

CURRENT ISSUES / PROBLEMS IN SOCIAL SCIENCES: AN EVALUATION FROM AN ECONOMIC PERSPECTIVE

EDITED BY

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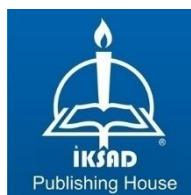
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EDITOR'S MESSAGE

Today some topics come to the fore in Social Sciences. These topics are generally in synthesis with economic theory. Fields such as business economics, network economics, entrepreneurship etc. can actually be evaluated within the micro and macro dimensions of economic theory. This book aims to deal with current problems in social sciences mainly from an economic perspective. Current issues and issues are the increasing importance and impact of technology, the development problem in developing economies, E-business, entrepreneurship, management and organization, economic thought history, etc. It also includes other different subjects, such as. Considering the dimensions of the book, studies on these prominent topics in social sciences were included.

Assist. Prof. Dr. Barış AYTEKİN

CHAPTER 1

THE EFFECTS OF TECHNOLOGICAL DEVELOPMENT ON EXPORT DIVERSIFICATION AND EXPORT CONCENTRATION IN G20 COUNTRIES

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INTRODUCTION

Export diversification is substantial for countries in line with sustainable economic growth and development goals. Necessity of country diversification and product diversification for countries in international trade, which is seen as the engine of economic growth, have increased even more today. Increase in the product diversification along with technological developments and demands to ensure the sustainable development with the export-oriented economic structures of the countries have made it necessary to export diversification in recent years.

Michael Porter (1991) asserts that technological innovations contribute to economic growth and development by leading to productivity increases, thereby social welfare. Increase of sustainable efficiency require an economy that constantly adapt and develops oneself. Firms at the center of this process have to develop better products and methods than existing ones in order to gain a competitive advantage. Firms that successfully manage the innovation process can penetrate into new markets and increase one's market share by increasing their productivity and profitability (Ünlü and Yıldız, 2019: 8).

In accordance with the results obtained by applying to the US economy the "input-output" technique, which was developed by Leontief who aimed at measuring inter-industry trade, it has questioned the assumptions of the factor endowment theory put

forward by Heckscher-Ohlin. Thus, it has emerged the requirement of developing alternative international trade theories.

Classical international trade theories have failed to explain the international trade of manufactured and differentiated products. It has been recognized that technology has important effects on the trade of manufactured and differentiated products and accordingly, alternative approaches that take into account the technology have been developed to explain international trade. These approaches, which take into account technology, has been revealed to explain international trade between countries in line with technological development, skilled labour, R&D expenditures, capital density of countries, etc.

Due to the importance of technological development and technology diffusion, alternative international trade theories that take into account technological development have been put forward. Alternative international trade theories are based on product diversification, increase in productivity in production and increasing returns to scale rather than comparative advantages.

According to the Singer - Prebisch Hypothesis, it can be stated that export diversification can contribute to economic growth. Singer - Prebisch (1950) hypothesis asserts that as the price of manufactured products in terms of primary products (raw materials or commodities) will increase in the long run, the terms of trade will change in favor of countries that export manufactured products. Assuming that export diversification is more possible in terms of manufactured products, it is understood from the Singer-Prebisch hypothesis that diversification

of exports will result in supporting economic growth due to the improvement in terms of trade.

The common point of alternative international trade theories based on technological development is that technological developments realized by the countries direct manufactured and differentiated products trade. Accordingly, it is seen that countries direct international trade with the technological developments, which they have revealed through their R&D expenditures and human capital.

Posner (1961) states that international trade results from technical changes and developments affecting some industries. In this direction, innovations resulting from technical changes in a country and creating "comparative cost advantage" can induce international trade in these goods during the time it takes to imitate innovation by the other countries (Posner, 1961: 323).

As Vernon (1966) stated, the use of scientific knowledge capacity and technological developments for the production of new products are occurred in consequence of skilled labour and high R&D expenditures in developed countries. Companies that realize innovation can continue their production in developed countries as they can reflect high wages and other production costs to consumers thanks to their intellectual property rights (Ünsal, 2005: 214).

Depending on the increase in the technology levels of the countries, it is seen that the industrial products in international trade and production are mostly composed of differentiated products. In this

respect, differentiated products constitute a large part of the international trade of countries. Countries differentiate their products through the highlighted brands in the relevant sectors and the positioning for consumers (Seyidoğlu, 2013: 108).

In classical international trade theories, it is stated that the goods in international trade are generally not similar to each other and produced in different industrial sectors, and this situation is called inter-industry trade. Conversely, it is seen that international trade of differentiated products in the same or similar sectors is carried out among the countries in today. International trade of differentiated products in the same or similar sectors is called intra-industry trade. Intra-industry trade tries to explain international trade among the industrialized countries.

Grossman and Helpman (1989) that explaining economic growth based on technological innovations, bases the economic growth model on two important points. The first point is the effects of technological developments on growth as a result of innovations and the increase in product range. The second is the public nature of knowledge and its impact on economic growth.

Grossman and Helpman state that countries which have free trade policies in international trade achieve economic growth faster than countries which have protectionist policies and that their welfare levels are higher than other countries (Grossman and Helpman, 1990: 90). In addition, technology-based products create a comparative advantage in international trade with the impact of technological

developments on international trade and economic growth and as a result, countries' terms of trade improve.

Product diversification in exports provides opportunities for sustainable development and growth for countries, as well as providing competitive advantage in international trade (Hesse, 2008: 1-5). Together with alternative international trade theories, the advantages of export diversification have been tried to be revealed.

Export diversification can be realized by product and market diversification. Product diversification is the practice of increasing the production or differentiating the production processes in export. Market diversification means the expansion of exports to different countries or regions in the international trade.

Chang (1991) indicates the necessity of policies aimed at product diversification in exports as a way to reduce the instability in export revenues of developing countries. The increase in the density of basic goods in exports causes to turn against the terms of trade of the countries that export these products them due to the low value added of these products. In this direction, dependency against fluctuations in commodity prices will decrease with the realization of the diversity in other sectors (Ghosh and Ostry, 1994: 214-215). Especially the realization of diversification in technology-intensive sectors, increases the transfer of knowledge in the international markets in terms of factors such as the production process, market application and management knowledge.

Another reason for the diversification in exports is its benefit against export instabilities for countries. Because, an unstable structure can arise due to the dependence on certain products and the variable structure of the market prices of the goods. This situation leads to economic distress and increase in macroeconomic uncertainty (Wilhelms, 1967). Therefore, export diversification can help export gains in the long run. In order to achieve diversification in exports, countries in the north are trying to produce export goods by innovation, while countries in the south generate export goods by imitation and cheap labor (Hesse, 2008).

1. LITERATURE REVIEW

Technological developments in G20 countries, which are economically and financially more developed than other countries, are expected to have positive effects on export diversification. Since developed countries are ahead of the technologically developing and least developed countries, it is predicted that the exports diversification in developed countries will be higher than these countries.

There are a few studies in the literature that examine the effects of technological developments on export diversification and export concentration (Andrzej and Aleksandra, 2018; Laskiene and Venckuviene, 2014; Karsten, 2014; Elhiraika and Mbate, 2014; Regolo, 2013; Parteka and Tamperi, 2013; Aditya and Acharyya, 2013; Habiyaremye and Ziesemer, 2006; Cesaroni, 2004). When the studies in the literature are analysed, it is seen that the technological

development levels of the countries have significant and positive effects on export diversification. However, it has been determined that as the technological developments and investments of the countries increase, their export concentration levels decrease (Karsten, 2014; Elhiraika and Mbate, 2014: 148).

This study aims to investigate the relationship between technological developments and export diversification and export concentration levels in G20 countries. The fact that the relationships between the domestic technological developments of the countries, export diversification and export concentration will be revealed within the scope of the study would make important contributions to the literature.

2. METHODOLOGY AND DATA

The study's main goal is to evaluate the relationships between technological developments, export diversification and export concentration. In this direction, it will be determined how technological developments affects export diversification and export concentration.

The paper analyses the relationship between technological developments, export diversification and export concentration using panel time-series model in the study's context. The study's dependent variables is technological developments of G20 countries. The model's independent variables are export diversification and export concentration. It is derived the data on countries' domestic patent

applications from the database of the World Intellectual Property Organization. It is obtained the data on countries' export diversification index and export concentration index from the database of United Nations Conference on Trade and Development. In the study, it is used the following variables:

$\ln(\text{Patent})_{G20}$: Domestic Patent Applications of G20 Countries

EDI_{G20} : Export Diversification Index Score of G20 Countries

ECI_{G20} : Export Concentration Index Score of G20 Countries

Depending on this information, it have been created the panel time-series model for G20 countries to analyse the relationship between the technological developments, export diversification and export concentration;

$$(\text{EDI}_{G20})_{it} = \beta_0 + \beta_1[\ln (\text{Patent})_{G20}]_{it} + \varepsilon_{it} \quad (\text{Model 1})$$

$$(\text{ECI}_{G20})_{it} = \beta_0 + \beta_1[\ln (\text{Patent})_{G20}]_{it} + \varepsilon_{it} \quad (\text{Model 2})$$

The study's hypothesis is that increase in the technological developments in G20 countries positively influences the export diversification. In addition, it is expected that increment in the technological developments in G20 countries negatively affects the export concentration. It is examined the relationships between technological developments, export diversification and export concentration for G20 countries using the panel time series analyses. However, firstly, it is required to test the stationary variables of the panel time series.

3. EMPIRICAL FINDINGS

In order to testing the cointegration relation between variables in panel time-series, the variables must be stationary. In this context, stationary levels of variables should be determined. Before the unit root test, cross-sectional dependence must be tested on variables. The panel unit root and co-integration tests do not account for the cross-sectional dependence of the contemporaneous error terms. It has been stated in the literature that not considering cross-sectional dependence may cause sizable distortions in panel unit root tests. If an analysis takes into account cross-sectional dependency, it can reveal more accurate results. Therefore, it is applied Breusch- Pagan LM test (1980) and Pesaran CD-LM tests (2004) to panel time series analysis in order to evaluate for cross-sectional dependence.

Table 1. Results of Cross-Sectional Dependency Test

Variables	Test	Test Stat.	Prob.
$\ln(\text{Patent})_{G20}$	LM	1936.155	0.0000
	CD _{LM}	20.845	0.0000
EDI_{G20}	LM	1321.633	0.0000
	CD _{LM}	61.806	0.0000
ECI_{G20}	LM	792.421	0.0000
	CD _{LM}	8.845	0.0000

Considering the results in Table 1, the null hypothesis, that refers to cross-sectional independence, is rejected for variables patent applications, export diversification index and export concentration index. Since the asymptotic features of the first generation unit root tests impact the cross-sectional section dependence, it is necessary to

prove the variables with second generation unit. The results of second-generation unit root test are showed in Table 2.

Table 2. Results of Second-Generation Panel Unit Root Test (PESCADF)

Variables	Level		First Differences	
	C	C + T	C	C + T
$\ln(\text{Patent})_{G20}$	-1.780	-1.634	-3.324***	-3.389***
EDI_{G20}	-1.282	-2.066	-3.715***	-3.968***
ECI_{G20}	-1.878	-2.234	-3.482***	-3.542***

Notes: “C” represents constant term, “C + T” stands for constant and trend. ***, **, and * indicate significance at 1 %, 5 % and 10 % respectively.

The second-generation panel unit root test (PESCADF) results in Table 2 show that variables have unit root (Pesaran, 2007). This results demonstrate that relationship among the G20 countries as actors in the market are mutually affected (Giannetti, 2015: 551).

Westerlund's (2007) co-integration test states whether there is a long-term relationship among the variables. This co-integration test provides four panel co-integration statistics based upon the error correction model for analyzing the co-integration relationship among the panel data. Westerlund panel cointegration test results are showed in Table 3.

Table 3. Westerlund's (2007) Panel Co-integration Results

Model	Error Correction Tests	Statistics	Asymptotically P-Value
Model 1	G_τ	-4.063	0.000
	G_α	-9.527	0.031
	P_τ	-8.923	0.007
	P_α	-7.395	0.002
Model 2	G_τ	-2.546	0.000
	G_α	-10.225	0.008
	P_τ	-7.870	0.077
	P_α	-6.652	0.015

According to Akaike information criteria, model have a lag length of 2.68 and a lead length of 2 in model 1. In addition, model have a lag length of 0.37 and a lead length of 1 in model 2. In line with the panel cointegration test results, H_0 hypothesis has been rejected and co-integration relation is revealed between panel series in model 1 and 2. In other words, the long-term relationship of the panel series is confirmed.

The existence of a cointegration relationship among the panel data variables in models allows to test the long and short-term relationships amongs these variables. Firstly, it is tested the long-term homogeneity by the Hausman statistic in order to determine the long and short-term analysis methods. The Swamy S test is implemented for establishing the most appropriate method of analysis; the results of the test are presented in Table 4.

Table 4. Swamy S Test Results

Test	Test Statistic	Probability
$\tilde{\Delta}$	34489.47***	0.000

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

The results is given in Table 4, the longterm parameters are heterogenous. In other words, the long-term parameters change from unit to unit. For this reason, the H_0 hypothesis is rejected, meaning that it is rejected the Mean Group Estimator (MGE), which is more valid under the H_0 hypothesis. Results of PMGE method offered by Pesaran, Shin and Smith is given Table 5.

Tabel 5. Pooled Mean Group Estimator (PMGE) Results

Model	Period	Variables	Coefficients	Probability
Model 1	Long-Term	$\ln(\text{Patent})_{G20}$	0.034***	0.000
		ECT	-0.167***	0.001
	Short-Term	$\Delta \ln(\text{Patent})_{G20}$	0.004	0.756
		Constant	0.021**	0.026
Model 2	Long-Term	$\ln(\text{Patent})_{G20}$	-0.007***	0.000
		ECT	-0.256***	0.000
	Short-Term	$\Delta \ln(\text{Patent})_{G20}$	-0.001	0.768
		Constant	0.052	0.000

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

In accordance with the results given in Table 5, the error correction term (ECT) is rejected at 1 % significance level; here the ECT has a negative value (-0.167) in model 1 and (-0.256) in model 2. Therefore, it is showed that there is a long-term relationship between the variables. The ECT demonstrates the existence of deviations in the short-term and the speed of reaching equilibrium in the next period. Accordingly, approximately 17 % and 26 % of the imbalances in any period will be balanced in the next period getting closer to the long-term steady state condition. Furthermore, the long-term coefficient of G20 countries' domestic patent application is positive (0.034) and significant at 1 % level in model 1. Besides, the long-term coefficient of G20 countries' domestic patent application is negative (-0.007) and significant at 1 % level in model 2. On the other hand, it was revealed that the short-term parameter ($\Delta \ln \text{Patent}$) in the both model is statistically insignificant. These results exhibit that domestic patent applications of G20 countries has a positive relationship with export diversification of these countries, whereas it has negative affect on export concentration of G20 countries.

The existence of long-term relationships between variables suggests that there may be a causality relationship between variables. Panel causality test offered by Dumitrescu and Hurlin (2012) is applied to determine whether there is a causal relationship between the variables. In this direction, Dumitrescu and Hurlin panel causality test take into account the cross-sectional dependency between the countries. Dumitrescu-Hurlin panel causality test results are presented in Table 6.

Tabel 6. Dumitrescu-Hurlin's (2012) Panel Causality Tests Results

Causality	Z ^{HNC} , N, T	Z ^{HNC} , N
$EDI_{G20} \not\Rightarrow \ln(Patent)_{G20}$	2.6977***	1.9452*
$\ln(Patent)_{G20} \not\Rightarrow EDI_{G20}$	8.1172***	6.4211***
$ECI_{G20} \not\Rightarrow \ln(Patent)_{G20}$	2.9187***	2.1277**
$\ln(Patent)_{G20} \not\Rightarrow ECI_{G20}$	3.6182***	2.7054***

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

Dumitrescu-Hurlin panel causality test shows that there is a bidirectional causality relationship between domestic patent applications and export diversification. In addition to this, it proved that there is a bidirectional causality relationship between domestic patent applications and export concentration.

CONCLUSION

The engine of sustainable economic growth and development is based on sustainable exports. Technological developments are substantial in diversifying exports and increasing the export volume. In this direction, this study aims to analyze the relationships between technological developments, export diversification and export concentration.

In the study, short-term and long-term relations between technological developments, export diversification and export concentration of G20 countries are analysed by Westerlund cointegration test and PMGE methods. Then, Dumitrescu-Hurlin's panel causality test is applied for determine causality relationship among the variables. These methodological approaches reveal new perspectives for examining relationships between technological developments, export diversification and export concentration.

In first, co-integration analysis is applied to reveal the long-term relations between technological developments, export diversification and export concentration in G20 countries. According to the results of Westerlund cointegration test, there is a long-term relationship between technological developments, export diversification and export concentration. In addition, the results of PMGE analyses have indicated that 1 % increase technological developments lead to raising 0.08 % of export diversification in G20 countries. Contrary to such relation, results have demonstrated that 1 % increase technological developments lead to decreasing 0.007 % of export concentration in

G20 countries. Besides, it is determined that there is no short-term relationships between technological developments, export diversification and export concentration. Therefore, it is concluded that technological developments affect positively the export diversification of G20 countries', whereas it affect negatively the export concentration.

According to the causality analyses, there is a bidirectional causality relationship between domestic patent applications and export diversification and export concentration. These results proved that technological developments increased export product and country diversification in G20 countries. It is revealed that technological developments are vital for the economic development and sustainable exports in G20 countries.

As a result of the analyses performed in accordance with the research, when technological developments of G20 countries increases, the export diversification of these countries also follows an increasing trend. Obviously, increasing the G20 countrie range of exported products (Patent application etc.) provide a possibility of expanding the export markets for those countries.

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CHAPTER 2

THE EFFECT OF EMPLOYEE CHARACTERISTICS OF X AND Y GENERATION IN THE RELATIONSHIP OF ORGANIZATIONAL CULTURE AND ORGANIZATIONAL IDENTIFICATION

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INTRODUCTION

The globalizing world and the increasingly competitive environment are increasing the importance of human resources, the most valuable assets of organizations, day by day. Over the years, the employee profile of organizations has changed and varied. The reason for this is that new generations join the working life. Different generations have different expectations and different perspectives on life. Therefore, in today's intensely competitive environment, organizations need to know the human resources that will make them successful and maintain their continuity and develop appropriate methods to ensure that they focus on organizational goals (Kam, 2019: 01).

Every organization; There is an organizational culture that results from values, beliefs, and customs. This organizational culture directly affects the relations between the organization and its employees. While employees who adapt to the organizational culture are expected to be more efficient for the organization; It may be thought that it will be more difficult to get efficiency from employees who may not adapt. From this point; When we approach the subject in terms of the relationship between the organization and the employee, we may say that the organizational culture will directly affect the organizational identification levels of the employees, in other words, the sense of feeling belonging to the organization (Kam, 2019: 01).

Organizational identification; expresses the feeling of solidarity with the organization, supporting with attitudes and behaviors and perceiving the distinctive features shared by the organization employees (Miller et al., 2000: 629). When dealing with the relationship between organizational identification and organizational culture, it is also necessary to take into account the impact of the generations of the employees in the organization. Expectation and perception differences of employees belonging to different generations will affect their organizational behavior and, accordingly, their organizational identification levels. In short, the values and beliefs of the X and Y generation employees may differ from each other. These differences are thought to be an impressive element in the relationship between organizational culture and organizational identification. In this study, in line with scientific research methods and in the light of theoretical foundations obtained in literature review; meaningful and positive between organizational culture and organizational identification; It is thought that there will be a statistically significant difference in perceptions of organizational culture and organizational identification levels of X and Y employees.

Definitions

Organizational Culture: It is a mechanism of control and emotion formation that shapes and guides the attitudes and behaviors of the organization members (Scott, 2006: 499).

Organizational Identification: The perception of unity with the organization, in other words, the sense of belonging to the organization (Ge et al., 2010: 169).

Generation X: It is a community of people born between 1965 and 1980 (Ceylan, 2014: 16; Oblinger and Oblinger, 2005: 66).

Generation Y: It is a community of people born between 1981 and 1995 (Oblinger and Oblinger, 2005: 66).

Purpose and Problem of the Research

The aim of this research is to determine the relationship between organizational culture and organizational identification and whether these variables change according to the X and Y generation employee characteristics. The problem of the research is to determine all possible relationships between these cases.

The Importance of Research

- The subject of the generation is a current subject in the literature;
- By determining the X and Y generation properties working in organizations, creating the organizational practices by taking these properties into consideration; organizational identification levels of employees will increase positively;
- When the literature is examined, the relationship between organizational culture and organizational identification becomes increasingly important.

- There are no studies in the literature examining the relationships between these variables together.

Research Assumptions

- This study is based on the assumptions below:
- This research is based on the assumption that Generation X consists of people born between 1965-1980 and Generation Y between 1981-1995;
- The data collection tools used in the research are assumed to accurately measure the properties intended to be measured;
- Within the scope of the research, it is assumed that the data collection form applied to the employees of the organization is answered in a sincere and honest manner.

Research Limitations

The following limitations exist in this research:

- Research data is limited to the region where data was collected;
- The variables obtained as a result of the research are limited with the reliability and validity dimensions of the measurement tools used in the research;
- All types of organizational culture in the literature may be included in the scope of organizational culture. However, in the study, organizational culture is limited to the clan, adhocracy,

market and hierarchy cultures in Cameron and Quinn's Competitive Values Model;

- The limitation stemming from the fact that all research in the field of social sciences is based on experimentalism is also included in this research.

Universe and Sampling

The sample of the study consists of 235 white collar employees working in service and sales and marketing businesses operating in the private sector in Istanbul. Among the 235 white-collar employees that make up the sample of the study, 21 people are between the ages of 18 - 23 (generation Z), 175 people are between the ages of 24 - 38 (generation Y) and 39 are between the ages of 39 - 54 (generation X).

Data Collection Tools and Techniques

In the study, the data were collected using a questionnaire consisting of three parts. In the first part, questions about determining the demographic characteristics of the participants are included. With the age division, which is among the demographic features, the generation of the employees was measured. In the second section, the Organizational Identification Scale and in the third section, Cameron & Quinn's Competing Values Culture Model Scale is included. Before proceeding to the data collection phase for the research, a pilot study consisting of 30 people was conducted to determine the readability and understandability of the survey.

Scales Used in the Research

In this study, among the organizational culture scales in the literature, Desphande, Farley and Webster (1993), Cameron and Freeman (1991) and Quinn (1988) scales are combined; According to this combined, Organizational culture scale, consisting of 16 questions and 4 organizational cultures (clan, adhocracy, hierarchy, and market) dimensions are used.

When the literature is examined, Ashforth and Meal (1992) are one of the most used scales to measure organizational identification. In this research, the organizational identification scale developed by Ashforth and Meal (1992) is used to measure organizational identification.

As a result of the examinations, it is thought to be more appropriate to use for measuring X and Y generations; Generation X, 1965 - 1980, Generation Y, 1981 - 1995 is used as the research scale.

Organizational Culture and Organizational Identification Relationship

Social Identity Theory forms the theoretical basis of organizational culture and organizational identification. According to the theory, individuals, themselves and others; they tend to divide into social groups such as organization membership, religion, age group, and gender.

Hypothesis 1: There is a significant and positive relationship between organizational culture and organizational identification.

Hypothesis 1a: There is a significant and positive relationship between clan culture and organizational identification.

Hypothesis 1b: There is a significant and positive relationship between the culture of adhocracy and organizational identification.

Hypothesis 1c: There is a significant and positive relationship between hierarchy culture and organizational identification.

Hypothesis 1d: There is a significant and positive relationship between market culture and organizational identification.

Organizational Culture and Relationship between X and Y Generation Employee Features

Multiple Generation Theory, organizational culture, and X and Y generation are the theoretical basis of the relationship between employee characteristics. The theory argues that the members of the generation, born and growing at different times and periods, affected by the historical, social, cultural and political events of the time they grew, had different values, beliefs, attitudes, and expectations and that all these differences were influential on employee behavior in the business world. When the subject is approached from this perspective; generations appear to be a subculture of social culture.

Hypothesis 2: There is a statistically significant difference between perceptions of X and Y generation employees regarding organizational culture.

Hypothesis 2a: There is a statistically significant difference between the perceptions of X and Y generation employees regarding clan culture.

Hypothesis 2b: There is a statistically significant difference between the perceptions of X and Y generation employees regarding the culture of adhocracy.

Hypothesis 2c: There is a statistically significant difference between the perceptions of the X and Y generation employees regarding the hierarchy culture.

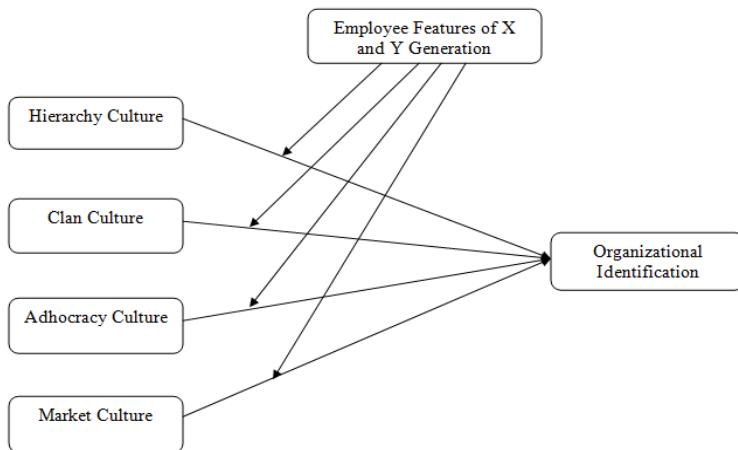
Hypothesis 2d: There is a statistically significant difference between perceptions of X and Y generation employees regarding market culture.

Organizational Identification, X and Y Generation Employee Features Relationship

Social identity theory and multi-generational theory constitute the theoretical basis of this study in the relationship between organizational culture and employee characteristics of the X and Y generation. When we approach the issue through personal identity, which is an element of the social identity theory, we may see the argument that the multi-generation theory will have different characteristics, while revealing the relationship we want to explain.

Hypothesis 3: There is a statistically significant difference in the organizational identification levels of the X and Y generation employees.

Researching Model

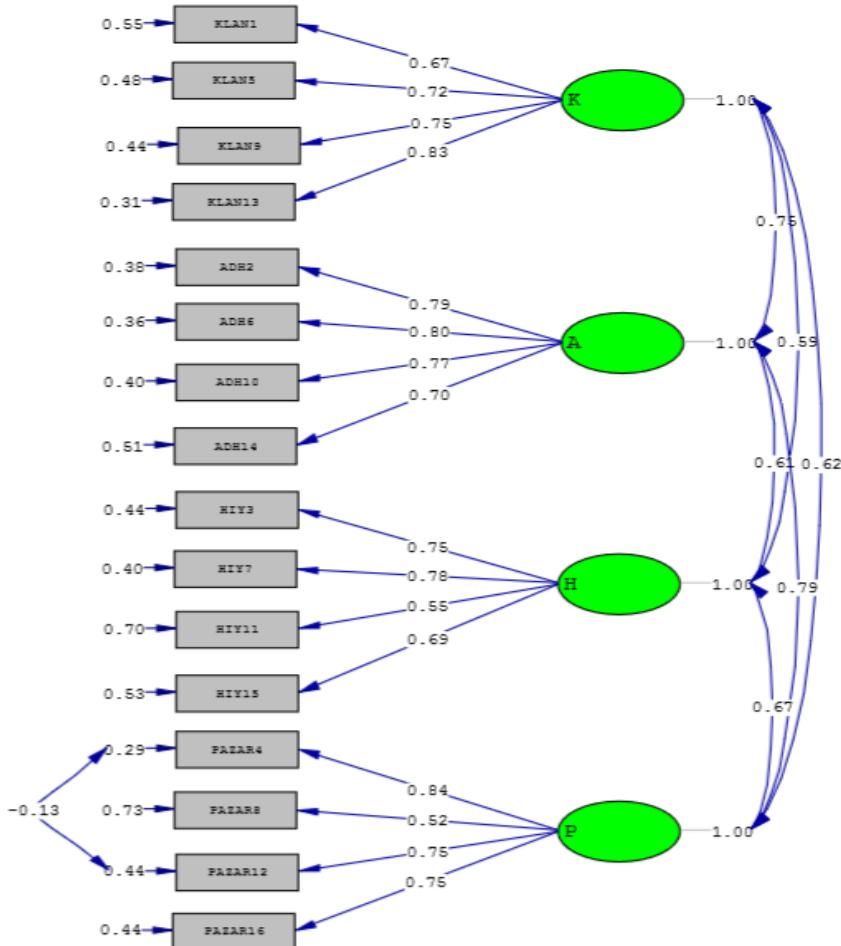


Model 1. Researching Model

Findings of the Research

Confirmatory factor analyzes were conducted to test the organizational culture (clan, adhocracy, hierarchy, and market) and organizational identification scales included in the study, and the values obtained as a result of the analyzes were compared with the fit indices in the literature. The organizational culture scale consists of four factors: clan, adhocracy, hierarchy, and market. The organizational identification scale has a single-factor structure. The results of the confirmatory factor analysis regarding the

Organizational Culture (clan, adhocracy, hierarchy, and market) scale is shown in the figure below.



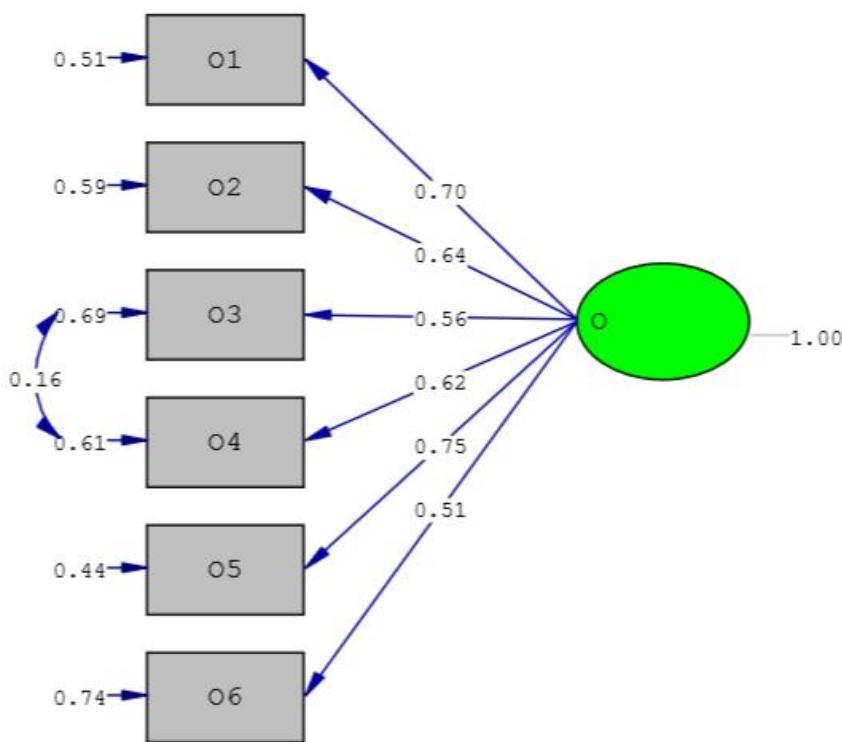
Model 2. Organizational Culture Scale Factor Analysis Model

Table1. Confirmatory Factor Analysis Results of Organizational Culture Scale Table

χ^2	Sd	P	χ^2/sd	RMSEA	NFI	NNFI	CFI	GFI	AGFI	IFI
155.68	97	p<.05	1.61	0.051	0.97	0.98	0.99	0.92	0.89	0.99

When the table is examined, it is seen that the values of χ^2 / sd , NNFI, NFI, CFI, and IFI are good. It is seen that the calculated RMSEA, AGFI, and GFI values are at acceptable levels. These findings reveal that the factor structure of the Organizational Culture Scale has been confirmed in the data obtained and therefore the scale has structural validity.

In the research, Organizational Identification Scale was tested with the single factor Confirmatory Factor Analysis (CFA) regarding model-data fit. Model and model fit goodness values are shown in the figure below.



Model 3. Organizational Identification Scale Factor Analysis Model

Table 2. Confirmatory Factor Analysis Results of Organizational Identification Scale Table

χ^2	Sd	P	χ^2/sd	RMSEA	NFI	NNFI	CFI	GFI	AGFI	IFI
12.79	8	p<.05	1.60	0.051	0.98	0.99	0.99	0.98	0.95	0.99

When the table is analyzed, it is seen that all the values except RMSEA are good and the RMSEA value is also acceptable. These

findings reveal that the factor structure of the Organizational Identification Scale has been confirmed in the data obtained and therefore the scale has structural validity.

Organizational Culture and Organizational Identification Relationship Correlation Analysis Results

Table3.Organizational Culture and Organizational Identification Relationship Correlation Analysis Results Table

Variables	Avg.	Sd.	1	2	3	4	5
1. Organizational Identification	3.66	0.83					
2. Clan Culture	3.39	1.02	0.500**				
3. Adhocracy Culture	3.40	1.01	0.408**	0.633**			
4. Hierarchy Culture	3.63	0.84	0.290**	0.472**	0.499**		
5. Market Culture	3.67	0.88	0.448**	0.501**	0.645**	0.567**	

When the results are examined, it is seen that there is a significant and positive relationship between clan culture, adhocracy culture, hierarchy culture and market culture, which is one of the organizational culture dimensions, and organizational identification.

Organizational Culture and Organizational Identification Relationship Regression Analysis Results

After the relationships between the variables were revealed through the correlation analysis, multiple regression analysis was performed to determine the cause and effect relationships between the variables.

Table4.Organizational Culture and Organizational Identification Relationship

Variables	Organizational Identification (β)
1. Clan Culture	0.374**
2. Adhocracy Culture	0.017
3. Hierarchy Culture	-0.054
4. Market Culture	0.280**
F	25.142
R ²	0.304
Corrected R ²	0.292

Note: **p<.01, standard beta values are used, n: 235

Regression Analysis Results Table

As seen in the table, a regression analysis is applied, which is dependent on organizational identification of organizational culture (clan, adhocracy, hierarchy and market). According to the results of the analysis, it was concluded that there is a significant and positive relationship between clan ($\beta = 0.374$, $p < 0.01$) and market ($\beta = 0.280$, $p < 0.01$) culture and organizational identification.

Accordingly, Hypothesis 1a, "There is a significant and positive relationship between clan culture and Organizational identification" has been accepted. Hypothesis 1d, "There is a significant and positive relationship between market culture and organizational identification" has been accepted.

It was determined that there was no significant relationship between adhocracy ($\beta = 0.017$, $p > 0.05$) and Hierarchy ($\beta = -0.054$, $p > 0.05$) culture and organizational identification. According to these results, Hypothesis 1b and Hypothesis 1c were rejected.

According to these results, Hypothesis 1 as “There is a significant and positive relationship between organizational culture and organizational identification” has been partially accepted.

Findings on the Relationship between Organizational Culture and X and Y Generation Employee Characteristics

Table 4. Findings on the Relationship between Organizational Culture and X and Y Generation Employee

Organizational Culture Types	Generation(Age range)	Avg.	Sd.	F	P
1. Clan Culture	Y Generation (24 – 38)	3.34	1.02	1.27	0.26
	X Generation (39 – 54)	3.66	0.95		
2. Adhocracy Culture	Y Generation (24 – 38)	3.37	1.02	0.34	0.56
	X Generation (39 – 54)	3.48	1.01		
3. Hierarchy Culture	Y Generation (24 – 38)	3.62	0.82	0.04	0.83
	X Generation (39 – 54)	3.78	0.89		
4. Market Culture	Y Generation (24 – 38)	3.67	0.85	0.29	0.59
	X Generation (39 – 54)	3.77	0.84		

Note: * $p < .05$, n: 235(Y generation 175 persons, X generation 39 persons)

Characteristics Table

When the data obtained were examined, it was concluded that there was no significant relationship between clan culture, adhocracy culture, hierarchy culture and market culture, and X generation and Y generation.

According to the results of the analysis, Hypothesis 2a, Hypothesis 2b, Hypothesis 2c, and Hypothesis 2d were rejected.

Thus, Hypothesis 2, which includes the expression “there is a statistically significant difference between perceptions of the X and Y generation employees regarding organizational culture” was rejected.

Organizational Identification, Findings Regarding X and Y Generation Employee Features Relationship

An Independent group t-test was used to determine the relationship between organizational identification and X and Y employee characteristics.

Table 5. Organizational Identification, Findings Regarding X and Y Generation Employee Features Relationship Table

	Generation(Age Range)	Avg.	Sd.	F	P
Organizational Identification	Y Generation (24 – 38)	3.64	0.83	0.05	0.80
	X Generation (39 – 54)	3.77	0.90		

Note: *p<.05, n: 235(Y generation 175 persons, X generation 39 persons)

According to the results of the analysis, it was concluded that there was no significant difference between organizational identification and the X ($\bar{x} = 3.77$, $p > 0.05$) and Y ($\bar{x} = 3.64$, $p > 0.05$) generation features. According to these results, Hypothesis 3, which defends "There is a statistically significant difference in the organizational identification levels of the X and Y generation employees", was rejected

Research Results

According to the results of the research, it was concluded that there is a significant and positive relationship between clan ($\beta = 0.374$, $p < 0.01$) and market ($\beta = 0.280$, $p < 0.01$) culture and organizational identification. This result shows that there is a partially significant and positive relationship between organizational culture and organizational identification.

The argument that there may be a statistically significant difference between the perceptions of the X and Y generation employees regarding organizational culture has been rejected.

It is concluded that there is no statistically significant difference in the organizational identification levels of the X and Y generation employees.

Possible causes of the results obtained;

The assumption that the scientific bases of generational research are not strong enough,

The assumption that the classifications made on generations consist of generalizations of various researchers,

The idea that the members of the generation may see the family members they grew up in as role models,

The idea that the economic, cultural, and political characteristics of the period in which the study was carried out might affect the perspectives of the members of different generations similarly.

SUGGESTIONS

Different from our research topic, different studies investigating the differences of organizational culture elements such as ceremonies and meetings on identification,

Developing descriptive and explanatory systematic measurement methods that may be more suitable for our country for studies on the subject of X and Y generation employee characteristics,

Conducting a single study on the X and Y generation employee characteristics in the private sector, different lines of business or covering a single line of business.

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CHAPTER 3

AN OVERVIEW FOR CUSTOMER RELATION MANAGEMENT (CRM): IMPROVING CRM MODEL FOR ABC BUSINESS FIRM

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INTRODUCTION

Customer Relationship Management (CRM) is a marketing theory that presents a vision about how a corporation intends to communicate with its consumers. A CRM strategy that gives strength to sales, marketing, customer service, and data processing activities is committed to achieve that vision. For most organizations, the goal of a CRM approach is to optimize productive consumer interactions by growing the importance of the partnership for both the seller and the client (Peppard , 2000; Winer, 2001; Gray and Byun, 2001; Kumar, 2010; Kostojn et al., 2011; Hillebrand et al., 2011).

A Customer is the main focus of the company's long-term and sustainable development and growth and promotion, marketing, relationships, products, facilities, resources and operation. Customer Relationship Management (CRM) is an enterprise approach to understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability (Peppard, 2000; Greenberg, 2004; Bohling et al., 2006; Hillebrand et al., 2011; Kostojohn et al., 2011).

The key word in CRM is the relationship. Although many firms claim to have good relationships with their customers, their relationship cannot pass beyond a transactional relationship. That is, a request of a customer to buy something is fulfilled at an agreed price. For customer loyalty and customer retention, it is important that the firm

carries the relationship further. For long-term growth, it is a obligation for a firm. According to this issue, the research comprises the literature survey about CRM as a business strategy. The aim of this research is to find out a model with its data analysis group and data warehouse studies-applications which are initiated to increase the competitive advantage and customer satisfaction. Specific details on ABC financing corporation and its processes is presented to clarify the issue and the market challenges. The essential analysis is applied with statistical oriented data analysis structure. As interdisciplinary findings are included in the research, it is aimed at contributing to literature and applications.

The premise of CRM is that it lets organizations leverage technologies and human capital to get a peek at consumers ' attitudes and their expectations. If it works as expected, a company can provide excellent customer service, make call centers more efficient, cross-sell products more effective, help sales people faster close deals, clarify marketing and realise new customers in the purchasing process. CRM is the oriented study of data generated for market performance management from the technical side of CRM and relevant technologies. Analytical CRM depends obviously on the existence of an integrated data store infrastructure. 'Analytical CRM enables organizations to evaluate and balance their actual and potential customers' requirements, patterns, challenges, risks and costs (Peppard , 2000; Ryals and Knox , 2001; Winer, 2001; Gray and Byun, 2001; Bohling et al., 2006; Kumar, 2010; Kostojn et al ., 2011; Hillebrand et al., 2011).

1. CUSTOMER RELATIONSHIP MANAGEMENT

Frequently Customer Relationship Management (CRM) systems only consider one or two components of the CRM loop. As a consequence, a large proportion of CRM projects-based on the introduction of a single kit or suite of applications-does not raise consumer service, boost client engagement or provide a return on investment to the provider in the form of improved sales or earnings. Consequently, a certain CRM approach should develop a vision and strategic thinking that sets out the strategic goals and goals of the firm. Then you need to adjust your processes and organizational structures so that you can effectively implement that strategy. These systems need to be characterised by a CRM architectural design that integrates connectivity platforms with Crm systems and user information repositories (Peppard, 2000; Yli-Renko et al., 2001; Yli-Renko et al., 2001; Gray and Byun, 2001; Buttle, 2004).

In addition, the financing in Marketing automation should include techniques from several three solution domains cooperative, operational and strategic CRM in order to sustain all 4 components of the CRM development cycle. From the point of view of the supplier, it is completely obvious that not all consumers are approximately equivalent. General merchandise companies, for example, demonstrate that only 15 for each quarter of consumers will contribute for 45 per cent of earnings and simply create 70 for each quarter of sales revenue. A business CRM methodology enables companies to identify and then serve those valuable customers in a way that keeps

them loyal. From the consumer point of view, the importance of the partnership is a feature not only about the traditional *four Ps* marketing-price, product, polish and publicity-but also of the consistency of the customer's encounters with the manufacturer over time. Consumers are seeking for providers who satisfy their needs with individuals to give, using the communications networks that the consumer tends (Beckett et l., 1998; Ryals and Knox, 2001; Bohling et al., 2006).

The whole shift in attitude is the consequence of several much-reaching structural reforms in many markets and sectors. First of all, as consumers have discovered it easier for them to access additional data about other providers via technological developments such as the World Wide Web, the businesses have become much more straightforward. Because clients can now more effectively and reliably match suppliers with their deals, the cost to consumers of swapping through distributors has decreased and company turnover is significantly improved. In fact, aspirations of consumers are growing. Significantly higher openness indicates that customers will definitely learn about all the best ideas from other providers, along with how new technologies could be used to support business to customer relationships. People assume that retailers will produce quicker and more easily for the consumer than for the manufacturer. This enables customers to search for services that are more or less tailored, and conscious of preceding customer-supplier interactions, depending on

the industry (Beckett et al., 1998; Wu, 2000; Ryals and Knox, 2001; Inmon, 2001; Bohling et al., 2006).

The number of providers within which interaction occurs has expanded to provide telephone, the internet in general and e-mail and even some multimedia Interactive Television as well as conventional highway channels and online advertising. The number of providers that can be interacted with customers has also increased. Whenever organizations adopt an approach to leadership which positions the consumer at the center of their policies and technologies can they succeed. In addition to this, CRM businesses treat contact information not as one thing but as relationships within a long-term relationship that generates and enhances over time (Ryals and Knox, 2001; Yli-Renko et al., 2001; Bohling et al., 2006).

2. DIFFICULTIES OF THE CRM

The difficulties of CRM are summed up in the following (Beckett et al., 1998; Brown, 1999; Brown, 1999; Winer, 2001; Gray and Byun, 2001; Ryals and Knox, 2001; Yli-Renko et al., 2001; Greenberg, 2004; Buttle, 2004; Bohling et al., 2006; Kumar, 2010; Kostojohn et al., 2011; Hillebrand et al., 2011);

i. Continuing Change: Employees of the company demonstrate great resistance to CRM because CRM modifies the company's core business perception, thus attempting to change its organisation. CRM involves that each process is modified or increased in accordance with

the CRM specifications. That is also the primary source of the opposition.

ii. Process Holes Identification: the systems can be affected as the company's size increases. CRM framework development requires a large BPR (Business Process Reengineering).

iii. Data processing: Customer data is usually stored in various legacy applications. This data is to be modified in a warehouse before it is stored. And the data flow must be managed according to the properties of the thenew system after this task is completed.

iv. ROI (Return on Invested Capitals) determination: perhaps the evaluation of the ROI is one of the biggest challenges. Managers must justify their efforts to accept CRM as a strategic plan. An ROI rating that persuades top manager to accept CRM is the most powerful tool for this type of issue. But the ROI is shown in the long run and even when it shows up, the improvement caused by CRM is not 100 % clear.

v. CRM is a marketing strategy, but relies on emerging technologies. The IS corporation and corporate customers can't work together. Market users then needed to choose the correct technologies, Network management and overall design to help the approach from the IS company. In order to bring CRM components together, the IS group needs business users to set objectives, demands and a global vision. The business mainly shops costly software programs, if they can't get anything done together, that solve hardly anything.

- vi. Corporate Policies: The customer-centered approach is always followed by large companies' *profit-centered* approach.
- vii. Skills training of employees: CRM is a business strategy that every member of the firm must understand and accept. It requires so much time and energy to train workers in CRM.
- viii. Organizational facilitate: The development team will very certainly fail without executive support.

3. STAGES OF RECONSTRUCTION

Implementation platform is built on project team appearances, there is not a pure strategy to use. The approach describes stages in which a series of steps and strategies are followed by different approaches for the successful completion of a project. Traditional RUP (Rational Unified Process) strategies for project management. The agile approach typically occurs a number of actions with structured sign-offs at the end of the each stage of the plan. The product expectations are collected, the concept and criteria are formulated, production continues and the design is finished, and evaluation starts finally. Projects are characterized using these sequences but strategies are carried out using different techniques and analysis, design, development, and system testing are partitioned into an evolving series of quick incremental development processes, which is an existing guidance and counseling by the management team for the CRM solution. Application developers are much smaller than usual and therefore are crucial aspects of the research method. The

development staff is incorporated and deeply committed to the research (i.e., consultants, project managers, reviewers). Each model discharge contains actual consumer requirement functions, the development steps are slower and extraordinarily creative. Discharges are not whole prototypes, they are employment platforms that can be utilized. Project activities are not carried out consecutively at the same time (Beckett-Camarata et al., 1998; Brown, 1999; Peppard, 2000; Ryals and Knox, 2001; Winer, 2001; Yli-Renko et al., 2001; Bohling et al., 2006; Kumar, 2010).

4. PROCEDURES FOR SCIENTIFIC RESEARCH AND DEVELOPMENT

For a business to sustain or enhance its competitive position and its status on the industry, research and innovation is really a very crucial component. Generally sales and marketing help to maintain company's corporate set of products and services which really attracts consumers different requirements in efficient position than other product categories or services in the economy, so that it receives brand reputation and increase its revenue growth core beliefs. In order to enhance existing product, sales and marketing could really develop innovative brands which can achieve real economy or perhaps even generate their own industry. Sales and marketing carry out these ventures with the encouragement of clients, whether that's an innovation or Development (Yli-Renko, 2001; May, 2003; Bohling et al., 2006).

4.1. Addressing Core Business (Costumer) Values

Consumers that make a profit are an essential and fully deserving goal. An enterprise must be able to distinguish between its customers. It is feasible only when the organization tracks and stores its clients' transactions. That's just the first step. It is always crucial to know its employees better, to distinguish among them. A new campaign organization is not targeted at capital intensive customers that the company has. Customers are classified into consumer groups which are limited enough to assess some essential customer features. The idea is very close to marketing one-to-one. The Business is willing to define and execute expert programs for its successful consumers (Ryals and Knox, 2001; Yli-Renko et al., 2001; May, 2003; Bohling et al., 2006)

The return on investment is the one of the major benefits of identifying profitable segments (Peppard, 2000; Yli-Renko et al., 2001; Bohling et al., 2006). As the emphasis of consumers continues to increase, ROI will also be significantly greater (see Figure 1).

The corporation should seek to transform *advisable consumers*, while preserving the observed profitable segments, into "profitable customers, with new products, services, platforms or interactions.

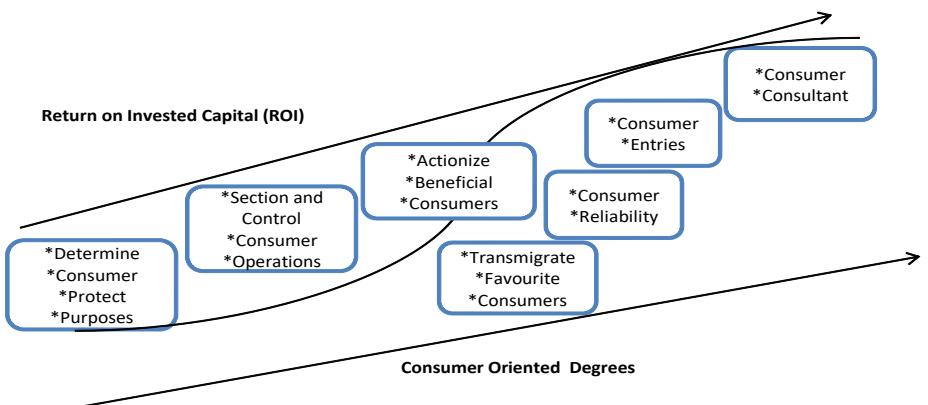


Figure 1. Return on Invested Capital integrated with Consumer Oriented Degrees
(adapted by authors)

It is obvious that investment returns increase with enhanced customer concentrate. The greatest ROI values can be obtained in the latest types of customer focus (customer references and client consultancy). As a consumer consultant, a business has absolute loyalty and trust to its consumers. The wallet contribution of the business is large and growing. It is not an simple feat to accomplish this customer concentration and partnership. Only by understanding your consumer is this conceivable. If the business understands which clients are the greatest, whether the criteria will be met and satisfied (or even exceeded) over and again. These clients will definitely remain the corporation's regular customers.

4.2. Relationship Management- Expenses & Economic Advantages

In the following areas, the potential benefits of relationship management are shown (Beckett et al., 1998; Peppard, 2000; Ryals and Knox, 2001; Yli-Renko et al., 2001; Bohling et al., 2006):

- Investments for market research, sending emails, communicate directly, follow-up, performance, service providers, etc.
- Lower price of consumer recruitment
- Reducing congestion costs: the consumers already established become more sensitive.
- Increased customer efficiency: increased pocket shares, more follow-up revenues, increased service quality referrals, ability to cross-sell or up-sell current investments.
- Enhanced customer preservation and loyalty.
- Consumer Revenue Assessment: Recommended consumer becomes important priorities through knowledge of customers and the possibility of them with the cross-sales or upsales.

CRM will increase customer relationship communication technologies returns, and will also decrease marketing strategy costs (to approach valuable customers). Customers remain matter how much experience, purchase more and schedule an appointment for their requirements (increasing the companionship correlation) (Beckett et al., 1998; Peppard, 2000; Ryals and Knox, 2001; Yli-Renko et al., 2001; Bohling et al., 2006).

5. DATA WAREHOUSING

A data warehouse is a centrally controlled database system containing data from multiple sources within an information system. The collected data can be used in analyzing, reporting, and data business intelligence to support management decisions. Data storage is also one of the fastest-growing client/ server applications in the proposed prototype of relationship marketing. This section may contain some scientific terms but a clear summary of the core concept is sufficient. The first is to include a basic description of the data store. A second, more complex interpretation will be provided after specifying the basic elements and characteristics of the data warehouse. The data warehouse is an especially constructed copy of transaction information to request and inform. To the back and forth of the operating systems, a data warehouse is organized. The above two fundamental words would give viewers a profound insight into the existence of a data store (Parsaye, 1997; Brenda, 1998; Berry and Linoff, 2000; Inmon, 2001).

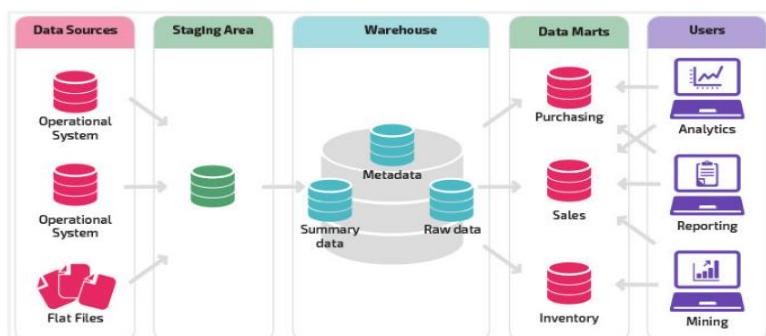


Figure 2. The Fundamental of DataWarehouse (Url 1, 2020)

A data mart is a subcategory of a data warehouse that is geared towards a specific company. Data marts comprise, for instance, the sales department, directories of quantitative information collected for analysis on a particular segment or component within about an organization (Url 1, 2020).

Data Warehouse's effectiveness arises from the analysis of figure 2. As a consequence of business decisions, the study of consumers is carried out by using updated regularly data as well as methodological tools and instruments. The CRM group analyzes the obtained results and designs implementation plan including such advertisements, promotional activities, specific advertising strategies, etc. Task - oriented are then implemented through the various channels the bank uses to reach its clients. Evaluation or consequences continue the process interpreted in figure 2 (Brenda, 1998; Berry and Linoff, 2000; Bohling et al, 2006; Url 1, 2020).

The findings become an essential component of the customer relationship explanation within the warehouse. The learning cycle is therefore comprehensive, and the obtained results could be re-used in subsequent analyzes and in future marketing strategies. It is easy to comprehend that the Data Warehouse cannot probably be built once more, and therefore there is a kind of structural system that needs to be continually enhanced and modified as the Relational business model continues to develop (Parsaye, 1997; Brenda, 1998; Inmon, 2001).

5.1. Data Warehousing Out of Operations Support Systems

The organization put the data into its operating systems until the beginning of the 1990s. The main concept of data storage is that the most beneficial way to obtain stored data for business management is by removing this from the information in the operating Systems. Technological advancements and changes in the structure of marketing strategy have complicated and impressive many business intelligence systems. The complex evaluation can be seen in online assessments including highly complex analyzes. Consequently, these analyzes have been more and more beneficial in affecting the operating system. The most significant explanation for distinguishing data from organizational data for market research is also that study has weakened the future output or operating environment. For operating systems, good efficiency and high accuracy are important. Another explanation to separate data from data is the fact that perhaps the database systems are very highly optimized in combining data from different operating systems. The principal reason to combine data from multiple sources is that the information from these application areas can be border mentioned. The possibility of the data storage systems to identify and to recognize the correlation among both activities of different major corporations in a company is the most advanced function. An analyst may, for example, try to reach the consequences of a new marketing campaign that takes place over selected months by checking sales during the same points (Parsaye,

1997; Brand and Gerritsen, 1998, Brenda, 1998; Jonathan, 2000; Inmon, 2001).

5.2. Conceptual Development of Operational Data

When it is taken into the data center from operating systems, the data is technically converted. This conceptual transition obviously involves a great deal of research and design work. The construction of the database system and the layout of the database system play a significant role in the progress of work. The data warehouse architecture describes and continues to be expanded and designed to accommodate details from multiple applications. The conceptual and physical framework of the data storage device is specified. The data warehouse frequently creates a company's abilities by gathering data from various sources. Considering, for instance, a customer's demographics. Some attributes including such bank account number, address and telephone number may be provided in the retail operational system. Another database engine could provide jobs, incomes and investment portfolio information to the data warehouse. (Brenda, 1998; Teklitz, 2000; Doran, 2001; Banasiewicz, 2001).

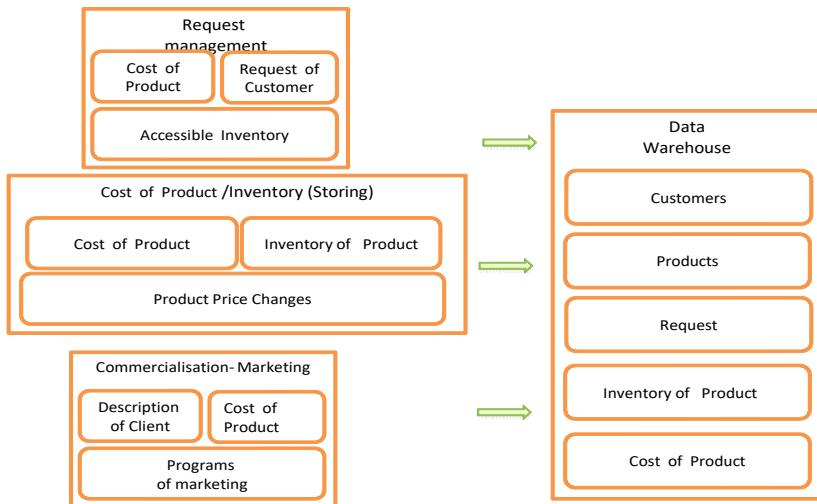


Figure 3. Framework of integration and incorporation of data from various processing channels with CRM Structure of ABC Business (adapted by authors)

Systematically reconstructed and integrated, data obtained from both operational databases. Figure 3 displays just the corporate groups in the service warehouse layout for ABC Business. The conventional aspect of data modification and modified version from various organizational channels has presented by Figure 3. The origins and details may not have any pattern constraints.

5.3. Physical development of operational data

Physical data analysis homogenizes and sustains digital data management. These systems for the storage of data are typically known as the data scraping or the data storage processes. The data polishing structures are among the hardest and most laborious methodologies in a data warehouse research work (Parsaye, 1997; Brenda, 1998; Berry and Linoff, 2000; Inmon, 2001).

Functional transition often comprises the use of traditional operating standards and standardized data principles. These terms and conditions of business are convenient. Many operating systems have hard to understand words. Since one of the motivations for constructing a data center is that as numerous potential customers as possible are achieved, certain challenging market situations are converted into simpler and more common business terminology (Brenda, 1998; Teklitz, 2000)

The use of specified characteristics must be appropriate in all characteristics within the data warehouse. Various sources occasionally use the same definition with various input variables. Data loading into the data warehouse requires the conversion of these different expectations into one value (Brand, 1998; Wu, 2000; Teklitz, 2000).

If the definition and its Advantages are gathered for transformation process,

- Transform operating systems phrases to simple, standard industry definitions;
- Multiple specific description for a specific feature with different technology types;
- iii-Dependable use of beliefs for attributes.

5.4. Data Analysis of Business Perspective

Facility Reports ought to be summarized frequently in most organizations. Many requests and notifications on most warehouse database systems are straightforward focused on predetermined specifications. Such papers and concerns require a lot of time. A data warehouse could construct predetermined overview views periodically. The financial results can be every week, every month or every quarter. Any time a strategist wants this, it is not realistic to compile the required details. The computing amount required for the study is minimized by a data store with overview views of the details surrounding most popular queries. In general, summary views are generated around companies such as customers, products and channels (Brands and Gerritsen, 1998; Wu, 2000).

These overview perspectives from the data store do not involve the comprehensive data's uncertainties. The final results of the report are only provided. Even the major efficiency improvements are the most critical factors for creating the overview views. Following the acknowledgement of key data storage definitions, the consumer will be prepared for a complete definition of the data warehouse region. A data store is a constructed, extendable environment configured for analyzing non-volatile data, converted logically and physically from different sources to match the corporate structure, modified and sustained over a long period of time, demonstrated in basic terms, and synchronized with brief review (Parsaye, 1997; Berry and Linoff, 2000; Teklitz, 2000; Inmon, 2001).

5.4.1. Advantages of Data Warehousing

The benefits –advantages of using Data Warehousing framework for a business are presented a below (Parsaye, 1997 Brenda, 1998; Inmon, 2001):

- Simplification: the most commonly mentioned advantage of data storage is *simplicity*. Data storage facilitates operations because data storage provides a unique image of business reality through integrating different data.
- Better data quality: higher productivity as improved decision-making via OLAP and data analysis assessment as continued to improve efficiency was described.
- Fast Access: Data storage system requires users to obtain the information necessary without some kind of system administrator.
- Provides comparative benefit: data stores strengthen the administration and use of business information which, in effect, allows a company more efficient, understands consumers better and meets the customer requirements more quickly.
- Data management flows: data warehouses process a high volume of various types of data and also operate data flow instead of just collection of data.

- Facilitating downsize: the data storage facilitates decentralized decision-making by allowing employees to get information closer to users.
- Data Warehousing supports the organization in building a hard drive architecture to accommodate changes to computer operations and business constructions.

5.4.2. Disadvantages of Data Warehousing:

The disadvantages of using Data Warehousing framework for a business are presented a below (Parsaye, 1997 Brenda, 1998; Inmon, 2001):

- Technology complexity: The most commonly reported downside is creation complexity. Information technology could not just purchase a database system; IS (Informations System) must develop a full warehouse, since the personal needs of the organization tend to rely on each warehouse's architectural style and a set of demands. In building it, IS must ask a large series of questions. The arrangement, concepts and data flows must be considered very carefully by architects. Another challenge is the availability of the correct data storage equipment and applications.
- Takes chance to construct – If sustainable project is not powerful, IS executives require a lot of time to explain the DW requirement.

- Construction cost-effective: A warehouse of data is also cost as data must be chose to move or recreated, sometimes and sequentially, from data warehouses with data converted into an uniform repository.
- End-user teaching: End-user preparation is necessary. To educate all employees, a communication plan is essential.

5.5. Data Warehousing and Strategic Thinking-Evaluation and Developing Action Plan

A planner continuously explores several problems at different stages of complexity and details (past, current and future) across several aspects. The positive and innovative formulation of strategic planning are listed as below (Parsaye, 1997 Brenda, 1998; Teklitz, 2000; Wu, 2000; Inmon, 2001):

Past: We must learn from the experience and know to implement the right examples to not replicate the errors.

Present: users need to evaluate real developments quickly, so that you can manoeuvre to conform to them and in real time.

Future: Awareness of the future is needed in order for opportunistic investment opportunities and measures to be taken today in an even better position for the future. The source of exceptional success is perfect knowledge.

Learning: You must learn and adapt continuously based on this learning. Each move forward involves making errors, but not always make the same mistakes.

Changeability (Changeable): This ability calls for the best way of doing things. Forces must maneuver to take advantage of gaps.

Prescience: top management must be profound and far-reaching. Leaders need to see that others don't. The highest level of awareness is to look and do the formless.

Foreseeing: strategic wisdom is required in all matters. Nothing could be more essential than to comprehend your opposing teams' plans and their changes in customer demand.

The data storage system is at the core of any Decision Support System, is the core of CRM. The ABC Business has selected an extremely rapid approach to the assessment of its Data Warehouse, where information systems development is integrated into the strategic planning. The operational aspects of the case must be considered after the analysis of strategic and analytical CRM. This ABC Business agreed to create a portion of the data warehouse to be used for consumer intercourse processing and for the development of reliable and concise management information instead of designing a full architecture of a commercial data warehouse.

CONCLUSION AND EVALUATION

CRM is nowadays a popular commercial platform for keeping the business back on track by excellent customer relations and shaping the methodologies according to the current and potential requirements of customers and firms. Traditional concept of businesses which have been held for centuries and dependent on customer and supplier interactions has begun to change at long time ago. Many of their network operations have been particularly involved in the company sectors. Although the data warehouse will not replace the traditional data security at 100 percent, it is certain that information technology will continue to develop and most of the future employment of business will have certain connections with this. Internet is the pioneering communication technology today that impacts our society and our prospective. The purpose in this prototype is to gain insight and knowledge of the digital technologies and also to know much more about customer relationship via the online platform. The scope of research is established by three important factors: the Internet, CRM and script languages. The first step is the study of literature. It relies on an in-depth search for CRM resources available on the internet and advertisements. ASP.Net, language families for scripting, Constructs of Software. It is only natural for the employees to have a voice in how they are developed and that CRM applications can be used by such employees. They give managers and employees a unique, valuable perspective they can not accept. Naturally, the CRM program will provide importance to the various stakeholder groups in

different ways. Leaders and supervisors search to CRM findings and business intelligence to learn about their business and its stakeholders so they can make good choices and evaluate performance. The CRM application should allow consumers remain organized, more productive, and reduce the administrative overhead correlated with their specific job.

An initial CRM research can be developed to provide importance for one business and not provide importance for another. It can also be implemented for service and production industry. This is a negative and cost-effective method. Attention could be paid to ensuring that each phase involved in a research has at least some interest throughout the preparation of the CRM roadmap. This situation has a roadmap to consider an initial simple CRM launch to demonstrate this possibility, involving the implementation of a new approach for a group of vendors, and the use of a new CRM framework for their sales (Winner, 2001; Bohling et al., 2006; Kumar, 2010).

It is important to create a climate in which employees feel supported and problems are no more serious in order to keep CRM heading. The willingness of an organization, both financial as well as human tools, to answer the unavoidable issues and concerns easily eventually provides a significant difference to the effectiveness of CRM.

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CHAPTER 4

DEVELOPMENT GAP:

“ECONOMIC CONVERGENCE” OPPORTUNITIES

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INTRODUCTION

There are different approaches in the literature on how the development (industrialization) gap between developed economies and developing ones will change over time. The fact that the economic growth rate is generally higher in the second group of economies leads to the idea that the gap will decrease over time (convergence). However, the endogenous growth approach, which is one of the economic growth theories, rejects the “convergence” theory by emphasizing the importance of technological development. At this point, the qualitative structure of industrialization becomes important. On the other hand, as a result of the rapid structural transformation that has emerged in the world economy after 1970s, due to various reasons, decrease in the total production and employment share of the industrial sector (de-industrialization) is observed. The impact of economic policies on economic growth and development (and therefore "development gap") becomes important in this respect. The objective of the study is to reveal the effects of the “deindustrialization” phenomenon, which is more prominent in developed economies in recent years, on the development gap. However, this analysis also discusses the positive effects of internal growth.

There is a close relationship between industry and development. The industry sector, which has high forward and backward connections, differs from the agriculture and service sectors in terms of capital density. Therefore, it has a production structure with high efficiency

and added value. Developed economies also differ with the fact that they have started a more advanced industrialization process than others.

After reaching a certain threshold of maturity in these economies, the share of the service sector in total production consequently also reaches a higher rate. Although this process has led to the emergence of more advanced technology sectors in developed economies, it has also resulted in a lower share in terms of both employment and sectoral production.

On the other hand, the globalization process has accelerated the capital movement from developed economies, which can be defined as central economies, to surrounding economies. In this process, the level of development of the industrial sector in these economies was positively affected due to cheap raw materials and / or labor opportunities. However, an innovative and high-tech industrialization structure can provide the opportunity to meet the development gap in these economies. The implementation of this model, which is emphasized as an *endogenous* growth model in the economic literature and which offers an opportunity for effective development, particularly depends on the quality of public policies.

In this respect especially in recent years, development dynamics have emerged between different economies with different levels of development. On the one hand, there is a development dynamic in which the industrialization structure has reached maturity as well as the industry sector, which offers a high technological level of

production despite the decrease in the total production, and on the other hand, there is another development dynamic in which the quality of the industrialization potential, in spite of increase in the potential for industrialization, is discussed.

In the face of these development dynamics, some economies achieve high growth rates by implementing effective policies, while others are faced with the negative consequences of these especially implemented policies. The objective of the study is to reveal how economies with different levels of development are affected by this situation and the role of economic policies in this transformation process due to the decreasing tendency in total production and employment share caused by various specific features of the industry sector. In this respect, it is aimed to discuss the opportunities of “economic convergence” among countries with different levels of development.

1. CASE OF DEINDUSTRIALIZATION

Industrial sector, with its effect on economic growth, its contribution to development / developmental level etc. makes it a prominent sector in many respects. The impact of this sector on national income carries much more weight than its share in total production.

While the development of the industry sector contributes to the growth of the services sector, some of the agriculture and services sector is directly connected to the industry sector. The industry sector will be transformed into an “knowledge-intensive” form, and significant

changes will occur in the working methods (Kavrakoğlu, et al., 2002: 39).

In addition to this, especially in developed economies, while the share of the service sector in total production has increased, the weight of the industrial sector has continuously decreased. Lower demand flexibility of consumers for industrial goods, as well as increased productivity in this sector, capital movements, etc. are emphasized as the prominent factors in the emergence of this situation.

Developed and developing economies are affected by this process in different ways. The share of the manufacturing industry in GDP has generally decreased in the global economy in the period of 1970-2013. While this rate has decreased rapidly in developed countries, it has remained stable in the developing countries. The world average does not change much in terms of the share of manufacturing industry employment in GDP, while this ratio has increased in the same period in the developing countries (Table 1).

Table 1: Change of the Share of Manufacturing Industry and Employment in GDP in Developed and Developing (Emerging) Economies (1970-2013 Period)

	Average Share of Manufacturing Industry in GDP				Share of Employment in Manufacturing Industry in GDP			
	1970-79	1980-89	1990-99	2000-13	1970-79	1980-89	1990-99	2000-13
World	22,8	20,4	18,5	16	15,2	15,6	14,5	13,9
Developed Countries	23,3	20,6	18,1	14	25,1	21,3	17,8	13,6
Developing Countries	20,6	20,2	20	20	13	14,3	13,9	14,1

Reference: UNIDO, 2016

As Table 1 explains, the gap between Developed Countries and Developing Countries decreases quantitatively in terms of the production and employment share of the industry sector in GDP. However, the explanation of Table 1 about the qualitative structure of industrial production remains insufficient.

Norton (1986:4-5) draws attention to the relationship between industrial policies and capitalism. According to Norton, in 1980-84 when supply economics came to light in the USA, a separation was important for industrial policy purposes. While advocates of innovative policies wanted to support international competitiveness; "protectionists" asked for the protection of industries that could not withstand international competition. This result stands out in terms of

the efficiency problem of public spending. The expansionary policy-industrialization relationship is not always in the same direction.

The effects of public expenditures, whose share in the economy has increased, may be in the form of the exclusion of the private sector and its replacement by the public sector (exclusion effect), or it may be in the direction of improving the efficiency of the private sector due to the production of public goods and services containing economic externalities. The exclusion effect of public spending depends on the marginal productivity of the public and private sector (Tanzi and Zee, 1997: 188).

The effects of public spending on growth may differ depending on the development level of countries. If the economy is in low stationary equilibrium (underdeveloped), the increase in public size will increase the level of stationary equilibrium production. If the economy is developed, that is, in stable equilibrium, the increase in public spending will decrease the level of static equilibrium production (Yavas, 1998: 305).

Looking at the financing aspect of public sector spending raises a few questions regarding the optimal level of these spending and, accordingly, the optimal tax rate. In order to support continuous growth, it should be considered whether there is an optimal tax rate and whether it is appropriate to keep this tax rate constant over time. Dynamically stable long-term growth stands out in terms of efficiency problem in economic growth (Park, 2005: 348). On the other hand, changing the sectoral structure in an economy will affect the

composition of public expenditures and revenues. In this respect, both public spending and public revenues can be expected to increase in sectors with high added value in GNP (Tanzi and Zee, 1997: 188).

For developing economies, it is not only important that the industrialization shares increase, but also the sectors with high level of technology that can provide a comparative advantage in foreign trade should be prominent in order to close the "development gap". Effective use of economic policies will help to achieve this goal.

If economic policies focus on sectors with high "learning" potential (eg. genetic engineering), as emphasized in the Young model in developing economies (especially with incentive policies), it will gain the advantage of being favorable in terms of foreign trade in trade as well (Yülek, 1997: 11).

According to Amsden (2003:57), industrialization has never been dependent on the elements of "learning" or transferring technology in the past as compared to today. Unlike other developing countries, in Korea and Taiwan, the key to success is being in the forefront as first examples of the search for innovation. Pack and Saggi (2006:267-68) discuss the importance of industrial policies in terms of economies of scale. As production scales of scale economies increases, they will contribute to the competitive level by allowing enterprises and industrial organizations to operate at lower costs. Bradshaw and Blakely (1999:229 and 241) highlight the potential to protect other economic sectors, as well as the protection potential of infant industries in terms of industrial policies.

In this respect, for the economies seeking development, industrial policies are especially important in the face of the phenomenon of “deindustrialization” and it is imperative that these policies to be based on internal (endogenous) growth models. This model has both threat and opportunity characteristics for developing economies at the same time. It is clear that if economic policies are functional, then internal growth will provide important advantages.

2. ENDOGENOUS GROWTH THEORY AND ECONOMIC POLICIES

The main feature of internal (endogenous) growth models (unlike neoclassical models) is the lack of diminishing returns. The AK model of Rebelo, which is the simplest of the internal growth models that emphasizes knowledge and technology, has this basic feature and also according to Rebelo, economies have different growth rates, and this is a result of economic policies. For example, economic policies such as income tax, reduce the rate of return on physical capital investments, thereby reducing the rate of capital accumulation, and therefore growth rate decreases (Dulupçu & Özkul, 12).

Due to the effectiveness of the innovative policies of the public through the internal growth channel, economic growth is freed from its dependence on the old economy and gains the “growth path” way determined by the new economy. At this point, the turning point or twisting point, called the public domain, will support the emergence of entrepreneurs or industrialists with high competitiveness and knowledge through regulations (Grove, 1999).

In the "Cobb Dougles" production function (as an example of the neoclassical production model, to show the distribution of output a and b in labor (L) and capital (K)) then $Y = A \cdot K^a \cdot L^b$ can be expressed. The production function is also $Y = A \cdot K^a \cdot L^{1-a}$ since $a + b = 1$ in case of constant return according to the scale. Even if there is constant efficiency (if $a = 1$ is accepted) then $Y = A \cdot K$ is obtained. The production function in the AK model depends on the level of technology (A) and the amount of capital (K), which indicates the amount of output (thus the average product of capital) produced with a unit of capital (Ünsal, 2007: 239).

$$Y=AK \quad (1)$$

Assuming that A is constant in equation (1),

$$\Delta Y/Y = \Delta K/K \text{ is obtained,} \quad (2)$$

(1) In Equation (1) AK Model, the growth rate of output will be equal to the growth rate of capital. ($gK=gY$) $gK=gY=GA=GK$.

According to the AK growth model, the growth rate of the economy depends on the growth rate of the capital (hence investments). Economic policies will also affect economic growth through investment policies (or sectoral election targets). For this purpose, increasing economic growth and encouraging technology-oriented R&D expenditures can be highlighted. However, the application of the incentive system is also important.

As Yülek (1997,11) emphasizes, the theory of endogenous growth places important tasks on public policies. Direct results of public

policies such as production and investments having positive externalities, the importance of human capital, infrastructure and stability etc. are examples that should be emphasized. In this respect, internal growth theory is also useful in explaining the success of credit policies implemented in Japan and Korea.

Economic policies can affect economic growth through various channels. Public spending primarily contributes to the increase in the level of production as a demand factor in itself. This effect created by the multiplier analysis results in a much higher added value to be obtained than the expenditure made.

However, the combination of public spending, which supports the economic growth dynamics that will emerge in line with the endogenous growth model, is important. Education and health spending supporting human capital opportunities, spending policies supporting technology and innovation, as well as policies supporting a high value-added production structure in foreign trade, will be important for the successful outcome.

Based on the examples of completely different technology policies in internal growth of Israel, Taiwan and Ireland; Breznitz discussed how the role of the public sector should be in terms of sectoral targeting policy. Breznitz emphasizes that these three countries are successful despite their different choices in terms of public-private sector relations.

While Israel left the issue of technology and sectoral selection to the private sector, it has encouraged technological development rather than controlling the private sector. Taiwan left the selection to the public on both issues, while Ireland followed a path between the two countries in technology and sectoral election issues (Figure 1).

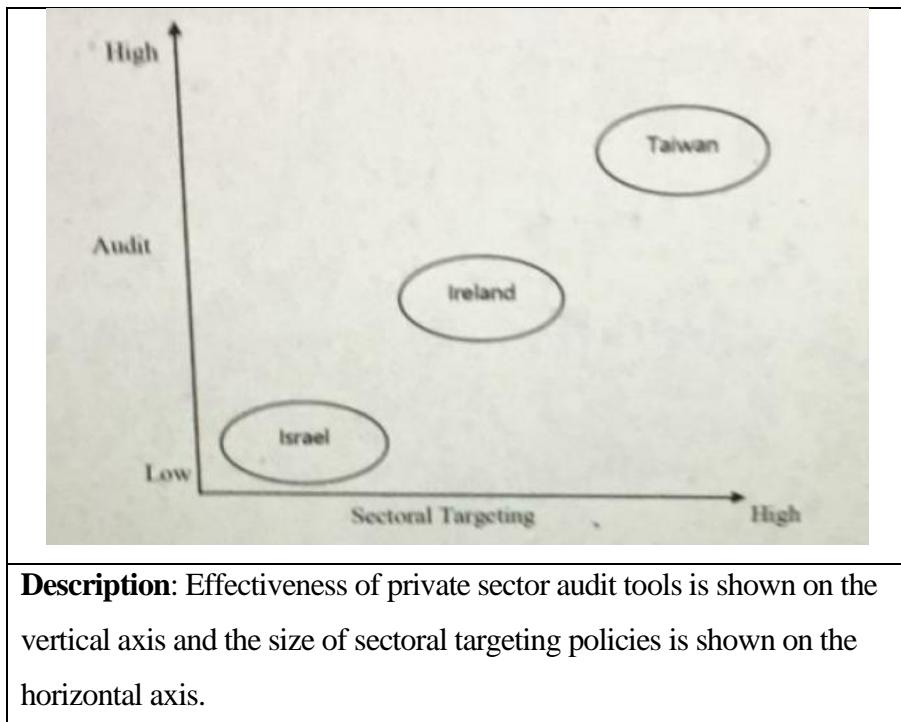


Figure 1: Effective Use of Sectoral Targeting and Private Sector

Auditing Tools: Comparison of Taiwan, Ireland and Israel Reference:
Aydin onat, 2012

According to Figure 1, public policies may differ from each other in terms of sectoral targeting and private sector supervision tools, and this is confirmed by examples of Israel, Taiwan and Ireland, which are

considered successful in terms of technology policies. Breznitz's analysis shows that public policies on IB may have different contents.

On the other hand, Bustos et al. (2019) showed in an analysis, made in a three-sector open economy which focused on internal growth, that the low-skilled workforce released from the agricultural sector found its place in the labor-intensive manufacturing industry, leading to a lower productivity growth. This result emphasizes a negative situation in terms of developing countries. The decrease in the opportunities of "economic convergence" with developed countries can be considered as highlighting such industrialization models. Although specialization in labor-intensive sectors in foreign trade has some benefits in the short term, it does not provide sufficient support to the overall effort to close the gap in the long term.

Public fiscal policies should therefore support areas with high productivity. The effects of the form of financing of public spending should also be taken into account. As Uzay emphasizes (2002:158), the production level of the economy decreases, as the decline in public spending and the increase in tax rates will reduce the will to work, invest and innovate. The public subsidizes less competitive industries or industries with

high transfer payments, a high share of interest payments for public debt, etc. where in these cases, the contribution of economic policies to the efficiency of the economy will be small. The aim of economic policies is to provide public capital to increase growth for private sector production processes. Providing efficient government spending

can be considered as education, R&D assistance and public infrastructures. Therefore, there is no declining return at the total level, and therefore the economy can achieve long-term internal growth (Amsden, 2003:80).

3.OPPORTUNITIES FOR “ECONOMIC CONVERGENCE” AGAINST THE DEVELOPMENT GAP

Due to the effects of globalization and some structural features of the industry sector, two different situations emerge in the industrial sector in developed economies in the face of the decrease of total production and employment share.

While in one situation, there is an opportunity to replace this decrease by other economies; the other one has implications for the change in the share of the industry sector in global national income.

As the substitution effect becomes stronger and at the same time, as the power of the industrial sector in the world economy increases its share in total production, subsequently it can be considered that the “development gap” will decrease. In order to achieve this, besides the sectoral structures which are based on internal growth; also supply and demand conditions for the industrial sector are important as well.

As Bustos et al. (2019:38) emphasizes, the industrialization process in an economy, which depends on the sectoral transformation structure, is under the influence of two main forces. The "push" forces that cause the workforce (such as new agricultural technologies) to move out of the agricultural sector, and the "pull" forces (such as industrial

growth) that pull the labor force into production (industrial transformation in the workforce, sectoral selection and internal growth work), which cause the growth in the agricultural sector to support higher internal growth as compared to the labor demand of the production sector.

According to this result, good evaluation of internal growth opportunities provides some opportunities to close the development gap. In this respect, it depends on the effective use of R&D policies proposed by the dynamic comparative advantages model.

Most of the R&D activities in OECD countries in terms of both performance and financing are actualized by the private sector, and this share has increased in recent years outside of the USA. R&D activities in OECD countries; have been conducted by the private sector at 63.8% as per financing source, and at 69.6% according to the realizing sector (Yavuz et al., 2009: 78).

Economic policies play a critical role in this regard. The success of sectoral targeting policies depends on some factors such as innovation power, effective use of the incentive system, etc.

Public policies, which affect productivity in internal growth models and promote human and physical capital investments, can change the rate of continuous growth. The government can effectively correct the shortcomings in the market and resolve the conflict between social and private benefits. In addition, in cases where the public sector is

more effective than the private sector, the width of the public sector can have significant external overflow effects (IMF, 2001: 17).

Grossman and Helpman (1991,66) suggest a model for increasing the efficiency of R&D activities by emphasizing the importance of the incentive system to be applied, creating innovation in products and consequently increasing profitability.

According to Grossman and Helpman, the economy will distribute its resources according to the optimal principle among the manufacturing industry and R&D activities depending on the resource (labor-L) constraint (Ateş, 1998: 44-45).

$$L=X + a.g \quad (1)$$

According to the model; Equation (1) shows the production constraint and expresses the possibilities to use resources effectively. In this equation, X means manufacturing industry production; “g” means the product diversification rate in the R&D sector; “a” indicates the rate of goods conversion. The production possibilities curve is assumed to be the constant goods conversion in all alternative selections.

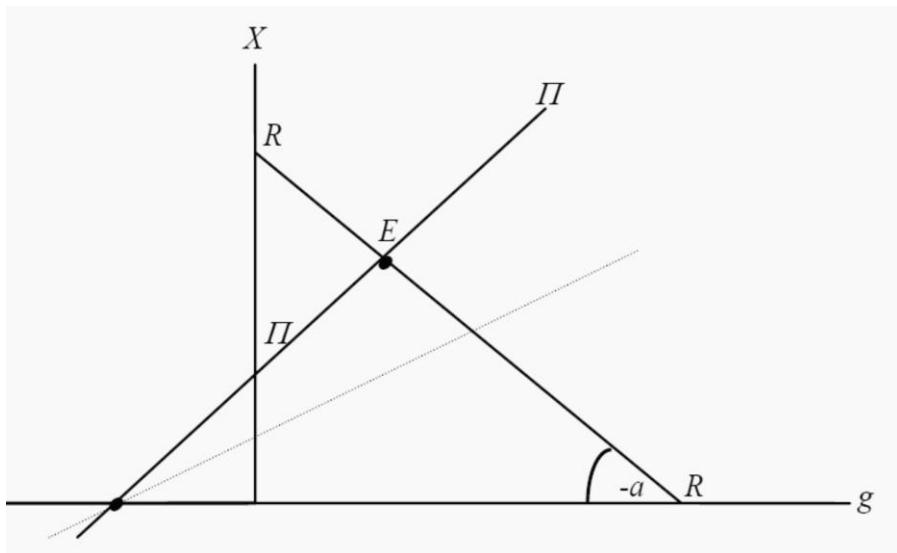


Figure 2: Production Opportunities Curve and Long-Term Steady State Balanced Development

Reference: Ateş, 1998:44-45 transferred from Grossman and Helpman, (1991, 66)

The “ $\Pi\Pi$ ” curve in Figure 2 shows the equality of the companies' profitability in R&D and the market interest rate. (Determines the alternative cost of companies with the R&D sector investments) The intersection of production curve (RR, or resource constraint) with this curve (point E) defines the steady state balance of the economy. In the model, the effects of two different economic policies on growth are discussed.

According to Figure 2, as a result of applying a certain incentive for R&D, the costs of developing new products will decrease and this effect will be similar to the cost decrease that occurs as a result of decreasing the amount of labor required to produce the unit new product.

The incentive applied will increase the profitability (by reducing the cost of entry into the market or the cost of unit R&D product) by causing the $\Pi\Pi$ curve to move like the dashed curve in the figure. A subsidy to be applied over the unit price of manufacturing industry products increases the unit income to be obtained by the producers. This policy does not affect the production possibilities (RR curve) of the economy. Firms will try to maximize their profits by adjusting for this new price (Ateş, 1998:44-45).

Accordingly, a subsidy rate to be applied to the manufacturing industry does not have any effect on the $\Pi\Pi$ curve or, in other words, since it does not affect the cross-sectoral distribution of resources, the long-term balanced growth rate remains unchanged. In contrast, as subsidies applied to the R&D sector (as set out above) caused an increase in profitability, producers were shifting resources to this sector. (Ateş, 1998: 44-45).

In this respect, Grossman and Helpman (1991) model helps in the orientation of public policies in line with the aim of "economic convergence". On the other hand, Żołędowska and Żabiński (2015:202) state that innovation should be managed by the public sector. According to them, while public support for knowledge production, which is the basis of internal (endogenous) growth, causes the birth of new industries, it will also limit the risk of investing in new industries by reducing the costs of businesses (thanks to their public-private partnerships). This result shows that the role of economic policies is more than just funding – which is not just

allocating resources to encourage innovation – but also, they are important to drive economic growth, as well as to dynamize and determine the trend in the economy.

On the other hand, Amsden (1990:151) gives examples of countries that has lagged in their industrialization. He emphasizes that in these economies, two issues (the size of the mutual relationship between big companies and the government; and the differentiation of the business group's internal and external behavior) are critical. Amsden does not describe the Japanese economy as a completely delayed industrialist country, due to the absence of an international competitor at the time of development. Low labor wages with simple learning techniques are the main determinants of this development.

The common point of these thoughts on economic policies clarifies the role that the public should play in closing the “development gap”. At this point, for public expenditures, it can be states that its effectiveness is more important than its amount.

James Gwartney (in his study of 90 countries) concluded that the rapid growth of the public sector has significantly slowed down economic growth. Economic growth declined in 6 countries (Portugal, Spain, Greece, Finland, Sweden and Denmark), which had the highest growth in the public sector. In addition, in the fastest growing economies of the world, public sector size is less than 20% (Global Inv.News, 2001 Report).

For example, South Korea, which was a developing country in the 1960s, carried out a 'neutral' industrial policy on two main axes, primarily in the Petrochemical, steel and pharmaceutical industries: The first axis was to promote exports, while the second was to definitely support the infant industries. Today, for about 30 years, selective government interventions have been carried out in the same country within the framework of a 'non-neutral' industrial policy for the protection of targeted infant industries (usually large-scale ones) (Westphal, 1990:44).

The successful industrialization model that South Korea has put forward in the field of sectoral targeting in terms of public policies is an indispensable example in economic literature. As emphasized by Westphal (1990:44), for the purpose of internal growth, the two important pillars for success of South Korea were that while the infant industries were supported in the South Korean economy, on the other hand, exports were also promoted.

The success opportunities of an industry in infancy are dynamic, as they are considered as 'learning-by-doing' economies, and the benefits of learning should also be partially external to businesses (Succar, 1987: 521).

In economies such as Japan, which has overcome the need to protect their infant industries as they have become too industrialized and as they are able to achieve global competition, special statuses such as "favored-preferred industries" come to the forefront. In order to encourage these industries, the following five policy instruments are

directly implemented (Noland, 1993:241): i-Protection from foreign competition, ii-direct state aids, iii-support through tax law, iv-preferential access to credit, v- special assistance depending on government supply. It should be noted that the Japanese tax tariffs in the manufacturing sector (in the 1990s) were higher than the US and the EU, which have 'super industrial companies'. As Audretsch and Yamawaki (1988:446) emphasize, some types of Japanese industrial policy, based on an intensive R&D strategy are directly (positively) linked to the Japanese trade superiority.

FINDINGS AND CONCLUSION

While the share of the industry sector in the GNP has a decreasing trend in developed countries, the fact that the increase / fixed ratio is maintained in developing countries, its effect on the “development gap” between economies with different levels of development, is a remarkable subject in the literature of economics. According to the findings, it is understood that economic policies are an important determinant in this respect. Economies that implement public policies which focuses especially on internal growth, effectively confirm this result.

Although differentiation can arise in terms of the way public policies are used in utilization of tools such as R&D and incentives etc. for sectoral targeting, innovation opportunities and sustainability come to the forefront.

The effectiveness of public policies in terms of internal growth is important in terms of the quantitative and qualitative structure of public expenditures as well as the structure established with the private sector and the structural function of regulating the market. For this reason, the use of public policy tools should be handled comparatively with different country experiences and the results should be guiding in determining the limits of public intervention.

As the convergence prediction disappears in the theory of internal growth, developing countries should prefer the dynamic comparative advantage model, rather than the Static Ricardian comparative advantage. In this respect, the endogenous growth theory provides the power to explain the examples of economies that have closed the "development gap".

It should be emphasized that for the phenomenon of "deindustrialization", which emerges especially in developed countries to create advantage for neighboring economies, it is important to highlight that it is achieved not only through the effective implementation of economic policies, but also that economic conditions must provide an appropriate environment.

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CHAPTER 5

INSTITUTIONAL ENTREPRENEURSHIP

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INTRODUCTION

Based on the work of Meyer and Rowan (1977) and expanded according to the ‘iron cage’ metaphor of DiMaggio and Powell (1983), the main concern of new institutional theory studies is that its rationalizers are effective in shaping and constraining the behaviour of organizations (Koç and Vurgun, 2012: 406), emphasizing the role of structures and explaining the effects of these structures on interorganizational relations and organizational areas (Lawrence and Suddaby, 2006: 215). Based on the idea that organizational structure and processes are formed as a result of adaptation to the institutional environment in which they are embedded, new institutional theory studies have brought solutions to the structure-agency debate (Özen, 2010: 239-241). Studies conducted after 1980 focussed on institutional change and studies examining the roles of individuals and organizations in institutional change, which have determined that the theory that played an active role in institutional change processes (Battilana and D’Aunno, 2009: 31) but was seen as incomplete (DiMaggio, 1988) gained in importance (Leblebici et al., 1991; Greenwood and Hinings, 1996; Kratz and Zajac, 1996; Barley and Tolbert, 1997; Fligstein, 1997; Christensen et al., 1997). This situation, through emphasizing the actor-structure dichotomy (Yalçınkaya and Taşçı, 2017: 73) which is manifested as the paradox of embedded agency in the new institutional theory, has led to the conclusion that the actor and agency adopt a more central position in the process of institutional change (DiMaggio, 1988; Koç and Vurgun,

2012: 408). DiMaggio (1988) stated that institutional theory is based on a change model, individuals or organizations play an active role in the emergence, reproduction, institutionalization, and dissolution of institutionalized structures as institutional entrepreneurs (Battilana and D'Aunno, 2009: 37; Lawrence et al., 2011: 53) and for which it is also stated that agency might be an expression of inclusion in the institutional change process. This concept, which Selznick (1957) considered to be an institutional actor and expressed as institutional entrepreneurship by Eisenstadt (1980) and DiMaggio (1988), was defined as institutional actors who have sufficient resources and seek the opportunity to realize their interests, to which they attribute high value (DiMaggio, 1988: 14). At this juncture, Seo and Creed (2002) stated that, based on Berger and Luckman's (1991) notion that external reality is socially constructed by individuals, institutional entrepreneurship is a response to paradox of embedded agency and, despite institutional pressures, institutional entrepreneurs are actors that make institutional change in the mechanism between multiple institutional logics and institutional change.

Defining institutional entrepreneurs as the activities of actors who use resources to create new institutions or transform existing institutions (Garud et al., 2007: 956), Lawrence and Suddaby (2006) tried to respond to the criticism of the new institutional theory via the concept of institutional work. Lawrence and Suddaby (2006: 217) state that in the process of creating new institutions, both actors who have the resources and skills to act as institutional entrepreneurs, and

institutional works that support or facilitate the efforts of the entrepreneur, should be handled together. In this sense, this defines purposeful actions performed by actors for the establishment, maintenance, and deterioration of institutions as institutional work (Lawrence and Suddaby, 2006: 215). Expressing the general scope of the institutional theory, which is the basis for the concept of institutional entrepreneurship, provides a basis for both defining the concept and understanding its historical background. At this point, the historical framework of institutional tradition will be explained with regard to the separation of Early and New Institutional Theory and, within the scope of this section, the concept of institutional entrepreneurship and institutional work concepts that express the actions of institutional entrepreneurs will also be included.

1. EARLY INSTITUTIONAL THEORY

Although institutional theory started to become apparent in organizational theories since the 1970s, it is known that the foundations of this theory have developed from different disciplinary camps such as economics, political science, and sociology (Scott, 1995: 1). Institutional theory is based on the tradition of political economics of Veblen and Commons, which focusses on the mechanisms through which social and economic action occurs (DiMaggio and Powell, 1991: 2). Although he did not use the concept of institution, which is important in the development of institutional theory, Max Weber contributed to the institutional theory with the idea that cultural rules define social structures, and that these social

structures shape social behaviour (Çakar and Danışman, 2012: 243). Following Weber's thoughts, Parsons (1956: 238) considered organizations to be social systems or organized structures designed to achieve a specific goal, and stated that organizations serve society while achieving this goal. Like Weber, Parsons treated a social action as a subjective and an objective approach. This expresses the "institutionalization" of an action to the extent that actors in the social system direct actions at a common set of normative standards and value patterns. It becomes legitimate as it internalizes with the moral value system within society, which is a superior system of institutionalized actions of organizations. At this point, institutions can be seen as a system of norms that regulate individuals' relationships with each other and define what individuals' relationships should be. Norms and values are embedded within institutions (Scott, 1995: 12).

Merton, who contributed to the old institutional theory and is a student of Parsons, stated that, although it is based on Parsons' ideas about institutionalization, the "Middle-Range Theory" which he put forward, could not be explained by single unified theory with the "Middle-Range Theory". In addition, Parsons stated that institutions are functional and good for society, while Merton stated that the bureaucratic structure of institutions can be dysfunctional (Wallace and Wolf, 1980: 55-57). Selznick, who is the pioneer of institutional theory, focusses on non-rational human aspects of behaviour within the framework of the structural functionalist view, focussing on the organization as an 'economic' and 'adaptive social system' (Burrell and

Morgan, 2019: 152-154). Selznick (1996: 271) defines institutionalization as regular, stable, socially integrated patterns. According to Selznick (1996), institutionalization is the process of integration with social values and is a variable phenomenon. In this context, the harder it is to give up an organization or activity, the more institutionalized that organization or activity is (Özen, 2010: 250). According to Scott (1995: 493-494), Selznick's definition of institutionalization is descriptive rather than explanatory. For this reason, Selznick is criticized for seeing institutionalization as a value dissemination process and not being able to explain what the institutionalization process actually is. While Selznick's work is the basis for the new institutional theory, the work of Selznick and former institutionalists remains limited as they deal with how a particular organization is shaped within its political and social environment. The new institutional theory differs from the old institutional theory in that it focusses on similar practices based on institutional mechanisms and the legitimacy of organizations in a particular field (Çakar and Danışman, 2012: 246).

2. NEW INSTITUTIONAL THEORY

Meyer and Rowan (1977: 340), in their pioneer study of New Institutional Theory, argued against the main claims of Contingency Theory, claiming that formal organizational structures in modern societies emerge from highly institutionalized contexts. They explain the reasons why organizations adapt to the institutional environment as their legitimacy and their survival prospects. For this reason,

institutionalized products, services, techniques, policies, and programs are seen as powerful myths in organizations, and many organizations adopt them ceremonially. Organizations ceremonially apply mythical rules from a non-rational perspective, and this understanding makes organizations isomorphic (Meyer and Rowan, 1977: 345). Another pioneering work of the new institutional theory was by Zucker (1977). Zucker (1977: 728) explained institutionalization at the individual level by stating that institutionalization should be considered both as a process and as a property variable. Accordingly, he expressed the idea that an action is a subjective social reality when it has cultural persistence and is accepted by everyone. Accordingly, an action becomes institutionalized when it is a potentially repeatable and subjective understanding of acts reconstructed as intersubjective understanding (Zucker, 1977: 728-730). Therefore, Meyer and Rowan (1977) and Zucker's institutionalist thinking is based on Berger and Luckmann's views (1991), with an emphasis on the cognitive validity of social reality, leaving Selznick's structural functionalist view. The most important distinction between the two studies is that while Zucker (1977) focusses on the organization as an institution in the cognitive nature of a single organizational behaviour pattern, Meyer and Rowan (1977) adopted the environmental view of an institution by focussing on the nature of the macro-environment (Özen, 2010: 260-261). Scott and Meyer (1991: 108), on the other hand, define the environment of the organization as the societal sector, based on the environmental understanding of Meyer and Rowan (1977). The societal sector defines organizations as having similar functions and as

the domain that critically affects the performance of these organizations (Scott and Meyer, 1991: 121-122). Accordingly, the definition of environment, as put forward by Meyer and Rowan (1977), and relational networks and institutional context concepts become clear through being defined as technical and institutional environments by Scott and Meyer (1991: 127).

Another study contributing to the new institutional theory is the work of DiMaggio and Powell (1983). DiMaggio and Powell (1983: 147), as based on Weber's idea of bureaucratization and rationalization, stated that bureaucratization will also be the society of the imagery of the iron cage. For this reason, they argued that the reasons for bureaucratization stems from the structuration of organizational fields in organizations rather than competition or efficiency. The emergence and structuring of an organizational space as a result of the activities of various organizations is caused by homogenization of these organizations (DiMaggio and Powell, 1983: 148). As the interactions of organizations increase in the organizational field over time, domination and patterns of coalition begin to form in the interorganizational structures. This causes the environmental pressures formed by domination and patterns of coalitions to resemble each other (DiMaggio and Powell, 1991: 64-66). At this point, DiMaggio and Powell's (1983) greatest contribution to new institutional theory has been the organizational field and isomorphism.

Besides these contributions, institutional theorists have also been subjected to certain criticism. Zucker (1988) criticized institutional

theorists for not being able to explain the phenomenon of institutional change sufficiently, and DiMaggio (1988) on the grounds that individual and collective actors' agency were not dealt with in detail. These criticisms caused a return to agency-centred theories and empirical studies in institutional theory (Beckert, 1999). With agency-centred theories coming to the forefront, institutional entrepreneurship (e.g., Maguire et al., 2004; Leca and Naccache, 2006; Greenwood and Suddaby, 2006) and institutional work (Lawrence and Suddaby, 2006) have become visible in organizational research.

3. INSTITUTIONAL ENTREPRENEURSHIP

Institutional theory initially focussed on how institutionalized structures affect organizational processes (Greenwood and Suddaby, 2006: 27). It tried to explain organizational change in response to isomorphic pressures in organizational areas based on the similarity of organizational structures (DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Zucker, 1977). However, the failure of institutional theory to take homogeneity and persistence into account with the role of interest and agency in shaping action has been an important criticism of New Institutionalists (Dacin et al., 2002: 47). However, excessive emphasis on the social environment (e.g., DiMaggio and Powell, 1991) has been insufficient to conceptualize the divergent change of institutional theory (Smets and Reihlen, 2012: 298). The concept of institutional entrepreneurship has come to the fore with the focus of institutional theory on the way actors influence their institutional contexts (Maguire et al., 2004: 658). The foundations of

debate on institutional entrepreneurship (Yalçınkaya and Taşçı, 2017: 73), the “paradox of embedded agency” (Seo and Creed, 2002: 223; Battilana, 2006: 654), which refers to the relationship between institutional determinism and agency (Battilana et al., 2009: 67). In institutional theory, this paradox has attracted great attention with the question of how actors who are truly embedded transform institutional structures and norms (Smets and Reihlen, 2012: 298). When the relative settling of an actor is explained by the awareness of alternatives to institutional change, openness to alternatives, and the motivation for change (Greenwood and Suddaby, 2006: 29), paradox partially suggests a solution. Emirbayer and Mische (1998: 964) suggested that since this paradox agency is simultaneously embedded within many temporalities, it can change its relationship with the structure by moving between different developing contexts and shifting between its temporal orientations. In this sense, with the questions and solution suggestions put forward by paradox, the actor who takes care of his interests in institutional change has started to be attracted (Leca and Naccache, 2006: 632).

Institutional entrepreneurship is defined as actors who are interested in certain institutional arrangements and use resources to create new institutions or transform existing ones (Hardy and Maguire, 2008: 198). Institutional entrepreneurs constitute important linkage between cultural orientations, symbolic articulation of large institutional spaces and the processes of change that have developed in historical societies (Eisenstadt, 1980: 850). Building on this idea of Eisenstadt (1980),

DiMaggio (1988) defined the concept of institutional entrepreneurship in institutional analysis to characterize organized actors with the sufficient resources to contribute to the formation of new institutions (Battilana et al., 2009: 66). The essence of institutional entrepreneurship is to skilfully align an organizational form and the specific institution it contains with the main rules of society to ensure the success of the organization (Haveman and Rao, 1997: 1614). The agency that performs purposive action in the process of creating, maintaining, and disrupting institutions can be considered an institutional entrepreneurship (Lawrence and Suddaby, 2006: 215). In institutional theory, the reasons and conditions that direct institutional entrepreneurship to institutional change in the process of creating, maintaining, and disrupting organizations can be grouped under four headings: external pressures (Oliver, 1992), power and legitimacy mechanisms (Graud et al., 2002), organizational field (Greenwood and Suddaby, 2006), and features that institutional entrepreneurs should have to transform institutions (Maguire et al., 2004; Pacheco et al., 2010: 985).

According to Oliver (1992: 567), the functional, political, and social pressures that cause deinstitutionalization are the source of institutional change. Institutional entrepreneurs can also act in response to the functional, political, and social pressures created by the external environment, which causes the existing institutional context to change. Another mechanism that directs the institutional entrepreneur to institutional change is the power and legitimacy

phenomenon. The concept of organizational legitimacy in institutional theory, as based on Parson's view, refers to the right of an organization to exist in a system and is defined as a process that justifies continuing to receive, transform and export energy, material, or knowledge (Dowling and Pfeffer, 1975: 123). Legitimacy is a generalized perception or assumption that it is appropriate within some socially constructed system of norms, values, beliefs, and definitions. At this point, institutional entrepreneurs can legitimize a new organizational form in the organizational field by generating various rules and standards (e.g., obtaining a patent) or generating a new system of rules for the survival of the institutions. In addition, in the institutional change that occurs due to the functional, political, and social pressures of the external environment, institutional entrepreneurs can increase their dominance by changing their power balance in the organizational field (Çakar and Danışman, 2012: 259). With superior resources, knowledge, or strategic social network positions, agency can better use its political power to shape institutions in their favour (Beckert, 1999). In this way, power is seen as the driving force of both legitimacy and institutional change, as powerful actors can shape the institutional environment according to their own interests (Pacheco et al., 2010: 986). Galaskiewicz (1991: 297) states that power and interests affect the structuring of an organizational field and institutional change.

The role of institutional entrepreneurship is closely related to the structure of the organizational field. As institutional entrepreneurship, actors and actors' agency play an active role in the formation of institutional spaces (Leblebici et al., 1991: 338). At this point, the position of the institutional entrepreneurship in the organizational field can determine whether they will try to change their institutional environment (Greenwood and Suddaby, 2006). Fligstein (2001: 106) states that institutional entrepreneurs motivate other actors to cooperate towards a collective action or action that plays an important role in the formation of institutions or organizational areas, with the concept that he discusses as a social skill. At this point, institutional entrepreneurship play a role in the formation of institutional areas, effectively in the process of creating, maintaining, and disrupting institutions with some of their features (e.g., central position of network). The purposeful actions of culturally competent actors, who have creatively navigated organizational fields, with strong practical skills and sensitivity are defined as institutional work (Lawrence and Suddaby, 2006: 219). The activities of institutional entrepreneurship in the process of creating, maintaining, and disrupting the institutions and their effects on the institutions are evaluated within the scope of institutional work.

4. INSTITUTIONAL WORK

In organization theory, institutional theory focusses on the relationship between organizations and institutional fields. On the other hand, studies aimed at understanding the traditional approach of institutional

theory and how the action affects institutions directed the focus of institutional theory towards agency and caused the emergence of the concept of institutional entrepreneurship. At this point, institutional theory has turned to the created, maintained, and disrupted practical action of institutions in institutional change and innovation, and deinstitutionalization processes. The actions taken by institutional entrepreneurship while trying to maintain institutional arrangements (Lawrence and Suddaby, 2006) have been recognized as institutional work, with a particular focus on the concept of 'work' (Lawrence et al., 2009: 1). According to Lawrence and Suddaby (2006: 215), the concept of institutional work includes the deliberate works performed by actors (individual and organizational) towards the creation, maintenance, and deterioration of institutions. Creating institutions in this sense refers to the reconstruction of the boundaries that define rules, property rights, and privilege of access to material resources, the reorganization of the actors' belief systems and the change of the boundaries of their meaning systems (Lawrence and Suddaby, 2006: 220-221). The institutional work done by institutional entrepreneurs during the creation of organizations can be listed as advocacy, defining, vesting, constructing identities, changing normative associations, constructing normative networks, mimicry, theorizing, and educating. Within the scope of advocacy, institutional entrepreneurs can receive political or regulatory support to change the institutional environment that determines a specific organizational practice (Çakar and Danışman, 2010: 260). This work includes lobbying for resources, promoting agendas and creating new laws.

Suchman (1995) stated that lobbying, advertising, and advocacy with legal regulations caused institutional actors to shape the institutional environment and the creation of new institutions by providing cognitive legitimacy (Lawrence and Suddaby, 2006: 2229).

In addition, the sufficient spread of new practices, rules and technologies can lead to the development of new institutions and actors to develop proto-institutions (Zietsma and McKnight, 2009: 148). Defining includes the activities of establishing a system of rules in the institutional field, determining the membership boundaries, and creating status hierarchies. They can be found in the creation process of the institutions by defining them according to actions such as the creation of standards and official approval processes that should be required. Identities are also important in defining the relationship between the actors and the institutional area in which the actor operates (Çakar and Danışman, 2010: 260). Institutional entrepreneurship can allow the formation of new organizations that take shape in the institutional field by developing normative networks that set new rules (Lawrence and Suddaby, 2006: 224-225).

Another form institutional work that institutional entrepreneurship perform is to support institutions and provide for the maintenance of their assets. Institutional entrepreneurs, in order to sustain institutions, complete institutional work that can be considered, variously, enabling work, policing, deterring, valourizing and demonizing, mythologizing, embedding and routinizing (Lawrence and Suddaby, 2006: 229-234). These forms of institutional work, within the scope of sustaining

institutions, focus on the efforts of actors to ensure the sustainability of institutions by creating rules (enabling work, policing, deterring) and the maintenance of institutions through the reproduction of existing rules and belief systems such as valourizing and demonizing, mythologizing, embedding and routinizing (Lawrence and Suddaby, 2006: 230; Koç and Dirlik, 2013: 160). Institutional work performed to maintain organizations includes supporting, repairing, or rebuilding social mechanisms that ensure compliance. It is important to note that the institutional work here may include the repetition and support of existing practices as well as changes in social cohesion mechanisms that may be needed to sustain institutions (Trank and Washington, 2009: 238). Activities carried out under the headings of disconnecting sanctions, disassociating moral foundations, and undermining assumptions and beliefs in terms of disrupting of institutions are evaluated within the scope of institutional work. Disrupting institutions have come to the fore with discussions of deinstitutionalization. Institutional work can destroy institutions, sometimes focussing on institutional and social controls. In this sense, institutional entrepreneurs can destroy institutions by redefining, organizing, abstracting, and classifying or manipulating the social and symbolic boundaries of organizations (Lawrence and Suddaby, 2006: 234).

As well as Lawrence and Suddaby (2006), Perkmann and Spicer (2008) classified the institutional works that institutional entrepreneurs should perform as technical, political, and cultural tasks.

Political work involves influencing the development of rules, property rights, and boundaries for the establishment of institutions within a broad social system or this reason, political work mainly refers to the regulative pillars of institutions, which includes the establishment of rules and regulations. Institutional entrepreneurs must have the political skills to undertake this work. Such skills enable institutional entrepreneurs to include other actors in certain roles by creating harmony between their interests and institutions (Perkmann and Spicer, 2008: 817). Political skills such as networking, bargaining and interest mediation are considered by institutional entrepreneurs to be institutional work for maintaining institutions (Perkmann and Spicer, 2007: 1103-1104). Political work provides a social foundation on which an institution can be built but does not provide detailed models of how an institution operates. Therefore, the institutional entrepreneur needs to perform technical work for the cognitive-cultural pillars of the institutions, which includes the construction of "mental models" and shared worldviews. Institutional entrepreneur's jobs such as crafting categorizations, cause-and-effect schemata and projections are considered technical work. To undertake this type of work, institutional entrepreneurs need analytical skills, the ability to develop abstract models, and representations of an organization. This is likely to concentrate among actors with technical work technical, technocratic, or expert competences (Perkmann and Spicer, 2008: 818). However, technical work is not successful in connecting the institutional entrepreneur to the institutional context. Therefore, in order to achieve this, institutional entrepreneurs participate in

normative pillar-related cultural work that envisages common ways of acting and behaving (Scott, 1995: 144). Cultural work covers the activities that will enable one to find ways to ensure that large masses are subject to an institutional arrangement (Perkmann and Spicer, 2007: 1104). Cultural work also requires the ability to network an application with a broader normative framework and network with other organizations (Lawrence and Suddaby, 2006) to provide some degree of normative enforcement for the practice. These skills tend to be concentrated among groups that can monitor and manipulate public opinion and perceptions, such as journalists, public relations professionals, advertising agencies, social movements, and intellectuals (Clark and Salaman, 1998).

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CHAPTER 6

CLASSICAL AND CONTEMPORARY ECONOMIC THOUGHT IN ISLAM: A COMPARATIVE ANALYSIS OF IBN KHALADUN'S “MUQADDİMAH” AND MUHAMMAD BAQIR AL- SADR'S “IQTISADUNA”

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INTRODUCTION

Islamic finance has seen a surge globally since its inception in the modern economic systems during the last 40 years. Sudan became the first Islamic country to adopt Sharia laws to offer banking that was free of Riba or interest. Iran remains the only country with 100% Islamic Financial modelled economy (IFSB Report 2018). The Kuwaiti government in late 1970's asked Baqir Al-Sadr to propose an Islamic Banking infrastructure for the oil rich nation to better manage its economic resources. Tragically, Baqir Al-Sadr was executed by Saddam Hussain in Rajab 1981, depriving the world of a scholar par excellence. Baqir Al-Sadr's work Iqtisaduna has no parallel in the modern economic works, in that he expounds the Marx Socialist economics and Adam's Capitalist Economic Theories in the light of the Divine Laws of Natural Justice, Al Quran.

Ibn Khaldun's philosophy of history, and the emergence of sociology as a science has pioneered a contemporary sense. He is the first original thinker in the links of historical events, ethnic, cultural, political and economic conditions. Ibn Khaldun's work Muqaddimah offers a panoramic view of socioeconomic aspects of a society, that transcends the historic confines of eras. Ibn Khaldun pioneered the modern concepts of economic through his brilliant philosophical study of history. There exists a common thread between Ibn Khaldun and Baqir Al-Sadr, in that both scholars expound the theory of economics on the basis of the philosophy of history and its principles. Ibn Khaladun's Muqaddimah offers a rare insight into the interplay that

exists between ethics, culture, politics and economic conditions that is ageless . His work is so important that no historical critique of economics with complete without reference to his brilliant work.

Both, Muqaddimah and Iqtisaduna as time-less treatises offer us a unique philosophical understanding of economics within the context of social change. These master pieces allow us to examine the principles of Islamic Jurisprudence, Usul ul Fiqh within a broader context of understanding the socioeconomic challenges facing the mankind. We are faced with the global economic dilemma that have left 99% of the world population scrambling and fighting over 1% of global economic resources. On the other hand, less than 1% of the global population controls 99% of the global economic resources . This paper attempts to understand how economics as a science can offers solutions for an ‘inclusive’ economic model based on Muqaddimah and Iqtisaduna. Our conclusions will attempt to provide the antithesis to the predicaments created by our current capitalist so-called Mainstream Economic Thought.

The face of modern Islamic economics in the present times manifests itself primarily in the realm of finance and banking. It is but a chapter in the ongoing scholarship of Islamic socioeconomic thought. Post Second World War, the geographical boundaries of nation-states saw a major transformation with new countries emerging that are now in various phases of their socioeconomic evolution. The British empire saw its demise and the American dominance resulted in over 800 military bases (Vine, 2015) around the world. Middle East has been in

the state of perpetual conflict since the dilution of the sovereign state of Palestine by the British to make room for a Jewish state.

Economists on all sides of the fence attribute the perpetual wars in the Middle East to its vast wealth of carbon fuels as Resource Curse (Ross, 2011). India and Pakistan emerged in 1947 at end of the British imperial colonisation of Indian Subcontinent. Both India and Pakistan are now nuclear powers within the elite group of seven nations (USA, Russia, China, UK, France, India, Pakistan, Israel) (Arms Control Association, 2016). China after its liberation from the British opium curse has awoken as the most formidable global economic power (Hanes & Sanello, 2004). All this is not new information. What is new is that post World War II; the nations of the world adopted the Charter for Fundamental Rights under the United Nations (Simma, 2002) and through the European Convention on Human Rights (ECHR) (Európy, 2003).

Globalization was considered the shining achievement of western scholarship on economics. All that changes with one event, the 9/11 incident in the USA. We are now back to square one. Nations are back at each other's throat. The slip from globalization to regional cooperation to bitter economic sanctions at national level is again the norm. The globe is bitterly divided on 'nationalist' politics. In this 'turf war', the economic policies are at best reactionary and being used to achieve hegemony of one nation over another. Bitter border disputes and migrant crisis are all adding fuel to this rapidly changing socioeconomic landscape of the globe. Are we headed for another

major global military conflict or this is going to end-up into another global economic crisis or both? There are no definitive answers here. There are, however, some answers for us to contemplate and perhaps offer to a wider audience if we do choose to learn a lesson or two from the historical development of socioeconomic. We the authors believe that we in the academia have a role to play especially in the field of socioeconomics to bring some attention to the core principles that need reminding for those who are within our circle of influence.

This new information about the rapid deterioration of the socioeconomic disparity and its close links to a potential Armageddon due to weapons of mass destruction requires scholarship and critical analysis. The question of, why do we as a species immediately embark upon swift economic retribution once there are ideological differences? We have seen a global backlash against people of Middle Eastern, African and Asian descend post 9/11. We are witnessing a hype of ‘national security’ concerns directly impacting socioeconomic policies (Bhambra, 2017).

There is existing scholarship since the medieval times that speaks of the endeavours and impact of the scholars who understood this social phenomenon’s which shaped the socioeconomic doctrines of nations. The authors of this paper have relied on a holistic review of the available scholarship on the historical development of the doctrines of economics within the Islamic thought. We have intentionally stayed away from polemics and complex comparisons of existing economic thoughts such as Capitalism, Marxism or Socialism to ensure that the

readers are able to benefit from the neutral narrations of the theoretical formulations by the authors. Our theory and analysis remains historically neutral and non-confrontational in its analysis.

1. THE ECONOMIC REALITIES OF THE 21st CENTURY

Our purpose for shedding light on the socioeconomic challenges of the contemporary era is simply to bring to the attention of our readers to the core context of our discussion. The context is to find socioeconomical doctrines in our analysis of the works of Ibn Khaldun and Al-Sadr through a wider lens of the historical review of select existing literature. We believe that every so often it is important to raise the voice-of-reason in the cacophony of funded scholarship for the purpose of achieving public support. We believe that the study of these brilliant scholars of Islam is not only relevant to the challenges facing the mankind today, but at the same time it is also a stark reminder of how similar the core human socioeconomic challenges are, regardless of the historical era.

The economic realities of the present times can be gleaned from many different perspectives. Those can be human capital development previously referred to the labour market in older literature. Scientific advancements and last but not the least the financial markets with their principles of market economy. This is not an exhaustive list. We have the benefit of the advance knowledge of the Information and Communication technologies. While these technologies reduce the

time to collate and disseminate the information, the deeply insightful creation of that information remains firmly in the hands of humans.

Oxfam, in their briefing paper of 2017 reports that only eight individuals hold the same wealth as the poorest half (almost 3.5 billion people) of the world. The report makes a profound statement, “The very design of our economies and the principles of our economics have taken us to this extreme, unsustainable and unjust point. Our economy must stop excessively rewarding those at the top and start working for all people.” This again is not a new fact. The lofty ideals and ‘global goals for sustainable development’ remain goals only. The World Economic Forum in its 2012 report declared economic inequality as the biggest threat to social stability. World Bank in its 2015 report (World Bank, 2015) set the lofty goal of ending poverty and shared prosperity. US President Obama in his speech to the UN General Assembly in September 2016 stated, “A world where 1% of humanity controls as much wealth as the bottom 99% will never be stable.” Clearly the most advanced and sophisticated financial algorithms running the stock markets and thousands of economic experts all across the globe stand for naught as long as the 99% of the globe’s poor continue to die of hunger, disease and lack of basic human sustenance. Academia be damned, as long as the poor continue to get poorer what good is all this scholarly work, except activism confined to minds?

Social inclusion, shared prosperity, environmentally responsible economic growth, sustainable development are all very nice sounding words, but they are words alone and clichés only if there is no actions attached to them. Our mentioning of these harsh economic realities and the near complacent behaviour of policy makers and those who guide the policy is merely an acknowledgment on our part as responsible and conscientious students of socioeconomics. We as a collective body, the humanity have a shared responsibility to at least register our discontent with this current state of the world's economy.

These are complex challenges that face the mankind. However, these are not new challenges. Each historical era has faced similar challenges of social inequality, lopsided wealth distribution and exploitative economic practices of the powerful elite. The mankind seeks answers to these socioeconomic challenges, but we are not too sure if those entrusted with the leadership of nations have the collective will to embrace and enforce the solutions that those answers may provide.

2. RELIGIOUS INFLUENCES ON SOCIOECONOMIC THOUGHT

Contrary to the belief generally held in perceptive knowledge, the Islamic thought on socio-economic and socio-political principles started in its established form after the formal establishment of the State of Madina (Blackwood, 2005). The argument that religious dogmas are insufficient to prescribe lasting and time-distanced

principles of socio-economic life is deficient. The reason for its deficiency is that it is irrelevant to believe in a certain faith if there are certain socio-economic teachings that offer solutions to the complexities of human life. The proof of the neutrality of such principles lies in their continued relevance to the human society.

The earliest example of such a multilateral and multifaith based work in the Islamic thought is Misaq-I-Madina (Serjeant, 1978) or the Covenant of Madina. The fifty clauses of the document drafted on the instructions of the Prophet of Islam (PBUH) lays down the legislative principles to govern a multi-ethnic society of Madina. The socio-economic participants in the society of Madina were the indigenous people, the refugees/migrants and ethnic religious group, the Jews. The Charter of Madina laid down exclusive principles of equality and equity in all the socioeconomic dealings within the three distinct groups comprising the community. The most important part of the covenants was to include the Jews in the definition of Ummah or the Single Body of the citizens. Later Muslim scholars have limited this definition of Ummah to interpret inter-changeably with the body Muslims collectively all through the globe. Prophet Muhammad (PBUH) declared Jews to be part of the Ummah and created a principle of Constitutional Law for Human Rights concerning visible minorities. The principles calls for treating all people regardless of their equally in all socio-economic aspects of life within the Islamic State as equals.

We must also briefly touch upon the extended basis of our central argument that Islamic economic thought is intrinsic to the core values and beliefs that form the foundations of the principles of Islam. The prevalent debate on the separation of religion and politics has evolved, offering fresh perspective in the light of advanced research in social sciences and theological studies. The idea of modern economic ideals leading to a secular world has been challenged. Leading research now points to the realization of the falsehood of a wider secular world. Religion has been recognized as the foundation on which the identity of socio-cultural values rests. The world that we live in today is furiously religious (Berger, 1996).

The constructive nature of social and moral values in a society is based on the religious thought of the majority in various regions all across the globe. According to some leading social scientists, the contemporary European identity (Wintle, 1996) is entrenched in the Christian faith. The admittance of Turkey to the EU has been subjected to this scepticism based on the feared dilution of the European values. Turkey, regardless of its advanced economic and scientific status is treated as an Islamic cultural ‘threat’ to the European identity. Surely such sceptic thoughts are based on the subconscious sentiments of the Ottoman era.

Ibn Khaldun’s economic thought is based on the social theories while Al-Sadr reaches his conclusions after a thorough analysis of historical philosophy. Ibn Khaldun and Al-Sadr are the chosen scholars for our topical discussion on the Islamic economic thought. Ibn Khaldun as a

native of Carthage (Now Tunisia) was extremely aware of the Christian dominant Europe at the time and offered his views of socioeconomic theories that could address the challenges of his time. Al-Sadr offered his contemporary views while living under a socialist dictatorship and was raised in colonial Iraq. Both the scholars share common threads in their economic theories presented in Ibn Khaldun's *Muqaddimah* and Al-Sadr's voluminous *Iqtisaduna*. What is even more interesting is the fact that both scholars having lived centuries apart come to the same conclusions about free market and value of labour.

3. SELECT HISTORICAL DISCUSSION ON THE ISLAMIC ECONOMIC THOUGHT

In order to fully understand the Islamic economic thought, it would be relevant to examine the history of its development albeit in a concise fashion in order not to sway too far from the main topic of our discussion. The transformative comparative economic thoughts of Ibn Khaldun and Al-Sadr. A pertinent question can be asked as why have we chosen Ibn Khaldun and Al-Sadr and not any other scholars such as Ibn Taymiyyah (Hosseini, 2003) or Ibn Rushd (Averroes). Ibn Taymiyyah's work is favoured by the western scholars in classical as well as contemporary era. Ibn Taymiyyah is considered a great Hambli Madhab Jurist who laid the foundation for the Islamic economic thought on the circumstantial analysis of the mechanisms of supply and demand. Our reason is simple. Similarly, the works of other great Muslim scholars are relevant and most important as far as

the entire body of Islamic socioeconomic thought is concerned. Ibn Khaldun and Al-Sadr uniquely base their economic thoughts on the economic doctrines that flows from their scientific studies of historical philosophy and sociology. This unique feature of both the works though six hundred years apart has similarities of thought. Also, our later analysis will highlight that both the scholars offer a perspective that warrants a much deeper analysis that is detached from the polemics encumbrances.

Without offending the readers for our offering of a simplistic definition of the economic science and economic doctrine, we are attempting it so because of the linguistic principles that are followed in the adopted original writings of most of the great scholars of Islam, namely Arabic. The doctrines in Arabic are the Usul and sciences are the Ulum. In Arabic, both follow a different critical path for analysis. This is particularly so for Islamic scholars since the medieval times to present. For Usul the process of analysis is based on the establishment of the principles of knowledge. For Ulum it is purely the scientific method of experimentation and observations leading to the deduction to explore the principles of science. Both Ibn Khaldun and Al-Sadr follow the path of Usul to build their economic doctrines while considering the science of sociology separately. Both the scholars have used their scientific knowledge of sociology to study the economic doctrines that led to the scientific elements of economy. This is a subtle point that we wanted to establish before we embark on any further analysis in our paper.

4. THE FIRST SOCIOECONOMIC ISLAMIC CONSTITUTION: MISAQ I MADINA

Let us start from Misaq I Madina (Hosseini, 2003) (The Charter), the constitutional document dictated by the Prophet Muhammad (PBUH) to lay down the principles of socioeconomic law in the city-state of Madina. In the famous document the social edicts speak mostly to the fundamental rights as the foundation for socio-economic participation by its citizens. The scientific socioeconomic implications of the economic doctrines of Misaq I Madina are the practical examples set by the Prophet (PBUH) as the Khalifa or Divine Trustee and can be studied as the Prophet's (PBUH) Sunnah from the events that followed the enforcement of the Charter. All deductions that flow from the Sunnah or the practices of the Prophet Muhammad (PBUH) are based on the economic principles under the doctrine of equity. The Prophet (PBUH) laid the foundation of Islamic economic thought on the fundamental principle of equity.

The first clause of the Charter is the most telling which stated They are a single Ummah (Sajoo, 2009). The choice of the word Ummah by the Prophet (PBUH) creates a fundamental principle of declaring all citizens regardless of their origins, religious beliefs and gender as One Body. The Charter in essence declared equality as the most fundamental of the citizen's rights. Equality in this sense is not Uni-dimensional. It includes social, economic and legal equality, or economic participation and inclusion on the doctrine of equity. It allows for a far-reaching further charter of rights that can flow from

the scientific evaluation of the events from the Sunnah of the Prophet (PBUH). The examples from Prophet's (PBUH) life of empowering his wives in the matters of the state (Sayeed, 2013) is exemplified by Lady Um Salama as the Prophet's (PBUH) political advisor during Sulah Al Hudabia. The distinguished history of Prophet's (PBUH) life as a merchant and trader before the public declaration of his Prophethood Al Nabua Wa Risla, established his social distinctions as Al Sadiq (Martin, 2004) and Al Amin. The Prophet of Islam (PBUH) lived in the full-face of history. As lamented by Robert Bertram Serjeant about the little attention accorded in the scholarly work to Misaq I Madina, any serious review of the Islamic thought would be incomplete without reference this important historical document (Serjeant, R.1964). All later significant works on Islamic economic thought reflect the guiding principles laid down in Misaq I Madina.

It seems that the periods of Islamic economic thought can be studied in quadrant of four hundred years. The first period being from 600 AD to 1000 AD. In that period most noted works mentioned in the existing scholarly writing start from 700 AD. The most eminent writings from this era often quoted are from Abu Yousaf's Kitab Al Kharaj and Al Mawardi's Kitab Al Din Wal Dunya. Both the eminent scholars expound on the meanings of Kharaj in light of Al Quran: "Or is it that you ask them for some recompense? Verily the recompense of Allah is best: He is the Best of those who give sustenance (Surah al-Mu'minun, 23:72)."

The word Al Kharaj in the above verse recompense refers to the meaning of to withdraw or to be a share of the whole. It is in the context of removing a portion of the profits from the sum total. This meaning is referring to the economic doctrine of a share from the profits rather than applying a forced covenant of arbitrary tax by the ruler. Some of the later Islamic scholars have expounded on the concept of Khiraj as a forced tax referring to its meanings interchangeable with Jazia on the conquered lands by the Muslims. At best it is a weak interpretation as it lends a limited meaning to Al Kharaj.

The historical context of the times in which this economic doctrine was developed is most important if Al Kharaj is to be applied as an economic doctrine that can be applied and tested in all times. The historical period between 600 AD and 1000 AD is the period in which all scholarly work within the Islamic scholarship remained focused on the core religious teachings of Quran and Sunnah without any external influences such as social or economic customs outside of the Islamic heartlands of Arabia. While the religious ethnicity comprised of Muslim, Jews and Christians, the language was Arabic, and the culture was either Bedouin or Cultured Arabs. The economic doctrine of Al Kharaj was stilled entrenched, we argue, to the fundamental rights doctrine of equity stated in the Misaq I Madina and the social science observations based on the Sunnah. The Al Kharaj economic doctrine within the meaning of proportioned share of profits based on equity was a social necessity at the time. The Ummah was expanding

to the outer periphery of the Arabian Peninsula. The definition of Ummah or one body of the society regardless of religious beliefs and gender still remained consistent with the legal definition within the Misaq I Madina. The new comers to the social order under the constitutional foundations laid down by the Misaq I Madina had to be expanded and expounded to ensure that economic wheels of the Islamic society kept turning on the first economic doctrine of equity. In short, we assert that the economic doctrine of Al Khara is the proof of systematic evolution of Islamic economic thought based on the needs dictated by the social sciences. We also assert that by our observation of the underlying principles that led to the development of these economic doctrines, the economic doctrines in the Islamic thought at the time of its inception never remained divorced from the social realities at the time. Misaq I Madina is its living proof.

We can also see that if the meaning of share is attributed to the doctrine of Al Kharaj it would then create an equitable system of Contract Law in Islam. There is enough evidence from Quran and Islamic history that points to the clear legal principles that flow from the economic doctrines of equity and Al Kharaj. Those legal principles to this day form the basis of modern Islamic finance which requires parties to share equally the ‘risk’ in all transactions, ensure physical possession of property before engaging in a bargain etc. The economic doctrine of Al Kharaj also laid the principles that would allow parties to engage in an equitable transaction for all matters of trade. Abu Yousaf also clarifies a point that the negotiations of Al

Kharaj are interdependent on the peaceful negotiations for land surrendered without war in the matters of Jazia. By analogy we can understand that the first preference prescribed by the principle of ‘Al Kharaj’ also points to preference for peaceful negotiations if a dispute or conflict arises between the parties. This therefore means that there is room to develop conflict resolution mechanisms under the doctrine of Al Kharaj.

Before we move on we must also clarify that we follow the principle that Quran does not specify or lays down specific guidelines but only points to doctrines for the Muslims to consider while creating rules or develop social and scientific principles for the society. The meaning of the doctrine of Al Kharaj as explained above can be further reinforced through Al Quran. Quran describes the economic doctrine of Al Kharaj as a system that ensures equitable distribution of wealth once wealth is created. This further reinforces our earlier assertion that the economic doctrine of equity as the foundational socioeconomic doctrine laid down by Misqat I Madina became the basis for the development of the economic doctrine of Al Kharaj as Quran states: “His messenger and to the progeny and orphans, the needy and the wayfarer; In order that it may not (solely) make a circuit between the wealthy among you (Surah al-Hashr, 59:7).”

Contrary to the commonly held belief that there are sporadic Islamic economic writings on equitable distribution of wealth, there are twenty plus (Shemesh, 1967) well documented works during the period till 1000 AD. The equitable distribution of wealth remained

one of the fundamental principles for governance in the Islamic world. The famous Umayyad Caliph Umar bin Abdul Aziz (717-720 AD) stated to one of his Governors: “The spirit of Islam in economy are justice (‘adl) and compassion/integrity (ihsan). You must study the land, carry out your evaluation and do not burden fertile land. Taxes on infertile land should be just as much as the farmer can bear (Al-Zamaan, 1991).”

The fundamental doctrine of economics set by the Prophet of Islam (PBUH) in the Charter of Madina, the principle of equity, was crucial in the development of economics as a science Ulum Ul Iqtisadiat in the later scholarly work within the Islamic scholarship. It would be pertinent to note that the Islamic era till the Ninth Century AD is the era of outward flow of the Arab-centric socioeconomic thoughts within the Islamic scholarship. In that the Islamic thought was still pivoted on the strict adherence to the edicts of Quran and Sunnah. The doors of Ijtihad (Hallaq, 1986) were still open metaphorically. The centre of Islamic learning and scholarship had shifted from Damascus to Baghdad. The end of 10th Century AD heralded in the outer influences on the Islamic economic thought through its dealings with the Roman and European cultures.

In the period from 1000 AD to 1400 AD Al Ghazali’s *Ihya al Ulum al Din*, Al Taimiyah’s *Al Hisbah Fi Al Islam* and Ibn Khaldun’s *Muqaddimah* are the most noted works for the purposes of our select discussion in this paper. The period is rich with extensive Islamic scholarship on all aspects of socioeconomic however; we must restrict

our-self to those works that directly influence our theoretical framework. Al Taimiyah got the most attention by the modern western scholars for his work Al Hisbah. It is also important to note that the period from 1000 AD to 1500 AD is a transformational period for both the Islamic civilization and Europe. Islam's appeal as a religion that offered new insights into the socioeconomic life of people in Central Asia including the heartlands of the Islamic world in the Middle East, Africa, Spain, India and China is exceptional. It was through the efforts of the Islamic scholars at the time who spread their excellent works in socioeconomic philosophies and sciences to the people of Europe. While Islamic civilization was thriving in sociology, economy and sciences around the 11th Century AD, Europe was still a backwater of medieval wars and bloody feuds. While much can be learned from the Islamic civilization's transformative history for the period between 1000 AD to 1500 AD, it would be beyond the scope of this paper. It is sufficient to note that the Islamic economic thought of the scholars between 1000 AD to 1500 AD includes the socioeconomic and cultural influences of the vast regions that far exceeded the Islamic empire at the end of Ninth Century AD. However, the period after Ninth Century AD saw the central caliphate of the Islamic empire dissipate into smaller regional Islamic states each having their own centers of learning and knowledge.

Al Ghazali (1058-1111 AD) is a towering figure amongst the Islamic scholars of our second historical quadrant from 1000 AD to 1400 AD. Ghazali's economic thought is guided by his doctrinal views of strict

Sharia laws concerning the religious and social life of a Muslim. He based his economic thoughts on the principle of the social utility Maslaha. Ghazali advocates the middle-path as the guiding principle in spheres of socioeconomic life of an individual. His economic principles for the state lay emphasis on strict ethical behaviour of the market. Al Ghazali regards the economic activities as a social obligation. Al Ghazali considers the productive forces within the market economy as a social mechanism to meet the needs of all members of the society with restricted elements of profitability based on moral principles as the ideal economic doctrine. Al Ghazali also considers the reason for the society producing goods is for the purpose of supplying the necessities of life as a necessary social duty. Perhaps Al Ghazali's view reflects a subtle reference to the moral degeneration of the Islamic rulers at the time. The Caliph or the Khalifa under the Islamic laws is a Trustee appointed by Allah on earth. The Muslim rulers at the time had degenerated in their lust for all things material for their personal pleasures with complete disregard to the needs of the Ummah for whose welfare they were holding on trust, the wealth of the Islamic state. The Caliphs had degenerated to Sultan the sovereign contrary to the principles of Islam and the fundamental principle of equity laid down by Misaq I Madina. These Sultans considered all lands which they rules as their personal domain (Uddin, 1962). It is asserted by the authors that Al Ghazali's orthodox and sometimes contradictory economic views on accumulation, management and distribution of wealth as a social obligation and seeking Fuqar or voluntary poverty as a high moral aim reflect the divergence of the

Islamic society towards materialism. Fuqur is not be confused with destitution. In Ghazali's view Fuqur is in the context of the enjoyment of the earned wealth through socially ethical moderate behaviour that is based on the Quranic edifice of Taqwa, the fear of becoming slave to one's material desires and forgetting Allah. The doctrine of Voluntary sharing and distribution of wealth is the leading economic doctrine of Al Ghazali's economic thought.

Al Taimiyah's (1263-1328) *Al Hisbah Fi Al Islam* (Ghazanfar, Islahi, & Islahi, 1992). is a triste on doctrinal and jurisprudence of economics based on market forces of supply and demand. Interestingly Al Taimiyah also expounds on the moral values of Islam concerning economic activities of the society. It furthers our assertion that the scholarship of Muslim scholars in the quadrant of 1000 AD to 1400 AD speaks of moral and ethical principles underlining economic doctrines guiding the Islamic economic thought. Ibn Taimiyah linked pricing practices of the market mechanism of supply and demand with unjust pricing leading to the detriment of entrepreneurship (Çizakça, 2011).

Ibn Taimiyah's most famous pupil Ibn Al-Qayyim (1292–1350) in his famous work *Al Turuq Al Hukmiyyah Fi Siyssah Al-Shariah*, Al Qayyum explains the purpose of distribution of labour to be for the overall economic cooperation and social uplifting of the society (Krawietz, 2006). The distribution of labour despite its variances still follows the economic principle of justice, Adal. He considers the principle of equity as was explained by us in the *Misaq I Madina*,

considering the society to be a single body, Ummah. Ibn Qayyim also maintained that the economic cooperation demands that the productive bounties are collective fruit and should not be enjoyed by a select few. Before we conclude this part of our discussion it is important to mention that while Al Ghazali saw Maslaha as the basis of his economic doctrines, Ibn Taimiyah and Ibn Qayyim consider Hikmah, Wise Purpose in every aspect of socioeconomic life. We can confidently conclude that the Islamic economic doctrines of the second quadrant emerge from the social upheavals that faced the Islamic civilization at the time. The first quadrant's economic doctrine of equity evolved to include justice, morals and cooperation as economic doctrines. The economic sciences marched along to include elaborate works on taxation, trade, property rights and labour distribution as the sophistication of the times required. We have intentionally left out the work of Ibn Khaldun whose work also falls into this quadrant, for our detailed discussion later.

Our purpose of quoting some selected Islamic scholarly works from the time of the Prophet Muhammad (PBUH) till the times of Ibn Khaldun (600 AD to 1400 AD) are to simply maintain our theory that the Islamic economic doctrines maintained the distinct demarcation of economic doctrines and economic sciences. The former being timeless principles that flow from the teachings of Quran and Sunnah and the latter being a process of discovery through experiments and observations. The three distinct doctrines that we have proven thus far are:

- The economic doctrine of socioeconomic inclusion is based on the broad definition of Ummah as the collective single body. This doctrine is crucial for understating the economic principles for socioeconomic participation which Islam declares as a fundamental right without discrimination on the basis of religion, ethnicity or gender.
- The doctrine of Equity is the basis for the most fundamental laws for all economic activities of the Ummah. We have already defined Ummah in the first doctrine.
- The economic doctrine of Al Kharaj is a broad doctrine that requires equitable circulation of the total productivity of the entire society. It is to ensure that wealth is not confined in the hands of the few. This doctrine is the basis for the development of the economic sciences of Taxation, Charity, Property Rights, Inheritance etc.
- The economic doctrine of Adal and Ihsan, justice and integrity are based on the principles of Maslaha and Hikmah, Noble utility and Wise Creation for all matters concerning the State's polices concerning the guiding principles for market mechanisms and labour forces.

5. IBN KHALDUN'S ECONOMIC THOUGHT & MUQADDIMAH

Khaldun's work Kitab Ul Ibar or the Book of Lessons consists of seven books, of which the Muqaddimah is the first part. The literal meaning of Muqaddimah is introduction or the Prolegomena. Ibn Khaldun's Prolegomena shines as an independent approach that was not seen before, in that Khaldun treats sociology as a discovery of human community with all its social regalia. Khaldun's treatment of the study of communities or sociology opened a new vista for scholarship that allowed simple narrations of sociocultural events of the time, minus embellishments. Khaldun emphasised the study of sociology that must rid itself of falsehood. To Khaldun, the study of sociology Al Umran is record of methods supported by proofs that admit no doubts. Such a surgical and precise method of sociology is unique to Khaldun's work. He thus laid the foundation of the principle of the study of socioeconomic Al Umran the Sociology or Al Ijtima Al Bashri, the Social Conditions of Human Society.

It is a gigantic task to claim that there is something more to be added to the existing body of scholarly literature on Ibn Khaldun's Muqaddimah. The authors of this paper are making an endeavor to simply shed some much needed light on the interpretation of Ibn Khaldun's work on the basis of our theory that Islamic economic thought has evolved its economic doctrines based on the such ground-breaking studies of socioeconomic that flow from works such as Khaldun's Prolegomena. Khaldun's work is unique in its

comprehensive discussion of the topics of social sciences such as the Role of the State, Duties of the Rulers, Market and Labour relations and currency. It can be said with confidence that before Khaldun, such works do exist in Islamic scholarship but they are short cryptic works with not much context to the socioeconomic situation at the time.

We have consulted various translated works of Ibn Khaldun for the purpose of our research. While many distinguished and famous works litter the landscape of modern scholarly endeavors, the 1941 translation by Muhammad Abdullah Enan stands out for its most simplistic narrations of the most complex works of Ibn Khaldun (Enan, 1941). Enan studied Khaldun's work by first carrying out a detailed analysis of Khaldun's autobiography written by Khaldun himself. Our purpose of mentioning Enan's work is to draw attention to this little known work that demands deeper analysis by modern researchers interested in Khaldun's life and works.

We have built our theory which states that the Islamic economic thought has followed two distinct paths. One is of the economic doctrines, which are timeless and can be applied to any society regardless of their social or cultural norms. While those doctrines are based on the fundamental teachings of Quran, they are still applicable to any society and are neutral in their affects. We also have asserted that these doctrines are time-neutral.

The second parallel path is the economic science which is time-dependent and flows from the experimental and observational principles of particular social and cultural norms. These sciences if based on the Islamic economic doctrines would yield the desired socioeconomic fruits that would be just and equitable.

Ibn Khaldun based his socioeconomic thought on the study of the principles that organize the culture. His study of the culture is scientific. His scientific analysis of the culture led to the classification of two distinct types of culture that emerge within any society. The first type concerns the culture of seeking material satisfaction through the consciousness of one's needs, purely on the basis of self-gratification or Nafs Al Amara. The second type consist of a culture where the consciousness has recognition of the divine principles that attains the state of Nafs Al Mutmaina in all matters material. The second type of culture seeks to balance the individual's socioeconomic needs within the guidelines and framework of the economic doctrines that are inviolable. The same economic doctrine requires the individual to also perform economic functions that are purely for the collective good of the society.

This unique perspective of Ibn Khaldun established almost seven hundred years ago, intrinsically adjoined the economic doctrines to social doctrines. His scholarly process of recognizing the relevant economic doctrines to formulate social principles offered a unique and fresh frame of reference for the socioeconomics.

Ibn Khaldun's economic doctrines linked prosperity to Asabiyya social solidarity or social inclusion. This unique and revolutionary principle of economics offered by Ibn Khaldun in 1400 AD was centuries ahead of his contemporaries. Unfortunately, even in the present times, the significance of this work is lost in the literary cacophony of his religious and theological writings which are part of scholarly work of economic for Islamic Jurisprudence and not as the study of applied socioeconomics.

We can easily draw a connection between the economic doctrine of Asabiyya or social inclusion, which is by no means the only economic doctrine established through the extensive works of Ibn Khaldun, and fundamental right of socioeconomic participation through the economic doctrine of Ummah declared in the Misaq I Madina. The underlying goal of both the economic doctrines, while declared eight hundred years apart as equally relevant to all times, remains to ensure the equitable prosperity of the Ummah.

While a complete paper would be required to shed light on the elemental components of Ibn Khaldun's Al Umran or sociology or social conditions, the six elements for the purpose of narration are; the Nomadic life, Human Society, Human Social History, State & Sovereignty, Economics & Trade and Social Sciences. We will only focus on the elements of Economics and Trade in the light of the social science. Khaldun's peculiar take on the role of Asabiyya or Social Bond in adoption and acceptance of religious doctrines is most interesting. He considers the formation of the state as a consequence

of Asabiyya and that the state cannot exist without Asabiyya thus referring to a social homogeneity as an existential element for the survival of the state.

He then goes on to expound on the influence of the religious doctrines on the state and still further concludes that the religious doctrines also cannot influence the society without Asabiyya. It is quite evident from Khaldun's point of view that regardless of the robustness of the values that form the basis of any religious or political thought, it holds no water until and unless the society accepts and adopts those principles as a single body or Ummah in terms of its social consciousness. A socially fractured, discriminatory and economically stratified society can neither adopt spiritual values beyond self-centred gratification nor can it sustain itself as an equitable state. This unique perspective of a society that exists solidly on the doctrine of Asabiyya or a social bond or single body or Ummah is the brilliant contribution of Ibn Khaldun to the development of socioeconomics further down the history.

Our short albeit focused analysis of Khaldun's economic doctrine of Asabiyya would be incomplete without reference to Ibn Khaldun's peace negotiations with Taimur documented beautifully yet simply by Khaldun himself (Enan, 1941) and Taimur's Court historian Ibn Arabshah (McChesney, 2006). The entire conversing between Taimur and Khaldun requires a detailed study in which Taimur being a scholarly king had a deep and detailed dialogue with Khaldun, showing a deep reverence for Khaldun's reputation as a social historian and scholar par excellence of his times. Khaldun's prominent

student Al Makrizi in his brilliant work Ighathat Al Ummah Bi Kashaf Al Ghamma summarized the Prolegomena (Muqaddimah) based analysis of the decline of the Muslim rule all through the Muslim world. He defined three principal reasons in the light of Khaldun's economic doctrine of Asabiyya: Corruption amongst the highest offices of the State, exorbitant rate of State's taxation for land lease leading to high cost of production and untenably high cost of produced goods, depreciating currency.

Through Al Makrizi's work we are able to authenticate Khaldun's Prolegomena predicting the decay within a society. Khaldun's work explained injustice within the society (our earlier discussion on economic doctrine of equity), corrupt nature of the rulers that changed from Trustees of the wealth to Sovereigns with unfettered entitlement to the wealth of the state and acute fluctuations in the exchange medium for production, the currency exchange rates as the major factors.

We would conclude here our analysis of Khaldun's economic doctrine based on his socioeconomic studies. Our concluding remark here is that Khaldun's economic thought is based on the social experiments that Khaldun observed and his astute deductions. Khaldun was a native of Carthage, lived in Andalusia (Muslim Spain), Morocco, Damascus and Egypt. He was a Berber and also had Arab social identity. These divergent socioeconomic regions and the wide array of official positions that Khaldun held as a State Official (Judge, Holder of the Royal Seal, Court Historian etc.) played a dominant role in his

socioeconomic thought. We will touch upon this fact later in our conclusive discussion at the end of our paper.

6. AL-SADR'S ECONOMIC THOUGHT & IQTISADUNA

Ayatollah Baqir Al-Sadr is a distinguished scholar of Islam. His brilliance shone during his earliest stages of his life when at the age of ten (Al-Sadr, 1987) he was able to deliver a brilliant lecture on logic to the students at Houza Al Ilmia, Najaf Iraq. His name nor his work needs any introduction. His work is a continuation in the original thought on socioeconomics amongst Islamic scholars.

Our reason for choosing the works of Ibn Khaldun and Al-Sadr is because of the unique commonalities in their works and scholarly thoughts. Similar to Ibn Khaldun, Al-Sadr was born during the British colonial Iraq, he then saw the 1950's socialist revolution of the Baath Party that disposed the British appointed Iraqi King Qasim and later Al-Sadr was executed by Saddam Hussain because of his immense influence over the entire Muslim world because of his brilliant work on socioeconomics. Al-Sadr was also instrumental in laying the ground work for the modern Islamic Finance and Banking as he was consulted by the Amir of Kuwait in the mid 1970's to propose the Islamic Finance Model for the State of Kuwait to manage its vast wealth of petroleum and gold. It would not be an exaggeration to state that Al-Sadr's Falsafatuna or Our Philosophy and Iqtisaduna or Our Economics have no parallel in the modern Islamic scholarship in terms of their originality.

Similar to Ibn Khaldun who is no doubt the father of modern social sciences based on his brilliant work Prolegomena, Al-Sadr also based his economic thought on the in-depth analysis of social history. We will briefly touch upon some of his work on the study of social history from Our Philosophy. Al-Sadr proceeds to examine the laws that govern the process of history and remarks about the brilliance of Ibn Khaldun's pioneering work on the study of social communities and the emergence of the science of sociology due to Khaldun's Prolegomena (Muqaddimah).

Al-Sadr questions the sensibility of those scholars who attempt to prove Quran as a book of historical facts and scientific knowledge. Al-Sadr rejects such claims and explains that Quran is a book of broad doctrines that allow the society to test those doctrines regardless of their time-distance from the time of the revelations of Quran. He explain this very lucidly through his argument of 'Cause and Effect'. He states that all relations within their 'physical state' rest on this doctrine.

He emphasizes that laws of nature have no exceptions. They are fixed and there is no room for any 'divine' change in the physical laws. He stresses on the need to study science so that we can understand the laws of the physical nature of this world. He states that while we as Muslims believe that rain is through the Will of Allah, we do not deny the physical laws that explain the process of evaporation of water particles from the surface of the oceans and formation of the rain clouds.

This simplistic approach to explain the most complex philosophical questions concerning religion, sociology and science is unique to Al-Sadr's work Our Philosophy. Al-Sadr expounds the idea of social change within the context of social principles of Quran. Al-Sadr believes that a nation can only change its historical course and its social conditions if the change comes from within the society. There is a common thread here with Khaldun's Umran and Asabiyya doctrine. Al-Sadr draws upon his deep knowledge of Quran and explains that the 'righteous path' explained in Quran for people to adopt for social change is the path of Justice and Equity. Al Saddar links this to social prosperity of the society just as Ibn Khaldun had linked the doctrine of Asabiyya or social contract with prosperity.

Al-Sadr than derives an economic doctrine from this discussion of social change based on Justice and Equity as the economic doctrine of Equitable Distribution. According to Al-Sadr this can be achieved if the free-will of the society accepts as its economic principles the social bond of not engaging in hoarding, wastage, social negligence and extravagance. Al-Sadr expounds on the idea of free-will and links it to the ills of the modern societies where 1% of the global population control the 99% of the global wealth. Al-Sadr offer us a simple explanation that is brutally honest yet candid, these ills are due to the human greed and enrichment on other's social rights and privileges.

Al-Sadr question's the western belief that Islam does not believe in human free-will and is a force of subjugation. Al-Sadr explain his point based on Surah Al-Baqarah(2:30) , that notes the man's status

as God's Vicegerency (Khalifa) on the earth. Al-Sadr explain that there exists a three-dimensional duty attached to this responsibility which is duty to fellow humans, duty to natural elements of the planet (the environment) and duty to other beings or plants and animals. Man's role according to this doctrine is of a trustee. Any acceptance of this duty is Al Adal or Justice and any violation is Al Zulum or Injustice. This is what the principle of free-will means in the doctrine of social justice in Islam according to Al-Sadr. Al-Sadr considers 'man' and 'nature' as the constants in this relationship. Al-Sadr closes this argument by stating that any disregard to this responsibility leads to discriminative social practices and man considers himself to be the Absolute Master. Al-Sadr provides proof from Quran that states, Surely man is rebellious when he thinks that he is independent (Surah al-Alaq, 96:6-7). Independence here is rejecting the trusteeship of the earth and assuming absolute right over others.

Al-Sadr in Iqtisaduna or Our Economic lays the foundation of his economic thought. He explains the difference between economic doctrine and economics as a science. He explains that economic doctrine is based on the principles of equity. Here we see the consistent theme of the fundamental economic right of equity raised in the Misaq I Madina.

Al-Sadr explains the approach in the Islamic economic thought according to his understanding. He asserts that Islam does not concern itself with establishing the principles for the science of economics. According to Al-Sadr, Islam is concerned with helping

Muslims understand the doctrines of economics according to the teaching of Quran. Al-Sadr also takes a moment to refute the allegations against Islam of merely preaching ‘moral and ethical’ principles without any concern for the economic life of the man. In the same argument Al-Sadr does not reject any other existing systems such as Socialism or Capitalism. He remarks that they are established economic systems as a by-product of the social beliefs of the societies that they represent. Al-Sadr opposes the forced conversion of Islamic societies by the western governments and scholars by labelling Islamic culture as ‘backward’ and economically retarded. Al-Sadr challenges these allegations and states that the colonial history of recent times proves that the western colonist tried to create an inferiority complex amongst the Muslims of the colonised countries and equated the ways of the western societies as a symbol of modernity and social advancements. We have provided ample evidence through our earlier discussion in the introduction that the western culture tries to hide its social injustices through global control of media and by glamorizing the western economic system as being equitable.

Al-Sadr takes a moderate approach and offers Islamic economic doctrines as a third option to the existing socio-economic system of socialism and capitalism without rejecting any system. Al-Sadr again refers back to the present social movements within the Islamic world that has been awoken as a result of the socioeconomic failures from

the capitalist system and the western world's attempts to enforce one-size-fits-all approach.

Keeping in mind our clear distinctions between the economic doctrine and economic science earlier, Al-Sadr presents a simple yet lucid explanation for the equitable doctrine that forms the basis of a truly Islamic economic system.

The free market economy that requires the market forces to be free from any state interference if researched in the light of the economic doctrines will not reveal a standards or prescriptive system that can be followed. The reason is that free market economy is based on scientific laws that dictate the cause and effect of the market. The economic doctrine for the purposes of the research of such a system would only test if the free market economy system complies with its defined systems of equity.

The science of economic is free from any religious dogmas and purely based on the scientific studies surrounding its environment to answer questions such the outcome of the free market economy, the pricing policies and the labour market demands etc. The Islamic economic doctrines do not interfere with these scientific pursuits and allow freedom to the economic scientists to offer the best possible solutions for the economic activities. The doctrinal aspect of Islamic economics would only come into play to test the effectiveness of the productive outcomes on the scales of equity.

Al-Sadr then answered the critical and fundamental questions of the Islamic economic doctrine and based it on its ability to answer the question of the creating of a free market that while being free from the interference of the State, would guarantee a fair distribution of goods and services. The manner of enforcement of the social equality, stresses Al-Sadr, may vary from culture to culture.

Al-Sadr concluded his argument succinctly by pointing out that it is unreasonable to expect the economic doctrines to explain the mechanics of any linkages between any of the elements of the free market such as pricing policies, supply and demand etc. Al-Sadr concluded that the economic scientists are best placed to offer any laws supply or demand side of economics by

studying the nature of the free market. A subtle analysis by Al-Sadr reveals that any economic solution that is detached from the peculiar social trends and the crucial local market norms does not stand the tests of equity. The ‘wholesale’ economic solutions peddled by the western economists are nothing but a recipe for disaster. We are witness to myriad of economic woes by the eastern economies at the hands of the western economists. The emergence of BRIC (Brazil, Russia, India, China) (Nadkarni & Noonan, 2013), AIIB (Asian Infrastructure Investment Bank) (Ren, 2016) are all examples of defiance to failures of the wholesale economic policies of IMF and World Bank. This brilliant yet simplistic narration of the economic doctrine problem question by Al-Sadr offers multiple solutions to the economic challenges facing our times.

We conclude our discussion on Al-Sadr with his remarks on the importance of understanding the difference between the sciences and doctrines. Al-Sadr argues that to be able to differentiate between the productive forces within the context of economic on the basis of science and doctrine, the concept is much further than its mere ‘labelling’. The idea of its scientific value lies in the evaluation of the scientific principles on the basis of the realities of the subject matter. The doctrinal value lies in its ability to apply the doctrine of justice and equity to the entire system of socioeconomic life.

CONCLUSION

The works of both Ibn Khaldun and Al-Sadr are deeply set in the precise studies of the social order of the time. Both the scholars have laid emphasis on the deeper understanding on the sociocultural and sociopolitical settings of the society.

Both Ibn Khaldun and Al-Sadr believe in the free-will of man guided by the Quranic principle of the Vicegerency (Khalifa) or trusteeship of man in his social relations with other humans and within nature as well as other beings. Ibn Khaldun’s economic doctrine of Asabiyya and Al-Sadr’s economic doctrine of equity-test of the economic sciences are unique and demand further research.

We assert that while the present state of Islamic Finance and Banking while still in its infancy, is guided by the economic thoughts of Ibn Khaldun and Al-Sadr. Perhaps discussion needs to take place within the Islamic Finance industry leaders setting higher standards of equity

and justice to test their economic models for the industry. We are all seeking answers to these complex socioeconomic challenges of our times. The global leaders continue to pursue their political agendas as is evident from the research in front of us. May the answer lies in following Ibn Khaldun's Social Bond and Al-Sadr's mobilization of social thought.

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