively unambiguous directed ordering for our set of variables. In this study, we use TETRAD VI, which is a software program developed at Carnegie Mellon University, for the estimations.

Data

For our purpose in this study, we utilize cross-sectional data on 28 developed⁴ and 61 developing countries⁵ for the calendar year of 2017, for which the most recent data are available for a large set of countries. The selection of the variables for the analysis is based on the choice of variables in the literature. The definitions of the variables and data sources are reported in Table 1.

Financial development is proxied by domestic credit to the private sector as a percentage of GDP and real GDP per capita is used as a proxy for economic development. Poverty rates and inequality measure (GINI index) are estimated using the PovcalNet which is an online computational tool for poverty measurement developed by the Development Research Group of the World Bank. Trade is defined as imports plus exports divided by GDP and is suggested by Huang and Temple (2005) to be an important factor for financial sector development. Moreover, there are some other studies (e.g., Kletzer and Bardhan, 1987; Baldwin and Krugman, 1989; Ju and Wei, 2005) suggesting that financial sector development is an important determinant of international trade patterns (Kiendrebeogo, 2012). Domestic investment is proxied by gross fixed

Tab. 1: Variables under Consideration

| Definition of Variables | Acronym | Source |
|--|-----------------------|--|
| Gross fixed capital formation (% of GDP) | investment | World Bank, World Development Indicators online database |
| Domestic credit to private sector (% of GDP) | financial_development | World Bank, World Development Indicators online database |
| GDP per capita (constant 2010 US\$) | gdppc | World Bank, World Development Indicators online database |
| Trade (% of GDP) | trade | World Bank, World Development Indicators online database |
| Foreign direct investment, net inflows (% of GDP) | FDI | World Bank, World Development Indicators online database |
| School enrollment, secondary (% gross) | schooling | World Bank, World Development Indicators online database |
| Inflation, consumer prices (annual %) | inflation | World Bank, World Development Indicators online database |
| Gini Index | inequality | World Bank, PovcalNet |
| Poverty headcount ratio at \$5.50 a day (2011 PPP) (% of population) | poverty | World Bank, PovcalNet |
| The Chinn-Ito Index | financial_openness | 2020 Online update of Chinn and Ito (2006) |

capital formation (% of GDP) and is suggested by Levine and Renelt (1992), and Greenwood and Smith (1997), among others (Huang, 2011). Foreign direct investment (FDI) per capita is defined as FDI net inflows (% of GDP). Hermes and Lensink (2003) argue that the development of the financial system plays an important role in enhancing the positive relationship between FDI and economic growth. The gross secondary school enrollment ratio is used as a proxy for human capital while The Chinn-Ito financial openness normalized index is an index measuring a country's degree of capital account openness. The index was initially introduced in Chinn and Ito (2006) and is based on the binary dummy variables codifying the tabulation of restrictions on cross-border

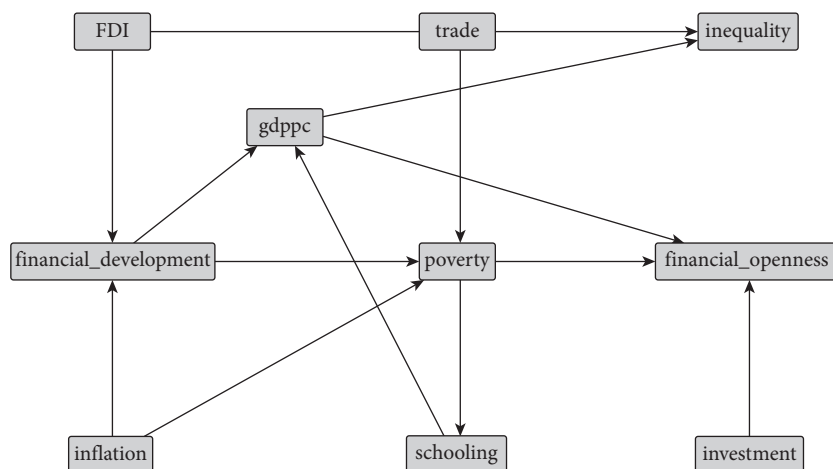


Fig. 3: Directed Acyclic Graph (All Countries)

financial transactions reported in the IMF's Annual Report on Exchange Arrangements and Exchange Restrictions.

Empirical Results

This section starts with the analysis of all countries and the resulting DAG pattern produced by the PC algorithm is provided in Figure 3. Examining the pattern reveals that *financial development* has a directed effect on *gdppc* which in turn is the direct cause of *financial openness* and *inequality*. *Financial development* is found to have a direct effect on *poverty* and an indirect effect on *financial openness* and *schooling* through *poverty*. The pattern shown by the PC algorithm also reveals that *trade* and *inflation* have directed effects on *poverty*, and *FDI* and *inflation* are the direct causes of *financial development*.

The 89-country model given in Figure 3 may well be reflective of a mixture of different responses: developed countries may not react the same as less developed countries to financial development, and other economic and social factors. Accordingly, we conduct a similar analysis with subsets of 61 developing and 28 developed countries.

The DAG pattern for developing countries is given in Figure 4. The causal structure obtained from the PC algorithm reveals that *financial development* has a directed effect on *inequality*, *inflation*, and *schooling*, whereas there is

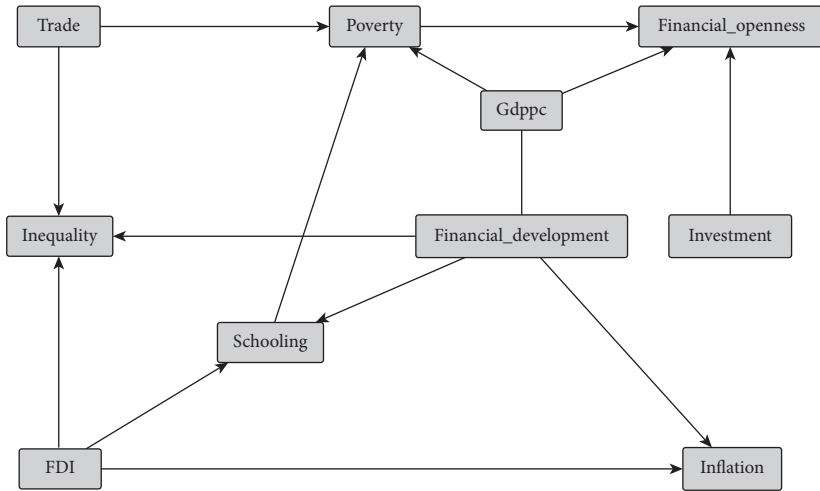


Fig. 4: Directed Acyclic Graph (Developing Countries)

an ambiguous causal relationship between *gdppc* and *financial development*. The pattern also shows an effect flowing from *gdppc* and *schooling* to *poverty*. Furthermore, the algorithm estimates a DAG with causation flowing from *trade* to *poverty* and *inequality*, and *financial openness* through *poverty*. *FDI*, on the other hand, is found to have a direct effect on *inequality*, *schooling*, and *inflation*.

The resulting pattern for developed countries provided in Figure 5, on the other hand, reveals that *financial development* is the direct cause of *gdppc* and has an indirect effect on *poverty*, which is the direct cause of *inequality*, through *gdppc*. In other words, *financial development* and *poverty* are associated with causation. This observed marginal association identifies the causal effect of *financial development* on *poverty*. Conditioning on *gdppc*, for example, by including *gdppc* as a control variable in a nonparametric regression of *financial development* on *poverty* and *gdppc* would block, or control away, the association flowing from *financial development* to *poverty*. Thus, the conditional association between *financial development* and *poverty*, given *gdppc*, would not identify the causal effect of *financial development* on *poverty* (Elwert, 2013). However, the PC algorithm shows us that *trade* acts as a confounder between *financial development* and *inequality*, as it is a direct cause of *financial development* and *inequality*. In other words, it can be argued that *financial*

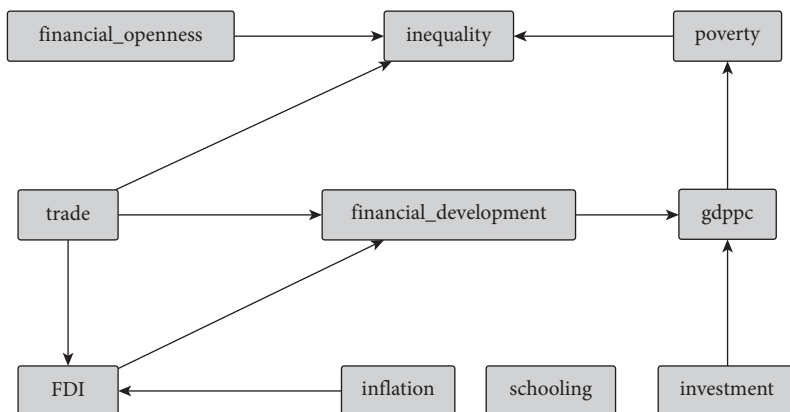


Fig. 5: Directed Acyclic Graph (Developed Countries)

development and *inequality* are associated with a common cause, *trade*. This marginal association does not identify the causal effect of *financial development* on *inequality* (confounding bias). The marginal association between *financial development* and *inequality* is spurious, or biased, because it does not identify a causal effect of *financial development* on *inequality*. Conditioning on *trade* would eliminate this spurious association. Therefore, the conditional association between *financial development* and *inequality*, given *trade*, would identify the causal effect of *financial development* on *inequality*, which is zero in this DAG (Elwert, 2013).

Conclusion

In this study, we use the DAG approach to investigate the causal patterns among financial development, economic growth, poverty, and some other economic and social factors. Using data from 2017, cross-section analyses of financial development from 61 developing and 28 developed countries are examined.

The causal pattern for all countries reveals that financial development has directed effects on both economic growth and poverty. The DAG structure for all countries also shows that trade and inflation are the direct causes of poverty which in turn has a directed effect on schooling. Furthermore, FDI and inflation are found to be the direct causes of financial development. The resulting pattern for developing countries, on the other hand, reveals a causality running from economic growth and trade to poverty, and shows that financial development

has an indirect effect on poverty through its effect on schooling. Financial development is also found to be the direct cause of inflation and inequality. Finally, the DAG pattern for developed countries suggests that financial development has an indirect effect on poverty, which is the direct cause of inequality, through its effect on economic growth. The resulting pattern also implies that trade and FDI are important determinants of financial development.

Overall, the causal structures obtained from the DAG analysis imply that financial development, economic growth, and poverty are closely related. The resulting pattern from the all country model suggests that financial development is the direct cause of both economic growth and poverty, whereas it affects poverty through its effect on schooling in developing countries and via its impact on economic growth in developed countries. However, we do not attempt to suggest that TETRAD infers causality between the variables we consider because such an inference, as explained for example in Eshghi et al. (2007) and Haughton and Haughton (2011) would require the very strong assumption of “causal sufficiency” (Soremekun and Malgwi, 2012). On the other hand, this study is based on a cross-section for one year. Thus, the results should be cast in a context of understanding relationships among financial development, economic growth, poverty, and other variables, across countries, and not necessarily causal relationships among variables or their responses within a country over time. Thus, future work along this line could investigate panel data and dynamic DAG approaches.

Notes

- 1) An earlier version of this study was circulated under the title “Financial Development-Growth-Poverty Nexus: Directed Acyclic Graphs (DAGs) Approach” and is based on the first chapter of my Ph.D. dissertation (Essays on Development Economics and International Economics) at Suffolk University, completed in 2016.
- 2) “The conditioning variable(s) on removed edges between two variables is called the sepset of the variables whose edge has been removed for vanishing zero order conditioning information the sepset is the empty set” (Awokuse and Bessler, 2003).
- 3) Spirtes et al. (2000) discuss the algorithm in detail.
- 4) Australia, Austria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Iceland, Ireland, Israel, Italy, Latvia, Lithuania, Malta, Netherlands, Norway, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States.
- 5) Albania, Armenia, Bangladesh, Belarus, Benin, Bhutan, Bolivia, Brazil, Bulgaria, Burkina Faso, Burundi, Cameroon, Chad, Chile, Colombia,

Costa Rica, Cote d'Ivoire, Dominican Republic, Ecuador, El Salvador, Georgia, Ghana, Greece, Guatemala, Honduras, Hungary, Jamaica, Jordan, Kazakhstan, Korea Republic, Kyrgyz Republic, Liberia, Madagascar, Malaysia, Mali, Mauritania, Mauritius, Moldova, Morocco, Mozambique, Myanmar, Nepal, Niger, North Macedonia, Pakistan, Panama, Peru, Philippines, Poland, Romania, Russian Federation, Rwanda, Senegal, South Africa, Sri Lanka, Sudan, Thailand, Togo, Tunisia, Turkey, Uruguay.

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Are Openness and Productivity Associated in Turkey?: Evidence from Long-run Analysis

Introduction

Globalization process is an attractive field to note mechanisms that the world has been transformed by integrating markets in world economies. Therefore, empirical papers all over the world have investigated the effects of globalization because it has also accelerated growth in micro and macro level (e.g., Ferreira, 2020; Yang and Tsou, 2020). A better understanding of globalization process requires examining the openness to international trade. If countries use trade protectionism policies as an anti-globalist policy, the barriers to international trade have been raised by lowering economic activities in the world. In this regard, trade openness rule in the internationalization of economic activities is essential for globalist approach. Thus, an increase in the trade openness may produce higher economic growth due to an increase in the international trade because trade openness increases sum of export and import. One of the effects of the rise in the openness to trade is to improve the determinants of economic growth such as productivity level in a country.

Previous studies have given little interest to the direct impact of trade openness on the productivity (Edwards, 1998; Jiang, 2011). However, most of these studies have examined the impact of international trade on productivity level in both developing and developed economies (Teixeira and Fortuna, 2010; Kishi and Okada, 2021).

The aim of this research is to estimate the long-run relationship between openness and labor productivity for the Turkish economy in the period 1970–2019. To observe the long-run trend of openness, this study uses two different measures of openness variable where OPEN1 and OPEN2 as dependent variables are percentage share of imports of goods and services in GDP and percentage share of merchandise trade in GDP, respectively. The data for indicators of openness are gathered from WDI of World Bank. In addition, we utilize labor productivity per hour worked in 2018 US\$ (PRODUCT) as the indicator of productivity and it was obtained from The Conference Board Total Economy Database. In this paper, our hypothesis implies that economies more open to trade become more productive economies in labor market as they will have

new production technologies in a country. In order to test the validity of this hypothesis, we utilize ARDL approach for co-integration analysis and long-run coefficient estimations. The results show strong evidence that openness boosts labor productivity in the long-run in Turkey.

In the next section of the study, we review the literature about the impact of trade openness on labor productivity. In the third section, we then present that data and methodology and in Section 4 we present the empirical results, and Section 5 concludes the study.

Related Literature

It can be seen from a historical process that globalization has promoted the integration of technological, economical, communicational, legal, and cultural activities across the world (Gökbunar et al., 2008: 159). Theoretically, it is believed by economists and policy makers that globalization has both of advantages and disadvantages across countries. While economies are expected to gain more benefits from interactions with other economies, some approaches believe that globalization causes an increase in the economic problems such as financial instabilities, as argued earlier by Miynat et al., (2010). Due to this increase in the world economic integration, the existing literature mainly pays many attention to economic effects of globalization process (Spence, 2011; Topal and Günay, 2017). For instance, the association between globalization and labor productivity has also been investigated in the paper of Ünver and Koyuncu (2018). The paper's results confirm the existence of advanced technology and production method effects because globalization level is found to have a positive effect on labor productivity in both short- and long term in OECD countries. The increasing internationalization of economic activities such as international trade and finance contributed significantly to the globalization process in the world economy. In this process, liberalization movement was an important factor to accelerate the spread of globalization in the world. Thus, it seems that policies in trade liberalization associated with globalization have shown an increase around the world.

In addition, previous papers have given more attention to the trade liberalization-productivity nexus. For example, the paper of Badinger (2008) finds that free trade agreements (FTAs) as a trade policy is an economically significant determinant of a country's productivity level. In addition, Jiang et al., (2021) investigate the impact of the establishment of the China free trade zone on green total factor productivity. Their results shows that free trade zones

improve total factor productivity for green development through technological innovation.

According to trade liberalization-productivity nexus in the literature (e.g., Chen, 2019), foreign trade is one of the most important theoretical and empirical factors analyzed in the productivity literature. In this sense, foreign trade involves two factors such as export and import activities. An empirical support for a positive relationship between foreign trade and productivity appears in the many papers. For instance, Bresnahan et al. (2016) present a great paper of empirical evidence on productivity impacts of trade liberalization using firm-level data from African countries. This paper confirms that manufacturing and exporting companies are more productive than selling companies only into home market. Thus, when considered from this perspective, a positive relationship between export intensity and productivity of firm can be expected in African countries. In addition, some researchers have found a support for import approach that increasing imports level has a positive effect on country's productivity level. For instance, Koyuncu and Yilmaz (2010) have also analyzed the impact of imports from Chinese economy on the labor productivity in the manufacturing sector, using unbalanced panel sample of 64 countries from 1994 to 2004. Their results support that increasing import from China leads to greater benefits to labor productivity (see also Koyuncu and Yilmaz, 2006). Therefore, regarding imports approach, a number of papers (e.g., Kasahara and Lapham, 2013; Halpern et al., 2015) suggest that the level of import openness of countries to the outside world plays an important role in promoting productivity level in developing and importer countries. However, Hung et al. (2004) have indeed found some evidences for the approaches that increases in import competition and decreases in import prices cause statistically significant and positive effects on labor productivity growth in the manufacturing sector.

More specifically, related researchers focused on the impact of trade openness on productivity because larger exports and imports level implies greater trade openness, thus improving the contribution of new production technologies and promoting productivity growth. Therefore, some of existing literature papers adopts to further study the relationship between trade openness and productivity. In this sense, the paper of Miller and Upadhyay (2000) reveals that more opening the economy to trade tend to benefit total factor productivity in a country. Cameron et al. (2005) have also emphasized the speed of technology transfer as an important factor of total factor productivity growth. In this paper, higher degree of international trade that stimulate technology transfer associates with higher total factor productivity.

Data and Methodology

This study investigates the long-term relationship between openness and labor productivity in Turkey with an annual dataset spanning from 1970 to 2019. We utilize labor productivity per hour worked in 2018 US\$ (PRODUCT) as the indicator of productivity and it was obtained from The Conference Board Total Economy Database. As the indicator of openness, we employ two different measures, namely percentage share of imports of goods and services in GDP (OPEN1) and percentage share of merchandise trade in GDP (OPEN2). The data for indicators of openness are gathered from WDI of World Bank. All variables are used in logarithmic forms and thus coefficients represent elasticity.

ARDL boundary test is implemented to examine the co-integrating relationship between openness and productivity owing to its advantages relative to conventional co-integration tests. Therefore, the following ARDL models are estimated:

$$\Delta PRODUCT_t = \beta_0 + \sum_{i=1}^p \delta_i \Delta PRODUCT_{t-i} + \sum_{i=0}^q \phi_i \Delta OPEN1_{t-i} + \gamma_0 PRODUCT_{t-1} + \gamma_1 OPEN1_{t-1} + \varepsilon_t \quad (1)$$

$$\Delta PRODUCT_t = \beta_0 + \sum_{i=1}^p \delta_i \Delta PRODUCT_{t-i} + \sum_{i=0}^q \phi_i \Delta OPEN2_{t-i} + \gamma_0 PRODUCT_{t-1} + \gamma_1 OPEN2_{t-1} + \varepsilon_t \quad (2)$$

In two equations given above, γ_0 and γ_1 terms stand for long-term coefficients; δ_i and ϕ_i terms represent short-term coefficients; Δ is linear difference operator; β_0 implies invariable of the models, and ε_t means white noise disturbance term of the models.

The hypotheses of co-integration test based on ARDL boundary approach are null hypothesis of $H_0 : \gamma_0 = \gamma_1 = 0$

(i.e., there is no co-integrating relation between two series) against to the alternative hypothesis of $H_0 : \gamma_0 \neq \gamma_1 \neq 0$ (i.e., there is co-integrating relation between two series). If the F-statistic value gathered from ARDL boundary test is higher than the upper limit at a particular significance level, then H_1 hypothesis is accepted. On the other hand, if the F-statistic value is smaller than lower limit at a particular significance level, then H_0 hypothesis is accepted. Moreover, if F-statistic value falls into the area between the lower and upper limits then we are in indecisive zone.

After the ARDL boundary test, the following error correction model was estimated to obtain both short and long-run coefficients:

$$PRODUCT_t = \beta_0 + \sum_{i=1}^p \delta_i \Delta PRODUCT_{t-i} + \sum_{i=0}^q \phi_i \Delta OPEN1_{t-i} + \eta ECM_{t-1} + \varepsilon_t \tag{3}$$

$$PRODUCT_t = \beta_0 + \sum_{i=1}^p \delta_i \Delta PRODUCT_{t-i} + \sum_{i=0}^q \phi_i \Delta OPEN2_{t-i} + \eta ECM_{t-1} + \varepsilon_t \tag{4}$$

In Equation 3 and 4, δ_i and ϕ_i represent the dynamic parameters which brings the model to the balance in the long-run; *ECM* stands for error correction term; η is the speed of adjustment at which the series return back to long-run path after a shock happened in short run. Statistically significant and a negative sign should be taken by the speed of adjustment.

Empirical Results

We conducted Augmented Dickey-Fuller (ADF) stationarity test to check the stationary of series. The null hypothesis of the ADF test suggests the non-stationarity of series while the alternative hypothesis claims stationary of series. Table 1 reports the results of ADF unit root tests.

Tab. 1: Unit Root Test Results

| Variable | Model | Test Statistic (P-value) |
|------------------|----------------|--------------------------|
| PRODUCT | None | 4.230273(1.0000) |
| | Constant | -1.593341(0.4783) |
| | Constant&Trend | -3.421655(0.0601) |
| Δ PRODUCT | None | -5.875581(0.0000) |
| | Constant | -8.169509(0.0000) |
| | Constant&Trend | -8.279174(0.0000) |
| OPEN1 | None | 1.028134(0.9185) |
| | Constant | -2.100753(0.2452) |
| | Constant&Trend | -3.331124(0.0712) |
| Δ OPEN1 | None | -7.595017(0.0000) |
| | Constant | -7.649432(0.0000) |
| | Constant&Trend | -7.548076(0.0000) |
| OPEN2 | None | 1.317598(0.9512) |
| | Constant | -1.763224(0.3949) |
| | Constant&Trend | -3.312048(0.0743) |
| Δ OPEN2 | None | -7.552322(0.0000) |
| | Constant | -7.636067(0.0000) |
| | Constant&Trend | -7.527446(0.0000) |

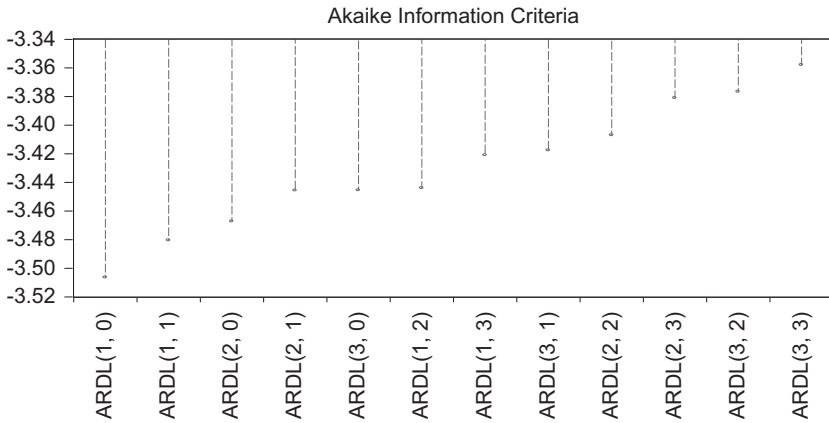


Fig. 1: Optimal Lag Length Selection for the Model in Equation 1

Based on test findings in Table1, we can say that PRODUCT, OPEN1, and OPEN2 variables are not stationary at levels but they are stationary at first differences at 1 % significance level. In other words each variable is integrated order one I(1). Since ARDL boundary test allows series to be integrated at any order no more than one, ARDL boundary test approach can be employed to check the co-integration relationship among the series.

Akaike criterion is used to identify the optimal leg lengths for the models given in Equation 1 and 2. Figure 1 and 2 below depicts the top twelve results for two models respectively. As can be seen from Figure 1 and 2, the best model is ARDL (1,0) for the model in equation 1 and ARDL (1,1) for the model in equation 2.

ARDL bound test results are reported in Table 2 and 3 for the models in equation 1 and 2. F-statistic value of 6.164774 in Table 2 is higher than upper bound critical value at least at 5 % significance level and also F-statistic value of 6.646700 in Table 3 is greater than upper bound critical value at least at 5 % significance level. Hence based on the findings in Table 2 and 3, we can assert that there is a long-run association between PRODUCT and OPEN1 and between PRODUCT and OPEN2 variables. In other words, the relevant variables move together in the long-run.

Long-run coefficient estimation findings reported in Table 4 disclose that there is a statistically significant positive association between PRODUCT variable and OPEN1 and OPEN2 variables at 10 % significance level. These results support the co-integration test results provided in Table 2 and 3. The finding of ARDL(1,0) model shows that an increase in openness by 1 % causes to a rise

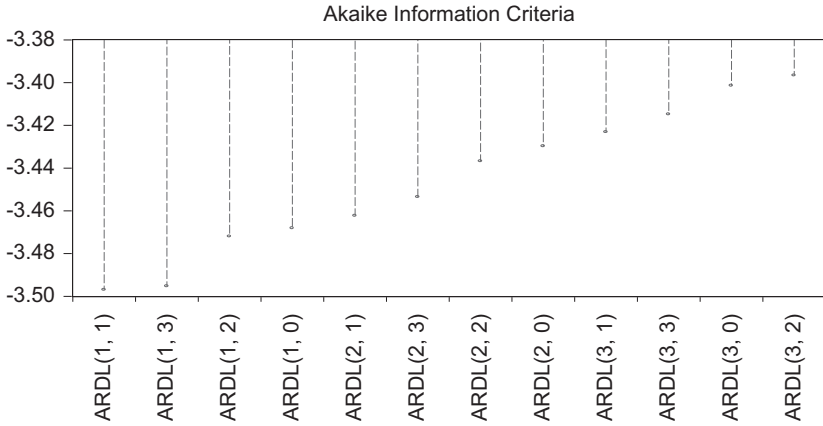


Fig. 2: Optimal Lag Length Selection for the Model in Equation 2

Tab. 2: ARDL Bounds Test Estimation Results for the Model in Equation 1

| F-statistic | Critical Values | |
|--------------|-----------------|------------|
| 6.164774 | | |
| Significance | I (0) Bound | I (1)Bound |
| 10 % | 4.05 | 4.49 |
| 5 % | 4.68 | 5.15 |
| 2.5 % | 5.3 | 5.83 |
| 1 % | 6.1 | 6.73 |

Tab. 3: ARDL Bounds Test Estimation Results for the Model in Equation 2

| F-statistic | Critical Values | |
|--------------|-----------------|------------|
| 6.646700 | | |
| Significance | I (0) Bound | I (1)Bound |
| 10 % | 4.05 | 4.49 |
| 5 % | 4.68 | 5.15 |
| 2.5 % | 5.3 | 5.83 |
| 1 % | 6.1 | 6.73 |

in labor productivity by 0.1641 %. On the other hand the result of ARDL(1,1) model implies that an increase in openness by 1 % leads to a rise in labor productivity by 0.1507 %. Thus, we can say that as the degree of openness increases, the labor productivity augments in the long-run in Turkey.

Tab. 4: Long-run Coefficients of ARDL (1,0) and ARDL (1,1) Models

| ARDL (1,0) Model | | | |
|-------------------------|--------------------|--------------------|--------------|
| <i>Variable</i> | <i>Coefficient</i> | <i>t-statistic</i> | <i>Prob.</i> |
| OPEN1 | 0.164137 | 1.801651 | 0.0783 |
| TREND | 0.023159 | 8.198588 | 0.0000 |
| ARDL (1,1) Model | | | |
| <i>Variable</i> | <i>Coefficient</i> | <i>t-statistic</i> | <i>Prob.</i> |
| OPEN2 | 0.150723 | 1.924265 | 0.0608 |
| TREND | 0.022891 | 8.420089 | 0.0000 |

Tab. 5: Error Correction Estimation (ECM) Results of ARDL (1,0) Model

| ARDL (1,0) Model | | | |
|---|--------------------|--------------------|--------------|
| | <i>Coefficient</i> | <i>t-Statistic</i> | <i>Prob.</i> |
| $\Delta OPEN1$ | 0.033536 | 0.976447 | 0.3341 |
| C | 0.779005 | 4.394485 | 0.0001 |
| EMC_{t-1} | -0.406232 | -4.237859 | 0.0001 |
| ECM = PRODUCT - (0.1641 * OPEN1 + 0.0232 * TREND) | | | |
| Diagnostic Tests | | | |
| Tests | Test Value (Prob.) | | |
| Breusch-Godfrey Serial Correlation LM Test | 0.341426 (0.7127) | | |
| ARCH Heteroskedasticity Test | 0.366898 (0.5477) | | |
| Ramsey RESET Test | 0.002039 (0.9642) | | |
| Jarque-Bera Test | 7.267289 (0.0264) | | |

As can be seen from Table 5, short-run coefficients of OPEN1 variable in ARDL (1,0) model is not statistically significant and has a positive sign. Meantime, the anticipated negative and statistically significant findings at 1 % level are taken by the ECM coefficient. In addition, the diagnostic test results present findings that there is no autocorrelation, heteroscedasticity, and model specification error at 1 % significance level problems in ARDL (1,0) model.

Table 6 shows that negative and statistically significant findings at 1 % level are taken by the ECM coefficient. Meantime, the diagnostic test results present findings that there is no autocorrelation, heteroscedasticity, and model specification error at 1 % significance level problems in ARDL (1,1) model.

Tab. 6: Error Correction Estimation (ECM) Results of ARDL (1,1) Model

| ARDL (1,1) Model | | | |
|---|--------------------|--------------------|--------------|
| | <i>Coefficient</i> | <i>t-Statistic</i> | <i>Prob.</i> |
| $\Delta OPEN2$ | -0.011022 | -0.302891 | 0.7634 |
| C | 0.808937 | 4.736215 | 0.0000 |
| ECM_{t-1} | -0.423900 | -4.565793 | 0.0000 |
| ECM = PRODUCT - (0.1507 * OPEN2 + 0.0229 * TREND) | | | |
| Diagnostic Tests | | | |
| Tests | Test Value (Prob.) | | |
| Breusch-Godfrey Serial Correlation | 0.619269 (0.5432) | | |
| LM Test | | | |
| ARCH Heteroskedasticity Test | 0.933499 (0.3390) | | |
| Ramsey RESET Test | 0.030546 (0.8621) | | |
| Jarque-Bera Test | 2.368459(0.3059) | | |

Comparing the speed of adjustment terms of ARDL (1,0) and ARDL (1,1) models, adjustment speed of ARDL (1,1) model is higher than ARDL (1,0) model.

Conclusion

Openness may increase the efficiency of labor productivity and thus the level of productivity via allowing the usage of new production technologies. Therefore, in this study we analyze the log-run relationship between openness and labor productivity for Turkey and our hypothesis claims that increases in the degree of openness enhance the labor productivity in the long-run in an economy. In order to test the validity of this hypothesis, we utilize ARDL approach for co-integration analysis and long-run coefficient estimations.

First, we checked the stationarity of variables by using ADF unit root test. Based on ADF test findings we see that each variable is stationary in first differences (i.e., I(1)). Co-integration test findings gathered from ARDL boundary test reveal that openness and labor productivity variables are co-integrated and hence they move together in the long-run.

The finding of first model (i.e., ARDL(1,0) model) indicates that an increase in openness by 1 % leads to a rise in labor productivity by 0.1641 %. On the other hand the result of second model (i.e., ARDL(1,1) model) implies that an increase in openness by 1 % leads to a rise in labor productivity by 0.1507 %. As a result, it can be expressed that as the degree of openness increases, the labor productivity improves in the long-run in Turkey.

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Bora Gündüzyeli

From Traditional Marketing to Green Marketing

Introduction

The environment, which is located between the highest point and the deepest point on the earth's surface and even contains the atmosphere, is faced with great problems today due to humanity. Increasing awareness against these problems, whose importance is becoming more and more important day by day, has ensured that individuals and institutions that are insensitive to the environment are perceived negatively and not preferred. When environmental problems are evaluated among different parties, it is seen that the situation has not only begun to be considered by countries around the world, but also has become important by consumers and businesses as a special category.

This situation has also increased the importance of the concept of green marketing. With the changing world, consumers' preferences have also changed, and firms have had to make changes in their marketing understanding. The profit-oriented structure that constitutes the focus strategy in traditional marketing has been replaced by a detailed structure that includes even the waste process after the product is consumed. Today, it is not enough for firms to determine and produce only what is needed. They had to continue their activities with a sense of social responsibility and change their strategies in line with regulations.

Green marketing has an understanding that covers all marketing activities from production to the after-sales process and aims to minimize the damage to the environment in this process. In this study, which was produced considering the increasing importance of the concept of green marketing, the transition process to green marketing and the points that differentiate green marketing from traditional marketing are examined.

Green Marketing

Environmental problems have turned the attention of both people and academia into agreements signed / to be signed globally (Mol and Sonnenfeld, 2000: 75). Thanks to the people who started to be sensitive about the environment, producers had to change the way they followed. These changes have also

led to changes in the marketing approach (Polonsky, 1994: 52). Green marketing, which emerged as a phenomenon due to the aforementioned changes, first appeared in 1975 at the conference of the American Marketing Association titled “Ecological Marketing” (Chan et al., 2012: 559).

A consensus in the literature cannot be reached on the definition of green marketing. The concept was first defined within the concept of social marketing by Kotler and Zaltman (1971: 4). However, this definition was insufficient in terms of what the usage areas of green marketing would be and which resources of the business should support green marketing (Agyeman, 2014: 190). Subsequently, Harrison (1993) and Polonsky (1994) proposed that green marketing can only be positioned with the benefit provided to the environment. Towards 2004, the definition became clearer and Jain and Kaur (2004: 189) stated that all kinds of marketing activities related to products and services that will have a positive impact on the environment or will cause the least damage are included in the scope of green marketing.

Green marketing is the set of activities designed to minimize the destruction of the environment while revealing the changes in order to meet the demanded requests and needs (Rex and Baumann, 2007: 598). Green marketing is defined as determining the needs of consumers in a way that satisfies their needs and sustaining this satisfaction. (Szabo and Webster, 2020: 2). Green marketing is a marketing method that is perceived as both a product and a service, starting from the design of the product, including its production, packaging, use, disposal and environmental effects (Lampe and Gazda, 1995: 296). It also includes the effective use of all resources, giving importance to hygiene, paying attention to the safety and health of consumers, and making transparent initiatives that do not deceive the consumer (Gök, 2010: 200).

History of Green Marketing

The birth of green marketing occurred as a result of the rising reactions to environmental problems (Henion and Kinnear, 1976: 147). The books “Silent Spring” published by Rachel Carson in the 1960s and “Limits to Growth” published by the Club of Rome in the 1970s have been instrumental in the increase and spread of environmental concern (Peattie, 2001: 130).

The concept of green marketing, which started to attract attention in the 1970s, became widespread in the 1980s (Peattie, 2001: 130). On the issue of environmental sensitivity, European Union states and non-governmental organizations took a number of initiatives between 1972 and 2013 and some regulations were prepared (Duru, 2007). The 1972 Stockholm Conference and

the 2005 Kyoto Protocol are some of them. With the increase in mass media over time, awareness of environmentally friendly products has started to be created among consumers. In the last 30 years, people started to form groups like Greenpeace by seeing the natural disasters, and then they paid attention to energy problems (Arslan, 2011: 248). Subsequently, individuals started to be interested in green products and had positive attitudes towards green product consumption (Fraj and Martinez, 2007: 27). In terms of the literature, it is observed that consumer concern about the development of green marketing is also reflected in academic studies and more intensive research on this issue was conducted especially in the 90s (Straughan and Roberts, 1999: 558).

The development stages of green marketing have been studied by Peattie (2001) from 1960 to the present. The author handled the development in three stages. This development is briefly as follows (Peattie, 2001: 131–132):

- A) Ecological Marketing: These are marketing activities that include problems causing environmental problems and their solutions. In this period, the marketing sector was most concerned with environmental regulations. However, it has not become a marketing strategy, but only certain companies have become the pioneers of green marketing by adopting to be value oriented.
- B) Environmental Marketing: In this phase that started in the early 1990s, the depletion of natural resources in the world, ozone layer problems started to come to the agenda and especially the Chernobyl disaster increased public awareness. In time, concepts such as sustainability, clean technology, green consumer, and eco-performance have started to come to the agenda and firms have started to produce by switching to green marketing strategies.
- C) Sustainable Marketing: The concept of sustainability has come from this last development phase of green marketing until today and has had some effects on marketing activities. Marketing discipline has started to comprehend green marketing focusing on environmental pollution with the understanding of sustainability by differentiating it from environmental marketing.

Green Marketing Stages

The stages of green marketing are as follows (Papadas et al., 2017: 238):

- A) Green Targeting: The aim of the green targeting stage, which is the first stage of green marketing, is green consumers. At this stage, both green and non-green products are produced.

- B) Green Strategy Development: In the green strategy development stage, which is the second stage of green marketing, both green and non-green products are produced as in the first stage, while at the same time, the organization develops environmental policies and strategies.
- C) Environmental Orientation: In the third stage, only green products are produced, and the production of all non-green products is terminated. At this stage, all products are produced according to green environmental principles in all details such as design, content, etc. . .
- D) Responsible Organization: During the responsible organization phase, which is the fourth and last stage, organizations not only start to produce green, but also start to deal with issues such as the equality of the internal customer and personal rights. At this stage, the marketing department integrates with all other departments within the organization and all green development is done within the scope of social responsibility.

Green Marketing Strategies

Green marketing strategies are created by shaping the marketing mix in accordance with environmentally friendly actions, and it is important that the target audience consists of green consumers. There are many different opinions in the literature regarding the green strategies. However, the common view is that each organization should develop its own strategies and new ones should be developed by taking inspiration from all used strategies. In addition, some organizations see the green marketing mix itself as a strategy, while others consider all mixed strategies as a step (Jain and Kaur, 2004: 188; Papadas et al., 2017: 237):

In order to create a green marketing strategy, the strengths and weaknesses of the organization are determined first. In this context, the first thing the organization needs to do is to observe its competitors and compare them with their own products (Ginsberg and Bloom, 2004: 81). According to Crane (2000: 278), there are mainly four different green marketing strategies and they are as follows:

- A) Passive Greening: The passive greening strategy is the strategy of organizations that are not willing to find a green market and develop green products. In the passive greening strategy, the organization has turned to this strategy with environmental pressure and coercion.
- B) Muted Greening: In this strategy, organizations are not in search of a green market as in the passive green strategy. However, unlike the first strategy,

green product development efforts are observed even though there is no environmental pressure in the muted greening strategy.

- C) **Niche Greening:** In this strategy, organizations target their consumers with strong preferences as possible and offer competitive green products. Organizations that set this strategy make their green products inimitable and emphasize their green characteristics in promotion.
- D) **Collaborative Greening:** This strategy is based on cooperation with partners as can be understood from its name. Likewise, not all environmental problems are caused by producers. Environmental problems can occur both during supply and distribution.

Green Marketing Mix

For the successful implementation of green marketing focused on minimizing the damage to the environment while meeting the demands and requests, this philosophy and understanding must be integrated with all corporate activities and marketing mix factors (Yan and Yazdanifard, 2014: 35). Likewise, the social dimension within the responsibility of green marketing includes the decisions to be taken in a large social system. In this context, marketing should get out of its classical definition and should be expanded to include the concept of environment. Green marketing professionals have to overcome environmental characteristics in all actions such as producing green products, determining a green price policy, and choosing a green distribution network (Chen and Chai, 2010: 28). In the light of all this information, the green marketing mix factors and their short descriptions are as follows:

Green Product: In order for a product to be defined as green, it must meet the demands and needs of consumers, as well as it must have characteristics of ensuring the continuity of natural resources and energy, protecting them, not harming people, society and the environment (Shamdasani et al., 1993, 488). In other words, it must be harmless to living creatures or non-living environment in its production, packaging, usage, recycling, procurement of raw materials. It must also inform consumers and have passed accepted quality controls. To understand whether a product is a green product or not, the 4S (Safety, Social Acceptability, Sustainability, Satisfaction) formula is used (Swain and Pratihari, 2012: 54). These mean that the green product should be satisfactory, sustainable, socially accepted and safe (Ottman and Books, 1998: 137).

Green Packaging: Packaging is a very important stage for the product. It reveals many features of the product, such as its protection, promotion and

informative nature. However, when it comes to green products, whether the packaging is suitable for recycling stands out as much as its other features (Lampe and Gazda, 1995: 305). Green packaging offers companies many benefits such as providing an increase in functionality, resource efficiency, reducing environmental impacts during use and disposal, revealing product awareness, and providing opportunities for product innovation (Holdway et al., 2002: 46). Green packaging offers many benefits to both the organization and humanity.

Green Labeling: The important issue in green labeling, also called Eco-Labeling, which is used to indicate that the product is reliable and environmentally friendly, is whether the labeling is performed by an independent, private or government-owned organization. In addition, it is an important issue how many types of labeling controlled by the state in a country (Lampe and Gazda, 1995: 306). Green labeling is important because of the effects that consumers spend less time exploring the environmental impacts of the product, the label produced has an effect on the image of the company and therefore pays attention to environmental factors during production, and labeling programs help protect the environment (Galarraga, 2002: 318).

Green Price: When consumers prefer green products, they tend to prefer green products among similar and close-priced products, not to look at the price just because it is green, and to decide whether to buy after examining all environmental effects. For this reason, the issue of green pricing is one of the most important issues that producers have a dilemma about since firms should determine the strategy in which green products should sell more or less cheaply than others. In this context, when the producers adopt the strategy of selling cheaper, it will be attractive for the consumer to buy an environmentally friendly and cheap product. However, on the one hand, producing green products is always a situation that increases the cost. When this situation is reflected to consumers, a situation may arise that deter purchases (Polonsky, 1995: 30). In this context, when making green pricing, firms should take care to be specific, determined, strategic, concrete, marketable, convincing, persuasive, high quality and easy to understand (Chen and Chai, 2010: 28).

Green Distribution: The purpose of green distribution is to minimize environmental costs. In this context, all transportation vehicles of green products should be environmentally friendly in terms of both fuel and environmental noise; the shortest distance of the route to be followed should be chosen; less costly transport vehicles (such as rail) for long distances should be chosen; product designs should be made in a way that does not take up too

much space; strategies should be determined to minimize environmentally friendly storage (Polonsky, 1995: 30). In addition, deposit-like practices that encourage reverse logistics (Chan et al., 2012: 558) are required.

Green Promotion: Green promotion includes the purpose of informing about environmental risks. Necessary information is provided with the tools such as sales development, public relations, publicity, and advertising. Green promotion activities include actions such as financial donation and providing support for environmental activities (Polonsky, 1995: 31). Also, in the green promotion strategy, while making a promotion it is important:

- Emphasizing that the product reduces environmental hazards,
- To highlight a certain feature that contributes to the environment and to educate the consumer in this direction,
- Revealing the benefits with numerical data and providing assurance for the product,
- Presenting an advertisement where the consumer can make meaningful comparison,
- Selecting realistic and perceptible messages in advertising messages,
- Emphasizing realistic environmental characteristics while highlighting information about the organization
- Informing consumers about environmental problems (Polonsky and Rosenberger III, 2001: 22; Chan et al., 2012: 558).

The Difference of Green Marketing from Traditional Marketing

The differences between traditional marketing and green marketing can be briefly summarized as follows (Ottman and Books, 1998: 137; Rettie et al., 2014: 10):

- While the basic strategy in traditional marketing is to envy the consumer, the most important role in green marketing is for the environment and its protection.
- While the purpose of traditional marketing is customer satisfaction and satisfaction of firm objectives, green marketing aims to minimize environmental impacts additional to these goals.
- While the corporate responsibility is entirely economic in traditional marketing, social responsibility is at the forefront in green marketing.
- When marketing decisions are taken, the product value chain starts with the production of the product and ends with its use in traditional marketing

while green marketing starts from the supply of raw materials and ends with the recycling after consumption.

- While the government perspective of traditional marketing is to regulate and restrict as a manager, the perspective of green marketing is to create and manage a sustainable based economy.
- While legal requirements set the boundaries of environmental demands of traditional marketing, green marketing is designed for the environment as well as the requirements of the law.
- While the customer perspective is the reason for the existence of the organization in traditional marketing, buyers, the injured parties and all stakeholders are the reason for the existence of the organization in green marketing.

As can be observed in the mentioned differences, green marketing focuses on the concept of sustainability, while traditional marketing focuses on customers, growth and profit. Traditional marketing and green marketing mixes are also different from each other. This difference is briefly presented in Table 1:

Tab. 1: Differences between Traditional Marketing and Green Marketing Mix

| | <i>Price</i> | <i>Personal Communication</i> | <i>Distribution</i> | <i>Mass Communication</i> | <i>Product</i> |
|--------------------|---|---|--|--|---|
| <i>Green</i> | Paying attention to all external costs when determining the price. Considering strategic goals and objectives when pricing. | Focus on satisfying the consumer with the least environmental impact. Seeking long-term benefits. | Analyzing the total cost of distribution and the product life cycle. | Environmental Labeling. Move towards rational consumption. | Energy efficiency. Long-term use. Recycling. Considering both production and consumption costs. |
| <i>Traditional</i> | Establishing strategic goals on economic and marketing objectives. The first goal is to make a profit. | Focus on consumer needs for profit. | Establishing the entire distribution network on strategic objectives and cost. | Creating desire for unsought products. | Designing products for short-term product life cycle. Ignoring external effects in product production and consumption. Production of disposable products. |

Source: Miles and Russell (1997: 155).

The differences between green marketing and traditional marketing are so great that these two concepts can be considered as very separate concepts. However, in this context, green marketing should not be considered only as products that do not harm the environment and can be recycled. Green marketing is a concept that should be adopted as a philosophy, and it is not only about firms selling green products, but also selling the image of a green corporation (Ottman and Books, 1998: 137).

Conclusion

The concept of marketing has stretched and changed with the change of consumer demands and needs throughout the history of humanity. All the rapid changes that took place after the industrial revolution went beyond just meeting the needs with the increase of the population and the decrease of the earth's resources. In this direction, the awareness of both consumers and businesses increased and movements to solve environmental problems all over the world started. Hence, this situation has become a competitive advantage for firms, and they have been obliged to act in an environmentally way.

Consumers who have environmental awareness have changed their lifestyle and consequently their consumption style in this direction. In this context, they have tried to prefer the products they consume environmentally friendly products and to purchase from environmentally friendly firms. In addition to the pressure of consumers, legal regulations made in many countries, the oppressive attitude of environmentalist non-governmental organizations have forced firms to change their profit-oriented and selfish production strategy. Over time, becoming an environmentally friendly institution has been perceived as a value offered to the consumer and firms have developed themselves in this direction. Firms have made an effort to turn the activities of the whole process green, not only in production, but also from production to post-consumption.

All these efforts were named as Green Marketing towards the end of the 1980s, and the priority has become more environmental protection rather than higher profit. In fact, this change has provided the whole world with many benefits, although it is initiated by firm managements as a long-term profit aim to increase the reputation of the business, not individual sensitivity.

4P's of traditional marketing mix (price, product, promotion and place) is painted green and named as green marketing mix. The green marketing mix has brought green marketing strategies with it. Although not every business is willing, green strategies have started to be implemented and produced. Both in the world and Turkey, firms realized the seriousness of environmental

problems and started to act with this awareness. These enterprises not only establish green products and green production strategies, but also encourage all their stakeholders in this direction.

Green marketing should never be considered as a marketing approach but should be seen as a great power. Firms that have adopted this philosophy in all sectors emphasize these aspects with all their activities by claiming that they are environmentalist.

The world has become a very crowded planet and environmental problems are alarming with the occurrence of various natural disasters every day. Taking these problems less seriously than they really are and ignoring them individually or institutionally is a form of suicide. Individuals as well as firms should have a purpose and mission to raise awareness about the environment, to bring green products and services to the fore more, to increase the use of green labels, to identify both technical and legal gaps in the environmental issues and to take initiatives accordingly, to use technological infrastructure to protect the environment, and to pay attention to sustainability. In this context, it is necessary to focus more on this issue and to carry out more innovative studies in both practice and literature.

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Resül Yazıcı

Importance of Agricultural Cooperatives in Agricultural Financing in Turkey

Introduction

It is known fact that the first added value was obtained from the agricultural economy in the history. Accumulation obtained from there was combined with the with steam power and thus created excess supply. Accordingly, excess supply in an economy brought trade activities. The development of commercial activities resulted in the development of money and financial instruments representing money. In short, advances caused by agriculture on a micro scale made significant contributions to the transformation and development of the macro structure.

The microeconomic actors of the countries, which could not achieve this transformation in the past and had structural problems, also did not develop. Especially the failure to establish the necessary structure and institutions for the agricultural sector and its employees negatively affects both the sector and the farmers. In other words, the incomes of farmers who produce agricultural products with low supply elasticity may be negatively affected during the conjuncture. While this situation not only negatively affects the farmers themselves but also may cause both supply insufficiency and inflation. Therefore, preventing the problems of the sector are important at both micro and macro level. Hence, the country's factors of production (land, labor, capital) cannot be left to market conditions. In particular, the decisions to be taken in the agricultural sector, which can be seen as the cause of food inflation, should not be left to the farmers themselves. This is because agriculture has become more important in Turkey as well as in the world. On the other hand, the negative effects of the problems in the sector such as small family businesses and traditional agricultural practices keeps increasing.

Structural problems in Turkey leads to inability of the country to benefit from economies of scale in the agricultural sector and failure of farmers to follow market dynamics and the seasonal movements. Thus, food security and insufficiency problems started to occur in the Turkish economy. The insufficient technical infrastructure and cold chain, lack of personnel, insufficient knowledge of producers and consumers summarize the scale of the problems at

the individual and institutional level at the agricultural sector. In order to solve these basic problems, the following questions need to be answered: How will it be ensured that the problems of family businesses can be overcome and farmers can turn to more correct products? How will it be possible to make appropriate decisions regarding agriculture and manage risks?

This study attempting to find answers to these questions consists of three main sections. In the first section, the problems of the agricultural economy will be discussed in general. The second main section will focus on the importance of cooperatives for the solution of these problems and financing in the agricultural economy. In the last main section, suggestions will be developed for the success of cooperatives.

Overview of Problems in Agricultural Economy

Traditional definition of economics include how needs can be met with limited resources and how choices can be made between alternative uses of resources. According to Rehber and Çetin (1998: 2), we can associate the economy with preferences and resource allocation. Producers, firms or general economy have preferences as well as consumers have. The main problem that the economy in general are seeking is the efficient use of available limited resources. The Department of Agricultural Economics, which has a very close relationship with the agriculture and economics, emerges as a mixture of many disciplines. Therefore, agricultural activities, including the production and processing of herbal and animal products, should be studied under the light of economics. Agricultural Economics is a discipline that applies the principles and analytical models of economy to agricultural problems. Thanks to this perspective, the production volume can be increased and the marketing problems of the products of the farmers who produce traditionally can be eliminated by applying modern agricultural techniques on a global scale.

Farmers in Turkey have difficulty in accessing the necessary financing for production because agricultural funding opportunities in Turkey is not sufficient to be provided through state, private and public banks, and agricultural associations. The solution to this problem is to turn the cooperatives formed by small farmers into important organizations. Because cooperatives will be able to mediate important inputs, especially financing for farmers. Thus, reducing costs and realizing production and marketing opportunities through cooperatives may positively affect the income levels of farmers.

Agricultural producer organization models have come to the fore in Turkey for various purposes with the idea that economic and social problems arising

from the agricultural structure can be eliminated (Sayın and Sayın, 2004: 467). In Turkey, farmers haven't been in a strong stimulus in establishing producer organizations. Although the number of agricultural organizations and the number of their members have increased since the establishment of the Republic of Turkey, this development or diversity could not solve the problems of the sector. It is necessary to increase the global competitiveness of the domestic agricultural sector, to increase institutionalization in the sector, to increase the ability of farmers to decide what to grow, to make product differentiation, to respond to new consumer demands, and the increase adaptation capacity of the sector. Otherwise, failure will be inevitable.

Generally speaking, financial failure in businesses may occur as a result of internal management errors and deterioration of their financial situation or it can be experienced as a result of external factors, that is, systemic risks. In general, the failure in the agricultural economy can be grouped under two main headings. The first is the individual deficiencies of farmers in decision-making and application techniques on what, when, how much and how to produce. The second is that the products produced are not delivered to the relevant markets on time. In other words, the fact that time and spatial ownership benefit cannot be created and high added value cannot be obtained in products. Therefore, the deficiencies in the production and marketing process of the sector negatively affect both micro actors and macroeconomic structure. Therefore, the solution should include a style of view that can plan all stages and implement it. Because the inadequacy in any weak link of the agricultural activity chain, no matter how strong all the other links in the chain, will affect the agricultural economy completely.

The main problems of the farmers in Turkey, who are the actors of the agricultural economy, are listed as general titles in the first column in Table 1. The main problems listed here reflect the problems of farmers: not being able to access the necessary information (what, when, how much, how to produce) and not being able to overcome the lack of consultancy on necessary implementation and supervision issues.

These structural deficiencies can lead to financial success or failure, which is an important indicator of all business activities. Therefore, deficiencies in the first column of the table can cause farmers to make mistakes at the beginning and then to financial failure. In addition to these problems arising from the structure of the agricultural sector, farmers have financial difficulties such as the limited access to agricultural finance, the limited knowledge on finance, the inadequacy of financing networks.

Tab. 1: Classification of Problems Encountered in Agriculture and Financing of Agriculture in Turkey

| Main Problem | Sub-Problems |
|----------------------------------|--|
| Lack of Information / Consulting | <ul style="list-style-type: none"> - Complex credit transactions - Use of unorganized credit sources - The complexity of credit transactions leads farmers to unformal credit resources - Lack of training and information |
| High interest rates / Costs | <ul style="list-style-type: none"> - Kullanılan organize olmamış kredi kaynakları kısa vadeli ve yüksek faizli olabilmektedir. - High bank interest rates - High collateral requirement - Product insurance - Insufficient income from agriculture - Insufficient production incentives - Unformal credit resources with short term and high interest |
| Supervision Implementation | <ul style="list-style-type: none"> - Failure to supervise the use of credit for its intended purpose - Inadequacy of implementations - Insufficiency of production-related institutions - Institutionalization problems - Lack of agricultural organizations |

Source: Ersoy and Özsoy (2017).

In order to overcome lack of institutional capacity and financing and other challenges of family businesses in agricultural sector in Turkey, the agricultural cooperative system should be enhanced. Operation of the enterprises in the agriculture and agriculture-based industry sectors with increasingly larger scales and more input-intensive methods despite limited production resources and capacities leads to increase in the financial needs and relations of agricultural enterprises even more compared to previous years (Çetin, 2014).

According to Aysu (2019: 89), general feature of the agricultural economy in Turkey is the prevalence of multiple farming. Small family farmers do not earn their livelihood solely through crop production or animal husbandry. They both produces a wide variety of products and raises animals. Cooperatives are important for them for meeting the input needs of the different products they produce and grow and the processing and marketing of the grown products. Multi-purpose cooperatives are institutions which can contribute to the agricultural culture in Turkey and the establishment of small family farming culture.

According to report prepared by TÜSİAD (2020), when examining the overall situation of the value chain, the most important problem in agricultural sector

in Turkey is the low added value of agricultural producers. According to the report (TÜSİAD: 2020: 7), weaknesses of Turkey's agriculture are listed below:

- Large number and limited size of arable land
- Large number of small producers with limited agricultural technology knowledge and no access to markets
- Lack of planning in agricultural production
- Ineffective producer associations and unions
- Low level academia-industry-public cooperation
- Insufficient use of R&D and technology
- Insufficient capital and difficulties in accessing finance
- Market structuring involving a large number of middlemen
- Insufficient training in agricultural production and marketing
- Dependence on imports for some inputs
- 1 % of the total agricultural exports in the world
- Disproportionate quota applications
- Free Trade Agreements distort fair competition in the market
- Lack of agricultural data

The report suggests the re-design, re-organization and unification of agricultural cooperatives in Turkey.

The Importance of Cooperatives in the Solution of Agricultural Economy and Its Financing Problem

The place of the cooperatives among the institutions that provide finance to agriculture is different compared to other sources. Because, in addition to providing financing to their partners, cooperatives also carry out activities for their socialization. There are regular organizational formations based on economic foundations and legal grounds in every field of social life (Özcan, 2002). Especially in developed countries, cooperatives are named as "Third Sector" together with other similar organizations. Therefore, while cooperatives support the continuity of production with financing activities, they should also work for the socialization of farmers and ensuring their individual development.

Problems encountered in the financing of agriculture either make access to credit difficult or increase the financing cost. Aysu (2019: 80) argues that it is very expensive for farmers to obtain loans from various financing sources. It is very difficult for small farmers to provide the collateral required for the bank credit. For small farmers, the most viable way is the Agricultural Credit Cooperatives of Turkey, which have the appropriate credit facility. Therefore,

the Agricultural Credit Cooperatives of Turkey has great importance for agriculture and farmers in Turkey. There are millions of small farmers in Turkey. Millions of farmers also have credit problems. The best organization that can solve the farmer's credit problem is the Agricultural Credit Cooperatives of Turkey.

Köroğlu (2003: 73) argues that agricultural credit cooperatives are organizations that can meet the loan needs of small farmers in the most appropriate way in the face of the problems caused by borrowing from banks and individuals. The main activity of the agricultural credit cooperatives is to provide the financing at a lower cost by mediating between the cooperative partners and credit institutions. The objective of agricultural credit cooperatives is to increase production by collecting deposits, providing loans, providing advising and trainings to their partners, and ensuring the use of credit in production. However, although it is possible to control the producers' production as a result of being organized as a cooperative in certain products, cooperatives are not at the desired level in Turkey (Direk, 2012: 30). Management problems in cooperatives also affect the attitude of producers to such organizations. The movement seen in the agricultural products markets and having an effect on the price formation is mostly caused by those who mediate the trade in agricultural products.

In order to avoid these problems and situations that are against the agricultural producers, it is necessary to improve the agricultural economy of the cooperatives and therefore the representation power of the farmers. For this, it should be ensured that farmers are represented at the relevant institutions as well as facilitating their access to finance. In order to achieve these goals, cooperatives should have the institutional capacities that will enable them to carry out agricultural product shipment activities from the field to the licensed warehouse, establish and operate various food businesses, establish and operate ecosystems such as developing cooperative banking. Donat (2020) argues that the number of cooperatives in Turkey is enough, but the problem is related to their quality and functionality. In other words, we are facing a structure that cannot operate effectively in terms of both the producer and the consumer. Most of them cannot fulfill the required mission and functions from them.

According to TÜSİAD (2020: 37) report, which presents a model for the effective operation of cooperatives, it is important to have a structure which facilitate access among small producers, small logistic companies and transporters and plan and manage activities among them. Thus, inefficiencies will be significantly reduced, time and cost savings will be achieved, and product losses will be reduced. With the use of new digital tools in logistics processes such as

e-commerce, mobile commerce, traceability of small businesses, and food safety will increase. Also, supply chains will be shortened by reducing intermediaries. Producer organizations, cooperatives, producers, transporters, entrepreneurs and relevant actors will be associated with this model.

Recommendations and the Importance of Institutionalization in Increasing the Effectiveness of Cooperatives

Cooperatives in Turkey has managed to fulfill the important works with having a more than 160-year history as such they increased the state investments in rural areas. However, Türker and Ekmen (2012: 38) argues that an organization policy that is carried out from a single source cannot be established because of the legal disorganization and confusion of authority in terms of producer organization, and thus producers do not understand the real importance the activities of cooperatives. Since the policies could not be determined correctly, the target could not be achieved in the field of organization and state resources could not be used effectively. In this respect, it would not be wrong to say that the most important problem about cooperatives is “lack of awareness”. It is seen that both the producer side and the public sector, there is no awareness and awareness about cooperatives.

The purpose of the cooperatives is briefly stated in the relevant law as follows: It is to meet the specific economic needs of their partners who do not have sufficient economic power in a rational and economic way, through mutual assistance, solidarity and collateralization. Thus, it can be observed that the law has both economic and social purposes. Cooperatives with the principle of mutual aid are shaped by processes and traditions regarding social solidarity (Geray, 2014). Another basic characteristic of cooperatives is that it is a movement that develops democratically from the bottom up and is largely based on the principle of volunteering. With this movement, it is essential to develop certain structures and reforms that will ensure the institutionalization of cooperatives so that both the culture of social organization and agricultural activities can develop. Thus, increasing institutionalization will strengthen production and activities for the benefit of society in agriculture by reducing individual behaviors. Hence, it will be possible for the cooperatives, that will enable the farmers or the agricultural economy to benefit from the economy of scale, to have a strong place in the market.

In order to achieve these goals, institutionalization, consequently, management and business activities should be activated in cooperatives as in every business. Otherwise, the problems caused by business blindness may adversely

affect the goals to be achieved. As argued by Ersoy and Özsoy (2017: 10), no matter how good the planning and opportunities are, if the right strategies are not adopted and the right steps are not taken, the financing of agriculture will not be successful. Moreover, a serious institutionalization culture should be established in order to implement the correct processes in a good way. This institutionalization culture should have a quality that will affect many factors from production to resource distribution and from planning to auditing. Inadequate managers not paying the necessary importance to the accounting information system, not doing well planning, controlling and valuation of the business management, being prone to projects that cannot be overcome are among the factors that drive cooperatives to financial failure (Karacan and Savcı, 2011: 44). Therefore, all processes of cooperatives should be subject to external audit against the risk of business blindness. The institutionalization process for businesses should be adapted to cooperatives. This institutionalization process should include the following basic elements (Kardeş Selimoğlu and Özbek, 2018: 6):

- The goals of the cooperative and their strategy to achieve these goals should be determined,
- The values and principles that the cooperative undertakes while carrying out its activities should be determined,
- The policies followed by the cooperative while systematically conducting its activities, the procedures that ensure the implementation of these policies, and the ways of doing business should be determined,
- Job descriptions should be made,
- The appropriate organization for the purposes should be determined,
- The work flows of the business processes in the cooperative (such as support, purchasing, supply chain, sales and marketing, financial affairs) to be determined in a way to achieve the determined goals and the implemented strategies.
- Establishment of an information technology infrastructure that is compatible with the business processes of the cooperative and supports the efficient execution of these processes.
- A professional management should be established by determining the authorities and responsibilities and distributing these responsibilities to the people who can carry these responsibilities.

The foundation of institutionalization, which will ensure that these processes are established and operated in cooperatives, lies in the internal and external audits. The following procedure should be followed in the operation

of cooperatives. All processes of cooperatives or economic structures should be determined. Sub-processes in processes should be defined in all aspects, including timing. The potential risks and opportunities of the sector should be calculated. Cooperative partners, stakeholders, contributors, second and third parties should be informed about the risks to be taken. Thus, the consequential judicial, administrative, conscientious and personal damages should be prevented. In order to conduct these processes, field experts should be employed. Internal and external inspections should be made at certain times or suddenly. The nonconformities found by the inspectors should be eliminated, and the process should be implemented again after the auditor's approval is obtained.

In order to ensure the continuity of the above operations in cooperatives, it is necessary to increase the level of institutionalization by means of regulations that will test in certain periods whether their competencies for the purposes based on establishment exist and ensure their continuity. This kind of structuring will serve both for the cooperative activities to take a sustainable form and to use the country's resources for sustainable development goals without wasting. Thus, the cooperatives will be able to define all their processes and make risk analyzes at the beginning of their operations. Institutionalism will ensure that activities of cooperatives are carried out in a standard way, their operations can be controlled, and the system is open to continuous external audits and improvements.

The dominance of such an approach in its activities in all structures will ensure both local, national and international success. Because, when we look at the historical economic achievements, the reality is that those who won the wars in the global economic competition were the ones who saw the differences in the disciplines that affect all quality systems and constitute the infrastructure and shaped the human resources accordingly. With this basic point of view, cooperatives should be subjected to external audits required by international standards in terms of both production and administration against the risk of business blindness.

Conclusion

It is inevitable that the problems in the macroeconomic structure of a country will affect its micro elements. However, when the problem is agriculture, it has emerged after Covid-19 how big problems will be caused by the reflections of this interaction and its inability to manage. With this epidemic, concerns increased about the structural problems in the Turkish agricultural sector and

their consequences. In particular, fundamental problems such as the inability to benefit from economies of scale in the sector, dependence of agricultural activities on seasonal conditions, and inability to follow market dynamics have become unmanageable. Because of these problems, the farmers leave the villages because they cannot earn income to meet the minimum living conditions.

Loss of labor caused by the young population migrating from agricultural areas reduces agricultural production. In addition, insufficient technical infrastructure and cold chain in the process from the agricultural sector to the processing or consumption of the products, and the producers and consumers not having enough information threaten food safety. In order to solve these problems, the farmers' organization including the local to national scale should be re-established. Thus, it will be possible to bring the voices in the agricultural sector together. However, as seen in past experiences, the process of meeting the needs of sector stakeholders, farmers and determining their needs and making decisions with common sense is very long. Therefore, the structuring of cooperatives needs to be reorganized, taking into account the requirements of institutionalization. When this institutionalized structure is provided, it will be easy and healthy for farmers to enter the market strongly and defend their rights. Therefore, when the functions of the cooperatives function fully, they will be able to make great contributions to the farmers and the national economy in terms of production, planning, marketing and profitability.

In summary, an institutionalized cooperative structure should consist of people who have the capacity to read both macroeconomic and microeconomic indicators and signals, and whose powers and responsibilities are determined by law. Thus, successful cooperative practices within the country can be observed. Training programs should also be implemented to ensure that this approach is reflected on all stakeholders and that financial literacy can be developed in the agricultural sector. In order to carry out activities within this scope, the existing legislation on cooperatives must be updated to include the cooperatives and their higher organizations. Thus, cooperatives will be able to carry out their activities in accordance with the principles and practices of international cooperatives, with a transparent and professional management structure and an effective control system.

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Yağmur Kerse

A Meta-Analysis Study on the Relationship between Hedonic Consumption and Impulsive Buying Behavior

Introduction

When today's consumers buy a good or service, they act not only with utilitarian motives but also with hedonic motives. Within the traditional framework of the economic human model, the consumer is considered to prefer the most rational option for him/her while meeting his/her needs. However, nowadays consumers draw a profile that seeks pleasure beyond meeting a need, tries to express themselves with the products they consume, and is affected not only by the functional properties of the products but also by the symbolic features. With these changing consumption habits, different concepts have emerged in understanding consumer behavior. One of these concepts is "Hedonic consumption", which can be defined as the consumption realized by the consumers for pleasure.

Consumers often shops without thinking and an unplanned way. This situation has been conceptualized as impulsive buying behavior in the literature. Although there are various reasons that direct consumers to impulsive buying, most researchers (Haq and Abbasi, 2016; Dey and Srivastava, 2017; Türk, 2018) agree that hedonic motives effect impulsive buying. In other words, impulsive buying behavior plays an important role in defining hedonic desires related to hedonic consumption. That is, when consumers are motivated by hedonic desires or non-economic reasons such as entertainment, fantasy, social and emotional satisfaction, they are more likely to tend to display impulsive buying behavior (Park et al., 2006: 437).

The focus of this study is the relationship between hedonic consumption and impulsive buying behavior. It is aimed to contribute to the literature by using the meta-analysis for studies in Turkey on the relationship between hedonic consumption and impulsive buying behavior and thus providing more comprehensive findings.

Hedonic Consumption

Hedonism identifies a good life with an enjoyable life (Heathwood, 2006: 539). Hedonism is a view of life that assumes that people are happy when they achieve

happiness as much as possible and avoid painful emotions as much as possible. In hedonism, the purpose of life is seen as pleasures or happiness (Fendi et al., 2019: 132). In hedonism, something that gives pleasure or saves somebody from pain is described as “good”, while the thing that causes pain is defined as “bad” (Altunışık, 2007: 120).

In the concept of hedonism, it is considered that the individual should devote himself/herself to pleasure. On the other hand, the pleasure of consumption is considered in the concept of hedonic consumption (Öz ve Mucuk, 2015: 628). Hedonic shopping issue was first put forward by Hirschman and Holbrook (1982) (Altunışık, 2007: 120). Hedonic consumption defines the aspects of consumer behavior related to the multi-sensory, fantasy and emotional aspects of the product (Hirschman and Holbrook, 1982: 92). In other words, the hedonic shopping experience includes more than one sensory aspect such as touch, taste, smell and sound and it aims to achieve emotional arousal (Tifferet and Herstein, 2012: 177). In this context, hedonic consumption can also be considered as the satisfaction which individuals obtain from the emotional importance of products and services (Odabaşı, 2013: 113).

When shopping types are examined in the context of hedonic consumption, it is seen that there are six different types: shopping for satisfaction, exchange of ideas, shopping as a means of socializing, shopping as adventure, role exchange and value exchange. While shopping for satisfaction is done with the aim of getting rid of a negative mood and feeling like a special person, exchange of ideas is carried out for seeing innovations and following new developments and fashion (Altunışık, 2007: 122–123). As a means of socialization, the focal point in shopping is that the consumer has a pleasant time with his / her close circle of friends during the shopping process and has the opportunity to meet new people with whom they share similar interests (Özgül, 2011: 29). Shopping as adventure is defined as the shopping done by the consumer to feel himself/herself in another world with the desire to be stimulated and experience adventure. Role exchange shopping is the pleasure of shopping for others with the idea that one will feel the real joy and excitement when he/she finds the perfect gift for others. In value exchange shopping, there are situations such as shopping at discount times, bargaining, and seeing shopping as a game to be won (Arnold and Reynolds, 2003: 80–81).

Impulsive Buying

Impulsive buying occurs when the consumer purchases something suddenly and often with a strong incentive. They are usually rushed purchases without

much thought. Impulsive buying is done emotionally rather than rationally. It is not the choice of a product, but its immediate purchase and the consumer sees the impulsive buying as a behavior that develops beyond his/her control (Rook, 1987: 191). In purchases made without any plans, all stages of the purchasing decision process take place in the store and there are different types of these purchases. These are as follows (Odabaşı and Barış, 2015: 377):

- Completely impulsive buying: It occurs when the consumer sees a new product or the brand and makes a purchase with the desire to own it.
- Impulsive buying made with recalls: It is an immediate purchase of a product that was previously on the consumer's shopping list but forgotten to be purchased upon remembrance.
- Impulsive buying that come with a suggestion: These are purchases made by the consumer, who is faced with a product that satisfies a need not felt before, by being attracted to the product and other elements.
- Impulsive buying brought about by the planned shopping: These are the situations where the consumer makes purchases by getting caught in the attraction and promotion of other brands in his / her planned shopping.

The Relationship between Hedonic Consumption and Impulsive Buying Behavior

It is argued that consumers who are motivated by some non-economic hedonic reasons are more likely to engage in impulsive buying behavior. Because the purpose of hedonic consumption is to get pleasure, there may be purchases that do not depend on plans (Akturan, 2010: 110–11). In other words, while they are shopping, impulsive buying behavior of consumers can be encouraged by hedonic consumption tendency and emotional factors (Park et al., 2006: 434). As a matter of fact, in various studies (Aytekin and Ay, 2015; Öz and Mucuk, 2015; Tokgöz, 2019) examining the effect of hedonic consumption on impulsive buying behavior, hedonic consumption has been found to positively affect impulsive buying behavior.

Akturan (2010) investigated the impact of hedonic consumption tendency on impulsive buying tendency in her study on college students in Turkey. The study reveals that as the hedonic consumption tendency of the consumers increased, the impulsive buying tendency also increased. Similarly, Çorumlu (2019) and Yaşar (2017), who conducted research on students in Turkey, stated that there is a positive and significant relationship between hedonic consumption and impulsive buying behavior.

Türk (2018), who examined the relationship between hedonic consumption, utilitarian consumption and impulsive buying behavior, found that consumers with hedonic consumption tend to have more impulsive buying behavior than consumers with utilitarian consumption tendencies.

Haq and Abbasi (2016) examined the relationships among fashion orientation, positive emotion, hedonic consumption tendency and impulsive buying behavior in their studies with the participation of fashion consumers in Pakistan. They found that hedonic experience indirectly affects impulsive buying behavior in developing countries. Dey and Srivastava (2017), who conducted a study with Indian youth aged between 15 and 23, found that impulsive buying intentions of young people were positively affected by hedonic shopping motivation.

Park (2006) conducted a study on young American and Korean consumers. It is found that hedonic consumption triggers impulsive buying in both consumer groups. The researcher also found that American consumers had a higher hedonic consumption effect on impulsive buying behavior than Korean consumers.

Method

In this study, the relationship between hedonic consumption and impulsive buying behavior was examined by meta-analysis method. The term meta-analysis, which was first used by Gene Glass in 1976, is defined as the analysis of the results of statistical analysis in order to draw general results (Hedges, 1992: 279). The meta-analysis method help evaluate previous research findings as a whole and thus more reliable results are tried to be obtained. In this study, such a purpose was taken as reference and analyzes were carried out using the correlation coefficients (effect size) and sample sizes in the researches on the subject.

Collection of Data

The data source of this research is the thesis and publications examining the relationship between hedonic consumption and impulsive buying behavior in Turkey. Research data were obtained by scanning through Kafkas University Database, Dergipark search engine and National Thesis Center of Turkey in December 2019. In this direction, 67 studies were reached that address the hedonic consumption variable by using the keyword “hedonic consumption”. Later, among these studies, researches examining the relationships between

hedonic consumption and impulsive buying variables were determined. Finally, these studies re-examined according to the inclusion criteria. The inclusion criteria considered in the study are:

1. Studies should be articles or thesis.
2. Studies should examine the relationship between hedonic consumption and impulsive buying behavior.
3. Studies should include sample sizes and correlation coefficients between hedonic consumption and impulsive buying behavior variables. If there is no correlation coefficient, the R^2 value should be provided in the regression analysis.
4. In studies, the relationship between hedonic consumption and impulsive buying behavior should be examined in one dimension. If it is not analyzed in one dimension, the relationship between general hedonic consumption and impulsive buying behavior should be determined.

Six researches are included in the study in line with the criteria stated above. Since some of these researches had only R^2 value, this value was converted into a correlation coefficient. The researches included in the study are listed in Table 1.

Analysis of Data

The analysis of the research findings included in the study was carried out with the CMA 3.0 (Comprehensive Meta Analysis 3.0) program. In the analyzes, it was first determined whether the studies were included according to publication bias. For this purpose, Classic fail-safe N analysis values and Begg and Mazumdar rank correlation values were examined to determine publication bias.

Regarding publication bias, Classic fail-safe N analysis values were examined first. In the examination, it was seen that there should be 1451 more studies for the p value to be greater than 0.05, therefore it was concluded that there was no publication bias because it was not possible to reach this number. When the Begg and Mazumdar rank correlation values were examined, it was determined that the p value was higher than 0.05, that is, there was no publication bias.

After determining that there is no publication bias, heterogeneity test was made. Findings related to the test are presented in Table 2. In order to find heterogeneity, the Q value must be greater than the value corresponding to the df value in the χ^2 table or the p value must be less than 0.05 (Dinçer, 2014: 71). Accordingly, when Table 2 is examined, it is seen that the value of Q is 107.360 while the Df value is 5. In the χ^2 table, it is observed that the χ^2 value is 11.07050

Tab. 1: Researches Included in the Study

| Authors | Title of the Study | Sample Size (N) | The Relationship between Hedonic Consumption and Unplanned Purchasing Behavior (r) |
|-----------------------|--|------------------------|---|
| Aytekin and Ay (2015) | Hedonik Tüketim ve Anlık Satın Alma İlişkisi | 362 | 0.223 |
| Öz and Mucuk (2015) | Tüketici Satın Alma Davranışı Kapsamında Hedonik (Hazcı) Tüketimin Plansız Alışveriş Üzerine Etkilerinin İncelenmesi | 625 | 0.678 |
| Yaşar (2017) | Hedonik ve Faydacı Tüketim Bağlamında Tüketici Davranışlarının İncelenmesi: Gençlerin Hedonik Tüketim Eğilimlerini Belirlemeye Yönelik Bir Araştırma | 924 | 0.477 |
| Türk (2018) | Hedonik ve Faydacı Tüketim Eğiliminin Plansız Satın Alma Davranışı Üzerindeki Etkisi: Bir Araştırma | 317 | 0.647 |
| Çorumlu (2019) | Sosyal Medya Reklamlarının Hedonik Tüketim ve Plansız Satın Alma Üzerine Etkisi | 327 | 0.403 |
| Tokgöz (2019) | Hedonik ve Faydacı Tüketimin Dürtüsel ve Kompulsif Satın Alma Üzerinde Etkisi | 668 | 0.46 |

at 95 % significance level and 5 degrees of freedom. Therefore, it can be said that the research is heterogeneous because the Q value is greater than χ^2 and the p value is less than 0.05. In addition, the I^2 value was also examined in determining the heterogeneity. Higgins et al. (2003) proposed some reference points for the I^2 value. Accordingly, these values are expressed as low, medium, and high as 25 %, 50 % and 75 %, respectively (Borenstein et al., 2009). When Table 2 is examined, it can be said that the value of I^2 is 95.343, that is, the distribution regarding the effect size is highly heterogeneous.

Tab. 2: Results Regarding Heterogeneity

| Q | Df(Q) | p | I ² | Q |
|---------|-------|-------|----------------|---------|
| 107.360 | 5 | 0.000 | 95.343 | 107.360 |

Tab. 3: Meta-Analysis Results for the Relationship between Hedonic Consumption and Impulsive Buying Behavior

| | Correlation | Lower limit | Upper limit | Z-Value | p-Value |
|-------------------------|-------------|-------------|-------------|---------|---------|
| Aytekin and Ay (2015) | 0.223 | 0.123 | 0.319 | 4.297 | 0.000 |
| Öz and Mucuk (2015) | 0.678 | 0.633 | 0.718 | 20.585 | 0.000 |
| Yaşar (2017) | 0.477 | 0.426 | 0.525 | 15.753 | 0.000 |
| Türk (2018) | 0.647 | 0.578 | 0.707 | 13.647 | 0.000 |
| Çorumlu (2019) | 0.403 | 0.308 | 0.490 | 7.690 | 0.000 |
| Tokgöz (2019) | 0.460 | 0.398 | 0.518 | 12.824 | 0.000 |
| Random (Random Effects) | 0.497 | 0.364 | 0.610 | 6.522 | 0.000 |

Then, in accordance with the research purpose, a meta-analysis of the researches on the relationships between hedonic consumption and impulsive buying behavior was conducted. In this direction, correlation random effect values and Fisher's Z random effect values of the studies were examined. The findings regarding the analysis result are provided in Table 3 and Table 4.

When Table 3 is examined, it is seen that the relationship between hedonic consumption and impulsive buying behavior is positive. It is seen that the correlation values are between 0.223 and 0.678. According to the random effects model, the effect size of hedonic consumption on impulsive buying behavior is 0.497. In this context, it was found that the relationship between hedonic consumption and impulsive buying behavior was positive (See Table 3).

In order to obtain healthier results from the relationships between variables, it is seen as a more correct approach to look at Fisher's Z values, which also take into account the sample numbers in meta-analysis studies. When the Fisher's Z values in Table 4 are examined, it has been determined that Fisher's Z take values between 0.227 and 0.825 and thus the relationships between hedonic consumption and impulsive buying behavior are positive. Also, according to the random effects model, the effect size of hedonic consumption on impulsive buying behavior is 0.545 as seen in Table 4.

Tab. 4: Meta-Analysis (Fisher's Z) Results for the Relationship between Hedonic Consumption and Impulsive Buying Behavior

| | Fisher's Z | Lower limit | Upper limit | Z-Value | p-Value |
|-------------------------|------------|-------------|-------------|---------|---------|
| Aytekin and Ay (2015) | 0.227 | 0.123 | 0.330 | 4.297 | 0.000 |
| Öz and Mucuk (2015) | 0.825 | 0.747 | 0.904 | 20.585 | 0.000 |
| Yaşar (2017) | 0.519 | 0.455 | 0.584 | 15.753 | 0.000 |
| Türk (2018) | 0.770 | 0.660 | 0.881 | 13.647 | 0.000 |
| Çorumlu (2019) | 0.427 | 0.318 | 0.536 | 7.690 | 0.000 |
| Tokgöz (2019) | 0.497 | 0.421 | 0.573 | 12.824 | 0.000 |
| Random (Random Effects) | 0.545 | 0.381 | 0.709 | 6.522 | 0.000 |

Conclusion

Impulsive buying behavior refers to people buying something with an instant impulse while they are completely out of their minds. In this form of purchasing, there are sometimes positive emotions such as pleasure and excitement, and sometimes negative emotions such as guilt and regret. Besides it is stated that the seek for hedonistic benefit lies at the basis of the behavior (Koç, 2016: 472). Starting from this assumption, in this study the relationship between hedonic consumption and impulsive buying behavior in Turkey was examined for articles and theses on the subject by using meta-analysis. In this way, more holistic and reliable findings were tried to be obtained. Accordingly, 6 studies were found suitable for meta-analysis. It was observed that the total sample size of the studies considered was 3223.

Before examining the relationship between hedonic consumption and impulsive buying behavior, publication bias and heterogeneity of the researches included in the study were examined. Classic fail-safe N method and Begg and Mazumdar rank correlation methods were used to determine publication bias. The analysis results indicate that there was not publication bias. As a result of the analysis regarding heterogeneity, a high level of heterogeneity was found. For this reason, random effects method values were preferred in the meta-analysis study.

When both the correlation and the findings of Fisher's Z random effects method were examined, it was seen that the effect level of hedonic consumption on impulsive buying behavior was positive (respectively, 0.497 and 0.545). In other words, hedonic consumption emerges as a factor affecting impulsive buying behavior of consumers. It is known that factors such as price discounts, promotions, instant mood of the person, and product features affect impulsive

buying (Özgülven Tayfun, 2015: 93). Apart from these, hedonic consumption also has an effect on impulsive buying behavior, which is supported by both result of this study and other study findings in the literature (Park, 2006; Haq and Abbasi, 2016; Dey and Srivastava, 2017; Aytekin and Ay, 2015; Akturan, 2010). In other words, it can be said that people make impulsive buying with hedonic motives such as sometimes to get rid of their negative moods, sometimes to socialize and sometimes to enjoy shopping, apart from getting material benefits. Considering that impulsive buying is especially important in the retail sector (Akturan, 2010: 115), retailers can increase their revenues by using elements that will stimulate hedonic feelings in consumers (using music, lighting, different shelf decoration, etc. to make attractive the store atmosphere or make in-store events, surprise sweepstakes or promotions to bring out the sense of adventure) to encourage impulsive buying. On the other hand, in today's conditions, the online retailing industry is in a rapid development and it can be said that online shopping is more open to impulsive buying. Because consumers are exposed to advertisements or promotions of shopping sites on most of the websites they browse for purposes other than shopping. Consequently consumers visit the mentioned shopping sites when they have no thought of browse and this visit may result in a shopping. Moreover, during these visits, online shopping sites can stimulate the sense of pleasure in consumers and enable them to make more impulsive buying.

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Tayfun Güven

Guerilla Marketing

Introduction

The beginning of the marketing process is to reveal the wants and needs of the consumer. Who is our interlocutor? Consumer! In order to reach them, we need to reach their worlds, homes, rooms, private spaces, minds and even souls. We need to make consumers consume by creating needs. While living in a world that we consume very quickly, we need to get used to some things. Getting out of routine! To a world where every day is different from the day before.

Marketing is more than just a department name anymore. It is a discipline that is intertwined with many sciences and that knows, learns and analyzes consumer behavior. It works with psychology, sociology, anthropology, and now even neuroscience. These interdisciplinary studies learn the answers to all the questions asked by the consumer and attitudes towards the needs and wishes of the market and turn them into behavior. Marketing includes what you do in the market for your brand. Marketing does not belong to today. It invests in tomorrow. Therefore, marketing is a separate space whatever the product, service, person or idea you are marketing.

The purpose of activities for advertising and promotion is to strengthen the brand loyalty of current consumers. In the continuation of this, the viral marketing of current consumers will lead new customers to buy and use the brand. The answers to marketing and Wh-Questions (what, when, where, who, whom, which, whose, why, how) on behalf of the consumer will lead us to marketing and the enchanting world of guerrilla marketing that is as wonderful and at the same time fun as it is.

The most important feature of guerrilla marketing is that it carries out advertising and marketing activities with a low budget as such these advertising and marketing activities are original, humorous, exciting, and provocative.

This study examines the very effective and interesting world of guerrilla marketing based on the strategy of causing confusion in the worlds of emotions and thoughts and designed to appear when the consumer did not expect it. Departure of guerrilla marketing from traditional marketing, the steps of guerrilla planning, and communication marketing are also examined in the study.

Guerilla Marketing

Consumers have become more accessible to products and services as the Internet becomes widespread. In addition, Highly variable consumer preference in recent years and the increase in new products and services emerging with technology have caused a fierce competition among brands (Salavou, 2005: 1). Marketing departments of companies have had to follow, analyze and evaluate all possible changes in the market in their strategies and plans to get market share from their competitors and increase their profit margins (Yükselen, 2016: 11).

In this process, firms have sought different marketing techniques to influence consumer habits, to make consumers become loyal consumers of their brands, and to encourage new customers to buy their products. Due to the fierce competition in the market, the advertising expenditures of the enterprises increased. Hence, the search to reduce the costs forced the companies to use guerrilla marketing as a strategy, where they can do more effective works with less expenditure (Yüksekbilgili, 2011: 50).

In the 1980s, Levinson introduced the concept of guerrilla marketing to the marketing world. Guerrilla marketing is a marketing strategy in which businesses can do great things with low marketing budgets (Levinson et al., 2007: 28–29). Guerrilla marketing uses suddenly encountering advertising which consists of unusual and different ideas. It is a unique marketing that includes all the promotional and advertising work done so far (Bigat, 2012: 1023).

Although guerrilla marketing is used by especially SMEs to fight with their rivals and to increase both the awareness and profits of the enterprise with a small budget allocated to advertising, it has become a method used by all companies due to its effective planning and implementation (Çeltek and Bozdoğan, 2012: 2). Guerrilla marketers trying to create awareness in consumers with narrow financial means with the magical hands of marketing and advertising world affect traditional marketing in many different ways and cause it to change.

Levinson defined the difference between guerrilla marketing and traditional marketing as follows (Levinson et al., 2007: 16–21).

1. Traditional marketing defends the idea that all marketing activities should be financially strong, while guerrilla marketing defends the argument why you should spend money if you have time and dreams.
2. Traditional marketing controls you and always reserves too many moves in the background. You do guerrilla marketing with what you know and can manage.

3. Traditional marketing is an action that powerful and large companies can do easily. Guerrilla marketing is being able to do what you think and dream without spending too much money.
4. Traditional marketing evaluates business results according to the company's performance criteria. The main criterion for guerrilla marketing is profit.
5. Traditional marketing plans for the next years by analyzing the business results of the previous years and the related customer performance. Guerrilla marketing benefits from neuromarketing studies.
6. Traditional marketing demands the company to increase its scope of influence and product variety in line with company growth and performance results. This is linear growth with new consumers. Guerrilla marketing, without leaving the field of competence, targets its loyal consumers and make them buy more. It also advocates for geometric growth with the new consumers that their current consumers will ultimately bring in.
7. Traditional marketing has a competitive system as a goal. Its entire strategy has been designed to destroy the business of the rival company. Guerrilla marketing has based its marketing activities on creating synergy. It reduces expenses by doing marketing activities with the companies it chooses as a partner. This term is called "fusion marketing". And its slogan is "to grow together or to lose". The relationship between Coca-cola and Mc. Donald can be given as an example of guerilla marketing.

Distinctive Features of Guerrilla Marketing

The main distinguishing features of guerrilla marketing can be considered as an application advantage in marketing at the same time. Four main marketing mixes are used in planning guerrilla marketing strategies. Guerrilla marketing is preferred for awareness raising rather than increasing sales. However, some of the integrated marketing criteria are used more effectively in guerrilla marketing efforts (Ünal, 2013: 65).

When examining the distinctive features of guerrilla marketing, the main criterion that stands out is that it is extraordinary and unorthodox. With this feature, it creates awareness and attracts attention in traditional advertising campaigns (Nufer, 2013: 1).

Researchers make various definitions of guerrilla marketing. The main principles of guerrilla marketing identified by the researchers are as follows (Farouk 2012: 23):

Unexpected: The aim is to confront the consumer with advertising activities at an unexpected time and to raise awareness among consumers.

Creativity and innovative: The aim is to appear in front of the loyal brand consumer with an unusually designed advertisement in the light of unusual thoughts and ideas with a limited budget.

Humorous: The aim is to increase the sympathy of the consumer towards the product and service and the efficiency of the campaign by reaching larger number of receivers with the planning to be made.

Simplicity: The aim should be that the planned and made advertisements can be easily designed without confusing the consumer.

One Shot Facility: The aim is to bring advertising and promotional activities together with loyal consumers at short intervals and in a way that ends quickly.

Low Marketing Budget: Unlike traditional marketing, the budget used in the guerilla marketing strategy is low and efficient.

Guerilla Marketing Planning Process

The loss of importance of traditional marketing arguments over time and the confrontation of companies with competitors and many environmental uncertainties in the competitive environment made marketing planning an important tool for organizations (Nicholas et al., 2003: 430).

The marketing plan comes to mind primarily with competitors and competition with competitors. At this stage, it is necessary and compulsory for the company to know its internal strengths and weaknesses, its competencies, its location in the market compared to its competitors, and where it wants to be in the market, and to know. Accordingly, it should make sustainable marketing planning and develop it in time (McDonald, 2006: 376).

The power of businesses is directly proportional to the marketing plans they create against their competitors and how loyal they are to these plans, beyond their size in the market. Businesses that do not have sufficient budgets for financing advertising and promotional activities have embarked on different searches. As a result of this search, they realized that they could have different experiences in different cases with guerrilla marketing (Margolis and Garrigan, 2008: 48).

Guerrilla marketing plan or strategy is one of the most important arguments of a profitable marketing. While planning your company's marketing, you need to review your goals, target-based bid, strengths and weaknesses of your offer, your target market, and the needs of that market for a good planning (Levinson et al., 2007: 59).

The aim of the campaign strategies implemented by guerrilla marketing is to make the consumer happy and pleased with the gifts and the unusual pleasures

provided by the company, and on the other hand, to gain the trust of the consumer with low costs (Farouk, 2012: 24).

While making good guerrilla marketing planning, it goes through certain stages. This plan should be checked and revised from time to time. This plan can be gathered this plan under five headings as explained below (Nardali, 2009: 109);

1. **Building a Broad Knowledge Base:** It is one of the most important topics in the activities planned. These include positive and negative feedback from the company's internal and external customers, competitor information and market research. It is creating a database with this collected information, and then analyzing these data and making healthy plans.
2. **Making SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis:** In the market where competition is fierce, it is important to know the strengths and weaknesses of your company and your competitors, the threats and opportunities that await you in the market.
3. **Choosing the Appropriate Marketing Tool with the Data Obtained as a Result of SWOT Analysis:** Companies initiate their most productive and profitable advertising and promotional activities by determining their strengths and opportunities in the market with their SWOT analysis.
4. **Preparation of Marketing Calendar:** All actions prepared should be recorded in the marketing plan calendar. In the time plan to be prepared, all activities including the moves that competitors can make should be planned and scheduled.

Guerilla Marketing and Marketing Communication Tools

Although integrated marketing communication is old in the literature, it is one of the most effective tools used by companies to reach consumers (Hartley and Pickton, 1999: 2). Integrated marketing communication is the holistic mobilization of marketing activities, including the ability of companies to explain their products and services to consumers directly or indirectly, to make advertisement and promotion, and to reinforce brand awareness (Keller, 2001: 820).

When companies in the market compete with their new competitors, they have to make more different promotions and advertisements than their current marketing activities (Nardali, 2009: 110). Promotion, advertising, personal selling, PR and sales development are the sub-steps of integrated marketing communication (Margolis and Garrigan, 2008: 243).

Unusual advertising and promotional activities make consumers difficult to appreciate. For this reason, the different pursuing of the marketing

departments can only be answered by advertisements and promotions made with guerrilla marketing style (Gupta and Singh, 2017: 415). In guerrilla marketing studies, implementing some different and effective promotions is a more effective strategy than normal times (Levinson, et al., 2007: 67).

All activities planned under the guerrilla marketing heading will provide a competitive advantage to the business when they reach existing and new consumers. Guerrilla advertising is also an indicator of the impact of marketing on consumers (Margolis and Garrigan, 2008: 243).

Guerrilla Advertising

Guerrilla advertising, contrary to traditional marketing activities, is an activity that is done extraordinarily, using a limited budget, confronting people at an unexpected moment, intensely done for the purpose of remembering and promoting brands rather than purchasing and using the street as a medium (Bigat, 2012: 1025).

In the new world, companies are doing intensive marketing communication activities using many different channels. Because of this intensity, consumers find it difficult to choose the most accurate message. Hence, firms have to deliver the right messages to their target audience (Kotler and Armstrong, 2012: 410).

Advertising, which is one of the integrated marketing tools, helps to the preference and re-use of the product and service by the consumer and to create awareness, recall and preference of the product and service for the new consumers (Kazemi and Esmaeili, 2010: 149).

While advertising and promotional activities are planned, studies are carried out according to the decision-making styles of the consumers in order to get the message to the right place. Consumers' decision making goes through three stages. Cognitive stage: recognizing, understanding and learning what he/she first encountered; the emotional stage: consisting of desire, relevance, and excitement; the behavioral stage: resulting in action (Mutum and Wang 2011: 251).

With the introduction of technology into human life and the increase in the number of people living alone, the changing sociological structure is also reflected in marketing. Marketing has to give its message in this busy time period and create awareness in the person receiving the message. Therefore, every touch to be made in marketing has become more important. Guerrilla marketing is the strongest argument that can change this because of its construction and being extraordinary (Bigat (2012: 1023).

What will be the medium of your advertisement? Is it excitement? Is it fear? Will humor be more prominent? Now it is time to decide the style of the advertisements to be made on the products in the market (Margolis and Garrigan, 2008: 177–178).

Guerilla Marketing Tools

With the developing technology, the mobile life has started a fierce race among the competitors in the consumer market. With competition, companies have to find the most effective communication work and present it to consumers. The most influential factors here are the guerrilla marketing style advertising and promotional activities (Oyman and Özer, 2018: 1).

In guerrilla marketing, promotion and advertising activities should be carried out to strengthen the bond between companies and consumers. The aim here should be to create excitement in the consumer, to remind the brand and to spread it virally. In the event that the advertisement fails, the competitors should review the target and environmental factors and try again when necessary (Margolis and Garrigan, 2008: 19).

The basic logic in guerrilla marketing is that it is carried out on the streets where consumers are concentrated. In the ongoing process, advertising and promotional activities should be heard by the press and talked generally. The purpose of this strategy is to create brand perception. Guerrilla marketing tools are as follows (Nufer, 2013: 3):

1. Low Budget Guerilla Marketing
2. Infection Guerrilla Marketing
 - a. Viral marketing
 - b. Guerilla Mobile
3. Surprise Guerrilla Marketing
 - a. Ambient Marketing
 - b. Sensation Marketing
4. Ambush Marketing

Conclusion

Guerrilla marketing, unlike traditional marketing, has chosen outdoor spaces as its area of use. Advertising and promotional activities, which are the products of free and creative works, started at the beginning stage only for small and medium enterprises. Considering that traditional marketing has lost

its importance nowadays, more specific studies are needed when conducting guerrilla marketing activities. Guerilla marketing is unexpected, creative, innovative, humorous, and one-shot game.

It is a different dimension that it does all of these with limited budgets. However, while the guerrilla marketing practice was originally an advertising and promotional activity specific to small and medium-sized enterprises, it has now attracted the attention of budget-rich firms. This situation has started to be against small and medium sized enterprises.

However, small and medium enterprises will have to make their advertising and promotion activities more strategic and planned within their integrated marketing activities. In addition, small and medium-sized enterprises will have the opportunity to make more specific and consumer-specific advertisements with their data pools, which they will make in a planned and regular manner.

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Gökhan Kerse and Mustafa Babadağ

Examination of Relationship between Transactional Leadership and Job Satisfaction Using Meta-Analysis: The Case of Turkey

Introduction

Researches into job satisfaction demonstrates that satisfaction attitude is an important factor in job success (Hedayat et al., 2018). This attitude emerges as a result of the harmony between organizational demands and individual needs and satisfaction with the job, which leads to positive results both at work and in the organization. The increase in the satisfaction level of the employees at the job increases the commitment to the organization and leads to a decrease in the turnover intention. In addition, it ensures that employees are more motivated to their jobs, resulting in an increase in the job performance (Kerse and Kerse, 2020). Therefore, it is important to determine the variables that affect job satisfaction in organizational life. Examination of the variables that differ from culture to culture and from sector to sector is particularly important. One of these variables is transactional leadership. There are differences in perception of transactional leadership as a positive or negative leadership style both in Turkey and in other countries. Even among the sectors in the same country and the regions where the research was conducted, there are disagreements about whether transactional leadership is positive or negative. For example, while some studies (Baltacı et al., 2014; Cindiloğlu Demirel and Polatçı, 2018) suggest that there is a negative relationship between transactional leadership and job satisfaction in Turkey, some studies (Akyurt et al., 2015; Erdoğan Morçin and Çarıkçı, 2016) identify a positive relationship between these two variables. In addition, some other studies (Cinnioğlu, 2018; Kırkpınar and İşcan, 2018) have revealed that there is no significant relationship between these variables. Therefore, there is an empirical uncertainty about whether transactional leadership is a positive or negative leadership style in Turkey.

This study employs meta-analysis method to reduce this uncertainty and to determine the level and direction of the relationship between transactional leadership and job satisfaction. Meta-analysis is a method that tries to

determine the overall finding by examining the findings of the previous studies, and thus enables us to reach more reliable findings. Although there are different meta-analysis methods, correlational meta-analysis was performed with the Comprehensive Meta-Analysis (CMA) software in this study. It is expected that the findings obtained with the correlational meta-analysis will make our perspective on transactional leadership more clear.

Transactional Leadership

Transactional leadership is one of the leadership types in the classification made by Burns (1978). Burns (1978) examined the concept of leadership by considering the political sphere. Based on the characteristics of the leaders in this field, he suggested that there are two types of leadership: transformational and transactional. This classification was accepted in later periods and has been examined in many studies since then (Bass, 1985; Bass and Avolio, 1993; Avolio et al., 1999; Bass and Riggio 2010). Meanwhile, it has been defined in different ways although it is similar in content. According to one of these definitions, transactional leadership refers to a process of exchange between leaders and followers (Burns, 2012). It is suggested that mutual benefits are exchanged in this process (Donkor and Zhou, 2020). In another definition, it was stated that transactional leadership is a form of leadership in which the followers are rewarded or disciplined according to their performance competence, and therefore leadership activity takes place based on social exchanges (Bass and Riggio, 2010).

Transactional leadership is a leadership style that includes the activities of determining the tasks and responsibilities of the followers, controlling the fulfillment of these duties and responsibilities, and rewarding or punishing the followers accordingly (Bass, 1985). This leadership style includes conditional rewarding, the management by active / passive exceptions, and laissez-faire leadership behaviors (Bass, 1990). Conditional rewarding behavior of transactional leaders refers to sharing what is expected from followers and what will be achieved if these expectations are met with followers. Management by active exceptions is to inspect the tasks of the followers against the problems that may arise and to take corrective actions before problems and errors occur. Management by passive exceptions is to make the necessary intervention after errors and problems occur (Avolio et al., 1999). Finally, laissez-faire leadership behavior refers to leaders' avoidance of accepting responsibility, being unable to be reached when needed, and leaving followers on their own (Bass, 1997).

Job Satisfaction and Its Relationship with Transactional Leadership

Job satisfaction refers to satisfaction resulting from doing a certain job (Akinwale and George, 2020) and liking or disliking the job (Spector, 1997; Asghar and Oino, 2018). This situation arises as a result of the combination of psychological, physiological and environmental conditions in the work of the employee and manifests itself as an attitude or feeling towards the job (Kerse, 2019). Hence, job satisfaction includes evaluating various aspects of the job and ultimately manifesting itself as an attitude or an emotion. Employees' experience of this attitudinal and emotional state may be affected by organizational factors such as salary, training, relationships with colleagues and managers, as well as individual factors such as age and gender (Kerse et al., 2019). In organizations, it is important to consider these factors and to create a working condition that will reveal satisfaction. Because the satisfaction / dissatisfaction experienced at the job means the production of quality goods and services, high productivity and performance. In return, this reveals organizational success (Hedayat et al., 2018).

Transactional leadership is one of the leadership styles that is likely to affect job satisfaction. When the literature is examined, there are findings indicating that the relationship between this leadership style and job satisfaction differs. For example, in the case of Turkey, Cinnioğlu (2018), Kırkpınar and İşcan (2018), Korkmaz (2007) and Korkmaz et al. (2013) did not find a significant relationship between transactional leadership and job satisfaction while Baltacı et al. (2014), Cindiloğlu Demirer and Polatçı (2018) found a negative relationship. A similar situation can be observed in studies conducted outside of Turkey. While Asghar and Oino (2018) claimed that there is a negative relationship between transactional leadership and job satisfaction, Mufti et al. (2019), Sarwar et al. (2015), Javed et al. (2014) found that there is a positive relationship between these variables.

Method

This study, which focuses on the relationship between transactional leadership and job satisfaction, attempts to determine the relationship between these two concepts using meta-analysis method. There are different research findings on the level and direction of the relationship between transactional leadership and job satisfaction. The results of the previous empirical studies are ambiguous. Hence, there is uncertainty regarding whether transactional leadership is

positive or negative. In this study, it is attempted to determine the relationship between these two variables whereby earlier research on the subject in Turkey has been identified and then the findings of these research are taken into account in the analysis. Correlation coefficient (effect size) and sample size were taken as reference in determining the relationship between transactional leadership and job satisfaction.

Collection of Data

In this study, articles and thesis which focus on the relationship between transactional leadership and job satisfaction in Turkey are considered. The study data were obtained in December 2019 using Karamanoğlu Mehmetbey University Library Database, National Thesis Center of Turkey, Dergipark, and Google Scholar search engine. In this direction, studies focusing on this variable were determined by using the key word “transactional leadership” and its translations in Turkish. Subsequently, studies in Turkish and English focusing on transactional leadership and job satisfaction variables were separated. Afterwards, the eliminations were carried out by paying particular attention to the selection criteria of the study. The studies are included in the study by using the following selection criteria:

1. The studies should be an article and thesis examining the relationship between transactional leadership and job satisfaction.
2. Studies should have correlation coefficients (or values by which we can calculate the correlation coefficient) that display the relationship between interactional leadership and job satisfaction and sample sizes.
3. Studies should examine the relationship between transactional leadership and job satisfaction in one dimension or provide a relationship between general interactional leadership and general job satisfaction.

Considering the above criteria, it was seen that 12 studies would be included in this study. Thus, meta-analysis was conducted considering these studies. These studies are provided in Table 1.

Analysis of Data

CMA 3.0 (Comprehensive Meta Analysis 3.0) program was used for meta-analysis in the study. In the meta-analysis, the publication bias of the studies within the scope of the research was examined first. Funnel plot is generally used to detect publication bias, but from time to time, this graph alone

Tab. 1: Studies Included in the Meta-Analysis

| Authors | Title of the Study | The Relationship between Transactional Leadership and Job Satisfaction (r) | Sample (N) |
|---------------------------------------|---|---|---|
| Akyurt et al. (2015) | Leadership Style-Job Satisfaction-Organizational Commitment Model in Healthcare Staff | 0.50 | 1,785 healthcare staff |
| Baltacı et al. (2014) | The Effect of Leadership Behaviors on Job Satisfaction: A Research on Four and Five Stars Hotels Employees in Alanya | -0.140 | 370 hotel employees |
| Cindiloğlu Demirer and Polatçı (2018) | The Effects of Leadership on Job Satisfaction: Mediating Role of Commitment Focus | -0.480 | 300 industry, construction, tourism and food sector employees |
| Cinnioğlu (2018) | The Relationship Between Transactional Leadership, Transformational Leadership, Servant Leadership, Job Satisfaction and Leaving The Job Intention: A Research on Food and Beverage Enterprises | 0.007 | 491 Food and beverage companies employees |
| Eren and Çakır Titizoğlu (2014) | The Impact of Transformational and Transactional Leadership Styles on Organizational Identification and Job Satisfaction | 0.341 | 352 manufacturing sector employees |
| Erdoğan Morçin and Çarıkçı (2016) | The Meditation Role of Organizational Identification in the Effect of Transformational / Transactional Leadership upon Job Satisfaction: The Case of Five Star Hotel Businesses in Antalya | 0.593 | 644 hotel staff |

(continued on next page)

Tab. 1: Continued

| Authors | Title of the Study | The Relationship between Transactional Leadership and Job Satisfaction (r) | Sample (N) |
|----------------------------|---|---|---|
| Kaplan (2005) | The Effects of the Transactional and Transformational Leadership Approaches on Job Satisfaction and Innovation: A Study on The Banks in Kütahya | 0.642 | 55 bank staff |
| Kırkpınar and İşcan (2018) | The Impact of Leadership Styles on Job Satisfaction and Organizational Commitment | 0.028 | 120 community and family health center employee |
| Korkmaz (2007) | The Effects of Leadership Styles on Organizational Health | -0.004 | 630 teachers |
| Korkmaz et al. (2013) | The Leadership Styles Perceived By Flight Attendants and Their Relations on Job Satisfaction in Civil Aviation Sector: An Example of Turkish Airlines | -0.029 | 213 flight attendants |
| Karadağ et al. (2009) | The Relationship between the Leadership Styles and Job Satisfaction As Perceived By Teachers in Turkish Elementary Schools | 0.301 | 253 teachers |
| Başbekleyen (2019) | The Relationship between School Managers' Transformational, Interactive Leadership Behaviors and Job Satisfaction | 0.867 | 200 public school administrators |

is insufficient to determine bias. For this reason, Classic fail-safe N analysis values, Egger's regression values and the Begg and Mazumdar rank correlation values were also examined in addition to the funnel plot. The Funnel Plot scatterings to detect bias are presented in Figure 1.

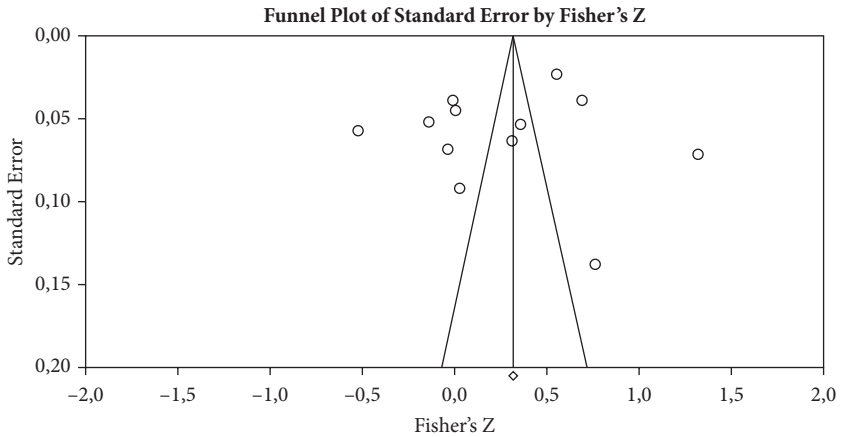


Fig. 1: Funnel Plot for Publication Bias

The fact that the funnel plots spread symmetrically on both sides of the vertical line, which shows the combined effect size of the studies under investigation, indicate that there is no bias (Borenstein et al., 2009: 284). When the graphic in Figure 1 is examined, it can be observed that a picture close to this situation is obtained. Therefore, it can be pointed out that there is no publication bias.

Classic fail-safe N analysis, Egger's regression and Begg and Mazumdar rank correlation values were examined in order to obtain more reliable findings regarding the absence of publication bias. In the Classic fail-safe N analysis, it was determined that 1,064 studies more should be required for the p value to be greater than 0.05. This finding may indicate that there is no publication bias, since it is unlikely to reach 1,064 more studies examining the relationship between transactional leadership and job satisfaction. However, it was concluded that there was no publication bias due to p values of the Begg and Mazumdar rank correlation and Egger's regression analysis are greater than 0.05 (0.891 and 0.462, respectively).

Heterogeneity test was also performed for the studies included in the meta-analysis and the findings are presented in Table 2 below. The provision of heterogeneity for the data included in the analysis depends on the condition that the Q value is greater than the value corresponding to the df value in the χ^2 table or the p value is less than 0.05 (Dinçer, 2014: 71). Considering the findings in Table 2, the corresponding value of 95 % significance level and 11 degrees of

Tab. 2: Results of Heterogeneity Test

| Q | Df(Q) | p | I ² |
|---------|-------|-------|----------------|
| 823.948 | 11 | 0.000 | 98.665 |

Tab. 3: Findings Regarding the Relationship between Transactional Leadership and Job Satisfaction (Fisher's Z)

| | Fisher's Z | Lower limit | Upper limit | Z-Value | p-Value |
|---------------------------------------|------------|-------------|-------------|---------|---------|
| Akyurt et al. (2015) | 0.549 | 0.503 | 0.596 | 23.188 | 0.000 |
| Baltacı et al. (2014) | -0.141 | -0.243 | -0.039 | -2.700 | 0.007 |
| Cindiloğlu Demirer and Polatçı (2018) | -0.523 | -0.637 | -0.409 | -9.013 | 0.000 |
| Cinnioğlu (2018) | 0.007 | -0.082 | 0.096 | 0.155 | 0.877 |
| Eren and Çakır Titizoğlu (2014) | 0.355 | 0.250 | 0.460 | 6.636 | 0.000 |
| Erdoğan Morçin and Çarıkçı (2016) | 0.682 | 0.605 | 0.760 | 17.274 | 0.000 |
| Kaplan (2005) | 0.762 | 0.490 | 1.033 | 5.492 | 0.000 |
| Kırkpınar and İçsan (2018) | 0.028 | -0.153 | 0.209 | 0.303 | 0.762 |
| Korkmaz (2007) | -0.004 | -0.082 | 0.074 | -0.100 | 0.920 |
| Korkmaz et al. (2013) | -0.029 | -0.164 | 0.106 | -0.420 | 0.674 |
| Karadağ et al. (2009) | 0.311 | 0.187 | 0.435 | 4.911 | 0.000 |
| Başbekleyen (2019) | 1.321 | 1.181 | 1.461 | 18.539 | 0.000 |
| Random | 0.273 | 0.030 | 0.517 | 2.200 | 0.028 |

freedom in the χ^2 table is 19.675. As the Q value (823.948) is greater than 19.675 and the p value is less than 0.05, it has been observed that the heterogeneity assumption is provided in the study. In addition, the I² value was also examined and it was determined that the distribution of the effect size was highly heterogeneous, since this value was 98.665 and 75 % indicate high heterogeneity (Higgins et al., 2003: 599).

The correlational findings of the meta-analysis conducted to determine the relationships between transactional leadership and job satisfaction are provided in Table 3. The table includes Fisher's Z findings that take into account the random effect values and sample size.

According to Fisher's Z and random effect values in Table 3, the relations between transactional leadership and job satisfaction take values between

-0.523 and 1.321. When the effect size value, in which the studies are evaluated together, is examined, it is seen that there is a positive relationship between transactional leadership and job satisfaction at the level of 0.273.

Conclusion

In this study, a total of 12 articles and thesis addressing the relationship between transactional leadership and job satisfaction in Turkey were taken as a reference. It has been attempted to generalize the findings of these studies with meta-analysis. Total sample size of these studies is 5,413 people composing of health personnel, manufacturing sector employees, hotel employees, bank employees, industry, construction, tourism and food sector employees, food and beverage business employees, community and family health center employees, cabin crews, public school administrators and teachers. When the sources of the scales used in these studies were examined, it was seen that the Multifactor Leadership Scale and the Minnesota Job Satisfaction Scale were generally used.

Findings of publication bias, heterogeneity, and Fisher's Z have been examined for meta-analysis. Funnel plot for publication bias, Classic fail-safe N, Begg and Mazumdar rank correlation and Egger's regression values have been analyzed. It has been observed that there is no bias. Findings regarding heterogeneity display that heterogeneity is high. Therefore, the random effect method has been used. Fisher's Z random effects method findings suggest that there is a positive relationship between transactional leadership and job satisfaction. Therefore, it has been found out that transactional leadership activities in organizations increase the level of satisfaction at work. Contrary to some of the studies mentioned in the study (Baltacı et al., 2014; Cindiloğlu Demirer and Polatçı, 2018) this finding indicates that transactional leadership is an important variable in the formation of job satisfaction. Therefore, this finding supports the research findings of Akyurt et al. (2015), Eren and Çakır Titizoğlu (2014), Erdoğan Morçin and Çarıkçı (2016), Kaplan (2005), Karadağ et al. (2009), Başbekleyen (2019) for Turkey and Mufti et al. (2019), Sarwar et al. (2015), Javed et al. (2014) for other countries.

In this study, it has been concluded that there is a positive relationship between transactional leadership and job satisfaction level. Therefore, it can be stated that transactional leadership is not actually a negative leadership style. Thus, clarifying the perspective on transactional leadership is an important contribution of the study. However, it is also difficult to claim that transactional leadership has produced positive results in Turkey, with 12 studies

dealing with the relationship between transactional leadership and job satisfaction. Analyzing the transactional leadership-job satisfaction relationship with only 12 studies is an important limitation of this study. On the other hand, only a correlational meta-analysis has been conducted and variables that could be moderated in this relationship were ignored. This is another important limitation of the research. In addition, among the studies dealing with the transactional leadership-job satisfaction relationship, only the studies that dealt with the concepts as a whole have been analyzed, while the studies that deal with the variables at the dimension level have been excluded. It may be suggested that future studies should take these constraints into account, focus on transactional leadership specifically, and examine transactional leadership with more studies paying particular attention to the cultural context (high / low power distance societies or individualist / collectivist countries), and determine its relationship with other variables.

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Emre Ünver

Organizational Commitment: Literature Review and Conceptual Framework

Introduction

In today's modern business approach, many studies have been done and continue to be done on the concept of organizational commitment, which is one of the current concepts that enable organizations to gain competitive advantage. The existence of the concept of organizational commitment in the last fifty years reveals the importance of the concept for organizations. In this aspect, organizations intend to continue with employees committed to them and want to plan the goals and objectives of the organization with human resources committed to them.

Organizational commitment concept has caused today's organizations, where competition is intense, to make an intense effort to retain the employees affiliated to the organization. It is known that employees who are affiliated with the organization offer positive gains to organizations in the long run, and employees who are satisfied with their work and feel belonging to their organization create a positive impression in terms of organization prestige to the external environment, which is beyond the control of the organizations.

Organizational commitment, which affects employees' motivation, attendance, organizational citizenship behavior and innovation thoughts, is a vital concept for organizations to get maximum efficiency from employees and to achieve success. In this direction, the interest in organizational commitment by researchers persists today, and will likely continue in the future.

Organizational Commitment Concept and Its Scope

Loyalty is a psychological concept and a situation that arises in determining organizational behavior and organizational processes. The concept of commitment can be applied in organizations. For this reason, many researchers have conducted studies on organizational commitment. Studies on organizational commitment date back to the 1950s (Koç, 2009: 201–202).

Organizational commitment is an important variable in understanding the behavior of employees in the organization. It also affects the attitudes of employees such as the desire to stay in the organization, the rate of going to

work, job satisfaction and job turnover. Organizational commitment is therefore an important factor in the competitiveness and survival of organizations (Sürücü and Maşlakçı, 2018: 49).

Organizational commitment is more than a contractual obligation or a reward exchange between managers and employees. It is a complex perception and does not reveal only the employee's obedience or the decision to stay in a certain job (Brewer, 1996: 33).

Organizational commitment is the interest displayed by the employee for the success of the organization and the loyalty attitude of the employee towards the organization. In the attitude of commitment to the organization, organizational variables such as job design, leadership characteristics of the manager and individual variables such as age and seniority within the organization play an important role. Besides, organizational structure and positive organizational climate, job security, participation in decisions, taking responsibility, and having autonomy are reasons having an effect on the organizational commitment of the employee (Bayram, 2005: 125).

Organizational commitment is a kind of psychological contract created between the organization and the individual. There are strong links between the psychological contract and the organizational commitment of the individual. On the other hand, the relational contract type individuals display a much higher level of organizational commitment (McDonald and Makin, 2000: 86).

As a result of the acceptance of organizational commitment as an indispensable management practice for organizations, the issue has gained importance and a lot of studies have been conducted on this concept. Organizationally committed employees have more performance, low turnover thoughts, and higher levels of citizenship behavior for the organization. Thus, the attempt to answer the question of how we can connect the employees to the organization led managers and researchers to conduct research on the subject (Bozkurt and Yurt, 2013: 122).

Organizational commitment is also relevant to job satisfaction (Porter et al., 1976: 88). The study by Nafei and Kaifi (2013: 142–143) revealed that there is a relationship between organizational commitment and organizational cynicism. Researchers have found that there is a statistically significant relationship between organizational cynicism dimensions and organizational commitment dimensions of those working in teaching hospitals in Egypt.

Ensuring the satisfaction of the well-equipped employees from their jobs and their organization is seen as a fundamental goal of organizations. Commitment to organization means that the individual adopts the goals of the organization

he / she works for and wants to continue his / her existence within the organization (Çöl and Ardıç, 2008: 157).

Managers generally prefer loyal and committed employees (Hunt et al., 1985: 112). The top management as well as the employees play a very active role in demonstrating and maintaining organizational commitment. One of the most important duties in creating employees with high level of commitment falls to the top management units (Bozkurt and Yurt, 2013: 138).

The high level of organizational commitment of employees is considered an important factor in terms of job satisfaction. The fact that organizational commitment is a factor that positively affects the quality of life of the individual is due to the satisfaction of individuals in their work life. Studies on the subject have revealed that organizational commitment is related to many factors such as job satisfaction, continuing work, stress, promotion and socialization. When evaluated from this perspective, organizational commitment has important results for both employees and organizations (Yağcı, 2007: 127). The relationship between employee commitment and its results emerges over time (Randall, 1987: 468).

Organizational Commitment Classification

Many different conceptualizations have been introduced regarding the classification of organizational commitment. However, among the existing models, Meyer and Allen's organizational commitment classification is frequently used by researchers. According to this classification, organizational commitment has three dimensions. These dimensions are emotional commitment, continuance commitment and normative commitment (McDonald and Makin, 2000: 86). In the first scale prepared by Allen and Meyer, the concepts of emotional commitment and continuous commitment took place. Later, they added normative commitment to the model (Yağcı, 2007: 118). Explanations on these dimensions are provided below.

Emotional Commitment: It is the most common approach to organizational commitment in the literature. It is the type of commitment to the organization in an emotional or affective form. It is the type of commitment where employees strongly commit themselves to the organization (Allen and Meyer, 1990: 2). This commitment reveals an emotional tendency that displays that employees identify themselves with their organizations, they are happy to be a member of the organization and they are strongly connected to the organization (Allen and Meyer, 1990: 2; Uyguç and Çımrın,

2004: 91). Employees in this commitment dimension establish an emotional bond with the organization.

Continuance Commitment: The factor that ensures the employee's continuity in the organization is the financial losses that may occur as a result of the employee's departure from the organization. The individual generally thinks that if he/she leaves the organization he/she does not have many options and that leaving the organization will cost him/her. The employee thinks that if he/she leaves the organization, he/she will lose the status he/she has gained through effort and that he/she will not be able to achieve it elsewhere. Employees who have such loyalty can sometimes create a source of trouble for managers with their negative attitudes (Ada et al., 2008: 501).

Normative Commitment: Individuals' sense of moral obligation is an important factor in this type of commitment. Individual has this commitment because he/she feels obligation. Employees with high normative commitment continue to exist in the organization because they consider working in the organization as a task for them and that this is a correct behavior based on personal values or ideas that lead to the formation of the responsibility in the organization (Uyguç and Çımrın, 2004: 93). The factor that keeps a person in the organization in normative commitment is the feeling of gratitude and the conviction that he/she is obliged to do so. Social pressures, cultural accumulations and experiences gained in the socialization process are effective in the development of normative commitment. The motivation to stay in the organization stems from obligation (Ada et al., 2008: 501).

From a managerial point of view; emotional and normative commitment is generally desired to be more than continuance commitment (Aube et al., 2007: 481).

The three-component organizational commitment model, which includes organizational commitment classification, presented by Meyer et al., (2002: 22, is displayed in Figure 1 below.

The Results of Organizational Commitment

The formation of organizational commitment is seen as a factor that increases the efficiency and productivity of the organization. As a result of ensuring organizational commitment, qualified workforce continues to exist in the organization and willingly uses its knowledge for the success of the organization. Individuals succeed as a result of feeling connected to the organization (Ada et al., 2008: 489).

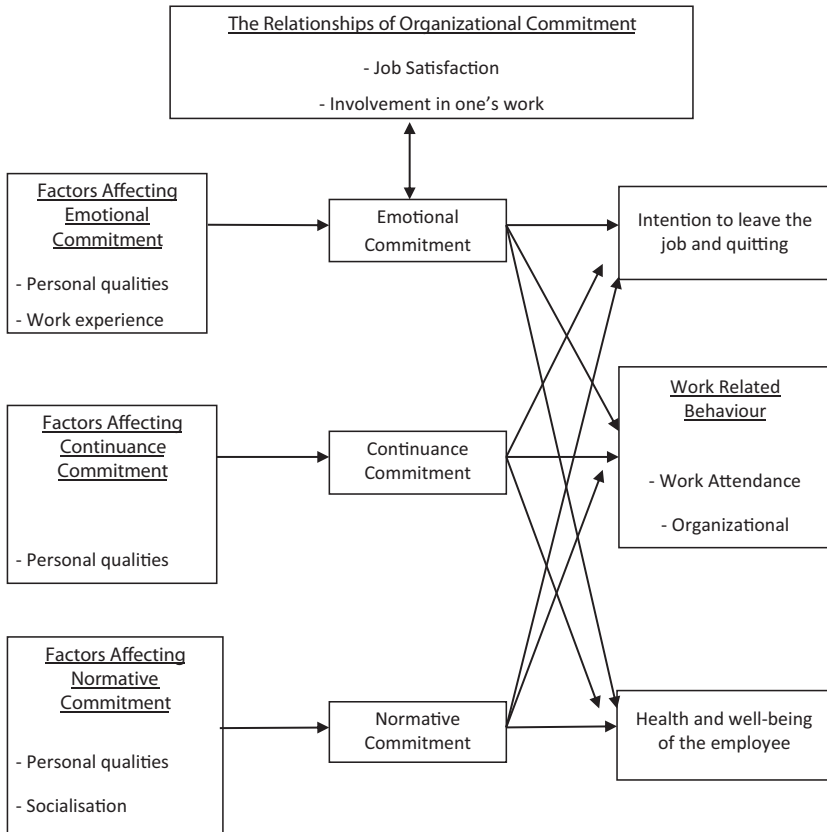


Fig. 1: The Three Component Organizational Commitment Model

Source: Adapted from Meyer et al., 2002: 22.

The following results may occur in employees with low levels of organizational commitment (Köseoğlu, 2020: 110).

- Discontinuity,
- Come to the job late,
- Not paying attention to work,
- Low efficiency,
- Dismissal,
- Aggressive behavior.

The positive and negative possible consequences of the concept of organizational commitment for the organization and the individual are presented in Table 1 below.

Conclusion

In today's organizations where global competition is intense, one of the important elements of gaining competitive advantage is to provide maximum efficiency from employees and to sustain effective human resources policies in organizations. In this respect, the main element of obtaining maximum efficiency from employees is the motivation of the employees and enhancement of their job involvement. The concept of organizational commitment, which enables the organization to get the highest efficiency from its employees, creates positive feelings towards the organizations in which employees work.

The concept of organizational commitment has been a concept that has been emphasized both in academic research and in shaping the human resources policies of organizations since the 1970s. Organizational commitment, which is considered in the field of organizational behavior, ensures that employees are happy with their work, and as a result, it increases the satisfaction of the employees with their jobs.

Studies conducted for organizational commitment indicate that factors such as openness of employees 'career paths, organizational justice, trust in the leader, effectiveness of organizational communication play an important role in employees' organizational commitment. As employees see themselves as a part of the firm, they take more initiatives and try to achieve more of the organization's goals. As a result, employees exhibit more extra role behaviors towards the organization with the formation of organizational commitment.

Organizational commitment is based on the perceptions of the employee, just like psychological contracts, since it cannot be determined by a formal job description based on a contract on the employee and the organization side. The following policies should be followed: it will be ensured that employees are happy in organizations, employees should be ensured to participate in decisions, emphasis should be placed on human resources policies that give importance to employees' opinions, and the organizational commitment level of the employee should be tried to be increased in this way. Also, the senior management of the organization should also formulate policies and strategies that take into account the organizational commitment of the employees in their decisions.

Tab. 1: Possible Consequences of Commitment Levels

| | Individual | | Organizational | |
|----------------------------------|---|--|--|--|
| | Positive | Negative | Positive | Negative |
| Low Commitment Level | Individual creativity, innovation and originality. | Slow career growth and promotion opportunities. Personal costs incurred as a result of gossip. | Motivation is increased with new recruitments by reducing the number of employees who show insufficient performance. | More expenses, being late for work and absenteeism, low amount of work, disloyalty to the organization, illegal activities against the organization, limited extra role behavior, information disclosure with detrimental consequences, limited organizational control over employees. |
| | More effective use of human resources. | Violating the aims of the organization or expulsion from the organization. | Information disclosure with beneficial consequences for the organization. | |
| Moderate Commitment Level | Enhanced sense of belonging, safety, efficiency and business loyalty. | Limiting career development and promotion opportunities. | Decreasing intention to leave the organization, limited labor turnover, Increase in job satisfaction. | Employees can limit extra role behavior and organizational citizenship behavior. |
| | Creative individuality. | | | Employees can balance organizational demands with non-business demands. |

(continued on next page)

Tab. 1: Continued

| | | Individual | Organizational | |
|------------------------------|--|---|--|--|
| | | Preservation of identity different from the organization. | | Possibility of decreased organizational effectiveness. |
| High Commitment Level | Individual career development. | Suppressing opportunities for individual development, creativity, innovation and mobility. | Safe and stable workforce. | Not using human resources effectively. |
| | Rewarding the behavior by the organization. | | Employees accept the organization's demands for more production. | Lack of organizational flexibility, innovation and adaptability. |
| | Passionate attachment of the individual to their work. | Resistance to change. | High level of task competition and performance. | Having confidence in past policies and procedures. |
| | | | | Be disturbed by over-eager employees. |
| | | Stress and tension in social and family relationships. Limited time and energy expenditure outside of work. | Organizational goals can be achieved. | Unethical actions taken on behalf of the organization. |

Source: Adapted from Randall, 1987: 462.

Finally, human resources, which is one of the most effective factors in the success of organizations, is an important factor directly affecting the success of organizations. Effective management of human resources provides organizations with an increase in productivity and helps organizations achieve their main goals. The concept of organizational commitment, which emerges as a factor that facilitates organizations to achieve their goals, not only increases the

performance of employees, but also reduces their possible quit from the organization. As a result of ensuring organizational commitment, trained employee losses can be prevented, works can be completed on time, possible job quits can be prevented, time savings and increase in earnings can be achieved in the organization.

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Mehmet Yücenurşen

The Role of Opportunity Cost in Cost Management

“If we buy goods at long credit, and sell them for ready money, or on short credit, we may happen to have the money in our hands for some time; and, as we may lend it out at interest, or employ it in other branches of our business, during the interval, the advantage arising from it,, should be added to the profits, or deducted from the loss of the account which yields it.” (Hamilton, 1777: 247).

Introduction

The concept of cost management has gained importance as a result of economic growth and technological developments with the transition from the industrial society to the information society since the 1950s. The economic growth led to the increase in the income of the consumers and diversification in their demands and needs. Respond to the increase in this diversified demand was met by production technologies. In such an environment, it has become a necessity for companies to implement cost management instead of limiting costs within the scope of standard costs in order to reduce their costs.

In this context, this study attempts to explain the role of opportunity cost in cost management. Cost management is a cost optimization approach used in decision-making processes of the firm management in order to achieve the goals of the firm. Opportunity cost concept is defined in different ways in different disciplines such as accounting, economics, and behavioral science. In the field of accounting, cost consists of the sum of explicit and implicit economic costs. In this study, the concept of opportunity cost is examined in terms of these two areas-accounting and economics- and the relationship between the decision-making process based on opportunity cost and cost management is attempted to be explained with the help of a case study.

Cost and Cost Management

Cost information used by companies in their decision-making processes to achieve their goals is of great importance in terms of making the right

decisions. Realistic, understandable, and timely cost information is essential for an effective management in an intense competitive environment. In this context, it would be appropriate to define the concept of cost firstly. Cost is defined as:

- Cash or non-cash assets that are sacrificed for goods and services that will benefit the firm now or in the future (Hansen et al., 2009: 24).
- It is a resource that is sacrificed or given up achieving a specific goal (Horngren et al., 2012: 27).
- It occurs when a resource is used for a purpose (Blocher et al., 2010: 932).
- In article 6 of the Turkish Accounting Standards-16 Tangible Fixed Assets, it refers to the fair value of cash or cash equivalents paid in the acquisition or construction of an asset or the fair value of other costs, or, in certain cases, the consideration attributed to the relevant asset during the relevant accounting.
- It is the monetary sum of necessities that must be endured in order to achieve a targeted result (Büyükmirza, 2009: 44).
- Cost is the monetary sum of the expenditures made in the current period for the acquisition of a good or service and the sacrifices incurred in the acquisition of that good or service from the expenditures made in the previous period (Akdoğan, 2009: 11).

In today's increasingly competitive conditions, for companies, effective management is no longer necessity but has become mandatory in order to gain competitive advantage. One of the basic conditions of an effective management is to be able to access information in a timely, accurate and complete manner. Information on costs, which is an important productivity measure for companies, must be correctly defined, measured and associated with the products.

Companies, which get into global markets from local markets with the effect of globalization, carry on their activities aiming at maximum customer satisfaction. In this context, achieving competitive advantage and customer satisfaction in global markets is only possible with an effective and efficient management performance in terms of quality, speed and especially cost. This situation has changed the structure and scope of the information required by the business management. With this change, the structure of the accounting information system that provides information to financial information users and the tools it uses have changed and become suitable for needs. Within the framework of these developments, the concept of "cost management", which has the ability to produce and manage non-financial information as well as financial information, has come into question.

Cost management is a broader concept than cost accounting. Unlike cost accounting, which focuses on historical costs, it focuses on planning, managing and reducing costs. In this respect, cost management is the management of the costs that are likely to occur in the future to achieve certain goals, not the past. A cost management system that can produce lower cost information will increase the decision-making performance of the enterprises and add value to the company (Cooper and Kaplan, 1988).

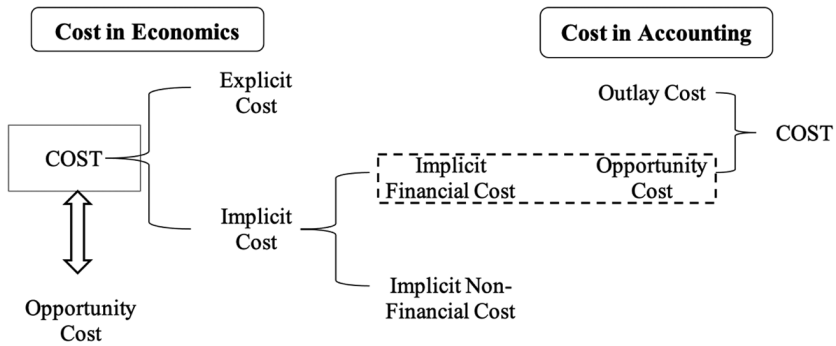
Cost management is a philosophy of cost optimization, which is of great importance in achieving the goals set by the company. Cost management contributes to the continuous improvement of workflows (Agrawal et al., 1998).

Cost management can be defined as a set of techniques aimed at creating higher value with lower costs. In the cost management process, companies collect cost data and analyze them to minimize costs. For this end, it is necessary to reduce the use of resources and increase the efficiency of current ones. The cost management process is expected to increase the financial performance and operational efficiency of the enterprise. In cost management, determining the actual deviations of planned costs and their reasons provides the necessary infrastructure for decision-making processes for cost optimization. However, cost accounting, which focuses on historical costs, cannot create such opportunities for companies. Cost reduction efforts should be carried out on the axis of market and customer focus. For example, some products may not add value to the business, but it may be necessary to continue the production of these products depending on the customer portfolio of the company and market conditions.

Classification of Opportunity Cost in Different Disciplines

The concept of opportunity cost is frequently encountered in the accounting and economics literature. The concept of opportunity cost is one of the most important concepts in the field of economics. Opportunity cost in economics is defined as “the second best alternative forgone when making a choice” (Buchanan, 1991), “the best alternative forgone when using the resource” (Acemoglu et al., 2016: 41), “the explicit and implicit costs of resources to be used in the forgone alternative” (Baye, 2010: 6). It is defined in the accounting literature as “the contribution of the second best alternative forgone to the earnings of the company” (Hornngren et al., 2012: 402) (see Figure 1).

Opportunity cost, which is a frequently studied concept in the economics and behavioral science literature, is one of the most important concepts of microeconomics. If we explain this concept with an example, suppose that a



Notes: It is adapted from Kon (2007: 106).

Fig. 1: Cost in Economics and Accounting

student is free to choose to study for a crucial exam or watch a television series during the same period. The opportunity cost of watching television will be to study for a crucial exam. In this example, it can be said that the student is unlikely to watch a TV series and is more likely to choose to study for the exam. Likewise, in a world of scarce resources, individuals must make sacrificial choices from alternative goods and services. The more money an individual spends on food will require sacrificing other goods and services. In this case, giving up other goods and services is an opportunity cost.

The cost is the monetary sum of the sacrifices made in order to reach a certain goal. At this point, the difference in the concept of cost in terms of accounting and economics arises from the difference between explicit and implicit costs. As a matter of fact, when the economics and accounting literature is examined, it is seen that differences of opinion are related to the definition of costs and their normative use (McRae, 1970; Hoskin, 1983).

In the field of accounting, only explicit costs are taken into account when calculating costs. Explicit costs include the expenditures made by the enterprise using factors of production. For example, a computer purchased by a firm to use in production is considered as an explicit cost. However, the firm may not have any spending requirement for some factors of production. For example, if the firm owns a factory building, it will not incur any expenditure if that building is used in production. However, in this case, there will be opportunity cost. In other words, the firm could rent the factory building instead of using it in production and obtain rental income. These forgone incomes cause implicit costs. Implicit costs are opportunity costs that arise due to their use

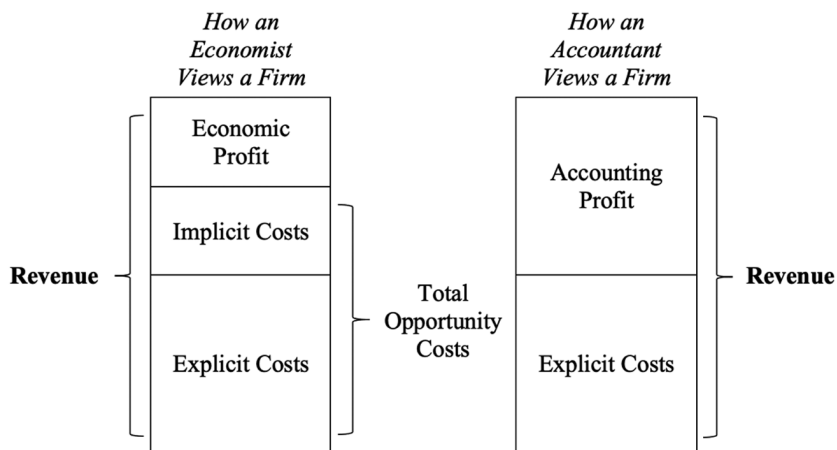


Fig. 2: Economic Profit versus Accounting Profit

but not for their acquisition. Kon (2007) classified implicit costs into two categories as financial and non-financial. Implicit costs that can be measured in monetary terms are financial implicit costs while implicit costs that cannot be measured in monetary terms such as environmental effects are non-financial implicit costs. Examples of non-financial implicit costs are the possibility of the seller to fulfill its offer on time, the quality control processes of the product to be procured from outside the enterprise, and the reaction of the employees to the option of purchasing products from outside the enterprise.

In this context, the cost of a product is calculated only with explicit costs when it is considered by accounting point of view while it is calculated taking into account explicit and implicit costs when it is considered by economics point of view.

As seen in Figure 2, when the profit generated by the enterprise is evaluated from the perspective of economists and accountants, the following calculation is carried out:

- Accounting Profit = Total Revenue – Explicit Costs
- Economic Profit = Total Revenue - Total Opportunity Cost (Explicit + Implicit Costs).

Financial information users are based on “accounting profit” to measure the performance of the firm. It is possible to make efficient decisions by evaluating the financial situation and measuring the firm performance. Accounting profit

is the difference between the total income and expenses arising in all areas of activity that the firm carries out in the current period. In this context, accounting profit is affected by the measurement and accounting principles of assets and resources. Various methods such as accrual basis, cash basis etc. are used for profit calculation.

One of the basic concepts of the theory of economics is economic profit which is calculated by subtracting the profit of the best alternative from the profit of the second-best alternative.

In order to explain the difference between economic profit and accounting profit, it is first necessary to specify their purpose. Accounting profit is aimed at reporting the performance of the enterprise. Therefore, it is not possible to present implicit costs in financial statements. It is against the nature of accounting to consider opportunity costs of forgone alternatives when preparing financial reports. However, economic profit provides entrepreneurs with a decision-making criterion.

In terms of economics, explicit cost refers to the maximum value of goods subject to exchange through money (Mankiw, 2009: 269). In terms of accounting, explicit cost refers to the value reflected in the accounting information system. However, explicit costs are reported as assets, costs or losses incurred in the period in the financial statements and generally do not have a direct relationship with the decision-making processes of the business management. In other words, implicit costs are generally sunk costs.

In the field of economics, the concept of opportunity cost is a frequently used criterion for the optimal use of scarce resources. However, it is less frequently used in accounting (Heymann and Bloom, 1990: 104). The reason for this situation is the different definition of cost and opportunity cost concepts in economics and accounting fields.

When the cost definitions are examined in the field of accounting, cash value paid to acquire goods and services is seen in these definitions. Opportunity cost is used as an evaluation criterion for the production decision of orders or projects. Opportunity cost is taken into consideration, especially when there are more than one alternative in the investment and production decision making processes. The concept of opportunity cost is used as a basis for the decisions of the business management since it is not suitable for the accounting record system and the cost understanding of the accounting (Bragg, 2007: 262–263).

It is observed that decision makers, who have to choose between alternatives, mostly ignore the opportunity cost (Neumann and Friedman, 1978). Opportunity cost arises when it is decided to produce a scarce resource as a production input and one of many products sharing the same input. Since this

situation is seen in all economic activities, it can be said that the concept of opportunity cost is universal.

Opportunity Cost and Decision Making

Generally, business managers strive to choose the optimal among a limited number of alternatives. In alternative selection decisions, when the alternative is considered to be optimal, the other alternative (s) is naturally rejected and the gain from the rejected alternative is refrained from. The gain that can be obtained from the rejected alternatives constitutes the opportunity cost of the chosen alternative. According to Balakrishnan et al. (2004), opportunity cost is in the center of the decision-making process and hence is of great importance.

Opportunity cost, also known as “Withdrawal Cost” or “Alternative Cost”, is one of the most important components of the decision-making processes of businesses. However, it is not reported in the financial statements because it is not included in the accounting records. At this point, the absence of opportunity costs in the financial statements does not mean that these costs are insignificant; on the contrary, it is a cost element that should be taken into account in decision-making processes (Vahid et al., 2013).

In this context, it can be said that opportunity cost is related to a selection process (Leining, 1977). According to Robbins (1934), the understanding of cost in modern economic theory is based on forgone alternatives. Opportunity cost can be mentioned if there are at least two alternatives, and the decision maker can choose whatever alternative he/she wants. The value of the undesirable or forgone alternative is the cost of the preferred alternative. For this reason, it is not enough to monitor the cost of the preferred alternative, it is also important to know the value due to the forgone alternatives (Thirlby, 1946). In order for a decision to be qualified as a “profitable decision” (Webster, 2003: 4–5; Bhat and Rau, 2008: 54–56; Wilkinson, 2005: 213–214), the following requirements should be met:

- Increasing total revenue more than total costs,
- Providing more reduction in some cost items compared to other decisions,
- Increasing some revenue items more than other decisions,
- Decreasing total cost more than total revenue.

Opportunity cost is a concept that arises when it is decided to produce one of many products that can be produced with scarce resources. Since there is a similar situation in all economic activities, it can be said that the concept of opportunity cost is universal. In the market economy, companies can usually

produce a wide variety of products at different times and in different quantities with many resources. Among the alternatives, the preferred product is the one that increase the “value” of the enterprise.

Cost Management Based on Opportunity Cost

The opportunity cost regarding the value of the goods / services produced by an enterprise and the resources used in the production process can be determined based on the realistic values. However, since the opportunity cost of assets can be determined after the production process is completed, the value of the alternative forgone will remain as the value predicted by the business managers. In this context, when a firm is making a choice from alternatives (Haney, 1912):

- Should define all alternatives,
- Should determine the most efficient of the identified alternatives,
- Should measure the second-best alternative as an opportunity cost.

For example, firm A has a machine which is recorded under the assets of the company, is used in the production of good X, is fully amortized and depreciated. Suppose that it has been determined that the machine in question has a useful life of 1 year. Annual revenue and production costs of good X are provided in Table 1.

Suppose that company A is planning to convert the machine in question to produce good Y. Expected annual amounts for the sale and cost of good Y are presented in Table 2. At the same time, the machine can be sold to company B for 230,000 TL with the sales expenses of 10,000 TL. In this case, entity A will face 3 alternatives:

- I. Continuing the production of the good X under current conditions,
- II. Converting production process to produce good Y,
- III. Selling the machine.

Tab. 1: Annual Revenue and Cost Amounts for Good X

| | | |
|--------------------------|------------|------------|
| REVENUE | | 500,000 TL |
| Sales | | 500,000 TL |
| COST | 310,000 TL | |
| Materials | 100,000 TL | |
| Labor | 200,000 TL | |
| Overall Production Costs | 10,000 TL | |
| ACCOUNTING PROFIT | | 190,000 TL |

Tab. 2: Expected Annual Revenue and Cost Amounts for Good Y

| | |
|--------------------------|-------------------|
| REVENUE | <i>600,000 TL</i> |
| Sales | 600,000 TL |
| COST | <i>460,000 TL</i> |
| Materials | 150,000 TL |
| Labor | 250,000 TL |
| Overall Production Costs | 10,000 TL |
| Conversion Costs | 50,000 TL |

Comparisons will be made on the basis of Alternative I because Alternative I is the current situation. The comparison of the Alternative I and II is presented in Table 3.

Tab. 3: Comparison of Alternative II with Alternative I

| | Alternative II | | Alternative I | | Increase/ Decrease |
|---------------------------------------|-----------------------|---|----------------------|---|-------------------------------|
| REVENUE | <i>600,000 TL</i> | - | <i>500,000 TL</i> | = | <i>100,000 TL</i> |
| COST | <i>460,000 TL</i> | - | <i>310,000 TL</i> | = | <i>150,000 TL</i> |
| Materials | 150,000 TL | - | 100,000 TL | = | 50,000 TL |
| Labor | 250,000 TL | - | 200,000 TL | = | 50,000 TL |
| Overall Production Costs | 10,000 TL | - | 10,000 TL | = | 0 |
| Conversion Costs | 50,000 TL | - | - | = | 50,000 TL |
| REVENUE - COST = EXPECTED PROFIT/LOSS | | | | | |
| | 100,000 TL | - | 150,000 TL | = | - 50,000 TL |

According to Table 3, applying the Alternative II will result in 50,000 TL in loss for the company A and thus Alternative I should not be implemented. The comparison of the Alternative I and II is presented in Table 4. When Table 4 is examined, it can be observed that If company A chooses the Alternative III, it will result in a profit of 30,000 TL. Therefore, company A should choose the alternative III and sell the machine.

However, it should not be forgotten that only explicit costs have been recognized in the calculations up to this section. If the same analysis is made by considering opportunity cost, the value of the alternative foregone should also be evaluated.

Tab. 4: Comparison of Alternative II with Alternative I

| | Alternative III | | Alternative I | = | Increase/ Decrease |
|--|-----------------|---|---------------|---|-----------------------|
| REVENUE | 230,000 TL | - | 500,000 TL | = | -270,000 TL |
| COST | 10,000 TL | - | 310,000 TL | = | -300,000 TL |
| Materials | - | - | 100,000 TL | = | -100,000 TL |
| Labor | - | - | 200,000 TL | = | -200,000 TL |
| Overall Production Costs | - | - | 10,000 TL | = | -10,000 TL |
| Selling Expenses | 10,000 TL | - | - | = | 10,000 TL |
| REVENUE - COST = EXPECTED PROFIT/LOSS | | | | | |
| -270,000 TL - (-300,000)TL = 30,000 TL | | | | | |

In the choice between the Alternative I and II, If the Alternative II is preferred, the accounting profit of the Alternative I, which is 190.000 TL (see Table 1), foregone. This value is the opportunity cost for the use of the Alternative II and the economic cost for the Alternative II should also include this the opportunity cost (see Table 5)

Tab. 5: Economic Cost of Alternative II

| | Alternative II |
|--------------------------|----------------|
| COST | 650,000 TL |
| Materials | 150,000 TL |
| Labor | 250,000 TL |
| Overall Production Costs | 10,000 TL |
| Conversion Costs | 50,000 TL |
| Opportunity Cost | 190,000 TL |

Since the revenue of the Alternative II is 600.000 TL, the economic profit of the alternative will be as seen in Table 6. Under these conditions, the Alternative II should not be preferred.

Similarly, if we make economic cost calculations for the Alternative III as seen in Table 7:

Tab. 6: Economic Profit of the Alternative II

| REVENUE | | ECONOMIC COST | | ECONOMIC PROFIT |
|------------|---|---------------|---|-----------------|
| 600,000 TL | - | 650,000 TL | = | -50,000 TL |

Tab. 7: Economic Cost of Alternative III

| | Alternative III |
|------------------|------------------------|
| COST | 200,000 TL |
| Selling Expenses | 10,000 TL |
| Opportunity Cost | 190,000 TL |

Since the revenue of the Alternative III is 230.000 TL, the economic profit of the Alternative III will be as seen in Table 8:

Tab. 8: Economic Profit of the Alternative III

| REVENUE | | ECONOMIC COST | | ECONOMIC PROFIT |
|----------------|---|----------------------|---|------------------------|
| 230,000 TL | - | 200,000 TL | = | 30,000 TL |

Under these conditions, company A should choose the Alternative III. In other words, when there is no other alternative to be evaluated, the Alternative III will be the best choice.

Expenses taken as basis in the decision-making process are historical cost information obtained from the accounting information system. Business managers especially use historical costs in pricing decisions. However, if a sunk cost is likely to affect future decisions or reappear, it should be included in decision-making processes.

The phenomenon of “giving up / sacrifice” inherent in opportunity cost is generally not taken into consideration. However, available resources should be used optimally for a cost management based on opportunity cost. Opportunity cost should be the main decision criterion for optimal use of available resources, transfer pricing, budgeting, stock investments, production management, etc. decisions of a firm (Victoravich, 2010; Vera-Munoz, 1998)

Conclusion

Business managers make a financial assessment in the decision-making processes regarding the activities of their enterprise. The concept of opportunity cost comes into question in these evaluations and decision-making processes. The concept of opportunity cost in its broadest sense is the value of the second best alternative foregone. In this context, opportunity cost arises when a decision maker has to choose between two or more alternatives.

Effective use of opportunity cost in decision-making processes depends on the correct evaluation of alternatives. Business managers often seem to ignore opportunity costs. However, the decision maker has to consider the possible values of all available alternatives and choose the alternative that will provide the highest value among the alternatives.

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Elif Üler

Leadership and Social Intelligence

Introduction

Ever since humankind started living in groups, it has always been a leader who led that group. After the industrial revolution, studies on leadership in social sciences started to increase and has been one of the main topics studied in social sciences in the 20th century. Although there are many definitions of leadership, these definitions have changed slightly according to the conditions of the period and leadership theory approaches although they are basically the same. Until the mid-1900s, the general belief was that leadership was shaped by innate talents, but after the 1950s, the view that leadership was related to people's behavior was dominant. With the technological developments, globalization and changes in the industrial field, leadership types and definitions started to differ after the 1980s and leadership was mostly shaped according to the current situation and behavior. Especially in the leadership types that started to enter the literature after the 1980s, the interaction of the leader with the members of the organization, whether in formal or informal organizations, is at the forefront.

The first studies on the concept of social intelligence started in the 1920s with Thorndike's definition of social intelligence as understanding people and acting skillfully in human relations. Until recently, social intelligence has been generally evaluated within the scope of emotional intelligence and has been the subject of studies as a sub-dimension of emotional intelligence. Daniel Goleman, one of the leading researchers in the field of emotional intelligence, also named social intelligence as public intelligence. The intensive experience of interaction both in social media and in face-to-face relationships reveals the importance of people's relationships with other people.

In this study, doctoral and master's theses on leadership and social intelligence, which are published in the field of business administration and are found at the thesis center of the Higher Educational Board of Turkey, were examined. Two doctoral theses and 2 master's theses covering leadership and social intelligence in the field of business administration were determined in the browsing. In the following sections, after the literature review on leadership and social intelligence, the theses in the field were examined.

Leadership

The terms “leader” and “leadership” has been one of the main topics of research in the social sciences since the very beginning of the 20th century. Whether or not leadership is congenital has also been among the topics discussed for years. Leadership was first studied in terms of power and authority relations, personal characteristics, behavioral and situational conditions. These approaches, which are described as traditional and classical views, have been replaced by modern leadership approaches, which are innovative, transformational, dynamic, emotional and communication-based approaches, in parallel with today’s needs after the 1980s. Hence, the phenomenon of leadership has begun to be viewed from this framework.

The most important feature of living in a group is that there are leaders and those who follow them. For this reason, almost all groups have a leader, whether they are composed of humans or animals (Baysal and Tekarslan 1996: 199). There are many definitions in the literature on leadership: Leadership is an art of influencing other people to do a job in a passionate, highly motivated and effective way (Akdemir, 2018: 35). Leadership is one person influencing and directing what other people do in order to fulfill their personal or group goals under the current circumstances (Koçel, 2018: 586). Leadership, the process of social influence in which the leader guides the members of his/her group towards the target he/she has determined (Durmuş, 2014: 4). As it can be understood from the definitions of leadership in general, leadership is the power to reach the goals determined by the leader by influencing others through gaining their appreciation with their personality and knowledge power in organizational or social life.

Leadership Approaches

When studies related to leadership in business administration are examined, it is seen that they are dominated by the trait theory approach until the 1940s, the behavioral leadership theory approach in the 1960s, and the contingency theory approach in the 1980s, respectively. After the 1980s, it is seen that new types of leadership have emerged.

Trait Theory Approach: It is the oldest of the theories about leadership. In this understanding, which was effective until the 1940s, the characteristics that made the leader a leader were tried to be defined. Studies attempted to prove that individuals with certain innate characteristics will be good and effective leaders (Çalışkan, 2008: 9). In this regard, Koçel (2018: 593) states that

the information obtained from the books strengthens the knowledge aspect of leadership, but this will not be enough to guide people whereby guiding people can be realized by inspiring people, knowing how to communicate with people, and being an exemplary person with innate talents. Due to the difficulty in defining the characteristics of the leader, studies in this field have decreased especially after the 1950s.

Behavioral Leadership Theories: After the traits approach, the main idea of the behavioral leadership theory was the characteristics that make a person a leader are the behaviors she/he practices or demonstrates while she/he is leading, rather than innate abilities. Leader's behaviors such as the way the leader intercourse with the people she/he leads, the way the leader transfer his/her authority, and the way he controls his/her subordinates are considered as important criteria for determining the effectiveness of the leader. In studies on behavioral leadership theories, the positive behavior of leaders to take individuals into account decreases staff change and staff absenteeism. Moreover, studies indicate that the work performance of individuals working in groups increases as behaviors that require initiative increase. Again, in studies conducted by the University of Michigan, it was concluded that the leadership style for individuals was more effective (Koçel, 2001).

Contingency Approach: In this theory, the conditions and effects that leadership occurs are examined. The assumption in this approach is that different situations require different leadership styles. The expectations, behaviors and conditions of the individuals in the organization or non-organizational formations determine the behavior of the leader. In the contingency theory, which is identified with the model put forward by Fred Fiedler, leadership is affected by conditions and situations. For this reason, the leadership style changes according to the situations and conditions and a leadership style that can be described as "the best" is not clearly stated.

Leadership Types

Autocratic Leadership: The leader holds all kinds of authority. In formal or informal groups, the leader is in a position to reward and punish. The functioning of the groups takes place exactly as shaped by the leader.

Democratic Leadership: The leader is in contact with his/her subordinates. In this type of leadership, the leader transfers authority to his/her subordinates. As with autocratic leadership, authority is not centered, but shared with subordinates. In this type of leadership, subordinates are more motivated and

devoted to the organization, as opinions of subordinates are important and taken into account (Barlı, 2010: 364).

Visionary Leadership: Ülgen and Mirze (2018: 172) define the vision as the situation that individuals or organizations wish for themselves or their organizations in the future. Therefore, visionary leaders are the people who manage their organizations not according to the current situation, but according to the situation they want to take place in the future. These leaders aim continuous improvement and learning, value people and are open to sharing (Aslan, 2009: 122).

Strategic Leadership: Strategy is a set of actions that will be formed in a way that the actions to be taken in the future in line with the goals determined by individuals or organizations will provide superiority to individuals or competitors. Strategic leadership is a type of leadership that focuses on not managing the organization according to its current situation, but on the ability of the organization to survive in the long term and provide competitive advantage (Ülgen and Mirze, 2018: 12–13).

Charismatic Leadership: Charismatic leaders create special effects on their followers. They are self-confident, capable of influencing people, thinking positively about the future, sensitive about ethical values, respected and guiding (Keklik, 2012: 77).

Interactionist Leadership: They focus on doing business in order to make the activities of their followers more effective. Interactionist leaders choose the way of rewarding their employees with money or status for making their effort higher (Eren, 2012: 463–464).

Transformational Leadership: Transformational leaders are people who can make changes in the behavior and attitudes of organization members, contribute to the mission and goals of the organization, and manage to employ their subordinates with a higher motivation (Şahin, 2009: 102). These leaders are people who question, think, and take risk as well as changing the behaviors of their followers (Hemedoğlu and Evliyaoğlu, 2012: 60).

Servant Leadership: Leaders who lead with the help of others with the idea of serving the community, model attractive behaviors, and improve others. Interpersonal support, altruism, equality, moral integrity are the characteristics of these leaders (Kesimli, 2013: 3–4).

Authentic Leadership: It is a type of leadership that emphasizes moral characteristics, internal discipline, positive energy, and personal values. Authentic leaders do not only think task and person-centered, but are concerned with the well-being of the whole society. Authentic leaders with high self-esteem openly admit their mistakes (Aydın, 2015: 11–12).

Intellectual leadership: In addition to their expertise, intellectual leaders are people who have knowledge of management, advanced thinking skills, open to learning, good general culture and higher education (Derin, 2016: 103). They have strong verbal and written expressions, the ability to influence and persuade others, and have a consistent and determined structure.

Paternalistic Leadership: In societies with a paternalistic structure, the relationship between subordinate and superior is similar to the relationship between parents and their children. It is a leadership style mostly seen in Eastern and Far Eastern societies. It is a little more difficult for Western societies to adopt this leadership style due to their cultural structure (Aycan, 2001: 1–2). Paternalistic leadership style actually reveals 3 leadership styles as authoritarian leadership, benevolent leadership and moral leadership (Çalışkan, 2008: 60–61).

Social Intelligence

Intelligence is an abstract concept that has been studied and researched a lot. Intelligence, which is the most important factor that distinguishes human beings from other living things, has been the subject of research in science branches such as philosophy, psychology and sociology since prehistoric times. Researchers such as Dewey, Sternberg, Gardner and Thorndike, who conducted research on this subject, discovered that intelligence cannot be measured by psychiatrists with a test that measures numerical and verbal skills. They argue that it is not one-dimensional and consists of many components.

Dewey who defined social intelligence as the power to understand and observe social events in the early 1900s is considered to be the first psychologist to use it academically (Rahim, 2014). A decade after Dewey, Thorndike defined intelligence in three components: mechanical, abstract and social intelligence. Within the framework of this definition, he defined social intelligence as understanding people and acting skillfully in human relations. After Thorndike's definition, social intelligence has been defined with different primary components in the historical process (Bennett, 2015: 42–43).

In general, social intelligence is a type of intelligence that helps the individual to adjust his / her relationships with his / her external environment. Social intelligence basically consists of two dimensions, social awareness and social skills (Doğan et al., 2009: 236–237). Social awareness consists of perceiving the inner state of other people, understanding of other people's feelings and thoughts, and understanding of complex social situations. It consists of basic empathy (sharing the feelings of others and understanding nonverbal communication), harmony (listening effectively, adapting to the other person),

empathic targeting (understanding others' feelings correctly), social cognition (understanding the social world). Social skill is the person's effective communication with other people. It consists of consists of elements such as synchronicity (smooth interaction at the non-verbal level), self-presentation (presenting oneself effectively), influence (influencing the outcome of social interactions), caring (identifying the needs of others and acting appropriately).

Silvera et al. (2001), who developed the Tromso Social Intelligence Scale, state that social intelligence consists of three sub-dimensions: social information process, social skills and social awareness. Social Information Process: It is the solving of the meaning of verbal and non-verbal messages and the understanding of the thoughts and feelings of other people. Social Skills: It is the ability of a person to get along well with other people, not have trouble participating in social environments and adapt to different situations. It is the dimension that shows the success level of a person in human relations. Social Awareness: Being able to behave in accordance with the environment, place and time, understanding behaviors in social relationships and acting accordingly.

Although the definition of social intelligence varies in the historical process, it generally consists of the communication that people have with other people, their power to understand them and their success in social life. In the information age we are in, communication of people with each other and their ability to understand each other has gained importance in formal or informal groups. For this reason, leader's understanding of subordinates and valuing their feelings increases the commitment of subordinates to the organization.

Examinations of Theses on the Subject

In this part of the study, two doctoral theses and two master's theses covering leadership and social intelligence in the field of business administration at the thesis center of the Higher Educational Board of Turkey are examined.

In his doctoral study, Çalıřkan (2008) examined the effect of leadership motivation, power needs, self-evaluation and political abilities in the formation of leadership style and the impact of cultural assumptions on the emergence of leadership style. Mintzberg (1985) defined the concept of political ability as the influence of individuals on others through manipulation, bargaining methods and the ability to persuade. Douglas and Anmeter (2004) defined it as being able to understand and analyze other employees in working life and to use this information to achieve personal and organizational goals. In the study, the concept of political ability is expressed as being customer-oriented, understanding and analyzing people's feelings and thoughts that they cannot express,

being sensitive to others, recognizing and understanding different situations and conditions, and acting accordingly, under the concept of serving people and benevolence. Social intelligence, influencing interpersonal relationships, establishing communication networks, and appearing honest and sincere are the sub-dimensions of political ability. These concepts generally overlap with the definitions of social intelligence described above. Therefore, the concept of “political ability” mentioned in the study was evaluated within the concept of social intelligence.

In the study, communication and social influence, sincerity and social intelligence, which are sub-dimensions of political ability, were found to have a significant effect on “leadership providing social support” and “normative authoritarian” leadership which are the sub-dimension of social intelligence. It was also found that feminine characteristics are effective on the leadership style that provides professional support whereby feminine characteristics are among the requirements of social intelligence, such as having good relationships and a peaceful work environment, working in harmony with others at work, being polite, gentle and friendly, being emotional, helping others in the work environment. It was determined that social intelligence is important in leader-follower interaction, and in this way, leaders can effectively understand the potential of their subordinates.

In his doctoral study, Aydın (2015) analyzed the authentic leadership qualities of the managers in the sales department and how and to what extent they reflect on the sales performance of the organizations. In the study, social intelligence, learning orientation, intrinsic motivation, customer orientation, diligence and technical expertise are considered as critical success factors in sales. A significant relationship was found between sales performance and social information process, social awareness and social skills, which are sub-dimensions of social intelligence. On the other hand, a significant relationship between authentic leadership and sales performance was not detected. It is argued that reasons why this relationship could not be determined are because of consideration of sales performance as quantitative factors, sales representatives changing their jobs frequently and short-time working periods with team managers due to changes in company organizations.

In her master thesis, Aktogan (2019) examined the interaction of cultural intelligence and social intelligence with leadership styles and attempted to determine the relationship between intelligence levels and leadership behaviors of leaders. A significant relationship was found between social intelligence and leadership types. In this context, a significant relationship between transformational and charismatic leadership and an insignificant relationship between

transformational and liberating leadership was found. A relationship was found between transformational-interactive leadership and social skills-social knowledge, which are sub-dimensions of social intelligence. A relationship was also found between social intelligence and the demographic features except education level.

The aim of the master thesis of Uçurum (2016) is to determine whether the social and emotional intelligence skills of leaders are among the qualities that employees expect a leader to have. In the study, it was determined that emotional intelligence and social intelligence are important for leadership, and awareness of employees' emotional states by the leader increases the control of employees and their job performance. It was concluded that employees under the age of 30 have more expectations of inspirational / charismatic leaders in the workplace than employees with a higher age. Emotional intelligence skills of the leader in the definition of effective leadership received the highest score from employees in medium and small-scale enterprises that make up the sample of the study.

Conclusion

Leadership is a phenomenon that has existed for all living beings since the day life existed. During the time both when people were hunter-gatherers and when they settled down, there was always someone who was gathered around and guided them. For people, leadership in the early ages was generally measured by power, and later on, leadership characteristics changed according to changing conditions. In today's information society, it is possible to say that leadership styles based on knowledge and human relations are more prominent, although leadership features from the past are still on the agenda.

Leaders' ability to be seen as leaders in formal or informal organizations, to understand the feelings and thoughts of other people and to communicate effectively with people increases their leadership activities. In today's world where it is accepted that human beings are not a rational being, the importance of social relations increases even more. For this reason, it is revealed by researches that people in leadership positions should have high social intelligence and that people with high social intelligence contribute to the performance of their employees.

The master's thesis studied by Uçurum (2016) displays that neuro applications that are new in the field of business will increase day by day. In this context, in addition to the subjects such as neuro-economics, neuro-leadership, neuro-economics, which are still being studied, neuro-management is among the subjects that can be examined by researchers.

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Hilal Çelik

Emotional Labor with Its Positive and Negative Aspects

Introduction

As a result of the increase in the importance of the service sector, the competition conditions in the sector have also become difficult. Customer satisfaction and service quality are mostly affected by the face-to-face communication of the people who provide and receive the service. For this reason, emotions become more important in the service sector where face-to-face communication is frequently used, and service providers are expected to keep their emotions in the foreground and to satisfy the customer at the maximum level.

Adult individuals spend most of their time at work. Therefore, all emotions regarding life make themselves felt intensely in working environments. Therefore, emotions have a great role in revealing the reasons for organizational behavior. However, when the literature is examined, it is observed that the concept of emotion is primarily examined in the discipline of psychology and that studies have just begun to be conducted under the title of organization. The main reasons for this situation are the following: the classical management approach sees employees as rational beings and the workplace environment is considered as a rational environment (Muchinsky, 2000: 801; Taylor, 2005). However, over time, emotions have gained the attention they deserve, and the number of studies on the emotions of employees and their work has increased (Grandey, 2000: 95). The concept of emotional labor, which has developed in parallel with this situation, has become one of the important indicators, especially in the service sector.

The aim of this study is to examine the concept of emotional labor in depth. In this context, after the definition of emotional labor, the theoretical approaches associated with the concept of emotional labor are explained. Subsequently, emotional labor strategies, their predecessors, their positive and negative effects on both organizations and employees are also mentioned. This literature review study will be an important source in other studies where the concept will be examined with other concepts.

Emotional Labor

Although the concept of emotion has an abstract and subjective nature, it has become a concrete quality that creates economic value.

Lazarus (1994: 80–82) classified emotions into five main groups. These are as follows:

- Negative emotions (jealousy, hatred, grudge, etc.)
- Existential feelings (embarrassment, guilt, anxiety, etc.)
- Emotions resulting from unfavorable living conditions (pain, depression, etc.)
- Emotions resulting from favorable living conditions (happiness, love, pride, etc.)
- Emotions related to empathy (pity, etc.)

The concept of emotional labor is formed by the combination of the concepts of emotion and labor. It is defined as the impression of a certain work process in which the individual deliberately serves in the inner world of the same individual. The concept was first taken place in the book named “The Managed Heart: Commercialization of Human Feeling” written by Hochschild (1983). According to the author, emotional labor is the obligation to feel the appropriate situation and convey it on the customer side in order to provide quality service to the customer at the stage where the rules determined by the authorities of the service provider are implemented (Hochschild, 1983: 7). In other words, the concept of emotional labor requires the suppression of other felt emotions, enrichment of feelings and put on an act in order to convey emotional expressions (Gradney, 2000: 95).

Hoschild (1983) stated that jobs that require emotional labor have three basic characteristics. The first of these is that communication is very important during face-to-face communication of the service provider and the person receiving the service. Second, the emotional representations of the service provider must be able to influence, manipulate and change the emotions of other individuals. Thirdly, the emotional expressions of the service providers should be supervised by the employers (Hochschild, 1983: 9).

In other literature studies on the concept, the concept of emotional labor has been expressed and defined as follows:

- It is control, planning, effort, which are the elements of expressing the emotions desired by businesses during transactions between individuals (Morris and Feldman, 1996: 987).

- It is an effort to feel the other party's emotions and understand the other party's with empathy (England et al., 1988: 545).
- It is the activity to display the emotions that are considered appropriate by the businesses (Ashforth and Humphrey, 1993: 90).

Emotional labor concept refers to ensuring employee quality and thus customer satisfaction as a result shaping of the employees' the world of emotions / thoughts within the rules determined by the institution.

In terms of institutions, this concept refers to both physical and mental labor rather than knowledge, and it is explained as an element that is expected to be displayed for business owners benefit from employees, especially in today's conditions (Kaya and Özhan, 2012: 110; Kesen and Akyüz, 2016: 234; Nart et al., 2020: 1688).

When the general definitions of the concept were examined, it was observed that a group of authors focused on observable behaviors instead of focusing on the emotions at the source of the behavior. Despite this, the concept of emotional labor has been associated with many theoretical approaches. These approaches will be discussed in the next section of the study.

Theoretical Approaches Related to Emotional Labor

After the concept of emotional labor was introduced by Hochschild in 1983, some approaches to the concept have emerged over time. There are four basic theoretical approaches in the literature.

Hochschild Approach

In his approach, the author examined emotional labor behaviors such as gender, emotion management, and emotional rules. According to Hochschild, who observes training programs in an airline company, employees manage their emotions with the way they perceive their environment. In addition, the emotions of the employees can be similar to the emotions of the organization they work with, and when employees assimilate their workplace, they see themselves as part of the organization and act in that way. The author mentioned that some professional groups require intense emotional labor. These professional groups are self-employed, civil servants, sales representatives, home service providers, and managers (Hochschild, 2012: 58).

Ashforth and Humprey Approach

Ahhforth and Humprey defined the concept of emotional labor as the display of emotion in accordance with certain rules of behavior. Unlike Hochschild, the authors focused on behavior, not the management of emotion. This is because, according to the authors, compliance with the code of conduct is only possible with real behavior. Therefore, the authors drew attention to behavior and stated that they distinguished experiencing emotion from displaying it (Ashforth and Humprey, 1993: 90).

Morris and Feldman Approach

Morris and Feldman (1996) expressed emotional labor as the effort, control and planning made in reflecting the emotions desired by the enterprise in the interaction process between individuals. According to this approach, even if the emotion that the employee should display and the emotion he/she feels match, it is necessary to make a certain effort in order to be able to display the behaviors desired by the enterprise. No matter what sub-dimension of behavior the employee exhibits, displaying his/her emotions in the company means that he/she exhibits emotional labor (Morris and Feldman, 1996: 989).

Grandey's Theoretical Approach

Grandey (2000) contributed to the concept of emotional labor in two ways. The first is that the author's theory is examining the superficial and profound dimension of behavior, and the second is that she introduced the concept of emotion regulation, which has been more common in psychology literature.

Emotion regulation is the situation in which a person balances and acts according to the situation by controlling his/her emotions in case of encountering a stimulus. The author stated that emotion regulation can take place in two different ways, response-oriented and antecedent-oriented. While the person regulates the precursors of the emotion in the antecedent-oriented emotion regulation, it is important how the person exhibits his/her physical and behavioral reactions to the outside world instead of controlling the external conditions or perception in the response-oriented arrangement (Grandey, 2000: 99).

Emotional Labor Strategies

Employees use one of the three main sub-dimensions while performing emotional labor behavior. These are as follows:

- **Surface Acting:** This behavior includes the process of imitating emotions. Although employees do not feel, they exhibit emotions by using expressions such as gestures, tone of voice, facial expressions, body language within the framework of the rules determined by the institutions (Hochschild, 2012: 58). Grandey (2000) stated that behaviors in this dimension change and are shaped according to the situation and because of this aspect, she described this dimension of behavior as response-oriented (Grandey, 2000: 100).
- **Deep Acting:** This behavior is the effort of the employee to exhibit the desired emotion and the employee changes his/her inner feelings for this (Hochschild, 1983: 42). Employees can provide this in two ways. The first is that the employee forces himself to display the desired emotion and the second is to benefit from training and experience to achieve this.
- **Natural Acting:** It is the situation where the emotions that the employee feels and must display overlap with each other. In this context, the employee will be able to act sincerely, not feeling under pressure, in order to exhibit the emotion he/she needs to display (Gray and Smith, 2009: 253).

Antecedents of Emotional Labor

Antecedents of emotional labor can be classified into three groups as individual factors, organizational factors and interaction characteristics. These factors are briefly as follows:

Individual Factors: Affectivity, empathy, self-adaptation, emotional intelligence, and gender are included in this group.

Affectivity: It is explained as the reaction exhibited to objects or individuals with certain forms and emotions and as a tendency to a certain mood.

This mood can manifest itself positively or negatively in the individual (Morris and Feldman, 1996: 1000).

Empathy: The ability of empathy has a positive effect on emotional labor, and depending on this ability, the dimensions of emotional labor behavior may change (Hochschild, 1983: 163).

Self-adaptation: Self-adaptation behavior refers to the individual's shaping himself / herself according to the outside world. People with a high tendency to adapt themselves shape their behaviors according to the conditions of their situation (Miller and Cardy, 2000: 621).

Emotional Intelligence: Emotional intelligence concept proposed by Goleman (2001) has been defined as a life skill. This ability depends on the individual's self-motivation, ability to dominate his/her impulses

and ability to establish empathy (Goleman, 2001: 15). Salovey and Mayer (1990: 189) expressed the concept as a subcomponent of social intelligence. The authors defined emotional intelligence as the ability to use information and individual behaviors and thoughts to direct by observing the emotions and behaviors of the individuals around him/her

Gender: The gender factor, which is deemed important in terms of social roles of individuals, causes the behaviors expected from men and women to be imposed on individuals from an early age and this effect continues during the upbringing process. This difference provides striking differences between the two genders in terms of the management and display of emotions (Hochschild, 1983: 165).

Organizational Factors: Emotional behavior rules, social support and autonomy are organizational factors mentioned in the literature:

Emotional Behavior Rules: Hochschild (1983: 57) defined the concept as the behavioral rules that determine how individuals should behave during their communication with others. Also, the rules mentioned are important in terms of compliance with the principles of the society (Ashforth and Humphrey, 1993: 91).

Social Support: It is the support given to the person by both employers and colleagues. Social support improves the self-control mechanism of the employees and increases the concepts such as performance and job satisfaction. It also has a good psychological effect (Grandey, 2000: 107).

Autonomy: The concept of autonomy is defined as the independence, freedom and discretion that the employee has while fulfilling the job descriptions. It expresses the ability of the employee to make his/her role components compatible with his / her relations with colleagues under the rules of emotional behavior (Morris and Feldman, 1996: 1000).

Interactional Factors: Interactional factors are examined under three subtitles as diversity, frequency and duration (Morris and Feldman, 1996: 991).

Diversity: The variety of emotions that need to be demonstrated displays parallelism with emotional labor. The more the type of emotions that the employee has to exhibit according to his / her role, the greater the balance he/she has to establish between emotion and behavior, and in this case, the employee will have to make more effort than usual.

Frequency: It is an expression of how often employees have to present the expected emotions. The frequency with which a task requires expressions

of emotions, the greater its determining effect on employees' emotional reactions.

Duration: It is emotional labor that the employee needs to display for a short time (smile, welcome, goodbye, etc.). The short duration reduces the emotional labor effort of the employee while exhibiting this emotion, and it is not difficult to gain such codes of conduct.

Negative Results of Emotional Labor

The concept of emotional labor, which includes displaying the emotions that employees should exhibit more than they feel, can lead to some negativities both personally and organizationally. The main adversities observed are alienation, role conflict, psychological / physiological disturbances, intention to quit, and burnout.

Alienation: When employees start to perceive customers as an object, they get a feeling of alienation, the reasons of which they cannot realize. Establishing many and unnatural relationships in the institution is seen as a reason for alienation. An institutional order, in which individuals can become aware of their skills and their own positive situations, has a decreasing effect on the alienation problem (Morris and Feldman, 1996: 991; Keles and Göktepe, 2020: 855).

Role Conflict: Role conflict situation arises when there is no harmony between the behaviors that an individual should exhibit in the organization and his/her expectations. When a person should perform a behavior, he/she can put forth behaviors such as numbness, feeling negative or inability to interact (Gökçe et al., 2017: 95; Nart et al., 2020: 1688).

Psychological / Physiological Disorders: Exposure to a stressful environment causes both psychological and physiological disorders. A stressful environment occurs in situations where there is little overlap between the individual and his/her environment. Solving this problem depends on the individual establishing his / her emotional balance well (Morris and Feldman, 1996: 992; Kesen and Akyüz, 2016: 234).

Intention to Quit: If the person feels that the institution he / she has worked for and the job he / she has done disturbs him / her physically and mentally, the motivation to work decreases and therefore the intention to quit the job increases. Looking at the relationship between emotional labor and the intention to quit, it was revealed that emotional labor has a direct effect on the intention to quit (Gökçe et al., 2017: 95; Keles and Göktepe, 2020: 855).

Burnout Syndrome: Burnout syndrome is a negative syndrome that occurs as a result of feelings such as hopelessness, fatigue and frustration that occurs in individuals who are faced with intense emotional demands, due to the employees' frequent communication with other people in accordance with their duties (Maslach et al., 2001: 399; Cropanzano et al., 2001: 165). As a result of burnout syndrome in individuals; low personal accomplishment, desensitization, and emotional exhaustion are observed (Grandey, 2003: 90; Kaya and Özhan, 2012: 110).

Low Personal Achievement: It is a situation where the individual finds himself/herself unsuccessful. This feeling creates unhappiness and dissatisfaction in the individual and over time, the individual feels useless. At the same time, he/she thinks he/she is going to work in vain and thus prevents his/her own success.

Desensitization: At the individual stage, the individual loses his / her positive feelings towards all other individuals he / she interacts with, and adopts an angry, sarcastic and rigid attitude. These individuals, who become emotionally exhausted and numb, behave negligently, ignoring and belittling those around him/her and his/her colleagues.

Emotional Exhaustion: In the state of emotional exhaustion, which is one of the most frequently researched and general characteristics of burnout syndrome, people express the problems they experience in the process of explaining the burnout syndrome experienced by both themselves and those around them. Individuals feel himself/herself useless, isolate himself/herself from the duties he / she has to do, and feel no desire to come to work.

Positive Results of Emotional Labor

Although the literature focuses on the negative effects of the concept of emotional labor and generally examines the studies in this direction, emotional labor can also provide some positive results. Work commitment, organizational citizenship, and customer satisfaction are mentioned as positive results of emotional labor (Grandey, 2000: 101).

Commitment to Work: The extent to which emotional labor affects employee commitment to work varies depending on emotional labor patterns. Which behavior level the employee chooses determines the degree of commitment to his/her job. Which behavior style how affects work engagement depends on the perception of the emotion adjustment stages rationally (Keles and Göktepe, 2020: 855).

Organizational Citizenship: This behavior is based on volunteerism and the individual acts in accordance with the goals of the organization without being under the influence of any reward and punishment system. In deep behavior, organizational citizenship behavior is positive and meaningful for both the individual and the institution. However, in the superficial model of behavior, organizational citizenship behavior is negative for the individual and the institution (Deniz and Aydoğan, 2017: 142).

Customer Satisfaction: The most effective result of emotional labor for organizations is customer satisfaction. Customer satisfaction, which is very important for businesses, provides a competitive advantage that is difficult to achieve and imitate (Boncukçu and Esen, 2020: 2; Keles and Göktepe, 2020: 856).

Conclusion

As emphasized in the study, although the concept of emotion is seen as an abstract concept, it is economically valuable and at the same time has strategic importance especially for businesses as it is directly related to human health. This concept, which has a history of about 40 years in the literature, emphasizes the importance of the ability of the service provider to manage their emotions and express themselves positively while the service is provided. However, sometimes it can lead to positive or negative consequences since it is expected to be conveyed. When the literature is examined, it can be observed that some researchers focus on emotions and some of them on observable behaviors. All these enigmas have led to the emergence of different theoretical approaches regarding the concept. Among the aforementioned approaches, the Hochschild Approach focuses on emotion management, Ashforth and Humphrey Approach on behavior, Morris and Feldman Approach on the efforts of employees to display emotion, and Gradney's Theoretical Approach focuses on superficial, deep behaviors and emotion regulation.

Employees' displaying emotional labor is limited to certain strategies. In other words, even if the emotion that is displayed and the emotion to be shown are very close to each other, it takes effort to display the expected emotion. In this case, employees exhibit superficial behavior in some cases and actually respond to the expected situation. Employees can also display deep and sincere behavior. Employees who display profound behavior put effort to change their inner feelings. In sincere behavior, although the behavior felt and exhibited is almost very close to each other, it is constantly experienced the difficulty of displaying the expected emotion. Emotional labor contains a number of

antecedents, and these antecedents can be individual, organizational, or interactional. Some of the aforementioned antecedents may cause negative feelings. For example, while empathy has a positive effect on emotional labor, affectivity can result in feeling both positive and negative.

When employees are expected to display more emotion than is felt, it has been revealed in literature studies that they experienced negativities such as feeling like an outsider (Sector, 2020: 855), experiencing role conflicts within the organization (Nart et al., 2020: 1688), having burnout syndrome (Kaya and Özhan, 2012: 110), having psychological and physiological disorders (Kesen and Akyüz, 2016: 234) and even intending to quit (Keles and Göktepe, 2020: 855). On the other hand, there is also evidence that exhibiting emotional labor has positive effects on employees such as work commitment (Keles and Göktepe, 2020: 855) and the increase in organizational citizenship (Deniz and Aydoğan, 2017: 142). Employees' display of emotional labor also contributes to the business by resulting in high customer satisfaction (Boncukçu and Esen, 2020: 2). Employees who are in direct contact with customers are considered the face of the firm. Therefore, emotional labor behavior is an instrumental factor since the management of emotions is for the benefit of another individual.

Today, the concept of emotional labor is a requirement for most business lines, and organizations especially prefer communication styles that include emotional labor in order to keep customer communication long-term. However, as stated in the law of action and reaction of physics, for every action, there is a reaction. The concept of emotional labor has positive effects as well as some negative effects (Boncukçu And Esen, 2020: 2; Keles and Göktepe, 2020: 856).

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Rana Özyurt Kaptanoğlu

Emotional Intelligence and Advertisement Perception

Introduction

Emotions have a very important role in understanding people. Especially in recent years, research has shown that the performance of individuals in their work is directly related to the ability to understand, interpret and manage emotions in the communication process between them. The concepts of “emotion” and “intelligence”, which constitute the concept of emotional intelligence a sub-dimension of social intelligence have been emphasized by different disciplines.

The concept of emotional intelligence is important for success in business life and enables the person to interact positively with others and represents the values, needs and motives that guide the current behavior of the person. The concept of emotional intelligence, which enables the individual to measure the motives of other individuals correctly, manage and direct their emotions and give correct responses in different conditions, ensures self-consciousness, understanding the meaning of life, mastering emotions, self-knowledge, managing behaviors and determining the feelings of individuals correctly and social relations.

The other key word of this research is the perception of the advertisement. Perception is the selection of external stimuli and organizing them into a whole. Thanks to perception, individuals compile the sensory stimuli they receive from the outside world and form their own real information. The correct realization of the advertisement is related to the correct perception of the messages by the target audience. Nowadays, the proliferation of communication tools brings each individual face increasingly to advertising. Advertising is defined as an effort that contributes to economic growth by developing mass communication facilities aiming to maximize the quality and standards of life of individuals as well as has an educational and cultural development power.

In the light of all this information, this study examines whether the emotional intelligence of customers has an effect on advertising perception. Emotions are of great importance in understanding our surroundings and people.

Emotional intelligence, on the other hand, is a definition that expresses the ability to recognize and express oneself, to manage emotions, to maintain a more harmonious life by empathizing with others. Advertising activity is carried out in order to introduce a service or a product to customers. Advertising is one of the most effective ways to deliver the service or product to a very large audience. The customers' perception of advertisements is that they are aware of the product or service subject to the advertisement and the information received with the advertisement is interpreted. The results of the study indicate that there is a significant relationship between the emotional intelligence assessment scale score and the advertising perception scale score.

Emotional Intelligence

Emotional intelligence concept is the combination of emotion and intelligence concepts. For this reason, before moving on to the definitions of emotional intelligence, it would be better to make a short explanation of both emotion and intelligence concepts. Emotion is an individual's feeling, and certain thoughts about this feeling determine the tendencies of biological and physiological behavior. The emotion, which started as an energy in infancy, is first spent for the organism to continue its life. Over time, the organism develops awareness that some factors around are unnecessary and harmful, and over time, the baby becomes selective in this sense by knowing what is necessary and what is not. Increasing selectivity over time creates an evaluation process. This energy, which is not dissociated in the baby at the beginning of the process, is used as an evaluative and special way over time (Cacioppo and Gardner, 1999: 193).

Intelligence, on the other hand, refers to a general level formed by both our sensory and intellectual abilities. Specialists of the psychology discipline have brought many definitions for the concept depending on the time period they live and their culture. Studies in the literature have shown that the abilities that make up intelligence are abilities such as decision making, problem solving, learning, and adapting to the environment. In the 1990s, high-level skills, culturally valued talents and skills for managerial processes were added to these talents (Mayer and Salovey, 1993: 435).

Emotional intelligence concept was studied as a sub-dimension of social intelligence concept created by Thorndike (1920: 228; 1921: 125; 1936: 232) in 1920. In 1990, Salovey and Mayer revived the subject and evaluated the concept of emotional intelligence, which is a form of social intelligence, as the ability of individuals to monitor and distinguish emotions belonging to both themselves and others. According to the authors, in this distinguishing process, the

person also has the ability to use the information obtained as a result of distinguishing in his/her behaviors and thoughts. The basic assumptions of the authors' studies on the concept of emotional intelligence are as follows (Salovey and Mayer, 1990: 187):

- People's ability to use emotional information and understand emotions are different from each other.
- Personal emotional intelligence ability is very effective in intellectual and emotional development and success.

Another author, Goleman (1995), who has important studies on the concept, describes the concept as the individual's relationship with himself/herself and his/her environment. In a broader sense, the author stated that emotional intelligence is related to the ability to understand and express emotions correctly, to integrate cognitive processes with emotions, and to understand their effects on different situations (Goleman, 2001: 15). Emotional intelligence, which is emphasized on basically two dimensions: social skills (ability to manage the relationship and all social skills) and personal abilities (personal management ability and personal awareness), includes the ability to understand the effect of emotions during decision-making, and to be self-confident as a result of one's self-esteem (Salovey and Grewal, 2005: 282).

In summary, it is not enough for an individual to have certain emotions. Every human, even animals, has certain emotions. Emotional intelligence is related to the ability to recognize and evaluate one's own emotions and the emotions of others, and to adapt the energy of emotions and emotional information to daily life, especially in business life. In this case, if the individual can manipulate his / her emotions by using their senses in order to achieve the desired results in both their work and private life, they can be described as emotionally intelligent.

Emotional Intelligence Dimensions

Goleman (1995) combined emotional intelligence abilities with the factors in business life and carried the concept to the corporate field. The author examined the concept in five sub-dimensions as social skills, empathy, self-motivation, emotion management and awareness of emotions. Brief explanations of the sub-dimensions mentioned by the author are as follows (Goleman, 2001: 15):

1. **Social Skills:** Human relations are mutual and social skills mean that mutual relations can be managed effectively. Since social skill is a product of

emotional intelligence, being able to understand and manage both one's and others' emotions well plays a successful and effective role in interpersonal communication (Crowne, 2009: 149).

2. Empathy: It is the ability of an individual to understand his / her own emotions, to express them correctly, to assimilate emotions and thoughts, to create empathic awareness by recognizing the feelings of others, and thus to adapt to what others need and want. The criteria of emotional intelligence regarding empathy with the other are the basic criteria that should be sought in the relations between East and West. However, it is an obvious fact that a relationship with a high emotional intelligence will allow the formation of societies that truly understand each other (Gürsoy and Çelik, 2020: 304).
3. Self-Motivation: The main rule of an individual's self-motivation is to gather his/her emotions around a goal that he/she has determined. One of the key points of success is the ability of the individual to prevent impulsive behavior and delay individual satisfaction. Individuals who have the ability to motivate themselves are both effective and efficient (Bilim, 2020: 192).
4. Managing Emotions: It is one of the important features of emotional intelligence. It includes the ability to cope with the emotions that the person is aware of, to get rid of his/her touchiness, complexity, worries, and to calm himself/herself. While the lack or weakness of this ability in the individual brings the feeling of restlessness, the strength of this ability ensures that the individual can recover more comfortably even when faced with negative surprises in life (Bilim, 2020: 192).
5. Awareness of Emotions: This feature helps the individual to evaluate himself/herself correctly and helps the individual to develop self-confidence by knowing his/her inner world, potential, limits, strengths, preferences, resources, etc. People take action only when they believe they are acting correctly. This feature is the main competence of emotional intelligence and all other properties are built on this ability. Lack of this ability leads to emotional instability and negative processes such as stress (Sümer and Ballı, 2020: 100).

Advertisement

Individuals are constantly exposed to advertisements during the life cycle, and advertisements are included in all visual and auditory communication tools. When looking at advertising from the perspective of the consumer, it is a valuable concept that allows individuals to choose the most beneficial product among millions of products that meet the needs, promotes products, and provides information about products. Advertisements are created to convince

individuals to act voluntarily, to direct certain thoughts, to draw attention to any product or organization, to create an attitude about a certain product or institution. They are sensations which are created and distributed by purchasing time or place in communication tools (Babacan, 2008: 35). Advertising messages are delivered to the target audience, organizational or individual, through advertising. In this context, it is important that the determined target audience should be homogeneous, anonymous and broad for the success of the message. Likewise, the advertising message should reach a large number of individuals at the same time (Çakır et al., 2010: 28).

Advertising Perception

The prerequisite for the advertisement to take place is that the target audience perceives the message correctly. Perception function is the individual's selection and organization of the information he/she has received through external stimuli, and the creation of a reality for himself/herself by forming a meaningful whole with that information. The perception of the individual is as much as his/her knowledge. For this reason, the perception process in the context of communication includes shaping the conveyed messages through the person's own knowledge base and forming the information that he/she accepts as real (Machleit and Wilson, 1988: 28).

Creating consumer perception is directly proportional to knowing the following concepts and steps well (Göksu, 2016: 54; Um and Jang, 2020: 2–3):

Sensor: The most important features that affect perception are attention-grabbing, temperament, attitudes, self-knowledge and personality.

Temperament: The individual gives short-term emotional reactions with the influence of various impulses from the environment.

Attitudes: It expresses the long-term feelings of the individual towards objects. The changes in these feelings also change the individual's perceptions.

Personality: Individuals with different personalities evaluate their environment differently from each other.

Self-knowledge: It refers to the individual's perception of himself/herself.

Object: it could be an event, an action or another individual. Objects are evaluated together with their surroundings.

Status: The individual may perceive the same object differently in different situations.

Arranging Rationally: Individuals tend to rank their perceptions in terms of meaning in a logical, consistent order. Individuals group and name certain things in their minds through a logical process of organizing them.

Selection Process: While individuals avoid objects that make them unhappy and disturbing, they turn to objects that give them pleasure and are comfortable being with.

Halo Effect: To generalize about an individual by looking at only one characteristic, is to not consider other features.

Stereotyping: Individuals classify their values in terms of race and gender.

Reflection: It is the process of individuals seeing themselves in others. It is easier for individuals to judge other people when they think they are like them.

Attention: It refers to the importance of the object for the individual. The things the individual is interested in draw his/her attention.

The success of advertising is related to the correct determination of the needs and perception processes of the consumers and the shaping of the messages according to this determination with the right ways and methods. In order to introduce any product to the consumer and offer it to their liking, an advertisement is made for that product or service. The consumer's interest to this product will be with his/her perception and he/she will act in line with his/her interest (Rafique and Zafar, 2012: 55).

Methodology

The aim of this study is to reveal the role of emotional intelligence on advertising perceptions. While advertising perception is taken as an environmental factor in the research, emotional intelligence scale dimensions are taken as an individual factor.

The universe of the study consists of the graduate students studying at the Faculty of Economics and Social Sciences in the Private Universities in Istanbul. Respondents were reached using the non-random convenience sampling method and an online questionnaire was applied.

The sample size was obtained by the following formula (Yükselen, 2017: 67):

$$n = p * q * (Z/e)^2$$

$$p=0,5; q= 0,5; Z=1,96 \text{ and } e=\pm 0,04$$

$$n = 0,5 * 0,5 * (1,96/0,06)^2 = 265 \text{ graduate students.}$$

A total of 270 students were surveyed and 265 surveys were deemed valid.

Emotional intelligence scale was developed by Hall in 1999 and a Turkish validity and reliability study was conducted by Ergin (2000). The measurement is in the form of a six-point Likert-type scale (1: totally agree, 2 partially agree, 3: slightly disagree, 4: slightly agree, 5: partially agree, 6: totally agree,)

consists of a total of 30 statements and there is no reverse statement. The sub-dimensions of the scale consist of six items and include empathy, controlling emotions, awareness of emotions, self-motivation and social skills. In the calculation of the subscales, the scores of the answers given to the items that make up the mentioned subscale are added. The total of 30 items gives total emotional intelligence.

An advertising perception scale created by Şenel (2008) includes 10 items and is one-dimensional. It is five-point Likert-type scale (5: absolutely true, 4 true, 3: neither true nor not, 2: not true, 1: absolutely not true). High scores indicate high advertising perception.

The data were analyzed using the SPSS 2.0 (Statistical Program for Social Science) program. Percentage distribution and mean tests were used. ANOVA and t-test were used for normally distributed groups, and Kruskal Eallis and Mann Whitney U tests were used for data that did not display normal distribution.

Estimation Results

The results of demographic characteristics are provided in Table 1. The gender of the respondents is almost equal. The number of female participants is slightly higher than the number of male participants. Respondents are predominantly 25–30 years old and most of them are single.

Emotional intelligence assessment scale mean scores are provided in Table 2:

The lowest score obtained from the scale sub-dimension is 6 while the highest score is 36. The total lowest score is 30 while the highest score is 180. Regarding sub-dimensions, it is determined that social skills subscale mean score is 22.20 ± 8.80 , empathy sub-dimension mean score is 23.78 ± 6.58 , self-motivation

Tab. 1: Demographic Characteristics of Respondents

| | Characteristics | n(574) | % |
|----------------|-----------------|--------|-------|
| Gender | Female | 158 | 53.56 |
| | Male | 137 | 46.44 |
| Age | ≤ 24 years old | 18 | 6.10 |
| | 25–30 years old | 175 | 59.32 |
| | 31–35 years old | 82 | 27.80 |
| | ≥36 years old | 20 | 6.78 |
| Marital Status | Married | 54 | 18.31 |
| | Single | 241 | 81.69 |

Tab. 2: Distribution of Average Points That Can Be Taken / Obtained from the Emotional Intelligence Scale

| Scale | The Lowest and Highest Scores That Can be Obtained from the Scale | Average Scores Obtained from the Scale $\bar{X} \pm SS$ |
|-------------------------------------|---|---|
| Emotional Intelligence Scale | | |
| Social Skills | 6–36 | 22.20±8.80 |
| Empathy | 6–36 | 23.78±6.58 |
| Self-motivation | 6–36 | 23.17±8.55 |
| Managing Emotions | 6–36 | 23.19±7.60 |
| Awareness of Emotions | 6–36 | 23.15±6.95 |
| Total Score | 30–180 | 121.53±37.73 |
| Advertising Perception Scale | 10–50 | 4.15±0,77 |

sub-dimension mean score is 23.17 ± 8.55 , managing emotions sub-dimension mean score is 23.19 ± 7.60 , awareness of emotions sub-dimension mean score is 23.15 ± 6.95 . It was observed that the mean score of the one-dimensional advertising perception scale was 4.15 ± 0.77 .

The relationship between the advertising perception scale and the average score of the emotional intelligence scale is provided in Table 3:

It was found that there is a statistically positive significant relationship between self-motivation, awareness of emotions, empathy sub-dimensions of emotional intelligence assessment scale and average total score ($p < 0.05$). No statistically significant difference was found between the social skills and

Tab. 3: The Relationship Between the Average of Advertising Perception Scale and the Average of the Emotional Intelligence Scale

| Emotional Intelligence Assessment Scale | p | Advertising Perception Scale |
|---|-------|------------------------------|
| Social Skills | 0.001 | 0.138 |
| Empathy | 0.032 | 0.091* |
| Self-motivation | 0.023 | 0.093* |
| Managing Emotions | 0.183 | 0.054 |
| Awareness of Emotions | 0.002 | 0.128** |
| Total | 0.007 | 0.115** |

Notes: ** indicates $p < 0.01$ while * indicates $p < 0.05$.

managing emotions sub-dimensions of the emotional intelligence assessment scale and the advertising perception scale average score ($p > 0.05$).

Conclusion

Emotions are one of the most important factors affecting human behavior. Even when people make decisions that affect their lives, they are directly affected by their emotions. It is of great importance to understand, recognize and control emotions at the decision-making stage, even at every stage of our lives. Emotional intelligence has a very important place in human life. Emotional intelligence explains concepts such as expressing one's emotions, getting to know oneself, giving importance to the feelings of others, and empathizing. Especially as a result of Goleman's research, it has been revealed that the concept of emotional intelligence is very important in business life.

Emotional intelligence enables a person to understand and measure the motives of the other person correctly, to direct their emotions and to react appropriately to people depending on the conditions. Emotional intelligence has the characteristics of knowing the meaning of life, self-consciousness, self-knowledge, controlling emotions, directing behaviors, and managing social relations by feeling people's emotions.

This study examines the effect of emotional intelligence levels of students on advertising perceptions. The results of the study indicate that there is a statistically positive significant relationship between self-motivation, awareness of emotions, empathy sub-dimensions of emotional intelligence. It is also observed that the relationship between the social skills and managing emotions sub-dimensions of the emotional intelligence and the advertising perception is not statistically significant.

There are some constraints of the study. The sample of the study is graduate student at Universities in Istanbul, Turkey. Thus, we can't generalize the results to Turkey. The area of the study may also be out of interest of students. In addition, the possibility of unrealistic answers, responses directed by individual evaluation, and the possibility that the respondents did not spare enough time for the questions and therefore could not perceive the questions are among the possible constraints.

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Erdi Bayram and Selim Baha Yıldız

Performance Evaluation of Conventional Banks in Turkey

Introduction

Banks have a critical importance for the national economies. They are the institutions that are the core element of the financial system in developed and developing economies as well as optimizing the resource allocation. Banks act as a bridge between financial markets and the real sector at the macro level. On a micro basis, they are intermediary institutions which transfer funds from savers to those with savings gap. With the development of modern banking understanding, the increasing activity volume of banks made their position in the financial system and therefore in the economy even more important.

The development of the financial system that transcends borders has changed the dynamics of the banking sector. Global companies have increased their mergers and acquisitions activities in emerging market economies like Turkey by providing international capital flows. Examining the reflection of these activities on the banking sector balances and evaluating their results has become important in the finance literature. Especially in the recent period, the efficiency and financial performance of banks have been a matter of debate for public and independent regulators. On the other hand, concerns about the stability and sustainability of these financial institutions due to recent financial turmoil have brought the application of different performance evaluation models and methods to the agenda.

Multi Criteria Decision Making (MCDM) methods are a collection of methods used to enumerate decision alternatives in the solution of decision problems based on many criteria and make it possible to make optimal choices and choices among alternatives. These methods are used in enterprises for different purposes such as purchasing decision, personnel management, and establishment location selection. MCDM methods are also frequently used in the performance evaluation of banks. In this study, financial performance of the conventional banks, i.e. deposit banks, in Turkey, are analyzed by the PROMETHEE (Preference Ranking Organization Method for Enrichment Evaluation) method which based on CRITIC (CRiteria Importance Through Intercriteria Correlation) weighting method.

Banking Sector in Turkey

The Turkish banking system, which had a great collapse in the early 2000s, then entered a rapid recovery process with the transition to a Strong Economy Program. Foreign capital inflow to the structurally strengthened sector has accelerated and competition in the sector has increased. With the effect of recent technological developments and digitalization, this competition has gained a different dimension. Banks in the Turkish banking system can be classified into three groups in terms of field of activity and operating principle. These are conventional deposit banks, development and investment banks which provide medium and long-term financing for macro-scale projects, and participation banks which carry out banking transactions in line with the interest-free banking principle. Table 1 provides statistical information about banks operating in Turkey as of August 2020.

Tab. 1: Banking Types and Their Sector Shares in Turkey

| Banking Types / Number of Banks | Asset Size (Turkish Lira) | Asset Size (%) |
|---------------------------------------|---------------------------|----------------|
| Conventional Banks – Public (3) | 2,179,123,000,000 | 37.28 % |
| Conventional Banks – Foreign (21) | 1,183,921,000,000 | 20.25 % |
| Conventional Banks – Private (8) | 1,694,948,000,000 | 28.99 % |
| Participation Banks (6) | 412,629,000,000 | 7.06 % |
| Development and Investment Banks (14) | 375,165,000,000 | 6.42 % |
| Total (52) | 5,845,786,000,000 | 100.00 % |

Source: BDDK (2020)

As of August 2020, 52 banks operate in the Turkish banking sector. 32 of these banks are conventional deposit banks, 6 of them are participation banks and 14 of them are development and investment banks. The weight of conventional banking in the sector is very noticeable as such the share of conventional deposit banking in the sector is 86.52 %. It can also be observed that although the number of public banks is small, their share in the sector is high.

Literature

When the studies on evaluating banking performance in the finance literature, it can be observed that the subject has been investigated by utilizing different models and methods such as ratio analysis, CAMELS analysis, and MCDM methods. In recent studies, generally integrated and fuzzy MCDM methods

are used. Mareschal and Mertens (1992) analyzed the performance of the international banking sector with the PROMETHEE-GAIA method using bank financial rates. Ho and Wu (2006) analyzed 3 banks in Australia using 59 financial ratio criteria with the Grey Relational Analysis (GRA), which is one of the MCDM methods. Seçme et al. (2009) evaluate the performance of 5 banks operating in Turkey by using the Fuzzy Analytic Hierarchy Process (FAHP) and TOPSIS method. Stankeviciene and Mencaite (2012) analyzed commercial banks in Lithuania with the Analytical Hierarchy Process (AHP) while Rosenzweig et al. (2013) analyzed banks in Croatia with the Goal Programming and Mandic et al. (2014) analyzed the banking sector in Serbia using FAHP and TOPSIS methods.

Beheshtinia and Omid (2017) used a hybrid MCDM model for the sample including 4 banks in Iran. Dash (2017) analyzed public and private banks in India with PROMETHEE while Yüksel et al. (2017) examined the banking sector in Turkey with DEMATEL-GRA and DEMATEL-MOORE integrated method.

Data and Method

In this study, financial performance of 10 conventional banks in Turkey are analyzed by using CRITIC-PROMETHEE integrated method. Banks in the sample are selected based on their asset size. Conventional banks with an asset size of over 100 billion Turkish Lira (TL) as of June 2020 are included in the analysis. Three of the banks in the sample are publicly owned while four of them are privately owned and three of them are foreign owned (see Table 2).

Tab. 2: Banks in the Sample

| No. | Name of Banks / Year of Establishment | Ownership | Abbreviation |
|-----|--|-----------------|--------------|
| 1 | Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (1863) | Publicly owned | ZIRAAT |
| 2 | Türkiye Halk Bankası A.Ş. (1938) | Publicly owned | HALK |
| 3 | Türkiye İş Bankası A.Ş. (1924) | Privately owned | ISBANK |
| 4 | Türkiye Vakıflar Bankası T.A.O. (1954) | Publicly owned | VAKIF |
| 5 | Türkiye Garanti Bankası A.Ş. (1946) | Foreign owned | GARANTI |
| 6 | Yapı ve Kredi Bankası A.Ş. (1944) | Privately owned | YKB |
| 7 | Akbank T.A.Ş. (1948) | Privately owned | AKBANK |
| 8 | QNB Finansbank A.Ş. (1987) | Foreign owned | QNB |
| 9 | Denizbank A.Ş. (1997) | Foreign owned | DENİZ |
| 10 | Türk Ekonomi Bankası A.Ş. (1927) | Privately owned | TEB |

Financial ratios of banks are used as performance criteria. Table 3 presents performance criteria used in the analysis. Financial ratios used in the analysis are obtained from the literature review. The data regarding financial ratios are obtained from the selected ratios published by The Banks Association of Turkey (TBB, 2019). Steps of the analysis are repeated for each year.

Tab. 3: Performance Criteria

| No. | Ratio | Group | Impact |
|-----|---|---------------------|----------|
| C1 | Shareholders' Equity / Total Risk Weighted Items | Capital Adequacy | Positive |
| C2 | Shareholders' Equity / Total Assets | Capital Adequacy | Positive |
| C3 | Net On Balance Sheet Position(*) / Shareholders' Equity | Currency Risk | Negative |
| C4 | Total Loans / Total Assets | Asset Quality | Positive |
| C5 | Non-Performing Loans / Total Loans | Asset Quality | Negative |
| C6 | Liquid Assets / Short-Term Liabilities | Liquidity | Positive |
| C7 | Return on Average Assets | Profitability | Positive |
| C8 | Return on Average Shareholders' Equity | Profitability | Positive |
| C9 | Net Interest Income After Specific Provision / Total Assets | Inc.-Exp. Structure | Positive |
| C10 | Interest Income / Interest Expense | Inc.-Exp. Structure | Positive |

Note: * Their absolute values have been taken.

Eight of the ratios selected as bank performance criteria are benefit-based items that are desired to be high and that are thought to have a positive impact on performance. The other two are cost-based and are assumed to adversely affect performance. The CRITIC method, which is an objective method and does not contain any subjective input, was used to determine the importance weights of the criteria. Calculations for the method were made with the help of MS Excel program. PROMETHEE I-II method was used in the performance ranking of banks. The method is analyzed with the help of Visual PROMETHEE program.

Weight Calculation with CRITIC Method

The CRITIC method (CRiteria Importance Through Intercriteria Correlation) method developed by Diakoulaki et al. (1995) takes into account the correlation coefficient between the criteria and the standard deviation value of the criteria. The importance weight of the criteria was calculated in 5 steps (Alinezhad and Khalili, 2019: 199–201):

In the first step of the method, a decision matrix including criteria and alternatives was created. As shown in equation (1) below, m denotes alternatives while n denotes the number of criteria.

$$X = \begin{bmatrix} r_{11} & \cdots & r_{1j} & \cdots & r_{1n} \\ \vdots & \ddots & \vdots & \ddots & \vdots \\ r_{i1} & \cdots & r_{ij} & \cdots & r_{in} \\ \vdots & \ddots & \vdots & \ddots & \vdots \\ r_{m1} & \cdots & r_{mj} & \cdots & r_{mn} \end{bmatrix}_{m \times n} \quad ; i = 1, \dots, m, j = 1, \dots, n \quad (1)$$

In the second step, the decision matrix is normalized according to the benefit and cost status of the criteria. For this purpose, equality (2) and (3) were used. In the equations, $r_i^{\max} = \max(r_1, r_2, r_3, \dots, r_m)$ and $r_i^{\min} = \min(r_1, r_2, r_3, \dots, r_m)$.

$$x_{ij} = \frac{r_{ij} - r_i^{\min}}{r_i^{\max} - r_i^{\min}} \quad ; i = 1, \dots, m, j = 1, \dots, n \quad (2)$$

$$x_{ij} = \frac{r_i^{\max} - r_{ij}}{r_i^{\max} - r_i^{\min}} \quad ; i = 1, \dots, m, j = 1, \dots, n \quad (3)$$

In the third step, binary correlation coefficient calculations were made with the help of equations (4) and (5) in order to measure the degree of the relationship between performance criteria.

$$\rho_{jk} = \frac{\sum_{i=1}^m (x_{ij} - \bar{x}_j)(x_{ik} - \bar{x}_k)}{\sum_{i=1}^m (x_{ij} - \bar{x}_j)^2 \sum_{i=1}^m (x_{ik} - \bar{x}_k)^2} \quad (4)$$

$$\bar{x}_j = \frac{1}{n} \sum_{j=1}^n x_{ij} \quad ; i = 1, \dots, m \quad (5)$$

In the fourth step, the C coefficient, which includes the relationship between criteria and the contrast density information between alternatives, was calculated. In order to reach this coefficient, the standard deviation of the criteria in the normalized decision matrix was calculated through equation (6). Then, the C coefficient was obtained through equation (7).

$$\sigma_j = \sqrt{\frac{1}{n-1} \sum_{j=1}^n (x_{ij} - \bar{x}_j)^2} \quad ; i = 1, \dots, m \quad (6)$$

$$C_j = \sigma_j \sum_{k=1}^n (1 - \rho_{jk}) \quad ; j = 1, \dots, n \tag{7}$$

In the last step, the criterion weight representing the importance level of each criterion was calculated by using Equation (8).

$$W_j = \frac{C_j}{\sum_{j=1}^n C_j} \quad ; j = 1, \dots, n \tag{8}$$

Ranking Alternatives Using PROMETHEE I-II Method

PROMETHEE (Preference Ranking Organization METHod of Enrichment Evaluation) is a collection of methods that allows making the most appropriate selection or selections among alternatives based on multiple criteria. In the method, alternatives are compared in pairs and evaluated at the same time. This method, which is in the class of outranking, was first introduced as PROMETHEE I and then developed as PROMETHEE II by Brans et al. (1986). In the following years, different methods were added to the set. PROMETHEE I is used for partial ordering of alternatives as positive and negative superiority. However, the final choice is left to the decision maker in this method. This deficiency is eliminated by the PROMETHEE II method. The following steps have been applied to order the alternatives according to the PROMETHEE I-II method:

In the first step, a new matrix was created by adding the criterion weights calculated by the CRITIC method to the decision matrix, which includes the criteria and alternatives given in equation (1). In the second step, the preference function of the criteria is defined. There are six types of preference functions in the method. The V-type (V-shape criterion) function was preferred because it was desired to evaluate the criteria according to an average value and not to neglect the criterion below the average (Equation 9). In the V-type preference function below, d is the difference between the two decision point values in terms of a criterion, p is the exact preference threshold.

$$p(d) = \begin{cases} 0 & d \leq 0 \\ \frac{d}{p} & 0 < d \leq p \\ 1 & d > p \end{cases} \tag{9}$$

In the third step, binary comparisons of alternatives for the criteria were made in line with the preference function and the directions for each criterion and the common preference function was determined. The preference function for a and b alternatives is calculated by using equation (10).

$$P(a, b) = \begin{cases} 0 & f(a) \leq f(b) \\ p[f(a) - f(b)] & f(a) > f(b) \end{cases} \quad (10)$$

In the fourth step, preference indices for each alternative pair are determined by using common preference functions. The preference indices of a and b alternatives evaluated by k criteria, which has a significance weight of W_i , was calculated by equation (11).

$$\pi(a, b) = \sum_{i=1}^k W_i P_i(a, b) \quad ; i = 1, \dots, k \quad (11)$$

In the fifth step, positive and negative superiority values (flows) for alternatives were calculated with the help of equations (12) and (13).

$$\Phi^+(a) = \frac{1}{n-1} \sum \pi(a, b) \quad (12)$$

$$\Phi^-(a) = \frac{1}{n-1} \sum \pi(b, a) \quad (13)$$

In the sixth step, partial priorities were determined by binary comparison of the positive and negative superiority values of the alternatives with the help of PROMETHEE I. Partial priorities reveal the preference, indifference and incomparability of the alternatives. This study aims to determine the complete outranks. Based on this, as the seventh step, the net priority values of the alternatives were calculated using PROMETHEE II. Equation (14) was used for this calculation.

$$\Phi(a) = \Phi^+(a) - \Phi^-(a) \quad (14)$$

According to this equation, two alternatives such as a and b were evaluated based on the calculated net priority value as follows (Ecer, 2020:153–165):

If $\Phi(a) > \Phi(b)$, alternative a is superior.

If $\Phi(a) < \Phi(b)$, alternative b is superior.

If $\Phi(a) = \Phi(b)$, there is no difference between a and b alternatives.

Estimation Results

The results of the performance analysis for selected 10 conventional banks in Turkey are presented in Table 4. Table 4 provides the decision (data) matrix of the year 2019 to determine the importance weights of 10 criteria considered as performance indicators and the performance ranking of the banks.

Tab. 4: Decision Matrix (2019)

| | ZIRAAT | HALK | VAKIF | AKBANK | TEB | ISBANK | YKB | DENIZ | QNB | GARANTI |
|-----|--------|------|-------|--------|------|--------|------|-------|------|---------|
| C1 | 0.17 | 0.14 | 0.17 | 0.21 | 0.17 | 0.18 | 0.18 | 0.18 | 0.16 | 0.20 |
| C2 | 0.11 | 0.07 | 0.08 | 0.15 | 0.09 | 0.13 | 0.11 | 0.11 | 0.09 | 0.14 |
| C3 | 0.76 | 0.51 | 0.87 | 0.54 | 1.27 | 0.66 | 0.76 | 0.35 | 1.75 | 0.48 |
| C4 | 0.69 | 0.68 | 0.70 | 0.57 | 0.64 | 0.62 | 0.62 | 0.68 | 0.65 | 0.64 |
| C5 | 0.03 | 0.05 | 0.06 | 0.07 | 0.06 | 0.07 | 0.08 | 0.10 | 0.07 | 0.07 |
| C6 | 0.15 | 0.14 | 0.19 | 0.24 | 0.28 | 0.24 | 0.35 | 0.23 | 0.22 | 0.27 |
| C7 | 0.01 | 0.00 | 0.01 | 0.02 | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 | 0.02 |
| C8 | 0.10 | 0.06 | 0.09 | 0.11 | 0.11 | 0.11 | 0.09 | 0.08 | 0.17 | 0.12 |
| C9 | 0.03 | 0.01 | 0.01 | 0.02 | 0.04 | 0.02 | 0.02 | 0.01 | 0.03 | 0.02 |
| C10 | 1.63 | 1.29 | 1.45 | 1.84 | 1.79 | 1.86 | 1.71 | 1.62 | 1.70 | 1.92 |

The criterion weights obtained for the years within the scope of the analysis by using the CRITIC method are given in Table 5. When the criteria weights for years are examined, it is seen that the C4 (Total Loans / Total Assets) criterion has been determined as the criterion with the highest importance. It is seen that the weights varied between 8 %–13 % in 2015 and 2018, 7 %–17 % in 2016, 9 %–13 % in 2017, and 8 %–16 % in 2019.

Tab. 5: Criterion Weights

| | C1 | C2 | C3 | C4 | C5 | C6 | C7 | C8 | C9 | C10 |
|------|------|------|------|------|------|------|------|------|------|------|
| 2015 | 0.12 | 0.09 | 0.11 | 0.13 | 0.08 | 0.10 | 0.07 | 0.08 | 0.11 | 0.10 |
| 2016 | 0.09 | 0.08 | 0.13 | 0.17 | 0.09 | 0.09 | 0.08 | 0.07 | 0.10 | 0.10 |
| 2017 | 0.10 | 0.09 | 0.11 | 0.13 | 0.09 | 0.10 | 0.09 | 0.11 | 0.11 | 0.09 |
| 2018 | 0.09 | 0.08 | 0.12 | 0.13 | 0.12 | 0.12 | 0.08 | 0.09 | 0.10 | 0.08 |
| 2019 | 0.08 | 0.09 | 0.13 | 0.16 | 0.11 | 0.10 | 0.08 | 0.08 | 0.10 | 0.08 |

After the determination of the weights, positive (Φ^+) and negative (Φ^-) superiority and net priority values (Φ) of banks for 2019, calculated by using the PROMETHEE I-II method, are given in Table 6. When the findings for 2019 are analyzed, it is observed that the first three banks with the highest net priority value are GARANTI, DENIZ and AKBANK while the bank with the lowest net priority value is QNB.

Tab. 6: Partial and Net Priority Values (2019)

| Alternatives | Φ^+ | Φ^- | Φ |
|--------------|----------|----------|---------|
| ZIRAAT | 0.0215 | 0.0197 | 0.0018 |
| HALK | 0.0257 | 0.0294 | -0.0036 |
| VAKIF | 0.0157 | 0.0319 | -0.0163 |
| AKBANK | 0.0339 | 0.0121 | 0.0218 |
| TEB | 0.0161 | 0.0425 | -0.0264 |
| ISBANK | 0.0278 | 0.0113 | 0.0165 |
| YKB | 0.0236 | 0.0174 | 0.0062 |
| DENIZ | 0.0396 | 0.0114 | 0.0282 |
| QNB | 0.0104 | 0.0764 | -0.0661 |
| GARANTI | 0.0421 | 0.0042 | 0.0379 |

Partial ranking results for 2019 obtained with PROMETHEE I are given in Figure 1. When the results are examined, it is seen that the findings regarding partial and complete order are the same. Partial ranking based on positive and negative superiority values is consistent with the ranking based on net priority value.

The net priority values of the banks for the years between 2015 and 2018 are given in Table 7. It can be seen that the alternative with the highest net priority value is ZIRAAT in 2015, 2016 and 2017 while it is GARANTI in 2018.

Table 8 displays the complete order for the alternatives. The alternatives are ranked from 1 to 10 according to the net priority value from the highest to the lowest. For example, the highest net priority value is ZIRAAT, while the lowest alternative is QNB for the year 2017.

Figure 2 provides the sensitivity analysis figure for the year 2019. The sensitivity analysis was carried out in order to reveal whether the net priority values of the alternatives are affected by subjective weights other than the given weights.

When the criterion weights are considered equal (10 %), there are changes in the complete order. Although it is observed that this effect for 2015 was relatively low compared to other years, it was found that the ranking results were sensitive to the criteria weights.

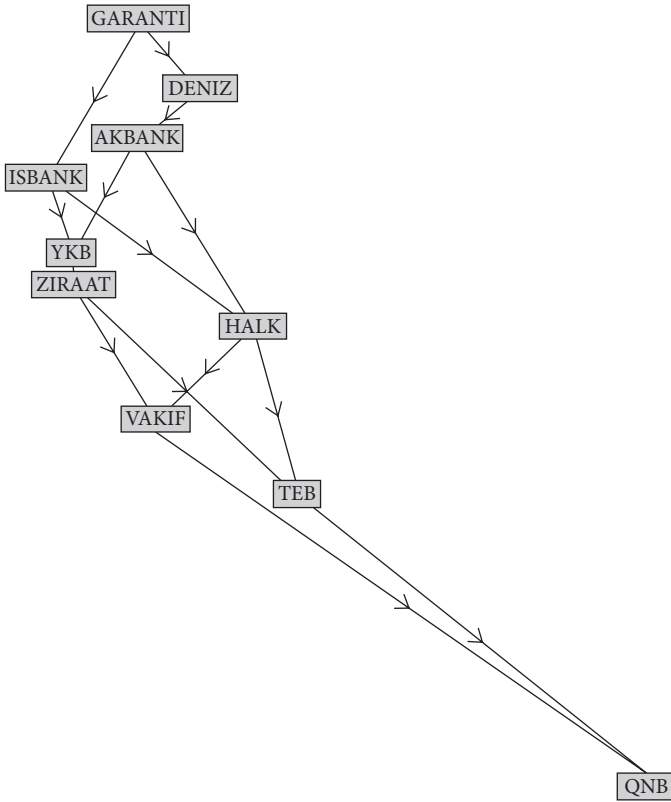


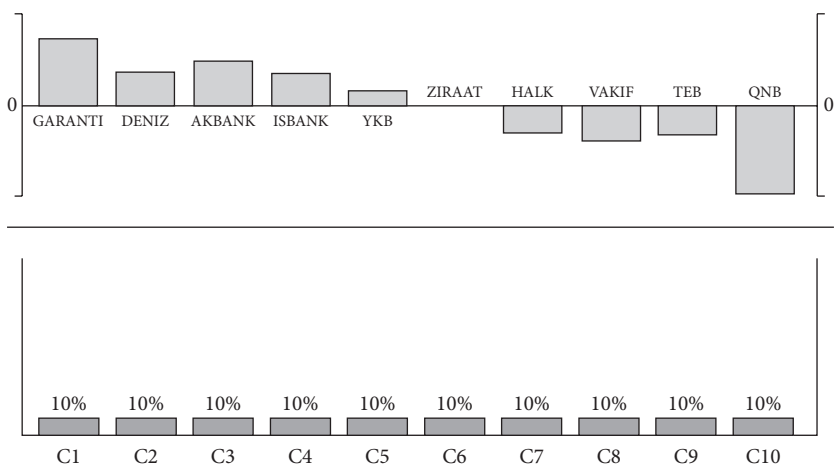
Fig. 1: PROMETHEE I Partial Ranking Results

Tab. 7: Net Priority Values (Φ)

| | ZIRAAT | HALK | VAKIF | AKBANK | TEB | ISBANK | YKB | DENIZ | QNB | GARANTI |
|------|--------|--------|--------|--------|---------|--------|---------|---------|---------|---------|
| 2015 | 0.0328 | 0.0114 | 0.0157 | 0.0167 | -0.0191 | 0.0016 | 0.0024 | -0.0360 | -0.0519 | 0.0264 |
| 2016 | 0.0276 | 0.0174 | 0.0205 | 0.0219 | -0.0548 | 0.0097 | 0.0047 | -0.0006 | -0.0591 | 0.0127 |
| 2017 | 0.0338 | 0.0165 | 0.0236 | 0.0115 | -0.0256 | 0.0012 | -0.0243 | 0.0017 | -0.0619 | 0.0235 |
| 2018 | 0.0155 | 0.0085 | 0.0151 | 0.0083 | -0.0244 | 0.0021 | -0.0098 | 0.0098 | -0.0578 | 0.0328 |

Tab. 8: Findings of Complete Order

| | ZIRAAT | HALK | VAKIF | AKBANK | TEB | ISBANK | YKB | DENIZ | QNB | GARANTI |
|------|--------|------|-------|--------|-----|--------|-----|-------|-----|---------|
| 2015 | 1 | 5 | 4 | 3 | 8 | 7 | 6 | 9 | 10 | 2 |
| 2016 | 1 | 4 | 3 | 2 | 9 | 6 | 7 | 8 | 10 | 5 |
| 2017 | 1 | 4 | 2 | 5 | 9 | 7 | 8 | 6 | 10 | 3 |
| 2018 | 2 | 5 | 3 | 6 | 9 | 7 | 8 | 4 | 10 | 1 |
| 2019 | 6 | 7 | 8 | 3 | 9 | 4 | 5 | 2 | 10 | 1 |

**Fig. 2:** Sensitivity Analysis Results (2019)

Conclusion

In this study, performance examination of the 10 conventional banks in Turkey whose asset size is over 100 billion TL have been carried out. Financial ratios of banks are used as performance criteria. The 10 ratios used display the banks' capital adequacy, asset quality, liquidity, profitability, income-expense and exchange rate risk status. The financial performance of banks was analyzed using PROMETHEE I-II method based on the CRITIC method, one of the MCDM methods. The importance weights of the criteria were calculated with the steps of the CRITIC method while the ranking results according to the bank performances were obtained with PROMETHEE I-II. The analysis results indicate that Türkiye Garanti Bankası A.Ş. has the highest financial performance

among 10 banks in Turkey under study. Türkiye Cumhuriyeti Ziraat Bankası A.Ş stands out among state owned banks while Akbank T.A.Ş. stand out among privately owned banks. Besides, it is seen that the performance of Denizbank A.Ş. increased in 2018 and 2019. When average values are considered, it can be observed that Türkiye Vakıflar Bankası T.A.O., Türkiye Halk Bankası A.Ş. and Türkiye İş Bankası A.Ş. are in the middle in the rank while Türk Ekonomi Bankası A.Ş. and QNB Finansbank A.Ş. are lower in the rank.

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Alparslan Uğur

The Importance of Non-Governmental Organizations for Reducing Public Costs in Natural Disasters¹

Introduction

Climate change, environmental and ecological imbalances, increasing population and population density, rapid urbanization, deforestation and desertification are the reasons behind natural disasters worldwide (Osa, 2013: 66–67). More than 200 million people are affected each year by droughts, hurricanes, floods, earthquakes, wind fires and other hazards. In 2005 alone, 92 million people died from 150 different disasters and there was a total loss of 220 billion dollars (United Nations, 2006: 1). While half of the people in low-income countries died in natural disasters between 1994 and 2003, only 10 % of people in high-income countries died (Gould, 2009: 169). While high income groups suffer less in natural disasters, low-income groups are constantly caught in poverty trap. Poor groups make less preparations for natural disasters compared to the rich, which increases their losses (Chowdhury, 2013: 2).

The rise of many large-scale disasters affects people with significant economic losses and hence widespread strategies are needed for disaster management. Traditional humanitarian institutions such as United Nations institutions, international organizations and governments are struggling with disasters to the extent of their capacities according to changing environments. On the other hand, institutions such as the private sector and non-governmental organizations (NGOs) offer aid activities by introducing important and new approaches in disaster processes (Izumi and Shaw, 2014: 425). Social recovery is bringing the resources together with those who suffered after the disaster in a sound, sufficient and fast way. NGOs are partners who play a key role in providing long-term support services to the community affected by the disaster. NGOs are institutions that improve economic resources, accelerate the recovery of the population, reduce risks, improve resource inequality, and eliminate social damage (Chandra and Acosta, 2009: 3–4).

Economic Effects of Natural Disasters

Throughout history, natural disasters have deeply affected economic activities in micro and macro terms and still continue to do so. The effects of natural disasters can be examined under 3 headings as direct, indirect and secondary effects.

1. **Direct Impact:** It is the quality and number of life of the human population in general (injury and death) and in particular, the damage to the social and economic infrastructure and the losses in the capital stock and inventory. Direct economic losses can be considered in 7 categories: the cost of rebuilding and repairing structures, damage to private property inside the buildings, damage to commercial goods inside the buildings, disruption of education, service and trade at the time required to repair the buildings, the cost of moving houses and workplaces when necessary, loss of income, and loss of rent (Güvel, 2001: 65).
2. **Indirect Impact:** Indirect impacts are impacts that occur due to a decrease in production and disruptions in the provision of services. Costs in the distribution and presentation of goods and services, income losses due to the inability to provide goods and services, income losses due to loss of work, livelihood and production are considered within this scope (Pelling et al., 2002: 286).
3. **Secondary Effects:** These are the impacts on the overall economic performance a while after the disaster. These effects include macroeconomic effects such as sectoral, GDP, trade balance, balance of payments, debt level, monetary reserves, public finance and gross capital investments (Pelling et al., 2002: 286; Güvel, 2001: 66).

In 2017, the cost of natural disasters to the USA exceeded 307 billion dollars. Disasters are caused by heat waves, earthquakes, hurricanes, floods and tsunamis. In the long run, major disasters reduce economic growth, roads, bridges and public services are destroyed, and homeowners who cannot benefit from insurance go bankrupt. The disasters and effects of disasters in the USA in recent years are summarized below (Amadeo, 2020):

- The cost of Hurricane Katrina to the USA is around 125 billion dollars.
- Hurricane Harvey hit Texas on August 25, 2017, causing a loss of \$ 125 billion.
- Hurricane Irma, in category 5, hit Barbuda island on September 6, 2017, with wind exceeding 185 miles per hour, it affected Florida on September 10 and caused a loss of \$ 50 billion.
- Hurricane Sandy hit New Jersey on 29 October 2012 and caused a loss of \$ 65 billion.

- Hurricane Ike caused 30–35 billion dollars loss, hit the Mexican coast and destroyed oil refineries.
- Hurricane Andrew hit Florida in 1992 and caused a loss of \$ 26.5 billion.
- Hurricane Ivan hit Alabama and Florida in 2004, causing a loss of \$ 20.5 billion.
- Hurricane Wilma, in category 3, hit Florida in 2005, causing a loss of \$ 24.5 billion.
- Hurricane Rita hit Louisiana and Texas in 2005, causing a loss of \$ 18.3 billion.
- Hurricane Charley, in category 4, hit Northern Caroline in 2011, 20 people died, 4.5 million people were left without electricity. There was a loss of 13.8 billion dollars.
- Hurricane Mathew hit the Southeast coast of America in 2016, causing a loss of \$ 10 billion.

The Japanese economy is struggling with massive earthquakes and tsunamis. In the Tsunami that took place on 19 March 2011, 28 thousand people died and 500 thousand people were displaced. The cost of the disaster to the country is around 360 billion dollars. The 7.3 magnitude earthquake that took place in Haiti in 2010 caused the deaths of 200 thousand to 250 thousand people and created an economic loss of 8.5 billion dollars. Due to the earthquake, the economy of Haiti contracted by 5.1 % in the corresponding year. The annual cost of volcanic eruptions in Iceland to the European economy is over \$ 1 trillion. In the explosions that started in 2010, the travel industry was suffered by 5–10 billion dollars a week, and 40 % of the goods transported by air around the world were affected (Amadeo, 2020).

Regarding Turkey, Turkey also suffers significant losses from natural disasters, mainly earthquakes. In the 7.6 magnitude Kocaeli Earthquake in 1999, 17,127 people lost their lives, 13,686 houses and 20,828 workplaces were damaged. In the Düzce earthquake that took place in the same year, 845 people lost their lives, 22,948 people were affected by the earthquake, 205,100 houses and 32,755 workplaces were damaged. In the Van Earthquake of 7.0 magnitude in 2011, 644 people lost their lives and 2,218 people were affected by the earthquake (Akar, 2013: 197–198).

Table 1 presents three institutions' (TUSİAD, DPT, World Bank) costs estimations of 1999 earthquake to the economy of Turkey. Accordingly, the total costs are 13 billion dollars according to TUSİAD, between 9–13 billion dollars according to DPT and between 5 and 9 billion dollars according to the World Bank. Considering the secondary effects of the earthquake, the costs increase much more. Due to earthquakes 38.5 million TL from Corporate Tax, 67 million

Tab. 1: Macroeconomic Costs of the 1999 Earthquake (Billion Dollars) (Estimations)

| | TÜSİAD | DPT | World Bank |
|---|---------------|-----------------|-------------------|
| Direct Costs | 10 | 6.6–10.6 | 3.1–6.5 |
| - Homes | 4 | 3.5–5 | 1.1–3 |
| - Workplaces | 4.5 | 2.5–4.5 | 1.1–2.6 |
| - Infrastructure | 1.5 | 0.5–1 | 0.9 |
| Indirect Costs | 2.8 | 2–2.5 | 1.8–2.6 |
| - Value Added Loss | 2 | 2–2.5 | 1.2–2 |
| - Emergency Aid Expenditures | 0.8 | - | 0.6 |
| Total Damage Loss | 13 | 9–13 | 5–9 |
| Secondary Effects | | | |
| - General Value Loss | 2 | - | 3 |
| - Financial Costs | 2 | 5.9 | 3.6–4.6 |
| - Job Losses (% of the labor force in the region) | - | - | %20–%50 |

Source: Adapted from Kotil et al., 2007:739; Bibbee et al., 2000:37.

TL from Income Tax, 150 million TL from Domestic VAT, 758 million TL from Motor Vehicle Tax, 2,189 million TL from Bank Insurance Transaction Tax, 7,268 million TL from Stamp Tax, 4.5 million TL from Charges could not be collected (Akar, 2013: 200).

Earthquakes in Turkey still continue and costs are increasing rapidly. 117 people lost their lives and 1,032 people were injured in the last İzmir earthquake of 6.6 magnitude on 30 October 2020. In order to heal the wounds in the earthquake, 3020 tents and 509 temporary accommodation centers were established, and 267 people were accommodated in the state-owned and privately-owned dormitories. 33,000,000 TL by the Disaster and Emergency Management Presidency (AFAD), 8,000,000 TL by the Ministry of Environment and Urbanization, 28,000,000 TL by the Ministry of Family, Labor and Social Services were transferred as resources. 21.000 damage notifications were made to the Natural Disaster Insurance Institution (DASK), and as of 21 November 2020 the insurance payment reached 82,000,000 TL (AFAD, 2020).

An Alternative Perspective Against Rising Costs: The Increasing Role and Importance of NGOs

States are faced with a two-sides dilemma in disaster management. In the first case, they make transfer payments to major groups in order to provide political

support in the short term rather than reduce the damage of disasters. On the other hand, they work to prevent and reduce disasters as such this action is more expensive in terms of opportunity costs. Many governments choose to seek political support in the short term. Because citizens focus on what is done after the disaster rather than what was done before the disaster (Neumayer et al., 2014: 10). After a major natural disaster, the state makes substantial public transfers and this has a positive short-term impact on GDP. Long-term effects are uncertain or dependent on the quality of the expenditure. For example, when a new infrastructure is built to replace the old one after the disaster, this situation is positive for the economy. On the other hand, if public resources are distributed incorrectly, this will increase rent-seeking behaviors (Barone and Mocetti, 2014: 53). Corruption behavior due to rent seeking causes problems in resource allocation (Koyuncu and Ünver, 2019: 221–222).

The process of democratization, economic liberalization and technological transformation in the last 20 years has affected the number and size of NGOs. NGOs include all segments of society from social and political movements, voluntary organizations, women's groups, environmental, human rights and development organizations, consumer groups, faith-based initiatives, universities to think-tanks. They affect people's lives from economic, social and cultural rights and opportunities to political and civil rights and obligations (Nelson, 2007: 2). The importance of NGOs in natural disasters is increasing day by day.

The main role of NGOs in reducing the risks is to ensure the rapid recovery of the whole society from natural hazards, technological and environmental factors. Experience has shown that community-based approaches provide substantial solutions in reducing and managing risks by ensuring sustainable development (United Nations, 2006: 2). NGOs are leading institutions in preventing and minimizing post-disaster violations. They take utmost care to avoid human rights violations in the distribution of international aid. NGOs immediately responded to the disasters and provided aid in regions such as Tamil, India and Sri Lanka after the disaster, (Gould, 2009: 172). While NGOs offer humanitarian remedies after the disaster is over, there is no state policy regarding how NGOs will work with the state during the disaster process. Many models have emerged in the absence of government guidance. In Louisiana, for example, NGOs cooperated with the state, contacted people who lost their homes and properties, and provided long-term compensation services. In some areas, NGOs provide support for families to rebuild their homes and psychological services (Chandra and Acosta, 2009: 3–4).

NGOs provide a rapid rehabilitation in the short term during the disaster process and they create a top-down pressure force in the decisions of policy makers

by acting in coordination with all participants (Vye and Phelan, 2007: 75). In many cases, local people and organizations are key actors in reducing risks and responding to disasters promptly. In the event of a disaster, search, rescue, first aid services for injured, traumatized and homeless are carried out by friends, neighbors and organizations close to the public. As a matter of fact, external supports and government aids are insufficient in many countries. The roles of NGOs in disaster mitigation can be classified as follows (United Nations, 2006: 2):

- NGOs can make plans by establishing relationships with communities and organizations close to the public. This allows them to know the priorities of local people and the needs of local capacity.
- NGOs are much more flexible in responding quickly to problems, as they are free from bureaucratic structures and systems.
- NGOs act and work for the poorest and most vulnerable people.

Since NGOs are closer to the public, there is a certain opinion that they will provide better service in the distribution of aid. Each donor government knows that NGOs have an important role in aid distribution (Dreher et al., 2010: 147). For example, while the American State provided aid of 857 million dollars for the Tsunami disaster in Asia, the amount of donations received from NGOs in America was 1.48 billion. For the tsunami disaster, world countries donated 6 billion dollars and international institutions 2.3 billion dollars, while the amount of donations made by NGOs exceeded 5 billion dollars (Nelson, 2007: 3). After the tsunami that took place in the Indian Ocean in 2004, half of the 14 billion dollars required for financing were covered by NGOs (Osa, 2013: 67). In 26 countries in the last 10 years; approximately 31 million people are employed in NGOs, they pay a salary to 19.7 million people, and 11.3 million people work full-time in these institutions. More than 200,000 NGOs registered in countries such as Brazil, India, Bangladesh and the Philippines reach millions of people by spending billions of dollars (Nelson, 2007: 3).

NGOs make the public more sensitive to risks, threats and disasters and affect the society in managing risks. They are also the biggest supporters of the public sector, bringing aid to underprivileged areas within national borders. Since NGOs are experienced in national disaster management policies, they manage and encourage the risk process in disaster management. NGOs offer opportunities and resources to disadvantaged people such as women, children, disabled, elderly and young people (United Nations Development Programme, 2011: 49). NGOs carry out many activities to help policy changes in disaster management (United Nations, 2006: 3–7):

- **Policy Making and Advocacy:** Many NGOs are carrying out important activities at the international level in reducing the risk of disasters and developing better policies. The international conference held in Kobe, Japan in 2005 was initiated with the lobby facilities of NGOs. In the following years, reducing the risks in disasters was included in the development plans of the countries.
- **Information and Education:** Information about disasters should be given to children and young people through formal and informal channels in reducing disaster risks. Many NGOs have developed important roles in this area. Many of them develop their own projects and programs to educate the local community against the effects of natural disasters. Especially after the Tsunami disaster, risk reduction and preparation for disasters have become more remarkable. Many NGOs produce knowledge using local skills and resources.
- **Community Based Sensitivity and Risk Assessment:** There is broad consensus on reducing risks based on the community. NGOs carry out activities on risk assessments and use their plans, resources and policies to increase the sensitivity of people. NGOs support the local community in defining local-level sensitivities and create resistance to natural hazards.
- **Community Based Mitigation and Preparedness:** Mitigation of disasters through social participation emerged as an alternative approach to disaster management in the 1980s. In the past years, NGOs have played important roles in disaster reduction and preparation stages with their projects.

Benefits of NGOs in Natural Disasters and Difficulties in Their Operations

People faced with natural disasters are exposed to human rights violations in issues such as discrimination in aid, gender-based pressures, recruitment of children, and forced resettlement in insecure areas (Gould, 2009: 169). NGOs have great success in preventing all these violations. NGOs help governments in natural disasters to reduce public costs. The benefits of NGOs can be summarized as follows:

NGOs are not Affected by Commercial and Political Worries: In many disasters, NGOs are the first groups to arrive in the region. They meet the needs regardless of the political situation and position. NGOs can be found safer by minorities and marginal groups than the government (Osa, 2013: 71–72). There are less commercial and political concerns in the distribution of aid with NGOs. In NGO aid, “service to humanity” motivation is at the forefront rather than any reason stipulated by the state. Mistakes are minimized in supports provided by NGOs compared to official institutions (Dreher, et al., 2010: 149).

NGOs Provide Support for Rescue of People and Recovery of Society: Depending on the short- and long-term effects of the disaster, NGOs accelerate post-disaster recovery, take positions to improve the collective standing of people against future disasters. For example, NGOs increase communication between public organizations and people suffering disasters in the region by improving the social network. NGOs have 3 main tasks (Chandra and Acosta, 2009: 4–6):

- Eliminating information gaps. They enable family and relatives to connect with local residents with their telephone service.
- Enabling people directly affected by the disaster to regain their homes and jobs. For example, rebuilding homes, services for children and employment.
- Providing monetary assistance to families affected by the disaster for issues such as rent allowance, payment of house bills, and meeting important needs.

NGOs Can Deliver Aids to More Remote Regions: Distribution of needs with NGOs is more need based than state institutions. NGOs have important advantages in delivering aid to particularly difficult regions (Dreher et al., 2010: 150).

NGOs Reduce Public Costs: NGOs save the state from an important burden by covering the costs of organizations that are affected by the disaster and await aid from the state. During the disaster process, NGOs reach the region as soon as possible and ensure that basic needs are met.

NGOs Help Local People to Participate in Disaster Management: It is ensured that local people participate in planning and applications in cooperation with NGOs before and after the disaster. Aids are bought from local companies by local officials (Osa, 2013: 72).

There are various difficulties regarding the success of NGOs in natural disasters. Although there have been encouraging developments regarding NGOs in the past 10 years, NGOs have been difficult to be accepted at national and international level. NGOs were viewed as small players, and state authority and civil society were skeptical about them. Many governments did not welcome their growth and prevented them from taking on a larger mandate because of their criticism of state policies and practices. As a result, the role of NGOs in the decision-making process has been limited (United Nations, 2006: 3). Official funding makes NGOs “implementers of their government’s political agendas”. NGOs’ efforts to aid the poor suffer from project-based investment pressures from the state. The results show that while project-based supports provide less for the poor, they change the direction of NGOs’ distribution assistance. Since the support given to NGOs will be based on success or failure in NGO projects,

NGOs will minimize their risks in order to achieve success and this will weaken the access of aid to difficult regions (Dreher et al., 2010: 151).

While socially based disaster risk reduction processes focus more on concepts, their implementation aspect remains weak. Evidence shows that while NGOs focus on public awareness and disaster response issues, they are less interested in disaster reduction (United Nations, 2006: 3). The main question that donors, states, politicians ask is the effectiveness, reliability and legitimacy of NGOs. NGOs need to question whether they are moral in their actions, whether they are acting legally, and whether they are acting prudently in order not to make mistakes with high costs.

The accountability of international NGOs depends on expressing their resources to their donors, their documents to legal authorities, their services to their customers, their projects to their allies, their time and abilities to their staff, and their representation power to their members (Nelson, 2007: 16–17). Controlling the accounts of NGOs depends on the legal procedure in the relevant country, donors, voluntary organizations and their own control.

The Future of NGOs and Creation of NGO Unions

The most fundamental problem with NGOs is how states define NGOs in long-term compensation practices. The fact that many NGOs distribute aid and initiate rescue activities at the same time causes ineffectiveness of services and reduces the quality of aid. For the activities to be carried out more effectively, NGOs should act and coordinate in a unified manner (Chandra and Acosta, 2009: 10).

The earthquake with a magnitude of 7.9 in the Sichuan Region of China on May 12, 2008 caused 80,000 deaths and 4 million homeless people. The excessive public demand and limited capacity of local governments caused more than 300 NGOs to operate voluntarily in the region. More than 20 NGO associations came together to form the Sichuan NGO Disaster Prevention Office and they worked for the distribution of aid and the protection of lives and properties (Lu and Xu, 2015: 259). In Taiwan, Chi earthquake occurred in 1999, 2,415 people lost their lives, 1,1305 people were injured, and an economic loss of 11.5 billion dollars occurred. After the earthquake, the government tried to provide rescue and health services with its own resources, and there were difficulties in the distribution of aid. Upon this, non-governmental organizations and NGOs came together in the distribution and monitoring of aid and formed a NGO union. 117 NGOs participated in the union formed on 7 October 1999 and the union determined 6 main objectives (Cheryl, et al., 2014: 30–31):

- Centralizing financial resources for post-disaster reconstruction
- Coordination between the government and non-governmental organizations
- Making policy and legal changes in disaster management
- Monitoring donations
- Monitoring of government infrastructure projects
- Determining the requirements for better preparedness for disasters

Investigating the effectiveness of the work of NGOs, whether they work more effectively than the state, and whether they provide cost savings compared to the state has been continuously evaluated (Chandra and Acosta, 2009: 12). After the Morakot Typhoon in Taiwan in 2009, the effectiveness and cost savings of NGOs were evaluated and 88 NGOs came together and collaborated for the coordination and effective distribution of aid (Cheryl, et al., 2014: 33–34).

It is important for NGOs to come together and act by forming unions in the future, in terms of creating new strategies and more influence on the government. Especially in natural disasters, the working of the expert NGO unions and acting in a coordinated manner by the government will minimize the possible negative effects of disasters.

Conclusion

Economic damages caused by natural hazards are reduced but can never be prevented. Individuals may be confronted with collective action problems, myopic behaviors, and asymmetric information problems (Neumayer, et al., 2014: 17). Therefore, only state policies and interventions are insufficient, and institutions and organizations that assist them are needed. NGOs provide significant financial support especially in the disaster process and facilitate the work of governments with their activities. NGOs organized for disasters prepare the whole society against disasters by providing education and information before the disaster. After the disaster, they reduce public costs in a holistic manner with the help and support they provide.

Since Turkey take part in the earthquake zone, earthquakes frequently happen cause significant loss of life and property in Turkey. The 1999 Düzce and Kocaeli Earthquakes, the 2011 Van Earthquake and the most recent 2020 İzmir Earthquake are the examples. In Turkey, the Red Crescent and the Disaster and Emergency Management Presidency undertake very important tasks in combating earthquakes and help heal wounds. There are also many NGOs especially AKUT (Search & Rescue Association) in combating natural disasters in Turkey. Especially the institutionalization of these institutions in the field of disasters and their cooperation with the Disaster and Emergency

Management Presidency and the Red Crescent by forming an NGO union will facilitate the efforts of the state. Especially, training and informing facilities of the relevant NGOs prior to the disaster will reduce the loss of life and property.

Notes

- 1) The previous version of this study was presented as a summary at the III. International Strategic Research Congress, Çorum, Turkey, 03–05 May 2018.

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Zeynep Gümüř Demir

Happiness in Old Age

Introduction

Man's pursuit of happiness has been going on for centuries. It has always been a matter of curiosity how people who manage to be happy in their lives can do this. Is a happier life possible? What are the things that make life worth living? Researches seeking answers to these questions are conducted and books are written on this subject. When those who seek answers to these questions are individuals who are in the last period of their lives, many factors of old age come into play. In this sense, biopsychosocial characteristics of individuals are indicators of the multidimensional nature of the concept of happiness.

The gradual increase in the elderly population is one of the most important demographic changes in recent years. The aging of the world population is on the agenda of social and health policies. Thus, these policies mainly aimed to increase the quality of life and general health levels of elderly people and to enable them to live a more productive, successful and independent life. Increasing the quality of life and general well-being in old age is considered among the goals of successful aging. The multidimensional structure and subjective features of elderly individuals are among the important issues that should not be ignored in terms of the evaluation of their happiness levels. Elderly people can continue their lives in a healthier and more active way, and they can lead a productive life with higher life satisfaction. Examining this irreversible and natural process biologically, psychologically and socially will help us understand the factors that affect happiness in old age.

The Definition of Old Age

People aged sixty-five and over are defined as old age by the World Health Organization (2017). In addition, the elderly population is classified within itself as young old age, old age and late old age (Aslan and Ertem, 2012: 26; Aslan and Hocaoglu, 2017: 56; Whoqol Group, 1994). Describing aging only chronologically will not be sufficient to meet its multi-dimensional structure. At the same time, it is necessary to talk about biological, psychological, socio-economic dimensions of aging. The mentioned aging types differ from individual to individual. Even the definitions attributed to old age differ from society

to society (Ünalın, 2012: 15). Therefore, in order to talk about a successful and healthy aging, it should be aimed to maintain the physical, mental, and socio-economic well-being of the person. The definition of health of the World Health Organization (2017) indicates that people should be approached from biological, psychological and social aspects. Although the mentioned approaches are not independent from each other, changes in one affect other dimensions and general well-being (Altay et al., 2016: 182; Arpacı et al., 2011: 55).

Biopsychosocial Changes in Old Age

Systemic and physical limitations that occur in old age cause a decrease in autonomy and cause problems in performing daily life activities. The presence of one or more chronic diseases at the old age negatively affects the quality of life. Decreased physical capacity and psychomotor regressions cause a decrease in functionality and increase in addiction (Karakaş, 2012: 25). All these changes restrict the elderly person's self-care and daily living activities. Need for care and insufficient social support bring along many biopsychosocial problems (Softa et al., 2015: 13).

Decrease in information processing speed, memory, attention, and perception can be seen in old age. These cognitive changes differ between individuals (Onat, 2013: 70). Individual's past life, habits, education level and genetic factors are considered among the determinants of this process (Cangöz, 2009: 100; Güz and Çolak, 2002: 65). The decrease that can be seen in the neurotransmitter level can cause mood swings and cognitive dysfunctions (Güz and Çolak, 2002: 66).

Common psychological disorders in old age are as follows (Güz and Çolak, 2002: Cangöz, 2009: 101; Aslan and Hocaoglu, 2017: 55):

- Depression
- Dementia
- Anxiety disorders
- Cognitive deficits
- Sleep disorders
- Alcohol and drug use
- Somatization disorders
- Pain
- Somatic complaints.

Considering the psychological changes in elderly individuals, the most striking issue is that the presence of dementia and depression is seen as the normal course of old age with the difficulties in diagnosing these diseases. Elderly

individuals' need for care can cause feelings of inadequacy and guilt (Erden, 2012: 35; Yerli, 2017: 1278). All these psychological and physiological disorders affect the daily functionality of the individual by reducing the quality of life. Keeping physical, psychological and cognitive capacity higher will increase the quality of life of elderly individuals and contribute their happiness levels (Altuğ et al, 2009: 55; Aydın and Karaoğlu, 2012: 425; Birtane et al., 2000: 142). While aging is an individual and biological process, the aging period, by definition, finds its correspondence mostly in the social dimension (Tuna and Tenlik, 2017: 5). Since the definition of old age is generally shaped by the society, it can represent different meanings and changes in the definitions attributed to old age can be seen over time (İçli, 2016: 43).

Role and status losses, retirement, ineffective time management are among the important issues that negatively affect the quality of life and happiness levels of elderly individuals (Demirbilek, 2007: 131). Adaptation that cannot be achieved in the natural process of life can cause social dysfunctions (Backes and Clemens, 2017: 108; Tuna and Tenlik, 2017: 6). In addition, problems in sight and hearing cause communication difficulties and loneliness (Yerli, 2017: 1279). In other words, communication problems, socioeconomic difficulties weaken the social bond of the elderly individual. Besides, it causes social withdrawal and isolation. Losses, crises, conflicts, death anxiety, exposure to discrimination and inadequacies in the face of technological developments are among the factors that negatively affect elderly individuals (Yelboğa, 2017: 54). Retirement, chronic diseases, limited social environment and limited interests also negatively affect the quality of life of elderly people. Retirement is one of the most important role losses and causes changes in the elderly individual's social identity and relationships. Retirement, seen as a loss of social position, also causes problems regarding income levels. Therefore, in this period, the negativities caused by the loss of occupational identity can be prevented by acquiring new social roles and occupations so that the elderly individual can be more peaceful and happy. Thus, elderly individuals can enrich their lives by taking the positive aspects of retirement and perceiving it as an opportunity (Aslan and Hocaoğlu, 2017: 56; Demirbilek, 2007: 131; Devlet Planlama Teşkilatı, 2007).

A Happy Old Age

A happy old age includes biopsychosocial health, subjective well-being, independence, autonomy, stress management, problem solving, openness to learning new things, and strong social networks. Also, a happy old age is

associated with peace, productivity and purposefulness in life (Bowling and Dieppe, 2005: 1549). Emotional well-being gives ideas about one's own subjective well-being, positive affect and life satisfaction. Developing activities to maintain social relationships in old age is important for facilitating a positive aging process and mental health.

The perception of how individuals position themselves in the context of their value system and culture is defined as the quality of life. Quality of life, which is a subjective and multidimensional concept, refers to a person's adaptation skills and satisfaction level against a biopsychosocial disorder. General health perception, physiological factors, presence of symptoms and functional status of the person are considered as sub-scales of quality of life (Eser, 2006: 2; Whoqol Group, 1994: 25). For a happy and fulfilling old age; positive emotions should be developed, social networks should be strengthened, productivity should be maintained and active roles should be strengthened (Kaptanoğlu, 2017: 64). The ability of elderly individuals to balance between reality and expectations is important in terms of life satisfaction (Campbell, 1976: 118; Cox et al., 1992: 355). One of the important factors affecting the happiness levels of elderly people is health. In other words, whether the individual is in a biological, psychological and social well-being are the most important factors affecting their level of happiness.

Life style and changing some negative habits can create significant transformations in the lives of elderly people. Adequate and balanced diet, regular physical activity, avoiding harmful habits and performing activities that keep the brain functions constantly active are among the first examples that come to mind. In addition, elderly individuals with self-integrity have a perception of strong values and life purpose that have a positive effect on their well-being (Gökçe, 2012: 8). Improving living conditions in old age is dependent on the development of new policies as well as individual effort. First of all, determining the level of fulfillment of the elderly individual's daily life activities will be a guide in terms of establishing the scope of care needs. Cognitive and sensory evaluation, treatment of chronic diseases and infection examination are among the determinants of general health. It is extremely important to evaluate the elderly individual in terms of neglect and abuse, to determine risk factors and to take necessary precautions. In addition to all these, the living conditions of the elderly individual should be improved by evaluating the rehabilitation need and social environment (Baysan, 2008: 33; Stuck et al., 2002: 1023). Protective and preventive activities related to health increase the quality of life in old age. Improving health will also positively affect people's happiness levels (Lee and Yoon, 2020).

The question of what makes people happy has sought an answer throughout the ages. Studies conducted in recent years suggest that health, social relationships, professional success and one's perspective on life are effective on happiness level (Diener et al., 2009: 148). At the same time, life events such as marriage, divorce, and serious disability also have a lasting and negative effects on happiness. There is a need to develop policies that will lead to better individual choices and thus increase individual and social well-being. Although different perspectives are presented about the neurobiological structure of happiness, the effect of genetics is an important and undeniable issue. Some chemicals such as serotonin, dopamine, oxytocin and adrenaline are effective on happiness. The emotional circuitry of the brain is extremely complex and includes the prefrontal cortex, amygdala, hippocampus, anterior cingulate cortex, and insular cortex (Kringelbach and Berridge, 2011: 82; Funahashi, 2011: 223). Many people agree that happiness is difficult to define and measure, partly due to its subjective nature. While there are many strategies to increase our level of happiness, it would not be right to talk about one approach that fits all.

Avoiding excessive focus on negative thoughts and social comparisons and developing coping methods positively affect the level of happiness. Expressing his gratitude and having a positive perspective towards life, developing optimism, doing good and establishing social relationships make people happier. Being able to enjoy life, learn to forgive, and have life goals will make us realize that being happier is possible and in our hands. Trying to be happy both makes people feel better and increases their energy and creativity. It improves the immune system. It allows to develop more fulfilling relationships (Sheldon and Lyubomirsky, 2019: 2). Maintaining health is the primary factor affecting the subjective well-being of elderly individuals. Treatment of physical and mental illnesses is one of the important determinants of healthy and successful aging. Adaptation to physical, mental and cognitive changes that occur during the aging process increases the quality of life. The stressors of old age may differ, for example, having to live with one or more chronic diseases and using different medications at the same time. Having family support, continuing friendships, and maintaining group relationships, especially of the elderly individual who needs care, will increase psychological well-being (Wise, 2018: 48).

The more active and willing elderly individuals are, the higher their life satisfaction will be. Those at this stage of life place more emphasis on emotional satisfaction. For this reason, older people tend to spend more time with their loved ones and those with whom they have satisfactory relationships. Experiences that increase with age bring about self-discipline and problem-solving skills.

Unfortunately, ignoring these positive dimensions of aging is a general approach (Santrock, 2015: 614). Prejudices about aging cause the misconception that this period is only full of problems and unhappiness. However, there are many healthy, fit, self-contained and happy elderly individuals. Adopting active life, maintaining good relationships, and developing positive coping skills are among the components of a happy old age.

All people have a tendency to be happy, to find and maintain happiness. Happiness, also defined as subjective well-being, has many determinants. There is a relationship between variables such as gender, education, socioeconomic characteristics, self-esteem, life satisfaction, anxiety, stress, depression level and subjective happiness. It is known that individuals with good conditions in their general health, life satisfaction, high self-esteem and low depressive symptoms are happier (Freire and Ferreira, 2019; 1064). Subjective well-being is also related to the cognitive and emotional evaluations of elderly people about their lives. Additionally, personality traits, adaptability skills, and goals for a happy life affect this evaluation (Diener, 2000: 34).

Conclusion

Undoubtedly, aging involves a universal process that continues throughout human life that causes a decrease in general life functions for every individual. In this process, as the age increases in chronological terms, the activity speed of all mental, physical and emotional functions varies according to the individual, but it definitely decreases. How and at what speed an individual ages varies according to environmental factors, his / her genetic makeup and quality of life. Aging is a multidimensional process and therefore its definition also varies greatly. The inevitable aging process encompasses an irreversible process and at the same time brings irreversible losses.

The concept of happiness, which is also defined as life satisfaction, can be defined as a positive evaluation of life in accordance with the measures determined by the individuals themselves. Perception of happiness is a cognitive component of subjective well-being and changes according to the comparison between perception of life conditions and criteria imposed on one's self, in other words, his / her evaluation about life.

Considering that the feeling of happiness is a subjective and vulnerable process that can be found over time, it cannot be said that individuals are happy with their own lives, or at least a large part of their lives. Problems encountered especially during old age naturally affect the feeling of happiness negatively. According to their ability to cope with all the physical, cognitive and

psychological problems that occur during this process, elderly individuals are satisfied with their lives in separately and adapt to the social context. In this process, the person's positive thoughts about himself/herself, the feeling of control, well-being levels, outgoing and optimistic characteristics, establishing positive social relationships with his/her environment and relatives can positively affect the feeling of happiness. Studies on the happiness focus on the fact that happiness is a guide for maintaining social welfare regardless of the period of life.

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Remziye Keskin

Towards Subjective Well-Being with Positive Psychology

Introduction

Since the early 2000s, psychology has turned towards examining the positive aspects and virtues of individuals, positive personality traits and competencies, in short, revealing the strengths of individuals and supporting these characteristics. It has made efforts to strengthen these areas and develop happier, healthier and successful individuals both in their private and professional lives (Luthans et al., 2010). Unlike other psychology fields, positive psychology focuses on the positive aspects of human life instead of illnesses and weaknesses. In the field studies, positive emotions such as happiness instead of depressive characteristics, the concept and effects of gratitude instead of jealousy, and the concepts of forgetting and forgiving instead of anger are studied (Sheldon, 2009).

In recent years, new trends and values have emerged, which are very important in today's world. Among these, it is possible to mention characteristics such as being a happy, hopeful, optimistic individual, living in the moment, and increasing awareness. Since the beginning of the 2000s, with the positive psychology trend, there has been a tendency towards supporting individuals' positive personality traits and competencies in psychology. The aim of this trend is to enable individuals to be self-aware, to discover their strengths and to develop and use them when necessary, to be happier, more successful in their daily and working lives, and more effective in interpersonal relationships.

The teachings of positive psychology are only just beginning to be adapted to working life. One of the variables considered within the scope of positive psychology is the concept of gratitude. The concept of gratitude, which has a close relationship with many positive variables and notions, has an important place in Turkish culture. The concept of gratitude, in its shortest definition, is that individuals realize their values and the benefits they receive and thank them.

Studies on this concept are generally made abroad and on students. There are also studies conducted in the clinical field, but very few studies are on business and organizational life. Positive psychology practices and studies have just started in Turkey. Considering both foreign and domestic sources, the number of studies on industrial psychology or on employees is very limited in Turkey.

Positive Psychology Concept

After the devastation caused by the World War II, psychology studies focus on the improvement of mental illnesses, people living their lives more productively, and the identification of personal abilities. However, over time, psychology has reduced its goal to producing solutions to behavioral disorders. In the 1950s, Carl Rogers, Erich Fromm, Abraham Maslow, one of the pioneers of the humanism movement, focused on the goals of “enabling the society to have a more productive and satisfying life” and “identifying gifted people and enabling them to develop their talents”, which had been removed from the focus of psychology. Thus, concepts such as happiness and positive aspects of human nature, which form the basis of philosophy, have started to be the subject of scientific studies.

The historical development of positive psychology started with the advancing technology and changing needs after the war. The term positive psychology was first used in Abraham Maslow’s book “Motivation and Personality” published in 1954 (Seligman and Csikszentmihalyi, 2000; Soria and Gumbau, 2016). In 1998, Martin Seligman presented the “Positive Psychology” discipline, the foundations of which was laid by the humanistic school, to the world of psychology. Parallel to this process, psychology has gained considerable importance both as a science and in the lives of individuals, and has made considerable progress in understanding, defining and producing solutions to people’s weaknesses, negative behaviors, mental and cognitive processes, perceptions and diseases (Seligman and Csikszentmihalyi, 2000).

Positive psychology basically aims to strengthen and develop the positive characteristics that individuals have in order to live a better, healthy, happy, successful and meaningful life by revealing these characteristics (Seligman et al., 2005). For this purpose, positive psychology actually focuses on some areas that psychology science has overlooked for a long time. Seligman and Csikszentmihalyi (2000) argue that focusing on the positive and strong aspects of individuals such as optimism, hope, honesty, courage, and social skills acts as a preventive and protective buffer for mental illness. Positive psychology focuses on human virtues, positive emotions, behavior and personality traits, unlike other studies in psychology. In parallel with this, in the field studies of positive psychology, concepts such as gratitude, forgiveness, and happiness are studied instead of individuals’ feelings of shyness, jealousy, impatience and character traits (Sheldon et al., 2011).

Luthans et al. (2007) summarized some important concepts in positive psychology. These concepts play an important role in understanding the

terminology of field studies. The positive situation of these represents our feelings that are momentary, transient and highly variable. Positive mood and happiness can be given as examples of positive situations. The mood is treated, changeable and open to improvement. It doesn't just cover hope, resilience, and self-efficacy. In addition to this, it also includes "situational" features such as intelligence, wisdom, kindness, gratitude and forgiveness. The feature includes concepts such as personality traits and personality factors, self-assessment and character structures that are relatively stable and difficult to change. Finally, the concept of positive features refers to traits that are very stable, difficult to change, such as intelligence, ability, and positive inherited characteristics.

When looking at positive psychology research areas in organizational life, different approaches stand out. Turner et al. (2002) discussed positive psychology in the business and organizational world within the scope of work-oriented well-being and focused on healthy work and work life under the title of "Positive Psychology at Work". In this context, issues such as quality work life, trust in management, organizational commitment, perception of justice and control, belonging, work redesign to increase the efficiency and well-being of employees, flexible employee role orientation can be counted. As a result of the integration of these positive psychology processes into their work areas, it is expected that employees' job satisfaction, psychological well-being, physical safety, productivity and other similar positive outcomes will occur. In this context, interventions and practices in organizations generally take place in the direction of increasing well-being and restructuring processes (Turner et al., 2002).

Fagley and Adler (2012) argue that individuals need to make their jobs and lives more meaningful and satisfactory when they work in any profession other than the classically high-purpose professions such as healthcare workers or firemen. In addition, they emphasized that working individuals spend a significant part of their lives in their workplaces, and that these individuals should be supported to realize that they have high values in their work and to be healthier in psychological terms. In this way, the job and life satisfaction, productivity and performance of the employees will increase to the same extent. In the studies conducted, it has been found that the concepts of appreciation and gratitude have an important place in employees' realization of the meaning of their work and the values they have (Fagley and Adler, 2012).

Elements Associated with Positive Psychology

There are three main points in the focus of positive psychology. The First deals with the individual's ability to get satisfaction from his/her past life, to

be optimistic, hopeful, positive experiences and well-being while the second works on topics such as extroversion, forgiveness, love and gratitude. The third focuses on positive institutions by studying features such as modernization, civilization, altruism, responsibility and being a good citizen (Eryılmaz, 2014).

Positive psychology continues its development on scientific verification and experimentation, so the results are reliable (Lewis, 2011). It is seen that positive psychology-focused research continues by increasing its density in national and international literature. In this context, Seligman and Csikszentmihalyi (2000) conduct research in three important areas with a positive psychology approach:

- a) Studying on what the positive lives of individuals are
- b) To investigate the positive characteristics of individuals
- c) Studying on positive institutions

Seligman and Csikszentmihalyi (2000) examine the field of positive psychology at three different levels. These:

1. Valued Personal Experiences (Subjective Level): Contains present, future and past patterns. It is about valuable subjective experiences such as pleasure and satisfaction with past life, hope and optimism for the future, flow of life and happiness in our current life.
2. Positive Aspects of the Individual (Individual Level): It is the level covers the positive individualistic characteristics such as love, wisdom, persistence, forgiveness, courage, high skill, aesthetic sensitivity, spirituality, future-orientation, originality, perseverance, sensitivity and sensuality, professional capacity and high interpersonal skills.
3. Public and Civil Organizations Leading Individuals to Better Citizenship Behaviors (Group Level): It is the level that focuses on the virtues and positive institutions that lead individuals towards better citizenship such as professional ethics, flexibility, responsibility, sacrifice, courtesy, moderation, tolerance, modernization, civilization and altruism.

Considering the competitive environment in business life, flexibility has an important place. Flexibility within the scope of positive psychology is expressed as the capacity of a person to produce fast and sustainable solutions by adjusting himself/herself according to the situation in difficult and complex periods, to recover from difficult situations quickly and even to perform at a higher level than before. Highly flexible personnel may not easily adapt to the conditions of uncertain, changeable, competitive and complex work environments. Individuals develop their psychological, cognitive and social assets through their beliefs, values, determination, desires and abilities. Therefore,

self-efficacy, hope and optimism, which are among the positive psychological capital components that people have, can be considered as features that improve flexibility (Luthans et al., 2010).

Interventions in Positive Psychology

One of the main goals of positive psychology is to increase soundness and well-being. Exercises used for this and other purposes of the positive psychology discipline are called “positive intervention”. Although there is no accepted and definite definition of positive intervention, Parks and Biswas-Diener (2014) state that an application should conform to three structures in general in order to be considered a positive intervention. These are as follows: the practices within the scope of the intervention focus on positive issues, the interventions are based on positive mechanisms or the aim is to achieve positive results at the end of the intervention, and the interventions are designed to reach a healthier life, not to correct any weaknesses. The choice of these exercises changes according to the individual characteristics, the values to be developed or acquired. In addition, it is very important that individuals participating in positive psychology interventions have motivation to maintain their continuity and enjoy positive psychology exercises.

Lyubomirsky et al. (2011) stated in their studies that individuals with high intrinsic motivation are more willing to continue positive psychology exercises and their gains as a result of the interventions are higher than those who participated with extrinsic motivation. Schueller (2010) collected the positive psychology exercises or interventions that are frequently used in the literature under six headings: active-constructive response exercises, gratitude interventions, gratitude visits, life-summarizing exercises, pleasure exercise and strengths exercises.

The Concept of Emotion and the Sense of Happiness

Emotions are one of the paradigms that psychology, which tries to explain and understand human behavior, emphasizes. The word emotion derived from the word ‘emote’ which means movement in Latin. It is expressed as one of the main factors that shape individuals’ behaviors and enables them to be displayed (Goleman, 1995). The duration and intensity of their permanence are as important as the definition of emotions. It guides the perception of the emotional state, health and physical condition of the person. In parallel with the duration and intensity of emotional stimuli, physical responses are also longer and

more intense (İnanç et al., 2012). Although there are different suggestions and opinions about classifying the emotions that have an important place in the behaviors of individuals, emotions are classified as negative emotions and positive emotions according to the most common approach.

Negative Emotions: These are emotions that individuals do not want to be exposed voluntarily throughout their lives, and when exposed, affect their long or short-term psychological and physical health. Although these differ, Goleman (1995) lists basic negative emotions as shame, disgust, fear and anger.

Positive emotions: Goleman (1995) lists positive emotions, which have an important place in individuals' lives, as pleasure, love, and happiness.

People are born with a certain emotional capacity. In order to increase positive emotions in this capacity, emotional and physical needs must be met on time and adequately in infancy; individuals must grow and live in a safe environment, gain pleasant experiences and establish close relationships (İnanç et al., 2012).

Theories of Emotion

Since emotional situations are a complex mental function closely related to needs, learning and thinking processes, and environmental conditions, many theories have been put forward to explain these situations. The most prominent of these developed theories are as follows:

Common Sense Theory: In the early stages of psychology, it was assumed that feeling a certain emotion firstly led the person to physical reaction and then to behavioral reactions. Within the scope of this theory, the tremor of the individual is attributed to his fear (Sayar and Dinç, 2008).

James - Lang Theory: William James stated that the order in emotion components is completely different. According to this theory, our body reacts to changes in environmental conditions. People are excited when they notice these reactions in their body. In this theory, it is suggested that physical changes occur first, and then emotions occur (Cüceloğlu, 2008).

Cannon - Bard Theory: According to this theory, aggressive behaviors can be produced in the absence of the cortex, but a conscious sense of anger is not formed. It has been found that cats with cortex removed live for a while under certain conditions, but these animals become aggressive and anger faster than normal (Kandel et al., 2002; Koptagel-İlal, 2001).

Schachter-Singer Cognitive Arousal Theory: When people are afraid, angry and excited, they usually notice some changes in them, but they cannot

perceive changes in blood pressure or movements in their stomachs correctly. When individuals are asked to describe their feelings, they usually start with a state of arousal and then describe some of their physical reactions and difficulties in dealing with the situation. However, they do not define emotions primarily in terms of their inner feelings.

Arnold - Lindsey's Theory of Emotions: They criticized Cannon-Bard Theory of Emotions in 1951 and changed it. According to them, emotional reactions involve themselves and sometimes emotional reactions can arise from the emotions themselves. In this context, a person can feel that an anger occurs within himself/herself and this feeling increases.

Socio - Biological Theory: It assumes that the social behavior of the individual has passed through a process of natural selection and gained its present form. Within the scope of socio-biological theory, it is explained why the feelings continue and what functions the feelings have in the life of the individual, but how the feelings occur and what their physical foundations are not mentioned.

Feeling of Happiness

Most of the thinkers in history have been concerned with hedonism when describing happiness. However, today hedonism is perceived as a selfish behavior and expresses a short, instant search for happiness. The word happiness basically comes from the Greek word "eudaimonia" and means "everything going well and getting satisfaction from life" (Marar, 2012).

Famous philosopher Plato describes happiness as the result of righteousness and justice and the harmony of spiritual and physical needs with the mind. According to Aristotle, who put forward a systematic view of happiness, it is the activity of the spirit in accordance with the virtue and the spirit acting in accordance with the rational (Bircan, 2001). Socrates, on the other hand, argued that in order to be happy and well, a person must have virtue and happiness can only be found through virtue. Philosopher and scientist Farabi said, "Happiness is such a thing that it must be the last human competence. Once it has been reached, there should be no need for anything else" (Gökberk, 1996).

Happiness in Psychology and Positive Psychology

Happiness is also expressed as subjective well-being in psychology (Diener, 2000). Subjective well-being is defined as experiencing positive feelings more frequently than negative feelings. It is a concept formed by subtracting the

negative affect from the satisfaction and positive affect received from life. Positive affectivity includes feelings such as willingness, excitement, determination, energetic, joy while negative affectivity includes feelings such as grudge, anger, anxiety, and sadness (Ben-Zur, 2003).

Since the ancient Greeks, people have asked questions like How is the quality of a good life determined? How about a good life? What makes life attractive? Sigmund Freud, a neurologist and founder of psychoanalysis, placed the phenomenon of happiness at the center of his theory. He argued that people seek happiness by running away from pain throughout their lives and that they want to reach a strong sense of pleasure and stay there. Along with the development in positive psychology in the 1980s, most of the researchers conducted studies on subjective well-being. One of every 17 studies conducted in the next ten years is on this subject (Eryilmaz, 2014). Positive psychology aims to increase the quality of life and happiness of the person by conducting research in areas such as altruism, responsibility, courage, patience, forgiveness, tolerance, hope, optimism, and life satisfaction (Seligman and Csikszentmihalyi, 2000). The fact that people focus more on positive thoughts and feelings and make explanations while evaluating their lives indicates that the level of subjective well-being is high. Studies on factors that make life positive are important in terms of increasing the resistance of the person against negative conditions, leading a fulfilled life and contributing to the increase in quality of life (Mcknight et al., 2002).

Theories of Happiness

Happiness is a state that all individuals desire. Therefore, the phenomenon of happiness has been explained by many theories by researchers. In this context, some theories trying to find out how, why and under which conditions happiness occur are as follows:

Adaptation Theory: In this theory presented by Helson in 1947, It is stated that people can react to changing conditions and situations at first, but they will adapt after they get used to it. Adaptation theory argues that a person cannot remain happy or unhappy for a long time.

Goal Theory: It states that the goal is reached when the needs are met and happiness occurs. This theory was first put forward by Wilson in 1960, and it was explained as one's satisfaction after meeting his/her needs and turning into subjective well-being.

Theory of Activity: Contrary to the Goal Theory, which argues that happiness is born as a result of achieving the targeted goal, in this theory; happiness is

defined as an individual's pleasure from the activities he / she has done in the process of reaching the goal.

Theories of Top-down and Bottom-up: It expresses that happiness consists of a combination of pleasant and unpleasant experiences. According to this theory, someone who has had many happy experiences during his/her life is happy. The individual describes himself/herself as unhappy or happy by making an assessment of the pain and pleasure in his/her life. While bottom-up theory is the result for happiness, top-down theory is the cause (Yetim, 2001).

Comparison Theory: It is the theory of happiness that occurs as a result of the comparison between real conditions and people's standards. According to this theory, subjective well-being emerges when the situation of the individual is better than the situation of those around him/her.

Ryff's Psychological Well-Being Theory: He expresses psychological well-being as the presence of some positive qualities rather than the absence of psychological problems. According to Ryff, self-acceptance, having a life purpose, developing socially positive relationships, and caring about individual development increase psychological well-being (Ryff and Keyes, 1995).

Martin Seligman, the founder of positive psychology, deals with happiness within the concept of well-being. According to him, happiness is a "thing" and well-being is a "structure". This structure is not something in itself, like earth or courage, but a structure made up of different components that contribute to it. Therefore, it is not possible to define it with a single component. Seligman built his theory on five components that, when the initials come together, give rise to the expression PERMA. These are as follows:

Positive Emotions: It is the first component of Seligman's authentic theory of happiness and the first dimension of well-being theory. This component includes feelings such as happiness, joy, pleasure and courage.

Engagement: it simply means commitment to life. Engagement, which is also expressed with the concept of "flow" in the literature, refers to establishing a deep psychological bond with an activity, organization or a purpose we have, for example, if we listen to music, we feel this music deep inside of us.

Positive Relationships: It is considered an important part of feeling good and well-being. It means being loved, supported and valued by others.

Meaning: According to Seligman, the meaning is that the individual feels belonging to something greater than himself/herself and has a desire to serve him/her.

Accomplishment: Although accomplishment does not evoke positive emotions in the person or does not make sense for the person, it is accepted that it adds meaning to life because it requires setting goals and working towards these goals (Bates, 2011).

Conclusion

As a result, the individual's outlook on life is an important factor that is effective in almost all areas of life. It is also one of the main determinants in maintaining mental health. As human beings, we can determine our attitude towards life, although we cannot determine birth and death. Individuals who live their relationships more satisfactorily, who do not watch life from the edge but who are a part of it, who can cope with negative life events, have the insight of living a meaningful life. With the spread of positive psychology as a discipline and thus focusing on positive growth and progress from a pathology-focused understanding, restructuring of life, determination and development of strong personality traits will be provided. This discipline will be a catalyst for determining life priorities. Application of positive psychology teachings in organizational life will contribute to the awareness of individuals working in the field of mental health as well as those working in other fields. Considering that there is a negative attitude towards life on the basis of many mental disorders, the preventive and protective effects of the positive psychology approach also emerge. It is recommended to increase research on positive psychology, which is thought to contribute to increase the quality of life all over the world, and to integrate the teachings of this psychology branch into working life and education life. Every study in this field will be a guide in planning policies aimed at a satisfying life and a healthy society.

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Can Ünsal

The Establishment of the Ministry of Foreign Affairs in 1836 and Modernization in the Ottoman Diplomacy

Introduction

Ottoman diplomacy started to change after 18th century. Before 18th century, *Ad hoc* diplomacy methods were effective in the classical Ottoman foreign affairs structure from the establishment to that period. It is difficult to talk about a corporate foreign affairs in the Ottoman Empire before 1793, when the first resident embassy were established. Before entering the civil law system and constitutional state process with the Tanzimat Edict, the reference to Islam was at the center, both sociologically and diplomatically. Before the Ottoman Empire was admitted in the European States system with the Paris Treaty in 1856, other states were classified as either abode of law or abode of peace for the Ottoman Empire. The phenomenon of diplomacy in Europe started with Venice in 1512 and with the Peace of Westphalia in 1648, the origins of today's concept of international relations were emerged and developed. However, at that era Ottoman Empire used diplomatic relations only when necessary, because of the vision we mentioned above and being a powerful empire. The examples for this kind of diplomatic processes are signing treaties, diplomatic ceremonies, edicts and decrees. In these periods, also, the facts such as Orhan Bey's marriage with Byzantine Theodora can be included in the field of diplomatic relations. During the reign of Sultan Mehmet the Conqueror, commercial capitulations were given to the Genoese, while the right to open permanent representation offices and having ambassadors were given to the Venetians.

One of the most precious embroideries of the unstoppable rise of the Ottoman Empire during the reign of Suleiman the Magnificent was the Preveze Sea Victory in 1538. After this victory, the Ottoman Empire dominated the Mediterranean. Thus, other states would join Venice, which was the only permanent representative in the Ottoman Empire. States such as Hungary, Croatia and the Holy Roman Empire also started to open representative offices in Istanbul afterwards. In 1536, *Jean de la Foret* will be the first French ambassador in the Ottoman Empire. Diplomatic relations with France have also started with capitulations (Kodaman and Akçay, 2010: 80, 81). In the 18th century, despite

the turmoil in Europe, the increase in prosperity and the baroque lifestyle have started to be noticed and gained attention within the Ottoman Empire. Yet the increasing commercial relations with Europe also functioned as a cultural embassy. Ambassadors of foreign states in Istanbul are also applied to the Ottoman bureaucratic authorities when necessary to protect the merchants and trade flow of that country (Ortaylı, 2017: 217). During the mentioned period, the most competent authority in this field was the *Reisülküttab*. When we look at *Reisülküttab* in today's foreign ministry hierarchy, we see that he is equipped with higher powers than the foreign minister. Foreign ambassadors would have accepted by him before the sultan, and even the ambassadors were giving him information besides the sultan. Even though there were new definitions and changes in the duties of *Reisülküttab* in the period of Kanuni, the Ottoman Empire was not yet engaged in the international diplomacy conjuncture at that time. For this reason, *Reisülküttabs* could not be informed efficiently about the developments occurring in the outside world. When the army set out on an expedition, *Reisülküttab* would go to the headquarters with the leadership of the Grand Vizier. Thus, he was *de facto* directing the diplomatic relations. Since the *Reisülküttabs* did not speak a foreign language, the translators of the Court were communicating with the ambassadors of foreign states. In summary, before Selim III, it was difficult to talk about a systematic foreign affairs in the Ottoman Empire with its personnel, quality and function (Soysal, 1999: 33, 34).

Undoubtedly, the 1789 French Revolution, which was an important turning point in world history, was a phenomenon that affected the Ottoman Empire in many ways. The Ottoman reform period, which will begin with the ascension of Selim III to the throne, will naturally affect diplomacy as well. We will outline the concept of Ottoman modernization in the next section. Although the Ottoman-French relations were old and deep-rooted, the coming to power of the new regime with the French Revolution changed many balances. Selim III, who sympathized with the French methods, institutions and ideas even before he was on the throne, was trying to find his way in the misty atmosphere in the diplomatic arena in the face of the French revolution. The new regime that came to power in France was trying to establish diplomatic relations with the Ottoman Empire. In this case, Selim III stated that he would recognize the new regime after European states admitted it and recognized it after Prussia. The contacts of the Ottoman State with Britain in the context of foreign relations date back to 1583. When we look at this table, Ömer Kürkçüoğlu's analysis is appropriate; the opening of the first resident embassy of the Ottoman Empire in London, not Paris, in 1793 can be explained in the light of the above-mentioned facts (Kürkçüoğlu, 2004: 133).

Another important incident in the text of Ottoman diplomacy history is the embassies. It can be said that book of embassies are reports of ambassadors sent to foreign countries. But the embassies also provided information on the development of the country in question, new technologies and many other issues. In this respect, the embassies were also of different value to the Ottoman Empire, which would give the green light to the European specific Frankish (French style) reforms. The most well-known among the embassies is the French Embassy of *Yirmi Sekiz Celebi Mehmet*. He was worked in important positions at the state level, also took part in the negotiations in the Passarowitz Treaty signed in 1718. This bureaucratic profile drawn by him in the context of the Passarowitz Treaty, who had high positions in the field of finance in Ottoman Empire at past, caused him to be sent to France in the context of a diplomatic mission with a 400-person delegation in 1720. In the *sefaretname* (the book of embassy) that he wrote in the context of this mission that lasted until 1721, Celebi explained in detail the various educational, scientific institutions and architectural elements he had seen there. We can say that this book of embassy is a valuable work in the context of Ottoman westernization. In addition, he made efforts to establish the *Müteferrika* printing house (1727), which was the first printing house established in the Ottoman Empire with the concept of printing that his son *Said Efendi* happened to have been experienced in France. Further, Celebi brought Turkish culture to France during this mission (Rado, 2018: 94–95). Following the opening of the first resident embassy in London in 1793, which was the first signal of modernization in Ottoman diplomacy, until the Greek revolt in 1821, Ottoman embassies were generally ruled by non-Muslim charges. In 1821, after it was determined that the Phanar Greek translators gave false information to the state by spying, all of the embassies were closed. This situation is continued for forty years until Mahmud II opened resident embassies again in 1834 (İskit, 2015: 135). The translation room, which was established in 1821, was further developed in 1833, and the number of Muslim civil servants who knew such foreign languages increased. The *Reisülküttaplık* institution became the Ministry of Foreign Affairs in 1835 (Kuran, 1999: 58, 59).

Ottoman Modernization in General Terms

Ottoman modernization, which started in the military field with the *Nizam-ı Cedid* movement in the period of Selim III after 1789, did not only remain in the military field and showed itself in many areas. However, we can say that the foundations of this beginning were laid in the 18th century. After the Karlowitz (1699) and Passarowitz (1718) treaties, the Ottoman State was gradually

realizing that there is no power left and that it had to adapt to the new political, commercial and many fields that emerged after the French Revolution. This concept of Jadidism, which started in the period of Selim III, will continue until the collapse of the Ottoman Empire. Ottoman modernization had taken place in many areas. Diplomacy have also included in these such areas. In order to understand the modernization in diplomacy area, it is necessary to sketch the main lines of the Ottoman modernization concept. In this context, we will talk about modernization in the field of diplomacy in the following sections. Firstly, we will draw the general terms of Ottoman modernization.

İlber Ortaylı conveys a witness of Keçecizade Fuad Pasha, one of the important architects of the modernization process, namely the *Tanzimat* process, as follows; “A person from his opponents praises the street of the Sublime Porte, which has been widened with parquet and says that a very decent job has been done. Pasha replies, “We paved it with stones that thrown at us” (Ortaylı, 2014: 261). Modernization, in a sense, meant the adoption of the anti-thesis as sociology, culture, folklore from various angles for the Ottoman Empire. This situation was also a notion which is sociologically sensitive. In other words, it can be said that the Ottoman westernization process did not take place in a rosy environment. After Mahmut II ascended to the throne, despite problems in Rumelia, the rebellious governor of the Ottoman Empire, Kavalalı Mehmet Ali Pasha, he will undertake major reforms during the 31-year throne process. Military reforms continued with *Sekban-ı Cedid*. The Janissary center was also tried to be improved during this period. However, when the rebellious attitudes of the Janissaries since the *Nizam-ı cedid* period and the problems they created started to become serious, in 1826, Mahmut II ended this situation by a cannonation to the janissaries literally. The Janissary headquarters have been a serious obstacle to military reforms, this obstacle was removed forever. In order to modernize military education, the military college and military medical school providing education in French were also established during this period. These reforms during the Mahmut II period were very important steps for Ottoman centralization (Kartal, 2017: 144, 151, 152).

The Edict of Tanzimat, also known as *Gülhane Hatt-ı Hümayunu*, which was declared in Gülhane Park in 1839, would be a term that also expresses the Ottoman reform process. This edict is the harbinger of the beginning of a new era in the Ottoman Empire. With the period of Tanzimat, which was a semi-constitutional transformation process, the Sultan's absolute power was transformed and concepts such as citizenship, civil rights, and nation sovereignty began to enter the Ottoman administrative scheme under the umbrella of the nation-state concept that emerged with the French Revolution. We

cannot say that the process called Tanzimat originates from these reasons alone. Besides, it would be wrong to think of Ottoman modernization as taking the western model in the same way and trying to apply it. For understanding the Tanzimat process, it is necessary to examine it from many angles. As in general, the power supremacy of the sultan, which had continued until that day, started to be subject to various limits and the process of transition to the constitutional order started in this way.

During the Crimean War (1853–1856), the Ottoman Empire sided with France and Britain against Russia. After the Tanzimat Edict, the western powers were forcing the Ottomans to carry their westernization activities to an advanced stage. In this respect, we see that the *Islahat* Edict, which is the updated version of the Tanzimat Edict, was announced in 1856. With this edict, the *Meclis-i Valay-ı Ahkam-ı Adliye*, which was established during the Mahmud II period, was renamed *Meclis-i Ali-i Tanzimat* in 1854. There were also names such as Ali Pasha, Fuad Pasha and Mütercim (Translator) Rüştü Efendi, who were among the architects of the Tanzimat process, in the aforementioned assembly. In the *Islahat* edict of 1856, concepts such as individual representation and civil law were clearly underlined, and non-Muslim representatives could be recruited to the Tanzimat Council. Members of the commercial courts would now be five Muslims and five non-Muslims. By the 1850s, mixed courts would come into play solving disputes between Ottoman citizens and foreign citizens, and they would rule according to European commercial law. The appeal authority for such cases would be the Ministry of Commerce. The Ottoman commercial law, which was created in 1850, was taken from the first and third parts of the French trade law. Codification, in other words law-making work that started in the Mahmut II period continued without slowing down. In this context, the French Civil Code (Code Civil) was translated into Turkish and in 1868, the *Divan-ı Ahkam-ı Adliye* started to serve as the Ministry of Justice. In 1867, Cevdet Pasha initiated a codex study based on the religious law and the French civil law. Although the *Mecelle* was completed ten years later, Abdülhamit II ended the activities of this commission in 1889 (Mardin: 2014: 126–127, 136–139).

Murad V, who succeeded him after Abdülaziz's tumultuous descent from the throne, was not in good sanity, and his short reign was taken place at *Çırağan Palace*. Prince Abdulhamid accepted the throne by putting forward various conditions with his sharp intelligence. The most important of these conditions was the promulgation of the Constitution. The condition of Abdulhamid, who had a meeting with Mithat Pasha on this issue, was accepted. Mithat Pasha, who also played an important role in the writing

of the Constitution, would be in conflict with Abdülhamid in the following period. The constitution that was formed by the commission chaired by Mithat Pasha, including the important names like Namık Kemal, was announced in 1876. The declaration of the Constitution was a very important milestone in the Ottoman modernization process. When examining the text of the Constitution; the suspension and meeting of the parliament was dependent on the sultan. The Sultan could appoint or dismiss ministers as he wished. It can be said that the legislation and execution were completely gathered in the sultan himself.

One of the important elements in the Ottoman westernization process is the notion of press. The first printing house was brought to the Ottoman lands in 1493 by Sephardic Jews who fled from the Iberian peninsula and took refuge in the Ottoman Empire. The first Turkish printing house, Müteferrika, was opened in 1727. The first newspaper published in the Ottoman lands was *Bulletin des Nouvelles* or news bulletin, published in French by the Istanbul French embassy in 1795. After this date, in 1828, *Vekay-i Misriyye* was published by *Kavalalı Mehmed Ali Pasha* the governor of Egypt, which was written half Turkish and half Arabic. In the year of 1831, we can see the Ottoman official newspaper *Takvim-i Vekayi* published in the period of Mahmud II. This official newspaper had also appeared in many foreign languages. According to *Ziyad Ebüzziya*, in the Ottoman lands, press activities by Ottomans and Ottoman subjects, continued press activity in 22 different foreign languages, especially in French language (Ebüzziya, 1985: 32, 34). The first newspaper published by private enterprise in the Ottoman Empire is *Tercüman-ı Ahval*, which started its publication life in 1860. On the road opened by this newspaper, we can see many private enterprise publications such as *Tasvir-i Efkar* in the following periods. These publications continued their media activities until the reign of Abdülhamid II, which can be regarded as the period of deprivation in the press, despite various decrees issued by the state to control them (Koloğlu, 2018: 43, 51). The Ottoman State established the Ministry of Education in 1857 in order to control the press activities. In 1862, the Press Directorate was established under the roof of this institution. In 1864, a Press Regulation was issued by taking the French Press Law as an example. In 1867, with a decree known as *Ali Nizamname*, both domestic and foreign press entering the country were subjected to monitoring and censorship. Abdülhamid II period is a period of despotism for the press. With a board established in 1878, censorship activities continued. There was no publication in Turkish from 1901 until the Second Constitutional Monarchy in 1909. Foreign publications continued their broadcasts. Although this censorship environment eased after Constitutional

Monarchy II, we can say that it continued until the last period of the Ottoman Empire (Kabacalı, 1990: 26).

Chamber of Translation and Ministry of Foreign Affairs: The Skeleton of Ottoman Diplomacy is Forming

It can be said that the rebellion which broke out at the Morea in 1821 is the first signal flare of the process in which Greece will gain its independence. Until 1821, the Greeks from Phanar mostly carried out diplomatic relations and translation services in general. During the rebellion, when it was understood that some Phanar Greeks were engaged in espionage activities under the name of translators, they were dismissed from this duty immediately and some were executed. The Ottoman Empire understood that it was necessary to train qualified civil servants who could speak foreign languages in the context of foreign affairs. Thus, in 1821, the institution called the Chamber of Translation was established. This institution mostly taught French, the language of diplomacy. In addition to English and specifically French; courses such as introduction to French Law, Law of Nations, examination of the works of French writer Racine, fine writing in French, translation and speech from Turkish to French, geography and history were also included in the education program of this institution (Balçı, 2013: 189).

Following the Greek rebellion, the rebellion process of Mehmed Ali Pasha and the danger of his army coming to Kütahya and threatening the capital were removed with the treaty of *Hünkar İskelesi* signed between the Ottoman Empire and Russia in 1833. This kind of political developments which are affecting the Ottoman Empire are great signals that a systematic diplomacy should be established within the Sublime Porte. So the reformist sultan Mahmut II sent again envoys to Paris, Vienna and London in 1834. In the following years, envoys also sent to Berlin in 1837, Athens in 1840, Tehran in 1849, Brussels in 1854, and St. Petersburg, Washington in 1867, Bucharest in 1878, Belgrade in 1879, Stockholm in 1898, Sofia in 1909, and Copenhagen in 1917. In 1834, after Mahmut II sent ambassadors to Paris, Vienna and London again, Reisülküttaplık, which directed the foreign affairs activities until that time, was named *Umur-i Hariciye Nezareti*. Mehmed Akif Efendi, who was brought to the head of the *Reisülküttaplık* office in 1832, became the first foreign minister. In the same period, the *Sadaret Kethüdağlığı* became the *Umur-i Mülkiye Nezareti*. In 1837, Mustafa Reşid Pasha was appointed as the Minister of Foreign Affairs. Pasha, who was the ambassador of London and Paris and was one of the pioneers of the Tanzimat period, was also one of the bureaucrats trained in the chamber

of translation. Apart from these, Mustafa Reşid Pasha will be appointed as the Grand Vizier several times. With the establishment of the foreign ministry, the undersecretariat, which continues its institutional existence today, was established. In 1838, the *Amedci* office was divided into two branches as internal and external affairs. By establishing the ministry, diplomatic correspondence started to be made in French. Although the Ministry of Foreign Affairs has been subject to different regulations various times, it will exist until the end of the Ottoman Empire and we can say that it has been one of the most important institutions in the Ottoman modernization process (Soysal, 1999: 72, 73).

Chamber of Translation continued to advance with the Tanzimat process because, with the foundation of the Foreign Ministry, the need of civil servants qualified in foreign languages was clearly felt in Sublime Porte. Non-Muslims such as the British *Redhouse* were also a teacher at this institution. The foreign language mainly taught was the French language. With this structure, the chamber of translation has functioned as a bureaucrat and diplomat school. Ali Pasha was able to advance to the grand vizier level, including many important duties, when he was raised from the chamber of translation when he was the son of a spice maker in the Spice bazaar in İstanbul. Further, names such as Namik Kemal, Safvet Pasha, Agah Efendi, Ziya Pasha, Münif Efendi (Pasha) were also brought up from the translation room (Bilim, 1990: 39, 41).

After an important step, such as the establishment of the foreign ministry, this diplomatic network had to be systematized and put in order, and this phenomenon would develop over time. When examining the diplomatic balances of the Europe at that period, establishing close ties with Metternich's Austria became important in terms of Ottoman foreign policies. The ideas that Fuad and Reşid Pashas presented to Mahmud II can be counted in this manner. Mahmud II appointed Fethi Pasha, who had known that region before, to the Vienna embassy. The main task of Fethi Pasha was to perceive the thoughts of Metternich and make the Ottoman diplomacy taking steps accordingly. With this new diplomatic wind, duties were changed in the embassies in the capitals of England and France, which are represented the important diplomatic axes of the period. As a result, Reşid Pasha was appointed as ambassador to London and Nuri Efendi to Paris. After the death of Mahmud II due to illness, Reşid Pasha's jealous adversary Hüsrev Pasha took the steering wheel and enabled the seventeen-year-old prince Abdulmecid to ascend to the throne. Hüsrev Pasha, opposing all reforms issued by the ministry of foreign affairs, was in favor of bringing diplomatic representations to the level of *charge d'affaires*. Abdulmecid had approved his requests, but with the declaration of the Tanzimat Edict, Hüsrev Pasha's influence had ended. By the new wind of change brought by

the Tanzimat, the development of the foreign affairs would continue (Dönmez, 2006: 94, 95, 99, 133).

Tanzimat and Reform: Modernization in Ottoman Diplomacy

Roderic Davison, in his article entitled *Modernization of Ottoman Diplomacy in the Tanzimat Period*, mentions various principles on which Ottoman diplomacy was built upon. We will try to summarize these valuable determinations about the Ottoman diplomacy underlying our study. To begin with, the most basic and essential fact of diplomacy is acting by preserving the very structure of the Empire. Another principle is that the reference point of the administration in the Ottoman Empire was religious, and with the context of the Tanzimat Edict and the 1856 Paris Treaty in the Crimean War and the *de facto* participation of the Ottoman Empire in the European community of states have changed this fact. It can be said that this aspect went along with the process of adaptation to the concept of citizenship, modern civil law, by transforming the basic religious distinction in the Ottoman *millet* system. Another principle is that the Ottoman Empire tried to take advantage of this phenomenon in a pragmatic perspective, following its enumeration in the European community of states in diplomatic environments such as the Straits Agreement, the Paris Agreement of 1856, and the negotiations on the issue of Mehmed Ali Pasha. According to another principle, the Ottoman Empire should be against the autonomy actions of the ethnic communities that got caught up in the nationalism movement by supporting the legitimate regimes in Europe. This fact can be understood more clearly if we take into account the notion that he himself has a multi and diverse population structure. In addition, the Ottoman State was in favor of a status quo in the European context in the diplomatic arena. As can be seen in the Mehmed Ali Pasha incident, the European States were on the side of the Ottoman Empire, in other words, they were in favor of the continuation of the status quo. Another important principle of Ottoman diplomacy was to prevent foreign powers from interfering in various ways with the Ottoman internal affairs. Although there are many other variables and principles of the Ottoman diplomatic vision, we tried to briefly mention these principles in order to present a general picture (Davison, 1981: 1142, 1143, 1145, 1147).

One of the great tests given by the Ottoman diplomacy, which continued its renewal period after the Tanzimat, is the issue of Mehmed Ali Pasha from Kavala. Mahmud II would put forward his diplomacy pawn in solving this problem. Russian aid reached Istanbul in 1833. This situation naturally disturbed Britain and the occident states were in favor of the continuation of

the existing status quo of the Ottoman State. In this multivariate equation, the Ottoman diplomacy was giving one of its heavy exams under high pressure. This event has an important place in the name of the Ministry of Foreign Affairs established in 1836 during the reign of Mahmud II and the subsequent reforms. Although this complex problem seems to have ended with the London treaty signed between the Sublime Porte, England, Russia, Austria and Prussia in 1840, the real end of the problem will be by a treaty one year later. With an edict dated May 24, 1841, the administration of Egypt would continue from the descendants of Mehmed Ali Pasha. Thus, Mehmed Ali Pasha both withdrew from Syria and returned the Ottoman navy which he captured and the problem was solved. With the London Straits Convention signed between the Ottoman Empire and five other states on 13 July 1841, the Ottoman Empire would close the straits to foreign ships in peacetime. Although the Sublime Porte did not appear positively on these issues, we see that it increased its familiarity with the diplomatic balance policy. By these moves, we can see that the Sublime Porte has turned its direction to the western community by preventing the Russians from interfering with the internal affairs of the Ottoman Empire. This notion also displays the characteristic of the Ottoman Foreign Affairs in the Tanzimat period. This approach has brought its own disadvantages. The biggest example of this is the Baltalimanı Trade Agreement, where commercial freedoms were granted to England. During the period of the Kavalalı Mehmed Ali Pasha problem, although Britain did not make a clear commitment to help in this regard, commercial freedoms and benefits were obtained by Britain with this agreement. In summary, it can be said that the resolution of the Mehmed Ali Pasha issue with diplomatic means was an important breakthrough in terms of diplomatic modernization, although it provided negative benefits for the Ottoman Empire. The fact that the diplomatic aspect was completely oriented towards the west in this period, will also have a negative element in terms of the influence of European states in Ottoman internal affairs in the post-Tanzimat period (Kutluoğlu, 1999: 89, 92, 93, 94).

Two important events in which Ottoman diplomacy went through a change of axis after the Islahat edict took place in 1856. These are the Islahat Edict and the Treaty of Paris. Signing this treaty with Britain and France after the victory of Crimean War by the Ottoman Empire, it will be considered a member of the European Community of States. After 1856, the Ottoman Empire tried to maintain this balance as a foreign policy. However, even if it is so on paper, it is also a fact that these states turned their backs on the Ottoman Empire when the Ottoman Empire is unable to protect its *status quo* in practice. From 1856 to the reign of Abdulhamid II, that is, until 1876, the main objective for

the Ottoman foreign ministry is to prevent autonomy actions of ethnic groups in the country's lands, especially in Rumelia. In this period, the Metternich doctrine in the same context in Europe was also in the interest of the Sublime Porte. During the reign of Abdulhamid II, the basis of foreign policy was neutrality and maintaining chess stability in relations with important powers. The tripod of this perception consists England, Russia and Germany (Yasamee, 1999: 229). After the Second Constitutional Monarchy, there was a diplomatic rapprochement with the Germans in the First World War, but even though the Ottoman Empire sought new alliances in the diplomatic arena with a negative notion in its shoulders after the First World War and the Balkan wars that resulted in defeat. The Committee of Union and Progress has also pursued a relative diplomatic balance policy, but it is difficult to talk about qualified achievements on behalf of the foreign affairs for this period (Turan, 1999: 253).

Conclusion

The Ottoman foreign ministry started to show various changes since the 18th century. Until then, an *ad hoc* understanding of diplomacy was dominant, especially in the rising era of the Ottoman Empire. Since the Ottoman Empire was at the peak of its power in the period of ascension, it only had diplomatic relations with various states when necessary. The emergence of diplomacy in Europe can be traced back to 1512 with Venice. With the Peace of Westphalia in 1648, the foundations of today's concept of international relations were laid. This is an important historical milestone in the global context in terms of diplomacy. During this period of *ad hoc* diplomacy, the Ottoman Empire used diplomatic methods such as signing treaties, ceremonies and decrees. In the period of the Mehmet The Conqueror, we see that the commercial capitulations were given to Genoese and the Venetians were given the right to have permanent representatives.

When it comes to the 18th century, the person who carried out the activities of foreign affairs in the Ottoman Empire was *reisülküttab*, but was equipped with high powers. So much so that he often made the reception of ambassadors from foreign states before the sultan and made negotiations. Reisülküttab also led diplomatic activities when the army went on an expedition. But reisülküttabs were unaware of most of the developments in the outside world and did not speak a foreign language. Divan-ı Hümayun translators continued their translation activities at that time. The French Revolution in 1789 and Selim III's ascension to the throne was the beginning of the reform process for the Ottoman Empire. Modernization in Ottoman diplomacy is also a phenomenon within the general cluster of Ottoman modernization and westernization.

The Karlowitz Treaties of 1699 and the Passarowitz Treaties of 1718 were generally the first signals of a renewal for the Ottoman Empire. The reform activities in the Ottoman Empire first started in the military field with *Nizam-ı Cedid* during the Selim III period. Later, during the thirty-one year rule of Mahmud II, the reforms continued at full speed, and it can be said that there was a preface to the Tanzimat process. In 1821, the Greek Revolt broke out. Until this revolt, since the first resident embassy established in London in 1793, the translator activities were mostly carried out by the Phanar Greeks. However, in this process, when it was noticed that the Phanar Greeks leaked information under the name of translators, they were executed. Now, the Sublime Porte had begun to feel the need for qualified officials who knew foreign languages for foreign affairs. Thus, the Chamber of Translation was established in 1821. In this institution, French and different foreign languages, which we can describe as the language of diplomacy, were mainly taught. In addition to these, lessons in many different branches such as law, geography and history are also in the curriculum. Non-Muslim names such as *Redhouse* were also carried the title of teacher at the institution. Over time, the institution functioned like a school of diplomats and bureaucrats, and names such as Mustafa Reşid Pasha, Fuad Pasha and Ali Pasha, who were among the architects of the Tanzimat, were trained from this institution.

Another very important step taken in the name of Ottoman diplomacy during the reign of Mahmud II was the establishment of the Ministry of Foreign Affairs in 1836. Thus, diplomatic activities that were suspended in 1821 were revived again. In the process from this date until the Tanzimat Edict, we see that with the ideas of names such as Reşid Pasha and Fuad Pasha, changes were made in the embassies in Vienna, London and Paris. After the Tanzimat process, it can be said that Ottoman diplomacy gave its first exam with the problem of Mehmed Ali Pasha of Kavala. The Treaty of London in 1840 was an important step in the solution of this problem. Ottoman Diplomacy managed to gather important states around the diplomatic table. One of the most important reasons for this gathering is that the desire of the Ottoman Empire to maintain its *status quo* has found its echo in community of European states. Because in this period, Metternich's doctrine of maintaining the existence of legitimate states has an important domain in the European understanding of foreign affairs. In that era, the notion of Ottoman Empire's turning the direction to the west was used pragmatically by European states in terms of penetration into Ottoman internal affairs in the following times.

The Islahat Edict and the Treaty of Paris in 1856 constituted an important turning point in terms of both Ottoman bureaucracy and Ottoman diplomacy.

With the Treaty of Paris, the Ottoman State became a member of the European States community and produced policies foreign policy in the light of this fact. But we can see that this term remained only on paper in various cases in the future. European States acted in the opposite direction in practice within such cases. During the reign of Abdulhamid II, an external policy was followed in the aim of high observance of the balance element in diplomatic chess. Especially in this period, efforts were made to prevent the danger of activities of ethnic groups concerning independence. Another fact is that these ethnic groups have been supported and financed by various states. Starting from the Second Constitutional Monarchy to the end of the Ottoman Empire there are two main goals; firstly, preventing the integration of other states to Ottoman internal affairs. Secondly, prevent the Ottoman Empire from collapsing.

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Muhammed Emirhan Onhan

Turks and Islam for a Turkish Socialist

Introduction

Hikmet Ali Kıvılcımlı is a Turkish communist/socialist politician, writer, and theoretician. Kıvılcımlı compares himself with Jules Michelet (Özcan, 2018: 190). Thus, we can get idea about Kıvılcımlı by analyzing Jules Michelet who is a famous French historian. Michelet included the lives of ordinary people in his writings about history. Hence, he is considered as one of the pioneers of the Annales School. The same can be said for Kıvılcımlı. Kıvılcımlı is someone who does history analysis in his own way within the Turkish socialist movement. His own way is different from leftist movements in Turkey. This difference stems from the fact that his method of analysis does not exclude his own nation and religion. Kıvılcımlı has always searched for the meaning of the time and place in which he lived by digging into the past. For Kıvılcımlı, a word to be said about today will be worthwhile if that word is powered by history. For this reason, he built his understanding of the Turkish Nation and Islam starting from the depths of history. For Kıvılcımlı, history is not studied only as a result of curiosity to the past; history is the root of reality (Özcan, 2018: 190). Therefore, grasping a reality of today is possible through history.

According to Kıvılcımlı, history is a human action. Mankind was born into a history and acts there under the influence of the environment. Thus, human beings carry the effect of their environment and the order established prior to them. According to Kıvılcımlı, the main determinant of this previously established order is the productive forces. These productive forces, which are determinant in the realization of the laws of history, are of four types: Technique, Geography, Man and History. Kıvılcımlı provides the details of these productive forces as follows (Kıvılcımlı, 1996: 33):

- 1 Technique: The tools used by the society in struggling with nature. Devices, tools, devices, methods, and procedures.
- 2 Geography: The material environment that surrounds the society. Climate, nature, etc.
- 3 History: The spiritual environment surrounding the society. The ruins of tradition and customs, etc.
- 4 Human: Collective action that processes both the external-material environment and internal-spiritual environment of the society with technical-means.

According to him, one can analyze the history before the capitalism with geography, human and history productive sources. His effort to find the laws of historical progress of pre-capitalist forms of society also contributes to an insufficiently enlightened period in Marxism. With this effort, Kivılcımlı has acted in accordance with his own historiography. As a matter of fact, the present time comes to life as a dialectical result of past events, and naturally, the only way to understand the present is possible by making the past understandable (Aydar, 2018: 270). The historical analysis of Kivılcımlı in the context of productive forces continues with Modern History, which starts with capitalism. “Technical productive forces” are used to understand Modern History. For Kivılcımlı, while technique and geography are material productive forces, history and human being are spiritual productive forces. In a sense, technology and geography constitute the infrastructure, and history and people constitute the superstructure. As such, it can be said that Kivılcımlı has attempted an interpretation and analysis beyond Marx.

From Kivılcımlı’s point of view, it is very important to reveal the formation, functioning and development of the productive forces, that is, to illuminate the laws of history, not only to reveal the past, but also for the revolution to gain a scientific and humanistic meaning. In this context, Kivılcımlı has tended to enlighten laws of the course of history with the history thesis he put forward. Kivılcımlı has adopted a materialist approach that analyzes and describes the historical background of social reality. He made analyzes with dialectical sociology, which takes historical materialism as a reference (Aydar, 2019: 374). Kivılcımlı’s comments on Turks and Islam are also a style of reading that takes these dynamics of history into account. However, what makes him different from other Socialist movements is that he supports the concepts of socialist discourses such as equality, justice and labor with the religion of Islam (Pınar, 2018: 263). He has adopted an historical approach that unites Islam and Turks with Marxist approach, rather than excluding them from Marxist approach. In his historical construction, it is essential to penetrate history and to theorize history with its own concepts. In the following sections, his understanding of nation and religion will be set forth.

Turkish Nation in History

Kivılcımlı’s study of the Turks starts from pre-Islamic period. According to him, the first Turkish society appeared in Central Asia and spread to the world with migrations (Kivılcımlı, 1980: 9). These pre-Islamic ancestors were primitive socialists or primitive communists. In other words, according to Kivılcımlı,

Turks lived a primitive communal life during the period of the Oghuz Turks (Kıvılcımlı, 2007: 28). There was no state in the life of these Turks, they had their religion / totem as its substitute. In other words, religion was like a spiritual state (Kıvılcımlı, 1980: 49–50). This situation continued until the Turks became Muslim and spread through conquests. The Ottomans, which have a large place in the historical analysis of Kıvılcımlı, were also based on the Oghuz Turks who were nomads, did not cultivate land, did not know private property, were dominated by the division of labor between men and women, who did not distinguish between slaves and masters and between rich and poor (Aydar, 2016: 121). These people met Islam and Byzantine civilizations and differences such as slave-master and rich-poor were introduced as a result of these civilizations.

Kıvılcımlı explains the success of the Turks newly accepted Islam in their wars in the Islamic world with this dialectic. According to him, during the first conquests in the Arab and Byzantine lands, the slaves / poor of these civilizations did not take a strong enough attitude against the Turks in the wars. Because fighting for their rich masters was too hard for them and they preferred to retreat against the Turkish army. In the places they conquered, the Turks took the lands from the rich-masters and gave them back to the slaves-poor (Kıvılcımlı, 2007: 29). The Turks, who had acquired the culture of living independently of the land, were taking the lands of the conquered places from masters and distributing them to the public.

The Turks in their early Muslim period were a nation that lived in tents and horseback and maintained their motivation with the spirit of conquests and holy war. In that first heroic age of the Turks (the Ottomans), a man of god and layman were fused together. This character, called “Gazi”, was the brave who fought for religion (Kıvılcımlı, 2007: 577). There was no difference between a man of god and the sultan, and the spirit of holy war was absorbed into the society.

Kıvılcımlı admits that the Turks followed a historical adventure of transition from tent to state with the Ottoman Empire and that they experienced the revolution that resulted in the Renaissance from the types of historical revolution (Kara, 2014: 734). With the push of history, the Ottomans, who were a barbarian community living in a shepherd’s economy, plunge into ancient Byzantine and Islamic civilization and. Thus, with the barbarian vaccine, it creates a resurrection, a Renaissance, in those collapsed civilizations. According to Kıvılcımlı, the historical role of the Ottoman Empire in front of humanity emerged with the renaissance made by primitive socialist people to the deteriorating land order. Kıvılcımlı explains the barbarian vaccine made

by the Ottomans to Byzantium with the renaissance made to the collapsing political organization of Byzantium. He foresees the Ottoman as the successor of the heritage of Byzantium and the power that gave life to this heritage. In the barbarian traditions without a state organization, the basic foundations of the Ottomans would be the superstructural organization of Byzantium (Aydar, 2016: 123). Today's Turks also bear the traces of those days. Therefore, in order to understand the Turks of today, we have to go deep into the Ottoman Empire. For him (Kıvılcımlı, 2007: 27), the Turks in Turkey live in the matter and spirit of Ottoman history. Therefore, our understanding of the transformation of the Turks is hidden in the transformation of the Ottoman Empire.

The material of Ottoman history is land economy in general and "Miri-Timar" land policy in particular. The spirit of Ottoman history is the spirit of the flow of human history. It is the process starting from "Primitive commune" progresses to civilization (Kıvılcımlı, 2007: 28). That spirit is the social and political superstructure built on the land in the Ottoman Empire (Kıvılcımlı, 2007: 37). Material items of Ottoman history are *Timar* and *Dirlik* systems. *Dirlik* is the land given to people in return for a salary. The *Dirlik* system was also established in the beginning of the Ottoman Empire. Even in the period of sultan Osman Gazi, *Dirlik* were given to civil servants of a certain rank (Kıvılcımlı, 2007: 217).

Kıvılcımlı emphasizes the harmony of the provincial land systems of the Turks, which approached to the borders of Byzantine from Central Asia with the Islamic conquests, with the early period system of Islam. There was a communal sharing during the period of Prophet Muhammad and the first caliphs in Islam (Kıvılcımlı, 2007: 31). The fact that this situation was compatible with the production relations and productive forces of the Turkish nation in the early Islamic periods ensured the spirit and material integrity of the Turks. This was the case in the early Ottoman period. Even the Sultan is powerful as long as he maintains this conquest and holy war dynamism. Otherwise, he would turn into a "majestic toy" (Kıvılcımlı, 2007: 83). The same can be observed for the land system. The initial attitude of the Ottoman Empire is like the system in the early period of Islam. That is, what is holy was common property to all; not privately owned. The primitive communal attitude of Islam was similar to that of the Ottomans. As a matter of fact, as long as the Ottoman-Turkish-Muslim system was not spoiled by the usurer-merchant capital, the private property lands always looked at the lands with suspicion (Kıvılcımlı, 2007: 109–110). Within the framework of this harmony, for example, the *Dirlik* system in the early Ottoman period was also a system drawn and determined by the Shariah (Kıvılcımlı, 2007: 39). It can be seen that the main motivation for the fair distribution of the Turks' early conquests is Islamic emotions. However, they had not

learned this from Islam. This was the result of the communal life of the Turks. Only a new type of application has occurred. In a sense, the system of the Turks was compatible with the early period system of Islam in spirit and substance. When Kivılcımlı (2007: 30) said "Our ancestors were afraid of God, they were ashamed of the Prophet", he emphasized that the basic motivation in the composition of spirit and material is Islam.

As seen, Kivılcımlı (2007: 47) interprets the Ottomans as a synthesis of Byzantine and Islamic civilizations. They took the land system from the early Islamic period and forms from Byzantium. In other words, in this synthesis, Byzantium played a role as thesis and Islam as an anti-thesis (Kivılcımlı, 2007: 161). Essentially, Islam was also an anti-thesis that opposed the Roman civilization thesis. The continuation of the dialectic is more visible here. In this respect, Islam was in a primitive communal structure in its first period. However, with the conquests that came with the first caliphs and the reign process that followed, Islamic Civilization was born. Thus, the anti-thesis itself appears as a thesis, and the transition from dynamic to static begins. In other words, Islam loses its primitive communal structure. In terms of this analogy, the early Muslim-Turkish conquests and early Ottoman times are an Islamic Renaissance. In other words, it is the revival of the early primitive communal attitude of Islam. The Ottomans was a seigniorship born with the barbarian vaccines made to Eastern-Islamic feudalism and it became a holy war seigniorship that grew against the Western-Christian civilization in terms of historical conditions (Kivılcımlı, 2007: 259). It is very clear that Kivılcımlı tries to place the material of Ottoman history on the axis of barbarism-civilization relations by searching for the traces of the primitive socialist social structure in the social and economic structure of the Ottoman within the context of his thesis (Aydar, 2016: 120).

Since the early Ottomans did not resemble the Muslims of their own time, they created the latest and greatest renaissance of Islam by slaughtering the Muslim states around them. The exterior of the Ottoman Empire was covered with the armor of Islam, while the inside was filled with nomadic essence (Kivılcımlı, 2007: 47). This natural process of the early Ottoman period ended with sultan Timur, and then gradually began to build itself as a thesis. In other words, it struggled until Fatih Sultan Mehmed in the historical process. Here, we see the effect that Kivılcımlı got from Ibn-i Haldun, Arab scholar of Islam. Kivılcımlı is affected Ibn-i Khaldun's views that the state has lifetime, the life of the state can be divided into certain periods, behaviors of the society has an impact on the birth and failure of the state (Kara, 2014: 716). In this respect, the period until sultan Timur is the period when the habits of primitiveness do not end.

According to Kivılcımlı, with the conquest of Istanbul, Ottomanism proved itself and became a conqueror state. As an analogy, while Byzantineism extended from west to east with the help of the Roman civilization with the barbarian vaccine, Ottomanism was a blood-organized revival of the original civilization of Islam from east to west (Kivılcımlı, 2007: 61). However, with the transformation in Fatih Sultan Mehmed, Ottomanism also transformed. Protocol and state hierarchy procedures, which started with the Fatih Sultan Mehmed period, enabled the Byzantine degeneration in a disguised form to present day (Kivılcımlı, 2007: 74). During this period, the Ottoman land, organization and history were started to be recorded and booked. Kivılcımlı calls this period as “the age of the law” (Kivılcımlı, 2007:59). Fatih Sultan Mehmed’s code of laws is evaluated as a document of the transition from nomadic society to civilization society with social classes in Turkey. This is also accompanied by tabooing of the sultan and the organization of the state around the sultan (Kivılcımlı, 2007: 71). In this respect, it is similar to Ibn-i Haldun’s second stage of the state gathering around a great person and reaching abundance (Kara, 2014: 716).

According to Kivılcımlı (2007: 117), the Ottomans experienced a transition from a “blood organization” to a “state organization” with a historical push from tent to palace. However, Turks were in the structure of a “blood organization” where all people were equal (Kivılcımlı, 1980: 49). Turks did not build their social classes in the transition to urban civilization because they were socially tent society. Thus, the nomadic society without social class actually conquers the exterior of the new urban civilization, while itself is conquered by that civilization. This was also experienced in the Ottomans, and the state organization internalized the continuity of “blood” within its structure. This situation introduced the period when the Ottomans were similar to the previous empires. The Ottomans combined the heritage of both Byzantine and Islamic civilization (not its early periods) in itself as a Renaissance. Being the type of barbarian union of tribes, Ottomanism prepared itself for a new era with Byzantine superstructure forms. The parties were determined as the classes within the state and the population within the country. Two parties emerged under the Sultan: state class and population class/state population (Kivılcımlı, 2007: 85). State classes refer to the dominant at the top, and the state population to those who are bound at the bottom. In this respect, where the sultan becomes a state, the sultan’s decrees have the effect of law. The main land policy changes occurred in the period of Fatih Sultan Mehmed. The system started to transform in terms of its material bases. That is, the communal style of the land system was open to exploitation.

According to the description of Kıvılcımlı, as the actionist and idealist character, whose Muslim-Veteran features were at the forefront, eroded, the *Dirlik* system also eroded (Aydar, 2016: 126). The initial *Dirlik* system thus evolved not into socialism but into feudalism. We can explain these changes with the transition from the *Dirlik* system to the *Kesimci/Mukataa* system. The changes that occur are the differences in the way incomes are paid. While the basic principle in the *Dirlik* system was the product income, the money income was valid in the *Mukataa* system (Kıvılcımlı, 2007: 451). In this new system, the farmer has to make three other payments other than taxes to the state: *Kesimci*'s income, the profit of taxman (*Mültezim*), and the interest of moneymaker (*Sarra*). According to Kıvılcımlı, the power that connects these three groups is the usurer-tradesman capital (Aydar, 2016: 127). In this way, the farmer was exploited more directly and indirectly, the *Dirlik* system failed and transformation to the feudal lordship accelerated.

The system that caused the West to transform to modernization and capitalism caused destruction in the Ottoman Empire (Kıvılcımlı, 2007: 39). The formation of capital in Turkey has not been like modern capital, but like usurer-tradesman capital. Kıvılcımlı considers usurer-tradesman capital as the diametrically opposed to modern capital that monopolizes production. He argues that usurer-tradesman is not a production capital. Because the usurer-tradesman capital, which is based on the land economy, reinvests all its gains in the land, knowing that the way to dominate passes through land lordship. Unlike extensive reproduction as it is in modern capital, vicious production making no headway forms the basis of usurer-tradesman capital (Aydar, 2016: 142).

According to Kıvılcımlı, feudalization took place in two ways in the Ottoman Empire. First feudalization is the period that started with the breakdown of the *Dirlik* system established on state lands. This period started after sultan Beyazıt I and continued until the reign of sultan Süleyman I. In other words, it covers the period between 1402 and 1520. The second feudalization starts after the reign of sultan Süleyman I. Here, the deterioration of the *Dirlik* system had been left behind and the process of failure had begun. The new system was the *Mukataa* system where rights to collect revenue on the land were sold to the highest bidder. Thus, the former rant collector of the *Dirlik* system became parasites without any social duty (Aydar, 2016: 142).

At the end of all this process, with the degeneration and the loss of the barbarian vaccine in the modern period, a renaissance-resurrection did not occur in the Ottoman Empire. The Ottoman Empire collapsed at the end of a long historical process as a historical revolution and the Republic of Turkey was founded as a social revolution.

During the last period of the Ottoman Empire, there had been some revolutionary steps, but no result had been reached. According to Kivılcımlı, after the *Tanzimat* Edict, every revolutionary step forward in Turkey was achieved by the striking force of the army. Although the bourgeoisie is hidden behind the army, the striking force has been the army. The army performed this duty in the declaration of Constitutional Monarchy, Turkish War of Independence, and the 1960 coup d'état (Kivılcımlı, 1978: 37).

According to Kivılcımlı, the victory of the National Forces during the years of the Turkish War of Independence was the result of tradition-custom and collective action from historical productive forces. From the point of view of Kivılcımlı, the army, which carried out the military coup on May 27, 1960, is the continuation of the idealist Ottoman veterans who were responsible for protecting and rescuing the state and the country (Aydar, 2016: 129). Kivılcımlı continued to interpret the issues of his own time as a requirement of historical determinism. However, it could not establish a meaningful integrity while ensuring historical continuity. He confused the junta movements, which were secular, with the National Struggle movement carried out with the belief of holy war and the hereafter and the early Ottoman conquests. In this respect, he confused junta movements and social movements. He has historically displayed that Islam is not a determining and permanent factor on the Turkish nation.

Islam in Theory, Politics and Language

According to Kivılcımlı, religion is a “social event” in the broadest sense. In a special sense, it is the name of a theoretical world view and a practical universe order that interprets the effects of impersonal forces on people’s thoughts and behaviors in society. As society affects religion, religion also affects society. The most important thing is to analyze the “how” and “why” in the interaction of religion and society (Kivılcımlı, 1980: 19). While making historical and sociological analyzes on religion, Kivılcımlı also makes class evaluations. This experience and thoughts enabled him to put forward the book named “Allah Peygamber Kitap (God Prophet Book)”, which is the most comprehensive evaluation of religion in the socialist movement until today (Kara, 2012: 36).

Kivılcımlı, as he did a reading about the Turkish nation through the matter and spirit of Ottoman history, he also analyzed the religion of Islam through the matter and spirit of history. Because religion is a consciousness that reserves the going laws of history. Kivılcımlı tries to extract what needs to be known from the subconscious to consciousness while doing his historical analysis (Malatya, 2019: 51). In this sense, religion is not entirely at the level of

consciousness. Religion is the subconscious effect of determinism, and as determinist laws are brought to the level of consciousness, religion is understood (Kıvılcımlı, 1999: 78). Since Islam exists with its own historical revolution, we should start by researching the subconscious laws of the historical revolution that created Islam. Thus, the matter and spirit of the underlying history of religion will be understood.

According to Kıvılcımlı, Monotheism (determinism of Allah) started with Prophet Abraham (Kıvılcımlı, 1999: 143). The monotheistic synthesis carried out by Abraham also brought forth monotheistic religions, namely Judaism, Christianity and Islam (Malatya, 2019: 56). The “single god theory”, which is the ideal or dream of Abraham, is a historical longing for revolution (Kıvılcımlı, 1999: 149). For Kıvılcımlı, polytheism creates an intellectual chaos. On the contrary, monotheism approach historical determinism in explaining nature and society with a huge step (Kıvılcımlı, 1999: 150). In this sense, monotheism ensured the liberation of humanity. All prophets, including Abraham, were able to get rid of the complexity of polytheism with the idea of a single god, and interpret their events more realistically and deterministically (Malatya, 2019: 54). As a matter of fact, the prophets were the founders of cities in ancient history; They are the leaders who try to bring the barbarism in ignorance to civilization (Kıvılcımlı, 1999: 205). They are people who advocate social development in class societies as well. In other words, prophets work for people to adapt to historical determinism (Malatya, 2019: 54).

According to Kıvılcımlı, Prophet Muhammad is also a result of historical background. Due to the fact that the Hejaz was on the trade routes, an accumulation had occurred in that region through tradition and transport. The importance of Prophet Muhammad and Islam is that they are the most original synthesis in there (Kıvılcımlı, 1999: 67). Kıvılcımlı expresses this as follows: “So did the Islamic historical revolution. First, ideas accumulate in Palestine with the Israelite prophecy just like in Germany, England, France; they even become synthetic pills. Even if the barbarian who will swallow it is illiterate, it is enough to be honest, vigilant, brave, and fair socialist. As soon as these ideas found their man, Hejaz led the Arabs to follow Prophet Muhammad.” (Kıvılcımlı, 1999:73). Islam is the transition to civilization of Arab cities that have reached the “Upper Barbarism” stage. In other words, Islam is transformation of Arab society from the “Upper Barbarism” stage to a class society due to the developing trade mechanism as the world trade turned towards Hejaz (Malatya, 2019: 58–59).

Prophet Muhammad also developed the monotheistic tradition by interpreting the events of the age he lived in and versing these rational syntheses, which he reached, and ensured the formation of Islam. As knowledge,

intelligence and science develop, Allah, that is, the single god, regresses by being suppressed to the subconscious. Thanks to this knowledge, wisdom and science that developed in his own time, Prophet Mohammed was able to develop Abraham's tradition. However, since intelligence and science were not at the stage to rise above this religious tradition yet although they were developing, Prophet Muhammad had to link his rational syntheses back to religious tradition. Thus, Prophet Muhammad was interpreting the historical and social events that points the laws of course of history by seeing and learning and he was suppressing the laws of history into his subconscious along with his mind. Thus, what lay in the subconscious of religion was the laws of course of history. These constituted the main matters and spirit of the religion. But, on the other hand, since the religion interpreted tradition with intelligence, the religion brought tradition closer to the laws of course of history, that is, historical determinism. Therefore, what Prophet Muhammad defined as God was actually historical determinism, that is, the laws of course of history (Malatya, 2019: 61).

Since Prophet Muhammad comes from communal traditions, the commandments of the Qur'an are the synthesis of these communal traditions and the transition to civilization. Because the course of history was in the direction of the transition of the commune to civilization. The Qur'an is also the theory and practice of the historical revolution that enabled the Hejaz cities to pass on to the original civilization. In this respect, the Koran is an expression of the class war between the Quraysh and Muslims. As a result, the Qur'an has been the product of class conflict and an expression of the beginning of civilization with the end of primitive socialism. According to Kivılcımlı, the laws of historical determinism and the verses of what happened and what will happen in the Qur'an are parallel to each other. That's why it is very important to interpret the Quran to understand the laws of course of ancient history (Malatya, 2019: 63–64).

In Kivılcımlı's system, God represents historical determinism; prophets are revolutionaries who can read this historical course and play their role in the evolution of societies accordingly; the Quran represents a theoretical essence; angels-devil etc. represents the story that emerges from the transformation and relationship of the productive forces. The divine texts that have come down to us are the texts of revolutionary prophets who make the rational reading of historical determinism and present it to people by blending it with subconscious religion. With all this situation, it can be inferred that Kivılcımlı does not have faith or belief in a transcendent being but adopts a scientific interpretation. In other words, Kivılcımlı did not give up an economic determinism and a materialist approach while doing a historical reading of religion.

Kıvılcımlı describes Prophet Muhammad as a historical revolutionary and someone who tries to move society forward. However, Prophet Muhammad also cannot afford the course of history. Because civilization outweighs and limits Prophet Muhammad's efforts. This approach is also a difference of Kıvılcımlı (Malatya, 2019: 66). In this respect, for Kıvılcımlı, the Prophet Muhammad is also a servant of historical determinism (in a sense of God), and while fulfilling his requirements, he bows where he cannot afford it. As a matter of fact, after Prophet Muhammad, the communal continuity of Islam did not continue, and Muhammad's revolution was betrayed. In the period after Muhammad himself and his first four caliphs, new forces emerged in the course of history and Muhammad's entire theory (Quran) and revolutionary efforts (prophetic service) were betrayed. In the Islamic society, the usurer-tradesman magnates of Mecca wanted to put an end to the caliphs, who were representatives of deep Muslim democracy with their true revolutionary traditions, in order to seize all the spoils. In time, they induce the first clean Muslims to abandon their humanitarian tendencies and besmirch Islam by provoking the people to wars (Aydar, 2018: 272).

When we look at the period between 1946 and 1960 in Turkey, it can be seen that Kıvılcımlı had made the most detailed examination on religion in the socialist movement. Kıvılcımlı is the only example in the field with his studies on fundamentals of religion and belief and the role of religion in the social structure in Turkey. Kıvılcımlı was also founder of the Vatan (Homeland) Party. His Vatan Party participated in the 1957 elections in Turkey. During the elections he made election speeches. His speech in Eyüp Sultan Mosque, İstanbul on 10.15.1957 would differ in terms of the socialist movement in Turkey. Kıvılcımlı was also in an effort to make this difference distinct. In this context, he explains the structure and understanding of his party by giving examples from the Qur'an and hadiths (Kara, 2012: 35). Kıvılcımlı emphasizes the Muslim nation and the Muslim country at the beginning of his speech: "Today, we have come to make the voice of the Vatan Party in the Eyüp region of our Muslim İstanbul, which was Muslim before İstanbul" (Kıvılcımlı, 2011: 7). In the rest of his speech, Kıvılcımlı emphasizes labor, right and work with Islamic quotations and says that the Vatan Party fulfills this service. He ends his speech by saying "may our country and great nation live!" (Kıvılcımlı, 2011: 36). Kıvılcımlı acts with a religious and national attitude in politics, too. Kıvılcımlı is aware of the public reaction of the revolutions against religion in the early period of the Turkish Republic. In this context, he made some theoretical and practical studies on religious issues. However, in the party texts of another left movement, the Turkish Communist Party, and the comments of its administrators in

the same period, there is no interpretation about religion and the relationship between religion and politics (Kara, 2012: 37).

The sensitivity of Kivılcımlı in religious emphasis is also seen in language. For Kivılcımlı, living in Turkish was an issue as well as speaking Turkish. According to him: “Our ancestors spoke Turkish and lived in Turkish. They wouldn’t speak words translated from Greek and Latin to European. They lived and passed away without minding that westerners and their grandchildren, who would aspire to be westerners, would called them as socialist or communist five or six centuries later.” (Kivılcımlı, 2007: 29). Kivılcımlı does not treat western literature as an enemy with these expressions. It is understood from the ongoing texts that Kivılcımlı’s expressions are about the importance of establishing and maintaining livings as a nation. Kivılcımlı argues that one nation shouldn’t be in a position of defining and analyzing itself and doing this with western literature. The issue should be to continue in history with its own life as a nation. If it is mentioned how it is evaluated and handled by others, there is a situation of self-questioning. We understand this from his own expressions: “They (our ancestors) never asked anyone what they were, nor did they understand themselves.” (Kivılcımlı, 2007: 29). Kivılcımlı has always put non-Muslim nations in front of Turkish with a religion-based distinction. In his Eyüp Sultan Mosque speech, he demanded that Turkish translation of democracy be said (Kivılcımlı, 2011: 8 and 30). The fact that Kivılcımlı uses words such as “kefere”, “gavur” and “ecnebi” referring to western nations during his speech shows that he takes the distinction as a nation based on religion. However, this is not the case with his theory. For Kivılcımlı, it is the dialectical course of history that is essential, and nothing can resist that course. That is, there is no reality that persists as an eternal and absolute being. The only truth is again the materialist dialectical analysis of history. However, we are faced with a socialist who does this in his own way. All these are the features that differentiate Kivılcımlı from his comrades in leftist literature. Kivılcımlı emphasizes that Turkish socialist don’t deal with original thesis by focusing on adapting translated works to Turkey. Therefore, it was not surprising that he did not receive enough attention when he published his historical thesis in 1965 (Özcan, 2018: 191).

Conclusion

So far, Hikmet Kivılcımlı’s views on Turks and Islam have been presented in this study. As we have seen, we are faced with a socialist who has created his own terminology. He is a socialist who draws attention not only with what he says but also with how he says it. Kivılcımlı, who has tackled the issue from

the land where he is located, is often the subject of romanticism, as it gives Marxism a local and even a “green color”. However, Kivılcımlı’s attempt to draw the issue from the depths of history to the present shows that he is looking for a real understanding. Kivılcımlı not only developed a founding discourse in the leftist literature also created a new language than classic historical discourse in Turkey. His writings have been a gateway for those who will study the Ottoman history from economic class analysis point of view. In the historical analysis of Kivılcımlı, there is both a familiarity with the western literature and an attitude that is not satisfied with the theoretical analysis of the west. As such, he has not been able to find a place in Turkish historiography, nor has he been defended in the leftist literature, which has adopted the secular and pure-Turkish literature as its language. Except Kivılcımlı, the leftist movement in Turkey doesn’t have an affirmative approach on Islam. The leftist movements in Turkey have generally been the advocates of interpretations that parallel the Republic’s secularism approach. In this respect, they did not hesitate to defend the anti-religious attitudes that came with revolutions. In this respect, Kivılcımlı’s place in the leftist movement also differs. While for the leftist movements, religion is expected to be erased from the political-social sphere by the hand of secularism, for Kivılcımlı, Islam is one of the social dynamics that keeps us alive.

Kivılcımlı interprets his reading on religion and Turks through the filter of historical determinism. In this respect, he studied without leaving dialectical analysis. For Kivılcımlı, there is a compatibility between the pre-Islamic order of the Turks and the early Islamic order. Therefore, after the Turks became Muslim, the Turkish nation built their living spaces and form of life in full compliance with Islam. For Kivılcımlı, Turks are always a nation that always made the barbarian vaccine in the history scene; they have achieved their civilization transition with the Ottoman Empire. Turkish society has historically transferred from a communal life to a usurer-tradesman era. In other words, like every nation, Turks are also an object of history. Kivılcımlı, on the subject of Islam, is completely outside the tradition of Islamic scholarship. Subjecting religious concepts and beliefs (Quran, angel, hereafter, prophets) to a purely materialist interpretation means leaving the Sunni tradition. For Kivılcımlı, Islam is one of the religions. Islam, the only true religion in a classical Muslim understanding, is the religion revealed by God since the first man. However, for Kivılcımlı, the religion of Islam has come through the processes of multi-religion and later monotheistic religions. In this regard, he is out of the Sunni tradition in Turkey. According to Kivılcımlı, Islam, which was built out of history, is the religion that embodies the most powerful primitive communal spirit in terms of value creation and distribution. Its significance lies there, not the truth of a divine transcendence.

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Suat Dönmez

Conflicts, Wars and Civilian Victims: An Overview on Mitigating Effects of Conflicts on Civilians at Different Levels of Analysis

Introduction

Conflicts and wars are as old as human history. Wars are waged for several reasons, such as gaining territory, hegemony, revenge, or sometimes preventing an adversary from becoming powerful enough to pose a danger to one's security and survivability. Sometimes the reason is for protecting the weak in the society against the enemies. Historically the weak in the society usually has seen as women and children. Unfortunately, almost all recent incidents have shown us that regardless of the reasons, civilians, in particular women and children were the victims of those conflicts and the most suffering part of the society. Modern warfare tools and recent tactics are the main reason for this result. There is no conventional war with frontlines anymore. All-terrain and urban areas are mainly places for all warlike activities. Ethnic and internal conflicts with hatred and hostilities resulted in punishing the weakest parts of the opponents. This article aims to examine the root causes of these crimes by studying modern conflicts during the last decades and searching for possible courses of action for preventing these crimes against humanity.

Darkest and brutal sides of the wars have always been the humanitarian sufferings throughout history. It is in the nature of humankind to pursue power and wealth even at the expense of others and become selfish for its own survival as an individual and society. This approach is a valid logic for some international relations theories, and it still has a great deal of support from scholars and practitioners in this field. Thus this struggle will continue as it has been constant in the past times, and we have to learn to manage it and mitigate the results that hurt humankind. There is quite a significant amount of literature for those sufferings in human history.

With the end of the Cold War, we have witnessed an increase in multinational military interventions in several places on earth. Ethnic and religious clashes within the weak or failing states have become a painful phenomenon for the international community. Humanitarian sufferings and hardships became an agenda item in several forums in the developed world. Thanks to

the information technologies, all those conflicts and humanitarian disasters became a center point in every corner of the several societies and international organizations. Those humanitarian disasters made the international community act and develop new approaches to guarantee world peace and security.

State sovereignty has been a concept that other states and international organizations cannot interfere in domestic affairs within a state's boundaries. However, all the internal conflicts between groups in a weak state showed us that humanity could not tolerate those sufferings.

Humanitarian Violence in Contemporary Wars and Conflicts

In the early 1990s, the humanitarian crisis in the Balkans deriving from the Yugoslavia's dissolution drew the international community's attention to these kinds of cases. The United Nations and subsequently NATO alliance have intervened to stop the humanitarian crisis and restore peace and stability in the Balkans. Strikingly a great deal of suffering was the gender-based violence and similar abuses mainly against women, usually in systematic rapes. The world has witnessed similar incidents several times in the near history during internal and ethnic conflicts in many places. However, this time it was in Europe and at the end of the 20th century. It has been a real eye-opener for the international community to act and do something to end these kinds of violence. In Africa and elsewhere, several humanitarian crises occurred in the 20th century, but they were not as disturbing for the international public as the one within Europe.

Wars of any kind have been used to make the adversary accept one's own will. By employing various types of assets, this can be pursued on the opponents. A common form in human history has been the use of force in many cases, usually as a last resort to urge the adversary. This form of a struggle between human societies, whether in the form of irregular groups or under a state's flag or other types of communities, was named war. The concept of war has been used as a continuation of politics in these instances, as strategist Clausewitz mentioned in his famous book on war (Clausewitz, 2007: 28)

One of the traditional methods used in these fights has usually been to attack the adversary's weak and vulnerable people like the women and children to punish and hurt the enemy. The human history of wars is full of atrocities and crimes committed against women during the war times. Women have usually been victims of the men's war, although they usually did not actively participate in these fights. In all armies men are the majority of combatants. They undergo a brutalizing training regime and are expected to kill. More men die

in combat, while women are more commonly numbered among civilian casualties, dying of disease, malnutrition, sexual violence and accident. Then again, among refugees, UN statistics consistently show women to comprise a significantly higher proportion of adult refugees displaced by armed conflict, so that a characteristic role for women in war looking after the young, elderly and sick in extreme conditions (Cockburn, 2010:105) Using gender characteristics as a weapon during any wars and clashes between societies has been common practice. During conflicts, pre-existing social inequalities are magnified, making women and girls more vulnerable to certain forms of violence like sexual violence (rape is used as a weapon of war) (Puechguirbal, 2010: 169).

This behavior is consistent with the realist explanation of human characteristics as evil and selfish with a lack of moral values from birth. Usually, war narratives and heroic rhetoric are gendered and based on protecting the women from the enemy. There has been a masculine side of all warfighting efforts in this sense. From the war in the medieval age to first and second world wars and recently to armed conflicts in the Balkans, Africa, and elsewhere are full of sexual-based violence records of any form. According to a assessment report prepared on one of the most brutal ethnic clashes in Rwanda at least 250,000 – perhaps as many as 500,000 – women were raped during the 1994 genocide (Rehn and Sirleaf, 2002: 9). Additionally, women's healthcare needs are neglected during the wars, and they lose their lives for maternal reasons since the wounded and other combatants get the priority.

All the humanitarian suffering and violence directed against women in the forms of systematic rape as a war tactic and other methods seed hatred and hostility among the societies involved in a conflict. These emotions endanger peace and stability even after the conflicts are settled. It is paramount for sustainable peace to prevent these crimes against humanity and empower women during peaceful settlement in the post-conflict periods. Cultural incentives and beliefs, providing a strong bond among the society, and a sense of willingness to live together serve as cement for a stable, safe, and secure environment. This motivation is particularly crucial for the societies comprising several different ethnic and religious origins. Once this bondage is broken, it is difficult and costly to re-establish previous structures throughout the world.

According to the UN Secretary General Report on Conflict Related Sexual Violence at presently there are many people fled their homes as a result of conflict-related atrocities, including sexual violence. Women and girls, in particular, suffered sexual violence in the course of displacement, navigating their way through checkpoints and across borders without documentation, money or legal status. Others are at risk once they find themselves in refugee camps

or camps for internally displaced persons. Such vulnerabilities can lead to further sexual exploitation, trafficking, rape and forced prostitution (The United Nations Secretary-General, 2020).

Mitigation Measures to end Gender-Based Violence in Conflicts

At the State Level

Inter-national large-scale wars are not a significant concern in modern times; the international community's primary concern on warlike problems shifts to intrastate conflicts. Different groups, communities within a state cause these conflicts in some cases, and in some others, these are conflicts between the governments and the people themselves. In the post-cold war period, the international system witnessed many intrastate conflicts, usually in the weak states. These conflicts had mostly serious humanitarian aspects that alarmed the international community to act and develop some measures to reduce these conflicts' impacts on humans.

First and foremost, the responsibility to protect all citizens from any violence falls on the government's shoulders in the modern state system. This responsibility cannot be delegated to any other authorities by the governments. Governments have all the necessary instruments to accomplish this task. State sovereignty is an inherent right for a government-provided that it is taking all necessary action at its disposal to protect the lives and well-being of its citizens in a safe and secure environment. In the case that a government cannot fulfill its primary duty, it loses its credibility to govern, and the sovereignty of this state get questioned in the eyes of the international community and becomes a reason for foreign intervention in different forms, including the armed interventions.

As the official entity ruling the state and its citizens, the government has several tools to provide security for the people. Training and education of the society as a whole and government agencies, particularly the law enforcement and armed forces that use state authority by using force monopoly, is a crucial step in this direction. Human rights education, including gender awareness at the universally accepted levels, should be an essential part of their program. Governments can utilize the programs of international organizations like UNESCO, UNICEF, and UNHCR in these educations. This education is especially crucial for developing/underdeveloped countries since the impact of gender inequality on intrastate violence should not be underestimated. Just as domestic norms of peaceful conflict resolution and gender inequality

predict state behavior internationally, so too should gender inequality help predict intrastate violence. Gendered hierarchies have an additional role in explaining ethnic insurgencies, which comprise a subset of intrastate conflicts (Caprioli, 2005: 165). The results of analysis on the gender equality and state aggression indicate that societies not based on gender hierarchies are less likely to act aggressively during interstate disputes. Gender equality is not merely a matter of social justice but of international security in predicting state aggressiveness internationally. The spread of gender equality is an indirect method for reducing the level of violence among states internationally in the long term, and there remains strong justification for continuing research on the links between domestic equality and state foreign policy behavior (Caprioli, 2003: 209). These researches and findings support the idea that states must provide necessary equitable education to all citizens regardless of gender, race, and age in establishing the basis for durable peace and stability both within the society and with other nations in the international system.

In many intrastate conflicts, some members of armed forces are part of this inhuman behavior against civilians, including gender-based violence, whereas they are expected to prevent these crimes. Additionally, legal arrangements in line with international norms are other aspects of these measurements. Widely accepted rules and regulations of the International Law of Armed Conflict (LoA) can be an appropriate tool for a baseline on these efforts. International Committee of Red Cross – ICRC is a primary international organization in this matter and develops several tools and programs to improve international law on these issues. These tools are designed to address different levels of education and the practical level of the people in the field.

In general, armed forces are composed of male citizens in many countries, whereas a small number of female representations is growing. Active participation of female citizens in the armed forces and law enforcement forces can help to cope with gender-based violence also during peace times. This is especially crucial when these armed forces are deployed for peace support operations missions in troubled conflict zones. Armies with a balanced female representation are getting more successful in establishing rapport with the local population, leading to success in the mission area for these forces. Local female members of society are more comfortable with female peacekeepers. This fact has been proved several times in different peacekeeping missions like those in the Balkans and Afghanistan. Even primary tactical missions at the foot soldier level can be accomplished more smoothly and successfully by not raising the society's tension. It also helps peacekeepers win the local people's hearts and minds, which is another key to military operations success. From intelligence

collection and patrol missions to house search types, female peacekeepers' presence makes all efforts more successful. In practical experiences as in Afghanistan showed female security sector officials frequently have access to populations and venues that are closed to men, which allows them to gather intelligence about potential security risks for all population as well as peace forces (Olsson and Tejpar, 2009: 4). It also helps the female population to report gender-based violence that, in most cases, merely unreported. Thus, ignoring half of the locals simply does not seem wise for these missions.

With the end of the Cold War, since conventional large scale and nuclear wars have become less likely in the international system, security studies and security perception has shifted from state-centric, mainly military matters to social, economic, and environmental issues. Non-state actors have gained more power in comparison to previous decades. With the efforts of the growing feminist approaches in international studies, more women have started to join the military services, which were deemed male function for a very long time. However, proportionality for women is still low; it is a radical step for women to have more equal opportunities in professional life. Changes in military missions and the role of the armed forces in the post-cold war period have also helped more women join in military services and missions abroad. Due to increasing intrastate conflicts emanating ethnic, religious, or cultural differences, the UN-mandated international interventions, which are usually in the form of military peacekeeping missions, have changed the character of the warfare. These types of missions require low-intensity warfighting capabilities and training of the armed forces. This development has also become a facilitator for women to join in the international military peacekeeping missions abroad. It was also a change in the public perception that military missions are too complicated for women to carry out. In the end, this change has enabled women to take an active role in restoration and maintaining international peace and security, mainly in the conflict zones. The percentage of the women serving in the U.S. military differs in the services, but the average numbers are 16 % for enlisted forces and 19 % for officers' corps (Council on Foreign Relations, 2020a). This figure is 10.9 % in the U.K. Armed Forces (Ministry Defence of the UK, 2020) The numbers of women serving in the military in different counties varies, with culture and history. Overall, it is around less than 10 % in many countries, which still corresponds to a very low representation of women in the military (Army Technology, 2018). States should improve the conditions and encourage women to join the military services that, in the end, will positively affect the success of the military mission and help ease the suffering of women and civilians as a whole.

At the International Level

The United Nations, as a universal organization aimed at maintaining international peace and security by the efforts of prevention conflicts, helping parties in conflict make peace, peacekeeping, and creating the conditions to allow peace to hold and flourish (The United Nations, 2020b). This aim makes the UN a leading player at the international level on this matter. In line with this goal, the UN has been developing several projects addressing gender-based violations in the context of preventing crimes against humanity. In 2000 the United Nations Security Council passed Resolution 1325 on Women, Peace, and Security, which aimed to address women's situation in conflict, marked a milestone in this direction.

This initiative also includes a comprehensive approach to preventing violence against any gender, including women, and encourages and fosters women involvement in the post-conflict peace settlement phases. Women comprise half of the societies; however, their voices are not heard in the same proportion within the society. Several types of research have depicted that representation of a large portion of the population is crucial. The participation of civil society groups, including women's organizations, makes a peace agreement 64 % less likely to fail (Nilsson, 2012: 258). Statistical findings and analysis also support the same idea and demonstrate a robust correlation between peace agreements signed by female delegates and durable peace (Krause et al., 2018). Clearly, the settlements with the lack of participation of the considerable part of the society are less likely to be successful and long-lasting. According to a study, women constituted, on average, 14 percent of negotiators, 11 percent of mediators, and 7 percent of signatories over the last five years (2015–2019), and 13 percent of negotiators, 6 percent of mediators, and 6 percent of signatories between 1992 and 2019 around the world (see Table 1). As for the references to Women, Girls, and Gender in Peace Agreements Analysis of 1,860 peace agreements, between 1990–2019 20 % contain references to women, girls, and gender. 6 % of these peace agreements contain at least one provision that specifically addresses violence against women (Council on Foreign Relations, 2020b). These relatively low figures show that the peace process does not utilize a strategy to reduce conflicts and foster stability: women's inclusion. In many cases, they are usually excluded from formal peace processes.

In post-genocide Rwanda, women's organizations have played a leading role in rebuilding society and helping women rebuild their lives. Women organizations and women in general in Rwanda after the genocide had better opportunities to participate in several civil society organizations in pursuing

Tab. 1: Women Participation as Negotiator, Mediator and Signatories in Peace Processes Around the World (%)

| | Negotiator | Mediator | Signatories |
|-----------|-------------------|-----------------|--------------------|
| 2015–2019 | 14 | 11 | 7 |
| 1992–2019 | 13 | 6 | 6 |

Source: Council on Foreign Relations, 2020b.

and advocating women's rights. In parliament, women comprised 45 % in 2008 (Burnet, 2008: 370) This is a strikingly successful effort in the post conflict reconstruction phase from a gender perspective. Unfortunately, the lack of political will in many places makes this initiative not successful enough. There is a clear need for a mindset change. The UN and other UN organizations can promote new ideas and program to reinforce this project more robustly. The United Nations Security Council has the authority to exert more pressure on the establishment of peace and security.

The aims or UNSCR 1325 are serving for peace, and any violations in these matters are posing several risks against world peace and security. Besides the UN, the leading nations have a moral responsibility on this issue since the troubled countries are generally in Africa and former colonies of the industrial world. International communities' raised awareness and involvement at different level is a key to success. The UNSC Resolution passed in 2019 clearly state this threat is still there and affecting the peace and security; *“despite its repeated condemnation of violence, including sexual violence, against women and children in situations of armed conflict, and despite its calls addressed to all parties to armed conflict for the cessation of such acts with immediate effect, such acts continue to occur, often with impunity, and in some situations have become systematic and widespread, reaching appalling levels of brutality”* (The United Nations Security Council Resolutions, 2019). Improvement of implementing the necessary steps envisioned in the UNSCR 1325 cannot be expected from within the countries with conflict potential. The ill-structured political systems and institutions in those places and under-educated people without any expectations and strong demand for their civil rights will not take any step forward.

The United Nations has adopted a new concept as the Responsibility to Protect, which enables the U.N. and other U.N. authorized organizations and states to intervene in the states' internal conflicts to end the humanitarian crisis. The International Law in the UN Charter tasks the U.N. through the U.N. Security Council to monitor if there is a risk or threat to world peace and security (The United Nations Charter, Article 39). The U.N. can decide through

the U.N. Security Council resolutions to intervene in a state in case of a breach to peace and security. This approach was mainly for inter-state conflict. The states' internal affairs have been deemed states' own business. The government within the states can take any measures that it considers necessary to establish the rule and order within their boundaries. This was a widely accepted concept (non-interference in states' internal affairs) evolving since the Treaty of Westphalia.

However, the Responsibility to Protect concept was developed with the idea that states also have some obligations against their citizens. These obligations include protecting them from any inhuman behavior and crimes against humanity, such as killings, tortures, and ethnic cleansing. In the case of states, failure to do so, it is the United Nations to decide to intervene in the state's internal matters to end this violence against humanity and establish a safe and secure environment. At the 2005 high-level U.N. World Summit meeting, member states committed to this principle of the responsibility to protect. It clearly aimed at prevention of the most serious violations of international human rights and humanitarian law (The United Nations, 2020a).

NATO is the military-political organization and a defense alliance that survived the post-cold war period, whereas its counterpart, the Warsaw Pact, ceases to exist. NATO has adapted itself to the changing demands of the new security environment and proved its relevance during the last three decades in several peacekeeping missions mandated by the United Nations. The United Nations was not structured to have strong military forces at its disposal and carrying out large-scale military peace missions in conflict areas is troublesome for the UN. In line with its Charter, the UN started to benefit from the NATO alliance in these situations. After the fall of the Soviet Union and the end of the Cold War, several NATO military forces were employed for peacekeeping tasks in the Balkans, the Middle East, and Asia. Being a prominent actor in the military peace missions in conflict zones, NATO has also adapted the UNSCR 1325 to itself and become an implementing agent of this concept. In line with this concept gender adviser position at all levels of the NATO military forces has been established, including in the permanent peacetime headquarters. Training and education programs at different military forces levels include humanitarian issues, gender awareness, and tools for helping the local population in these matters.

NATO countries' military forces include women at different services, enabling them to structure balanced task forces from gender perspectives for peace missions. It is wise to employ more women personnel for peacekeeping missions since this contribution positively impacts success. This impact is valid

for both during the military operations and during the post-conflict reconstruction period. From feminist theories perspectives, women's contribution to international military operations is a controversial issue. While one approach sees it from equal opportunities perspective, others think that women should not be part of the men's war efforts. The second group considers military and warfighting as masculine effort in nature, and women should refrain from involving in this. Nevertheless, experience in the past military peace missions showed that women's engagement in these operations contributes to success. (Dyvik, 2014). There are thousands of Non-Governmental organizations today functioning in all parts of the world. They should also take a stronger stance on this issue by fostering all the efforts to establish durable peace settlements by helping civil society rebuild more comprehensively, including all members, groups of the society regardless of race, gender, and religious beliefs. Many NGOs have enough soft power to become active in these efforts.

From an international law point of view, International courts, like those established after the conflict in the former Yugoslavian and Rwanda, can also be useful instruments in preventing crimes against humanity during armed conflicts. Although these ad-hoc international courts of justice might not have been entirely successful, according to some observers, this is a step toward improvement in the future. The gravest concern in many conflicts crimes against humanity and the perpetrators cannot be detected, brought to justice, and punished. This anonymity encourages the criminal to act and behave freely. A strong message with a robust and institutional response should be developed, indicating that all criminals will be accountable for their behavior during the conflicts. A standing Court like the International Criminal Court needs to be fostered, and efforts to improve the law of armed conflict should be accelerated. With the support of civil society organizations, the UN and the leading nations can take a more substantial lead in this field in both developing institutional structures and processes. Non-Governmental organizations today are functioning in all parts of the world. They should also take a stronger stance on this issue by fostering all the efforts to establish durable peace settlements by helping civil society rebuild more comprehensively, including all members, groups of the society regardless of race, gender, and religious beliefs. Many NGOs have enough soft power to become active in these efforts.

Conclusion

War is a phenomenon in recorded human history. All kinds of human communities, be it in the form of a group, nation, kingdom, or a nation-state, resort

to force to resolve their conflicts. Any attempts to ban and stop this behavior were not successful yet. The United Nations charter did the last, and the recent attempt and use of force and threat to use force in disputes were banned internationally. Nevertheless, the war between states and intrastate continue to exist. Past experiences have shown us that women and children and, in general, civilian populations are the most affected groups in these armed conflicts. The volumes of the crimes against humanity are rising during the foggy nature of the armed conflict situations. The international community is more sensitive to intrastate clashes, and international military peacekeeping missions have become an integral part of the peace efforts. International law for intervention in the troubled states and intervention culture has developed relatively robust during the last decades. With these practical experiences, it is understood that post-conflict peace settlement periods are also curial and sensitive for a long-lasting peace and security environment besides military intervention. Crime prevention measures against humanity and all community parts' involvement in the peace processes and reconstruction efforts are crucial to success. Otherwise, the peace environment becomes fragile and short-lived. There are several measures at the state and international levels to be taken to foster all the peace efforts to become successful. These can be summaries as empowering the roles of all gender in the conflict management processes, during peace negotiations and reconstruction phases, more active initiatives at the state level, and international levels in support developments of law and order, including the international law and institutions. Significant national and international justice mechanisms to deter any crimes against humanity during the armed conflicts are necessary for settling the atrocities in the post conflict phase. From a gender perspective, balanced military forces are needed to succeed in international military peace operations.

Despite large-scale efforts to end humanitarian disasters emanating from the intrastate-armed conflicts, the international community has not been thriving enough in the last practices. It will most probably not be possible to eradicate future wars and conflicts in the world. This fact should make humankind focus on the mitigation measures of these brutal acts' humanitarian consequences during the clashes. There are several mechanisms in place for this purpose, which can be explored and further developed. International law and law of armed conflict need to evolve both in terms of rules and regulations and sanctions for implementations and establishing international judicial institutions.

Additionally, a universal culture needs to be developed that condemns and rejects those criminal acts against humanity. This goal can only be achieved by

education and several other initiatives mentioned in this article. In sum, a comprehensive approach considering all aspects of this social phenomenon mentioned in this paper is necessary to live in a peaceful and secure world without brutal crimes against humanity.

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