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Conference Paper

Redefining Turkey's Regional Economic Disparities Through Social Participation

51st Congress of the European Regional Science Association: "New Challenges for European Regions and Urban Areas in a Globalised World", 30 August - 3 September 2011, Barcelona, Spain

Provided in Cooperation with:

European Regional Science Association (ERSA)

Suggested Citation: Cekic, Tuba (2011) : Redefining Turkey's Regional Economic Disparities Through Social Participation, 51st Congress of the European Regional Science Association: "New Challenges for European Regions and Urban Areas in a Globalised World", 30 August - 3 September 2011, Barcelona, Spain, European Regional Science Association (ERSA), Louvain-la-Neuve

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51st Congress of the European Regional Science Association International
30 August – 4 September 2011, Barcelona, Spain

**New Challenges for European Regions and Urban Areas
in a Globalised World**

**Redefining Turkey's Regional Economic Disparities
Through Social Participation**

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Abstract

Social capital is a common concept for both describing and understanding economical, political and social wellbeing of community. Although it has been defined by economists and sociologists; social capital concept is also highlighted in regional development strategies. Accordingly, assessing the role of social capital in regional development and the impact of social capital to economic growth by means of empirical and theoretical studies has been an important issue in the literature.

The relation between social capital and regional economic development in Turkey, which is a developing country, has been put forth as the main theme of this paper. The paper aims to provide an overview of the concept of social capital for regional development and discuss social capital in terms of social participation depending on the work of Robert Putnam. Although interregional disparities in Turkey have been studied by many academicians, revealing their relationship with participation is rather new. Searching for this relationship, indicators of social participation is converted to social capital index and regression analyses have been used to explore the relation between social capital and regional economic development. During the construction of indices, principal component analysis and factor analysis are used to determine the weights of each indicator.

Thus, this paper evaluates the social participation in NUTS II level regions in order to foreseen regional economic disparities in the context of regional development. At this point it has been asserted that social capital in regions both explains and is a result of regional economic development.

I. Introduction

Paradigm shift in regional development issues in 1990's discovered that local actors have to be organized in various networks to penetrate global markets in the competitive global economy (Amin, 1999). Accordingly, social capital which consists of social networks and norms, has been defined as the key element for prosperity as well as economic and regional development.

The positive results of participation into various groups dates back to the Durkheim's comments on the group life and Marx's separations between the atomize group, mobilize and also the effective group (Portes, 1998). Social capital- being defined as behaviors between individuals and groups that contribute to the economic and social development- has found great interest in the academic literature in the last two decades. Most of these studies focus on the positive results of social capital with empirical findings.

Francis Fukuyama (2005), being the most cited in the social capital literature, compares different cultures in terms of economic performance. He indicates that creation of economic welfare mostly depends on social capital and the prevalence of the sense of trust between individuals in a society. Depending on trust, self-socialization, as a subset of social capital, has an important role in political and economic life of societies. Robert Putnam as a political scientist also underlines the vital importance of participation in social life which is identified with membership in NGOs, participation in elections and newspaper reading rates as the indicators of social capital.

Within the scope of this paper, participation in social life as a determinant of social capital, is considered as the source of regional economic development. Accordingly, re-evaluating the structure of inter-regional disparities in Turkey from the perspective of social capital and participation in social life constitutes the basis for the paper.

Although interregional disparities in Turkey have been studied by many academicians, revealing their relationship with participation is rather new. On the other hand, an international questionnaire (World Values Survey) in 1996 has been applied throughout the country and revealed a weak structure of trust and social capital for Turkey as the 45th within 47 countries. Paper attempts to discuss the distribution of social capital among regions and the reasons for low levels of social capital as well as relationship with regional economic development and participation. Thus, dealing with economic disparities between regions in the context of social capital, will produce some clues to guide the social capital investments in less developed regions.

In this context, the paper consists of five sections with introduction. Literature overview is followed by the third section explaining the analytical approach of the study. Fourth section is consisting of findings of the analysis which attempts to define regional economic disparities in Turkey through social participation. Finally, a discussion is presented.

II. Social Participation as Capital for Regional Development:

According to the studies that assert that the members of a group attain a competitive advantage due to the fact that the social capital generates positive externalities, social capital explains regional economic disparities (Sabatini, 2006: 5). Also in an other perspective social capital is composed of potential that is embedded in trust, reciprocity, economic and social organizations. In this context, non-governmental organization, as the complementary of the roles that played between government and markets, is an element of successful economic development (Skidmore, 2001: 53).

Woodhouse (2006), describing the relationship between social capital and economic development in the Austria case, states that the regions with strong social capital are economically more advantageous than the ones which are relatively weaker. Moreover, he defines the source of social capital as the competitive advantage of the regions. (Woodhouse, 2006). Setting out the theoretical basis for the concept of social capital, Robert Putnam also described social capital as a source that working at the community level and foundation of associations and social activities is the basis for social integration and welfare level. (Field, 2003: 57)

Robert Putnam's and Francis Fukuyama's descriptions, are the most cited ones among the theories developed on the measurement of social capital that exists in a society. Trust is the basic concept dominating the efforts for definition in all the studies conducted on social capital. However, cooperation, social networks and civil society phenomenon are also shown as the sources that produce social capital.

As a political scientist Putnam points out the density of social networks to measure social capital. These networks are shaped according to the rate of associations in a society and memberships in these societies. As the associations are composed of formations such as churches, parent-teacher associations, scouting groups; also the opinion about how much reliable the people are, is also the indicator of trust. In his studies about social capital, Putman has applied whether the individuals worked for the committees of local organizations in the past year or not, were assigned to the management of any group/club or not, the number of

group memberships, participation rates in school or in meetings related to city administration, rates of working for any social project, the time allotted to volunteer activities and friends, the time spent on home entertainment, the number of social and civil societies and also the non-profit organizations per thousand people to social capital indices. (Putnam, 1995; Putnam, 2000)

Putnam, Leonardi and Nanetti, trying to explain the effectiveness of local government in certain areas of Italy and the causes of regional disparities that occurs in development, have discussed sociality and social participation which are identified with the viability of organizational life as the presenting indicators of social capital. Accordingly, they have applied the number of voluntary organizations, the number of newspaper readers due to the importance of enlightenment to take action, the rates of participations in the elections due to its monitoring of social goals content, as the social capital indicators (Putnam et al., 1993).

The claim that the societies which are equipped with richer social networks and associations will be more powerful in the face of poverty, conflict resolution and obtaining new opportunities (Woolcock, 2001: 67) is another significant reason for international organizations to support social capital as a local alternative (Portes ve Landolt, 2000: 530).

Accordingly, an important role has been attributed to social capital in the regional development policies in Turkey as a country in the accession process to the European Union where inter-regional disparities is an important issue. Looking at the structure of social capital in Turkey, it has been specified that participation in social life is generally limited and similarly trust is also weak across the country and the regions (Norris, 2001). At this point, how social capital as the source of regional economic development and participation in social life differs in NUTS II level regions of Turkey is gaining importance.

III. Research Methodology

According to the conceptual framework described above, this paper evaluates the role of social capital in regional economic disparities based on the assumption that civic participation explains the inter-regional economic differences. In this context, regional economic development and social capital indices has been created for NUTS II level regions of Turkey. Considering the possibility of hiding the details, four sub-indices have been defined to obtain a total regional development index. In the light of available data, each sub-index measures a factor of regional development. All details about indices and indicators are given in Table 1.

Table 1: Indicators for Indices

<p>SOCIAL CAPITAL INDEX</p> <p>SCI1. Number NGOs per 10.000 people SCI2. Number of members in NGOs per 10.000 people SCI3. Number of newspapers sold per 10.000 people SCI4. Participation rate to local elections SCI5. Participation rate to general elections SCI6. Participation rate to referendum</p> <p>REGIONAL ECONOMIC DEVELOPMENT INDEX</p> <p>POPULATION (REDI_POP)</p> <p>REDI_POP1. Population REDI_POP2. Rate of urbanization REDI_POP3. Total migration</p> <p>ECONOMIC VITALITY (REDI_EV)</p> <p>REDI_EV1. GDP per capita REDI_EV2. Rate of labor force REDI_EV3. Unemployment rate REDI_EV4. Employment rate REDI_EV5. Bank deposits per capita REDI_EV6. Bank credits REDI_EV7. Income tax per capita REDI_EV8. Tax per capita REDI_EV9. Consumption rate of electricity</p> <p>INNOVATION (REDI_IN)</p> <p>REDI_IN1. Number of trademark registration per capita REDI_IN2. Number of registered patents per capita REDI_IN3. Number of registered utility model per capita REDI_IN4. Number of registered industrial design per capita</p> <p>ACCESIBILITY (REDI_AC)</p> <p>REDI_AC1. Number of motor vehicles per capita REDI_AC2. Highways per kilometer square REDI_AC3. Transportation opportunities (Airport, port, motorway, railway)</p>

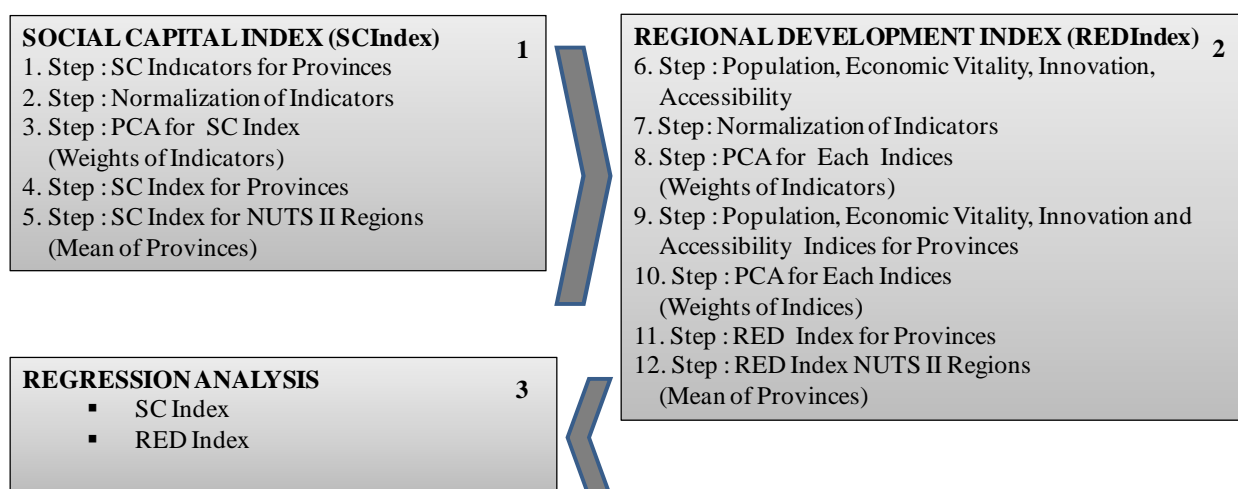


Figure 1: Research Methodology

While calculating the indices “Principal Component Analysis” is used to determine the weights of the indicators. Principal Component Analysis (PCA) have been used for sub-indices of Regional Development Index (RED Index) and general RED Index. At this point, PCA contributed to avoid using weights depending on the researcher or using equal weights for each indicator. General description of research methodology is given in Figure 1.

Spatial distribution of indices among NUTS II level regions of Turkey explains the regional disparities while regression analysis investigates the relation between these two indices.

Lack of data is the most significant constraints of the study. The data used for indicators were collected from various sources and in some cases previous year variables have been used. The created indices are based on secondary data analysis. At this point, trust defined as the basic element of social capital in the literature, could not be included in the social capital index. Creation of social capital index based on a primary data analysis is conceptualized as the future work.

IV. Analysis of Turkey’s Regional Economic Development through Social Capital

Figure 2 and Figure 3 show spatial distribution of social participation and regional economic disparities by NUTS II level regions in Turkey. Colors in the maps are created according to the mean and standard deviation of index values of NUTS II level regions.

Mean of social capital index across the country is 58,21. And mean is 35,34 for regional development index. The mapping stage is based on mean and standard deviation; the regions which are below or above the mean are revealed. Accordingly, the regions which are 1 or 2 standard deviation less or more than the mean are emphasized with the color differences. Figure 2 and 3 which are prepared for each index value, shows three break points; in the east of the country and in Central and Western Anatolia.

Regional development has been discussed and accepted as the sum of population, economic vitality, innovation capacity and accessibility. With respect to this the table reflects an emerging problem in east parts of the country. While east and southeast regions of the country are ranking in the first and the less developed category with 2 standard deviations below, Istanbul Metropolitan Area stands up to three standard deviations above the mean across the country.

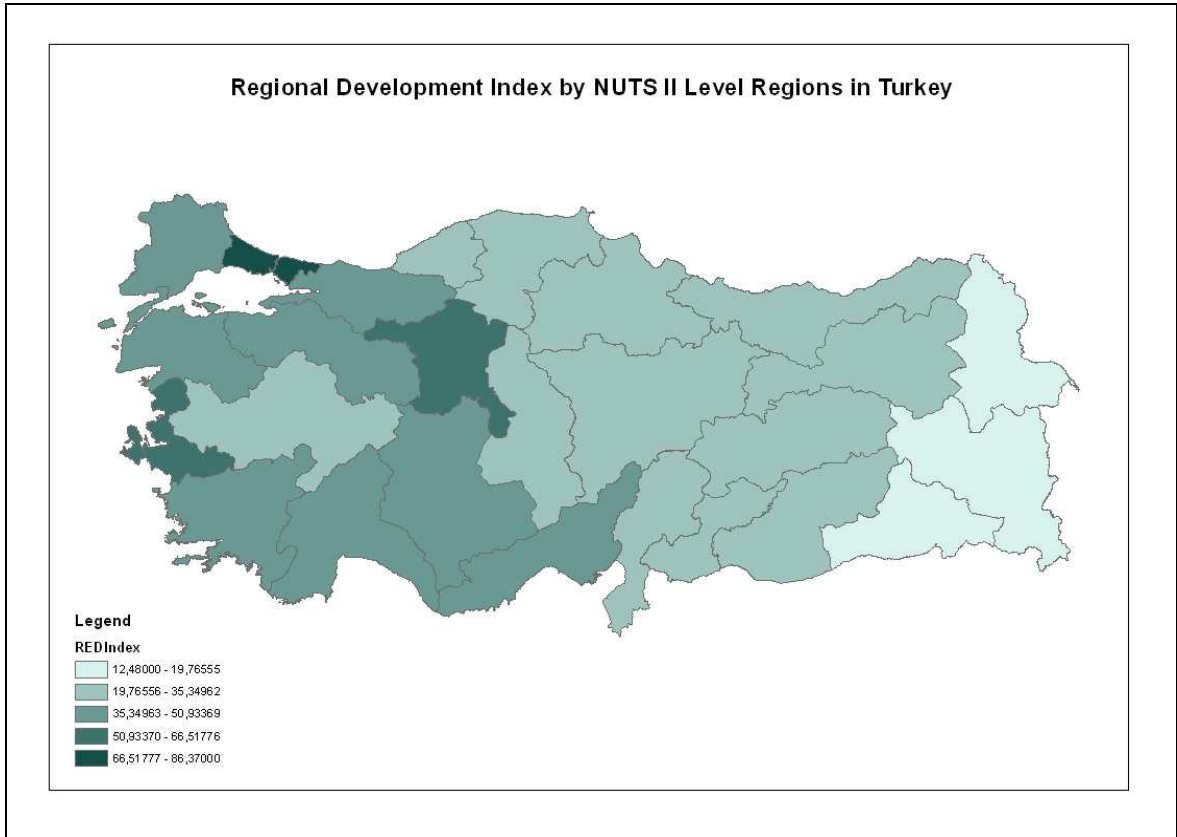


Figure 2: Regional Economic Disparities in Turkey

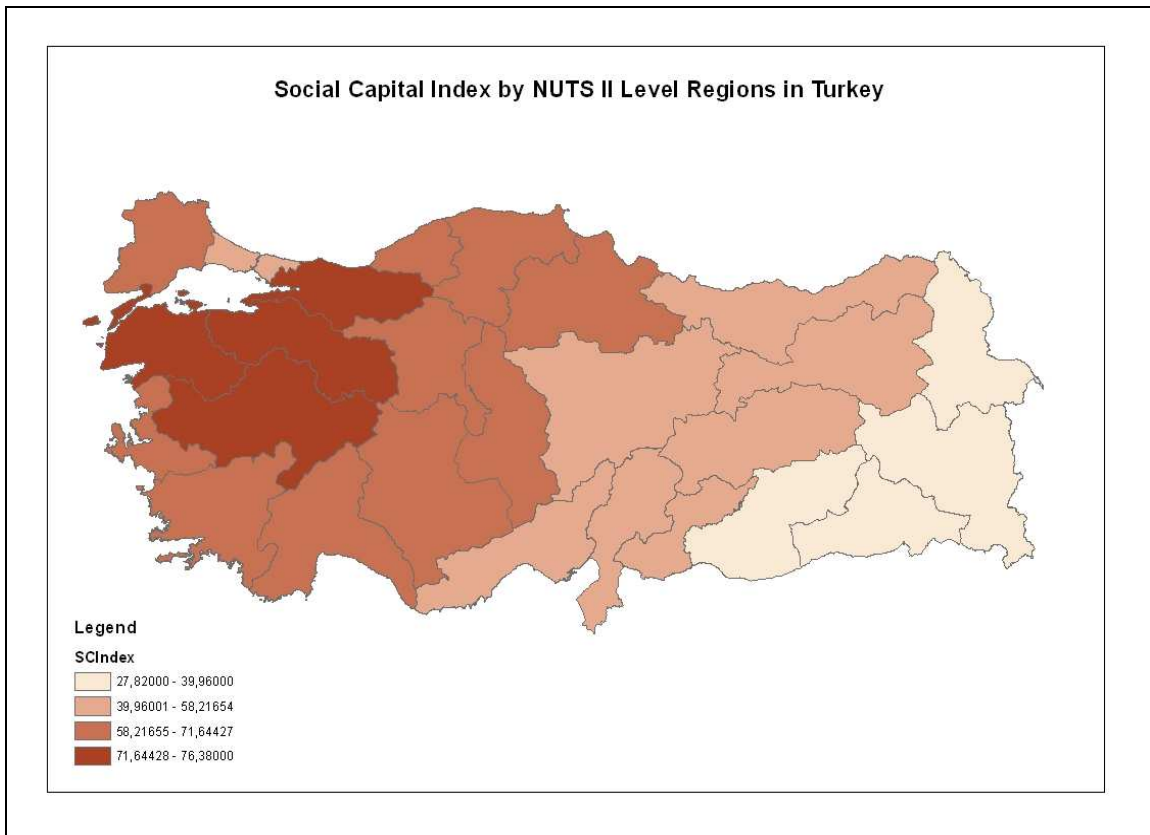


Figure 2: Social Participation in Turkey

Social capital shows similarity with the interregional disparities as it is also asserted in the social capital literature. The protest against the referendum on constitutional amendments which was held on 12.09.2010 in the southeast of the country can be considered as a factor that explains the emerging results in terms of social capital. The non-voting 2/3 ratio of the voters, reduce the social capital index based on the participation in social life throughout the region. On the other hand, besides the numbers of newspapers and rates of the participation in the elections; very limited number of memberships of the civil society organizations has also a role on this emerging difference.

The number of active associations in Turkey, is 88,060. With a population approaching 75 million, all the associations in Turkey have a total of 7.396.591 members and the number of members per association is 90. Istanbul ranks first with 17.329 associations, Ankara ranks second with 8.305 associations and Izmir ranks third with 4687 associations. The minimum number of associations are located in Eastern Anatolia provinces. When we examine these associations' field of activity, an interesting picture emerges; according to the data of the Department of Associations, religious associations rank first with 18% while sporting and aid associations follow religious associations with 17% (DA, 2011).

In terms of social capital, another remarkable area is the Metropolitan Region of Istanbul. Although Istanbul is the center of the economy of the country, it seems that it is not sufficient in terms of participation in public and social life. Here, the size of the population gains importance. In terms of the participation in public and social life, although most of the organizations are located in Istanbul, compared with the population, it seems that issues such as participating in the elections, newspaper reading rates and memberships in the associations are still not prevalent enough.

On the other hand, when the two maps are compared, the regions in the west of the country which are behind Istanbul in terms of economic development but have a more powerful social capital in contrast, stands out. In terms of the major metropolitan cities, it also stands out that the social capital which has been defined through participation in social life, is not parallel with economic development level.

In this case, it would be appropriate to look at the relationship between social capital and regional economic development. The results of Regression Analysis assert that there is a linear relationship between Social Capital and Regional Economic Development. Social capital alone explains 30% of economic development (Table 2, Table 3 and Figure 4). Social

capital alone is insufficient to explain economic development but it remains clear that there is a relationship between them. At this point, the relationship between social capital and other independent variables becomes important such as the population of the regions education, services...etc.

On the other hand, trust in terms of social capital, which can not be evaluated within the scope of this research, may explain inter-regional disparities across the country. It is observed that the countries with high degree of trust and consequently high social capital are developed countries, especially the Scandinavian countries. A comparative study on EU Member States and candidate states including Turkey was performed by Norris in 2001. In the study comparing members and candidates as for social capital, Turkey ranked as 45th in 47 countries (Norris, 2001). Turkey being in this category after Brazil, which has the most uneven income distribution in the World, suggests that uneven income distribution has an effect on social capital.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,543 ^a	,295	,286	11,15666

a. Predictors: (Constant), SC Index

Table 3: ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4107,322	1	4107,322	32,998	,000 ^a
	Residual	9833,220	79	124,471		
	Total	13940,541	80			

a. Predictors: (Constant), SC Index

b. Dependent Variable: RED Index

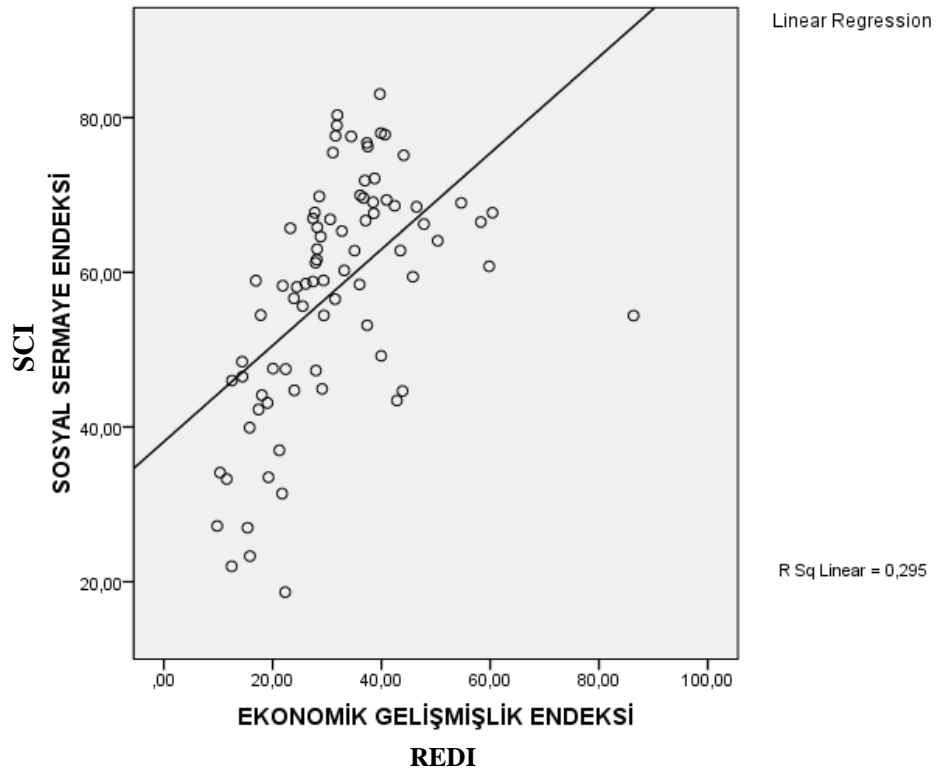


Figure 4: Regression Analysis of REDI and SCI

V. Discussion

Whereas social capital is the basis for collective actions and implementation, trust is the indicative characteristic of social capital. Assurance of trust depends on meeting of individuals' and communities' requirements. It is known that when public services meet requirements, people trust more in collective action (Basile and Cecchi, 2005). It must not be forgotten that the skill to plan their own future improves by trust in collective action and furthermore, trust is affected by former initiatives of the state. Meeting of the basic requirements of people plays an important role in formation of trust in collective action. In this situation emphasizing the necessity for a social democratic welfare state, improving public services becomes more important.

A point that must be emphasized is that social capital cannot assure development and growth on its own. In a less favoured economy that uses its resources ineffectively, expectation for social and economic development by focusing on social capital is not reasonable. On the other hand, it must not be forgotten that social capital is both the reason and consequence of underdevelopment. Duty of state in this respect is to provide local public services fully and thus assure establishment of trust in collective action.

In Turkey, where family ties and cultural values keep their importance, elements that could be the sources for social capital became elements that restrict social movements and cooperation instead of possessing a capital value because they are not supported by a strong tradition of civil society and they are restricted by the feudal structure of the east regions. When we examine societies with high social capital, we observe that they are democratic societies. It must not be forgotten that democratic societies encourage individuals that trust in others, that are participating, liberalistic and tolerant, reconciling, and criticizing the legal authority but not rejecting it.

To conclude, all suggestions will be meaningful when a powerful civil and democratic society is created, poverty and inequality are eliminated, the judicial system is supported by improvement of the institutional structure and implementation of laws and regulations.

Acknowledgements

This paper is presenting the results of a research project which is financed by Yildiz Technical University, Office of Scientific Research Project Coordination.

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