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Editors

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Chapter 1

**PERSON-ORGANIZATION FIT,
JOB SATISFACTION, TURNOVER
INTENTION RELATIONS AND THE
MEDIATION EFFECT OF PERCEIVED
ORGANIZATIONAL SUPPORT**

Emine Genç¹

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1. INTRODUCTION

Turnover intention is a concept used to express the plans or wishes of individuals to leave the organization they work for (Cuskelly & Boag, 2001). However, sometimes, due to various factors, this intention does not result in the act of leaving the job, it requires the person to continue the current job. At this point, the individual who continues to work in the current workplace, on the other hand, may enter into negative thoughts, attitudes and behaviors towards the organization –as a defense mechanism. Understanding the mechanisms for employee turnover intentions can provide human resources professionals with additional insight into how to effectively communicate with their employees and address their needs proactively.

Turnover intention is a cognitive process listed as thinking, planning, and wanting to quit (Lambert, 2006). The turnover intention is defined as a deliberate and conscious desire to leave the organization and is expressed as the most important determinant or indicator of turnover behavior (Tett & Meyer, 1993). Factors affecting the turnover intention are generally addressed in three contexts, namely the person / work / organization environment (Cotton & Tuttle, 1986). In some studies, it is seen that factors affecting the intention to quit are categorized as economic (wage, external possibilities, education / training, company size), demographic (such as age, seniority) and psychological factors (such as psychological contract, job satisfaction, organizational commitment, job insecurity). (Perez, 2008). In a study (Holtom, Mitchell, Lee, & Eberly, 2008) in which the issue of turnover was comprehensively examined, theoretical and empirical models were classified historically and the literature before 1985 generally focused on individual level factors; the studies conducted between 1985-1995 started to examine the effects of contextual factors between individuals (such as perceived manager support, group cohesion, burnout) and organizational level (such as organizational culture, person-organization fit, gender composition) was stated.

Identifying the determinants of turnover intention has become an important driver of organizational behavior research. The turnover intention which researchers frequently deal with in this context, is an important variable to be understood in terms of both the employee and the organization. The study examined the impact of P-O fit, job satisfaction and POS on turnover intention. This study contributes to the turnover intentions literature in two key ways. One of the important inputs associated with the concept of turnover intention is the P-O fit. However, several scholars have criticized that the process through which P-O fit leads to employees' turnover intention has not received much attention in the literature (Peng, Lee, & Tseng, 2014).

My first contribution is to test the mediating role of job satisfaction as a causal chain in linking P-O fit to turnover intention. Aynı değişkenlerin ele alındığı benzer çalışmalar olmakla birlikte (Li, Li, & Hu, 2010) Few empirical studies have been based on samples from Germany, so relatively little is known about the effects of P-O fit on attitudes and behaviors of employees from Germany. Especially in Germany, it is important to carry out research on private sector employees, where there are many employees from different cultures. My second contribution is to test moderating effect of POS in the relationships between P-O fit, job satisfaction, and turnover intention. It shows that the employees develop a corporate identity when POS is high (Eisenberger, Stinglhamber, Vandenberghe, Sucharski, & Rhoades, 2002). POS creates positive results for both the organization and the employees (Aselage & Eisenberger, 2003). According to the organizational support theory (Eisenberger, Huntington, Hutchison, & Sowa, 1986), employees form an opinion about how much their organizations value their contributions and attach importance to their welfare. When employees receive support from their own organizations, their intention to leave (Miao, Hou, & Kim, 2011) will decrease. Considering the POS's intention to quit as a moderator in the relations between P-O fit and Job satisfaction will contribute to the literature.

2. THEORETICAL OVERVIEW AND HYPOTHESES DEVELOPMENT

2.1. Person-Organization Fit And Turnover Intention

P-O fit which is expressed as the overlap of the expectations of the individual and the organization or the situation of showing similar characteristics, has a characteristic that can vary from person to person (Lauver & Kristof-Brown, 2001; Judge & Cable, 1997). The individual directs his behaviors and attitudes within the framework of the harmony he perceives between his own values, personality traits and expectations and the dominant values of the organization, management processes, culture and climate (Cable & Judge, 1996). According to the P-O fit theory, when people find a fit with the organizations they are involved in, they reflect this positive situation on their behaviors and attitudes (Billsberry, Ambrosini, Moss-Jones, & Marsh, 2005). Highly adaptive employees will be more passionate about the job and their job success will be high (Astakhova & Porter, 2015). One of the dominant theories for which to understand the relationship between P-O fit and turnover intention is "Attraction-selection-attrition" (ASA; Schneider, 1987). According to Schneider's ASA perspective, "individuals are attracted to organizations where they see a close match in terms of their pursuit of goals and values which, if compatible, reduces the likelihood that employees will leave the organizations" (Liu et al., 2010). Other research generally supports

that P-O fit reduces turnover intention (Van Vianen, 2000; Chang, Chi, & Chuang, 2010; Liu et al., 2010; Lauver & Kristof-Brown, 2001; Piasentin & Chapman, 2007; Wheeler, Gallagher, Brouer, & Sablinski, 2007; Vanderberghe, 1999; Brown & Yoshioka, 2003; Hoffman & Woehr, 2006).

2.2. Job Satisfaction And Turnover Intention

Decreasing turnover intentions and increasing the job satisfaction of employees is always the topic of interest by most researcher (Chiat & Panatik, 2019). Work life and dynamics which have an important place in the lives of individuals, are the subject of many studies. In the fields of organizational behavior and psychology, the causes and consequences of many attitudes towards business life are also investigated. Turnover intention and job satisfaction are among the most commonly studied variables. According to some of the basic definitions available in the literature, job satisfaction is generally expressed as the satisfaction of employees with their jobs (Koustelios, 2001). Job satisfaction is seen as an individual's attitude towards his job. Accordingly, high job satisfaction is mentioned if the individual has positive feelings towards his job, and low job satisfaction is mentioned if he has negative feelings (Robbins, 2001).

Job satisfaction is a happy attitude in which there is a match between employees' expectations and results. Although there is an uncertain relationship between satisfaction in the work environment and worker productivity, there is a general acceptance that if the worker is happy, he will be more productive (Diener & Biswas-Diener, 2008; Wright & Cropanzano, 2004; Zelenski, Murphy, & Jenkins, 2008). One of the important outcomes of job satisfaction is the information that those with high job satisfaction continue to work more than those with low job satisfaction (Hackett, 1989). In addition, it has been found that those with high job satisfaction do not change their jobs (Tett & Meyer, 1993), arrive on time to work (Koslowsky, Sagie, Krausz, & Singer, 1997), and show higher job performance than those with low job satisfaction (Judge, Thoresen, Bono, & Patton, 2001). Bouckennooghe, Raja, & Butt (2013) examined the relationships between job performance, intention to quit and job satisfaction. As a result, job satisfaction was found to be positively related to job performance and negatively to turnover intention. It has been found in many studies that dissatisfied employees have high turnover intention (Van Dick et al., 2004). According to studies, low job satisfaction highlights the intention of employees to quit (Spector & Jex, 1991).

2.3. The Mediating Role Of Job Satisfaction

Job satisfaction is "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (Locke, 1976). Numerous studies have been conducted on how independent variables affect job

satisfaction and how job satisfaction affects various job behaviors. Studies on P-O fit have emphasized the effects on employee attitudes especially on job satisfaction (Meglino, Ravlin, & Adkins, 1989), and turnover intention (Schneider, Goldstein, & Smith, 1995).

Within the framework of the Attraction-SelectionAttrition / ASA Model (Schneider, 1987), the basic assumption underlying the writing of P-O fit is; The fact that the individual finds the organization closer to him / her more attractive in terms of adaptation and the tendency to leave the organization is lower. P-O fit not only brings positive results for the organization but also offers significant benefits for the individual. High perception of P-O fit positively affects the health of the individual and reduces the intention to leave the job by making them feel better within the organization.

It has been shown in researches that individuals who have high interaction between their individual values and organizational values have increased commitment to work and organization (Cooper-Thomas, Van Vianen, & Anderson, 2004; Van Vianen, 2000; Piasentin & Chapman, 2007) and organizational citizenship behaviors (Hoffman & Woehr, 2006) whereas intention to quit (Chang et al., 2010; Liu et al., 2010; Hoffman & Woehr, 2006; Wheeler et al., 2007; Lauver & Kristof-Brown, 2001; Van Vianen, 2000; Piasentin & Chapman, 2007) and work stress decreases (Hoffman & Woehr, 2006). In addition, it has been determined that individuals with high P-O fit have higher job satisfaction levels compared to others (Liu et al., 2010; Ulutaş, Kalkan, & Çetinkaya Bozkurt, 2015; Cooper-Thomas et al., 2004; Piasentin & Chapman, 2007; Wheeler et al, 2007; Lauver & Kristof-Brown, 2001), and accordingly their job performance is also positively affected (Goodman & Svyantek, 1999; Hoffman & Woehr, 2006).

When the related literature is examined, it is seen that the size of the Po- Fit and turnover intention relationship differs from one study to another (Arthur, Bell, Villado, & Doverspike, 2006; Liu et al. ,2010) . In this respect, considering that these changes in effect size may be dependent on different mediators, in this study job satisfaction was determined as a possible mediator variable that could affect the relationship between P-O fit and turnover intention, based on the findings of previous studies in the field of organizational behavior. Within this scope, it is thought that job satisfaction may be effective in strengthening the relationship between employees' Po- Fit and their turnover intention. Thus, I propose the following hypothesis:

Hypothesis 1: Job satisfaction plays a mediating role in the relationships between the P-O fit and Turnover Intention.

2.4. The Moderating Effect Of Perceived Organizational Support

Even though they seem to be a cost factor, the perception of employees about the economic, social and emotional supports provided by organizations, provides productivity increase as long as they are analyzed correctly. The performance of employees supported by the employer increases (Eisenberger, Fasolo, & Davis-LaMastro, 1990). When employees receive support from their organizations, their performance increases (Eisenberger et al., 1990), they develop a positive attitude (Sherony & Green, 2002) and they become more willing to stay in the organization (Eisenberger et al., 1990). A steady stream of research has since provided evidence linking POS to myriad employee work outcomes such as organizational citizenship behavior (Wayne, Shore, Bommer, & Tetrick, 1997), job satisfaction (Harris, Winskowski, & Engdahl, 2007), reduced turnover (Edwards & Peccei, 2010), job performance (Orpen, 1994), and organizational commitment (Fuller, Barnett, Hester, & Relyea, 2003).

One of the important effects of POS to work outcomes is that it decreases the turnover intention. Research has shown high levels of POS reduced turnover intention (Edwards & Peccei, 2010; Shen et al., 2014; Van Knippenberg & Sleebos, 2006; Guzzo, Noonan, & Elron, 1994; Wayne et al., 1997). Perryer, Jordan, Firms, & Travaglione (2010) assert that employees will tend to leave their jobs less when they feel that their organizations are behaving positively towards them. Organizational support which is an important factor affecting job satisfaction, causes an employee with a high perception of job satisfaction and a positive mood (Rhoades & Eisenberger, 2002).

The fact that the managers of the organization and the organization continue to provide organizational support to the employees (Cheng & Yi, 2018) is a very important factor in increasing the job satisfaction levels of the employees. Studies (Fu et al., 2013; Allen et al., 2003) show that POS is a factor that affects job satisfaction and there is a positive relationship between POS and job satisfaction. Eisenberger et al. (1997), in their study on 295 people working in different businesses, found that perceptions of employees on organizational support and job satisfaction were at a high level and that there was a strong positive relationship between general job satisfaction and POS. Miao & Kim (2010) found a positive relationship between job satisfaction and POS in their study on 130 employees in 2 enterprises operating in the public sector in China. Thevanes and Saranraj (2018) found a positive relationship between POS and job satisfaction as a result of their study to examine the relationship between perception of organizational support and job satisfaction of 141 academic staff in Sri Lanka. In other studies, it has been found that perceived organizational

support has a significant positive effect on job satisfaction (Mary, 2015; Paille', Bourdeau, & Galois, 2010; Peterson, 2015).

The starting point of this study is to investigate the regulatory effect of POS in the relationship between person-organization harmony, job satisfaction and turnover intention. Since POS affects the employees' perception of P-O fit and job satisfaction and their attitudes and behaviors towards the organization positively, it can be stated that the effect of the perception of P-O fit and job satisfaction on the intention to leave the job may vary according to the organizational support perceived by the employee. It can be said that employees who think that the perception of compliance with the organization and job satisfaction is low but that they receive a high level of support from the organization will have less turnover intention whereas employees who think they have low level of support from the organization will have more turnover intention. Thus, I propose the following hypothesis:

Hypothesis 2. POS moderates the relationships among P-O fit, job satisfaction, and turnover intention.

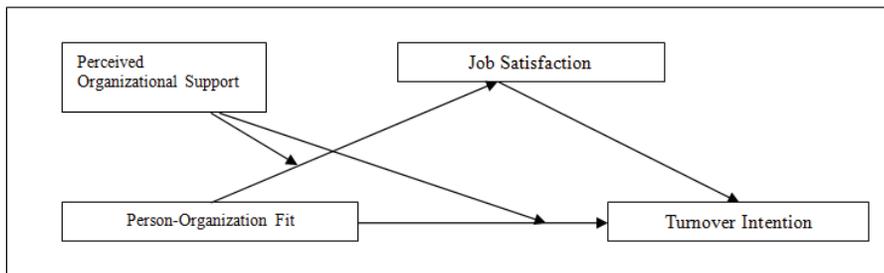


Figure 1. *Conceptual Framework*

Figure 1 that was developed based on the literature review shows the relationships between person organization fit, job satisfaction, turnover intention and perceived organizational support.

3. METHODS

3.1. Purpose And Scope Of Research

The purpose of the present study was to examine the impact of person-organization (P-O) fit, job satisfaction and perceived organizational support (POS) on turnover intention. The study examined the moderating role of POS in the relationships between P-O fit, job satisfaction, and turnover intention. The study also aimed to see the mediation effect of job satisfaction between P-O fit and turnover intention. In line with the purpose of the present study, the following hypotheses have been developed:

Hypothesis 1: Job satisfaction plays a mediating role in the relationships between the P-O fit and Turnover Intention.

Hypothesis 2. POS moderates the relationships among P-O fit, job satisfaction, and turnover intention.

3.2. Participants And Procedure

This study was conducted in Hannover/Germany from January to August 2019. Employees working in private organizations were approached with the snowball method. They were informed about the research aims and they were reassured that participation was voluntary and that the data they will provide with their answers will be kept confidential. Interested employees could either complete an online, electronic version or a paper-and pencil version of the questionnaire. 650-700 people were asked to answer the questionnaire. 541 participants returned to the questionnaires, and the answers of 524 participants who filled the questionnaire completely were evaluated. These samples were collected from various industries and organizations. Most of the participants work in automobile factories. Apart from this, there are participants working in elderly nursing homes, food and beverage businesses and banks. The sample consisted of 222 females (42%) and 302 males (52%). Respondents averaged 38 years of age ($SD=11.33$) and reported an average of roughly 15 years ($SD=10.08$) of job tenure.

3.3. Measures

The data of the study were collected with a questionnaire form consisting of scales tested for reliability in previous studies. The questionnaire was prepared in English and then translated to German language by expert translators. Respondents were asked to indicate their agreement or disagreement with the statements provided using a five-point Likert scale where 1 indicated strongly disagree and 5 indicated strongly agree.

The data of the study were collected with a questionnaire form consisting of scales tested for reliability in previous studies.

Person-Organization Fit – A 3-item scale was used to measure the degree of the fitness between employees and organization. The questionnaire was developed by Cable & DeRue (2002). “The things that I value in life are very similar to the things that my organization values” represents a sample item. Cronbach’s alpha for this scale was 0.85.

Job satisfaction. Job satisfaction was measured with the 5-item scale by Brayfield & Rothe (1951). “I feel fairly satisfied with my present job” represents a sample item. The reliability of the scale was acceptable ($\alpha=0.88$).

Turnover intentions. Individuals were asked to indicate their intentions to quit using a

3-item scale adapted by the work of Jenkins (1993) and Kransz, Koslowsky, Shalom & Elvakim (1995). “I intend to leave this company in the near future” represents a sample item. The reliability of the scale was acceptable ($\alpha = 0.86$).

Perceived organizational support. POS was measured with Eisenberger et al. (1986) 8-item measure. A sample item was “My organization considers my goals and values.” The reliability of the scale was acceptable ($\alpha = 0.86$). Two items (“If given the opportunity, my organization would take advantage from me” and “My organization is willing to help me when I need a special favor”) with a factor load of less than 0.30 were removed.

Questions relating to demographic data-such as gender, age, , and working time -were also included in questionnaire.

3.4. Data Analysis

The collected data were sorted and analyzed by SPSS 23.0 and its macro program PROCESS 3.5 (Hayes, 2013) and AMOS 22.1. The validity of the scales was tested by confirmatory factor analysis (CFA), AVE and CR. I conducted CFA to examine the distinctiveness of the variables used in the study. Using maximum likelihood estimation via Amos 22.1.

I compared a 4-factor model with three 3-factor models (3-factor Model 1 to Model 3), a 2-factor model, and a 1-factor model. In the 4-factor Model, four constructs (POS, P-O fit, job satisfaction, turnover intention) were treated as four independent factors. In the 3-factor Model 1, job satisfaction and P-O fit items were loaded on one factor. In the 3-factor Model 2, job satisfaction and POS items were loaded on one factor. In the 3-factor Model 3, POS and P-O fit items were loaded on one factor. In the 2-factor Model, POS, job satisfaction and P-O fit items were loaded on one factor. In the 1-factor Model, all variables studied were loaded on one factor. For the convergent and divergent validity of the scales, AVE and CR values of each hidden variable were examined separately. For validity; The AVE value must be greater than 0.5, the CR value must be greater than 0.70, and the CR ratio must be greater than AVE ($CR > 0.7$; $AVE > 0.5$; $CR > AVE$) (Diamantopoulos, Siguaw, & Siguaw, 2000).

Pearson correlation analysis was used to assess correlations among continuous variables. The mediating effect of job satisfaction and the regulatory effect of POS examined using SPSS PROCESS v. 3.5 (Hayes, 2013). Mediation effect was carried out using Model 4 and moderating effect Model 59. In the analysis, 5000 resampling option was preferred with the bootstrap technique.

4. RESULTS

Table 1 presents the CFA results. As shown in that table, the fit indices revealed support for the hypothesized 4-factor Model suggesting support for the distinctiveness of the constructs used in this study.

Table 1. *The results of CFA*

	Models	χ^2	df	χ^2/df	TLI	CFI	GFI	RMSEA
1	1-Factor Model	2610,763	117	22,314	,427	,507	,604	,202
2	2-Factor Model	1829,523	114	16,048	,595	,661	,668	,170
3	3-Factor Model 1	889,853	111	8,017	,811	,846	,813	,116
4	3-Factor Model 2	1189,620	111	10,717	,739	,787	,775	,136
5	3-Factor Model 3	1377,787	111	12,412	,693	,749	,755	,148
6	4- Factor Model	450,219	106	4,247	,913	,932	,912	,079

Note: 1 factor Model (Job satisfaction, P-O fit, POS and turnover intention were loaded on one factor), 2-factor Model (POS, job satisfaction, and P-O fit items were loaded on one factor), 3-Factor Model 1 (Job satisfaction and P-O fit items were loaded on one factor), 3 Factor Model 2 (Job satisfaction and POS items were loaded on one factor), 3 Factor Model 3 (POS and P-O fit items were loaded on one factor), 4 Factor Model (POS, P-O fit, job satisfaction, and turnover intention were treated as four independent factors).

TLI, Tucker–Lewis index; CFI, comparative fit index; GFI, goodness of fit index; and RMSEA, root mean square error of approximation.

The goodness of fit values of the measurement model were determined as ($\chi^2 / df = 4.24$, $TLI = 0.91$, $CFI = 0.93$, $GFI = 0.91$, and $RMSEA = 0.07$) (Table 1). As argued by Hair et al. (2010) RMSEA values between 0.03 and 0.08 and TLI, CFI and GFI values above 0.90 indicate a good fit. Accordingly, the goodness of fit values of the 4-factor model are sufficient. The factor loads, AVE, CR and α values of the model are presented in Table 2.

Table 2. *The factor loads, AVE, CR and Cronbach Alpha*

Items	Factor Loading	AVE	CR	α
Perceived Organizational Support				
1. POS1	0.61	0.51	0.86	0.86
2. POS2	0.77			
3. POS3	0.57			
4. POS4	0.80			
5. POS5	0.86			
6. POS6	0.65			
Person-Organization Fit				
1. P-O Fit1	0.89	0.67	0.85	0.85
2. P-O Fit2	0.89			
3. P-O Fit3	0.66			
Job Satisfaction				

1.	JS1	0.82	0.58	0.87	0.88
2.	JS2	0.75			
3.	JS3	0.58			
4.	JS4	0.78			
5.	JS5	0.85			
Turnover Intention					
1.	TI1	0.68	0.68	0.86	0.86
2.	TI2	0.89			
3.	TI3	0.90			

The values of average variance extracted (AVE) and the composite reliabilities (CR) exceeded the sufficient degree of 0.50 and 0.70 (Fornell & Lacker, 1981), respectively (Table 2). The test of reliability showed that the Cronbach's alpha for each variable exceeded the acceptable threshold of 0.7 suggested by Sekaran & Bougie (2016).

Table 3 presents the descriptive statistics, and correlations of the variables studied. As shown in that table, job satisfaction, P-O fit, and POS were related to turnover intention in the expected direction.

Table 3. Means, standart deviations, and correlations

	Variables	M	SD	1	2	3	4
1	P-O Fit	3.52	0.94	1			
2	Job Satisfaction	3.50	0.92	0.55**	1		
3	POS	3.65	0.78	0.28**	0.26**	1	
4	Turnover Intention	2.31	1.24	-0.30**	-0.30**	-0.28**	1

Note: n=524, **p<.01.

Correlation analysis shows P-O fit was positively related to job satisfaction and POS ($r= 0.55$ and 0.28 , $p<0.01$), and negatively related to turnover intention ($r= -0.30$, $p<0.01$). Job satisfaction was positively related to POS ($r= 0.26$, $p<0.01$), and negatively related to turnover intention ($r= -0.30$, $p<0.01$). POS was negatively related to turnover intention ($r= -0.28$, $p<0.01$) (see Table 3). And this results an initial examination of the proposed relationships.

The results of the mediating effect of job satisfaction in the relationship between P-O fit and turnover intention are presented in Tables 4 and 5. When Table 4 is examined, the values of P-O fit on job satisfaction ($B=0.53$; CI [0.46, 0.60]; $t=15.00$; $p<0.01$) ve turnover intention ($B=-0.25$; CI [-0.38, -0.13]; $t=-3.98$; $p<0.01$) and the effect of job satisfaction on the turnover intention ($B=-0.26$; CI [-0.39, -0.13]; $t=-3.99$; $p<0.01$) are significant.

Table 4. *The results of mediation effect*

	Job Satisfaction (M)				Turnover Intention (Y)			
	B	SD	p	CI	B	SD	p	CI
P-O fit (X)	0.53 T=15.00	0.03	0.00	0.46/0.60	-0.25 T=-3.98	0.06	0.00	-0.38/ 0.13
Job Satisfaction (M)	-	-	-	-	-,0.26 T=-3.99	0.06	0.00	-0.39/ 0.13
R2	0.30	F=225.10	0.00		0.11	F=35.28	0.00	

The total, direct and indirect effect values and bootstrap confidence intervals related to the mediating effect of job satisfaction in the effect of P-O fit on the turnover intention are given in Table 5. As can be seen from the table, total effect value was found to be -0.39, direct effect value -0.25, indirect effect value -0.14, and bootstrap confidence intervals were found to be -0.23 to -0.05. In line with these results, the mediating effect of job satisfaction between P-O fit and the turnover intention was determined (see Table 5). Therefore, hypotheses 1 is supported.

Table 5. *The results of mediation effect of job satisfaction*

Mediation effect of job satisfaction	Total effect	Direct effect	Indirect effect	Bootstrap Confidence Interval
P-O fit-Turnover Intention	-0.39	-0.25	-0.14	-0.23/-0.05

The model set P-O fit as the independent variable (X), job satisfaction as the mediator (M), POS as the moderator (W), and turnover intention as the outcome (Y). For the analyses, the products were mean centered, a 95% CI was used, and 5000 bootstrap samples were generated for indirect effect analysis. Results are presented in Table 6 partially supporting Hypothesis 5, as there was evidence of moderated mediation for the relationship between P-O fit and job satisfaction ($B = 0.13$, $t = 3.06$, $p < 0.05$, CI [0.04, 0.21]) and, job satisfaction and turnover intention ($B = -0.18$, $t = -1.97$, $p < 0.05$, CI [-0.36, -0.05]). Therefore, POS moderates the relationships among P-O fit, job satisfaction, and turnover intention. And, hypotheses 2 is supported.

Table 6. *The results of moderating effect*

DV	IV	B	SD	t	p	LLCI	ULCI
Job Satisfaction	Constant	2.88	0.57	5.05	0.00	1.76	4.01
	P-O fit	0.08	0.16	0.05	0.95	-0.31	0.33
	POS	-0.31	0.15	-2.02	0.04	-0.61	-0.09
	P-O fit x POS	0.13	0.04	3.06	0.02	0.04	0.21

Turnover Intention	Constant	2.32	1.07	2.15	0.03	0.20	4.43
	JS	0.48	0.35	1.35	0.17	-0.21	1.18
	P-O fit	-0.16	0.31	-0.54	0.58	-0.77	0.44
	POS	0.38	0.28	1.37	0.16	-0.16	0.94
	P-O fit x POS	-0.09	0.08	-0.11	0.90	-0.17	0.15
	JS x POS	-0.18	0.09	-1.97	0.04	-0.36	-0.05

It has been determined that the P-O fit of POS has a regulatory effect on the turnover intention and job satisfaction.

5. DISCUSSION

POS and P-O fit have become an important topic in the study of organizational behavior, because they have a strong effect on employees' attitudes and behaviors in an organization. The results of the study produced the same conclusion as previous empirical studies: P-O fit increases the job satisfaction levels of the employees and decreases their turnover intention. These results support Schneider's (1987) contention that employees prefer to work with an organization with which they have something in common. The individual directs his behaviors and attitudes within the framework of the fit he perceives between his own values, personality traits and expectations and the dominant values of the organization, management processes, culture and climate (Cable & Judge, 1996). Studies conducted within the framework of P-O fit have reported that this structure has outputs and effects at both individual and organizational levels (Kristof-Brown et al., 2005; Piasentin & Chapman, 2007; Verquer et al., 2003). When the individual-level reflections of perceived P-O fit are examined, it is found that individuals who perceive a higher level of fit with their organization have higher job satisfaction levels than others (Wheeler et al., 2007; Cooper-Thomas et al., 2004; Lauver & Kristof-Brown, 2001; Piasentin & Chapman, 2007) and have lower turnover intention (Hoffman & Woehr, 2006; Wheeler et al., 2007; Piasentin & Chapman, 2007) has been reported in other studies, similar to the research results. Jin, McDonald, & Park (2018) research's model was tested using cross-sectional survey responses from 692 faculty at an urban public university. They posit that conservation of resources (COR) theory may be particularly useful in explaining why and how P-O fit is related to reduced turnover intention.

In the study, it was found that job satisfaction affects the turnover intention negatively and significantly. Accordingly, employees with high job satisfaction tend to quit less than employees with low job satisfaction. It is true that job satisfaction has positive reflections on individual, organizational and social levels. On the other hand, job dissatisfaction also has negative reflections at the organizational level such as stress, alienation, various mental and physical ailments, such as individual

(Fairbrother & Warn, 2003; Jung & Yoon, 2015) and absenteeism, low performance, alienation from work and organization, turnover intention, and employee turnover. (Macintosh & Doherty, 2010; Menguc et al., 2016).). It is an expected result that individuals who want to get rid of the negative reflections of job dissatisfaction, seek an alternative job that they will be satisfied with, that is, being in turnover intention. Ramoo, Abdullah, & Piaw (2013) revealed in their study that job satisfaction levels of healthcare professionals working at university hospitals in Malaysia are an important and independent determinant of their turnover intention. Moreover, my results support previous findings (e.g., Chhabra, 2015; Liu et al., 2010; Jin et al., 2018) that job satisfaction does mediate P-O fit and turnover intention. In his research conducted with 317 participants in Delhi and National Capital Region, Chhabra (2015) found that job satisfaction and organizational commitment have a mediating effect on the relationship between P-O fit and turnover intention.

As a result of the research, a significant relationship was found between POS and P-O fit, job satisfaction and turnover intention. Accordingly, employees who are supported by their organizations have higher perceptions of P-O fit and job satisfaction and a lower turnover intention. Similarly, in the studies conducted in the literature, it was determined that there is a positive relationship between POS and P-O fit and job satisfaction (Miano, 2011; Abou Hashish, 2017; Chenga & Yang, 2018; Al-Zalabani and Modi, 2014) and a negative relationship with turnover intention (Wayne et al., 1997; Arokiasamy, Marimuthu, & Moorthy, 2010; Wang, Ma, Liu, & Liu, 2014; Kim & Barak, 2014). Results largely support the moderating capacity of POS. There was evidence of moderated mediation for the relationship between P-O fit and job satisfaction and, job satisfaction and turnover intention. In line with these results, the effect of employees' perception of adaptation towards their organizations who are supported by their organizations, on their job satisfaction is higher than the employees who are not supported by their organizations. In addition if the job satisfaction of employees is supported by the organizations of employees, the turnover intention decreases more. One surprising findings in this study is that POS did not moderate the P-O fit and turnover intention relationship. A possible explanation for the findings is that this may be affected by the participants cultural differences.

Another important issue about POS is that this support activity is done voluntarily by the organization. This voluntary support will make employees feel themselves more valuable (Rhoades & Eisenberger, 2002). The most important source of companies that are in fierce competition with their rivals is employees with human capital constitute. In order for businesses to benefit from their human capital employees effectively and efficiently,

they need to support them in all matters. It is easier for businesses that have qualified personnel and can benefit from their employees efficiently and effectively to gain competitive advantage compared to their competitors. The impact of organizational support is inevitable for employees to work with all their force for their organizations. Financial support such as wages, working conditions, rewards, career opportunities and intangible support that contributes to business and family life will enable employees to work more devotedly for their institutions.

5.1. Practical Implications

The perceived organizational support and person-organization fit concepts are important in increasing the job satisfaction levels of the employees in terms of individual and organizational productivity and decreasing their turnover intention. Organizations need to attract and retain productive and reproductive employees in order to increase competition. The findings of the study reveal the importance of POS and P-O fit in increasing the job satisfaction of employees and for their stay in the organization. Given the positive employee outcomes associated with P-O fit and POS, understanding the mechanisms through which it operates may offer additional insight for human resource professionals. Labor turnover has been increasing in recent years and continues to be a major problem for businesses (Newman, Thanacoody, & Hui, 2012; Biron & Boon, 2013). Depending on the high turnover rate of the enterprises, it is possible that they will experience problems such as re-hiring and high training costs as well as loss of effective and productive employees. Before quitting process happens, the turnover intention forms (Tett & Meyer, 1993). Unlike leaving a job, turnover intention is also seen as the process by which employees evaluate themselves to stay in the workplace (Mobley, 1982). During process, the support of the employees by the organization and their positive attitude towards the organization (for example, the perception that they are compatible with the organization) will prevent the intention of quitting from turning into action. Researches suggest that leader support may not be as important as other factors in establishing P-O fit (Jin, McDonald, Park, & Yu, 2019) and also other positive attitudes.

The survival of today's enterprises operating in both public and private sectors is possible by recruiting talented employees as well as developing the skills of their existing employees, ensuring that they adopt the business and maintaining their employment in the business.

5.2. Limitations And Direction For The Future Research

Despite the promising findings of this paper, there are some limitations associated with the current research that should be addressed in future work. The fact that the study was conducted in only one region is considered to

be an important limitation. Another limitation of the study is that it is not longitudinal. Considering that the variables in question in the research may be subject to change over time, it should be known that the findings are limited to the time and period when the research was applied. It should be noted that the results of the study are based on the answers given by the participants and their individual perceptions. Focusing on sectors with different regional and organizational culture in future research may differentiate the research results.

6. CONCLUSION

Various factors can affect the intention to quit. This research conducted an investigation into P-O fit, job satisfaction and POS as antecedents to turnover intention. In conclusion, a significant relationship was found between POS and P-O fit, job satisfaction and turnover intention. These results improve the available knowledge on these variables. Employing individuals who are fit with the organization and supporting them by the organization are important in terms of increasing job satisfaction and decreasing their turnover intention. Given the importance of employee turnover, organizations must also carry out effective human resource programs (etc. Implement flexible work arrangements, practice the right leadership styles). The supportive environment makes them enjoy what they do and develop a higher job satisfaction.

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Chapter 2

UNIVERSITIZATION PERIODS IN TURKEY: REGIONAL POLICIES AND CITIES¹

Mehmet Ali TOPRAK²

1 This study is derived from the doctoral thesis titled “*Dumlupınar University’s Effects on the Socio-economic Structure and Development of Kütahya City*” supervised by Prof. Dr. Şevket Işık. This study is a revised version of the original published in 2012.

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Introduction

The meaning and content of the higher education system has a geographical context. The concept of “Higher Education”, which includes the university, is quite broad. Albeit in different ways there has been a higher education tradition and related institutions in all societies. According to N. Kramer, in Sumer civilization the first schools were founded in the middle of 3000 BC, within the temples. Their main function was to teach literacy and to train the palace and temple staff (qtd. in Timur, 2000:33). In addition, Plato’s Academia and Aristotle’s Lyceum in Ancient Greece were also considered among the first higher education institutions. The university is the most widespread higher education institution today, representing the modern world in terms of concept and content. Within this context the direction of the study is more about modern universities than ancient educational institutions.

The concept of university was used in the 13th and 14th centuries for an autonomous community consisting of teachers and students who came together to provide high-level teaching of certain disciplines (Charle and Verger, 2005:8; Dölen, 2009:3). In this sense, the first universities were Bologna (1088), Paris (1160) and Oxford University (1167), which were rooted in the cathedral schools. The emergence of these universities is based on some social, economic and societal factors. In fact, from various perspectives, these universities were the heirs of a long tradition. The concept of “*Universitas*” is used to name these institutions that provide education in Christianized Antiquity disciplines (Charle and Verger, 2005:11-12). *Universitas* refers to an institution where all faculties and disciplines come together. However, from the end of the 12th century and the beginning of the 13th century, the concept began to be used to describe the guilds formed by teachers and students (Rashdall, 2010:6-7). These secular and market-sensitive institutions were financed by students who wanted to pursue vocational education. However, this structure lasted for a very short time and the administrative duties of these universities passed on to local administrations beginning from the 13th century on (Gürüz et al. 1994:57). As a result of the establishment of central states, the breaking of the influence of the church and the dominance of the secular ideology, universities began to be controlled by the political power. Universities have grown and developed over time and have become unable to meet their expenses with their own resources. As a result, they have to be supported by the state. With the beginning of education as a public service, new universities were established directly by the state as public institutions (Dölen, 2009:3-6).

During the Middle Ages, the university was basically an institution where the students were made to memorize knowledge from classics. The

approach to knowledge in this period can be defined through the concept of “curiosity”. It can be said that there was a transition from “curiosity” to “research” around 1700. In his memorandum, suggesting the establishment of an academy in Berlin, Leibniz emphasized that the stock of knowledge is not fixed in quality and quantity, but can be “advanced” or “corrected” (Burke, 2010: 51). Starting from the 19th century, the university began to be organized as a more research-oriented institution. The Humboldt-model research university, institutionalized by Wilhelm von Humboldt at the University of Berlin, is the first example of a research university. According to this approach, university professors have turned into researchers using the latest research results in their lectures (Clark, 1995:19). In the next period, besides the educational and research missions, a new mission (Third Mission) was assigned to the university: Supporting the economy (Etzkowitz and Leydesdorff, 2000:110).

As the above quotations suggest, we tend to speak of the university as an institution with roots in Medieval Europe. In reality, however, the medieval university completed its development around 1500 and disappeared in the next three centuries. The universities we have today were almost recreated in Western Europe and North America in the 19th century and gradually spread over the course of the century, and then, after 1945, to other parts of the world at a tremendous speed (Wallerstein, 1999). Due to the existence of different cultural systems in different areas where this institution has spread, the content and concept of university has changed and been diversified.

The epistemologic change of the university is related to political, social and economic trends. The currents of thought that change in different periods were influential in the transformation of the university. The university, which undertakes an educational mission, has contributed to the provision of technical knowledge that is needed during the nation-building processes (Higgs, 2002; Marginson, 2002). The university, which has become a part of economic development since the 20th century, has become an important actor of the regional development paradigm (Chatterton and Goddard, 2000; Pugh, 2017). In the last few decades, it has become demanded due to the direct cash flow it makes to the commercial activity in the city it is established.

In the 19th century, developments in Europe triggered the modernization processes in other countries. Universities have been seen as an important tool in achieving such goals as modernization, creating a national cultural region and economic development.

The location and year of establishment of universities can be explained with a center-periphery model. Belonging to the Western world, the

institution was born in Italy and later spread to the Anglo-Saxon world. The periphery countries have started to establish universities that will contribute to the modernization processes in the socio-economic and cultural centers of the country. The establishment of the Ottoman Darülfünun in the 19th century is a development that can be considered in this context. After the establishment of the Darülfünun, political, social and economic conditions and revolutions changed location and mission of the university. In this study, an evaluation was made by establishing a relationship between the effect of changing conditions and the location and mission of universities and the spatial texture of the country.

A Pre-Republican Experience: Darülfünun

Until the 16th century, the Ottoman Empire's education system was able to meet the manpower needs of a society that could enable a certain balance with Europe. The changes that started to be experienced in the approach to science in Europe during these years made the Ottoman Empire unable to keep this balance after a while. The Ottoman state administration needed highly trained manpower in order to make and implement the reforms that would enable it to create a new balance with Europe. In order to meet this need, the state first attempted to establish higher education institutions (Tekeli, 2010:21). Among them were the Mühendishane-i Bahr-ı Hümayun (Marine engineering) (1774), Mühendishane-i Berri Hümayun (Gunnery engineering) (1795) ve Tıphane-i Amire (Medical school) (1827). The aim of these institutions was to train administrators and members of the elite scientific community, instead of providing ordinary students with expertise in a field or enabling them to conduct scientific research (Taşer, 2010:18). These educational institutions were formed in accordance with the needs and possibilities of the pre-industrial empire (Tekeli, 2010:19). Darülfünun, which was founded differently from the aforementioned institutions, was a civil, rather than a military institution where positive sciences were taught and scientific research was carried out. The purpose of this institution was defined by Safvet Pasha, the minister of education at the time, as catching up with the pace of the progress of European states (for development of the Ottoman Empire) (Berkes, 2012:237). Darülfünun which is founded as a result of this new approach to the higher education, is an important turning point in the history of Turkish universities. Darülfünun, the foundation process of which started in 1845, was officially opened in 1870.

In the Ottoman Empire era, "Darülfünun" was used as the equivalent of the word university. "Fünun" is the plural of science. The word science was used for sciences based on evidence, observation and experiment in the 19th century. Accordingly, Darülfünun means "house of science" or "house of knowledge" and was used until 1933. As of this date, the Darülfünun was closed and the universal word "university" was started to

be used instead (Hatiboğlu, 1998:15; Dölen, 2009:47).

The operation of Darülfünun was constantly interrupted for several different reasons. This institution, which was affected by social instabilities, could not maintain its continuity despite all the efforts. It was closed and reopened from time to time or continued under another name. The hardships that this institution has survived, in a sense, reflect the spirit of the period. The institution has tried to survive in a disintegrating empire and wars. The polarization, instability and conflicts in the society had negative effects on Darülfünun.

The idea of a university with a positivist/modern western understanding, which started with Darülfünun, continues to become widespread in recent years. The university, which has the mission of meeting the needs of the period and the demand for higher education, has become an institution that is emphasized. The transformations of this institution and the conjuncture that played a role in these transformations will be the main emphases of the study.

Data and Method

The main argument of the study is that the spatial/regional planning paradigm of the period and the socio-economic status of the cities were effective in the selection of the university establishment location.

In order to reach the trends that are effective in the selection of the university establishment location, it is necessary to reach the data on the socio-economic conditions of the cities on the basis of periods. These data were obtained from *Socio-economic Development Ranking of Provinces and Regions* (1996 and 2003). However, since these studies belong to recent periods, indirect data for previous periods were used. From the parliamentary speeches for the First Period and the works reflecting the spirit of the period; For the Second Period, *Higher Education Research* (1970), *Hierarchy of Settlement Centers in Turkey* (1982) and *Five Year Development Plans* (FYDP) were used.

Policies that have changed over the years have created distinct periods in many areas in the history of Turkey. Explaining the dynamics of these periods is an important step for this study. The change in the functional approach to the university has differentiated between these periods.

In every country, universities -like other educational institutions- reflect the economic and social structure, political and cultural aspirations, achievements and contradictions of the society they are in. (Meray, 1970:13). In the modernization process experienced in the first years of

the Republic of Turkey¹, the university was considered as a tool for nation building and modernization policy, and the idea of establishing a university in each cultural region of the country was adopted. This can be perceived as a reflection of the radical modernization policy. Development paradigms that started to rise after the World War II, regional inequalities and policies to eliminate these inequalities came to the fore. As a result of these policies, investments, incentives and tax reductions were applied to the surrounding provinces and the development was tried to spread throughout the country. In accordance with the spirit of the 1970s, the approach to the university has also changed, and universities have started to spread to the periphery in accordance with the development paradigms of the period. Resources to be used for this period are FYDP (II-IV), Higher Education Research (1970) and Hierarchy of Settlement Centers in Turkey (1982). From these studies, information about the criteria taken into consideration when establishing a university and the urban organization of the period were quoted. Based on periodic applications, it was observed how the university experienced a change in function.

In the Third Period, which started in 1987, universities began to be established in the service regions of previous universities. Since this period, the idea that the university is an actor that revitalizes the economic life prevailed and 22 new universities were opened by the same law. With this approach coming to the public agenda, the surrounding cities also voiced their demand for universities. This process has also been the mainstay for universities established after 2006.

In the Socio-economic Development Ranking of Provinces and Regions, which will be used for universities opened in the two periods between 1992 and 2008, development is examined under 5 categories. However, the current classification was revised for this study and the number of categories, which was 5, reduced to 4.

Periods, Regional policies, and Cities

With the proclamation of the Republic (1923), Darülfünun, like all institutions in Turkey, went through a process of change/transformation. Darülfünun, which was exposed to many criticisms, continued its existence as the only university in Turkey until 1933. Darülfünun, which was also active during the first ten-year period of the Republic, was transformed into Istanbul University with a law enacted in 1933. The aim of this move was to break the university's ties with the Ottoman Empire and to establish a modern university based only on the West (Maktav, 2001:139).

¹ After the collapse of the Ottoman Empire following First World War and the independence war started by Mustafa Kemal and his friends, the modern Turkish Republic was established on 29 October 1923 with the proclamation of the republic.

After Istanbul University, which is considered the first university of the Ottoman Empire and the Republic of Turkey, new universities were opened in many cities of the country. At the end of the long process, total number of universities in Turkey has increased to 209. Of these universities, 78 are foundation universities and 131 are public universities. During this universitization process, which bears traces of the history of a country, pauses and accelerations were experienced.

There are different classifications regarding the temporal and spatial distribution of universities. Although these classifications are handled in different ways by educators and researchers working on the history of education, these periods, which also express significant structural changes in higher education in Turkey, are generally classified as 1923-1946; 1946-1981 period and the post-1981 period (Sargın, 2007:136). Sargın (2007) ignored this classification and analyzed the process according to the periods when universities were accumulated numerically. Accordingly, universitization periods has been determined as 1923-1950; 1950-1980; 1980-1990, and after 1990. Sultan Kavili Arap divided the universities into periods according to their establishment dates and laws. Accordingly, the First Period: 1933-1944; II. Period: 1946-1959; III. Period: 1967-1971; IV. Period: 1973-1978; First Subsection of the V. Period: 1982-1987; Second Subsection of V. Period: It covers the period between 1992-2006. According to this, the opening periods of universities in Turkey are divided into sections on the condition that the period in which each legal change is made is accepted as the beginning (2007: 181) (Table 1).

Table 1: Legal Regulations and Classifications Made Based on Years Universities are Clustered

Periods	Kavili-Arap	Sargın
I. Period	1933-1944	1923-1950
II. Period	1946-1959	1950-1980
III. Period	1967-1971	1980-1990
IV. Period	1973-1978	After 1990
V. Period	1982-1987	
	1992-2006	

In this study, the process in question will be evaluated with a new perspective. In the classification made according to the socio-economic development of the city where the university was founded; I. Period: 1923-1950; II. Period: 1951-1987; III. Period:1988-1994; IV. Period: 1995-2008; V. Period: It covers 2021 and later.

Table 2: The Number of Universities Founded in Turkey by Periods

Periods	Years	Number of University Founded
Period	1923-1950	3
Period	1951-1987	25
Period	1988-1994	25
Period	1995-2008	41
Period	After 2009	35

At the end of the First Term (27 years), which started with the establishment of the Republic in 1923, three universities were opened in total. These universities were established in Istanbul, the capital of the Empire, and Ankara, the capital of the Republic of Turkey. As a result of the development paradigm that came to the agenda after the Second World War, Ege University in Izmir, Karadeniz Technical University (KATU) in Trabzon and Atatürk University in Erzurum were established to realize social, economic and cultural development in their regions. After a 10-year pause, Hacettepe (1967) in Ankara and Boğaziçi University (1971) in Istanbul were opened. By 1973, 20 new universities were established, mostly in regional service centers. With the opening of Gaziantep University in 1987, the total number of universities reached 30.

With the establishment of 21 universities and 2 Institutes of Technology (YTE) in 1992, and Osmangazi and Galatasaray universities in 1993 and 1994, the number of universities increased to 53. During this period, the number of cities without universities decreased to 40. With the new universitization move that started in 2006, universities were established in these cities until 2008. The promise of “*a university in each province*” was fulfilled and the total number of universities increased to 94. Nine university established in 2009 and later can be considered in a different context. There is no city without a university, and new universities have started to be established in the center in the ongoing process. It is clear that these universities were established for different purposes from previous universities. They are structured as institutions where more technical knowledge is produced and the idea of university-industry cooperation is at the forefront. Technical universities established in Bursa and Erzurum; Kayseri Abdullah Gül, Adana Science and Technology and Turkish-German University come to the fore with these features.

The tendency to spread from the center to the periphery, which started at the beginning of the republican period, is also experienced in the policy of more than one university in the same city. Second universities, starting from Istanbul, Ankara and Izmir, spread throughout the country. The trend in recent years is from developed centers to developing cities.

Second universities were established in cities such as Bursa, Konya, Kayseri and Erzurum. It is likely that the process will repeat and shift to relatively underdeveloped provinces over the years. In addition, foundation universities established with investments made by capital groups are spreading towards the periphery.

First Period Universities (1923-1950)

With the proclamation of the Republic, the meaning of Turkey's modernization project and the country's spatial organization has radically changed. A nation-state has been formed, but from now on, nation consciousness will be created and the nation will be built in a sense of mission by the founders of this state. (Tekeli, 2011: 143). So that universities, which are a part of social construction, have been seen as an important tool for the modernization of the country and the creation of a society that attaches importance to scientific and technical knowledge. Therefore, the modernization project has been tried to be carried out through regions and the idea of establishing universities on the basis of regions has been adopted. As a matter of fact, the duties and purpose of the university were explained for the first time in the Istanbul University Regulations published in 1934. Accordingly, Istanbul University was established for tasks such as *“to do research in the fields of knowledge, to try to expand and spread the national culture and higher knowledge, to help raise merit and mature people for state and country service jobs”* (Dölen, 2010:111).

Universities are the pioneers of intellectual and cultural movements, and in terms of these qualities, they have great duties in ensuring national unity (Onar, 1967). The university has been seen as an actor in the creation of modern society and the individual. M. Kemal Atatürk made a speech in this line at the opening of the The Grand National Assembly of Turkey (TBMM), and divided the country into three cultural and university regions. He emphasized that Istanbul University should speed up the reforms for the western region, Ankara University for the central region, and action should be taken to establish a modern university on the shores of Lake Van for the eastern region (Grand National Assembly Officer Report, 1 November 1937). Prime Minister Celal Bayar, on the other hand, said, *“In order to raise higher education youth as we want and need, as we want and need, the development of Istanbul University, the completion of Ankara University, the establishment of Eastern University around Lake Van according to the criteria determined by the studies are continuing rapidly and with importance.* (Dölen, 2010: 83). The aim of these efforts is also to meet the separating movements of cultural movements and to create a national Turkish region. (Onar, 1967).

Darülfünun was transformed into Istanbul University within the principles determined by the founders of the Republic and Ankara University was established in Ankara (1946). Before the establishment of Ankara University, the Faculty of Language, and History, Geography, which was an important faculty, was opened in 1935.

Hasan Ali Yücel, Minister of National Education, used the following statements about the establishment and naming of this faculty:

“Atatürk did not give a name that we are used to. Giving this name clearly indicates the aim that the Turkish revolution expects from these institutions. The aim is to enlighten our past by going down to its own resources, to find ways to develop the Turkish language within their own power and possibilities by freeing them from foreign captivity... To examine the geographical nature of our country with scientific methods and to train our thinkers with a universal view, which is based on the consciousness of our national life” (Aslantepe, 2008: 224).

The departments to be opened under this faculty are National History, National Geography, National Literature, National Language, National Philosophy, National Technology, National Law, etc. (Aslantepe, 2008:72). In fact, it is understood what kind of a mission the university has been given, even if only the names given are taken into consideration.

Istanbul Technical University (ITU) was opened in Istanbul in 1944. Mühendishane-i Bahri Humayun (1773) and Mühendishane-i Berri Hümayun (1795), which were established with the innovation movements in the III. Selim period, form the basis of Istanbul Technical University (ITU). These schools were providing education in the fields of shipyard, navy, cartography, construction and architecture. The tradition created by these institutions, which have a military character, provided an important infrastructure for the restructuring needed in the first years of the Turkish Republic.

Second Period Universities (1951-1987)

The date of 1950 is considered a milestone in many respects in Turkey. The power passed from the Republican People’s Party, the founding party of the regime, to the Democrat Party, and the economic and political atmosphere in Turkey began to change. In this period, a structural transformation was experienced and restructuring was mostly observed in state policies. Since the university is a public investment, there have also been changes in the approach to the university and the assigned task together with the global effects. In this period, Turkey has moved from a single-party system to a multi-party system and there have been changes in Turkey’s political and economic tendencies. In addition to these conditions,

regional inequalities and the regional development paradigm that came to the fore affected the university's establishment location decisions and universities started to be established in regional development centers.

The Second Period is quite interesting in terms of Turkey's Universities. Only in the five years between 1971-76, three times the number of universities established in the first period (27 years) were established. In addition, when we look at the cities where universities were established in this period, it is striking that they were generally in the position of regional centers (Figure 1). This approach can be considered as a reflection of balanced development policies. When we look at the development plans prepared in the said period, it can be understood that the policy of growth or creating centers of attraction was adopted. According to Yavuz (1963), in order to eliminate regional imbalances, certain public services should be brought to the underdeveloped regions, starting from the big attraction centers. University is one of them, and perhaps the most important.

The grade data in Figure 1 are taken from the Hierarcial of Settlement Centers in Turkey (1982) study. These cities are defined as regional development and service regions that stand out in their regions.

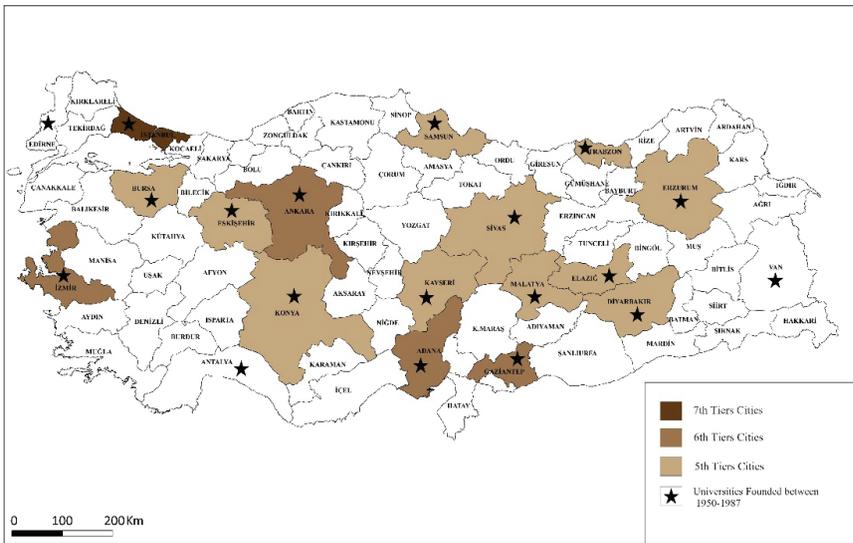


Figure 1: *Cities Where Universities were Founded Between 1951-1987 and Their Hierarchical Situations.*

Population, type and number of facilities, total employees, area of influence, sub-center affected etc. In the grading made according to statistics, Adana, Ankara, Bursa, Diyarbakır, Elazığ, Erzurum, Eskişehir, Gaziantep, Istanbul, Izmir, Kayseri, Konya, Malatya, Samsun, Sivas and Trabzon are the 7th, 6th and 5th Tier centers determined as Functional Regions. These cities, which are the regional centers, hosted the universities established in

the second period. 22 of the 27 universities established in this period are in these cities; 3 were established in 4th Tier centers (Antalya, Edirne, Van).

In the “Higher Education Research” report that we will use for the universities established after 1972, it is seen that some criteria regarding the establishment reasons of the universities to be established in this period. According to this report, regions/cities are divided into two groups as “*Developed Big Centers*” and “*Developing or To Be Developed Centers*”. In this period, while choosing the city where the university will be established, criteria such as the city being the service focus/center of the region, the number of students, the appropriate socio-cultural climate and the adequate infrastructure were applied. In line with the infrastructure criteria, Çukurova (Adana) and Uludağ University (Bursa); According to the socio-economic development criterion, Fırat (Elazığ) and OnDokuz Mayıs University (Samsun); Dicle (Diyarbakır) and Selçuk University (Konya) was established according to the criteria of regions that need to be developed (Varış, 1976:77). According to these criteria, university establishment activities tended to shift from developed centers to developing or underdeveloped provinces. This trend has revealed obvious periods in the universitization processes in Turkey.

In the East and Southeast Regions, Malatya, Gaziantep, Diyarbakır and Van were defined as Developing or To Be Developed Centers. A university to be established in Gaziantep is important in terms of both cooperating with Adana and serving the surrounding areas such as Adıyaman and Maraş. Diyarbakır is the natural center of the provinces of Urfa, Mardin, Siirt and Bitlis. Transportation facilities make it easier for the sub-region, where Van is the center, to benefit from the services there (p.89-91).

The centers that are developing or to be developed in the Central Anatolia Region are as follows; Eskişehir, Kayseri, Sivas, Konya. The center of Kayseri will provide services to provinces such as Niğde and Nevşehir, which are in easy access and communication with Ankara. For the Mediterranean region, Antalya is a developing or to be developed center (p.92).

When analyzed on a regional basis, in Istanbul, Bursa and Edirne from the Marmara Region (6); in Ankara, Eskişehir, Konya, Kayseri and Sivas from the Central Anatolian Region (7); in Erzurum, Malatya, Van and Elazığ from the Eastern Anatolia Region (4); from the Mediterranean Region, in Adana and Antalya (2); in Diyarbakır and Gaziantep from the Southeastern Anatolia Region (2); in Izmir in the Aegean Region (2); New universities were opened in Trabzon and Samsun (2) from the Black Sea Region. In addition to the universities opened to regional centers, Boğaziçi, Yıldız Technical, Mimar Sinan and Marmara University in Istanbul; Hacettepe

and Gazi University in Ankara; Dokuz Eylül University was opened in Izmir.

The majority of the 25 new universities established between 1951-87 were established in regional urban centers with the influence of the regional development paradigm of the period.

Third Period Universities (1988-1995)

Despite the fact that more than one university was opened in the same year in previous periods, 21 universities and two High Technology Institutes were established for the first time in a year with the law numbered 3837 in 1992. The majority of these universities were established in small and medium-sized cities in western Anatolia (Figure 2). Therefore, they started to create significant changes in almost every aspect in the cities they were founded (Işık, 2008:29). Due to its potential for change and revitalizing commercial life, the social, economic and political actors whose represent the city demanded a university. According to the news in *Milliyet* newspaper dated October 10, 1990, the government gave instructions to YÖK to open 4 new universities. In the location selection of the 4 new universities planned to be opened, the criterion of the existence of a pre-established faculty in the city was prioritized and these cities were Erzincan, the electoral district of Prime Minister Yıldırım Akbulut, Isparta, the electoral district of Süleyman Demirel (DYP Chairman), and the Kars electoral district of Minister of Tourism İlhan Aküzüm, and Afyon, electoral district of ANAP Deputy Chairman Metin Balibey. These decisions have been described as “election investments” by political circles.

The university, which started to have an impact on Turkish political life, started to be used as the greatest gift for a city. Prime Minister Yıldırım Akbulut promised the people of Erzincan, President Turgut Özal promised a university to the people of Şanlıurfa during his GAP tour. In addition, debates broke out in the General Assembly during the legislative proposals on new universities in the Parliament, and some deputies threatened “*I will resign if a university is not established in my electoral district*” (9 July 1995, *Milliyet*).

These news, which were reflected in the newspapers of the period, show how the university became a tool in the political field. Cities have started to want the university, which triggers the spending economy and ensures development, in their cities. They expressed this demand through the political mechanism. Politicians and local actors (local state) demanded a university from the central government, and the institution was added to the list of promises in the election squares. The local state, as the representative of the central government at the local level, mediates the implementation of policies imposed from the top down, and is also used

as a tool by which local powers defend their own interests (Şengül, 2009: 186). As such, the local organization demands regulations/institutions in line with its own interests from the central government.

If analyzed on a regional basis, new universities in this period in Bolu, Balıkesir, Çanakkale, Gebze, Kocaeli, Sakarya and Istanbul (7) from Marmara Region; in Aydın, Afyon, Denizli, İzmir, Manisa, Muğla and Kütahya (7) from the Aegean Region; in Eskişehir, Kırıkkale and Niğde in the Central Anatolia Region (3); in Hatay, Isparta, Kahramanmaraş and İçel from the Mediterranean Region (4); In Kars from the Eastern Anatolia Region (1) and in Şanlıurfa from the Southeastern Anatolia Region (1); in Tokat and Zonguldak (2) from Black Sea Region.

When the situation of the cities where universities were established in the socio-economic development ranking of 1996, We see that there are three from the 1st Degree developed category; six from the 2nd degree development category; 11 cities from the 3rd degree development category and four cities from the 4th degree development category (Figure 2).

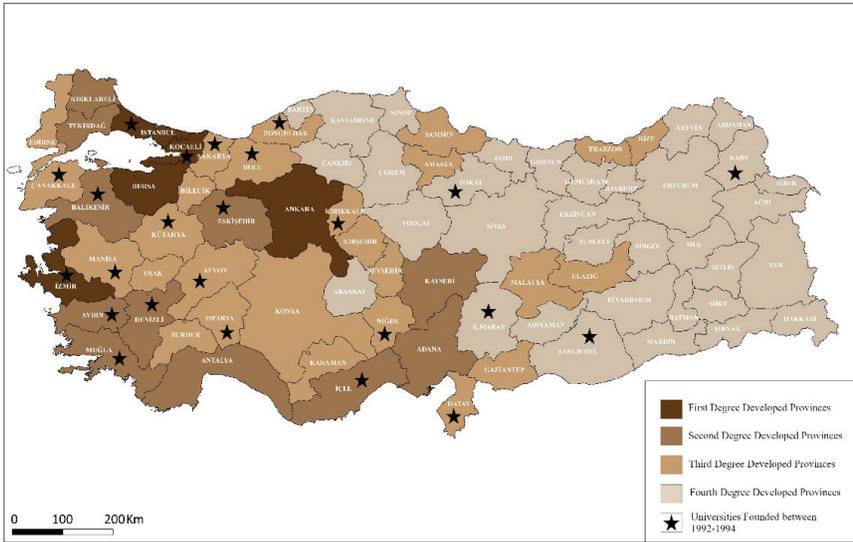


Figure 2: *The Socio-Economic Development Level of Cities in 1996 and Universities Founded Between 1992-1994*

This shows that newly established universities are concentrated in 2nd and 3rd degree developed provinces (Figure 1). The cities in question are located in the west of the Zonguldak-Gaziantep line, as can be seen from the map. The development of these provinces has been linked to the social and economic effects of the university. For these small and medium-sized cities, the university, which is seen as an institution that stimulates the city's economy and provides cash flow to the city, is of vital importance. In addition to its economic impact, the university contributes

to the development of the city in social areas such as health, transportation, human capital, culture-arts-sports activities.

Fourth Period Universities (1995-2008)

Although this period started in 1995, after Galatasaray University was established in 1994, there was a period of stagnation until 2006. For 12 years, no public university was opened. However, in this period, foundation universities made a big move and the number of foundation universities, which was three (Bilkent, Koç and Başkent) until 1994, increased to 24 until 2006. After 2006, the process accelerated and the total number of foundation universities increased to 65. These universities, which are an investment of capital groups. Capital is positioned more in the center in this regard as well. As a matter of fact, 80% of the foundation universities established were established in Istanbul, Ankara and Izmir. In addition, new foundation universities have been founded in the cities of Kayseri, Konya, Bursa, Gaziantep and Antalya recently. Hasan Kalyoncu University and Zirve University² in Gaziantep; Melikşah University³ in Kayseri; KTO Karatay University in Konya and Orhangazi University in Bursa were established by the capital groups of the city where they are located. The increase in the number of foundation universities and the process of establishing them outside the metropolises are discussed from an economic and political perspective (Toprak, 2018).

With the law enacted in 2006, new universities were established in the cities of Adıyaman, Kırşehir, Aksaray, Amasya, Yozgat, Düzce, Erzincan, Giresun, Çorum, Kastamonu, Tekirdağ, Burdur, Ordu, Rize and Uşak. In 2007, in the cities of Ağrı, Artvin, Bartın, Batman, Bayburt, Bilecik, Bingöl, Bitlis, Çankırı, Gümüşhane, Hakkari, Iğdır, Karabük, Karaman, Kırklareli, Kilis, Mardin, Muş, Nevşehir, Osmaniye, Siirt and Sinop. In 2008, four new universities were established in Ardahan, Şırnak Tunceli and Yalova. The total number of universities increased to 94. With the universities founded in this period, there is no city without a university.

When the regional distribution of universities established in this period is examined, it is seen that unlike the third period, the majority of them were established in the east of the Zonguldak-Gaziantep line, unlike the previous period. New universities were founded in Giresun, Düzce, Kastamonu, Ordu, Rize, Artvin, Bartın, Bayburt, Gümüşhane, Karabük, Sinop and Amasya (12) from Black Sea Region; Erzincan, Ağrı, Bingöl, Bitlis, Hakkari, Iğdır, Muş, Ardahan, Tunceli Region (9) from the Eastern Anatolia; Kırşehir, Aksaray, Yozgat, Çorum, Çankırı, Karaman, Nevşehir, (7) from the Central Anatolia Region; Adıyaman, Siirt, Batman, Mardin,

2 It was closed after the coup attempt on 15 July 2016.

3 It was closed after the coup attempt on 15 July 2016.

Kilis and Şırnak from the Southeastern Anatolia Region (6); Bilecik, Tekirdağ, Kırklareli, Yalova (4) from the Marmara Region; Burdur and Osmaniye (2) from the Mediterranean Region; Uşak (1) from the Aegean Region. Apart from the universities established in Kırklareli, Tekirdağ, Bilecik and Yalova, all of these universities were established in 3rd and 4th degree developed provinces (Figure 3).

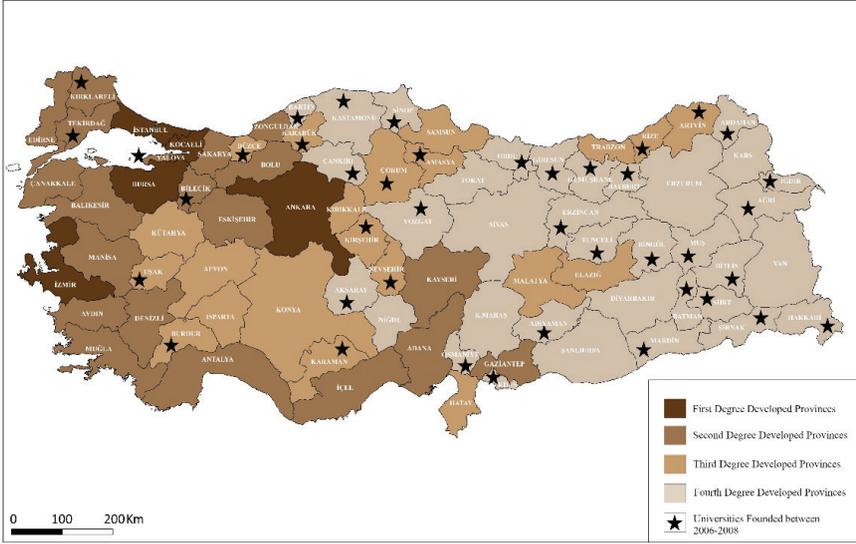


Figure 3: *The Socio-Economic Development Level of Cities in 2003 and Universities Founded Between 2006-2008*

When we look at the socio-economic development status of the cities where the last period universities were established, it is seen that all of them are 3rd and 4th degree developed cities except Yalova and Bilecik. 11 of these cities are in the category of 3rd Degree Developed Provinces, and the remaining 27 cities are in the 4th Degree Developed Provinces category. In addition, the vast majority (35) of these provinces are within the scope of “*Priority Regions for Development*” (Dinler, 2008:316). The cities where universities were established in this period constitute 35 of the 49 cities with negative socio-economic index values in 2003.

Fifth Period Universities (2009-2021)

After 2012, when the original of the article was published, it was deemed appropriate to make up-to-date evaluations about the number of universities, the names of universities and the location choice of establishment in the last period.

This last period of universitization can be evaluated under certain headings. The first of these titles is the universities established with names referring to technique and technology. these were established in regional

centers such as Adana, Bursa, Erzurum, Sivas, Eskişehir mentioned in the second period. These universities were established in the context of the university's relationship with industry as a manifestation of neoliberal policies. In the party program of the AKP, it was stated that arrangements would be made to enable universities to participate in local cooperations, cooperate with industry, and turn them into institutions that would observe practical benefits. These universities, conceptualized as third generation universities by Wiessema (2009), are defined by qualities such as the use of knowledge, value creation, entrepreneurial, global and professional management. This market-oriented university type is in the triple helix model, which includes the processes of knowledge production and distribution (University), use of knowledge as economic value and output (Industry), taking regulatory measures, and enacting laws and regulations (State) put forward by Leydesdorff and Etzkowitz (1996) the university has a special position.

The 35 universities founded in this period differ from previous periods. Previous universities were established with concerns about nation building, education, research, regional development, and the economic contribution of the university. However, those established recently have more specific goals. Thematic universities (Health, social sciences, music, medicine, military, Islam) can be considered as the second title. National Defense University, Ankara Social Sciences University, Afyon Health Sciences University, Istanbul University-Cerrahpaşa, Ankara Music and Fine Arts University, Gaziantep Islam, Science and Technology University are universities with a mission based on a specific theme.

Conclusion

There are many different aspects of social processes. The university, as an institution, is an institution that is affected by and at the same time influences these social contexts. The situation of this dialectical relationship differs according to the periods. The regional planning policies that change according to the periods and the socio-economic situation of the cities have also affected the universitization process in Turkey.

Findings of the study were compared with the relevant literature, the approach and results of this study differed. In the classification made by Kavili Arap (2007) based on legal regulations, First Period: 1933-1944; Second Period: 1946-1959; Third Period: 1967-1971; Fourth Period: 1973-1978; The Fifth Period is 1982-87; It covers the period between 1982-87 and 1992-2006. In Sargın's (2007) study, according to the numerical clustering years of universities, the First Period: 1923-1950; Second Period: 1950-1980; Third Period: 1980-1990 and Fourth Period: 1990 and later. In this study, universitization has been examined under five periods according

to the location choice decisions in the light of regional policies. In the periodization made accordingly; First Period Universities: 1923-1950; Second Period Universities: 1951-1987; Third Period Universities: 1988-1994; Fourth Period Universities: 1995-2008; Fifth Period Universities: after 2009.

The university, which emerged as a need within the scope of nation-state and modernization policies in the First Period, was evaluated from the perspective of regional inequalities and balanced development in the Second Period, and the principle of balanced spread across the country was adopted. Second Term Universities were established in regional centers as a reflection of the creation of regional development poles and balanced development policies. In the Third Period, the idea that the university is a spatial changer/transformer and an institution that provides economic return has become dominant and universities have shifted to small and medium-sized cities, which are relatively “underdeveloped” socio-economically. Universities in the Fourth Period were established in the most underdeveloped cities among the surrounding provinces with populist policies, and there was no “city without a university” in this period. Fifth Term Universities can be considered from a different perspective. These universities include technical and technology universities, thematic universities, universities that were expropriated and renamed after the coup attempt, and universities established by the division of old universities.

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Chapter 3

EVALUATION OF AGENCY THEORY IN ORGANIZATIONAL CONTEXT

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1. INTRODUCTION

In today's large-scale and modern organizations, unlike the classical organization model, the phenomenon of being both the owner and the manager of the organization has remained far away. Essentially the classical organizational model makes it difficult to be professional in production, be in a good position in the labor force, and disregard the decision authority (Semerciöz & Ayrancı, 2008: 164; Yazıcı, 2018: 23). It has led the owners and shareholders of the organization to seek new ways such as power of attorney over time. In another sense, it is unlikely for an individual to temporarily, physically, and socially perform many tasks at the same time, because different tasks require different knowledge and abilities (Shapiro, 2005: 269; Berle & Means, 1932; as cited in Cheffins & Bank, 2009: 43). In this case, today, owners and shareholders, namely principals, have transferred the management of the organization and some of their powers to professional persons (agencies). In this direction, the workload of the principals decreased, and the professionalization has been made with the emergence of the agency relationship (Michael, 2008: 4).

According to some authors, the importance of agency theory in the literature has increased with the discovery of its effects on organizational theory, organizational behavior, and strategic management (Hill & Jones, 1992: 131). Agency theory is included in the adaptation theories, which are examined in post-modern approaches and focus on the change of organizations and their adaptation to environmental conditions (Koçel, 2014: 412). For some researchers, agency theory essentially emphasizes the relations of the collaborating parties, principal and agent, and the problems arose by the different interests between these parties (Angwin, 2015: 158; Hill & Jones, 1992: 132). In this direction, by reaching an agreement to support each other, agency theory studies the structure of this agreement and the problems that arise related to this structure (Atak, 2020: 223). In addition, making the necessary decisions and carrying out the activities to obtain the targeted results by agency reveals the agency relationship. (Koçel, 2014: 417-418). Principally, the agency relationship is due to a contract that includes the principals appointing agencies to conduct some services on their behalf and, then, delegating several decision-making authorities to the agencies (Ayrancı & Semerciöz, 2010: 341; Güney, 2020: 524).

In fact, in an organization where the interests of the parties will not be similar, the principal asks the agency to manage his assets or investments (Heracleous & Lan, 2012: 225). It reveals agency problems in organizations. Although the establishment of an agency relationship is considered necessary for today's organizations, the agency problems created by this relationship need to be resolved. Agency problems occur

depending on the agent's actions in the direction of his interests rather than the principal's interests (Eisenhardt, 1989: 61). Besides that, according to some researchers, agency problems are the disagreement arising from the target differences of the parties and the problems arising due to the principal's suspects about the agency's decisions (Eisenhardt, 1989: 61; Lisa, 2017: 112). Agency problems may emerge depending on rationality, opportunism, and information asymmetry assumptions (Heracleous & Lan, 2012: 225; Arslan & Çetin, 2021: 442). However, there are some costs to be borne in solving these problems. In this sense, all the activities and expenditures made to solve the agency problems and meet the interests of the parties on a common ground create agency costs, and this can be a great burden for the organization (Ataay, 2006: 65; Chrisman et al., 2005: 560; as cited in Ekinçi, 2017: 74). In this direction, since it is essential to minimize the agency costs, an agreement should be reached in order to reduce the said costs in the relations between the parties (Heracleous & Lan, 2012: 228).

This study aims to investigate the agency theory in a conceptual framework by addressing its theoretical aspects. In this study, the agency relationship and several aspects of agency problems shall be examined from a different viewpoint. The study has importance because it is one of the few studies approaching agency relations and agency problems in organizations. This study also aims to help practitioners and researchers to understand problems related to the agency and contribute to them theoretically in solving these problems.

Accordingly, the other parts of the study are organized as follows; in the second part of the study, the conceptual and theoretical framework of agency theory is discussed. In the third part, principal and agent relations are mentioned in detail. In the fourth part, inferences about agency problems are given. In the last part of the study, the conclusions and recommendations are discussed.

2. AGENCY THEORY

The history of agency theory dates back to Smith's book titled "The Wealth of Nations" written in 1776 (Aras & Kutlu Furtuna, 2015: 85; as cited in Doruk, 2021: 109). Smith (1776) referred to the concepts of ownership and control in his study. According to Smith (1776), if the management is carried out by a person (agent) other than the owner, organizational goals will be neglected in this organization (Jensen & Meckling, 1976: 305; Doruk, 2021: 109; Sari, 2019: 151-152). Later on, Berle and Means (1932) investigated the political aspect of agency theory in their book titled "The Modern Corporation and Private Property" and emphasized the importance of the relationship between owners and shareholders for the organization

(Doruk, 2021: 109; Sari, 2019: 151-152). The agency theory was actually developed by the study titled “Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure” written by Jensen and Meckling (1976) (Vitolla et al., 2019: 1154). Jensen and Meckling (1976) argued that certain privileges should be given to agents not to give any harm to the organization (Jensen & Meckling, 1976: 306).

According to some researchers, this theory examines the problems that occur when two parties with different aims and interests support each other in the direction of the common purposes of the organization. The first of these two parties is the principal and the second is the agency (Milgrom & Roberts, 1992: 170; as cited in Pouryousefi & Frooman, 2017: 164; Hill & Jones, 1992: 132). In other words, the agency theory arises from the fact that organizations try to obtain information about the causes and consequences of this incompatibility in cases of goal mismatch between the principal and the agent (Arslan & Çetin, 2021: 442). Shortly, the agency theory examines the problems of difference of interests and risk-sharing that occur during the solidarity between the principal and the agent, who have different goals (Angwin, 2015: 158). According to some researchers, indeed, agency theory actually acts as a control mechanism to protect both the financial and non-financial interests of shareholders, board of directors, and managers (Vitolla et al., 2019: 1154). Principals can be listed as business owners, board of directors, shareholders, etc., while agencies can be listed as managers (Shapiro, 2005; as cited in Solomon et al., 2021: 466; Ekinçi, 2014: 7).

According to Eisenhardt (1989), agency theory attempts to respond to some basic questions. These questions relate to: (a) how the principal and agent, who have separate requests, needs, and interests, will supervise each other; (b) how the exchange of information between principal and agent will be coordinated; (c) How the most effective relationship will be established between the principal authorized the agency and the agency who has more information (Eisenhardt, 1989: 58; as cited in Koçel, 2014: 418).

When considered from the principal’s and the agent’s point of view, the agency theory has several attention-grabbing features. In this context: (a) while the agencies are responsible for taking the necessary decisions, the principals will be responsible for the control of these decisions taken by them (Sari, 2019: 153). In this case, while evaluating the decisions made, the principals should pay attention to the fact that these decisions are for the benefit of the organization and increase the effectiveness, efficiency, and performance of the organization (Sarı, 2019: 153; Babacan & Eriş, 2006: 95). However, since the principals do not know the agencies well, the agencies may be overburdened and fail or the principals expect higher performance from them. As a result, agencies cannot obtain actual

efficiency and performance values during the performance of the works (Sarı, 2019: 153; Babacan & Eriş, 2006: 95); (b) agencies are always influenced by control mechanisms from the external environment (Fama, 1991; as cited in Sarı, 2019: 152); (c) agencies can resolve the conflicts of the board of directors with their mediation capabilities (Sarı, 2019: 152); (d) agencies may increase the effectiveness, efficiency, and performance of the organization in proportion to their ability to make spontaneous decisions. However, the auditing-monitoring process is important during and after the decision-making phase. In this case, the auditing is important to monitor the conflicts arising from the interests between the parties and minimize the agency costs (Adeyemi & Fagbemi, 2010: 171; as cited in Hussain et al., 2020: 1535); (e) Although giving a power of attorney raises costs first in respect of the principal and hence the organizations, it reduces them in the long run. Costs are an issue that should be emphasized in terms of the functioning of organizations (Sarı, 2019: 152; Michael, 2008: 4). In this sense, all the activities and expenditures of the principals to solve the agency problems and to find common ground for the interests of the parties become important if performed correctly (Ataay, 2006: 65; Chrisman et al., 2005: 560; as cited in Ekinçi, 2017: 74).

In fact, agency theory focuses on prioritizing the principal's interests and persuading the agent to achieve certain goals. The principal can create this situation in the agency theory through moral persuasion or through the provision of incentives (Heath & Norman, 2004: 252). Some researchers have made three assumptions for agency theory. According to these assumptions: (a) the agent's decisions and behavior affect the efficiency of the principal's activities; (b) principal and agency take their decisions under a certain or uncertain risk (Eisenhardt, 1989: 58); (c) the aims of the principal and the agent conflict to a certain extent (Daly, 2015; as cited in Chrisidu-Budnik & Przedańska, 2017: 155)

The agency theory has developed into two basic forms; the positive theory of agency (corporate control theory) and the principal-agent theory. Positive theory of agency, the first of them, refers to the provision of a control mechanism that will prevent the agent from maximizing personal interests (Koçel, 2014: 419). In the positive theory of agency, it is tried to determine the aims of the two parties in the direction of their interests and identify the corporate governance processes that limit the agent to act in line with their interests (Eisenhardt, 1989: 59). On the other hand, the principal-agent theory is about providing the development of the harmony of an ideal relationship between the parties. Indeed, the principal-agency theory is related to a specific social relationship and emerges with the authorization of the agent for decision-making, which consists of the mutual exchange of two parties (Braun & Guston, 2003: 303).

3. PRINCIPAL AND AGENCY RELATIONSHIPS

There are collaborative parties who are grouped as principal and agent and who are in a relationship under the skin of the agency theory. In this context, the agency relationship is about the existence of a contract formed for mutual assistance between the principals and the agents. According to some researchers, agents fulfill some duties, including the power of decision on behalf of the principals to perform the administrative service in this contract (Güney, 2020: 524; Zu & Kaynak, 2012: 426).

Essentially, the agency relationship is related to the principals appointing agents to perform certain services on their behalf and developing a written or oral contract in which the principals transfer to the agents in question the right to make various decisions on their behalf. In other words, this relationship is due to a contract that enables the agencies to obtain managerial status (Ayrancı & Semerciöz, 2010: 341; Güney, 2020: 524). According to Jensen and Meckling (1976), the agency relationship is the attitude and behavior of one party to the other (as cited in Chrisidu-Budnik & Przedańska, 2017: 154). In this case, the agency relationship is formed by the existence of a contract that involves the continuation of work of the principal and the agent and the presence of the agent to have a voice (Michael, 2008: 4). Shortly, according to Jensen and Meckling (1976), the contract established by the principal giving various powers to the agent constitutes the agency relationship, and this contract harmonizes the principal and the agent (Zhang & Zuo, 2017: 651; Filatotchev & Wright, 2011; as cited in Chen et al., 2017: 4). Agency relations are socially influenced by the relations of other agents, interest groups, competitors, legal rules, etc., within the scope of external powers, and are responded to by opportunistic powers or external powers who created opportunity (Shapiro, 2005: 269). It can also be said that there are two types of contracts concerning the relationship between the principal and the agent: behavior-oriented contract and outcome-oriented contract. The behavior-oriented contract, the first of them, focuses on agent wages and hierarchical management based on the behaviors of the agent (Keskin et al., 2016: 255; Askim et al., 2019: 474). Outcome-oriented contract, which is another type of contract, focuses on providing the best benefit in the direction of the interests of the agent by reducing the conflicts of interest between the parties and on making the agent exhibit attitudes and behaviors in the direction of the interests of the principal (Eisenhardt, 1989: 58; Askim et al., 2019: 474; Keskin et al., 2016: 256). In this case, the outcome-oriented contract that harmonizes the priorities of the two parties by reducing the conflicts of interest between the principal and the agent is efficient to prevent agency opportunism (Eisenhardt, 1989: 58-60).

In the agency theory, auditing constitutes the monitoring process. In

this case, the auditing is crucial to monitor the conflicts arising from the interests between the parties and to minimize the agency costs (Adeyemi & Fagbemi, 2010: 171; as cited in Hussain et al., 2020: 1535). For some researchers, auditing can work well through transparency and accountability for organizations and highly contribute to the organization. Transparency and accountability help to solve the problems in the principal-agent relationship and find solutions to these problems (Jensen & Meckling, 1976; as cited in Jachi & Yona, 2019: 66). According to some researchers, as transparency increases, auditing increases, and in this case, the attitudes and behaviors of the agency become better. At the same time, as the transparency increases, the agent feels more independent while fulfilling his agency task and receives rewards. Besides that, several risks that the principals think are created based on the utilitarian attitudes and actions of the agents can be reduced with transparency. Transparency also points out a supported accountability approach (Wiseman et al., 2012: 208; Filgueiras, 2015: 192). Accountability, on the other hand, is the expectation that the individual will be investigated by himself or others due to his decisions and behaviors, and it is the belief that he will receive an award or sanction as a result of this examination (Hall, 2005: 21; as cited in Aslan & Yalçın, 2021: 230). For accountability to exist officially in an organization, it is necessary to minimize the information gap between principals and agencies and open the way for access to private secrets (Filgueiras, 2015: 194).

4. AGENCY PROBLEMS

The agency theory causes a classical agency problem by creating a difference of opinion about the wishes and expectations of the principal and the agent (Eisenhardt, 1989: 58; as cited in Khoreva & Wechtler, 2020: 78). In this case, agency problems arise as a result of the principal-agent relationship (Zhang & Zuo, 2017: 651). In fact, agency problems arise from the conflict of the parties' goals and the principal's doubt whether or not the agent's decisions are correct (Eisenhardt, 1989: 61; as cited in Basu & Lederer, 2004: 8; Gavius, 2007: 451).

According to some researchers, agency problems may emerge depending on different assumptions. These assumptions are rationality, opportunism, and information asymmetry (Arslan & Çetin, 2021: 442). These assumptions can be explained as follows: A) Rationality: It is about both the principal and the agent caring about their welfare (Rosanas, 2008: 449; as cited in Arslan & Çetin, 2021: 442). In organizations, parties often encounter limited rationality. Limited rationality indicates that even if the parties attempt to act rationally, they cannot fully evaluate their information and options due to conceptual, mental, and temporal constraints. In this case, it will be difficult for them to obtain a perfectly-identified result (Teo & Yu, 2005: 452; Simon, 1957; Williamson, 1996: 49; as cited in Ekinci,

2017: 76). B) Opportunism: It is about trying to reveal the problems related to the contract between the parties, based on the assumption that the agent shall have a self-interested attitude in case of any conflict between the principal and the agent's expectations and wishes (Sharma, 1997: 760; as cited in Arslan & Çetin, 2021: 442). Opportunism is actually about acting by prioritizing their interests by both parties (Singh & Sirdeshmukh, 2000: 150-152; as cited in Koçel, 2014: 418-419). In this case, according to some researchers, opportunistic behavior may cause a violation of the contract by the parties, and it is difficult for organizations to control this situation (Ekinci, 2014: 18). C) Information asymmetry: It occurs since the principal and the agent have different information about situations related to the business. It is especially regarding the problems that arise during the decision-making phase. Essentially, information asymmetry arises from the problems because the agent has more information and the principal has insufficient information (Boučková, 2015: 8; Pouryousefi & Frooman, 2017: 169-170). The information asymmetry problem is divided into two groups; adverse selection and moral hazard (Boučková, 2015: 8; Padilla, 2002: 5-6). These are listed as follows: a) Adverse selection: It is about several problems since the agent possesses more certain information than the knowledge of the principal (Padilla, 2002: 9). In other words, the adverse selection consists of the problems arising from information that one of the parties knows but the other does not know. b) Moral hazard: It is a case that arises as a result of one of the parties ignoring the interests of the other party in the direction of his interests and differentiating his attitudes and behaviors in order to gain advantage from the contract between them (Levinthal, 1988; Seyidoğlu, 2006: 384; as cited in Ekinci, 2014: 19; Sun et al., 2020: 5).

According to Walker and Weber (1984), some researchers emphasized that the risk sensitivity of the agents, e.g., the uncertainty of the outcome between the principal and the agent, is an important force on the relationship of both parties (as cited in Keskin et al., 2016: 267). Uncertainty of the outcome is about how risk-sharing should be in the relationship of both parties (Nilakant & Rao, 1994; as cited in Keskin et al., 2016: 267). In this case, the parties develop different attitudes and behaviors due to their perspectives on risk. In this direction, while principals support high-return and too risky projects, agencies may avoid such projects because they cannot take the risk of failure (Eisenhardt, 1989: 58). In some cases, the career concerns of the agents for their interests may cause them to take more risks and act less in the direction of the interests of the principals (Chari et al., 2019: 358).

Some researchers point out that a reasonable governance system can finish agency conflict to a large extent. Accordingly, Eisenhardt (1989)

argued that having a contract to be able to control the activities of the agencies, making the principal aware of all the information about the activities of the agencies, and establishing a solid information network to make agencies represent the principals correctly, may reduce the agency problems (Eisenhardt, 1989: 58; as cited in Panda & Leepsa, 2017: 82). According to Boučková (2015), controlling the attitudes and behaviors of the agent or creating incentives that lead to attitudes and behaviors compatible with the principal's interests can reduce the agency problems (Bergen et al., 1992: 2; Boučková, 2015: 8). For some researchers, it is also argued that incentive pays to agents can make them think that they have reached a similar level with the principals, and this situation may motivate them (Chari et al., 2019: 361). In addition, agency problems and risk-return dilemmas can be reduced for the parties with bonuses, CEO share ownership, stock options, and similar incentive methods (Chari et al., 2019: 361). In other words, according to Eisenhardt (1989), agency problems create information systems or outcome-based incentives that primarily protect the interests of the principal and make it possible to solve the agency problem (Eisenhardt, 1989: 68; Bergen et al., 1992: 2).

Agency problems actually create agency costs, where the agents act in the direction of their interests and cause the principals to pay several costs. In other words, the costs incurred for overcoming the agency problems constitute agency costs. In this direction, when the goals of the agent and the principal conflict, the principal uses his resources in the direction of his own goals (Michael, 2008: 4). In this case, organizations have an important responsibility to eliminate agency costs (Eisenhardt, 1989: 60), since the agency costs are significant to protect the interests of the principals (Hussain, 2020: 1534). According to Jensen and Mekling (1976: 334), there are two main solutions to eliminate the agency problems within the scope of agency cost and caused by agents. These are evaluation and monitoring-auditing. Evaluation, which is the first of these, is related to auditing the agent. On the other hand, monitoring-auditing is about monitoring the efficiency, productivity, attitude, behavior, and use of the powers by the agency (Öner, 2018: 5).

5. CONCLUSIONS AND RECOMMENDATIONS

The agency theory investigates the conflicts that emerge as a result of the help of principals and agencies each other, whose interests, expectations, and goals are different, in order to achieve some specific results, and offers several suggestions for these conflicts, and is resulted from a contract between the two parties in question (Lisa, 2017: 112). ; Panda & Leepsa, 2017: 79). The agency theory reveals the agency relationship. According to some researchers, the agency relationship is related to a contract in which the principal authorizes an agency to perform

several duties on his behalf and transfers the right to decide to this agency (Zu & Kaynak, 2012: 426; Chrisidu-Budnik & Przedańska, 2017: 154). Besides that, agency problems inevitably emerge as a consequence of the principal-agent relationship (Zhang & Zuo, 2017: 651). Agency problems are related to various troubles arising from the difference between the personal goals and interests of the parties and from the principal's doubts about the correctness of the agent's decisions (Eisenhardt, 1989: 61; as cited in Basu & Lederer, 2004: 8; Panda & Leepsa, 2017: 79). According to some researchers, agency problems may emerge depending on different assumptions. These assumptions are rationality, opportunism, and information asymmetry (Arslan & Çetin, 2021: 442). These assumptions are influential on the operation of the organization within the context of principal-agent relationships. Particularly, two important problems must be solved in agency relations. The first is the difference of opinion due to the difference in the wishes and purposes for the principal and the agent. Another problem is that the principal and the agent have different views on risk, and as a result, they exhibit different attitudes and behaviors (Eisenhardt, 1989: 58; Lisa, 2017: 112).

According to the agency theory, contracts fully explaining the responsibilities and duties of the agent are significant for the agent to act as requested. However, the preparation and monitoring of these contracts may cause the principal to spend both his time and effort and run out of his resources in a short time (Jensen & Meckling, 1976: 310; Güney, 2020: 524; Levinthal, 1988; as cited in Sun et al., 2020: 5). Several agency problems that occur between the parties within the scope of these contracts create agency costs. In this direction, the costs that go beyond the objectives of the organization and that occur as a result of the attitudes and behaviors of the agent are called agency costs. These costs arise from the disconnection between ownership and control of the organization (Güney, 2020: 524; Levinthal, 1988; as cited in Sun et al., 2020: 5). Agency theory actually explores how agency costs can be managed and minimized by control structures (Fama & Jensen, 1983: 330). In particular, the existence of troublemaker managers is influential in increasing agency costs (Eisenhardt, 1989: 58; Cheffins & Bank, 2009: 2).

In the agency theory, managers, i.e., agencies, can be selfish or opportunistic, as occasion requires. In this case, the attitudes and behaviors of the agencies can be examined through formal and informal information systems (Pearce et al., 1985; as cited in Keskin et al., 2016: 266). Within the scope of this theory, the decisions of the board of directors who observes the attitudes and behaviors of the agencies and protect the interests of the shareholders, namely the principals, are also important (Bathala & Rao, 1995: 60; Aygün & İç 2010: 193) A well-functioning board of directors

allows the principal to learn more about the behavior of the agency, and the audited agency attempts to act mainly in favor of the principal (Fama & Jensen, 1983: 333; as cited in Keskin et al., 2016: 266). In other words, regulating the behavior and activities of the agent and controlling them can be shown among the duties of the principal. Essentially, principals may employ some methods such as monitoring the behavior and activities of the attorney, obtaining insurance, hiring another agency to supervise the other one, etc. However, in any case, these methods cause loss of time and cost (Miles, 2016: 39). In addition, according to some researchers, transparency, and accountability in organizations ensures that the audit works well and helps to eliminate the problems in the principal-agent relationship, and finds solutions to these problems (Jensen & Meckling, 1976; as cited in Jachi & Yona, 2019: 66).

According to some researchers, agency theory provides a favorable perspective on behalf of organizations to make several inferences about how the information behind the agent's attitudes and behaviors can be related to the business performance of the parties (Eisenhardt, 1989: 65; as cited in Khoreva & Wechtler, 2020: 78). However, for some researchers, the agency theory is grounded on the principal-agent relationship based on interest, and in this case, the theory has been criticized because it is not considering various factors that constitute the course of the agency (Perrow 1986; as cited in Angwin, 2015: 155). From a different point of view, according to Barney and Ouchi (1986), the agency theory argued that agents can be motivated especially by financial interests, and according to some researchers, this theory could not completely categorize the reward system (as cited in Doğan, 2018: 88; Bandura, 1986: 244; Kunz & Pfaf, 2002: 283). It has also been argued that this theory mostly supports the principals and looks at the events from the side of the principals, and some authors have criticized this theory for failing to protect the personal interests of the agency and focusing on suppressing his dominant attitudes and actions (Kunz & Pfaf, 2002: 275; Pouryousefi & Frooman, 2017: 165). Some researchers have criticized agency theory conceptually for its predictions about human behavior and have argued that the need to consider cultural and legal differences regarding individuals and organizations should be included in the agency contract. This theory has also been criticized because the contract between the parties and the requirements of this contract may not be approved by the principal in the course of time, so that it may cause several problems. In other words, according to some researchers, only the contract between the principal and the agent is considered significant in this theory, and this causes ignoring the social aspect and content of the relationship between the parties and not focusing on the situation in which the contract is prepared (Wiseman et al., 2012: 205; Hill & Jones, 1992: 135).

This study examined how the agency relationships and agency problems created by agency theory affect organizations and it is thought that various knowledge has been humbly provided to the relevant literature. It is also desired to lead to different studies, including the agency theory for the literature, and to create a resource that can be used for further studies through this study. Besides that, this study aims to contribute to organizations to understand better the principal-agent relationship brought by the agency theory and the agency problems and agency costs arising from this relationship and create constructive solutions for agency problems. In this case, it is anticipated that the principal-agent relationship within the organization will become more reliable. Accordingly, it is thought that that various benefits for organizational progress may appear by increasing the number of principals who can look out the agency problems in the organization scrutinizingly and constructively due to the introduction of such studies to the literature. In order to better overcome the agency problems created by agency theory, new researches can also be done, and more comprehensive solution proposals can be provided to the literature in future studies.

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Chapter 4

EVALUATING STATE FRAGILITY: A CLUSTER ANALYSIS APPROACH

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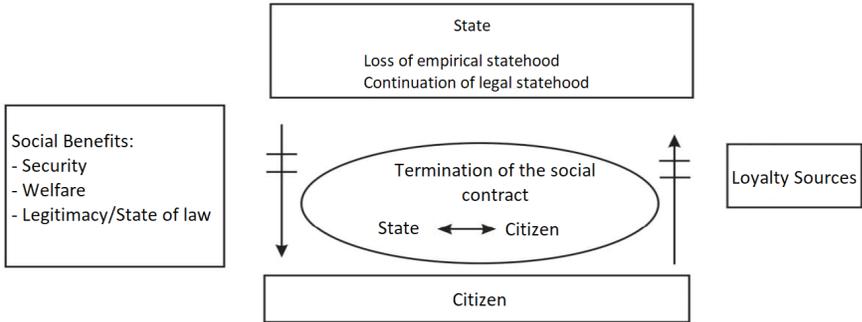
1. Introduction

The state concept is one of the most important topics in the social sciences. Since ancient times, the idea of a state has caused controversy. The meaning and scope of the concept of the state and the function of the state have gained more importance as Europe's contemporary nation-states arise. Especially after the Second World War, many states declared their independence. New nations developed as a result of the end of African colonialism and the collapse of the Soviet Union and Yugoslavia. In this process, one of the most discussed issues has been the failure of states to fulfill their functions, that is, the failure of states. Many countries, particularly in Asia, Africa, and the Middle East, are unable to carry out their responsibilities. This situation, together with the states facing various problems, causes regional and global problems as well as national problems that may lead to civil war. Although there is no single reason for the failure of states, it can occur with the effect of many historical, cultural, social, economic and global factors and its reflection on each country can be different (Gök, 2017)

State failure is defined as an inability to carry out the duties of a sovereign state by its political framework. It is possible for a state to lose its legitimacy even if it performs these tasks perfectly. Both efficiency and legitimacy are supposed to be met by a stable state. Fund for Peace identifies the failed state as a combination of the following (Englehart, 2009; Giorgetti, 2010; Woolaver, 2014):

- A state's loss of control over its territory or its monopoly on the legitimate use of physical force
- Loss of authority at the point of making collective decisions
- Being unable to provide public services
- Losing the ability to interact with other states as a member of the international community

The disappearance of the central government's ability and privilege at the point of tax collection is also shown among the failed state situations. When these issues are realized, widespread crime and corruption situations, increasing population mobility and refugees and the interventions of foreign states and non-state actors can occur.

Table 1. *State collapse (Iro, 2008; Özalp, 2014)*

In the literature of politics and law, it is accepted that three elements must come together for the formation of the state. In addition, the requirement to be recognized by other states is also emphasized. These three elements are: The human community, the country (a piece of land) and the institution of political sovereignty. The state, which is accepted to be formed by the existence of a piece of land, the existence of a community of people to live on that piece of land, and a dominant political structure, is the only political unit with the highest authority and authority to use force. The most basic duties of the state are security, providing public services to its citizens, and providing an environment of justice and freedom. States create various institutional structures in order to provide these services. It also creates defense units and armies to ensure security. If a state cannot meet the needs of its citizens, cannot provide basic services, cannot provide security and justice, the failure of the state will come to the fore. Many internal and external factors have an effect on the failure of a state. A failed state is subject to many internal problems. It can also cause regional and global risks to arise. Failed states do not have the power to eliminate the problems they face. These states are dependent on foreign countries in many aspects, especially in economy and defense (Özalp, 2014).

When the state authority cannot be provided, the effectiveness of armed groups and terrorist organizations begins to increase. The most important problem is the increase in the intensity and continuity of the conflicts. As a result, civil wars may arise. In particular, it is seen that various terrorist organizations are active and settled in failed states. The Taliban in Afghanistan, the terrorist organizations Boko Haram and Al Shabbap in Africa, and Al Qaeda in Yemen are entrenched and undermining the state authority. These organizations not only cause instability in the countries they are in but also cause instability in neighboring countries. Failed states do not have the economic and technical skills to deal with problems on their own. The factors that cause the failure of states, in a way, cause the failure to deepen. Most of the failed states can continue their lives dependent on foreign aid (Gök, 2017).

Table 2. *Types of statehood (Özalp, 2014; Schneckener, 2004)*

	Security	Welfare	Legitimacy/State of Law
Consolidated States	+	+ or +/-	+ or +/-
Weak States	+ / -	A	A
Non-functioning States	- /+	A	A
The Failed States	-	- /+ or -	- /+ or -

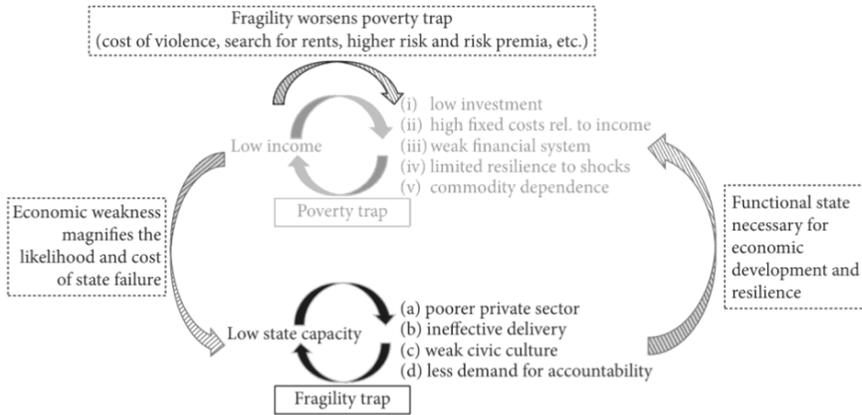
- + The function is fully fulfilled
- + / - The function is just being executed
- /+ Function partially fulfilled
- Function is not functional or no longer exists
- A All combinations are possible

Due to the inability of the states to fulfill their functions, a number of terms have begun to be used. The terms fragile state, crisis state, weak state, failed state and collapsed state have been used. The origin of these terms is the West. These concepts are based on the capacity of the state, its competencies in security, public service and the legitimacy of the state (Bingöl, 2015). In other words, these definitions are made according to how long the state maintains its sovereignty over the borders of its country, how much it provides the security of its country and its citizens, how much it can meet the needs and wishes of its citizens in public services. As public services, health, education, providing an environment of freedom and ensuring a fair judiciary can be given as examples (Gök, 2017).

The concept of failed states began to be used in the international discipline in the early 1990s, as a result of the loss of state authority in Somalia. The article “Failed States” published by Helman and Ratner (1992) in the journal “Foreign Policy” has been an important study. In 1995, the book “Collapsed States” was written by William Zartman (Kardaş, Balcı, & Tenekeci, 2016). In this book, Zartman (1995) created the definition of the failed state based on Weber’s definition of the modern state. According to Weber, the state is the supreme and only political authority that can use force and violence (Anter, 2014). While trying to define the failed state, Zartman (1995) states that the state has lost its most basic feature, its authority to use force, due to non-state actors, and in this respect, it has lost its monopoly of using force. Due to the deterioration of the state’s dominance and authority in the country’s borders, division, civil war and a struggle for dominance and power between the state and non-state actors are experienced (Tuna, 2012). As it is understood from the definition, failed state models emerge in an environment where basic state functions cannot be fulfilled and the state begins to lose its sovereignty. The most important problem faced by these states is the use of force and the inability to meet the security of their borders and the needs of their people (Gök, 2017).

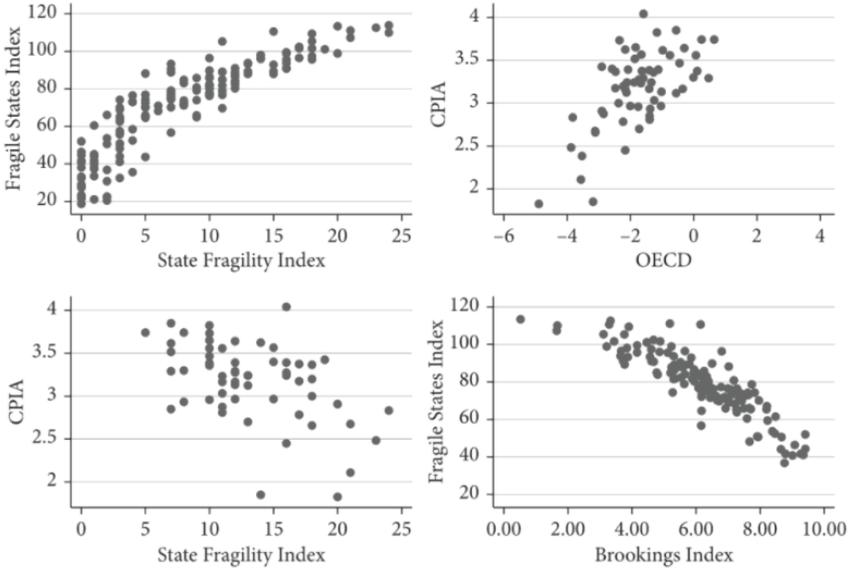
Figure 2 briefly explains the poverty trap and the fragility trap cycle (Chami, Espinoza, & Montiel, 2021).

Figure 1. *The Poverty Trap and the Fragility Trap (Azariadis & Stachurski, 2005; Chami et al., 2021)*



Various reports and analyzes are put forward by some organizations related to failed states, and the failures of states are tried to be measured. Organizations such as the International Monetary Fund (IMF), the World Bank, the UK Department for International Development (DFID), a UK-based research center CRSC (Crisis States Research Center), Fund For Peaca (Peace Fund) have been working on this issue. The success rates of the states are established based on the data presented by these and similar institutions and organizations (Gök, 2017). In the graphs in Figure 1, it is seen that there are correlations between the indicators of different institutions on this subject. This is largely due to the fact that they collect data from similar sources.

Figure 1. *Fragile Indicators Correlations (Chami et al., 2021)*



Source: World Development Indicators Country Policy and Institutional Assessment, 2019; Fund for Peace fragile state index, 2019; Brookings Index of State Weakness in the Developing World, 2019; Centre for Systemic Peace State fragility index, 2019; OECD state of fragility report, 2019

Table 1 summarizes the indexes of the institutes that work on this topic.

Table 1. *Fragility Indicators Overview (Chami et al., 2021; Grävingholt, Ziaja, & Kreibaum, 2012)*

	Starting date	Frequency	Country coverage	Concept measured and its definition
CPIA (World Bank)	2005	Annually	95 economies (includes regions, and income levels)	<i>Fragile states</i> : "... the term used for countries facing particularly severe development challenges: weak institutional capacity, poor governance, and political instability. Often these countries experience ongoing violence as the residue of past severe conflict." (World Bank, 2010)
Fragile/Failed State Index (Fund for Peace)	2006	Annually	178 countries	<i>State failure</i> : "A state that is failing has several attributes. One of the most common is the loss of physical control of its territory or a monopoly on the legitimate use of force. Other attributes of state failure include the erosion of legitimate authority to make collective decisions, an inability to provide reasonable public services, and the inability to interact with other states as a full member of the international community." (Fund for Peace, 2009)
State Fragility Index (Centre for systemic peace)	1995	Annually	167 countries with populations greater than 500,000 in 2017	<i>State fragility</i> : "The State Fragility Index and Matrix [...] rates each country according to its level of fragility in both effectiveness and legitimacy across four dimensions: security, governance, economic development, and social development."
the Index of State Weakness in the Developing World (Brookings Institution)	2008	One off	141	<i>State weakness</i> : "We define weak states as countries that lack the essential capacity and/or will to fulfill four sets of critical government responsibilities: fostering an environment conducive to sustainable and equitable economic growth; establishing and maintaining legitimate, transparent, and accountable political institutions; securing their populations from violent conflict and controlling their territory; and meeting the basic human needs of their population." (Rice and Patrick, 2008, p. 3)
Global Conflict Risk Index (European Commission)	2016	Every 6 months	138	
OECD Fragility Framework Authority Legitimacy and Capacity framework	2015	biannual—intermittent	58	
CIFP Fragility Index (Country Indicators for Foreign Policy)	2007	One off	192	<i>Fragility</i> : "Fragility is a measure of the extent to which the actual institutions, functions, and processes of a state fail to accord with the strong image of a sovereign state, the one reified in both state theory and international law." (Carment et al., 2011, p. 84)
Peace and Conflict Instability Ledger (University of Maryland's Center for International Development and Conflict Management)	2008	2008 and 2010	160	<i>State instability</i> : "[E]vents that create significant challenges to the stability of states. These include revolutionary wars, ethnic wars, adverse regime changes, and genocides or politicides." (Hewitt et al. 2008, p. 5)

Among these organizations, the most popular institution with its civic nature and the work they have done is the Fund for Peace. Every year, reports are prepared by the Fund for Peace organization according to 12 different criteria regarding the political, economic and social situations of 177 states. The organization works with many governments, non-governmental organizations, journalists, academics and experts to create these reports (Peace, 2021). The Fund for Peace organization calculates on 12 indicators ranging from 0-10. These indicators are 'demographic pressures', 'refugees and IDPs', 'intergroup conflicts', 'brain drain', 'uneven development', 'poverty and economic decline', 'state legitimacy', 'public services', 'human rights', 'security apparatus', 'polarization between elites' and 'foreign intervention'. This index was also used in this study.

In recent years, there have been a number of academic studies on Fragile States in the literature. A few of them are summarized in this section. In their research, Rizvi and Véganzonès-Varoudakis (2022) analyzed the financial, social, and institutional causes of internal conflict in 58 fragile states from 2004 to 2017 using fixed-effect Poisson regressions with robust standard errors and instrumental variables. Okafor and Piesse (2018) conducted an investigation of the elements that contribute to terrorism in nations defined by the Fragile States Index as “fragile” (FSI). Between 2005 and 2014, data from 38 countries were studied, the majority of which are in Sub-Saharan Africa, the Middle East, and South Asia. The negative binomial and fixed effects estimators indicate that a weak status, the quantity of immigrants, and young unemployment all have a positive and substantial influence on terrorism. Koren, Ganguly, and Khanna (2021) examined 27,018 terrorist incidents using regression and causal inference models and then conducted a case study. While terrorists prefer to target friendly nations, the research discovered that their frequency of assaults increases as their technical skills improve, enabling them to build up their military, recruit more fighters, and raise more money. Dennis (2021) investigated why the international community performs so inadequately in fragile states and focused on building country governance, especially in fragile states. Kwon, Lee, and Ha (2021) studied South Korea’s policy orientations toward fragile states by comparing the drivers of Korea’s official development aid to forty-eight Sub-Saharan African (SSA) countries from 2010 to 2019 to the top ten OECD donors to SSA governments. South Korea, according to the research, pays little attention to the problems of fragile nations. Unfortunately, this result applied not just to South Korea, but to the top ten OECD contributors as well.

In this study, a total of 44 countries, consisting of Turkey, neighboring countries, countries with similar economic size to Turkey, EU countries and countries with large economies such as the USA, China, Japan and Canada, are evaluated according to their similarities and differences in terms of relevant indicators. In the study, countries are grouped in terms of indicators by using cluster analysis, one of the multivariate statistical analysis methods. In addition, the performances of the clusters according to each indicator and the results obtained are evaluated together with the rankings obtained by the methodology applied by The Fund for Peace (FFP) and the rankings of other similar studies.

The main objectives of this study are to introduce the Fragile States Index developed by The Fund for Peace (FFP) and to evaluate the index with Cluster Analysis, one of the multivariate statistical analysis methods, and to present a methodological novelty to the studies on this subject. The main purpose of cluster analysis is to group the countries in the study based on their characteristics.

The remaining of the article is formed as follows: In the second part, the method is explained. The results are presented in the third section. The fourth section presents the discussion while the last section includes the conclusion.

2. The Fragile States Index - FSI

The Fragile States Index (FSI) was established in the 1990s to assist policymakers and field practitioners in better understanding and analyzing the variables and processes that contribute to conflict in complex situations. It originated with the development of FFP's Conflict Assessment System Tool (CAST). The Fund for Peace's (FFP) Fragile States Index (FSI) not only emphasizes the typical stresses that all states face, but also serves as a tool to demonstrate when these pressures surpass a state's ability to handle them. The approach used to collect data for the Fragile States Index indicators may be summarized as follows (Peace, 2021):

Content Analysis (Electronic Scanning): The sub-indicators are split down into hundreds of Boolean search keywords that are used to worldwide media data in order to evaluate how important each sub-indicator is in a country's context. A commercial content aggregator provides the raw data, which includes media articles, research papers, and other qualitative data points from more than 10,000 English-language sources throughout the globe. An estimated 45-50 million articles and papers are evaluated each year. Provisional ratings are assigned to each nation based on the perceived importance of each of the sub-indicators.

Quantitative Data: Indicators may be statistically represented using pre-existing quantitative data sets (usually from international and multilateral statistics institutions such as the United Nations, World Bank, and World Health Organization). For comparison analysis, raw collected data are standardized and transformed. For each nation, the findings from the statistical research are combined with those from the content evaluation stage.

Qualitative Review: According to a panel of social scientists, each of the 178 nations is evaluated separately based on that year's main events and how they compare to the previous year. This stage assists in capturing dynamic year-over-year patterns across several metrics while taking into account the strengths and shortcomings of each dataset and technique. As a result, complex content analysis data is less likely to provide false positives or negatives.

An algorithm is then used to the three data streams to guarantee that each dataset is merged in a manner which takes advantage of its unique capabilities. Additionally, this technique helps to guarantee that any

inherent vulnerabilities in a resource are discovered and corrected by others. However, the index's strength comes in its scientific rigor and methodical incorporation of a broad range of data sources, which are already publicly accessible online. Based on this approach, each country's final indicator score is calculated. The research team then conducts a panel evaluation of the final index to verify that all results are proportionate across the range of countries.

CAST framework is used to construct the final FSI Index output as an entrance point for the users to further interpretative analysis. The FSI is designed to track changes in pressures inside individual nations, not across them. This is why the FSI rates countries differently, with some being more fragile than others. By highlighting the most pressing issues in a nation, it gives policymakers and practitioners the chance to do more in-depth study and planning to help each state become more resilient. As a result, the following section explains what each Index indicator aims to assess and gives useful information for users to go deeper into their analysis and research questions further (Peace, 2021).

2.1. Fragile States Index Indicators

Detailed explanations of the indicators in the Fragile States Index are presented in this section (Peace, 2021).

Cohesion Indicators

C1: Security Apparatus: Bombings, attacks, and war-related casualties; riots; coup attempts; or terrorism are all taken into consideration by this index. As well as significant criminal indicators like criminal organizations and murders, the security index takes into consideration residents' perceived faith in internal security. For example, state-sponsored militias that go beyond standard military or police units to intimidate political opponents, suspected "enemy," or people who seem to be sympathetic to the opposition may serve as a signal in certain circumstances. State security policies may also involve the use of "deep state" security forces, which may include secret intelligence units or other irregular security forces that serve the objectives of a political leader or clique. Additionally, armed opposition to government authority is taken into consideration, such as violent riots and protests, the expansion of unofficial militias, vigilante or mercenary groups that challenge the state's monopoly on force.

C2: Factionalized Elites: The indicator Factionalized Elites considers the fragmentation of state institutions along ethnic, class, clan, race, or religion lines, as well as the gaps and bottlenecks amongst grouped elites. The indicator takes into account political rivalry and transitions, power struggles, which are often motivated by nationalism, xenophobia, ethnic

irredentism (for example, a “greater Serbia”), or social solidarity (for example, “ethnic cleansing” or “defending and imposing a particular belief”). Additionally, it considers the trustworthiness of the election location and electoral procedures (or, in their absence, the perceived legitimacy of the ruling class).

C3: Group Grievance: This Indicator focuses on the divides within society – notably those based on social or political traits – and their impact on access to services or resources and participation in the political process. Additionally, the indicator reflects a historical component of victim communities, in which they allude to historical injustices, some of which date back centuries, that impact and define that group’s place in society and its relationships with other groups. Groups may also feel violated when their claims for autonomy, self-determination, or political independence are ignored. Additionally, the indicator analyzes instances when specific groups have been singled out for persecution or oppression by government officials or dominant organizations, or where groups are publicly scapegoated for allegedly acquiring riches, prestige, or power “illegitimately.” The presence of impassioned rhetoric such as “Hate” radio, leaflets, and stereotyped or nationalist political speeches is also examined using the appropriate indicator.

Economic Indicators

E1: Economic Decline and Poverty: The index takes into consideration aspects that affect a country’s economic downfall. For instance, the indicator examines the progressive patterns of economic deterioration in society as a whole, as assessed by per capita income, Gross National Product, rates of unemployment, rising prices, production, credit, poverty, and job failures. Additionally, it takes into consideration dramatic declines in energy prices, trade revenue, or foreign capital, as well as any currency collapse or devaluation. Additionally, the Economic Decline Indicator considers reactions to economic circumstances and their implications, such as the great social problems imposed by economic austerity measures or observed growing group inequities. Along with statistics on the official economy, the Economic Decline Indicator considers illicit commerce, which includes narcotics, people trafficking, capital flight, levels of corruption, and unlawful activities such as financial fraud or embezzlement.

E2: Uneven Economic Development: This Indicator considers inequality inside an economy independent of the economy’s actual performance. For instance, the indicator examines structural inequality by group (racial, ethnic, religious, or other identification groupings) or by education, economic status, or area (such as the urban-rural divide).

The index considers both actual and perceived inequality, recognizing that perceptions of economic disparity may exacerbate complaints and strengthen social tensions or nationalist ideologies in addition to actual inequality. Along with economic inequality, the indicator considers chances for individuals to better their economic circumstances, such as the amount to which economic disparity occurs, whether via access to work, education, or vocational education, and the extent to which it is structural.

E3: Human Flight and Brain Drain: Displacement (economic or political) may have a significant influence on a country's economic progress, which is measured by this metric. It is possible that middle-class people, especially those who are economically active, such as entrepreneurs or skilled professionals such as doctors, may choose to leave their native nations in search of a better life elsewhere. It also covers forced displacement of professionals or intellectuals who have left their nations owing to real or suspected persecution and tyranny, as well as the economic effect of displacement on the economy due to the loss of a productive, competent professional workforce.

Political Indicators

P1: State Legitimacy: The State Legitimacy Indicator considers the government's representativeness, transparency, and connection with its citizens. The indicator measures public faith in government institutions and procedures, as well as the consequences of escalating mass protests, protracted civil disobedience, or armed rioting in areas where trust is low. While the State Legitimacy indicator does not necessarily make a judgment about democratic governance, it does consider the integrity of elections (as opposed to faulty or boycotted elections), the nature of political transitions, and the extent to which the government represents the population it administers, as well as the absence of democratic elections. The index considers government openness, specifically the governing elite's openness to transparency, accountability, and political representation, or, alternatively, the extent of corruption, profiteering, marginalization, persecution, or exclusion of opposing organizations. Additionally, the index evaluates a state's capacity to accomplish critical responsibilities, such as fair tax collection, which reflect a population's faith in its government and institutions.

P2: Public Services: The indicator of public services refers to the presence of fundamental government operations that benefit the public. These include, but is not limited to, the providing of critical services like health care, schooling, clean drinking water, transportation infrastructure, power and energy, and broadband and connection. On the other hand, it may refer to the state's capacity to defend its population against imagined threats

of terrorism and violence. Additionally, even where basic government operations and services are provided, the metric considers whether the state provides exclusive services to the ruling elite, such as security agencies, presidential staff, the central bank, or diplomatic service, or whether it provides comparable service to the urban and rural populations. Additionally, the indicator analyzes the state and upkeep of the country's overall infrastructure, as well as the degree to which its removal might have a detrimental effect on the country's present or projected growth.

K3: Human Rights and Rule of Law: The state's relationship to its population is measured in terms of how well fundamental human rights and freedoms are protected and honored. Using this indicator, you can identify systematic abuses of human rights, including those of individuals, organizations, and institutions (for example, harassment of the press, politicization of the judiciary, domestic use of the military for political purposes, suppression of political dissidents). In addition, the index takes into account violence driven by political ideology. On top of all that, it determines whether or not a regime of authoritarian or military rule is already in place, which denies or manipulates legal processes for political prisoners or opposition figures in accordance with internationally recognized best practices, as well as constitutional and democratic institutions.

Social and Cross-Cutting Indicators

S1: Demographic Pressures: The indicator focuses on the state's internal pressures and those of its neighbors, as well as those of the rest of the world. According to the indicator, for example, the indicator assesses health-related population pressures including food availability and access to clean water as well as the occurrence of epidemics. When it comes to social, economic, and political consequences, this indicator takes into account demographic characteristics such as the pressure of high population growth rates, skewed population distributions, or demographic features such as dramatically differing population increase among competing social groups. Climate change, natural disasters, and other environmental threats are all included in this index, in addition to the effects of an expanding population.

S2: Refugees and IDPs: The indicator assesses the burden on nations caused by the forcible removal of significant populations for social, political, environmental, or other reasons. Measures refugees by country of asylum, noting that population movements may put extra demand on public services and sometimes cause greater humanitarian or security issues for the receiving state if that state does not have the absorptive ability and necessary resources. As a consequence of other reasons such as violence,

environmental or health outbreaks, the indicator also monitors the number of internally displaced individuals and refugees from each country of origin. Assuming long-term IDPs or refugees, the existing population (per capita) is also assessed in relation to human progress and through time (annual spikes).

X1: External Intervention: An external actor's effect on a country's security and economy is taken into consideration by this metric. External actors, both covert and overt, are involved in the internal affairs of a state at risk by governments, militaries, intelligence agencies, identity groups, or other organizations that may have an impact on the balance of power in the country. Economic engagement by external players, including multilateral organizations, such as significant loans, development projects or foreign assistance such as continuing budgetary support, control of finances or supervision of the state's economic policy, is also a key emphasis of the indication. That is to say, the economic dependence condition is taken into consideration. Humanitarian intervention, such as the deployment of an international peacekeeping operation, is also taken into account when discussing foreign intervention.

3. Method and Data

The research ranks the 44 nations based on 12 indicators. The assessment was carried out using the Clustering method. The SPSS program was used for Clustering Analysis.

3.1. Hierarchical Clustering Methods

First of all, clustering methods can be examined in two main groups. These are hierarchical clustering and non-hierarchical clustering. The most used methods are the hierarchical clustering method group. Hierarchical clustering methods are used to identify clusters sequentially by combining units with each other at different stages and to determine at what distance (or similarity) level the elements that will enter these clusters are cluster elements. The main ones among these methods are single linkage technique, full linkage technique and variance (Ward's Technique) technique. Clustering takes place in four steps.

Step 1: Consider n individuals, n clusters.

Step 2: The two closest clusters are merged.

Step 3: The number of clusters is reduced by one and the iterated distance matrix is found.

Step 4: Steps 2 and 3 are repeated $n-1$ times (Tatlıdil, 2002).

The tree diagram (dendogram) is used to make the process easy to understand.

- Single link Technique

It is based on the shortest distance principle. It finds the two observations closest to each other and puts that cluster core in the first stage. Then it finds two other observations closest to each other or another observation closest to this core group and expands the cluster (Kalaycı, 2010).

- The complete linkage Technique

It is very adorned with the single connection method. Cluster structure is formed by starting from the farthest observations.

- Variance Technique (Ward's Technique)

Ward's technique is the most preferred one in the literature. It is based on the average distance of the observation falling in the middle of a cluster from the observations in the same cluster. Thus, it makes use of the total deviation squares. This technique is also used in the analysis of the study.

3.2. K-means Clustering Algorithm

K-means cluster algorithm was described by MacQueen (1967) which tries to decide the cluster centers, (c_1, \dots, c_k) , to reduce the amount of the squared distances (Distortion, D) of per input point (x_i) to its closest cluster center (c_k), as displayed in Equation where d is some distance function. Generally, Euclidean distance is preferred as the d . The processes are presented below (Azadnia, Ghadimi, & Molani-Aghdam, 2011):

(1) Determine the K center positions (c_1, \dots, c_k) .

(2) Distribute all x_i to closest cluster center c_k .

(3) All cluster center is recalculated to be the average of all x_i 's nearest to it.

(4) Compute

(5) When the value of D converges, (c_1, \dots, c_k) is returned; otherwise, continue from Step 2.

3.3. Data

The values of the indicators, which are explained in detail in the Fragile States Index section, are presented in this part. According to the relevant indication, if a nation has a low value, it indicates that the country performs well in terms of that indicator.

Table 2. *Indicator Values of the Countries (Peace, 2021)*

Countries	C1	C2	C3	E1	E2	E3	P1	P2	P3	S1	S2	X1
Australia	2.7	1.7	3.1	1.6	1.8	0.5	0.5	2.8	1.7	2.9	2.0	0.5
Austria	1.6	3.2	3.9	1.8	2.3	1.6	0.6	2.3	0.5	3.4	4.4	0.5
Azerbaijan	6.4	7.9	6.1	4.7	5.1	4.3	9.1	5.5	7.7	4.2	6.9	7.2
Belgium	2.6	4.4	4.1	4.6	2.1	2.5	0.8	2.5	0.6	4.0	2.3	0.5
Brazil	6.8	6.5	7.7	6.4	7.0	3.9	7.0	7.4	7.4	8.8	3.3	3.6
Bulgaria	4.3	5.3	4.2	5.2	3.8	5.0	3.7	4.0	2.9	5.2	3.7	4.3
Canada	2.8	2.5	2.2	2.0	2.3	1.1	0.5	2.3	1.3	2.0	2.2	0.5
China	5.5	7.2	7.1	3.7	5.9	3.8	8.5	5.3	9.6	5.9	3.7	2.7
Croatia	2.6	4.4	4.9	5.7	2.8	5.7	2.3	3.1	2.6	4.6	6.6	4.5
Czechia	2.6	5.3	4.6	4.2	2.0	3.5	4.1	2.7	2.0	3.0	3.2	2.1
Denmark	1.7	1.4	3.7	1.7	1.2	1.3	0.5	1.4	0.9	2.3	2.2	0.5
Estonia	2.3	5.9	7.4	3.2	2.6	4.3	1.5	2.5	1.3	2.9	1.9	3.7
Finland	2.5	1.4	0.6	2.9	1.0	1.5	0.5	1.6	0.5	1.7	1.5	0.5
France	3.5	1.9	6.4	4.2	3.0	2.1	0.9	1.8	1.2	3.9	2.7	0.9
Germany	2.3	2.3	4.0	1.8	2.5	2.0	0.5	2.0	0.8	2.1	4.0	0.5
Greece	3.9	4.1	4.2	6.0	2.9	3.9	5.5	4.0	3.3	3.9	5.9	6.9
Hungary	2.4	5.3	3.6	5.0	2.9	4.0	6.4	3.4	5.3	3.3	5.6	3.9
India	6.6	7.3	8.2	7.0	6.2	5.5	4.3	7.5	7.7	8.1	4.1	4.5
Iran	6.9	9.6	9.3	7.6	4.9	5.3	9.2	4.7	9.5	5.5	5.3	6.7
Ireland	2.7	1.5	0.5	2.7	1.6	2.8	0.5	2.5	1.6	2.8	1.4	1.6
Israel	2.4	7.9	6.7	1.2	3.6	2.4	3.3	1.8	2.9	4.8	1.2	4.8
Italy	5.1	4.9	4.3	5.7	2.3	2.4	2.8	3.7	0.9	5.2	4.5	3.4
Japan	1.8	2.6	2.5	3.7	1.9	2.9	0.5	1.8	3.0	5.7	3.2	2.6
Latvia	2.6	4.3	8.3	3.7	3.5	5.5	2.2	3.9	2.4	3.0	1.9	2.7
Lithuania	2.8	3.0	3.3	3.7	4.1	5.2	1.5	3.7	2.2	3.4	1.8	4.0
Luxembourg	0.7	3.4	2.1	2.6	1.4	1.6	0.5	1.9	1.1	2.8	2.5	0.5
Mexico	8.5	5.4	6.3	5.0	5.3	4.9	5.5	6.9	5.8	6.7	5.0	4.6
Netherlands	2.2	3.4	3.6	2.2	1.6	2.4	0.5	1.3	0.7	3.1	2.6	0.5
Norway	1.8	1.1	3.3	1.9	1.0	0.8	0.5	1.6	0.5	1.4	2.2	0.5
Poland	2.4	4.2	5.6	3.8	2.4	4.6	4.3	3.0	4.0	3.6	2.4	2.8
Portugal	0.5	2.5	1.3	4.8	2.0	2.8	0.8	2.9	1.1	3.3	1.8	3.0
Romania	2.1	5.7	6.0	4.5	3.8	5.4	5.0	4.8	3.6	4.3	2.1	3.7
Russia	7.7	8.4	8.0	5.2	5.2	3.4	8.5	4.3	8.9	4.6	4.6	4.8
Slovakia	1.2	4.7	5.7	4.3	2.6	4.1	3.8	3.2	2.3	2.4	2.6	2.1
Slovenia	0.5	2.0	3.6	3.4	2.4	3.6	1.9	2.4	1.1	3.4	2.8	1.1
South Africa	6.4	6.3	5.9	8.3	6.7	4.9	5.9	6.9	4.2	7.1	4.2	3.2
South Korea	2.1	3.9	2.3	1.9	2.2	3.5	3.0	2.2	3.1	2.3	1.6	4.4
Spain	3.4	6.9	6.7	5.3	2.9	1.2	6.9	2.9	1.2	3.5	2.2	1.7
Sweden	2.7	1.8	1.7	1.9	1.7	0.7	0.5	1.4	0.9	3.3	4.3	0.5
Switzerland	1.6	1.0	2.7	2.0	1.8	1.1	0.5	1.6	0.8	3.2	3.1	0.5
Turkey	7.2	8.8	9.7	5.3	4.7	4.1	7.3	5.4	8.0	5.1	8.4	5.7
United Arab Emirates	2.5	3.6	2.8	2.4	3.3	2.2	6.4	2.9	7.0	3.6	1.8	1.8
United Kingdom	3.5	5.8	6.1	5.2	3.5	2.5	3.2	2.6	2.1	3.6	1.7	1.7
United States	4.3	7.3	6.5	2.1	3.7	1.8	3.5	2.7	4.4	5.0	2.3	1.0

4. Results

According to the tree graph (dendrogram) in Figure 1, it is seen that the observations are mostly clustered in three groups. According to the hierarchical clustering method, it is seen that our variables are gathered under 3 clusters, according to this, it is understood that the appropriate solution will be 3 clusters.

Figure 1. Dendrogram

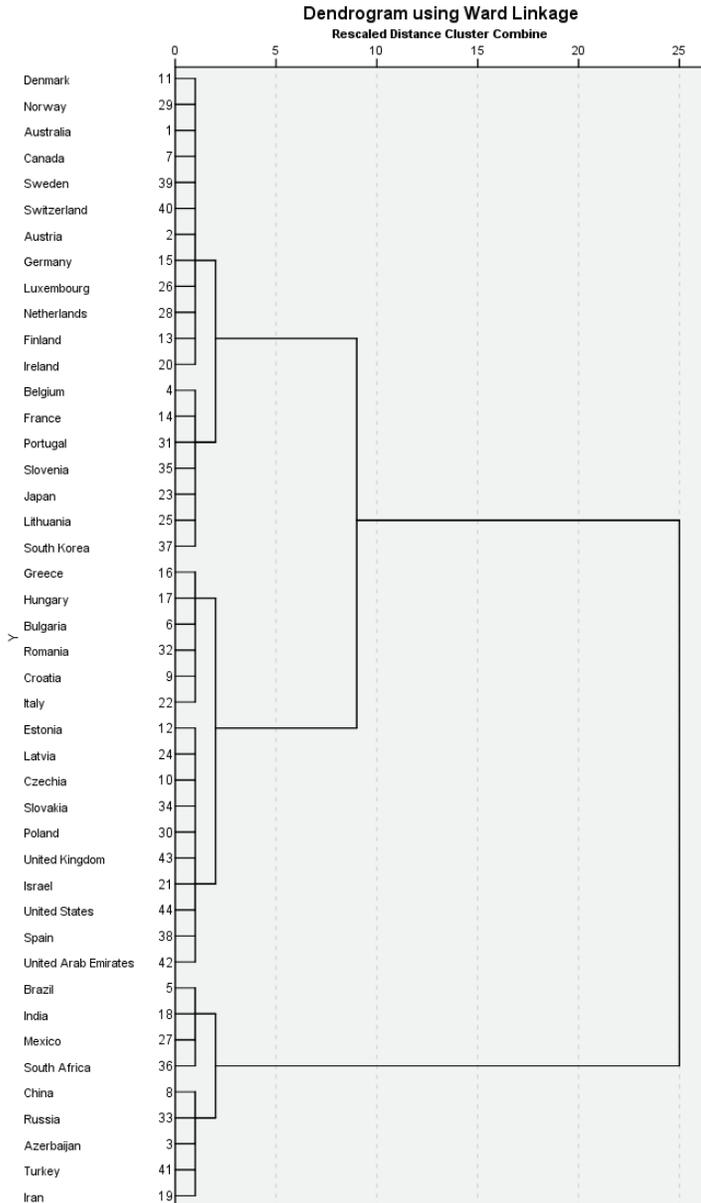


Table 3. *Cluster Membership*

Countries	Cluster	Distance
Australia	1	2.335
Austria	1	2.626
Belgium	1	3.509
Canada	1	1.991
Denmark	1	2.112
Finland	1	3.299
France	1	4.373
Germany	1	2.33
Ireland	1	3.231
Japan	1	4.078
Luxembourg	1	2.06
Netherlands	1	1.822
Norway	1	2.731
Portugal	1	4.045
Slovenia	1	2.942
Sweden	1	2.723
Switzerland	1	1.852
Bulgaria	2	3.274
Croatia	2	5.04
Czechia	2	2.226
Estonia	2	4.235
Greece	2	5.656
Hungary	2	4.829
Israel	2	5.389
Italy	2	4.563
Latvia	2	4.431
Lithuania	2	4.454
Poland	2	2.104
Romania	2	3.273
Slovakia	2	2.77
South Korea	2	4.77
Spain	2	5.414
United Arab Emirates	2	6.304
United Kingdom	2	3.212
United States	2	5.1
Azerbaijan	3	4.63
Brazil	3	4.069
China	3	4.442
India	3	4.312
Iran	3	4.97
Mexico	3	4.166
Russia	3	3.509

South Africa	3	5.477
Turkey	3	4.634

Table 3 shows which country belongs to which cluster. In line with this information, the common feature of each cluster can be determined. For example, Russia, South Africa and Turkey are in cluster 3. Accordingly, the common feature of cluster 3 can be determined.

Table 4. *Final Cluster Centers*

Indicators	Cluster		
	1	2	3
C1	2	3	7
C2	2	5	7
C3	3	5	8
E1	3	4	6
E2	2	3	6
E3	2	4	4
P1	1	4	7
P2	2	3	6
P3	1	3	8
S1	3	4	6
S2	3	3	5
X1	1	3	5

Table 4 shows the mean of the variables in the clusters. Accordingly, when the C1 (Security Apparatus) variable is examined, it is seen that the worst performing cluster is the 3rd cluster, and the best performing cluster is the 1st cluster. When Table 4 is analyzed one by one in terms of indicators, it is seen that the 3rd cluster performs poorly in all indicators with very high differences, while the 1st cluster shows the best performance in all. There is just one indication in which the first and the second clusters perform equally, and that is S2 (Refugees and IDPs). Cluster 2, on the other hand, is closer to Cluster 1 in terms of performance compared to indicators.

Table 5. *Distances between Final Cluster Centers*

Cluster	1	2	3
1		6.555	15.452
2	6.555		9.588
3	15.452	9.588	

Table 5 shows the distances between the last cluster centers. Accordingly, it can be said that the two closest clusters are 1 and 2, and the two farthest clusters are 1 and 3. Also, Cluster 2 is closer to Cluster 1 than Cluster 3.

Table 6. ANOVA Results

	Cluster		Error		F	Sig.
	Mean Square	df	Mean Square	df		
C1	73.250	2	0.822	41	89.087	0.000
C2	87.244	2	1.385	41	62.983	0.000
C3	66.968	2	2.320	41	28.872	0.000
E1	30.792	2	1.735	41	17.746	0.000
E2	42.748	2	0.412	41	103.671	0.000
E3	25.293	2	1.205	41	20.982	0.000
P1	133.008	2	1.742	41	76.346	0.000
P2	46.918	2	0.609	41	77.024	0.000
P3	127.685	2	1.684	41	75.839	0.000
S1	30.949	2	1.225	41	25.275	0.000
S2	18.476	2	1.948	41	9.487	0.000
X1	50.434	2	1.577	41	31.982	0.000

The aim of the ANOVA results is to examine whether the variables differ in terms of clusters. The expectation is that the variables are different in terms of clusters. Because cluster analysis creates this difference itself and maximizes the difference (distance) between clusters. The results of the ANOVA table in Table 6 show that the variables differ according to the clusters.

5. Conclusion and Discussion

It is seen that most of the countries that are considered failed are also economically undeveloped or developing at all. Apart from the internal factors of the countries, the dependency relationship caused by the global capitalist economic system is also accepted as an important factor. Developed countries control less developed countries market and raw material resources. These countries make these countries dependent on them with various international companies and investments. The surplus value is from the periphery to the core. In these economically underdeveloped countries, factors such as low national income, poverty and corruption prevent the state from fulfilling its responsibilities to a sufficient degree. There are problems in employment so unemployment is increasing. The state begins to have problems with stability and security issues.

In today's world, weak and unsuccessful states pose a significant threat to their societies and to global peace. The problems experienced in failed states are not limited to that state alone. They place a heavy burden on the global economy. It causes insufficient provision of public services in the country. Access to basic public services such as education, health

and security is getting harder. As a result, diseases and epidemics increase and death rates increase. Failure can result in unemployment, conflict and migration. Unemployment and migration cause heavy economic, social and cultural problems to be carried to neighboring countries. Citizens of failed states in Africa and the Middle East become immigrants and may resort to difficult and deadly journeys. As the clearest example of this, there is a great migration from North African countries, Subcontinent Africa and the Middle East to Europe, and from Afghanistan and Syria to Turkey. Thousands of people die on the roads and in the Mediterranean. People who can reach Europe or safe countries have a problem of adaptation, and they put an economic burden on the country they reach.

This study aims to provide information about the concept of “Fragile States” and the indices of institutions that regularly provide up-to-date data on this subject, as well as to compare Turkey and countries with similar economies, neighboring countries, EU countries, and the world’s major global states, by utilizing Cluster Analysis, a multivariate statistical technique.

44 nations from the Fund for Peace’s Fragile States Index were analyzed using data from 2021. The indicators are as follows: ‘Security Apparatus’, ‘Factionalized Elites’, ‘Group Grievance’, ‘Economic Decline’, ‘Uneven Economic Development’, ‘Human Flight and Brain Drain’, ‘State Legitimacy’, ‘Public Services’, ‘Human Rights and Rule of Law’, ‘Demographic Pressures’, ‘Refugees and IDPs’, and ‘External Intervention’. According to the indicator assessment, the greater the value of a State in the 0-10 range of an indicator, the more failed the State.

In the hierarchical clustering method, Ward’s technique was chosen and a tree diagram (dendrogram) of 44 countries was obtained. When the dendrogram was evaluated, it was determined that the countries were divided into 3 clusters. After this stage, countries were separated into 3 clusters with the k-means technique, which is one of the non-hierarchical clustering methods. According to the result of ANOVA analysis, all indicators (variables) differ in terms of clusters. In the 1st cluster, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Japan, Luxembourg, Netherlands, Norway, Portugal, Slovenia, Sweden and Switzerland are the countries with the best values among the three clusters in terms of all indicators. Azerbaijan, Brazil, China, India, Iran, Mexico, Russia, South Africa and Turkey are in the 3rd Cluster, which shows the worst performance among 44 countries in terms of all indicators. Brazil, India, South Africa and Turkey, which were included in the Fragile Five Morgan Stanley classification, which gathered the most fragile emerging economies in 2016, are also in the same cluster here, according to 2021 data. MINT (Mexico, Indonesia, Nigeria, and Turkey) countries defined

by Fidelity Investments in 2014 (Gryczka, 2018), Mexico and Turkey included in this study are still in the same group and still in the position of fragile countries, even though it has been seven years. When Netherlands-based Rabobank examined the most fragile countries in terms of economic indicators in developed countries in 2021, Turkey was evaluated as the fifth most fragile country. South Africa and Brazil were the countries that followed Turkey most closely. Although China and Russia have much better values, they are still on this list of fragile economies. The results of this study are consistent with the Fragile States Index ranking and other fragile state rankings mentioned here. It is predicted that the fragility situation will continue in this way for a while due to economic sanctions applied to Iran and Russia, Turkey's inflation, exchange rate risk, current account deficit risk and refugee problems.

When the Final Cluster Centers values presented in Table 4 are evaluated in terms of FSI indicator values, countries in the 2nd cluster such as Bulgaria, Croatia, Czechia, Estonia, Greece, Hungary, Israel, Italy, Latvia, Lithuania, Poland, Romania, Slovakia, South Korea, Spain, United Arab Emirates, United Kingdom and United States have values closer to Cluster 1 rather than Cluster 3. Considering the ranking obtained by the methodology of the Fragile States Index, it is seen that these countries have very close scores and rankings. Therefore, the results of the study in terms of these countries are consistent with the FSI ranking.

In brief, there are the following situations in fragile countries with bad values in terms of Fragile State Index indicators:

- policy and ideology-based security and conflicts of interest, organized crime, a “deep state” threat, which may consist of secret intelligence units or other irregular security forces serving the interests of a political leader or clique
 - an environment that allows the proliferation of mercenaries
 - religion-based or generally nationalist, xenophobic-based approaches
 - harsh marginalizing policies; chronic political or ethnic problems, sometimes dating back centuries
 - the existence of separatist and separatist political and terrorist movements
 - economic downturn
 - extreme social difficulties or perceived increasing group inequalities imposed by economic austerity programs

- illegal trade activities, including illegal transactions in the formal economy as well as drugs, human trafficking, capital flight, levels of corruption, money laundering or embezzlement
 - increase in perceived inequality, not just actual inequality
 - perceived inequality in opportunity and education
 - an increase in voluntary migration of the middle class – particularly of economically productive segments of the population such as entrepreneurs or skilled workers such as doctors – to other countries due to the economic disruption in their home country and the hope for better opportunities
 - constant discussion of the representativeness, openness of government and its relationship with its citizens
 - increased distrust in the electoral and tax collection system
 - increase in attempts to suppress opposition
 - decreased reliance on government institutions providing essential government functions and services
 - the emergence of existing or emerging authoritarian, dictatorial or military rule, in which legal processes for political prisoners or dissidents are denied, in line with international norms and practices, constitutional and democratic institutions and processes are suspended or manipulated
 - increase in health-related population pressures, such as the food supply, access to clean water and other life-sustaining resources, the prevalence of epidemics, as well as problems from extreme weather events (hurricanes, earthquakes, floods or droughts)
 - increase in internal state pressures as a result of other factors such as refugee-induced violence, environmental or health epidemics; continuous increase in the number of refugees
 - an increase in the influence and role of external actors in the functioning of the state - especially security and economic
 - foreign interference
 - increased perception of pressure by governments, armies, intelligence services, identity groups, or other entities that may affect the balance
 - Threats of exposure by external actors, including multilateral organizations, through large-scale loans, development projects, or external aid such as ongoing budget support, control of finances, or management of

state economic policy, and the deployment of an international peace-keeping mission.

Turkey, on the other hand, is defined as a fragile country in all the fragile country evaluations mentioned in this section and in the Cluster Analysis results of this study due to the negative values of economic indicators such as refugee problem, informal economy, brain drain, inflation, current account deficit, currency pressure. The purpose of this research is to provide a methodological and content contribution to the literature and to aid policy practitioners in developing action plans. It is expected that the findings of future research using the same or other methodologies with the up to date data would be compared to the conclusions of this study.

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Chapter 5

A PHILOSOPHICAL VIEW ON SPORTIVE AESTHETICS AND MEDIA

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Introduction

Sport has existed as a cultural and social element in almost every moment of human history. Sports, which is given as much importance as mathematics or philosophy in the education of young people and individuals, has become an indispensable tool for the individual's physical, spiritual, and intellectual development. Sports have also become a form of entertainment that brings together the masses. Furthermore, it is also a symbol of preparation for war and the continuation of peace. In this respect, we can say that sports have social, cultural, and diplomatic dimensions, as we saw in the Ancient Greek Olympics. In this respect, sport is discussed from the physiological, philosophical, and sociological points of view due to all its dimensions. This study aims to deal with sports from a philosophical point of view on the basis of aesthetics. For this purpose, we will define sport as a human act with aesthetic value and establish a philosophical connection between sportive aesthetics and artistic aesthetics. On the other hand, the reproduction of sports aesthetics with mass media will be discussed by considering the presentation forms of sports events.

The study proceeds from the claim that the two-sided aesthetic dimension included in the athlete's actions is related to the high aesthetic experience that emerges in the works of art and is primarily contained in the artist's work and the aesthetic experience that appears in the audience watching the artwork. For this reason, the ground we prefer to discuss has been to focus on the aesthetic aspect of sports, just like the aesthetic aspect in art. While making this discussion, our priority will be to consider the concepts and principles of the modern aesthetic perspective that form the basis of this evaluation. Then, starting from the contemporary aesthetic understanding, aspects of sportive and artistic aesthetics will be discussed from the athlete's and the sports audience's perspectives. Next, we will review media and sports aesthetics as the area or tool where sportive aesthetics are most evident. Finally, we will reveal the political aspect of sports aesthetics, based on the determination that the media includes economic, social, and social foundations in presenting aesthetic principles.



Image 1: <https://www.narsanat.com/disk-atan-adam-discobolus-ve-tarihcesi/>

Sportive Aesthetics and Sublime

Sports is an activity that includes many features that we can see in nature and animals, such as speed, strength, and flexibility. The metaphors we use for people displaying these characteristics reflect this naturalness in language: strong like a bear, fast as a cheetah, etc. But, of course, the fact that people exhibit these features in sports separates them from their naturalness and makes them elements of the sportive performance. Thus, through sports, phenomena such as speed, strength, and flexibility take the form of human performances. The speed of the football player, the flexibility of the gymnast, and the weightlifter's strength show the performances revealed in pushing the limits of our human abilities through sports. For example, despite some players seeming inexperienced and inelegant in football, they are still influential. Of course, sportive activities require physical needs such as being fit, strong, and speed. That is why players have to improve their bodies. Meeting these needs makes them better athletes.

Sportive actions also have extraordinary dimensions desired for both the athletes and the audiences. The value that the athletes reveal in their performance is operational and an aesthetic value for themselves and the audience. This value is not just about the athlete's winning or losing. Because athletes and fans get pleasure when they win or are sad after a lost competition. The fans prefer to feel victory instead of losing. Some persons appreciate the enthusiasm of play and the aesthetic experiences that sport gives. The aesthetic value that sports reveal is not just about winning or losing. Of course, everybody wants to entertain thanks to sports activities. Because sports satisfy sensuous pleasure and desires, it is not just about the senses but about intellect, aesthetics, and morals. That is why Edgar (2013: 92) said that aesthetics of sport is about the difference between participating in and watching sports in terms of aesthetics. Even though we do not create works of art, we enjoy watching the work of art.

Although we cannot participate in sports activities, we can enjoy the sports activities by watching.

The main reason why sports can be seen as an activity that produces aesthetic value is that, just like in art, sports are an activity that creates aesthetic pleasure. Sports can create aesthetic pleasure and value. Mumford (2012:19) said that sport was as the best a sphere as any for audiences to reach their aesthetic enjoyment. Moreover, the same sport can give different aesthetic experiences. We can say that the elements that we experience in the flexibility and speed of the athletes' movements and that give us pleasure are also experienced in the arts, such as dance, where physical movements are offered. It is possible that the aesthetic pleasure we experience in the artist's body movements, jumps, and rhythms in dance can also be experienced in the athlete's performance. Mumford (2012: 20) argued that these activities interrelated the purpose of sports. The athletes, dancers, or swimmers do not aim to shape their bodies. They shape their bodies to perform their performances. Performance is the main aim for the athletes or dancers.

Furthermore, the aesthetic value can be seen in their performances and success. Through sports, athletes create an aesthetic value while displaying their bodily performances. We experience this aesthetic value in the flexibility, twisting, and falling of the athlete's body who makes a high jump. Sport offers us an environment to experience aesthetically beautiful bodily actions.



Image 2: <https://www.vedans.com/modern-dans-jazz>



Image 3: <https://fitpeople.com/tr/spor-dallari/digerleri-spor-dallari/jimnastik-disiplinleri-arasinda-one-cikan-5-dal/>

It is seen that it is challenging to separate sports and art from each other in branches such as synchronized jumping, figure skating, artistic gymnastics, and water ballet, where aesthetics and sportive performance are intertwined.



Image 4: <http://atlantikspor.com.tr/>



Image 5: <https://olympics.com/en/beijing-2022/>

These determinations are essential points that enable us to think about artistic and sportive aesthetics. Concepts that allow us to define and think about artistic and sportive aesthetics can be found in the history of philosophy.

According to Kant, the achievements of the human mind and actions are successes against the necessary conditions of nature. However, on the other hand, freedom is the ability of man to transcend the imperatives of nature and act unhindered.

If, however, we call anything not merely great, but, without qualification, absolutely, and in every respect (beyond all comparison) great, that is to say, sublime, we soon perceive that for this it is not permissible to seek an appropriate standard outside itself, but merely in itself. It is a greatness comparable to itself alone. Hence it comes that the sublime is not to be looked for in the things of nature, but only in our own ideas. But it must be left to the deduction to show in which of them it resides. The above definition may also be expressed in this way: that is sublime in comparison with which all else is small. Here we readily see that nothing can be given in nature, no matter how great we may judge it to be, which, regarded in some other relation, may not be degraded to the level of the infinitely little, and nothing so small which in comparison with some still smaller standard may not for our imagination be enlarged to the greatness of a World (Kant, 2007: 81)

Therefore, being able to build a bridge to connect the valley split by a raging river, to go to the moon, to dive underwater for a very long time without a tube is success against the imperatives of nature. These achievements and the pride one feels for them liberate a person. More remarkable human achievements are a sense of the sublime in one's actions. Indeed, according to Kant,

Bold, overhanging, and, as it were, threatening rocks, thunderclouds piled up the vault of heaven, borne along with flashes and peals, volcanoes in all their violence of destruction, hurricanes leaving desolation in their track, the boundless ocean rising with rebellious force, the high waterfall

of some mighty river, and the like, make our power of resistance of trifling moment in comparison with their might. But, provided our own position is secure, their aspect is all the more attractive for its fearfulness; and we readily call these objects sublime, because they raise the forces of the soul above the height of vulgar commonplace, and discover within us a power of resistance of quite another kind, which gives us courage to be able to measure ourselves against the seeming omnipotence of nature. (Kant, 2007: 91).

Generally speaking, the sublime is something we experience when we watch an erupting volcano from afar from a distance where it cannot harm us. However, monuments also allow us to share the sublime representation in paintings, novels, and sculptures while describing landscapes, situations, and events that we cannot experience. That is why nature is judged sublime in our aesthetic judgments, not because it is frightening. Therefore, the Kantian Sublime is one element that reveals beauty in art. This sublime experience is similar for both the artist and the audience. There is a 'purposiveness without purpose.' Edgar (2013:123) argued that audiences connect the activity for its own sake, and Kantian 'purposiveness without purpose' builds the universal structure of beauty. Thus, the aesthetics of the sublime has two aspects: 1- The sublime experienced by the artists is the source of their work. Because the artists transfer their sublime experience to their work with their genius and sometimes even surpass it and can present an extraordinary artistic experience. 2- The audiences, on the other hand, create a judgment of aesthetic taste, which they will call beautiful while experiencing the tremendous sublime that they will never experience through the works. That is why the thing that brings out the aesthetic beauty in sports is similarly two-sided. Using the basic principles of Kant's sublime analysis, we can explain these two aspects: 1- Sublimity in the athlete's performance. 2- The sublimity experienced by the audience through the media. First, the athletes have overcome nature's imperatives, transcending the gravity, velocity, acceleration, and angles to which they and everyone else are subjects. Schmid (2013: 107) argues that the experience of aesthetic judgment is cognitive. Nevertheless, athletic experience includes both aesthetic and practical judgment. The athlete watches his performance, which is in the nature of the athletic experience. On the other hand, the athlete is the perpetrator of that performance, trying to achieve an action that is a voluntary goal and ideal.

Thus, athletes have overcome their cognitive, bodily, and volitional limitations and perfected their actions. Sport allows athletes to accomplish the good and the unusual, supernatural-like activities with the proper training and equipment. These activities are similar to the aesthetic experience of the artist in art as envisioned by Kant. Schmid (2013:118) said that Kant's

theory of teleological judgment makes us rethink the beauty and the sublime concerning sport and other forms of human activities. Freedom emerges as a natural sense of pride in the achievements of the human mind and a desire to overcome nature—e.g., the construction of a bridge across a cliff. The greater the success, the greater the natural sense of greatness in action. This feeling is linked to empirical or pathological pride and self-assertion. However, such actions can also be seen as a universal human achievement (e.g., flight to the moon), as long as the action is natural-heroic and moral. We can see the morally sublime, task-filled act of perfection occupying and perfecting human rationality instead of seemingly eternal nature.

Second, the audiences also judge the sporting sublime. Because they also experience the sublime. The audience experiences while passively watching the extraordinary acts listed above are still sublime. Because in ordinary life conditions, we are only spectators, and since we cannot reach the performances of the athletes who perform those sportive actions, we are left to experience them as spectators. The spectator's position is to witness the activities of sporting heroes and legends and reach the sublime in those actions as a spectator that cannot achieve individually. In short, the sublime is the perfection in the purpose-oriented performance itself, like that of the athlete in sports. This performance of the audience is like the viewer's position who watches a work of art in an exhibition. It is not accidental that we highlight the concept of the Sublime here because the place where we experience sports aesthetics is the media for us, the audience. The media records the sublime of the performance in sports events, constructs it, and presents the sublime with technical possibilities; it records the athlete's extraordinary action, zooms in on it, replays it in slow motion, replays it in HD quality. Thus, the greatness of an athlete's performance is conveyed through the media, and value is added to it even more. It is possible to examine the media's contribution to sportive aesthetics in two dimensions. First, it is impossible to mention that the media only reflects the athlete's action by recording it while presenting the sports activity. If this were so, it would remain only as a record, a historical document, or an archival act. Developing media technologies bring the aesthetic aspect of sports activities, making the sublime experience we mentioned before even more pleasurable. It elevates the knowledge of the Sublime to a higher level of aesthetic pleasure.



Image 6: <https://sportsgazette.co.uk/former-england-defender-its-time-to-end-the-hand-of-god-obsession/>



Image 7: <https://bylge.com/p/tanrinin-eli-%7C-the-hand-of-god-5ea8d74e5ebbb40008db0966>

For this reason, it should be accepted that the media inevitably has a positive effect on sports aesthetics. The other dimension appears in the worldwide broadcasting of sports activities, Olympics, and tournaments through the media. Therefore, it is ensured that all these sportive aesthetics are not limited to the place, and time it takes place—almost everyone through live broadcasts, re-broadcasts, internet videos, and social media shares. Thus, the sublime sporting experience worldwide is made democratically and equally accessible.

Criticism of Mediatic Sublime

On the other hand, these two features are open to criticism. This criticism reveals the political aspect of sports aesthetics. The technical part of the media, which increases the aesthetic value of sportive performance, makes it not just a sport but turns it into a *spectacle* (Debord, 1996). While the aesthetic experience is enhanced with spider cameras, cameras inside the goal, cameras added to the athlete, and cameras added to the court net in tennis, the experience is no longer just a sportive activity. Focusing on the technology itself replaces the sublimity that gives aesthetic pleasure and the athlete's performance. Technology reproduces the sublime in its ways. We use reproduction to involve the technical reproduction of artwork copy. Thus the media condemns the sportive aesthetics of this technology itself in a way that goes beyond just the uniqueness of the performance, its place, and timeliness. Benjamin refers to the abolished element with the term "aura," stating that the work of art constantly reproduced and copied through technique loses its uniqueness. What fades in reproduction by mechanical and technical means is the aura of the work of art. Benjamin (2012:10) stated that the reproduction technique separates the reproduced object from the field of tradition. Benjamin emphasizes that by making

many reproductions through technique, the uniqueness of the work of art is replaced by multiple copies.

Unmistakably, reproduction as offered by picture magazines and newsreels differs from the image seen by the unaided eye. Uniqueness and permanence are as closely linked in the latter as are transitoriness and reproducibility in the former. To pry an object from its shell, to destroy its aura, is the mark of a perception whose “sense of the universal equality of things” has increased to such a degree that it extracts it even from a unique object by means of reproduction. Thus is manifested in the field of perception what in the theoretical sphere is noticeable in the increasing importance of statistics. The adjustment of reality to the masses and of the masses to reality is a process of unlimited scope, as much for thinking as for perception (Benjamin, 2012:13).

In other words, technology makes the audience dependent on the sportive aesthetics or the sublime created through these tools. Here, getting help from Theodor Adorno’s analysis of the culture industry will clarify the issue. Adorno (2001: 64) states that works of art always have an ideological basis and states that universality is constantly removed from the autonomous work of art through an ideology. Thanks to its popularity, mass art has also taken the alienation of the masses from art, which is blindly pursued in life by society as a requirement of the production process. For this reason, Adorno states that the media arts, which he calls mass arts, constantly and consciously reproduce this alienation. Thus, art consists of material, reproduction, and presentation techniques within the mass industry. The artwork is now a technique for the distribution of a real object. Because the relationship of the media and sports aesthetics with the sublime now reaches the level of creating selected sublime. Thus, Adorno states that Kant’s concept of the sublime has been transformed within the process of mass culture. Rethinking the universality of the sublime in Kant’s definition and its connection with beauty through the elements of consumer society and mass culture has become a necessity in today’s media understanding.

Kant’s doctrine of the sublime is the most striking expression of this. The mass culture which is so true to the facts absorbs the truth content and expends itself in the material but all it has left as material is itself. Hence all those musicals and biopics and all the biographies about artists etc. Self-reflection is provoked by the techniques of the sound film which can only introduce song into the action in a realistic manner by turning singers into the heroes who first lose and subsequently regain their voices. But the true source of self-reflection lies in the fact that decisive aspects of reality today elude representation through the aesthetic image. Monopoly scorns art (Adorno, 2001: 65).



Image 8: <https://olympics.com/en/news/usain-bolt-announces-birth-of-twin-sons-with-partner-kasi-bennett>



Image 9: <https://www.skysports.com/more-sports/athletics/news/29175/10993462/usain-bolt-faces-three-months-of-rehabilitation>

It is now clear that the media picks and gives each sportive performance to the audience in the center of commercial concerns, not depending on its aesthetic value. Kellner (2003: 65) argues that sport is caught between an unholy alliance between commerce and the media spectacle in our age. The society of the spectacle, in which dominant social values, products, and corporations celebrate and reproduce sport, is a largely untheorized and neglected debate. In this context, while glorifying celebrity and star power, sport in our age presents a spectacle of violation and scandal as value, elevating athletes to godlike status and then sometimes displacing them with scandals and disgrace.

In this sense, the sublime is now the mediatic; instead of following the sublime in itself, we tend towards an artificial sportive sublime. For example, in a 100 meters race, our expectation is a high-speed race, perhaps a world record, and this is the full expression of sublime for both the athlete and the spectator. An athlete's fall or injury during a race does not represent supreme experience. However, the fall of a mediatic athlete during the race is a mediatic sublime that the media emphasizes more than the winner's performance. In this case, the media's widespread use is replaced by the sublime in itself and the sublime, the source of aesthetic value. As Adorno said, the aesthetic sublime and the aesthetic experience arising from it turned into mediatic images produced under the principles of profit, viewing rates, and famous image creation. When it comes to the relationship between sports and media, the difference between being popular in aesthetics and having aesthetic value, being sublime, and being mediatic has disappeared. Kellner (2003: 69) argued that the transformation of the sports spectacle has a Worldwide aspect; because of that, the most popular players become international icons, marketed in worldwide sports commercials, campaigns, product promotions, movies, internet, and another venue of media and popular culture.

Of course, these criticisms show that the aesthetic aspect of sports is determined politically—the criterion for deciding which sports competition

will be featured in the media. Which branch will be broadcast live and broadcast on tape has become an economic and political issue by the athlete's popularity and the branch's distribution of broadcasting revenues. Kellner (2003: 65) states that today, sport is a large part of the consumer society, and individuals learn the values and behavior of a competitive and success-oriented society through sport. Kellner, who focuses on the determination that sport has become a tool of economic and social capitalist value production today, emphasizes that the connection of sport with the concepts of game, Olympism, and aesthetics has been transformed. This transformation has made sport a media spectacle in our age. Organized as a media show, sports also took over the value production mechanism of the capitalist mode of production and consumption. The clearest example of this can be seen in the roles of sports heroes in this media show. Kellner (2003: 65) states that sports heroes are the highest-paid wealthy members of the consumer society. Therefore, they are considered symbols of individuals' dreams about a good life. Thus, the media presents successful and famous athletes not because of their sporting actions but as a spectacle of the artificial values they represent. Fans have also become part of the media spectacle, consuming sports performances and presenting themselves artistically in admiration of given sporting virtues and achievements. At the same time, this structure does not encourage participation in sports. It limits the audiences to an action that consumes the sports spectacle as audiences spend their energy deifying the athletes and teams and glorifying winning as a value. As a result, Kellner (2003: 65) defines one of the main features of modern post-industrial societies as an area where sports are commercialized and turned into spectacles. Thus, sports taught individuals how to adapt and stand out as part of a community. Thus, sports transformed itself into a media spectacle in the post-industrial age. This transformation has made the border between success and commercialization invisible, and almost everything in life has been commodified in the age of media and consumer society.

Again, the correct ratio of the competition in sports competitions with its contribution to the increase of sports success has brought the danger of reducing sensation to the criterion of only winning.

Modern sports were organized around the principles of the division of labor and professionalism, celebrating the capitalist values of competition and winning. Sports in the modern era replicated the structure of the workplace, in which both individual initiative and teamwork were necessary, and sports celebrated at once both competing values. Sports became an increasingly important social concern and realm with its own professional ethic, carefully regulated rules, and highly organized corporate structure. (Kellner, 2003:66).



Image 10: <https://www.gundembesiktas.com/vodafone-parkin-deplasman-tribunu-ikiyebolunuyor/>



Image 11: <http://www.aljazeera.com.tr/haber/futbolun-sari-duvari>

Similarly, it now puts sports, which has moral content, at the center of a social discussion that directs sports with a moral content from Olympics to tournaments, through sponsorships, economic and political dimensions that big sporting organizations take through international political conflicts of interest, competition, Olympism and fair play principles. Similarly, the sport has started to define from a tournament point of view with economic and political effects by large sporting organizations. Sports with moral content such as competition, Olympism, and fair play principles, have become a media show, and reaching sports aesthetics has become more expensive.

Conclusion

Undoubtedly, the Covid 19 pandemic has made us rethink the relationship between media, sports aesthetics, and audience. Of course, with all the problems caused by the global pandemic, our definitions and discussion categories regarding every field have changed, as well as our thinking categories on sports aesthetics in the context of sports audiences. With the effect of the pandemic, the competitions took place without spectators, and a previously unnoticed type of sports and audience relations became more visible than before. We have seen that the spectators watching the match through the media experience the perfection or sublimity in question in the athlete's action and determine the reaction of the spectators watching the match on time and in place according to their reactions, feelings, and actions. In other words, it is seen that the aesthetic pleasure or admiration that arises in the audience watching the match through the media develops not only on the athlete's success but also on the reactions and cheers of the audience there. The audience watching the competition in the sports field is also aware that they are being watched. Edgar argued (2013: 82) that the artwork impacts the audience's vision by stimulating reflection upon muscular movements and reactions. The audience is objectified. Indeed, "as soon as we see something, we realize that we can

also be seen ourselves. The eyes of the other person merge with ours, making us believe that we are a part of the visible world (Berger, 2008: 9). In this state, we can say that the pleasure that the sportive sublime reveals in the distant viewer is formed by the spatial and temporal identification with the audience in the same place. With this aspect, the athletes' spatial, temporal, and aesthetic pleasure experience, the spectators watching them in the same place, and the distant spectator watching the competition through the media develop in conjunction with each other.



Image 12: <https://trackandfieldnews.com/lausanne-dl-mondo-beats-sam-in-fabulous-vault-duel/>

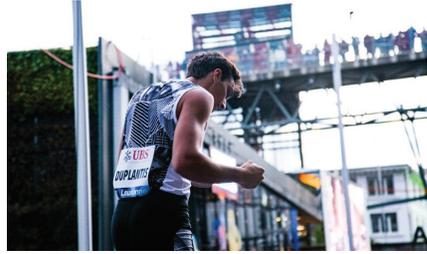


Image 13: <https://athleticsweekly.com/athletics-news/getting-in-the-swing-mondo-duplantis-1039937998/>

With the pandemic, we see that the link in question has been broken in competitions without spectators in sports venues. This situation has created an experience where the aesthetic pleasure of sports is lacking in the audience's reaction, cheering, and effect on the athlete. For example, in the Zurich leg of the 2020 Diamond League, the pole vault competitions were moved to the city square. While there was a ban on entering the stadiums, it was ensured that the match met with the audience.

In this way, sports have been delivered to the audience, and it has been seen that the venues of sports can be changed, but the audience is an unchanging element. Therefore, this example has been a great practice to make up for the lack of spectator element in the venue, which affects the athlete's performance. The spectators watching the athlete from afar in the media experience sporting excellence. Therefore, as we have experienced in our personal experiences, the pandemic measures caused a lower level of pleasure in the performance of the athletes and the aesthetic experience of the spectators compared to the previous one. In this sense, to increase the effectiveness of the audience on the performances of the athletes, an effect that creates a spectator effect was created by placing photos of fans on the seats in football matches.

For the media audience, it is not a coincidence that putting pre-recorded audience cheers in football broadcasts as the media use a viewing option to compensate for this lack of effect. Likewise, the fact that a certain

number of spectators started to be accepted to the competitions cannot be evaluated only in an economic context; The necessity of re-increasing the aesthetic value of sports is also effective.



Image 14: Image 14: <https://www.hurriyet.com.tr/sporarena/son-dakika-galatasaraydan-karton-taraftar-modeli-41521059>

As a result, in aesthetic, political, sociological, and cultural contexts, sports depend not only on sportive performance but also on all kinds of vital audience experiences in terms of space and human relations. Then athletes and sportive activities are not scientific issues anymore. Nowadays, sports can be understood as an aesthetic, social, political, and cultural phenomenon, as we have seen above arguments. That is why it depends on own philosophical roots such as aesthetic and cultural; investigations and researches on sports always have to focus on their roots. Surprisingly the new sports experience that emerged due to the pandemic has transformed the perception of sports for both the athlete and the audience. Ultimately, the pandemic has had a significant impact in reminding us of the vital importance of sports for both athletes and spectators. This effect showed the psychological, sociological, and cultural value of sports for athletes and spectators and the value of philosophical and aesthetic pleasure between the athlete and the audience in terms of sports-spectator-media.

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Chapter 6

PAM GEMS' *DEAD FISH (DUSA, FISH, STAS AND VI)*: THE PORTRAYAL OF WOMEN IN STRUGGLE.

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The arguments regarding the disparities between women and men and call for equal rights for both sexes have been one of the most problematic issues of discussion for centuries. Such a discussion has awakened the interest of people from different societies, and writers from ancient periods to the modern era have examined the issue of patriarchal oppression over women. In this regard, they have interrogated the reasons of inequalities in social, economic and political terms by providing some reasons causing conflicts in different societies. Pam Gems -as one of the representatives of the feminist discussion of the modern period- handles how women are oppressed by men and pushed to tragic ends in her play titled *Dead Fish* (*Dusa, Fish, Stas and Vi*). Through four different characters that provide various profiles of the modern woman, the authoress takes the reader to the world of women shaped by men. In Gems' play, women are hegemonized by the men who are not apparent on the stage and they are presented as the victimized figures of the society where there are not equal opportunities for women. The purpose of this article is to explore the position of women in the modern epoch and to display female struggle against the patriarchal domination as reflected in Gems' play.

Born in 1925, Pam Gems was an English playwright and the author of many original plays, and at the same time, the adapter of remarkable works by major European playwrights of the past. Gems' best-known work is the musical play *Piaf*, which focuses on the life of a French chanteuse Edith Piaf and portrays the singer by combining music with biographical drama. Gems' career as an author goes back to her primary school years when her first play- *a Tale of Goblins and Elves*- was staged by her fellows at the age of eight. Gems, whose professional career began in her forties, is regarded as one of the new women playwrights after women's access to theatre and she provides the reader with a frank depiction of women's issues through the characters she creates.

The vulnerability of women in a male-dominated world may be related to the fact that women have faced inequality and disparity starting from infancy to their positions in modern times. It is seen that the disparity goes back to infancy period when boys are considered to be privileged by their parents and this so-called superiority results in fear and resentment most of the time. Despite the empowerment of women after the two world wars, they are still oppressed by men and this causes the issue to get even worse. The antagonism between women and men has always been painful as women are abused by their husbands, lovers or sometimes fathers.

Originally staged in Edinburg in 1976, *Dead Fish* (*Dusa, Fish, Stas and Vi*) is one of the first commercially successful feminist plays. The two-act play is episodic, and time is telescoped to cover what seems to be the span of a few weeks, though the actual timeline is never explicitly stated. Savilonis

comments on the play by stating that “musical links play a significant role in the transitions between scenes, and in the original production, at the Edinburgh Festival, these links were played by live musicians” (2004:119). The play, consisting of two acts, depicts the temporary alliance of four very different young women who live in a flat, owned by Fish, and their struggle to survive in a man-made world. Creating four different female figures in the play, Gems takes the reader to the stories of eating disorders, estranged husband and children, prostitution and ex-lovers. She enumerates many personal losses noting that women are at the centre of these sufferings. In the play, the first character -Dusa- is a divorced woman whose children have been kidnapped by their own father. Fish- the political activist- has the self-confidence of the upper class and seems to be the most striking character in the play in terms of her career and money prospects, but she is finally forced to commit suicide. One of the four characters is Stas who works as a hostess in order to accomplish her dreams of studying marine biology in Miami. The last female character is the youngest of four, Vi. Although she shows the sign of recovery, she is anorexic and confines herself to hunger. As the common feature of *Dead Fish*, all the female figures in the play reflect how women are oppressed in a male-dominated world, so Gems’ play is the vivid portrayal of the victimized women in the modern era.

Post-war feminist drama in Britain “which has come a long way since the leading demonstrations of suffragette theatre” (Dere,2018:714) presents the role of women in the British society and debates women’s problems via feminist voices. From radical feminism, claiming that men’s power over women can only be overcome with a general transformation, to social feminism, defending a change not only in the position of women but also in the very basic structure of a society, feminist ideology studies the turbulent interaction between men and women. As a feminist voice, Pam Gems’ modern drama presents the four modern women, staying in the same flat, and construes different problems resulted from patriarchal oppression. In this regard, each figure from the anorexic girl to the fallen woman is the representative of a large group of women suffering in the modern period. Gems’ subject matter is women, and she gives them a voice in their struggle to survive in the male-oriented society. But the effort to establish a life, based on equal rights, is not as easy as it seems. Gems formulates the perseverance of strong women and states “the need for collective solidarity” (Erkan,2018:18) but they are more or less hegemonized by the patriarchy.

The problematic concept of women’s victimization resulted from the male oppression, is represented through Dusa’s experience in the play. Dusa, who lives in a society, subordinating women, lacks financial

autonomy which makes it more difficult for her to reunite with her children who are forced to lead a motherless life. Although she tries to find viable ways of living as an individual having her autonomous entity like the other members of the society, the society she lives in seems to be sexist and determines Dusa's predetermined role as a dependent woman deprived of status and financial autonomy to empower her position to protect her children. In her description of liberal feminism, Aston claims that: "liberal feminism proposes the amelioration of women's position in society without any radical change to its political, economic, or social structures, e.g. through legislative reform" (1995:8). Contrary to the liberal ideology of feminism the only mother- Dusa- is in the grip of an economic predicament as follows and she is considered to be suffering from unequal economic and political structures of the society.

Dusa: He's taken the children

Vi: Where?

Dusa: They don't know! He- he took them for a drive...saw my mother - didn't come back. Apparently- (*she cannot speak.*)

Vi: What you gonna do?

Dusa: What the fuck can I do? I haven't got any Money! How can I find the bugger when

I haven't got any money! They won't even look at you...believe me, I know lawyers...you

don't think they're in it for Justice, do you? (*Her voice breaks*) (Gems,1976:21-22).

It is notable to point out that women in the play seem to be oppressed by invisible oppressors. One of the ways in which Gems is staging the dominance over the female characters is the problematized motherhood causing the women not to fulfil their roles as mothers. Dusa's invisible husband somehow predominates her life by hampering her relations with her children. The father's approach to breaking Dusa's connection with the children stems from a man's thought to abuse the maternal instinct that is desperately searching for the ways to cope with the obstacles to get her children back. Gems employs Dusa to suggest the politics strengthening the position of men to curtail the ability of women to become ideal mothers who can afford to take care of their children.

The focal character of Gems' work seems to be Fish, presented as the leftist and the aristocratic female figure bringing the women under the same roof. She, as claimed in the play, represents the "aggressive independence of women" (Gems,1976:1) and defies the traditional role of women after the

70s onwards as the domesticated part of the community. For that purpose, Fish's commitment to the political group on the left displays her desire to an equal way of life. Not only does she struggle against the patriarchal dominance as a leftist but also seeks to find a supportable life with her long-lasting lover- Alan. Contrary to her expectations to have children and lead a happy life with her lover, she is betrayed by Alan and confined to desperation and unhappiness. Alan's betrayal may result from another woman's charm but the reason lying behind his betrayal as Fish states seems to be the fact that she is "a better lawyer than he is" (Gems,1976:17) and her ability to win cases regarding equal rights for both sexes. Fish, despite Alan's betrayal, hopes that her lover will return to her, and she will have children but later on, she is pushed to frustration upon hearing Alan's marriage to another woman.

Alan insistently follows Fish and reminds his presence as the sole person to shape her life. Gems presents patriarchal hegemony in the lines below and shows how the successful defender of women rights is dominated psychologically: "Alan! The bugger's even following me around. I went to Ryman's to get some staples, there he was. Same in the supermarket, same at the wholesaler's. Took a bus to Shepherd's Bush...who should be following in the red carit's ridiculous!" (Gems,1976:64).

Fish's position in the last stage is more dramatic than the other three female figures as it results in the disillusionment of the women's current ambitions. Gems' emphasis of Fish's desire to have children is repeated in the play but the readers witness the politically active but emotionally vulnerable woman's dreams which turn into a utopia. She has lost her strength to fight and have a place to sit with her children which shows her complete disbelief in surviving and loving in a male-dominated society: "There's no love, and I can't face the thought of fighting...forgive me. It's hard. I wanted so much to sit under a tree with my children and there doesn't seem to be a place for that any more, and I feel cheated" (Gems,1976:75).

Representing the plurality of feminine voices, Stas on the one side "demonstrates the theme of sexual stereotyping"(Erkan,2018:20) on the other hand, retaliates patriarchal oppression by manipulating rich men through personal services. She is discreet, reliable and at the same time has a sense of purpose which is to study marine biology in Hawaii. From the very beginning of the play, Stas is represented as a woman who saves money to study. Although it seems to be reflecting the determination of a middle-aged woman, she is disadvantageous in the world where men shape the political and social ideologies. The political ideology is reflected to be under the direct domination of patriarchy in the contemporary world which leaves no space for Stas to have a well-paid job as men do. She is qualified enough to perform jobs but social and primarily economic conditions,

resulting from the greed and passion of some men, prevent her from having a job and even studying. As a result, seeing herself as “the under-class” (Gems,1976:26) she has to work as an escort and has the utopic idea that; she “wanna be rich” (Gems,1976:26).

In his description of Gems’ general attitude to writing, Takkaç states that the authoress as “a post-war British playwright approach[es] the conditions of women and their efforts to survive in the contemporary society without causing feminist polemic” (2006:240). Instead of deepening the feminist polemics, Gems attracts the attention of the readers to how women are repressed which creates some survival tactics in *Dead Fish*. Vi (Violet)-the anorexic and the youngest girl in the flat- lives with the other female characters and the reason why she is sharing the flat with the others is unknown. Although there is not a clear explanation of why Vi has to live with the women who are older than her, she probably isolates herself from the patriarchal oppression. She is a youngster who overtly opposes the physical abuse of men. Neither is she married nor dating with a man but as the symbol of the author’s vivid portrayal of female rejection of sexuality, she voices the common sexual perception of women. Throughout the play Vi is portrayed as a challenging character refusing to eat as a protest against the traditional notion of the female body. As a result of her determination to confine herself to hunger she is hospitalized which takes the readers to the inner world of the adolescent who somehow hints the domination of the patriarchy. Vi according to Savilonis, “manages to get her life under control by the end of the play, as she enters the penultimate scene wearing a traffic warden’s uniform, signaling her return to the outside World” (2004:137) but more than that, she touches upon men’s selfish attitudes to women’s sexual harassment stating that; “men have a tendency not to disapprove of rape - that is, unless their own mother, wife, daughter or sister is involved” (Gems,1976:19). Vi’s refusal of sexual commodification of women, and her strong desire not to eat refer to a radical transformation related to radical feminist approach.

Through *Dead Fish* Gems offers not only a critique of how the four female figures of the play are hegemonized by the patriarchy but also a very firm expression of how other female characters are forced to infertility in life. As Turner remarks, “women are regarded as essentially peace-loving” (2000:96) and fertile to give birth whereas men are prone to create unrest for women. In the light of Fish’s close relationship with the other women, Gems evokes a feminist dichotomy that creates a question about the roles of women in the society. In this context, the depiction of Fish’s client-Mrs. Salway- who murdered her husband as she was blamed for being infertile is notable. Mrs. Salway meets her husband during the years of the university, and she takes a secretarial job to support her husband through

his M.A. studies. During their marriage she becomes pregnant but each time she is forced to abort. As a result of abortion for several times, Mrs. Salway loses her ability to give birth and finally she is deserted by her husband because of her infertility. Upon hearing his wife's infertility, Mr. Salway claims that his personal assistant is someone to be proud to be seen around and she has two children to be taken care of. Mrs. Salway somehow loses her consciousness and does not accept such a treatment and kills her husband. The fight of the female figure is bloody and a woman is victimized by a man's repressive attitude. She stabs her husband for causing her inability to be a mother which creates a tragic end for Mrs. Salway as well. "You have the learned friend speak of the death of Raymond Salway-of the discovery of his body in the kitchen of his home, and multiple stab wounds that killed him" (Gems,1976:18).

Conclusion

Pam Gems' *Dead Fish (Dusa, Fish, Stas and Vi)* explores gender differences which are mainly shaped by cultural norms and traditions, which may also be associated with Simone de Beauvoir's famous declaration, "One is not born, but rather becomes, a woman" (1973:301). This notion is also postulated by Morris as follows, "the inequality between the sexes is not the result of biological necessity but is produced by the cultural construction of gender differences" (1993:1). Within this frame, as one of the most eminent female figures of post-war feminist drama, Pam Gems portrays the gender issue and oppressive attitude of the patriarchy. Hence, it is clearly detected that Gems' *Dead Fish (Dusa, Fish, Stas and Vi)* is a critique of the masculine hegemony focusing on gender oppression, sexual, economic, political, and social inferiority, and injustice via four female characters struggling to build their autonomous identities in the male-dominated society. The women in Gems' play seem to be in close solidarity by sharing the same flat and solacing each other when they encounter male oppression; however, it does not change their position as the victimized members of the society since each of them is oppressed and given no right to decide upon their own destiny. Thus, it is clearly discovered that all the female figures from Dusa to Fish, Vi and Stas, suffer from gender inequality and discrimination.

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Chapter 7

FOOD SUPPLEMENT USE IN SOCIETIES, AWARENESS OF USE AND MARKET SITUATION

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Introduction

Definition of food supplements and what they are used for

The concept of dietary supplements and how they're supposed to be used for many years, herbal products have been widely employed in far eastern countries as a therapy approach. In recent years, it has been reported that it is increasingly being used as a supplemental medicine in western nations (Ozbekler, 2019). Food supplements; it is the consumption of nutrients that are not consumed in sufficient quantities in pills, tablets, capsules and liquid forms. These supplements can be vitamins, minerals, fatty acids, functional foods and vegetable foods (Petroczi, et al., 2011). They used additional foods to try to solve their difficulties connected to insufficient or inadequate nutrition (Ozbekler, 2019). A study conducted in the United States indicates that half of adults use one or more food supplements. People who use food supplements; elderly, with a low body mass index, physically active, low smoking rate, education and socioeconomic status are reported to be good (Bailey et al., 2013; Dickinson et al., 2014).

Food supplements might help you transition from an unhealthy lifestyle to a healthy one (Tokay, 2017). The lack of information in the print and visual media, as well as the fact that they act in a way that suits their readers' aims and values with their raises the risk of misinterpreting the assumption that natural products are intrinsically safe (Lau et al., 2017). Because consumers have low knowledge and awareness of food ingredients and health effects, reliable information sources and channels are required (Atalay & Erge, 2018). Use of additives, incorrect dosage, misuse, contamination, and so on. It was stressed that there are many examples of drunkenness or adverse effects as a result of reasons, and that it should be eaten properly and not as a narcotic (Saracoğlu, 2016). The "biological avoidance principle" is violated when these foods are processed in various ways or active chemicals are mixed into them (Ronis et al., 2019).

According to studies, more than half of adult adults use food supplements to "better" or "defend" their overall health as a result of malnutrition, stress, weariness, and bad living situations, as well as to discover answers to their disorders.

Recently, the use rate of food supplements has been increasing. In a 2001 study, 61.2% of the 376 randomly selected adults used food supplements; most of them reported using family, friends or online comments on food supplements (Halsted, 2003). It is known that the use of food supplements has developed a sales strategy, especially in recent times through advertising and the internet (Tek & Pekcan, 2008).

Some fruits, vegetables, spices, chocolate, and other functional foods include polyphenols and other components, particularly flavonoids, which have anti-diabetic properties. It is thought that functional nutrients, due to their good behavior development, will reduce the health of the society with its consumption, reduce treatment expenditures and labor losses and improve the quality of human life. Therefore, functional food production and consumption should be encouraged. In order to verify health claims on functional foods, functional nutrient science needs to be developed, research in this direction should be supported, international consensus on objective scientific criteria should be reached, studies should be carried out to inform the media correctly about the subject.

It has been determined in the research findings that food supplements with the highest amount of use/consumption are multivitamins with or without mineral content (Bakan, 2013).

Market for Food Supplements

Nutrition, which is one of the most basic of human needs, is a key element both for the protection of individual and public health and for the upbringing of a robust, healthy and strong generation. A diet that will maintain the health and strength of individuals is only possible with balanced, adequate and natural nutrients.

Today, there are disruptions in people's nutrition due to increasing population, work intensity, etc. factors, and as a result, food supplements are needed. At the same time, it has increased the interest in food supplements with developing communication opportunities. If we talk about other reasons for this increase in interest, the idea that supplements are natural, safe and have no side effects can be said, in addition to being easily accessible (there is no obligation to prescribe by the physician, it is easily available from the internet, supermarket, etc.) (Unyazıcı, 2016).

Despite this, the market for food supplements, which have been used to treat diseases or maintain a healthy lifestyle, is growing in tandem with individual preferences (Ozbekler, 2019). Consumers are attempting to generate unfounded anxieties about herbal products, whereas in reality, these debates are about a burgeoning market (Serttas, 2017).

The foodsector, which supports people's health, continues to grow around the World (Chambers et al., 1995). In 2016, the Turkish vitamin and food supplement market was valued at around 750 million pounds (Schieber et al., 2001). Companies that are involved in this trend in the food supplement sector hold a significant position. So much so that many corporations have transcended national borders to become the most trusted and preferred brands in other countries.

Although some legislative controls exist in this area, full global standardization has yet to be reached, It is critical that scientists collaborate on a national and worldwide level to promote public health through legal challenges and laws (Griffiths, 2017).

Food supplement laws are governed by a set of rules. It should make it mandatory for businesses to adhere to food safety regulations (FSP). Although it will take many years to completely implement these vital consumer safety laws and conditions, it is a moral duty for the future that must be met (Saldamlı, 2016). Countries have started taking moves in this direction. The food supplement business in the United States, for example, founded the Food and Drug Administration (FDA) and enacted the “Food Supplement Health and Education Act”. They launched the OWL food supplement product registration portal in 2017 and made it operational (Griffiths, 2017).

Materials and methods

In this study, a questionnaire method based on question expressions was employed. The demographic characteristics are addressed in the first five question statements of the questionnaire. The 6th and 7th question expressions refer to whether or not customers use food supplements. The answers of consumers who need and use food supplement support to survey questions 9. The question is included in the section from question 36 to description.

The expressions in the questionnaire were based on the Likert scale response “(1) Absolutely Yes (2) Yes (3) Unstable (4) Yes (5) Absolutely No.”

To get to the research universe, two distinct approaches were tried. The first method was sending a survey link to consumers via social media accounts, which allowed the target demographic to be contacted and comments to be gathered. Consumers in Ankara province’s Yenimahalle area Demetevler District were contacted and surveyed in a second approach. The questionnaires that were delivered in two different methods were integrated. The study (Saldamlı, 2016) used a simple random sampling procedure.

The sample size was calculated using the formula listed below (Yazıcıoğlu & Erdogan, 2014).

$$“n = N t^2 p q / d^2 (N-1) + t^2 p q”$$

The required number of persons in the sample was calculated using this formula: $n = 1543 \cdot 1,962 \cdot 0,50 \cdot 0,50 / 0,052 \cdot (1543-1) + 1,962 \cdot 0,50 \cdot 0,50 = 308$ When this quantity is attained, the greatest possible

sample's reliability will be 95 percent, and the margin of error will be 5%. The study identified a total of 1580 participants who completed the questionnaires. Because 37 of the participants did not consciously fill out the questionnaires, their questionnaires did not show a normal distribution and could not be included in the analysis. Of the remaining 1,543, 928 said they used nutritional supplements, while 615 said they did not.

It was assumed that individuals provided proper responses to the questionnaire's question expressions, that the questionnaire's participants represented the universe, and that the needed information could be acquired using the answers provided. The study's limitations included the fact that it was only reviewed with the people who were surveyed and that it was limited to the time when the questionnaire was administered.

Findings and Discussion

Data was gathered in the form of descriptive statistics. According to this information, 54 percent of women and 46 percent of men use nutritional supplements. The items were predominantly used by those between the ages of 36 and 45, who accounted for 29.4 percent of all users. Civil servants ranked highest with 33.9 percent of the vote, followed by housewives with 24.5 percent. Food supplements were most commonly utilized by high school graduates (47.2%) and university graduates (36.4%), according to education level. Individuals with moderate income levels of 4001-5500 were also shown to use more.

Frequency values were collected as a result of the IBM SPSS analysis, and new tables were created based on the frequency values of the relevant scale items, and evaluations were conducted on these data, in accordance with the study's goals. A reliability test was performed during the research to see if the survey participants all comprehended the question expressions at the same level.

Table 1. *KMO & Bartlett's Test with Survey Reliability*

Reliability		KMO - Bartlett's				
Cronbach's Alpha (C.A.)	(C.A.) Based on Standardized Items	N	Measure of Sampling Adequacy	Chi-Square	df	Sig.
0,467	0,667	28	0,502	12288,408	137	0,000

C.Alpha value is 0.667, that is, it is determined to be reliable in Table 1. In the context of the globality test result, the sampling proficiency was found to be .502. This shows us that sampling is sufficient ($p < 0.05$; $p : .000$).

Table 2. *Consumer Statistics on the use of Food Supplements*

	Vitamine-A	Vitamine-B1	Vitamine-B12	Vitamine-C	Vitamine-D	Multi- Vitamine	OMEGA-3	Probiotic	Ginseng	Mushroom-R	Other Functional Foods	Sports – Protein	Sports – Carbohydrates	Weight Control	Black Seed- Herbal
Male	15	19	15	35	113	1	3	19	90	53	8	16	8	18	9
Female	33	45	17	61	63	31	45	29	22	43	8	32	8	62	7
Total	48	64	32	96	176	32	48	48	112	96	16	48	16	80	16

According to Table 2, the vitamin group is consumed the most with 448 consumers. Weight control food supplements rank third with 80 consumers. Sports food supplements rank fourth with 64 consumers and herbal food supplements are fifth with 16 consumers.

Table 3. *Food Supplements Situation during the Pandemic*

Questions	Answers	f	%	(\bar{x}) Mean Difference	t	Sig. (2-tailed)
FS 9: How long have you been taking supplements?	1-12 months	240	25,9	2,9655	59,866	0,000
	2 Years	144	15,5			
	3 Years	160	17,2			
	4 Years	176	19,0			
	5 Years +	208	22,4			
FS 10: Did you use additional supplements before the pandemic?	Yes	655	69,6	1,2842	87,493	0,000
	No	273	30,4			
FS 25: Do the disorders seen in the pandemic have an effect on the use of-level?	Absolutely Yes	112	12,1	4,2112	202,892	0,000
	Yes	292	31,5			
	I am Indecisive	108	11,6			
	No	224	24,1			
	Absolutely No	192	20,7			

Table 3 shows that 70% of consumers use pre-pandemic food supplements. It is seen that the start of use is a period of 1-12 months with 25.9%, at the same time 43% use products caused by the pandemic. This situation shows us that consumers need additional food supplements due to the pandemic.

Table 4. *Why Consumers Use Food Supplements and How they are Investigated?*

Question	Answer			(x̄) Mean Difference	t	Sig. (2-tailed)
		f	%			
FS 12: For what purpose / what do you use food supplements?	For the Immune System	320	34,5	2,6207	54,647	0,000
	To Energize	96	10,3			
	For Health	304	32,8			
	Weight Control	32	3,4			
	Lack of Nutrients	176	19,0			
FS 13: Do you need to use food supplements for yourself or for your family?	For Myself	704	75,9	1,5000	48,003	0,000
	For My Wife- Husband	48	5,2			
	For My Children	112	12,1			
	For My Parents	64	6,9			
FS 14: Who recommended it?	Doctor	240	25,9	3,0000	63,502	0,000
	Pharmacists	80	8,6			
	parents	208	22,4			
	mypartners	240	25,9			
	Online	160	17,2			
FS 15: Where do you get it?	Pharmacists	416	44,8	2,9483	41,236	0,000
	Herbalist Store	144	15,5			
	Online	80	8,6			
	Natural Shop	16	1,7			
	Direct	272	29,3			
FS 17: Where did you learn the information you acquired?	Doctor	223	24,0	3,3793	62,806	0,000
	Pharmacists	64	6,9			
	parents	176	19,0			
	mypartners	65	7			
	Online	400	43,1			

It is shown in Table 4 that 34.5% of consumers who use food supplements use it to strengthen their immune system and 32.8% use it to avoid getting sick. In addition, 75.9% stated that they used food supplements for themselves. 25.9 % Doctor, 25.9% partner and 22.4% Family answered about who recommended the products. Consumers stated that they received the most products from pharmacies (44.8%). They stated that they searched the internet with a maximum of 43.1% of the information about these products.

Table 5. *Consumers' Satisfaction with Their Use of Food Supplements*

Question	Answer	f	%	(\bar{x}) Mean Difference		Sig. (2-tailed)
				t		
FS 20: What is your level of knowledge about food supplements?	Absolutely Yes	80	8,6	4,0000	221,865	0,000
	Yes	368	39,7			
	I am Indecisive	128	13,8			
	No	304	32,8			
	Absolutely No	48	5,2			
FS 21: Do you think it's useful?	Absolutely Yes	321	34,5	4,1724	191,952	0,000
	Yes	400	43,1			
	I am Indecisive	160	17,2			
	No	47	5,2			
FS 22: Did you feel satisfied with the result after using it?	Absolutely Yes	193	20,7	4,0862	219,877	0,000
	Yes	623	67,2			
FS 16: How much do you pay monthly for supplement use?	I am Indecisive	112	12,1	2,3276	59,321	0,000
	0-200	257	27,6			
	201-400	351	37,9			
	401-600	144	15,5			
	601-1000	112	12,1			
FS 23: If you had a lot of budget, would you get more?	1001 +	64	6,9	4,1207	173,997	0,000
	Absolutely Yes	303	32,8			
	Yes	384	41,4			
	I am Indecisive	192	20,7			
	No	49	5,2			
FS 24: Do you need advice from a pharmacist or doctor?	Absolutely Yes	207	22,4	4,1897	270,337	0,000
	Yes	624	67,2			
	I am Indecisive	32	3,4			
	No	65	6,9			

It is seen in Table 5 that consumers have knowledge about food supplements with 48.3%. 77.6% of consumers who used food supplements found the products useful. In this context, 87.9% of the results are satisfied. 73.2% of consumers stated that they can buy more products if their income is high. In addition, 89.6% of consumers recommend prescribing food supplements by the doctor.

Table 6. Results – “Conscious Consumer Scale”

Question	Answer	f	%	(\bar{x}) Mean Difference	t	Sig. (2-tailed)																																			
FS 26 : Is quality important in food supplement products in your opinion?	Absolutely Yes	576	62,1	4,6207	289,943	0,000																																			
	Yes	352	37,9				FS 27: Is the brand important to you?	Absolutely Yes	432	46,6	4,4655	272,569	0,000	Yes	496	53,4	FS 29: Is packaging important to you?	Absolutely Yes	418	45,1	4,4260	240,733	0,000	Yes	478	51,5	I am Indecisive	32	3,4	FS 30: Do you get products by looking at the expiration date?	Absolutely Yes	383	41,3	4,4483	272,332	0,000	Yes	481	51,8	No	31
FS 27: Is the brand important to you?	Absolutely Yes	432	46,6	4,4655	272,569	0,000																																			
	Yes	496	53,4				FS 29: Is packaging important to you?	Absolutely Yes	418	45,1	4,4260	240,733	0,000	Yes	478	51,5		I am Indecisive	32	3,4				FS 30: Do you get products by looking at the expiration date?	Absolutely Yes	383	41,3	4,4483	272,332		0,000	Yes	481				51,8	No	31	3,3	Absolutely No
FS 29: Is packaging important to you?	Absolutely Yes	418	45,1	4,4260	240,733	0,000																																			
	Yes	478	51,5																																						
	I am Indecisive	32	3,4				FS 30: Do you get products by looking at the expiration date?	Absolutely Yes	383	41,3	4,4483	272,332	0,000	Yes	481	51,8	No	31	3,3	Absolutely No	33	3,5																			
FS 30: Do you get products by looking at the expiration date?	Absolutely Yes	383	41,3	4,4483	272,332	0,000																																			
	Yes	481	51,8																																						
	No	31	3,3																																						
	Absolutely No	33	3,5																																						

It is seen in Table 6 that 100% of consumers value product quality and brand, 96.6% pay attention to product packaging and 93.1% look at expiration date.

Table 7. Opinion of Food Supplement Product Companies and Consumers

Question	Answer	f	%	(\bar{x}) Mean Difference	t	Sig. (2-tailed)																																			
FS 28: Is the company that produces the product important to you?	Absolutely Yes	368	39,7	4,3966	273,642	0,000																																			
	Yes	560	60,3				FS 18: What documents should the company have in your opinion?	Organic	95	10,3	5,2414	101,061	0,000	Approval by the Ministry	33	3,4	Good Manufacturing Practice	15	1,7	Food Assurance	96	10,3	FS 19: Which document takes precedence over you?	All	689	74,1	2,6207	58,567	0,000	Organic	241	25,8	Halal	145	15,6	Approval by the Ministry	431	46,5	Good Manufacturing Practice	31	3,5
FS 18: What documents should the company have in your opinion?	Organic	95	10,3	5,2414	101,061	0,000																																			
	Approval by the Ministry	33	3,4																																						
	Good Manufacturing Practice	15	1,7																																						
	Food Assurance	96	10,3				FS 19: Which document takes precedence over you?	All	689	74,1	2,6207	58,567	0,000	Organic	241	25,8	Halal	145	15,6	Approval by the Ministry	431	46,5		Good Manufacturing Practice	31	3,5					All	80	8,6								
FS 19: Which document takes precedence over you?	All	689	74,1	2,6207	58,567	0,000																																			
	Organic	241	25,8																																						
	Halal	145	15,6																																						
	Approval by the Ministry	431	46,5																																						
	Good Manufacturing Practice	31	3,5					All	80	8,6																															
	All	80	8,6																																						

FS 31: Do you think the competent institutions and organizations are doing enough auditing?	Absolutely Yes	16	1,7	3,8621	151,594	0,000
	Yes	96	10,3			
	I am Indecisive	352	37,9			
	No	256	27,6			
	Absolutely No	208	22,4			
FS 32: Do you believe that the authorities are auditing the contents of the products?	Absolutely Yes	32	3,4	3,7069	168,513	0,000
	I am Indecisive	384	41,4			
	No	400	43,1			
	Absolutely No	112	12,1			

All consumers have stated in Table 7 that they care about the reliability of companies that produce food supplements. 74.1% of consumers stated that all quality and assurance certificates, 46.6% approved by the Ministry and 25.9% stated that companies should have organic production certificates. Almost half of consumers stated that the companies did not face adequate audits, and 55.2% stated that they did not have enough control over the product content of food supplements.

Table 8. *Consumer attitude to Supporting Manufacturers*

Question	Answer	f	%	(\bar{x}) Mean Difference	t	Sig. (2-tailed)
FS 34: Are food supplements your local production?	Absolutely Yes	81	8,7	3,6269	150,445	0,000
	Yes	111	12,0			
	I am Indecisive	481	51,8			
	No	191	20,6			
	Absolutely No	64	6,9			
FS 35: Do you think food supplements should be produced by local producers?	Absolutely Yes	257	27,7	4,1489	200,617	0,000
	Yes	465	50,1			
	I am Indecisive	127	13,7			
	No	79	8,5			
FS 33: Do you think the authorities at the point of production support the producers?	Absolutely Yes	177	19,1	3,8651	164,206	0,000
	I am Indecisive	305	32,9			
	No	258	27,8			
	Absolutely No	188	20,3			
FS 36: Should competent institutions support domestic producers in the context of benefiting the economy?	Absolutely Yes	607	65,4	3,6489	239,507	0,000
	Yes	239	25,8			
	I am Indecisive	49	5,3			
	No	33	3,5			

It is seen in Table 8 that 51.7% of consumers do not make any statements about whether food supplements are domestically produced. 27.6% of consumers want the products to be produced by a local manufacturer. At the same time, 51.7% of consumers stated that the authorities support the producers. Again, 91.4% of consumers stated that the support provided by the competent institutions will contribute economically.

Conclusions

It was shown that 60% of the customers who responded to the research surveys took food supplements. After covid-19, it was shown that 29.3% of customers began using food supplements. 25.9% of consumers reported they began using the product within the first 12 months, while 43% claimed Covid-19 had an impact on product use. All of these facts point to a recent surge in the usage of dietary supplements. The fact that the substance was utilized to enhance the immune system by 34.5% indicated that pandemic infections had a significant impact.

As a result of the findings of the research results, 75.9% of consumers use the product for themselves. The fact that 25.9% of these products were purchased at the pharmacy with the recommendation of a doctor and 44.8% showed that the products are important to use consciously. In addition, the fact that all consumers value quality and brand, and that 93.1% check the expiration date shows that the issue of consumer accountability and quality awareness is important. Consumers indicated that they had information regarding food supplements 48.3% of the time, that they were satisfied with product results 87.9% of the time, and that the items were useful 77.6% of the time. Again, 74.2 percent of them answered that if their monthly income improved, they would spend more to utilize more goods, implying that food supplement sales may expand in the future. Consumers pay attention to the reliability of a production company and quality and assurance certificates and the fact that they are organic products approved by the Ministry according to the analysis findings. Again, since 55.2% of consumers stated that competent institutions do not carry out adequate inspections, this has led us to wonder whether the competent institutions are sufficiently sensitive when inspecting food supplement manufacturers. According to the data, 51.7% food supplement manufacturers of consumers have been adequately supported by authorized institutions. However, 77.6% of them wanted it to be made by domestic producers, and 91.4% said that if they were supported, they would contribute to the economy, and the need to support producers by authorized institutions.

After all, people's desire to continue a healthy life alongside their search for treatment for their ailments will never end. All these research findings show that the use of food supplements is increasing day by day for various reasons. It suggests that the market for food supplements will continue to grow at a rapid pace in response to consumer demand. In this expanding sector, it is critical that countries take all necessary steps, including enacting legal laws, to promote consumer awareness, inform them, and connect them with the correct company and product. Food consumption in developing countries such as Turkey is an important parameter when we take into account the growing population. However,

despite the developments in the sector, there are also factors that restrict the further development of the sector. In general, the low capacity of innovation of sector enterprises, the need to develop cooperation with research institutions and universities, the lack of adequate consideration of standards and practices to ensure consumer reliability, and problems in compliance with the production processes that provide the main source of raw materials are seen as the main problems that reduce the competitiveness of the food sector. In this context, it is thought that adequate support should be given to food supplement manufacturers regarding the support of producers and products, and this will benefit the country's production and economy.

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Chapter 8

**FOREIGN DIRECT INVESTMENT IN
TIMES OF COVID-19: POLICY TRENDS
AND PROSPECTS IN TRANSITION
FROM GLOBALIZATION TO
'ISLANDIZATION'**

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1. Introduction

Until recently, globalization has been taken for granted. Lower barriers to trade and investment along with the fragmentation of production in the global value chains (GVCs) have characterized contemporary global economic order. Since the early 1990s, a smooth trend has been observed towards eroding barriers to capital movement, particularly to foreign direct investment (FDI). Nevertheless, the policy trends towards opening markets to exporters and investors have seen some reservations and been subject to revision, especially since the Global Financial Crisis of 2008-9. The fall in the expansion rate of international production has slowed down the growth of world trade. The GVC trade as the share of global trade has stagnated or even declined. The weakening of multilateralism has continued as the United States and China entered a trade war. Many analysts have interpreted these developments as a slowdown or retreat from globalization or de-globalization.¹ Paradoxically such retreat takes place against a technological transformation due to the emergence of new technologies such as automation and robotics, and digitalization of supply chains along with the servicification of manufacturing (Zhan, 2021; Thangavelu, 2018). Hence, we will use the encompassing term “islandization” to capture the new global business environment characterized by a slowdown in global integration in connection with a new political-economic context. Specifically, in this paper islandization refers to a global business setting characterized by a return of geopolitics, elevated nationalism, regionalism and murky forms of protectionism, and a rising preference for local goods, services, and cultures.²

Since the 2008-2009 crisis governments from the Global North and South have installed numerous measures that interfere with the marketplace, with objectives such as saving domestic industries from negative effects of the global downturn or international economic competition; or creating employment and transfer technology. These measures were often taken within the legitimate policy space allowed by the World Trade Organization (WTO) and other international treaties. Governments have utilized import and export instruments, subsidies, public procurement measures, local content, and other localization requirements (Evenett, Baldwin, 2020; Evenett, Fritz, 2020). While a generally positive attitude has continued toward FDI, many governments have also embraced regulatory measures to capture high-quality investments for creating employment, transferring technology, and building competitive industries locally by use of screening and approval mechanisms (Evenett, 2019). Restrictive measures were often

1 See for instance Enderwick and Buckley, (2020); Sulkowski, (2020); Razin, (2020); Thangavelu et al. (2021).

2 The term has originally been used in a narrower sense by researchers of business firms such as Kearney. See Toland and Huddart, (2020); Kearney, (2016); and Kearney, (2020).

taken due to national security concerns and aimed to prevent potentially harmful business activities such as hostile takeovers, particularly by state-owned firms (UNCTAD, 2020a 2020b, 2020c, 2020d).

When the Covid-19 crisis hit, the global geopolitical rivalry was at its peak owing to the trade war between the United States and China. The United States and many Western powers perceive the rise of China not only as a cause for enhanced economic competition but also as a challenge to the liberal economic order that had emerged and evolved following World War II. The Western liberal order is arguably under threat from the state-led capitalist model of China and other hybrid development models adopted by Russia, Brazil, and many other emerging economies (Eg. Stephen, 2014; Graaff and Van Apeldoorn, 2018; Graaff et al, 2020). Government interventions through state-owned enterprises and the use of exchange rate manipulations or incentives to local producers are regarded as unfair and market-distorting, often resulting in retaliation to level the playing field. Multilateral institutions have also been pressured by global competition for power projected in G-20 and other fora. Following the failure of the Doha Round initiative under the WTO to liberalize world trade, almost all major powers of the Global North and South have moved to preferential trade agreements (PTAs), especially at the regional level. Mega-regionals and hundreds of other PTAs have turned to the norm rather than an exception (Eg. Hartman, 2013).

The Covid-19 has hurt the global economy through multiple channels. World foreign direct investment and trade flows have seen sharp declines. The World Trade Organization estimates a significant (-9.2%) fall in the total amount of global merchandise trade in 2020. A similar change (-7.2%) follows in 2021. UNCTAD reports a 42% decline in FDI flows in 2020. GVCs suffered a sudden disruption when the Covid-19 first hit. With the start of the pandemic, the global economy was shut down with a dual shock in supply and demand. The initial reaction of the governments to the pandemic was to install measures to encourage local businesses to manufacture critical materials such as drugs and healthcare equipment domestically while putting restrictions on exports of some of those products. Some countries including OECD members introduced or reintroduced regulatory FDI measures, while others preferred further liberalization or operational restrictions on foreign investors. Firms at different scales were pressured by the pandemic to consider moving their operations from a cost-competitive model to a risk-competitive one, especially by diversifying their supplier base and reshoring. Ursula von der Leyen, the President of the European Commission stated the need for the shortening of GVCs as the EU was found overly dependent on a few overseas suppliers (Von der Leyen, 2020). French President Emmanuel Macron, like some other

leaders, called for economic sovereignty by bringing home high-tech and medical jobs (Mallet & Khalaf, 2020). The World Economic Forum boldly suggested that firms were in need to “aggressively evaluate near-shore options to shorten supply chains.” (World Economic Forum [WEF], 2020).

Against the Covid-19 crisis, this paper aims to investigate emerging policy trends and measures that might affect the global business environment and FDI policy landscape. The paper reviews the COVID-era measures toward regulating or encouraging FDI against the policy trends of the past decade captured by islandization. It studies the implications of those measures for flows and governance of FDI in the near future together with potential risks and opportunities for firms and governments. The paper seeks answers to some significant research questions. What are major policy trends that affect the flows of FDI? How do these trends differ from or similar to longer-term patterns in FDI regulation? And, what are the implications, risks, and opportunities for global economic integration and order, firms, and governments? The findings suggest that crisis-era policies and measures reflect a continuation of the trends for state activism with an intensification of specific measures taken for national security and strategic purposes reflective of heightened geopolitical rivalry. Although liberalizing measures still exceed restricting measures on an aggregate, governments have been taking more regulatory measures and less liberalizing measures compared with the past trends. The multinational enterprises (MNEs) are expected to revise their strategies as regards GVCs with pressures to diversify their supplier basis and re-shore their activities and move their operations from a cost-competitive model to a risk-competitive one. While it is early to capture the full nature of GVC restructuring in the future, the new business trends will likely empower some geographies as new destinations of global manufacturing while undermining the competitiveness of others. The paper unfolds in three. The next section outlines the rise of islandization since the global financial crisis with a specific focus on FDI policy and business landscapes. It follows with a section that analyses the crisis-era FDI measures against broader policy trends. The last section discusses the prospects, risks, and opportunities.

2. From Globalization to Islandization

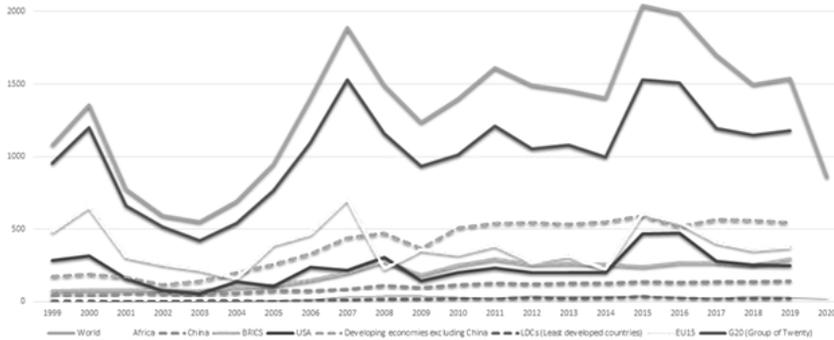
Financial and commercial globalization have marched hand-in-hand for several decades. Organization of production along with international dispersion accelerated in the 1980s due to the lower transportation costs and a novel era in communication and information technologies. The early 1990s witnessed the global influence of MNEs which transformed themselves from basic cross-border operators that were predominantly interested in the competition for international markets along with natural resources to firms cooperating along intricate global value chains (GVCs),

which aimed to utilize the differing costs of productivity and labor. MNEs in developed countries have gradually fragmented their production and offshored parts of it to developing countries, utilizing the comparative advantage of those new locations. This took the form of capital invested in foreign companies in making use of a cheaper labor force.

Consequently, developing economies have participated in GVCs more actively by engaging in the production of commodities, limited manufacturing, and more recently in services and advanced manufacturing in addition to innovative activities (World Bank, 2020). From 1990 to 2000s, there was significant growth in GVCs, the global stock of FDI increased by tenfold whereas global trade increased by fivefold. Today over 70% of global trade entails exchanges of intermediary and raw materials, services for businesses, and capital goods. One-third of global production is attributed to multinational corporations while they make up at least half of the global exports (Zhan, 2021, pp. 2-3).

As shown in Figure 1, developing countries became more desirable to investors over time, indicated by their relative share in global FDI inflows. Over half of global inflows went to developing countries including China in the 2010s. According to UNCTAD data, FDI flows peaked at \$2 trillion in 2015 and stood at \$1.5 trillion in 2019. FDI flows to developing economies amounted to \$685 billion in 2019. Exemplified by the immense growth of China, the importance of the emerging economies in the world economy has grown faster in the past two decades. China experienced increasing income levels while also closing its wage gap with developed countries. Similarly, other BRIC economies have also become popular FDI destinations. Together with the advanced economies of Europe and North America, the G-20 economies received a substantial portion of FDI. Nevertheless, as seen in the figure FDI going to Africa and LDCs are still marginal to the global flows.

Figure 1. Foreign Direct Investment inflows by destination between 1999-2020 (Billions of USD)



Source: UNCTAD.

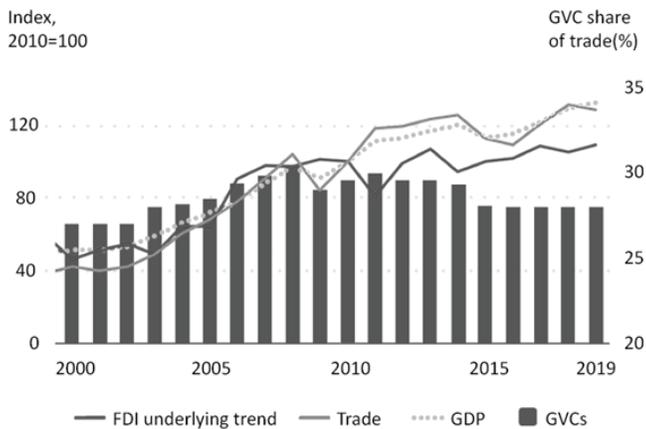
The slowdown in global integration that is captured by the process of islandization has become visible in economic indicators over the past decade. While financial globalization gathered force, since the global financial downturn in 2008-9, commercial globalization has reversed course. In the 2010s, the growth rate of international production stalled, the world GDP growth rate fell as did investments. Notably, trade growth has grown relatively less sensitive to income growth. This is especially the case in China and the United States, which are both significant participants in GVCs. As seen in Figure 2 there is notable stagnation in the “FDI underlying trend” in connection with a visible weakening in the share of GVCs in trade. This is a UNCTAD indicator that analyzes the long-term FDI patterns by disregarding fluctuations that were the results of one-time transactions and fluctuating flows. The gray bars in the figure depict the share of trade belonging to the GVCs that was proxied by the share of foreign value-added in exports. The overall share of GVC trade in total world trade, both forward and backward linkages, has stayed the same or even contracted in the last decade. Many analysts have interpreted these developments as a slowdown or retreat from globalization or as indicators of de-globalization.³

The decline in overall economic growth, coupled with slowing pace and even the reversal of trade reforms might be among factors for islandization or a retreat from globalization. Some industrial goods trade remains restricted and the liberalization of trade is long overdue in some sectors such as agriculture and services. The maturation of the most dynamic sectors might be another primary cause (World Bank, 2020). Over the past decade, the rise of new technologies has had mixed impacts on GVCs. Digital technologies such as automation and robotics allow for

3 See for instance Deardorf et al (2020), Enderwick and Buckley, (2020); Sulkowski (2020); Antràs (2020); Razin (2020); Thangavel et al. (2021).

cheaper transaction and organization costs, which brings about an effective organization of intricate GVC networks. Digitalization also enables some firms and countries to join the value chains by lowering participation costs. Studies indicate that utilization of automation technologies reduced the need for labor and hence results in lower costs of production. Furthermore, advanced robots enable the producers to execute a sequence of objectives in a single location. These factors reduce the importance of a key advantage of the GVC expansion and inhibit the incentives to establish networks outside domestic soil. There are also arguments for the role of 3D printing in fueling de-globalization.⁴ The “new globalization,” in Van der Marel’s terms, roots in the growth of trade in R&D, digital services, data, and other intangibles including ideas. This was already a trend but has only accelerated since the global crisis in 2008-9. For instance, the crisis was a primary cause for the de-linking of digital services trade from goods-related services trade (Van der Marel, 2020, pp. 6-8).

Figure 2. Trends in FDI, trade, GDP, and GVCs between 2000-2019



Source: UNCTAD.

A major underlying driver of islandization has been the shift in government policies as a result of public resentment about the distributional effects of globalization. There is a wide literature evidencing the fact that globalization helped bring about high growth rates for several emerging economies, provided consumers with a wider array of choices for goods and services (Crafts, 2004, pp. 45-55). Moreover, it’s been shown that its applications such as GVCs helped to lift millions of people out of poverty (Salvatore & Campano, 2012, pp. 7-13). Nonetheless, globalization has been subject to considerable criticism over the past three decades for the unfair distribution of its benefits and potential harms on sustainable development

4 OECD (2020), 3-8 and Simola (2021), 11-20. For a reverse argument see Freund et al. (2019).

particularly the environment.⁵ Specifically, free trade has been shown as a major cause of local unemployment in many industrialized nations while over-dependence on GVCs especially if in Chinese control has become a central public concern in recent debates (Antras & Chor, 2018; Thangavel et al, 2021, p.2). Such concerns have substantially contributed to the growth of nationalism and populist policies and are used to legitimize protectionism in the United States and across the world (Walt, 2020; Enderwick & Buckley, 2020, p.100). The process that we call islandization or de-globalization as defined by some observers, has arguably accelerated with the surge of economic nationalism and market protectionism, weakening of multilateral organizations, the lack of economic convergence between countries, localization trends for manufacturing, technology, and data, and the US-China trade war and the subsequent shift of some MNEs to reshoring.⁶

The governance of FDI has been re-shaped against such a political-economic background. The weakening of multilateralism has been the top cause for the fragmented rules landscape for investors. The attempts to build a multilateral investment framework initially under the OECD and later under the WTO failed. Following the failure of the Doha Round initiative under the WTO to liberalize world trade and to build up multilateral rules for FDI, competition, and public procurement, almost all major powers have moved to preferential trade agreements (PTAs) for regulating the admission and treatment of investments. Since the WTO has had a limited scope on investment, recently signed mega-regional trade pacts govern rules for investors at the regional level (Woolcock, 2008). While the initiative for signing a Transatlantic Trade and Investment Partnership between the EU and the USA failed after President Donald Trump came to power, other mega-regional trade initiatives such as the Comprehensive and Progressive Agreement on Trans-Pacific Partnership among eleven Asia Pacific nations, and the Regional Comprehensive Economic Partnership (RCEP) between Japan, China, and 13 nations in the same region have been set to re-shape global production networks and trade. Beyond new generation PTAs, around 3300 Bilateral Investment Treaties (BITs) set the foundation of instruments for restricting or otherwise disciplining national measures that restrict or distort the flow of FDI (UNCTAD, 2020a, p. xii).

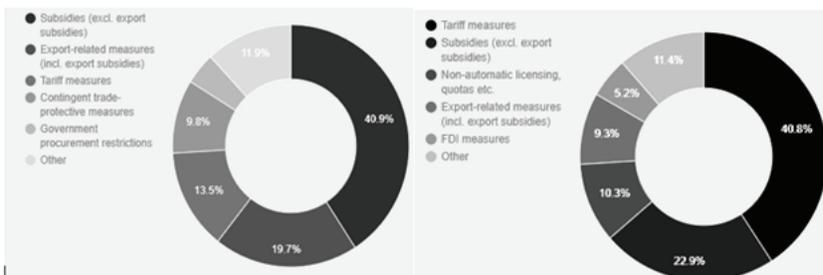
In international commercial and investment agreements, foreign investments are often identified as relating to general intangibles, or Foreign Direct Investment (FDI) (Woolcock, 2001, p.163). BITs generally tend to deal with the protection of investment. On the other hand, PTAs primarily

5 See Pavncik (2017), Rodrik (2020), Buckley and Hashai (2020); and Antras (2020), pp.3-8.

6 See for instance Balsa-Barreiro et al (2020), pp. 1-4; Sulkowski (2020), Torpi (2020), Kozlov & Sokolova (2020); and Rodrik (2019).

focus on removing barriers to admission and establishment. Both types might include clauses that define enforcement for settlements (Woolcock, 2001, p.171; Kotschwar, 2009, p.373). Regulatory hindrances erected by governments during the pre-establishment period tend to discriminate against foreign operators or block off sensitive and strategic industries in the host market to foreign firms and investors. Restrictions with regards to the number of investors, approval, and registration rules are among the primary forms these limiters take. Moreover, measures that deal with how an investment will proceed or how to retain investment once it is in the country fall under the category of post-establishment or treatment phase. The current literature suggests that retaining investments is as important as facilitating it, if not more. Government barriers in this phase often tend to discriminate between foreign and home firms. In addition to such measures, governments increasingly use investment promotion and facilitation to attract more high-quality FDI as a central component of industrial policies in developed and developing countries across the world. While promotion instruments help investors inform better about doing business in different locations, incentives in the form of financial support and tax cuts to capture FDI often disturb cross-border flows (Woolcock, 2008). Restrictions and discriminations taken by governments in the pre-entry and post-establishment stages tend to be related and have clear effects on MNEs' ability to reach other markets along with their operating requirements with regard to the domestic investors. While international commercial and investment agreements provide fundamental protections to investors and address some of those barriers, investors face a plethora of rules and a highly fragmented governance landscape while making critical investment decisions. The findings in the following section should be read against that landscape.

Figure 3. Restrictive and liberalizing state measures between November 2008-31 December 2020, by type of measures

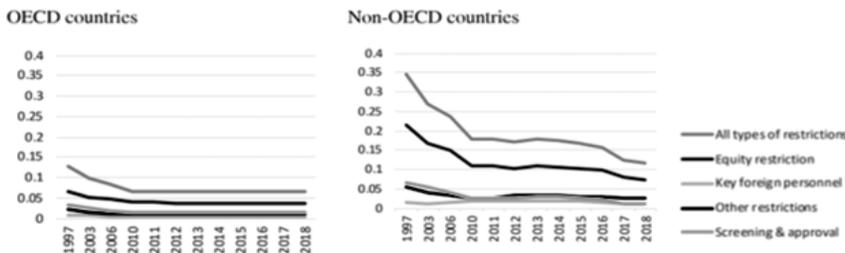


Source: Global Trade Alert database.

The retreat from globalization or the rise of islandization has also been the result of a return of geopolitics and the associated rise of state interventionism since the global financial crisis. Since November 2008,

thousands of government measures have been installed with objectives such as saving domestic industries from the global downturn or international competition or enhancing their competitive edge in foreign markets to create employment and transfer technology. Baldwin and Evenett call the new forms of protectionism “murky protectionism” since these measures were often taken within the legitimate policy space allowed by international agreements and do not necessarily breach international rules (Baldwin & Evenett, 2009). As per the Global Trade Alert database between November 2008 and the end of 2020, 20,009 measures were put into action worldwide and damaged foreign commercial interests. 7,971 measures were liberalizing in nature while 929 government measures were potentially harmful. As shown in Figure 3, among the most harmful measures were different forms of incentives and subsidies, export-related barriers, tariff measures, contingent trade-protective instruments, and public procurement restrictions. Certain unfair business operations of sovereign wealth funds and state-owned firms have also been a source of market distortion. The U.S-China trade war, reflective of a race for global domination in technology and military might, has only accelerated the use of protectionist instruments (Baldwin & Tomiura, 2020, p.68). National security and other strategic considerations have been influential in recent state interventions by G20 members, The OECD computed that the share of economies with policies dedicated to national security boosted from approximately 10% at the beginning of the 2000s to 30% in 2017, and above 40% of all FDI related policies in 2019 (OECD, 2018 & 2019).

Figure 4. FDI Regulatory Restrictiveness Index of the OECD, by restriction and year

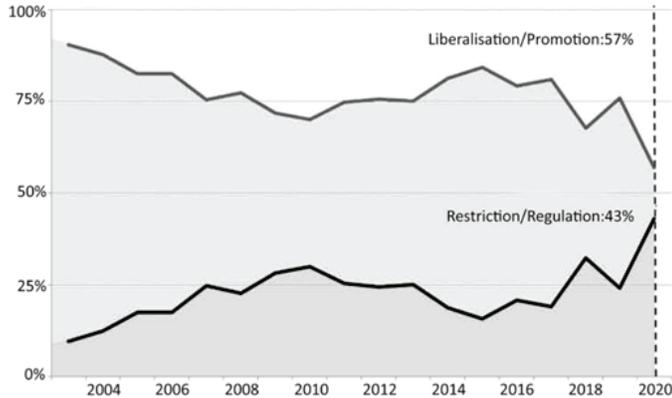


Source: OECD.

The recent increase in global protectionism has affected the FDI governance through direct investment measures or by indirectly shaping the business environment (Enderwick & Buckley, 2020, pp. 101-109). The literature suggests that restrictions on foreign investment discourage the expansion of GVCs and the magnification effect of trade barriers can be substantial for the GVC trade (Simola, 2021). OECD and UNCTAD data illustrate that governments have adopted a welcoming attitude to foreign

investors since the mid-1990s. The OECD's FDI Regulatory Restrictiveness Index which monitors 22 economic sectors across 69 countries reveals a clear downward trend in all types of restrictions including equity restrictions and limitations on foreign personnel etc. with slight increases in some years in the mid-2010s (See Figure 4).

*Figure 5. Liberalization/promotion and restrictive/regulatory measures according to UNCTAD classification, by restriction type and year (2003-2020) **



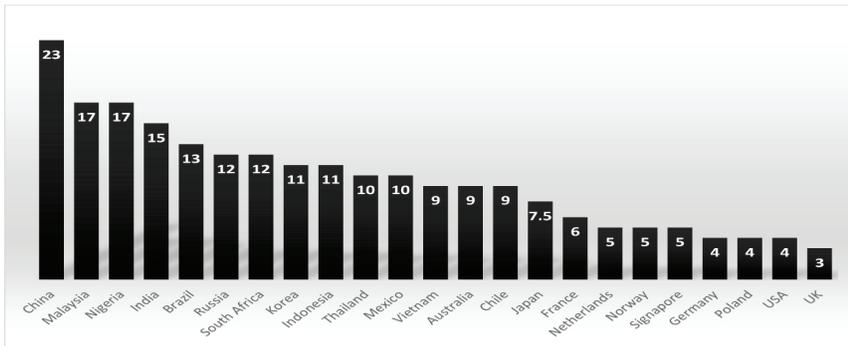
Source: UNCTAD

**Measures under the category of the general business climate are not covered.*

Similarly, UNCTAD data confirm that deregulatory measures for liberalization and promotion activities have taken a major share within all government interventions over the past two decades. However, there is a visible upward trend in restrictive and regulatory measures including screening and approval procedures over the past five years (See Wernicke, 2020). These measures aim at directing FDI inflows to achieve specific policy goals such as transferring technology, creating employment, and contributing to industrial development. In 2019, 54 countries introduced 107 policy measures that affect foreign investment. Of 107 policies 67 were liberalizing while 21 introduced restrictions (UNCTAD, 2020a, p.97). With the Covid-19 shock, we observe a sharp increase in restrictive/regulatory measures and a decline in liberalization/promotion measures to be discussed in the next section (See UNCTAD, 2020b; 2020c; 2020d; and 2021a). Based on GTA data, Evenett suggests that policies that relax entry requirements tend to prove more beneficial when compared to an easing of the rules after investors have established their enterprises. The documented expansion in the number of measures relating to localization since 2008 points out that investment measures might have become a constituent of an “obsolescing bargain” between MNEs and implementing governments (Evenett, 2019, pp. 23-29). Part of the bargain is likely to

be about the localization of foreign technologies. It has been common for many governments to put forth measures to incentivize technology transfer through FDI measures. As seen in figure 6, FDI-related international technology transfer measures have been popular among BRICs and other emerging economies. The number of measures per country, calculated by Kowalski et al, gives a ballpark measure of a nation's interest to attract technology and facilitate its spillovers. The measures include FDI promotion activities, investment screening, incentives, restrictions, and performance requirements (Kowalski et al, 2017, pp. 111-125).

Figure 6. International FDI-related measures for technology transfer by country, 2017



Source: Kowalski et al. 2017.

3-Covid-19 Hits Foreign Direct Investment

The first direct impact of the pandemic in the markets was the halt of production due to health precautions. The pandemic posed significant health complications to people along with a profound economic shock. Governments attempted to inhibit the harmful effects of the Covid-19 on the society and economy. During the early days of the pandemic, China, which is one of the most intense production hubs, stopped production. In addition, some indirect impacts also pressured GVCs to differing degrees. Notably, the supply chain impact in connection with the need for inputs from other locations which were directly impacted by the crisis. The second impact was due to the disruption in global transport networks. New border requirements for customs clearance and restrictions on people's mobility have also negatively affected international transport networks. An equally important factor has been the demand impact. Whereas overall demand has drastically increased for some food products and essential goods, it decreased for all other manufacturing products (OECD, 2020). The economic shock in addition to the lack of supplies in essential sectors triggered additional policies along the year 2020.

More broadly, state activism continued through 2020 with a set of

measures that have been on top of many governments' agendas. According to the GTA database, around 2600 interventions had been put into effect by governments globally during 2020 that had negative effects on the economic interests of their commercial partners. The share of policies regarding medical goods and medicines in overall policy interventions was around 9.3% in 2019 and they more than doubled in 2020. Of the 2600 interventions implemented in 2020, more than 70% happened to hit foreign commercial interests. Concerns for national security surged and now have been applied to health-related industries rather than defense. Preventing partners' access to critical medical supplies, even after they had been paid for, is similar to a "sickening thy neighbour policy" (Bown, 2020; Evenett, 2020b). China's trade interests, in particular, have suffered collateral harm the most frequently from the pandemic-related policy interventions. 9 most hit trading nations are G20 members (Evenett & Fritz, 2020).

Based on our count from the UNCTAD and OECD policy monitoring reports, during 2020 76 countries along with the EU have put into effect 162 new investment policies (Table 1).⁷ With the Covid-19 shock, we observe a sharp climb up in restrictive/regulatory measures and a fall in liberalization/promotion measures (Figure 5). G20 members have installed distinctively more measures compared to the past whereas African economies and LDCs were mostly inactive during the year. Below further details are given in four broad categories. Overall, governments have focused on FDI with both market-opening and restrictive or regulatory measures. Since the Covid-19 crisis, the risk profiles and profitability of each market have changed in the eyes of investors, countries have taken measures to counter or profit off of the new business environment. Broadly, in developing countries, the policies concentrated more on liberating investment; whereas, in developed countries, it was mostly about restricting them. There is a notable increase in the number of interventions to capture higher FDI and to regulate FDI for national security concerns. Besides, 2020 has registered the lowest number of international investment agreements concluded since 1985.

G20 members established at least seven new review tools aimed to protect significant security interests since the start of 2020 and materialized more than 30 reforms of existing screening mechanisms (See Figure 7). The degree of policy activity in this domain has accelerated the security-oriented policy-making trend that has been visible, particularly since 2016. In fact, during 2020 the ratio of restrictive or regulatory investment policy measures soared to 45% including both G20 members and others. This surpassed the ratios of the past 17 years (UNCTAD, 2021a). The top

⁷ The data analysed in this section has been drawn from the investment policy monitoring websites and reports of UNCTAD and OECD <https://investmentpolicy.unctad.org/> and <https://www.oecd.org/daf/inv/investment-policy/g20.htm> See in particular See UNCTAD (2020b); (2020c); (2020d); (2021a); OECD and UNCTAD (2020a) and (2020b).

security and strategic concerns were about foreign ownership of critical goods, and about the means of production to deal with non-competitive business practices such as hostile take-overs (OECD, 2020; UNCTAD, 2019a; UNCTAD, 2019b).

Entry/Establishment of Investment

The return to the screening mechanisms related to national security concerns continued its momentum with measures, particularly in the pre-establishment phase. 31 economies adopted new policies that fall under this category. The shortage of vaccines and medical equipment highlighted the importance of critical domestic sectors such as pharma and healthcare. Governments started to tighten screening procedures to counter investors that might conclude in a hostile takeover or damage domestic industries that manufacture critical and strategic supplies. While the developed countries took the lead in tightened screening, several developing countries such as Russia and China followed them. One of the most notable policies under this category is the Regulation on the Unreliable Entity List of China. The policy aims to build a legislative foundation to govern penalties on firms that might pose a threat to national sovereignty, development interests, or in general security. Moreover, Australia is among the governments to relax investment-related requirements. The state lowered the requirement for foreign investors' participation. On another note, India increased the number of countries that would have to be subject to tighter rules to invest. France, Italy, Japan, Korea, and the U.S. are among the governments that made changes to their foreign investment review mechanisms to counter risks pertinent to national security by foreign entities or to tend to critical sectors such as the telecommunications and power sectors. France and Italy started to put biotechnologies subject to investment rules whereas Italy added critical health infrastructure to the list as well. Germany and Japan are among states that now require even stricter boxes checked to these sectors.

*Table 1. The number of FDI-related measures taken during 2020, by measure type and country. **

	Entry/ establishment	Treatment	Promotion/ facilitation	Business climate	Total		Entry/ establishment	Treatment	Promotion/ facilitation	Business climate	Total		
1	China	5	4	7	4	20	12	Argentina	-	-	1	2	3
2	Vietnam	2	2	2	3	9	13	Australia	2	1	-	-	3
3	USA	4	3	-	-	7	14	Germany	2	1	-	-	3
4	Uzbekistan	-	2	5	-	7	15	Oman	2	-	1	-	3
5	Indonesia	2	2	1	1	6	16	UAE	1	-	-	2	3
6	India	3	1	1	-	5	17	France	2	-	-	-	2
7	Angola	-	1	2	1	4	18	Hungary	2	-	-	-	2
8	Canada	2	2	-	-	4	19	Kenya	1	-	-	1	2
9	EU	2	2	-	-	4	20	Korea	1	1	-	-	2
10	Italy	3	1	-	-	4	21	Mexico	-	1	-	1	2
11	Japan	3	1	-	-	4		Total	55	37	46	24	162

Source: Author's calculation based on latest UNCTAD reports.

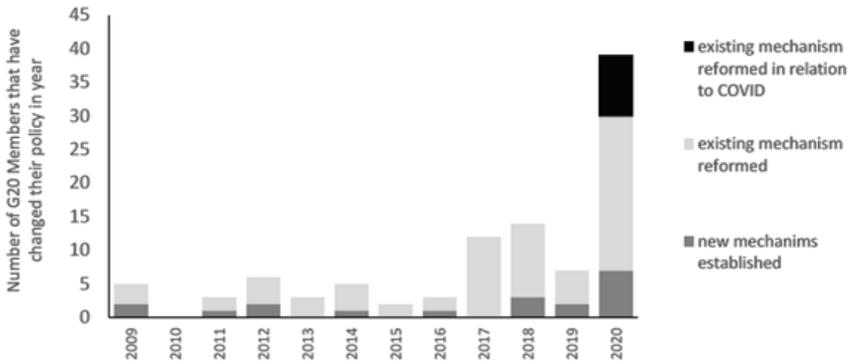
**Policies supporting the easing of intellectual property rights to boost R&D efforts have been counted in the treatment category. Some policies were counted in multiple categories at the same time as their nature was multi-faceted.*

Treatment of established investment

During 2020, 26 countries took measures affecting established investments. Some countries forced firms to shift production to crucial goods such as masks and passed legislation to occupy factories and other means of production. Although considered to be a rather radical way to intervene, these measures have been applied in the U.S., Spain, and Switzerland. Several governments have voiced interest in supporting crucial companies by buying up their shares or even going the full nationalization route. Most of these measures focused on national airlines. While they simplified some requirements relating to foreign investments, China also passed new rules regarding e-commerce.

Many governments started incentives for both new investors and established businesses. First of all, governments encouraged crucial industries to the resolving of the pandemic such as medical and pharmaceutical research. Secondly, they provided subsidies to increase the production of materials and equipment such as masks. Furthermore, they aimed to enhance contracted economic activities such as subsidy programs for capacity-building and training and reduction in natural gas prices or electricity used for manufacturing purposes. Moreover, several countries have initiated support programs for local SMEs in supply chains. Policies that support lines of credit and aid packages for SMEs were applied in several countries including Australia, Brazil, Malaysia, and the Netherlands. On the other hand, some countries such as Germany, Canada, and Chile introduced new rules to incentivize the joint utilization of technologies protected by intellectual property rights (IPR) to accelerate effective R&D to overcome the problems posed by the pandemic. The common goal was to address the lack of supply with regards to vaccines, diagnostics, and treatments. At the international level, the World Health Organisation began organizing a voluntary intellectual property rights pool that would allow for the joint utilization of technologies licensed by IPR to accelerate the research phase.

Figure 7. Introduction of investment policy reforms in G20 members to protect critical security interests, 2009 to 2020*



Source: OECD and UNCTAD. 2020b, 4.

* 2020 information covers only reforms undertaken until mid-October 2020.

Promotion/Facilitation of Investment

Investment promotion and facilitation have been a significant component of Covid-era state activism in the field of FDI. During 2020, 33 countries took measures that fall under this category. Most obvious examples include acceleration of approval for investments, reducing investment application fees, and moving the bureaucratic steps online. Most of the investment promotion agencies responded rapidly to the pandemic. As the pandemic made physical contact improbable, the digitalization of administrative procedures for example was of importance to many countries. Most of the measures were related to either digitalization of administrative burdens or that of material going public that clarified and addressed investor concerns. Almost two-thirds moved their services online while one-fifth expanded their online roles. Moving away from the global trends, there were also some outliers. Half of the IPAs in Africa reportedly did not post any information regarding the pandemic online as late as 15 May 2020. Africa, in particular, responded poorly to the pandemic during 2020 in this regard. The top users of this set of measures are China, Uzbekistan, Vietnam, Angola, Panama, Indonesia, and India.

General Business Climate

Policies that affect the general business climate in a relevant way but do not fall into some specific purpose fall under this category. As such, practices are more diverse than that of the preceding categories. Examples include China strengthening the rights of copyright holders in its Copyright Law or Vietnam tightening the necessities for legal representatives of

applicants for intellectual property. 17 countries embraced some policy or policies that fall under this category. In addition to all these national measures, several important groups such as G20, G7, Asia Pacific Economic Cooperation issued declarations in support of investments. G20 leaders have shown their decisive stand to minimize the negative impact of the Covid-19 pandemic and to maintain their economies open to FDI as well as the trade (Group of 20 [G20], 2020a & 2020b).

4. FDI in the Post-Pandemic World: prospects, risks, and opportunities

As argued by many observers the pandemic has worsened the US-China geopolitical clashes that underlie the islandization. Systemic competition between the U.S., China, and other major powers is likely to continue in trade, investment, technology and fortify the fragmentation of global economic governance.⁸ Former U.S. President Donald Trump's questioning of US security alliances, multilateral institutions, and free trade order, and the climate deal have already weakened a multilateral outlook based on cooperation (Norrlöf, 2020). The U.S.-China trade war is not over under the Biden administration. The effects of Britain's leave of the EU have still been felt in Europe and around the world. Analysts suggest that Chinese soft-power and influence will certainly increase with the Covid-19 crisis, and fortify the multi-polar world order that would further empower state-led economic growth models. Notwithstanding attempts to preserve a liberal world order, they argue that the pandemic will potentially intensify and accelerate present patterns pointing to a worldwide reset, shift the center of economic gravity toward Asia, and empower state-led development models (Dunford & Qi, 2020; Saran, 2020; Mishra, 2020). With the post-Covid-19 world, national borders become tighter and protectionist measures taken for national security and other strategic concerns become a new norm.⁹

In terms of the policy prospects, the impact of FDI measures put into effect during the pandemic is likely to affect the post-pandemic world. In particular protectionist public policy initiatives that were supposed to be temporal tend to linger even after a long time. Baldwin and Evenett (2020) report that subsidies related to exports that were passed in 2009 are still present. Studies indicate that over thirty-two percent of global trade is still affected by those policies that still exist (Evenett & Baldwin, 2020; Evenett & Fritz, 2020, pp. 23-28). As companies who re-shored their operations fail to catch up to the market competition, there is also a potential risk of second-wave protectionism, which might in turn cause retaliation around

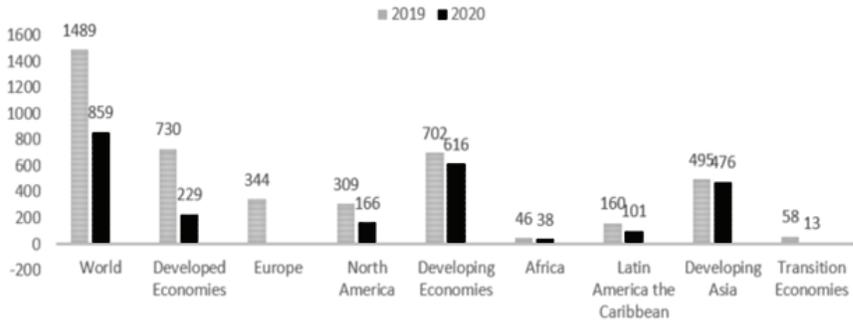
⁸ See for instance Baldwin and Freeman (2020); Zahn (2021); Kobrin (2020); Zhao, S. (2020); Mishra (2020).

⁹ For a different view see Contractor (2021).

the globe, causing significant welfare and income loss. That in turn might trigger governments to increase fiscal incentives or otherwise relax labor and environmental norms which might trigger a race to the bottom (OECD, 2020, pp. 4-5). Ongoing Covid-era policy trends suggest an intensification of islandization or a more restrained form of globalization. It is likely to be affected by rampant protectionism, in a scenario where both firms and nations aim to balance the promotion of global and national interests (Torpi, 2020, pp. 120-123).

Thirdly, depending on the duration of the pandemic GVCs are likely to go under further restraint and potentially to be re-shaped depending on the new strategies adopted by MNEs. The disruptions have not stopped the GVCs completely as they kept on functioning (albeit with a lower output), even in sectors that were not considered to be essential. Smartphone production for example depends on the electronics value chain. Apple introduced a new iPhone in an already existing series (SE) during the crisis, which was mostly bought online” (OECD, 2020, p.6). However, the shock has fuelled the debate on the resilience versus robustness of GVCs. Although supply chains possess the ability for gradual adaptation, they arguably are troubled by the “structural breaks” such as the pandemic (Rumelt, 2009; Enderwick & Buckley, 2020, p.102). The literature suggests that the MNEs will have to revise their strategies as regards GVCs with pressures to diversify their supplier basis and re-shore their activities and move their operations from a cost-competitive model to a risk-competitive one (Arriola et al, 2020; Simola, 2021). Digital sales which were already on the rise will accelerate even further as they have already proven effective and robust (Kearney, 2020). However, the manufacturing industries are likely to encounter the largest pressures for a redesign of supply chains possibly toward relocating some factories and plants to avoid similar disruptions. Some MNEs will probably turn to make their supply lines shock-resistant as opposed to cost-effective and governments will follow by relying less on foreign suppliers for critical goods. Many observers suggest that businesses will have to embrace simpler ecosystems as well as nearshoring and multishoring to keep their operations moving. The crisis will most probably result in a focus on shorter and more localized supply chains for resilience to similar shocks. Some companies will use additive manufacturing to substitute scarce components and manufacture critical parts locally while others will need to diversify their whole supply portfolio (Kearney, 2020; Javorcik, 2020; Antras, 2020; Arriola et al, 2020; Simola, 2021). However, none of these transitions will be easy or swift (Miroudot, 2020).

Figure 8. Estimated FDI inflows in 2020 (Billions of USD)



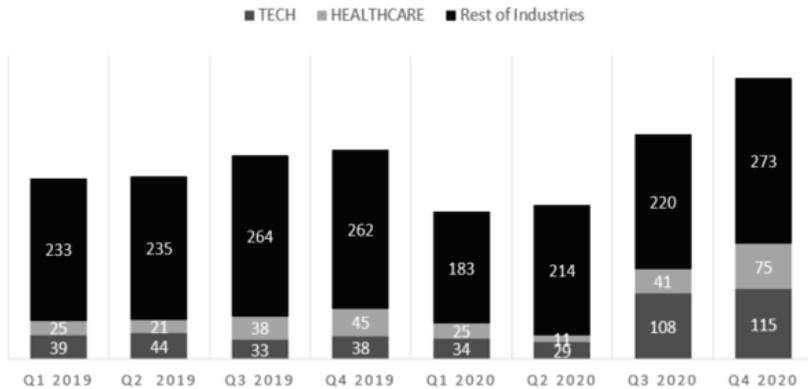
Source: UNCTAD.

As competition for FDI will escalate, the FDI pie is likely to remain shrank in the foreseeable future. Initial data on FDI flows show that advanced economies have been hit hard while some geographies in the developing world continued to attract investors during 2020. Moreover, total FDI inflows around the globe contracted by 42% and have reached approximately \$859 billion. (See Figure 8). Some reports, notably that of UNCTAD's, indicate an additional 5-10% decrease in 2021 (UNCTAD, 2020a, p.2). FDI that went to developed countries dipped immensely by 69%, which was not seen for about 25 years. Around 80% of the global loss was attributed to the developed countries' economies. Due to the pandemic investors became more risk-averse and pulled their investments from some risky portfolios. As a result, equity flows from advanced countries' economies fell drastically. Declining flows to North America (-46%) and Europe which fell by over 100% were among the highest contributors to the worldwide decline. Transition economies also experienced a shocking loss in FDI inflows, which was about 77%. The region had not seen such a decline since 2002. Southeast Europe has also experienced a respectable -28% fall (UNCTAD, 2021b, p.6).

On the other hand, FDI flows to developing economies decreased surprisingly less than investments gone to developed economies with a 12% fall (to an estimated \$616 billion). Hence, the share of developing economies increased to a record level of 72% of the world's total. Africa experienced a decline of 18% which was about \$38 billion. Strikingly, developing Asia was the least affected region with FDI flows that fell by only 4%. East Asia interestingly experienced a rise in FDI flows by about \$283 billion, which accounted for around 12%. Part of this change could be attributed to the return of capital to Hong Kong, China which was around 40%. Consequently, China continued to be the largest recipient by attracting 4% more FDI inflow than the previous year around \$163 billion, which was followed globally by the United States which also accounted

for a comparable \$134 billion. Southeast Asia was also among regions that experienced a rise of around 10% to around \$65 billion. Similarly, India experienced a rise in the FDI flows by about 13% to around \$57 billion which was largely attributed to the digital trade. Southeast Asia's FDI has declined by 31% to \$107 billion due to Indonesia and Singapore's decline in investments (UNCTAD, 2021b, pp. 4-7).

Figure 9. Value of announced cross-border M&As, 2019 q1-2020q4 (Billions of USD)



Source: UNCTAD.

While the prospects for FDI are bleak, there might be potential opportunities in some sectors for some geographies. Manufacturing sectors will likely continue to suffer from stagnation of FDI the most. The pandemic seems to have influenced every type of investment: cross-border M&As declined by 10%, announcements relating to greenfield projects declined by about 35% along international project finance agreements declined by about 2%. Announced greenfield project values in resource-based industries such as extractives fell sharply by 45%, in manufacturing they decreased by 44%, while the fall in services stood at 26% in 2020. Nevertheless, communication and information were in the small category of industries that experienced a rise in greenfield projects (by 18% to approximately \$78 billion) counting for around one-fifth of total greenfield projects. Available information with regards to announcements depicts a murky picture. There might be business opportunities in cross-border M&As and especially for healthcare and technology firms (See figure 9). Although investment activity slowed down in these two industries in 2020, it now surges to exploit new opportunities made possible through low-interest rates along with the rising market value of assets in foreign markets. Over 60% of the technology trades are accounted for by European companies. However, some developing countries partake in this trend and experience rising shares. Understandably most of the buy-side firms, around 80%, reside in

developed countries while European firms are among those that are getting more and more active in the M&A space.

Adding the possible effects of the recent regional deals, the concerns for the future of globalization and the influence of the pandemic are likely to shift the global production to a more localized, regional organization of production networks. Yet the price of building such networks would be significant, especially in locations that are absent of specialist suppliers, communication and transportation links, or supporting services (Enderwick & Buckley, 2020; Irwin, 2020). Furthermore, in the case of reshoring and nearshoring, the major regional centers are likely to continue shaping GVCs such as the United States, Germany, and China as central hubs for logistics, finance, production, and information (Farrell & Newman, 2020). In case of a further China-U.S. decoupling China is likely to increase its share of demand from East and South East Asia and Pacific regions (Rajah, 2019). New PTAs like the Regional Comprehensive Economic Partnership along with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership indicate an intensification of trade networks in the Asia-Pacific area (Enderwick & Buckley, 2020, pp. 102-105). Proximity to global trade hubs will matter more for all economies for participation in GVCs and regional production networks. For example, countries in the European periphery such as Turkey might be advantageous due to the ease of transportation. As the distance gets shorter, transporting from that location to multiple markets becomes even more feasible and risk resilient (Kearney, 2020, pp. 2-6). Similarly, a labor-intensive economy that is near China has the chance to capture more FDI. Finally, as the regional specialization trend furthers, market-seeking FDI may topple efficiency-seeking investments. The size of the domestic market might become a more streamlined factor in determining the said countries participating rate and type in the GVCs (World Bank, 2020, p.37).

The countries that are in a better position to counteract the pandemic in a fast and effective are those that already possess industries that produce sophisticated goods like textiles, metal industries, or automotive (Kearney, 2020). A recent study by EBRD suggests that several countries will potentially benefit from a GVC diversification away from China. Looking at revealed comparative advantages of EBRD member countries, the study suggests that the industries that might utilize diversification and gain from it might be machinery, motor vehicles, metals, and textiles along with others. For example, some countries like the Slovak Republic, Hungary, Poland, and Romania have a relative advantage in producing machinery and automotive products. Jordan, Morocco, Tunisia and Turkey, Morocco, Jordan, and Tunisia have similar capabilities in the textile and apparel sectors. Although their total export amounts in those

sectors are low, they may yet benefit due to increasing returns to scale by reshoring or multisourcing by MNEs (EBRD, 2020, p.22). In a switch to self-sufficiency in manufacturing critical healthcare and other products those economies who have differing and high amounts of resources—specifically in agricultural production and energy sectors, are likely to fare much better (Kearney, 2016; Shukla, 2020) Enderwick and Buckley posit that a world economy founded upon regional organization may better balance international and national interests and lead to more resilient and efficient value chains, along with a better balance between inclusiveness, equity impacts, and growth rates, together with an ability to address some inherent flaws of globalization (Enderwick & Buckley, 2020, pp. 99-102). However, a potential risk that regionalization brings is that it can cause incompatible standards and technologies in the regions through fragmentizing the production process. This potential risk, which is often denoted as “technology walls”, refers to the scenario where countries develop and adopt irreconcilable and incompatible technologies. It is often used with the specific context of USA-China relations (Enderwick & Buckley, 2020, p.108).

Conclusion

With the Covid-19 crisis, islandization in the global political economy will speed up due to the stagnation in economic production, trade, and growth in all major economies. Covid-19 era government measures will fortify the effects of geopolitical rivalry on the business environment with escalated competition for attracting more qualified FDI from a shrunk global stock. FDI-related measures add momentum to the trends of the past decade with growing regulatory interventions with strategic and increasingly national security motivations, particularly to capture a higher edge in technology. With the Covid-19 shock, we observe a sharp increase in restrictive/regulatory measures and a decline in liberalization/promotion measures taken especially by G-20 members. While in developing countries, the policies have concentrated more on liberating and promoting investment, in developed countries it has been mostly toward restricting and regulating them. There is a jump up in screening and approval mechanisms, especially among advanced economies but also China and Russia particularly to counter investors with non-competitive business practices that might conclude in a hostile takeover or damage domestic industries that manufacture critical and strategic supplies.

As competition for FDI will escalate, the FDI stock is likely to remain shrank in the foreseeable future. Capital-holders will remain cautious in investing in new overseas productive assets even though the world economy is anticipated to initiate an uneven and hesitant recovery Manufacturing sectors will likely continue to suffer from stagnation of FDI

the most. The new business trends are likely to empower some geographies as new destinations of global manufacturing while undermining the competitiveness of others. Countries that have a good potential in already streamlined international goods such as automotive, textiles, and metal industries are arguably in a better position to react swiftly to the shift in supply chains and capture more FDI share. While it is early to capture the full nature of GVC restructuring in the near future, MNEs are expected to revise their strategies with pressures to diversify their supplier basis and re-shore their activities and move their operations from a cost-competitive model to a risk-competitive one. The world economy will further be pushed towards a regionally-focused composition of production networks. Proximity to global trade hubs will matter more for all economies for participation in regional networks. Countries with a comparative advantage in manufacturing similar product groups might benefit from a GVC diversification away from China. As market-seeking FDI overpasses efficiency-seeking investments, the size of the domestic market might become a more important determinant of countries' participation in the GVCs.

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