

BUSINESS ASSOCIATION AS A REGULATORY INSTITUTION AND ITS RELATION WITH NATION-STATE: THE CASE OF GAZIANTEP AND NICOSIA

Emre Balıkcı

Istanbul Arel University
Büyükcçekmece – Istanbul/Turkey

Abstract

This paper intends to shed light on the role of the business associations to coordinate the industrial and commercial relations between firms from different nationalities in Post-Fordist era.

It is argued in the paper that the coordination of interfirm relations includes two aspects: Firstly, the firms should have no problem in providing the inputs like labor, raw materials, finance and intermediate goods they need in their activities in a reasonable price. Secondly, they should be able to find new markets to sell their products and liquidate their output. Every mode of regulation has its own methods and institutions to coordinate these backward and forward linkages among the firms. In Fordism, state and firms are very important. In Post-Fordism, business associations appeared as a third institution which regulates the transactions between firms. It is argued that business associations have more importance in a globalised world economy where the business transactions take place in different national markets, legal systems and cultures.

To show which methods are used by business associations in the new economies, the paper focuses on the activities of five business associations, three from Gaziantep and two from Nicosia. These two cities are not selected randomly. Gaziantep is a city located in southeastern part of Turkey and has experienced a political instability since the last three years. Nicosia is the capital of Northern Cyprus which has been not recognized by international community expect Turkey and lives in an embargo since 40 years. That means in the two cities state activity to coordinate the economy is low and additional institutions are needed. This makes two cities attractive for a study determined to discover the new role of business associations.

For the inquiry, informations gathered by the in-depth-interviews made with the top officials of the business associations are used. Some secondary works has been quoted in the paper. And an introduction about the methods used in Fordism has been also provided in the first part of the paper.

Keywords: Industrial Organisation, Institutional Economics

Introduction

The argument that the national and international economies cannot operate properly without an external interference has recently more supporter. Especially after the crises caused by the unfettered capital movements and uncontrolled banking activities the importance of the regulating institutions has been appreciated more than ever. However, the institutions were very important well before the crisis in 2008 and the problems generated by the liberalized financial markets have become apparent. Economic and politic institutions emerged in the early years of capitalism and they have been regarded as the guarantee of well-operating markets.

This paper aims to contribute to the discussions about the institutions regulating the economy in the “new economic order” which appeared after the second big crisis of capitalism in 1970s. The paper has two arguments. Firstly, a well-operating economy is where the industrial producers can provide the necessary inputs needed for the production process continuously and where the products can be converted to cash easily with a meaningful profit rate. The regulating institutions should assure these two conditions. Secondly, the business associations have become an important regulating institution in the new economic order after 1970s by finding effective solutions for an well-operating economy. The main focus of the paper will be on the second argument.

We will document the conclusions inferred from the five in-depth interviews which were conducted in Gaziantep and Nicosia with the top officials of the business associations to describe the role of these institutions in the new economic order. Gaziantep and Nicosia are thought to be striking cases, as the regulatory capacity of the nation-states in both cities has been reduced related with the political developments apart from the effect of the transformations in the international capitalist system.

This has spurred the business associations to take more responsibility. However, the interviews in the both cities will show us that more responsibility for business associations does not mean a powerless nation-state and the nation-states are still regarded as an important institution in solving the problems of business circles.

Before documenting the conclusions from the interviews, it will be discussed which institutions were playing role in regulating the economy before and after 1970s. By doing this we will be able to evaluate the natures of the regulation regimes named as Fordism and Post-Fordism.

The Regulatory Institutions of Fordism: National-State and Big Enterprises

The crisis of 1970s can be regarded as a sign for the following deep transformations in the world economy. The crisis could be observed with the increasing oil prices, however, its origins can be found in the 1960s when the low levels of productivity was prevalent in the economy of the US. No matter what the reason is, the crisis triggered an important transformation in the organization and regulation of the economy which was firstly designed just after the Great Depression and exported to the world after WWII. The **new style of regulation** is called as Fordism, which was influential between 1929-1970.

Before the crisis experienced at the end of the 1970s, Fordist institutions and logic were regulating the capitalism. As every mode of regulation, Fordism was expected to meet two important needs of the capitalist system. Firstly, the products should be sold and should provide a considerable profit for the producers. Secondly, the continuous input flow needed in the production process should be assured. Labor force is one of the most important components of these inputs and “the profit of the capitalists is dependent on the control over the use of labor force”. (Harvey, 1999, p.144) In addition to labor force, money and the most important raw material land are the other inputs which are used during the production process and cannot be reduced to be a commodity due to their nature. (Polanyi, 2009) The peculiarities of the mode of regulation can be described by observing how these two problems are solved. In Fordism, labor system was controlled largely inside the factory system, but additional measures were needed to control the other producers and merchants who were supplying the necessary raw materials, financment and intermediate goods. (Political Economy of Trust, 2009, p.181)

Fordism has its own control mechanism and institutions to solve these problems. First of all, the production should be under control of the centralized big enterprises and with the methods of mass production. Mass production depends dependent on the use of highly specialised equipment and cheap, unskilled labor. In the factories using mass production methods, the production is controlled through scientific management (or so-called Taylorism) and the tasks created by decomposing the whole process into numerous steps are completed by the workers in a determined time period. This scientific management covers only the control of the physical efforts of the workers and therefore called as “physiological organization theory” (Simon, 1958, p.19). Taylorism was successful in increasing the production level and controlling the labor, or in other words converting the labor to a commodity.

Another important point is to assure the continuous flow of raw materials, intermediate and investments goods needed in the production process of which speed and scale are increased tremendously by mass production. It should be emphasized that even in the Fordism some goods used during the production of final consumer goods are bought by some small-scale firms instead of being produced by the vertically integrated big enterprises. Within this system, small firms are not allowed to produce final consumer goods of which markets are controlled by the big companies and they are forced to be a supplier of these big companies.¹ This picture means that the activities of small enterprises have become a commodity the unique buyer of which is big enterprises. In this order, the big enterprises do not think that sharing of technological knowledge and information is necessary and in this way the suppliers get disconnected and non-integrated with the mass production, and they contribute to the industrial production only with the low prices they offer for the intermediate goods they produce. (Duruiz and Yentürk, 1992, p.25) In conclusion, big enterprises emerged as a result of the need for sustaining the flow of materials among firms although it is sometimes overcostly (Chandler, 1977, p.147-148).

The importance of big enterprises for Fordism can be explained also with their capacity of controlling the markets of final goods in other words triggering the consumption of the final goods they produce. This is vital for Fordism as the high costs generated by the fixed investments make the enterprises obsessive about working at full-capacity. Due to this obsession, controlling the distribution and marketing channels becomes maybe more important for Fordism than controlling the production. (Chandler, 1977, p.286)

¹ A summarization for similar practices see: Emre Balıkcı, “A Player From The Start: Turkey’s Small Capital and Its Relation With State” *Enterprise & Society*, 16, pp 74-108 doi:10.1017/eso.2014.10

A natural result of this is that mass consumption accompanies mass production for the success of big enterprises. These enterprises know that the demand for the standard final consumer goods should also be standard.² It is possible under Fordism to create such a demand thanks to the modern public relations and advertisement campaigns but the efforts of the big enterprises are also remarkable. For example, in 1940s Ford Motor Company tried to trigger the consumption by sending some social service experts to its workers' homes. Ford increased the wages even in crisis periods to keep the consumption level constant. The measures taken by big enterprises to increase the consumption has always been supported by the governments. A typical example for this is Roosevelt's New Deal policy (Harvey, p.149). Similarly, some attempts in the developing countries such as establishing a legal infrastructure for consumer credits and the governments' employment and income policies were effective in increasing the consumption level. (Buĝra, 2000, p.69) These government policies are very important for Fordism as mass production is a condition which cannot be met by the big enterprises alone.

The short discussion about Fordism above shows that the two most important institutions of it are the modern big enterprises and the centralized national-states. Big states of Fordism are the hegemonic agents which are rationalize everything; not only the production and consumption but also the management, prices etc. It should be remembered that the mass production requires big fixed investments. The need of financing these investments and of constituting a unique organisation for production makes big enterprises the basic institution of Fordism. However, the more important reason which makes the big enterprises important for Fordism is that they are perceived as the only institutions capable of providing the information and material flow. Therefore it should be underlined on the fact that the distinguishing feature of the big enterprises in Fordism was not the advanced specialization. The more important thing is the coordinating of the material and information flow. As Chandler pointed out, "[s]uch economies came more from the ability to integrate and coordinate the flow of materials through the plant than the greater specialization and subdivision of the work within the plant." (Chandler, 1977, p.281) Again as Chandler indicated, the big enterprises are defensive rather than being aggressive in organizing the production and this can be seen sometimes costly. (Chandler, 1977, p.147-149)

The Transformation of States and Big Enterprises

The happy years of Fordism lasted from 1930s to 1970s without any big problem. However, the economic crises in 1970s began to transform the regulatory institutions of capitalism.

It was obvious that the increasing oil prices have generated some supply side problems, but on the other hand, the reason of the crisis was much related with the new conditions in consumption and demand. Mass production, the dominant type of industrial organization in the world economy since 1930s, makes the economies more sensitive to the fluctuations in the demand and consumption. (Piore and Sabel, 1984, p.76-77) Whenever a continuous and increasing demand cannot be assured, the decreasing rates of utilization or the idleness of the fixed investments triggered crisis in the capitalist economies. Therefore, the increasing efficiency in the production generated by Fordism can be beneficial only if it is possible to extent the scale of the markets. (Piore and Sabel, 1984, p.23) It is plausible to say that after a 40-year growth generated by Fordism, the markets for the standard final consumption goods could not expand easily as before.

Therefore, the most important effect of this crisis was that it made the uncertainty a rule in the economy. There was uncertainty about market demand, about the conditions of the procurement of raw materials and intermediary goods from the other firms. In 1930s and in following decades these problems could be solved only by the big companies and Keynesian states alone. In the new era, new regulatory institutions which complements the efforts of the state and big companies appeared.

The answer about the regulatory institutions was very clear in 1930s. As we have discussed in the preceding chapter, there was a definite belief in the success of the state and big enterprises in coordinating the relations among different economic agents and the material flow among them. The crisis in 1970s showed that the methods of Fordism could be insufficient in the new conditions but there were some questions about which institutions and which methods will regulate the economy.

The first intellectual reactions against the crisis stated that the state intervention and monopolization through the big states distorted the functioning of markets which should be seen as the most efficient regulating and coordinating mechanism. In the following years, this belief influenced real politics and IMF undertook a policy labeled as Washington Consensus, main aim of which is to reduce the state intervention to the economy especially in the

² Henry Ford stated this logic of Fordism with the following words: "Any customer can have a car painted any colour that he wants so long as it is black" (Toraine, 2002, p.115)

developing countries. (Stiglitz, 2006, p.75) However, this belief withered away after a decade and many economists began to state that some additional institutions are needed to regulate the economy.

As the other important institutions of Fordism, big enterprises began to transform themselves after the crisis. First of all, they tried to internationalize their marketing channels. They searched for new markets aggressively and they used some methods for this purpose. (Piore and Sabel, 1984, p.197) And the companies became aware of the fact that product-life cycle speeded up, and as a result of this, the production strategy should be shifted from the mass production of the standard goods to the specialized consumer goods (Piore ve Sabel, 1984, p.211).

The impact of this changing strategy was more than expected. First of all, the changes in demand conditions and the increase in product-life cycle transformed the organisation of production radically by making the flexible production more prevalent. (Harvey, 1999, p.180) That was the reason why the big enterprises reduced their core production activities and began to work with the small producers which are more competent to comply with the changing market conditions. The so-called decentralisation of the production was possible after the great progress in transportation and communication technologies and the firms began to divide the production processes to the pieces and subcontract them to the companies all around the world.

This decentralisation process deepened with the internationalisation of the economies which makes the information about different national markets and national legal procedures vital. Therefore, coordinating the flow of information and interfirm relations with the old cumbersome methods of Fordism was perceived inefficient after those years. It was thought that uncertainty can be only decreased by speeding up the flow of information and by a new mechanism which can convert the tacit information (with Nonaka's words) –besides the open information- to a usable and transmittable format should be created. This is the only way to cope with the uncertainty in the new economic conditions (Quoted by Castells, 2005, p.217). And this marks the importance of flexible production over the economies of scale (Robert Cox, 1997, p.160-161).

In 1970s, this transformation was seen by some scholars as a break from Fordism and a reason for a transition to a different mode of regulation called as Post-Fordism (Piore ve Sabel). For the others, the new system should be seen as an adaptation of Fordism to the new conditions and be better called as Neo-Fordism. (Aglietta, 1987, p.253-256). Some scholars were optimistic about the developments believing that a new way for industrial democracy has been opened (Piore and Sabel) and some were pessimistic arguing that the new system was an ideological distortion attacking the gains of working class under Fordism (Quoted by Harvey, 1999, p.216-217). No matter how it was perceived, the most important quality of the new period was (and is) that it makes the information flow between the economic agents (from different nations) vital, owing to their intensified economic and cultural relations. This accelerated information flow should be seen as the new way of establishing strong backward and forward links among the firms. And this accelerated information is provided with network economies, which include states and big companies as a part. These network economies make information one of the most important factor of production. (Buğra ve Ađartan, 2009, s.170-171) And as stated, all these developments transformed the state and big companies, which are the regulatory institutions of Fordism.

At this point, we can talk about a retreat of state. During the Post-Washington process, state undertakes a responsibility again for operating the markets properly. (Buğra ve Savařkan, 2014, p.7) However, it should be underscored that the state in question is not the same state of Fordism as it experienced a "metamorphosis". After the metamorphosis, the new state began to share some of its powers and responsibilities with the local government and non-governmental organizations (Buğra ve Savařkan, 2014, p.8-9).

New Regulatory Institution of New Period: Business Associations

The most important institution to which the state transfers its power is business associations.³ Business Associations in the new period are playing a very important role by coordinating the relation among economic actors and by collecting, storing and processing the information needed by these actors (Arrow, 1984, p.170) While playing their roles, business associations are sometimes using social relations as an economic resource in other words, they benefit from the principle of reciprocity as a coordination and information-processing system.⁴

³ The term of business association is used to represent both the official institutions like chamber of commerce and industry and non-official institutions like businessmen's associations.

⁴ According to Polanyi, reciprocity is an exchange relationship which is a part of and inside a social context. According to this definition, it is apparent that reciprocity is different than the redistribution for which state has central importance.

The reason why the reciprocity principle is seen as a remedy for the economic crisis is twofold. The first was very closely related with the characteristic of information. As Arrow remarks, information becomes a commodity in the new era but distinctively from the other commodities it can not be divided and owned by a unique individual. That means it should be produced collectively (Arrow, 1984, p.142). Besides many researches showed that the information produced and distributed collectively is seen more reliable than those produced and distributed with technological means. This reliability decreases the cost of the collectively produced information (p.174) and refers that the information is produced better in its societal context. Many business associations follow this recipe.

It would be inaccurate to say that the business associations take over all the responsibility of the state for coordinating the economy in the new era. Instead of this, business associations become a part of the multilateral governance mechanism. This new approach is defined and elaborated in many reports of transnational institutions such as the UN and OECD. For example, the report titled the "Commision of Global Governance" of the UN stated, "that the world can neither be governed by the marketplace, nor through the cooperation of states. Other forms of governance must be activated" (Quoted by Buğra and Savaşkan, 2014, p.230) This shows that a new coordination mechanism will be used in the new era. Similarly, Buğra and Savaşkan underline that the governance mechanism is a mix of reciprocity, market and redistribution, as offered by Polanyi as the three historical coordination mechanisms (p.8).

As the discussion above shows focusing on the role of business associations in coordinating the economy and its interaction with the national state is very important nowadays to understand the characteristics of the new economic order. This is even more important and interesting, as Ronit underlines, for the developing countries where the institution framework is still unstable (Ronit, 2006, p.223). For this purpose, the present paper will focus on the five business associations in Gaziantep and Nicosia in an internationalized environment. Our main resource for this research is the in-depth interviews with the top officials of these associations.

Two Case Studies: Business Associations in Gaziantep and Nicosia

Gaziantep and Nicosia are two striking examples to examine how the governance mechanism works in the new period. To begin with, we should say that Gaziantep owes its rapid industrialization to its exports to Iraq and Syria. The efforts of the business association in Gaziantep since 1980 to increase the export to these two countries are important and it becomes more important after the relations between Turkish and Syrian governments get tense in the last years and after the central government of Iraq disappeared *de facto*. Under these conditions, business associations become one of the most important elements of the governance mechanism.

Considering the political conditions in Nicosia, the limited power of the government due to the economic embargo imposed on the North Cyprus since 1974, it becomes apparent that the activities of the business associations in this city are also very instructive.

Gaziantep

It is observed during the interviews in Gaziantep that the most important activity of the business associations is to help their members to establish and sustain commercial and industrial relations at an international level. The first steps to create these relations were taken by the governments and business associations was deepened these relations. For example, the General Secretary of Gaziantep Industry Chamber (GSO) Kürşat Göncü stated in our meeting that the economic relations between Turkish and Syrian businessmen were developed by the chambers and business associations of the two countries after 1994, when the governor of Gaziantep began to organize meetings between the two parties. Göncü mentioned that the fairs in Turkey and Syria were very important to provide the communication and information flow between two parts. Thanks to this communication, the businessmen could solve at each fair some problems "generated by the sui generis characteristics of two nations and which can affect trade negatively". According to Göncü, one of the methods of business associations is to find some loopholes in the legal regulations, to inform the businessmen about these and to use them in their favor.

To be successful in these practices, the business associations should be perfectly informed about different national legal procedures and be able to share this information quickly and efficiently with different economic agents. To produce this information individually is very costly especially for the small firms. Moreover, the ability of business associations to determine the possible problems among the economic agents by gathering them in the same platform is important as much as solving these problems.

According to Göncü, GSO is more significant in the process of economic internationalisation of the city although it is cooperating with the governments. GSO is guiding and giving advice to the government in efforts about internationalization not vice versa. As Göncü states, “If Turkish Prime Minister could meet the Council of Ministers of Syria in Aleppo, this is a success story of Gaziantep and GSO.”

According to Kasım Fincan, the Chair of the Board of GÜNSİAF, the most important activity of business associations to develop the business relations is the international trade fairs. In our interview, Fincan mentioned that GÜNSİAD members were asked to join a visit to Syria and Iraq organized by the association. Fincan has visited Syria himself at least 60 times and Iraq at least 20 times thanks to these organisations. The aim of these visits was simple: to establish a link between the industrialists, merchants and bureaucrats of the countries. This was vital not only for an active information sharing between the parts but also to help companies to promote their products in the international markets and to provide the intermediate goods needed from abroad. This was more supportive for SMEs as resources are limited.

Fincan told that the governments played a big role in improving the economic relations with Syria and Iraq. According to Fincan, “The commissions from Turkish government which constantly traveled to Syria and Iraq assured the better economic relations in future and this encouraged us to invest in Syria and Iraq with passion”.

Mesut İşsever, Chair of the Board of GÜNSİFED, emphasized that the business association can cooperate not only with national-states in coordinating the economic relations but also with the other non-official institutions. İşsever underlined that the government did nothing to improve the economic relations of Gaziantep with the Middle East countries after 2004 and said what is important for them was the ability to go –for example - to Aleppo and communicate with the other economic agents. If the state can provide the necessary political framework for this and do not interrupt it, “business can solve its problems with its natural methods”.

However, as the political tension has increased and a civil war has erupted in two countries after 2012, the most important expectation from Turkish government has been the assurance of the security for the trade. For instance, Kasım Fincan called Turkish government for a more active foreign policy in the region and told that it should employ military forces to secure the trade routes if necessary. İşsever agreed with Fincan and told that even the transnational institutions have the responsibility for the safety of Turkish businessmen.

It is plausible to think that it has become compulsory for the business associations to take the initiative for regulating interfirm relations. The hope of business association is to complement the regulatory activities of the state not to substitute, but the conditions force them to do so. The statements of Fincan are important in this regard. Fincan told that the inability of the national states restricts the efficiency of business associations in Iraq and Syria. According to Fincan, the business associations in Germany and the US can work more efficient thanks to their strong central governments which they can apply to solve their problems. The lack of such governments is the biggest problem for Turkish businessmen. However, the business associations are always flexible enough to collaborate with other parties if the governments are inefficient to solve their problems. When asked what they would do if the problems between the governments in Middle East would persist and the governments could not coordinate the international economic relations properly for another three years, Fincan told, “A cure would be found for sure, for example we are currently working on alternative trade routes.” More interestingly, İşsever answered the same question by saying that the businessmen would think sooner or later to communicate with Islamic State through unofficial channels and collaborate with them. In short, for business associations the most important member of the governance mechanism is nation-states, however, they will be flexible to work with other actors for an active coordination of economy.

These interviews in Gaziantep provide a telling story. Firstly, it gives some clues about the transformation of national states as a regulatory institution. According to this, the decreasing power of the national states of Turkey, Syria and Iraq in the region does not increase the power of business associations, conversely, it decreases. The reason is that although the business associations can be regarded as a more efficient and flexible organisation to regulate the economic relations they lack the necessary political and economic power to take and implement macro decisions. Compatible with this conclusion, the business associations of Gaziantep apply very often to business associations to stimulate some macro economic decisions, while continuing to manage the information flow between their members.

This conclusion is valid for the business associations in West Europe. More than ever before, these business associations are becoming information intermediaries. And European business associations are stressing more on the individual services for their members such as financial consultancy services⁵ (Visser and Wiltz, 2006, pp.37-38). Nevertheless, it should be stressed that according to a survey conducted in Germany and England 90% of the business associations see the political conditions as the most important issue for the success of business. (Grote and Schneider, 2006, p.126) This shows that the evolution of business associations in Europe is similar to that in Turkey.

However, there is an important peculiarity of business associations in Europe. This is related with the fact that they can cooperate with the transnational institutions like European Council, European Parliament etc. The business community in Gaziantep has not such opportunity and this is true for the business community in Nicosia. However, it should be remembered that European business associations still prefer to cooperate with nation-states even if they aim to reach the regulating capacity of EU institutions.

In addition to all of that, one of the most important peculiarity of the business associations in Gaziantep is that they do not make a big benefit from the technological opportunities to coordinate the economic relations. Although technology is an important factor in rising the so-called network society, the businessmen in Turkey is preferring mostly to contact face-to-face with their Syrian and Iraqi counterparts. To establish and sustain these face-to-face contacts, business associations mostly use common cultural ties, common language and religion. All interviewees stated that the relations with North Iraq have been established easier than the other regions owing to the common language and culture. This shows that –with Mendell’s words- the reciprocity as a regulatory principle plays a central role in the activities of business associations in Gaziantep (Buğra, 2000, p.132). The following words of Fincan is striking:

“For Southeastern Anatolian people friendship is very important. Because of our friendship we ignore some principles of commerce. For example, we sell a huge amount of goods on an open account to Syria. We collect the rewards for this trust by increasing our exports manyfolds.”

As it can be seen from this quotation, the reciprocity relation functioned as a credit mechanism, and it raised the trading volume between the two sides in the absence of the institutions regulating the material flow.⁶ In fact, this situation also shows that in the network societies where the regulatory function of governments is reclaimed and information flow is increased, a mindset change is needed rather than the mechanical result of a technological change (Castells, 2005, p.233).

Lastly, the proliferation of non-governmental organizations with the lack of trust in nation-state in the international arena can also be considered as a fact for the business organizations in Gaziantep. Business managers say that the activities of their organizations and the number of members have risen swiftly in recent years. For instance, Fincan says that GÜNSİAF, which was established by seven industrialists and business associations, represents 31 industrialists and business associations, and 6450 industrialists and businessmen via these associations.⁷ This indicates that businessmen are aware of the increasing importance of the business organizations as regulatory institutions.

Nicosia

Nicosia, another city in which the research is conducted, is different from Gaziantep. First of all, Nicosia is a city with a quite primitive industry and the city takes place in the international trade with its tourism and agricultural industry. Yet, although Nicosia has been living under embargo for almost 40 years, as a city, it is similar to Gaziantep in that %85 of its firms want to turn towards export, and the nation-state can provide limited support due to the aforementioned embargo. (KTSO, 2012, p.3)

It is understood during the meetings held in the city that the two most important business segments of the business associations are the training of their members and getting certifications for Nicosia products to make them easily marketable in foreign markets. In an interview, the President of Cyprus Turkish Chamber of Industry Ali Çıralı implies that the most important demand of 650 firms affiliated with their chamber is leading for export.

⁵ Göncü stated that GSO provide individual consultancy services for its members as well, and charges extra fee for this services.

⁶ It is interesting to see that reciprocity relations are used more intensely by the business associations which define themselves as conservatist. Mesut İşsever, who defines GÜNSİFED as modern, stated that this "open account practices" make the economy of Gaziantep very vulnerable to crises.

⁷ Please see: <http://www.nasiad.org.tr/gunsiyf-baskani-kasim-fincanin-bolge-ekonomisi-ile-ilgili-roportaji/>

Çıralı states that since Cypriot firms do not know how to export and how to contact foreign actors, their chamber publishes reports and organizes fairs and education programs to bring businessmen together. According to Çıralı, the main purpose of these activities is to provide more information about foreign markets for Cypriot businessmen. In a report prepared by the Cyprus Turkish Chamber of Industry, it is suggested that the chamber should constitute an Information Platform to bring businessmen together and to provide information sharing.

During the business organizations meetings, it is noticed that the Cypriot business world, which wishes to increase export, The Middle East is perceived as a significant opportunity. Çıralı points out that in building connections with the Middle East, Turkish Cypriots stress their Islamic identity. He also adds that African students studying at Cypriot universities are an advantage for establishing connections with the foreign market representatives of the African business world thanks to the fairs. This is also an interesting example to show how trade relations are transferred from non-economic field to the economic one through business organizations.

It is seen that Cypriot business associations do not renounce the regulatory capacities of the national state completely, even if their activities are low, which is a situation similar to that of Gaziantep. The business organizations indicate that they apply to Turkish and Cypriot governments especially in the cases that require financial support. About this, Çıralı suggests establishing Exporters' Association which will be funded by the government in order to support exporters.

It is implied by this example that the business organizations in Nicosia can function as good information transmitters in the political field they cannot compete with the government. Çıralı emphasizes that the governments that they askes for help solved 50% of their problems. Yet, he does not hesitate to demand support from the government, nor do the managers in Gaziantep. This fact suggests that the organizations in Nicosia do not perceive themselves as rivals but supplemental institutions for the government.

It is possible to find similar implications in the words of Turkish Cypriot Chamber of Commerce's officers. İzlem Sönmez, who says that one of the most important features of the chamber is to open up the economy of the island to the outside world, implies that the chamber functions as the Foreign Affairs.

Another officer of the chamber stated too, that the territory of the Middle East in which Cypriot businessmen intends to break into the market human affairs are very important, hence, improbing these affairs with the help of Muslim identities is included in the activities of the chamber. Besides, Turkish Cypriot Chamber of Commerce has some important procedures to follow to get Halal Certificate for its Cypriot agriculture and agricultural industry products and this can increase export to the Islamic countries in the Middle East.

Sönmez emphasizes that Turkish Cypriot Chamber Commerce aims to increase the information flow among the Cypriot businessmen towards the international markets. In addition to this, he implies that the business organizations cannot claim responsibility for the mission of coordinating the nation-states in business world. Sönmez, who says that despite the political instability in Cyprus and the Middle East, Turkish Cypriot Chamber of Commerce cannot be an arbitration body or a regulator, implies that in democracies the national-states substitute their political and judicial power.

Sönmez's these opinions are paralel with İşveren's and contrary to the Fincan's. Fincan indicates that they can get into debt/credit relation without taking the judicial system as a reference and that the relations built through the business associations and cultural links can stand as guarantors for this case. This situation gives rise to the thought that the ability of strengthening and coordinating the business relations faster without taking the judicial system as a reference is dependent on their current level of confidence or their capacity of developing trust. At the same time, their being able to coordinate business world independently of the government is also dependent upon the government's wish for sharing its authority with the business organizations. While it was accomplished in Germany, in the US, in the first years of the establishment of industry, not sharing this authority with the business organizations decreased their efficiency. (Chandler, 1977, p.141)

Conclusion

In the light of the interviews these can be concluded:

- The inspected business associations direct the process of their country's opening to the foreign markets and the information flow about them among businessmen mostly on their own. At this point, the government stands as an encouraging power rather than being the main regulative institution.

-Most of the inspected business associations do not see themselves as a strengthening mechanism or a punishing institution for the possible problems of the business organizations. GÜNSIAD, which refers to cultural and common values, is an exception of this. This situation shows that at times when the government's delegation of authority is beside the point, the capacity of using information relations can improve the coordination capacity of the business organizations.

-Even though the business associations took more and more initiative after 1980 in order to internationalise businessmen, they are aware of the nation-state's vital importance about the coordination of economy. Thus, the business associations do not perceive themselves as rival institutions against the nation-state.

-The business associations expect to get some support from states especially for security, which is necessary to develop business environment, big costly projects, grand fairs etc. It is also observed that they think they are rather an effective institution for enabling the information flow.

-In the region where the business organizations function, the absence of supra-national institutions which organize business life has made the business associations depend more on the nation-states.

Brief Biography of Author:

Assistant Professor Emre Balıkçı received his BA degree in Economics Department from Marmara University in 2003. He received his MA and PhD degree from Development Economics and Economic Growth program in Social Science Institute of Marmara University. In the spring semester of 2009, he was a Visiting Researcher in Växjö University, Sweden. He worked for Milliyet Daily as an editor in Foreign News Desk between 2006 and 2010. Between 2011-2014, he worked for Okan University. He is an Assistant Professor in Economics and Business Administration Faculty of Arel University since 2014. Dr.Balıkçı has co-authored an article with Professor Asım Karaomerlioglu titled as "A Forgotten People: Turkish Artisans in the 1950s" and this article has been published by the British Journal of Middle Eastern Studies. He is also the author of the Research Project "The History of a Conflict aged 80 years: The Relations Between Big-Small Capital and State in Turkey" conducted with support of Social Policy Forum. His major area of interest is the history of economics in modern Turkey.

References

Aglietta, Michel, "A Theory of Capitalist Regulation: The US Experience", London: Verso, 1987.

Arrow, Kenneth Joseph; "The Economics of Information", Cambridge: Belknap Press of Harvard University Press, 1984.

Buğra, Ayşe ve Kaan Ağartan (Eds.), "21. Yüzyılda Karl Polanyi'yi Okumak: Bir Siyasi Proje Olarak Piyasa Ekonomisi", İstanbul: İletişim Yayınları, 2009.

Buğra, Ayşe ve Osman Savaşkan, "New Capitalism in Turkey: The Relationship Between Politics, Religion and Business", Cheltenham: Edward Edgar Pub.Ltd, 2014.

Buğra, Ayşe, "Devlet-Piyasa Karşıtlığının Ötesinde: İhtiyaçlar ve Tüketim Üzerine Yazılar", İstanbul: İletişim Yayınları, 2000.

Chandler, Alfred J, "The Visible Hand: The Managerial Revolution in American Business", Cambridge: Belknap Press, 1977

Castells, Manuel, Ağ Toplumunun Yükselişi - Enformasyon Çağı: Ekonomi, Toplum ve Kültür 1.Cilt, İstanbul: İstanbul Bilgi Üniversitesi Yayınları, 2005.

Cox, Robert, "Global Prestroika" içinde "The Theoretical Evolution of International Political Economy: A Reader", Oxford: Oxford University Press, 1997, pp.158-173

Duruiz, Lale ve Nurhan Yentürk, "Facing the Challenge: Turkish Automobile, Steel and Clothing Industries to the Post-Fordist Restructuring", İstanbul: İletişim Yayınları, 1992.

Farrell, Henry, "The Political Economy of Trust: Institutions, Interest and Inter-Firm Cooperation in Italy and Germany", Cambridge: Cambridge University Press, 2009.

Grote, Jurgen G. ve Volker Schneider; "Organizations and networks in a globalizing economy: British and German chemical interest associations" (içinde) Wolfgang Streeck (et al.), "Governing Interest: Business Associations Facing Internationalization", New York: Routledge, 2006, ss.117-149.

Harvey, David, "Postmodernliğin durumu: Kültürel Değişimin Kökenleri", İstanbul: Metis Yayınları, 1999.

Jelle Visser and Arnold Wiltz, "Reaching Out and Fitting In: Dutch Business Associations at Home (and) in Europe" (included in) Wolfgang Streeck (et al.), "Governing Interest: Business Associations Facing Internationalization", New York: Routledge, 2006, pp.21-49

March, James, "Organizations", New York: Wiley, 1958.

Piore, Michael J ve Charles F.Sabel, "The Second Industrial Divide", New York: Basic Books, 1984.

Polanyi, Karl, "Büyük Dönüşüm: Çağımızın Siyasal ve Kültürel Kökenleri", İstanbul: İletişim Yayınları, 2009.

Ronit, Karsten; "International Governance by Organized Business: The Shifting Roles of Firms, Associations and Intergovernmental Organizations in Self-Regulation" (içinde) Wolfgang Streeck (et al.), "Governing Interest: Business Associations Facing Internationalization", New York: Routledge, 2006, pp.219-242.

Stiglitz, Joseph, "Küreselleşme Büyük Hayal Kırıklığı", İstanbul: İletişim, Tasarım, Tanıtım Yayıncılık, 2006.

Touraine, Alan, "Modernliğin Eleştirisi", İstanbul: Yapı Kredi Yayınları, 2002.