

BUILDING ORGANIZED INDUSTRIAL ZONES IN TÜRKİYE:  
PERFORMANCE AND SOCIAL CAPITAL

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## ABSTRACT

### BUILDING ORGANIZED INDUSTRIAL ZONES IN TÜRKİYE: PERFORMANCE AND SOCIAL CAPITAL

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The concept of industrial districts, which first came to the fore in England with Alfred Marshall's studies in England and central Europe, and later played an important role in the development of Northern Italy, has become an important economic development tool for the policy makers of developing and less-developed countries. Industrial districts which are named differently such as industrial parks, free zones, special economic zones, have been adopted by policy makers in Türkiye with the policies and practices of organized industrial zones (OIZ) during the planned development era. With the experiences of OIZ applications that have started in the 1960s, the Organized Industrial Zones Law was published in 2000. With this Law, the governance, planning, functions and types of organized industrial zones were determined. Governorates, municipalities and chambers of industry play an active role in the establishment of organized industrial zones. In this thesis, by examining the Marshallian and Italian type of successful industrial zones and at the same time benefiting from OIZs information of the Ministry of Industry and Technology, suggestions are made on the administrative structuring of organized industrial zones. As unique to the thesis, according to the nature of the institutions and organizations in the OIZ organizations, OIZs are divided into two, led by the private sector or led by the public sector. It is assumed that the social capital of OIZs led by the private sector is also intense. Comparative performance analysis is carried out with the performance indicators determined from the data of the Ministry. As a result, it is recommended to redesign the administrative structure in OIZ applications in Türkiye in a way that the private sector will lead.

Keywords: Industrial Districts, New Industrial State Spaces, Governance, Social Capital, Organized Industrial Zones.

## ÖZ

### TÜRKİYE’DE ORGANİZE SANAYİ BÖLGELERİNİN KURULMASI: PERFORMANS VE SOSYAL SERMAYE

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İlk defa İngiltere’de, Alfred Marshall’ın, İngiltere ve Avrupa’daki çalışmaları ile gündeme gelen, daha sonrasında Kuzey İtalya’nın kalkınmasında önemli role sahip olan sanayi bölgeleri kavramı, geçen yüzyılda ve halen günümüzde, ülkelerinin refah seviyesini artırmak isteyen politika yapıcıların odaklandığı bir kalkınma aracı olmuştur. Sanayi parkları, serbest bölgeler, özel ekonomik bölgeler gibi farklı farklı isimlendirilen bu bölgeler, Türkiye’deki politika yapıcıları tarafından planlı kalkınma dönemlerinde organize sanayi bölgeleri (OSB) politikaları ve uygulamaları ile benimsenmiştir. 1960’lı yıllarda başlayan OSB uygulamaları tecrübesiyle, 2000 yılında Organize Sanayi Bölgeleri Kanununun yayımlanmıştır. Bu kanun ile organize sanayi bölgelerinin yönetişimi, planlanması, işlevleri, türleri belirlenmiştir. Organize sanayi bölgelerinin kuruluşunda valilikler, belediyeler ve sanayi odaları etkin rol almaktadır. Bu çalışmada Marshall tipi ve İtalyan tipi başarılı sanayi bölgeleri incelenerek ve aynı zamanda Sanayi ve Teknoloji Bakanlığının OSB bilgilerinden faydalanılarak organize sanayi bölgelerinin yönetsel yapılanması üzerine öneriler getirilmektedir. OSB organizasyonunda yer alan kurum ve kuruluşların niteliğine göre, OSB’ler, bu çalışmaya özgün, özel sektörün liderlik ettiği veya kamu sektörünün liderlik ettiği olarak ikiye ayrılmaktadır. Özel sektörün liderlik ettiği OSB’lerin sosyal sermayelerinin de yoğun olduğu varsayılmaktadır. Bakanlığın verilerinden belirlenen performans göstergeleri ile karşılaştırmalı performans analizi gerçekleştirilmektedir. Sonuç itibariye, Türkiye’de OSB uygulamalarında yönetsel yapının özel sektörün liderlik edeceği şekilde yeniden tasarlanması önerilmektedir.

Anahtar Sözcükler: Sanayi Bölgeleri, Yeni Sınai Kamu Odakları, Yönetişim, Sosyal Sermaye, Organize Sanayi Bölgeleri

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## LIST OF ABBREVIATIONS

EC	Enterprising Committee
EPZ	Export Processing Zones
EU	European Union
FDI	Foreign Direct Investment
FZ	Free Zones
IE	Industrial Estates
ILO	International Labor Organization
IP	Industrial Park
MoEUC	Ministry of Environment, Urban Planning and Climate Change
MoIT	Ministry of Industry and Technology
MoT	Ministry of Trade
NGO	Non-Governmental Organization
NISS	New Industrial State Spaces
OECD	Organization for Economic Co-operation and Development
OIZ	Organized Industrial Zone
PSB	Presidency of Strategy and Budget
SEZ	Special Economic Zone
SEGE	Socio-Economic Development Ranking Studies
SME	Small Medium Sized Enterprises
SPO	State Planning Organization
STI	Science, Technology and Innovation
TDZ	Technology Development Zone
UNCTAD	United Nations Conference on Trade and Development

UNDP United Nations Development Programme  
UNIDO United Nations Industrial Development Organization

## INTRODUCTION

Throughout the last century, from time to time, economies of the world have suffered from the recessions and financial stagnations followed by serious deteriorations in industrial environment and socio-economic conditions, triggering unemployment, insecurity and decline in regional and national economic development. There are countless reasons for retrocessions in the economies of countries such as the world wars, natural disasters, pandemics, energy crises etc. but at the same time, even the globalization, rapid technological developments and changes in the manufacturing methods directly or indirectly influenced the degradation. Thus, dispersed among the different regions of the world, few localities that were engaged to variety of industries managed to handle and stood out as displaying a significant resilience and even changing the overall conditions to their advantage for a rapid growth – localities like, Jutland in Denmark, Baden – Wurttemberg, Solingen in Germany, Emilia – Romagna in Italy, Silicon Valley in United States, Sheffield in England, Barcelona in Spain were considered as being localized economic constellations that “were beating the recession” (Eraydın, 2002, Sabel, 1989, Pyke and Sengenberger, 1990, Hashino and Otsuka, 2016). Many of these economic spatial layouts have similar peculiarities in the mode of their operations which allowed the scholars to identify them under one generic term “industrial districts” (Pyke and Sengenberger, 1990). The term “industrial districts” initially emerges from studies and observations of British scholar, Alfred Marshall on the highly localized industries of Lancashire, Sheffield and Solingen during the industrial revolution in 19<sup>th</sup> century England and Germany (Marshall, 1919, 1920). The term later on has continued to be on the agenda of the both scholars and policy makers of developed, developing and less developed countries in the following hundred years, rising its popularity in similar or different names like industrial zones, special economic zones, organized industrial zones etc.

The policy makers of the Türkiye, as a growing and developing country in the second half of the 20th century, like in other developed and developing countries (South

Korea, India, Brazil, Taiwan etc.) also benefited and adopted the model of industrial districts and tried to replicate successful examples of Marshallian/Northern Italian industrial districts model as an economic development tool. After the post war period, the Turkish Industry was growing in an irregular and unplanned manner within a new production pace and organization supported by SMEs while the weight of the public sector in manufacturing system was lowered (Özden, 2016). According to this new manufacturing framework of Türkiye, the new production organization empowered by SME's, is in a search of new places other than the regions and centers that have come to the fore in the past, and these spaces are the new industrial state spaces of Türkiye (Eraydın, 2002). The search of the SME's and industrial capital for the new industrial spaces collided with the policies and studies of the State Planning Organization (SPO) of Türkiye and the idea of organizing the Turkish industry with the development plans was accepted by the public authorities and "the planned development" period has been initiated in 1960's. The main reasons for designing and establishing Türkiye's new industrial state spaces (NISS) were identified as first, the spatial need of the new capital accumulation (Cansız, 2011, Çolak, 2012, Özden, 2016). SPO, within in the framework of developments plans, commissioned duties and actions to relevant public authorities to establish industrial districts (inspired from the success of Marshallian/Italian districts) which the thesis explains as replicated/policy based industrial districts for the service of SME's. Indeed, the formation and facilitation of such industrial districts by public authorities (NISS) in the favored western Türkiye throughout the last six decades have become an economic development apparatus. Secondly, the tool of industrial districts then also used for to solve the problematic of uneven economic development by diverting capital to the less developed regions especially eastern parts of Türkiye. Introducing incentives, tax exemptions and partial or total free of charge industrial parcel allocation for investors in industrial districts, NISS polices have aimed to draw the attention of capital accumulation and spread the distribution of wealth into uneven developed regions of Türkiye (Özden, 2016, Cansız, 2011). The third reason, not preferably, would be the political pressure – demanding any kind or variation of industrial district to every province mostly triggered and caused the establishment of idle spaces and misuse of scarce public resources. (Özden, 2016).



For the over sixty years, in the planned development era, the former SPO, later former Ministry of Development and now Presidency of Strategy and Budget (PSB) and accordingly relevant ministries have offered to the SME's and large companies a wide range of policies, tool and apparatuses for industrial development. Former Ministry of Industry and Trade, former Ministry of Science, Industry and Technology, now Ministry of Industry and Technology (MoIT) has a major workload on making and executing policies on NISS considering the tasks for establishing organized industrial zones, industrial parks, technology development zones and supporting financially industrial estates. Secondly, former Undersecretariat of Foreign Trade, former Ministry of Economy and now Ministry of Trade (MoT) is responsible for establishing free zones. Lastly Ministry of Environment, Urbanization and Climate Change (MoEUC) is responsible for industrial estates, which are originally building societies (cooperatives) established and supervised by General Directorate for Vocational services under MoEUC. The estimated amount of established artificial industrial districts via NISS tools of Türkiye is ~150.000 ha which is around %55 of Türkiye's all industrial areas. Out of %55, organized industrial zones applications spatially have the biggest share around %40, followed by industrial estates and industrial parks (MoIT, 2022). The most significant and extensive application of NISS policies of Türkiye, as it is covering spatially %40 of all policy based/replicated NISS tools of the public authorities, organized industrial zones (OIZs), today, have been established in every province of Türkiye, latest in Hakkari, reaching a number of 353 (MoIT, 2022). As mentioned the reasons of the NISS policies in general, OIZ policies are specifically initiated to fulfill the spatial needs of the mainly the Turkish SME's, in a broader context, to form new planned industrial spaces for the extended and flexible capital mobility, then secondly an economic development policy tool by diverting investments to the unevenly development regions of Türkiye with state incentives and supports.

In the Turkish experience, accordingly, in the planned development era, one may conclude that the policy makers have established a governance system that have facilitated the integration of the local and central organizations into the implementation of new industrial state space development tools. Such systems enabled the governments to implement the economic development policies and tools that in 2022, almost half of the manufacturing/industrial activities, spatially, occur in the new

industrial state spaces of Türkiye, mostly in the organized industrial zones. The attraction of ~%40 of manufacturing/industrial activities into the organized industrial zones of MoIT (MoIT, 2022) could be considered as concrete results of “dynamic governance system” established thought out the experiences of planned development era. Especially, in early 2000’s, the Turkish Government have enacted important legal documents, Organized Industrial Zones Law No:4562 in 2000 and Organized Industrial Zones Implementation Regulation in 2002, where the governance system, accordingly organization and management of the organized industrial zones has been defined in detail. However, since the impact assessments and performance evaluations on OIZ policies of Türkiye has been insufficient, the information about the performance of the organized industrial zones within the designed governance model is ambiguous. As an insider civil servant, working as Industrial and Technology Expert in MoIT for the last 14 years, there has been an opportunity to study on MoIT’s database on the established OIZs since 1962 till July of 2022, including a number of registered 338 OIZs.

By the available data the thesis conducts a study that focuses on the governance design of OIZs in Law no:4562, particularly, the administrative design of the OIZs organizations. Initially, the highest decision and responsible organ of the OIZs is “enterprising committee” which consisted of 15 members from public and private institutions and organizations such as members among governorship, municipality, local municipality, chambers of trade, chambers of industry, chambers of trade and industry and vocational/professional organizations. The OIZ Law obliges that at least one member from chambers of industry, if not available, a member from chambers of trade and industry, if not available, a member from chambers of trade must be a participant in OIZ enterprising committee. The design itself, amalgamates the local public and private organizations under the umbrella of enterprising committee, benefiting the amenities of public resources and authority of governorship and municipalities and dynamism of chambers, presenting indeed a concrete governance model in OIZs applications. However, at that point, the thesis suggests a re-design in that administrative model. The thesis argues that there is a need to restructure the administrative design of the OIZs on behalf of the private sector, that initially private and professional/vocational organizations should be in leading positions in the

enterprising committees of the OIZs. The argument originally departs from the observations of Putnam et al.'s (1993) studies on northern Italian districts that the history of economic growth and economic prosperity across northern Italian districts relies to the presence of strong social capital, associational activities and networks of the civic engagement. In Putnam's model, cooperative and associational activities of private organizations based on trust and reciprocation propels economic prosperity and development. Inspired from Putnam's thoughts, at that point in the thesis, the resources of the social capital in organized industrial zones are assumed as the presence of private manufacturing actors: chambers of industry, chambers of trade, chambers of trade and industry, export and import unions, manufacturing unions, most importantly the members of professional/vocational/sectoral associations, foundations, and cooperatives. Regarding the inspiration of the positive economic effects of social capital in the regional development (Putnam, 1993), the thesis also puts forward that the restructured administrative design of the OIZs by strengthening the share of members of private local industrial organizations would affect the performance of OIZs positively.

In order to support the arguments, the thesis analyses, one by one, 338 registered OIZs initial enterprising committee scheme and number of delegates (shares) of the each participating private and public organizations and institution in the enterprising committee. Out of the 15 members of enterprising committee, the thesis identifies "private driven OIZs" (if the members of private organizations are denser) and "public driven OIZs" (if the members of public organizations are denser) and sorts out that 207 of OIZs have been initially established public driven, 131 of OIZs have been initially established private driven. Together with the available database and information of MoIT on the OIZs, with the selected eleven performance indicators, in three different headings, financial, institutional, economical and physical, the thesis benchmarks the performances of public and private driven OIZs. For some indicators, the thesis used the Socio-Economic Development Ranking (SEGE) by MoIT (2017) in order to compare each OIZ with in the same classified economic region. The benchmarking revealed that, OIZs performance initially lead by private organizations in enterprising committee surpass the OIZs lead by public organizations in selected performance indicators. In all cases, the enterprising committee's with more private

members (shares), which the thesis accepts those OIZs as having a stronger social capital capacity, leads the financial, economic, physical and institutional performance indicators. Regarding the revealed results, the thesis proposes legal amendments in OIZ Law, which proposes to redesign and restructure the governance model, particularly administrative design for OIZ applications and strengthen the social capital resources within the OIZ managements, consequently expecting to boost the performance of Turkish OIZ applications which are planned to be established in the future. Therefore, in order to explain the Turkish experience and context of industrial districts, the thesis builds a narrative afflux starting from the origins and historical approaches of industrial districts, then put emphasize on the relation between governance and social capital notions in industrial district concept, explains industrial districts apparition as new industrial state spaces in Türkiye, specifically gives detailed information on OIZ applications of Türkiye and finally exposes the benchmark study on the public and private driven OIZs performances for to constitute a relevant base for the thesis's argument.

Indeed, from the scratch, the common point of mostly all industrial districts and alike policies and applications is the presence of either a naturally and/or historically established geographical territory or an artificial, a policy based, defined, and geocoded geographical territory of which Marshall calls that common pinpoint as a “localized industries” (Marshall, 1920). As a law of the instrument, localization of manufacturing activities is bonded to preferable physical conditions and natural competitive advantages of geographies. Marshall extends that primitive localization of production, from an industrial agglomeration into “industrial districts”, if such territories manages to last long enough to establish more compound, complex relations among the actors of manufacturing and gather number of advantages which is called local external economies (Marshall, 1920). Beyond the territorial advantages, therefore, the Marshallian context of industrial districts unleashes the external advantages of the locality as “the reproduction of skills, the circulation of knowledge, the development of subsidiary production activities in both manufacturing and services, the use of specialized machinery; the formation of a specialized labor market; the development of complementary industries” (Belussi and Caldari, 2008, Sforzi, 2000) fostering the entrenched manufacturers operations. By the second half of the

20th century, a revaluation of Marshallian terms of industrial districts has occurred in post – war Italy as a result of studies of scholars in the Northern Italian industrial districts, which adopted a socio – territorial approach, focused on relations between geographical, social, political and economic aspects of industrial districts as a whole, a single cognitive social system of manufacturing (Rogerson, 1993, Sforzi, 1990, 2000, Beccatini, 1990, Brusco, 1990). In this scope, Beccatini (1990) redefines the industrial districts inspired from the Italian versions as a socio-territorial entity which is characterized by the active presence of both a community of people and a population of firms in one naturally and historically bounded area.

The success stories and experiences of Marshallian or Italian industrial districts and their resilience ability against crises, paved a new floor for policy makers to design district based industrial development tools, but at the same time opened a debate of the broader replicability of such natural/historical industrial districts. The top controversy, indeed, was or still, whether such successful industrial districts could be artificially planned or replicated by governments or whether industrial districts are utterly a historical or natural process that could not be replicated by any means (Rogerson, 1993, Amin, 1989). Nevertheless, the significance of policy based/replicated industrial districts as tools for regional development policies has been supported by various researchers and institutions such as OECD, EU and UNDP (Scott 1988b; Storper and Scott 1989; Pyke and Sengenberger 1990, Mc Donald and Belussi, 2002). Indeed, the reason behind that the policymakers excavate in, out or around for planning and establishing policy based/replicated industrial districts relies on the transition from the Fordist mass production towards a new dynamic and flexible capital accumulation in the second half of the 20th (Rogerson, 1993), parallel to outgrown interest to the small and medium sized enterprises (SME's). The introduction of flexibility in production and alienation from the mass manufacturing, the concept of industrial districts became the essential feature of this new economic geography of flexile production. Based upon the arguments of the decentralization of production through industrial districts in peripheral regions, Pyke and Sengenberger (1990) concludes that the establishment of new industrial districts for emerging SME's, has an important role in the regeneration of local and regional economies that are declining.

Together with the introduction of flexibility and realization of significance of SME's, innovations and technological development in the modes of production abilities have initiated the liberalization of industry from close dependence upon a particular territory or any competitive advantage of a locality into greater agglomerations of production in the new economic geographies (Harvey, 1985) – creating industrial districts, clusters etc. new forms of spatial layouts. Consequently, the new production organizations are in research of new places apart from the historical regions and centers that came to the fore in the past, and one of these “new production spaces is the industrial districts.” according to this new conceptual and spatial framework. (Eraydın, 2002). Brenner (2004) called those new economic regions as “new state spaces”, where the needs of the agglomerated industrial, service and financial capital could be fulfilled instead of the old, fixed, traditional, immobile work places. The arrival of new state spaces – with the new flexible forms of manufacturing and vertically disintegrated labor processes exploring and exploiting locality specific assets – demand also new forms of a state design and support, mainly gathering around the policies of state rescaling, introduction of the notion of governance and decentralization – while stripping out the top down classical Keynesian policies (Cox, 2009).

Therefore, regarding the lessons learned (UNCTAD, 2019), in the path for pursuing the success stories of Marshallian/ Italian industrial districts via policy based/replicated industrial districts model, solely location, site selection, infrastructure or incentive focused policies seem to be insufficient. Together with the planning of replicated industrial districts, the governments – the policy makers, parallel to the liberation of capital, need to restructure and reconfigure the institutional and regulatory bodies of the state downwards to the scale of regional configurations. Such new configurations lead to the term “governance” of new industrial spaces aka industrial districts, considering the district as a social and institutional “whole” where public and private actors of production, ministries, governorship, prefectures, local and metropolitan municipalities, chambers of industry, trade, unions of export/imports, sectoral cooperatives, sectoral associations, broadly governmental and non – governmental organizations, set the rules and regulations and manage the new industrial spaces together in cohesion (Eraydın, 2002). So, one of the key concepts in

understanding the success of industrial districts in both models, the historical, Marshallian type and the replicated, policy-based type is the strong presence of “governance” capabilities. (Eraydın, 2002, UNCTAD,2019).

The other key concept is, premising the state carried out through the required legislative regulation facilitating the formation of governance mechanisms for the new industrial spaces, indeed, the presence and the promotion of social capital by government for pursuing success in industrial district applications. Putnam defines social capital as features of organization such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions - “Like other forms of capital, social capital is productive, making possible the achievement of certain ends that would not be attainable in its absence...” (Putnam, 1993). Putnam puts forward that the willingness, the capacity and vibrancy of associational life of the community to cooperate each other on the basis of interpersonal trust play an important role in explaining the effectiveness of political mediation of institutions and overall the economic performance of the societies. (Putnam, 1993). According to Durston (1999), social capital is the set of rules and organizations that contributes to trust and cooperation between persons in communities and societies. In the social capital paradigm, it is argued that the constant interaction of persons based on trust and collaboration can decrease the transaction costs, promotes the public good and ease the establishment of social communities and actors (Durston, 1999). Particularly, based on Durston’s portrayal of social capital as “community social capital” (1999), which refers to “Community social capital is a particular form of social capital which comprises the informal content of institutions that aim to contribute to the common good.”, in industrial districts, community social capital could be explained by the relations of manufacturing organizations based on trust and cooperation. Without the presence of those variables, the capacity, the trust and the foremost the vibrancy of the associational life, in a broader sense an environment in a rarity of social capital the efforts to develop the newly emerged state spaces, generally might not be successful. Therefore, the key aspects of industrial policies regarding industrial districts especially for replicated/policy-based models are first, the notion of governance in rescaled state should be introduced and supported, second, the facilitation of establishing trust and

social capital among the industrial districts should be supported by public policies and authorities.

In the first section of the thesis, briefly, the term of the industrial districts, historically its evolution from Marshall's studies to Italian versions, their success against crises, the replicated/policy-based models and applications, the contemporary versions of the industrial districts, their characteristics and features, critics on replicated/policy based industrial districts, effects on the national and/or regional economies of developing and developed countries are discussed. In this section, relations of the industrial districts and the governance notion and relations of industrial districts and social capital notion, the need of a governance system and the importance of presence of social capital, network and trust for successful replicated industrial district applications, the actions for facilitating and building such capacities to be taken by developing countries and the emergence of new industrial state spaces following the technological development, globalization and liberation of capital from space are explained.

Second section focuses on explicitly Turkish experiences, policies and applications about the new industrial state spaces that have been established through the last sixty years of planned industrial development era. In this section, historically, the emergence and realization of importance of the small medium enterprises in the Turkish manufacturing eco-system is briefly explained. Eventually by the proliferation of the numbers of SME's in manufacturing sector, the thesis presents the establishment of industrial parks, industrial estates, technology development zones, free zones and gives brief explanations about the current situation and applications of those new industrial state spaces.

Following the explanations on the new industrial state spaces, third section sorts out the organized industrial zones applications out of the other new state spaces as %40 of total spaces consisted of OIZs. In the third section, definition, types, legal status, authorities, site selection, establishment, land allocation and sales, organization and management and government support of OIZs are briefly narrated. The section also emphasizes the capacity of OIZ managements as being a representative of local bourgeoisie. As a representative of resident manufacturers in the OIZ, managements



seek mutual interests and execute lobbying activities of local manufacturers in front of other relevant public or private organizations.

Final section of the thesis presents the benchmark study on the performance of private or public driven OIZs based on the MoIT's data on selected performance criteria. In eleven different performance criteria, the thesis breaks down each 338 OIZ management performance, separating in two piles, private driven OIZs (131) and public driven OIZs (207) revealing results on Turkish OIZs comparative economic performance in order to support the main argument of the thesis. In conclusion, the thesis suggests amendments in the OIZ Law no:4562 that complies with the argument – the requirement to restructure the administrative design in OIZ policies which offers to strengthen the position of private industrial organizations in the initial enterprising committees of the OIZs.

## CHAPTER I

### 1. Origins of industrial districts

The term “*industrial districts*” which is at the heart of the industrial development policies of most of the less developed and emerging countries for many decades initially emerges from the studies (Marshall, 1919, 1920) of the late industrial revolution British economist Alfred Marshall, whom inspired from the personal observations of highly localization of industries in 19<sup>th</sup> century i.e. in England, Lancashire, Sheffield and in Central Europe, Solingen. Since Marshall’s studies, in the second half of the 20<sup>th</sup> century, the success stories beyond the well-known industrial regions of Italy – Emilia Romagna, Germany – Baden Wurttemberg, Denmark – West Jutland, United States – Silicon Valley has revived the term “*industrial districts*” (Sabel, 1989, Eraydın, 2002) and its popularity has continuously increased in similar or different names – such as industrial zone/area, special economic zone, organized industrial zone, industrial park, industrial site, industrial cluster etc. in developing countries of Asia and Africa (Eraydın, 2002, Hashino and Otsuka, 2016). Lessons, experiences and scholar studies derived from the countries consisted of industrial districts in *Marshallian term*, then triggered,

- a. a revaluation and renovation of industrial development policy from a traditional territorial approach into *socio – territorial approach*, exploiting inter – relationships between geographical, social, political and economic aspects of “*industrial districts*” as a whole, i.e. post - war Italy. (Rogerson, 1993, Sforzi, 2000).
- b. a new model of industrial development policy for economically stagnant localities - a model that aims to *replicate* such industrial districts for the renovation of declining territories, i.e. India, Türkiye, Brazil, China, South Korea etc. (Rogerson, 1993, Eraydın, 2002).

The mutual pinpoint for the both policy approaches, a & b, is the *presence* of either *a naturally and/or historically established geographical territory (a)* or *an artificial, a policy based, defined, and geocoded territory (b)*. As industrial activities are placed in such territories, Marshall simply defines that mutual pinpoint as “*localized industry*” in his words, “*an industry concentrated in certain localities*” (Marshall, 1920). Localization of production is particularly linked to physical conditions such as closeness to raw materials (mines, quarries, forests etc.), access to water, rivers, seas, linkage to roads, markets, cities etc. (Marshall, 1920). Marshall puts forward that the initial or primitive localization of production, if manages to last long enough and grows into a more compound, transforms into a “*industrial district*” from a “*localized industry*” (Belussi and Caldari, 2008). Then the elapse of time allows manufacturers clustered in certain territories to gather number of advantages called *local external economies* by Marshall, which provides the basis for the theoretical construct of advanced localized industries by the name of “*industrial districts*” (Beccatini, 1991).

### **1.1. Marshallian industrial districts**

At the core of Marshallian local external economies, therefore, lie the advantages of territorial concentration, subsequently the passing time unleashes the external advantages; fostering “the reproduction of skills, the circulation of knowledge, the development of subsidiary production, activities in both manufacturing and services, the use of specialized machinery; the formation of a specialized labor market; the development of complementary industries” (Sforzi, 2000) within the industrial district.

Belussi and Caldari (2008) from school of Cambridge, classify the keynote characteristics of Marshallian industrial districts that has been emerged as a result of long – lasting localization:

**Innate Skills:** In a localized industry, the information and skills are thus transferred from one generation to another and that special capabilities therefore become the main qualification of that area. The tacit knowledge is attached to the training and experience, and learned by apprenticeship through “watching and doing”. (Boekema et als. 2000) “Industry's secrets are ceasing to be secrets: they are, as it were, **in the air** and children are unwittingly learning many of them” (Marshall, 1920).

The accretion of supplementary trades: The localization of a number of firms in same or related industries fosters the establishment of subsidiary firms which now core subjects of value chain debates: “And subsidiary trades grow up in the neighborhood, supplying it with implements and materials, organizing its traffic, and in many ways conducing to the economy of its material” (Marshall, 1920).

The use of highly specialized machinery: In localized industries, due to the high division of labor and specialization within the value chain, each subsidiary industry dedicates their capital and labor into one subsection of the manufacturing, instead of investing into every single process of a single production unit. That approach, eventually, optimizes the cost of the production and decreases the amount of the fixed capital, meanwhile boosts the competitiveness of firm: “For subsidiary industries devoting themselves each to one small branch of the process of production, and working it for a great many of their neighbors, are able to keep in constant use machinery of the most highly specialized character, and to make it pay its expenses, though its original cost may have been high, and its rate of depreciation very rapid” (Marshall, 1920).

A local market for special skill: Contrary to isolated industries, localization of manufacturing facilities offers a stable market for skilled and seasoned labor, so that investors do not suffer in case of any need for workers. “Again, in all but the earliest stages of economic development a localized industry gains a great advantage from the fact that it offers a constant market for skill market.” (Marshall, 1920).

Through a straightforward journey from the initial localization of firms, as the time passes and the aspects listed above are developed, the industrial districts obtain a special atmosphere, which Marshall refers that atmosphere as the widespread knowledge and information are “in the air”. Therefore, briefly, the most important features that describes and identifies Marshallian industrial districts are: “the presence of a special “atmosphere”; its settlement for a long period of time (more than one generation); a division of labor among the (small and medium) firms collected in the district; the presence of an ‘automatic Organization’, that is a high degree of technological complementarities; a continuous interplay between competition and cooperation.” (Belussi and Caldari, 2008).

### **1.1.1. Socio – territorial approach to the industrial districts**

The metaphor of industrial atmosphere, created by the Marshallian localization system of 19th industrial revolution revived as a single “whole” cognitive social system by the second half of the 20th century as a result of studies on Italian industrial districts (Beccatini, 1990, 1991), expanding the term territory from a unit of place or location, into units of analysis and classification of the economic and social facts, revaluating it as territorial society. (Brusco, 1990, Sforzi, 1990, 2000). The common point of industrial districts, the geographical territory, in other words “the place”, becomes a social construct, where conceived as a social and economic whole. Sforzi (2000) adds that, “It is natural, therefore, that the industrial district should represent the principal theoretical–practical locus for the local—i.e. geographically based—interpretation of development, given that the linkages between economic–productive relations and socio-cultural relations are inseparable in the industrial district.” supporting that the production actors, such as firms and individuals – once detached from the local society as a unit of economic fact, once again embedded to the socio – territory as a whole.

In this scope, Beccatini (1990) redefines the industrial districts inspired from the Italian versions as a socio-territorial entity which is characterized by the active presence of both a community of people and a population of firms in one naturally and historically bounded area. In this version, Beccatini puts forward the significance of the local community which is a homogeneous system of thoughts and values and a source for ethic of work and activities, family, reciprocity etc. and adds that the solidarity of the local community constitutes one of the preliminary requirements for the development of a district, and one of the essential conditions of competitive manufacturing (Beccatini, 1990).

Embedded to that homogeneous system, there is another system of organizations and formal and informal rules to spread that common values and enhance the industrial production throughout the industrial district, to transfer them through generations. That system is consisted of the market, the firms, the family, the church, the university etc. but in a broader sense, consisted of the local structures of political parties, local authorities, local professional societies, many other public and private, economic, social, religious, cultural and political organizations (Beccatini, 1990).

### **1.1.2. Contemporary approaches to the industrial districts**

Inspired from Marshall's industrial districts (1920) and the its advantageous externalities, Porter (1990) introduces the industrial cluster concept and defines it as a "geographically close group of companies and local institutions, which are interconnected in a particular field with common and complementary linkages.". Porter argues that (1990, 1998) instead of top down and classical industrial development policies, which lags behind the pace of globalization and technological developments, governments should develop and identify policies focused on relatively competitive regions and the naturally evolved industrial clusters or potential clusters (agglomerated industries) of the nation. Since then the regional development policies based on Porter's and other scholar's (Cooke 2001, Rosenfeld, 2002, Maskell and Lorenzen, 2004, Enright, 2000) cluster phenomena has been in the agenda of both developed and developing countries in order to increase the competitiveness of their industries. One of the major disparity of clusters from industrial districts is its boundaries that the borders of the clusters "range from a single city or state to a country or even a group of neighboring countries" (Porter, 2000, Ketels, 2003) which unlikely do not refer to a physical bound, but refer to an unseen border of cooperation and information exchange capacity. Another contribution of cluster phenomenon to the Marshallian industrial districts concept is the emphasize of triple helix model that the cooperation is not solely between the industrial manufacturing environment, but between manufacturers, education and research organizations, universities and public institutions (Etzkowitz, 2002). Therefore, instead of competing as a single manufacturing firm in a highly globalized and cut – throat markets, clustering polices fosters a collective competition and collaboration so called co-opetition, for achieving success in mutual benefits of the actors of the triple helix.

Following the cluster policies of the early 2000's, the strategy of "smart specialization" was introduced for the regional economic development by EU Commission (2013) and OECD (2012, 2013). EU defines smart specialization strategy as

*The national or regional innovation strategies which set priorities in order to build competitive advantage by developing and matching research and innovation own strengths to business needs in order to address emerging opportunities and market developments in a coherent manner, while*

*avoiding duplication and fragmentation of efforts; a smart specialization strategy may take the form of, or be included in, a national or regional research and innovation strategic policy framework (2013).*

The strategy itself is indeed a location-based approach, including involvement of wide stakeholders of manufacturing eco – system (bottom up manner), characterized by the identification of strategic areas for intervention based both on the analysis of the strengths and potential of the local economy and on a business self-discovery process. The specific methodology of government intervention, by smart specialization strategy, enables an inclusive process of stakeholders, in which manufacturing actors and public sector discover and produce information about the needed activities, and the government assesses the outcomes and empowers those actors most capable of realizing the expected potential. The strategy, therefore enables the construction of policy based industrial districts or facilitation of clusters in a selective and planned manner, tailored for the needs and the capabilities of the regions and ensures efficient use of scarce public resources. Indeed, in a recent evaluation report (OECD, 2020) on smart specialization strategies in Sweden reveals that by implementing such policies in Varmland – traditionally a regional base for pulp, paper and steel, the clear prioritization based on existing strengths and knowledge networks unlocked the sustainable and inclusive growth, formation of specialized industrial districts and clusters and facilitated the allocation of available regional resources efficiently.

## **1.2. Replicated/Policy based industrial districts**

The empirical studies on the first examples of industrial districts of the West - England, Italy, Germany, United States etc. and their success stories in the regional economic development paved a new floor for policy makers to design district based industrial development tools, but at the same time opened a debate of the broader replicability of the experiences of especially Marshallian/Italian districts (Rogerson, 1993, Amin, 1989). On the top of the discussion, the main controversy was or still, whether such successful industrial districts could be planned, established, created or replicated or whether industrial districts are utterly a historical or geographical process that could not be replicated by any means. Pyke and Sengenberger (1990) argues that industrial districts are potential organizational forms that would support SME's with the

appropriate kind of environment for competitive manufacturing, but rises a major question, “then, is whether the districts are capable of being the objects of a more general application or replication.”

Amin (1989) criticizes the replicability of Marshallian/Italian districts that “traditions such as the family-based and petty bourgeois entrepreneurial culture, community-based forms of cooperation and consensus, and municipal mercantilist institutions and structures, are historically sedimented in particular areas, and virtually impossible to transfer to areas where they do not exist”. In the same manner, regarding the evolution of successful industrial clusters i.e. Silicon Valley, Solingen cutlery industry, Carrara marble industry, Ketels (2003) emphasizes that clusters develop over time and the roots of their development go back to many years, clusters, like industrial districts are not a phenomenon that just appears or disappears by overnight.

On the other hand, the significance of industrial districts as apparatuses for regional development policies has been supported by various researchers and institutions such as OECD, EU and UNDP (Storper and Scott 1989, Scott 1988, Pyke and Sengenberger 1992, Mc Donald and Belussi, 2002). In a variety of scholarly contexts and policy papers of countries the industrial district phenomena gained acceptance that the concept is not locationally restricted. Storper (1990) argues that districts are overall very similar in respect of key aspects but not in terms of nuances and responses to the critics that they “fail to recognize that the industrial districts of Northern Italy might be one of a number of possible variations on the industrial district theme, and that there is not only one historical path to the flexible district model.” which implies that the variations of industrial districts are within the realm of possibility without a requirement of exact replicability, in other words, the replicated implantation of industrial district model would form its own district success or failure history. In the same manner, Brutti and Calistri (1990) offers a massive public intervention in Italy, to enhance the industrialization of Southern parts, by adopting the districts model of Northern parts.

Nevertheless, the main idea that stimulates the policymakers to excavate in, out or around the case for planning and establishing industrial districts relies on the transition from the Fordist mass production towards a new dynamic and flexible capital



accumulation in the second half of the 20<sup>th</sup> (Rogerson, 1993), which at the same time, outgrew the interest and importance on small and medium sized enterprises (SME's). Storper and Scott (1989) argue that "the turn towards flexibility has been marked by a decisive re-agglomeration of production and the emergence of the phenomenon of the industrial district". Therefore, with the introduction of flexibility in production and alienation from Fordist manufacturing, the concept of industrial districts became the essential feature of this new economic geography of flexible production. Based upon the arguments of the decentralization of production through industrial districts in peripheral regions, Pyke and Sengenberger (1990) concludes that the establishment of new industrial districts for emerging SME's, has an important role in the regeneration of local and regional economies that are declining.

### **1.2.1. Genesis of replicated/policy based industrial districts**

The revolutions in the modes of the production of industry, such as developments in communication, transport, machinery, credit and marketing systems, government policies and interventions and other related innovations, consequently, give an opportunity to free the capital accumulation from dependency to the locations (Harvey, 1985, Demirkoprulu, 2020). Indeed, in the first examples of Marshallian industrial districts, and capital accumulations of industrial revolutions one may distinctly recognize that localization of production is particularly linked to physical conditions such as closeness to raw materials (mines, quarries, forests etc.), access to water, rivers, seas, linkage to roads, markets, cities etc. However, the direct relaxation of geographical barriers of capital accumulation through revolutionary technologies that reduced the cost, time and improved continuity and efficiency in manufacturing encouraged the capital accumulation to be dispersed among spatially (Harvey, 1985, Demirkoprulu, 2020).

Innovations in modes of production triggered the liberalization of industry from close dependence upon a particular and localized raw material or energy source or any competitive advantage into greater agglomerations of production into new economic geographies (Harvey, 1985) – creating industrial districts, clusters etc. new forms of spatial layouts. Eraydin (2002) contributes that according to this new conceptual and spatial framework, the new production organization is in search of new places apart

from the historical regions and centers that came to the fore in the past, and one of these new production spaces is the industrial districts.

Concurrently, such agglomeration of capital at the same time initiated the agglomeration of laborers and the concentration of small medium enterprises within the space of those new industrial locations. The reaction of the nation states to those urbanized new spaces constituted by accumulation of the capital, differentiated from old, fixed and immobile work places under the framework of state rescaling and accordingly decentralization. The needs of the such new economic regions, as Brenner (2004) called the new state spaces, overlapping as well with the needs of industrial, service and financial capital therefore could not be fulfilled by centralized post war nation states strictly by their top down Keynesian policies (Cox, 2009). The arrival of new state spaces – with the new flexible forms of manufacturing and vertically disintegrated labor processes exploring and exploiting locality specific assets – demand also new forms of state support, typically in the form of increased regulatory powers and the provision of infrastructural investments to complement competitive advantages (Cox, 2009).

In this respect, regarding the need for policy changes for the increasing mobility of capital and labor and also its unfavorable externalities – such as unplanned over – industrialization, unplanned urbanization and negative environmental and social impact – in the developing countries the replication of industrial districts have been evaluated as an incentive way to encourage regular urbanization and to ensure the healthier development of medium and small enterprises for manufacturing and offer better production opportunities together and to ensure the planned and programmed settlement for the national industries (Özden, 2016). Countries therefore have determined policies in order to provide an appropriate urbanization and industrialization environment by gathering industrial enterprises in a common area in order to support and create competitive industries in the most appropriate way and provide manufacturers with spaces where industries could work more effectively and to benefit from the externalities emerged over time (Cansız, 2010).

Indeed, the term “*industrial district*” by Marshall, evolved into different terms in policy based/replicated versions: industrial estates, industrial parks, industrial zones,

special economic zones, export processing zones, free zones, organized industrial zones, eco – industrial zones etc. all across the world, i.e. experiences in China, Singapore, Malaysia, South Korea, Brazil, India, Russia, Türkiye, Azerbaijan, Turkic Republics, Iran, Sub – Saharan countries, which are exploring and seizing the potential of industrial districts (Zeng, 2015). Globally, the various concepts of the industrial districts are gaining more acceptance. The favor lies in such artificial spaces is their ability to catalyze economic development and structural transformation (Zeng, 2015). Recently, from United Nations Conference on Trade and Development (2019) shows the acceleration and adoption of industrial districts as a variation of special economic zones<sup>1</sup> (SEZ's). According to report of United Nations Conference on Trade and Development (UNCTAD; 2019) since 1975, number of countries that have been implementing SEZ policies raised from 29 to 147, and number of established SEZ drastically raised from 79 to estimated 5400, exposing that the policy makers hold on the policies of establishing replicated/policy based industrial districts in planned manner for economic/regional development.

### **1.2.2. Critics**

In developing countries, if the policies are well determined and implemented successfully, it has been proven that, the establishment of artificial industrial districts would help to generate employment, foreign direct investment, foreign exchange earnings, exports and government revenues (Zeng, 2015).

One of the crucial examples for policy based industrial districts within the type of Export Processing Zones<sup>2</sup> (EPZ's) is China's experience during the gradual shift from state planned economy towards a market economy. The establishment of EPZ's,

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<sup>1</sup> SEZ's are geographically delimited areas within which governments facilitate industrial activity through fiscal and regulatory incentives and infrastructure support. (UNCTAD, 2019)

<sup>2</sup> EPZ's are special industrial zone marked off in the built developing zone and particular for manufacturing, processing and assembling products for export, whose functions are limited to processing trade for export. Export processing enterprises and related storage and transportation enterprises can be established in the zone. (ILO, 2012)

running in tandem with economic reforms of China, has become a presentment of efficient industrial development apparatus since EPZ's has taken full advantage of a scale economy and agglomeration effect while extending international market share, global production lines, as well as involve in worldwide economic competition in last three decades. (ILO, 2012) Adoption of flexible and special economic measures, in order to form a healthy market development allowing resources flow freely and efficiently, EPZ's administrative bodies implemented flexible and capital friendly policies that fostered investment of FDI and created a harmonious industrial relation within state. (ILO, 2012)

However, on the other hand, the inefficacy and failures of theatrical industrial district policies are also problematic, as highlighted in World Investment Report 2019 by UNCTAD, the performance of many zones

*...remains below expectations, failing either to attract significant investment or to generate economic impact beyond their confines ... Policymakers face not only the traditional challenges of making SEZs succeed, including the need for adequate strategic focus, regulatory and governance models, and investment promotion tools, but also new challenges brought about by the sustainable development imperative, the new industrial revolution and changing patterns of international production. (UNCTAD, 2019).*

For instance, in India, throughout the beginning of new millennia, the policy of promoting the special economic zones has found a strong basis among government strategies and consequently numbers of newly established SEZ's among main land significantly raised but at the same times debates and serious criticism also have taken place between government, scholars and public (Aggarwal, 2010). Most of the critics gathered around the facts that, during the implementation, "No exercise was undertaken to ensure that legal institutions are in place for massive land acquisition.... No long-term strategy was drawn to counter the socio-economic consequences of the scheme... No serious research has been conducted on how SEZs will affect the regional economy, how much fertile land will actually be lost, how many farmers will be affected" by the central government policy executives (Aggarwal, 2010) Moreover,

since the Indian economic structure has gone through a paradigm shift: a transformation from the regime of state regulated economic development to a competitive regime through industrial liberation – parallel to that shift, the restructuring of existing institutions, establishment of new regulatory institutions and forming a strong cohesion between local and central institutions are the key to successful industrial policies based on industrial districts (Aggarwal, 2010) Otherwise, the top down approaches, limited only to mapping and wiring of a piece of land for industrialization without proper structural restructuring would end up as a failure. Amin and Robin (1992) have foreseen and warned the scholars and policymakers, that the proposition of inducing complex inter relationships of industrial districts such as family-based bourgeois traditions, community-wide social and economic rules, strong interlinkages between chambers of trade, industry, guilds and labor unions, municipal mercantilist traditions which are historically sedimented – into an artificial wired industrial area is nothing beyond absurdity and insisted on the key elements of successful industrial districts are very place specific and non-transferable.

The forecasts of Amin and Robin in early 1990's after almost three decades particularly eventualized in a number of emerging economies according to World Investment Report of 2019.

The report (UNCTAD, 2019) concluded that the programs or policies around establishment of industrial districts for economic and regional development tend to be failed unless:

- a. the industrial policies complement existing competitive advantages and skills,
- b. both national and local public authorities have a high governance and institutional capacity,
- c. the policies are developed in coherent with trade and investment policies and with business and fiscal regulatory frameworks,
- d. the governance of industrial district is effective and in coordination with local authorities, district developers and operating entities.

Therefore, regarding the experiences, in the path for pursuing the success stories of Marshallian or Italian industrial districts via policy based/replicated industrial districts

model, solely location, site selection, infrastructure or incentive focused policies seem to be insufficient. In other words, assuming any central government has selected a reasonable geographic area as an industrial district, fenced, planned and equipped it with necessary physical infrastructure, the manufacturers likely prefer not to invest in such “ready to invest districts” if the governments – parallel to the liberalization of capital – do not restructure and reconfigure the institutional and regulatory bodies of the state downwards to the scale of regional configurations. Such new configurations lead to the term “governance” of new industrial spaces aka industrial districts, considering the district as a social and institutional “whole” where public and private actors of production, ministries, governorship, prefectures, local and metropolitan municipalities, chambers of industry, trade, unions of export/imports, sectoral cooperatives, sectoral associations, broadly governmental and non – governmental organizations, set the rules and regulations and manage the new industrial spaces together in cohesion (Eraydın, 2002).

### **1.3. Rescaling of the state, governance and industrial districts**

One of the key concepts in understanding the success of industrial districts in both models, the historical, Marshallian type and the replicated, policy-based type is the strong presence of “governance” capabilities (Eraydın, 2002, UNCTAD,2019). The former type acquires such capability of governance dispersed in a long-lasting industrialization period, where for an extended period of time, families, bourgeois, labor organizations, local administrations, public authorities, unions etc. are inter – connected and cooperating each other in a specific location (Beccatini, 1992, Capecchi, 1990). In such cases of ingenious districts, the strategic co-operations in modes of production are embedded into the social community that Pyke and Sengenberger (1990) summarize by “The close community relationships are also thought to play a part, with other cultural and political factors, in preserving local consensus and common values, and promoting social compromise. Agreed standards for the distribution of economic and social benefits, and the curtailing of the excesses of market mechanisms, encourage co-operation, flexibility, and innovation.”

In a point of fact that the definition of “governance”, by Jessop (1998), “the mode of conduct of specific institutions or organizations with multiple stakeholders, the role of

public-private partnerships, and other kinds of strategic alliances among autonomous but interdependent organizations” already defines the existing state of connections and relations in ingenious industrial districts. As Jessop categorizes governance in three sub-types, first: the selective formalization of interpersonal networking among individual actors for a targeted and shared community interests with a past familiarity, second: the mode of co-ordination among formally autonomous organizations for securing a joint mutually beneficial outcome, lastly: the type that depends upon mutual understanding and co-evaluation of different institutional bodies in order to secure agreed societal objectives (Özelçi, 2002, Eraydın, 2002), features of all three types of governance, indeed, overlap in the existence of Marshallian/Italian version of industrial districts.

Inspired from ingenious industrial districts, in regional development policies, therefore the term governance finds out its meaning as “less centralized decision-making and creating self – organization that should be based on collective action” (Özelçi, 2002). Eraydın elaborates (1999) the structural characteristics of regional governance as presence of self-governing networks of local actors, the change from individual interests to communal interests, the deals between the relevant but different groups or parties, the new roles of government as facilitator or mediator, the establishment of public – private partnerships or government-initiated partnerships and the support by cultural aspects and norms embedded into regions.

Therefore, in the former type, the Marshallian type industrial districts, mostly in today’s developed countries, due to the historical connections and as explained above in detail – the ability of acting as a social “whole”, existing organizational structures of unions, guilds, chambers and public and private actors of manufacturing, shortly the organization of industrial district have adopted the recently emerged notion of “governance” readily, in other words most of the key features of the governance expressed by scholars were already present. Then the role of regional/central governments in industrialized nations shifts into an “enabler”, a “mediator” or a “catalytic agent” (Capecchi, 1998) focusing more on designing and developing programmes and support initiatives for the SME’s in industrial districts to foster their competitiveness in technologically changing and globalizing world (Cooke and

Morgan, 1994). In Italian districts, for instance in Emilia – Romagna, Brusco (1990) emphasizes that local governments have a crucial role in initiating and developing real services such as communal service centers, specializing in exportation counseling for SME's. Moreover, as a part of successful governance among manufacturing actors, local government in Emilia – Romagna introduced a loan guarantee consortium aimed to secure special financing for small firms; and pioneered the creation of real service centers directed towards supplying information on technology and markets to industrial districts (Brusco and Righi, 1989).

However, in the late industrializing and developing countries the capability of ensuring a successful governance system, accordingly a well-developed replicated/policy based industrial district is heavily dependent on the government's ability and capacity to restructure the state organization which is proper to new macro-economic and social conditions of the changing market. Jessop (1998) emphasizes the need for a structural change under the notion of a heterarchical system of "governance":

*The world economy is being reshaped by a complex dialectic of globalization- regionalization. This has allegedly made it more difficult for (national) states to control economic activities within their borders... Once the relative coincidence of coherent economic spaces and national territories typical of Atlantic Fordism was undermined by internationalization of the economy ... faith in the national state's capacities to govern the economy was undermined. A corresponding increase in the 'unstructured complexity' of the economy on a world scale has triggered attempts on various spatial scales (from local to global) to re-impose some structure and order through resort to heterarchical coordination.*

Comply with Jessop, as the propulsive force behind the genesis and emergence of replicated industrial districts as new industrial spaces was – as mentioned earlier – the progressive changes in capital accumulation from center to peripheral territories, therefore, designing and implementation of proper decentralization strategies by the developing countries central governments is a must for successful policy implementations.

Brenner (2004) presents a multi-layer strategic approach for the radical changes of post-Fordist capital accumulation, first "state spatial strategies", the spatial forms of intervention into economic development, second, "state spatial projects", the spatial



forms of institutional structure of state (Bayırbağ, 2011), that the former strategy represent a selective and systematical state interventions in forms of grants, credits, incentives, exemptions etc. channeling public resources to the new spatial organizations – industrial districts etc., and the latter represents the formation of territory specific governance structures including the actions for delegation of powers to the local public and private organizations from the central government, which fosters the participation of local actors to decision making processes and introduces the local governance (Bayırbağ, 2011) to the new industrial spaces, districts.

Table 1 Industrial districts in vertical scaling of the state (Bayırbağ, lecture notes)

<b>1. Level</b>	Supranational Organizations
<b>2. Level</b>	National Organizations / Governments
<b>3. Level</b>	Regional Organizations/ Governments
<b>4. Level</b>	Local Organizations/ Governments
<b>5. Level</b>	New Industrial State Spaces - Industrial Districts

Cox (2009) explains that shift of central government, by Swyngedouw (1997) glocalization conception – first “the restructuring of the institutional, regulatory level from the national level both upwards to supranational and/or global scales and downwards to the scale of the individual body, the local, the urban or regional configurations” second “the strategies of global localization of key forms of industrial, service and financial capital” – into a rescaled state of a capitalist government, where the former indicates the vertical rescaling of the state, hierarchically global, supranational, national, regional, metropolitan and/or local scale (Brenner, 2009), and the latter defines i.e. the revitalized local economies, agglomerated and specialized in a particular range of products and services dependent on supportive state apparatus (Demirkoprulu, 2020).

Both in Table 1 and Table 2 illustrate the decentralization and diversification of the organization of manufacturing, from two actors: the central government and big companies, into a multilayered, multi-institutional, complex organizations in the last quarter of 20<sup>th</sup> century. Therefore, in order to be successful through that transition,

especially in industrial district policy and applications, the notion of governance is introduced to organize such complex transformation in policy making processes in rescaled governments in which that notion also refers to a process of coordinating actors, social groups, governmental and non-governmental institutions, networks and various sort of negotiation platforms to reach out collective objectives (Eizaguirre et al.,2012).

Table 2: Organizations of production in rescaled economies (Designed by author)

<b>New Industrial State Spaces</b>	<b>Local Fields / Level</b>	<b>Regional Field / Level</b>	<b>National Field / Level</b>
Agglomerations, Industrial Districts, Clusters, Small Industrial Estates, Technology Parks, Other Economic Zones etc.,	Governorships, Municipalities, Provincial Directorate of Ministries, Chambers of Industry, Trade, Associations, Cooperatives, Public – Private Partnerships.	Principalities, Cantos, States, Regional Associations, Regional Chambers of Industry, Trade Regional Exporters Unions,	Relevant Ministries: Industry, Energy, Environment, Technology, Finance etc. Funding Organizations, National Associations, Standardization Institutes, Patent and Trademark Institution, Exporter Unions.

In the very background, that governance notion is the core part of the attempts of establishing the social cohesion among newly emerged industrial state places. Indeed, the transformation into complex multilevel forms of statehood is not a sign of weakening the state but its transformation to the changing needs of the capital (Eizaguirre et al.,2012). In the new industrial spaces then via governance, market and state would remain closely interlinked and interdependent, whereas regional and local governments constitute their growth strategies and seek new sources of capital for investments to use in regional and local economic development and priorities their economic growth (Eizaguirre et al.,2012).



Figure 1 Horizontal delegation of authority (Designed by author)

The second shift of the power of the nation state (Figure 1) is the horizontal one in which the public authority in certain subjects is transferred between the state and non-state sector which is compromised by the private and voluntary sector, mainly associated with privatization, new public management, out-sourcing and private public partnerships as part of the governance notion (Buchs, 2009). Figure 1, specifically illustrates the delegation of public authority i.e. in granting relevant licenses for construction or operation of firms or delegation of natural gas, electricity or water connections from mostly municipalities to the private or semi-private organizations of industrial space.

By such delegations, within notion of governance, a new concept is introduced – “one stop shop/office” which is a key global apparatus of governance in industrial district policies (Askim et al. 2011, World Bank, 2017). One stop shop is beyond ordinary front desks for SME’s. In various forms, one stop shops turn the complex singular agencies of governments into umbrella structures for multiple institutions, where services are integrated and physically co-located for SME’s in the new industrial spaces of the state (Askim et al. 2011). As an umbrella structure, one stop shop runs as an intergovernmental partnership, that the central government, municipalities or governorship integrate some of their services into the structure, so that SME’s reach out to needed services by utilized single access point, reducing significantly the transaction cost and saving great amount of time (Askim et al. 2011).

In the end, considering both vertical and horizontal scaling, the transformation of traditional government to governance for the success of new industrial district policies, indicates “a move from forms of regulations” in which the state becomes the most important player in designing, financing and delivering policies, on the other hand, the state increasingly shares its functions with local and regional regulatory bodies and non – state actors, briefly from hierarchy /state/bureaucracy dominated regulation to heterarchy/network governed by multiple actors and self-regulation (Buchs, 2009).

#### **1.4. Social capital and industrial districts**

The necessity of the formation of the governance for industrial districts policies and its applications in the rescaled state has been stated in previous section. Assuming the state carried out through the required legislative regulation facilitating the formation of governance mechanisms for the new industrial spaces, indeed, in the very heart of the subject, the presence and the promotion of social capital is another key aspect for pursuing success in industrial district applications. OECD defines social capital as networks together with shared norms, values and understandings that facilitate co-operation within or among groups (OECD, 2001), and in economically, term is defined the reflection of relations of trust between persons and institutions into an economic production and efficiency (Karagul and Masca, 2006).

Putnam defines social capital as features of organization such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions - “Like other forms of capital, social capital is productive, making possible the achievement of certain ends that would not be attainable in its absence...” (Putnam, 1993). In same manner, social capital is a network that consists of relationships, connecting actors (individuals, groups of individuals, parts of firms, firm or groups of firms) that are cooperating in order to acquire resources they may not themselves possess (Forsman and Solitander, 2003). Out of those definitions, one may put forward three variables in the notion of social capital:

- 1- The actors: Who are citizens, individuals, group of individuals, firms, SME’s, group of firms, public authorities and NGO’s.

- 2- The activities: Which is their trustworthy effort to dialogue with each other for gathering any resource that they cannot reach or produce.
- 3- The resources: Both human and financial resources of public and private to accomplish those activities.

Putnam puts forward that the willingness, the capacity and vibrancy of associational life of the community to cooperate each other on the basis of interpersonal trust play an important role in explaining the effectiveness of political mediation of institutions and overall the economic performance of the societies. (Putnam,1993).

Accordingly, Fukuyama (1995) distinguishes trust – possessed by societies – as a form of social capital, which complements to traditional factor conditions like cheap labor and capital least as much to their success in contemporary competitive markets. The source for the generalized trust is established on a set of rules and moral codes which are mostly reciprocal and internalized by members of the manufacturing community (Fukuyama 1995). The manufacturing communities with high trust could contribute to economic development with fewer regulations and coercive enforcement mechanisms. In such communities, trust have been seen as a substitute for contracts. But in case for an institutional system to function systemically, the function of trust should be seen in the light of the facilitation of complex transactions (Beugelsdijk and Schaik, 2001).

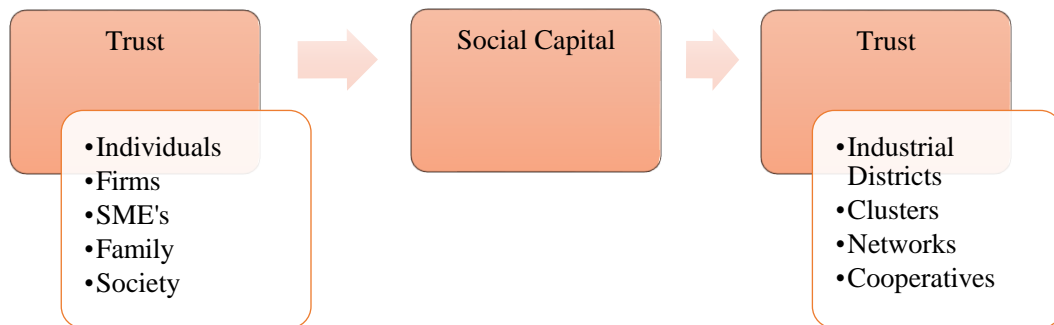


Figure 2 Trust and social capital (Designed by author)

As shown in the Figure 2, coherent with Putnam and Fukuyama’s arguments, trust could be both – the initial resource of social capital as built in between individuals, firms, families and finally in the society and the outcome of the social capital as

emergence of ingenious clusters, Marshallian type industrial districts, business networks and manufacturing cooperatives. Therefore, trust has a crucial role in constitution of social capital and transforming it to strong manufacturing organizations.

In manufacturing industrial districts therefore, the sources (Table 3) of the trust and eventually formation of social capital is affected by the presence of chambers of industry, trade, exporters, importers, chambers of manufacturers, sectoral associations, sectoral cooperatives, sectoral foundations and public – private management organizations of industrial districts within the organization of the economic territory. The trust and cooperation established between the members (SME's) of such organizations and also inter relationship between each organization would contribute to the economic development of the regions (Putnam, 1993) and success of the industrial districts. Beugelsdijk and Schaik conducted an analysis about the relation between social capital and economic growth in European regions and tested Putnam's argument on the positive effects of social capital and found out that associational activity (in specific active – unpaid – voluntary work) is positively related to regional economic growth: In a study of 54 regions in EU, the paper concluded that : “We have shown the hypothesis put forward by Putnam et al. that social capital matters for regional economic success, can be generalized to the extent that it is not only the existence of social networks that contribute to regional economic growth, but also the actual level of involvement in it.” (Beugelsdijk and Schaik, 2001).

In the workshops, in Slovakia, Hungary, Poland, Slovenia and Czechia, in scope of Local Economic and Employment Development Programme of OECD, the major blockade in front of collective activities needed for successful regional development was identified as distrust (OECD, 2005). Paldam and Svendsen remarks that

*Social capital is very important when restructuring a country. Many studies show that in the Soviet Union of the 70's, all social structures, private and independent initiatives that were not affiliated with the state were eliminated and social capital was destroyed. People have learned not to trust anyone. ...the reason for the slow progress of the change in the*

*economies of post-communist countries is insufficient social capital (Paldam and Svendsen, 2000).*

Table 3 Sources of social capital (Designed by author)

<b>Sources of social capital in manufacturing industrial districts</b>		
Chambers of industry	Sectoral associations	Legal management entities of industrial districts and clusters.  (Companies, Public -private partnerships,
Chambers of trade	Sectoral foundations	
Chambers of trade and industry	Sectoral cooperatives	
Export and Import Unions		
Manufacturing		

Without the presence of those variables: the capacity, the trust and the foremost the vibrancy of the associational life, in a broader sense an environment in a rarity of social capital the efforts to develop the newly emerged state spaces, generally might not be successful. Hickey and Bracking support that with local level empirical studies in poor countries i.e. Tanzania, that collective efforts regarding empowerment of excluded had insufficient economical returns due to the very low level of assets, isolation, low level access to institutions, lack of recognition and most importantly, even in excluded groups, the excluded excludes the poorest either at entry or over time (Hickey and Bracking, 2005).

The presence of trust and social capital in Marshallian / Italian industrial districts and clusters – and their capacities of having the strong networks, connections, inter-organizational formal and informal co-operations, strong family bonds, consequently the success in regional economic development in such spatialities has been discussed in previous sections. (Beccatini, 2000, Belussi and Caldari, 2008, Brusco, 1990, Brutti and Calistri, 1990, Beccatini, G. 1990. Capecchi, 1990 Marshall, A., 1920, Sforzi, 2000, Pyke and Sengenberger, 1990, Putnam, 1993) Considering the long-lasting

industrialization since the industrial revolution, the industrial districts of developed countries had the opportunity to benefit from the presence of intense networks. However, then the question should be asked– at the very beginning, how new industrial state spaces – replicated/policy based industrial districts could build a trustworthy community to be successful in competitive markets and contribute to regional/national economy since the presence of trust and social capital is a key indicator? What should be the role of developing countries local and central governments, public authorities?

Table 4 Cooperative Movements (Paldam and Svendsen, 2000)

<b>Cooperative movements</b>		
<b>Bottom-up building:</b>	<b>trust</b>	Cooperatives formed voluntarily based on risk sharing tend to grow slowly, but have a long life.
<b>Top-down party-enforcement:</b>	<b>third</b>	Cooperatives created from above can be built quickly, but tend to have a short life.
<b>External support:</b>		External support to top-down cooperatives is often a waste of money.

The presence of trust and social capital in Marshallian / Italian industrial districts and clusters – and their capacities of having the strong networks, connections, inter-organizational formal and informal co-operations, strong family bonds, consequently the success in regional economic development in such spatialities has been discussed in previous sections. (Beccatini, 2000, Belussi and Caldari, 2008, Brusco, 1990, Brutti and Calistri, 1990, Beccatini, G. 1990. Capecchi, 1990 Marshall, A., 1920, Sforzi, 2000, Pyke and Sengenberger, 1990, Putnam, 1993) Considering the long-lasting industrialization since the industrial revolution, the industrial districts of developed countries had the opportunity to benefit from the presence of intense networks. However, then the question should be asked– at the very beginning, how new industrial state spaces – replicated/policy based industrial districts could build a trustworthy



community to be successful in competitive markets and contribute to regional/national economy since the presence of trust and social capital is a key indicator? What should be the role of developing countries local and central governments, public authorities?

Putnam, regardless any historical/cultural background of the individuals emphasizes that “In a world of saints, perhaps, dilemmas of collective action would not arise, but universal altruism is a quixotic premise for either social action or theory” and adds if members of a society is unable to make credible commitments to one another, they could not benefit from opportunities of mutual gain (Putnam, 1993). As a resolution to chaotic human nature, reference to Hobbes, involvement of a third-party enforcement as a power to enforce comity between conceded individuals, the result could be the mutual confidence necessary to the civil life. However, Putnam criticizes the expensiveness of coercive enforcement that societies which rely heavily on the use of force are likely to be less efficient, costlier and more unpleasant than those where trust is maintained by other means and supports his argument by a historic lesson that in southern Italy Hobbesian solution led to economic decline of the region (Putnam, 1993, Demirkoprulu, 2021).

In order to overcome the dilemma of cooperative action Putnam suggests networks of civic engagement, voluntarily cooperation and norms of reciprocity. Putnam illustrates his suggestion by an instructive example – rotating credit association and adds that “Yet rotating credit associations flourish where no legal Leviathan stands ready to punish defection”. Therefore, stockings or investments of social capital begins with voluntary mutual aid practices and activities based on *confianza*– reciprocal trust – of the community among its members considering the reputation of honesty and reliability are important assets for any participant in the community (Putnam, 1993, Demirkoprulu, 2021).

Putnam adds that the stocks of social capital are resources whose supply increases rather than decreases through use and which become depleted if not used. It is same for social norms and networks that increase with use and diminish with disuse. Finally, concludes with - “Trust lubricates cooperation...And cooperation itself breeds trust. The steady accumulation of social capital is a crucial part of the story behind the virtuous circles of civic Italy” (Putnam, 1993).

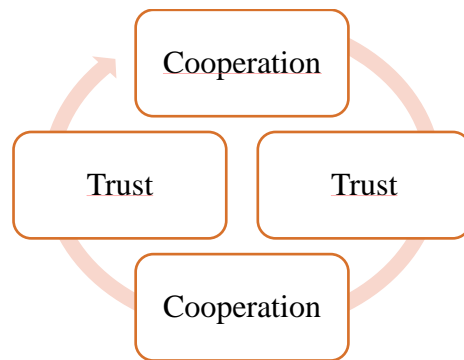


Figure 3 Virtuous cycle of Northern Italy (Designed by author)

As presented in Table 4, the optimal and key aspect therefore in Putnam’s perspective, is to establish voluntary cooperative actions in a bottom up manner, which eventually expected to create a virtuous circle illustrated in Figure 5, which could be a continuous source of social capital for the developing regions. Putnam’s virtuous circles of Northern Italy is the key aspect of economic dynamism and a key accelerator of capital agglomeration for the regions and accordingly to the Italian industrial districts. (Demirkoprulu, 2021).

Now in this case the role of central and local governments and public authorities becomes transparent – instead any attempt to directly involve as a third party to create cooperation, trust and eventually social capital, the role is to indirectly, facilitate the establishment of virtuous circles for new industrial spaces by the supporting organizations/actors of manufacturing. In other words, the role is to support financially and institutionally the agencies – public or private local institutions, non-governmental organizations of manufacturing, champions, mediators – which are the instruments to sustain the cycle in Figure 5 preventing it from depletion.

In United States, Philadelphia, The Urban Industry Initiative by local government, identified issues problematic to industrial development as “firms are extremely isolated, the social and economic threads that once existed in the area have come undone as many firms moved or closed their doors...as third generations do not have any entrepreneurial will and spirit...lack of trust is a limit to enterprises using business services, despite being well aware of their existence” and then acted as a facilitator to rebuild the trust and cooperation among neighborhoods. In the final report of Urban Industry Initiative, the remarks are not very different as Putnam’s, that “entrepreneurs

were amazed to discover that they share the same problems. The Programme helped to identify common needs specific in the neighborhood. It initiated inter-firm projects such as joint electricity purchase programme, resource borrowing etc.” as similar to rotating credit associations which is as an example of indirect involvement of the state (OECD, 2005) The initiative points out that the key message is that enhancing social capital requires industrial organizing and the initiative is creating the conditions by governments that enable firms to work collectively to achieve multiplicity of ends (OECD, 2005).

Table 5 Key aspects for success in new industrial spaces (Designed by author)

<b>Fundamental key aspects</b>	<b>Marshallian/Italian industrial districts</b>	<b>Replicated/policy based industrial districts</b>
<b>Territory – Infrastructure</b>	Naturally defined	Artificially bordered
<b>Governance</b>	Introduced and steady	Low – possible intervention area
<b>Social capital - Trust - Networks</b>	Intense	Low – possible intervention area

Recently, in another case in Sweden, Varmland, the assessment report reveals that (OECD, 2021) the success of smart specialization strategies and regional development policies rests on: “the institutional “mobilization” of regional actors, political agencies and place-based leadership combined with high levels of trust and social capital in the region.” The evident signs of high levels of social capital and trust between stakeholders in Varmland facilitated the implementation of smart specialization and clustering strategy and policies among selected competitive sectors successfully (OECD, 2021).

It has been emphasized that in both Marshallian/Italian and replicated/policy based industrial districts the common ground is a presence of a geographical territory. The former one, briefly, in long lasting industrialization period, enjoyed the advantages of

localization called as Marshallian externalities, established strong network connections and co-operation linkages within the manufacturing value chain and caused the evolution of industrial space, from piece of a land as a simple geographical territory into a “whole”, a socio territorial industrial space. The natural and physical competitive advantages of the territories, soon evolves into social competitive advantages. However, the latter one, briefly, initiated by public policies for the sake of regional development inspired from the former models, would possible not go beyond the character of a piece of bordered land only with infrastructure, would face the possibility to not occupied by SME’s and eventually become a policy failure unless the key aspects of industrial polices as explained previously,

- a. the notion of governance in rescaled state is introduced and supported,
- b. the facilitation of establishing trust and social capital among the industrial districts is supported by public policies and authorities.

In Table 5, it is stressed and suggested that in order to establish and operate prosperous replicated industrial districts, public authorities should take actions or intervene to increase the level of governance and social capital/trust between all manufacturing actors of the industrial districts.

## CHAPTER II

### 2. New Industrial State Spaces (NISS) of Türkiye

#### 2.1. Emergence of small and medium sized enterprises

The trans-national expansion of the capital via advancements in technology and communication, in a broader sense, in the context of globalization, with subsequent relocation of production activities into the most profitable spaces, dispersing manufacturing process into peripheral sub-locations and districts and finally utilization of labor, raw material and manufacturing, increased the mobility of capital more than ever before (Özar, 2007, Demirkoprulu, 2020). Hence the capital moved from one region to another, from large factories to small factories and workshops and even to households in neighborhoods the importance of small and medium sized enterprises significantly raised in the transformed manufacturing environment consisted of linkages of diversified suppliers, subcontractors and end users. Concomitantly a new logic of production has emerged – so called “flexible specialization” (Piore and Sabel, 1984; Lipietz, 1986). Eraydın summarizes flexible production as:

*In flexible production organization, it is aimed both to keep the production process open to constant change and to adapt the labor to be used in this process in order to be able to respond easily to the fluctuations of demand in the world. In short, in order to keep up with the change in demand, it is necessary to change the product in a short time and to be able to do this in a large number of products. In this case, instead of defining the production process in a single unit, production is carried out through production networks in which partners change, and therefore, there is a coexistence of production units specialized in different subjects (Eraydın, 2002).*

Consequently, a new logic of capital accumulation, supported by the technological progress, the growing transportation and communication infrastructure, the curtailed manufacturing life cycles and the decentralization of integrated enterprises and replacement of hierarchical management practices with less rigid organizations contrary to traditional Fordism has emerged in Türkiye (Buğra, 1998). The new industrial state spaces notion is an extension of the flexible specialization concept that came to the fore in order to overcome the crisis conditions experienced in 1970's, developed based on the concepts of flexibility and flexible production organization, and tried to define the transformations in the economic and social structure with production processes and production relations. (Eraydın, 2002).

Both internal and external context, with spread of capital and relocation of industrial activities on new industrial state spaces, an apparent switch in the evaluation of SME's raised among political and non-governmental organizations. Topal, briefly summarizes the reaction and remarks of major institutions as

*United Nations Industrial Development Organization underlined the significance of industrial subcontracting through SMEs for a smoother path to industrialization; the International Labor Organization defined SMEs as a potential engine for attaining self-sustained economic growth; and the World Bank emphasized the role of SMEs to create income and employment for the poor in urban areas (Topal, 2019)*

and Özar adds

*Organization for Economic Co-operation and Development (OECD) and the European Union (EU) find SMEs a key source of jobs, business dynamism and innovation that SME's are expected to play a pivotal role in facilitating the transition towards a more efficient and competitive global market economy. (Özar, 2009).*

Thereby nation states which could not grab the pace of globalization and which lagged behind the revolutionary transformation of competition would eventually fail unless new socio-economic structural and political measures and tools are introduced by

governments (Porter, 1990). The reaction of the nation states, as well the Türkiye, as discussed previously, was then the rescaling of the state structure, sharing the regulatory and implementing powers both in vertical and horizontal dimension with governmental and non-governmental institutions. Afterwards the disintegration of Fordist production cycles, Turkish government hold a strong commitment to reformist orientation in State's both institutional and regulatory capacity equipped with strong economy measures, SME's, finally, had to chance to reach innovative and sustainable development instruments through to the neo-liberal resetting.

Therefore, regarding the boost in the private sector as in the number and the operations of SME's in the neoliberal era, the emergence of the public institutions to support growing smaller enterprises also gained a momentum, creating an environment that mostly SME's would benefit. (Demirkoprulu, 2020) In a vertical choreography government restructured key financial promotion, service and/or policy making institutions, Presidency of Strategy and Budget , Ministry of Industry and Technology (MoIT), Small and Medium Enterprises Development Organization and provincial directorates, Scientific and Technological Research Council of Türkiye, Regional Development Agencies, Turkish Standards Institution and regional directorates etc. and horizontally i.e Credit Guarantee Fund, Export Credit Bank of Türkiye, Development Investment Bank Of Türkiye etc. for the service of SME's. (Demirkoprulu, 2020)

According to this new manufacturing framework of Türkiye, the new production organization empowered by SME's, is in search of new places other than the regions and centers that have come to the fore in the past, and these spaces are the new industrial state spaces of Türkiye (Eraydın, 2002).

## **2.2. NISS policies and tools of Türkiye**

As of the second half of the 20<sup>th</sup> cen., Turkish industry was growing in an irregular and unplanned manner within a new production pace and organization supported by SMEs while the weight of the public sector in manufacturing system was lowered (Özden, 2016). In this period, during the 1960 revolution, the idea of organizing the

Turkish industry, in a broader context Turkish economy, with the development plans was accepted by the public authorities and “the planned development concept” was included in the Constitution of 1961. Thereby, The State Planning Organization (SPO) was established on September 30, 1960, as an organization affiliated to the Prime Ministry, to be tasked with preparing and executing social and economic development plans in order to accelerate the welfare of the Türkiye (Özden, 2016). According to Article 166 of the Constitution of 1982, the same concept of planned development was ensured that it is the duty of the state to plan the economic, social and cultural development, especially the rapid development of industry and agriculture in a balanced and harmonious manner at the national level, the efficient use of the country's resources by monitoring and evaluating and to establish the necessary organization for this purpose (Çolak, 2012). Mainly the development plans are created for: to increase national savings and production, to stabilize prices and balance foreign payments, to improve investment and employment, to allocate public resources efficiently.

Table 6 Reasons behind the NISS

<b>Reasons behind the NISS</b>
Spatial needs of the new capital accumulation (Cansız, 2011, Çolak, 2012, Özden, 2016)
Problematic of uneven economic development (Özden, 2016, Cansız, 2011)
Political pressure (Özden, 2016)

Accordingly, policies and practices among relevant government institutions such as facilitating industrial investments, either financially supporting or directly developing artificial industrial spaces (previously discussed replicated/policy based industrial districts) and its infrastructure and encouraging industrial investments to ensure a balanced distribution have emerged (Çolak, 2012).

Narrowly speaking about NISS policies, the reasons of necessity could be explained under three main headings (Table 6). Within the industrialization continuum, the SME's have started to form agglomerations in the certain regions of the Türkiye,



preferably in competitive regions, from Marmara Basin, including coastal Aegean to eastern Mediterranean and capital Ankara and later on, with increasing capital mobility and integration of inner Anatolia to competitive regions, such capital flows continue to settle and seek new spaces of manufacturing (Cansız, 2016).

Table 7 New Industrial State Spaces of Türkiye (Designed by author)

<b>NISS of Türkiye</b>	<b>Responsible public authority</b>
Organized Industrial Zones (OIZs)	MoIT
Free Zones (FZs)	MoT
Industry Parks (IPs)	MoIT
Technology Development Zones (TDZs)	MoIT
Small <sup>3</sup> Industry Estates (IE)	MoEUC/MoIT

Therefore, for the spatial need of the new capital accumulation, SPO, within in the framework of developments plans, commissioned duties and actions to relevant public authorities to establish industrial districts (inspired from the success of Marshallian/Italian districts) which the thesis explained as replicated/policy based industrial districts for the service of SME's. Indeed, the formation and facilitation of such industrial districts by public authorities (NISS) in the favored western Türkiye throughout the last six decades have become an economic development apparatus.

The apparatus of industrial districts then also used for a second purpose – to solve the problematic of uneven economic development by diverting capital to the less developed regions especially east of Türkiye. Introducing incentives, tax exemptions and partial or total free of charge industrial parcel allocation for investors in industrial

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<sup>3</sup> Term “*Small*” was removed from “*Industrial Estates*” in 2018 by No:1 Presidential Degree.

districts, NISS policies have aimed to draw the attention of capital accumulation and spread the distribution of wealth into uneven developed region of Türkiye. Indeed, confronting with the previous principle of development of long-term economic efficiency and promotion of technical and social infrastructure services to SME's, the third reason, the political pressure with the motto “organized industrial zone to every province” or as an election promise “an organized industrial zone will be established as soon as possible to the county” mostly triggered establishment of idle industrial districts and misuse of scarce public resources (Özden, 2016). The decisions on establishment of industrial districts based upon populism without a proper financial and technical feasibility – selecting a place in middle of nowhere would eventually fail.

Table 8 Total industrial areas of Türkiye (MoIT, 2022)

<i>Türkiye</i> (Ha)	<b>Industrial Area (Ha)</b>						
	<b>OIZs</b>	<b>IPs</b>	<b>IEs</b>	<b>FZs</b>	<b>TDZs</b>	<b>Other (Municipal areas)</b>	<b>Total</b>
78.005.800	109.340	15.530	19.570	2.398	2.102	131.391	280.331
	40 %	6 %	7%	1%	1%	45 %	100 %

Nevertheless, during the framework of planned development and its applications for the last 60 years, considering now the preparations for 12<sup>th</sup> five year development plan is ongoing, the former SPO, later former Ministry of Development and now Presidency of Strategy and Budget (PSB) and accordingly relevant ministries have offered to the SME's in a broader context to capital accumulators a wide range of policies, tool and apparatuses for industrial development throughout the execution of the five year development plans. Table 7 presents the variety and types of NISS of Türkiye and responsible public authorities responsible for execution. Former Ministry of Industry and Trade, former Ministry of Science, Industry and Technology, now Ministry of Industry and Technology (MoIT) has major workload on making and executing policies on NISS considering the task for creating organized industrial zones, industrial

parks, technology development zones and supporting financially industrial estates was given by PSB. Secondly, former Undersecretariat of Foreign Trade, former Ministry of Economy and now Ministry of Trade (MoT) is responsible for establishing free zones<sup>4</sup>. Lastly Ministry of Environment, Urbanization and Climate Change (MoEUC) is responsible for industrial estates, which are originally building societies (cooperatives) established and supervised by General Directorate for Vocational services under MoEUC.

The estimated amount of established artificial industrial districts via NISS tools of Türkiye is around ~150.000 ha (Table 8), which is around %55 of Türkiye's all industrial areas. Out of %55, OIZs have the biggest share around %40, followed by IEs IPs. Indeed, speaking out the fast pace of the Türkiye's industrialization in last two decades, the total share of industrial areas in Türkiye's overall land cover (~78 Million ha) is only % 0.36. MoIT recently completed a report about a comparison of land cover and usage among selected European countries to position the capacity of the industrial areas of Türkiye. The land usage report revealed that the total share of industrial areas in Germany, Italy and France to the total land surface are respectively % 4,44, %2.15 and %1,44. The report (MoIT, 2019) discuss the relation between the share of the industrial areas and the economic development by per capita income that, the higher share of developed industrial areas, the income per capita gets higher. In conclusion, the report suggests that the current share of the industrial coverage in total land usage is insufficient compared to developed early industrialized countries. Coherent to the MoIT's report, in Medium – Term Programme 2023 – 2025, prepared by Presidency of Strategy and Budget, under the heading “Macroeconomic Targets and Policies”, Policy and Measures No.9: “Planned industrial areas, especially organized industrial zones and industrial parks, will continue to be created for large-scale investments, growing SMEs and integrated facilities, and the proportion of total planned industrial areas within the country's surface area will be increased.” (PSB, 2022), MoIT is

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<sup>4</sup> In international literature “*Free Trade Zones*” (FTZs).

commissioned for increasing the NISS in Türkiye in following years as policy measure of Türkiye.

In previous sections, regarding the success stories of industrial districts and development policies, the importance of structural change of the government and the establishment of a governance system – vertical and horizontal scaling – was emphasized. Indeed, Table 9 illustrates the rescaled neo-liberal setting of Turkish governmental organization specifically for new industrial state spaces throughout the planned development period. Briefly, Table 9 summarizes the relations, inter - connections, shifts of authority and jurisdictions, distribution of roles between central level as responsible ministries, local level as municipalities, governorships and provincial directorates of ministries and finally local management administrations as OIZ, IP, TDZ, FZ and IE managements. Each column/type of industrial organization has its own unique dynamics, management type, authority and relation in vertical restructuring of Turkish industrial spaces in accordance with relevant laws and regulations.

Table 9 Governance of NISS (Designed by author)

<b>Type of NISS</b>	<b>OIZs</b>	<b>IPs</b>	<b>TDZs</b>	<b>FZs</b>	<b>IEs</b>
Central Field/Level	MoIT	Presidency	Presidency	Presidency	MoEUC/ MoIT
		<b>MoIT</b>	<b>MoIT</b>	<b>MoIT</b>	
Responsible duties	Planning Establishment Finance Supervision	Planning Establishment Supervision	Planning Establishment Supervision License Permits	Planning Establishment Supervision	Planning Supervision Finance
Local Field/Level	Governorship	Provincial Directorates	Directly to MoIT.	Free Zone Directorates	Provi.Direct.. Muni./ Governorship

Responsible duties	Positive opinion on establishment of OIZ.	License and Permits		License and Permits Planning	Establishment License and Permits Planning Supervision Infrastructure services and connections
Management organization	OIZ Enterprising Committee	IP Management Company	TDZs Management Company	FZs Operator	IEs Cooperative Management
Responsible duties	License and Permits, Management Infrastructure services and connections	Management Infrastructure services and connections	Management Infrastructure services and connections	Management Infrastructure services and connections	Management
Members of Management organization	Governorship, Municipalities , Chambers of industry <sup>5</sup> , trade, Sectoral associations, Sectoral cooperatives, other relevant sectoral NGO's, Firms <sup>6</sup> , Foundations.	Chambers of industry, trade, Associations, Cooperatives, Foundations, Firms, Relevant public institutions, organizations, Union of exporters, Financial institutions.	University <sup>7</sup> , Chambers of industry, trade, Commodity exchanges, Financial institutions, Local governments , Relevant public institutions.	Public Institutions, organizations or domestic and foreign real or legal persons.	Cooperative partners

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<sup>5</sup> Mandatory for Enterprising Committee

<sup>6</sup> Firms participate to management only after the OIZ reaches a certain amount of occupation.

<sup>7</sup> Mandatory for management company either university or advanced technology institutions or public R&D center/institution.

### 2.2.1. Free Zones

As a late industrializing country, the idea of establishing a free zone has been on the agenda since the early years of the Turkish Republic, but the global economic crisis, later the second world war have caused the attempts to establish a free zone to be unsuccessful (Acar and Gültekin, 2017). The free zone applications can only be experienced in Türkiye in the post 1980 period with the initiation of Türkiye's integration into global markets in line with the adoption of export-oriented industrialization strategy (Acar and Gültekin, 2017). By the enactment of the Free Zones Law No. 3218 in 1982, export-based production and the need for capital in the form of foreign currency was tried to be eliminated by encouraging investments to the free zones (Üçışık, 1998). In this direction, since 1982, 18 free zones<sup>8</sup> have been established by the government for the service of foreign and domestic investors.

In general, free zones are defined as special industrial districts within the country that are deemed to be outside of the customs territory.<sup>9</sup> MoT defines FZs as are as “fenced – in areas in which special regulatory treatment exists for the operating users in order to promote exports of goods and services.” which is an example of replicated/policy based industrial districts as discussed in the thesis before. In order to increase trade volume and export for industrial and commercial activities free zones of Türkiye proposes a convenient and flexible investment climate for the investors using the tool “one stop office” where from single window, in Table 9 Zone, in local level, Directorates could serve to the investors for mostly all needed paperwork to start a business. MoT reveals the basic objectives of free zones as: to promote export-oriented investment and production, to accelerate foreign direct investment and technology access, to direct enterprises towards export and finally to develop international trade. In this regard advantages of FZs to attract the capital to the district

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<sup>8</sup> [https://ticaret.gov.tr/data/5b9b61fc13b8761cc09f9b92/genel\\_bilgi.TB.pdf](https://ticaret.gov.tr/data/5b9b61fc13b8761cc09f9b92/genel_bilgi.TB.pdf) Access date: 08.01.2023

<sup>9</sup> <https://www.trade.gov.tr/free-zones/general-outlook> Access date: 08.01.2023

are corporate tax exemption, income tax exemption, withholding payment exemption, VAT exemption, customs duty exemption and finally affordable energy.<sup>10</sup>

### 2.2.2. Industry Parks

Industrial Parks (IPs) of Türkiye are the new industrial district model (a policy based industrial district type) introduced by Industrial Parks Law No. 4231 in 2002, that can meet the needs of integrated investments of the large companies that aim to produce medium high and high technology industrial products with a high investment amount which requires also large areas. By the establishment of IPs, the MoIT aims to attract FDI's by creating a suitable non – bureaucratic investment environment and tries to close the foreign trade deficit in strategic industries such as petrochemicals, defense, space etc.

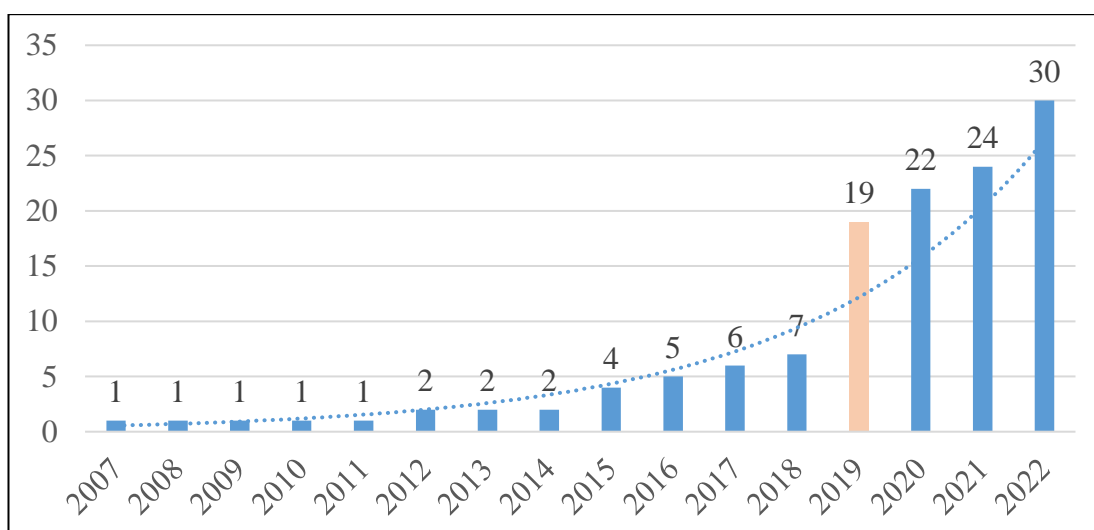


Figure 4 Number of Industrial Parks (Cumulative) (MoIT, 2022)

The Ministry, with the approval of the Presidency and previously council of ministers, established 30<sup>11</sup> IPs in different regions of Türkiye in various strategic sectors contributing to Turkish economy by an export volume of 11 Billion and decreasing trade deficit by 8.3 Billion Dollars. (MoIT, 2022) In IP applications, the park is

<sup>10</sup><https://gasbas.com.tr>. Access date: 08.01.2022

<sup>11</sup> By 20.12.2022.

managed by a joint – stock company established exclusively for the management of the IP (Table 5). The partners of the company could be local administrations, chambers of industry and trade, local or foreign corporations, sectoral co-operatives and associations, export unions and related public institutions. (Table 9). In IPs, in terms of governance structure, in order to ease investments of private sector, the central government, MoIT, authorizes its local provincial organization so called “Provincial Directorate for Industry and Technology” to warrant mostly all needed licenses and permits to investors for to start manufacturing from a single window. By such authorization investors in the IPs do not need to apply different institutions as well as to the Ankara, to the central government benefiting less bureaucracy.

Different from the other industrial district policies of Türkiye, in IPs, the ownership of the property firstly belongs to government, but after the completion of infrastructure by management company, ownership of the property may be transferred to management company upon request. The burden of cost of infrastructure could be covered by either management company or by government as a state investment. In IPs, investor do not rent the land but instead, a right of use for 49 years to the investor is granted by the government. Right of use of the certain investor is also specified in the land registry of Turkish Government. Briefly, basic but crucial duties and responsibilities of the management company are, to prepare zoning and subdivision plans, maps and projects regarding infrastructure and superstructure, to carry out infrastructure and superstructure constructions, to determine investors with Ministry, the management of waste water, landfills, land pollution, noise and air pollution and finally to cover expenses for maintenance, repair, restoration, etc. of infrastructure and superstructure of the Park.

In IPs development model, as obvious from the duties given to management authority above, the public policy makers encourage private sector directly via establishment of a joint – stock company for management and construction in the district, where at the same time retract the public authority duties to policy and planning level. The critical decision of withdrawal of public institutions from operational duties of the industrial district such as construction and management, first reduces the financial burden of construction and cost of the human capital from public resources, creates an



opportunity to allocate public fund to other public projects and enables a professional management service to investors.

Final but an interesting finding from Figure 7 is the drastic change in the number of IPs in years between 2018 and 2019, respectively, from 7 to 19, which is the same period of transition from the parliamentary system to the presidential system. Previously the decision of establishing an IPs was under the jurisdiction of council of ministers and years between 2007 and 2018 only 7 IPs were declared but after the transition, only in one year, Presidency declared 12 IPs in Official Gazette. Such finding may support the argument of “presidential system eases the bureaucracy and facilitates the decision-making process in government” but since the economically and socially impact assessment of established IPs have not been conducted by the MoIT, the effects of fast paced establishment of IPs by Presidency cannot be determined.

### **2.2.3. Technology Development Zones (TDZs)**

Parallel to establishment of policy based industrial districts (OIZs and IPs) within the needs of the ongoing industrialization period of Türkiye, the need of developing science, technology and innovation (STI) polices also emerged in order to escape from the mid technology manufacturing trap which consequently prevents Turkish SME’s to produce and export high value added and medium high, high technology industrial goods (RIOT, 2020). Although the existence of public bodies that is responsible of designing and implementing STI policies are constantly increasing since 90’s, the weak performance of Turkish STI system also constantly revokes the contribution of increasing production capacity of SME’s to national economy efficiently. (RIOT, 2020). The defiance of communication and coordination between STI stakeholders – quadruple helix – university, industry, government, civil society –slowed down the initial attempts of Turkish SME’s to contribute the pace of value-added industrial development in Türkiye (RIOT, 2020).

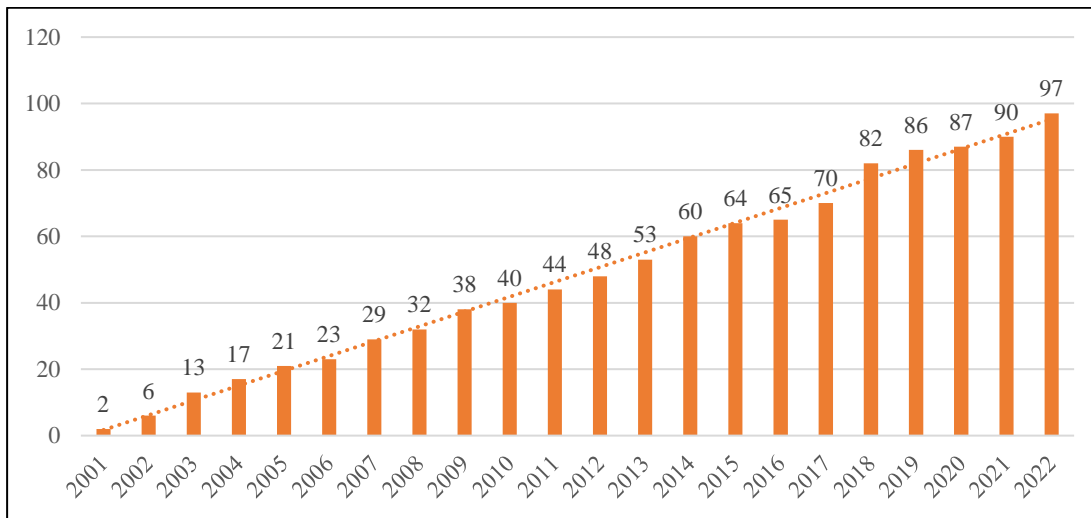


Figure 5 Numbers of TDZs (Cumulative) (MoIT, 2022)

Therefore, in order to stimulate the interactions and collaboration between the Turkish STI stakeholders the legislation of the Technology Development Zones Law, Law No: 4691 has been conducted by former Ministry of Industry and Trade, now MoIT in 2001. (Bilgin and Işık, 2022). By the creation of TDZ by the government, another reference to the replicated/policy based industrial district type, the MoIT, aimed to enhance and facilitate:

*The technological information in order to give the industry of the nation a structure fit for international competition and exportation, to introduce innovations in products and production methods, to raise the quality or standard of products, to increase productivity, to decrease the costs of production, to commercialize technological knowledge, to support production and entrepreneurship, to enable small and medium-sized enterprises to adapt the new and advanced technologies, to create job opportunities for researchers and qualified persons, to help the transfer of technology and to provide the technological infrastructure which will quicken the entry of the foreign capital which, in turn, will provide high/advanced technology (Cansız, 2012).*

Under the supervision of MoIT, the number of TDZs are 97 in 59 different cities of Türkiye and out of 97, 81 TDZs are operational<sup>12</sup>. (Figure 8) More than 8.677 company and more than 357 Foreign / Foreign Partners companies are operating in the operating TDZ and total 90.000 personnel have been employed in the resident firms. In addition, 1.578 patents have been registered so far and 3.235 patent applications have been made. companies have reached a total amount of 204 billion Turkish Liras and close to 8 billion USD sales and export level, respectively.<sup>13</sup> (MoIT, 2022)

The key aspects that could be derived from the Table 9, regarding the TDZs applications of MoIT, more or less similar to IPs governance, TDZ management company, a joint stock private company is responsible for both management, construction of superstructure and infrastructure of the TDZ for the research companies which enables private sector to lead the creation of NISS in the framework of MoIT's spatial formation strategies and policies of industrial innovation. The other aspect is the facilitation of quad helix model, by facilitating the establishment of collaborations between industry and academy via shares of the management company, as defined in Law 4691 that participation of either university or advanced technology institutions or public R&D center/institution is mandatory. The rest of the shares could be owned by chambers of industry, trade, commodity exchanges, financial institutions, local governments and relevant public institutions which enables the collaboration between STI partners to create the expected innovation atmosphere. One successful example i.e. is "Bilişim Vadisi", TDZ located in Kocaeli, Gebze, which has 14 shareholders: University of Kocaeli, Technical University of Gebze, Turk Patent, TUBITAK, TSI, KOSGEB, Automotive Specialized OIZ, İstanbul Chambers of Trade, Kocaeli Chambers of Trade, İstanbul Chambers of Industry, Kocaeli Chambers of Industry, Gebze Chambers of Trade, Kocaeli Metropolitan Municipality and İzmir Higher Technology Institute from three different provinces, different layers of NGO's, public and private institutions. Since BV has become operational in 2019, in past four years, with strong network and collaboration in between partner organization and

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<sup>12</sup> By 20.12.2022 (MoIT, 2022)

<sup>13</sup> By 20.12.2022 (MoIT, 2022)

contribution of social capital and governance capacity, the BV TDZ is fully occupied by 272 advanced technology firms employing 3000 engineers, 10 times more than 2019 (MoIT, 2022).

On the other hand, indeed critics in the RIOT report (2020) “The creation and improvement of interface structures (TDZs) were crucial steps in this regard and helped creating scale and awareness. Yet, the policies should move beyond creating interfaces and focus on creating collaborations. In short, the mindset of “give me money to do innovation” should be transformed into “provide me the environment to do innovation” should be considered by policymakers that the interfaces for innovation and technology development spaces without providing necessary social capital capacity and collaboration environment among STI actors conceivably fail, that unsuccessful examples of replication of Silicon Valley of California was experienced among developing countries as Amin and Robin (1992) states, “The same rule applies for the virtually agglomerations: there has been an explosion of science high-tech parks and technopoles in Europe, Japan and the United States, all seeking to imitate Silicon Valley, but very few have come anywhere near revitalizing the local economy.”

#### **2.2.4. Industry Estates**

Together with the industrialization of Türkiye, increase in the number of manufacturing SME’s and increase in the product range of manufacturing goods both domestic and imported, the number of tradesmen and craftsmen in service for industry and people significantly raised in the last quarter of 90’s. However, the pace of the rise in the number of small craftsmen and the spaces occupied by, surpassed the pace of public policies in industrialization, occasionally surpassed the pace of created newly industrial state spaces which caused the appearance of unplanned and uncontrolled swarm of workshops and small workhouse in urban areas (MoIT, 2022). Such spatial formation of small tradesmen, stuck in the secluded corners of neighborhoods and streets, scattered in cities far from proper working conditions, threatened human health, and also caused negative consequences such as environmental pollution and unplanned urbanization. In the planned development period of Türkiye, under the organization of SPO, former Ministry of Industry and Trade, now MoIT initiated financial support programmes for the establishment of small industrial estates by

building cooperatives, in order to prevent the distortion of industry in urban areas and to discipline the industrial spatial formation. Industrial estates are established as building cooperatives, regulated by Law No. 1163 Cooperatives Law under supervision of MoEUC. Municipalities are responsible for zoning, parcellation plans and granting licenses and finally, upon request from cooperatives, MoIT supports industrial estates by allocating long term, low interest rate, respectively 13 year, %3 credits<sup>14</sup> for the total cost of the infrastructure and up to %70 of superstructure.

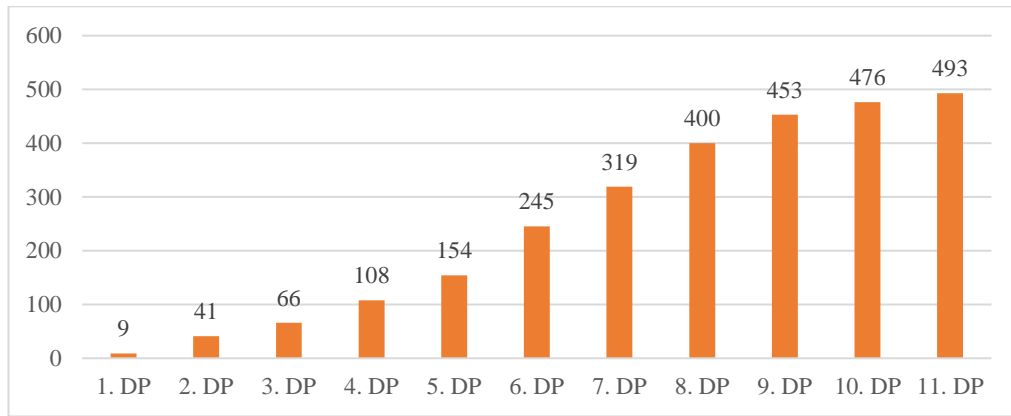


Figure 6 Number of Small Estates (Cumulative) (MoIT, 2022)

Therefore, industrial estates as another example of policy based small industrial districts, (building cooperatives), are workplace spaces where small craft and tradesmen are located mostly engaged in repair and small scaled manufacturing, equipped with infrastructure services, social, technical and trade facilities such as administration building, apprentice school, fire station, treatment plants (Cansız, 2016). Industrial estates applications as explained in Table 6, are used by MoIT as an apparatus to encourage the economic development of underdeveloped regions, both diverting capital to region and inhibiting the local capital to flee to western regions of the Türkiye. Such infrastructure and superstructure finished, invest ready cheap work places, create opportunities for local manufacturers to start the business in smaller scales 500 m<sup>2</sup> to 1000 m<sup>2</sup>, but after a while to scale up into minimum 3000 m<sup>2</sup> in

<sup>14</sup> <https://www.sanayi.gov.tr/sanayi-bolgeleri/sanayi-siteleri-hizmetleri> Access Date: 20.12.2022

organized industrial zones or industrial parks which the policy applications of NISS complement each other. Moreover, to attract small manufacturers to run the businesses industrial estates, the government support IE with tax incentives and exemptions such as, real estate tax exemption, fees for licenses and permissions, reduced sanitation tax etc.

Up to today since 1965, total of 493<sup>15</sup> industrial estates (Figure 9) put into service of small craft and tradesmen, approximately 483,000 people were provided with the opportunity to work in healthier conditions in 96,664 workplaces. A total of 71.2 billion TL loans were allocated for industrial estate infrastructure and superstructure projects at 2023 prices.

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<sup>15</sup> Only industrial estates supported and credited by MoIT.

## CHAPTER III

### 3. Organized industrial zones (OIZs)

One but the most crucial and extensive application of NISS policies of Türkiye, as it is covering %40 of all policy based/replicated NISS tools of the public authorities, OIZs today, are established in every province of Türkiye, latest in Hakkari, reaching a number of 353<sup>16</sup> by at the end of 2022 for the purposes, firstly, to fulfill the spatial needs of the mainly the Turkish SME's, in a broader context, to form new planned industrial spaces for the extended and flexible capital mobility, then secondly an economic development policy tool by diverting investments to the unevenly development regions of Türkiye with state incentives and supports.

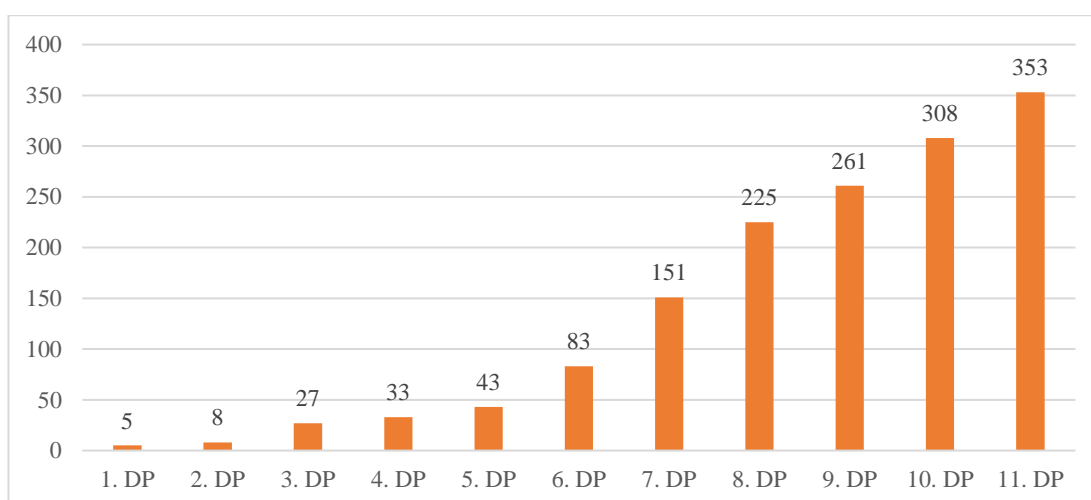


Figure 7 Number of OIZs (Cumulative) (MoIT, 2022)

The first application of OIZ has been supported by Ministry of Treasure via World Bank Credit, collaboration with Bursa Chambers of Trade and Industry in Bursa in 1962 just before the initiation of first five-year development plan by SPO (Uğur, 2012, Altaş, 2014) and become operational in 1966. Following the first OIZ, SPO, planned

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<sup>16</sup> 31.12.2022. MoIT data.

and organized the establishment of OIZs of Türkiye within the five-year development plans until the legislation on establishment of OIZs have been completed by MoIT.

Briefly and respectively in planned era, keywords about planned industrial districts are:

First Development Plan (63-67): Without referring to industrial districts, the plan adopted the principles of diverting manufacturing investments to the unevenly developed regions and balanced industrialization of regions.

Second Development Plan (68-72): First signs of spatial industrial formations under the heading of “Localization in Industry” that the planned referred to relocation of manufacturing industries outside of the cities where the selected areas would be equipped with necessary infrastructure services for producers. In addition, the issue of giving privileged incentives to such industrial areas was realized by the statement "Special recipes will be implemented in industrial zones and industry branches to be completed" (Cansız, 2011).

Third Development Plan (73-77): Under the heading “Urbanization”, plan stated that OIZs will be used as a means of regulating industrialization, especially in cities that industries are potential to settle. The plan also states that a relationship will be established between industry master plans and cities.

Fourth Development Plan (79-83): In the plan, the term organized industrial estates as a spatial formation was included and except SPO, first time a central government authority, the Ministry of Industry and Technology was held responsible for the establishment and supervision of industrial estates. Under the heading of policies in development plan, regarding organized industrial estates, small industry and handicrafts: “It will be under the responsibility of the Ministry of Industry and Technology to manage the establishment procedures related to the organized industrial estates, to determine the common principles of the management to be applied in these areas, to supervise, to solve the various problems of the areas and to ensure the necessary coordination and cooperation for this purpose.”



Fifth Development Plan (85-89): In the plan, it was emphasized that OIZs will be planned and supported in a way that will contribute to the planned localization of the industry, the development of the urban areas and also environmental health.

Sixth Development Plan (90-94): In the sixth development plan, it is expressed that training centers will be established to meet the in-service training needs of the employees in the OIZs, and it is stated that the construction of the OIZ will continue in order to ensure the balanced distribution of the industry among the regions and to encourage industrial development, and it is emphasized that OIZ will be used as a tool for regional development.

Seventh Development Plan (96-00): The importance was given to the occupancy rates of the OIZs. The plan expressed that industrial facilities outside the OIZ would be encouraged to be transferred into the OIZs, industrial investments outside these zones would not be supported. It was stated that the establishment of specialized OIZs would be accelerated in the less developed regions.

In year 2000, the enactment of OIZ Law No: 4562 was a milestone for OIZ applications.

Eight Development Plan (01-05): It was emphasized that OIZs have an important function in the formation of new industrial spaces and in providing employment by activating local entrepreneurship, and it was stated that the dissemination of OIZs throughout the country would be encouraged.

Ninth Development Plan (07-13): Sectoral organized industrial zones will be implemented in appropriate regions to support production based on university-industry cooperation and local specialization. Emphasis will be placed on improving R&D activities and reducing input costs. It is aimed to improve physical infrastructure opportunities such as energy, transportation, information and communication technologies for manufacturing SMEs and to provide suitable investment opportunities, especially in organized industrial zones and small industrial sites. (Özden ,2016)

Tenth Development Plan (14-18): In the plan, it was stated that significant developments were achieved in the organized industrial and technology zones. In addition, it was emphasized that the spatial organization of production, especially in OIZs and small industrial sites, will continue to be supported by MoIT in order to increase production and export capacity.

Eleventh Development Plan (19-23): Services offered in industrial and technology zones (OIZs, IEs, IPs, TDZs, FZs) will be improved, and these zones will be provided to contribute more effectively to the competitiveness and efficiency of the industry. In the plan it is stated that long-term land and building rental and acquisition models will be developed and made operational in organized industrial zones. The plan puts forward that improvements will be made in the spatial design of the new OIZs and in the transformation of the existing ones for environmental needs and social reinforcement needs.

Up until 2020, the organization, establishment and financial issues of OIZ were subjected to various regulations, MoIT's ordinances, development plans and decision of former SPO, former Ministry of Development, MoIT's OIZ regulations. Parallel to the application of 8<sup>th</sup> Development Plan, Organized Industrial Zones Law No. 4562 was accepted in the Grand National Assembly of Türkiye on 12/4/2000 and entered into force after being published in the Official Gazette dated 15/4/2000 and No. 24021. The most important article brought by this Law is the recognition of a separate legal entity for OIZs. By Law No. 4562, which is a cornerstone in OIZ policies, establishment, land selection, incomes, expenditures, land allocations and sales, financial incentives and most importantly authorization for expropriation were enacted in 29 articles. Unless specified, the articles of current OIZ Law and OIZ Application Regulation is used for the following explanations and details on OIZs.

### **3.1. Definition and types**

OIZ's are defined as the production zones where industries are placed and developed within a framework of a certain plan equipped with necessary administrative, social and technical infrastructure areas also repair, trade, education and health areas as well

as technology development regions in OIZ Law. From the definition, first, the term “zone” specifically presents that OIZs are a geographical territory, bordered, selected spatially and artificially by the MoIT, which at the end reveals OIZs are replicated/policy based industrial districts types that discussed in the earlier sections. Second, the selected/fenced territory is developed within a framework of a zoning plan<sup>17</sup> and parcellation plan for optimal usage in service of industry, leaving minimum necessary social, logistic, administrative and technical areas for investors. Third, the industrial parcels in OIZ are only for industrial manufacturing companies that none of storage, logistic or similar service companies could operate in the industrial parcels of the OIZs.

According to Law, Table 10 illustrates the three types of OIZs.

Table 10 Types of OIZs

<b>Types of OIZs</b>			<b>Total</b>
Mixed OIZs	Specialized OIZs	Private OIZs	
293	57	3	353

Mixed OIZs are the zones that all manufacturing sectors could be placed unless OIZ management limits the sector groups. Mostly Turkish OIZs consist of mixed sector groups. Specialized OIZ are the zones where only specified manufacturing sector and sub – manufacturing sectors could be placed – i.e. metal industry special OIZ, textile specialized OIZ or chemical specialized OIZs. The purpose of specialized OIZs, briefly, inspired from Marshallian or Italian industrial district versions, is to create an expertise and specialization in a single manufacturing process and to benefit from the externalities of similar producing processes and to establish a collaboration among

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<sup>17</sup> Zoning is a planning control tool for regulating the built environment and creating functional industrial parcels. It does so by dividing land that comprises the statutory area of an authority (MoIT) into sections, permitting particular land uses on specific sites to shape the layout of industrial parcels and enable various types of economic development. (World Bank, 2022)

again similar businesses. For instance, a common waste water treatment plant specifically built for chemical industry, all firms could benefit from the same specially designed treatment plant and eventually could lower the manufacturing costs. Rarely, in practice, only three private OIZ were established by MoIT. Private OIZs are zones that are already in the property of a single investor or a group of investors. Those investors apply to the MoIT, to be declared as private OIZ and establish their manufacturing facilities on their owned lands. But because there is not enough support to the private OIZ by Law, like credit support, expropriation support only few privately owned OIZ were established by MoIT.

### **3.2. Legal personality and authority**

OIZs legal status is defined in OIZ Law “article no. 5” as a private legal entity which could do expropriation within the framework of the public interest decision given by the MoIT. OIZ private legal entity is one of the rarest private organization in Turkish administration law empowered with expropriation – right of eminent power for private lands in selected OIZ areas. Governorship or municipalities located in the territory of expropriation are authorized by Law to execute all expropriation transaction on behalf of the OIZ private legal entity and to register the all expropriated land to OIZ property. OIZ management covers the land acquisition costs, including the court fees.

OIZ management as a separate private legal entity is authorized to take the necessary decisions and measures in order to realize the purpose of establishment of the OIZ and to ensure its ideal functioning, and to ensure that the money and other resources belonging to the OIZ are used in accordance with the purpose of its establishment.

OIZ private legal entity is the sole authority of mostly all licenses and permissions acting as a one – stop office (Section 1.3, Rescaling of state, governance and industrial districts) for SME’s regarding all necessary papers – business license, construction license, occupancy permit etc. – needed to establish and operate a facility in the OIZ, in addition, all infrastructure services (gas, water, electricity, waste recycle etc.) substituting the administrative and even coercive powers of the metropolitan and local municipalities located in the OIZ region.

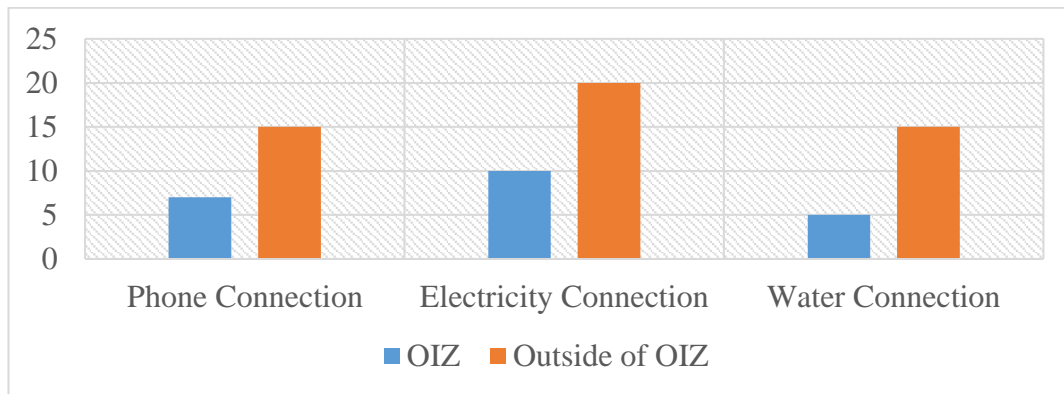


Figure 8 OIZs infrastructure connection duration (in days) (TEPAV, 2011)

The Figure 8 illustrates that regarding the connection duration of certain infrastructure services such as water and electricity connections, OIZ manages to serve SME's even two times faster than local municipalities i.e. while inside the SMEs reach out the electricity in 10 day but outside it is up to 20 days.

Moreover, OIZ management is responsible for preparation of zoning and parcellation plans regarding the needs and the requests of the manufacturers and the OIZ legal entity in the zone and present to the MoIT for ratification whereas outside of the industrial zones, local public administrations are responsible of preparation and ratification of those plans. Thus, and so, OIZs have the capacity to design the necessary plans including the size of the industrial land lots, positioning of the technical, social and administrative land lots in the most proper way directly with the guidance of MoIT experiencing less bureaucracy directly from the local to central government

In this manner, OIZ's are one of the great examples of Prince's conceptualization of self-regulation (2010) that Prince suggests "self-regulation" as the "delegation of state powers to occupational groups and professions, private entities outside the official body of the state that operate as producer interest groups in policy communities". Determining locus of expertise, scope and standards of local bourgeoisie, services and practices, as a self-regulatory body (supervised by MoIT) OIZs become a mediating service delivery organization representing the manufacturers within the OIZ, in between state – market relations in addition to their spatial benefits. Prince also refers to the concept of soft rules, a supplementary concept to the self-regulation that signifies non – state rule making which is not directly binding (Prince, 2010) – in case of OIZ,

the organization also uses soft rules, such as determining the principles and criteria of land allocation and sales or taking the necessary resolutions and measures in order to ensure that the establishment purpose of the OIZ is realized and it is operated in the most ideal manner.

Therefore, as discussed in previously, besides OIZs are the geographical capital agglomeration fields as physical investment areas, with the administrative enhancements, OIZs are also one of the unique examples and reverberation of the horizontal and vertical authority shift of the rescaling capitalist state to the non-state organizations.

### **3.3. Site selection and establishment**

According to the OIZ Law “article no 4” and OIZ Site Selection Regulation, OIZs are established by MoIT upon the request of private and legal entities with the approval of the Governor who is responsible of proposed OIZ area. After the approval of the Governor for the application of local bourgeoisie, MoIT is responsible for site selection. Due to the rich and diversified geography of Türkiye, cultural and heritage areas, fertile agricultural areas, mines, forests and olive trees, forages, wildlife or nature protection or preservation areas, military zones etc. OIZ sites are selected by “Site Selection Commission” with the unanimity decision<sup>18</sup>. Site selection commission is consisted of relevant public institutions such as Ministry of Agriculture and Forestry, Ministry of Energy and Natural Resources etc. Upon the confirmation of the site selection by MoIT and the approval of the establishment protocol by the Governor and ratification of the establishment protocol by the MoIT, the establishment of the OIZs takes place and gains its legal entity in OIZ Registry of the MoIT.

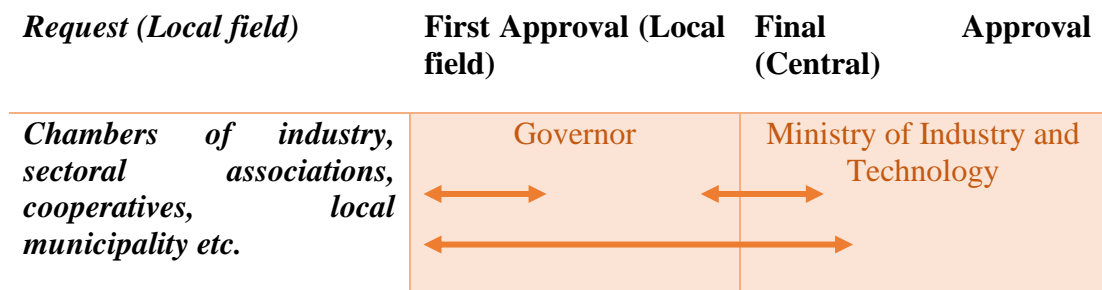
The establishment of an OIZ in the selected regions, creates an opportunity for a greater prosperity for the local residents, and by the creation of cheap manufacturing infrastructure for local bourgeoisie, mostly in all provinces, municipalities, chambers of industries requests for an organized industrial zone in their regions. However, due

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<sup>18</sup> In case of majority, the final decision for the site selection is given by MoIT.

to geographical scarcity for the available industrial lands and also scarcity of the public budget for the land acquisition and the infrastructure, first and the final approvals for the establishment of OIZs are strongly connected to the networks and capacities of the applicant organizations. In other words, inspired by Bayırbağ (2010), the vibrancy of the associational activities of local manufacturing community, the capacity of political mobilization of the chambers of industries and trade, the networks established by the local bourgeoisie with the parliamentary are the key factor to constitute the locality itself as a political actor in order to reach out the benefits and opportunities derived from establishment of OIZs. In Table 11, first column illustrates the interlocutors capable of meeting the needs and demands of local bourgeoisie – in this case the subject is establishment of an OIZ – first in front of the Governor, secondly in front of MoIT; whom as Bayırbağ (2010) refers, in other words, develops new interscalar arrangements favorable to the representor’s interest and to institutionalize their access and power positions among the Governor and the central government.

Table 11 Arrangements for establishing an OIZ (Designed by author)



### 3.4. Parcel allocation and sales

Following the site selection and establishment of the OIZ, OIZ management prepares the zoning and parcellation plans and submits to the MoIT approval. After the approval of the plans, OIZ management builds the basic infrastructure of the OIZ, including roads, electricity, water, telecommunication, waste water etc. and prepares the land, ready for the investments. Since the selected land becomes an industrial area including investment ready industrial parcels, which was before an undeveloped land without infrastructure and mostly outside of the zoning plans, the economic value of the parcel increases drastically. In order to secure the target of manufacturing in those valuable industrial parcels rather than the real estate activities, the OIZ Law introduces “parcel

allocation system”. In the parcel allocation system, OIZ management first gives the right of use of the allocated land to the investor via a parcel allocation agreement between OIZ and the investor. As specified in OIZ Implementation Regulation investors are obliged to obtain building permit in maximum two years, then obliged to obtain business license in maximum six years. In other words, in OIZ, in allocated parcels, from the allocation date, investors have to start operation and producing in maximum eight years. Otherwise, OIZ management cancels the parcel allocation agreement and gets back the industrial parcel even if the superstructure is finished. On the other hand, if the investor manages to finish the superstructure and starts operation in given duration, OIZ management transfers the property of the industrial parcel to the investor.

The aim of this precaution is to secure manufacturing activities within the OIZs. MoIT supervises OIZ managements strictly whether property of the industrial parcel is transferred to the investor in comply with parcel allocation system or not and takes all necessary action to prevent real estate activities in OIZs. Now<sup>19</sup>, in all OIZs %72.7 of the all industrial parcels are either allocated or pre-allocated<sup>20</sup> by OIZ managements to the investors.

### **3.5. Organization and management**

The organization of OIZs are defined in OIZ Law “article no.3” as enterprising committee/general assembly, board of directors, board of supervisors and zone directorate.

The highest decision organ of an OIZ is initially enterprising committee consisted of 15 members among governorship (special province administration or department of

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<sup>19</sup> Due to October 2022.

<sup>20</sup> In order to gather enough financial resources for construction of infrastructure in OIZs, OIZ managements pre-allocates industrial parcels. The difference between parcel allocation and pre-allocation is the status of the infrastructure. Parcel allocation is available when infrastructure is finished by OIZ management.



investment monitoring and coordination<sup>21</sup>) municipality, local municipality, chambers of trade, chambers of industry, chambers of trade and industry, (sectoral associations, cooperatives, foundations, union of exporters, union of manufacturers, commodity exchanges)<sup>22</sup>. Initially, the OIZ Law, allows the participation of sectoral associations, cooperatives and other private manufacturing organizations except chambers of industry, trade and industry and trade, only for specialized OIZs. For instance, according to OIZ Law, association for metal industry manufacturers, can only apply for establishment of metal industry specialized OIZ. But this restriction prevents the application of i.e. Ankara Young Entrepreneurs Association to establish a mixed OIZ in Ankara region since the OIZ Law seeks for a sectoral focus in the charter of the association. However, in the example, Ankara Young Entrepreneurs Association's members activities are multi sectoral, not same as the metal industry example. As explained in section 1.4 social capital and industrial districts, associations, cooperatives, professional/vocational manufacturing organization are the main resources of social capital and a key aspect for the success of industrial districts, the thesis criticizes that restriction and duality. In conclusion part, with the results revealed from performance benchmarking, the thesis suggests an amendment in OIZ Law to which removes that duality, allowing every kind of industry and manufacturing private organization to apply mixed OIZs.

Enterprising Committee make decisions by majority about the management of the OIZ.

The governorship (special province administration or department of investment monitoring and coordination) metropolitan municipality or local municipalities are the public stakeholders of the enterprising committee. Correspondently, sectoral associations and cooperatives, chambers of trade, chambers of industry, chambers of

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<sup>21</sup> YİKOB, Yatırım İzleme ve Koordinasyon Başkanlığı.

<sup>22</sup> Sectoral associations, cooperatives, foundations, union of exporters, union of manufacturers, commodity exchanges could only participate in Specialised OIZs enterprising committee. The OIZ Law restricts participation of those private organisations to mixed OIZs management.

trade and industry, union of exporters, union of manufacturers, commodity exchanges are private stakeholders of the enterprising committee.

Since OIZs are industrial manufacturing zones, the membership of at least one delegate from chambers of industry is mandatory. But if there is not any chamber of industry in the OIZ location, then a delegate from first, chambers of trade and industry, and again not possible, finally a membership of a delegate from chambers of trade is mandatory.

One of the key aspects in the formation of the enterprising committee, which at the same time means a must in the establishment of the OIZ, is the Governor's positive opinion on the selection of members from public and private stakeholders. The establishment protocol, including the list and the shares of the members could only be submitted by Governor, with the positive opinion and sign, to the MoIT.

In the OIZ Law "article no.13" states that every organization and institution participating in the formation of OIZ give a commitment to the MoIT that for each delegate, at least 100.000 TL (575.171 TL for 2023) should be deposited to the OIZ establishment account. Since enterprising committee consisted of 15 members, the minimum initial OIZ budget for 2023 is 8.627.565 TL, which covers the startup costs, preparations of zoning and parcellation plans, infrastructure project design and mostly wages of the zone directorate.

In this context, during the establishment process of the OIZ organization, in the Turkish experience of applications in industrial districts, first, policy makers facilitate and encourage the local public – private partnerships, which the formation of the enterprising committee is a very solid example. As the chambers of the industry is the main representative of the local bourgeoisie and accordingly manufacturing eco – system of the region, the obligation of the participation to the enterprising committee by the will of the Law aims to initiate the OIZ organization supported by the local manufacturers. Second, asking for the positive opinion of the governor ensures the distribution of the shares of the enterprising committee by Governor, regarding the local politics and dynamics, activities and networks of local bourgeoisie which complies with the explanations in 1.3 governance section. Formation of an OIZ then mostly follows a bottom up approach, the idea derived from local networks and

relations and supported by chambers of industry, then approval and positive opinion of local administration and finally approval of central government by MoIT. Thirdly, the participation fee enables an auto selection of organizations with strong financial capability to participate in the enterprising committee of the OIZ. Since 15 members are required for enterprising committee, having any private organization with more than one delegate or in other words for every private delegate in the participation, the burden of participation will transfer from public institutions to private one. Eventually such distribution of participation fees also represents the both, the financial strength of local bourgeoisie, the industrial spirit and the culture of the region and the strong networks and partnership between local administrations. One may then argue that, having only one member or few from a chamber of industry or chambers of trade and industry or chamber of trade in the participation of OIZ, either represents the poverty of industrial activities, industrial social capital and culture in the region, and consequently financial deficits in organizations budget or the absence of networks, interactions, politics between local organizations.

The board of directors, five members and the board of supervisions, two members, are selected by enterprising committee among the committee members. Board of directors are responsible to execute and manage the OIZ in comply with the highest decision organ enterprising committee.

### ***Self-Management and Representation***

Apart from public and private organizations and institutions, individual firms could not participate to the OIZ management in the initial phase of the establishment. Indeed, one may not speak the presence of individuals firms since the in the beginning the OIZ is only a fenced and empty territory. However, the OIZ Law enables the participation of manufacturing firms into the management in certain conditions, and at the end when manufacturing firms fully participate to the management, the duties of enterprising committee finish, and as a milestone, a mandatory shift of the management authority from enterprising committee to general assembly occurs by Law, “article no. 25 – General assembly”. The conversion to full self – management is completed by two staged process:

- 1- At the first stage, when one third of the total participants in the OIZ obtain the business license<sup>23</sup>, the 15 – member enterprising committee assembled by public and/or private stakeholders is converted to a hybrid enterprising committee, that 7 members out of 15 is represented by participants (manufacturers) and the rest of the members from public and/or private stakeholders continue on their duty. The thesis entitles the first stage as partial self-management.
- 2- At the second stage, then half of the total participants in the OIZ obtain the business license, the duty of the enterprising committee and its members ends. The highest decision authority of the OIZ becomes the general assembly consisted of participants with business licenses. The thesis entitles the second stage as full self-management.<sup>24</sup>

Within this framework, briefly, the initial support and leadership of public authorities in the establishment of the OIZ, officially ends and the full authority of zone management and the duties passes to the private sector consisted of individual manufacturing firms. Inspired by Bayırbağ (2010), by the completion of full transfer of authority, the local manufacturing SMEs and large companies in OIZ, so called local bourgeoisie, indeed becomes the resources of the institutional representation via OIZ management. Therefore, the vibrancy of local bourgeoisie, as represented by OIZ legal personality, is the key to constitute the locality itself as a political agent regarding the needs and interest of the resident manufacturers (Bayırbağ, 2010). The emergence of NISS, under the umbrella of OIZ organization and with the participation of local bourgeoisie, therefore, brought the new forms of (spatial) representation beyond chamber of industry or other industrial local NGO's, hence Bayırbağ explains besides

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<sup>23</sup> A business license grants the owner the right to start and run a particular type of business in the city, county, state, or country that issues it. In OIZs it is required to start manufacturing activities.

<sup>24</sup> In the general assembly meeting, participants may decide to continue with hybrid enterprising committee.

traditional forms of representation such as parliamentarism, corporatism and clientelism, local bourgeoisie

*...seeks out new interlocutors capable of meeting their demands, or helping them to raise demands before multiplicity of decision making centers; to search for new mechanisms such as long term partnerships with state and non-state actors...to develop new interscalar arrangements favorable to the representer's interest and to institutionalise their access/power position (Bayırbağ, 2010).*

Table 12 OIZs mediatorship role (Designed by author)


<b><i>OIZs Management</i></b>	<b>Interlocutors</b>
<i>OIZs as intermediaries of local bourgeoisie</i> 	Central government
	Local government
	International organizations
	Universities / research institutions
	Regional development agencies
	Financial institutions
	Parliament
	Supra national organizations

Table 12 illustrates the relations of self – managed OIZs with various public, private, national and international organizations for the interest of resident manufacturers as a political/social intermediate. For the needs, interests and demands of the local bourgeoisie resident in the OIZ, a set of institutional negotiations, informal relations of the members of the board of directors of the OIZ, the relations of the OIZ management with central government technocrats, the networks within the local governance, the connections with the international organizations unlocks the access to the financial supports and beneficial projects to OIZ localities, in which the role of OIZs is confirmed as key partner in Bayırbağ's (2010) concept of "territorial strategies of representation".

### 3.6. Government Supports

The importance of an establishment of a governance system and the facilitation of strong social capital and trust in replicated/policy based industrial districts models has been emphasized earlier for the success of economic development policies and tools. Another key aspect for the success, especially in the less developed regions and since one the aim of establishing organized industrial zones is to reduce the economic differentials, are the governmental incentives, exemptions and financial supports both to OIZ legal entity and the manufacturing firms located within the OIZ.

The most important government financial support to the OIZ management is the Ministry's long term, low interest rate loans for the land acquisition and the infrastructure from the general public budget. Although the sole responsibility to cover the expenses of expropriation and infrastructure belongs to OIZ, in OIZ Law "article no:14" states that, if OIZ could not afford the expenses and demands a loan, by the approval of Ministry and later on attached to investment programme by Presidency<sup>25</sup>, MoIT provides a long term (13 years), 3 years grace period and %3 yearly interest rate credits for the OIZ management. The credits are not restricted only to infrastructure and land acquisition but also for waste water treatment plants, solar power plants, administrative building, vocational high schools, innovation centers etc. Until 2021, for different project of OIZs but mainly for main infrastructure and waste water treatment plants, sum of 17.5 billion TL credit has been allocated to OIZs by MoIT as a government support.<sup>26</sup> Moreover the long-lasting presence of OIZs since 1960 and their strength and strong position has been also realized by international organizations such as EU, UNDP (2006) and World Bank (2021) group. Recently World Bank group allocated \$300 million for OIZs to be implemented by the MoIT to support investments in basic infrastructure - such as new roads, water and gas pipelines, power lines, and logistics facilities – as well as in "green" infrastructure - such as improved energy and water efficiency facilities, advanced wastewater treatment plants, energy-efficient

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<sup>25</sup> All credit supports and OIZ projects are objected to Presidency's approval to be included in the yearly investment program.

<sup>26</sup> MoIT (2022)

buildings, LED street lighting, and renewable energy assets, including solar, wind and biomass. Indirectly, via government loans for OIZ infrastructure, therefore manufacturers reach investment ready cheap industrial parcels comparing to the individual industrial parcels outside of planned industrial districts, that every manufacturer has to build their infrastructure separately with different contractors.

Restricted only to less developed regions, in order to encourage manufacturers to invest in OIZ in such regions, OIZ Law “article no: annex 3” enables the allocation of industrial parcels partially or completely free as another essential government support to the investments in OIZs. Since the implementation of the incentive, total of 9624 industry parcel have been allocated partially or completely free in various OIZs. By the partially and completely free parcel allocation policies of MoIT in less developed regions of Türkiye since 2011, most of the OIZs in the Southeast Anatolia, Central Anatolia, Black Sea now fully occupied (MoIT, 2022).

Besides two major financial support of the government, OIZs Management and manufacturers with in the OIZ are exempted from real estate tax, title deed fees, parcel consolidation and allotment fees and all constructions enjoy curtailed building supervision service. The key aspect and the question in the loan system is – regarding the resources of the public budget is limited – for which OIZs and what amount of credit will be allocated? In the frontlines of the bureaucracy, the answer would be the “It depends on the evaluation of the pre-feasibility report of the OIZs loan projects by first MoIT and then the Presidency”, but together with a proper pre-feasibility, the social capacity of representation of the region as well as the OIZ management, specifically the pro-activity and political and social mobility of local bourgeoisie under the umbrella of chambers of industry/trade or under OIZ legal status and the support from members of parliament of the region could be an effective reason of preference in distribution of limited public budget by the government. In short, sifting through the explanations in sections “1.4 Social capital and industrial districts” and section “3.5 Organization and management” the established networks of members of the OIZs organization (member associations, chambers of industry etc.) with the local government, central government and also the parliamentary have a supportive role in distributing government financial supports, which also elaborated in section 4.

## CHAPTER IV

### **4. The performance of OIZs regarding social capital**

In previous sections, the importance of governance system and the presence of social capital in explaining the role model successful industrial districts such as Marshallian and Italian industrial districts have been discussed. In Turkish experience, regarding the explanations in Section 2 (Table 8 - Total Industrial Areas of Türkiye and Table 9 – Governance of New Industrial State Spaces of Türkiye), throughout the planned development era and still, the government established horizontal and vertical governance systems that has been used to implement the economic development policies and tools that in 2022, the almost half of the manufacturing/industrial activities, spatially, occur in the NISS of Türkiye, especially in the organized industrial zones. In early 2000's, the Turkish Government have enacted important legal documents, Organized Industrial Zones Law No:4562 in 2000 and Organized Industrial Zones Implementation Regulation in 2002, where the governance system, accordingly organization and management of the organized industrial zones has been defined in detail, benefiting from the experiences of OIZ applications during the planned development era. On the one hand, in policymaking point of view, the attraction of ~%40 of manufacturing/industrial activities into the planned industrial areas and facilitating the exportation and employment could be considered as concrete results of dynamic governance system, on the other hand, since the impact assessments and performance evaluations on OIZ policies of Türkiye has been insufficient, the information about the performance of the organized industrial zones within the designed governance model is ambiguous.

By the available data the thesis conducts a study that focuses on the governance design of OIZs in Law no:4562, particularly, the administrative design of the OIZs organizations. As mentioned detailly in section 3.5, initially the highest decision and responsible organ of the mixed/specialized OIZs is “enterprising committee” which consisted of 15 members from public and private institutions and organizations such



as members among governorship, municipality, local municipality, chambers of trade, chambers of industry, chambers of trade and industry and vocational/professional organizations. The OIZ Law obliges that at least one member from chambers of industry, if not available, a member from chambers of trade and industry, if not available, a member from chambers of trade must be a participant in OIZ enterprising committee. The design itself, amalgamates the local public and private organizations under the umbrella of enterprising committee, benefiting the amenities of public resources and authority of governorship and municipalities and dynamism of chambers, presenting indeed a concrete governance model in OIZs applications. However, at that point, the thesis suggests a re-design in that administrative model. The thesis argues that there is a need to restructure the administrative design of the OIZs on behalf of the private sector, that initially private and professional/vocational organizations should be in leading positions in the enterprising committees of the OIZs. The argument originally departs from the observations of Putnam et al.'s (1993) studies on northern Italian districts that the history of economic growth and economic prosperity across northern Italian districts relies to the presence of strong social capital, associational activities and networks of the civic engagement. In Putnam's model, cooperative and associational activities of private organizations based on trust and reciprocation propels economic prosperity and development. Historically, Putnam puts forward that in the prosperous districts of the Italy, social capital is embodied in the associational activities that evolve over time owing to the historical traditions of citizen involvement in a broad range of social, economic, and political activities (Cohen and Fields, 1999). Likewise, in Türkiye, such associational activities were also experienced in the manufacturing sector under the scope of historical guild systems and ahi community of the Anatolia, which later on revitalized by the state, under the institutional context of the restructured business associations – the chambers of industry, chambers of commerce and in petty provisions chambers of industry and trade of the local (Bayırbağ, 2010).

Inspired from Putnam's thoughts, at that point in the thesis, the resources of the industrial social capital in organized industrial zones are assumed as the presence of private manufacturing actors: chambers of industry, chambers of trade, chambers of trade and industry, export and import unions, manufacturing unions, most importantly

the members of professional/vocational/sectoral associations, foundations, and cooperatives. Regarding the inspiration of the positive economic effects of social capital in the regional development, the thesis also puts forward that the restructured administrative design of the OIZs by strengthening the share of members of private local industrial organizations would affect the performance of OIZs positively.

Table 13 Relation of social capital and enterprising committee

	<b>Organization of Enterprising Committee (Sub section 3.5)</b>	
<b>Number of members</b>	15	
<b>Source of Stakeholders</b>	Public <sup>27</sup>	Private <sup>28</sup>
<b>Presence of industrial social capital resources in OIZ enterprising committee</b>	If the majority (8) of 15 public driven, low	If majority (8) of 15 is private driven, strong

In order to support the arguments, the thesis analyses, one by one, 338 registered OIZs initial enterprising committee scheme and number of delegates (shares) of the each participating private and public organizations and institution in the enterprising committee. Out of the 15<sup>29</sup> members of enterprising committee, the thesis identifies private driven OIZs” (if the members of private organizations are denser) and “public driven OIZs” (if the members of public organizations are denser) and sorts out that 207 of OIZs are initially established public driven, 131 of OIZs are initially established private driven. (Table 13,14)

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<sup>27</sup> Governorship, metropolitan and local municipalities

<sup>28</sup> Chambers of industry, chambers of trade, chambers of trade and industry, export and import unions, manufacturing unions, associations, foundations, cooperatives

<sup>29</sup> Before the enactment of OIZ Law in 2000, the enterprising committee was consisted of 11. The research proportionally completed the numbers to 15 members.

Table 14 Classification of Enterprising Committee

<b>Organisation of Enterprising Committee</b>	<b>Number</b>
Public driven	207
Private driven	131
Total	338

Together with the available database and information of MoIT on the OIZs, with the selected eleven performance indicators, in three different headings, financial, institutional, economical and physical, the thesis benchmarks the performances of public and private driven OIZs. The thesis used the Socio-Economic Development Ranking (SEGE) by MoIT (2017) in order to compare each OIZ with in the same classified economic region. The analysis over the participants of enterprising committees on the data of MoIT reveals that out of 338 OIZs, the number of public driven organized industrial zones is 207, which the thesis accepts that the associational activity/industrial social capital is low, on the other hand number of private driven organized industrial zones is 131 which the thesis accepts that compared to former, the associational activity/industrial social capital is denser. In this case, the thesis narrows the resources of social capital into industrial social capital, mainly focusing the private organizations of manufacturing. The thesis is limited to the distinction of public/private driven OIZ solely on the Ministry's data and shares of members and disregards each subjective affair, local dynamics, past relationships, behaviors and connections of organizations in enterprising committee with each other or externally. Even though the activity or effort of public organizations in the establishment of OIZ is very vibrant, in any case, the thesis assumes that OIZ's which the shares of the public organizations in enterprising committee is higher than eight as public driven OIZ (low industrial social capital) and vice versa. But for a more refined data analysis, the thesis also conducted a study more detailed presented in the Table 15 including the regional distribution by SEGE<sup>30</sup>. In the table below, "15 – 0" represents that all members of

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<sup>30</sup> Socio-Economic Development Ranking Research (MoIT, 2017)

the enterprising committee are selected from either chamber of industry, chamber of trade, chamber of trade and industry, export and import unions, manufacturing unions or sectoral or local manufacturing associations, foundations, cooperatives, which for the thesis, it indicates the highest ranking of presence of social capital. Out of 131 private driven OIZ, 23 of them have the highest social capital presence. Vice – versa in the table “0 – 15” represents that all members of OIZ enterprising committee are selected from either governorship or municipalities, which indicates the lowest social capital presence. Respectively, the thesis assumes that from “8-7” to “15-0”, the presence of social capital rises, and from “7 – 8” to “0 – 15” it decreases.

Table 15 Breakdown of Initial Enterprising Committee

<i>Private member</i>	<i>Public member</i>	<b>Intensity of social capital</b>	SEGE 1	SEGE 2	SEGE 3	SEGE 4	SEGE 5	SEGE 6	Total
<b>15</b>	<b>0</b>	<i>Most Intense</i>	15	5		3			23
<b>14</b>	<b>1</b>	+++++++	6	1	2				9
<b>13</b>	<b>2</b>	+++++++	19	3			2	1	25
<b>12</b>	<b>3</b>	+++++	15	7	1			1	24
<b>11</b>	<b>4</b>	++++	5	6	1		1	1	14
<b>10</b>	<b>5</b>	+++	2	3	2		2	2	11
<b>9</b>	<b>6</b>	++	2	5	1	1	1		10
<b>8</b>	<b>7</b>	+		1	2	2	5	1	11
<b>7</b>	<b>8</b>	-	1	12	6	6	2	5	32
<b>6</b>	<b>9</b>	--	1	3	7	4	2	3	20
<b>5</b>	<b>10</b>	---	14	6	15	11	4	4	54
<b>4</b>	<b>11</b>	----	1	2	9	6	2	4	24
<b>3</b>	<b>12</b>	-----	2	1	4	6	7	2	22
<b>2</b>	<b>13</b>	-----		5	4	4	7	4	24
<b>1</b>	<b>14</b>	-----	1	8		3	7	3	22
<b>0<sup>31</sup></b>	<b>15</b>	<i>Lowest</i>	1	9		2	1		13

<sup>31</sup> Before the enactment of OIZ Law, there was no obligation of chambers of industry to participate in OIZ establishment.

Table 16 Distribution of Private/Public OIZs in SEGE classification

<b>Region</b>	<b>Private Driven OIZs</b>	<b>Public Driven OIZs</b>
<b>SEGE 1</b>	%75	%25
<b>SEGE 2</b>	%41	%59
<b>SEGE 3</b>	%17	%83
<b>SEGE 4</b>	%12	%88
<b>SEGE 5</b>	%26	%74
<b>SEGE 6</b>	%19	%81

The appendices (A) presents a regional distribution (SEGE) of private and public driven OIZs according to the breakdown of members of initial enterprising committee. The appendices (A) reveals that most of the private driven OIZs, notably with private organization members, 15-0, 13-2, 12-3 are clustered in the SEGE 1 region, that respectively %65, %76, %62 comparing to other regions. The highest OIZ management type clustered in 5-10 (54) as in the public driven side which is %16 of all OIZs where the SEGE 3 region leads the way by 15 OIZs. The OIZs in the regions SEGE 5 and 6 are mostly clustered in 4-11, 3-12, 2-13, 1-14 which is %48 of all SEGE 5 and 6 OIZs. The %83 of the SEGE 3 region OIZs are dispersed among public driven OIZs. The %88 of the SEGE 4 region OIZs are dispersed among public driven OIZs. Similarly, the public driven OIZ's ratio in SEGE 5 and SEGE 6 is respectively %74 and %81. Except the SEGE 1 region that has %75 of OIZs in private driven, the majority of the rest of the groups are mostly public driven OIZs. The statistics reveals that spatially, in the most socio-economically developed region of the Türkiye, %75 percent of the OIZ management initially have a connection to high levels of social capital sources.

Therefore, with the available database and information of MoIT on the OIZs and the assumption presented by thesis above, with the selected performance indicators, for each private and public driven OIZ group, from "0 – 15" to "15 – 0" and also for each separate group classified by SEGE the thesis seeks to reveal whether presence of social

capital have meaningful positive effect on performance of Turkish OIZs applications in order support the argument that there is a need to restructure the administrative design of the OIZs on behalf of the private sector, that initially private and professional/vocational organizations should be in leading positions in the enterprising committees of the OIZs.

#### **4.1 Comparison of private and public driven OIZs**

The performance indicators are grouped under three headings with 11 performance indicators. First group tests the performance of OIZs by created economic and physical volume:

- The average allocated/ pre-allocated parcel rate<sup>32</sup>
- The average business operating license rate<sup>33</sup>
- The amount of total OIZ area<sup>34</sup>
- The turnabout rates of allocation of parcels and production<sup>35</sup>

Second group tests the performance of OIZs by financially,

- The average of expropriation credit use<sup>36</sup>
- The average of infrastructure credit use<sup>37</sup>

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<sup>32</sup> Found by division of all industrial parcels to industrial parcels allocated or pre allocated to investors.

<sup>33</sup> Found by division of all industrial parcels to industrial parcels with business operating license.

<sup>34</sup> Extensions are included.

<sup>35</sup> Since the first OIZ has been established in 1962, afterwards, gradually, the central government increased the number parallel to 5<sup>th</sup> year development plans. Therefore, the expectation of one from the older OIZs is that the average empty parcel rate should be close to %0 while the average of production rate should be close to %100. The thesis tests the relation between life span, character of EC (private or public driven) and the current situation of parcels if parcels either empty or in production.

<sup>36</sup> Sub Section 3.6

<sup>37</sup> Sub Section 3.6

- The total amount of credit use

Third group tests the performance of OIZs institutionally,

- The average of OIZs in full self-management<sup>38</sup>
- The average of OIZs in partial self-management<sup>39</sup>
- The institutional capacity index (Yucedal, 2021)
- The average of completed national/international projects

#### 4.1.1 Performance indicator: Economic and physical volume

- *The average allocated/pre-allocated parcel rate*
- *The average business operating license rate*

Table 17 Average allocated parcel and Average obtained business license rate

<b>Organization of enterprising committee</b>	<b>Average allocated parcel rate</b>	<b>Average obtained business operating license rate</b>
<b>Public</b>	%61	%31
<b>Private</b>	%85	%52

Table 18 Performance Averages by SEGE 2017

<b>SEGE 2017</b>	<b>Organization of enterprising committee</b>	<b>Average allocated parcel rate</b>	<b>Average business operating license rate</b>
<b>SEGE 1</b>	<b>Public</b>	%64	%39
	<b>Private</b>	%87	%59
<b>SEGE 2</b>	<b>Public</b>	%70	%29
	<b>Private</b>	%84	%44

<sup>38</sup> Sub Section 3.5.1

<sup>39</sup> Sub Section 3.5.1

<b>SEGE 3</b>	<b>Public</b>	%73	%39
	<b>Private</b>	%80	%51
<b>SEGE 4</b>	<b>Public</b>	%57	%31
	<b>Private</b>	%94	%61
<b>SEGE 5</b>	<b>Public</b>	%58	%32
	<b>Private</b>	%81	%58
<b>SEGE 6</b>	<b>Public</b>	%61	%34
	<b>Private</b>	%78	%52

From an overall analysis of 338 OIZs spread through Türkiye's different regions, Table 17 presents that, the average allocated parcel rate in the 131 private driven OIZs is %85. The average allocated parcel rate in 207 public driven OIZs is %61. Table 18 presents the averages within the same SEGE 2017 region in order to evaluate the performances in the similar social economic development levels. Without exception, in all regions, the average allocated parcel rate is higher in private driven OIZs compared to public driven OIZs. Accordingly, the average of manufacturers whom obtained the business operating license to start the production, in private driven OIZs is %52, in public driven OIZs is %31. Without exception, in all SEGE 2017 regions, the average obtained business operating license is higher in private driven OIZs.

In the appendices (b), the breakdown of average allocation parcel rate and average business operating license rate for each group classified by members of enterprising committee are listed from 15-0 to 0-15. Remarkably, average allocation parcel rate in 15-0 is %94 and vice versa in 0-15 only %59 with a difference of %38. But when the members from both private and public organizations rise and fall to 8-7 and 7-8, the difference gap also closes to %1. Notably, in the same manner, all groups of the private drive OIZs, 15-0 to 8-7 have higher rates of allocated parcel compared to public driven OIZs.

On the other hand, although in a broader perspective, in Table 17&18, all averages of private OIZs groups have higher rates of obtained business operating license, in



appendices (b), in the list classified by members of enterprising committee there are different results. 14 -1 private OIZ group has an average of %30 and 10-5 private driven OIZ group has an average of %35 obtained business operating license which the rates are less than some of the public driven OIZs groups.

Overall, the results of average percentage of allocated parcels reveals that, the private driven OIZs are more successful in attracting manufacturing investor to the organized industrial zones rather than public driven OIZs even within the same SEGE region. The result run in line with the explanation that the presence of members of manufacturing social organizations in OIZ managements, as a source of social capital, triggers and facilitates the allocation of industrial parcels to the investors more rapid and often. The results are same according to Table 17&18 for obtained business operating license rate, but in appendices (b), some groups of private driven OIZ's rates are less than public driven OIZs. The main reason for that indeed is due to the technical impossibilities to obtain business operation license since the infrastructure yet has not been either completed or started construction. So that in some OIZ's the rate of obtained business license is zero, where in allocated parcels investor could not manage to build their facilities.

- *The amount of total OIZ area<sup>40</sup>*

Table 19 Average OIZs area (ha)

- **The amount of total OIZs area**

<b>Organization of enterprising committee</b>	<b>Total Area Ha</b>	<b>Average Ha</b>
<b>Public</b>	50.000	237
<b>Private</b>	58.169	458

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<sup>40</sup> Extensions are included.

Table 19 presents the total established OIZ area by hectares including the extensions in all 338 OIZ since 1960. 207 public driven OIZ has managed to create a total of 50.000 ha with an average of 237 ha. However, although the number of private driven OIZs are 131, the OIZ area created by private driven OIZ exceeds the public driven by 8.169 ha and multiplies the average by 2. The average area created by the 0-15, the edge, public driven OIZ is 240 ha, on the other edge, 15-0 private driven OIZs is 649 ha.

The thesis addresses the importance of associational and lobbying activities local bourgeoisie for the establishment of OIZs in most desired and profitable regions in sub-section 3.3 – site selection and establishment. Due to scarce resource of available proper land for industrial districts and the expropriation budgets, the negotiation capacity of the representatives of local bourgeoisie with the local/central fields play a key role in allocation resources to the OIZs. The reveals that OIZ managements with stronger presence of social capital resources (which assumed to have a greater network with government) facilitates the allocation of scarce resources of available lands to their OIZ projects.

- *The turnabout rates of allocation of parcels and production*

Table 20 The turnabout performance in 20 years or more.

**Turnabout performance of OIZs established 20 or more years ago**

<i>Organization of enterprising committee</i>	<b>Empty Parcel Rate</b>	<b>Business operation license</b>	<b>Allocation Rate below %50</b>	<b>Business operation license below %50</b>
<i>Public</i>	% 19	%52	# 17 / %16	# 44 / %41
<i>Private</i>	%9	%67	# 2 / %3	# 16 / %24

The turnabout rate about the allocation of parcels and the turnabout rate about the parcels that have production on them defines the performance of OIZs that are established (obtained legal entity) at least twenty years ago. The expectancy is – in at least twenty or more years, the OIZs should have completed all of the infrastructure and expropriation work and allocated at least half of the parcels or at least half of them

should have become operational. The Table 20 reveals the performance of private driven and public driven OIZs that have obtained legal entity at least twenty years ago.

According to data of OIZs established 20 or more years ago, 107 public driven OIZ have an empty parcel rate of % 19, business operation license rate of %52. Out of 107, %16 of them have an allocation rate below %50 and also %41 of them below the threshold of %50 obtained business operation license. In private driven OIZs without exception all indicators mentioned above are either higher or lower in respect to the performance indicator of the OIZ. Therefore, the Table indicates that the performance of at least twenty-year aged private OIZs performance are better than same aged public OIZs. Also, in SEGE comparison, for example in SEGE 2 region, out of 48 at least twenty years old OIZs; the average allocation of parcels in 18 private driven OIZs is %92, where rest of the 30 public driven OIZs is %80. Since in all SEGE regions, at least twenty years old private driven OIZs performance surpass public ones, one may conclude that in a given time period private driven OIZs manage to attract more investments to their zones.

#### **4.1.2 Performance indicator: Financial**

- *The average of expropriation credit use ratio*
- *The average of infrastructure credit use ratio*
- *The total amount of average credit use*

Table 21 illustrates the average infrastructure credit used by 211 public driven OIZs is total 41 million TL<sup>41</sup> and average infrastructure credit used by 127 private driven OIZs is 53 million TL. Together with the explanations in sub-section 3.6 - Government supports, the data reveals that private driven OIZs access to the government's financial supports, to that limited resources are greater than public driven OIZs. In the first ten OIZs classified by the amount of government credit use, there are 7 private OIZs with amount of average 436 million TL credit use and 3 public OIZs with average 334 million TL. The vibrancy of local bourgeoisie, lobbying activities of chambers of industry etc., the relations of local associations and organizations with the central and

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<sup>41</sup> All amounts are escalated.

local field attracts more public funds to their regions. For the average expropriation credit results are the same.

Table 21 Allocated Credits to OIZs

**Allocated Credits to OIZs**

<i>Organization of enterprising committee</i>	<b>Average Infrastructure Credit</b>	<b>Average Expropriation Credit</b>	<b>Average Infrastructure Credit Use Ratio</b>	<b>Average Expropriation Credit Ratio</b>
<i>Public (211)</i>	41 Million TL	32 Million TL	%65	%54
<i>Private (127)</i>	53 Million TL	40 Million TL	%40	%33

On the other hand, Table 21 presents that, out of 211 public driven OIZs, %65 of them applied and benefited from infrastructure government support and %54 of them for expropriation support. But the number of private OIZs applied for such government support are less. The data reveals that due to presence of private non-governmental organization in OIZ managements, the OIZ itself have connection to financial resources via private organizations member i.e. for expropriation, members could contribute to OIZs budget in order to allocate industrial parcels for their investments. However, vice versa, in public driven OIZs, because the members are highly from public organizations, OIZs need additional support from governments since municipalities or governorships do not have sufficient funds for the costs of infrastructure and expropriation. Nevertheless, if private driven OIZs applies for supports most of the cases data reveals that they obtain more amounts of credits compared to the public driven OIZs.

**4.1.3 Performance indicator: Institutional**

- *The average of OIZs in full self-management*
- *The average of OIZs in partial self-management*

Table 22 Average of OIZs in full or partial self-management

Type	#	Representation	Ratio
1 Public	145	Enterprising Committee	%69
0 Private	67		%53
1 Public	10	Partial self - management	%5
0 Private	9		%7
1 Public	56	Full self - management	%27
0 Private	51		%40
<b>Sum</b>	<b>338</b>		

In section 3.5 – Organization and management and sub-section self-management and representation, in detail, OIZs organization structure, decision mechanism and conversion from enterprising committee to self-management has been explained. Table 22, briefly, presents the current structure of 338 OIZs management organization. Out of 211 public driven OIZ, %69 of them (145) are still in initial phase. The ratio in private driven is %53 which demonstrates that the pace of conversion to self – management and representation is higher than the public driven OIZs.

For the second stage, partial self-management, the ratios are close. But for the last stage, full self-management, private driven OIZs have ratio of %40 (51) while public driven OIZs is only %27 (56) which reveals that the private driven OIZs are able to reach out to the full self-management - excluding all public organizations from the OIZs management – swifter than the public driven OIZs. The full self – management enables the manufacturers within the OIZs to have the full control over the management of the OIZs by the selected members of manufacturers in the elections during the general assembly. Full self-management by general assembly facilitates the representation and the interest seeking of manufacturers within the OIZ which at the same time increases the performance of the OIZ management as well since the board of members would be consisted of manufacturers.

- *The institutional capacity index (Yucedal, 2021)*

The thesis benefits from Yucedal’s (2021) institutional capacity study on 223 OIZs. The United Nations Development Program (UNDP) and the United Nations Disaster Risk Reduction Offices (UNISDR) define<sup>42</sup> institutional capacity as an institution's ability to set and achieve social and economic goals through the knowledge, skills, systems and institutions. In line with the definition of institutional capacity, Yucedal in four categories – physical – financial – social – administrative with several indicators such as the number of personnel, production rate, occupancy rate, number of technical services, number of support services, technology centers, R&D and excellence center, joint workshop etc. scores the OIZ’s institutional capacity. Yucedal classifies 223 OIZ into the four categories according to the index scores.

Table 23 Institutional capacity index categories

<b>Leader OIZ</b>	<b>Leader follower OIZ</b>	<b>Medium Low Score OIZ</b>	<b>Low Score OIZ</b>
7	21	69	126

The thesis compares the index scores, categories and the type of enterprising committees in order to position the private driven or public driven OIZs in the Table 17. Not surprisingly, private driven OIZs index scores surpass the public driven OIZs in the Table 23. Table 24 reveals that in the first Leader OIZ group, there isn’t any public driven OIZ. In the next group, Leader follower OIZ, there are only 4 public driven OIZ but 17 private driven OIZs and in the Medium low OIZ there are 33 public and 36 private driven OIZs. In the first two groups, out 28 OIZs, %85 (24) of them are private driven OIZs that confirms that OIZs managements with intense social capital resources aka private driven OIZs have higher institutional capacity compared to the public driven OIZs.

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<sup>42</sup> <https://www.itdp.org/2016/04/01/the-secret-ingredient-institutional-capacity/>  
Access date: 24/12/2022

Table 24 OIZ Institutional Capacity Index Score

<b>OIZ Institutional Capacity Index Score</b>			
<b>Type</b>	<b>Leader OIZ</b>	<b>Leader follower OIZ</b>	<b>Medium low OIZ</b>
<b>Public</b>	0	4	33
<b>Private</b>	7	17	36

- *The average of completed national/international projects*

Another significant data collected from the MoIT on 241 OIZs (2017) is the data on national and/or international projects completed by the OIZs. The OIZs national projects are projects of regional development agencies, TÜBİTAK, Ministry of Trade and MoIT and international ones are UN, World Bank, EU.

The Table 25 reveals that the average project number carried by the private driven OIZs is two times greater than average project number fulfilled by public driven OIZs. Yet, only three international projects are carried out by the public driven OIZs, while 36 international projects were completed by 18 different private driven OIZ.

Table 25 National/international projects completed

<b>Type</b>	<b>Average National/International Project Completed</b>	<b>International Project #</b>
<b>Public</b>	# 2	# 3
<b>Private</b>	# 4	# 36

The ability to first prepare a project, secondly to present the project to the relevant institution, third to procure an acceptance for the project and finally to implement the project successfully is related to the capacity of the owner of the project. The numbers in the Table 25 presents that private driven OIZs have higher capacity of project implementation compared to public driven OIZs.

## CONCLUSION

Since the applications of organized industrial zones policies have been initiated more than sixty years ago, the data collected by the MoIT about the OIZs applications, especially the data about the administrative structure of the enterprising committee used by the thesis to reveal the performances of the OIZs managements based on the OIZs social capital capacity. The thesis puts a strong emphasis on the notion of the social capital, especially industrial social capital that, regarding the studies on Marshallian/Italian industrial districts, the thesis presents that together with the proper governance model, social capital is one of the key issues for successful replicated/policy based industrial districts. Similar to Durston (1999) definition of community social capital "...is a particular form of social capital which comprises the informal content of institutions that aim to contribute to the common good", the thesis adds to the definition: the informal content of the manufacturing (industrial) private organizations such as chambers of industry, chambers of trade, chambers of trade and industry, export and import unions, manufacturing unions, most importantly the members of professional/vocational/sectoral associations, foundations, and cooperatives and defines the common good as the establishment of a successful industrial districts. In this manner, inspired from Durston (1999) the thesis presents that social capital is not an individualistic resource but a form of social institutionality and the participants of the industrial social capital have the common good as their objective which is particularly a formation of an organized industrial districts in Türkiye. In economic perspective, Putnam puts forward that the willingness, the capacity and vibrancy of associational life of the community to cooperate each other on the basis of interpersonal trust play an important role in explaining the effectiveness of political mediation of institutions and overall the economic performance of the societies. (Putnam, 1993). Consistent with this view, the studies of Narayan and Pritchett (1999), Grootaet (1999), Knack and Keefer (1997) provide a positive dependence between dense social connections, networks and economic development on comparison of selected regions (Levine, Gertler, Miguel, 2005). Considering the



economic impact of social capital, a variety of effects have been grouped into three types of impact in the literature: reduce in the costs of transactions, enabling and reinforcing of collective action and creating learning spin-offs (UNIDO, 2016). First reduces the transaction cost, similarly to industrial districts externalities, enables organizations to economize on time and effort, which ensures the reliability on the word of a partner in the community (UNIDO, 2016). Second, such collective actions could also enhance the bargaining power of the community in the market, leading to increased access to, or better negotiation terms in, capital markets or negotiations and bargains with the state. (UNIDO, 2016). Lastly, the transfer of the knowledge is also helped by social networks and trust, which helps to overcome transaction costs in the transmission process, as the organizations in high-trust communities tend to have a greater capacity for learning because they are party to extensive and richer information flows (UNIDO, 2016).

In the case of applications of industrial districts, regarding the operationalizing the social capital framework in OIZs, the matter revolves around the rationale and role of business associations, namely chambers of industry, trade etc. UNIDO (2016) reveals that “Business associations are defined here as voluntary membership organizations that provide certain goods and services to their members which can be a key social capital asset.”, which provides certain type of goods such as solidarity goods (a place/event where members can meet socially) or collective action goods (namely those that represent the collective interest of members vis-à-vis others, such as governments, clients and suppliers and other third parties).and concludes that “The type of goods produced by a business association influences the social capital it contributes to its members.”. Therefore, together with the explanations of section “1.4. Social capital and industrial districts” and inspirations gained from the literature discussed previously, the thesis conducted a study on performances of OIZs regarding OIZs social capital capacity.

The study conducted on three different headings, with eleven different performance indicators on public and private driven OIZs and consequently, without any exception, private driven OIZs perform better than public driven OIZs. All performance indicators confirm that the denser social capital via the presence of members of private

manufacturing organizations in OIZ enterprising committee, such as chambers of industry, chambers of trade, chambers of trade and industry, export and import unions, manufacturing unions, associations, foundations, cooperatives by majority in enterprising committee, positively affects the performance of OIZs. The outcomes of the benchmark of private and public driven OIZs revealed that, OIZs initially established with private leading in enterprising committee surpass public leading OIZs in all selected performance indicators. In all cases, the enterprising committee's with more private members (shares), which the thesis accepts those OIZs as having a denser social capital, leads the financial, economic, physical and institutional performance indicators.

Regarding the revealed results, the thesis proposes legal amendments in OIZ Law, which give opportunities to re-design and restructure the governance model, particularly administrative design for OIZ applications and strengthen the social capital resources within the OIZ managements, consequently expecting to boost the performance of Turkish OIZ applications which are planned to be established in the future. The results also reveal that Putnam's argument about the positive effects of the social capital in economic development could be generalized for Turkish OIZ experiences and policies regarding economic development.

The results create an opportunity to propose amendments in the Organized Industrial Zones Law No:4562, article 4, that regulates the structure of OIZs enterprising committee. The legislation in force states that "at least one member from the chamber of industry, if not available from chamber of industry, at least one member from chambers of trade and industry, if not available from chamber of trade and industry, at least one member from chamber of trade from the selected region must participate in the enterprising committee". However, according to the results, the thesis suggests that in order to establish well – performing OIZ managements, the obligated number of members from chambers of industry or chamber of trade and industry or chambers of trade should be at least half of the enterprising committee. So, the amendment should be

*at least **eight members** from the chamber of industry, if not available from chamber of industry, at least eight members from chambers of trade and*

*industry, if not available from chamber of trade and industry, at least eight members from chamber of trade from the selected region must participate in the enterprising committee.*

which would fasten the activities and performances of OIZ due to the increased associational vibrancy and consequently social capital capacity.

The second suggestion for the amendment in the article 4 of Law 4562 is except specialized OIZs, the participation of sectoral associations and cooperatives, broadly professional organizations are not allowed to participate in the enterprising committees of mixed OIZs. However, results present that, the presence of associations and cooperatives boosts the performance of OIZs significantly due to activities of their members. The OIZs, truly, already have the potential investors, as they are also members of the associations or cooperatives already represented in the OIZs management. So that the thesis offers another amendment in OIZ Law, that in article 4

*Metropolitan municipality, municipal, provincial, county municipality, chambers of industry or chambers of commerce and industry, chamber of trade, **associations and cooperatives, related professional organizations,** provincial special administration or investment monitoring and coordination directorate representatives; in case the area is not within the boundaries of any municipality, the provincial municipality, district municipalities and chambers in these districts may be included in the establishment of the OIZ based on the approval of the governorship.*

Derived from the study on the MoIT data, both suggested law amendments in OIZ Law, would facilitate and ease the conversion of investment ready empty industrial parcels mostly built via scarce public funds by OIZs, into real investments by the allocation to the manufacturers faster than the public driven OIZs.

From another point of view or interpretation, the amendments suggests that, if there is not any willing from chambers of industry or other industry related non-governmental organizations to participate in enterprising committee of OIZ, in Marshallian terms, if

there is not any industrial culture or knowledge “in the air”, than the bureaucrats of the relevant public authorities should consider the establishment of an OIZ in that region and rather focus on public investments on agriculture or tourism, which would probably benefit scarce public resource more efficiently.

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## APPENDICES

### A. AVERAGE RATES BY ORGANIZATION OF EC

Table 26 Average rates by organization of EC

<b>Organization of enterprising committee</b>	<b>Average business operating license rate</b>	<b>Average allocation rate</b>
<b>15 0</b>	70	94
<b>14 1</b>	30	78
<b>13 2</b>	58	84
<b>12 3</b>	58	89
<b>11 4</b>	41	88
<b>10 5</b>	35	80
<b>9 6</b>	41	83
<b>8 7</b>	41	75
<b>7 8</b>	49	73
<b>6 9</b>	35	74
<b>5 10</b>	40	74
<b>4 11</b>	27	57
<b>3 12</b>	34	56
<b>2 13</b>	31	64
<b>1 14</b>	19	43
<b>0 15</b>	25	59

## B. BREAKDOWN OF EACH EC BY SEGE REGION

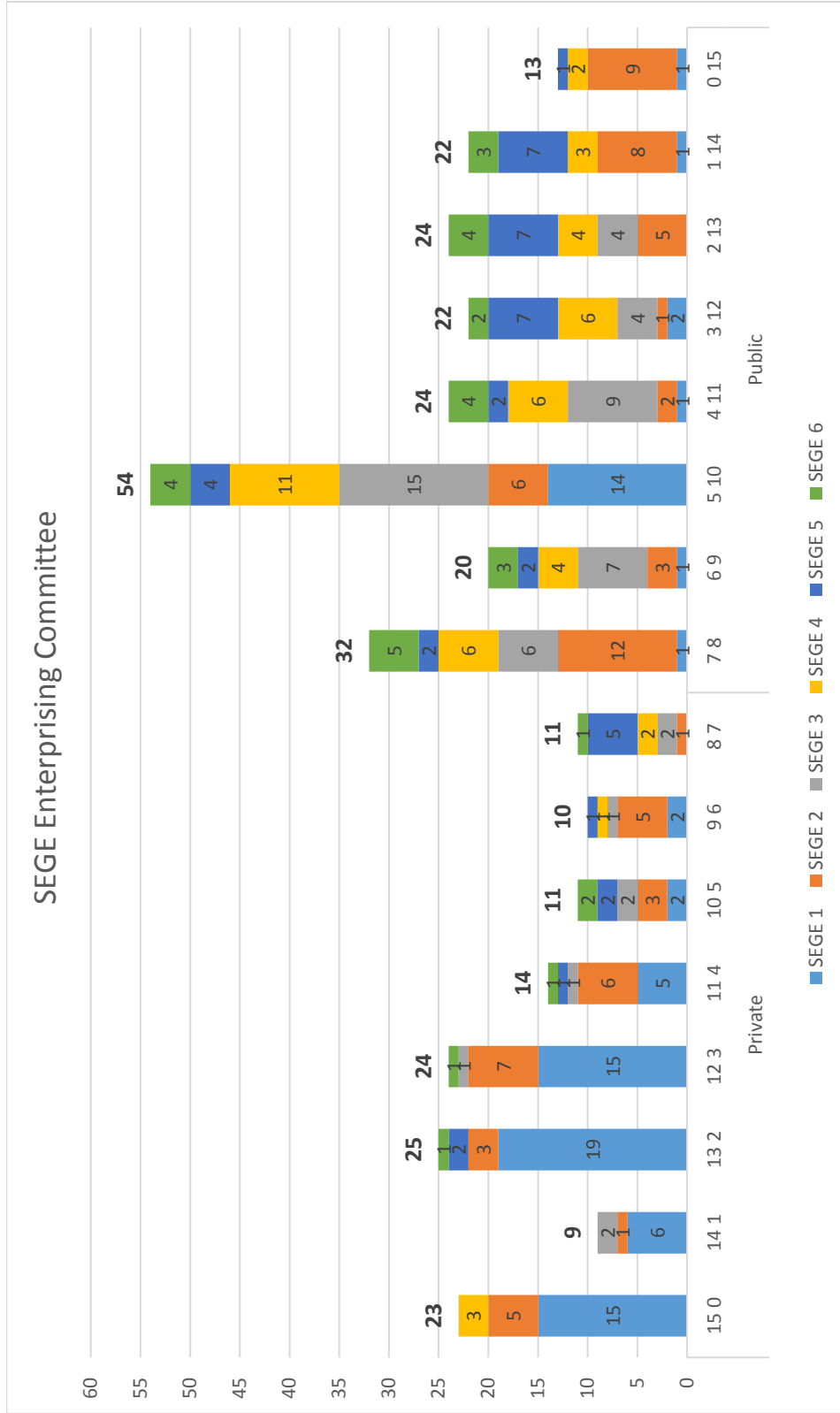


Figure 9 Breakdown of each enterprising committee by SEGE region

## C.TÜRKÇE ÖZET/TURKISH SUMMARY

Son yüzyıl boyunca dünya ekonomileri zaman zaman finansal durgunluklar ile ekonomik büyümede zorluklar yaşamış, bunu takiben sınai ve sosyo-ekonomik koşullarda ciddi bozulmalar yaşanmış, bu da işsizliği, güvencesizliği, bölgesel ve ulusal ekonomik kalkınmada gerilemeyi tetiklemiştir. Dünya savaşları, doğal afetler, pandemiler, enerji krizleri vb. büyük olaylar, ülke ekonomilerinde gerileme ve durgunluk nedeni olmakla birlikte, aynı zamanda küreselleşme, hızlı teknolojik gelişmeler ve üretim yöntemlerindeki değişimler ülke ekonomilerini doğrudan veya dolaylı olarak olumsuz etkilemiştir. Diğer yandan dünyanın farklı bölgelerine dağılmış, çeşitli endüstrilerin yer aldığı bazı mikro bölgeler, bu olumsuzluklar karşısında önemli bir dayanıklılık sergileyerek, olumsuz koşulları kendi lehlerine çevirerek başa çıkmayı başarmış ve ön plana çıkmıştır.- Jutland, Danimarka, Almanya'da Solingen ve Baden-Württemberg,, İtalya'da Emilia-Romagna, Amerika Birleşik Devletleri'nde Silikon Vadisi, İngiltere'de Sheffield, İspanya'da Barselona, “durgunluğu yenen” yerel ekonomik mikro bölgeler olarak değerlendirilmiştir. Bu ekonomik mekânsal düzenlerin çoğu, çalışma tarzlarında benzer özelliklere sahiptir ve bu, bilim adamlarının onları tek bir jenerik terim olan “sanayi bölgeleri” altında tanımlamasına izin vermiştir. "Sanayi bölgeleri" terimi ilk olarak İngiliz akademisyen Alfred Marshall'ın yüzyıl İngiltere ve Almanya'sındaki sanayi devrimi sırasında Lancashire, Sheffield ve Solingen'in oldukça yerleşmiş endüstrileri üzerine yaptığı çalışma ve gözlemlerinden ortaya çıkmıştır. Daha sonraki dönemlerde, sanayi bölgeleri kavramı, sanayi parkları, özel ekonomik bölgeler, organize sanayi bölgeleri gibi benzer veya farklı adlarla popülaritesini artırarak sonraki yüz yılda gelişmiş, gelişmekte olan ve az gelişmiş ülkelerin hem akademisyenlerin hem de politika yapımcılarının gündeminde yer almaya devam etmiştir.

20. yüzyılın ikinci yarısında büyüyen ve gelişen bir ülke olan Türkiye, diğer gelişmiş ve gelişmekte olan ülkelerde (Güney Kore, Hindistan, Brezilya, Tayvan vb.) olduğu gibi, sanayi bölgeleri modelinden yararlanmıştır ve bir ekonomik kalkınma aracı olarak Marshall tipi/Kuzey İtalya sanayi bölgeleri modelinin başarılı örneklerini tekrarlamaya çalışmıştır. Savaş sonrası dönemden sonra Türk Sanayisi, KOBİ'lerin desteklediği yeni

bir üretim temposu ve yapılanması içinde düzensiz ve plansız bir şekilde büyürken, kamunun imalat sistemindeki ağırlığı azaltılmıştır. Türkiye'nin bu yeni imalat çerçevesine göre, KOBİ'lerden güç alan yeni üretim organizasyonu, geçmişte öne çıkan bölge ve merkezlerin dışında yeni yerler arayışı içinde olmuştur ve bu mekanlar, Türkiye'nin yeni sanayi odakları olarak adlandırılmıştır. Türkiye, KOBİ'lerin ve sanayi sermayesinin yeni sanayi alanları arayışı, Türkiye Devlet Planlama Teşkilatı'nın (DPT) politika ve çalışmalarlarıyla örtüşmüş ve Türk sanayisinin kalkınma planlarıyla örgütlenmesi fikri, kamu otoriteleri tarafından kabul görmüş ve 1960'lı yıllarda “planlı kalkınma” dönemi başlamıştır. Türkiye'nin yeni sanayi odaklarının tasarlanıp kurulmasının temel nedenleri, ilk olarak yeni sermaye birikiminin mekansal ihtiyacı olarak belirlenmiştir. DPT, kalkınma planları çerçevesinde, KOBİ'lerin hizmetine yönelik olarak tezin taklit/politika tabanlı sanayi bölgeleri olarak açıkladığı (Marshall tipi/İtalyan bölgelerinin başarısından esinlenerek) sanayi bölgelerinin kurulması için ilgili kamu makamlarına görevler ve eylemler vermiştir. Gerçekten de, son altmış yılda, özellikle Batı Türkiye'de, kamu otoriteleri tarafından bu tür sanayi bölgelerinin oluşturulması ve kolaylaştırılması bir ekonomik kalkınma aracı haline gelmiştir. İkinci olarak, sanayi bölgeleri aracı, sermayeyi daha az gelişmiş bölgelere, özellikle Türkiye'nin doğu bölgelerine yönlendirerek eşitsiz ekonomik gelişme sorununu çözmek için de kullanılmıştır. Sanayi bölgelerindeki yatırımcılar için teşvikler, vergi muafiyetleri ve kısmen veya tamamen ücretsiz sanayi parseli tahsisi getiren yeni sanayi odakları politikaları, sermaye birikiminin dikkatini çekmeyi ve servet dağılımını Türkiye'nin düzensiz gelişmiş bölgelerine yaymayı amaçlamıştır. Üçüncü sebep, tercihen olmamakla birlikte, siyasi baskı olmuştur, her il veya ilçeye sanayi bölgesinin siyaseten talep edilmesi, çoğunlukla âtil alanların kurulmasına ve kıt kamu kaynaklarının kötüye kullanılmasına neden olmuştur.

Altmış yılı aşkın bir süredir, planlı kalkınma döneminde, eski DPT, daha sonra eski Kalkınma Bakanlığı ve şimdi de Strateji ve Bütçe Başkanlığı ve buna bağlı olarak ilgili bakanlıklar tarafından KOBİ'lere ve büyük şirketlere çeşitli politikalar, araçlar sunulmuş ve sanayi odaklı gelişim için araçlar tasarlamıştır. Eski Sanayi ve Ticaret Bakanlığı, eski Bilim, Sanayi ve Teknoloji Bakanlığı, şimdi Sanayi ve Teknoloji Bakanlığı organize sanayi bölgeleri, endüstri parkları, teknoloji geliştirme bölgeleri görevleri göz önünde bulundurularak yeni sanayi odakları ile ilgili politikaların oluşturulması ve yürütülmesi konusunda büyük bir iş yüküne sahiptir. İkincisi, eski Dış Ticaret Müsteşarlığı, eski

Ekonomi Bakanlığı ve Őimdi Ticaret Bakanlığı, serbest b6lgelerin kurulmasından sorumludur. Son olarak evre, Őehircilik ve İklim DeęiŐiklięi Bakanlığı, Mesleki Hizmetler Genel M6d6rl6ę6 tarafından kurulan ve denetlenen aslen yapı kooperatifleri olan sanayi sitelerinden sorumludur. T6rkiye'de yeni sanayi odakları araları kullanılarak kurulan yapay sanayi b6lgelerinin tahmini miktarı ~150.000 ha'dır ve bu, T6rkiye'nin t6m sanayi alanlarının yaklaŐık %55'i kadardır. Organize sanayi b6lgeleri uygulamaları, %55'in yaklaŐık %40'ı ile mekansal olarak en b6y6k paya sahip olup, bunu sanayi siteleri ve sanayi parkları izlemektedir. T6rkiye'nin yeni sanayi odakları politikalarının en 6nemli ve kapsamlı uygulaması, yeni sanayi odaklarının mekansal olarak %40'ını kapsamaması nedeniyle, bug6n T6rkiye'nin her ilinde kurulmuŐ olan organize sanayi b6lgeleri (OSB'ler) uygulamasıdır. Genel olarak yeni sanayi odaklarının politikalarının nedenlerinden bahsedildięi gibi, OSB politikaları, 6zellikle, baŐta T6rk KOBİ'lerinin mekânsal ihtiyalarını karŐılamak, daha geniŐ bir baęlamda, geniŐletilmiŐ ve esnek sermaye hareketlilięi iin yeni planlı end6striyel alanlar oluŐturmak, ardından ikinci olarak bir devlet teŐvik ve destekleri ile yatırımları T6rkiye'nin dengesiz geliŐmiŐ b6lgelerine y6nlendirmek olarak 6zetlenebilmektedir.

Buna baęlı olarak T6rkiye deneyiminde, planlı kalkınma d6neminde, politika yapıcıların, yerel ve merkezi kuruluŐların yeni sanayi odakları geliŐtirme aralarının uygulanmasına entegrasyonunu kolaylaŐtıran bir y6netiŐim sistemi oluŐturdukları sonucuna varılabilir. Bu t6r sistemler, 2022'de imalat/sanayi faaliyetlerinin neredeyse yarısının mekânsal olarak T6rkiye'nin yeni sanayi mekanlarında, oęunlukla organize sanayi b6lgelerinde meydana geldięi g6stermektedir. İmalat/sanayi faaliyetlerinin ~%40'ının Sanayi ve Teknoloji Bakanlıęının organize sanayi b6lgelerine ekilmesi, planlı kalkınma d6neminin deneyimleri d6Ő6n6lerek kurulan “dinamik y6netiŐim sistemi”nin somut sonuları olarak deęerlendirilebilir. 6zellikle 2000'li yılların baŐında T6rk H6k6meti 6nemli yasal belgeler ıkarmıŐ, 2000 yılında 4562 sayılı Organize Sanayi B6lgeleri Kanunu ve 2002 yılında Organize Sanayi B6lgeleri Uygulama Y6netmelięi ile organize sanayi b6lgelerinin y6netim sistemi, buna baęlı olarak 6rg6tlenme ve y6netimi tanımlanmıŐtır. Ancak, T6rkiye'nin OSB politikalarına iliŐkin etki deęerlendirmeleri ve performans deęerlendirmeleri yetersiz olduęundan, organize sanayi b6lgelerinin tasarlanan y6netiŐim modelindeki performansına iliŐkin bilgiler belirsizdir. Son 14 yıldır Sanayi ve Teknoloji Bakanlıęında, Sanayi ve Teknoloji Uzmanı olarak alıŐan ieriden bir memur olarak,

1962'den Temmuz 2022'ye kadar kayıtlı 338 OSB hakkında Sanayi ve Teknoloji Bakanlığının veri tabanı üzerinden çalışma fırsatı bulunmuştur.

Tez, eldeki verilerle OSB'lerin 4562 sayılı Kanundaki yönetim tasarımına, özellikle de OSB organizasyonlarının idari tasarımına odaklanan bir çalışma yürütmektedir. Başlangıçta OSB'lerin en yüksek karar ve sorumlu organı, valilik, belediye, belediye, ticaret odaları, sanayi odaları, ticaret odaları gibi kamu ve özel kurum ve kuruluşlardan üyeler olmak üzere 15 üyeden oluşan müteşebbis heyettir. OSB Kanunu, OSB müteşebbis heyetine sanayi odalarından en az bir, yoksa ticaret ve sanayi odalarından, yoksa ticaret odalarından en az bir üyenin katılmasını zorunlu kılmaktadır. Tasarımın kendisi, yerel kamu ve özel kuruluşları müteşebbis heyet çatısı altında birleştirerek, kamu kaynaklarının olanaklarından, valilik ve belediyelerin yetkilerinden ve odaların dinamizminden yararlanarak OSB uygulamalarında somut bir yönetim modeli sunmaktadır. Ancak bu noktada tez, söz konusu yönetsel modelin yeniden tasarlanmasını önermektedir. Tez, OSB'lerin idari tasarımının özel sektör ağırlıklı yeniden yapılandırılması gerektiğini, OSB'lerin müteşebbis heyetlerinde öncelikle özel ve meslek/mesleki kuruluşların öncü konumlarında olması gerektiğini savunmaktadır. Argüman aslen Putnam ve diğerlerinin Kuzey İtalya bölgelerine ilişkin yaptığı, Kuzey İtalya bölgelerindeki ekonomik büyüme ve ekonomik refah tarihinin güçlü sosyal sermayenin, derneksel faaliyetlerin ve topluluk ağlarının varlığına dayandığına dair gözlemlerinden esinlenmiştir., Putnam'ın modelinde, özel kuruluşların güvene ve karşılıklılığa dayalı işbirlikçi ve derneksel faaliyetleri ile sosyal katılım bölgelerin ekonomik refahı ve kalkınmayı teşvik eder. Tez, bu noktada Putnam'ın düşüncelerinden esinlenerek, organize sanayi bölgelerindeki sosyal sermayenin kaynaklarını, üreticileri temsil eden özel sektör aktörlerinin varlığı olarak varsayılmıştır. Bu kaynaklar: sanayi odaları, ticaret odaları, ticaret ve sanayi odaları, ihracat ve ithalat birlikleri, imalat birlikleri, en önemlisi mesleki/mesleki/ sektörel dernekler, vakıflar ve kooperatiflerin üyeleri olarak açıklanmıştır. Tez, sosyal sermayenin bölgesel kalkınmadaki olumlu ekonomik etkilerinden ilham alarak, OSB'lerin özel yerel sanayi kuruluşları üyelerinin payını güçlendirerek yeniden yapılandırılan idari tasarımın, OSB'lerin performansını olumlu etkileyeceğini ortaya koymaktadır.

Tez, argümanları desteklemek için, 338 kayıtlı OSB'nin ilk müteşebbis heyet şemasını ve müteşebbis heyette yer alan her bir özel ve kamu kurum ve kuruluşunun delege (pay)



sayısını tek tek analiz etmektedir. Tez, müteşebbis heyetin 15 üyesinden “özel sektör yoğun OSB'ler” (özel kuruluşların üyeleri daha yoğunsa) ve “kamu yoğun OSB'ler” (kamu kuruluşlarının üyeleri daha yoğunsa) belirlemektedir. Buna göre OSB'lerin 207'si başlangıç aşamasında kamu yoğun OSB'lerdir. Geri kalan 131'i ise başlangıçta özel sektör yoğun OSB'lerdir. OSB'lere ilişkin mevcut veri tabanı ve bilgilerle birlikte, seçilen on bir performans göstergesi ile finansal, kurumsal, ekonomik ve fiziksel olmak üzere üç farklı başlıkta tez, kamu ve özel OSB'lerin performanslarını kıyaslamaktadır. Bazı göstergeler için tezde, her bir OSB'yi aynı sınıflandırılmış ekonomik bölge ile karşılaştırmak için Sanayi ve Teknoloji Bakanlığı tarafından hazırlanan Sosyo-Ekonomik Gelişmişlik Sıralaması 2017 (SEGE) kullanılmıştır. Kıyaslama, müteşebbis heyet sıralamasında başlangıçta özel kuruluşların liderliğini yaptığı OSB'lerin seçilmiş performans göstergelerinde kamu kuruluşlarının liderliğini üstlendiği OSB'leri geride bıraktığını ortaya koymuştur. Her durumda, daha güçlü bir sosyal sermaye kapasitesine sahip olan özel sektör yoğun OSB'ler, ekonomik, fiziki ve kurumsal performans göstergelerde kamu yoğun kurulan OSB'lere üstünlük göstermektedir. Ortaya çıkan sonuçlarla ilgili olarak tez, OSB uygulamaları için yönetim modelinin, özellikle idari tasarımın yeniden tasarlanmasını ve yeniden yapılandırılmasını ve OSB yönetimleri içindeki sosyal sermaye kaynaklarının güçlendirilmesini öneren ve sonuç olarak Türk OSB'nin performansını artırması beklenen OSB Kanununda yasal değişiklikler önermektedir. Bu nedenle tez, sanayi bölgelerinin Türkiye deneyimini ve bağlamını açıklamak için, sanayi bölgelerinin kökenleri ve tarihsel yaklaşımlarından başlayarak bir anlatı akışı oluşturmakta, ardından sanayi bölgesi kavramında yönetim ve sosyal sermaye kavramları arasındaki ilişkiye vurgu yapmakta ve açıklamaktadır. Organize sanayi bölgelerinin Türkiye'de yeni sanayi mekanları olarak ortaya çıkması, özellikle Türkiye'deki OSB uygulamaları hakkında ayrıntılı bilgi vermekte ve son olarak tezin argümanına uygun bir temel oluşturmak için kamu ve özel OSB'lerin performanslarına ilişkin kıyaslama çalışmasını ortaya koymaktadır.

Nitekim genel olarak sanayi bölgeleri konusunda baştan bakıldığında, çoğunlukla sanayi bölgelerinin ve benzeri politika ve uygulamaların ortak noktası, ya doğal ve/veya tarihsel olarak yerleşik bir coğrafi bölgenin ya da yapay, politika temelli, tanımlanmış ve coğrafi olarak kodlanmış bir coğrafi bölgenin varlığıdır. Bu ortak nokta “yerleştirilmiş endüstriler” olarak adlandırılmaktadır. İşin doğası gereği, imalat faaliyetlerinin

yerelleştirilmesi, tercih edilen fiziksel koşullara ve coğrafyaların doğal rekabet avantajlarına bağlıdır. Marshall, bu yerel odakların, imalat aktörleri arasında daha bileşik, karmaşık ilişkiler kurmaya ve yerel dış ekonomiler olarak adlandırılan bir dizi avantaj elde etmeye yetecek kadar uzun süre var olmayı başarır, üretimin bu basit yerelleşmesinin, bir endüstriyel yığından "sanayi bölgesi" kavramına geçtiğini belirtmektedir. Bu nedenle, bölgesel avantajların ötesinde, sanayi bölgelerinin Marshallcı anlayışta, “becerilerin yeniden üretilmesi, bilginin dolaşımı hem imalat hem de hizmetlerde yan üretim faaliyetlerinin geliştirilmesi, özel makinelerin kullanımı; uzmanlaşmış bir işgücü piyasasının oluşumu, tamamlayıcı endüstrilerin gelişimi” içeren nitelikli alanlar olduğu kabul edilmektedir. 20. yüzyılın ikinci yarısına gelindiğinde, savaş sonrası İtalya’da, Kuzey İtalya sanayi bölgelerindeki bilim adamlarının sosyo-bölgesel bir yaklaşımı benimseyen ve aralarındaki ilişkilere odaklanan çalışmalarının bir sonucu olarak, sanayi bölgelerinin Marshall tipi sanayi bölgesi kavramının yeniden değerlendirilmiştir. Bu dönemde Kuzey İtalya’daki sanayi bölgeleri coğrafi, sosyal, politik ve ekonomik yönleri bir bütün olarak, tek bir bilişsel sosyal üretim sistemi olarak açıklanmaya başlanmıştır. Bu kapsamda, sanayi bölgeleri, İtalyan versiyonlarından esinlenerek, doğal ve tarihsel olarak sınırlı bir alanda hem bir insan topluluğunun hem de bir şirket popülasyonunun aktif varlığı ile karakterize edilen sosyo-bölgesel bir varlık olarak yeniden tanımlanmıştır.

Marshall veya İtalyan sanayi bölgelerinin başarı öyküleri ve deneyimleri ve bunların krizlere karşı dayanıklılık yetenekleri, politika yapıcılar için endüstriyel kalkınma araçları tasarlamak için yeni bir zemin hazırlamıştır. Ancak aynı zamanda bu tür doğal/tarihi bölgelerin daha geniş çapta taklit edilebilirliğine dair bir tartışma da başlamıştır. En önemli tartışma, gerçekten de, bu tür başarılı sanayi bölgelerinin hükümetler tarafından yapay olarak planlanıp planlanamayacağı veya kopyalanıp kopyalanamayacağı veya endüstriyel bölgelerin hiçbir şekilde kopyalanamayacak tamamen tarihsel veya doğal bir süreç olup olmadığı olmuştur. Bununla birlikte, bölgesel kalkınma politikaları için araçlar olarak politika temelli/tekrarlanan sanayi bölgelerinin önemi, OECD, AB ve UNDP gibi çeşitli araştırmacılar ve kurumlar tarafından desteklenmiştir. Nitekim politika yapıcılarının politika temelli/kopyalanmış sanayi bölgeleri planlamak ve oluşturmak için çabalarının nedeni, 20. yüzyılın ikinci yarısında küçük ve orta ölçekli işletmelere (KOBİ'ler) yönelik artan ilgiye paralel olarak, Fordist seri üretimden yeni, dinamik ve

esnek bir sermaye birikimine geçişe dayanmaktadır. Üretimde esnekliğin getirilmesi ve seri imalattan uzaklaşma, sanayi bölgeleri kavramı, esnek üretimin bu yeni ekonomik coğrafyasının temel özelliği haline gelmiştir. Akademisyenler ve politika yapıcılar bu kapsamda, çevre bölgelerdeki sanayi bölgeleri aracılığıyla üretimin yerelleştirilmesi argümanlarına dayanarak, gelişmekte olan KOBİ'ler için yeni sanayi bölgelerinin kurulmasının, gerileyen yerel ve bölgesel ekonomilerin canlanmasında önemli bir rolü olduğu sonucuna varmaktadır.

Üretim tekniklerinde esnekliğin ön plana çıkması ve KOBİ'lerin öneminin fark edilmesiyle birlikte, üretim tarzlarındaki yenilikler ve teknolojik gelişme, endüstrinin belirli bir bölgeye yakın bağımlılıktan veya bir yerelliğin herhangi bir rekabet avantajından, daha büyük üretim yığınlarına doğru serbestleşmesini başlatmıştır. Yeni ekonomik coğrafyalar – sanayi bölgeleri, kümeler vb. yeni mekansal yerleşim biçimleri- dolayısıyla yeni üretim organizasyonları, geçmişte öne çıkan tarihi bölge ve merkezlerin dışında yeni yer arayışları içerisine girmiştir ve bu yeni kavramsal ve mekansal çerçeveye göre “yeni üretim mekanlarından biri de sanayi bölgeleridir”. Bu yeni sanayi mekanları, eski, sabit, geleneksel, hareketsiz iş yerleri yerine yığılmış endüstriyel, hizmet ve finansal sermayenin ihtiyaçlarının karşılanabileceği “yeni devlet odakları” olarak adlandırmıştır. Yeni esnek imalat biçimleri ve yerle özgü varlıkları araştıran ve kullanan dikey olarak parçalanmış emek süreçleriyle birlikte yeni devlet alanlarının gelişi, aynı zamanda ademi merkezîyetçilik – yukarıdan aşağıya klasik Keynesyen politikalarını dışlarken, yeni devlet tasarımı, yönetim biçimlerinin ihtiyacını ortaya çıkarmıştır.

Bu nedenle, Marshall/İtalyan tipi sanayi bölgelerinin başarı öykülerini politika temelli/taklit sanayi bölgeleri modeliyle takip etme yolunda yalnızca konum, yer seçimi, altyapı veya teşvik odaklı politikaların yetersiz olduğu görülmektedir. Politika temelli veya taklit sanayi bölgelerinin planlanmasıyla birlikte, hükümetler- politika yapıcılar, sermayenin özgürleşmesine paralel olarak, devletin kurumsal ve düzenleyici organlarını bölgesel konfigürasyonlar ölçeğine göre yeniden yapılandırması gerekmektedir. Bu tür yeni yapılanmalar, kamu ve özel üretim aktörlerinin, bakanlıkların, valiliklerin, valiliklerin, yerel ve büyükşehir belediyelerinin, meslek odalarının bir arada bulunduğu toplumsal ve kurumsal bir “bütün” olarak ele alan yeni sanayi alanlarının, diğer adıyla sanayi bölgelerinin “yönetişimi” konusunu ile alakalıdır. Sanayi, ticaret, ihracat/ithalat

birlikleri, sektörel kooperatifler, sektörel birlikler, genel olarak hükümet ve sivil toplum kuruluşları, kural ve yönetmelikleri belirlemekte ve yeni sanayi alanları birlikte uyum içinde yönetmesi başarı için önemli hususlardan bir tanesidir. Bu nedenle, her iki modelde de sanayi bölgelerinin başarısını anlamadaki anahtar kavramlardan biri, tarihsel, Marshall tipi ve tekrarlanan, politikaya dayalı tip, “yönetişim” yeteneklerinin güçlü varlığıdır.

Diğer anahtar kavram ise, yeni sanayi alanları için yönetim mekanizmalarının oluşturulmasını kolaylaştıran gerekli yasal düzenleme yoluyla devlet tarafından yürütülen, aslında, sanayi bölgesi uygulamalarında başarı elde etmek için devlet tarafından sosyal sermayenin varlığı ve teşvik edilmesidir. Putnam, sosyal sermayeyi, koordineli eylemleri kolaylaştırarak toplumun verimliliğini artırabilecek güven, normlar ve ağlar gibi organizasyon özellikleri olarak tanımlar- "Diğer sermaye biçimleri gibi, sosyal sermaye de üretkendir, ulaşılamayacak belirli sonuçlara ulaşılmasını mümkün kılar." Putnam, toplumun kurumsal yaşamının kişiler arası güven temelinde birbirleriyle iş birliği yapma isteği, kapasitesi ve canlılığının, kurumların siyasi arabuluculuğunun etkinliğini ve toplumların genel ekonomik performansını açıklamada önemli bir rol oynadığını ileri sürmektedir. Durston'a göre sosyal sermaye, topluluklar ve toplumdaki kişiler arasındaki güven ve iş birliğine katkıda bulunan kurallar ve organizasyonlar bütünüdür. Sosyal sermaye paradigmasında, kişilerin güvene ve işbirliğine dayalı sürekli etkileşiminin işlem maliyetlerini azaltabileceği, kamu yararını artırabileceği ve sosyal toplulukların ve aktörlerin kurulmasını kolaylaştırabileceği savunulmaktadır Özellikle, Durston'ın sosyal sermayeyi “topluluk sosyal sermayesi” olarak tanımlamasına dayanarak, “Topluluk sosyal sermayesi, kamu yararına katkıda bulunmayı amaçlayan kurumların gayri resmi içeriğini kapsayan sosyal sermayenin belirli bir biçimidir”, sanayi bölgelerinde, toplumsal sosyal sermaye, imalat örgütlerinin güven ve işbirliğine dayalı ilişkileri ile açıklanabilir. Bu değişkenlerin varlığı olmadan, kapasite, güven ve en önemlisi dernek yaşamının canlılığı, daha geniş anlamda sosyal sermayenin nadir olduğu bir ortam, yeni ortaya çıkan devlet alanlarını geliştirme çabaları genellikle başarılı olmayabilir. Bu nedenle, özellikle taklit/politika tabanlı modeller için sanayi bölgelerine ilişkin sanayi politikalarının kilit yönleri, birincisi, yeniden ölçeklendirilmiş devlette yönetim kavramı tanıtılmalı ve desteklenmelidir, ikincisi, sanayi bölgeleri arasında güven ve sosyal sermaye tesis edilmesini kolaylaştırmalıdır. Kamu politikaları ve otoriteler tarafından bu iki anahtar kavram desteklenmelidir.

Tezin ilk bölümünde kısaca sanayi bölgeleri kavramı, tarihsel olarak Marshall'ın çalışmalarından İtalyan versiyonuna geçiş süreci, krizlere karşı başarısı, taklit/politika temelli model ve uygulamaları, sanayi bölgelerinin çağdaş versiyonları, özellikleri, taklit/politika tabanlı sanayi bölgelerine yönelik eleştiriler, gelişmekte olan ve gelişmiş ülkelerin ulusal ve/veya bölgesel ekonomileri üzerindeki etkileri tartışılmaktadır. Bu bölümde, sanayi bölgeleri ile yönetim kavramı ve sanayi bölgeleri ile sosyal sermaye kavramı arasındaki ilişkiler, yönetim sisteminin gerekliliği ve sosyal sermaye, ağ ve güvenin varlığının başarılı sanayi bölgesi uygulamaları için önemi, eylemler bu tür kapasitelerin gelişmekte olan ülkeler tarafından alınmasını kolaylaştırmak ve inşa etmek için teknolojik gelişme, küreselleşme ve sermayenin uzaydan kurtuluşunu takiben yeni sanayi devleti alanlarının ortaya çıkışı açıklanmaktadır.

İkinci bölüm, planlı endüstriyel gelişme döneminin son altmış yılı boyunca kurulan yeni sanayi devleti alanlarına ilişkin Türkiye'deki deneyim, politika ve uygulamalara odaklanmaktadır. Bu bölümde tarihsel olarak küçük ve orta ölçekli işletmelerin Türk imalat ekosisteminde ortaya çıkışı ve öneminin farkına varılması kısaca anlatılmaktadır. Sonuç olarak, imalat sektöründeki KOBİ'lerin sayılarının çoğalmasıyla tez, endüstri parkları, endüstri siteleri, teknoloji geliştirme bölgeleri, serbest bölgelerin kurulmasını sunmakta ve bu yeni endüstriyel durum alanlarının mevcut durumu ve uygulamaları hakkında kısa açıklamalar sunmaktadır.

Üçüncü bölüm, yeni sanayi bölgelerine ilişkin açıklamaların ardından, organize sanayi bölgeleri uygulamalarını diğer yeni devlet mekanlarından ayırarak, toplam mekanların %40'ını OSB'lerin oluşturduğunu belirtmektedir. Üçüncü bölümde OSB'lerin tanımı, türleri, hukuki durumu, yetkileri, yer seçimi, kuruluşu, arsa tahsisi ve satışı, teşkilatı ve yönetimi, devlet desteği kısaca anlatılmıştır. Bu bölümde OSB yönetimlerinin yerel burjuvazinin temsilcisi olma kapasitesi de vurgulanmaktadır. OSB'de yerleşik imalatçıların temsilcisi olarak yönetimler, karşılıklı çıkar gözeterek, diğer ilgili kamu veya özel kuruluşlar nezdinde yerel imalatçıların lobi faaliyetlerini yürütürler.

Tezin son bölümünde, seçilen performans kriterlerine ilişkin Sanayi ve Teknoloji Bakanlığı verilerine dayalı olarak özel sektör veya kamu tarafından yürütülen OSB'lerin performansına ilişkin kıyaslama çalışması sunulmaktadır. Tez, on bir farklı performans kriterinde, her 338 OSB yönetiminin performansını, özel sektör yoğun OSB'ler (131) ve

kamu yoğun OSB'ler (207) olmak üzere iki kümeye ayırarak, Türk OSB'lerinin karşılaştırmalı ekonomik performansına ilişkin sonuçları ortaya koyarak ana argümanları desteklemektedir. Sonuç olarak, tez, OSB'lerin ilk müteşebbis heyetlerinde özel sanayi kuruluşlarının konumunu güçlendirmeyi teklif eden OSB politikalarındaki idari tasarımın yeniden yapılandırılması gerekliliği argümanına uygun olarak 4562 sayılı OSB Kanununda değişiklikler önermektedir. Bu değişikliklere göre OSB Kanununda öncelikle zorunlu olarak en az bir sanayi odasının bulunması zorunluluğunu, en az 8 olacak şekilde güncellenmesi önerilmektedir. Böylece yerelde OSB oluşturulurken, sosyal sermayenin kaynakları arasında gösterilen sanayi odaları OSB'ler içerisinde daha güçlü yer alacak, dolayısıyla OSB'nin tezde öngörülen performans göstergelerinde daha başarılı olacağı düşünülmektedir. OSB Kanununda diğer bir değişiklik önerisi ise, yine sosyal sermayenin kaynakları arasında sayılan sektörel dernek ve kooperatifler ile benzer sanayi örgütlerinin OSB'lerin kuruluş aşamasında yer almasının en başta önünün açılabilmesine olanak sağlayan değişikliklerdir. Bu öneri ile karma OSB'lerde sanayi odalarına ilave olarak, özel sektörü, aynı zamanda yatırımcıları temsil eden dernek, kooperatif ve benzeri örgütlerin müteşebbis heyette yer almaları, karar mekanizmalarına doğrudan katılmaları, kendi üyeleri ile ilişkileri üzerinden kurulan OSB'lerin hızlıca yatırımlara ev sahibi olmasını, istihdama ve üretime katkı sağlamasını, neticede ülke ekonomisine fayda sağlaması düşünülmektedir.

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