

BIG BUSINESS AND
BIG BUSINESS LEADERS
IN TURKEY

Thesis for the Degree of Ph.D

MICHIGAN STATE UNIVERSITY

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1966



19237126



This is to certify that the

thesis entitled

BIG BUSINESS AND
BIG BUSINESS LEADERS
IN TURKEY

presented by

GUVENC G. ALPANDER

has been accepted towards fulfillment
of the requirements for

Ph.D. degree in MANAGEMENT

Major

Date November 9, 1966

ABSTRACT

BIG BUSINESS AND BIG BUSINESS LEADERS IN TURKEY

by Guvenc G. Alpander

This is a study of the Turkish big business firms and big business leaders. The business leader is seen as he operates within his socio-economic environment. During the course of this research the following questions were answered: Who are the business leaders in Turkey? From what social and economic levels do they come? What are their sociological and psychological traits? How do they perceive their role in the society? What are the predominant characteristics of their immediate environment, namely the firm?

To answer these questions, 103 business leaders from banking, insurance, manufacturing, transportation, commerce, mining, and petroleum industries were interviewed. The firms that made up the study were mainly concentrated in or around Ankara, Istanbul, and Izmir.

The Firm

Thirty-two per cent of all the firms were founded during the single 10-year period of 1951-1960, which

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On the average, the net worth of the big business firms is \$1,845,530. There is, however, a wide distribution among firms in terms of net worth. The same firms, at the end of the 1964 financial year, had averaged \$9,307,100 in gross sales, a total revenue roughly four times their net worth. The arithmetic mean of the number of workers employed is 332.9.

The Big Business Leader

The 103 men interviewed occupy top positions in the administrative hierarchy of their firms. In fact, almost 78 per cent are chief executives.

The typical Turkish big business leader was born in Istanbul and is now about 50 years old. He is usually an educated man having a college degree. He probably went to a Turkish University and specialized in business or engineering. He knows at least one foreign language -- French being the most common. He has furthered his formal education by pursuing additional training. The business leader is well-traveled.

The model Turkish business leader comes from a middle class family background with whom he normally maintains strong ties. Although he values highly the traditions of the society, he has little religious

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orientation. In most cases he would have no family relationship with the founder of his firm.

There is no single predominant type of business leader in Turkey. Although there is no consistent behavioral construct for all the business leaders, their motivations are, without exception, strong. Each businessman had a goal he was determined to reach.

There is no consensus among the Turkish big business leaders as to their role in society, nor in their perception of the demands of society.

The big business leaders in Turkey were asked: "As the person making important decisions in the firm, what do you conceive your major function to be?" Thirty of the 103 respondents agreed on day-to-day management of their establishment as their chief function. In respect to decision-making, they can be equally divided between the calculatives and the empiricals.

Finally, the problems of the business leaders were analyzed. Almost all of them indicated that the government, in one way or another, was the prime cause of their environmental problems. This should not be surprising since, even today, in Turkey, the notion of the business leader is misunderstood. It was the purpose of this research to shed light upon this area shaken by controversial values.

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BIG BUSINESS AND BIG BUSINESS LEADERS
IN TURKEY

By

Guvenc G. Alpander

A THESIS

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

DOCTOR OF PHILOSOPHY

Department of Management

1966

3821
4/2/67

ACKNOWLEDGEMENTS

Work was begun on this dissertation two years ago, but there was little prospect for its completion until the spring of 1965 when a grant was made available by Michigan State University's Bureau of Business and Economic Research for the completion of the field work. A year later, a Ford Foundation Doctoral Fellowship made possible the completion of the manuscript. I am particularly indebted to Dr. Leo G. Erickson, director of the Bureau of Business and Economic Research and to Professor W. Lloyd Warner for their generous financial assistance.

I am grateful to all the members of my dissertation committee. To Dr. Eugene E. Jennings, chairman of my dissertation committee, goes my special appreciation for his guidance, encouragement, and stimulation, not only as project director for this thesis, but also as an academic advisor and friend throughout my graduate training in the department of management. I am thankful to Professor W. Lloyd Warner for the methodological insight he has provided for this research, and for his critical evaluation, and many recommendations to improve the finished manuscript. Finally, I wish to

and my son.

Dr. David B.

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My wife, Tom

extend my sincere gratitude to Dr. Dalton E. MacFarland, and Dr. Darab B. Unwalla for their interest and aid.

Without the aid of the business leaders themselves, nothing could have been accomplished. Although their lives were often hectic, they were generous in giving their time and energy to this study.

And certainly this manuscript would not have been possible without the cooperation and valued assistance of my wife, Tanju Alpander.

ACKNOWLEDGEMENT

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CHAPTER I

INTRODUCTION

In Turkey, the notion of the business leader is misunderstood. Often, he is viewed as a speculator, if not a thief. Business for a long time was downgraded and looked upon as an occupation which no respectable Turk would enter. Respect and prestige of any profession depends on the economic fabrication of a society. There has been the illusion that business is acquisition-minded and self-interested, while professions such as law and medicine are disinterested in acquisition or self but rather altruistic in their services.¹ Traditionally, business was carried by minority groups composed of Jews, Armenians, Greeks, and Italians. During the 600 years of the Ottoman Empire, commerce was left to those minority groups, while Turks were aspiring to political, military, and administrative positions. "The Turks have placed the skills of the diplomat and bureaucrat at the service of the relatively simple, stubbornly held values of soldier and peasant. Turkey has not been a land of philosophers and poets."² The

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1. Talcott Parsons, "Motivation of Business Professional Activities," in David C. McClelland (ed.), Studies in Motivation, Appleton-Century-Crofts, Inc.; New York, 1955, pp. 246-251.
 2. Lynton Keith Caldwell, "Turkish Administration and the Politics of Expediency," in William J. Siffin (ed.), Toward the Comparative Study of Public Administration, Indiana University Press, Bloomington, Indiana, 1959, p. 188.

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Turks respect the aesthetic achievements of Celaeddin and Sulieman Celebi, but their great pride is in political and military action. What has mattered most to the Turks has been their survival as a politically and socially distinctive people. No great business heroes have emerged in Turkey, no entrepreneur has gained social recognition, and no business leader has ever held public office.

With the foundation of the Republic of Turkey in 1923, Ataturk attempted to eliminate the great mistrust for private enterprise and thought to build Turkey as a nation of free enterprise. Among others, he encouraged a famed civic leader in Bulgaria, whom he knew in Sofia, to transfer his wealth to Istanbul and plant the seeds of private business in Turkey. That was how the first large private establishment, the Sakir Zumre Corporation, was founded in 1924 to manufacture ammunition and firearms.

The trend set by Ataturk, partially to develop the country along the lines of private enterprise and partially to fill the vacuum following the great migration of the minority groups, resulted in the formation of a few large scale private enterprises. This promising trend did not last long, and the country adopted the national policy termed etatisme, meaning state responsibility for initiating, guiding, and developing the national economy--"...a policy that is supported by

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1. Ibid., p. 1.
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elements of the bureaucracy whose positions might be adversely affected by the growth of substantial private enterprise."³ From 1930 on, the growth of business enterprises was gradual and the path was treacherous. Businessmen faced never-ending governmental investigations, strong controls, and unbreakable red-tape.

One can then say that the private corporate economic enterprise, as known in Western societies, has very little receptivity in Turkey.⁴ In a poll of opinion among Turkish junior civil servants and students of government, more than 95 per cent believed that government should pioneer economic development, and more than half favored state competition with private enterprise.⁵ This general lack of receptivity among Turks to the formation of private corporate business organizations has little theoretical foundation; it results rather from pervasive distrust.⁶

However, there exists today a small sector in the socio-economic structure of Turkey which is privately owned and controlled. It is the intent of this research to study the foster child of the Turkish economy. The

3. Ibid., p. 125.

4. Ibid., p. 124.

5. A. T. J. Matthews, "Emergent Turkish Administrators," A Study of the Vocational and Social Attitudes of Junior and Potential Administrators, Ankara: Institute of Administrative Sciences, Faculty of Political Science, University of Ankara, 1955, pp. 49-50.

6. Siffin (ed.), op.cit.; p. 124.

big business leader in Turkey will be portrayed, and thus a contribution will be made to identify his often misinterpreted and misunderstood image. Research will be carried into the origins, motivations and behavior patterns of men who hold top positions in their own or someone else's organization. The role of the business leader in the society will be analyzed, and thus some light will be shed upon an area shaken by controversial values. It is hoped that in the future a series of studies on business leadership in France and Iran will be undertaken. These studies, when compared with those on United States business leaders, will show whether there is any common denominator among the business leaders of France, Iran, Turkey and the United States.

The work is divided into ten chapters. The first three chapters are the foundation of the study. They provide the theoretical framework and describe the major dimensions of the research. The problem is defined, objectives are clarified, and major hypotheses are established in this section. A review of previous work done on related topics is presented. Methodology is extensively covered in chapter three. Chapters four and five are the background of the study. The environment of the business leader is presented and its influence upon his behavior delineated. Distinction is made between the broader environment, which consists of the social, political, and economic forces, and the immediate enviro-

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The study of Turkish business leaders necessitates the study of the environment if one intends to carry out a full-scale comprehensive survey of their socio-psychological characteristics. The environment of the Turkish business leader will encompass, first, the broader society in which he operates, and, second his particular firm.

The broader environment has a significant impact upon the apparent behavior of the business leader. It is the environment that infuses the leader with values, shapes his reference patterns, establishes norms of conduct, and guides the leader throughout his life. The environment not only is felt as an urge for conformity, but also it can shed some light upon the rather strange practices of the business leader when he is observed by an outsider, particularly if he comes from another cultural setting.

When the business leader is viewed as an innovator, a pace setter, and an agent of change, the role of the environment upon his decisions becomes more important. Often the energies of the creative leader are restricted by the traditional elements of the society that stand against social or economic change.

A full understanding of the political, social, and economic characteristics of Turkey cannot be achieved in this work and is beyond the scope of this dissertation.

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Nevertheless, it is also necessary to provide the reader with a tool kit to facilitate his understanding of the Turkish business leaders. In exploring the broader environment of the business leader, first, important facts and figures will be given in relation to the geography, history, and economy of the country. Next, the reader will acquaint himself with some peculiar problems which may clarify the nature of the Turkish mistrust of the merchants in general. Following the study of the broader environment of the business leader, his immediate environment will be analyzed.

No analysis will be complete unless the firm is discussed. Attention will be focused upon its structural characteristics. The year of establishment, the type of business, the amount of assets, the volume of sales, and the number of employees will be observed. The firm is the agency through which the business leader expresses his ideas and functions. He molds the firm's character, but he himself is also affected by his firm. The interaction between the firm and the business leader is a two-way street, highlighted by the give and take that occur in this macro-environment. The business leader occupies a stronger position within his firm and operates freely and does whatever he deems necessary to be done. On the other hand, he is relatively restricted when he operates in the macro-environment. Laws, traditions, customs, and the general nature of the economic structure limit his

potentials. He is just a small part of a greater system. Alone, the business leader is too microscopic to be able to influence the total economy. He takes for granted whatever the outside forces describe and set as the boundaries for his actions and the rules of the game. The business leaders in Turkey are too weak and too disorganized to attempt to change the Status quo. They operate as isolated individuals distrusting everyone but themselves. Because business leaders lack the power to change their environment to gratify their needs, they adapt themselves to the changing environment. Flexibility is a desirable quality; but an excess, on the other hand, creates a lack of continuity which prevents long-range planning. Short of any long-range objectives, business operates on a day-to-day basis. Being unable to manipulate their environment and unsure of the future, to retain "plasticity," using Wroe Alderson's term,⁷ the Turkish business firms place a high value upon liquidity. Long-range investments are risky and are only ventured when the returns are high, or when the risks involved are very low, or when a minimum is guaranteed by the government. When neo-Keynesian economists tried to explain the reasons why people were holding speculative money balances, they could have illustrated their theories by giving the Turkish businessmen as an example. Because conditions change so fast

7. Wroe Alderson, Marketing Behavior and Executive Action: A Functionalist Approach to Marketing Theory, Homewood, Illinois, R. D. Irwin, 1957, passim.

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and so inadvertently, it becomes preferable to hold cash rather than non-liquid assets for the least risk of loss.⁸ When the president of a large merchant-wholesale institution was asked about the planning activities in his firm, his answer reflected very candidly the true situation:

Planning, yes, I have heard of the term, Here we play by the ears. Business is dynamic; you cannot predict any action. The best strategy is to watch day by day developments and formulate company policies accordingly. We do not have long-range objectives except we want to operate profitably no matter what happens. Profit maximization is the most important goal of this firm. To keep the firm as a profit yielding institution, we do not value growth so highly.

No overall characteristics of the Turks in general will be given. The author believes that except for objective categories, the 30 million Turks cannot be classified in terms of their socio-psychological characteristics. No reliable source exists for this purpose.

The remaining chapters form the heart of this dissertation. Hypotheses are tested, and all major research findings are presented in chapters five through eight. And finally, conclusions are put forth and suggestions for further research are given.

8. Gardner Ackley, Macroeconomic Theory, the MacMillan Company, New York, 1961.

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CHAPTER II

THEORETICAL FRAMEWORK

The Overall Objective

The business leader in Turkey will be seen operating within his socio-economic environment. Who are the business leaders in Turkey? From what economic levels did they come? Where do they stand within the power structure of the society? Who were the grandfather and fathers of successful men? How much education did they get? From what part of the country did they come? What is the self-conception of their role in the society? How are they motivated? Is it possible to identify executive types peculiar to Turkey?

Specific Areas of Concern

In line with the overall objectives, it is feasible to specify the aims of this research as follows:

1. To outline the social, economic, and political environment in which entrepreneurs and business leaders operate in Turkey.
2. To delineate the growth patterns of big business enterprises in Turkey.
3. To identify the business leader. What are his attitudes and motives?
4. To examine the role conception of the business leader.
5. To come to certain conclusions concerning general characteristics which seem to cover the behavior,

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motivations, and accomplishments of the business leaders in Turkey.

Definition of the Terms

The concept of business leader includes both the terms "entrepreneur" and "executive." No differentiation is made between the terms because of the existing structure of the economy and the society in Turkey. The functions and roles performed separately by the entrepreneurs and executives in highly industrialized societies where business has reached the stage of bureaucracy cannot be separated in the Turkish industrial system. The terms "entrepreneur" and "executive" will be defined separately and then combined to obtain the definition of the business leader.

Entrepreneurs Defined

"Entrepreneurship" has enjoyed a number of definitions which have varied to some extent according to time or place. In the days when the creative aspects of the entrepreneur were first being recognized, he was referred to as a projector.¹ In 1755, Richard Cantillon designated "entrepreneurs" as those who "buy the wares of the country...give for them a fixed price to sell them again wholesale and retail at an uncertain price."² The modern

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1. B.F. Hoselitz, "The Early History of Entrepreneurial Theory," Explorations in Entrepreneurial History, 3:193-220 (1950-51)
 2. Richard Cantillon, Essai sur la nature du commerce en general, quoted in "Entrepreneur," Encyclopaedia of the Social Science (New York, 1931, Vol V).

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term came into use in England only in 1878, when it signified a "director or manager of a public musical institution" or "one who gets up entertainments."³ A functional definition of the entrepreneur is found in McClelland.

Someone who exercises some control over the means of production and produces more than he can consume in order to sell (or exchange) it for individual (or household) income.⁴

There remains, however, no great agreement as to the essence and the frontiers of this function. Among many writers, the work of coordination or management has been stressed. The entrepreneur has been identified with the captain of industry, ordering and marshalling the company under his control. After all, the productive functions concerned with the execution of decisions already made, routine management and coordination can theoretically at least be delegated to particular persons hired for a contractual income. But the inseparable nucleus which remains, consisting of decision-making with regard to the future that involves uncertainty, and the very political, as distinct from executive element in the conduct of economic affairs is the entrepreneurial function par excellence.⁵ Furthermore, the entrepreneurial role comprises a number of variations, from basic or creative inventive-

3. "Entrepreneur" in Shorter Oxford Dictionary in Historical Principles, 1955.

4. David C. McClelland, Achieving Society, D. Van Nostrand Co., Inc., Princeton, New Jersey, 1961, p. 65.

5. "Entrepreneur" in Encyclopaedia of the Social Sciences, The MacMillan Co., New York, 1931, pp. 558-9.

ness at corporate levels down to the point of routine management. It is a broad function, and all of its aspects are important, particularly those involving innovation. The term "innovation" in this context is used by Schumpeter, who applied it to new products, new processes, new forms of organizations, new markets, and new sources of supply.⁶ By viewing innovation so broadly, entrepreneur is defined as the man who makes a variety of decisions in order to bring his enterprise to a leadership position and thus merit the designation of business leader. The range of these decisions covers a variety of fields, among them being organization, management, marketing, employment, production, government relations, and public relations.

Cole views entrepreneurship both as a function and as a commonality of entrepreneurs. Specifically, he defines entrepreneurship as:

A purposeful activity (including an integrated sequence of decisions) of an individual or group of associated individuals, undertaken to initiate, maintain, or aggrandize a profit-oriented business unit for the production or distribution of economic goods and services.⁷

Cole goes on to identify the aggregate of individuals which together and cooperatively develop the decisions as the "entrepreneurial team."

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6. Joseph A. Schumpeter, The Theory of Economic Development, Cambridge, Massachusetts, 1934, p. 66.
 7. Arthur H. Cole, The Business Enterprise in its Social Setting, Harvard University Press, Cambridge, Massachusetts, 1959, p. 7.

It is really a team in the sense (a) that each person or officer plays a particular position or represents a particular aspect of the total enterprise, and (b) that each such person or officer is in some measure a complement of others as far as the total purposes of the unit are concerned.⁸

Like Cole and Harbison and Myers, Alfred Marshall seems to attribute entrepreneurial function to a group of men. Furthermore, he stresses the point that one man within this group tends to be more influential, is generally the chief executive, president, or chairman of the board.

Perhaps it should be pointed out here that while there are many people involved in the development of a decision, and while the group may be looked upon as a team, there is no escaping the fact that all the members of such a team are not equals in any administrative sense. The effective element is to some extent compensated for by shifts in the actions, perhaps in the informal subgroupings, of the remaining members. There remains, however, the chief executive, president, or chairman of the board, who undoubtedly exerts more influence than any other individual in the team, and sometimes, depending on personality or force of character, may have almost the power of veto over all the rest.⁹

Sayigh's understanding of entrepreneur is close to the definition of business leader used in this work.

An entrepreneur may also be a scientist or technician, a salesman, an organizer, or a public relations man; in other words, any man who has power or decision in or for an enterprise.¹⁰

Similar lines of thought are found in Harbison and Myers.

8. Ibid., p. 7.

9. Ibid., p. 8.

10. Yusif A. Sayigh, Entrepreneurs of Lebanon, Harvard University Press, Cambridge, Massachusetts, 1962, p. 22.

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In the hierarchy of management, the organization builder has a critical role. He may be the owner of the business, a professional manager, or a government official. In any case, he is the top manager who builds the hierarchy. He is the keystone in the arch of management; he cannot be separated from his organization but is fused with it. His function is to establish the conditions under which the other members of management can achieve their own personal goals through performing the tasks which they are assigned in the organization as it achieves its goals.¹¹

Before passing on to the definition of executives, one further point needs to be cleared up. As opposed to Collins, Moore, and Unwalla, no differentiation will be made between an "independent" or "innovating" entrepreneur and the "bureaucratic" entrepreneur. Collins, Moore, and Unwalla use the term entrepreneur to mean only "the innovating entrepreneur who has developed an ongoing business activity where none existed before."¹² Such a distinction has no place in this research where only the leaders of big business are studied. If one had isolated the business leaders who had developed an ongoing business activity where none existed before, the study would have to be limited to a very small percentage of the economic activity. The generalizations would be meaningless or lost within the broad environment and lack the flavor of the local conditions and characteristics that the re-

11. Frederick Harbison and Charles A. Myers, Management in the Industrial World, (New York: McGraw-Hill Book Co., Inc., 1959) as quoted in Orvis Collins, David G. Moore, Darab Unwalla, The Enterprising Man, MSU Business Studies, 1964, p. 18.

12. Ibid., p. 20.

searcher is attempting to describe first and analyze later. For this study, the term entrepreneur denotes "a person who exercises wholly or partly the functions of (a) initiating, co-ordinating, controlling, and instituting major changes in a business enterprise and/or (b) bearing those risks of its operation which arise from the dynamic nature of society and imperfect knowledge of the future and which cannot be converted into certain costs through transfer, calculation, or elimination."¹³

Executives Defined

"Executive" has long been used in business to designate people and positions concerned with certain functions in large-scale business organizations. In the sociology of formal organizations the term is used to designate the functions of deliberate control, management, supervision, and administration, the people who perform such functions, the positions they occupy, and the sector of the large organization in which they are found.¹⁴

Chester Barnard uses the term executive as a noun to denote the occupant of positions which he terms "executive positions," and these positions in turn are qualified by the adjective "executive" because they are concerned with the performance of executive functions which he describes as those of control, management, supervision,

13. "Entrepreneur," as defined by William H. Wesson in a Dictionary of Social Science, Julius Gould, William L. Kolb (eds.), The Free Press of Glencoe, New York, 1964, p. 240.

14. "Entrepreneur" as defined by Howard Scarrow in Gouls, Kolb (eds.) op.cit., pp. 249-250.

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14. "Entrepreneur" as defined by Howard Scarrow in Gouls, Kolb (eds.) op.cit., pp. 249-250.

and administration.¹⁵ On the other hand, Chartle uses the terms "administrator" and "executive" interchangeably and applies them to people who are responsible for the performance of a total organization or for important segments or activities of it.¹⁶

Business Leaders Defined

In designating the business leader as both an entrepreneur and an executive, the Schumpererian concept of innovation is partially followed, but the scope of innovative activities and decisions is broadened to cover the areas customarily under the jurisdiction of managers and executives. The business leader, in this context, is the man who makes several innovative decisions concerning the factors of production, land, labor, capital, and management, to bring his enterprise to a leading position in the industry.

Arthur H. Cole's definition of entrepreneurship as a team effort is close to the meaning of the concept of business leader as used in this dissertation and explains why it was found to be an unnecessary effort to try to isolate entrepreneurs from executives. Such an effort would have led to methodological problems, and efforts made to delineate the minute differences between the two

15. Chester Barnard, The Functions of the Executive, Cambridge, Massachusetts, Harvard University Press, 1938.

16. Carrol L. Shartle, Executive Performance and Leadership, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1956, p. 3.

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Alfred Marshall's definition of a businessman is the closest to the understanding of a business leader who is in the best sense of the term an executive-entrepreneur.

The task of directing production, so that a given effort may be most effective in supplying human wants, is so difficult under the complex conditions of modern life that it has to be broken up and given into the hands of a specialized body of employers, or to use a more general term, of businessmen; who 'adventure' or 'undertake' its risks; who bring together the capital and labour required for the work; who arrange or 'engineer' its general plan; and who superintend its minor details.¹⁷

When those who possess entrepreneurial and executive behaviors also showed leadership qualities in their field of work, they were accepted as business leaders. Leadership here denotes: "the occupancy of a status and the active performance of a role that mobilizes more or less organized collective and voluntary effort toward the attainment of shared goals and objectives."¹⁸ Therefore, this study includes men in the Turkish economy whose functions are consistent with entrepreneurial, executive, and leadership patterns. By leadership patterns is meant critical experience rather than routine practice. Selznick illustrates this point brilliantly:

It is in the realm of policy--including the areas where policy-formation and organization-building meet--that the distinctive quality of

17. Collins, Moore, Unwalla, op. cit., p. 18.

18. Kurtland in Gould, Kolb (eds.), op. cit., p. 380

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18. Kurtland in Gould, Kolb (eds.), op. cit., p. 380

institutional leadership is found...It is the function of the leader in a business organization to define the ends of group existence, to design an enterprise distinctively adapted to these ends, and to see that design becomes a living reality.¹⁹

These tasks are not routine; they call for continuous self-appraisal on the part of the leaders. A business leader is the one who makes the critical decisions in the organization.

The definition of a business leader used in this context follows closely what Selznick defines as institutional leadership and incorporates the isolated characteristics of entrepreneurs on one hand and the functions of the executives on the other hand. The business leader (executive-entrepreneur) is the authority in a firm who makes decisions with regard to innovative combinations of factors as well as effective organization. In case the innovation requires the establishment of a new firm, our business leader becomes more of an entrepreneurial type. If, on the other hand, he innovation is adopted in a going concern, he can be considered as an executive type.

Accordingly, this research is concerned with men who are at once or separately, builder, maintainer, and developer of organizations in Turkey. The term business leader is used to describe such men.

The Firm Defined

So far, the big business leader has been defined,

19. Philip Selznick, Leadership in Administration, Harper, 1957, p. 37.

but nothing about big business itself has been mentioned. The questions to be answered here can be grouped under two distinct but related headings. What is a firm? What is meant by a big business firm? The notion of a firm is surrounded by difficulties, and a thoroughly satisfactory definition of a firm, or theory explaining the determinants of the number or the structure of firms, does not exist.²⁰ However, an attempt will be made to provide an operational answer for each of the two questions posed above.

Individuals in a free society can derive income from any resource they own in only one of two ways: (1) they can enter into a contractual agreement with some other people who consent to pay a sum per unit for the use of their services. (2) They can use the resource or factor they own alone or in cooperation with other hired resources to produce a product or a service and receive their income as a difference between the amount they receive from the sale of the product or service and the amount they pay to hire the other factors.²¹ Thus a firm is defined as the recipient of a residual income. Each firm is different from other firms with respect to the product or service produced or in terms of the nature of the contractual arrangements binding together the bundle of

20. Milton Friedman, Price Theory, Aldine, Chicago, 1962, p. 43.

21. Ibid., p. 93.

resources the individual controls either through ownership or through the contractual arrangements he has entered into with their owners.²²

A firm can be formed by a single individual or by a group of persons. Each firm has a distinct character. Following Friedman, one can attribute this uniqueness of character of each firm to the uniqueness of entrepreneurial capacity. The individual entrepreneurial capacity can be specified by a function showing the maximum quantity of output each firm is capable of producing under given conditions. When talking about firms and making generalizations, one must consider the uniqueness of entrepreneurial capacity. Which in turn reflects the difference between the productivity of individuals' resources viewed solely as hired resources and their total productivity when owned by their firms.²³

The firm can also be defined as a person, partnership, or corporation selling goods or services that incorporate goods or services bought from others.²⁴

The terms "firm" and "organization" will be used interchangeably. Each organization has a distinct character. Each firm is unique. The character formation in firms or in organizations is a result of the interaction

22. Ibid., p. 93.

23. Ibid., p. 94.

24. Tibor Scitowsky, Welfare and Competition, Chicago R.D. Irwin, Inc., 1951, p. 109.

of historical forces. The character is an integrated product and is functional in the sense that it is no mere accidental accretion of responsive patterns. Finally, the character of an organization is dynamic in that it generates new strivings, needs, and problems. Every firm is unique in character and value, and it is the role of the business leader to preserve the uniqueness of his organization.

By big business firm is understood a firm that occupies a leading position in the industry in which it operates. It may or may not be a big firm within the total economy.

Previous Work Done on the Topic

There has been very little direct work done on this topic.²⁵ On the other hand, big business executives and leaders in the United States have been thoroughly examined.²⁶ These excellent studies were used not so much for

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25. McClelland, Achieving Society; Arif Payaslioglu, Turkiye'de Ozel Sanayi Alanindaki Mutesebbisler ve Tesebbusler, (Entrepreneurs and Private Enterprise in Turkey), Turk Iktisadi Gelismesi Arastirma Projesi, SBFME, Ankara, 1961; A.P. Alexander, Industrial Entrepreneurship in Turkey: Origins and Growth, EDCC, July, 1960.
 26. William E. Henry, "Executive Personality and Job Success," Personnel Series No. 120, A.M.A., N.Y., 1948; W.L. Warner, and J.C. Abegglen, Big Business Leaders in America, Harper & Row, Publishers, Inc., N.Y., 1955; Mabel Newcomer, The Big Business Executive, Columbia University Press, N.Y., 1955; F.W. Taussing and C.S. Joslyn, American Business Leaders: A Study in Social Origins and Social Stratification, The MacMillan Co., N.Y., 1932, etc.

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1. Provide guidance for theory.
2. Used for comparison between United States and Turkish business leaders.
3. Direct relevance to the thesis.
4. Research guidelines.

Among a wealth of excellent studies, the works of Warner and Abegglen, Collins, Moore, and Unwalla, McClelland, Sayigh, and Friedman and Kalmanoff were specifically selected (see Table 1.)

However, there was no previous work dealing directly with the subject matter of this thesis. This then, gives the research its exploratory aspect.

Theory and Practice in the Study of Big Business Leaders

The Business Leader and His Environment

How does the business leader react to the level of economic activity and to the various economic facts and factors that influence economic life? How does he conceive of the effect of his role and actions as the facts and factors? Doubtless, the level of economic activity is what it is only because business leaders, among other agents, behave in the way they do. But to ask about the effect of this level on leadership behavior is not to beg the question since, given a certain level in period one, business leaders take certain attitudes and make

Table 1. Usefulness of selected books to the study of the Turkish business leaders.

| | <u>Warner and Abegglen, Big Business Leaders in America</u> | <u>Collins, Moore and Unwalla, The Enterprise Man</u> | <u>McClelland, The Achieving Society</u> | <u>Sayigh, Entrepreneurs of Lebanon</u> | <u>Friedmann and Kalmanoff, Joint International Business Ventures</u> |
|---|---|---|--|---|---|
| 1. Guidance for theory | MUCH | MUCH | SOME | MUCH | NONE |
| 2. Comparison between U.S. and Turkish business leaders | MUCH | SOME | MUCH | NONE | MUCH |
| 3. Direct relevance to the thesis | NONE | NONE | SOME | NONE | SOME |
| 4. Research guidelines and methodology | MUCH | MUCH | SOME | MUCH | NONE |

certain decisions influenced by that level which in turn influence the level in period two, by which they will be influenced in their decisions influencing the level in period three, and so on.²⁷

The relationship between the business leader and the economic organization should also be examined. It is important to attribute his reactions to the state of business legislation, money and credit agencies, research facilities, training and skills, organizational forms of business establishments, the managerial and foreman classes, the labor force and trade unions, and market structure of inputs and products. Lastly, the businessman's sense of a business community and his solidarity with it, his sense of conformity or of rebellion, what he expects of this community and what he feels are his obligations toward it are matters examining.²⁸ Chapters 6-9 will basically deal with these questions.

Origins and Mobility of Business Leaders

Two broad questions about the origins of business leaders are worth examining for the detection of the association, if any, that exists between these origins and the types, qualities, and performances of the leaders in various sectors and activities.

The first question concerns the social and cultural origin or background. Here belong such matters as the

27. Sayigh, op. cit., p. 32.

28. Ibid., p. 32.

business leader's social class, rural versus urban origin, family's traditional occupation, and affiliation with an activity in cultural and educational organizations. Here also belongs the important matter of religious denomination.

The second question to be examined related to training, education, and pre-entrepreneurial travel and experience. These largely define the direction and area of activity that follows them, increasingly so as the business leader is conscious of his pool of experience deriving from these sources. This question is also directly related to the problem of economic development. Through training, the entrepreneurial talents can be directed to activities, which if performed properly, will change the social and economic structure of the country.

Apart from the origins of business leaders, their mobility between social groups and between economic sectors is a question worth examining.

In every complex society, there is a division of labor and a hierarchy of prestige. Positions of leadership and social responsibility are usually ranked at the top, and positions requiring long training and superior intelligence are ranked just below. The term "social mobility" refers to the process by which individuals move from one position to another in society--positions which by general consent have been given specific hierarchical

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values. When social mobility is studied, the movement of individuals from positions possessing a certain rank to positions either higher or lower in the social system is analyzed.²⁹

Social mobility in Turkey is comparable to social mobility in the United States. Lipset and Bendix give two basic reasons why social mobility exists in every society:

1. Changes in demands for performance: Complex societies change, and, whether social change is slow or rapid, it leads sooner or later to a change in the demands which different positions make on those who occupy them. The few who have inherited their high positions may not have the competence to meet the responsibilities which these positions entail.³⁰

2. Changes in supplies of talent: Just as there are changes in the demand for various kinds of talent, there are constant shifts in the supply. No elite or ruling class controls the natural disposition of talent, intelligence, or other abilities, though it may monopolize the opportunities for education or training. As long as many of those with high abilities belong to the lower strata, there will be leaders who come from those strata.³¹

29. Seymour M. Lipset and Reinhard Bendix, Social Mobility in Industrial Society, University of California Press, Berkeley and Los Angeles, 1963, pp. 1-2.

30. Ibid., p. 3.

31. Ibid., p. 3.



The analysis of social mobility can be undertaken in many ways. Lipset and Bendix outline an approach that is more conducive to a study of this kind in Turkey. First, one has to study the relationship between the starting point of a person's career and the point the person has reached at the time of the analysis. Second, the attention of the researcher should be focused on the relationships between social inheritance (or starting position) and the means of mobility. Here, the degree to which given backgrounds determine the level of education, the acquisition of skills, access to people at different levels in the social structure, intelligence, and motivation to seek higher positions will be a matter of concern.

In this research, the business leader will not be analyzed from the point of view of social mobility but attention will be concentrated upon occupational mobility. Warner and Abegglen define occupational succession "as the ordered process by which individuals succeed each other in occupation."³² Occupational succession refers to the relationship between the occupation of the father and the occupation of the son; status, to the movement into and out of any occupational position. If there is no difference between the positions of the son and the father, and, if they hold occupations at the same level, there

32. W. Lloyd Warner and James C. Abegglen, Occupational Mobility, University of Minnesota Press, Minneapolis, 1955, p. 4.

has been no movement and no occupational distance separates them. If there has been movement, its distance and its direction (up, down, or across) can be identified and measures.³³ Occupational mobility may also refer to movement within the individual's own occupational career.³⁴

The Concept of Role

Business executives in Turkey suffer role anxiety. An understanding of role anxiety can be established by first analytically separating the concept of anxiety and the concept of role and, hence, establishing their relationship.

Anxiety is among the most compelling human drives. As Sullivan maintains:

I believe it fairly safe to say that anybody and everybody devotes much of his life to avoiding more anxiety than he already has.³⁵

Anxiety occurs along a continuum ranging from incapacitating, free-floating dread to mild uneasiness. Functional anxiety is the moderate degree of tension or sensitivity that tends to sharpen the individual's perception or behavior alternatives appropriate to a given situation and to their probable consequences.³⁶ In the Turkish business organization, functional anxiety insures greater

33. Ibid., p. 5.

34. Ibid., p. 13.

35. H.S. Sullivan, Interpersonal Theory of Psychiatry, Perry & Gavel (eds.), W.W. Norton and Co., Inc., New York, 1953, p. 11.

36. R. Presthus, The Organizational Society, Alfred A. Knopf Pub., New York, p. 104.

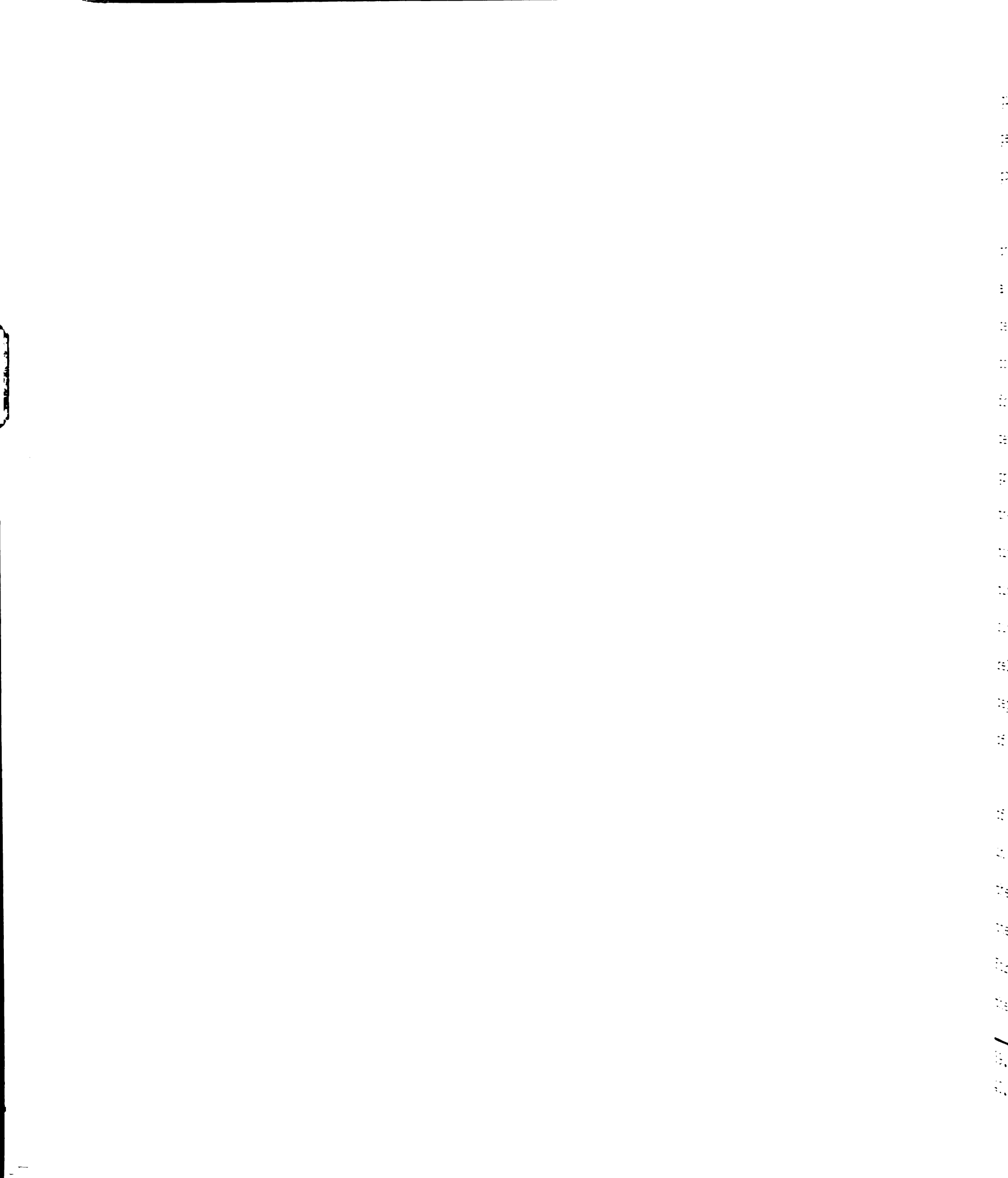
sensitivity to the nuance of interpersonal situations in the work place and in the society in which these organizations operate. The business executive in Turkey has been constantly criticized for his actions both by the government and the public. Anxiety appears when something threatens an individual's relations with persons and institutions important to him. At the infantile stage the parents, or the teacher might be the important persons. At the maturity stages, this could be the boss and the society in general as in the case of the Turkish business leaders.

The differences in role perception by the business executives seem to have resulted in a role anxiety. These differences stem from the contrasting conception of the role by the business leader himself, by the members of his enterprise and by the society at large. These differences are further intensified in a developing country.

The concept "role" is defined in Webster's Dictionary as "a part or function as taken or assumed by anyone; it also means duty."³⁷ For every recognized position, there is an expectation widely shared by members of the community of what should be the behavior of persons who occupy that position.³⁸ What a typical executive in a

37. Webster's New International Dictionary, Merriam Co. Pub., Springfield, 1957.

38. Krech, Crutchfield, and Ballachey, Individual in Society, McGraw-Hill Book Co., Inc., New York, 1962, p. 310.



given position, more generally in a given situation is expected to do constitutes the role associated with that position.

A role can be seen as encompassing, among other things, the duties or obligations of the position.³⁹ Thus a business executive in Turkey is expected to perform certain functions. What an executive does might not be congruent with what the society at large is expecting from him. One reason for this incongruency in role conception results from a misunderstanding of role by both groups, (the executive and the society might misconceive the role of the business leaders). In order for an executive to be successful, he must first meet the expectations of his role as conceived by himself. Second, his success as the head of his organization depends on the relative congruence of the three facets of the role conception associated with his position--the expectations of subordinates, and of society, as well as his own.

A role can also be seen as encompassing the rights of the position,⁴⁰ The rights of a position are defined in part by the roles of related positions. The rights of the business leader are in part defined by the roles of the clients (society) and the organization participants. For example, if the client's role is to pay promptly for the services he receives, he is expected to do so; the

39. Ibid., p. 311.

40. Ibid., p. 311.

organization's participants are expected to carry out the boss's orders, and so on. Clearly, if everyone knows his role, this system of roles which regulates the relations between the executive, the subordinates and the client, conflict is minimized and more effective interpersonal functioning is increased. The executive knows what is expected of him and what to expect of his environment, the clients and the subordinates, and vice versa. Each can thus guide his behavior appropriately with respect to the others. The purpose of this research will be to penetrate and delineate the executive's conception of his role. It is hoped that there will be other researchers studying the role and expectancies of the society and the lower participants of the organizations. A complete study of such kind might lead to a theory of role congruence which in turn will reduce if not eliminate, role conflict. The reader must be cautioned about the culture-ground aspects of such studies. It is only after an extensive number of similar studies are conducted in various cultures that generalizations should be reached.

Among other aspects of this role conception a particular one in respect to society will be elaborated. The ideas, beliefs, and notions about society as conceived by the business leader will be delineated. This particular subject was selected because everyone has notions about this concept and has developed certain ideas about it. Thus, by delineating the role of the businessman with respect to society as seen by himself, a common denominator

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will be created through which the role conception of others about the business leaders will be compared.

However, the expectancies about motivations, beliefs, feelings, attitudes, and values are included in the expectancies making up a role, not just expectancies about actions. Thus, in pointing out the business leader's conception of role, his personality traits which pertain to his role must be examined.

Role behavior, like all social behavior, is the product of the interaction between situational factors and the cognitions, wants, attitudes, and interpersonal response traits of the individual. In this respect, Sarbin has formulated a role theory which extensively treats both situational and psychological factors governing role enactment. Role behavior and conception is influenced by, first, the individual's knowledge of the role, second, his motivation to perform the role, third, his attitudes toward himself and other persons in the inter-personal behavior event.⁴¹ In analyzing the business executives of Turkey, the roles of the individuals can be said to vary along a dimension of compatibility-incompatibility. If an executive, who occupies a given position in an organization, perceives that most people hold the same or quite similar expectations as to how he should behave in his role, this will be an instance of

41. T.R. Sarbin, "The Role Theory," in G. Linzey (ed.) Handbook of Social Psychology, Addison-Wellesley, Cambridge, Massachusetts, 1957.

role congruence. If however, he perceives that the expectations and demands of others are contradictory, then he faces role anxiety. In many cases role incompatibility may not be conscious due to the lack of self understanding and incongruent conceptions of organizational goals, values, and expectations.⁴²

The roles which the business leader performs in his various groups both reflect and shape his personality. Successful business executives, for example, seem to display a rather high degree of uniformity in their personality. It will, therefore, be useful to outline William E. Henry's study of the personality patterns of successful American executives.

William E. Henry studied successful American business executives by means of projective tests, an unstructured interview, and a number of standard personality tests. The results suggest the existence of a successful-business-executive-personality pattern. The major features of this pattern were as follows:

Successful executives showed a strong drive to work and a high achievement want. Their relations with their superiors were smooth and constructive. All of them had a high degree of ability to organize unstructured situations, i.e., to see the relations between seemingly unrelated or isolated events or facts. The ability to make decisions was a further trait of this group. They also possessed a firm and well-defined self-identity. They know what they are and what they want. The successful executives were typically active, striving, aggressive persons. But they also harbor a rather

42. Krech, op. cit., pp. 490-91.

pervasive feeling that they may not succeed and be able to do the things they want to do. They are strongly oriented toward practical and immediate realities. They have personal affection for their superiors and tend to identify with them. Their subordinates are viewed in a detached and impersonal way as means for getting work done.⁴³

Henry points out that the role of business executives includes these personality characteristics--ways of thinking, feeling, wanting, and acting. And, to some extent, the personality structure of the executive is shaped by these role requirements.

Now going back to the suggestions as to the reasons for this uniform business-executive personality, two major reasons can be put forth:

1. Business executives tend to be selected from all other members of the business group precisely because they already have certain specified characteristics, characteristics which are assumed to be essential for the successful performance of this role and the occupancy of this position in the group. Persons who lack these characteristics either are not recruited for the position or, if recruited, fail to make the grade.⁴⁴

2. As the business executive continues to behave like an executive, as he learns to perform his expected role, his personality characteristics change even more in

43. W.E. Henry, "The Business Executive: the psychodynamics of a social role," American Journal of Sociology, 1949, 59, pp. 286.

44. Krech, op. cit., pp. 488-89.

the direction of the business executive personality. The well-cast actor begins to live his role off the stage as well as on.⁴⁵

William E. Henry, in his study, shows that there is at least one type of successful man who has been able to release himself from the close ties of his parental home. As an autonomous male, he can leave his father and, without unconscious hostility or resistance, relate his own fate with ease to other males in authority. This discussion of mobility suggests that to understand the business leaders, social as well as psychological evidence must be used.

Notions of Self and the Role Conception

It is always difficult to define the role of a business executive. Even the executive himself views his role differently at different times under different circumstances.

The purpose of this research as was previously indicated, is to define the role of the business executive as viewed by himself. In order to arrive at an understanding of the conception of the executive role by the executive himself, a school of thought pioneered by Snygg and Combs will be followed. The essence of this school of thought is that one can best understand the behavior of individuals by looking at the meanings they assign to themselves

45. Ibid., p. 489.

and the world around them.⁴⁶ These meanings, taken together, form a pattern that is internally consistent at any point of time and constitute reality for the individual.⁴⁷ The individual's overt behavior is an outward expression of his pattern of meaning and is consistent with it so that his behavior always makes sense to him. The pattern of meaning, the self, of an individual tends to persist over time; it has been built up by the internalization of the meanings of past experience and will change over time in an orderly way as the individual gains new experience.⁴⁸ The central part of any individual's set of private meanings is the picture he has of himself, his self-concept. The theory holds that, in everything the individual does, he is striving to maintain and enhance his self-concept.⁴⁹

Notions of self consist of the characteristic words which one attributes to oneself. In short, they deal with how one perceives and acts toward himself as an object in the world. It is composed of things about one's self of which one is conscious.⁵⁰

However, an individual is not necessarily conscious

46. Snygg and Combs, Individual Behavior, Harper and Brothers, New York, 1949.

47. P.R. Lawrence, The Changing of Organizational Behavior Patterns, Harvard University Press, Cambridge, 1958.

48. Ibid., p. 144.

49. Snygg and Combs, op. cit.

50. J. Gordon, Personality and Behavior, Macmillan Co., 1963, pp. 189-192.

of his self-concept. He may not respond to his own self evaluational thoughts, and so may not be explicitly aware that he has a self-concept, or of the nature of that concept.

Self-concepts tend to become self-perpetuating and are positive, in nature. If an executive thinks of himself as just, honest, hard working, etc., he will not perceive those behaviors in himself which ought to be labelled lazy, dishonest and unjust. Over a period of time, he becomes more and more convinced of his honesty, justice, and diligence because he is aware of no evidence to the contrary. Self-concepts, therefore, become more stable and consistent as the individual ages and acquires his thoughts about himself.⁵¹ The more an executive's self is confirmed, (that is, the more often his self related responses are reinforced, which in this case means organization success in terms of mobility) the more likely he is to think the same way in the future and the stronger will be the rejection of inconsistent or contradictory behaviors for his self-concept.⁵²

Successful executives usually have strong conception of self. They know who they are, where they are going, and how to get there. They are firm and well defined in their sense of self identify.

One way of differentiating between people is the relative strength or weakness of their notions of

51. P. Lecky, Self Consistency, Island Press, New York, 1945.

52. Gordon, op. cit., p. 192.

self-identity, their self structure. Some persons lack definiteness and are easily influenced by outside pressures. Successful executives are firm and well defined in their sense of self-identity. It is, of course, true that too great a sense of self-identity leads to rigidity and inflexibility; and while some of these executives could genuinely be accused of this, in general they maintain considerable flexibility and adaptability within the framework of their desires and within often narrow possibilities of their own business organizations.⁵³

The executive's view of himself is his most crucial tool in developing and maintaining a productive and satisfying administrative career. One of the most important consequences of his self-concept is that when it is inaccurate as a reflection of his behavior, the executive finds it difficult to understand the situations in which he finds himself and the reactions other people have toward him. Because he is not labelling his own behavior correctly, he cannot understand how his behavior gets him into difficulties or why people respond to him in a way different from the way he expects.⁵⁴

How Does the Business Leader Perceive the Demands of the Society and the Conception of His Role in the Society?

There is no doubt of an increasing awareness on the part of business leaders that they have important obligations to society.⁵⁵ The social role of businessmen has meaning only in relation to the goals or values which are sought from the economic system of the immediate and remote environment. In discussing the conception of his

53. Henry, op. cit., p. 290.

54. Gordon, op. cit., p. 192

55. Howard R. Bowen, Social Responsibilities of the Businessman, Harper and Brothers, New York, 1953, p. 44.

role by the business leader himself, the hypotheses will be established upon a list of social goals upon which one aspect of the thesis is built. It should be made clear, however, that this list is not the list of goals accepted by the majority of Turkish people. It is only an illustration of the kinds of goals in terms of which the social role conception of the business leader must be defined.

1. A certain standard of living.
2. Economic stability.
3. Personal security.
4. Religious attainment.
5. National security.

The first step in understanding the businessman's conception of his social role is to examine his economic ideas. Howard R. Bowen illustrates this point clearly:

The businessman is an eloquent spokesman in our society for abundant production. In his view, it is axiomatic that the primary aim of economic life is an ever-higher standard of living, and, if we are to achieve this aim, that we must produce more and more... The businessman's belief that production is the sole source of our high standard of living and that growing production is a prerequisite to economic progress also leads him to the view that the interests of the various classes of society--laborers and capitalists--are fundamentally in harmony and mutual dependence rather than in conflict.⁵⁶

Another way of understanding this role conception is to review the relationships of the business leader with the government. The attitude of the business leader toward

56. Ibid., pp. 46-7.

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the government is a good reflection of his role conception.

The local community relations form another area which provides the tools to measure and understand the social role conception of the business leader.

The corporation is regarded as a citizen and neighbor in the local community in which its establishments are located; hence it has the obligations and duties of a good citizen and a good neighbor. This involves participation by officials and employees in community activities pertaining to government, education, religion, recreation, etc., and financial support of these activities.⁵⁷

The increasing interest in social responsibilities on the part of the business leader is an important development from which much can be expected in terms of the general welfare. This optimistic doctrine of social responsibility or the social orientation of business has been discussed extensively and expressed in concrete forms by Bowen.⁵⁸ However, it is subject to several important criticisms. The first argument was that under competitive conditions, socially minded businessmen would be prevented from pursuing their social obligations by the failure of their rivals to be equally concerned about public interest. In answer to this, it was pointed out that many businesses do not operate in perfectly competitive markets; that even in a competitive industry, socially sanctioned standards of

57. Ibid., p. 63.

58. Ibid., p. 63.

business operation might be adopted.⁵⁹

The second argument was that when businessmen take on social obligations, their costs are likely to rise, that these increased costs will probably be passed on to the consumers, and that in the end the benefits from socially oriented business policies will have resulted merely in higher prices. In dealing with this, it was conceded that the costs would often be shifted. However, it was pointed out that the standard of living of a country is in two parts: the final products of industry and the conditions under which these products are produced. The improvement in one part of the standard may often be at the expense of the other part, and the problem is to balance the marginal returns of the two parts.⁶⁰

The third argument sometimes advanced in opposition to the doctrine of social responsibility is that businessmen are so strongly oriented toward the profit motive and toward the narrow interest of their companies that it is unrealistic to expect them to assume important social obligations. Businessmen are so fully imbued with a spirit of profit-making and with pecuniary standards of value that they are unable to see the social implications of their task.⁶¹ In answer to this, it was pointed out that busi-

59. J.A. Schumpeter, Capitalism, Socialism, and Democracy, 3rd ed., New York, Harper and Brothers, 1950, pp. 72-106.

60. Bowen, op. cit., p. 123.

61. Ibid. and In Theory of Business Enterprise, New York, Charles Scribner's Sons, 1904.

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nessmen have many motive, of which profit is only one, albeit an important one. Among these motives is the desire to conform to the standards of their society. Moreover, businessmen are keenly aware of the fact that their long-range self-interest requires that they heed their social obligations.⁶²

The fourth and much more telling argument against the doctrine of social responsibility is that businessmen try to use this doctrine as a device for retaining power and as a justification for that power.⁶³ It was pointed out that there is validity in this argument, but that the social controls to which the modern businessman is subject greatly weaken his power, and that he is not in a position to be the sole arbiter of his social obligations.⁶⁴

Against these severe criticisms, it will be argued that business leaders have a conception of their social role and this role is a function of their attitudes, technical knowledge, profits, and public attitudes. It is in this background that the social role conception of the Turkish business leaders will be investigated and hypotheses formulated.

62. Bowen, op. cit., p. 124.

63. R.A. Brady, Business as a System of Power, New York, Columbia University Press, 1943, pp. 259-93.

64. Bowen, op. cit., p. 224.

Leading Drives of Business Leaders

In order to judge man's deeds and the aspirations, one must discover the reasons for the direction and the persistence of his actions. Psychologists have entertained the hypothesis of a single basic drive to give meaning and direction to human performance. To Freud, the molding motive was libido; to Adler, striving for superiority or power; to Horney, the search for security; to Goldstein and the organismic theorists, self-actualization. On the other hand, some of the most prominent theorists rejected the single goal approach to human life, such as Kurt Lewin and H. S. Sullivan, and observed that goals were determined by the temporal situations and needs. In this work, the existence and recurrence of certain motives will be maintained as abstracted from the interviews. Briefly they are:

1. Prestige motive
2. Power motive
3. Affiliation motive
4. Money motive
5. Achievement motive

Although these categories are subdivided and developed as interrelated components, they may not be taken as isolated parts of behavior.⁶⁵ For example, money motive may mean that the businessman is not solely in pursuit of

65. A.H. Maslow, "A Dynamic Theory of Human Motivation," Psychological Review, 1943, 50, pp. 370-396.

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cash wealth, but this wealth would indicate security, safety, accomplishment, social esteem, and affiliation. Need for achievement seldom can be taken literally as accomplishing something through application of one's efforts to it. Often this achievement brings to its owner prestige, fame, wealth, power, and further opportunity for future achievement. Businessmen generally are willing to "help the society," but it would be a mistake to visualize them as welfare workers. This "help to society" is interconnected to their prosperity, again indicating achieving and self-actualization motives.

Now, how are the motives defined and classified? In order to demonstrate to the reader the application of the motivation theory in this research, it is essential to analyze motives as pure notions which were formulated through psychological studies.

The term "motive" refers to the disposition within a person to strive to approach a certain class of positive incentives (goals) or to avoid a certain class of negative incentives (threats).⁶⁶ Thus, the motives demonstrate the direction of one's actions, and the intensity of the motives can predict the degree of persistency of the action. Feld and Smith use the term "incentive" as the subject of the action of motivation. By incentive, they mean a

66. Sheila Feld, Charles P. Smith, "An Evaluation of the Objectivity of the Methods of Content Analysis," Atkinson, John (ed.), Motives in Fantasy Action, D. Van Nostrand Co., Inc., New York, 1963.

potential reward or goal that can be manipulated by the experimenter--the amount of food, money, or a task.⁶⁷ Thus the motives can be classified according to the goals that the organism pursues through his motivated behavior.⁶⁸

As being the most heavily identified item among business leaders in Turkey, the achievement motive will be given greater concentration here and in Chapter VIII.

Achievement Motive. A sense of achievement seems to be the universal incentive to those who strive in the hope of creating something, whether a piece of sculpture, a painting, a building, an organization, government, or wealth. It was the most heavily identified item among business leaders in Turkey.

The Thematic Apperception Test method, developed by Henry A. Murray, inspired David McClelland to apply it toward measuring achievement motive as a drive. Here are some of the findings: achievement need is present in all persons to a different extent and is displayed in various contexts.⁶⁹ The motivated person seeks greater challenge and demands more of himself to get things accomplished. Accomplishment and winning are an end in themselves; rewards and recognition can be pleasant by-products. Those

67. Ibid., p. 303.

68. Maslow, op. cit.

69. David C. McClelland, Personality, New York, Rinehart, 1951, p. 583.

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who possess this need strongly are more persistent, realistic, and action-minded than persons with moderate needs for achievement. They may not necessarily be more productive.

McClelland's studies reveal an interesting phenomenon about the arousal of achievement as a motivator. High achievement persons are not a product of a certain political system or culture. The intensity of this need becomes greater in middle class backgrounds than in lower or upper classes.

McClelland conducted a research on the entrepreneurial behavior with respect to achievement need for four prototypes; the United States as a most developed country; Italy, as a fairly well developed country with a backward South and an industrial North; Poland as a communist country; and Turkey as an underdeveloped country. McClelland had several questions in mind. Does business attract persons with higher achievement needs? Does the degree of the country's development affect the achievement motive? Does public ownership of enterprise influence man's incentive to work harder?⁷⁰

All professions require certain elements for success, but business should require more of the behavior found in high achievement persons. The situation can be manipulated by cultural effects and the concepts of business according to specific traditions. Often in such situations,

70. McClelland, The Achieving Society, op. cit., ch. 7.

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power motive goes hand in hand with, if it does not replace, achievement motives.

The tests showed that managers in every country except Turkey had higher achievement needs than men of other professions. If the attitude of Turkish managers is further explored, the results can be justified. It can be assumed that business does not attract high achievement persons. One reason for low N Ach (need for achievement) among Turkish business executives is that they have been compared with people of unusually high N Ach. Bradburn, who conducted the study in Istanbul, selected people from a teaching institute. Most of the students of the teaching institute are village boys who left home in their teens. The freedom from their original authoritarian environment can be a factor in arousing strong achievement needs in these persons, and, therefore when compared with the business executives, the latter have shown higher N Ach. Another issue which is significant in this research should be considered. The executives who were tested had an average age of 33.1. In a culture where respect is displayed more toward age than ability, it is possible for achievement needs to take root as conscious motivators in later stages of life. Evidently, after interviewing 23 of the most prominent business leaders of the country, at an average age of 40.6, Bradburn found higher achievement motives.

It was found that ownership of an enterprise did not make a significant difference in achievement motives. It

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is possible that the highest achievement persons are still the owner-managers of small companies. However, the top executives of smaller firms were earning considerably lower salaries than middle managers of large companies. Achievement score for small business owners was 5.4 in contrast to the 5.8 score of large company executives.⁷¹ Although statistically this has no significance, it illustrates that owning and operating small businesses is not a refuge for high achievement persons, even in capitalistic countries where the choice is free. Whether a man works for the Polish government enterprises or for a company, achievement motives can still be present. Hence communism was not a valid suppressor for the mobile man.

In a study conducted by Warner, Abegglen, Lipset, and Bendix, it was found that 50-80 per cent of businessmen in the United States came from middle to upper social levels during the last 150 years.⁷² They also discovered that between 1900 and 1950, the sons of blue collar workers in executive levels showed an 8 per cent increase (from 7 per cent, it rose to 15 per cent) although the percentage of these people in the total population remained constant. In the United States, businessmen came from less sophisticated backgrounds. McClelland's study in Turkey, however, found that a good proportion of the

71. Ibid., p. 265.

72. Ibid., p. 276.

business leaders came from privileged, elite backgrounds. The fact that higher achievement need is more typical of middle class persons can be another explanation why Turkish business fails to recruit the high achievement persons.

Along the same lines, it was discovered that bureaucrats had less drive for achievement in Italy and Turkey than their counterparts in private enterprise. In these countries, the government executives showed less need for achievement than the United States public works executives, who scored about the same as managers from the private sector.

Motives can be outwardly expressed, exist but be repressed or exist at the subconscious level. For example, a businessman may have an achievement motive. In the interview, he may state in his own words that he has this motive and point to his accomplishments as the outcome of his motive. Others may indicate that they have the achievement motive, but can show no appreciable accomplishment. Yet, there is a third group which does not claim to have achievement motive, but from the way it stresses its wish to "do something in society," the researcher may sense the presence of the need at the subconscious level. Since the researcher is not a trained psychoanalyst, equipped with the knowledge to handle the problems of the subconscious, the third group of people is left out of the achievement category. The

interviewees' words and deeds were sufficient for the purpose of this study.

Studying the motivation patterns of Turkish executives, the society must also be considered at large. Erich Fromm reasons that:

In order that any society may function well, its members must acquire the kind of character which makes them want to act in the way they have to act...desire what objectively is necessary for them to do.⁷³

How would the society in Turkey be classified in assessing the motivations of its members? If David Riesman's three models--namely, tradition-directed, other-directed, and inner-directed--are taken as dimensions, Turkey should be placed somewhere between tradition-directed and inner-directed models. Riesman defines them as such:

Tradition directed society is one with high growth potential which develops in its typical members a social character whose conformity is insured by their tendency to follow traditions. In such a model, the primary economic sphere (hunting, fishing, agriculture) is dominant. The inner directed model refers to a society in transition, which envelops in its members a social character whose conformity is insured by their tendency to acquire early in life an internalized set of goals. Their economy is dominated with secondary sphere (manufacturing).⁷⁴

Turkey, with characteristics anchored in both traditionalism and transitionalism, engenders needs toward esteem and security. Consequently, motivators are integrated and interdependent rather than pure and isolated.

73. "Individual and Social Origins of Neurosis," American Sociological Review, 1944, p. 380.

74. David Riesman and A. Glazer, R. Denny, The Lonely Crowd, Doubleday, 1953, pp. 19-38.

Major Hypotheses

The major problem in this area is the lack of available general works that can be used as a frame of reference and as a foundation upon which to build specific theories about the behavior of Turkish business leaders. Therefore, this research will be of an exploratory nature rather than specific. Nevertheless, based upon the review of the available material and numerous theories of business behavior, it is possible to generate two major hypotheses and then draw operational hypotheses from them which will at the same time describe the behavior of business executives in Turkey and test the assumptions of the major hypotheses.

Hypothesis number one: No collective, standard, or patterned behavior and motivation are identifiable for the Turkish business leaders. They all seem to be motivated by different drives and do not present a common front.

Hypothesis number two: (The second hypothesis is derived from the first one.) Because of their differences, there is no concensus among the Turkish big business leaders as to the role for which they feel responsible in society.

Operational hypotheses: The following hypotheses will be used in the process of testing the two major ones. They will be useful in describing and analyzing some specific areas of behavior of Turkish business

leaders. They will also provide the potentials for this research as an exploratory study. The certain elements concerning the Turkish business leaders and firms which can lead the way for comparative studies were particularly selected. Although this specific work is not a comparative study in itself, it is especially designed to be easily converted into a comparative model. To be effective in future comparative studies, the research is widely patterned after Warner's and Henry's studies of big business leaders. Yusaf A. Sayigh's The Entrepreneurs of Lebanon was also influential in delineating the present structure.

1. The growth of big business firms was slow up to 1956. In 1958, with the coming of inflation, growth patterns were altered. Sales and assets rapidly rose, while employment remained constant.

2. The majority of the business leaders entered business life between 1949-1960, a period characterized by liberal economic policies. They were less than 50 years of age and came from middle class merchant families. They were previously occupied in a related occupation in the private sector.

3. The role of the formal education in the success of the big business leader is considerable.

4. Turkish big business leaders are equally distributed among both mobile and birth elites.

5. Motives related to achievement are the leading but not the majority of the drives of the business leader.

6. A small group of business leaders show an aimless urge for work.

7. Profit motive is the leading drive of only a handful of business leaders.

8. Society-oriented business leaders are gaining over others.

9. Contrary to general belief, power-oriented business leaders are also found among businessmen.

10. Although business leaders operate in an insecure environment, only a few are motivated by safety and security needs.

11. Business leaders in Turkey see expansion in business as the major constituent of success.

12. There is no agreement among business leaders as to what they consider a successful businessman to be.

13. No concensus among business leaders exists as to what they attribute their success.

14. Business leaders do not agree in perceiving the demands of society.

15. Turkish business leaders are equally divided among calculatives and empiricals in decision-making.

16. Most of the business leaders in Turkey consult friends and relatives in making major decisions.

17. The effects of the development plans on the private enterprises in Turkey are negligible.

These are the operational hypotheses that are to be tested in the coming chapters. The reader must be

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cautioned at this stage about their descriptive nature. This should be understandable due to the exploratory character of this thesis. However, from each hypothesis, conclusions will be derived; where possible, causal relationships will be established; and a strong analytical foundation will be created.

The hypotheses presented above will be grouped under several headings forming the major areas of this thesis. Proceeding in such a way will assign greater meaning to the hypotheses and add more causality and conclusiveness to their descriptiveness. The major areas that will be covered by this thesis are the following: The immediate environment of the firms in which the business leader operates; the greater environment, the society at large that embodies the firm itself; natural characteristics of the business leader; intellectual and educational world of the business leader; his social, economic, and religious background; mobility patterns; the motives of the big business leaders; the process of management, including the goals and objectives of the firm; and finally the problems of the business leader.

CHAPTER III

METHODOLOGY

Research is opening new avenues in science. What purports to be empirical knowledge in our time is generally respected. If it is carefully sought and properly presented, it deserves that respect. To justify the application of his results, first, a researcher must be soundly trained. He must let knowledge speak for itself. The data a technician collects should refrain from reflecting his predispositions. In addition to being well-meaning and properly oriented, a researcher must be painstakingly precise in the execution of each phase of the project. He must be frank, and eager to subject his every decision to professional scrutiny.¹

In the preceding chapter the purpose of the research was outlined and hypotheses were presented. This chapter in methodology has a dual purpose. First, it will foster the understanding of the reader about the research. Second, it will justify the conclusions and validate the testing of the hypotheses. In order to achieve this purpose, it is necessary to show, first, how big business firms and big business leaders were identified, and, second, how data used in the testing of hypotheses was obtained from the sample studied.

While pursuing the procedure in methodology, the reader will be able to place himself in the position of the researcher and recognize the situation and the conditions under which the subject matter was covered. There was agony of frustration in tackling the problems, as

1. Charles Backstrom, & Gerald D. Hursh, Survey Research, Northwestern Univ. Press, Evanston, Ill., 1963, p. 6.

well as ecstasy in the process of their solution.

The Selection of the Sample of Big
Business Firms and Big Business Leaders

Some General Problems of Sampling

Problem of Choice. One of the basic problems that every student is faced with is the problem of choice. Limitations must be imposed upon the areas subject to study, in order to reach a meaningful depth. To achieve this purpose, it was necessary to classify the Turkish business firms as big, medium, and small, and concentrate on one category. As the name of the study implies, the research focused on the big business firms.

Problem of Sample Size. A sample is a miniature representation of the whole.² It is the procedure through which we can infer the characteristics of a large body of people from a conversation with only a few persons.³ To be able to ascertain that the characteristics discovered in the sample are also the characteristics of the population of big business firms and leaders, certain measures had to be taken. Among these, the closeness of the sample to the population is the most important. From a total of 150 firms classified as big businesses, 103 were included in the sample, making roughly 68 per cent of the

2. Delbert Miller, Handbook of Research Design and Social Measurement, David McKay Co., Inc., N.Y., 1964, p. 46.

3. Backstrom, & Hursh, op. cit., p. 28.

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7. Ibid., p.

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Several reasons accounted for a large sample:

1. To give all big business leaders an equal chance to be included in the sample.

2. To reduce the percentage of error resulting from interviewing a smaller sample of business executives.

3. To determine the highest degree of confidence.

4. To demonstrate a proof of effective sampling theory.

5. To allow for the lack of homogeneity among the big business executives. Homogeneity here is defined as "the degree to which people are alike with respect to the particular characteristics of the population under survey".⁴ The more the leaders of the business society are alike, the smaller the sample can be. Logically, if all were exactly alike in every respect, a sample of one person would be enough.

6. To accommodate the large number of categories into which the collected data were broken down for analysis; that is, the greater the number of categories, such as sex, age, education, birthplace, mobility patterns, and type of business the larger the sample must be.⁵

The Type of Sample

In this project, stratified sampling was used, since

4. Ibid., p. 25.

5. For a complete list of the categories and subdivisions see sample questionnaire in the appendix.

the exact composition of the total group, with respect to certain significant characteristics, was known to some extent. For example, the largest business firms in Turkey are located respectively in Istanbul, Izmir, Ankara, Adana and a few other places. Because a sample that is representative of the total population was to serve as the prototype, it was necessary to select one that is mathematically representative with regard to some significant characteristics. Among numerous forms of stratified random sampling techniques, a stratified proportionate random sampling method was chosen for this research. The big business firms were placed in three categories according to the location of their headquarters: "Ankara, Istanbul, Izmir." Then each of the stratum was subdivided into seven standard industrial categories--banking, insurance, mining, petroleum, manufacturing, commerce, and transportation. A simple random sample was then taken from each stratum. Finally, all of the subsamples were added to form the total sample. Proceeding along these lines provided the following advantages:

1. Assured representation with respect to property, which forms the basis of classifying the units.⁶

2. Decreased the chance of failing to include some members of the population because of classification processes.⁷

6. Miller, op. cit., p. 48.

7. Ibid., p. 48.

3. Made possible the estimation of the characteristics of each stratum and thus contributed to their comparisons.⁸

Identification and Definition of the Population of Big Business Firms and Selection of the Sample

The definition of the population refers to the determination of the group which bears the generalizations drawn from the findings.⁹

In selecting the business leaders and the firms to be studied, a population that would satisfy four criteria had to be established. One, the firms included in the sample must represent the largest establishments of Turkey, such as businesses that were of sufficient size and scope to be more than the corner grocery shops. The research was concerned with successful business leaders and used the size of the establishment as the indicator of success. Two, the firms must be Turkish-owned. Only those firms with more than 51 per cent of stocks owned by Turkish nationals were included in the population. Third, the population was limited to private business firms. If the 51 per cent of the stocks were owned by private individuals or institutions, the firm was considered to be a private business. Fourth, all the agricultural firms were eliminated. Only enterprises in manufacturing, mining, petroleum, banking,

8. Ibid., p. 48.

9. Ibid., p. 46.

insurance, transportation, and trade entered into the research.

Establishment of a Criterion of Size. In selecting big business firms, two separate criteria of bigness were used: (a) number of employees and (b) amount of capital that the firms had at the time the research was conducted. Unfortunately, information about assets and sales that are generally used as criteria of size was not available.

(a) Number of Employees. The larger the number of employees, the bigger is the firm. Firms were compared among themselves, and the largest ones were included in the population. The lower limit for the number of employees was set after comparing each firm. When the difference between a collectivity and a single firm became great, then the determined lower limit had been reached, below which no firm could be accepted as big on the basis of its number of employees. As the result of such sizing, 40 was established as the minimum. Below 40, the number of employees fell sharply to the 20's and even to the 10's. Because of such a steep decline of the number of employees under 40, it was possible to classify the firms into two broad categories: large and small. Those above 40 were considered to be large, and those below 40 were accepted as small enterprises.

(b) Size of Capital. The declared or nominal capital of the firm was taken as the second criterion. Again, as in the case of determining the number of employees, no

prior arbitrary limits were set. Only after comparing the present capital of the firms, was \$10,000 taken as the lower limit below which the firms fell into the category of small enterprises. It was only after surveying more than 600 of the largest firms from a list provided by the State Institute of Statistics of Turkey that a criterion for bigness in terms of present number of employees and present capital was established.

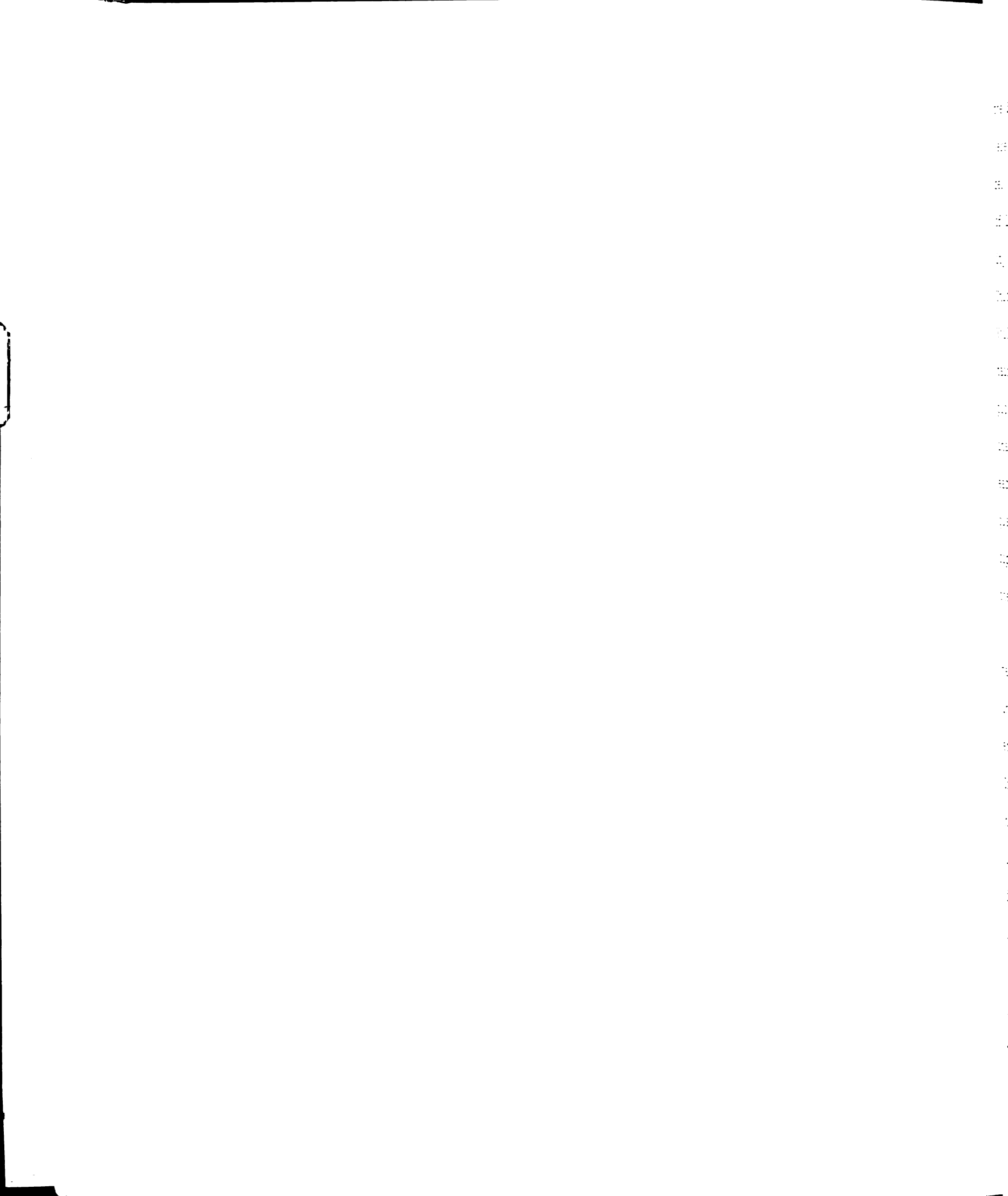
Method Used in Selecting Big Business Firms. No reliable published material covering the basic lines of activity, sales, assets, number of employees and profits was available in Turkey during the time this research was conducted. Neither the government nor the private agencies accumulated meaningful statistics for the general public's use. The Turkish government through its innumerable agencies does collect a large volume of data; however, these materials are unorganized and difficult to obtain.

Due to the lack of published and organized materials, methods of obtaining information in Turkey differ sharply from those in the United States. In view of the unavailability of studies like Moody's or Poor's indices, identifying and then defining the large business enterprises, to define the population has become a major project in itself. Although some data exist in the form of semi-reliable governmental statistics, several factors make their use rather difficult. Due to the laws and the unnecessary secrecy of the bureaucracy, public offices are extremely

reluctant to release any information. Formalistic procedures, the fetish of the signature, and upward-looking attitude of the bureaucrat, when combined with the slowness of the administrative apparatus, make any attempt at communication and cooperation too difficult and too inefficient to be sought by following the usual methods. Extraordinary means were used in getting the desired information. On occasion, friends arranged for contacts and informants. Often, special permission and influential persons became necessary in order to obtain figures to back up our criteria.

The State Institute of Statistics and the Union of Chambers of Trade and Exchange of Turkey were contacted directly from East Lansing. Responsible officials in both institutions responded favorably, but pointed out that they did not have any prepared and readily usable statistics. Due to the lack of statistics to determine the size of the firm and define the population, a second step was taken: two key persons were hired to carry out the research. One, a high official in the State Institute of Statistics of Turkey and the other a Ph.D. from the University of Istanbul. They were assigned the duty of assisting the above named institutions in collecting data concerning the assets of the firms and the number of employees.

With the help of these two research assistants, a list containing the names of 200 largest firms was compiled from a recent, and as of yet unpublished survey of



the State Institute of Statistics. The firms on this list were classified into descending order in terms of the number of their employees based on an average during the year of 1964. The same list contained also the type of activity for each firm. A second list was obtained from the Union of the Chambers of Trade and Exchange in Ankara. While the list from the State Institute of Statistics contained 200 of the largest firms based on the number of employees, this second list was arranged in terms of the nominal capital. It also contained the name and address of each firm, the line of activity, the location of its headquarters, and the names and addresses of the three principal owners, and those of top administrators, alongside their titles.

To check these lists, independent chambers of the four major cities of Turkey were asked to provide similar listings of large firms. The lists from the three independent sources were combined to form a criterion for bigness. In establishing the criterion for bigness--based on the number of employees in this case--it was desirable to isolate one value of the variable that may be considered typical of the whole set of values. The arithmetic mean, since it is the best known, and the one most widely applied to statistical work, was used in computing the average number of employees of the 200 firms.¹⁰ Dispersion of the

¹⁰. John Stockton, Business Statistics, Southwestern Publishing Co., 1958, p. 163.

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firms was wide. Since the arithmetic mean is not typical of the distribution from which it is computed, it can then be stated that those firms above the average are large. The following statistical analysis illustrates the point.

To measure the dispersion of the firms, first, the range, that is, the distance between the smallest and the largest number, is observed (from 2000 to 10 employees). Since the range is based on the two extreme values, it tends to be erratic. For this project, the location where most of the firms are concentrated is required. Consequently the quartile deviation is applied. Like the median which shows the point dividing the distribution into two equal parts, quartile deviation divides the frequency distribution into four equal parts. For our 200 firms, three points are located. The first is called the first quartile, and it is the point that has one-fourth of the frequencies smaller and three-fourths larger. The third quartile has one-fourth of the frequencies larger, and three-fourths smaller. Of course, the second quartile is the median. Applying interquartile range measurement formula-- $Q = \frac{Q_3 - Q_1}{2}$ --it was possible to find that the 200 firms presented a very large interquartile range. The larger this distance, the smaller is the degree of concentration of the middle half of the distribution. It indicated that the prospective 200 firms displayed a highly scattered distribution from the center of the scale. To be able to observe the direction of this distribution,

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21. Ibid.

scatter measures of skewness were used, since measures of skewness indicate the lack of symmetry in a distribution and show the direction in which the skewness extends.¹¹ Following Karl Pearson, a measure of skewness based on the difference between the mean and the mode was applied. The greater the amount of skewness, the more the mean and the mode differ because of the inherent influence of extreme items.

The average number of employees for the 200 firms is 150. Of these 200 firms, 150 are in the last three quartiles. The remaining 50 were so definitely below the average that it was possible to confirm, on the basis of the number of employees as the criterion, the first 150 firms cited by the State Institute of Statistics were the largest firms in Turkey.

But a single criterion for determining the population of the large business firms in Turkey was insufficient. Capital was used as the second criterion to select the population. First, the firms in the Union of the Chambers of Trade and Exchange's list were checked against the lists of individual chambers of commerce in Ankara, Istanbul, Izmir, and Adana. Firms included in both city lists and in union lists, 180, were subtracted from the total number, leaving a total of 420 firms. Following the procedure previously outlined in determining the average number of employees, the average of the nominal capital of the 420

¹¹. Ibid.

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firms was calculated. Then, using the skewness measures and quartile deviation it was found out that out of 420 firms, 315 were in the last three quartiles. The remaining 105 firms of the first quartile were well below the average, indicating a large difference between the two groups. This wide divergence was the justification for accepting the 315 firms as the largest ones of Turkey, in accordance with their nominal capital.

After individually identifying the largest firms in accordance to two different criteria, they were cross-correlated. Those receiving high scores for both capital and size of personnel were isolated. Each group contained 125 identical names. In other words, using as criteria the size of capital and the number of employees, 125 of these firms were included in both lists. If a firm was ranked above the average by both criteria, it was selected as being a large firm. Ninety firms were selected through this procedure. For the remaining 60, the number of employees became the sole criterion.

Testing and Results. To be sure that the 150 firms isolated were the largest firms of Turkey, both in terms of the size of their capital and the number of their employees, the following tests were made:

1. Statistical Testing. The average number of employees and the average size of the capital of the 150 firms were checked against respective averages of the 400 firms obtained after collecting the individual listings of the Union of Chambers of Trade and Exchange and the State

Statistical Institute of Turkey. The results of this comparison indicated that the averages of the number of employees and of the capitals of these 150 firms were by far larger than those of the remaining firms.

2. Reputational Testing. The statistical testing was supplemented by a reputational testing. To avoid any criticism about the incompleteness of the criteria, since sales and profits were not available, authoritative sources in business circles were consulted. Among these sources, the Agricultural Bank of Turkey was the major one. The information department of the Bank, which is responsible for investigating the financial standing of the firms that borrow from it, confirmed that all but 10 per cent of the 150 firms were considered to be the largest ones in their categories in Turkey.

This reputational approach identifies the leading firms through public opinion or judgments of other members of the economy. The researcher then uses a criterion of consensus to decide which firms appear to be operating as leaders in the economy. The reputational approach is seldom used in determining the leading firms in the United States where ready-to-use statistical material is available. Firms so identified need not be the same firms which would be classified as leaders of industry through a more concrete procedure because the approaches involve different concepts of bigness and varying techniques for indicating the leaders. In this study the reputational

method was used only to check the validity of the method of isolating the leading firms. In an underdeveloped country, to supplement the statistics and to obtain the true picture, it is necessary to take "the word of mouth" into consideration.

Comparing the Population and the Sample of Big Business Firms

Table 1. Comparative Distribution of the Population and the Sample by Location of Headquarters.

| Location of Headquarters | Population | | Sample | |
|--------------------------|------------|-------|--------|-------|
| | No. | % | No. | % |
| Ankara | 3 | 1.5 | 5 | 5.0 |
| Istanbul | 105 | 70.0 | 72 | 70.0 |
| Izmir | 30 | 20.0 | 26 | 25.0 |
| Adana | 10 | 7.5 | 0 | 0.0 |
| Other | 2 | 1.0 | 0 | 0.0 |
| Total | 150 | 100.0 | 103 | 100.0 |

After isolating the big business firms in Turkey, a sample of 103 was taken. Seventy per cent of all the big business firms are located in Istanbul. Izmir had 20 per cent of all big business firms; the sample included 25 per cent, so here there was a variation of 5 per cent in favor of the sample. Ankara had only 1 per cent of the big business firms, but in order to arrive at meaningful conclusions, another 4 per cent of the firms from Ankara were included in the sample. Eight per cent of the firms

had their operation centers in Adana; none of them was included in the sample for reasons of insufficient time and research funds. The remaining 1 per cent of the large firms were scattered within the country, and were, for the same reasons, omitted from the sample.

Table 2. Comparative Distribution of the Population and the Sample by Type of Business.

| Type of Business | Population No. | % | Sample No. | % |
|-----------------------------|-------------------|-------|---------------|-------|
| Banking | 7 | 5.0 | 4 | 3.5 |
| Insurance | 6 | 4.0 | 6 | 5.5 |
| Manufacturing | 75 | 50.0 | 54 | 53.5 |
| Transportation | 15 | 10.0 | 11 | 10.5 |
| Mining and Petroleum | 8 | 5.0 | 4 | 3.5 |
| Commerce (retail-wholesale) | 39 | 26.0 | 24 | 23.5 |
| Total | 150 | 100.0 | 103 | 100.0 |

The largest concentration of big business firms was in the areas of manufacturing. The sample included 54 out of 75 firms falling into this category. The next major line of activity was commerce; from 39 retail and wholesale firms, the sample took 24. From 8 mining and petroleum firms, 4 were in the sample. Out of 15 large transportation concerns, 11 were selected. From 7 large banks, 4 were included in the sample. Finally, all of the 6 major insurance companies of Turkey were in the sample. It is logical to conclude that the sample was representa-

tive of the population, both with respect to geographical distribution of the firms and major lines of activity.

The Selection of the Big Business Leaders

Business leader means a person who occupies one of the highest offices in the hierarchy of the organization, either as an owner or as a high ranking executive. No differentiation was made between an entrepreneur and an executive; both types were included in this study. The important factor in defining a business leader was the degree of his influence upon the policies and goals of the organization with which he was associated. A man, therefore, need not be the entrepreneur or the chief executive to be classified as a business leader, provided he has the strongest influence in establishing goals and objectives of the enterprise, and the philosophy of administration leading toward the attainment of those objectives.¹² From the Chambers of Commerce the names of the owners and top three executives were obtained. In respective order, three of the most important owners were named together with the percentage of ownership they held in the organization. In the case of single ownership, one name appeared. When the company was completely owned by the public or by various institutions, three of the largest shareholders were stated. The Chamber of Commerce also provided the names of the three highest ranked executives with their titles.

¹². See Chapter Two for an extended discussion of the business leaders in regard to this definition.

In order to select a leader from a particular business organization, a simple but reliable method was used. A temporary list was drawn up following a correlation of the owners and the executives. If the same person were a partner or owner, and at the same time a high ranked executive, then he was listed as a business leader. The same procedure was followed for each one of the firms to obtain a list of 103 names. However, a problem arose whenever no relationship existed between the owner or partners and the top executives. Who should be selected as the leader? The person who owned the organization, partially or totally, or the fellow who ran it? In such ambiguous cases both names were marked. To make a decision for choice, the expert opinion of the intelligence department of the Agricultural Bank of Turkey was sought.

Pilot Study

Once the data-collection instruments had been constructed, they were pretested before being used in the study. Questions that seem clear and straightforward to the research staff may, in a trial testing, prove difficult to comprehend, or ambiguous, or simply not productive of useful information.¹³ A pilot study and two pretests were conducted before the research itself was undertaken in Turkey.

The questionnaire was given to a group of Turkish

¹³ - Philip Selznick, Leadership in Administration, Harper, New York, 1957, p. 70.

students on Michigan State University's East Lansing campus. The questionnaire was tried out to see how comprehensible it was and whether changes would be necessary before starting the full-scale study. This provided a means of catching and solving unforeseen problems. Such a pretest was in the form of personal interviews. Valuable insight was obtained in discussing the questions with the respondents after they had answered them. Generally, they indicated what the particular questions meant to them, what difficulties they experienced in replying, what questions needed further information, and where there were difficulties in rapport. The questionnaires were also distributed among several faculty members of the Graduate School of Business at MSU. A note was made about their criticisms and suggestions. After the pretest, the questionnaire was edited.

A pilot study was then conducted in Lansing, Michigan. A group of Lansing executives was interviewed. Following this pilot study, the questionnaire was re-edited and translated into Turkish. The translated questions were mailed to Turkey. The questionnaire was given to a group of Turkish business leaders known personally by the author. The replies, comments and criticisms about the questions helped in rearranging, rewording, and correcting the language of the questionnaire. A final pretest of the questionnaire was made in Istanbul by the researcher himself. It was only after these procedures that the questionnaire and the research methods were finalized.

Data Collection

The Nature of the Research

The relative youth of social science research and the scarcity of social science curiosity in Turkey make it inevitable that this study, for some time, will bear a pioneering characteristic. Although there has been some speculative writing on the same topic and some research that is incidentally related to executive behavior, the researcher entering the area is not in a position to advance from any existing hypotheses.

Interviews

Because of the methodology of this research and the characteristics of the Turkish business leaders, data was collected through interviewing. The interview approach put a heavy reliance on the business leader's verbal report for information about the stimuli or experiences to which he was exposed. As opposed to the strict questionnaire method, one can ascertain better the validity of the responses through the interview method. In an interview, since the interviewer and the person interviewed are both present when the questions are asked and answered, there is opportunity for greater flexibility in eliciting information. Furthermore, the interviewer has the opportunity to observe both the subject and the total situation in which he is placed.¹⁴

¹⁴ . Selznick, op. cit., p. 238.

Interviews evoked responses that would have been impossible through mailed questionnaires. In a mailed questionnaire, if the subject misinterprets a question or records his responses in a baffling manner, there is usually little that can be done to remedy the situation. In an interview there is the possibility of repeating or rephrasing questions to make sure that they are understood, or of asking further questions in order to clarify the meaning of a response. This flexibility makes the interview a superior technique. In Turkey, traditionally, the business leaders are reluctant to give out any information, especially in writing. But when they are faced by an interviewer and trust the interviewer, or feel indifferently about him, they become very talkative.

It was intended that the questionnaires would be used to supplement the interviews, in order to achieve more coverage. Nevertheless, when a pilot study was conducted in Istanbul, there was only a 15 per cent return on all the mailed questionnaires and none of them was properly answered. The poor reputation of the questionnaires sent by the State Planning Institution to business leaders precluded their use by the researcher. The unreliability of the returned answers prevented the researcher from using the mailed questionnaire approach as the method of data collection.

Question Content

Interviews were used to obtain information about what

the business leaders believed, expected, felt, wanted, and did concerning their function in society. Statistical information about their firms, and explanations of their methods of procedure in business, were also gathered. The questions were patterned after Yusuf A. Sayigh's research in Lebanon and had strong Warnerian influences. A large portion of the questions were aimed at acquiring facts, such as the business leader's age, education, marital status, policies of the organization, problems of his business, etc., in addition to comprehending his feelings, opinions and role perception.

A second set of questions was aimed at disclosing beliefs about how the facts were interpreted. The purpose was, for example to find out whether a business leader believed that increased government efficiency would benefit his business. The questions in part four of the questionnaire were directed toward discovering present and past behavior of the respondents.¹⁵ Following the widely accepted and proven fact that in inquiring about present or past behavior, the most valid answers are obtained by specific rather than general questions, the closed-end questions were used to seek concrete information.¹⁶

Finally some of our questions were designed to explore the reasons which the business leader offered for

15. See appendix for the detailed questionnaire.

16. Selznick, op. cit., p. 252.

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his beliefs, feelings, policies, and behavior. In effect, the why's had to be brought into the open. "Why" may seem like a simple question, but as Lazarsfeld pointed out, the answers to it are seldom simple.¹⁷

Type of Interview

In the standardized portions of the interviews, questions were presented with exactly the same wording, and in the same order, to all respondents. Despite the standardization of the interviews, some of the questions were fixed-alternative and some were open-end questions. In fixed-alternative questions the responses of the leaders were limited to stated alternatives. The open-end questions were designed to permit a free response from the interviewee rather than one limited to stated alternatives. Because of the nature of the research and the intention to obtain the true frame of reference, as well as the spirit of the business leaders, open-end questions were favored. Even the fixed-alternative questions were supplemented by a last alternative "other". The often difficult and expensive open-end questions were preferred in order to preserve the originality of the response. Compared to the simple process of tabulating the precoded responses to closed questions, the analysis of open-end questions was complex and often troublesome. Also, by choosing the open-end questions regarding beliefs, attitudes, and other

17. Paul F. Lazarsfeld, "The Art of Asking Why", National Marketing Review, 1, 1935, pp. 36-38.

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more subjective matters, the respondent was relieved of making a judgment about his attitude by leaving this task to the researcher. Open-end questions proved to be useful where the original question had to be followed by probes to determine whether the respondent had any information about the issue, whether he had a clearly formulated opinion about it, and how strongly he felt about it.

To summarize, fixed-alternative questions were used to obtain information on issues where the range of the possible alternative replies was known. To be more specific, this type of question was utilized to seek factual information (age, education, etc.). Open-end questions were used when the issue was complex, when the relevant dimensions were not known, and when the interest was focused on exploration not yet undertaken.

Conduct of the Interviews

The researcher and his two assistants conducted all the interviews. The researcher himself made all the interviews in Ankara and Istanbul, while his assistants worked in Izmir.

The average length of an interview was anywhere from 75 to 120 minutes. Through the intermediary of the Agricultural Bank of Turkey, appointments were made with the business leaders a week in advance. Generally, the researcher was greeted with restricted cordiality and semi-suspicion.

One of the assistants, being a woman, was received

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with more ease on the part of the interviewees. As a good reflection on Ottoman concept of the role of a woman, she was regarded to be less dangerous as far as what she might be able to do with the conversation she recorded. In most places she was offered gifts, or social invitations, and the interviewees took greater freedom in diverging from the topic to incidents in their lives or anecdotes.

The third person, who was not a part of the American organization sponsoring this study, had the most trouble in achieving a sincere relationship with the interviewees. He was the only person denied certain statistical information, and the one who was asked the most questions. He was not trusted. The business leaders feared he might use his information against them in the future.

The first contact was made by customary small talk on weather and health. A typical example might very well illustrate the first ten minutes of an average interview.

The researcher is now in the office of the business leader. Mr. X is sitting behind an overcrowded desk. He is smiling but there is no sincerity in this smile. The room is far from being luxurious; the furniture is old and there are no apparent status symbols.

After the usual greeting Mr. X asks the interviewer to be seated. Almost as if planned, but quite by accident, one of his subordinates enters to confer with him about a *trivial* point. Secondary introductions are made and a *display* of how busy the man at the top is, follows.

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Mr. X: Oh, yes, sorry to keep you waiting, but all responsibility on one man...I have to be everywhere all over this factory. I know in Western countries the routine is different, but in our country, they all lean on the man who knows everything.

Int.: Yes, sir, I can see that.

Mr. X: So you are studying in America. For how long did you say? Oh, four years; that is quite a long time. How did you go? Did you win a government scholarship? You see, I have a son. I educated him in the best schools in the country. He used to be a bright pupil. Every day his teacher called me in to congratulate me, and I would blush all over. He finished as the first in his class, and I saw to it that he would go to Europe to become an engineer. But then he started to get lazy. He fooled himself by working here and there, and then got married. Today he is sorry that I didn't send him to Europe. Last year I placed him with an insurance agency with 1600 T.L. salary. He can hardly pay rent now. Are you married? Children? Oh, don't worry, God will give you soon. The foundation of a family is children, but at times you worry so much that you wish you didn't have them. I was in America last summer for two weeks. I liked it very much, but I missed Istanbul and the sea. When did you return?

Int.: A month ago.

Mr. X: Then you were here when we had the last miserable hear wave...Oh, did I wish I could go to the Island, and rest in the shade. Does it get hot in America?

Int.: Yes, sir, in certain places.

Mr. X: But the bureaus have colling devices, don't they? Like we have in the summer theaters?

Int.: Most of them, sir, but not all.

Mr. X: Well, what do you think of the Negro problem, since you were there? How do you...?

This type of verbal exchange continues until a
firendly atmosphere is established. It can take from
three minutes to an hour to discover the human elements
of one another.

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Int.: Mr. X, we contacted you twice from the United States about a project sponsored by Michigan State University. Studies of this type have been conducted in many countries.

Mr. X: Oh, it's a hot day. You must be tired. Would you like something cool like a lemonade or a coca-cola? You must be used to it in the United States. Or coffee if you like, tea?

Int.: A coffee with sugar will be fine, sir.

Mr. X gives a surprised look, but recovers to seriousness quickly. He reaches for the bell. A "hademe" (doorman) enters the room, bowing with humility in the name of respect and awaits the order of his boss.

Mr. X: My son, bring two coffees with sugar. Make it fast and tell him to make it good and foamy.

The hademe bows again and utters, "At your service, Sir."

Int.: In the letters we tried to explain the purpose of the study...and why you have been selected as a participant, mainly because....

While the interviewer chatters along, the businessman is going all over his desk in search of the letter; he finds it among some papers and goes on to read it without paying any attention to the explanation.

Mr. X: Oh, yes, I remember, and how did you find our name? What a compliment; we are far from being a large firm. I wouldn't count it as the largest in Turkey, but since you are here, I'll feel flattered.

For three minutes the interviewer talks in order to emphasize that the study is not related to a government *project* or any Turkish organization, but is conducted *purely* for academic purposes, to be published in the *United* States, and not as a tool of propaganda.

Int.: Sir, as you see, this is a research on the Turkish business leader's role in Turkey's economic development and his efforts to foster the development of the society. We shall delineate our goal through interviews with the higher caliber, well-known and successful business leaders....

Mr. X: Before we start, can you summarize what we are going to talk about?

The interviewer explains the nature of the questions, and the value of his personal opinion involved in his answers.

Mr. X: Good, I hope I can be of use to you. Research is a good thing, although in our country we can't yet utilize it valuably. The other day a man came from State Planning. He burst into the room and announced that the government sent him to get information. As if we are here and waiting for his call. They don't notify you in advance, and they don't tell you what they want so that you will be equipped to give it to them when they come. I have work to do; I don't sit here expecting stray calls from whatever comes to the government's mind. I am glad you informed us before, or else I might not have been here.

To put the respondent at ease meant making him feel that he was the focal point of the conversation. It was necessary to start questioning with respect to areas familiar to the interviewee. In this research it was found that interviews beginning with questions about one's self, which were answered easily, and then proceeded toward more complicated questions, yielded better results.

Deliberately, questions about sales, assets, employee and profit figures were left to the end. Companies in Turkey do not give out figures. Even the governmental authorities do not have reliable figures about the activities of the business organizations. A cloud of secrecy

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covers the majority of the firms' operations and returns. But these executives, being assured that none of the answers would be revealed individually, opened their books to give exact figures. Because of the fact that the Turkish business leader hasn't been interviewed along these lines before, the interview proved to be fruitful to him also. Many of the business leaders thanked the researcher at the end of the interview for having given him the opportunity to think along these lines, which helped him to organize his thoughts and perceive himself. The respondents, on several occasions, told the interviewer that they had not previously given any thought to many of these questions. The interviews, they said, opened new avenues in their minds. All these factors created the friendly atmosphere so necessary for the proper conduct of an interview with valid and reliable answers.

Coding and Tabulating

After all the interviews were accomplished, the next task was to translate them. While the translations were in progress, a code was also prepared. Since this research can be considered mainly an exploratory one, it was necessary to be flexible in the interviews. To keep flexibility and the true flavor of the responses of the business leaders, the questions were not precoded.

After being coded, the information was punched on cards. Sorting and tabulation operations were undertaken by Process Incorporated, a data processing firm in

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Portland, Maine. Straight tabulations resulted in 80 tables. Another set of 178 tables was prepared upon the cross-tabulations of significant dependent variables with several independent variables.

A coded questionnaire was prepared and each interview was transcribed on it. The coded questionnaire, comprised of 73 questions, had 7 to 12 different answers for each question. The questions can be grouped into three different categories, representing the three parts of the thesis. Part one deals particularly with the executive himself, his background, mobility patterns, and his role conception. In part two, the environment of the executive is described. The questions are oriented toward obtaining information that will not only give statistical data but also throw light on his personality characteristics and his perceived role in the society. Part three is comprised of facts about the firm itself, its year of establishment, type, assets, sales, number of employees, and growth patterns.

In the examination and use of tables no elaborate statistical manipulation was attempted. It was felt that the nature of the information simply called for the calculation of frequency distributions and of proportions. The cross-tabulations establish associations between variables; no attempt was made to ascertain functional relationships, for these can be sought legitimately only

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in the complex of several variables acting on each other.¹⁸ Some sense was sought of such entangled patterns of causation through the analysis of data from several cross-tabulations after they had been examined individually. The grouping of finds is analytical, not statistical. Inferences drawn from tables and hypotheses tested are presented in the following chapters.

Conclusion

The method adopted in the selection of the firms is similar to the one used by Warner and Abegglen. A careful review of Warner's methodology shows points of similarity as well as revealing extensive modification in the means of pursuing the common end. These changes were necessary because of differences in the environment in which the studies were conducted.

In providing a basis for selecting the business firms by type, Warner used the data on national income produced by type of business as given in National Income and Product of the United States, 1929-1950. Then he took the proportion of national income produced by type of business as an index to the relative proportion of business leaders by type of business in the population. Once this distribution was obtained, he disclosed the largest firms in each type by going over Poor's Register of Directors and Executives (1952). In this reference, listings

18. Yusif A. Sayigh, Entrepreneurs of Lebanon, Cambridge: Harvard University Press, 1952.

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appear alphabetically according to type of business; further listing of the business firms is maintained according to the order of the executive officers of each given organization. Once the rank order of the largest firm in each type of business was determined, it was easy for Warner and Abegglen to select its executive officers.¹⁹ This research differed from Warner's by including a reputational approach to check the other methods in determining the leading firms. In selecting the business leaders from each of the leading firms, the divergence from Warner and Abegglen becomes more apparent. While Warner relied on rank only, here, business leaders are defined as those who influence the goals and policies and the philosophy of management of their organization more than others. However, the researcher proceeded along the same path with Warner and Abegglen by accepting the kinds of business positions relevant to the study as executive positions in business firms, from sole owner to general manager.²⁰

19. W. Lloyd Warner and James C. Abegglen, Big Business Leaders in America, New York: Athenian, 1955, pp. 231-232.

20. Ibid., p. 230.

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CHAPTER IV
SOCIAL, ECONOMIC, AND POLITICAL ENVIRONMENT OF THE
PRIVATE ENTERPRISE IN TURKEY

Introducing Turkey

Geographic Characteristics

The territorial area of the Turkish Republic is 296,185 square miles, roughly the size of Texas plus Arizona. All but 9,256 square miles are in the section of Asia Minor called Anatolia. The remaining, and relatively small, portion of the Turkish Republic is in Thrace, at the southeastern tip of Europe. Turkey has 366 miles of common frontier with Russia.

Turkey is a rugged land. The greater part of Anatolia is a treeless plateau, broken up by stretches of marshland and almost completely surrounded by mountains. This plateau rises steadily towards the eastern highlands. The highest peak, Mount Ararat (16,945 feet), on the frontier with Soviet Armenia, is the meeting of three great ranges, one skirting the Black Sea, the other two, Taurus and Anti-Taurus, running southwest towards the Mediterranean. South of the Anti-Taurus range lies a smaller plateau, which falls away into the great plain of Syria and Iraq and is watered by the Tigris and Euphrates.

The climate of Turkey is one of extremes. The southern parts are warm and temperate, the interior is arid, and the North is cold and rainy.¹

1. Geoffrey Lewis, Turkey, Frederick A. Praeger, New York, 1965, p. 173.

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The People

Ethnic Origins. The ethnological history of Asia Minor is one of great complexity. For thousands of years it has been a seat of empires and a highway and a battle-field for migrating peoples. Phrygians, Hitties, Lydians, Cimmerians, Thracians, Persians, and Greeks had all set their seal on the land before the coming of the Romans. After the Roman Empire was divided, the Byzantines controlled Asia Minor until the eleventh century. But even in the comparatively settled conditions of the early Byzantine Empire, the ethnic picture did not remain static.²

A striking symbol of the heterogeneity of the people of Asia Minor is to be seen at Ankara, where the Mosque of Haci Bayram encroaches on the site of the Temple of Augustus. This was built on the foundations of a Phrygian sanctuary and was converted to a place of Christian worship under the Byzantines.³

An anthropometric investigation, carried out in 1937 and 1938 on 64,000 Turks in all parts of the country, produced these results: the average height of Turkish men is 5 feet 5 inches; of women, 5 feet; the tallest people being found in the east of the country. Only 14 per cent of men and 17 per cent of women have dark eyes, blue eyes being not uncommon. The slanting Mongoloid

2. Ibid., p. 175.

3. Ibid.

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eyes were found in barely 5 per cent of all those examined. The most common hair coloring is medium to light brown. Only 30 per cent of the samples had dark hair. The general conclusion was that most Turks are of Alpine type, with a sprinkling of Dinaric.⁴

Language.

Table 1. Major linguistic groups in 1960

| Linguistic Group | Percentage |
|------------------|------------|
| Turkish | 92.0 |
| Kurdish | 5.8 |
| Arabic | 1.0 |
| Armenian | 1.0 |
| Greek | 1.0 |
| Others | 1.2 |
| Total | 100.0 |

Source: 1960 Population Census of Turkey, Ankara, 1962

Kurdish is spoken in southeastern parts of Turkey. Arabic is spoken along the Syrian border. Greek and Armenian are mostly spoken by minority groups in cities like Izmir, Istanbul, Antalya, and Manisa.

4. Ibid., p. 176.

Religion.

Table 2. Major

Major Religion

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Religion.

Table 2. Major religions in 1960

| Major Religions | Percentage |
|-----------------|------------|
| Muslims | 99.0 |
| Orthodox | 0.4 |
| Gregorian | 0.3 |
| Roman Catholic | 0.3 |
| Protestant | 0.2 |
| Jewish | 0.1 |
| Others | 0.2 |
| Total | 100.0 |

Source: 1960 Population Census of Turkey, Ankara, 1962

As indicated in Table 2, a great majority of Turks are Muslims; this has been the case since the reform movement. There are strong differences between the Turkish Muslims and the Muslims in the neighboring states. Those of Turkey are much less fanatical religiously, which explains the secularity of the country.

The head of the Orthodox Church is the Oecumenical Patriarch, whose seat is at Istanbul as is that of the Armenian Patriarch. The latter is under the authority of the Katholikos of Echmaidzin. There is an Apostolic Delegate of Istanbul and a Roman Catholic Archbishop of Izmir.

Education. The Law of Unification of Instruction of March 3, 1924, added both the medreses and other schools to the responsibilities of the Ministry of Education.

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Ministry of Evkaf had controlled the religious schools created by private Muslim benefactors. The minorities had their own nonprovided schools. There were also schools controlled by foreign organizations like Robert College and schools of Alliance Israelite and many French schools. The Law of Unification brought all schools under the control of the State.

At the present time education has, after defense, the highest priority in the national budget. In spite of this fact, education is still far from being satisfactory. Thirty per cent of children of primary school age are not attending school.⁵

Table 3. Distribution of villages without schools in some of the eastern provinces.

| Province | Number of Villages | With Schools | Without Schools |
|------------|--------------------|--------------|-----------------|
| Agri | 623 | 261 | 362 |
| Bingol | 323 | 194 | 129 |
| Diyarbakir | 662 | 240 | 422 |
| Elazig | 506 | 230 | 276 |
| Mardin | 722 | 220 | 502 |
| Tunceli | 415 | 241 | 174 |
| Urfa | 623 | 261 | 362 |

Source: 1960 Population Census, Ankara, 1962

5. State Institute of Statistics, 1960 Census of Population Publication 452, Ankara, 1962, pp. 245-253

[illegible]

| Economic activity | Not Graded Completed | | Percent | | Percent Completed | Total | |
|----------------------------------|-------------------------|------------|------------|----------|----------------------|----------|------------|
| | Graded | Not Graded | Percent | Value | | Graded | Value |
| Manufacturing and construction | 100 | 0 | 100 | 0 | 100 | 0 | 100 |
| Transportation and communication | 100 | 0 | 100 | 0 | 100 | 0 | 100 |
| Electric, gas, and water supply | 100 | 0 | 100 | 0 | 100 | 0 | 100 |
| Government | 100 | 0 | 100 | 0 | 100 | 0 | 100 |
| Other | 100 | 0 | 100 | 0 | 100 | 0 | 100 |
| Total | 100 | 0 | 100 | 0 | 100 | 0 | 100 |

Table 4. Economically Active Population, 15-64 years of age, by Economic Activities and Educational Status.

| Economic Activities | Not Grad. Completed Comm. Course | The Last Graduated School | | | | Univ. and Coll. | Uniden. and Unknown | Total |
|--|-------------------------------------|---------------------------|----------------|----------------|----------------|-----------------|---------------------|-------------------|
| | | Primary | Secon. | Lycee | Voc. | | | |
| Agric., Forestry, & Hunting, & Fishing | 7,595,795 | 1,471,062 | 28,429 | 5,400 | 5,304 | 2,384 | 2,173 | 9,110,547 |
| Mining & Quarrying | 43,259 | 29,189 | 2,018 | 577 | 966 | 799 | 43 | 76,831 |
| Manufacturing | 375,159 | 413,545 | 40,491 | 1,085 | 18,028 | 5,527 | 1,030 | 864,653 |
| Construction | 161,435 | 105,039 | 7,472 | 2,338 | 3,462 | 3,416 | 308 | 283,470 |
| Commerce, Banking, Insurance & Real Estate | 130,546 | 169,223 | 43,218 | 23,840 | 8,589 | 9,674 | 740 | 385,830 |
| Transport, Storage, & Communication | 80,886 | 126,033 | 22,433 | 6,322 | 5,304 | 2,544 | 356 | 243,878 |
| Electricity, Gas, & other Services | 7,706 | 5,135 | 857 | 401 | 608 | 295 | 35 | 15,037 |
| Activities not adequately described | 253,853 | 269,916 | 53,063 | 23,964 | 21,188 | 25,901 | 1,980 | 649,864 |
| Total | 8,863,917 | 2,829,824 | 255,935 | 100,743 | 127,643 | 99,403 | 8,785 | 12,286,250 |

Source: Census of Population of 23 October 1960, Publication Number 452, Republic of Turkey, State Institute of Statistics, Ankara, Turkey, P. 245

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A great many villages do not have schools and 60 per cent of the population aged 15 and over are illiterate.⁶

Higher education is at a much less desirable level. Out of 1,816,000 persons of school age that ought to be in the universities, only 61,000 are actually enrolled, about 3 per cent.⁷ There are 6 universities, all public institutions. In addition, there are colleges and technical school of higher learning. Business education is provided mostly by four academies of commercial and economic sciences, their total enrollment being about 15,000. Recently a contract was signed with Michigan State University to improve the level of education provided by these institutions.

Social Groupings in Turkey. Turkey is largely an agricultural country.

Turkish peasantry, along with the governmental bureaucracy and the relatively small business and professional groups, constitute the politically significant elements of the population.⁸

The intellectual element in Turkey is found primarily in the government service and among the relatively small professional groups including physicians,

6. Ibid.

7. Ibid.

8. L. K. Caldwell, A. Diamant, F. Heady, A. Lepawsky, J. Mosel, F. W. Riggs, W. R. Sharp, and W. L. Siffin, Toward the Comparative Study of Public Administration, Indiana University Press, Bloomington, Indiana, 1959, p. 123.

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lawyers, journalists, engineers, teachers, and the university faculties. The majority of this group favors strong government and public enterprises for development. They believe that the past grandeur of the Ottoman Empire can only be brought back with a strong and economically sound nation. In their minds, economic soundness means public enterprise and government control of economic activities.

Table 5. Economically active population 15 years old and over by last week employment status

| Last Week Employment Status | Male | Female | Total |
|-----------------------------------|-----------|-----------|------------|
| Employee | 2,177,263 | 259,872 | 2,437,135 |
| Employer | 150,539 | 5,569 | 156,108 |
| Workers on Own Account | 3,317,683 | 365,679 | 3,683,362 |
| Family Workers | 1,561,022 | 4,659,703 | 6,220,725 |
| Unknown | 490,476 | 4,939 | 495,915 |
| Total | 7,697,483 | 5,295,762 | 12,993,245 |

Source: Census of Population 23 October 1960, Publication Number 152, Republic of Turkey, State Institute of Statistics, Ankara, Turkey, p. 311

The maintenance of the traditional authoritarian structure leads to etatisme. The French word etatisme is used here rather than the English word statism because it's meaning more closely fits Turkey's situation. One consequence of etatisme is the growing number of

managers, engineers, and technicians in the State Economic Enterprises are civil service employees rather than businessmen and do not constitute a separate political or social group apart from the governmental bureaucracy. There are also independent and influential businessmen, but they have not formed a group with political significance comparable to business groups in the United States or other Western societies. One direct consequence of this lack of groupings among public and business managers is the dominance of the state bureaucracy in all phases of economic life.⁹ A single illustration may show how far governmental influence is felt in the private sector: The Turkish Chambers of Commerce are government agencies and their employees are public servants; consequently, their first allegiance is to the government and not to the business per se.

Social and Political Characteristics of Turkey Which Have Influenced the Development of Private Enterprise
Turkey Is Isolated by Culture

Apart from the Azarbaijan province of Iran, a few settlements in northern Iraq and in the Balkans, and several ethnically Turkic subdivisions of the Soviet Union, the Republic of Turkey embodies within its boundaries the only significant Turkish-speaking groups.

9. Ibid., p. 124

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10. Ibid., p.
11. Ibid., p.

Turkey has no effective cultural ties with other nations of Europe and Asia. Religiously, Turkey stands alone in the Islamic world following Ataturk's reforms in 1923. As a part of the modernization program, Turkey has declared itself a secular state, thus converging upon itself all the criticisms of Moslem states.¹⁰

This cultural isolation accounts partially for the political isolation of Turkey. Turkey does not trust its neighbors. It is not easy to explain this lack of confidence between Turkey and the surrounding countries. However, one may accept the following facts as the major causes:¹¹

1. Turkish culture and character. Ethnically, Turkey is unique among its neighbors. The militaristic character of the Turks differentiates this country from others.

2. Abuses of Turkey following the decay of the Ottoman Empire by Western powers. Through capitulations granted to the Western nations during the 19th century, the Ottoman Empire lost most of its natural resources to foreign powers. It's condition was similar to that of a country under occupation.

3. Expansion of Russia. Traditionally, Russia was attracted to warm water ports which would serve as

10. Ibid., p. 118

11. Ibid., p. 118

an outlet to the Mediterranean Sea, and Istanbul was the natural choice. This pressure from Russia upon the national integrity of Turkey planted seeds of a mutual distrust.

Turkey was established within the territories of the declining Roman Empire. But unlike the Germans, the Turks were aware of the decaying Roman Empire and were not impressed with its splendor. When in 1453 Mohammet, the conqueror, had opened the gates of Europe, Turks had known the greater empires of Persia and Arabia and were more sophisticated than the conquered nations.

They exacted tribute from their subjects but took on neither the Christian religion nor the Greco-Roman culture.¹²

There was cultural exchange between Turkey and the nations it had occupied. However, this was not in the form of acculturation. Rather, large numbers of Christians were absorbed as individuals, not as groups.

Greeks, Serbs, Albanians, Georgians, and Armenians rose to positions of power in the Turkish government, but not until they had in effect become Turks; had adopted the Turkish language, and had embraced Islam.¹³

This shows how the Turks preserved their identities and remained as a people apart.

12. Ibid., p. 120

13. Ibid., p. 121

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Effects of Conspicuous Geostrategic Position Upon
the Development of Private Enterprise

The Republic of Turkey is situated in one of the most strategic areas of the earth, near the conjunction of the land masses of Europe, Asia, and Africa. Turkish cultural and political isolation seem to rise against the logic of geographic position. Because Turks had to preserve the integrity of their country, they became more of a fighting and governing people.¹⁴ Commerce was left largely to the Greeks, Armenians, and Jews. When Turkey became a republic, the national attention was shifted from militaristic values to the building of the country; but because the population traditionally favored war heroes, generals, high government officials, and professionals over merchants, entrepreneurs, and business executives, the aspirations of the younger generations remained toward careers in the armed forces, in the government, and in the professions. The best of the talents went into those occupations and left the private sector with second-class people.

Present Situation and Main Problems of the Economy

Today Turkish economy is again at a turning point. In this transition to an era of planned

¹⁴ . Ernest Jackh, "The Geostrategic Uniqueness of the Middle East", in Background of the Middle East, Cornell University Press, Ithaca, 1952.

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development, it is worth while to examine the basic issues and to consider the problems of the economy in general and of the private enterprise in particular.

The size of the problems facing Turkey is evident in the following figures: Sixty per cent of school age and older members of the population are illiterate. Fifty-three per cent of the villages and fifty-five per cent of the small towns have not enough or no drinking water. Sixty-nine per cent of the population have no electricity. 165 of every 1,000 babies born die in the first year. Only 2.5 per cent of the population have tuberculosis. There is one medical doctor for every 4,000 inhabitants and one nurse for every 111 hospital beds. There are 60 students for every school teacher and 25 to 40 villages to every agricultural expert. On an average there are 2.7 persons per residential room in the cities and 2.1 in the villages.

Thirty per cent of the city dwellings are dilapidated and unfit to live in. In the three biggest cities, 30 per cent of the population live in single-room dwellings and 1.2 million people live in gecekondus (shacks).¹⁵

¹⁵ . State Planning Organization, First Five-Year Development Plan (1963-1967), Published by the Central Bank of the Republic of Turkey, Ankara, 1963, p. 23.

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The population of Turkey is growing rapidly. Even in the busiest season, there are about one million unemployed in the agricultural sector. Both the present unemployed and future members of the labor force constitute at once a resource for economic development and a social problem that must be solved. In view of this problem, the economic policy cannot ignore the employment objective.¹⁶

National Income in Turkey

National Income (NI) accounts have been calculated by the General Directorate of Statistics since 1948. However, for the periods earlier than 1948 there exists some difficulties in establishing NI estimates. Chenery, Brandow and Cohn have estimated NI for the period between 1927-1948 as the following: 1938 NI taken as an index (100) with constant prices; NI in 1929 was 72; in 1935 it was 86; in 1948 it was 123. On the same basis, if 1938 equals 100, per capita income for the same select years will be respectively 88, 73 and 104.¹⁷

¹⁶. Ibid., p. 13

¹⁷. H. B. Chenery, G. E. Brandow, and E. T. Cohn, Turkish Investment and Economic Development, USA Operation Mission to Turkey, Ankara, 1953, p. 43.

In Table 6, NI and per capita income are shown with constant and variable prices. As it is seen with variable prices. NI has shown a fast increase from 8,814.0 million TL in 1948 to 44,855.2 million TL in 1960. But the true reason for this increase, except for the period between 1950-1953 when prices were relatively stable, can be attributed to inflationary increases in prices from 1953-1958. It is therefore necessary to look at the NI with constant prices in order to evaluate its increase. When observed with constant prices, NI has shown regular increases with the exceptions in 1949 and 1954. Accordingly, NI in 1953, relative to 1948, was increased by 44 per cent and the increase for the period 1948-1960 was 90.6 per cent. At the same time, the rate of growth averaged 8.2 per year while the growth rate between 1954-1960 was 4.4. This rate for the period 1955-1960 was 6.7. The period between 1950 and 1962 can be divided into three stages according to the rise in NI.

During the period beginning with the bad crop year of 1954 and ending in 1958, there apparently was a 5 to 6 per cent annual increase; however, for the period starting in 1953, the average annual increase was only about 3 per cent. The period following 1958 is one of stagnation with about 2 or 3 per cent annual increases in NI.¹⁸

18. Ibid., p. 13.

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| NI | |
| Years (Million) | |
| 1948 | 8,814 |
| 1949 | 7,828 |
| 1950 | 9,068 |
| 1951 | 10,444 |
| 1952 | 11,281 |
| 1953 | 12,691 |
| 1954 | 11,448 |
| 1955 | 12,388 |
| 1956 | 13,119 |
| 1957 | 14,022 |
| 1958 | 15,889 |
| 1959 | 16,842 |
| 1960 | 16,888 |

Source: Month
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The reasons for the rapid growth in NI between 1948-1953 were excellent agricultural conditions and increases in the prices of some of the raw materials that Turkey exported during the Korean conflict. But it is also seen that this rapid growth up to 1953 slowed down after 1954. In 1954 NI, relative to 1953, showed a 9.5 per cent decrease. In subsequent years NI increased, but at a decreasing rate.

Table 6. National Income of Turkey (TL)

| Years | <u>Constant Prices</u> | | | <u>Current Prices</u> | | |
|-------|------------------------|-------------|-------------|-----------------------|-------------|-------------|
| | NI (Million TL) | Growth % | Growth % | NI (Million TL) | Growth % | Growth % |
| 1948 | 8,814.7 | -- | -- | 8,814.7 | -- | -- |
| 1949 | 7,828.0 | -11.2 | -13.0 | 7,924.0 | -10.1 | -12.0 |
| 1950 | 9,098.3 | 16.3 | 13.6 | 8,964.2 | 13.1 | 10.6 |
| 1951 | 10,495.6 | 15.4 | 11.7 | 10,693.8 | 19.3 | 15.4 |
| 1952 | 11,393.0 | 9.0 | 5.8 | 12,424.1 | 7.4 | 13.1 |
| 1953 | 12,693.2 | 11.4 | 8.0 | 14,696.4 | 11.0 | 15.5 |
| 1954 | 11,486.7 | -9.5 | -12.0 | 14,785.0 | 0.6 | -2.0 |
| 1955 | 12,361.9 | 8.0 | 5.0 | 18,219.7 | 23.0 | 20.0 |
| 1956 | 13,198.8 | 7.0 | 4.0 | 21,196.9 | 17.0 | 13.0 |
| 1957 | 14,022.2 | 6.2 | 3.4 | 26,623.2 | 20.8 | 22.0 |
| 1958 | 15,699.4 | 12.0 | 9.0 | 33,873.1 | 27.0 | 23.8 |
| 1959 | 16,343.0 | 4.1 | 1.2 | 41,777.0 | 23.3 | 19.7 |
| 1960 | 16,837.9 | 3.0 | 0.0 | 44,855.2 | 7.0 | 4.3 |

Source: Monthly Statistical Review, No. 92, Ankara, 1960

Dr. Serin attributes the causes of this economic stagnation to the reduction of agricultural income due to the decline of agricultural production. He also points to the inflationary pressures of rapid growth as another

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reason for creating inbalance in domestic economy.¹⁹

The Place of Agriculture and Industry within the National Income

Table 7 shows the share of agriculture and industry within NI. It points out that the share of agriculture, while being 53.2 per cent in 1948, has dropped to 49.2 per cent in 1953. Due to the decline in agricultural production, this share fell to 40.1 per cent in 1954. In 1955, it increased somewhat and became 41.9 per cent.

Table 7. The Share of Agriculture and Industry in Turkey's National Income

| Years | <u>Current Prices</u> | | <u>Constant Prices</u> | |
|-------|-----------------------|------------------|------------------------|------------------|
| | Agriculture's | Industry's | Agriculture's | Industry's |
| | Share of NI % | Share of NI % | Share of NI % | Share of NI % |
| 1948 | 53.2 | 10.5 | 53.2 | 9.4 |
| 1949 | 47.3 | 12.7 | 46.9 | 11.0 |
| 1950 | 49.9 | 12.2 | 50.0 | 9.8 |
| 1951 | 52.0 | 11.7 | 52.3 | 9.1 |
| 1952 | 49.8 | 12.0 | 51.3 | 8.9 |
| 1953 | 49.2 | 12.5 | 50.6 | 8.8 |
| 1954 | 40.1 | 15.2 | 44.9 | 10.4 |
| 1955 | 41.9 | 14.2 | 45.4 | 10.0 |
| 1956 | 42.9 | 15.5 | 46.3 | 9.8 |
| 1957 | 45.1 | 15.6 | 44.7 | 9.8 |
| 1958 | 47.7 | 16.0 | 46.9 | 9.2 |
| 1959 | 44.3 | 15.8 | 44.9 | 9.2 |
| 1960 | 42.6 | 15.9 | 43.9 | 9.3 |

Source: IGM, Türkiye Milli Geliri 1948-1950 ve Aylık İstatistik Bulteni, No. 92.

¹⁹. Necdet Serin, Türkiye'nin Sanayileşmesi, (Industrialization of Turkey), Sevinc Matbasi, Ankara, 1963, p. 131.

The share of agriculture in NI started to decrease after 1958 and fell back again to 42.6 per cent in 1960. Some decline in the share of agriculture can also be witnessed with constant prices. In 1948 this share was 53.2 per cent, declining to 44.9 per cent in 1954 and then gradually increasing up to 1958, but in 1960 it fell to 43.9 per cent. It is obvious that agriculture still plays the most important role in Turkey's NI. If such influence continues to be exercised upon NI, then fluctuations in it will be imminent because of the unpredictable nature of agricultural countries. Since employment, level of output, and prices all are affected by the level of NI, the latter being mostly dependent upon agriculture, any change in the agricultural conditions will eventually create disturbances in the whole economy. Not only is such a disequilibrium economically detrimental, but its political implications are also very strong. The coup d'etat of May 27, 1960, was partially due to political unrest and partially to poor economic conditions.

Industry, with its relative independence from general conditions affecting agriculture, stands on a more secure footing. Particularly, private enterprise, being comparatively insensitive to factors conditioning government and state economic enterprises, can be expected to play a role of safety valve by balancing the ups and downs of the economy while contributing to its growth.

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Structure of the Mixed Economy

The economic structure of Turkey is such that public and private enterprises function together in many branches of the economy.

Private versus State Investments

The percentage distribution of all investments between 1959-1961 is shown in Table 8. Presently, in many areas government investment surpasses private investment, and in some other sectors private investment is greater than that of the government. If mutual trust between business and government can be created, the most important prerequisite for harmonious functioning of a mixed economy will be achieved.

Table 8. Distribution of Investments (In Percentages)

| | 1959 | 1960 | 1961 |
|-----------------------------|-------|-------|-------|
| General and Annexed Budgets | 27.9 | 29.5 | 37.1 |
| State Economic Enterprises | 19.5 | 20.3 | 16.9 |
| Local Administrations | 3.3 | 4.9 | 5.3 |
| Private Sector | 49.3 | 45.3 | 40.7 |
| Total | 100.0 | 100.0 | 100.0 |

Source: Development Plan, p. 66

The percentage of public to total investments rose from 36 per cent in 1950 to 55 per cent in 1960 because of an increase of investments in State services and basic services, and not an increase in the State's productive

activities. The investments in the general and annexed budgets constituted, on the average, 66 per cent and those of State Economic Enterprises, 34 per cent of total investments between 1950-1960.

Division of Economic Activities between State and Private Enterprises

The State Economic Enterprises are active in manufacturing, mining, energy, and banking rather than in internal and external security services, administration, health, education, transport, and communications services, which are under State control.²⁰

Generally, in the traditional areas, the private sector preponderates the ratio of public to private economic activity, but public enterprise leads where advanced business administration techniques and big capital are required.²¹

In the agricultural sector, from which is derived 40 per cent of the NI, private enterprise in the form of small holdings leads. State farm and other State enterprises create only 1 per cent of agricultural income, although they are responsible for much of the contribution of forestry to NI. Private enterprise is dominant in fishing.²²

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- 20 . State Planning Organization, op. cit., pp. 65-66.
 21 . Ibid., pp. 65-67.
 22 . Ibid., pp. 67-68.

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In industry, which provides 15 per cent of the NI, the private sector produces 51 per cent of the value added, including the production of about 60,000 small units. Income from these units constitutes 34 per cent of the income that private enterprise creates in industry.²³

Eighty-three per cent of the industrial income comes from enterprises that employ more than 10 workers or machines of more than 10 HP. Two hundred and twenty public enterprises and 5,200 private enterprises participate in this activity in equal ratio in terms of their production value. In the subsectors of the manufacturing industries, the ratio of public to private production is different. Cement, machine, and tools industries are mostly controlled by private and mixed enterprises.²⁴

The State mainly controls the paper industry. Private enterprises control raw rubber and textile industries. In mining, which yields 2 per cent of the NI, state enterprises comprise three-fourths of total production. Sixty per cent of the production of the private sector is under the control of 20 large enterprises, while 40 per cent is under control of small enterprises.

The State controls hydro-electric and energy establishments. Ninety per cent of construction (6 per cent of the NI) and 90 per cent of commercial activity (8 per cent of NI) is controlled by private enterprises. State

23. Ibid., pp. 66-67.

24. Ibid., p. 67.

projects, which constitute half of all construction activities, are usually undertaken by private contractors. State trading operations are conducted by a few big enterprises, such as the Soil Products Office, Agricultural Supplies, the Petroleum Office, Gima, and Sumerbank.²⁵

In transport and communications (7 per cent of NI) public and private enterprises work together. The State Railways and the communication services are a State monopoly. Internal airlines are controlled by the State, which is also responsible for the construction and care of highways. The private sector dominates in road transport. International maritime transport is split between the Maritime Transport Corporation (State) and private companies. The State controls passenger transport between Turkish ports, but private enterprise seems to control freight transport.²⁶

In industry, private enterprise is most active in textiles, which accounted for 35 per cent of the income created by the private manufacturing industry in 1960. The private sector is also active in food, chemical products (including pharmaceutical plants), stone, and earthenware industries, which provide 72 per cent of the income created by private industrial enterprises.

Iron and steel, printing, tobacco and rubber industries, of lesser importance, make up 15 per cent of private industrial income.

Ibid., p. 68.

Ibid., pp. 65-66.

Public enterprises occupy an important place in the production of alcoholic beverages and in transport, coal, petroleum, iron and steel industries.

More than 60 per cent of financial services (banking, insurance) are enacted by official institutions. The liberal professions (4 per cent of NI) and the housing sector (4 per cent of NI) are in the hands of the private sector. State services account for 10 per cent of NI.

Geographical Distribution of State and Private Enterprises

Except for some very small enterprises private enterprise is concentrated in Istanbul where more than half of the income of private industry is created and almost half of the workers in private industry are employed. Istanbul is followed by Izmir where 15 per cent of the income of private industry is created, then Ankara, Bursa, Aydin, Eskişehir, and Icel.^{27.}

The State enterprises are spread out equally over the country and are not concentrated anywhere.

Structural Differences between State and Private Enterprises

In 1959, while the average number of workers in private enterprises, employing 10 or more workers, was 67, the average number in public enterprises was 675. Private enterprises employing 10 to 50 persons constitute the great majority. Workshops in the clothing, metal, food processing, and carpentry industries employing less than

27. Ibid., p. 66.

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10 workers number about 60,000.²⁸

Industrial enterprises in the private sector -- even those of corporate status -- are generally family enterprises.

Since enterprises in the private sector are generally family establishments, ownership and the function of administration have become mixed. The owners of these enterprises do not yet appreciate the usefulness and need of trained administrators and managers. They usually carry out administrative functions personally and do not differentiate between these separate functions or the incomes derived from them. Also, the control of production, marketing, and finance is generally not clearly divided and the responsibility for these separate activities is not distinguished. Private enterprises as family enterprises prevent the formation of a credit market and thus experience great trouble in obtaining capital outside the family into their business for fear of losing their means of control.

Long-term financing difficulties that entrepreneurs have experienced in recent years were due largely to the absence of a capital market and the entrepreneur's habit of acting independently. Entrepreneurs who wanted to widen their activities resorted to credits as a means of securing more money. The inadequacy of long-term investment credits led entrepreneurs to meet their fixed capital

28. Ibid., p. 67.

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investments with short-term credits. Meeting long-term needs with high interest short-term credits, resulted in weak and short-lived enterprises.

On the other hand, the financing of the State Economic Enterprises has not been organized on the basis of sound financial resources and a long-term plan. In addition to the funds that they created themselves, the enterprises secured funds from the Amortization and Credit Fund, the Pension Fund, and the Workers' Insurance, and have used a part of the counterpart funds from foreign aid.²⁹

Problems in the private sector result from: uses of short-term credits to finance fixed capital installations; the difficulties met in securing working capital; the insufficient development of the market; the difficulty in finding raw materials of the right quality; prices based on total costs rather than on marginal costs; administrative deficiencies, and excessive investment in certain sectors. Solving these problems becomes very difficult since the private enterprises have not formed effective organizations to combine their knowledge.

Historical Development of the Economic Environment of the Private Enterprise

Industry During the Late Stages of the Ottoman Empire

Prior to the foundation of the Republic, the Ottoman Empire had always been an agricultural country. Nevertheless, during the 16th, 17th, and 18th centuries when the

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Ottoman Empire was politically and economically strong, she was at an equal footing in small handicrafts, textiles, and ship-building with Western powers. Turkish handicrafts, arms, carpets, and leather products enjoyed a high reputation. Even during the period between 1560-1618, Venetians were ordering a portion of their armada from Turkish shipyards.³⁰ But after the 18th century, following industrialization of Europe, industrial products of Western countries started to flow into the national markets. This situation, fostered by capitulations which provided great advantages to the marketing of European products, stimulated the decline of the domestic industry. It created unfavorable balance of payments, brought about unemployment, and destroyed the native production.

To remedy the situation, in 1863 an industrial rehabilitation committee was established. This committee attempted to protect the native industry by setting high tariff rates on imports. However, its measures were extremely hampered by existing capitulations. During the same period, few manufacturing plants were formed in the country, most of them being owned by foreign capitalists.³¹

30. I. H. Tokin, Iktisadi ve Ictimai Turkiye, Rakamlarla Turkiye' de Sanayi, (Economical and Sociological Turkey, Industry in Turkey with Numbers), Istatistik Genel Mudurlugu, Ankara, 1946, p. 4.

31. O.C. Sarc, Tanzimat ve Sanayimiz, Tanzimat Cilt 1, (Period of Modernization and our Industry), Istanbul, 1943, p, 433.

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Following the proclamation of the Second Constitutional Monarchy in 1908, a period of relative awakening of the national industry was witnessed. With the beginning of the First World War, capitulations were abolished, but no immediate benefits were accrued to the native industry, because natural resources were diverted to wartime necessities.

In 1921, during the Independence War, the Turkish government had prepared industrial statistics. According to these statistics some 76,216 employees were employed in all sectors of the industry. Of this total, 48.34 per cent were in textiles, 23.57 per cent in tanneries, 10.52 per cent in mining, 7.88 per cent in wood, 5.89 per cent were employed by food industries, 4.74 per cent in quarries, and finally 1.06 per cent were in the chemical industry.

Table 9. Situation of the Turkish Industry in 1921

| <u>Type of Industry</u> | <u>Per Cent of Total Industry</u> | <u>Per Cent of Total Labor</u> |
|-------------------------|-----------------------------------|--------------------------------|
| Textile | 60.7 | 48.34 |
| Tanneries | 16.2 | 23.57 |
| Mining | 9.9 | 10.52 |
| Wood | 6.3 | 7.88 |
| Food | 3.8 | 5.89 |
| Quarries | 2.1 | 4.74 |
| Chemical | 1.0 | 1.06 |
| Total | 100.0 | 100.00 |

Source: I.H. Tokin, Iktisadi ve Ictimai Turkiya, Rakamlarla Turkiye' de Sanayi, IGM, Ankara, 1946, p. 27.

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The reader must be cautioned about the validity of this table because it excludes industrial concerns in large towns like Istanbul and Izmir which were under foreign control at the time the census was taken.

Industrialization during 1923-1930. The Era of Private Enterprise

Following the successful end of the War of Independence and the proclamation of the Republic in 1923, a new era was opened to the young Turkish nation. The capitulations were abolished by the Lausanne Treaty of 1924 and the nation now had unconditional control of its economy and resources. The government had decided that to be a strong economic power, it was necessary to industrialize. For purposes of industrialization and economic growth, the country was now facing a choice of alternatives -- development by private enterprise or by state. This problem was resolved in March, 1923, at the Economic Congress held in Izmir. The members of this Congress were 1535 representatives of agriculture, industry, commerce, and labor, who were elected by their respective organizations throughout the country. The national economic policy of the country was decided by this group on a simple majority basis. At the end of a number of week-long sessions, the foundations of a national economic policy were laid down. According to this policy, the burden of economic growth

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was to be carried by private enterprise. The role of the state was to begin where the activities of the private sector stopped.³²

For a period of 10 years, Turkey enjoyed an unequalled freedom for private enterprise. The State was playing a facilitating role by building infrastructural projects. Not only did the State refrain from competition with private enterprise, but the government provided all conceivable help to private investors. In 1927 a new law was enacted to encourage industrial growth. According to this law, the government would donate the land to private entrepreneurs under certain circumstances. The entrepreneur would also import duty free all the necessary equipment and machinery for his firm. This equipment would also be transported by State-owned railroads on reduced rates. Raw materials and necessary natural resources owned by the government would be sold to these concerns at reduced rates. The government would favor domestic products against foreign competition even if their cost was 10 per cent higher than their imported counterparts. To facilitate recruitment of manpower for these concerns, men who had specialized training would be discharged from the armed services.

32. Izmir Iktisat Kongressi Tutanagi, (Proceedings of Izmir Economics Congress), Siyasal Bilgiler Fakultesi Maliye Enstitüsü Türk İktisadi Gelismesi Atastirma Projesi Tarafından eski Türkceden çevrilmis metin, pp. 69-70.

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In spite of all these measures, private enterprise was unsuccessful and only a few large concerns were established during this liberal period. Among others, the following can be given as reasons:

1. Lack of financial institutions to help provide necessary funds to the entrepreneur.

2. Lack of trust between small entrepreneurs to unite and organize larger concerns.

3. General mistrust of the Turks to merchants.

4. The effects of religious dogma to lending and borrowing with an interest. Interest was considered a sin.

5. Lack of a ready entrepreneurial class. During the last years of the Ottoman Empire, Turkish Industry was mostly owned and managed by the minority groups. Following the proclamation of the Republic of Turkey, there was an exchange of populations between the neighboring countries and Turkey. Most of the Greeks who formed the majority of the entrepreneurial class left the country, and the resulting vacuum was not filled by native Turkish entrepreneurs.

6. Lack of technical know-how for large scale operations.

7. Individuals with ambition and/or desire to do something found the government an open road to satisfy their achievement needs rather than seeking fulfillment elsewhere. Because of the change among the elite, or to use a more proper term, "displacement of elites," when the

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young Republic was established, it lacked manpower. Most of the high officials and technical personnel of the Ottoman government were not trusted and many had left the country. It was then very easy for a talented person to make his fortune in the government. In short, immediately after the Independence War, government was far more attractive to young people craving for the fulfillment of their achievement drives than the non-existent private enterprise. Being a government official, an army officer, or a member of the house of representatives was considered far more rewarding than being an entrepreneur. Money beyond a point never meant much to the general public. In a new nation full of pride, money could not buy everything. Association with the national heroes, particularly with Ataturk, meant much more than amassing a sum of money. Also, at that time, in an underdeveloped country like Turkey, one had not much use for money. Available services in the country were restricted and consumer goods were limited in quality and diversity. A person had little use for his excess money except to hoard it.

8. Nationalistic sentiments existing at that period among the people made profit motive a secondary, even a tertiary, drive. Social ethics prevailed over profit motives. Although one cannot argue that the sole motive of the entrepreneur is profit, nevertheless it is impossible to neglect it. Since the person could satisfy his achievement needs by joining the government and since profit had

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lost its driving impact, there was little entrepreneurial impulse left. At that time, private enterprise lacked its two basic motivators necessary to stimulate entrepreneurship, basically a combination of money and achievement needs.

9. Although Ataturk, in his famous speeches, repeatedly pointed out the need for economic development, still the most urgent problems of Turkey were the preservation of her integrity.

No matter how great the political and military victories are, if they are not crowned by economic victories, the resulting victories never become permanent and soon are extinguished. For this reason, to make the results of our victories permanent, we have to strengthen our economic sovereignty....The new Turkish State will be an economic state.³³

The scarce resources of the country were still directed toward the defense of the country rather than its development. Although private enterprise received encouragement unique in its kind from the government, the environment was not favorable to make it flourish.

Etatisme in Turkey 1930-1950

Period between 1930-1938. Between 1923-1930, the economic policy of the State was favoring development along private enterprises. For this purpose, laws encouraging private investment were enacted and many facilitating

33. E. Z. Karal, (ed.), Ataturk' ten Dunsunceler, (Thoughts from Ataturk), Turkiye Is Bankasi Yayinlari, Ankara, 1956, pp. 99-100.

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measures were taken. In spite of all these positive attitudes of the government, private enterprise constantly failed to flourish because of the reasons outlined in the previous section.

Because of the impossibility of attaining any results from the private sector and the economic crisis of 1930, the government was pushed into taking direct economic action. When the State for the first time entered the economic life, it was still for the purpose of building the industry so that private sector could function more efficiently.³⁴

In 1931, the first 5-year plan was prepared and put into action. Starting in 1933, etatisme was accepted as the guiding principle of the economic life. The principle of etatisme in 1935 was incorporated into the philosophy of the Republican Party and in 1937, was put into the constitution. As was mentioned by Ataturk, etatisme in Turkey was not accepted because of ideological reasons but because of the necessities of the economic life. During this period, the politicians thought that in order to elevate the country to a strong economic level, the State had to enter into the picture and take over the job from the private enterprise since it was unable to accomplish what was demanded of it.

Few excerpts from the writings of the statesmen of that period may prove helpful in delineating the concept

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Etatisme as practiced by Turkey is not a system that since 19th century socialist institutions have preached and propagated. It is a system particular to Turkey.

The meaning of the concept etatisme is: to consider private initiative and entrepreneurship as the focal point of the system, but also let the government undertake projects that will help the nation as a whole.³⁵

The common understanding among statesmen was that private enterprise was not in a position to create growth, to use factors of production to their most efficient capacity, and most of all lacked the sense of social responsibility.

As was boldly put by the Minister of Finance of the time:

If we have to leave the requirements for economic progress and growth to the hands and resources of the private enterprise alone, we will have to wait for another two hundred years.³⁶

Etatisme being not an ideological system but a practical solution of economic problems, private enterprise, nevertheless, was not completely extinguished. On the contrary, in the areas of textile, food, and building, the private sector flourished. The major factor in this development was the existence of a virtual competition between the State Economic Enterprises and the private enterprises.

35. İktisat Vekaleti Sanayi Tetkik Heyeti, İkinci Bes Yıllık Sanayi Planı, (Second Five-Year Plan), Ankara, 1936, pp. 30-31.

36. Ibid., p. 30.

[illegible]

Also, private sector did not any longer enjoy the free-hand policy of the government. However, since many basic services were provided by the State Economic Enterprises such as electricity, water, and communications, private enterprise started to feel that it now had a solid foundation upon which it could build its organization. The State built an efficient railroad system, raw materials could now be easily obtained, and cheap power was made available. Although existing laws were amended and were not as favorable as they were a decade ago, the economic conditions were by far more favorable to the establishment and development of the private enterprises. It is not, therefore, a surprise to find that the majority of big business firms were established in a period characterized by mild etatisme.

Period of 1938-1950. The Republican Era. Following the death of Ataturk and the beginning of the Second World War, even though Turkey did not enter the hostilities, the war opened a new era in the Turkish economic life. Ismet Inonu, the second President of Turkey, was a strong proponent of etatisme. Partly because of his own ideology and partly because of the wartime demands, the policy of his government became stronger in favoring etatisme. Government controls were established upon the private enterprise. Credits were curtailed, and corporation taxes increased. This was a big blow to the private sector. the growth of the firms was hampered and new ones were not established. Politically, the country was governed by a one-party

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Industrialization after 1950

Period between 1950-1960. In 1950 the Republican Party, which had been in power since the establishment of the Republic of Turkey, lost the elections to the Democratic Party. The economic policy of the Democratic Party was one of liberalism. Etatisme began to lose ground to private enterprise. According to the economic policy of this party, private enterprise and capital became once more the nucleus of economic growth. State Economic Enterprises and private enterprises were going to function in an environment of mutual understanding and support each other. The economic functions of the State were limited to basic services and infrastructural activities. As a result of the liberal policy, some operations of the State Economic Enterprise were planned to be liquidated and transferred to private enterprise, but for some reason this intention was never actualized. Among those reasons, lack of capital was the most important. However with the elimination of some obstacles, private enterprise found ample room to flourish. The Industrial Development Bank founded in 1950 provided long and short-term credit to the private firms. Development of banking and other financial agencies fostered the growth of the private sector. Within 10 years during which Democratic Party was in power private

37. Necdet Serin, Op. cit., pp. 110-114.

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enterprise showed tremendous progress. The State, on the other hand, continued to invest in heavy industry and agriculture. Once again the private sector had found a favorable governmental environment. But lack of planning in both private and government sectors soon led to the deterioration of the general economic conditions. By 1958 Turkey entered into a period of acute inflation. Prices started to rise continuously, and intellectuals and universities began to argue that liberalism had become detrimental to economic development and that to save Turkey from a full-fledged inflation and economic chaos three things were needed: a tight control of the private sector, government investment projects, and a central planning agency.

Developments after 1960. May 27, 1960, marked the end of the Democratic Party. A junta of 14 army officers, following a coup d'etat, toppled the Democratic Party and established a military dictatorship for one year and once again there was a return to rigid etatisme.

The first change brought about by the National Unity Committee, the name of the military government, was the establishment of the State Planning Organization on November 30, 1960. The functions of the State Planning Organization were the following:

1. To advise the government on all economic and social matters by making a correct inventory of all the human and non-human resources of the country.

2. Preparation of short and long-range plans.

3. To advise the governmental agencies on carrying out these plans.

4. To advise the private sector on arranging its activities and investments as prescribed by the plan.³⁸

Among the activities of the State Planning Organization, one cannot neglect to mention the attempts to coordinate private and governmental sectors. For this purpose, many committees were established with members of the private sectors. The unfortunate fact is that these attempts remained on paper and seldom were put into practice. Seventy-five per cent of all the big business establishments surveyed through this research indicated that the First Five-Year Plan did not affect their organizations nor did it affect their investment policies. This junta held free elections in October 1961 and returned the political power to the emerging coalition government.

Between 1960 and 1964, a tight foreign trade policy was carried, with implications on close control of the private sector. With the exception of the textile industry, the remaining part of the private sector was rather stagnant. The textile industry, being traditionally a concern of private enterprise, had shown some growth potentials during this period.

38. Devlet Planlama Teskilati, Plan Hedeflerive Stratejisi, (Plan; Its Objectives and Strategies), DPT Ankara, 1961, and Resmi Gazete (Official Gazette) July 5, 1961, No: 10846.

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In 1965, new elections were held in Turkey and the Justice Party, acquiring the votes of the disbanded and outlawed Democratic Party, managed to win a majority in both Chambers. All the indications so far demonstrate a return to liberalism, to the chagrin of the minority parties and especially of Inonu's Republican Party which supports strong etatisme as a policy for economic development.

Conclusion

It is possible to discern six distinct periods of economic policy in relation to private enterprise.

Between 1923 and 1930, private enterprise found the most favorable legal environment but lacked economic power and know-how to organize. Between 1930 and 1938, many essential services were provided by the government and the infrastructure of the country eased the development of private enterprise. The following period between 1938-1950 was harsh to private sector and its growth stagnated, if not declined. The 1950's brought favorable changes and created an environment of unprecedented revival for private enterprise which, unfortunately, resulted in an economic chaos due to unplanned expansion. The 1960's brought new restrictions to credit which stopped the growth of free enterprise. The period after 1965 is too early to judge, but, in general, it is possible to venture to state that private enterprise has once more started to enjoy some prestige. However, the opinion of the intel-

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lectuals and of the plan-makers is that private enterprise cannot be trusted. The antagonism between the government officials and businessmen is a result of a vicious circle. Contrary to expectation, the government officials, more than the politicians, criticized big business leaders for not investing. The business leaders, on the other hand, state that they are not sure of the future and that is why they do not invest. Without some kind of certainty about their future, the leaders of big business will always be reluctant to invest, and they perceive that security can only be created by the government. On the other hand, if they do not invest, the government will never trust them and, without this trust, will never be able to provide the necessary conditions which will lead toward security.

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CHAPTER V

THE FIRM

The environmental analysis of Turkish business leaders cannot be completed unless the structural characteristics of their firms are analyzed. How big is private enterprise in Turkey? What are the areas of concentration? Why have some sectors of private economy grown while others have not? These will be a few of the major topics discussed in this chapter. The following operational hypothesis will be tested to provide a frame of reference in analyzing the behavior of the big business leaders and to describe the pattern of growth of their firms.

Operational hypothesis 1: The growth of big business firms was slow up to 1956. In 1958, with the coming of inflation, growth patterns were altered, sales and assets rapidly rose, while employment remained constant.

In testing this hypothesis, first-hand information has been used, based on data collected through interviews, questionnaires, and the examination of company financial statements. Such information has been made available exclusively to the researcher through the generosity of the firms that have entered the study.

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of employees, and their present sales (1964) will highlight the first part of this chapter. In the second part, the principal types of firms will be viewed historically and their growth patterns will be delineated.

Structural Characteristics of the Firm

In the summer of 1965, 103 big business firms were extensively surveyed and the results of this survey will now be presented.

Distribution of Big Business Firms by Industry

Approximately 52 per cent of all the firms are in the manufacturing industry. The next largest concentration (23 per cent) is in commerce, including retailing and wholesaling.¹ As shown in Table 1, transportation, with nearly 11 per cent, is the third most common occupation of the big business leaders. Insurance trails with less than 6 per cent. The last position is shared equally by banking and the combined category of mining and petroleum. Neither of these categories represents as much as 4 per cent of the total number of firms surveyed.

1. According to Bartel's definition, Robert Bartel, Comparative Marketing, Wholesaling in Fifteen Countries, Richard D. Irwin, Inc., Homewood, Illinois, 1963, p. 61.

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Table 1. Distribution of Big Business Firms by Industry

| Type of Industry | Number of Firms | Per Cent of Firms |
|----------------------|-----------------|-------------------|
| Manufacturing | 54 | 52.4 |
| Commerce | 24 | 23.3 |
| Transportation | 11 | 10.7 |
| Insurance | 6 | 5.8 |
| Banking | 4 | 3.9 |
| Mining and Petroleum | 4 | 3.9 |
| Totals | 103 | 100.0 |

Date of Establishment

The impact of the government's economic policy is directly felt upon the establishment and development of big business in Turkey. Thirty-two per cent of all the present firms were founded during the single 10-year period of 1951-1960 which was a time when liberal economic policies were practiced by the Democratic Party. The only other liberal period ran from 1923 to 1930, inclusive, when 16.5 per cent of the firms were established. This was the period when Ataturk and the first government of Republican Turkey had favored industrialization and economic development mostly through the agency of private enterprise.

Table 2. Firms Established during Distinct Periods of Economic Policy

| Periods of Economic Policy | Number of Firms | Per Cent of Firms |
|---|-----------------|-------------------|
| Before 1923 | 15 | 14.6 |
| Liberalism, 1923-1930 (8 years) | 17 | 16.5 |
| Mild <u>Etatisme</u> , 1931-1938 (8 years) | 13 | 12.6 |
| Strong <u>Etatisme</u> , 1939-1950 (12 years) | 20 | 19.4 |
| Liberalism, 1951-1960 (10 years) | 33 | 32.0 |
| After 1960 | 5 | 4.9 |
| Totals | 103 | 100.0 |

Following the death of Ataturk, Inonu's government advocated full-fledged etatisme. Firms were established much less frequently during the period of 1931-1950. It took 20 years of etatisme to establish the same number of firms which were established during only 10 years of the following liberal period. From these statistical figures, it is possible to find a definite relationship between economic doctrine and policy of a state and the flourishing of its private enterprises.

Throughout the long history of the Ottoman Empire, business was never favored. This was reflected in the fact that only 14.6 per cent of the firms surveyed were established prior to the proclamation of the Republic during the decay of the Ottoman Empire. Of the firms founded during the decay of the Ottoman Empire, most of

them were in retailing and wholesaling; for instance, only 5.5 per cent of all the manufacturing concerns were established prior to the proclamation of the Republic of Turkey. Next to commerce, the transportation industry embodies the oldest firms of the private sector. Approximately 36 per cent of the largest transportation companies surveyed in this research were established during the Ottoman regime. This should not be a surprising fact if one considers the general economic conditions of the country at that time. The last 30 years of the Ottoman Empire had put the economy into a dependency situation. Turkey had become the market of Western corporations. It lacked managerial talent and capital of its own to operate banks, manufacturing companies, and other more sophisticated institutions. The transportation companies were used to assemble the agricultural surplus of the empire in Istanbul and Izmir to be exported and to distribute imported finished goods within Turkey. These firms were playing the role of intermediaries in a marketing channel which had its originating point abroad. This situation also suggests that no matter at what stage are the general economic conditions, marketing can best be accomplished by native firms sensitive to local environmental conditions.

During the laissez-faire period of 1923-1930, of all firms established within this decade, 76.5 per cent were in the manufacturing industries, 17.6 per cent were

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in commerce, and 5.8 per cent in the insurance business. No major banks, financing institutions, or other service industries were established during this period. Because of the lack of facilitating firms, financial institutions and banks to regulate credits and create a capital market, there was no balance among private enterprises in fulfilling the economic needs of a developing country. Private enterprise was not too successful in this decade although it had the wholehearted support of the government.

In the next decade, with strong government regulations, there was a drop in the number of newly established manufacturing firms to 8, but 3 of the 4 existing mining and petroleum companies were founded in this decade. The reason was that the economic policy of the government favored exclusively firms in extracting industries in order to develop the underground resources of the country.

The situation did not change in the following 12-year period, 1939-1950, except for the establishment of 6 marketing firms and 3 insurance companies.

With the arrival of a new government favoring private enterprise, the picture drastically changed. A total of 19 manufacturing firms, supported by 9 marketing, 3 transportation, and 1 banking concern were established within a single decade. This presented a balanced distribution of firms in various industries. After 1960,

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3 more firms were added to the total number of manufacturing concerns.

Each one of the stages in the development of private enterprise, as outlined in the previous chapter, characterized a particular concentration of business in one industry with no balance. However, the present distribution of private enterprise among industries has acquired a balance through the years with half of the firms in the fields of production and the remaining half in marketing, finance, and other facilitating areas.

Geographical Distribution of Big Business in Turkey

Istanbul houses 70 per cent of all private enterprises in Turkey. Istanbul's geographic location at the crossroads between Europe and Asia, the size of its population, and the cultural level of the people living in this city make it a natural location for business firms. If Turkey wants to industrialize along the lines of a mixed economy, industry must be induced to move to other regions of the country. To be able to promote this move, conditions in Istanbul must be studied so that they may be copied in other parts of the country. This may seem unrealistic, but it is the only possible way of having a proportional distribution of big business enterprises throughout Turkey instead of having them in just a few locations, forming islands of prosperity within a vast sea of poverty.

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The next preferred location is Izmir with approximately 25 per cent of all the big business firms. Finally, Ankara's share of big business is almost 5 per cent.

Table 3. Location of the Headquarters

| Headquarters | Number of Firms | Per Cent of Firms |
|--------------|-----------------|-------------------|
| Ankara | 5 | 4.9 |
| Izmir | 26 | 25.1 |
| Istanbul | 72 | 70.0 |
| Totals | 103 | 100.0 |

Types of Ownership in Private Enterprise

The number of publicly owned corporations relative to Western societies is very small in Turkey. This awkward situation is caused by the public's unwillingness to purchase corporate stocks. There are many sociological, economic, and legal reasons for this lack of interest. Furthermore, the formalities and red tape involved in establishing such public corporations create additional barriers. It is like the task of Sisyphus for an individual to invest because of the lack of a capital market. The competition given by high-interest yielding government bonds takes away many probable investors from public corporations. In many instances,

government bonds are more attractive than corporation stocks.

Table 4 summarizes the results of a survey carried out by Ankara University's Faculty of Political Sciences.² It has been found that in 1960, 14.5 per cent of all the enterprises were in the form of single proprietorship. The remaining 85.5 per cent was incorporated.

Table 4. Legal Forms of Private Enterprise

| Legal Type | Number of Firms | Per Cent of Firms |
|-----------------------|-----------------|-------------------|
| Single Proprietorship | 20 | 14.5 |
| Firms | 118 | 85.5 |
| Totals | 138 | 100.0 |

Source: A. Payaslioglu, Turkiye' de Ozel Sanayi Alanindaki Mutesebbisler ve Tesebbusler, Turk Iktisadi Gelismesi Arastirma Projesi, SBFME, Ankara, 1961, p. 48.

A further breakdown of the firms, as given in Table 5, indicates that approximately 37 per cent were in the form of joint stock companies; better than 31 per cent were collective firms; almost 18 per cent were limited, and the comandataire (joint proxy) firms amounted to

2. Arif Payaslioglu, Turkiye' de Ozel Sanayi Alanindaki Mutesebbisler ve Tesebbusler, (Entrepreneurs and Private Firms in the Turkish Industry), Turk Iktisadi Gelismesi Atastirma Projesi, SBFME, Ankara, 1961.

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about 10 per cent of the total. A little more than 3 per cent of the corporations were in the form of cooperatives.

Table 5. Type of Private Firms

| Types | Number of Firms | Per Cent of Firms |
|---------------------|--------------------|----------------------|
| Joint Stock Company | 44 | 37.2 |
| Collective | 37 | 31.4 |
| Limited | 21 | 17.8 |
| <u>Comandataire</u> | 12 | 10.2 |
| Cooperatives | 4 | 3.4 |
| Totals | 118 | 100.0 |

Source: A. Payaslioglu, Turkiye' de Ozel Sanayi Alanindaki Mutesebbisler ve Tesebbusler, Turk Iktisadi Gelismesi Arastirma Projesi, SBFME, Ankara, 1961, p. 49.

How Big is Big Business in Turkey?

The Net Worth of Big Business

The firms' financial statements were analyzed to find out how big was big business in Turkey. For the first time, such figures were made available to this researcher. It is not customary in Turkey for businesses to discuss or publish their financial statements which include sales, assets, and even the number of employees.

Table 6. Net Worth of Big Business in 1964

| Assets in \$1000's | | Mid-point | Number of Firms | Per Cent of Firms | Mid-point x Per Cent of Firms |
|--------------------|----------|-----------|-----------------|-------------------|-------------------------------|
| 0- | 19.9 | 10 | 1 | .9 | .90 |
| 20- | 49.9 | 35 | 3 | 2.9 | .87 |
| 50- | 99.9 | 75 | 7 | 6.8 | 4.66 |
| 100- | 199.9 | 150 | 19 | 18.4 | 27.60 |
| 200- | 499.9 | 350 | 21 | 20.5 | 71.75 |
| 500- | 999.9 | 750 | 16 | 15.5 | 116.25 |
| 1,000- | 1,999.9 | 1,500 | 12 | 11.7 | 175.50 |
| 2,000- | 4,999.9 | 3,500 | 13 | 12.7 | 444.50 |
| 5,000- | 9,999.9 | 7,500 | 8 | 7.7 | 577.50 |
| 10,000- | 19,999.9 | 15,000 | 3 | 2.9 | 435.00 |
| Totals | | | 103 | 100.0 | 1,854.53 |

On the average, the net worth of the big business firms is \$1,854,530. There is, however, a wide distribution among firms in terms of net worth. As shown in Table 6, the largest portion of the firms (20.5 per cent) are worth between \$200,000-499,999; 10.6 per cent have total assets of less than \$100,000; while 18.4 per cent range between \$100,000-199,999; 15.5 per cent are slightly below average with net worth falling between \$500,000-999,999; 11.7 per cent are very close to the

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average, and 23.3 per cent of all the firms are above the arithmetic mean.

Gross Sales in Big Business

The largest firms among big business have a young history. Business in Turkey has not shown any growth comparable to the growth of Western corporations. Business seems to be stagnant. Firms do not grow, but they survive.

Table 7. Gross Sales of Big Business Firms in 1964

| Sales (\$1000's) | Mid-point | Number of Firms | Per Cent of Firms | Mid-point x Per Cent of Firms |
|------------------|-----------|-----------------|-------------------|-------------------------------|
| 0- 99.9 | 50 | 2 | 1.9 | .90 |
| 100- 499.9 | 300 | 12 | 11.6 | 34.80 |
| 500- 999.9 | 750 | 17 | 16.5 | 123.70 |
| 1,000- 1,499.9 | 1,250 | 14 | 13.6 | 169.00 |
| 1,500- 1,999.9 | 1,750 | 8 | 7.7 | 134.70 |
| 2,000- 4,999.9 | 3,250 | 25 | 24.2 | 786.50 |
| 5,000- 7,999.9 | 6,500 | 7 | 6.8 | 442.00 |
| 8,000- 9,999.9 | 9,000 | 5 | 4.8 | 432.00 |
| 10,000-14,999.9 | 12,000 | 10 | 9.8 | 1,176.00 |
| 15,000-49,999.9 | 32,500 | 3 | 3.1 | 1,007.50 |
| Totals | | 103 | 100.0 | 4,307.10 |

At the end of the 1964 financial year, big business in Turkey had averaged \$4,307,100 in gross sales. As a whole, firms have a total revenue 4 times their net worth. There is a wide dispersion of big business firms in terms of sales.

As indicated in Table 7, only 1.9 per cent of all the enterprises made less than \$100,000 in gross sales, while approximately 3 per cent stood above all the rest at sales exceeding \$32,500,000. Between these two extremes stood the bulk of the firms surveyed. Approximately 25 per cent of the firms had average sales that surpassed the arithmetic mean. The sales of the remaining 75 per cent ranked below the mean. Twenty-four per cent of the firms within the \$2,000,000-4,999,999 sales category made the largest single concentration. The next largest single concentration was made by approximately 17 per cent of the firms within the \$500,000-999,999 sales category.

Of the largest 10 firms with gross sales averaging more than \$10,000,000, 5 were established between 1948-1960. On the other hand, of the firms established prior to 1920, 7 had gross sales less than \$2,000,000 per year; 4 had between \$2,000,000-4,999,999; 2 between \$5,000,000-7,999,999, and only 1 had more than \$10,000,000 gross sales. Similar results were observed for firms established in the decades 1921-1930, 1931-1940, and 1941-1950.

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The Size of Employment in Big Business

In a recent industrial census, big firms were classified as those employing more than 10 employees. According to the same census, big business on the average employed 50 workers. In this research, big firms are more narrowly classified.³

Table 8. Number of Employees in 1964

| Number of Employees | Mid- point | Number of Firms | Per Cent of Firms | Mid-point x Per Cent of Firms |
|------------------------|---------------|-----------------------|----------------------|-------------------------------------|
| 0- 49 | 25 | 17 | 16.8 | 4.2 |
| 50- 99 | 75 | 18 | 17.9 | 13.4 |
| 100- 199 | 150 | 25 | 24.8 | 37.2 |
| 200- 399 | 300 | 21 | 20.9 | 62.7 |
| 400- 599 | 500 | 7 | 6.9 | 34.5 |
| 600- 799 | 700 | 1 | .9 | 6.3 |
| 800- 999 | 900 | 4 | 3.9 | 35.1 |
| 1,000-1,999 | 1,500 | 6 | 6.0 | 90.0 |
| 2,000-2,999 | 2,500 | 2 | 1.9 | 49.5 |
| Not available | -- | 2 | -- | -- |
| Totals | | 103 | 100.0 | 332.9 |

The arithmetic mean of the number of workers employed during 1964 is 332.9. On an average then, employment in private business is 33. However, as it will be noticed in Table 8, employment figures of big business firms represent wide variations. On the average, the volume of employment changes between 25 and 2,500. Out of 103 big firms forming

3. See Chapters II and III.

the sample, only 17 had less than 50 employees. Eighteen firms employed between 50 and 99; twenty-five establishments had 100 to 199; ten employed between 200 and 299 workers; eleven others had between 300-399; seven between 400-599; one between 600-799; four between 800-999; six between 1,000-1,999; two more than 2,000 employees. Figures for two firms were not available. These figures indicate a wide distribution of the number of workers employed by big Turkish businesses.

The largest firms in terms of present number of employees and assets were those established during the period between 1931-1940 and 1951-1960. These two decades were the most favorable ones for the growth of private enterprise. The first period was characterized by intense infrastructural activities and the second by liberal economic policies, the two necessary conditions, which, unfortunately, seldom occur simultaneously in developing countries.

Growth Patterns in Big Business

Growth patterns of the Turkish big business firms will be analyzed first collectively and, secondly, specific industry-wide trends will be investigated. In both cases, three separate criteria will be used in delineating the growth of the Turkish firms. These criteria will be total assets, total revenue or gross sales, and the number of employees, respectively. Growth patterns will be observed in terms of specific years. The firms will

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be seen developing from 1948 to 1964. In this, and in the following sections, only specified years within the period between 1948-1960 will be analyzed, since 1964 has already been discussed in the preceding section. Nineteen hundred forty-eight indicates the last years of the Republican Party government when there was evidence of awakening in the business circles; wartime hardships having been abolished, and more and more people demanding liberal economic policies. Nineteen hundred fifty-two is taken to make an allowance for the time lag that takes in the implementation of any change in economic policies. For this purpose, two years were given as an allowance after the change in the government in 1950. The third critical date is 1956. It indicates a turnover in economic activities and the beginning of a full-fledged inflation. The final key year of the decade of liberalism is 1960. It is the last year of the Democrats in power before being overthrown by a military coup d'etat. It culminates the strong unrest among the intellectuals, censorship of the press, and political intimidation of big business.

Growth Trends in General

Change in Net Worth of Big Business in Selected Years.

Figures for 1948, 1952, 1956, and 1960 are expressed in terms of current prices. In 1948, out of 103 firms only 42 were able to provide pertinent information; 61 firms were not in business at that time or data was not

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available. In 1952, 50 firms, eight more than in 1948, provided pertinent information. This number increased to 67 in 1956 and to 78 in 1960.

In 1948, 16.6 per cent of the existing firms had reported a net worth less than \$20,000; another 17.5 per cent between \$20,000-49,999; 12.0 per cent in the \$50,000-99,999 category; 25.2 per cent between \$100,000-199,999; 16.5 per cent between \$200,000-499,999; five per cent between \$500,000-999,999; 2.3 per cent between \$1,000,000-1,999,999; and finally, five per cent between \$2,000,000-4,999,999.

In 1952 the picture changed only slightly, the net worth of the firms remaining almost the same. Apparently, there was no spectacular growth between 1948 and 1952. The stagnant situation changed in 1956 by a movement of firms to high asset categories. The net worth of 50.3 per cent of the firms was now between \$100,000-999,999. This was an increase by 4.3 per cent relative to 1952 figures, and an increase of 2.6 per cent relative to 1948 figures. Also, in 1956 firms with net worth within the \$1,000,000-4,999,999 range had increased by 7.9 per cent.

In 1960, the growth of the firms had culminated in an all time high. Almost 59 per cent of the firms were now worth between \$100,000-999,999, while only 50.3 per cent were in this category in 1956, and only 47.7 per cent in 1948.

As shown in Table 9, in 1948 the arithmetic mean of the total assets of the existing firms was \$359,200. In

Table 9. Change in the Net Worth of Big Business in Selected Years

| Assets in \$1000's | Mid- point (MP) | % of Firms 1948 | MP x % of Firms 1948 | % of Firms 1952 | MP x % of Firms 1952 | % of Firms 1956 | MP x % of Firms 1956 | % of Firms 1960 | MP x % of Firms 1960 |
|-----------------------|-----------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|
| 0- | 19.9 | 10 | 16.5 | 1.6 | 17.0 | 1.7 | 4.5 | .4 | 6.4 |
| 20- | 49.9 | 35 | 17.5 | 6.1 | 17.5 | 6.1 | 5.9 | 2.1 | 3.7 |
| 50- | 99.9 | 75 | 12.0 | 9.0 | 11.5 | 8.6 | 22.4 | 16.8 | 12.8 |
| 100- | 199.9 | 150 | 25.2 | 37.8 | 24.2 | 36.3 | 16.4 | 24.6 | 23.0 |
| 200- | 499.9 | 350 | 16.5 | 57.7 | 17.5 | 61.2 | 20.8 | 72.8 | 19.2 |
| 500- | 999.9 | 750 | 5.0 | 37.5 | 4.5 | 33.7 | 13.5 | 99.2 | 9.1 |
| 1,000- | 1,999.9 | 1,500 | 2.3 | 34.5 | 2.8 | 42.0 | 7.5 | 112.5 | 14.1 |
| 2,000- | 4,999.9 | 3,500 | 5.0 | 175.0 | 5.0 | 175.0 | 7.5 | 262.5 | 9.1 |
| 5,000- | 9,999.9 | 7,500 | -- | -- | -- | -- | 1.5 | 112.5 | 2.6 |
| 10,000-19,999.9 | 15,000 | -- | -- | -- | -- | -- | -- | -- | -- |
| Totals | | 100.0 | 359.2 | 100.0 | 364.6 | 100.0 | 703.4 | 100.0 | 906.4 |

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1952, the average worth of the firms rose to \$364,600; this figure became \$703,400 in 1956. In 1960 the firms had further increased their worth and the arithmetic mean became \$906,400. Finally, at the beginning of 1965 the mean value of big business firms in Turkey was \$1,854,730.

If 1948 figures are taken as an index, it will be possible to calculate the percentage growth in total assets or in net worth of the private sector from 1948 to 1965. If 1948 equals 100, then the arithmetic mean in 1952 will be 102; in 1956 it will be 195; in 1960 it becomes 252; and finally in 1965 it rises to 515. As it was earlier indicated, there was almost no increase between 1948 and 1952; in 1956 a 95 per cent growth was witnessed relative to 1948; and in 1960 this percentage of increase in growth became 152. At the beginning of 1965, the firms had increased their net worth by 415 per cent relative to 1948, and by 338 per cent compared to their net worth in 1960. The reasons for this sudden increase in net value of the firms' total assets are varied. It may reflect just a more exact valuation of the total assets by firms for fear of government prosecution. Following the coup d'etat of 1960, many new laws were enacted for the purpose of reducing, if not eliminating, fraudulent tax evasions of business in general.

However, in the true sense of the work, there was no spectacular overall gain in the net worth of the

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firms. Business, either because of insecurity of the future or because of lack of funds, never did make extremely high capital investments above a certain level. As one owner pointed out, investment in equipment was considered unwise.

Although assets indicate the size of the firm, in a developing country this is an often misleading measure. For tax purposes and a desire for cash money balances, capital investments are kept at a minimum. A plant may operate three shifts rather than enlarge present facilities.

Growth Patterns in Employment during Selected Years

Forty per cent of the firms in 1948 had an employment of less than 50 workers. After 1948, there was a gradual reduction in the percentage of firms with such low employment. In 1952, only 35.5 per cent of all the firms, 25.2 per cent in 1956, and 24 per cent in 1960, had less than 50 employees. On the other hand, there was a gradual increase in the percentage of firms with employment between 100-599 persons. In 1948, only 25.5 per cent of the firms were within the 100-599 employment range. This percentage rose to 29.2 per cent in 1952, to 34.4 per cent in 1956, and to 36.3 per cent in 1960. In short, firms became larger in terms of employment. Gradually, employment rose to levels comparable with Western organizations.

Table 10. Employment Patterns of Big Business in Selected Years

| Number of Employees (Emp) | Mid- point (MP) | % of Firms 1948 | MP x % Emp 1948 | % of Firms 1952 | MP x % Emp 1952 | % of Firms 1956 | MP x % Emp 1956 | % of Firms 1960 | MP x % Emp 1960 |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 0- 49 | 25 | 40.0 | 10.0 | 35.5 | 8.8 | 25.2 | 6.2 | 24.0 | 6.0 |
| 50- 99 | 75 | 19.5 | 11.6 | 20.9 | 15.6 | 20.6 | 15.4 | 22.5 | 16.8 |
| 100- 199 | 150 | 14.2 | 21.3 | 10.4 | 15.6 | 25.4 | 38.1 | 17.6 | 26.4 |
| 200- 399 | 300 | 9.3 | 27.9 | 10.4 | 31.2 | 4.5 | 13.5 | 12.3 | 36.9 |
| 400- 599 | 500 | 2.4 | 12.0 | 8.4 | 42.0 | 4.5 | 22.0 | 6.4 | 32.0 |
| 600- 799 | 700 | 4.9 | 34.3 | 4.5 | 31.5 | 7.8 | 54.6 | 6.4 | 44.8 |
| 800- 999 | 900 | 2.4 | 21.6 | 1.9 | 17.1 | 3.0 | 27.0 | 1.5 | 13.5 |
| 1,000-1,999 | 1,500 | 4.9 | 73.5 | 4.0 | 60.0 | 4.5 | 67.5 | 2.9 | 43.5 |
| 2,000-2,999 | 2,500 | 2.4 | 60.0 | 4.0 | 100.0 | 4.5 | 112.5 | 6.4 | 160.0 |
| Totals | | 100.0 | 272.2 | 100.0 | 321.8 | 100.0 | 356.8 | 100.0 | 379.9 |

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As shown in Table 10, in 1948 the average employment in big business was 272.2. This figure rose to 321.8 in 1952, then to 356.8 in 1956. The 1960's were more promising and, on the average, employment became 379.9. In 1956, the arithmetic mean of employment fell to 359.9 employees working full-time in the average big business enterprise.

To trace percentage growth from 1948 to 1965, index numbers will be used. If 1948 is taken as an index, then average employment corresponding to 272.2 will be 100. Accordingly, employment in 1952, 1956, 1960, and 1965 will become 117, 131, 139, and 122, respectively.

The fall in employment in 1965 by 14 per cent relative to 1960 is partially accounted for by the astonishingly high increase in assets in 1965. Apparently, business had undergone some mechanization and its effects were reflected in reduced employment. It was also mentioned earlier that the increase in assets was partially due to more exact calculation rather than true increases. In the earlier years between 1948 and 1956, growth in employment was more drastic than the increase in the net worth of the firms. This reflects the peculiar characteristics of Turkish business. Firms tend to increase their profits or total returns by increasing the variable factors of production more than the fixed factors of production. This is why the first impression of a visitor to a manufacturing concern in Turkey

will be that work stations are overcrowded and there are too many maintenance workers and errand boys. Disproportionate use of variable and fixed factors of production (more variable than fixed) leads to an overuse of machines and equipment which, in turn, accounts for the lack of productivity and efficiency of the existing concerns. Plants are too small to be efficient, and firms operate with facilities below optimum scales. Greater security, increased mutual trust between government and private enterprise, better consulting services, and low-interest rates on long-term loans might remedy this situation.

Increasing Total Revenue in the Private Sector between 1948 and 1965. As shown in Table 11. there was no major change in total revenue between 1948 and 1952. There was even a reverse movement toward very low levels of sales (12.2 per cent of the firms in 1948 had sales of less than \$100,000, while in 1952 this percentage increased to 14.7). However, firms in the low sales category decreased both in number and per cent in 1960. No net increase was witnessed for high sales categories (in 1948, 21.9 per cent of the firms had sales between \$2,000,000-7,999,999; in 1952 this percentage dropped to 18.7). On the other hand, there was a discernible growth in very high sales categories (in 1948 no firms had sales of more than \$8,000,000 while in 1952, 6.5 per cent of all the firms were in this

Table 11. Sales by Selected Years in Big Business

| | 1929 | 1933 | 1937 | 1941 | 1945 | 1949 | 1953 | 1957 | 1961 | 1965 | 1969 | 1973 | 1977 | 1981 | 1985 | 1989 | 1993 | 1997 | 2001 | 2005 | 2009 | 2013 | 2017 | 2021 | 2025 | 2029 | 2033 | 2037 | 2041 | 2045 | 2049 | 2053 | 2057 | 2061 | 2065 | 2069 | 2073 | 2077 | 2081 | 2085 | 2089 | 2093 | 2097 | 2101 | 2105 | 2109 | 2113 | 2117 | 2121 | 2125 | 2129 | 2133 | 2137 | 2141 | 2145 | 2149 | 2153 | 2157 | 2161 | 2165 | 2169 | 2173 | 2177 | 2181 | 2185 | 2189 | 2193 | 2197 | 2201 | 2205 | 2209 | 2213 | 2217 | 2221 | 2225 | 2229 | 2233 | 2237 | 2241 | 2245 | 2249 | 2253 | 2257 | 2261 | 2265 | 2269 | 2273 | 2277 | 2281 | 2285 | 2289 | 2293 | 2297 | 2301 | 2305 | 2309 | 2313 | 2317 | 2321 | 2325 | 2329 | 2333 | 2337 | 2341 | 2345 | 2349 | 2353 | 2357 | 2361 | 2365 | 2369 | 2373 | 2377 | 2381 | 2385 | 2389 | 2393 | 2397 | 2401 | 2405 | 2409 | 2413 | 2417 | 2421 | 2425 | 2429 | 2433 | 2437 | 2441 | 2445 | 2449 | 2453 | 2457 | 2461 | 2465 | 2469 | 2473 | 2477 | 2481 | 2485 | 2489 | 2493 | 2497 | 2501 | 2505 | 2509 | 2513 | 2517 | 2521 | 2525 | 2529 | 2533 | 2537 | 2541 | 2545 | 2549 | 2553 | 2557 | 2561 | 2565 | 2569 | 2573 | 2577 | 2581 | 2585 | 2589 | 2593 | 2597 | 2601 | 2605 | 2609 | 2613 | 2617 | 2621 | 2625 | 2629 | 2633 | 2637 | 2641 | 2645 | 2649 | 2653 | 2657 | 2661 | 2665 | 2669 | 2673 | 2677 | 2681 | 2685 | 2689 | 2693 | 2697 | 2701 | 2705 | 2709 | 2713 | 2717 | 2721 | 2725 | 2729 | 2733 | 2737 | 2741 | 2745 | 2749 | 2753 | 2757 | 2761 | 2765 | 2769 | 2773 | 2777 | 2781 | 2785 | 2789 | 2793 | 2797 | 2801 | 2805 | 2809 | 2813 | 2817 | 2821 | 2825 | 2829 | 2833 | 2837 | 2841 | 2845 | 2849 | 2853 | 2857 | 2861 | 2865 | 2869 | 2873 | 2877 | 2881 | 2885 | 2889 | 2893 | 2897 | 2901 | 2905 | 2909 | 2913 | 2917 | 2921 | 2925 | 2929 | 2933 | 2937 | 2941 | 2945 | 2949 | 2953 | 2957 | 2961 | 2965 | 2969 | 2973 | 2977 | 2981 | 2985 | 2989 | 2993 | 2997 | 3001 | 3005 | 3009 | 3013 | 3017 | 3021 | 3025 | 3029 | 3033 | 3037 | 3041 | 3045 | 3049 | 3053 | 3057 | 3061 | 3065 | 3069 | 3073 | 3077 | 3081 | 3085 | 3089 | 3093 | 3097 | 3101 | 3105 | 3109 | 3113 | 3117 | 3121 | 3125 | 3129 | 3133 | 3137 | 3141 | 3145 | 3149 | 3153 | 3157 | 3161 | 3165 | 3169 | 3173 | 3177 | 3181 | 3185 | 3189 | 3193 | 3197 | 3201 | 3205 | 3209 | 3213 | 3217 | 3221 | 3225 | 3229 | 3233 | 3237 | 3241 | 3245 | 3249 | 3253 | 3257 | 3261 | 3265 | 3269 | 3273 | 3277 | 3281 | 3285 | 3289 | 3293 | 3297 | 3301 | 3305 | 3309 | 3313 | 3317 | 3321 | 3325 | 3329 | 3333 | 3337 | 3341 | 3345 | 3349 | 3353 | 3357 | 3361 | 3365 | 3369 | 3373 | 3377 | 3381 | 3385 | 3389 | 3393 | 3397 | 3401 | 3405 | 3409 | 3413 | 3417 | 3421 | 3425 | 3429 | 3433 | 3437 | 3441 | 3445 | 3449 | 3453 | 3457 | 3461 | 3465 | 3469 | 3473 | 3477 | 3481 | 3485 | 3489 | 3493 | 3497 | 3501 | 3505 | 3509 | 3513 | 3517 | 3521 | 3525 | 3529 | 3533 | 3537 | 3541 | 3545 | 3549 | 3553 | 3557 | 3561 | 3565 | 3569 | 3573 | 3577 | 3581 | 3585 | 3589 | 3593 | 3597 | 3601 | 3605 | 3609 | 3613 | 3617 | 3621 | 3625 | 3629 | 3633 | 3637 | 3641 | 3645 | 3649 | 3653 | 3657 | 3661 | 3665 | 3669 | 3673 | 3677 | 3681 | 3685 | 3689 | 3693 | 3697 | 3701 | 3705 | 3709 | 3713 | 3717 | 3721 | 3725 | 3729 | 3733 | 3737 | 3741 | 3745 | 3749 | 3753 | 3757 | 3761 | 3765 | 3769 | 3773 | 3777 | 3781 | 3785 | 3789 | 3793 | 3797 | 3801 | 3805 | 3809 | 3813 | 3817 | 3821 | 3825 | 3829 | 3833 | 3837 | 3841 | 3845 | 3849 | 3853 | 3857 | 3861 | 3865 | 3869 | 3873 | 3877 | 3881 | 3885 | 3889 | 3893 | 3897 | 3901 | 3905 | 3909 | 3913 | 3917 | 3921 | 3925 | 3929 | 3933 | 3937 | 3941 | 3945 | 3949 | 3953 | 3957 | 3961 | 3965 | 3969 | 3973 | 3977 | 3981 | 3985 | 3989 | 3993 | 3997 | 4001 | 4005 | 4009 | 4013 | 4017 | 4021 | 4025 | 4029 | 4033 | 4037 | 4041 | 4045 | 4049 | 4053 | 4057 | 4061 | 4065 | 4069 | 4073 | 4077 | 4081 | 4085 | 4089 | 4093 | 4097 | 4101 | 4105 | 4109 | 4113 | 4117 | 4121 | 4125 | 4129 | 4133 | 4137 | 4141 | 4145 | 4149 | 4153 | 4157 | 4161 | 4165 | 4169 | 4173 | 4177 | 4181 | 4185 | 4189 | 4193 | 4197 | 4201 | 4205 | 4209 | 4213 | 4217 | 4221 | 4225 | 4229 | 4233 | 4237 | 4241 | 4245 | 4249 | 4253 | 4257 | 4261 | 4265 | 4269 | 4273 | 4277 | 4281 | 4285 | 4289 | 4293 | 4297 | 4301 | 4305 | 4309 | 4313 | 4317 | 4321 | 4325 | 4329 | 4333 | 4337 | 4341 | 4345 | 4349 | 4353 | 4357 | 4361 | 4365 | 4369 | 4373 | 4377 | 4381 | 4385 | 4389 | 4393 | 4397 | 4401 | 4405 | 4409 | 4413 | 4417 | 4421 | 4425 | 4429 | 4433 | 4437 | 4441 | 4445 | 4449 | 4453 | 4457 | 4461 | 4465 | 4469 | 4473 | 4477 | 4481 | 4485 | 4489 | 4493 | 4497 | 4501 | 4505 | 4509 | 4513 | 4517 | 4521 | 4525 | 4529 | 4533 | 4537 | 4541 | 4545 | 4549 | 4553 | 4557 | 4561 | 4565 | 4569 | 4573 | 4577 | 4581 | 4585 | 4589 | 4593 | 4597 | 4601 | 4605 | 4609 | 4613 | 4617 | 4621 | 4625 | 4629 | 4633 | 4637 | 4641 | 4645 | 4649 | 4653 | 4657 | 4661 | 4665 | 4669 | 4673 | 4677 | 4681 | 4685 | 4689 | 4693 | 4697 | 4701 | 4705 | 4709 | 4713 | 4717 | 4721 | 4725 | 4729 | 4733 | 4737 | 4741 | 4745 | 4749 | 4753 | 4757 | 4761 | 4765 | 4769 | 4773 | 4777 | 4781 | 4785 | 4789 | 4793 | 4797 | 4801 | 4805 | 4809 | 4813 | 4817 | 4821 | 4825 | 4829 | 4833 | 4837 | 4841 | 4845 | 4849 | 4853 | 4857 | 4861 | 4865 | 4869 | 4873 | 4877 | 4881 | 4885 | 4889 | 4893 | 4897 | 4901 | 4905 | 4909 | 4913 | 4917 | 4921 | 4925 | 4929 | 4933 | 4937 | 4941 | 4945 | 4949 | 4953 | 4957 | 4961 | 4965 | 4969 | 4973 | 4977 | 4981 | 4985 | 4989 | 4993 | 4997 | 5001 | 5005 | 5009 | 5013 | 5017 | 5021 | 5025 | 5029 | 5033 | 5037 | 5041 | 5045 | 5049 | 5053 | 5057 | 5061 | 5065 | 5069 | 5073 | 5077 | 5081 | 5085 | 5089 | 5093 | 5097 | 5101 | 5105 | 5109 | 5113 | 5117 | 5121 | 5125 | 5129 | 5133 | 5137 | 5141 | 5145 | 5149 | 5153 | 5157 | 5161 | 5165 | 5169 | 5173 | 5177 | 5181 | 5185 | 5189 | 5193 | 5197 | 5201 | 5205 | 5209 | 5213 | 5217 | 5221 | 5225 | 5229 | 5233 | 5237 | 5241 | 5245 | 5249 | 5253 | 5257 | 5261 | 5265 | 5269 | 5273 | 5277 | 5281 | 5285 | 5289 | 5293 | 5297 | 5301 | 5305 | 5309 | 5313 | 5317 | 5321 | 5325 | 5329 | 5333 | 5337 | 5341 | 5345 | 5349 | 5353 | 5357 | 5361 | 5365 | 5369 | 5373 | 5377 | 5381 | 5385 | 5389 | 5393 | 5397 | 5401 | 5405 | 5409 | 5413 | 5417 | 5421 | 5425 | 5429 | 5433 | 5437 | 5441 | 5445 | 5449 | 5453 | 5457 | 5461 | 5465 | 5469 | 5473 | 5477 | 5481 | 5485 | 5489 | 5493 | 5497 | 5501 | 5505 | 5509 | 5513 | 5517 | 5521 | 5525 | 5529 | 5533 | 5537 | 5541 | 5545 | 5549 | 5553 | 5557 | 5561 | 5565 | 5569 | 5573 | 5577 | 5581 | 5585 | 5589 | 5593 | 5597 | 5601 | 5605 | 5609 | 5613 | 5617 | 5621 | 5625 | 5629 | 5633 | 5637 | 5641 | 5645 | 5649 | 5653 | 5657 | 5661 | 5665 | 5669 | 5673 | 5677 | 5681 | 5685 | 5689 | 5693 | 5697 | 5701 | 5705 | 5709 | 5713 | 5717 | 5721 | 5725 | 5729 | 5733 | 5737 | 5741 | 5745 | 5749 | 5753 | 5757 | 5761 | 5765 | 5769 | 5773 | 5777 | 5781 | 5785 | 5789 | 5793 | 5797 | 5801 | 5805 | 5809 | 5813 | 5817 | 5821 | 5825 | 5829 | 5833 | 5837 | 5841 | 5845 | 5849 | 5853 | 5857 | 5861 | 5865 | 5869 | 5873 | 5877 | 5881 | 5885 | 5889 | 5893 | 5897 | 5901 | 5905 | 5909 | 5913 | 5917 | 5921 | 5925 | 5929 | 5933 | 5937 | 5941 | 5945 | 5949 | 5953 | 5957 | 5961 | 5965 | 5969 | 5973 | 5977 | 5981 | 5985 | 5989 | 5993 | 5997 | 6001 | 6005 | 6009 | 6013 | 6017 | 6021 | 6025 | 6029 | 6033 | 6037 | 6041 | 6045 | 6049 | 6053 | 6057 | 6061 | 6065 | 6069 | 6073 | 6077 | 6081 | 6085 | 6089 | 6093 | 6097 | 6101 | 6105 | 6109 | 6113 | 6117 | 6121 | 6125 | 6129 | 6133 | 6137 | 6141 | 6145 | 6149 | 6153 | 6157 | 6161 | 6165 | 6169 | 6173 | 6177 | 6181 | 6185 | 6189 | 6193 | 6197 | 6201 | 6205 | 6209 | 6213 | 6217 | 6221 | 6225 | 6229 | 6233 | 6237 | 6241 | 6245 | 6249 | 6253 | 6257 | 6261 | 6265 | 6269 | 6273 | 6277 | 6281 | 6285 | 6289 | 6293 | 6297 | 6301 | 6305 | 6309 | 6313 | 6317 | 6321 | 6325 | 6329 | 6333 | 6337 | 6341 | 6345 | 6349 | 6353 | 6357 | 6361 | 6365 | 6369 | 6373 | 6377 | 6381 | 6385 | 6389 | 6393 | 6397 | 6401 | 6405 | 6409 | 6413 | 6417 | 6421 | 6425 | 6429 | 6433 | 6437 | 6441 | 6445 | 6449 | 6453 | 6457 | 6461 | 6465 | 6469 | 6473 | 6477 | 6481 | 6485 | 6489 | 6493 | 6497 | 6501 | 6505 | 6509 | 6513 | 6517 | 6521 | 6525 | 6529 | 6533 | 6537 | 6541 | 6545 | 6549 | 6553 | 6557 | 6561 | 6565 | 6569 | 6573 | 6577 | 6581 | 6585 | 6589 | 6593 | 6597 | 6601 | 6605 | 6609 | 6613 | 6617 | 6621 | 6625 | 6629 | 6633 | 6637 | 6641 | 6645 | 6649 | 6653 | 6657 | 6661 | 6665 | 6669 | 6673 | 6677 | 6681 | 6685 | 6689 | 6693 | 6697 | 6701 | 6705 | 6709 | 6713 | 6717 | 6721 | 6725 | 6729 | 6733 | 6737 | 6741 | 6745 | 6749 | 6753 | 6757 | 6761 | 6765 | 6769 | 6773 | 6777 | 6781 | 6785 | 6789 | 6793 | 6797 | 6801 | 6805 | 6809 | 6813 | 6817 | 6821 | 6825 | 6829 | 6833 | 6837 | 6841 | 6845 | 6849 | 6853 | 6857 | 6861 | 6865 | 6869 | 6873 | 6877 | 6881 | 6885 | 6889 | 6893 | 6897 | 6901 | 6905 | 6909 | 6913 | 6917 | 6921 | 6925 | 6929 | 6933 | 6937 | 6941 | 6945 | 6949 | 6953 | 6957 | 6961 | 6965 | 6969 | 6973 | 6977 | 6981 | 6985 | 6989 | 6993 | 6997 | 7001 | 7005 | 7009 | 7013 | 7017 | 7021 | 7025 | 7029 | 7033 | 7037 | 7041 | 7045 | 7049 | 7053 | 7057 | 7061 | 7065 | 7069 | 7073 | 7077 | 7081 | 7085 | 7089 | 7093 | 7097 | 7101 | 7105 | 7109 | 7113 | 7117 | 7121 | 7125 | 7129 | 7133 | 7137 | 7141 | 7145 | 7149 | 7153 | 7157 | 7161 | 7165 | 7169 | 7173 | 7177 | 7181 | 7185 | 7189 | 7193 | 7197 | 7201 | 7205 | 7209 | 7213 | 7217 | 7221 | 7225 | 7229 | 7233 | 7237 | 7241 | 7245 | 7249 | 7253 | 7257 | 7261 | 7265 | 7269 | 7273 | 7277 | 7281 | 7285 | 7289 | 7293 | 7297 | 7301 | 7305 | 7309 | 7313 | 7317 | 7321 | 7325 | 7329 | 7333 | 7337 | 7341 | 7345 | 7349 | 7353 | 7357 | 7361 | 7365 | 7369 | 7373 | 7377 | 7381 | 7385 | 7389 | 7393 |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-----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Table 11. Sales by Selected Years in Big Business

| Sales in \$1000's | Mid- point (MP) | % of Firms 1948 | MP x % of Firms 1948 | % of Firms 1952 | MP x % of Firms 1952 | % of Firms 1956 | MP x % of Firms 1956 | % of Firms 1960 | MP x % of Firms 1960 | |
|----------------------|-----------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|--------|
| 0- | 99.9 | 50 | 12.2 | 6.1 | 14.7 | 7.3 | 15.6 | 7.8 | 5.2 | 2.6 |
| 100- | 499.9 | 300 | 41.7 | 125.1 | 34.0 | 102.0 | 25.0 | 75.0 | 20.8 | 62.4 |
| 500- | 999.9 | 750 | 12.1 | 90.7 | 12.3 | 92.2 | 17.4 | 130.5 | 15.2 | 114.0 |
| 1,000- | 1,499.9 | 1,250 | 4.8 | 59.8 | 6.8 | 85.0 | 6.2 | 77.5 | 13.9 | 173.7 |
| 1,500- | 1,999.9 | 1,750 | 7.3 | 127.7 | 6.8 | 119.0 | 7.8 | 135.5 | 6.6 | 115.5 |
| 2,000- | 4,999.9 | 3,250 | 14.6 | 474.5 | 12.3 | 499.7 | 14.0 | 455.0 | 22.3 | 724.7 |
| 5,000- | 7,999.9 | 6,500 | 7.3 | 474.5 | 6.8 | 442.0 | 4.8 | 312.0 | 8.4 | 546.0 |
| 8,000- | 9,999.9 | 9,000 | 0.0 | 0.0 | 4.2 | 378.0 | 3.0 | 270.0 | 0.0 | 0.0 |
| 10,000- | 14,999.9 | 12,500 | 0.0 | 0.0 | 2.1 | 262.5 | 6.2 | 775.0 | 7.6 | 950.0 |
| 15,000- | 49,999.9 | 32,500 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Totals | | | 100.0 | 1358.4 | 100.0 | 1987.7 | 100.0 | 2238.3 | 100.0 | 2688.9 |

group). From 1948 to 1952, business firms had a very slow growth in terms of sales.

In 1956, the firms faced an overall decline in sales and more firms were found in low sales categories (\$100,000-499,999). Nineteen hundred sixty, on the other hand, was a period of rapid growth, only 5.2 per cent of all the firms were in the very low sales group (less than \$100,000). Only 20.8 per cent of the firms in 1960 were in the low sales group as opposed to 41.7 per cent in 1948, 34.0 per cent in 1952, and 25.0 per cent in 1956. The percentage of firms in average sales group (\$500,000-1,999,999) increased to 35.7 in 1960. This was only 24.2 per cent in 1948, 25.1 per cent in 1952, and 31.3 per cent in 1956.

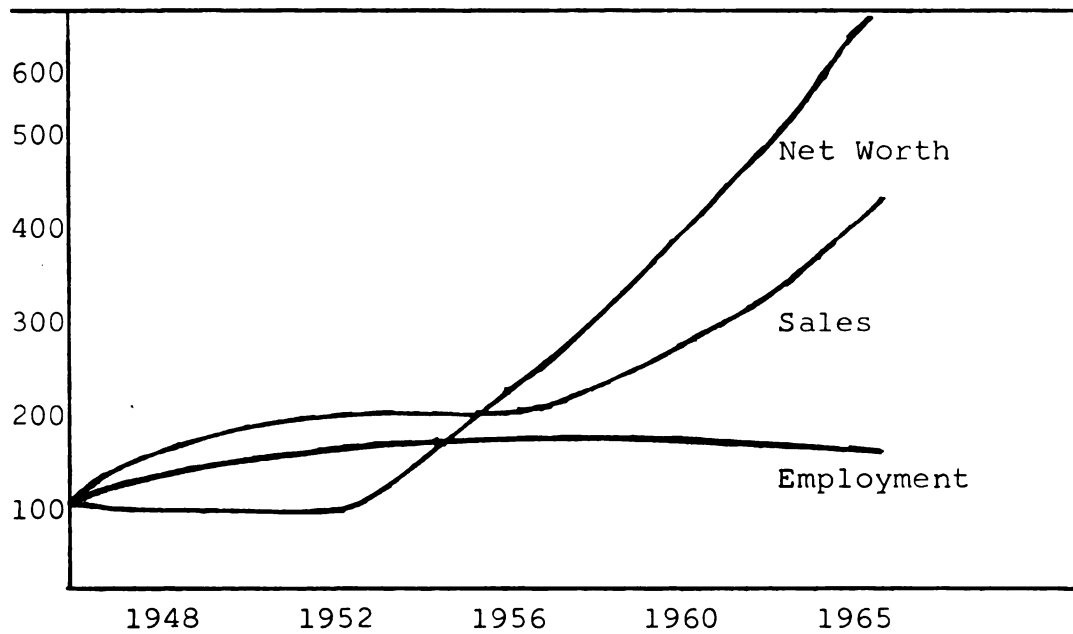
The change in sales was more drastic in the high sales group firms (\$2,000,000-7,999,999). Thirty and seven-tenths per cent of the firms in 1960 were in this category while this percentage was only 21.9 in 1948, 18.7 in 1952, and 18.7 in 1956.

The percentage of firms in the high sales group after increasing to 9.4 per cent in 1956 from 0 per cent in 1948 declined to 7.6 per cent in 1960. The arithmetic mean for 1948 sales is \$1,358,400. If this year is taken as an index, as was for measuring the growth in net worth and in employment, the following growth pattern can be traced:

If sales in 1948 are taken as 100, then sales in 1952 will be 146; in 1956 will be 164; in 1960, 198; and in 1965 will be 317. There was a 217 per cent of growth in sales with respect to 1948 sales of big business. This high percentage of growth in 1965 corresponds to high net value. All indications are that the firms are witnessing changes since 1960 and especially since 1964. Business is becoming more comparable with its counterparts in Western societies. The present situation shows that business has started to invest and has understood the value of mechanization. This is indicated by the fact that while in 1965 the net worth of the firms was 28 per cent greater than its value just five years ago in 1960, employment rose only by five per cent, and sales skyrocketed to an all time high, 21 per cent more than in 1960.

Summary of General Trends. Figure 1 depicts the relative growth of big business by using three different criteria. If employment was used alone, one could have reached a conclusion by stating that business in Turkey is slow to develop and is almost stagnant. Sales all through the years, and assets after 1956, will tell another story -- one of extremely rapid growth.

Figure 5.1 Comparative development of the business firms in terms of assets, sales and employment.



Based upon the statistical evidence presented, it is then possible to distinguish two types of growth patterns between 1948 and 1965. The first period is between 1948 and 1960 and is characterized by a slow development. Within this period, the overall growth picture of the Turkish business firms is often misleading. No single criterion can adequately depict the true situation, but rather assets, employment, and sales must be analyzed simultaneously. Increase in sales was mostly accomplished through greater employment.

The second period starts after 1960 and begins to form its characteristics around 1964. This is the picture of a mature business, a business that is oriented toward true development and that attempts to mechanize its firms. Scientific business administration has

finally started to emerge. This period is distinct from the first period due to the pattern of growth in assets, employment, and sales. It is characterized by fast growth while the first period was one of slow development.

Thus the hypothesis put forth in the beginning of this chapter is proved. The general trend observed in industry is representative of all the individual industries surveyed in this research, with the exception of retailing and wholesaling. These two organizations are surveyed in the next section.

Development of Retailing and Wholesaling in Selected Years

Growth patterns in retailing and wholesaling will be surveyed as a separate industrial category. The criteria will be the same; namely, assets, employment, and sales. A relationship will be formulated in terms of growth patterns using these three different criteria to see whether this category of business in Turkey conforms to the general trend outlined previously. Nineteen hundred forty-eight figures will be taken as an index, and the firms' situation in 1952, 1956, 1960, and 1965 will be compared with each other, taking 1948 assets, sales, and employment as 100. First, the arithmetic mean of assets, sales, and employment during each of the selected years must be found. Table 12 will form the basis for the computation.

The reluctance of the firms in giving exact figures was eliminated by forming categories and asking the firms to indicate in which specific category they were located. For instance, it would have been very naive to ask for or to seek an exact sales figure for any specific period since very seldom would a sincere answer be given. Instead, asking whether the company sales were within a broad category, say between \$400,000-999,999, for 1960 resulted in more favorable responses. If the exact sales figures for that year were \$600,000, by checking the proper category, the firm by no means would have given out information that might become incriminatory or detrimental to its competitive position.

Total worth of the firms shows physical as well as financial growth and includes all capital invested in fixed or variable assets. It reflects direct contributions of the firms to the total economy. For this reason, growth in terms of total worth is very important. This importance becomes greater in a country craving for development

Table 12. Growth of Retail and Wholesale Organizations in Terms of Assets

| Net Worth in \$1000's | Mid- point (MP) | % of Firms 1948 | MPx % of Firms 1948 | % of Firms 1952 | MPx % of Firms 1952 | % of Firms 1956 | MPx % of Firms 1956 | % of Firms 1960 | MPx % of Firms 1960 |
|--------------------------|-----------------------|-----------------------|------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|
| 0- | 19.9 | 10 | 15.4 | 1.5 | 15.4 | 1.5 | 6.2 | 9.5 | .9 |
| 20- | 49.9 | 35 | 15.4 | 5.3 | 15.4 | 5.3 | 12.6 | 9.5 | 3.3 |
| 50- | 99.9 | 75 | 15.4 | 11.5 | 15.4 | 11.5 | 31.2 | 14.3 | 10.7 |
| 100- | 199.9 | 150 | 15.4 | 23.1 | 15.4 | 23.1 | 6.2 | 28.6 | 4.9 |
| 200- | 499.9 | 350 | 15.4 | 53.9 | 7.7 | 26.9 | 25.0 | 14.3 | 50.0 |
| 500- | 999.9 | 750 | 7.7 | 57.7 | 15.4 | 115.5 | 0.0 | 9.5 | 71.2 |
| 1,000- | 1,999.9 | 1,500 | 7.7 | 115.5 | 7.7 | 115.5 | 12.6 | 9.5 | 142.5 |
| 2,000- | 4,999.9 | 3,500 | 7.6 | 269.5 | 7.6 | 269.5 | 6.2 | 4.8 | 168.0 |
| 5,000- | 9,999.9 | 7,500 | -- | -- | -- | -- | -- | -- | -- |
| 10,000- | 19,999.9 | 15,000 | -- | -- | -- | -- | -- | -- | -- |
| Totals | | 100.0 | 538.0 | 100.0 | 568.8 | 100.0 | 531.2 | 100.0 | 451.5 |

The growth of commercial organizations presents a dim picture. As Table 12 shows, the arithmetic mean of the total worth of the commercial institutions in 1848 is \$538,000. In 1952, this is increased to \$568,800 and then declined to \$531,200 in 1956 and to \$451,500 in 1960. Except for 1952, there was no growth at all in the following years. As a matter of fact, there was a decline.

If 1948 is taken as an index, \$538,000 equals 100, then the worth of the commercial organizations in 1952 will be 106, in 1956, 99, and in 1960, 86. According to this picture, there was a six per cent growth in the worth of the firms between 1948 and 1952; however, there was a decline in the worth of the commercial organizations by 1 per cent when compared to 1948, and a decline of 14 per cent in 1960. Although the general industrial trend is no better than this, nevertheless the industry did not show any net reduction or decline in total average worth since 1948. The reasons for this decline, in spite of some evident investments and enlargement of the firms, are the reduction in the net value of the fixed assets due to depreciation. The tendency in this sector of the industry is to continue to use existing facilities until they become unusable. When the worth of total assets of the retail and wholesale organizations were calculated, this was considered the going resale value during specified dates.

On the other hand, as shown in Table 13, there was a disproportionately high growth in the sales of the same

Table 13. Growth of Retail and Wholesale Organizations in Terms of Gross Sales

| Sales in \$1,000's | Mid- point (MP) | MPx | | MPx | | MPx | | MPx | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | % of Firms 1948 | % of Firms 1948 | % of Firms 1952 | % of Firms 1952 | % of Firms 1956 | % of Firms 1956 | % of Firms 1960 | % of Firms 1960 |
| 0- 99.9 | 50 | 0.0 | 0.0 | 0.0 | 0.0 | 12.5 | 6.2 | 9.5 | 4.7 |
| 100- 499.9 | 300 | 40.0 | 12.0 | 35.4 | 10.9 | 18.6 | 55.8 | 23.8 | 71.4 |
| 500- 999.9 | 750 | 30.0 | 22.5 | 27.4 | 210.5 | 31.2 | 234.0 | 23.8 | 178.5 |
| 1,000- 1,499.9 | 1,250 | 10.0 | 12.5 | 9.3 | 116.2 | 6.3 | 78.7 | 9.5 | 118.7 |
| 1,500- 1,999.9 | 1,750 | 10.0 | 17.5 | 9.3 | 162.7 | 6.3 | 110.2 | 0.0 | 0.0 |
| 2,000- 4,999.9 | 3,250 | 0.0 | 0.0 | 9.3 | 302.2 | 12.5 | 406.2 | 23.8 | 773.5 |
| 5,000- 7,999.9 | 6,500 | 10.0 | 65.0 | 0.0 | 0.0 | 6.3 | 409.5 | 4.8 | 312.0 |
| 8,000- 9,999.9 | 9,000 | 0.0 | 0.0 | 9.3 | 837.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 10,000-14,999.9 | 12,500 | 0.0 | 0.0 | 0.0 | 0.0 | 6.3 | 787.5 | 4.8 | 600.0 |
| 15,000-49,999.9 | 32,500 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Totals | | 100.0 | 129.5 | 100.0 | 1,639.5 | 100.0 | 2,088.1 | 100.0 | 2,058.8 |

Table 14. Growth of Retail and Wholesale Organizations in Terms of Employment

| Number of Employees | Mid-point (MP) | MPx | | MPx | | MPx | | MPx | | MPx | |
|---------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | % of Firms 1948 | % of Firms 1948 | % of Firms 1948 | % of Firms 1948 | % of Firms 1952 | % of Firms 1952 | % of Firms 1956 | % of Firms 1956 | % of Firms 1960 | % of Firms 1960 |
| 0- 49 | 25 | 36.3 | 7.2 | 33.4 | 66.8 | 29.5 | 59.0 | 42.8 | 85.6 | | |
| 50- 99 | 75 | 27.3 | 19.1 | 16.7 | 116.9 | 11.8 | 82.6 | 14.4 | 100.8 | | |
| 100- 199 | 150 | 0.0 | 0.0 | 16.7 | 25.1 | 29.5 | 44.2 | 23.7 | 35.5 | | |
| 200- 399 | 300 | 9.1 | 27.3 | 8.3 | 24.9 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| 400- 599 | 500 | 0.0 | 0.0 | 0.0 | 0.0 | 11.8 | 59.0 | 4.8 | 24.0 | | |
| 600- 799 | 700 | 9.1 | 63.7 | 8.3 | 58.1 | 5.8 | 40.6 | 9.5 | 66.5 | | |
| 800- 999 | 900 | 9.1 | 81.9 | 8.3 | 74.7 | 5.8 | 52.2 | 0.0 | 0.0 | | |
| 1,000-1,999 | 1,500 | 9.1 | 136.5 | 8.3 | 124.5 | 5.8 | 87.0 | 0.0 | 0.0 | | |
| 2,000-2,999 | 2,500 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.8 | 120.0 | | |
| Totals | | 100.0 | 335.7 | 100.0 | 491.0 | 100.0 | 424.6 | 100.0 | 432.4 | | |

industries within the given years. In 1948, the average sales were \$129,500; in 1952 sales jumped to \$1,639,500; they went up to \$2,088,100 in 1956; then to \$2,058,800 in 1960. In terms of index numbers, the rate of growth of sales will be the following, if sales in 1948 equal 100: in 1952, 1266; in 1956, 1612; and in 1960, 1590. This was an unprecedented growth with no direct relationship between total assets and sales, if not an inverse relationship. However, the growth in sales was reflected in the increased number of employment which once more indicates how the Turkish private industry, particularly the marketing organizations, are labor intensive.

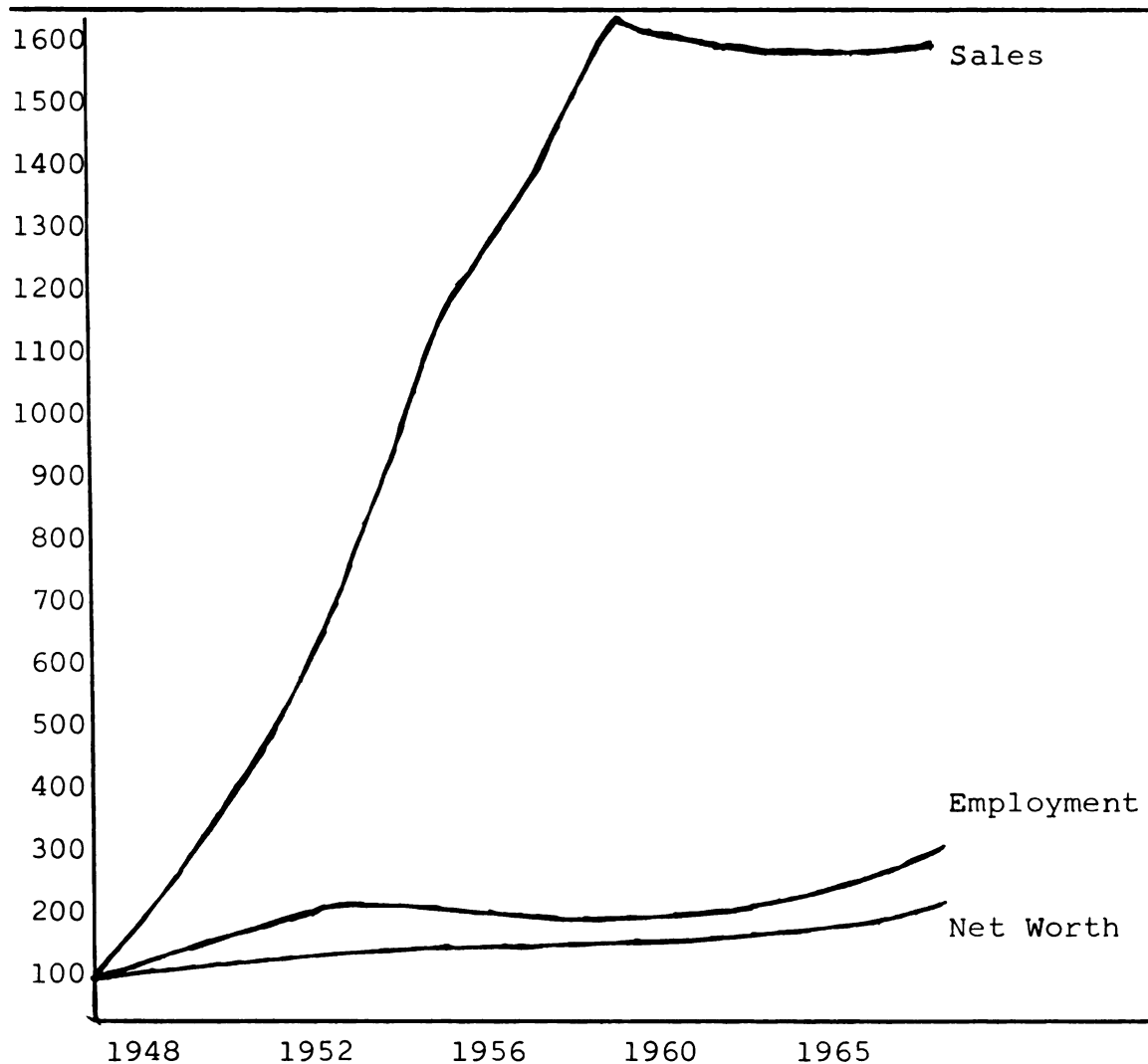
In 1948, the average number of employees in marketing firms was 335.7. In 1952, this figure rose to an all time high of 491.0. Incidentally, this corresponds to the only increase in the worth of these firms. In 1956, the average number employed dropped to 424.6 and in 1960, it rose somewhat to 432.4. If 1948 is taken as an index, 335.7 equals 100, then employment in 1952 was 146, 1956 it was 126, and finally employment increased to 128 in 1960. There was then an increase of 46 per cent from 1948 to 1952. This rate of growth declined to 26 per cent in 1956 to again become 28 per cent in 1960. The tremendous growth in the sales of those organizations was internally met by an increase in employment.

Commerce is a very lucrative business in Turkey. It does not require high capital investment, nor does it

require a high level of employment. Firms do not keep large inventories and there is a rapid turnover, often five to six times a year. This is why with a small investment, it is possible to increase the volume of sales disproportionately.

The percentage rate of growth in sales since 1948 was great, as indicated in Figure 2.

Figure 5.2 Comparative development of retail and whole-sale organizations in terms of assets, sales, and employment.



Using assets and employment as criteria, retaining and wholesaling institutions conform to the general trend and prove the validity of the operational hypothesis stated in the beginning of this chapter. However, when sales are introduced, as another criterion, the picture is reversed and the development up to 1960 becomes one of rapid growth which starts to decline after 1960.

CHAPTER VI

TRAITS OF TURKISH BIG BUSINESS LEADERS

When business leaders are observed and studied superficially, they have many traits in common; but when they are investigated in depth, they seldom present a regular behavior pattern. It is possible to study statistically the natural characteristics, the intellectual, educational, social, economic, religious backgrounds, and the mobility patterns of big business leaders. From these studies, generalizations about the apparent traits of big business leaders can be made. But when more profound socio-psychological surveys are carried out, no sweeping statements can be made about the behavior of big business leaders in Turkey.

In this chapter the common traits of the business leader will be analyzed. A presentation of the more significant findings will reveal a somewhat superficial self-portrait sketched by the big business leader, while Chapter VII will provide a more profound behavioral analysis. In this and the following chapters, several operational hypotheses will be tested. They will examine the traits and behavioral characteristics of Turkish big business leaders and thus provide the basis for accepting or rejecting the two major hypotheses stated earlier. Proceeding along these lines provides clarity and procedural effectiveness.

The Rank of the Business Leader in the Hierarchy of his Firm

The 103 men interviewed in this research occupy top positions in the administrative hierarchy of their firms. In fact, almost 78 per cent are chief executives. Their titles range from owner, partner, and managing director to general manager. Turkish business does not use the term "president" to indicate its chief executive. The term "president" is strictly limited to mean the chief of state only. The remaining 22 per cent represent the next highest ranks of command. They are assistant general managers, second principal owners, and sons of the owners.

Table 1. Rank of the Interviewed Business Leader in the Hierarchy of His Firm.

| Rank | Number | Per cent |
|-------------------|--------|----------|
| Chief Executive | 80 | 77.7 |
| Second in Command | 20 | 19.4 |
| Third in Command | 3 | 2.9 |
| Totals | 103 | 100.0 |

This group, composed of the big business leaders of Turkey, is not representative of the total business community. In terms of the type of activities, experience, philosophy, and managerial practices, there exist wide differences between the big business leaders, small

merchants, and industrialists making up the bulk of the business community. Big business leaders are engaged in activities that are of narrower scope than those of the whole community but are more significant for the economy. Though trade attracts the large majority of businessmen in the Turkish society, big business leaders are mostly engaged in industry.¹

Interviews revealed that the top executives among the big business leaders in the Turkish Republic are predominantly men of mature years, almost 16 per cent have passed their sixtieth birthdays. On the other hand, some 22 per cent range between 25 and 39 years of age. The distribution of ages would therefore seem to imply a relatively vigorous business leadership if socioeconomic backgrounds and educational stimuli were equally favorable.

The principal weakness in the age distribution appears to be the small proportion of younger men in the ranks of those who stand second or third in the hierarchy of command. Slightly more than 60 per cent of these combined groups range between 40 and 59 years of age, and only some 30 per cent represent the younger men who might be expected to succeed to the highest executive positions as openings occur in the future.

1. For additional information, see Chapters IV and V.

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Table 2. Hierarchical Rank and Age of Big Business Leaders

| Age | Position of the Business Leader in the Hierarchy of His Present Firm | | | |
|-----------------------|--|---------------------|------------------|-------|
| | First in Command* | Second in Command** | Third in Command | Total |
| Youngsters, 20-24 | -- | -- | -- | -- |
| Business Youth, 25-29 | 1 | 2 | -- | 3 |
| Young Adults, 30-34 | 7 | 2 | -- | 9 |
| Young Matures, 35-39 | 10 | 2 | 1 | 13 |
| Matures, 40-49 | 24 | 6 | -- | 30 |
| Experienced, 50-59 | 25 | 6 | 2 | 33 |
| Old Ones, 60-69 | 11 | 2 | -- | 13 |
| Aged Ones, 70-90 | 2 | -- | -- | 2 |
| Total | 80 | 20 | 3 | 103 |

* Occupies top position in the administrative group (chairman of the board, president, executive director and owner.)

** Vice president and general manager.

More than 90 per cent of those at the head of their organizations come from the upper or upper-middle social classes. They are almost invariably either the founders or have family ties with the founders of their firms. The family ties with the founder of the firm are mainly paternal.

Rable 3. Rank and Socio-economic Class of the Big Business Leader

| The Socio-economic Status of the Family in which the Business Leader was Raised | | Position of the Business Leader in the Hierarchy of his Present Firm | | | |
|---|--|--|-------------------|------------------|-------|
| | | First in Command | Second in Command | Third in Command | Total |
| Upper-upper | | 26 | 6 | -- | 32 |
| Lower-upper | | 14 | 4 | 1 | 19 |
| Upper-middle | | 33 | 8 | 2 | 43 |
| Lower-middle | | 3 | -- | -- | 3 |
| Upper-lower | | 4 | 1 | -- | 5 |
| Lower-lower | | -- | 1 | -- | 1 |
| Totals | | 80 | 20 | 3 | 103 |

The fathers of the chief executives almost always have business backgrounds, and the same is true of those second in command.

Natural Characteristics of Business Leaders

Operational hypotheses 2: The majority of the business leaders entered business life between 1949-1960, a period characterized by liberal economic policies. They were less than 50 years old, came from middle class merchant families, and were previously engaged in a related occupation in the private sector.

The 103 respondents are mostly middle-aged and older, three-fourths being over 40, and almost one-half over 50. Those from 50-59 constitute the largest single age group, numbering 33 men; the next largest age groups are those in their 40's, followed by those in their 30's. Although for the most part the business leaders are not young, the majority of them entered business rather late in life -- between 1949 and 1960. Indeed, 68 per cent started their careers after the Second World War. Between 1939-1949, 34 men started their careers; between 1950-1960, another 34 entered business for the first time; 8 of the respondents started their careers after 1960; but only 6 before 1923.

Table 4. Age and Period the Business Leader Entered Business Life

| Period when the Business Leader Entered Business Life | Busi- | | | | | | | | | |
|--|--------------------------|------------------------|--------------------------|---------------------------|------------------|---------------------------|----------------------|-----------------------|-------|--|
| | Young- sters 20-24 | ness Youth 25-29 | Young Adults 30-34 | Young Matures 35-39 | Matures 40-49 | Experi- enced 50-59 | Old ones 60-69 | Aged Ones 70-90 | Total | |
| Ottomans, 1900-1923 | -- | -- | -- | 1 | 1 | 1 | 1 | 2 | 6 | |
| Ataturk Generations, 1923-1938 | -- | -- | -- | -- | -- | 12 | 9 | -- | 21 | |
| Inonu Boys, 1939-1949 | -- | 1 | -- | 4 | 19 | 9 | 1 | -- | 34 | |
| Democrats, 1950-1960 | -- | 2 | 8 | 8 | 7 | 7 | 2 | -- | 34 | |
| Revolutionaries, 1961-1963 | -- | -- | 1 | -- | 3 | 4 | -- | -- | 8 | |
| Totals | 0 | 3 | 9 | 13 | 30 | 33 | 13 | 2 | 103 | |

When the period during which the respondents joined the business community is associated with the socio-economic status of the families in which they were raised, the most striking fact is that half those who started in business during the period between 1950-1960 came from the upper-middle class. They had no family ties with the founder of the firm. This period is characterized by the liberal economic policies of the former Democratic Party, now disbanded and outlawed. Those who started business careers between 1939-1949, on the other hand, tended to come from an upper-upper social stratification and nearly all had paternal family ties with the founder of the firm. The 1940's was the period during which the Republican Party carried out a very firm anti-business policy. It was very difficult to start a business at that time. That is why only the sons of the businessmen went into business. At the same time, public esteem for business was very low and it did not attract either young or experienced men of ambition.

Table 5. Social Class and Period when the Business Leader entered Business Life

| Socio-economic Status of Family in which Business Leader was Raised | Period when the Business Leader Entered Business Life | | | | | Total |
|--|--|--|--------------------------------|---------------------------------|--|-------|
| | Otto- mans 1900- 1923 | Ataturk Genera- tions 1923- 1938 | Inonu Boys 1939- 1949 | Demo- crats 1950- 1960 | Revolu- tion- aries 1961- 1963 | |
| Upper-upper | 2 | 6 | 14 | 10 | -- | 32 |
| Lower-upper | -- | 3 | 7 | 6 | 3 | 19 |
| Upper-middle | 4 | 11 | 9 | 17 | 2 | 43 |
| Lower-middle | -- | -- | 1 | -- | 2 | 3 |
| Upper-lower | -- | 1 | 2 | 1 | 1 | 5 |
| Lower-lower | -- | -- | 1 | -- | -- | 1 |
| Totals | 6 | 21 | 34 | 34 | 8 | 103 |

When the year the business leader entered business life is correlated with his employment history, the statements regarding social status and family connections with the founder of the firm are confirmed. Of those who entered business between 1939-1949, the dominant group had no previous business or any other employment experience; the companies in which they are presently employed are the one they had joined two decades ago. On the other hand, the largest group of those who started their business careers during the

period 1950-1960 had been previously employed in a related occupation in business. They are business executives who had typically changed employment several times in the business community before entering their present positions.

Table 6. Employment History and the Period when Business Leaders entered Business Life

| Employment History | | | | | | |
|---|--------------------------------|--|--------------------------------|---------------------------------|--|-------|
| | Otto- mans 1900- 1923 | Ataturk Genera- tions 1923- 1938 | Inonu Boys 1939- 1949 | Demo- crats 1950- 1960 | Revolu- tion- aries 1961- 1963 | Total |
| First job was with his present company | 2 | 7 | 16 | 7 | -- | 32 |
| Previously employed in a related occupa- tion in private sector | 3 | 6 | 11 | 9 | -- | 29 |
| Previously employed in private sector in unrelated occupa- tion | -- | 3 | 1 | 2 | 1 | 7 |
| Previously employed in government sector in a related occupa- tion | -- | -- | -- | 8 | 2 | 10 |
| Previously employed in government sector in unrelated occupa- tion | 1 | -- | 1 | -- | 2 | 4 |
| Previously self- employed | -- | 5 | 5 | 6 | -- | 16 |
| Occupied high government or political position | -- | -- | -- | 2 | 3 | 5 |
| Totals | 6 | 21 | 34 | 34 | 8 | 103 |

The 1939-1949 business leaders are almost entirely first-generation Turks, while the 1950-1960 group is second-generation. This is not surprising, since prior to 1939 Ataturk's government had a policy of encouraging private enterprise. But following the fall of the Ottoman Empire, Turkey had lost large portions of land and with them its entrepreneurial talent. The portion of Anatolia remaining, an arid plateau, produced soldiers and farmers, but not businessmen. Therefore, the original business talent had to be recruited from the former holdings of the new Republic of Turkey. However, the picture changed a decade later; the Democrats, by helping trade to change its unfavorable image, encouraged more people to go into business.

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Table 7. Occupation of the Father and Period when the Business Leader Entered Business Life.

| Occupation of the Business Leader's Father | Period when the Business Leader Entered Business Life | | | | | Total |
|--|--|--|--------------------------------|---------------------------------|--|-------|
| | Otto- mans 1900- 1923 | Ataturk Genera- tions 1923- 1938 | Inonu Boys 1939- 1949 | Demo- crats 1950- 1960 | Revolu- tion- aries 1961- 1963 | |
| Small Merchant | 2 | 7 | 7 | 7 | 2 | 25 |
| Officer in the Armed Forces | -- | 4 | 2 | 6 | 2 | 14 |
| Engineer | 1 | -- | 2 | 2 | -- | 5 |
| Doctor | -- | 1 | 1 | 1 | 1 | 4 |
| Civil Servant (memur) | -- | 4 | 2 | 5 | -- | 11 |
| Farmer | -- | 1 | 1 | 5 | -- | 7 |
| Laborer | -- | -- | 1 | -- | -- | 1 |
| Teacher | 1 | -- | 4 | -- | 1 | 6 |
| Clerk in Private Sector | -- | -- | -- | -- | 1 | 1 |
| Politician | -- | 1 | 1 | 2 | -- | 4 |
| Successful Entrepreneur | 2 | 3 | 13 | 6 | -- | 24 |
| Journalist | -- | -- | -- | -- | 1 | 1 |
| Totals | 6 | 21 | 34 | 34 | 8 | 103 |

Many of the 1939-1949 business group had parents who were successful entrepreneurs, while the 1950-1960 group had parents who tended to be either small merchants

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or professionals. Another striking characteristic of the 1950-1960 group is that almost 21 per cent had fathers who were either politicians or civil servants. This could very well be one of the reasons why the Democratic Party definitely leaned toward liberal economic policies.

Of the big business leaders, 18 were born outside the present boundaries of the Republic of Turkey. It is interesting to note that 79 respondents were born in urban centers but only 6 in rural areas. Of those born in cities, 38 were from Istanbul, 16 from Izmir, and 25 from different small towns of central, southern and northern Anatolia. Those who entered business careers during the Inonu regime (1939-1949) were mostly from Istanbul and from abroad, while those who started in business during the Democratic Party regime (1950-1960) usually came from Istanbul, Izmir, and cities of central Anatolia, including Ankara.

It is obvious that big business in Turkey recruited most of its talent from large urban centers like Izmir, Istanbul, Ankara, and Adana. This is a fact which is directly related to the concentration of big business enterprises in Istanbul, Izmir, and Ankara. Big business leaders are grouped in advanced urban centers.

In terms of national and ethnic origins, big business leaders in Turkey have many outstanding traits in common. Of the 103 respondents, 83 are Turks, 10 are

Jews, and 5 are Greeks. This common ethnic and national origin puts the Turkish business leader in a unique position when compared with the industrialists of other middle-eastern countries. For instance, Professor Yusuf A. Sayigh states that there is a wide discrepancy between national, ethnic, and religious distribution of Lebanese business leaders and that of the general population of their areas.

The most striking point in the distribution of respondents by religion is the wide discrepancy between this distribution and that of the whole population. Thus, though four-fifths of the respondents are of the Christian faith, only half of the population is. On the other hand, the Moslems constitute about one-sixth of the entrepreneurial group, but 44 per cent of the population. For the Duruz, the discrepancy is even larger: 1.5 per cent of the respondents but 5.6 per cent of the population. Like the Christians, the Jews constitute a larger proportion of business leaders (1.9 per cent) than of the population (0.4 per cent).²

Although Turkish business leaders form a cohesive ethnic group, the proportion of the minorities among them is much greater than that of the whole population.³

Intellectual and Educational Backgrounds of Big

Business Leaders

Operational hypothesis 3: The role of formal education in the success of big business leaders is considerable.

2. Yusuf A. Sayigh, Entrepreneurs of Lebanon, Harvard University Press, Cambridge, 1962, p. 69.

3. See Chapter III

The illiterate business leader who can hardly sign his name, but who deals in millions of dollars, generally makes sensational news, but such a person is not the prototype of the business leader in Turkey. There was no man interviewed who was without some kind of formal education. Only 9 men were found who said they had had a formal education of less than junior high school. There were 4 others who failed to finish high school. On the other hand, 90 men (87.5 per cent) completed high school and 56 of these went on through college. Indeed, 18 of them continued further and received masters' degrees. One has a doctorate degree.

Table 8. Education of the Business Leader

| Formal Education | Number | Per Cent |
|----------------------------------|--------|----------|
| Less than Junior High School | 9 | 8.7 |
| Junior High and some High School | 4 | 3.8 |
| High School Graduates | 27 | 26.2 |
| Some College | 7 | 6.8 |
| College Graduates | 38 | 36.9 |
| Masters | 17 | 16.7 |
| Doctorate | 1 | 0.9 |
| Totals | 103 | 100.0 |

This distribution is out of proportion with that of the Turkish population, in which the majority has had no

more than elementary education, and the next largest segment is illiterate. Those educated in colleges and universities are a small minority of the total population.⁴

It is also important to note where the business leaders received their college education. Although 42 men graduated from or attended Turkish universities, 11 are graduates of American universities, and 10 are graduates of European universities.

A further breakdown of those who attended or graduated from universities, reveals that the most popular field of concentration was business administration (42.8 per cent). The next major area was engineering (38.0 per cent). In relation to the percentage of lawyers in government and state economic enterprises, the percentage of big business leaders with a legal background is very small. The graduates of law faculties form the majority of all college graduates in Turkey; law being the only field in which universities imposed no restrictions on the number of students, and in addition had no entrance examinations until recently. Thus, law faculties have been jammed with students.

Turkish business leaders are bilingual. Of the 103 respondents, 94 know at least one foreign language,

4. Ibid.

and 38 of them can speak, read, and write in 2 foreign languages, mostly English, French, or German.

Of the 80 chief executives, 55 per cent are college graduates, while 56.5 per cent of the persons who are either second or third in command, have college degrees. From the statistical evidence presented in this section, it is clear that a large majority of the business leaders whether first or second in command, have had some kind of university education. All other factors taken as constant, it is clear that education has now become the avenue of success.

Out of 80 chief executives, 30 attended Turkish universities, 11 went to American universities, and 8 to European universities. Of the 23 respondents second in command, none had attended American universities, 2 attended European universities, and 8, Turkish universities. The fact that none of those second in command had attended American universities, can be related to the financial abilities of the individuals.

A person educated in the United States seldom accepts a minor role in a business organization. If he does, he believes that his chances are high for advancement up the hierarchical ladder. Those respondents second in command, on the average, were mostly more than 45 years of age and had been in the organization for some time.

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Travel, too, is a form of education. Approximately 89 per cent of the business leaders (92 men) had traveled abroad. Business ranked highest among the purposes of such travel, followed by study and recreation. The older business leaders seemed to have had greater travel experience than their younger colleagues, the amount of travel steadily increasing with age. Among the countries visited, European ones were the first choice, for 62 respondents stated that they had visited several cities in Europe. United States was the next choice; but only 25 of the big business leaders had been in the United States, and most of them for educational purposes. The Middle East and Asia have been visited by 3 men, but only 1 man had been into an iron-curtain country. Because distance was given as the major reason for the lack of travel to the United States, geographic distance can be taken as one of the prime reasons for the low intensity of communications between the business communities of these two countries.

Socio-Economic Background and Mobility Patterns
of Turkish Big Business Leaders

Operational Hypothesis 4: Turkish big business leaders are almost equally distributed between birth and mobile elites.

Businessmen in Turkey are very sensitive to the appeal of economic opportunity and, therefore, are

highly mobile. This geographic movement takes many forms. A Turkish businessman, whether important or not, rarely finishes his days in the village of his birth. He is attracted away from his village by greater opportunities in the cities. And the inhabitants of cities tend to gravitate toward Istanbul or Izmir upon achieving a certain degree of success.

Fathers of Big Business Leaders

The respondents were asked certain questions about the occupations and sources of income of their fathers. Although the answers of some of them may have deviated from the facts, either from lapses of memory or other reasons, the results in general warranted the inquiry.

The respondents, when asked for their fathers' business or occupation, listed 12 occupations. The most frequent was small merchant (24.2 per cent), followed by successful entrepreneurs (23.3 per cent), officer in the armed forces (13.6 per cent), and civil service (10.7 per cent). Those four occupations account for more than two-thirds of the fathers.

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Table 9. Father's Occupation and the Hierarchical Rank of the Business Leader

| Occupation of the Business Leader's Father | Position of the Business Leader in the Hierarchy of His Present Firm | | | |
|--|--|-------------------|------------------|-------|
| | First in Command | Second in Command | Third in Command | Total |
| Small Merchant | 18 | 6 | 1 | 25 |
| Officer in the Armed Forces | 12 | 2 | -- | 14 |
| Engineer | 4 | 1 | -- | 5 |
| Doctor | 3 | 1 | -- | 4 |
| Civil Servant (memur) | 8 | 2 | 1 | 11 |
| Farmer | 6 | -- | 1 | 7 |
| Laborer | -- | 1 | -- | 1 |
| Teacher | 5 | 1 | -- | 6 |
| Clerk in the Private Sector | 1 | -- | -- | 1 |
| Politician | 4 | -- | -- | 4 |
| Successful Entrepreneur | 19 | 5 | -- | 24 |
| Journalist | -- | 1 | -- | 1 |
| Total | 80 | 20 | 3 | 103 |

The respondents were also asked to furnish information about their fathers' education. The fathers of 35 of the big business leaders were college graduates, 6 others had some college education but did not graduate,

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19 were high school graduates, 18 were junior high graduates with some high school education, 23 had finished elementary schools, and only 2 did not have any formal education. Although the fathers had less education than the sons in absolute terms, when they are compared with the general population of their time, they stand in a better position than their sons.

Socio-economic status of the big business leaders' fathers show that origins in middle and upper classes constitute the majority, approximately 91 per cent being in middle or higher social classes, including 31 per cent in the upper-upper class. Only 8.8 per cent were below middle, with less than 1 per cent in the lower-lower social class.

In the majority of cases, the father's occupation was traditional, in the sense that it had been practised by several generations.

Men in different age groups have been influenced to different degrees by natural inclination in choosing careers. Furthermore, whenever there has been a high concentration of votes on natural inclination, there has been a low concentration of votes on pecuniary profit and on prestige as influences in choice of a career, and vice versa. This pattern suggests a major distinction between the force of profit and prestige on the one hand, and the force of natural inclination on the other hand. Men guided mainly by profit or prestige

considerations seek a form of satisfaction that is externally discernible, whereas men guided mainly by natural inclination seek an inner satisfaction that does not press strongly for outward expression.⁵

Mobility

The men who hold the top positions in Turkish business today have had some kind of family tie with the founder of the firm. From a total of 103 respondents, 35 had family ties with the founder of the firm, and 26 were the actual founders of the firm. Only 42 men had no family tie of any sort with the founder of the firm.

Mobility patterns of the business leader are surveyed in terms of the extent to which he has or has not cut ties with relatives and family. Having more or less been born into the business, the Turkish big business leader maintains strong ties with his relatives, as evidenced by 60 per cent of the respondents. Less than 11 per cent have completely divorced their childhood background and acquired total independence.

There is, therefore, a relationship between entrepreneurial drives and emotional mobility. Business leaders who have no family tie with the founder of the firm tend to cut the ties with their relatives.

5. Yusuf A. Sayigh, Op. cit., p. 76.

Table 10.

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Table 10. Family Ties among Birth and Mobile Elites

| Extent of His Ties with Relatives and Family | Relationship of the Business Leader to the Founder of the Firm | | | | Total |
|--|---|------------------|----------------|-------------------|-------|
| | Wife's Side | Father's Side | No Relation | Is the Founder | |
| Completely cut ties with relatives | -- | -- | 9 | 2 | 11 |
| Partially cut ties with relatives | 1 | -- | 21 | 8 | 30 |
| Keeps strong ties with relatives | 4 | 30 | 12 | 16 | 62 |
| Totals | 5 | 30 | 42 | 26 | 103 |

It appears that organizational success in Turkish business is based upon traditional relationships. One has to be introduced, backed, and protected if one is to become successful. However, to this rather drab picture some color is added by a few big business leaders who have reached present status on personal initiative. It is a custom in Turkish business to use the family's own means to finance establishment or expansion. Forty-four respondents indicated that they received substantial financial help from their families; on the other hand, there were 59 men who received no financial help from family members. The mobile elite seem to have partially or completely cut ties with relatives.

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Approximately 59 per cent of the 48 respondents, who either are the founders of the firm or who have no family relations with the founder of the firm, have totally or partially cut ties with relatives. This severance is in the form of both geographic and emotional separation. The birth elite, or those who were born to their positions, almost invariably have kept strong ties with their relatives.

Actual physical association in the activities of the big business leader appears to be as important as financial involvement, for 36 of the respondents have relatives working with them. It can be concluded that a helpful background of family, social, and business connections has stimulated the present success of the typical prominent businessman.

Promotional history reveals that hierarchical mobility within a given organization is limited. Only 41 men (39.8 per cent) had played lesser roles and had had lower ranks in the hierarchy before they reached their present positions in the same company. On the other hand, 62 men (60.2 per cent) had held their present positions ever since they joined the organization. Included in this percentage are those who formed their own establishments.

Table 11. Promotional History and the Relationship of the Business Leader to the Founder of the Firm

| Promotional History | Wife's Side | Father's Side | No Relation | Is the Founder | Total |
|--|-------------|---------------|-------------|----------------|-------|
| Retained present position since he joined the organization or since the founding | 4 | 8 | 25 | 25 | 62 |
| Had played lesser roles and held lower rank in the heirarchy prior to achieving his present position in the same company | 1 | 22 | 17 | 1 | 41 |
| Totals | 5 | 30 | 42 | 26 | 103 |

A quick look at the employment history of the big business leaders indicates that 32 of the respondents have had no employment experience other than their present jobs. On the other hand, 29 were previously employed in a related occupation in the private sector, and 16 others were previously self-employed before moving to their present occupation. This move was in the form of selling out to a larger concern. Ten men (9.7 per cent) were previously employed in the government sector.

Table 12

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Table 12. Employment History of Mobile and Birth Elites

| Employment History | Relationship of the Business Leader to the Founder of the Firm | | | | Total |
|---|--|---------------|-------------|----------------|-------|
| | Wife's Side | Father's Side | No Relation | Is the Founder | |
| First job was with his present company | -- | 26 | 3 | 3 | 32 |
| Previously employed in a related occupation in private sector | 1 | 3 | 14 | 11 | 29 |
| Previously employed in the private sector in an unrelated occupation | 2 | -- | 2 | 3 | 7 |
| Previously employed in the government sector in a related occupation | -- | -- | 8 | 2 | 10 |
| Previously employed in the government sector in an unrelated occupation | 1 | -- | 3 | -- | 4 |
| Previously self-employed | 1 | 1 | 7 | 7 | 16 |
| Occupied high government or political position | -- | -- | 5 | -- | 5 |
| Totals | 5 | 30 | 42 | 26 | 103 |

An analysis of information about the mobility of the business leader opens the door, among other things, to two major discoveries. The first is that some 31 per

cent of the total came to assume the authority they now have, without having worked previously in any other occupation. On the other hand, those who entered business quite recently were more apt to have had a practical business background. Why is this? One tentative explanation is that from the mid-40's to the 60's, business gradually became more popularly accepted. The same cannot be said for the present trend, however.

The second finding is that the largest single group of respondents -- almost half of those who had been in business before assuming their present position -- came from trade.

A case history will illustrate the point. The owner-manager of Turkey's largest sea transportation and shipbuilding concern had first gone into the import-export business. This man, who is one of the most prominent business leaders of Turkey, decided to engage in trade after years of teaching maritime economy in Istanbul. With his savings, he imported \$10,000 worth of manufactured goods from Europe. Following two years of such business, he quadrupled his original capital and then bought a salvaged ship. He reconditioned the ship and sold it with high profit. With the help of bank credit, he then bought a small tanker and started hauling kerosene and gas between several cities on the Marmara Sea. This man is now worth more than \$50,000,000.

In this general setting, trade plays an important role in business success. Occupational mobility among Turkish business leaders, on the other hand, is, on the average, very low, particularly following some success in a given occupation. When, occasionally, there is a change of occupation, it is most commonly due to expectation of larger profit in a new career. The second most common reason for a change appears to be the expectation of greater security and "future."

Diversification is not new in Turkish business, and specialization is highly valued. On the other hand, many business leaders who do not own the majority of shares of the organization in which they are now operating, are inclined to make a shift in their careers. However, the intention to make a shift in career wanes as the respondents grow older, except for those in their 60's, who seem more interested in making a shift than men in their 50's. The chairman of the board of an import-export organization who is in his early 70's, and who has specialized in auto-parts and tires, plans now to open a salt manufacturing plant. He demonstrated to the researcher how such a plant would be useful to society by making available to the Turkish consumer the local production of a particular brand of salt free of impurities. He actually made a small chemical experiment to prove his point. Can this mean that men who are very close to the age of retirement entertain ideas which

will give them proof that they are still active and dynamic?

Religion is a major factor in mobility. The fathers of the present big business leaders had strong religious inclinations. There is a correlation between those who left home and cut their family ties, and their alienation from religious affiliations. The majority of the respondents who moved away from their families ranked low in religious beliefs and practices. Religiously oriented business leaders seem to be attached to their past. Among those men who have kept all their familial attachments, some were found to be fanatically religious. In one manufacturing concern where most of the top level administrative positions were filled by the chief executive's relatives, the researcher was overwhelmed by the amount of religious writings and relics on the company premises. Ironically, many managerial functions and productive efficiency, were left to the mercy of God. In summary, those who entered business life between 1900-1923 seem to be much more religiously oriented than those who entered business careers following the proclamation of the Republic of Turkey.

Although most of the big business leaders were born in the middle and upper social classes, there was some movement from the lower to upper classes. All respondents presently are in the upper social stratum of

Turkish society. If this is taken as the upper boundary of the social class structure in Turkey, then it is possible to ascertain that 52 respondents have arrived at this level from a lower social stratum. Put in percentage form, 0.9 per cent of all the respondents moved to the upper classes from a lower-lower social class, 4.8 per cent moved from the upper-lower class, 2.9 per cent from the lower-middle class, and finally 41.6 per cent from the upper-middle. Seen in toto, 50.2 per cent of all the respondents moved from a lower social stratum to their present social status and 49.8 per cent were born into it. This is not an outstanding expression of mobility, but it indicates the traditional structure of the society. However, the traditional society is passing and there appear to be indications that a dynamic generation of youth is starting to flood the industrial sectors of the economy. If this is true, business will now be in a position to recruit young men of talent with high mobility drives.

The low mobility of present business leaders can be associated with father-son relationships in choosing careers. Each respondent was asked what course in life his father most insistently wanted him to follow and what he would prefer that his own son do. It was made clear to the respondents that the second question referred to the eldest son, if there were one, or to the nearest relative regarded as heir or heiress. The

broad similarities between the two generations are striking. It appears that approximately 45 per cent of the older generation wanted their sons to continue in the same career as themselves, 30 per cent wanted to see their sons pursue a profession, and 25 per cent allowed a free choice without interference. As for the present business leaders, about 50 per cent of them would like to see their own sons continue in the same career as themselves, 20 per cent would allow free choice, and 30 per cent would prefer a profession. Apparently, the respondents rate their own business higher in the social and economic scale than their fathers did before them.

The answers indicate that business is still looked upon as a rather closed system in Turkey. The closeness of the system was drastically illustrated by the owner-executive of Turkey's largest retail-wholesale organization. This 62-year-old business leader, who employs more than 2,000 employees, regards his business as strictly a family affair. He plans new branches solely to place members of his large family. A survey of his organization revealed that, without exception, all key positions were filled by persons with the same family name as his; only initials and given names were different. It was a surprising experience for the researcher to see more than 25 identical last names associated with key managerial positions.

The answers further indicate that both old and new generations think highly of the professions and both think little of government service or politics. The esteem in which the professions are held is general throughout Turkey. But the low esteem held of public service and politics is atypical, insofar as Turkish society in general is concerned.

Table 13. Place where Mobile and Birth Elites were Educated

| Place where the Business Leaders Received their College Educa- tion | Relationship of the Business Leader to the Founder of the Firm | | | | Total |
|---|---|------------------|----------------|-------------------|-------|
| | Wife's Side | Father's Side | No Relation | Is the Founder | |
| In Turkish Universities | -- | 6 | 22 | 12 | 40 |
| In American Universities | 1 | 5 | 4 | 1 | 11 |
| In European Universities | 1 | 1 | 6 | 2 | 10 |
| Not a University Graduate | 3 | 18 | 10 | 11 | 42 |
| Totals | 5 | 30 | 42 | 26 | 103 |

Education was especially important in the success of the mobile elite. As is shown in Table 13, only 30.8 per cent of the mobile elite failed to have a university education, while this percentage was 60 in the case of

the birth elite. On the other hand, the educated members of the birth elite went to better schools, for 43 per cent of the university graduates from this group had attended colleges in the United States. The Warton School of Finance and the University of Michigan ranked as first choices. The college-educated mobile elite attended mostly Turkish Universities (72 per cent); only about 10 per cent were able to attend American universities.

Table 14. Type of Education of Mobile and Birth Elite

| Field of Concentration | Relationship of the Business Leader to the Founder of the Firm | | | | |
|---------------------------|--|---------------|-------------|----------------|-------|
| | Wife's Side | Father's Side | No Relation | Is the Founder | Total |
| Liberal | 1 | -- | 1 | -- | 2 |
| Business | -- | 5 | 16 | 6 | 27 |
| Engineering | 1 | 4 | 12 | 5 | 22 |
| Medicine | -- | 2 | -- | -- | 2 |
| Law | -- | -- | 4 | 4 | 8 |
| Not a University Graduate | 3 | 19 | 9 | 11 | 42 |
| Totals | 5 | 30 | 42 | 26 | 103 |

Although the birth elite and the mobile elite attended different schools in different countries, their choices of major fields of concentration followed the

same pattern. Both favored an education in engineering, very closely followed by business administration.

Beyond their formal education, both elite groups have shown a tendency to pursue additional courses. However, in this respect, the birth elite surpassed the mobile elite, for approximately 63 per cent of the birth elite had followed some kind of professional course, beyond or supplementary to their formal education, while only some 51 per cent of the mobile elite had pursued additional courses beyond their formal education. One tentative explanation of this fact is that once formal education is terminated and a member of the mobile elite has started a new career, he seldom finds the time or money to further his education. He is too busy rising in the organization hierarchy or in the business world. On the other hand, the member of the birth elite finds time to devote some of his energies to furthering his culture and filling in the gaps in his formal education.

Table 15. Additional Courses Beyond Formal Education and Knowledge of Foreign Languages of the Birth and Mobile Elite

| How Many of the Business Leaders Pursued Additional Courses Beyond Their Formal Education? | Relationship of the Business Leader to the Founder of Firm | | | | Total |
|--|---|------------------|----------------|-------------------|-------|
| | Wife's Side | Father's Side | No Relation | Is the Founder | |
| Affirmative | 4 | 18 | 24 | 11 | 57 |
| Negative | 1 | 12 | 18 | 15 | 46 |
| Totals | 5 | 30 | 42 | 26 | 103 |
| Does the Business Leader Know any Foreign Language? | | | | | |
| Affirmative | 5 | 28 | 38 | 23 | 94 |
| Negative | -- | 2 | 4 | 3 | 9 |
| Totals | 5 | 30 | 42 | 26 | 103 |

In addition, the mobile elite was found less skilled in languages. While only some 6 per cent of the birth elite do not know any foreign language, the proportion was slightly more than 10 per cent in the case of the mobile elite. The birth elite seem to be more intellectual and cultured than the mobile elite. They appear to be more refined and engage more in social and cultural activities. Fully 25 per cent of the mobile elite did not belong to any kind of social or

professional organization. In the case of the birth elite, this was only about 18 per cent. Also, the types of organizations to which members of the contrasted elite groups belonged, differed. The birth elite belonged to more exclusive and expensive clubs and less to professional associations, while the opposite was the case for the mobile elite.

In summary, it is very difficult to say whether Turkish big business leaders are mobile or not, if they are compared with the population as a whole. Their previous socio-economic status would generally be found in the upper one-third. However, this would not present a realistic picture. There exist such wide and profound differences between the urban and rural population that most of the city dwellers can be considered "socialite," compared to the rural population. It is, therefore, unwise to compare the socio-economic background of the big business leaders with the rest of society and decide upon their mobility. Instead, in delineating the mobility patterns of big business leaders, narrower comparisons must be made. They are considered mobile if they have come to their present situations from a lower social stratum. On the basis of this, the operational hypothesis put forth in the beginning of this section with respect to the mobility patterns of big business leaders, is thus tested and found true.

Self-Portrait of the Turkish Big Business Leader

The Turkish big business leader was born in Istanbul and is about 50 years old; he is married and has children. He is Turkish by nationality and ethnic group. He occupies the chief executive's position in his firm. He probably started his career between 1939-1960.

The Turkish big business leader is usually an educated man and holds a college degree. He probably went to a Turkish University and specialized in business or engineering. He knows at least one foreign language -- French. He has furthered his formal education by pursuing additional courses, and he has traveled abroad.

He comes from a middle-class family, but he has little religious orientation. He probably has few or no family ties with the founder of the firm, but he normally maintains strong ties with his relatives.

He is not a joiner. His first job was with his present company and he has held his present position ever since joining the organization.

In the next chapter, this business leader will be analyzed in terms of socio-psychological characteristics.

CHAPTER VII

MOTIVATIONAL PATTERNS OF THE BUSINESS LEADERS

Major Hypothesis One: No collective, standard, or patterned behavior and motivation are identifiable for the Turkish business leaders. They all seem to be motivated by different drives and do not present a common front.

The Turkish business leaders can be considered as a heterogeneous group only within Turkey itself. Still, one has to be careful in using the term heterogeneity. What has been considered as heterogeneous within a broader inference might not be considered as such by comparative sociologists or social anthropologists. They may view the heterogeneity as no more than variations within a homogeneous group. Along these lines, Professor W. L. Warner, in a critique of my thesis, pointed out that many studies he has made on American big business leaders could very easily have come out with either heterogeneous or homogeneous groups. With this reservation in mind, we can now start analyzing the behavioral characteristics of the Turkish big business leaders.

In this chapter the behavioral, emotional, and motivational characteristics of big business leaders will be analyzed. The rationale underlying such a

procedure is to demonstrate that knowledge of his traits is not enough to understand the complex picture that he presents. If such an approach is used strictly, as is the case in many of the existing studies of Turkish business leaders, only superficial answers will be provided to these problems. One reason for the blurred image of Turkish business leaders is the overemphasis upon what appear to be common traits in an effort to explain individual emotional, motivational, and behavioral problems. Because of high reliance upon superficial characteristics, the business leaders are often categorized into narrow compartments that do not reflect their behavior patterns. The actions of one are generalized into the actions of all business leaders.

This chapter incorporates research findings obtained through interviews in an analytical form, and is divided into two major parts. In the first part the motivations and the driving forces of the Turkish business leaders will be analyzed; in the second part the meaning of success will be surveyed. Basically, in both parts, the business leader will be described and analyzed as he sees himself.

No clear-cut entrepreneurial and managerial behavior can be isolated for the whole group; however, attempts will be made to categorize data

obtained. Motives that have stimulated the business leader will be taken as dependent variables and will be correlated with various independent variables. In the following pages the results of this behavioral analysis will be presented.

Motives of the Big Business Leaders

Motivation is a difficult and dangerous area; nevertheless, it was decided to survey its outer aspects at the point where the manifestations of deep-set motives become visible--in actions and choices. The nature of motivation is ably outlined by McFarland. As he states it:

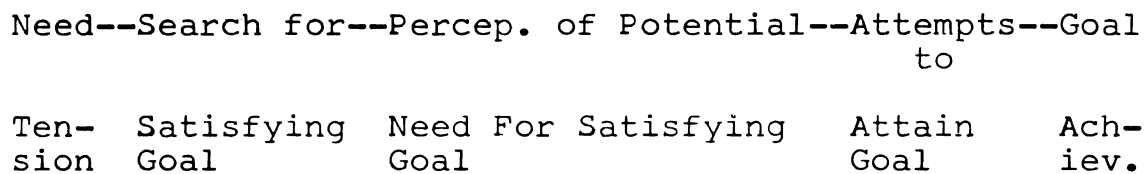
Motivation refers to the way in which urges, drives, desires, aspirations, strivings, or needs direct, control, or explain the behavior of human beings. Psychologists attach different technical shades of meaning to all these terms, but for our purposes we can consider them in a general sense as forms of tension occurring within individuals, with resulting behavior aimed at reducing, eliminating, or diverting the tension. Understanding the needs and drives and their resulting tensions helps to explain and predict human behavior, ultimately providing a sound basis for managerial decision and action.¹

Needs are the basic motivators in human behavior. The dynamics are relatively simple. The individual is compelled by inner urges to find ways to

1. Dalton E. McFarland, Management: Principles and Practices, Second edition, The MacMillan Company, New York, 1964, p. 520.

satisfy his needs. As Maslow states it, "Man is a perpetually wanting animal."² Figure 1, as adapted from French, illustrates the process of motivation.³

Figure 7.1 Diagram of the Basic Ingredients of Motivation



The individual has needs (tensions); he searches for ways of satisfying these needs; he perceives ways (goals) of satisfying these needs; he attempts to attain his goals; and he achieves his goals.⁴

There are two main dimensions to the motivation question. One is the character dimension, the nature of the objectives of the Turkish business leaders, which set the direction for their efforts. The other is the dynamic dimension, which is a measure of the force which the motivations exert on the business leader and the energy with which he seeks his ends.

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2. A. H. Maslow, "A Theory of Human Motivation," Psychological Review, 50:370, July, 1943.
 3. Wendell French, The Personnel Management Process: Human Resources Administration, Houghton Mifflin Company, Boston, 1964, p. 26.
 4. Ibid., p. 25.

The combination of these two dimensions determine the actions of the business leader.⁵

The attention of this researcher was first focused upon the profit motive. An intriguing question here is posed by any attempts to weigh the relative importance of the pecuniary motive against the non-pecuniary motives that influence the actions of the Turkish big business leader. Bowen theorizes this point by stating:

Many economists think that they are approaching a dead end in their effort to erect increasingly elaborate theories upon traditional assumptions concerning business behavior and motivation. They believe that economics will be significantly advanced only by introducing more fruitful postulates and testing the resultant hypotheses against empirical data.⁶

Along these lines, a survey of nonpecuniary motives such as sense of achievement, power and status, prestige, acceptance and recognition, and service to community will be interesting and instructive. Research uncovered no single predominant drive that stimulated the business leader in Turkey. From a list of motives, the respondents were asked to choose the ones most compelling to them.

5. John Fayerweather, The Executive Overseas, Syracuse University Press, Syracuse, 1959, pp. 81-82.

6. Howard Bowen, "The Business Enterprise as a Subject for Research," Social Science Research Council, Pamph. No. 11, N. Y., 1955, p. 8.

On the other hand, an attempt was also made to study the multiple factors that led them to their present position by including excerpts from interviews with selected business leaders. The reader must be cautioned at this stage that when a business leader is classified as having been stimulated by achievement motives, money motives, or by a continuous urge for work, this does not mean that his only drive was achievement, money or urge for work. Rather, they were the most compelling ones, among other motives, that guided the businessmen. These descriptions were used mainly as a convenient way of classifying the business leaders and studying their behavior.

The business leader was given eight cards; each briefly defined a different motive: achievement, prestige, safety and security, affiliation, service to society, continuous urge for work and results, drive for power, and desire for profit. The respondent had the option of choosing one of the cards or a combination, if no one card were strong enough to override the others.

The respondents were surprisingly sincere in their answers. Each made an effort to analyze his behavior and give an honest answer. Contrary to many expectations, the Turkish businessmen, under the proper stimulus, exhibited a willingness to

discuss their motives. Similar observations were made by A. J. Meyer who reported that the Harvard Business School group in Turkey also found Turkish merchants eager to provide data for the "case-study" teaching technique. Through cross-checking, this data proved to be very frank and complete.⁷ A. J. Meyer concluded that, where gain was possible, the merchant would shed the picturesque deviousness usually attributed to him.⁸

When the eight cards were ready for consideration, the ice had been broken between the interviewer and interviewee, and confidence established. Questioning the respondents on motivation invariably began by asking general questions such as these: Why did you become what you now are? Why have you chosen this particular present career? What makes you work? The answers to these questions were recorded; then the researcher asked the respondent to read the cards and make a selection. Before the respondent's choice of motives was coded, his selection from the cards and his verbal answers to the first questions were compared and checked for consistency. There were very few inconsistencies between oral

7. A. J. Meyer, Middle Eastern Capitalism, Harvard University Press, Cambridge, 1959, p. 35.

8. Ibid.

answers and the forced choice. In any case of inconsistency, a follow-up was made, and the motives outlined in the verbal answers were taken into consideration. No psychological tests were administered; total reliance was put upon the self-analysis of the business leader. The important factor was each man's self-conception. Table 1 outlines the motives that seem to have stimulated the business leaders of Turkey.

Table 1. Motives Reported as Having Stimulated the Business Leader.

| Motives that Stimulated | Number of Responses | Per Cent of Responses |
|----------------------------------|---------------------|-----------------------|
| Achievement motives | 26 | 25.2 |
| Continuous urge for work | 14 | 13.5 |
| Achievement and prestige | 13 | 12.6 |
| Achievement and money | 12 | 11.7 |
| Social motives (help to society) | 12 | 11.7 |
| Money motives | 6 | 5.8 |
| Power motives | 6 | 5.8 |
| Security and safety | 5 | 4.9 |
| Prestige motives | 2 | 1.9 |
| Other | 7 | 6.8 |
| Total | 103 | 100.0 |

There was no outstanding common motivator for the 103 respondents, 26 of whom indicated that they were primarily stimulated by achievement drives. Here one has to be careful not to confuse achievement with continuous urge for work and results. Achievement is more general; it may or may not include the latter.

On the other hand, 14 of the respondents indicated that the reason for their struggle was the love of work. They liked to work either for the sake of working or for the sight of their accomplishment. The majority of these cases were, however, working primarily for the sake of work. Three respondents went to work every day, including Saturdays, at 7:30 a.m. and stayed diligently on the job until 7:30 p.m. Several reasons accounted for this behavior. The most striking was the fear of losing a job contract. Also related to this diligent work was the tendency among Turkish business leaders not to delegate responsibilities to others. This was prompted not so much by avarice as by the belief that they could not trust a manager. They believed that the best management could be achieved only by the person who owned the business, and that this function should not be delegated. In addition, these men wanted to be seen doing their work. In this way they were proving, to themselves and to society, that they were important,

indispensable. In an analysis of the daily timetable of one respondent, it was found that 50 per cent of all the work he was doing could have been performed by a middle manager, and 25 per cent of the work was simply clerical. Although most of the 14 respondents who worked for the sake of work were avid to do their best, their businesses did not grow over a period of years. During these years they performed the same functions, made the same product, and maintained the same quantity of output.

To Tarik Demirag, the owner and manager of Istanbul's largest wood manufacturing company, the ambition to do his best was his leading drive:

I am ambitiously concerned to do the best I can, because if I do well, I lead the others around me to do well, too. I worked orderly and regularly 16 to 18 hours a day and changed the whole personnel when I took over this firm, and saved it from a coma stage. It was a very difficult beginning.

This man gave a continuous urge for work as his basic motivator. He has worked to the point of exhaustion, yet economic results of his work are negligible. It is the contention of this author that even if these men were taken away from their work completely, the firms would continue to function smoothly. These men are fighting themselves.

In the following pages the reader will find an analysis in depth of the motives of the Turkish big

business leaders based on table 1 on page 206.

The Business Leader Motivated by Achievement Needs

Operational Hypothesis 5: Motives related to achievement are the leading, but not the majority, drives of the business leaders.

Of the 103 respondents, 26 indicated strong achievement drives. In spite of the fact that the achievement motive appeared frequently, it by no means formed the majority of motives of the business leaders in Turkey. It was a factor, but only one, as a careful analysis of McClelland's study of Turkish managers illustrates. McClelland hypothesizes that:

A society with a generally high level of n Ach will produce more energetic entrepreneurs who, in turn, produce more rapid economic development.⁹

After stating his hypothesis, McClelland investigated the behavior of men in different countries. Portions of his research, dealing with Turkey, will be briefly presented here.

McClelland's main theme was that high n Achievement suits men particularly for the entrepreneurial role, or, at least, individuals with high n Ach behave in many of the ways that theoretically should lead to successful entrepreneurship. He asks the

9. David C. McClelland, The Achieving Society, D. Van Nostrand Company, Inc., N. Y., 1961, p. 205.

question whether men with high n Ach, in fact, more often become entrepreneurs, and whether they are more successful in that role, especially if their motivation particularly fits them for it. To answer this question and test his hypothesis, McClelland compared n Ach levels among managers and professionals in four countries.

A question of considerable interest is whether managers have higher n Achievement, not only in a highly industrialized country like the United States, but also in less highly developed countries.¹⁰

As it is shown in the following table, the managers were higher in n Ach than the professionals in every country except Turkey.

10. Ibid., p. 260

Table 2. Average n Achievement Scores of Managers and Professionals in the United States, Italy, Turkey, and Poland.

| Country and Condition | Managers | Professionals (Mgrs-Prof) | P | |
|-----------------------|----------|---------------------------|-------|--------|
| <hr/> | | | | |
| <u>United States</u> | | | | |
| N | 31.0 | 31.0 | | |
| Mean Age | 42.1 | 42.7 | | |
| Mean Ach Score | 6.74 | 4.77 | 1.97 | .025pd |
| SD | 4.49 | 4.54 | | |
| <u>Italy</u> | | | | |
| N | 68.0 | 107.0 | | |
| Mean Age | 27.6 | 21.7 | | |
| Mean Ach Score | 4.18 | 2.31 | 1.87 | .010pd |
| SD | 4.13 | 4.31 | | |
| <u>Turkey</u> | | | | |
| N | 17.0 | 48.0 | | |
| Mean Age | 33.1 | 27.2 | | |
| Mean Ach Score | 1.76 | 3.52 | -1.76 | ns |
| SD | 3.99 | 5.81 | | |
| <u>Poland</u> | | | | |
| N | 31.0 | 48.0 | | |
| Mean Age | 35.9 | 27.2 | | |
| Mean Ach Score | 6.58 | 4.85 | 1.73 | .100pd |
| SD | 5.22 | 4.98 | | |

Source: David C. McClelland, The Achieving Society, D. Van Nostrand Co., Inc., New York, 1961.

The case of Turkey is interesting because it has reversed the general trend. McClelland hypothesized and explained this fact by stating that this business community may not have recruited men with high n Achievement.

Bradburn, who collected the data used by McClelland, had evidence that the group of professionals asked for

comparison was probably atypically high in n Ach for Turkey. The reason was that the comparison group was composed of educators drawn from a sample of young men, an unusually large percentage of whom had left home by the age of 14 to attend village institutes (primary school teacher-training schools).¹¹

According to McClelland, both on theoretical and empirical grounds, a strong case exists for the fact that freeing a boy from the influence of an authoritarian father tends to favor the development of his n Ach. The village institutes may unintentionally have raised the n Ach level of the teacher population in Turkey.¹²

Bradburn, in another study, also tested 23 Turkish business leaders of a much higher level of success and prominence than the middle managers whose average score was presented in Table 2. These executives averaged 3.87 in n Ach which is significantly higher than the middle managers' scores. In other words, the outstanding business leaders in Istanbul were significantly higher in n Ach than a group of less successful younger managers attending

11. N. M. Bradburn, "The Managerial Role in Turkey: a psychological Study." Unpublished doctoral dissertation. Harvard University, 1960.

12. McClelland, op. cit., p. 263.

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a middle management program at the University of Istanbul. Apparently in Turkey, too, n Ach is associated with business success.¹³

McClelland relates achievement to age. His general conclusions indicate that n Ach declines with age. However, his data shows that the trend is reversed in Turkey. There the more successful Turkish senior managers had significantly higher n Ach than the younger, less outstanding middle managers.

Table 3 summarizes the characteristics of a group of business leaders with high n Ach isolated by this researcher.

13. Ibid., p. 264.

Table 3. High n Ach Correlated with the Age, Education, Mobility, Father's Occupation, Period of Entering Business Life, and Employment History of the Big Business Leaders.

| Age | High n Ach Respondents | | Type of Education | High n Ach Respondents | |
|---|------------------------|-------|-------------------|------------------------|-------|
| | No. | % | | No. | % |
| 20-24 | 0 | 0.0 | Liberal | 0 | 0.0 |
| 25-29 | 1 | 3.8 | Business | 5 | 19.2 |
| 30-34 | 2 | 7.7 | Engineering | 9 | 34.6 |
| 35-39 | 6 | 23.2 | Medicine | 0 | 0.0 |
| 40-49 | 7 | 26.9 | Law | 2 | 7.7 |
| 50-59 | 7 | 26.9 | Not Univ. Grad. | 10 | 38.5 |
| 60-69 | 3 | 11.6 | | | |
| 70-79 | 0 | 0.0 | | | |
| Total | 26 | 100.0 | Total | 26 | 100.0 |
| Employment History | | | | High n Ach Respondents | |
| | | | | No. | % |
| No previous jobs held | | | | 7 | 26.9 |
| Previously employed in a related occupation in the private sector | | | | 11 | 42.3 |
| Previously employed in an unrelated occupation in the private sector | | | | 2 | 7.7 |
| Previously employed in a related occupation in the government sector | | | | 1 | 3.8 |
| Previously employed in an unrelated occupation in the government sector | | | | 1 | 3.8 |
| Previously self-employed | | | | 4 | 15.4 |
| Previously occupied a high government office | | | | 0 | 0.0 |
| Total | | | | 26 | 100.0 |

Table 3. (cont'd)

| Period when the Business Leader Entered Business Life | High n Ach Respondents No. | % | Father's Occupation | High n Ach Respondents No. | % |
|--|----------------------------------|-------|---------------------------------|----------------------------------|-------|
| 1900-1922 | 1 | 3.8 | Small Mer- chant | 6 | 23.2 |
| 1923-1938 | 6 | 23.2 | Officer in Armed Forces | 3 | 11.6 |
| 1939-1949 | 7 | 26.9 | Engineer | 4 | 15.4 |
| 1950-1960 | 10 | 38.5 | Doctor | 1 | 3.8 |
| 1961-1963 | 2 | 7.7 | Civil Ser- vant | 5 | 19.2 |
| | | | Farmer | 2 | 7.7 |
| | | | Laborer | 0 | 0.0 |
| | | | Teacher | 2 | 7.7 |
| | | | Clerk in Private Sec- tor | 0 | 0.0 |
| | | | Politician | 0 | 0.0 |
| | | | Big Entre- preneur | 3 | 11.6 |
| | | | Journalist | 0 | 0.0 |
| Total | 26 | 100.0 | | 26 | 100.0 |
| Type of Educa- tional Insti- tution | High n Ach Respondents No. | % | Mobility | High n Ach Respondents No. | % |
| Turkish Univ. | 9 | 34.6 | Mobile Elite | 17 | 65.4 |
| American Univ. | 4 | 15.4 | Birth Elite | 9 | 34.6 |
| European Univ. | 3 | 11.6 | | | |
| Not a Univ. Grad. | 10 | 38.5 | | | |
| Total | 26 | 100.0 | Total | 26 | 100.0 |

The achievement oriented group was relatively old; ten respondents out of the 26 were between 50 and 69 years old. The next largest age group was 40 to 49 years old (7 men). In total, 65.3 per cent of all the achievement motivated business leaders were between 40 and 69 years old.

Mobile elite formed the majority of the n Ach group. Seventeen out of 26 had no parental relationship with the owners, or they had founded their own firms with no assistance from relatives. The remaining respondents were related to the founder of the firm either on the father's or wife's side. This fact showed that achievement was not absolutely a factor of upward mobility. The birth elite may very well have been motivated by achievement desires, as in the case for 34.6 per cent of the n Ach group.

A careful look at the occupations of the fathers of those motivated by achievement will reveal that the greatest concentration of occupations was in business, both large and small. Sons of businessmen proved to be higher in n Ach than the sons of men in other occupations (9 respondents). Apparently, in a developing country like Turkey, child rearing practices among business families, more than any other group, instill in their children the urge for achievement. The next groups, according to response

were: civil servants (5 respondents); engineers (4 respondents); and officers in the armed forces (3 respondents). Sons of professionals and businessmen were much more motivated by n Ach than any other group. The independent action of their parents was reflected upon the business leaders. Strong n Ach was seen mainly among persons with an urge for independence--persons who were not afraid of taking independent action. They were the innovators of the society.

The period when the business leader started his business life was an important factor. Approximately 38.5 per cent of the n Ach group had entered business between 1950 and 1960. The economic environment stimulated the expression of achievement needs. In addition to a favorable economic environment, a high n Ach man needs bench marks in his progress toward success. As was mentioned in earlier chapters, the period between 1950 and 1960 was the most promising for private initiative and enterprise. This period provided the needed bench marks by rewarding the person with initiative, ingenuity, and enterprise.

There was some degree of relationship between education and achievement motives. Approximately 38.5 per cent of the n Ach group did not have college degrees. On the other hand, the remaining

61.5 per cent of the respondents had college educations.

If the 16 respondents with university degrees are considered separately, it will be seen that those with a college major in engineering surpassed the others, accounting for 56.3 per cent of the university graduates. Next came business majors (31.2 per cent), followed by law (12.5 per cent). On the basis of this sample it appears that an education in applied science attracted more people with high n Ach. Engineers seemed to be more systematic, and their achievement needs found expression in more tangible goals. These people had subgoals and alternative goals. Subgoals play the role of benchmarks and indicate whether a man is on his own true track. The alternative goals tend to eliminate the formation of defense mechanisms and the assessment of success, in case the original goal cannot be attained. These men, the engineers, were apparently more adaptable to the changing environment as a result of this characteristic.

Surprisingly, none of the n Ach group had a liberal arts education, and only 2 (12.5 per cent of the university graduates) had majored in law. This is a low percentage when compared to the general education of the society. For example, lawyers were overcrowding public service and state

economic enterprises, but a legal education was not favored by the achievement motivated group.

The final educational correlation indicates that the majority of the n Ach group of university graduates attended Turkish Universities (56.2 per cent), whereas, 25 per cent were educated in American Universities, and 18.8 per cent in European Universities. The proportion of those educated in American Universities was quite high. Out of the entire 103 respondents, 11 graduated from American Universities. Attending a college in the United States, by itself, may indicate some degree of n Ach.

When employment histories of the big business leaders were correlated with achievement drives, it was found that 42.3 per cent of the n Ach group had been previously employed in a related occupation in the private sector. One may tentatively explain this fact by stating that people with high n Ach change occupations and jobs when they see the possibility of furthering their occupational success. These people have high social and occupational mobility. Although it was also true that 27 per cent of the n Ach group had not changed jobs, such persons represented the birth elite group who had inherited their fathers' business.

Very few of the present business leaders had been in the government sector previously. Only 7 per cent of the n Ach group were previously in a related or unrelated occupation, in the government. This percentage is low compared to the total number of business leaders with government experience. As a whole, 18.8 per cent of the business leaders came from the government sector, while only 7 per cent of the n Ach group had previous employment in the government sector. Obviously, men with high n Ach either are not numerous in the government, or else they do not leave their jobs to join the private sector. Those who left the government sector for private enterprise indicated they did this mainly for money, but there are also traces of achievement and accomplishment needs mixed with these profit motives.

The remaining persons in the n Ach group (15.3 per cent) had been previously self-employed. They had sold their business or merged with their present companies. Often, in Turkey, a person with entrepreneurial abilities starts a business usually very small. As soon as it starts to grow he either invites a large corporation to buy his business, or he voluntarily liquidates his own business to join a larger concern. The rationale

behind such action is that once an entrepreneur sees the opportunities in business and realizes that he cannot proceed further alone, he looks for an opportunity to associate with a larger concern.

The Business Leader Motivated by a Continuous Urge for Work.

Operational Hypothesis 6: A small group of business leaders show an aimless urge for work.

Continuous urge for work ranked second after the achievement motive. As was previously indicated, 14 respondents had given continuous urge for work as a major motivator. This figure represents 13.8 per cent of the total number of respondents.

Table 4. Continuous Urge for Work as a Drive Correlated with the Age, Mobility, Father's Occupation, Education, Employment History, and the Period of Entering Business Life.

| Age | Work Motivated Leaders | | Type of Education | Work Motivated Leaders | |
|-------|------------------------|-------|-------------------|------------------------|-------|
| | No. | % | | No. | % |
| 20-24 | 0 | 0.0 | Liberal | 0 | 0.0 |
| 25-29 | 0 | 0.0 | Business | 5 | 35.8 |
| 30-34 | 0 | 0.0 | Engineering | 1 | 7.1 |
| 35-39 | 2 | 14.3 | Medicine | 0 | 0.0 |
| 40-49 | 5 | 35.7 | Law | 2 | 14.3 |
| 50-59 | 4 | 28.5 | Not a Univ. Grad. | 6 | 42.8 |
| 60-69 | 2 | 14.3 | | | |
| 70-79 | 1 | 7.1 | | | |
| Total | 14 | 100.0 | Total | 14 | 100.0 |

Table 4. (Cont'd.)

| Type of Educational Institution | Work Motivated Leaders No. | % | Mobility | Work Motivated Leaders No. | % |
|---|-------------------------------|-------|-------------------------|-------------------------------|-------|
| Turkish Univ. | 7 | 50.0 | Birth Elite | 9 | 64.2 |
| American Univ. | 0 | 0.0 | Mobile Elite | 5 | 35.8 |
| European Univ. | 1 | 7.1 | | | |
| Not a Univ. Grad. | 6 | 42.8 | | | |
| Total | 14 | 100.0 | Total | 14 | 100.0 |
| Period when the Business Leader Entered Business Life | Work Motivated Leaders No. | % | Father's Occupation | Work Motivated Leaders No. | % |
| 1900-1922 | 2 | 14.3 | Small Merchant | 4 | 28.5 |
| 1923-1938 | 2 | 14.3 | Officer in Armed Forces | 1 | 7.1 |
| 1939-1949 | 4 | 28.5 | Engineer | 0 | 0.0 |
| 1950-1960 | 5 | 35.8 | Doctor | 0 | 0.0 |
| 1961-1963 | 1 | 7.1 | Civil Servant | 1 | 7.1 |
| | | | Farmer | 2 | 14.3 |
| | | | Laborer | 0 | 0.0 |
| | | | Teacher | 2 | 14.3 |
| | | | Clerk in Private Sector | 0 | 0.0 |
| | | | Politician | 1 | 7.1 |
| | | | Big Entrepreneur | 3 | 21.6 |
| | | | Journalist | 0 | 0.0 |
| Total | 14 | 100.0 | Total | 14 | 100.0 |

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Table 4. (Cont'd.)

| Employment History | Work Motivated Leaders | |
|---|------------------------|-------|
| | No. | % |
| No previous jobs held | 6 | 42.9 |
| Previously employed in a related occupation in the private sector | 3 | 21.6 |
| Previously employed in an unrelated occupation in the private sector | 1 | 7.1 |
| Previously employed in a related occupation in the government sector | 1 | 7.1 |
| Previously employed in an unrelated occupation in the government sector | 1 | 7.1 |
| Previously self-employed | 1 | 7.1 |
| Previously occupied a high government office | 1 | 7.1 |
| Total | 14 | 100.0 |

As opposed to the n Ach group, these respondents were, for the most part older men. Approximately 50.1 per cent were between the ages of 40 and 49, 28.5 per cent were between the ages of 50 and 59, and 21.4 per cent were above 60 years of age. These men had directed the energy of their youth toward hard work, but, unfortunately, they were not among the most successful businessmen. Their endeavor was a type of restlessness more than an organized effort toward a purposeful goal.

The majority of this group of business leaders (64.2 per cent) were born to their present positions.

They are known as the birth elite. They have inherited or been put at the top of their fathers' businesses. They did not have expert knowledge about their own business, but they were eager to learn, to control operations, and to prove to themselves that they deserved this position. Aware of their lack of expert knowledge, they put in long and painful hours on the job to compensate for the difference. Their self appeared to be smaller to them than their role. Without exception, the firms of these men, although big, had stopped growing. They were merely struggling for survival. With proper channeling of accepted advice, their businesses, in time, could expand significantly.

A close look at the occupations of the fathers of these businessmen indicated that 50.1 per cent were either small merchants, or big entrepreneurs who had set up the present businesses. Their fathers were not professionals. Approximately 14.3 per cent were farmers; 7.1 per cent were politicians; and another 7.1 per cent were officers in the armed forces. Most of these respondents indicated, during the interviews, that they were not provided with training and operational knowledge of the business either before or immediately after joining their fathers' firms. They criticized their fathers for

placing the immense burden of management upon their shoulders before they were trained and ready to accept such responsibility.

Of this generation of young birth elite, 42.8 per cent did not graduate from a university. Of those who had graduated from a university, 62.5 per cent had majored in business. Unfortunately, business education in Turkey can hardly be compared to its counterpart in the United States. In Turkey it is generally the last choice of the student applicants. Business schools have to be content to gather in, for the most part, only rich drop-outs. Furthermore, 87.4 per cent of the college graduates attended Turkish universities, whereas only 12.6 per cent attended European universities, and none attended American institutions. It is not surprising, therefore, that these 14 men, although motivated by a continuous urge for work and self-improvement, were inadequately educated and trained for their jobs.

Looking at the employment history, it can be seen that 42.9 per cent of these men had no previous work experience, and only 21.6 per cent were previously employed in a related occupation of the private sector. Neither of these groups had acquired enough training to carry out the demands of their present work loads.

Can it be said that the young birth elite of the Turkish business community, with no previous job experience, with only the Turkish type of university business education, with business experience somewhere in the family background, are inadequately equipped to deal with the requirements of today's business? This researcher is inclined to give an affirmative answer to this question.

The Business Leader Motivated by a Drive for Profits

Operational Hypothesis 7: The profit motive is the leading drive of only a few business leaders.

Money as a motivator has not been found to be the primary drive of a working man. Mayo and W. F. Whyte conducted extensive research to arrive at the common understanding that "money is not everything, but it comes ahead of all secondary things." It facilitates the possibility of satisfying the physical and social wants, since it is a measure of wealth. Thus, it can motivate as a vehicle to the attainment of wants or serve as an incentive in itself.

Money is a symbol, not a valuable object in itself. Its power is not confined to a market value alone. Money symbolizes security, achievement, affiliation, prestige, and power. It is a loose concept that people use to represent many desirable values. Thus, the function of money as a motivator

must be observed in the light of a dual symbolism, economic and emotional.

In developing countries, this statement has greater verity. Through money, a man can better his standard of living and gain prominence in society, and he is likely to value money highly. Security lies not in the saving of a man, who is at the mercy of his environment, but in a continued need for his services. Thus, acquisition of money denotes self-actualization as described by A. H. Maslow.¹⁴ The Turkish business leaders identified money motive as their second or third want among others, if they identified it at all. Money ceases to be a primary motive after a partial gratification, but nonetheless is among the drives. In the United States, a top executive's salary can express fantastic figures. Yet a considerable portion of the amount is absorbed into taxes and services which are not at his disposal. The only benefit the executive gets is the distinction he gains through this large salary, among other men in his company. It gives him more importance and higher status.

14. A. H. Maslow, "Some Basic Proportions of a Growth and Self-Actualization Psychology" in Understanding Human Motivation, C. L. Stacey and M. F. Demartino (eds.), Cleveland, Howard Allen, Inc., 1958, p. 110.

Gellerman cites an observation of persons in whom money is a primary incentive. He assumes that money want is most prominent in people whose earnings have not satisfied their capital needs and in those whose earning potential is too low ever to fulfill the capital needs. If a substantial income is acquired, after a time the money motive can lose its primary importance. In their present condition, they perceive the environment to be unmerciful, people around them unreliable and malevolent toward them. Persons with a true money motive as a goal, rather than a vehicle, naturally choose jobs with higher income or, more often, strive for self-employment in order to escape the boundaries which salaried vocation places on their earnings.¹⁵ It is not always easy for the business leader to admit that money is what he wants in life, that he works to increase profits. Only 6 out of 103 respondents clearly indicated that profits were the prime consideration in their work and life. They were in business to make money; all other considerations were by-products.

15. Gellerman, op. cit., p. 162.

Table 5. Profit Motive correlated with the Age, Mobility, Father's Occupation, Education, Employment History, and the Period when the Business Leader entered Business Life.

| Age | Profit Motivated Leaders | | Type of Education | Profit Motivated Leaders | |
|---------------------------------|--------------------------|-------|-------------------|--------------------------|-------|
| | No. | % | | No. | % |
| 20-24 | 0 | 0.0 | Liberal | 0 | 0.0 |
| 25-29 | 1 | 16.7 | Business | 2 | 33.3 |
| 30-34 | 0 | 0.0 | Engineering | 1 | 16.7 |
| 35-39 | 0 | 0.0 | Medicine | 0 | 0.0 |
| 40-49 | 2 | 33.3 | Law | 3 | 50.0 |
| 50-59 | 2 | 33.3 | Not a Univ. Grad. | 0 | 0.0 |
| 60-69 | 0 | 0.0 | | | |
| 70-90 | 1 | 16.7 | | | |
| Total | 6 | 100.0 | Total | 6 | 100.0 |
| Type of Educational Institution | Profit Motivated Leaders | | Mobility | Profit Motivated Leaders | |
| | No. | % | | No. | % |
| Turkish Univ. | 5 | 83.3 | Birth Elite | 1 | 16.7 |
| American Univ. | 1 | 16.7 | | | |
| European Univ. | 0 | 0.0 | Mobile Elite | 5 | 83.3 |
| Not a Univ. Grad. | 0 | 0.0 | | | |
| Total | 6 | 100.0 | Total | 6 | 100.0 |

Table 5. (Cont'd.)

| Period When the Business Leader Entered Business Life | Profit Moti- vated Leaders | | Father's Occupation | Profit Motivated Leaders | |
|--|-------------------------------|-------|------------------------------|--------------------------------|-------|
| | No. | % | | No. | % |
| 1900-1922 | 1 | 16.7 | Small Mer- chant | 1 | 16.7 |
| 1923-1938 | 0 | 0.0 | | | |
| 1939-1949 | 0 | 0.0 | Officer in Armed Forces | 1 | 16.7 |
| 1950-1960 | 4 | 66.6 | Engineer | 0 | 0.0 |
| 1961-1963 | 1 | 16.7 | Doctor | 1 | 16.7 |
| | | | Civil Servant | 1 | 16.7 |
| | | | Farmer | 0 | 0.0 |
| | | | Laborer | 0 | 0.0 |
| | | | Teacher | 0 | 0.0 |
| | | | Clerk in Pri- vate Sector | 0 | 0.0 |
| | | | Politician | 2 | 33.3 |
| | | | Big Entre- preneur | 0 | 0.0 |
| | | | Journalist | 0 | 0.0 |
| Total | 6 | 100.0 | Total | 6 | 100.0 |

Table 5. (Cont'd.)

| Employment History | Provit No. | Moti- vated Leaders % |
|---|---------------|-----------------------------|
| No previous jobs held | 1 | 16.7 |
| Previously employed in a related occupation in the private sector | 2 | 33.3 |
| Previously employed in an unrelated occupation in the private sector | 0 | 0.0 |
| Previously employed in a related occupation in the government sector | 2 | 33.3 |
| Previously employed in an unrelated occupation in the government sector | 0 | 0.0 |
| Previously self-employed | 0 | 0.0 |
| Previously occupied a high government office | 1 | 16.7 |
| Total | 6 | 100.0 |

The distribution of the respondents by age illustrated the peculiar nature of the Turkish big business leaders. 16.7 per cent were between 25 and 29 years old. They wanted to accumulate wealth. Emphasis on profits dropped to zero for those between 30 and 34. Here idealism became the primary driving force. When the business leader reached maturity (40-59 years old), profit became, again a prime reason for their existence (66.6 per cent). Between 60 and 69 years of age, the emphasis once more shifted away from profits. Since they had nearly reached retirement, their profit goals

had probably been reached. On the other hand, when the business leaders reached their 70's, profit, surprisingly, regained its importance. Of those who had valued profit as their most important drive, 16.7 per cent were above 70.

Around 83 per cent of these profit worshippers had moved to their present status from a lower social class. They were the mobile elite of the Turkish business community. Money, in the form of high profit, was instrumental in their progress along the road to success. These men were, by no means, misers; but they valued money highly as a means to an end. They were also striving to accumulate a commodity that they lacked during their youth.

No generalizations can be made about the occupations of their fathers. Almost every profession and occupation was represented. There was, however, an interesting feature.

For the first time, fathers in politics entered the picture. 33.3 per cent of the business leaders' fathers were politicians. Can we assume that political fathers instill in their children values that place profit on a pedestal?

When the employment history of this group was investigated, it was found that 50 per cent of the business leaders in this group had had some previous

work experience in the government sector. Eventually, these men had left their former occupations for a new one in business. Why? Could it have been for the financial benefits of the private enterprise? Why did they leave a prestige position for one that was not entirely socially acceptable? Was there more to the shift than financial rewards? Are businessmen in Turkey gaining more prestige and social approval? Answers to these questions are beyond the scope of this dissertation.

What were the educational levels of these profit motivated respondents? First, all had college degrees. Fifty per cent of them majored in law, 33.3 per cent in business, and 16.7 per cent in engineering. Around 83 per cent went to Turkish universities, and the rest went to American institutions.

The majority (66.6 per cent) of the profit oriented respondents entered business life during the democratic regime between 1950 and 1960.

If any conclusion is to be drawn on the basis of so small a sample, the portrait of the profit-oriented business leader in Turkey is as follows. He is a middle aged, mobile man. His father was a politician, and he himself was previously employed in the government sector. He entered business life during the period in the Turkish economy when it was

possible to make fortunes overnight. He is well educated and majored in law. He attended Turkish universities exclusively.

The Business Leader Inspired by Social Motives

Operational Hypothesis 8: Socially oriented business leaders are gaining in numbers over leaders motivated by different drives.

Socially oriented business leaders differed markedly from the profit-oriented business leaders. In total, 12 business leaders indicated that their main motives were to reach positions from which they could aid society. They made up 11.65 per cent of all the respondents. Resit Serif Egeli, president of the Industrial Development Bank is a socially_oriented man:

My mother has influenced my education. We were in extreme financial difficulties when I reached school age. She infused in me the desires for education, maybe so that I could overcome material problems. I went to the Faculty of Political Sciences on government scholarships. Because of this scholarship I feel I owe a great deal to the country. This feeling has always stimulated me to work and to succeed . . . Money, fame, and prestige come after the man achieves success.

Table 6. Social Motives Correlated with the Age, Mobility, Father's Occupation, Education, Employment History, and the Period when the Business Leader Entered Business Life.

| Age | Socially Motivated Leaders | | Type of Education | Socially Motivated Leaders | |
|---------------------------------|----------------------------|-------|-------------------|----------------------------|-------|
| | No. | % | | No. | % |
| 20-24 | 0 | 0.0 | Liberal | 0 | 0.0 |
| 25-29 | 0 | 0.0 | Business | 3 | 25.0 |
| 30-34 | 1 | 8.3 | Engineering | 3 | 25.0 |
| 35-39 | 0 | 0.0 | Law | 0 | 0.0 |
| 40-49 | 6 | 50.0 | Medicine | 1 | 8.3 |
| 50-59 | 2 | 16.7 | Not a Univ. Grad. | 5 | 41.7 |
| 60-69 | 3 | 25.0 | | | |
| 70-79 | 0 | 0.0 | | | |
| Total | 12 | 100.0 | Total | 12 | 100.0 |
| Type of Educational Institution | Socially Motivated Leaders | | Mobility | Socially Motivated Leaders | |
| | No. | % | | No. | % |
| Turkish Univ. | 7 | 58.3 | Birth Elite | 6 | 50.0 |
| American Univ. | 0 | 0.0 | | | |
| European Univ. | 0 | 0.0 | Mobile Elite | 6 | 50.0 |
| Not a Univ. Grad. | 5 | 41.7 | | | |
| Total | 12 | 100.0 | Total | 12 | 100.0 |

| Period when the Business Leader Entered Busi- ness Life | Socially Moti- vated Leaders No. | % | Father's Occupation | Socially Moti- vated Leaders No. | % |
|--|--|-------|-------------------------------|--|-------|
| 1900-1922 | 0 | 0.0 | Small Merchant | 4 | 33.4 |
| 1923-1938 | 3 | 25.0 | Officer in Armed Forces | 2 | 16.7 |
| 1929-1939 | 4 | 33.3 | Engineer | 0 | 0.0 |
| 1950-1960 | 3 | 25.0 | Doctor | 1 | 8.3 |
| 1961-1963 | 2 | 16.7 | Civil Servant | 1 | 8.3 |
| | | | Farmer | 0 | 0.0 |
| | | | Teacher | 1 | 8.3 |
| | | | Clerk in Private Sector | 0 | 0.0 |
| | | | Politi- cian | 1 | 8.3 |
| | | | Big En- trepre- neur | 2 | 16.7 |
| | | | Journal- ist | 0 | 0.0 |
| Total | 12 | 100.0 | Total | 12 | 100.0 |

Table 6. (Cont'd.)

| Employment History | Socially Motivated Leaders | |
|---|----------------------------|-------|
| | No. | % |
| No previous jobs held | 6 | 50.0 |
| Previously employed in a related occupation in the private sector | 0 | 0.0 |
| Previously employed in an unrelated occupation in the private sector | 2 | 16.7 |
| Previously employed in a related occupation in the government sector | 2 | 16.7 |
| Previously employed in an unrelated occupation in the government sector | 0 | 0.0 |
| Previously self-employed | 1 | 8.3 |
| Previously occupied a high government office | 1 | 8.3 |
| Total | 12 | 100.0 |

Most of the socially-oriented men were between 40 and 49 years old (50.0 per cent). The men in the next largest group were between 60 and 69 years old (25.0 per cent). Approximately 17 per cent were between 50 and 59 years old, and only 8.3 per cent between 30 and 34 years old.

In terms of fathers' occupations, 50 per cent had fathers who were in business previously. The fathers of 16.7 per cent were officers in the armed forces. The fathers of the remaining business leaders were doctors, civil servants, teachers, and politicians.

Fully 50 per cent of these leaders did not have previous job experience. The remaining men rose to their positions from related occupations in the business and governmental sectors. These respondents were equally divided among the birth and mobile elite.

Approximately 33.3 per cent entered business life during Inonu's regime, between 1939-1949, whereas 25.0 per cent had made their entry into business previously, during the period between 1923-1938. As will be recalled, this was the period immediately after the proclamation of the Republic, characterized up to 1933 by strong liberalism, and, after 1933, by mild etatisme. Another 25.0 per cent joined the private sector between 1950-1960. The remaining 16.7 per cent made their entry into the private sector following the 1960 Revolution.

Of the respondents, 41.7 per cent were not university graduates. Those who had graduated from college (all Turkish universities) were divided equally between business and engineering majors.

It is impossible to ascertain linearity between the dependent and independent variables, but a general conclusion can be made based upon observations. The business leaders who were basically motivated by an urge to help society tended to be between 40 and 44 years old, had majored in business

or engineering, had attended Turkish educational institutions exclusively, and had entered business life between 1923-1949, long before the democratic party takeover. Their fathers had been in business, but they, themselves, had not held jobs other than their present ones.

Businessmen Driven by Power Motives

Operational Hypothesis 9: Contrary to general belief, power-oriented leaders are found among businessmen.

These power drives of the businessmen were in line with Adlerian concepts. Many of the business leaders appeared to have inferiority complexes and wanted to control their environments.

Disposition of power may lead one into a guilt complex. Guilt can result from the earlier trauma of being led, which in latency emerges as antagonistic responses toward those rejecting his power.¹⁶ Secondly, the temptation to use it irresponsibly recurs. Petty obstructions frustrate him excessively; thus he uses his power to overcome them. Being in guilt leads into the formation of defense mechanisms. Possessing and using power extravagantly, forces the individual to make justifica-

16. For Oedipus complex see: Sigmund Freud, Three essays on sexuality in standard edition of the Complete Psychological Works, J. Shackey (ed.), London, Hogarth Press, 1953.

tions. He convinces himself that it is only fair and the best possible way. A young owner of a prominent lumber factory placed a great emphasis on explaining that in Western countries an executive does not have to police the workers, to scold them or to coerce them into doing their duty:

I am fully aware of this practice to be wrong in Western countries, I assured you. But unfortunately in our country, a man will not work the minute you turn your head. I have to tell them every single thing and pounce it on their heads if I want to get this log cut up. Union representatives--come now, do you think I would condescend to deal with those rascals over the same conference table: I throw them out, because they don't care what happens to my business...

It is apparent that had this young man not idolized the power at his disposition, he could have seen other ways to administer his work. As Adler contends, desire for power keeps accumulating directly with the attainment of it, as opposed to the stability of prestige wants.¹⁷ Since it is a useful device for enhancing the goals of the self, it eventually becomes the only channel for getting things done. The results may be detrimental or fruitful depending on the cause to which power is applied.

In Turkey, business has its problems for not

17. A. Adler, Understanding Human Nature, N. Y. Greenberg, 1929, p. 398.

being a traditionally reinforced occupation. No company is in a position to compete with the government, and insecurity is prevalent. Lack of precedent in management philosophies comparable to those in Western lands provides a very fertile ground for power plays in interpersonal relations.

Out of 103 respondents, only 6, or 5.84 per cent, of the business leaders indicated power needs as the major motivator during their careers. These men valued power highly; all of their actions within or outside the business were centered around power. Those who had shown inferiority complexes wanted to control their environments to convince themselves and others that they were important and influential. Several of the respondents tried to demonstrate to this researcher the power they enjoyed in the Turkish economy by trying to explain how essential their businesses were for Turkey, and by associating their names with those in powerful political positions. Two of these respondents actually turned their businesses over to close relatives in order to run for a seat in the Parliament.

Table 7. Power Drives correlated with the Age, Mobility, Father's Occupation, Education, Employment History, and the Period when the Business Leader entered Business Life.

| Age | Power Motivated Leaders | | Type of Education | Power Motivated Leaders | |
|---------------------------------|-------------------------|-------|-------------------|-------------------------|-------|
| | No. | % | | No. | % |
| 20-24 | 0 | 0.0 | Liberal Arts | 1 | 16.7 |
| 25-29 | 0 | 0.0 | Business | 1 | 16.7 |
| 30-34 | 1 | 16.7 | Engineering | 1 | 16.7 |
| 35-39 | 1 | 16.7 | Law | 1 | 16.7 |
| 40-49 | 1 | 16.7 | Medicine | 0 | 0.0 |
| 50-59 | 3 | 50.0 | Not a Univ. Grad. | 2 | 33.3 |
| 60-69 | 0 | 0.0 | | | |
| 70-79 | 0 | 0.0 | | | |
| Total | 6 | 100.0 | Total | 6 | 100.0 |
| Type of Educational Institution | Power Motivated Leaders | | Mobility | Power Motivated Leaders | |
| | No. | % | | No. | % |
| Turkish Univ. | 2 | 33.3 | Birth Elite | 2 | 33.3 |
| American Univ. | 2 | 33.3 | Mobile Elite | 4 | 66.7 |
| European Univ. | 0 | 0.0 | | | |
| Not a Univ. Grad. | 2 | 33.3 | | | |
| Total | 6 | 100.0 | Total | 6 | 100.0 |

Table 7. (Cont'd.)

| Period when the Business Leader Entered Business Life | Power Motiva- ted Leaders No. | % | Father's Occupation | Power Motiva- ted Leaders No. | % |
|--|-------------------------------------|-------|-------------------------------|-------------------------------------|-------|
| 1900-1922 | 0 | 0.0 | Small Merchant | 2 | 33.3 |
| 1923-1938 | 1 | 16.7 | Officer in Armed Forces | 2 | 33.3 |
| 1939-1949 | 2 | 33.3 | Engineer | 0 | 0.0 |
| 1950-1960 | 3 | 50.0 | Doctor | 0 | 0.0 |
| 1961-1963 | 0 | 0.0 | Civil Ser- vant | 0 | 0.0 |
| | | | Farmer | 0 | 0.0 |
| | | | Laborer | 0 | 0.0 |
| | | | Teacher | 0 | 0.0 |
| | | | Clerk in Private Sector | 0 | 0.0 |
| | | | Politician | 0 | 0.0 |
| | | | Big entre- preneur | 2 | 33.3 |
| | | | Journalist | 0 | 0.0 |
| Total | 6 | 100.0 | Total | 6 | 100.0 |

Table 7. (Cont'd.)

| Employment History | Power Motivated Leaders | |
|---|-------------------------|-------|
| | No. | % |
| No previous jobs held | 2 | 33.3 |
| Previously employed in a related occupation in the private sector | 1 | 16.7 |
| Previously employed in an unrelated occupation in the private sector | 0 | 0.0 |
| Previously employed in a related occupation in the government sector | 0 | 0.0 |
| Previously employed in an unrelated occupation in the government sector | 1 | 16.7 |
| Previously self-employed | 1 | 16.7 |
| Previously occupied a high government office | 1 | 16.7 |
| Total | 6 | 100.0 |

Most of these respondents (50.0 per cent) were between 50 and 59 years old. The rest were equally distributed within the age range of 30 to 49 years. Apparently acquisition of power becomes important at certain ages among the Turkish big business leaders.

Of the respondents falling into this category, 16.7 per cent had previously held high government offices. Another 16.7 per cent were previously employed in an unrelated occupation in the government sector. In 33.3 per cent of the cases, their present jobs were the only ones they had ever held. They were,

in most cases, mobile. They had either no relationship with the founder of the firm, or were, themselves, the founders. Business was the chief occupation of their fathers, but the sons' success had overshadowed that of the fathers.

Approximately 33.3 per cent of these businessmen were not university graduates. The university graduates were equally distributed among liberal arts, business, engineering, and law. No significant correlation could be made between the types of education and power drives of the Turkish businessmen. Is the type of educational institution in any way correlated with power motives? The results of this survey indicate that it is not, since 50.0 graduated from Turkish universities and the remaining 50.0 per cent graduated from American universities.

There is, however, some correlation between the period when the business leaders entered business life and the needs they wanted to satisfy. Fully 50.0 per cent of the respondents made their entry into business occupations between 1950 and 1960.

Businessmen Motivated by a Desire for Safety and Security.

Operational Hypothesis 10: Although business leaders operate in an insecure environment, only a few are motivated by safety and security needs.

Only 5 business leaders were motivated by security and safety needs. This may appear odd since it was mentioned in earlier chapters that Turkish business operates in an insecure environment.

Table 8: Security and Safety Motives correlated with the Age, Mobility, Father's Occupation, Education, Employment History, and the Period when the Business Leader entered Business Life. (number of respondents motivated by safety and security drives = 5 per cent of the total number of respondents = 4.8)

| Age | Secur. Motivated Leaders | | Type of Education | Secur. Motivated Leaders | |
|-------|--------------------------|-------|-------------------|--------------------------|-------|
| | No. | % | | No. | % |
| 20-24 | 0 | 0.0 | Liberal Arts | 0 | 0.0 |
| 25-29 | 0 | 0.0 | Business | 1 | 20.0 |
| 30-34 | 0 | 0.0 | Engineering | 1 | 20.0 |
| 35-39 | 1 | 20.0 | Law | 0 | 0.0 |
| 40-49 | 1 | 20.0 | Medicine | 0 | 0.0 |
| 50-59 | 2 | 40.0 | Not a Univ. Grad. | 3 | 60.0 |
| 60-69 | 1 | 20.0 | | | |
| 70-90 | 0 | 0.0 | | | |
| Total | 5 | 100.0 | Total | 5 | 100.0 |

Table 8. (Cont'd.)

| Type of Educational Institution | Secur. Motivated Leaders No. | % | Mobility | Secur. Motivated Leaders No. | % |
|---------------------------------|---------------------------------|-------|--------------|---------------------------------|-------|
| Turkish Univ. | 1 | 20.0 | Birth Elite | 1 | 20.0 |
| American Univ. | 0 | 0.0 | | | |
| European Univ. | 1 | 20.0 | Mobile Elite | 4 | 80.0 |
| Not a Univ. Grad. | 3 | 60.0 | | | |
| Total | 5 | 100.0 | Total | 5 | 100.0 |

| Employment History | Secur. Motivated Leaders No. | % |
|---|---------------------------------|-------|
| No previous jobs held | 2 | 40.0 |
| Previously employed in a related occupation in the private sector | 1 | 20.0 |
| Previously employed in an unrelated occupation in the private sector | 0 | 0.0 |
| Previously employed in a related occupation in the government sector | 1 | 20.0 |
| Previously employed in an unrelated occupation in the government sector | 0 | 0.0 |
| Previously self-employed | 1 | 20.0 |
| Previously occupied a high government office | 0 | 0.0 |
| Total | 5 | 100.0 |

Table 8. (Cont'd.)

| Period when the Business Leader Entered Business Life | Secur. Moti- vated Leaders No. | % | Father's Occupation | Secur. Moti- vated Leaders No. | % |
|--|--------------------------------------|-------|-------------------------------------|--------------------------------------|-------|
| 1900-1922 | 0 | 0.0 | Small Merchant | 1 | 20.0 |
| 1923-1938 | 2 | 40.0 | Officer in Armed Forces | 0 | 0.0 |
| 1939-1949 | 2 | 40.0 | Engineer | 0 | 0.0 |
| 1959-1960 | 1 | 20.0 | Doctor | 0 | 0.0 |
| 1961-1963 | 0 | 0.0 | Civil Servant | 0 | 0.0 |
| | | | Farmer | 0 | 0.0 |
| | | | Laborer | 1 | 20.0 |
| | | | Teacher | 0 | 0.0 |
| | | | Clerk in the Private Sec- tor | 0 | 0.0 |
| | | | Politician | 0 | 0.0 |
| | | | Big Entre- preneur | 3 | 60.0 |
| | | | Journalist | 0 | 0.0 |
| Total | 5 | 100.0 | Total | 5 | 100.0 |

The majority of security-oriented business leaders were between 35 and 49 years old, with more concentration in the late forties. A large per cent (80.0) were mobile. The fathers of this group had been big entrepreneurs who lost their businesses and fortunes while their sons were in their 20's. They did help their sons,

however, by introducing them to influential people in the large business circles. It is therefore not surprising that 40.0 per cent had held no jobs other than the ones they held at the time of the study, or that 60.0 per cent had no college education. The two university graduates in the sample had majored respectively in business and engineering. One attended a Turkish and the other a European university.

Businessmen Dominated by Prestige Motives

Although prestige needs have been one of the guidelines in cultural constructs throughout history, it had not been included in objective studies until the twentieth century. As a concept, prestige has no set dimensions uniformly followed by all collectivities, but its effects in a developing country cannot be overlooked. Many revolutions have resulted from the prestige needs of hard-working, ambitious individuals who perceive the traditional class rigidity as a block to their achievements.

Saul W. Gellerman describes prestige as an unwritten definition of conduct that other people are expected to show in one's presence: what degree of respect or disrespect, formality or informality, reserve or frankness. A man's prestige is judged by how he can expect to be treated.¹⁸

18. Saul W. Gellerman, Motivation and Productivity, American Management Association, Inc., 1963, p. 151.

One does not select the degree of prestige he wishes to attribute to himself, alone; it is conferred upon him by society. Prestige comes into recognition as a combination of efforts by lower status people who want to put someone on a pedestal to satisfy their needs for security and protection and the fact that this someone achieves high status by climbing onto the pedestal. For example, when a businessman wanted to order coffee for the interviewer, he called in the doorman who could have been old enough to be his father, addressing him as "my son." And the latter replied, "at your service, sir," to the order. Need for prestige and social inequality are reciprocal determinants of each other.

Only 2 out of the 103 respondents clearly indicated that they became what they were in order to acquire a position of prestige in their society. They wanted respect and admiration. The only way they saw of achieving this was to become business leaders. This was unusual because, as stated before, business leaders are held in low esteem in Turkey; hence, the low number of prestige respondents.

Achievement, Money, and Prestige Drives

The young president of a maritime transportation company, a Wharton School of Finance graduate, was a typical example of a person stimulated by combined achievement and profit motives.

My desire is to be able to reach the highest occupational level in my field. Profit is not an end, but a means to an end. If you accomplish a job successfully, this will necessarily increase the profits for your company.

Table 9. Prestige, Money, and Achievement Drives correlated with the Age, Mobility, Father's Occupation, Education, Employment History, and the period when the Business Leader entered Business Life.

| Age | Prestige, money, and achiev. motivated leaders | | Type of Education | Prestige, Money, and achiev. motivated leaders | |
|-------|--|-------|-------------------|--|-------|
| | No. | % | | No. | % |
| 20-24 | 0 | 0.0 | Liberal Arts | 1 | 4.0 |
| 25-29 | 1 | 4.0 | Business | 6 | 24.0 |
| 30-34 | 3 | 12.0 | Engineering | 6 | 24.0 |
| 35-39 | 1 | 4.0 | Law | 0 | 0.0 |
| 40-49 | 7 | 28.0 | Medicine | 1 | 4.0 |
| 50-59 | 11 | 44.0 | Not a Univ. Grd. | 11 | 49.0 |
| 60-69 | 2 | 8.0 | | | |
| 70-90 | 0 | 0.0 | | | |
| Total | 25 | 100.0 | Total | 25 | 100.0 |

Table 9. (Cont'd)

| Period when the Business Leader Entered Business Life | Prestige, money, and achiev. Motivated Leaders | | Fath- er's Occu- pation | Prestige, Money, and achiev. Motivated Leaders | |
|--|---|-------|----------------------------------|---|-------|
| | No. | % | | No. | % |
| 1900-1922 | 1 | 4.0 | Small Merchant | 6 | 24.0 |
| 1923-1938 | 5 | 20.0 | Officer in armed forces | 3 | 12.0 |
| 1939-1949 | 11 | 44.0 | Engineer | 1 | 4.0 |
| 1950-1960 | 7 | 28.0 | Doctor | 1 | 4.0 |
| 1961-1963 | 1 | 4.0 | Civil Servant | 3 | 12.0 |
| | | | Farmer | 2 | 8.0 |
| | | | Laborer | 0 | 0.0 |
| | | | Teacher | 1 | 4.0 |
| | | | Clerk in Private Sector | 0 | 0.0 |
| | | | Politician | 2 | 8.0 |
| | | | Big Entrepreneur | 5 | 20.0 |
| | | | Journalist | 1 | 4.0 |
| Total | 25 | 100.0 | Total | 25 | 100.0 |

Table 9. (Cont'd)

| Type of Educational Institution | Prestige, Money, and achiev. Motivated Leaders | | Mobility | Prestige, Money, and achiev. Motivated Leaders | |
|---|--|-------|--|--|-------|
| | No. | % | | No. | % |
| Turkish Univ. | 6 | 24.0 | Birth Elite | 8 | 32.0 |
| American Univ. | 3 | 12.0 | | | |
| European Univ. | 5 | 20.0 | Mobile Elite | 17 | 68.0 |
| Not a Un. Grd. | 11 | 44.0 | | | |
| Total | 25 | 100.0 | Total | 25 | 100.0 |
| Employment History | | | Prestige, Money, and achiev. Motivated Leaders | | |
| | | | No. % | | |
| No previous jobs held | | | 4 | 16.0 | |
| Previously employed in a related occupation in the private sector | | | 9 | 36.0 | |
| Previously employed in an unrelated occupation in the private sector | | | 3 | 12.0 | |
| Previously employed in a related occupation in the government sector | | | 2 | 8.0 | |
| Previously employed in an unrelated occupation in the government sector | | | 0 | 0.0 | |
| Previously self-employed | | | 6 | 24.0 | |
| Previously occupied a high government office | | | 1 | 4.0 | |
| Total | | | 25 | 100.0 | |

The dominant age group for these business leaders was between 50 and 59 years (44.0 per cent). Another 28.0 per cent were between 40 and 49 years old, whereas 12 per cent were rather young, in their early thirties.

More striking differences existed in terms of mobility. Fully 68.0 per cent of the business leaders in this group were mobile, while only 32.0 per cent were birth elite. Similar patterns were also observed in their fathers' occupations. Fully 44.0 per cent had fathers who were in business, whereas only 12.0 per cent had fathers who were officers in the armed forces, and another 12.0 per cent had fathers who were in the civil service. Paternal professions such as medicine and engineering each represented 8.0 per cent of this group. There was one journalist among the fathers, representing the final 4.0 per cent of the array.

No wide differences appeared in the employment history of the big business leaders. Fully 36.0 per cent were previously employed in a related occupation in the private sector, whereas 24.0 per cent were self-employed before joining their present firms. Only 16.0 per cent had held no other previous jobs. One person making up the final 4.0 per cent of the respondents had previously occupied a

high government office. A good proportion, 44.0 per cent of the group, entered business life under the Inonu Regime, between 1939-1949, but 20.0 per cent entered much earlier, between 1923-1938.

The largest group of business leaders in this motive category did not have a university education (44.0 per cent). Those who had university degrees favored business and engineering as their field of concentration. Of the college educated business leaders in this group, 42.0 per cent had gone to Turkish universities, 36.0 per cent to American universities, and 22.0 per cent to European universities. In this case, foreign universities were favored against native colleges.

If a portrait of this group of business leaders were to be drawn, the following picture would appear. The achievement, money, and prestige motivated person is in his late fifties. He is mobile, comes from a merchant family, and has previously been employed in the private sector. Education probably did not play an important role in his career. If a college graduate, he majored in business or engineering, more often than not in a foreign institution, preferably an American university.

How to Succeed in Business

This title is more suggestive than descriptive. The success stories of the business leaders are not the subject matter for discussion here. Basically, the meaning attributed to success by the business leaders themselves will be studied. Understanding the meaning of success as conceived by the business leader, will provide means for further understanding his behavior. Up to now in this chapter, certain factual variables such as age, mobility, educational level, etc., have been related to the main motives of the business leader. At this point, the conception of success and of a successful business leader will be analyzed and correlated with the motives, as discussed in the preceding section. Progress along these lines will provide more characteristics to sketch the self-portraits of the business leaders, thus proving the major hypothesis 1 stated in the beginning of this chapter.

What is Success?

Operational Hypothesis.11: Business leaders in Turkey see expansion in business as the major constituent of success.

Conception of success is relative. Business leaders could never agree on one meaning because its

meaning is highly individual. According to Nuri Cerahoglu, large profit alone does not constitute success in business:

If success means only profits, making money is very easy. Success is the combination of fame in business and profits.

Success to Tarik Demirag is the proper application of material resources to a given business:

.....He must have a knowledge of business, and some capital. Then one should apply the former to the latter, and give it a right direction. This is success, and the rest of your elements are nuances.

Fully 64 respondents, or 62.1 per cent, considered expansion in business as the major constituent of success. The majority of these men are motivated by achievement drives and were previously employed in a related occupation in the private sector.

The next constituent of success on the list was recognition and prestige (8.7 per cent). Most of these respondents were motivated by a continuous urge for work. As it will be recalled, those motivated by a continuous urge for work were striving to prove to themselves and to society how important and useful they were. Furthermore, these were their first and only jobs. Here there was an element of vanity that was being satisfied.

Next came large profits as determinants of success (7.7 per cent). Money was a common motivator in

these cases. The leaders had not been previously employed in other jobs.

Particular size and type of wealth constituted the last sizeable determinant of success (7.7 per cent). Power drives were predominant among the motivations of the men in this group. Here, too, the men had not been employed previously in other jobs.

In addition to the already mentioned constituents of success, 4.8 per cent of the business leaders thought that profits, combined with accomplishments, determined success in business. Another 1.9 per cent indicated social achievements as the major constituent of success.

From data presented here, linearity between motives and determinants of success, as perceived by the business leaders, exists.

Table 10. What the Business Leader Considers the
Major Constituents of Success
(total number of respondents = 103)

| Constituents of Success | No. of Re- spondents | Per Cent |
|---------------------------------|-------------------------|----------|
| Large profits | 8 | 7.7 |
| Recognition and profits | 9 | 8.7 |
| Expansion in business | 64 | 62.1 |
| Social achievements | 2 | 1.9 |
| Certain size and type of wealth | 8 | 7.7 |
| Profits and accomplishments | 5 | 4.8 |
| Other | 7 | 7.1 |
| Total | 103 | 100.0 |

Business Leaders Describe a Successful Businessman

Operational Hypothesis 12: There is no agreement among business leaders in describing a successful businessman.

During the interviews, business leaders were asked to describe a fellow businessman whom they considered successful. From these descriptions an individual with the following characteristics emerged as the representative image of a successful businessman. He is hard-working, willing to help society, honest in his performance, and at the same time intelligent and opportunistic. A slim minority mentioned also, as prerequisites to success, ability to forecast the future and

perfection in work.

Business leaders from different industries differed in their perception of a successful businessman.

Nuri Cerahoglu described a successful businessman as the following:

A successful business leader is a person who is helpful to the society and who considers profits, expands his business by taking profits into consideration.

Nurettin Baban, chairman of the board of Sark Degirmencilik T.A.S. (flour manufacturers) described the successful business leader as:

A person who has a knowledge of himself. He must know his own capacities. A successful business leader is a person who thinks in the long run. He must be courageous and practical. He must consult and be able to see his own mistakes.

Ali Mansur, president of Arcelik (industrial manufacturing concern) described a successful business leader as employee-oriented.

I always think first of my personnel; this way they will work better and produce good quality merchandise, bringing, therefore, large profits to the firm.

Banking executives considered honesty as the most striking characteristic of a successful businessman. Leaders in extraction industries, such as mining and petroleum, pointed out the ability to take preventive measures and maintain perfection in work as the traits of a successful businessman.

Leaders in retailing and wholesaling perceived a successful businessman mainly as hard-working and opportunistic. The image of a successful businessman in the eyes of the leaders in manufacturing industries varied drastically from the foregoing descriptions. First of all, 33.3 per cent did not agree on any trait. But the majority of the remaining 66.7 per cent conceived a successful businessman as one who was able to forecast the future, was hardworking, and was socially oriented. Transportation leaders gave hard work, initiative, and intelligence as the most important qualities of the successful businessman. Finally, insurance executives described a successful businessman as one who was honest and opportunistic.

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Table 11. Perceived Description of a Successful Businessman by Business Leaders in Different Industries.

| Perceived Description of Successful Business Leader | Type of Industry in Which the Business Leader is Operating | | | | | | Total |
|---|--|---|----|----|----|---|-------|
| | B | M | R | Ma | T | I | |
| Ability to forecast future | 0 | 0 | 0 | 3 | 0 | 0 | 3 |
| Honesty | 2 | 0 | 1 | 2 | 0 | 0 | 5 |
| Profit not sole concern | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| Hard worker | 0 | 0 | 5 | 8 | 4 | 1 | 18 |
| Perfectionist in work | 0 | 1 | 0 | 2 | 0 | 0 | 3 |
| Strong social orientation | 0 | 0 | 1 | 6 | 1 | 0 | 8 |
| Smart and opportunistic | 0 | 0 | 0 | 1 | 2 | 1 | 4 |
| Any combination of the above | 1 | 2 | 10 | 14 | 1 | 3 | 31 |
| Respected and influential opinion | 1 | 0 | 1 | 0 | 0 | 0 | 2 |
| Intelligence and initiative | 0 | 0 | 0 | 0 | 1 | 1 | 2 |
| Other | 0 | 1 | 5 | 18 | 2 | 0 | 26 |
| Total | 4 | 4 | 24 | 54 | 11 | 6 | 103 |

Key: B = Banking
M = Mining and Petroleum
R = Retailing and Wholesaling
Ma = Manufacturing
T = Transportation
I = Insurance

Number of Respondents
= 103

Except for those who seemed to be motivated mainly by achievement drives, or by any combination of achievement, prestige, and money drives, there was no discernible linear relationship between motives and perceived description of a successful businessman. In total there were 26 respondents motivated mainly by achievement drives. Fully 61.5 per cent of them indicated that a successful businessman was a hard-worker and a perfectionist in his work. Another 25 respondents pointed out that they were motivated by a combination of prestige, money, and achievement drives. These men also conceived a successful business leader as being hard-working, intelligent, opportunistic, and a person whose opinion is consulted within the industry in which he is operating.

Mobile business leaders had a far different conception of a successful business leader than the birth elite did. The mobile elite considered the successful businessman as being honest, hard-working, and socially-oriented. On the other hand, for the birth elite, a successful business leader is a person who has high intelligence, initiative, and ability to forecast the future; and whose opinion is consulted on matters of importance.

The occupations of these leaders' fathers affected the perceived description of a successful business leader. Table 12 depicts this relationship.

Table 12. Perceived Description of a Successful Businessman Correlated with the Occupation of the Business Leaders' Fathers

| Perceived Description of a Successful Businessman | Occupations of the Fathers | | | | | | | | | | | | Total |
|--|----------------------------|---------|----------|--------|--------------|--------|---------|---------|-------|------------|----------------|------------|-------|
| | Sm Merchant | Officer | Engineer | Doctor | Civ. Servant | Farmer | Laborer | Teacher | Clerk | Politician | Big Entrepren. | Journalist | |
| Ability to forecast future | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 3 |
| Honesty | 2 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 5 |
| Hard worker | 4 | 2 | 0 | 1 | 5 | 0 | 0 | 1 | 0 | 0 | 5 | 0 | 18 |
| Perfection- ist in work | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 3 |
| Strong soc. orientation | 2 | 0 | 0 | 2 | 1 | 0 | 0 | 0 | 1 | 0 | 2 | 0 | 8 |
| Smart, oppor- tunistic | 2 | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 4 |
| Combination of the above (any com.) | 9 | 4 | 2 | 0 | 2 | 4 | 0 | 3 | 0 | 1 | 6 | 0 | 31 |
| Respected opinion | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 |
| Intelligent initiative | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Profit not sole con- cern | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Other | 4 | 4 | 3 | 0 | 2 | 2 | 0 | 2 | 0 | 2 | 7 | 0 | 26 |
| Total | 25 | 14 | 5 | 4 | 11 | 7 | 1 | 6 | 1 | 4 | 24 | 1 | 103 |

Of the respondents whose fathers were small merchants, 60.0 per cent perceived a successful businessman as being honest and hard-working, whereas 62.5 per cent of the sons of business leaders pointed out hard work, ability to forecast the future, and strong social orientation as the major qualities of a successful businessman. Of the respondents whose fathers were officers in the armed forces, 57.1 per cent described a successful businessman as honest, hard-working, and intelligent. The majority of the big business leaders with fathers who were career civil servants placed a high value on hard work and described the successful businessman as the one whose opinion is consulted. Similar descriptions were given by those whose fathers were teachers. The following is the distribution of the respondents in terms of educational achievements and perceived descriptions of a successful business leader.

Table 13. Perceived Description of a Successful Businessman and the Formal Educational Achievements of the Business Leaders

| Perceived Description of a Success- ful Business- man | Formal Educational Achievements | | | | | | | Total |
|---|---------------------------------|--------------------|------------|--------------|---------------|---------|-----------|-------|
| | Less than J.H. | J.H. and some H.S. | H.S. Grad. | Some College | College Grad. | Masters | Doctorate | |
| Ability to forecast future | 0 | 0 | 2 | 1 | 0 | 0 | 0 | 3 |
| Honesty | 0 | 1 | 1 | 0 | 3 | 0 | 0 | 5 |
| Hard worker | 2 | 0 | 5 | 0 | 9 | 2 | 0 | 18 |
| Perfection- ist in work | 0 | 0 | 2 | 0 | 0 | 1 | 0 | 3 |
| Strong soc. orientation | 0 | 0 | 1 | 0 | 5 | 1 | 1 | 8 |
| Smart, oppor- tunistic | 1 | 0 | 2 | 1 | 0 | 0 | 0 | 4 |
| Combination of the above (any com.) | 2 | 2 | 5 | 3 | 12 | 7 | 0 | 31 |
| Respected opinion | 21 | 0 | 0 | 0 | 1 | 0 | 0 | 22 |
| Intelligence & initiative | 0 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Profit not sole concern | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Other | 3 | 0 | 7 | 2 | 8 | 6 | 0 | 26 |
| Total | 29 | 4 | 27 | 7 | 38 | 17 | 1 | 103 |

Those businessmen having less than a completed junior high school education felt that a leader whose opinion was consulted had reached success (50.0 per cent). They also believed that profits should not be the sole concern of successful business leaders. Being a perfectionist was an attribute that high school graduates mainly put forward (66.6 per cent). They ranked intelligence, opportuneness, and initiative as criteria for a successful business leader (100.0 per cent). College graduates thought that strong social orientation (62.5 per cent) and hard work (50.0 per cent) were characteristic of a successful business leader.

Ability to forecast the future as a characteristic, was broken up in this way: high school graduates, 66.6 per cent; ungraduated college students, 33.3 per cent. Honesty was broken up even further: college graduates, 60.0 per cent; high school graduates, 20.0 per cent; and junior high graduates, 20.0 per cent.

Table 14 shows the relationship between age and the perceived description of a successful businessman.

Table 14. Perceived Description of a Successful Businessman Correlated with the Age of the Respondent

| Perceived Description of a Success- ful Business- man | 20-24 | 25-29 | 30-34 | 35-39 | 40-49 | 50-59 | 60-69 | 70-90 | Total |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Ability to forecast future | 0 | 0 | 0 | 1 | 0 | 1 | 1 | 0 | 3 |
| Honesty | 0 | 0 | 1 | 0 | 1 | 1 | 2 | 0 | 5 |
| Profit not sole concern | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Hard worker | 0 | 1 | 1 | 3 | 5 | 7 | 1 | 0 | 18 |
| Perfection- ist in work | 0 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 3 |
| Strong soc. orientation | 0 | 0 | 2 | 0 | 4 | 1 | 1 | 0 | 8 |
| Smart & oppor- tunistic | 0 | 0 | 1 | 1 | 0 | 2 | 0 | 0 | 4 |
| Combination of the above (any com.) | 0 | 0 | 1 | 4 | 9 | 11 | 5 | 1 | 31 |
| Respected opinion | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 2 |
| Intelligence & initiative | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 2 |
| Other | 0 | 1 | 2 | 3 | 9 | 7 | 3 | 1 | 6 |
| Total | 0 | 3 | 9 | 13 | 30 | 33 | 13 | 2 | 103 |

Age was another independent variable that could be correlated with the perceived description of a successful business leader. Ability to forecast the future seemed to fascinate the elderly group of the business leaders. Of those in this group 66.7 per cent were between 50-69 years old. The older a business leader was, the more he valued honesty as an attribute of success. Forty per cent of those respondents who gave honesty as the major characteristic in describing a successful business leader were in their late 60's.

Freedom from profit consciousness, however, appeared to be more frequently an attribute of youth. All of those who pointed out that profits should not be the sole concern of a successful businessman were between 25 and 29 years old. Hard work was most frequently chosen by those between 35 and 49 years old (44.4 per cent). More younger adults (30-34 years old) said that, for success, one had to be a perfectionist in one's work.

The more mature adults (50.0 per cent) tended to select strong social orientation as a success characteristic, whereas experienced leaders between 50 and 59 years old chose smartness, opportuneness, and especially, intelligence and initiative (100.0 per cent) as characteristics of success.

To What Does the Business Leader Attribute his Success?

Operational Hypothesis 13: There is no concensus among business leaders as to what they attribute their success.

The reasons for their success differed widely among the business leaders, as did their conceptions of success. Hayri Baran, the maritime transportation tycoon, attributed his business success to his managerial philosophy.

To succeed in business you have to create confidence in yourself. You must also have endless energy. Calculative decision-making is very important; you have to think a lot before deciding, and once a decision is made you have to put this decision into application and see that it is carried out. You must utilize fully the abilities of the persons that are working with you; do not ever employ a person that you cannot fully utilize.

Table 15. To What does the Business Leader Attribute his Success?
(number of respondents = 103)

| Success Attributed To | No | % |
|-----------------------------|-----|-------|
| Self only | 39 | 37.8 |
| Family background | 18 | 17.5 |
| Opportunities encountered | 7 | 6.8 |
| Self and opportunities | 12 | 11.6 |
| Co-workers | 13 | 12.6 |
| Parental influence | 4 | 3.9 |
| Another businessman's image | 4 | 3.9 |
| Everything except self | 3 | 2.9 |
| Other | 3 | 2.9 |
| Total | 103 | 100.0 |

As Table 15 indicates, 37.8 per cent of the business leaders attributed their success exclusively to themselves. The next largest group, forming 17.5 per cent of the total, gave their family backgrounds as the major constituent of their success. Twelve and six tenths per cent mentioned their co-workers. Nuri Cerahoglu attributed his success to his co-workers.

A person cannot succeed alone....I cannot become the general director of another organization that is not in my line of specialization. However, I can be successful if persons around me are competent.

Available opportunities were ranked as the prime cause for the success of 6.8 per cent of the respondents. Mr. Omer Inonu, the owner-manager of Harmancik Krom Ltd. Co. (a mining concern) attributed his success to the opportunities he encountered. Even having been the son of a former President of the Republic of Turkey, he still believes that the right opportunities were the key to his success, although, curiously, he does not consider himself a successful business leader.

My father-in-law was the founder of this firm. He died a few years after my marriage. There was no one else in the family to take care of the business so I took over where he left off. You may call this whatever you like, but, to me, this was sheer opportunity.

About 3.9 per cent of the group acknowledged self and opportunities, while 2.9 per cent indicated

everything but self as leading them forward to success. Parental influence was mentioned by only 3.9 per cent. Finally, 3.9 per cent of the respondents admitted they followed in the footsteps of another person to achieve success.

No definite reason for success can be inferred from the success history of the Turkish business leaders, but a more detailed study of the reasons for success revealed the following picture.

Those who attributed their success to themselves alone, usually had no family relations with the founder of the firm (58.9 per cent), and 20.5 per cent were the founders of their own firms. They came from a middle socio-economic class (45.8 per cent). Forty-three and five tenths per cent were college graduates (B.A. only). They entered business life between 1950 and 1960 (40.0 per cent) and are mainly between 50 and 59 years old (33.3 per cent). Looking at the employment history of the big business leaders, it was found that 23.1 per cent of those who attributed their success solely to themselves, were previously employed in a related occupation in the private sector. Along these same lines, 18.0 per cent were self-employed. Finally, more than 38 per cent entered business life between 1950 and 1960.

Business leaders who attributed their success to opportunities encountered during their lives, were

usually between 40-49 years old (43.0 per cent). They came mainly from the upper-middle socio-economic level. Approximately 85.7 per cent had finished college, while 57.1 per cent furthered their education and obtained Master's Degrees. They had been previously employed in a related occupation in the government sector (43.0 per cent). About 57.1 per cent had no family relations with the founders of their firms; they were mobile men. Fully 71.4 per cent made their entrance into business while the Democrats were in power.

Eighteen of the respondents attributed their success to their family backgrounds. Approximately 66.7 per cent of these business leaders did not have previous work experience, but this lack of experience was compensated for by the fact that 72.2 per cent had family ties with the founder of the firm on the father's side. It is therefore not surprising that 66.7 per cent came from an upper-upper socio-economic class stratum. Educationally these respondents did not do well, for 61.1 per cent did not finish junior high school, and only 38.8 per cent finished high school. It took a long time for these men to rise to their present status; some joined the business community as early as 1939. At the present time 50.0 per cent are in their early 60's.

Next in line were those respondents who attributed their success to their co-workers. Approximately 46.1 per cent had working experience prior to their present jobs. They were previously employed in the private sector. Some 69.2 per cent were mobile, since they either had no family relationship with the founders of the firms or were themselves the founders. Approximately 46.1 per cent moved to their present social status from a middle socio-economic class. Percentage-wise, this group of business leaders were the most educated, for 69.2 per cent were college graduates. Of this group, 22.2 per cent had Master's Degrees, and 11.1 per cent had Doctor of Philosophy Degrees. Most of them entered business during the 1923-1938 period, and today they are in their mid-sixties.

The last significant group, composed of 12 business leaders, gave self and opportunities as the prime reasons for their success. A large majority of these respondents had previous work experience in a related occupation in the business sector (58.3 per cent). They were mobile men (83.3 per cent) who used a particular opportunity to stride ahead in business. They came from a middle socio-economic class and were well-educated. About 53.8 per cent were college graduates, and, of these, 28.5 per cent gained Master's Degrees. They joined the business

community in the late 1930's and early 1950's. Presently they are in their mid-fifties.

Conclusion

Two conclusions can be drawn at this stage. First, no single predominant type of business leader exists. Second, although no common behavior patterns existed among the business leaders, their motivations were, without exception, strong. Each businessman had a goal he was determined to reach.

As opposed to the single trait portrait of the business leader drawn at the end of chapter 5, in this chapter a trait portrait is impossible to draw. It is possible, however, to draw a few behavioral portraits.

The Achievement Motivated Leader (25.3 per cent of the Respondents)

This type of business leader is one of Turkey's most constructive group of citizens. He is sincere in his business dealings and well-liked by his environment. He is strong, energetic, mobile, and comes from a small merchant family. He is often not a university graduate, but those who did graduate from a university tended to major in engineering. He was previously employed in a related occupation in the private sector. He views expansion in business as the major constituent of success. For this

reason he wants to create and innovate. A successful businessman, to him, is a hard worker and a perfectionist in his work. He attributes his success to himself only.

The Work-Oriented Leader (13.8 per cent of the Respondents)

He is a university graduate who majored in business; he has attended Turkish universities. He had no previous work experience. He is in his mid-forties and has moved to his present social class from a lower stratum. He entered the business community during the democratic party regime. This man works for the sake of working, or for the sight of his own accomplishment. He is not constructive and is often criticized for wasting the country's scarce natural resources. He believes in centralized management, with little delegation of authority. He is a fighter, but he fights himself. He also wants to appear humanitarian in his labor relations and follows a paternalistic approach to management. He believes that success in business is recognition. In order to be recognized by his peers he works determinedly, but not productively. He describes a successful businessman as hard-working and honest. He attributes his success to his family background and himself.

Profit-Oriented Leader (5.8 per cent of the Respondents)

This man is well-educated. He attended Turkish universities exclusively and majored in law. His father

was a politician, and he himself was previously employed in the government sector. He is a middle aged, mobile man who entered business life during that stage of the Turkish economy when it was possible to make a fortune overnight. He believes that profits should be the sole concern of a businessman. Anything is acceptable, provided it brings greater profits. He takes risks to increase his profits and often enters into complicated arrangements and mergers. He is always troubled by governmental interference. In his management practices he is cost-conscious. He thinks that the major determinant of success is the accumulation of large profits. He attributes his success to self and opportunities met.

Socially-Oriented Leader (11.6 per cent of the Respondents)

He also attended Turkish educational institutions exclusively and majored in business or engineering. He made his entry into business between 1923-1949. His father had been in business, but he, himself, had not held a job other than his present one. He is an organizer and is other-oriented. In his management practices he is marketing-oriented. He believes that decisions should be made where work actually takes place; therefore, he delegates much of his authority to his subordinates. He tries to follow government guidelines in his investments and believes in a

mixed-economy. Here is a business leader who is well aware of society's problems and sees himself as an active participant in that society. He is sensitive to his environment and contributes to philanthropic causes. He considers social achievement the prime constituent of success and strives for it. He describes a successful businessman as strongly socially-oriented and recognizes that the people working with him helped him to succeed.

Power-Oriented Business Leader (5.8 per cent of the Respondents)

This man's father had been an officer in the armed forces. He himself graduated from a university and is today between fifty and fifty-nine years old. He is mobile and entered business life in the early fifties, already having some government experience behind him. This man is an empire builder, and is interested in facade development. He tries to acquire political powers as well as economic powers, thus alienating himself from the government and civil service. He talks big, but seldom follows through on his big talk. He is selfish, and uses political power to obtain special favors from the administration. In fact, his chief executive is often a former high government official. He liked to delegate authority. He is a big spender, and undertakes risky projects if he thinks they will add to his present wealth and power. He believes that

extent and type of wealth constitute the most important determinant of success. He cites the parental influence upon him as the major reason for his success.

Safety and Security-Oriented Leaders (4.8 per cent of the Respondents)

His father was a big entrepreneur but had lost his fortune. His present job has been his only working experience. He has a college degree and probably attended a European university. He is between 35 and 49 years old. He is a mobile man. This leader wants to protect his future and the future of his family. He is very cautious in his business dealings; he thinks twice before acting on anything, and consults outside experts before undertaking something new. He is afraid of the government and does not trust his environment. He wants to create a niche for his firm in the industry, but he is slow to change and to adjust. He is not growth-oriented, but, rather, wants to preserve what he already has. Consequently he discourages innovative ideas in the firm. He believes in the proven, but outdated methods of the past. He does not diversify his products and produces the same ones for years. He believes that success in business is freedom of mind. A successful businessman, to him, is the one who can leave his business for a time and find it intact when he returns. He attributes his success to everything but himself.

Prestige Motivated Leaders (1,0 per cent of the Respondents)

He wants admiration and respect, and association of his name with name organizations. He is formal in his relationships with subordinates, and is a formidable competitor. He is on the upward move at all times. Not only does he seek prestige, but he also seeks to prove to himself that he deserves this prestige. He is calculative in his actions and does extensive planning. He produces products that appeal to the eye. This man has achieved success in business by following in the footsteps of another successful man. To him, success in business means admiration from society.

Achievement, Money and Prestige-Oriented Business Leaders (24.2 per cent of the Respondents)

This type of leader came from a merchant family. He was previously employed in the private sector. Education did not play an important role in his career. If he graduated from college, he majored in business or engineering in a foreign institution, preferably an American university. He is now in his late fifties and is a mobile man. This man is a shrewd businessman. He works hard only for results. He accepts the government and other blocks of power as they are and tries to do his best under existing conditions. He strongly believes in private enterprise and actively supports all activities leading to its enhancement. As a

manager he is a humanitarian. He doesn't believe in the carrot and stick management philosophy. Profits combined with accomplishment, he considers the major constituents of success. He attributes his success mainly to himself and to opportunities.

This existence of at least 8 different types of business leaders in Turkey proves the major hypothesis stated in the beginning of this chapter.

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CHAPTER VIII

THE BUSINESS LEADER IN HIS SOCIAL ENVIRONMENT

Major Hypothesis Two: Because of their differences, there is no consensus among the Turkish big business leaders as to the role for which they feel responsible in society.

There is undoubtedly an increasing awareness, on the part of businessmen, that they have important obligations to society. Today's big business leaders in Turkey have gradually started to preach the doctrine that they are a part of the society, and that they should serve their society. They have now begun to believe that their role should not be limited to managing merely in the interests of stockholders. The experience of the sixties, combined with national tendencies toward social control, led the Turkish businessmen to think about the conditions which must be met if they were to survive. Following continuous pressures from leftist factions for ten years, the business leaders saw that private enterprise could be accepted and perpetuated only if it demonstrably served society. Although the majority of the business leaders were aware of social responsibilities, there was no apparent coherence among them with respect to what their perceived role in society should be.

In this chapter the verbal statements of big business leaders toward their perceived social roles will be summarized. The thoughts of Turkey's big business leaders will be described; thus, the above stated major hypothesis #2 will be tested.

How the Business Leader Perceives his Role
in the Society

As Howard R. Bowen stated, "A first step in understanding the businessman's conception of his social responsibilities is to examine his economic ideas."¹ Most of the economic ideas of the Turkish business leaders flow from their concern for production. They invariably oppose any attitudes which conflict with productive efficiency. However, the concept of efficiency involves many value connotations. Not all agree that research can be useful to develop better methods, new products, and ultimately, a higher standard of living. Business leaders were asked to state their opinions about research and its usefulness to their business. Forty-four respondents (42.7 per cent) did not believe that research institutions rendered valuable service. The remaining 59 respondents (57.3 per cent) thought that, in one way or another, research did accomplish valuable service for their business.

1. Howard R. Bowen, op. cit., p. 46.

Many business leaders were interested in high labor productivity and were concerned about tendencies toward reduced output on the part of the workers. On the other hand, there was a small minority which employed an unnecessarily high number of workers, just to provide employment. This was especially true during slack periods. Certain employers did not lay off workers voluntarily, but continued to carry them on payroll even when their marginal productivity was negative. When asked to give reasons for their actions, they all gave humanitarian reasons. One of the more candid and illustrative statements on this idea was made by the owner of Turkey's largest biscuit manufacturing concern, who said:

In the evolution of a complex industrial society, the social responsibility of business has broadened correspondingly. It is no longer possible to lay off workers cold bloodily. I have the responsibility of providing continuous employment for my personnel as long as I am in business.

This quotation is by no means representative of the attitude of all business leaders, but it shows that such leaders had started to think of their social roles. This was necessitated by increasingly unfriendly public attitudes toward business and the vulnerability of the free-enterprise system. The important point is that there was an awakening among the business leaders -- an awareness of the importance of the

climate of public opinion and the political forces within which the businesses operated. Just as Bowen pointed out for the United States, in Turkey, too, the day of plunder, human exploitation, and financial chicanery by private businessmen has largely passed.²

On the basis of the previous discussion it is germane to consider what the contemporary big business leader in the Turkish Republic believes his responsibilities to be. The business leaders can be categorized into two broad groups -- environment-oriented and self-oriented. The small minority of self-oriented business leaders representing only 8.8 per cent of the 103 respondents, isolated themselves in ivory towers. They had narrow conceptions of society. When these men were asked to describe their roles in society, they could not picture themselves as active members of it. For them, society was composed of their families and relatives, with few friends. When the chairman of the board of Turkey's largest retailing institution was asked how he conceived his role in society, he gave the following answer:

Society to me is my large family; it is my responsibility to provide jobs for my relatives. Our family is a very close unit and we do not want any outsider in our organization. We encourage marriages within the family so that our wealth and capital will remain intact. If I can satisfactorily achieve this role, I would consider myself as having accomplished my social responsibilities.

2. Ibid., p. 52.

Fortunately, the remaining 91.2 per cent of the business leaders had a broader conception of society. It is more extensive than the circle and needs of one's family and close friends; it covers pressures from the government, competitors, consumers, intellectuals, etc.

These men have developed a sensitivity monitor. However, this monitor does not detect the same conditions, nor does it have the same degree of receptivity from person to person. Even if it responded to the same disturbance, or group of stimuli, the responses of the individual business leaders would be diverse. This sensitivity monitor is composed of all the information-receiving devices of the business leader. Thus, the market could be considered the best sensitivity monitor.

The casual process of role perception seems to travel the following route. Before showing an overt behavior, the business leader perceives, through his sensitivity monitor, a stimulus which is modified by a series of intervening variables. For example, when a firm starts to lose money, the business leader automatically makes a decision which is subject to the influences of all the intervening variables around him. These intervening variables involve motives, beliefs, assumptions, prejudices, attitudes, aspirations, feelings, emotions, expectations, social values, education, family backgrounds, mobility patterns,

religion, etc. The stimulus passes through a filter made by the intervening variables and thus is modified. This modification process accounts for the varied perceptions the business leaders have of their social roles.

This mode of thinking is representative of the adherents to the Gestalt school of psychology. This school of thought maintains that rational behavior is a function of how an individual perceives a given stimulus or external event, and, further, that such behavior can be explained in terms of these "intervening variables" which are postulated to function within an individual. Intervening variables provide the psychological framework within which environment stimuli are interpreted. This interpretation leads to overt behavior. Gestalt psychologists further point out that the theory is dynamic in the sense that the structure of the intervening variables, within a psychological frame, is constantly changing.³

Empirical evidence shows that in Turkey there is no uniformity in role perception among the business leaders. This was hypothesized and based upon the above theory. The results of the survey will now be presented.

3. The basic theory is discussed by W. Kohler, in Gestalt Psychology, 2nd ed., Liveright, N.Y., 1947; also excellent applications of Gestalt theory are given by M. Wertheimer in Productive Thinking, Harper, N.Y., 1959.

Table 1 shows how the business leaders perceived their roles in society.

Table 1. A Business Leader's Perception of his Role In Society

| Perceived Role in Society | Number of Respondents | Per Cent of Respondents |
|---|-----------------------|-------------------------|
| To create work | 26 | 25.2 |
| To do one's own work effectively | 22 | 21.4 |
| To make achievements for society | 10 | 9.7 |
| To have the ability to do something in the society | 13 | 12.6 |
| To be an idealist | 10 | 9.7 |
| To motivate the environment to work | 4 | 3.9 |
| To educate the environment | 3 | 2.9 |
| To be creative | 2 | 1.9 |
| To show that work and achievement, not profits, should be the true motivators | 4 | 3.9 |
| Those who have a narrow conception of society | 9 | 8.8 |
| Total | 103 | 100.0 |

Accomplishing Own Work Effectively

The second largest group of business leaders, comprising 21.4 per cent of the 103 respondents, believed that their role in society was to accomplish their own work effectively. In accordance with the businessman's

production-oriented economic thinking, the individual leader tended to feel that he should concern himself mainly with accomplishing his own work effectively. This group of respondents believed that business had an urgent obligation to be a productive force in society, that it must build and expand. To do this, the respondents strongly argued that the business leader should devote all of his energies to his work. If he did his work to the best of his capacity, he would satisfy his social responsibility. Mr. Fikri Tansug expressed this idea in the following way:

"His role in society is no different from any other person's. If he carries his job well he would have fulfilled his social responsibilities."

Mr. Vahdi Volkan argued the same point in a different way:

"Private enterprise should succeed first, then give social aid to the society. We have a scholarship fund to send a student to the United States."

Sabri Ulker, the owner-manager of Istanbul's largest biscuit factory, succinctly stated it:

"We are trying to play our social role in our work."

Representatives of the manufacturing industry formed the largest single portion of this work-oriented group. Approximately two-thirds of the work-oriented group were college graduates, apparently implying that

being college graduates instilled in the business leader a sense of occupational orientation. This implication is strengthened by the fact that they perceived their roles in society to be specialists who concentrated all their efforts into their particular fields of specialization.

Of the men who were more oriented toward their own business and work, a substantial proportion were in the 50-59 age bracket (40.9 per cent) and had entered business life during the Republican Era, between 1939-1949, when there was an intense competition between business and government. Businessmen had to prove their efficiency. Having been occupied for years with internal efficiency, business leaders had developed a conditioning which led them toward this conception of their social role. During that decade, furthermore, business was production oriented. This, too, had a bearing upon role perception.

The employment history of this group showed that for 31.8 per cent of them, their first jobs were with their present firms. Continuous urge for work was the most significant motive for these leaders, and to them, a successful businessman was one who was hardworking and intelligent enough to make good use of the opportunities in life. For these men, as for the previous group, success in business was reflected in growth and expansion.

One-half of the business leaders in this group had no family ties with the founders of the firms but they, themselves, were not entrepreneurs. There was no apparent relationship between the education of their fathers and their own role perception, although 27.1 per cent of their fathers did graduate from college. This group, as a rule, kept strong ties with relatives and had strong religious affiliations.

Motivating the Environment to Work

A small percentage (3.9 per cent) of the business leaders, mainly in manufacturing, felt their role in society was to motivate the members of their environment to work. They attributed the low level of economic development to the lazy men of the society, and believed that their role was to instill in the society the desire for work. They indicated two possible ways of motivating their environment to work. One was to act as examples and demonstrate how hard work could lead men to success. The second was to motivate their environment directly. This point was well expressed by Nejat Kipman, a leading manufacturer:

. . . to accomplish a parallel development in the country. In our country there is only a small group that works, and this is not enough. By paralleled work I mean both the employer and employee work.

We have to eliminate laziness. Do you know why the Turkish society is lazy? We are a military nation. For years we went from war to war and neglected other achievements. Britain,

before the Industrial Revolution, had a similar period for 30 years. The Turks have lived as a military nation for 500 years, but whenever the function of the merchant was considered important, then the nation developed.

The motivation of the Turkish man dies after serving his time in the army. His self dies. Women work in the fields, and men play cards in village cafes. Generally the young man does not want to work at first, but later when he is obliged to, then his time and his energies do not suffice. To my mind we have to close the cafes and open clubs that will operate only at nights. It is, therefore, the responsibility of the entrepreneur to create in the society a desire for work.

These business leaders also thought about the need for creating a sense of vocation among employees and enhancing the degree of personal satisfaction derived by workers from their jobs. Although businessmen who are oriented toward human relations are not numerous in Turkey, those who did advocate this attitude cited such needs of workers as the following: a reasonable standard of comfort for workers and their dependents; reasonable security and justice; a sense of accomplishment or perspective in relation to the importance of the job in the totality of economic life; a sense of belonging to an organization; an opportunity to get ahead; and an opportunity for personal and cultural development.

These men were low in educational achievements when compared with other groups. Only 30 per cent were university graduates. This was also the youngest group surveyed up to this point, 50 per cent being in their

late thirties, and 25 per cent in their early forties. Since these men had little technical training and knowledge, they must have entered the business circle early, in order to have reached their high level of accomplishment at such a youthful age. Approximately 75 per cent entered business life earlier than 1949. Experience made up for the lack of years of technical training. For all the groups, in fact, there has been an inverse relationship between experience and formal education.

None of the business leaders in this group had work experience outside of the private sector. All had originally worked either in their present firms or in related occupations in other firms. Never having been associated with state economic enterprises or the civil service, they had not lost the belief that work should lead to tangible results, springing from the work area itself. In public service the officials and decision-makers were far away from the actual work area. For this reason, they were not able to associate the rewards they got with the actual work they performed. But in business, the benefits and rewards received are normally proportional to the amount of capital and labor the individuals have put into their concerns.

Achievement and a continuous urge for work were the leading motives for these business leaders. They worked hard because they were anxious to complete the tasks and obtain the results.

Their descriptions of successful business leaders reflected the ideal self toward which they strived. They attributed a businessman's success to hard work. When they were asked what made them successful in business, they invariably gave work as the answer. This explained why they saw their role in society as one of motivating their respective environments to work.

Expansion in business, blended with recognition and prestige, were the constituents of success. These leaders made a clear distinction between expansion in business on one hand, and recognition and prestige, on the other. They did not believe that recognition and prestige necessarily followed the aggrandizement of a business. They cited several examples in which the owners of large businesses were, indeed, short of recognition and prestige.

No direct relationship existed between the mobility patterns and the perceived roles of these respondents. One-half of the group were mobile, while the remaining 50 per cent were related to the founders of their present firms on the paternal side. Whether or not a man was mobile or birth elite, if he had not been previously employed in the government sector, he tended to see a closer relationship between work, results, and rewards. Consequently, he urged his environment toward more zealous work. Neither was there any direct relationship between the level of their fathers' educations

and their role perceptions. Half of the leaders' fathers were college graduates; the remaining 50 per cent had less than a high school education.

The business leaders who thought their role in society was to motivate their environment to work were asked about the extent of their ties with relatives and family. It was found that most of them were maintaining these ties (75 per cent). At the same time they had little religious orientation. With respect to religion and business success, a trend seemed to appear. Out of 103 respondents, 64 had little or no religious orientation except that they were officially Moslems. Can the following generalization be made with any degree or accuracy: that to be a successful businessman in Turkey, one has to ignore the religious obligations of the Moslem religion?

Creating Work for the Environment

The largest single group, 25.2 per cent of the business leaders, believed that their role in society was to create work. They felt this way because, as practical economists, they knew that rising standards of living must be based ultimately upon greater production; and, also, that in a growing society more and more jobs must be created if there is to be full employment.

Mr. Vitali Yarasir, a manufacturing leader, explained his role in the following manner:

A businessman must create work and develop his employees. To me, the most urgent problem in Turkey is education. If the government asked me to give 30 per cent of my profits for educational purposes, I would do it gladly.

A less sophisticated explanation was given by Asur Kaya, a self-made man with only an elementary education:

"A business leader should increase the volume of his work and provide jobs."

Hasim Ekener more philosophically explained it:

"Business leaders must create the conditions conducive to growth. He must live but also make his environment live."

Who were these men who envisioned themselves as creators of work? Where did they come from? The largest portion were chief executives of manufacturing concerns (46.1 per cent). In the next group were the executives of retail and wholesale organizations (26.8 per cent). The rest were evenly distributed among banking, mining, transportation, and insurance.

Most of the respondents (61.5 per cent) had obtained at least bachelors' degrees.

The greatest concentration of men in this category was in the 40-49 age bracket; however, there was no significant causal relationship between age and the reason why the business leader perceived his role in society as creating work. On the other hand, there

was apparent linearity between the year when the business leader entered business life and his role perception, 73.0 per cent having entered business between 1939 and 1960.

Of the work-creation respondents, 61.5 per cent maintained strong family ties, but, on the whole, this group lacked strong religious orientation (54.0 per cent). There was some relationship between the degree of religious orientation of the businessmen and their perception of their role in society. Those who thought that their role was to create work, had very little religious orientation.

The employment history of these men indicated that 34.6 per cent were previously employed in a related occupation in the business sector. Another 27 per cent were self-employed. From these statistics it was possible to infer that these men, after years of work in the business world, had come to realize the value of continuous employment to private business and society.

There was a quasi-significant relationship between the business leader's role perception and the motives that stimulated him. Some 27 per cent of the respondents in this group were mainly motivated by achievement drives.

In most cases the business leaders' role perceptions corresponded quite closely to their descriptions of a successful businessman. To 69.2 per cent of the

work-creation respondents, a successful businessman would be hard-working and socially-oriented. Most of these respondents also agreed that expansion in business was the major constituent of a firm's success.

A strong majority, amounting to 69.2 per cent of the businessmen in this group, were mobile. The remaining respondents were related to the founders of their firms on the father's side.

Many of the fathers of men in this group had good educations, as did their sons, for 30.8 per cent were college graduates. Yet, there was another side; 27.0 per cent of the fathers did not graduate from junior high school.

Making Accomplishments in Society

A somewhat smaller group, including 12.6 per cent of the 103 respondents, saw their role as being able to accomplish something in the society. Here there is a dichotomy resulting in the managerial role and the social role. These respondents did not feel that their social responsibilities were totally satisfied if they performed only their entrepreneurial role with excellence. They felt obligated to accomplish something more, outside of their regular economic activities. In accordance with this feeling, the leading businessmen of Turkey have built hospitals, bestowed chairs in the universities, established scholarships, opened poor houses, etc.

Mr. Nalut Alper expressed a viewpoint that was not uncommon:

A business leader should spend 30 per cent of his time for social problems, 30 per cent for government relations, and 40 per cent for his own job if he wants to be called a successful businessman.

No apparent relationship existed between the business leader's type of firm and his perceived role as a man who should accomplish something in society. All types of industry were well distributed here.

High school graduates outnumbered the non-high school graduates. The lack of technical education in this group explained, to some degree, why they perceived their role as the ability to do something in society. Having accomplished something in their society, they would be in a position to reject the accusations of society that they were wasting the scarce natural resources of the country.

In terms of age, these respondents were among the oldest of the present Turkish business leaders, 61.5 per cent being in their early sixties. Since they were approaching the end of their business careers, they wanted to leave a tangible work behind -- an accomplishment that could be appreciated by the society at large. Surprisingly, these men were new in business, 54.0 per cent having entered business life during the fifties.

The largest segment of this group had come from related or unrelated occupations in the government sector (36.0 per cent). The rest had been either self-employed or in politics. Very few had previously been in business employment. Apparently, a long association with public service before joining business was instrumental in helping them perceive their role as men responsible for accomplishments in society.

The motives of the business leaders in this category were largely prestige and achievement. Their sense of accomplishment came not from the finished work itself, but from the prestige that accompanied it -- a common attitude of the Turkish bureaucrats. Although their comments occasionally indicated achievement, prestige was the main motive in these particular cases.

For these leaders, a successful businessman -- one who also corresponded with their role perception -- was the man who was honest, intelligent, and socially-oriented. Recognition, prestige, and extent of wealth were the major ingredients of a firm's success for 46.1 per cent of the respondents in this group.

Mobility characterized 61.6 per cent of these men. They had no family ties with the founders; they were not entrepreneurs, and only 0.8 per cent had established their own firms. They wanted to succeed to someone else's firm, and they did. Being first

government bureaucrats and later business hierarchs influenced their role perception, directing it toward social orientation.

Concerning family and religious factors, it is seen that the majority of their fathers did not graduate from college (70.0 per cent). The leaders consistently indicated that they wanted to have everything their fathers never had. Outside of the immediate family, their family ties were not strong. One man even pointed out that his generation started with himself. This group had the least amount of religious affiliation. They professed belief in God, but had not attended a religious service in years.

Making His Achievements the Achievements of the Society

One group of business leaders, making up 9.7 per cent of all the respondents, were, by nature, altruistic. These men had linked their fortunes closely to society. They had many stakes in the country; for this reason their success was dependent upon the preservation of society. They wanted to maintain the status quo, and were against the progressive elements of the society. They were resistant to change. In order to justify their own systems, they wanted society to share in their success. In this way they tried to prove their unselfishness. Few of these business leaders sincerely believed that they would, in the long run, greatly

benefit from this. In short, what they actually were doing was publicizing their deeds to society. It is like contributing, today, to a community chest fund, knowing that, tomorrow, you'll be drawing twice as much as anyone else from it.

Who were these men? One-third were the owners or managers of large marketing organizations. One-third were in manufacturing. Two-thirds had college educations, with half of these graduates having master's degrees. Why did the educated business leaders perceive that their role, at least in the short run, was to make their achievements the achievements of society? One tentative answer might be a broader perspective and objectivity on the part of the educated elite. This author believes that in order for the free enterprises to survive in Turkey, entrepreneurs must bridge the gap between big business and society in any way they can. This minority of business leaders saw and understood the problem. They have begun to correct it.

These correctors were not the young idealists of society; they were experienced, shrewd businessmen. All were over 48 years old; the largest concentration was in the early sixties. As will be discussed in the following section, this group of experienced business leaders must not be confused with another group, of equal number, identified as idealists because of their peculiar perception of their social role.

Fifty per cent of these respondents, who linked their fortunes closely to society, entered business life between 1939 and 1949. On the other hand, 20 per cent started careers in business following the 1950 Revolution. Does this mean that the revolution served as an example for the business leader and made him more socially-oriented? Several of the respondents made certain comments which tend to support this line of reasoning. One famous business leader, who wished to remain anonymous, made the following statement:

I hope the revolution has awakened some of us. It is time to reconsider our social responsibilities if we want to keep our wealth or even our lives.

Forty per cent were previously employed in related occupations in the government sector or held high political positions. These respondents knew the general feeling of the administration toward private enterprise, and they were aware of the hostile attitude of the new civil-servant generation.

A look at the drives that motivated this group of men reveals that the greater part of them were safety and security-oriented. Few sincerely tried to help society. If a generalization of their leading motives were to be made, security, safety, prestige, and social service, in respective order of importance, would override any of the others.

Ability to forecast the future, and strong social orientation were, to them, attributes of a successful

business leader. Indeed, over 50.0 per cent in this category favored the above mentioned characteristics. This group also named expansion in business as the major ingredient of success. The majority of the businessmen (70.0 per cent) were in the mobile elite category. They did not join the business circle by bringing in large capital and becoming a partner in an existing enterprise. Their only capital was the know-how and "know-who" they had acquired in their early career in public service (40 per cent). Another 30 per cent founded their own firms immediately upon leaving the government and then succeeded in elevating small organizations to large firms.

Seventy per cent of their fathers did not have college degrees. In fact, 40 per cent did not finish high school and 30 per cent were only elementary school graduates. The fathers of these men were somewhat less educated than the fathers in other groups. One fact is quite obvious here. Mobile men in Turkey seem to be relatively close to society, but it tends to be a selfish closeness.

Also in contrast with other groups, the respondents here had partially or completely cut their ties with relatives (50 per cent). These men did not necessarily cut family ties because of strong family influences; they could have moved hierarchically, occupationally, or socially, and still have kept strong family

ties. However, for the first time, business leaders possessing all three types of mobility patterns were able to liberate themselves from the bonds of the traditional, patriarchal family.

It seemed generally that the big business leaders in Turkey did not have strong religious affiliations. This group was no exception. Sixty per cent had very little religious orientation.

Being an Idealist

Another group, making up 9.8 per cent of the respondents, indicated in comments on their role in society that their endeavors were idealistic and altruistic. These men continually pointed out the difficulties they encountered in business, and the sacrifices they made to stay in business. Some went so far as to say that had they not been idealists, they would have left their businesses and the country long ago. Endlessly they pointed out how unappreciative the society was. These frustrated men continued, by their own decision, a never-ending fight with their environment. Mr. Nejat Kipman is typical of this groupL

To be an idealist and always produce the best, a businessman must lead his environment to work. He should leave the mentality of a merchant and work as an honest and idealistic individual with all his energies.

A closer look at these men reveals more interesting factors. First, 70 per cent of them were in manufacturing

20 per cent in mining, and 10 per cent in commerce. Second, these idealists were relatively young; 45 per cent were in their late forties. This handful of youthful business leaders possessed an abundance of ideas about achieving social, economic, and cultural development. Unfortunately, these ideas were at the philosophic, not practical, level. The idealists could give no tangible evidence of successful application of their ideas.

At least half of these men started their new business early in life, around the 1940's. They worked hard to expand their organizations, and for years they did not take time off to think about the condition of society. When their firms reached a secure niche in the economy, they wanted to make up for their selfishness during the past years. They have only recently begun to realize the innumerable problems of their society. Guilt feelings have developed in them as a result of this realization of their self-interest. Many tried to rationalize their inability to think of society's problems in the past.

Their employment history was confined to experience in a related occupation in the business sector (50 per cent). This partially explained their present behavior. When they were young, they were concerned with their own survival; later it was expansion. Upon

finally achieving success, they started to consider their social role.

They were achievement-oriented and indicated that the achievement needs had been their prime motivators. Can it be generalized that high n Ach's seem to be self-oriented until they achieve what they consider success, and then develop a feeling of social responsibility?

Hard work and perfection in work were descriptive of a successful businessman by 70 per cent of the respondents in this category. They believed that every firm was unique, and, in order to succeed, they had to develop a competitive advantage, i.e., monopolistic competitiveness. They also viewed expansion in business as the major constituent of success (60 per cent), followed by recognition and prestige (20 per cent).

Most of these men were college graduates (60 per cent). Their fathers were also, on the whole, well educated. Fifty per cent had college degrees. The idealists would accept advice from their fathers and other relatives, but they were never dominated by them; they were the masters of their work. They never allowed their progress toward prescribed goals to be stopped because of ties with relatives. They kept their family ties, but loosely, and in case of a situation of family interference, traditional bonds would be cut. Finally, ~~the~~ir religious orientation was weak, an attitude which

made them fit well in a society that has mixed feelings about religion.

Educating the Environment

Less than three per cent of the business leaders perceived their role in society as educators to their environment. This is a broad concept and requires further elaboration. These men agreed that one of their first responsibilities was to sell the free enterprise system.

For this purpose, three of the most prominent business leaders founded the Economic and Social Studies Conference Board, an institution dedicated to the preservation of the free enterprise system. Each year this Board sponsors an international conference in Istanbul and contributes to the development of science and knowledge. In August, 1963, the Board had its second annual conference. The topics discussed went beyond the selfish interests of a few businessmen and dealt with the social and economic problems of Turkey. The theme of the discussion was the social aspect of economic development. Many scholars of international repute participated. Daniel Lerner read a paper on "Changing Social Structure and Economic Development -- Reflections on a Decade of International Experience." Frederick Harbison discussed "High-Level Manpower and the Prime Movers of Change." Along the same line,

Bert F. Hoselitz read a paper on the "Emergence and Development of an Industrial Labor Force." Barnard Lewis presented the "Problems as the Outcome of Changing Social Values in Developing Countries." These and many other papers were published in 1964.⁴

Closely related to the interest in educating a broader public, was the big business leaders' belief that they should participate in community activities as good neighbors, not solely from the point of view of providing charity. This involved participation by business leaders in community activities pertaining to government, education, religion, recreation, etc. But community activities were not thought of in purely altruistic terms; the businessmen realized that community service would enhance their reputations, and good reputations were profitable in business. A good reputation could improve employee morale and general public relations. It also could create a favorable labor supply in the community and enlist the cooperation of community leaders and public officials.

Mr. Tekin Gucum, although not entirely typical of this group of business leaders, verbalized how he perceived his role:

A business leader has a preparatory, an educational role. Although most of the personnel is capable, the maximum efficiency is not reached;

4. Economic and Social Studies Conference Board, Social Aspects of Economic Development, Istanbul Matbaasi, Istanbul, 1964.

it is low. In order to increase this, this place should be like a school, a preparatory training center. I think out extreme statismanship, and statism caused the carefree attitude of the people toward work. The state became, piece by piece, like a business empire. Many people, fearing that they could never succeed outside, find refuge in the state's protection, and for further security, they weave around themselves a nest like the silkworm cocoon. For example, an agricultural engineer is just an agriculturalist. But, oh, how they love the glorious titles! He is not an engineer, he just goes for the position level and titles which one acquires when one takes refuge in the state enterprises. Consequently, these cocoons grow nourished with versatile protocols, and bureaucracy. They console themselves with pitiful, unefficient projects. When I was in the Highway Department, my colleagues and I did a report stating that a clean-up, dispensing with 50 per cent of the work force was necessary. Because these men could never be promoted within their own scope and capacity, the money we were paying them as wages was insufficient for a decent living. They already were not satisfied. How could they be in the future? An organization should grow; but from the business perspective, it should be a healthy growth. They laughed at me, and told me that I was too young. That is why I left the Civil Service. It is wrong to attempt economic development with an approach of pity on our conditions, and with emotional thinking. The public is put to work in an informal, nonchalant way by the government; and this is very much against society.

Without exception, the men who saw their role as educating the environment were from manufacturing industries and were well educated, 60 per cent having college or even master's degrees. In regard to age, two groups were predominant. One-third were very young, between 30 and 34 years old; the remaining two-thirds were in their forties. The average age for this group was 42.

There was no apparent linearity between the period when the business leader entered business life and what he thought his role in society was. The same comment cannot be made for linearity between employment history and role perception. In this category the business leaders either had not been previously employed or had held high public offices. As high-level public servants before joining the business community, they conceived of their job as the defense of organizational values and played the role of a link between political bodies of the government and the organization. Having dealt with congressional groups, they had acquired the techniques and skills of educating a very sensible group of people on the problems of their organization. They later thought their social role was to educate the environment about the many facets of business and the private enterprise system.

The motives that seem to have stimulated these respondents centered around achievement and money. One-third indicated n Ach as the sole motivator, another third indicated money, and the remaining third said they were motivated by a combination of achievement and money drives.

They described a successful businessman as just, honest, hard-working, and socially-oriented. To them, also, success was expansion in business. However, this expansion did not always indicate true growth. Many

times these men surrounded themselves with a wealth of secretaries and managers, half of whom were unnecessary. This sort of empire building went along with their desire for prestige and recognition.

They were for the most part birth elites and came from upper social class structure (66.6 per cent). Their fathers were very well educated; all had college degrees. The leaders kept strong ties with their families and relatives, and usually followed in their fathers' footsteps. Religion did not play an important part in their lives -- they followed the minimum requirements of Islam.

Being Creative

Finally, a very small percentage (1.9 per cent) of the business leaders perceived their role to be creative. They believed they were the most important creative force in the society. Half of these men were in insurance, half in manufacturing.

No direct relationship existed between their formal educational achievements and their role perception. Divergent educational levels were represented in this group.

These men entered the business world while Ataturk was still alive. Ataturk wanted creative people to enter the business world and use their creativeness there. It is possible that these men followed Ataturk's

desire and developed their particular conception of social role from it. However, since they were between 50 and 59 years old, it might have been that people in this age category were naturally more creative. Whatever the cause might have been, they saw themselves as innovators and agents of change. They believed that economic progress could be achieved only by producing new products and introducing them to the bulk of the population in rural Turkey, which accounts for 70 per cent of the population of the Republic.

Achievement and combined achievement-money motives stimulated this group. They received satisfaction from the production and marketing of a new product. Watching the development of a product became a joy in itself. The same thing was true for those in the insurance business. Writing up a contract turned into a creative and unique experience. These men always tried to offer something extra to their customers.

They described a successful businessman as being productive. Here they tended to confuse productivity with creativity. They believed that a creative person was necessarily a productive person also. As was the case for most of the respondents, this group of big businessmen thought that expansion in business was the most important constituent of success.

All of the men who believed that their role was to be creative were mobile and founded their own firms.

Is there an indication here that creative people want to be on their own? Can we generalize that these creative businessmen do not make successful hierarchs, but do make powerful entrepreneurs?

How does the Business Leader Perceive the
Demands of the Society?

Operational hypothesis 14: Business leaders do not agree in perceiving the demands of society.

In this section the demands of society, as perceived by the business leaders, will be studied and correlated with the leaders' role perceptions. As Table 2 shows, there was no consensus among the business leaders as to what, exactly, the demands of society were. Because of the lack of consensus in understanding their environment, the business leaders could not present a common front in their struggle to eliminate the unfavorable image of business in Turkey.

Table 2. The Demands of Society as Perceived by the Businessmen

| Perceived Demands of the Society | Number of Respondents | Per Cent of Respondents |
|---|-----------------------|-------------------------|
| To create a spirit of hard work | 4 | 3.9 |
| To be a champion of social problems | 19 | 18.4 |
| To give financial help and charity | 34 | 33.0 |
| To present expert ideas and opinions | 8 | 7.8 |
| To train and educate employees | 9 | 8.8 |
| To create work | 4 | 3.9 |
| To exhibit honestly and trustworthiness | 2 | 1.9 |
| Had no idea | 20 | 19.4 |
| Society had no demands | 3 | 2.9 |
| Total | 103 | 100.0 |

Financial Help and Charity

Approximately one-third of the business leaders thought that the society demanded only financial help or charity from them. This was entirely justified. On many occasions, in the presence of this researcher, individuals, or persons representing organized charities, called on the chief executive only to ask for money. According to one reliable source, such visits accumulate to 40 to 50 a month. This situation became exasperating for the business leaders, and it is clear why

these men began to believe that this was society's only demand on them.

The men in this group were mainly in commerce and manufacturing industries (82.3 per cent). Because the wealth of the manufacturers, retailers, and wholesalers was more publicized than that of other professions, more people asked them for financial help.

The majority of the respondents in this group were college graduates (58.8 per cent) and were in the 40-59 age bracket (73.2 per cent). It appeared that men in this age group, with college educations, were more aware of the needs of the society. The contributions they made were usually to solve an immediate problem. These men were aware of the power of money, and used it.

These businessmen had entered the business world between 1939 and 1949. They were not, therefore, newcomers in business; they had long been acquainted with what money could do. Every one of these men had a financial break at one time during his life. Each believed that a similar chance could change the life of any man.

The employment history of these respondents indicated that 30 per cent had been previously employed in a related occupation in the business sector, while another 17.6 per cent had previously been self-employed. This also tended to explain the reason why they believed in the idea that society demanded financial

help. Having been in business many years, they developed a sensitivity which, when coupled with the continuous demands of private individuals and organized charity, was sufficient to perceive that the demands of society were mainly for financial aid.

No significant relationship existed between the motives that stimulated the business leader, and his opinion of society's demand. The only significant correlation was that these men were motivated, not by prestige or affiliation, but by any of the other needs or combination of needs.

The majority of the business leaders in this group described a successful businessman as hard-working; and, again, expansion in business was considered the major constituent of success by the main body of the respondents (67.6 per cent). In one way or another, all expressed the idea that business success cannot be accomplished without money.

In total, 5 business leaders were related to the founders of their present firms; 3 of these men believed that the demands of the society were for financial help and charity. Was this because they themselves received a financial helping hand from someone? Approximately 30 per cent were related to the founder of their firm on their father's side; an equal number were not related to the founder, and a slightly larger per cent established their own firms. This last group

borrowed considerable amounts of money from various sources, not including their immediate family and relatives.

Champions of Society's Problems

A major group of the 103 respondents, including 18.4 per cent, thought that society demanded they be champions of social problems. They believed that society demanded personal sacrifice from them. They must do everything in their power to solve its economic problems. As in the earlier years of the industrial revolution, the Turkish society had come to expect the rich to take care of and defend the poor.

College graduates formed the majority of this group, 57.8 per cent having college diplomas, one having a doctorate from the University of Chicago.

Although there were business leaders of all ages who seemed to believe that the demands of society called them to be champions of its problems, the largest single age group was in the 60-69 age bracket (21.1 per cent). As the business leaders matured, they seemed to feel closer to their society and began to identify with their countrymen.

Of these business leaders, 63.1 per cent made an entry into business life during the early 1930's. They were Ataturk's generation of business leaders, characterized by a strong social orientation.

Those who were not previously employed in middle management, in public service, or in state economic enterprises were the businessmen who felt that society expected them to be its champion, but most of the remaining respondents viewed this rather ironically.

Motives of the business leaders were greatly diversified; nevertheless, achievement and prestige were mentioned the most frequently (40 per cent). No significant correlation could be made from this.

To these respondents, a successful businessman was one who was strongly socially-oriented and opportunistic. As one respondent volunteered, a successful businessman knows how to profit from opportunities, but not at the expense of the welfare of the society.

Like most of the business leaders surveyed in this research, the majority of the men in this group attributed success in business to expansion (64.0 per cent). There was, in addition, a sizeable group of men who chose recognition and prestige as the major constituents of success (21.1 per cent).

Mobile elite men were more numerous here than birth elite men (68.4 per cent). Having reached their present positions from lower social strata, the business leaders in this group were more acquainted with the demands of the society, because as they moved from social stratum to social stratum, they had the opportunity to observe and understand the society as it stood.

Training and Education of Employees

A small group, representing 8.8 per cent of the business leaders, thought society demanded that they should train and educate their employees in skills and basic education. They felt that there was social pressure upon business leaders to accomplish this. For many of the society, business was the same as it was in the old times, when apprenticeship was the only way of going into a trade. Even today many employees join a business concern with the hope of learning a trade. This researcher witnessed, during one of the interviews, an actual occurrence of this. A father brought his son to the personnel department of a large manufacturer of consumer durable goods. He told the personnel manager he was turning his son over to him to be taught a trade or skill, and he was to be paid only an amount sufficient to meet minimal personal living expenses. This kind of action and belief is especially predominant in the Turkish villages. Because of social pressures such as this, many business firms actually have opened apprenticeships. They take village boys, not more than 15 years old, and train them in a trade for 3 years. The training program is both theoretical and practical. For six months the boys follow classroom instruction; then they are assigned as helpers to senior workers for 1 year. Then they return for another 3 months of classroom training and are reassigned to

similar positions in another department. They receive one-half the wages of a regular worker in their field of training. Their room and board are provided by the company. Upon completion of the 3-year training program, they receive a certificate and are ready for military duty. They leave the company and go into the armed service. With luck, they are able to practice their skill during this 2-year term. When they are discharged, they have the option of going back to the firm where they trained or entering another firm. There are no legal bonds obligating them to return to their original firm.

Two-thirds of the business leaders in this category were in manufacturing.

A large proportion (55.5 per cent) were college graduates; but 11.1 per cent of the others could read and write their names only. However, considering the significance of a large educated group, it was possible to ascertain linearity between what the business leader thought the demands of society were and his level of education.

A majority, including 55.5 per cent of the respondents in this group, were in the 50-59 age bracket and had started in business between 1923 and 1938. They were primarily employed in the private sector and had business experience before joining their present company.

Prestige, achievement, and money seemed to be the major motives that stimulated these business leaders in their progress toward success. Strangely enough, they were not definite in their descriptions of a successful businessman, but they did seem to agree that expansion was the major constituent of success.

They were, for the most part, mobile men who had made their own way (77.7 per cent). Those who were low in educational achievement talked favorably about their first employers, who gave them the opportunity to learn a trade.

Expert Ideas and Opinions

A small minority of the business leaders (7.8 per cent) thought that society demanded expert ideas and opinions from them. These respondents, who were mainly in manufacturing (50.0 per cent), had college degrees (75.0 per cent). They were generally in their early forties, and had made their entry into business after 1950.

They occupied high government jobs prior to joining their present firms. Combined motives of achievement, prestige, and money had urged them on to their success which was determined in terms of profit. They were mobile men who had a strong belief that society appreciated their efforts, ideas, opinions, and skills.

No Idea about the Demands of Society

There was a sizeable group of business leaders (19.4 per cent) who either viewed society extremely narrowly or had no idea whatsoever about any demands it might have on them. These men belonged to the self-oriented group. When faced with this particular question during the interviews, they disclosed signs of astonishment. They took their time to think about the question, but could not come up with an answer. Finally they acknowledged the fact that they had not given any thought to this subject. These men, although prominent businessmen in Turkey, were completely ignorant about their environment. It was upon this group of business leaders that most of the criticisms from the government, intellectuals, and society in general, were concentrated. One black sheep was sufficient to create a general unfavorable image of the business world. These men were, incidentally, the most difficult to reach. Although two letters were mailed to them in advance from the United States, they only reluctantly condescended to be interviewed. They were reserved in their conversation during the interview itself.

Who were these men? Although no sweeping generalizations could be made about their backgrounds, since they came from all walks of life, the majority were not in manufacturing (60 per cent). Only 30 per cent had college educations, and 50 per cent had finished

only five years of elementary education. They were from all age groups, with the largest concentration in their late sixties (25 per cent). They had joined the business of their fathers and become secluded from the rest of the society. They had isolated themselves in a castle-like seclusion. Their organization was off limits to the general public, and one had to have permission from the chief executive even to enter the premises. There were guards placed at all strategic points.

No relationship was found between the period when these business leaders entered business life and the way they perceived the demands of society. Just like other variables, the motives that seemed to have stimulated the business leaders in this group were widely distributed. Continuous urge for work constituted the largest concentration (25 per cent). They also did not agree in their description of a successful business leader nor did they give a common constituent of success.

Miscellaneous

Four respondents thought that society's only demand on them was their work. Another four business leaders believed that society wanted them to create a spirit of hard work; three respondents said that the society had no demands, and, finally, two respondents stated that society demanded honesty and trustworthiness from them.

Correlation of the Perceived Social Role of the
Business Leader with what he Thinks
Society Expects from Him

Logic would say that there must be perfect correlation between what the business leader thinks are the demands of society on him and his perceived social role. However, as the result of the cross-tabulation indicates, no significant correlation does exist between these two variables.

Table 3. Correlations Between Perceived Role in Society and Demands of Society on the Business Leader

| Perceived Role in Society | Perceived Demands of Society | | | | | | | | | | Total |
|--|------------------------------|-------------------------|---------------|-------------------------|-------------------------|-------------|-----------------|---------|-----------------------|------------------------|-------|
| | Create hard work spirit | Champion of soc's prob. | Financial aid | Expert ideas & opinions | Train & educate employ. | Create work | Honesty & trust | No idea | Society has no demand | Narrow view of society | |
| Create work | 1 | 6 | 9 | 2 | 2 | 0 | 1 | 4 | 1 | 0 | 26 |
| Do own work effectively | 0 | 4 | 5 | 3 | 2 | 3 | 0 | 5 | 0 | 0 | 22 |
| Make achievements for society | 0 | 2 | 5 | 1 | 0 | 0 | 0 | 1 | 1 | 0 | 10 |
| Ability to do something in the society | 0 | 5 | 4 | 1 | 1 | 0 | 0 | 1 | 1 | 0 | 13 |
| To be an idealist | 2 | 0 | 5 | 0 | 0 | 2 | 0 | 1 | 0 | 0 | 10 |
| Motivate the environment to work | 1 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 4 |
| Educate the environment | 0 | 1 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 3 |
| Be creative | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 2 |
| Profits not sole concern | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 4 |
| Very narrow conception of society | 0 | 0 | 2 | 0 | 1 | 0 | 0 | 4 | 0 | 2 | 9 |
| Total | 4 | 19 | 34 | 17 | 3 | 8 | 9 | 4 | 3 | 2 | 103 |

Of the business leaders who perceived idealism as their social role, 5 thought the demands of society on them were provisions of financial help. There was no correlation between those business leaders who perceived that their role in society was to motivate their environment, and what they considered were the demands of society. On the other hand, the business leaders who believed that their main role in society was to accomplish their own work effectively, were not as widely distributed in terms of their conception of society's demand. Five respondents had no idea about the demands of society; the same number of respondents considered financial help and charity as the demands of society. Four men thought society demanded they champion its causes and solve its problems.

Of those who thought their role in society was to create work, 9 respondents believed that society wanted financial help, and 6 believed society wanted them to be its champion. Half of those who believed their role was to help society through their own achievements, believed that society demanded financial help. Only 33.3 per cent of the business leaders who believed that their role was to educate their environment, actually thought that the society demanded only honesty and trustworthiness. Nevertheless, their perception of social responsibility remained unchanged. They insisted upon educating their environment.

The only significant correlation between the variables was among those who perceived their role in society very narrowly. They said they had no idea what society demanded of them.

While 22 respondents (one of the largest groups) perceived that their role was to accomplish their own work effectively, and another 26 respondents believed it was to create work, 34 of these leading business leaders thought that the demands of society were financial aid, and 19 believed that society expected them to champion its causes and find solutions for its problems. Evidently, no correlation at all existed for this group of business leaders.

This is a clear indication that the majority of the business leaders were not responsive to the environment. No matter how they perceived the demands of society, they held unswervingly to their predetermined social image. Because they did not respond to the demands and pressures of the society properly, they acquired an anti-social image. In their hearts they were sincere and wanted to do their best for the good of the society; however, their efforts were not rewarded or appreciated because of the incongruence between what the society wanted from them and what they thought was best for the society.

The analysis, carried in this and the preceding chapters, of the behavioral and motivational

characteristics of the Turkish business leaders revealed that strong differences existed among them, thus proving the major hypotheses of this research. The study of the management patterns of the business leaders in the next chapter will strengthen this position.

Because of these differences, business leaders are much too isolated to present a united front. The lack of a common philosophy among business leaders is an important reason for the existing mistrust between them and the society at large.

5

CHAPTER IX

FUNCTIONS OF THE BIG BUSINESS LEADERS IN TURKEY

In this chapter, the business leader will be seen in operation. His management patterns and decision-making procedures will be delineated; and further evidence will be given in the process of testing the two previously stated major hypotheses.

First, the business leader's time allocation will be studied; then his decision-making and orientation toward authority will be scrutinized. In the third section, the business leader will be observed in his environment; his relationship with the government will be analyzed; and, finally, the business leader and the circumstances of operation will be discussed.

Managerial Functions of the Big Business Leaders

The big business leaders in Turkey were asked: "As the person making important decisions in the firm, what do you conceive your major function to be?" The respondents were given total freedom to answer this; it was an open-end question. Thirty of the 103 respondents agreed on day-to-day management of the establishment as their chief function. The next largest response, mentioned by 15 persons, had to do with designing the organization and administering the various processes of production, marketing, research, etc.

Following closely in popularity was the response of 12 others who stated that their major function was the discovery of opportunities for business enterprise, together with the various methods for taking full advantage of each discovery; in other words, a complete conception of the idea of business. Technical decisions attracted another 10 business leaders, and finally, 6 respondents indicated that provision of capital was their major function. The remaining answers were so scattered that they will not be discussed. Incidentally, the lack of cohesiveness among the business leaders was reflected by this scattered conception of their major managerial and entrepreneurial functions.

An examination of the perceived functions in association with the age group, level of education, and the sector and form of ownership, will be presented. To begin with, the more mature business leaders favored complete conception of the idea of business, but the younger leaders (20-29) placed their emphasis on management. When the views of respondents, concerning the entrepreneurial functions, were related to the level of education, no apparent pattern was observed.

Some general observations can now be made on managerial functions. The conviction with which nearly all the 103 respondents selected their major function showed how much they valued new ideas. The innovation involved, embraced the entire business structure, not just one narrow segment of that business, such as

technical processes, organization, or advertising. As Sayigh points out: "Focus on innovation in one segment would reflect a more discriminating attitude and a more sophisticated level of entrepreneurship."¹ In Turkey, the business leaders were mainly indiscriminatory.

There is, lastly, a conclusion which was drawn, not from the aggregate body of tabulated data, but from perusal of individual questionnaires. There was a tendency for individuals to relate their choice of main function to the establishment's particular phase of life at the time of the interview, and to the nature and duration of their experience with the establishment. Thus, other things being equal, business leaders in long-established concerns seemed to attach more significance to their function in introducing innovations of value into the everyday life and work of the establishment (such as selling, research, or technical improvement), than to the conception of the original idea. On the other hand, in newly started concerns, the leaders seemed to place more emphasis on conception of the original idea.

Furthermore, the immediate pressures and crises uppermost in his mind helped to determine the individual respondent's answer; and his answer reflected that he believed to be his most effective role in relieving the

1. Sayigh, Op. cit., p. 61.

pressures or meeting the crises. Thus, in an establishment that had lost markets to its competitors, the business leader was likely to concentrate his attention on innovation and improvement in selling and advertising. He would emphasize an aggressive selling policy -- an important aspect of the entrepreneurial function.

The business leaders were also asked to answer this question: "How do you use your time?" Table 1 shows the answers to this question.

Table 1. Allocation of Time

| Type of Activity | Number of Respondents | Per Cent of Respondents |
|--------------------------------|-----------------------|-------------------------|
| Routine, day-to-day activities | 69 | 67.0 |
| Policy-making and planning | 16 | 15.6 |
| Financial matters | 10 | 9.7 |
| Public relations | 6 | 5.8 |
| Non-firm activities | 2 | 1.9 |
| Total | 103 | 100.0 |

Fully two-thirds of the respondents spent most of their time on routine, day-to-day activities. To them, control was important. They wanted to have iron-hand control over their businesses. They tried to keep in their own hands a vast amount of authority, covering numerous aspects of the business, even when it was impossible for them to handle it all properly. In any

case, they were jealous of their authority and would not willingly give up any part of it to senior assistants, especially those with technical training who were likely to have minds of their own. Quite often they were not aware of these shortcomings.

It was also found that 52 respondents were favorable toward figures of authority. They accepted authority; they were also strongly influenced by their fathers. They did not question authority if it emanated from someone on a higher level, and at the same time, they expected strict obedience from their personnel. This was not only the picture of a typical business hierarchy, but of all business leaders in Turkey.² Once the business leader reached the top in his organization, he saw to it that nobody below him in the hierarchy usurped his entrepreneurial privileges.

Much more delegation of entrepreneurial and managerial authority took place in finance than in industry or commerce. The explanation may lie in the form of ownership. Unlike industry or commerce, Turkish banks are usually corporations; a form in which division of labor in the entrepreneurial-managerial pyramid is more accepted. When the association between delegation of authority and form of ownership is examined, clear evidence emerges that business leaders in corporations

2. See E. E. Jennings, The Executive, Harper & Bros., N.Y., 1962, for an excellent review of this behavior in American business.

have a much greater tendency to share their authority with a senior staff than business leaders in private firms.

The level of education of the respondents seemed to have a curvilinear relation to the delegation of authority. The proportion of those who delegated authority rose when the number of years of schooling rose, up to 12. Then it declined as the years of schooling increased. Those respondents with one year of college seemed to fear delegation more than any others. With increasing education, the business leader acquired greater self-confidence and was in a better position to observe the inadequacies of his subordinates. This was where recentralization of authority began.

There was another level at which authority could have been shared. This was horizontal sharing among equals, in contrast to vertical sharing with subordinates. Division of areas of responsibility among top men in a firm was not uncommon. The greatest extent of division was in the areas of production and finance. In many instances, particularly in corporations, the men who occupied top positions were either in finance, production, or both, followed infrequently by marketing. The majority of cases where the respondent shared his authority with no one, were found in individual proprietorships. The general idea in Turkey is that, in order for a person to share entrepreneurial and top

level managerial authority, he must partially own the capital of that enterprise. This idea was held mainly by those business leaders who operated in the middle-ranked businesses within this sample. The larger the firm became, the more tolerant the business leaders were toward delegation of their entrepreneurial authority.

Communication was next considered in relation to the flow of responsibility within the firm. Most of the respondents believed that middle and supervisory management were necessary for efficient performance. But when asked why They had so little managerial personnel, the answers seemed to cluster around one main issue. They all seemed to give the size of the business as an apologia. More specifically, these respondents pointed out that their organizations were not large enough to justify numerous administrative personnel. The importance of management did not seem to be understood. It is interesting to note the reaction of the typical business leader confronted with the question: "If you were going to make a choice between hiring a manager or a technician, whom would you hire?" The answer invariably favored the technician, showing that the general tendency is a belief that a technician will be more useful than a manager. Such an attitude partially reflected the nature of the businessmen's problems. They believed that their internal problems were more technical and financial than managerial. This

aspect of the business leader's behavior will be discussed in detail a few sections later.

Decision-Making

Operational hypothesis 15: Turkish business leaders are equally divided among calculatives and empiricals in decision-making.

The quality of enterprise in Turkey will be ascertained through the attitudes of business leaders in two areas of behavior. The first is orientation in decision-making: whether the business leader approaches the problems and decisions rationally, through calculation and scientific research, or by rule of thumb. Many typologies have been suggested in contemporary literature. One is the classification of the entrepreneurs into empirical (rule of thumb), rational (informed), and cognitive (sophisticated).³ The second area is consultation.

Orientation in Decision-Making

It was possible to classify the business leaders in Turkey into 2 broad groups. The first group (50.4 per cent), incorporating those who relied on thorough calculation and statistical evidence, will be hereafter referred to as the calculates or calculative group. The

3. Arthur H. Cole, "An Approach to the Study of Entrepreneurship," in Frederick C. Lane, ed., Enterprise a Secular Change, Readings in Economic History, Homewood, Ill., 1953, pp. 189-191.

second group was composed of those who relied on perception and "feel" of a situation in their judgments (49.6 per cent). In the following discussion they will be called the empirical group.

The calculatives believed that research institutions rendered valuable service to business. The empirical group, on the other hand, did not believe that the services of research institutions were of value. Turkey has at its disposal most of the professional services and practices available to businessmen all over the industrial world, although these services are not, in some areas, as extensive as in more advanced countries. Attitudes toward research was therefore treated as indications of the degree of sophistication an enterprise had. In spite of the fact that 57 per cent of the leaders believed in the value of research institutions and were ready and willing to pay them to conduct their businesses, only a small number of these men actually sought the assistance of research organizations. The general attitude among the business leaders was a lack of trust toward Turkish research institutions. The business leaders indicated that they would rather pay high fees for a European management-counseling firm rather than utilize a Turkish research institution. Although they believed in scientific research, the Turkish business leaders did not believe that their own research institutions had reached a high enough level

of excellence and sophistication in theory and practice. This researcher believes that the blame should be shared by the business leaders who have not given the research institutions a chance to prove themselves, and by the research institutions themselves, which have failed to earn the trust of the businessmen.

Table 2. Orientation in Decision-Making Correlated with the Age of the Respondents

| Orientation in Decision- Making | Age of Respondents | | | | | | | Totals |
|---------------------------------------|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|--------|
| | 25- 29 | 30- 34 | 35- 39 | 40- 49 | 50- 59 | 60- 69 | 70- 79 | |
| Calculative | 0 | 3 | 7 | 16 | 19 | 6 | 1 | 52 |
| Empirical | 3 | 6 | 6 | 14 | 14 | 7 | 1 | 51 |
| Total | 3 | 9 | 13 | 30 | 33 | 13 | 2 | 103 |

A little over half of the respondents (including a majority of the men more than 50 years of age) stated that in making major decisions, they relied more on thorough calculation and statistical evidence than anything else. The rest (including a majority of the men below 50 years of age) indicated that in making major decisions they relied on their own perception and the feel of a situation. Those relying more on calculation took the position that their perception led them to the many possibilities and opportunities their business presented, but that it was down-to-earth calculation and factual evidence that finally helped them

make a final decision. The others, who relied on their own perception, contended that in the initial stages of any examination of an issue they used some calculations, but that in the end it was their perception that moved them to a decision. Ultimately, then, the difference between the 2 groups was mainly one of emphasis.

Table 3. Orientation in Decision-Making Correlated with the Period when the Business Leader entered Business Life

| Orientation in Decision- Making | Period when the Business Leader Entered Business | | | | | Totals |
|---------------------------------------|---|---------------|---------------|---------------|---------------|--------|
| | 1900- 1923 | 1924- 1938 | 1939- 1949 | 1950- 1960 | 1961- 1963 | |
| Calculative | 2 | 9 | 16 | 21 | 4 | 52 |
| Empirical | 4 | 12 | 18 | 13 | 4 | 51 |
| Total | 6 | 21 | 34 | 34 | 8 | 103 |

Correlating orientation in decision-making with the period when the business leaders entered business life, revealed several worthwhile facts. Almost half of the calculatives made their entry into business after 1950; nearly 31 per cent entered between 1939 and 1949; about 17 per cent entered between 1924 and 1938 and, finally, almost 4 per cent entered between 1900 and 1923. The data indicated that the more recently a business leader entered the business world, the more he relied on calculation and statistical evidence. Can it be inferred

from this evidence that up to the 1950's a businessman in Turkey could succeed in business without giving much consideration and emphasis to scientific methods of decision-making? Was this because business had only recently become more sophisticated and complicated? This statement is justified when we observe that most of the men who relied on their perception and feel of a situation started in business earlier than the 1950's (65.4 per cent).

Table 4. Orientation in Decision-Making Correlated with the Firm's Date of Establishment

| Orientation in Decision Making | Date of Firm Establishment | | | | | | | | Total |
|--------------------------------------|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------|
| | Prior 1900 | 1900-1910 | 1911-1920 | 1921-1930 | 1931-1940 | 1941-1950 | 1951-1960 | 1961-1965 | |
| Calculative | 3 | 1 | 5 | 9 | 5 | 8 | 19 | 2 | 52 |
| Empirical | 3 | 1 | 2 | 8 | 8 | 12 | 14 | 3 | 51 |
| Total | 6 | 2 | 7 | 17 | 13 | 20 | 33 | 5 | 103 |

Approximately 55 per cent of the 38 firms established after 1950 were in the calculative category; the remaining 45 per cent were in the empirical category. The business leaders of firms established between 1941 and 1950, for the most part, relied on perception (60 per cent). About the same percentage held true for those established in the 1930's. The beginning of a more favorable attitude towards calculative decision-making came immediately after the War of Independence

in the 1920's. Of the 17 firms established during that decade, 53 per cent of the business leaders were calculatives, while the remaining 47 per cent were empirical. No clear cut differentiation between calculatives and empiricals could be made for firms established earlier than 1911. Thus, a trend had appeared. Among the firms established up to the 1920's, the calculatives and the empiricals were equally distributed. Calculatives outnumbered empiricals in firms established during the twenties. Then, suddenly, empiricals started to outnumber the calculatives in firms established between 1931 and 1950. The Republican Era did not encourage scientific-minded business leaders because there was no need for sophisticated methods to succeed in business. The picture changed, however, after the democrats took over the government -- the environmental climate was altered. One reason for this new emphasis on calculation in decision-making was that, in order for the newly established firms to compete with the older, long-established ones, they had to become more scientific and sophisticated.

Industry and commerce stood at the two extremes; manufacturers were heavily in favor of calculation; retailers and wholesalers were in favor of perception. Here again, as in a few other cases, men in commerce revealed a traditionalist attitude and approach. This was in line with the view they held that their activity

was non-innovational and, to that extent, did not require the tools of sophisticated enterprise.

The level of education appeared to be influential in shaping the positions taken by the respondents. This meant that the more years of schooling a business leader had, the more readily he accepted professional services and altered his decision-making techniques. As the level of education increased, the percentage of calculatives also increased. Out of a total of 9 business leaders with less than 8 years of schooling, only one was calculative in decision-making. The other 8 felt that the major decisions were made through a sixth sense. Among junior-high graduates, decisions were totally made by relying on perception and feel of the situation. The ratio of calculatives over empiricals was still lower among the 27 business leaders who were high school graduates only; 33.3 per cent of them favored calculative methods of decision-making, and 66.6 per cent favored rule of thumb methods.

Table 5. Orientation in Decision-Making Correlated with Education

| Orientation in Decision-Making | Level of Education | | | | | | | Total |
|--------------------------------|--------------------|--------------------|----------------|--------------|---------|---------|-----------|-------|
| | Jr. High | Less than Jr. High | Some High Sch. | Some College | College | Masters | Doctorate | |
| Calculative | 1 | 0 | 9 | 6 | 23 | 13 | 0 | 52 |
| Empirical | 8 | 4 | 18 | 1 | 15 | 4 | 1 | 51 |
| Total | 9 | 4 | 27 | 7 | 38 | 17 | 1 | 103 |

College education, like magic, strongly affected decision-making; it switched the emphasis from empirical methods to calculative ones. Seven men had some college education, but did not graduate; 85.7 per cent of them were calculative in decision-making. Of the 38 business leaders who finished college, almost 61 per cent were calculative in decision-making. On the other hand, a total of 18 men continued their education and obtained graduate degrees. Among this group of business leaders, 72 per cent were calculatives. From this data, it appeared that one or two years of college education was enough to change the businessmen's style of decision-making from empirical to calculative. But, curiously, after a certain proportion of leaders had graduated from college, they no longer seemed to be overwhelmed by science. Some apparently started to rely more on perception, as the drop in the percentage of calculatives indicated. However, when they pressed on to graduate training, the reliance upon scientific method of decision-making increased drastically. With simply one or two years of college training, the business leader was only introduced to the scientific method; he saw it as a mystical device that had to be tried in order to attain success in business. If a leader stopped his education at the B.A. or B.S. level, upon graduation he realized how much he did not know and how much more he had yet to learn before he

could apply scientific methods effectively. Such an attitude would bring about the tendency to return to perception in decision-making. But if the business leader pursued graduate training, then he acquired enough self-confidence to use the scientific tools of decision-making.

Just as the level of education had an important effect on the style of decision-making, so also did the type of education. Engineers seemed to be more in favor of calculation and statistical evidence in making major decisions than any other specialized group.

The place where the business leader received his education was another important factor that affected the process of decision-making.

Table 6. Orientation in Decision-Making Correlated with the Type of University the Businessman Attended and Graduated From

| Orientation in Decision- Making | Type of University | | | Not a Univ. Grad. | Total |
|---------------------------------------|--------------------|-------------------|-------------------|-------------------------|-------|
| | Turkish Univ. | American Univ. | European Univ. | | |
| Calculative | 25 | 6 | 9 | 12 | 52 |
| Empirical | 15 | 5 | 1 | 30 | 51 |
| Total | 40 | 11 | 10 | 42 | 103 |

Graduates of European Universities were much more calculative in their decision-making (90.0 per cent)

than the graduates of Turkish Universities (62.5 per cent) or of American Universities (54.5 per cent).

Strangely enough, the degree of mobility did not appear to be influential in shaping the positions taken by the respondents. Occupations of the business leader's fathers did not seem to influence their decision-making patterns either, with the exception of 2 instances. The sons of small merchants relied more on perception and feel of the situation (68.0 per cent) than on calculation and statistical evidence (32.0 per cent). On the other hand, the sons of military officers were more calculative (71.4 per cent) in decision-making.

When the employment history of the respondents was scrutinized, two interesting facts were found. Approximately 78 per cent of the business leaders who had been previously employed in a related occupation in the government sector identified themselves as more calculative than perceptive in decision-making. On the other hand, 68 per cent of the business leaders whose first job had been with the firm for which they were now working, tended to be empirical in their decisions.

Table 7. Orientation in Decision-Making Correlated with Employment History

| Orientation in Decision- Making | Employment History | | | | | Total |
|---------------------------------------|---------------------|------|---------------|------|--------|-------|
| | No Prev. Exp. | Gov. | Self- Emp. | Bus. | Polit. | |
| Calculative | 10 | 11 | 8 | 20 | 3 | 52 |
| Empirical | 22 | 3 | 8 | 16 | 2 | 51 |
| Total | 32 | 14 | 16 | 36 | 5 | 103 |

Religious orientation of the business leaders, to some extent, seemed to be related to their decision-making patterns. Among the respondents who had strong religious affiliations, 58.3 per cent relied on rule of thumb and sixth sense methods in making major decisions. Of those who had very little religious orientation, 54.7 per cent were calculative in decision-making.

Table 8. Orientation in Decision-Making Correlated with the Degree of Religious Affiliation

| Orientation in Decision- Making | Degree of Religious Affiliation | | | Total |
|---------------------------------------|---------------------------------|---------|-------------|-------|
| | Strong | Average | Very Little | |
| Calculative | 5 | 12 | 35 | 52 |
| Empirical | 7 | 15 | 29 | 51 |
| Total | 12 | 27 | 64 | 103 |

Finally, there was a clear-cut relationship between the answers on the style of decision-making and the form of business organization. Calculativeness loomed larger in partnerships than in single ownerships, and was most prevalent in corporations.

Consultation in Decision-Making

Operational hypothesis 16: Most of the business leaders in Turkey consult friends and relatives in making major decisions.

The alternative in decision-making favored by the largest number of respondents (33.1 per cent) was consultation with friends and subordinates. Those who practiced no consultation were next in number (17.5 per cent), followed by a slightly smaller number of those who consulted with relatives but not subordinates. About 66 per cent of the business leaders voted for one of these three alternatives. This excluded referring business matters to the judgment of subordinates and outside experts who did not belong to the establishments. In Turkey there seemed no clear dissociation of business matters from the realm of personal relations.

Table 9. Degree of Consultation in Decision-Making

| Process of Decision-Making | Number of Respondents | Per Cent of Respondents |
|--|-----------------------|-------------------------|
| Consults both friends and subordinates | 34 | 33.1 |
| Decides with no consultation | 18 | 17.5 |
| Consults relatives but not subordinates | 16 | 15.5 |
| Consults experts outside the firm | 13 | 12.6 |
| Consults subordinates excludes outsiders | 12 | 11.6 |
| Consults owners | 10 | 9.7 |
| Totals | 103 | 100.0 |

The Business Leader in his
Politico-Economic Environment

Operational hypothesis 17: The effects of the development plans on the private enterprise in Turkey are negligible.

The business leader embodies in his character elements of conformity with environmental roles and sanctions as well as elements of rebellion against them. In the absence of the conformity he would be a rebel without a base, out of context, unable to come to grips with the economic and politico-social realities of his situation. Ultimately, he would flounder and fail. In the absence of rebelliousness, he would not innovate. He would at best imitate but would not be instrumental in bringing about a significant rise in the rate and quality of growth in his economy.⁴

4. Sayigh, op. cit., p. 112.

There are many and complex relationships between the Turkish leader and his environment; therefore, only a few selected relationships will be discussed in this section.

In the light of recent trends in Turkey toward planned economy, the big business leaders were asked whether they thought a greater degree of central planning and control of economic activities by the government would help or harm their business. Only 34 respondents agreed that either the first or the second five-year plans would have any effect on the administration and decision-making process of the firm. The remaining 69 business leaders could not think of any effects the development plans would have on their business. At that time at least, the effects of central planning had not been felt in the business sector. Although both of the five-year plans had sections outlining the activities of the private sector as guidelines, they either were not operational, or the agencies in charge of their application were too weak to enforce the principles outlined in the text. Almost 70 per cent of the present big business leaders ignored their existence.

A second group of questions about central planning sought to discover the degree of concern with economic planning of the respondents. As Table 10 shows, 15.5 per cent of the business leaders had no knowledge about

central planning. This uninformed group of respondents were of all ages and were in all types of business. Another 30.1 per cent of the respondents were somewhat more informed. They had not read the original text of the plans, but they had obtained information about it through the press, conferences, and professional journals. There was one group of business leaders (31.1 per cent) who had studied the plans carefully. This group expressed the opinion that the plans were unscientific and unpractical. Finally, 23.3 per cent of the respondents actively participated in the preparation of the plans. They were the representatives from various sectors of the private enterprise on the planning sub-committees. They were the ones who felt that the plans had influenced their business, their managerial patterns, and their decision-making patterns.

Table 10. The Business Leader's Degree of Concern with Central Planning

| Degree of Concern | Number of Respondents | Per Cent of Respondents |
|--|-----------------------|-------------------------|
| Obtained information about the plans by reading the original text and special reports | 32 | 31.1 |
| Obtained information about the plans through the press, professional journals, and conferences | 31 | 30.1 |
| Participated in its preparation | 24 | 23.3 |
| Had no idea about the plan | 16 | 15.5 |
| Total | 103 | 100.0 |

Although few of the business leaders approved central planning as it stood, a large majority of them believed that increased efficiency in government and political stability could some day be beneficial to their business.

The respondents were asked if they thought it was advisable for businessmen to devote part of their time and efforts to politics. The respondents had mixed ideas about participating in politics. Approximately 58 per cent of the respondents were strongly opposed to this participation. Of those favoring participation (42 per cent), few were of the opinion that it should be open. Most preferred indirect, covert participation, mainly through lobbying, financial aid, and influence.

Problems of the Turkish Business Leaders

The respondents were asked to indicate the relative importance and nature of their major problems. A minority of 46 respondents ranked problems resulting from their interaction with the government and from political conditions at first; organizational and managerial problems were ranked as second in terms of importance. This ranking was reversed by a majority of 57 respondents.

Without exception, governmental problems were attributed to the uncertainty that rose from political

conditions, including discontinuity of policy, arbitrary change of policy, nepotism, unnecessary government intervention, favoritism in regulating import quotas, etc. In Turkey, the political factor is of unusual weight to the business leader because of his heavy dependence upon the stability of the system. This has been especially true since the year 1956. and culmination of it came after the 1960 Revolution. A great portion of the business leaders' efforts, because of uncertainty, were concentrated in predicting what the government would do next. The five-year plans, which were to function in the elimination of this uncertainty, did not work. They aroused so much controversy that the business leader did not know what to believe nor what course of action to follow. As a direct consequence of this uncertainty and confusion, the business leaders remained passive in investment.

When the respondents were asked what they considered an acceptable protection against this uncertainty resulting from political conditions, some of them declared that no effective protection was possible against the uncertainty that caused their anxiety. They pointed out that they had to learn to live with it. Others refused to answer. But the more optimistic businessmen, far from being a majority, put their faith in eventual political stabilization. Unfortunately,

they did not indicate how or when this stability would come about.

The respondents who gave organizational and managerial problems as their major headaches (55 men) were asked to cite the causes of these problems. Table 11 presents the answers.

Table 11. Causes of Organizational and Managerial Problems

| Causes of Problems | Number of Respondents | Per Cent of Respondents |
|-------------------------------------|-----------------------|-------------------------|
| Lack of managerial knowledge | 1 | 1.9 |
| Unwillingness to delegate authority | 12 | 21.8 |
| Inability to delegate authority | 6 | 10.9 |
| Insufficient training of employees | 7 | 12.8 |
| Labor relations | 16 | 29.0 |
| Lack of skilled personnel | 13 | 23.6 |
| Total | 103 | 100.0 |

The largest concentration of business leaders (29.0 per cent) attributed their problems to the conflict of interest between management and labor. It was as late as 1963 before Turkish trade unions won the fight to strike; prior to that date strikes had been illegal. Without that powerful weapon, unions were relatively inactive in Turkey. With the enactment of a new labor law, the Turkish labor movement witnessed an unprecedented growth. The unions were, and still are,

stronger, due to growth in membership, friendly administration, favorable court decisions, and public opinion. Management, with its traditional methods, finds it difficult to cope with this new pressure.

Lack of skilled personnel was mentioned by 23.6 per cent of the respondents. They declared that a shortage of skilled personnel existed at every working level, including the management, supervision, engineering, and technological levels.

Twenty-one per cent of the respondents said that their organizational and managerial problems centered around centralization of power, authority, and decision-making. Closely related to this group, 10.9 per cent of the respondents pointed out the inability to delegate authority as the major cause of their problems. They also mentioned the forced centralization caused by a shortage of loyal and properly trained assistants as a notable problem.

Finally, 12.8 per cent of the respondents gave insufficient employee training as the major cause of their problems. They did not relate this to centralization or delegation of authority. As to the shortage of trained personnel, the respondents were given a list of 7 possible ways of increasing the level of technical knowledge and were asked to check one or more that they felt were applicable to their business. Nearly one-third of the votes concentrated on two

alternatives; sending students and trainees abroad for training, and bringing foreign scientists and technicians to train their employees on the job. A small percentage of the voters were in favor of the suggestion that the government should undertake the responsibility of training workers. Very few respondents suggested providing formal training for their personnel at the company's expense, apart from the training acquired in the actual performance of the job.

In conclusion, the comments the businessmen made about their environment fit into the general picture outlined in the third chapter.

CHAPTER X

SUMMARY AND CONCLUSIONS

This inquiry started by asking two questions: Who are the business leaders in Turkey? Can a common behavioral and motivational pattern be identified for the Turkish business leaders? Specifically, the following hypothesis was tested:

No collective, standard, or patterned behavior or motivation is identifiable for the Turkish business leaders. All seem to be motivated by different drives and do not present a common front.

From this a second hypothesis was derived:

Because of these differences, there is no consensus among the big business leaders as to the role they feel responsible for in society.

In the process of testing these two hypotheses, 17 operational hypotheses were used. Each operational hypothesis clarified an aspect of the total inquiry and thus constituted a contribution to the testing of the major hypotheses.

As was indicated in chapter 5, Turkish business leaders did have a few common traits, but not in quantity sufficient to attribute to them a common behavioral pattern. The common traits of the leaders were also discussed, and a self-portrait composed of sociological characteristics was drawn at the conclusion of the chapter. The common traits of

the Turkish business leaders were found following the testing of operational hypotheses 2 and 3.

Chapters 7 and 8 outlined different types of business leaders, although many of these men also possessed similar sociological characteristics. It was then pointed out that similar sociological characteristics did not necessarily lead to similar psychological characteristics. Then, it was found, as stated in hypothesis 2, that the business leaders did not have a clear-cut and common perception of their social role. The consequences of these facts were first presented theoretically in Chapters 2 and 4 and empirically analyzed in chapter 9.

It was predicted that businessmen in Turkey were motivated by different drives. Support for this prediction came from the findings following the testing of operational hypotheses 5, 6, 7, 8, 9, and 10. Empirical evidence, as presented in chapter 7, proved that there was no significant concentration of motives among the big business leaders; all had different behavioral patterns. This lack of uniformity in the behavior of the Turkish big business leaders was reflected in their diverse descriptions of a successful businessman and the diverse causes to which they attributed their success. As was theorized in chapter 2, a business leader projects his own self, or his

ideal self, and gives an indication of his own behavior when he describes his image of a successful business leader. Furthermore, since success was taken as an end in this study, and the businessmen differentiated in their means of attaining that end, this analysis also shows that these men had no common behavior patterns.

Support for the second major hypothesis was given in chapter 8. Empirical evidence was gathered by asking the business leaders how they perceived their role in society. As a result, 8 major role patterns were identified. Further proof was obtained by asking the business leaders how they perceived the demands of society. No concensus or majority opinion was identified. The answers dispersed in a continuum that ranged from having no idea about the demands of society to believing that society demanded them to be champions of its problems. More evidence was presented along these lines by correlating the social role the businessman perceived for himself with the demand he believed society had on him. No significant correlation was found. This lack of correlation was important because it added to the demonstration of heterogeneity among Turkish business leaders and supplemented data already presented in proving hypothesis two.

Although significant generalizations could not have been made without costly simplifications, 8 different types of business leaders were named and discussed in chapters 7 and 8. In chapter 9 the Turkish business leaders were classified into two broad groups in terms of orientation in decision-making, the calculatives and the empiricals. An equal number of businessmen were in each category. Only one significant generalization was made at this stage regarding decision-making and its problems, and it was that almost all the business leaders indicated that the government, in one way or another, was the prime cause of their environmental problems.

In the following pages some of the straight tabulation results will be presented. The rationale behind such action is to demonstrate further to the reader the vast differences among Turkish business leaders and to expand upon the evidence presented in the body of this research.

Age: 33 respondents were between 50-59 years old, 30 between 40-49; 13 between 60-69; 13 between 35-39; 9 between 30-34; 3 between 25-29; and 2 between 70-90.

Birth Place: 38 respondents were born in Istanbul, 18 outside the present boundaries of Turkey; 16 in Izmir; 9 in the cities of central Anatolia; 5 in

the cities of the Black Sea Region; 5 in the cities of the Egean Region excluding Izmir; 4 in the cities of Southern Anatolia; 3 in the villages of the Egean Region; 1 in Adana; 1 in a village in the Eastern part of Turkey; 1 in the central part of Turkey; 1 in a village in the Southern Anatolia Region; and finally, 1 in a village in the Black Sea Region.

Marital Status: 93 of the business leaders were married; 9 were single; and 1 was a widower.

Number of Children: 82 of the respondents had one or more children; 21 had no children.

National Origins: 83 respondents were Turks; 10 were jews; 5 were Greeks; and 5 were from various countries.

Period When the Business Leaders Engered Business Life: 34 respondents entered business life between 1939-1949; 34 between 1950-1960; 21 between 1923-1938; 8 between 1961-1963; 6 between 1900-1923.

Formal Education: 38 business leaders had 4 years of college education; 27 had 12 years of secondary education, 17 had 5 years of college education; 9 had less than 8 years of schooling; 7 had 1 year of college; 4 had 10 years of schooling; 1 had 7 years of college education.

Where the Business Leaders Received Their College Education:

42 of the business leaders graduated from a Turkish university, 11 from an American university; and 10

from a European university.

Field of Concentration of the College Graduates: 27 of the respondents majored in business; 24 in engineering; 8 in law; 2 in liberal arts; and 2 in medicine.

Additional Courses Beyond Formal Education: 57 of the business leaders pursued additional courses beyond their formal education.

Knowledge of Foreign Languages: 94 respondents knew one or more languages in addition to their mother tongue.

Travel: 92 respondents had traveled abroad. From this group, 62 visited Europe, 25 the United States; 3 Asia and the Middle Eastern countries; and 1 went into communist countries.

Degree of Religious Orientation: 64 business leaders had little religious orientation; 27 average; and 12 strong orientation.

Relationship with the Founders of the Firms: 42 business leaders had no family relationship with the founder of their firm; 30 were related to the founder on their father's side; 5 were related on their mother's side; 26 were, themselves, the founders of their firms.

Type of Social Organization to which the Business Leaders Belonged: 27 of the business leaders were not members of any social organization; 15 belonged

to professional associations only; 14 belonged to exclusive and expensive clubs only; 11 belonged to sports clubs only; 9 belonged to cultural and educational societies; 8 belonged to the masonic order; 13 belonged to both cultural and professional organizations; 5 were members in both exclusive clubs and the masonic orders; and finally, 1 man belonged to a religious organization.

Number of Social Organizations to which the Business Leaders Belonged: 44 of the business leaders belonged to 2-4 clubs, 21 to only one; and 11 to 5-8 clubs.

Kind of Social Organizations the Business Leader was a Member of Prior to Attaining his Present Position:

67 business leaders were not members of any social organization prior to attaining their present positions; 13 belonged to professional associations only; 8 belonged to sports clubs; 8 belonged to both professional organizations and exclusive clubs; 4 belonged to a masonic order; and 3 belonged to exclusive clubs only.

Change in Social Organization after the Business Leaders Attained their Present Positions: Only 14 business leaders changed social organizations after attaining present positions.

Employment History: For 32 business leaders their present jobs were also their first jobs; 29 were also were previously employed in a related occupation

in the private sector; 10 were previously employed in a related occupation in the government sector; 7 were previously employed in an unrelated occupation in the private sector; 4 were previously employed in an unrelated occupation in the government sector; 5 had previously occupied a high government or political position; and finally, 16 were previously self-employed.

To What Causes the Business Leaders Attributed their

Success: 39 of the business leaders attributed their success to self only; 7 attributed it to opportunities they encountered; 18 attributed it to their family background; 12 attributed it to self and opportunities met; 13 attributed it to people they worked with; 4 attributed it to positive parental influence on them; 4 attributed it to a person whom they chose as an example and followed; 3 attributed it to everything but self; and 3 attributed it to miscellaneous factors.

The Business Leaders Opinions on the Constituents of

Success: To 64 business leaders, expansion in business was the major constituent of success; 8 respondents believed that large profits constituted success; 9 respondents believed recognition and prestige constituted success; another 8 respondents believed success was a certain size and type of wealth; 5 respondents believed success was profits and accomplishments; 2 respondents believed it was social achievement; and for 7 respondents there were miscellaneous

constituents of success.

Social Organizations as Roads to Success: Only 11 business leaders actively used social organizations as a road to occupational success; on the other hand, 63 respondents did not care about social organizations; 11 joined a social organization because they liked the organization itself; and 18 respondents used social organizations to achieve social prestige only.

The Most Important Life-Achievement of the Business Leaders: 34 business leaders could not point out any particularly important achievement; they pointed out that achievement was continuous and had no particular high points; to 51 business leaders, achievement was related to an activity in their company; 16 respondents gave examples of achievement that came mainly from an off-the-job situation; and 2 mentioned educational achievements.

Finally, a few words about further research should be added. On the basis of his interviews, this researcher is convinced that many insights into management can be obtained by first analyzing the problems of the business leaders, and then determining what type of behavior would more adequately solve these problems.

Another type of research that could yield useful insight would be an investigation of the perceived image and role of the business leader by the

society at large. Here the degree of congruency between the perceived images and roles would be found.

Also this author strongly suggests research that would permit:

1. A sophisticated means of describing the needs (or drives) of the business leaders and the techniques for measuring these needs;
2. a sophisticated means for describing the manner in which these needs are fulfilled.

Similar types of research should also be undertaken in other countries. Specifically, similar studies on business leadership could be undertaken in France and Iran. Iran, Turkey, and France represent three different societies that are close enough to permit a comparative study. These countries have had continuous social, economic, and political interaction for many centuries. They represent three interrelated steps toward westernization and modernization. Iran can be taken as a traditional society, Turkey as a semi-western society, and France as a western institution of continental Europe. Comparative studies of these regions will enable us to bring some certainty into an area shaken by controversial values.

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APPENDIX I

INTRODUCTORY LETTER SENT TO THE
BUSINESS LEADERS INCLUDED IN THE INTERVIEWS

Dear . . .

May 31, 1965

The Bureau of Business and Economic Research of the Michigan State University is conducting a research on the "Role of the Business Leaders in the Development of Turkey."

The core of this project involves several interviews with prominent business leaders selected from the Turkish business circles. These studies, which will include your valuable contributions, shall investigate the private enterprise and its leaders in the fields of trade, industry, finance, and transportation, constituting the foundation of the Turkish economic structure.

It is hoped that the findings of the research will provide new statistical and conceptual information which will enlighten certain aspects of the big business in relation to the whole economy, as well as data to be utilized toward the future development of the country.

As a well-known member of the Turkish business life, we hope that you will be helpful to us, individually. If it is possible for you to devote some of your valuable time to support our project, your efforts toward the realization of our goal will be appreciated.

In conducting this study, we wish to stress the point that the collected data will be held strictly confidential

by the University, and the publication will depict abstract analogies referring to names, position or figures only where permitted by the individual.

We would appreciate an interview with you at your convenience between June 20 and August 20. Thank you for your time and consideration.

Sincerely yours,

Guvenc Alpander
Assistant Professor of
Business and Economics
University of Maine
Portland, Maine

Under the directorship of

Eugene E. Jennings
Professor of Management
Michigan State University
East Lansing, Michigan

APPENDIX II
QUESTIONNAIRE USED IN INTERVIEWS

PART ONE
THE BUSINESS LEADER
PERSONAL DATA

1. How old are the persons who are leading the business today?
 1. The youngsters 20-29 _____
 2. The business youth 25-29 _____
 3. The young adults 30-34 _____
 4. The young matures 35-39 _____
 5. The matures 40-49 _____
 6. The experienced 50-59 _____
 7. The old ones 60-69 _____
 8. The aged ones 70-90 _____

- 2,3. Where do the business leaders come from?
 1. The Istanbulits _____
 2. The Dadashes _____
 3. The Efes _____
 4. The villagers from Central Anatolia _____
 5. The citizens from Central Anatolia _____
 6. The villagers from Thrace _____
 7. The citizens from Thrace _____
 8. The villagers from Southern Anatolia _____
 9. Citizens from S. Anatolia _____
 10. Villagers from Egea _____
 11. Citizens from Egea _____
 12. Villagers from East _____
 13. Citizens from East _____
 14. Villagers from Black Sea _____
 15. Citizens from Black Sea _____
 16. The outsiders _____

4. What is the marital status of the business leader?
 1. Married _____
 2. Single _____
 3. Widowed _____

5. Does he have any children?
 1. Affirmative _____
 2. Negative _____

6. What are the national origins of the business leaders?

- | | |
|------------------|---------------|
| 1. Turk_____ | 4. Arab_____ |
| 2. Jew_____ | 5. Greek_____ |
| 3. Armenian_____ | 6. Other_____ |

7. When did the business leader enter business life?

1. The Ottomans 1900-1933_____
2. The Ataturk generations 1923-1938_____
3. The Inonu boys 1939-1949_____
4. The Democrats 1950-1960_____
5. The revolutionaries 1961-1963_____

8. Position of the business leader in the hierarchy of his present firm.

1. Occupies top position in the administrative group (chairman of the board, president, executive director, owner-manager)_____
2. Is second in command (vice-president, assistant general manager)_____
3. Occupies the third layer in the hierarchy_____

INTELLECTUAL AND EDUCATIONAL ACHIEVEMENTS9. What are their formal educational achievements?

1. Less than junior high_____
2. Junior high and some high school_____
3. High school graduates_____
4. Some college_____
5. College graduates_____
6. Masters_____
7. Doctors_____

10. Where did the business leaders receive their college education?

1. In Turkish Universities_____
2. In American Universities_____
3. In European Universities_____
4. Not a university graduate_____

11. What is their field of concentration?

1. Liberal_____
2. Business_____
3. Engineering_____
4. Medicine_____
5. Law_____
6. Not a university graduate_____

12. How many of the business leaders pursued additional courses beyond their formal education?

1. Affirmative_____ 2. Negative_____

13. Does the business leader know any foreign language?

1. Affirmative_____ 2. Negative_____

14. What are the most common foreign languages spoken by the business leaders?

- | | |
|----------------------------|---|
| 1. English_____ | 7. French and German_____ |
| 2. French_____ | 8. Any two languages but 6 and 7_____ |
| 3. German_____ | 9. None_____ |
| 4. Greek_____ | 10. English and French and German_____ |
| 5. Other_____ | |
| 6. English and French_____ | |

SOCIAL, ECONOMIC, AND RELIGIOUS BACKGROUND
OF THE BUSINESS LEADER

15. What is the occupation of the business leader's father?

- | | |
|--|--|
| 1. Small merchant_____ | 7. Laborer_____ |
| 2. Officer in the armed forces_____ | 8. Teacher_____ |
| 3. Engineer_____ | 9. Clerk in the private sector_____ |
| 4. Doctor_____ | 10. Politician_____ |
| 5. Civil servant (memur)_____ | 11. Successful entrepre- neur_____ |
| 6. Farmer_____ | 12. Journalist_____ |

16. What is the education of the father?

1. Less than junior high._____
2. Junior high and some high school_____
3. High school graduate or equivalent_____
4. Some college or equivalent_____
5. College graduate or equivalent_____
6. None_____

17. Where do the fathers of the business leader come from?

1. Turkey_____
2. Outside Turkey_____

18. What is the socio-economic status of the family in which the business leader was raised?

- | | |
|----------------------|---------------------|
| 1. Upper-upper_____ | 4. Middle_____ |
| 2. Upper-middle_____ | 5. Upper-lower_____ |
| 3. Lower-middle_____ | 6. Lower-lower_____ |

19. What is the degree of religious orientation of the business leader?

1. Strong_____
2. Average_____
3. Very little_____

20. Has the business leader traveled abroad?

1. Yes_____
2. No_____

21. What countries has he visited?

- | | |
|-----------------------------|--------------------|
| 1. United States_____ | 4. Asia and Middle |
| 2. Europe_____ | East_____ |
| 3. Communist countries_____ | 5. None_____ |

MOBILITY PATTERNS

22. What is the relationship of the business leader to the founder of the firm?

1. Has family ties with founder of firm on wife's side_____
2. Has family ties with founder of firm on father's side_____
3. Has no family relations with founder of firm_____
4. Is founder of firm_____

23. What is the extent of his ties with relatives and his family?

1. Has completely cut ties with his relatives_____
2. Has partially cut ties with his relatives_____
3. Keeps strong ties with his relatives_____

24. What is the extent of financial help received from relatives including own family?

1. None_____
2. Much_____
3. Some_____

25. What is the nature of help received from relatives including own family other than financial?

1. Family and relatives worked with him _____
2. Family and relatives did not work with him, or help him _____
3. Family and relatives introduced him to influential people _____

26. Type of social organization the business leader is a member of.

1. Exclusive and expensive clubs _____
2. Cultural and educational societies _____
3. Professional associations _____
4. Masonic order _____
5. Religious organizations _____
6. Is not a member of any social organization _____
7. Sports clubs _____
8. Member of both cultural & professional organization _____
9. Any combination of the above except 6 and 8 _____

27. Number of clubs and social organizations he is a member of.

- | | |
|-------------------|----------------------|
| 1. Only one _____ | 4. 9-12 _____ |
| 2. 2-4 _____ | 5. 12 and more _____ |
| 3. 5-8 _____ | 6. None _____ |

28. In what kind of social organizations was the business leader a member of prior attaining present position?

1. Was not a member of any social organization prior attaining present position _____
2. Professional associations _____
3. Exclusive clubs _____
4. Both professional and exclusive organizations _____
5. Sports clubs _____
6. Masonic order _____
7. Religious organizations _____

29. Did the business leader change social organizations after attaining present position?

1. Yes _____
2. No _____
3. He was not a member of any social organization _____

30. Employment history

1. His first job was with his present company_____
2. He was previously employed in a related occupation in private sector_____
3. Previously employed in the private sector in an unrelated occupation_____
4. Previously employed in the government sector in a related occupation_____
5. Previously employed in the government sector in an unrelated occupation_____
6. Previously self-employed_____
7. Occupied high government or political position

31. Promotional history

1. Retained his present position since he joined the organization or since the founding_____
2. Had played lesser roles and had a lower rank in the heirarchy previously until he achieved his present position in the same company_____

LEADING DRIVES OF THE BUSINESS LEADER32. Motives that seem to have stimulated the business leader.

1. Achievement motives_____
2. Rrestige motives_____
3. Power motives_____
4. Affiliation motives_____
5. Money motives_____
6. Self-actualization_____
7. Help to society_____
8. Continuous urge for work and results_____
9. Achievement and money_____
10. Prestige and achievement_____
11. Security and Safety_____
12. Other motives_____

THE AVENUE TO SUCCESS33. To what does the business leader attribute his success?

- | | |
|-----------------------------------|--------------------------------------|
| 1. To self only_____ | 6. To parental influence on him_____ |
| 2. To opportunities met_____ | 7. To a person he followed_____ |
| 3. To family background_____ | 8. To everything but self_____ |
| 4. To self and opportunities_____ | 9. To other_____ |
| 5. To people he worked with_____ | |

34. What the business leader thinks are the constituents of success.

1. Large profits_____
2. Recognition and prestige_____
3. Expansion in business_____
4. Social achievements_____
5. A certain size and type of wealth_____
6. Profits and accomplishments_____
7. Other_____

35. Degree of parental influence upon the business leader.

1. Strongly influenced by both parents_____
2. Strongly influenced by father_____
3. Strongly influenced by mother_____
4. Not influenced by either parent_____
5. Influenced by father figures other than father_____

36. Social organizations as a road to success.

1. Used social organizations as a road to occupational success_____
2. Joined social organization because he liked to_____
3. Used social organization to achieve social prestige_____
4. Did not care about social organization_____

37. Perceived description of a successful business leader.

- | | |
|---|--|
| 1. Ability to forecast future_____ | 7. Strong, social orientation_____ |
| 2. Honesty_____ | 8. Smart, opportunistic_____ |
| 3. Profit not the sole concern_____ | 9. Any combination of above_____ |
| 4. Hard worker_____ | 10. Other_____ |
| 5. Ability to take preventive measures_____ | 11. Person whose opinion is consulted_____ |
| 6. A perfectionist in his work_____ | 12. Has intelligence and initiative_____ |

SOCIAL ORIENTATIONS OF THE BUSINESS LEADER

38. What was the most important achievement of the business leader in life?
1. No particularly important achievement; achievement is continuous, has no peak periods_____
 2. Achievement is related to an activity in company_____
 3. Examples of achievement are mostly given from off-the-job situations_____
 4. Educational achievements_____
39. What the business leader thinks his role in society is.
1. To be idealist_____
 2. Motivate his environment to work_____
 3. Show that work and achievement instead of profits are or should be the true motivators_____
 4. Concern himself mostly with own work, how to accomplish it most efficiently_____
 5. Create work, thus contribute to economic and social development_____
 6. Has a very narrow conception of society_____
 7. To make his achievements the achievements of society_____
40. What the business leader thinks are the demands of the society on him.
1. Creation of a spirit of hard work_____
 2. To be a champion of the society's problems_____
 3. Financial help, charity_____
 4. Has no idea_____
 5. Views society very narrowly as composed of his family members only_____
 6. Society demands expert ideas and opinions_____

DECISION MAKING

41. Degree of consultation in decision-making.
1. Decides with no consultation_____
 2. Consults relatives but not subordinates_____
 3. Consults subordinates but excludes any outsider_____
 4. Consults both friends and subordinates_____
 5. Consults experts outside the firm for major decisions_____
 6. Consults owners but just to satisfy them_____

42. Orientation in decision-making.

1. Relies on thorough calculation and statistical evidence_____
2. Relies more on perception and feel of the situation in his judgments_____

43. What are the opinions of the business leader about research and other technical agencies?

1. Thinks research institutions render a valuable service to business_____
2. Does not believe research institutions render valuable service_____

ALLOCATION OF TIME44. How does the business leader use his time?

1. He spends most of his time on routine day-to-day activities (operational and control activities)_____
2. He spends most of his time on public relations as representative of the firm in conventions and conferences with the government_____
3. Financial matters and bank relations take most of his time_____
4. He spends his time mostly in the establishment and review of goals and objectives of the firm (policy-making and long-range activities)_____
5. Spends most of his time outside the firm as a public figure, in non-firm matters_____

45. What is the nature of the major problems of the business leader?

1. Governmental_____
2. Lack of reliability of supply, quality, and sufficiency of raw material_____
3. Financial_____
4. Based on market conditions_____
5. Mostly technical and organizational in nature_____
6. Rooted in society at large_____
7. Resulting from differences in opinion between partners_____
8. Any combination of the above_____

46. What are the causes of organizational and managerial problems?

1. Lack of understanding of principle of management and organization_____
2. Centralization of power, authority, and decision-making and unwillingness to delegate_____
3. Centralization because of the unavailability of properly trained employees to delegate_____
4. Insufficient training of employees_____
5. Conflict of interests between labor and management_____
6. Shortage of skilled personnel_____
7. No particular organizational or managerial problem_____

GOALS OF THE BUSINESS

47. What is the predominant goal of the firm?

1. Profit motive_____
2. Preserving the present position in the industry_____
3. Increasing production and sales_____
4. Increasing capital_____
5. Increase the core market_____
6. Create new markets_____
7. Create new job opportunities_____
8. Other_____
9. Service to society_____

48. What is the major policy followed by the firm to attain its goal?

1. Increase the production capacity_____
2. Acquire new markets at the expense of competitors_____
3. Acquire new markets by finding new customers_____
4. Decrease the costs_____
5. Improve production techniques_____
6. Diversity production_____
7. Increase the productivity of labor_____
8. Other_____
9. Create inner social balance_____

REASONS FOR THE SUCCESS OF THE FIRM

49. To what is the success of his firm attributed by the business leader?

1. Proper timing of the establishment year_____
2. Competitive advantage of differentiated demand_____
3. Goals of company_____
4. Combination of 1, 2, and 3_____
5. Good government relations_____
6. Organizational factors_____
7. Managerial factors_____
8. Pure environment factors_____
9. Other_____

SIGNIFICANT PERIODS IN THE HISTORY OF THE FIRM

50. When was the most unlucky period of the firm?

- | | |
|-------------------|--------------------------|
| 1. 1964_____ | 5. 1952-1950_____ |
| 2. 1963-1960_____ | 6. 1950-1946_____ |
| 3. 1960-1956_____ | 7. 1946-1939_____ |
| 4. 1956-1952_____ | 8. There wasn't any_____ |

51. When was the most lucky and prosperous period of the firm?

- | | |
|-------------------|--------------------------|
| 1. 1964_____ | 5. 1952-1950_____ |
| 2. 1963-1960_____ | 6. 1950-1946_____ |
| 3. 1960-1956_____ | 7. 1946-1939_____ |
| 4. 1956-1952_____ | 8. There wasn't any_____ |

BUSINESS AND GOVERNMENT RELATIONS

52. What is the opinion of the business leader about government efficiency?

1. Increased efficiency in government and political stability will benefit his business_____
2. Negative_____

53. What is the opinion of the business leader about participation in politics?

1. Businessmen must devote some of their time and efforts to politics_____
2. Negative_____

54. What will be the type of participation in politics?

1. Active_____
2. Passive, in form of financial and moral help_____
3. Business Leader should not participate in politics_____

55. What is his degree of concern with economic planning?

1. Has participated in the preparation of the five year plan_____
2. Has obtained information about the plan through the press, conferences and professional journals_____
3. Has obtained information about the plan by reading the original plan and special reports_____
4. Has no idea about plan_____

56. What were the effects of the plan on his business?

1. The plan had positive effects on the administration and decision-making process in the firm_____
2. None_____

PART TWO

THE FIRM

CATEGORY OF BUSINESS

57. What is the type of the firm?

1. Banking_____
2. Mining and petroleum_____
3. Commerce (retail-wholesale)_____
4. Manufacturing_____
5. Transportation_____
6. Insurance_____

58. Date of Founding of Present Establishment

59. Present Worth of the Firm (1964 Financial Year)

60. Present Number of Employees (Average for 1964)

61. Present Gross Sales (1964)

GROWTH PATTERNS

62. The Worth of the Firm in 1960

63. Worth of the Firm in 1956

64. Worth of the Firm in 1952

- 65. Worth of the Firm in 1948
- 66. Number of Employees in 1960
- 67. Number of Employees in 1956
- 68. Number of Employees in 1952
- 69. Number of Employees in 1948
- 70. Gross Sales in 1960
- 71. Gross Sales in 1956
- 72. Gross Sales in 1952
- 73. Gross Sales in 1948

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