

BOOK OF ABSTRACTS

EconWorld2016@London

10–12 August 2016

London, United Kingdom

Imperial College London, Sir Alexander Fleming Building

WELCOME



The 4th EconWorld conference (International Conference in Economics) was held in London, United Kingdom on 10–12 August 2016 at Imperial College London, Sir Alexander Fleming Building.

PROGRAMME AT A GLANCE



THURSDAY, 11 AUGUST 2016

09:30–10:45	T1A – Financial Markets (SAF RM 119) T1B – Turkish Economy / Türkiye Ekonomisi (SAF RM 121) T1C – Environment and Economy / Çevre ve Ekonomi (SAF RM 122)
11:30–12:45	T2A – Environment (SAF RM 119) T2B – Macro Economy / Makro Ekonomi (SAF RM 121) T2C – Public Finance / Kamu Maliyesi (SAF RM 122)
14:00–15:15	T3A – Firm Studies (SAF RM 119) T3B – Social Capital and Education / Beşeri Sermaye ve Eğitim (SAF RM 121) T3C – Entrepreneurship/ Girişimcilik (SAF RM 122)

FRIDAY, 12 AUGUST 2016

09:30–11:00	F1A – Country Studies (SAF RM 119) F1B – Theoretical Discussion in Economics / Ekonomide Teorik Tartışmalar (SAF RM 121) F1C – Monetary Policy / Para Politikası (SAF RM 122)
11:30–13:00	F2A – Technology and Efficiency (SAF RM 119) F2B – Behavioral Studies / Davranışsal Çalışmalar (SAF RM 121)

SESSIONS

T1A – Financial Markets

Thursday, 11 August 2016 • 09:30–10:45 • SAF RM 119 • Chair: Murat Pütün

09:30	The New Stock that Did Not Underperform <i>Bader Alhashel</i>	p. 10
09:50	Assessing Cost and Profit Efficiency by a Joint Application of Parametric and Non-parametric Approaches: Evidence from the Algerian Banking System <i>Benzai Yassine</i>	p. 11
10:10	Estimating Risk-Neutral Distribution and Risk Aversion for the Indian Options Index Market <i>Sonalika Sinha</i>	p. 12

T1B – Turkish Economy / Türkiye Ekonomisi

Thursday, 11 August 2016 • 09:30–10:45 • SAF RM 121 • Chair: Ethem Duygulu

09:30	Innovative University Culture: A Scale Development Study/ Yenilikçi Üniversite Kültürü: Bir Ölçek Geliştirme Çalışması <i>Nurcan Hakan Çırakları</i>	p. 13
09:50	Testing Unemployment Series Stationarity Properties for Turkey: Is Natural rate of unemployment or unemployment hysteresis?/ İşsizlik Serisinin Durağanlık Özelliklerinin Test Edilmesi: Doğal İşsizlik Oranı mı ya da İşsizlik Histerisi mi? <i>Ethem Esen</i>	p. 15
10:10	An Analysis of the Causality Relationship of Consumer Loans with Inflation and Current Account Deficit in Turkey / Türkiye’deki Bireysel Krediler ile Enflasyon ve Cari İşlemler Açığı Arasındaki Nedensellik İlişkisinin İncelenmesi <i>Serbat Yüksel</i>	p. 16

T1C – Environment and Economy / Çevre ve Ekonomi

Thursday, 11 August 2016 • 09:30–10:45 • SAF RM 122 • Chair: Zişan Kılıçkan

09:30	Evaluation of Low Carbon Development (LCD) Levels of EU Countries and Turkey by Grey Relational Analysis/ AB Ülkeleri ve Türkiye’nin Düşük Karbonlu Kalkınma Düzeylerinin Gri İlişkisel Analiz ile Değerlendirilmesi <i>Nesrin Alptekin</i>	p. 17
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09:50	Sustainable Development and Energy Relations in Turkey's EU Accession Process / Türkiye'nin AB'ye Uyum Sürecinde Sürdürülebilir Kalkınma ve Enerji İlişkisi <i>Füsun Yenilmez</i>	p. 18
10:10	The Low Carbon Solution to Turkey's Fossil Energy Problems: Green Economy / Türkiye'nin Fosil Enerji Kaynaklı Sorunlarına Düşük Karbonlu Bir Çözüm: Yeşil Ekonomi <i>Ceyda Erden Özsoy</i>	p. 19

T2A – Environment

Thursday, 11 August 2016 • 11:30–12:45 • SAF RM 119 • Chair: Yılmaz Kılıçaslan

11:30	Impact of Climate Change on Turkish Agriculture: Autonomous Adaptation and Farmers' Risk Behavior <i>Gökhan Özertan</i>	p. 20
11:50	What's the Cost of Regulating the Environment? Aggregate Implications of Cap-and-Trade Programs <i>Evangelina Dardati</i>	p. 21
12:10	A Data Envelopment Analysis Application for Comparing Efficiency of G7 Countries and Turkey <i>Aslışah Şenak</i>	p. 22

T2B – Macro Economy / Makro Ekonomi

Thursday, 11 August 2016 • 11:30–12:45 • SAF RM 121 • Chair: Yılmaz Kılıçaslan

11:30	The Relationship between Credit Volume and Current Account Deficit: A Dynamic Analysis for Turkey / Kredi Hacmi ile Cari Açık arasındaki İlişki: Türkiye için dinamik Bir Analiz <i>Pınar Karahan</i>	p. 23
11:50	Structural Analysis of the Turkish Economy's Balance of Payments: 1984-2015 / Türk Ekonomisinde Ödemeler Bilançosunun Yapısal analizi: 1984-2015 <i>Füsun Yenilmez</i>	p. 24
12:10	Reserve Option Mechanism from Monetary Policy Instruments Being Implemented in Turkey / Türkiye'de Uygulanan Para Politikası Araçlarından Rezerv Opsiyon Mekanizması (ROM) <i>Burhan Doğan</i>	p. 25

T2C – Public Finance / Kamu Maliyesi

Thursday, 11 August 2016 • 11:30–12:45 • SAF RM 122 • Chair: Abdulkadir Kaya

11:30	The Relationship between Tax Revenues and Economic Growth: A Panel Data Analysis on the OECD Countries / Vergi Gelirleri Ekonomik Büyüme İlişkisi: OECD Ülkelerine İlişkin Bir Panel Veri Analizi <i>Murat Demir</i>	p. 26
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11:50	Evaluation of Efficiencies of Hospitals in Turkey Using Data Envelopment Analysis/ Türkiye’de Hastanelerin Etkinliğinin Veri Zarflama Analizi ile Değerlendirilmesi <i>Selin Çalışkan</i>	p. 27
12:10	Relation Causality between Stock and Futures Markets: An Application on the BIST / Menkul Kıymet ve Vadeli İşlem Piyasaları arasındaki Nedensellik İlişkisi: BİST Üzerine Bir Uygulama <i>Abdulkadir Kaya</i>	p. 28

T3A – Firm Studies

Thursday, 11 August 2016 • 14:00–15:15 • SAFRM 119 • Chair: Gökhan Özertan

14:00	The Entrepreneurial Decision Making: Use of Effectuation and Relation with Perceived Financial Performance and Innovation in the Firm <i>Subeika Rizvi</i>	p. 29
14:20	Corporate Governance Rating Changes at Borsa Istanbul <i>Emrah Arioğlu</i>	p. 30
14:40	Role of Islamic Banking on Entrepreneurship: The Key to Global Prosperity and Employment <i>Hafız Mushtaq Ahmad</i>	p. 31

T3B – Social Capital and Education / Beşeri Sermaye ve Eğitim

Thursday, 11 August 2016 • 14:00–15:15 • SAFRM 121 • Chair: Ersin Uğurkan

14:00	Reviewing the Glass Ceiling Syndrome Perception of Academicians with Exploratory Factor Analysis: An Application on ESOGU Academicians/ Akademisyenlerin Cam Tavan Sendromu Algılarının Açıklayıcı Faktör Analizi ile İncelenmesi: ESOGÜ Akademisyenleri <i>Nuray Girginer</i>	p. 32
14:20	Role of Social Media on Social Movements / Sosyal Medyanın Toplumsal Hareketler Üzerindeki Rolü <i>Nuray Girginer</i>	p. 33

T3C – Entrepreneurship/ Girişimcilik

Thursday, 11 August 2016 • 14:00–15:15 • SAFRM 122 • Chair: Mehmet Başar

14:00	The Importance of Business Ethics and Social Responsibility for Entrepreneurship / Girişimcilikte İş Ahlakı ve Sosyal Sorumluluğunun Önemi <i>Berfu Ilter</i>	p. 34
14:20	Discovering The Culture of Innovation: A Qualitative Study /Yenilikçilik Kültürünü Keşfetmek : Nitel Bir Araştırma <i>Ethem Duygulu</i>	p. 35
14:40	Worldwide Practices of Micro Credit within the Context of Increasing Entrepreneurship / Girişimciliğin Artırılması Kapsamında Dünya Çapında Mikro Kredi Uygulamaları <i>Damla Geldişen</i>	p. 36

15:00	The Socio-Economic Dimension of Urban Regeneration in Turkish Construction Sector / Türk İnşaat Sektöründe Kentsel Dönüşümün Sosyo-Ekonomik Boyutu <i>Emre Altuğ Özsoy</i>	p. 37
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F1A – Country Studies

Friday, 12 August 2016 • 09:30–11:00 • SAF RM 119 • Chair: Yılmaz Kılıçaslan

09:30	Economic Costs of Briexit From The EU: Costs Involved For The EU and UK <i>Murat Pütün</i>	p. 38
09:50	Did Sweden Gain or Lose not Joining the European Monetary Union <i>Emilia Gyork</i>	p. 39
10:10	Cutback Management Through Public Procurement in Spanish Regional Governments <i>Jose Caamano-Alegre</i>	p. 40
10:30	The Economic Consequences of the Youth Unemployment Case the EU Countries: A Critical Analysis <i>Murat Pütün</i>	p. 41

F1B – Theoretical Discussion in Economics / Ekonomide Teorik Tartışmalar

Friday, 12 August 2016 • 09:30–11:00 • SAF RM 121 • Chair: Nilgün Çağlarırırnak Uslu

09:30	Different Approaches to Underground Economy Effect / Kayıt Dışı Ekonominin Etkilerine Farklı Yaklaşımlar <i>Zeynep Erdiç</i>	p. 42
09:50	Institutional Economics and Naturalism: Problems and Prospects? / Kurumsal İktisat ve Naturalizm: Ortodoks İktisada Muhalefetin İmkanları ve Kısıtları <i>Ferudun Yılmaz</i>	p. 43
10:10	Price and Income Elasticities of Telecommunication: Example of Turk Telekom/ Telekomünikasyon Fiyat ve Gelir Esneklikleri: Türk Telekom Örneği <i>Yeliz Zoğal</i>	p. 44

F1C – Monetary Policy / Para Politikası

Friday, 12 August 2016 • 09:30–11:00 • SAF RM 122 • Chair: Hasan İslatince

09:30	Does Price Stability entail Financial Stability? / Fiyat İstikrar Finansal İstikrar Sağlar mı? <i>Nejla Adanur Aklan</i>	p. 45
09:50	The Inflationary Effects of Politic Crisis with Russia band Turkey / Rusya ile Türkiye Arasında Yaşanan Politik Krizin Enflasyonist Etkileri <i>Zişan Kılıçkan</i>	p. 46
10:10	Macro and Micro Factors Determining the Ratio of Non-Performing Loans for Deposit Banks in the Turkish Banking Sector / Türk Bankacılık Sektöründe Mevduat Bankaları için Takipteki Kredi Oranını Belirleyen Makro ve Mikro Faktörler <i>Nuray İslatince</i>	p. 47

F2A – Technology and Efficiency

Friday, 12 August 2016 • 11:30–13:00 • SAF RM 119 • Chair: Subeika Rizvi

11:30	Technological Cooperation between Countries: An Analysis with Patent Applications <i>Ulaş Akkücüük</i>	p. 48
11:50	The Economics of App Review <i>Ming Gao</i>	p. 49
12:10	Innovation and Competition in a Memory Process <i>Juan A. Correa</i>	p. 50
12:30	A Kaldorian Interpretation of the Turkish Economic Growth Performance <i>Lütfi Uçal</i>	p. 51

F2B – Behavioral Studies / Davranışsal Çalışmalar

Friday, 12 August 2016 • 11:30–13:00 • SAF RM 121 • Chair: Ersin Uğurkan

11:30	Response of EU Public Opinion Against the Free Trade Agreement Between US and EU / AB ile ABD arasında Yürütülen Serbest Ticaret Anlaşması'na AB Kamuoyunun Tepkisi <i>Ersin Uğurkan</i>	p. 52
11:50	An Assessment of Financial Decision Making in Markets: A Behavioural Finance Perspective / Piyasalarda Finansal Karar Süreçlerinin Davranışsal Finans Perspektifinden Değerlendirilmesi <i>Hülya Akay</i>	p. 53
12:10	How Many Hours Do Unemployed Desire to Work in Turkey? / Türkiye'de İşsizler Ne Kadar Süre Çalışmak İstiyorlar? <i>İsmail Şentürk</i>	p. 54
12:30	The Factors that affect the Profitability of the Companies: The Sample of BIST 30 / Firmaların Karlılığını Etkileyen Faktörler: BIST 30 Örneği <i>Özge Korkmaz</i>	p. 55

ABSTRACTS



T1A – Financial Markets · Thursday 11 August, 09:30–09:50, SAFRM 119

The New Stock that Did Not Underperform

Bader Alhashel¹

¹Kuwait University, Kuwait

ABSTRACT

There is a long standing literature on the long-term performance of IPOs and newly listed stocks. This paper examines the performance of newly listed stocks in a unique setting in which firms do not issue new equity immediately prior to listing. Instead, firms move from private to public with the same number of shares outstanding. Using data over the period 2001-2012 from the Kuwait Stock Exchange, we find that newly listed firms do not observe any underperformance over a three- year period as documented in the extant literature. This result is arrived at after controlling for both size and book-to-market effects using both event-time and calendar-time approaches.

KEYWORDS Newly listed stocks; IPO; long-term performance

JEL G14, G30, G15

T1A – Financial Markets · Thursday 11 August, 09:50–10:10, SAF RM 119

Assessing Cost and Profit Efficiency by a Joint Application of Parametric and Non-parametric Approaches: Evidence from the Algerian Banking System

Benzai Yassine¹, Aouad Hadjar Soumia¹

¹University of Dr Moulay Tahar Saida, Algeria

A B S T R A C T

The aim of this paper is twofold: First, we provide an empirical assessment of cost and profit stochastic frontiers based on a panel dataset of Algerian commercial banks over the 2003–2012 period. In addition, we examine the effect of certain bank specific factors (profitability, bank size and ownership status) on differences in efficiency. Second, on the basis of the same data set, we also compare the most widely used parametric (Stochastic Frontier Approach SFA) and non-parametric (Data Envelopment Analysis DEA) techniques to cost efficiency measurement in a purpose to demonstrate the robustness of the explanatory results obtained. We check the consistency conditions among frontier techniques by comparing efficiency means, rank order, correlation coefficients and the correlation with accounting measures of performance. Our most striking results is that Algerian banks are more efficient at generating profits (score of 70,39 %) than controlling costs (score of 45,74 %) and that cost efficiency worsened while profit efficiency improved substantially during the study period. While all banks perform similarly in terms of profits, the cost efficiency scores vary considerably according to the size and the ownership status. In fact public banks perform private banks which are disadvantaged by their allocative efficiency. The results indicate also the presence of a relative consistency between the two approaches; in contrast with standard performance measures making our empirical findings derived from the frontier methods more informative about the reality of the Algerian banking industry performance.

KEYWORDS Cost Efficiency; Profit efficiency; Algerian Banking System; Stochastic Frontier Approach; Data Envelopment Analysis

T1A – Financial Markets · Thursday 11 August, 10:10–10:30, SAF RM 119

Estimating Risk-Neutral Distribution and Risk Aversion for the Indian Options Index Market

Sonalika Sinha¹

¹University of Hyderabad, India

A B S T R A C T

Use of risk-neutral density functions to estimate the degree of risk aversion of the representative agent using the options market data has gained tremendous popularity over the last decade. Studying option prices can provide information about the market participants' probability assessment of the future outcome of the underlying asset. This paper explores a nonparametric technique to compute risk-neutral density (RND) functions directly from option index prices and further tests the forecast ability of future densities. This analysis also examines the need to extract the subjective distribution of future asset prices from option prices using utility functions. Results indicate that risk-neutral PDFs are reasonably good forecasts of future densities. The study finds an inverse relation between the computed measure of investor risk aversion and equity risk. Results indicate a phenomenon that is theoretically consistent – there is presence of risk-neutrality among investor.

JEL

G13, C13, E44

Innovative University Culture: A Scale Development Study/ Yenilikçi Üniversite Kültürü: Bir Ölçek Geliştirme Çalışması

Nurcan Hakan Çırakları¹, Ethem Duygulu¹

¹Dokuz Eylül University, Turkey

ABSTRACT

Innovation activities are shaped around a country's political and cultural traditions within the confines of specific social and economic conditions. When the complexity of the phenomenon of innovation and the inconsistency of the results of research into this phenomenon are taken into consideration, it is clear that a cultural perspective could be beneficial in understanding innovation (Jaskyte, 2004). Kanter (2003) asserted that innovative organizations needed to adopt the culture of success and the culture of pride that came with it. Furthermore, Tushman and O'Really (1997) considered culture to be an important factor in the management of innovation. A more participatory style of management will be seen in those organizations that possess a supportive culture in which communication and teamwork is appropriate and where structural flexibility, empowered staff plus risk-taking and failures are tolerated. The potential for developing innovation is going to be high in those organizations with the correct mix of these factors (Ismail, 2007). Those organizations that support and encourage innovation generally focus their attention on resources, processes and the measure of success because they can be measured quantitatively and pay less importance to measuring innovative culture, climate and behavior because they are qualitative and relatively difficult to measure (Rao and Weintraub, 2013). Therefore, this study aims to develop a scale for identifying the characteristics of an innovative university using a state-owned university's associated departments. The study involves three separate staged (triangulation) in terms of data collection techniques. The first stage consists of qualitative data obtained as a result of six focus group sessions conducted by three specialists in the field and participated in by 35 academic and 10 administrative personnel working in departments at Dokuz Eylül University making a total of 45 samples. The text that was created after collating the participants' opinions was subjected to content analysis with the help of the Nvivo package program. The main themes were identified and labeled based on the item (words and sentences). The second stage consists of converting the item taken from a vast pool of item pertaining to the identified themes and converting them to a five-point negative to positive Likert scale ranging from "I strongly disagree" to "I strongly agree." The opinions of 10 experts were sought in order to test the content validity of the large quantity of item. They were asked to allocate points on a scale of 10-100 indicating to what degree which material measured innovative university culture. Each item was examined and those scoring less than 30 points were removed from the pool. In the third stage a reliability analysis test was performed in order to determine the internal consistency of the items using principle components and confirmative factor analysis on the data gathered from the academic and administrative personnel in the select departments of Dokuz Eylül University in order to determine the factorial structure of the scale the content validity of which had been obtained. The SPSS 20.0 and LISREL 8.8 statistics package programs were used in the implementation of these analyses. Thus, a new measurement instrument will have been developed using an emic perspective different from the scales that exist in the literature measuring innovative university culture.

JEL

M14, O31, L26

T1B – Turkish Economy / Türkiye Ekonomisi · Thursday 11 August, 09:50–10:10, SAFRM 121

Testing Unemployment Series Stationarity Properties for Turkey: Is Natural rate of unemployment or unemployment hysteresis?/ İşsizlik Serisinin Duraganlık Özelliklerinin Test Edilmesi: Doğal İşsizlik Oranı mı ya da İşsizlik Histerisi mi?

Ethem Esen¹, Sultan Fatih Kostakoğlu¹

¹Anadolu University, Turkey

A B S T R A C T

Natural unemployment rate is never zero, but it is expected to minimum level. In this point, we ask the question: is unemployment at low level or increasing over time? It is explained by two ways. First, Natural rate of unemployment which is introduced by Friedman (1968) and Phelps (1968) and second, Unemployment hysteresis. Friedman and Phelps assert that specific level of unemployment exists at any time. In the short-run, labor markets fluctuate around specific level but in the long run unemployment rate reaches its natural level and above this level, there is no trade-off between unemployment and inflation. Unemployment hysteresis put forwards that rigidities in labor market and human capital effect have a negative effect on the labor market. This means that shocks have a negative permanent effect on the labor market. In this perspective, natural rate of unemployment does not evaluate a problem but unemployment hysteresis is a problem which should solve. In this study we aim to test stationarity properties of unemployment series for Turkey using unit root analysis both with no break and with structural break. Analysis period covers between 2005:1 and 2014:11 monthly data. If series is stationary, it means that unemployment in Turkey shows natural rate of unemployment properties. Vice a versa, unemployment in Turkey display non-stationary properties and policy maker should take precautions.

KEYWORDS Natural Rate of Unemployment; Unemployment Hysteresis; Test of Stationarity

JEL E24, J08, E20

T1B – Turkish Economy / Türkiye Ekonomisi · Thursday 11 August, 10:10–10:30, SAFRM 121

An Analysis of the Causality Relationship of Consumer Loans with Inflation and Current Account Deficit in Turkey / Türkiye’deki Bireysel Krediler ile Enflasyon ve Cari İşlemler Açığı Arasındaki Nedensellik İlişkisinin İncelenmesi

Serhat Yüksel¹, Mustafa Özşarı¹

¹Konya Gıda ve Tarım University, Turkey

ABSTRACT

This study aims to define the causality relationship between consumer loans with inflation and current account deficit. Within this scope, quarterly data for the periods between 1994:1 and 2015:3 was used in this study. In addition to this issue, we also used Johansen cointegration analysis and Toda Yamamoto causality analysis in order to achieve this objective. As a result of these analyses, it was determined that there is not a causal relationship between consumer loans with inflation rate and current account deficit. In other words, we did not find any issue which shows that increase in consumer loans leads to the problems of current account deficit and high inflation rates in Turkey. By taking into the consideration of these aspects, it can be said that so as to prevent high inflation and current account deficit problems, some solutions rather than limiting consumer loans should be implemented.

KEYWORDS Consumer Loans; Inflation; Current Account Deficit; Johansen Cointegration Test; Toda Yamamoto Causality Test

JEL E31, E51, F32

Evaluation of Low Carbon Development (LCD) Levels of EU Countries and Turkey by Grey Relational Analysis/ AB Ülkeleri ve Türkiye'nin Düşük Karbonlu Kalkınma Düzeylerinin Gri İlişkisel Analiz ile Değerlendirilmesi

Nesrin Alptekin¹, Orkun Alptekin¹, Bilal Saraç¹

¹Anadolu University, Turkey

A B S T R A C T

Energy, especially fossil fuels, plays an important role in ensuring economic growth and improving people's quality of life. Carbon dioxide emissions produced by fossil fuels is regarded as one of the main factors of global climate change. Although there are different opinions towards the issue of global warming, international communities have made substantial efforts in reducing national and global carbon dioxide emissions. However, low carbon development has been advocated by many countries as a new development model. Low carbon development is defined as utilizing less carbon to promote economic growth in the future. In our age, the increasing importance of climate change, low carbon development is a new form of sustainable development. The ultimate aim of low-carbon development is to achieve environmental, economic and social sustainable development. In this context, country comparisons obtained by evaluation of low-carbon development indicators are important. In this study, low carbon development levels of EU countries and Turkey were evaluated by Grey Relational Analysis which is a multi-criteria decision making approach.

KEYWORDS Low Carbon Development Level; Entropy; Grey Relational Analysis

JEL C02, O57, Q56

T1C – Environment and Economy / Çevre ve Ekonomi · Thursday 11 August, 09:50–10:10, SAF RM 122

Sustainable Development and Energy Relations in Turkey's EU Accession Process / Türkiye'nin AB'ye Uyum Sürecinde Sürdürülebilir Kalkınma ve Enerji İlişkisi

Fusun Yenilmez¹, Mehmet Samet Erdem²

¹Eskişehir Osmangazi University, Turkey

²Sinop University, Turkey

ABSTRACT

Despite the fact that sustainable development represents an overall increase in the standard of living it is interpreted with different priorities. The EU, creating its policies to aimed at improving living standards wherever possible, developing countries are giving priority to the economic development. In the energy area, the EU is rising environmental living standards by passing through nuclear energy to renewable energy. Turkey, both as a developing country and candidate country has sat the economic development on the basis of sustainable development. In this context, the nuclear energy has become a priority in the energy field. In the study, energy choices and the impact of these choices to the EU cohesion policy from the point of Turkey were examined depending on the interpret of sustainable development Turkey and the EU.

KEYWORDS EU; Turkey; Energy; Sustainable Development

JEL Q01, Q4, O52

The Low Carbon Solution to Turkey's Fossil Energy Problems: Green Economy / Türkiye'nin Fosil Enerji Kaynaklı Sorunlarına Düşük Karbonlu Bir Çözüm: Yeşil Ekonomi

Ceyda Erden Özsoy¹, Ahmet Dinç¹

¹Anadolu University, Turkey

ABSTRACT

Energy use in Turkey is largely depending on fossil energy sources. Turkey is a net energy importer and energy import is one of the most important item that effects current account deficits negatively. Turkey's energy demand is mostly based on import fossil fuels around 70%. Besides current account deficits, Turkey needs to diversify the energy sources to provide energy supply security. Turkey's current energy portfolio increases the carbon footprint. In order to minimize the damage to the environment during the production of energy it should be preferred to the use of renewable energy sources instead of fossil fuels. Renewable energy sources are clean and environmentally friendly. Clean energy production and consumption is vitally important in terms of reaching environmental, social and economic sustainability. This major transformation called green economy is necessary not only to protect ecological balance, but also it is economically beneficial.

KEYWORDS Renewable Energy; Fossil Fuels; Carbon Footprint; Green Economy; Turkey

JEL Q21, Q32, Q42, Q56

T2A – Environment · Thursday 11 August, 11:30–11:50, SAF RM 119

Impact of Climate Change on Turkish Agriculture: Autonomous Adaptation and Farmers' Risk Behavior

Gökhan Özertan¹, Yiğit Gürdal¹, Barış Karapınar², Gözde Unal¹

¹Boğaziçi University, Turkey

²TEMA Foundation, Turkey

ABSTRACT

For the region that Turkey is in, recent literature on climate change projects both increasing average temperatures and reductions in precipitation and also increasing frequency and intensity of extreme climate events such as droughts and heat waves. In particular, these changes affect the agricultural sector negatively. Although there are exposure differences between regions, products and modes of production, climate-induced risks and vulnerabilities are increasing. Hence, adaptation to climate change is increasingly important for all stakeholders. In this context, the purpose of this research paper is to analyse the impacts of climate change on Turkish agriculture. In this paper, the effects of average climate change and of extreme climatic events on producer behavior at micro level will be investigated. To this end, first, climate related risk distributions and variability will be estimated at the regional level, second, results derived in the first stage will then be compared with farmers' risk and uncertainty (ambiguity) perceptions calculated at the micro level using a survey conducted on 600 farmers from three provinces in Turkey. Finally, autonomous adaptation tendencies will be identified and policy recommendations will be made on planned adaptation. As such, this project aims to fill a major gap in the climate literature on Turkey as well as providing important policy recommendations.

KEYWORDS Climate change; Risk attitude of farmers; Turkey

JEL Q18, Q54, Q56

T2A – Environment · Thursday 11 August, 11:50–12:10, SAF RM 119

What's the Cost of Regulating the Environment? Aggregate Implications of Cap-and-Trade Programs

Evangelina Dardati¹, Meryem Saygılı²

¹United Alberto Hurtado, Chile

²University of Texas at Tyler, USA

ABSTRACT

We use a firm dynamics model with heterogeneous firms to study the effect on the aggregate economic outcomes and welfare of different allocation schemes in a cap-and-trade program. In particular, we quantify the long-run effects of allocating permits through auctions, grandfathering, and output-based allocations. We calibrate the model with US data on firm size distribution and firm emissions. A 30% reduction in emissions is associated with a welfare cost that is highest for auctioning, followed by output-based allocation and, finally, grandfathering. When we introduce an abatement option, the loss is smaller, but the ordering remains the same.

KEYWORDS plant heterogeneity; cap-and-trade program; welfare

JEL E23, Q52, Q50

T2A – Environment · Thursday 11 August, 12:10–12:30, SAF RM 119

A Data Envelopment Analysis Application for Comparing Efficiency of G7 Countries and Turkey

Aslışah Şenak¹, Nuray Girginer¹

¹Osmangazi University, Turkey

ABSTRACT

This study compares some economic aspects and internet usage of G7 countries and Turkey by using Data Envelopment Analysis models based on OECD and wearesocial.com data. Countries are ranked according to the efficient use of inputs effecting gross national income per capita such as population, employment rates, average hours actually worked yearly, international trade and primary energy supply. Output is considered to be gross national product per capita. Same countries are ranked separately according to their internet usage. It is aimed to compare both rankings to investigate whether economic efficiency ranking is similar to the internet usage ranking. Findings show that countries ranked highly in internet usage are also ranked highly in economic efficiency.

KEYWORDS G7 Countries and Turkey; Comparison of economic efficiency; Data Envelopment Analysis (DEA) models

JEL C14, C67, C80

The Relationship between Credit Volume and Current Account Deficit: A Dynamic Analysis for Turkey / Kredi Hacmi ile Cari Açık arasındaki İlişki: Türkiye için dinamik Bir Analiz

Pınar Karahan¹, Nilgün Çağlarırnak Uslu¹

¹Anadolu University, Turkey

ABSTRACT

One of the Turkey's most important macroeconomic problems is continuity current account deficit. Credit volume has been shown between the basic determinants of current account rate especially after the global financial crisis in Turkish economy. The Central Bank of Turkey has begun to implement the policy to ensure financial stability by slowing down credit volume in response to current account deficit affected by rapid credit expansion after the global financial crisis of 2008. In this study will be analysed the relationship between credit by which commercial bank to private sector and current account deficit covering the period of 2005:Q1- 2015:Q3 employing ARDL bound test and Kalman filter model. This study which examines the dynamic effect of the credits on the current account deficit is going to reveal the relative importance of improving current account balance and in this context the effectiveness of the implemented policies.

KEYWORDS Current Account Deficit; Credit Volume; Kalman Filter

JEL E42, E51, F32, C32

T2B – Macro Economy / Makro Ekonomi · Thursday 11 August, 11:50–12:10, SAFRM 121

Structural Analysis of the Turkish Economy's Balance of Payments: 1984-2015 / Türk Ekonomisinde Ödemeler Bilançosunun Yapısal analizi: 1984-2015

Füsun Yenilmez¹, Yahya Can Dura¹

¹Eskişehir Osmangazi University, Turkey

ABSTRACT

Balance of payments provides clear information about the size of transactions carried out with the outside world and it is considered an important indicator of a country's economic structure and power. At the same time following the developments on the balance sheet and its analysis are of great importance in terms of economic policy decisions. In this study, balance of payments will be defined and its properties will be discussed with in a general framework. Later the main account groups of balance of payments will be summarized and presented in the framework of the "Balance of Payments and International Investment Position Manual Sixth Edition (BPM6) which is published by the IMF. In the third part of this study, balance of payments data and its development will be analyzed in detail for the period covering the years 1984-2015 of Turkey's economy. Finally, the weight of the account groups, trend analysis (1984-2015) and developments in the current account deficit to GDP ratio will be explained and reviewed.

JEL

F00, F41, F3

T2B – Macro Economy / Makro Ekonomi · Thursday 11 August, 12:10–12:30, SAFRM 121

Reserve Option Mechanism from Monetary Policy Instruments Being Implemented in Turkey / Türkiye’de Uygulanan Para Politikası Araçlarından Rezerv Opsiyon Mekanizması (ROM)

Burhan Doğan¹, Yasin Altın¹

¹Anadolu University, Turkey

A B S T R A C T

Developing countries, together with the increase in risk appetite after all the world under the influence of global financial crisis beginning in the US in the last months of 2008, faced with speculative capital movements. Short-term capital volatility is of particular importance for countries that has current account deficit. The volatile short term capital flows that contribute to finance the current account deficit cause financial fragilities. Central Bank of the Republic of Turkey (CBRT) began looking for a new monetary policy tools to take control of volatile capital flows, to increase the economy’s strength, to external financial shocks and to respond quickly to this shocks. In solving these problems, CBRT has built two own policy tools. They are the Interest Rate Corridor and Reserve Option Mechanism (ROM). In this study, ROM, implemented as a new monetary policy in Turkey by CBRT is introduced examined in detail, impacts of the ROM on variables such as bank balance sheets, consumer credits, interest rates, exchange rates are examined both descriptively and with econometric analysis, thus the new instrument is valued.

KEYWORDS Central Bank of the Republic of Turkey (CBRT); Reserve Option Mechanism (ROM); Reserve Requirements

T2C – Public Finance / Kamu Maliyesi · Thursday 11 August, 11:30–11:50, SAF RM 122

The Relationship between Tax Revenues and Economic Growth: A Panel Data Analysis on the OECD Countries / Vergi Gelirleri Ekonomik Büyüme İlişkisi: OECD Ülkelerine İlişkin Bir Panel Veri Analizi

Murat Demir¹, Erşan Sever²

¹Harran University, Turkey

²Aksaray University, Turkey

ABSTRACT

The relationship between tax revenues and economic growth is treated as an important issue in the economic literature. This paper examines the fact of the relationship between tax revenues and economic growth. Taxes and its fiscal, economic and social goals affect all economic variables direct and indirect. Taxes are an important incentive policy tool in fiscal discipline and affect investment and saving decisions. The quality and depth of the correlation between economic growth and tax revenues are formed depending on certain variables. Some of the most important are the following; the types of taxes, tax rates and cyclical fluctuations. In this study; after a theoretical framework is constructed regarding the relationship between tax revenues and economic growth, it will be examined the short and long time relationship and effects of direct and indirect taxes in the light of the obtained data from 11 OECD countries for 1980-2014 period. It will be examined the correlation between economic growth and tax revenues with a panel data analysis on the 11 OECD countries. The results of the analysis suggest the existence of negative relationship between direct taxes revenues and economic growth in the long term. One unit increase in direct taxes, income level give rise to a decrease 0.13 units in the long term. In the short term, the results of the analysis suggest the existence of negative relationship between total taxes, direct taxes, indirect taxes and economic growth. A unit increase in total tax revenue gives rise to the level of 0.17 unit decrease, a unit increase in direct and indirect taxes revenue gives rise respectively to the level of 0.02 and 0.008 unit decreases in the short time

KEYWORDS Direct and indirect tax revenues; economic growth; panel data analysis

JEL C33, E62, H21

T2C – Public Finance / Kamu Maliyesi · Thursday 11 August, 11:50–12:10, SAF RM 122

Evaluation of Efficiencies of Hospitals in Turkey Using Data Envelopment Analysis/ Türkiye’de Hastanelerin Etkinliğinin Veri Zarflama Analizi ile Değerlendirilmesi

Selin Çalışkan¹, Nuray Girginer¹

¹Eskişehir Osmangazi University, Turkey

A B S T R A C T

The purpose of this study is the performance assessment of the hospitals which belong to 81 city of Turkey. DEA was used as evaluation method for the performance assessment of the hospitals. The reports of Health Statistics 2014 published by the Ministry of Health build the base of this study. The number of the medical experts, nurses and other health workers also the bed capacity are used as input variable. Surgery operations, bed occupancy rate and number of inpatient are used as output variable. According to the results of DEA model that has four input and three output, hospitals of the eleven cities, was seen to be effective. Also, targets were determined for inactive hospitals. The advanced performance bettering of provinces where there are non effective hospitals is connected with the decreasing input of the amount of other health workers and nurses, as increasing output with the amount of bed fullness and surgery operations.

KEYWORDS Hospital; Performance; Data Envelopment Analysis; Efficiency

JEL I19, D24

T2C – Public Finance / Kamu Maliyesi · Thursday 11 August, 12:10–12:30, SAF RM 122

Relation Causality between Stock and Futures Markets: An Application on the BIST / Menkul Kıymet ve Vadeli İşlem Piyasaları arasındaki Nedensellik İlişkisi: BİST Üzerine Bir Uygulama

Abdulkadir Kaya¹, Mehmet Suphi Özçomak², Sakir Dizman¹

¹Erzurum Teknik University, Turkey

²Atatürk University, Turkey

A B S T R A C T

This paper examines causality between daily spot and futures prices for Borsa Istanbul. The data cover the period 04.02.2005– 31.12.2015 of BIST 100 stock market index and BIST 30 future prices index. For this purpose was applied Johansen Juselius cointegration test for cointegration and Granger Causality for causality between variables. The results further indicate that there is a long-run relationship between spot and future prices and also indicate that the direction of both causality is from spot prices to future prices.

KEYWORDS Stock Market; Futures Market; BIST; Johansen Juselius Cointegration; Granger Causality

JEL G13, B26

T3A – Firm Studies · Thursday 11 August, 14:00–14:20, SAF RM 119

The Entrepreneurial Decision Making: Use of Effectuation and Relation with Perceived Financial Performance and Innovation in the Firm

Subeika Rizvi¹, Shahid Querishi²

¹SZABIST, Pakistan

²IBA, Pakistan

ABSTRACT

During the start of the venture entrepreneurs rely on a number of techniques and strategies to make decisions. Effectuation and causation are important modes of this decision making process. The theory on effectuation is advancing from an early to a mature phase globally thus it's important to understand its dimensions and their influence on the firm's performance. This study explores the use of this effectual logic in micro and small firms operating in Pakistan and its influence on the financial performance and level of innovation in these firms. Although few researches have been focused on the antecedents and dependents of effectuation but none have arrived at a consensus on the appropriate variables. In Pakistan, as it's a relatively new concept although being applied, there is all the more need to assess the nature of effect these variables could have on some of the important outcomes of the firm. This research contributes to existing literature by providing relationship of effectuation with, another important, variable of innovation in the firm. In this empirical study, a sample of 166 micro and small firm entrepreneurs was used all operating businesses within Pakistan. A survey, through a questionnaire, was conducted using snowball sampling. Findings indicate that use of effectuation is positively correlated with both higher perceived financial performance and level of innovation employed in the firms. Also not all effectual constructs have uniform influence on the variables which explains the formative nature of the logic of effectuation. A few implications of this study and future research areas have also been identified.

KEYWORDS Effectuation; firm performance; innovation

T3A – Firm Studies · Thursday 11 August, 14:20–14:40, SAF RM 119

Corporate Governance Rating Changes at Borsa Istanbul

Emrah Arioğlu¹, Onder Uzkaralar¹, Metin Borak¹, Koray Tuan¹

¹Çukurova University, Turkey

ABSTRACT

This study investigates the market reaction to the increases and decreases in corporate governance ratings of public firms quoted at the Borsa Istanbul, as well as the market reaction to the increases and decreases in the scores for the subcomponents of the total ratings. The findings suggest that investors react negatively to the announcements of decreases in the overall corporate governance ratings and the scores for the four subcomponents. On the other hand, the findings surprisingly suggest that investors also react negatively to the announcements of increases in the overall corporate governance ratings and the scores for the subcomponents of these ratings. These findings contradict the expectation that investors would value improvements in governance ratings highly based on the assumption that increases in these ratings would imply improved corporate governance that would lead to decreased agency costs and therefore, increased firm value. The findings are robust to various econometric specifications and tests.

KEYWORDS Corporate Governance; Corporate Governance Ratings; Market Reaction

JEL G32, G34, G38

T3A – Firm Studies · Thursday 11 August, 14:40–15:00, SAF RM 119

Role of Islamic Banking on Entrepreneurship: The Key to Global Prosperity and Employment

Hafiz Mushtaq Ahmad¹, Shazia Mushtaq²

¹Bahria University, Pakistan

²SZABIST, Pakistan

A B S T R A C T

This research endeavors to answer the question and general perception in the west that Islam hinders entrepreneurship. The second objective is to explore the relationship between Islamic banking and finance and entrepreneurship. The paper also intends to investigate the prospective of Islamic banking and finance as a substitute source of funding and promoting entrepreneurship for all mankind irrespective of race, color, religion, and region. Albeit every country has its exclusive defies, the global economy is facing a common threat is rising unemployment specifically among youth. Regimes all over the world have recognized the harshness of the crisis and are working hard to reverse the condition. There is a robust requirement to stimulate the entrepreneurship. Entrepreneurship has the capability to influence evolving tendencies to create business value and in the process, create more jobs. The study intends to explore the role of Islamic Banking on Entrepreneurship. The study used survey based questionnaire for primary data gleaning. A sample size comprising of 228 Islamic banking clients/users engaged in running their own ventures. The convenience sampling technique was applied to generate data from the respondents. The study results were encouraging. The study reveals that Islamic banking is promoting entrepreneurship and offering its services to all without any discrimination of caste, color, and religion. The study showed that it popular amongst all because it is interest free generous to all and not only providing capital but sharing loss and profit which is a strong motivation for establishing new ventures. Hence, generating economic activities and creating jobs.

T3B – Social Capital and Education / Beşeri Sermaye ve Eğitim · Thursday 11 August, 14:00–14:20, SAF RM 121

Reviewing the Glass Ceiling Syndrome Perception of Academicians with Exploratory Factor Analysis: An Application on ESOGU Academicians/ Akademisyenlerin Cam Tavan Sendromu Algılarının Açıklayıcı Faktör Analizi ile İncelenmesi: ESOGÜ Akademisyenleri

Nuray Girginer¹, Zeliha Kaygısız Ertuğ¹, Tuba Yiyit¹

¹Eskişehir Osmangazi University, Turkey

ABSTRACT

According to the 2015 report of the Council of Higher Education, the rate of female professors at universities is %29.7, the proportion of female associate professors is %34.48 and the proportion of female assistant professors 38.25%. In terms of the universities of the country are the gateway to the world, it is expected to be a high number of female academics report shows, number of women academics remain at low levels is noteworthy. On the other hand the inadequacy of female managers in higher education institutions and the difficulties with promoting are other indicators of female academics struggling with glass ceiling barriers. Thus this study aimed dimensioning the attitude towards the perception of glass ceiling for female academics. The questionnaire developed by Öztürk (2011), was applied to 323 male and female academics who worked the various faculties of Eskişehir Osmangazi University. The data obtained are analyzed with exploratory factor analysis and eight factors are identified. Also the factors which are supported by literature are named.

KEYWORDS Glass Ceiling Syndrome; Academicians; Exploratory Factor Analysis

JEL M12, C38

T3B – Social Capital and Education / Beşeri Sermaye ve Eğitim · Thursday 11 August, 14:20–14:40, SAF RM 121

Role of Social Media on Social Movements / Sosyal Medyanın Toplumsal Hareketler Üzerindeki Rolü

Nuray Girginer¹, Gökçe Özcan¹

¹Eskişehir Osmangazi University, Turkey

A B S T R A C T

Social media in use today by many individuals and is becoming increasingly common. This is reflected in the widespread use of social movements. So much so that social movements can occur in many areas began to be carried out through social media. In this study, the impact on social movements in recent times the increasing use of social media with new media technologies are examined. Research data from social media to determine the role of social movements as a result of the improved scale online applications developed by social media users were obtained from 124 people. The survey consists of eight demographic questions and 36 sentences consist of Likert-type. Overall reliability of the survey, 83.8% . Firstly to determine the impact of social media on social movements Factor Analysis was conducted and extracted 6 factors. After various comparative analyzes (independent samples t test, ANOVA) were applied.

JEL

C83, C8, Z00

T3C – Entrepreneurship/ Giriřimcilik · Thursday 11 August, 14:00–14:20, SAF RM 122

The Importance of Business Ethics and Social Responsibility for Entrepreneurship / Giriřimcilikte İř Ahlakı ve Sosyal Sorumluluęunun Önemi

Berfu Ilter¹

¹Afyon Kocatepe University, Turkey

A B S T R A C T

Abiding moral rules will make a community live in peace prosperity and secure from any single individual to entrepreneurs. Every entrepreneur, anywhere in the world, in any case should act in accordance with the work ethic. As the Entrepreneur is honest, consistent and has appropriate moral behavior, the side where business interacts increase the credibility and prestige in society. On the other hand entrepreneurs, businesses and organizations in the community to be accountable to the people next to you to obtain and respond to the expectations of profit is also desirable. Both work ethic's reputation in the community as well as entrepreneurs who are aware of social responsibility, is expected to make a difference in the long term image and market value. Business ethics and social responsibility approach of today's business are discussed in the study.

JEL

L26, M14, M10

T3C – Entrepreneurship/ Giriřimcilik · Thursday 11 August, 14:20–14:40, SAF RM 122

Discovering The Culture of Innovation: A Qualitative Study /Yenilikçilik Kùltürünü Keřfetmek : Nitel Bir Arařtırma

Ethem Duygulu¹, Nurcan Hakan Çıraklar¹, Özlem Abacıoglu¹

¹Dokuz Eylül University, Turkey

A B S T R A C T

Developing countries, together with the increase in risk appetite after all the world under the influence of global financial crisis beginning in the US in the last months of 2008, faced with speculative capital movements. Short-term capital volatility is of particular importance for countries that has current account deficit. The volatile short term capital flows that contribute to finance the current account deficit cause financial fragilities. Central Bank of the Republic of Turkey (CBRT) began looking for a new monetary policy tools to take control of volatile capital flows, to increase the economy's strength, to external financial shocks and to respond quickly to this shocks. In solving these problems, CBRT has built two own policy tools. They are the Interest Rate Corridor and Reserve Option Mechanism (ROM). In this study, ROM, implemented as a new monetary policy in Turkey by CBRT is introduced examined in detail, impacts of the ROM on variables such as bank balance sheets, consumer credits, interest rates, exchange rates are examined both descriptively and with econometric analysis, thus the new instrument is valued.

KEYWORDS Central Bank of the Republic of Turkey (CBRT); Reserve Option Mechanism (ROM); Reserve Requirements

T3C – Entrepreneurship/ Giriřimcilik · Thursday 11 August, 14:40–15:00, SAF RM 122

Worldwide Practices of Micro Credit within the Context of Increasing Entrepreneurship / Giriřimciliğın Artırılması Kapsamında Dünya Çapında Mikro Kredi Uygulamaları

Damla Geldiřen¹, Ergü Armutlu²

¹Anadolu University, Turkey

²Eskiřehir Osmangazi University, Turkey

A B S T R A C T

Nowadays, unemployment is significant issue for undevelopment and developing countries. In this context, recently the unemployment policy takes place between main economic policies of several countries. For increase entrepreneurship practices have a placing in fight against unemployment policy. This policy is based on basis of increasing gainful occupation. The study considers disadvantaged positions of women in the market among all this gainful occupation. Overall, considering the share of women entrepreneurs among the total number of entrepreneurs, the policies oriented to the women's employment is gaining importance. Recently, micro credit gain popularity among this policy. In this study worldwide practices of micro credit have discussed and finally have made proposals for micro credit.

Giriřimciliğın Artırılması Kapsamında Dünya Çapında Mikro Kredi Uygulamaları Damla Geldiřen and Ergü Armutlu

T3C – Entrepreneurship/ Giriřimcilik · Thursday 11 August, 15:00–15:20, SAF RM 122

The Socio-Economic Dimension of Urban Regeneration in Turkish Construction Sector / Türk İnřaat Sektöründe Kentsel Dönüşümün Sosyo-Ekonomik Boyutu

Emre Altuğ Özsoy¹

¹Anadolu University, Turkey

ABSTRACT

Cities from the period in which they exist, each period has its own socio-cultural, economic, political and technological processes are transformed. An urban renewal project, physical, economic, social and environmental as well as the legal, institutional, financial and project should be planned at various angles so as to conduct and partnership in the conversion program should be prepared. Urban transformation projects, to develop strategies that will bring economic vitality to re parts of the city which has become a physical and social collapse urban areas and thus should aim to increase the prosperity and quality of life. The construction sector is itself connected to dozens of production in the sub-sectors of the economy and provides employment worldwide is the leading sector. This plays an important role in the development of our country. In recent years, Ankara, Istanbul and Izmir, including metropolitan urban transformation in our work is progressing extremely quickly. Turkish construction sector is the number one player in urban renewal. However, this process many economic, social and legal problems are experienced. This study evaluated the economic and social dimensions of urban transformation in the Turkish construction sector, solutions are offered.

KEYWORDS Urban Transformation; Construction Sector; Turkish Economy

JEL L74, L78, Q50

F1A – Country Studies · Friday 12 August, 09:30–09:50, SAF RM 119

Economic Costs of Briexit From The EU: Costs Involved For The EU and UK

Murat Pütün¹

¹Çukurova University, Turkey

A B S T R A C T

UK decided to join EEC after a referendum in early 1970s notwithstanding widely-held doubts and reservations about deep-rooted wider European integration. Integration in Europe had not recessed. Maastricht process had intensified UK opposition towards federal Europe, and managed to obtain an opt-out clause to stay outside the EMU. Conservative leadership lately announced the launching of a referendum on the fate of UK's future membership in the EU. Under a possible Briexit scenario, the spread of cost is to be shared multilaterally between UK and the EU member countries and; between UK and non-EU member countries which have linked to the EU with trade agreements. Visible costs are likely to emerge in the sectors of trade, investment, labour movement and financial sectors. On the other hand, policy coordination theme presents another challenge of division between policy makers of UK and the EU and member countries. This study examines a possible UK exit from the EU within descriptive, yet through analytical and critical perspective. While the proponents of Briexit largely capitalised on benefits, this study affirms that the potential costs are significant and expected to outweigh benefits.

KEYWORDS Briexit; European Union; Customs Union; FDI; Cost- Benefit Analysis; Trade Agreements; Economic Policy Coordination; Referendum

JEL D61, F13, O52

F1A – Country Studies · Friday 12 August, 09:50–10:10, SAF RM 119

Did Sweden Gain or Lose not Joining the European Monetary Union

Emilia Gyoerk¹

¹Central Bank, Germany

ABSTRACT

The result of the decision whether to join the European Monetary Union, an irreversible policy choice for several European Union members, presents potentially significant costs and benefits. With a focus on the second largest EU economy outside of the euro, Sweden, this paper applies the novel synthetic control method of estimation to evaluate whether there are costs or benefits associated with EMU membership and how these have developed over time since 1999. Findings indicate that Sweden would have borne substantial costs from currency union membership, exemplified by 10-12% lower labour productivity, 10% lower net exports, and 7% greater government expenditure for the year 2013, following from even greater peaks in the crisis years. The robust results suggest the costs may be permanent, persisting (and in some cases growing) until the end of the data series. Consistent with the notion that the EMU is intended to fit any and all EU members (and not tailored to specific countries) and having regard to the growing literature highlighting the shortcomings of this monetary union, it is suggested that these insufficiencies, or design flaws, may have presented a cause of the observed costs.

KEYWORDS European Monetary Union; Sweden; Synthetic control method

JEL F45, O52, C33

Cutback Management Through Public Procurement in Spanish Regional Governments

Jose Caamano-Alegre¹, Pilar Gago-de-Santos²

¹University of Santiago de Compostela, Spain

²Complutense University of Madrid, Spain

ABSTRACT

From the seminal Levine's (1978, 1979, 1981) contributions to the most recent papers like Ongaro et al. (2015), Raudla et al. (2015) or Kickert & Randma-Liiv (2016), cutback management literature has not usually paid a specific attention to public procurement. As Tátrai (2015: 255) states: "Cutback management has recently become a feature in public procurement in many countries, but thus far very few academic papers have analysed this new reality." Our paper attempts to contribute to filling this gap, pursuing a research objective that is twofold. Firstly, we try to quantify and analyse cutbacks made in Spanish regional governments' contractual expenditures, comparing the real growth rates in these expenditures since the Great Recession with their corresponding pre-crisis rates. Secondly, we try to do the same with the different cutback measures taken by those governments regarding public procurement (postponing procurement, deferral of maintenance, contractual commitments against future budgets, open auctioning and loosing qualification standards, centralizing procurement, substituting traditional procurement by public-private partnerships, delaying payments to contractors, hiding contractual expenditures...). In these two steps of our analysis, we try to identify and/or highlight the main strategies used and patterns shown by the governments under study, considering both similarities and differences between them.

KEYWORDS cutback management; public procurement; contractual expenditures

JEL H72, H76, H83

F1A – Country Studies · Friday 12 August, 10:30–10:50, SAF RM 119

The Economic Consequences of the Youth Unemployment Case the EU Countries: A Critical Analysis

Murat Pütün¹, Ali Samet Karataş¹, İbrahim Ethem Akyıldız¹

¹Cukurova University, Turkey

ABSTRACT

Unemployment has risen to alarmingly high levels but the scope and magnitude of the youth unemployment is much more depressing than ever in the EU. In the face of recent economic crisis and disturbances, unemployed young people were hardest hit and likely to become the most vulnerable section of the population in many years to come in the EU countries. The recent statistics suggests that youth unemployment rate is twice as much higher than average rate of unemployment. The recent crisis and accompanying lower economic performance has aggravated the condition of youth unemployment. The impact of youth unemployment has been felt differently in different regions. This problem is much more serious in Southern members of EU than that of Northern members. In this context, youth unemployment is increasingly becoming a real threat for completion of European Integration process. This work employs data-supported statistical analysis and quantitative methods to address the causes and consequences of the deep-rooted reality of youth unemployment in the EU. The objective is to link structural and cyclical setbacks with the corresponding data and to present insightful interpretation accordingly.

KEYWORDS Youth Unemployment; Unemployment Rate; Economic Crisis; Business Cycle; Labour Market Disturbances; Regional Disparities; European Union; European Integration Process

JEL E24, E60, F02

Different Approaches to Underground Economy Effect / Kayıt Dışı Ekonominin Etkilerine Farklı Yaklaşımlar

Zeynep Erdiñ¹

¹Anadolu University, Turkey

A B S T R A C T

In literature, various approaches are available about the impacts of underground economy. The impacts of underground economy are macro-economic, micro-economic, public finance and on social policies. In this paper, these views are discussed in positives and negatives of short and long term impacts on official economy. Primarily in this study, general information about the concept of underground economy, definitions, information on calculation and reasons are given. It also evaluates the size of underground economy and its current situation in the world and in Turkey. Then it examines the positive and negative impacts on official economy and its short and long term roles. In conclusion, although positive effects could be observed in the short term with underground economy, the negative effects are more significant in the long term.

KEYWORDS Underground Economy; Effects of The Underground Economy; Measurement Methods of Underground

JEL E26, E20, C52, E66

Institutional Economics and Naturalism: Problems and Prospects? / Kurumsal İktisat ve Naturalizm: Ortodoks İktisada Muhalefetin İmkanları ve Kısıtları

Ferudun Yılmaz¹

¹Uludağ University, Turkey

A B S T R A C T

Core statements of naturalism exhibit features of monism, and they acknowledge the empirical sciences as a standard of genuine investigation. Empirical sciences largely refer to natural sciences in terms of conflicts between the social and natural sciences. It is typically acknowledged that scientific legitimacy arises through an adaptation of concepts, principles, theories, and methods of the natural sciences. Orthodox economics philosophically depends upon naturalism. On the other hand, institutional economics which is one of the leading heterodox tradition in economics persistently criticize the main assumptions of neoclassical orthodoxy, such as methodological individualism, rationality, adaption of the terms of physics etc. Although its critiques provide a wider agenda to reconstruct a new theory, institutional economics also philosophically depends upon American pragmatism and it is well known that the tradition of pragmatism is closely related with naturalism. This paper argues that the reinterpretation of American pragmatism in terms of hermeneutics may provide a powerful ground to institutional economics to reconstruct its theory.

KEYWORDS Institutional Economics; Naturalism; Orthodox Economics; Pragmatism

JEL B15, B25, B40, B52

*F1B – Theoretical Discussion in Economics / Ekonomide Teorik Tartışmalar · Friday 12 August, 10:10–10:30, SAF RM
121*

Price and Income Elasticities of Telecommunication: Example of Turk Telekom/ Telekomünikasyon Fiyat ve Gelir Esneklikleri: Türk Telekom Örneği

Yeliz Zoğal¹

¹Başkent University, Turkey

A B S T R A C T

FIC – Monetary Policy / Para Politikası · Friday 12 August, 09:30–09:50, SAF RM 122

Does Price Stability entail Financial Stability? / Fiyat İstikrar Finansal İstikrar Sağlar mı?

Nejla Adanur Aklan¹

¹Uludağ University, Turkey

A B S T R A C T

Does innovation increase or decrease with more competition when innovation follows a Over the past decade, many of countries have set explicit targets for inflation. But, monetary policy directed at maintaining stability of the price level would lessen the importance of financial stability. The global financial crisis has installed new responsibility on central bank's role in promoting financial stability. Critics argue that a narrow focus on price stability detracts monetary authority's responsibility to protect the stability of the financial system. Monetary policy action affect financial conditions. From that point of view central banks need to ensure that two policies are mutually supportive. This study assesses the efficiency of the new policy strategy implemented by the CBRT after the global financial crisis.

KEYWORDS Monetary policy; financial stability; macroprudential policies

JEL E52, G01, G28

FIC – Monetary Policy / Para Politikası · Friday 12 August, 09:50–10:10, SAF RM 122

The Inflationary Effects of Politic Crisis with Russia band Turkey / Rusya ile Türkiye Arasında Yaşanan Politik Krizin Enflasyonist Etkileri

Zişan Kılıçkan¹

¹Kocaeli University, Turkey

A B S T R A C T

After the plane crisis between Turkey and Russia on November 10, 2016; Russia has stopped economic relations with Turkey. Especially Russian president has signed a six-point sanction list. And, than the size of the crisis has moved from the political axis to the economic axis. The difference of the two countries about Syria policy has been deeply shook the relationship which going on in a certain balance. The cause of these effects is also very strong that the relations between Russia and Turkey is about commercial relations than of cultural relations and has been sliding on mutual interests. The two countries commercial relations is completing their lacks of economics about each state. Turkey is a significant importer of energy from Russia and Russia is an important market for Turkey about textile, construction, tourism and food industry. As the stalemate about commercial relations has brought economic effects. Also, Saudi Arabia's oil supply increase has affected the economics of oil exporting countries such as Russia significantly. So, there is an economic crisis in Russia. Besides, Russia's embargo on Turkey, notably food has triggered inflation in Russia. In my study, Turkey's overcoming troubles about embargo while searching alternative markets, the effects on inflation of excess supply in this area has been evaluated.

JEL

P26, E31, N10

FIC – Monetary Policy / Para Politikası · Friday 12 August, 10:10–10:30, SAF RM 122

Macro and Micro Factors Determining the Ratio of Non-Performing Loans for Deposit Banks in the Turkish Banking Sector / Türk Bankacılık Sektöründe Mevduat Bankaları için Takipteki Kredi Oranını Belirleyen Makro ve Mikro Faktörler

Nuray İslatince¹

¹Anadolu University, Turkey

A B S T R A C T

The resistance of economy for unexpected situations that may impair the balances of the financial system can be summarized as financial stability. The fact that the banking sector which has an important place in the financial system effectively distributes resources and performs the transfer of funds safely will contribute to the maintenance of stability. In this case, banking sector should have a strong and solid structure and adequate capital to fulfill its responsibility. It can retrieve its losses faced while maintaining activities only by this way. The Basel Committee issued the Basel-I criteria in 1988 regarding what the capital adequacy ratio would be for banks to be included in the system in an effective way. However, the Basel-I decisions which included only the credit risk in the risk criteria were faced with the criticism that they would be insufficient for the measurement of risks in the crisis environment banks would face. Therefore, the Basel-II regulations in which banking crises are prioritized have been brought to the agenda. The Basel II criteria laid emphasis not only on the capital adequacy ratio but also on the importance of supervision and control, and in addition to these, they emphasized the need for market discipline and made adjustments for this purpose. Sometimes it was not possible to avoid financial crises despite these regulations. In economy, ensuring the continuity of the fund flow between economic units that are fund demand/supply is very important. In other words, debtors constituting the source of the credit are required to fulfill the repayment obligations without any problem. If these obligations are not fulfilled in time, then this means you are faced with non-performing loans. Therefore, an accurate prediction regarding the ratio of the non-performing loan may allow avoiding additional costs that might be faced for the economy and banks. The micro and macro factors affecting the ratio of non-performing loans for deposit banks

KEYWORDS Bank; Time-series; Micro-Macro

JEL E44, G21

F2A – Technology and Efficiency · Friday 12 August, 11:30–11:50, SAF RM 119

Technological Cooperation between Countries: An Analysis with Patent Applications

Ulaş Akkükük¹

¹Boğaziçi University, Turkey

ABSTRACT

Patent data can come in a number of formats and may be obtained from a variety of global institutions. WIPO (World Intellectual Property Organization) provides patent application data classified according to origin and office of application. The number of applications in a country office by the different nationalities of the applicants is also provided for the top 25 offices and origins. This data matrix is essentially asymmetric with the diagonals representing the applications made in the country office by the country's own residents. Whereas the off diagonal entries representing the applications by other country nationals to the country offices. The data may reveal the degree to which countries are collaborating with one another in the field of research and development. This might lead to a measure of the degree of "technological similarity" which can be used in the International Economics literature. This paper will attempt to analyze the symmetric and skew symmetric components of the 25x25 patent application matrix with the available techniques in the Multidimensional Scaling (MDS) literature, in addition to providing a summary of the techniques.

KEYWORDS Patent Mapping; MDS; Visualization

JEL C93, O34, O57

F2A – Technology and Efficiency · Friday 12 August, 11:50–12:10, SAF RM 119

The Economics of App Review

Ming Gao¹, Travis Ng²

¹Tsinghua University, China

²The Chinese University of Hong Kong, Hong Kong

ABSTRACT

A platform for apps, such as Apple App Store, facilitates the interaction between app users and app developers. For political, moral, and various other reasons, some apps may cause more trouble to the platform than others even if the users may not value them differently. Due to a preference for variety. In a two-sided market model with both "well-behaved" and "trouble-making" developers, we show that, whereas an app review is useful for screening trouble makers, the platform faces a trade-off between cost saving (from less trouble) and a loss of the attractiveness to the users (from reduced app variety). The platform's incentive to use app review depends on the additional cost it incurs from each "trouble maker", and on their proportion among all developers. Given the additional cost incurred, app review benefits the platform if and only if the proportion of trouble makers is sufficiently small, such that after screening them the platform remains fairly attractive to users. Given their proportion, however, app review helps if and only if the "trouble makers" create enough "trouble", such that the total cost saved from app review is not negligible. Our welfare analysis through simulations cautions regulators that the platform's incentive to use app review may be aligned or misaligned with the interest of social welfare, depending on the distributions of app users and developers, the strength of network effects and other parameters.

KEYWORDS app review; two-sided market; non-price discrimination

JEL D42, L11, L12

F2A – Technology and Efficiency · Friday 12 August, 12:10–12:30, SAF RM 119

Innovation and Competition in a Memory Process

Juan A. Correa¹

¹Universidad Andres Bello, Chile

ABSTRACT

Does innovation increase or decrease with more competition when innovation follows a memory process? Most of the literature analysing the innovation and competition relationship assumes that the probability to innovate is independent of succeeding in innovating in the past (memoryless process). However, Hausman et al. (1984, *Econometrica*), and Hall et al. (1986, *International Economic Review*), among others, show that contemporaneous innovation intensity is correlated with past research intensity. This paper provides a theoretical and empirical framework which analyses the innovation and competition relationship assuming that innovation follows a memory process, i.e. the current probability of innovation success depends on previous periods' innovation successes. I find innovation increases with more product market competition, even under the Schumpeterian context where inventions are not completely appropriable. Assuming the probability to innovate increases with past innovations; a follower firm has a large incentive to innovate, even in a highly competitive environment, since the knowledge obtained after innovating increases its probability to innovate again and become a leader. Therefore, firms will be neck-and-neck most of the time, where they innovate in order to escape from competition. Using the same dataset of Correa and Ornaghi (2014, *Journal of Industrial Economics*), I also find that there is a positive empirical relationship between innovation and competition when industries follow a memory process. For the memoryless industries, I find that there is no relationship between innovation and competition.

KEYWORDS innovation; R&D; competition; memory process

JEL D43, L11, O31

F2A – Technology and Efficiency · Friday 12 August, 12:30–12:50, SAF RM 119

A Kaldorian Interpretation of the Turkish Economic Growth Performance

Lütfi Uçal¹, Esra Ballı¹

¹Çukurova University, Turkey

ABSTRACT

As a complex socio-economic phenomenon, economic growth has always been a compelling issue for both policy-makers and economists. Considering its dynamics and extensions in emerging economies, economic growth requires manufacturing-based approaches as they are much more suitable for factor endowments available in developing countries. This study aims to investigate the growth performance of the Turkish economy for the period 1980-2015 in the light of Kaldor's three propositions, also known as Kaldor's Laws. In an effort to test the validity of Kaldor's three laws for the Turkish economy's recent economic growth patterns, this study employs an integrated way of analysis as suggested by Kaldor. To that end, contemporary econometric methods used on the basis of time-series data. ADF, LumsdainePapell and Gregory-Hansen tests are conducted. The results we obtain confirm the validity of Kaldor's growth laws for the Turkish economy.

KEYWORDS Kaldor's Laws; economic growth; Turkish Economy

JEL O41, O47, O53

Response of EU Public Opinion Against the Free Trade Agreement Between US and EU / AB ile ABD arasında Yürütülen Serbest Ticaret Anlaşması'na AB Kamuoyunun Tepkisi

Ersin Uğurkan¹

¹Kocaeli University, Turkey

ABSTRACT

The European Union (EU) and the United States planned to be signed between the Transatlantic Trade and Investment Partnership Agreement (TTIP) against both the US as well as in the EU, despite the presence of large response. Governments are not stepping back. Negotiations on the free trade agreement between the US and the EU began in July of 2013. According to supporting of TTIP agreement, this agreement removes tariffs and trade barriers between US and EU, will bring economic recovery on both sides of Atlantic. Reacting to the agreement on the protection of consumer rights and worried that compromising on food safety issues. Transparent enough to walk the negotiations also increases these concerns. The free trade agreement entered into force in 2018 of TTIP at best is planned. To enter into force the law to be approved in the European Parliament and national parliaments. France in the European Union, Luxembourg, Sweden, Belgium's Walloon Region, Greece, Portugal and Hungary deal with rather dubious looking at Eastern European states, Italy, Spain and the UK supports the agreement.

KEYWORDS EU; US; Free Trade Agreement; TTIP

JEL F01, F10, B22

An Assessment of Financial Decision Making in Markets: A Behavioural Finance Perspective / Piyasalarda Finansal Karar Süreçlerinin Davranışsal Finans Perspektifinden Değerlendirilmesi

Hülya Akay¹

¹Uludağ University, Turkey

A B S T R A C T

Efficiency market hypothesis has been widely accepted both theoretically and empirically for 1960s. Standart finance theory which is based on efficient market hypothesis accept the assumptions of rational choice theory. However, efficient market hypothesis has been criticized in recent years. In the 1980s several papers challenged the standart finance theory, leading to the emergence of the new perspective in the 1990s that is called behavioral finance. Behavioral finance is one of the leading attempts to explain and increase understanding of the real reasoning patterns of financial investors. This perspective includes the emotional processes involved and the degree to which they influence the actual decision-making process. Behavioral finance can be defined as the application of psychology to explain market anomalies. The paper argues that while standart finance theory fails to provide realistic explanation as to why anomalous behavior persists, behavioral finance theory provides psychological explanations for observed market phenomena, such as overreaction, underreaction, disposition effect, conservatism in expectations.

KEYWORDS Behavioral Finance; Efficient Market Hypothesis; Rationality; Anomaly

JEL G00, G14, B41

How Many Hours Do Unemployed Desire to Work in Turkey? / Türkiye’de İşsizler Ne Kadar Süre Çalışmak İstiyorlar?

İsmail Şentürk¹, Murat İstekli¹

¹Gaziosmanpaşa University, Turkey

ABSTRACT

Laws and regulations hold various restrictions on the working hours of individuals. However, individuals have the freedom to demand self-determined work hours outside their set work schedules. Although the majority if these demands are not met, they are still an important indication of obtaining the individual and market labor supply curve. This study intends to determine the desired weekly work hours and the factors affecting these work hours for the unemployed in Turkey. The data used in this study is obtained via a survey conducted through 15 different provinces located at different regions of Turkey. The total number of surveys conducted is 2162. While determining this number, a consideration has been given to the number of unemployed individuals and their gender distribution residing in the region representing each province. There has not been a similar study conducted in Turkey. The method employed will be ordered probit. The dependent variable used in the model will be the weekly working period desired by individuals. The study is believed to provide finding surrounding the labor supply. As a result, it will provide suggestions on the work hours suitable for the labor supply.

KEYWORDS Working Hours; Unemployed; Turkey

JEL J64, J81, E24

F2B – Behavioral Studies / Davranışsal Çalışmalar · Friday 12 August, 12:30–12:50, SAF RM 121

The Factors that affect the Profitability of the Companies: The Sample of BIST 30 / Firmaların Karlılığını Etkileyen Faktörler: BIST 30 Örneği

Özge Korkmaz¹, Şenol Kılıçaslan¹

¹Bayburt University, Turkey

A B S T R A C T

The profitability of the companies associates with the course of economy. Accordingly, also the course of economy affects the profitability of the company. Also the profitability ratios of the companies depend upon the previous financial structures of the companies. In this context, the main purpose of this study is to clarify the factors that affect the profitability ratios of the companies involving BIST 30 index. So, 1994–2015 annual data of the companies which are included in the Istanbul Stock Exchange (BIST) 30 index are used in this study. In this research, the factors of active growth rate, return on assets, current rate, leverage ratio, cash rate, external finance, total financial liability / total debt rate, return on equity, investment, and earnings per share are discussed. The factors that affect profitability are analyzed separately for long and short terms and Panel regression analysis is used in this research.

KEYWORDS Company; Profitability; Borrowing; Panel Regression

JEL G17, C23, C58

AUTHOR INDEX

Abacıoğlu, Özlem	35	Geldişen, Damla	36
Ahmad, Hafız Mushtaq	31	Girginer, Nuray	22, 27, 32, 33
Akay, Hülya	53	Gürdal, Yigit	20
Akküçük, Ulaş	48	Gyoerk, Emilia	39
Akkan, Nejla Adanur	45	İlter, Berfu	34
Akyıldız, İbrahim Ethem	41	İslatince, Nuray	47
Alhashel, Bader	10	İstekli, Murat	54
Alptekin, Nesrin	17	Karahan, Pınar	23
Alptekin, Orkun	17	Karapınar, Barış	20
Altın, Yasin	25	Karataş, Ali Samet	41
Arioğlu, Emrah	30	Kaya, Abdulkadir	28
Armutlu, Ergü	36	Kılıçaslan, Şenol	55
Ballı, Esra	51	Kılıçkan, Zişan	46
Borak, Metin	30	Korkmaz, Özge	55
Caamano-Alegre, Jose	40	Kostakoğlu, Sultan Fatih	15
Çalışkan, Selin	27	Mushtaq, Shazia	31
Çıraklar, Nurcan Hakan	35	Ng, Travis	49
Çırakları, Nurcan Hakan	13	Özcan, Gökçe	33
Correa, Juan A.	50	Özçomak, Mehmet Suphi	28
Dardati, Evangelina	21	Özertan, Gökhan	20
Demir, Murat	26	Özsarı, Mustafa	16
Dinç, Ahmet	19	Özsoy, Ceyda Erden	19
Dizman, Sakir	28	Özsoy, Emre Altuğ	37
Doğan, Burhan	25	Pütün, Murat	38, 41
Dura, Yahya Can	24	Querishi, Shahid	29
Duygulu, Ethem	13, 35	Rizvi, Subeika	29
Erdem, Mehmet Samet	18	Saraç, Bilal	17
Erdinç, Zeynep	42	Saygılı, Meryem	21
Ertuğ, Zeliha Kaygısız	32	Şenak, Aslışah	22
Esen, Ethem	15	Şentürk, İsmail	54
Gago-de-Santos, Pilar	40	Sever, Erşan	26
Gao, Ming	49	Sinha, Sonalika	12

Soumia, Aouad Hadjar	11	Yassine, Benzai	11
Tuan, Koray	30	Yenilmez, Füsün	18, 24
Uçal, Lütfi	51	Yiyit, Tuba	32
Uğurkan, Ersin	52	Yılmaz, Ferudun	43
Unal, Gözde	20	Yüksel, Serhat	16
Uslu, Nilgün Çağlarırmak	23	Zoğal, Yeliz	44
Uzkaralar, Onder	30		