The Historical Roots of Entrepreneurship in South-Central Anatolia in Turkey

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Introduction

An increasing number of works on social embeddedness highlight a well-known phrase of institutional economics: “history matters”. Economic growth in one region can be closely associated with broad historical processes and initial advantages. Cumulative processes may explain why the development or underdevelopment in some regions, cities or settlements is path-oriented. Through the random or planned historical events as well as the initial advantages, one locale may acquire an entrepreneurial behaviour facilitating the further development of and specialisation in certain economic activities. Pre-acquired skills and abilities may encourage the competitive and cooperative business efforts and then the formation of enterprises benefiting from a good business climate can be possible. In most cases, the specialisation (or learning) process of one region in a specific economic activity or sector is an ongoing development. As time goes on, technology improves and political and socio-economic structure evolves but any external impulse can not change the course and pace of the initial development of this specific economic activity. This is simply termed as “path dependency” in institutional economics. The analysis of how regional advantage arises in social and economic terms and of what makes local abilities and skills (to certain economic sectors) embedded in one place is a very rich and popular research area in institutional economics. And why does institutional economics matter to the theoretical analysis here? The interpretation of historical events to find clear proofs for how economic development in one region become a path dependent process may seem a biased attempt by one viewpoint. However, there is an answer for the previous question in terms of the explanation of the theoretical orientation of this paper: every economic phenomenon can only be explained in spatio-temporal terms. This is the phenomenal uniqueness of economic development stories in diverse socio-cultural geographies. There are two main strands of institutional economics subject to the theoretical analysis outlined above: historical initial advantages and territorial embeddedness in economic development and related to the former, externalities or spillovers stemming from the socio-cultural, political, economic or purely geographical advantages. The scope of this paper mainly relies on and benefits from the explanatory tools of the first strand. Here, the explanatory tools of institutional economics (concepts) seem considerably rich and
strong in the analysis and interpretation of the various economic success stories especially in the multi-cultural and geographically strategic areas. There is considerable accuracy for this premise in the Turkish case.

The Turkish case offers a suitable context for this institutional analysis outlined above. The initial advantages that are most evident in the “irreversible” development trajectories of the commercial centres like Istanbul and Izmir are also expressive in the emerging regional and sub-regional growth centres like “Anatolian Tigers”. Anatolian Tigers refer a number of new growth centres that put up a good and consistent performance in manufacturing industry since the 1980s.

Two Anatolian Tigers, Konya (well-known) and Karaman (less-known) locating in South-Central Anatolia constitute the geographical scope of this paper. The sub-region of Konya-Karaman is not only delineated by normative criteria (as constituting a NUTS 2 region, namely TR 52), but also defined historically and geographically. This makes the area a historical region of established commercial culture. Drawing attention to the special characteristics of this statistical and historical sub-region, the paper examines the role of historical and geographical factors in the formation of Karaman as a regional growth centre. Here, the historical analysis provides useful insights of how the initial and (territorially) embedded advantages triggered a cumulative process of economic development in Karaman.

Konya is an important regional centre of commercial, industrial, agricultural and service activities in Turkey especially with its nationally strategic industrial establishments and grain production. Since the 1980s, Konya has experienced an important development in the manufacturing industry.

Karaman that is an important industrial and commercial centre of Central Anatolia at both provincial and urban levels is commonly not known or termed as an “Anatolian Tiger” but it displays a number of historical peculiarities (administrative, socio-economic and geographic) are crucial to comprehend the historical roots of recent commercial and industrial development of “Tigers” and other redeveloping centres in Anatolia. The regional (or sub-regional) centre functions of Karaman became apparent through the development of food industry in the last twenty years.

From the perspective of institutional economics, this paper examines the role of historical-geographical factors in the formation of an entrepreneurial culture in the sub-region of Konya and Karaman. In this vein, the basic premise of this paper is that the entrepreneur culture in the historical sub-region is deeply rooted and territorially embedded. Methodologically, the paper makes a historical analysis of the institutional structure
promoting a strong entrepreneurial culture in the city of Karaman. The historical analysis bases on the literature review of the political, social and commercial history of Karaman and surrounding cities in the above-mentioned historical periods. Here, the key references are the books on the history of Karaman and South-Central Anatolia, the yearbooks of Ottoman and Republican periods, the reports of Karaman Chamber of Commerce and Industry and last, the statistical data of Turkish Statistical Institute (TÜİK).

Economic Development of South-Central Anatolia

Recent industrial developments in Central Anatolia made prominent the economic importance of Konya and Karaman provinces. These developments are most evident in new commercial and industrial climate in these two provinces and since the early 1990s, the emergence of new industrial development path revealed through the changing regional economic indicators in these areas. Figure 1 adds further details to the industrial position of Konya and Karaman by demonstrating the provincial distribution of per capita value added created in manufacturing in Turkey (2000). As seen in Figure 1, these two provinces are in the second highest range of per capita value added in manufacturing that forms a corridor toward the West Marmara region.

The names of Konya and Karaman are used to refer to both the name of provincial area and central city as a principle (with some exceptions) of the administrative division of Turkey. By the Nomenclature of Territorial Units for Statistics (NUTS), the two provinces are in the Western Anatolian Region (TR5) with Ankara (its central city is the capital of Turkey). At NUTS 2 level, Konya and Karaman constitute the Konya sub-region (TR52) (Resolution of the Cabinet of Ministers of Turkey, 2002).

Karaman is an important regional centre in terms of agricultural and manufacturing activities. While the provincial area is characterised by intense agricultural activities, the city is a nationally important centre for food industry. The 58 firms of total 160 industrial firms in Karaman operate in food industry today. While the 35 firms of total 63 industrial firms in the organised industrial zone operate in the food manufacturing, there are also 10 firms engaging in subsidiary industries like packaging and paper industry and cold storage (Karaman Chamber of Industry and Commerce, 2004). These firms perform in the production, wholesaling and marketing of biscuit, chocolate, cake, wafer, wine suma, fruit juice, legumes, cracked wheat and flour.

The other province of the sub-region, Konya is an important regional centre of commercial, industrial, agricultural and service activities in Turkey especially with its
nationally strategic industrial establishments and grain production. The city of Konya is also a religious-mystical centre known as “the city of Mevlana” (great philosopher and Sufi of Anatolia in the 13th century). The historical advantages of the city are most evident in the former political and religious functions since Konya was the capital of the Anatolian Seljuk State between the 11th and 13th centuries. In the Republican Period of Turkey (since 1923), the economic developments created a suitable business climate for the development of manufacturing industry in the city. Since the 1950s, the economic developments provided suitable conditions for the re-emergence of Konya as an regional centre: the establishment of Konya Sugar Factory in 1954, the public investments in the 1960s, the manufacturing industry investments in the 1970s, the establishment of TÜMOSAN (diesel engine factory), the development of automotive and subsidiary industries in the 1980s and the formation of big holding companies operating in manufacturing industry in the 1990s. Through a convenient business climate enabled by these investments, Konya experienced an important development in the manufacturing industry in the last 30 years.

Agricultural advantages are important to comprehend the recent manufacturing development in the sub-region (especially in Konya). The sectoral interdependencies between agriculture, industry and commerce constitute a comparative advantage for the economy of Konya. Agricultural production led up to the development of food industry and its subsidiary industries as well as the manufacturing of agricultural machinery in the province. Grain production motivated the manufacturing of flour and bakery products, beet cultivation fuelled the sugar production and breeding promoted the production of meat, meat products and milk in Konya (Konya Provincial Directorate of Industry and Commerce 2001: 42–43). In a similar way, agricultural development in dry farming provided a basis for the rise of food industry in Karaman.

**Historical Roots of Entrepreneurship in South-Central Anatolia in Turkey**

The two central cities and provinces of South-Central Anatolia, Konya and Karaman are important regional growth centres in Turkey today. The regional centre formation in Konya and Karaman through a notable manufacturing industry performance has deep historical roots and some initial (territorial) advantages strengthened the socio-economic position of the sub-region in various historical periods. Geographical, social and economic factors shaped a territorially embedded entrepreneur culture in the area in the past. Here, a historical-spatial analysis is made in a complementary way rather than in comparative perspective since strong economic interdependencies (with some cultural differences) in
Konya and Karaman identify a historical region. The re-emergence of regional centre functions in the historical region can be conceived as a path dependent process. This claim appears to rest on a number of factors: location, administrative organisation, economic development potential, production organisation, industrial-commercial infrastructure and most important entrepreneurial culture (Özbek, 2005). The archaeological and historical findings highlight that locational, socio-economic and cultural advantages (as acquired organisational and entrepreneurial skills) are historically embedded in the region.

The sub-region of Konya-Karaman is not only delineated by normative criteria, but also defined historically and geographically. The area is a historical region and has a deep-rooted commercial culture. Statistically, the paper uses the regional economic indicators at provincial and sub-regional level; however, the main analytical level for the historical analysis is urban. In the history of South-Central Anatolia, each empire and state dictated their administrative divisions but the importance of a number of cities and settlements remained constant over time in terms of commercial, political and religious functions.

Since the prehistoric ages, Konya and Karaman placed at the core of agricultural and commercial activities. In the Classical Age, the surrounding area of Konya was known as Lykaonia (Bahar and Koçak, 2004: 10). The archaeological findings show that there was a rich and vibrant commercial life in the north of Konya (Galatia) in 2000 BC (Hittite Period in Anatolia). The area was producing valuable products for an early urban civilisation: honey, sesame, sesame oil and salt since Galatia was near Lake Tuz (Salt Lake) (Atalay, 1994: 58, 382, cited in Bahar and Koçak, 2004: 10). In the area of today’s Konya city, there was a small but crowded urban settlement called as Iconium in the Classical Age (Strabon, 1894 cited in Konyalı, 1997: 7). In the same age, Karaman was a part of the ancient region, Laranda (Bahar and Koçak, 2004: 9). The sub-region gained a political character due to the different strategic (military and administrative) and economic reasons in both Greco-Roman and Turkish (Anatolian Seljuk, Beyliks and Ottoman) periods. Konya functioned as the capital of the Anatolian Seljuk State between 11th and 13th centuries. After the collapse of the Anatolian Seljuk State, Konya came under the rule of Karamanogullari and it lost its capital city status in the period of Anatolian Beyliks. In this period, the main development of the city has been in commercial and agricultural activities. According to the famous traveller of the Middle Age, Ibn Battuta, Konya was a vibrant and developed city in terms of

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1 Karamanogullari or Karamanaid Dynasty was an Anatolian Turkish State or Beylik reigned over South-Central Anatolia (southern part of Konya province and whole of Karaman province today) between 1256 and 1483.
2 In the Anatolian political history in the Middle Ages, the second period of Anatolian Beyliks (13th-15th centuries) corresponds to an interregnum between the Anatolian Seljuk State and the Ottoman Empire.
population size, architecture and commercial and agricultural activities in the 14th century. The main characteristic of the city’s commercial centre was the clustering of different artisan groups on the basis of occupation and specialisation (Konyalı, 1997: 19). In the same period, Karaman had also important urban functions. In the second period of Anatolian Beyliks, Karaman was the political and military centre of Karamanogullari (Ünal, 1957: 68). One of the well-known names of Karaman is the capital of Turkish language since Karamanogullari is the first Turkish state or Beylik which declared Turkish as an official language.

Since the period of the Anatolian Seljuk State, the cities of Konya and Karaman had a strategic position on trade routes (see Figure 2) connecting Central Anatolia with other regions (Kramers, 1967, cited in Konyalı, 1967: 40). Konya had a strategic location at the intersection of the two main Anatolian trade routes (South Anatolia to Istanbul and Eastern Anatolia to the Mediterranean) and it was an important caravan centre. Karaman was providing a transit connection to Mediterranean ports (Silifke and Taşucu) when trade routes to Adana (a historically important Mediterranean city) were cut off in Ottoman period. In other words, Karaman was located on an alternative route connecting Central Anatolia with the Mediterranean Region. In the same period, wholesale trade had a secondary importance in the economic life of Karaman and commercial relations established with mainly the trade (caravan) centres like Adana and Konya on the Silk Road and Mersin (a historical Mediterranean port). The main export goods of Karaman were the food products like wheat, barley, corn, chickpea, dried grape and buckthorn berry and unprocessed textile products like wool and angora.

In addition to their strategic position on the old trade routes, Konya and Karaman were the intermediate stations of the former Berlin-Baghdad Railway. However, the one of the researchers on the history of Karaman, Sapancalı H. Hüseyin signified that the city of Karaman did not demonstrate a notable development in comparison with other Anatolian cities hosting railway stations. In the 1920s, the city was like a small town with approximately 1350 households (Güler, 1993: 21-40). Karaman lost its commercial and socio-cultural importance in the surrounding area in this period.

In the Ottoman Period, Konya and Karaman fulfilled similar political and economic roles. Konya functioned as a Pasha (principal) Sanjak and provincial capital (after the establishment of vilayet system in 1864). The city was a medium-sized urban settlement and its commercial life mainly based on the artisanal activities was not developed as in former

3 Sanjaks were administrative units of the Ottoman military-feudal system and most of them were sub-provincial units.
periods. In a similar way, Karaman lost its political and commercial importance in Ottoman Period. However, Sapancalı H. Hüseyin emphasised the development potential of Karaman as a re-emerging commercial and agricultural centre in his book (published by Güler in 1993) on Karaman history written in the period of the Turkish Independence War (1919-1923). The 1872 and 1874 Ottoman Yearbooks (Salnâme) of Konya highlight the importance of the Sanjak of Karaman as a commercial and socio-cultural centre (Konyalı, 1967: 34). As an echo of the Ottoman Empire’s underdeveloped manufacturing industry, Konya and Karaman had no notable industrial plants in the 19th and early 20th centuries. In Karaman, there was only a closed tannery and a flour mill working under capacity in the early 1920s (Güler, 1993: 69-71). Similarly, in Konya, the most important manufacturing establishment was a small nitre refinery (Güherçile Kalhanesi) serving to the Ottoman military industry (Konyalı, 1997: 1121). In the last years of Ottoman Empire, the migration wave from Russia and Rumelia (the Southern Balkan Regions of the Ottoman Empire) constituted an important turning point for the further development of Karaman and surrounding area in agricultural production. The immigrants from Russia and Rumelia (the Southern Balkan Regions of the Ottoman Empire) that were residing in five villages of Karaman in the 1920s contributed positively to productivity growth in the agriculture sector through the application of new agricultural techniques brought by these people, especially Crimean immigrants (Güler, 1993: 73-74).

Throughout the different historical periods, the natural geography of Konya and Karaman provided suitable conditions for a lively economic life. The flat topography and fertile soils of Konya and its surrounding area provided a suitable environment for the diversification of agricultural production (despite the lack of sufficient water resources) as well as for the organisation of commercial functions. The rich forest and mineral (coal and iron) resources around Karaman, the river of Göksu and topography constituted physical advantages for the proliferation and variation of economic activities in the past. The strategic location of Konya and Karaman between transportation routes (chronologically caravan, railway and highway) underpinned the advantageous position of the central cities on the other hand. However, the socio-economic and spatial structure of Konya and Karaman evolved through mostly political and economic factors instead of physical ones in the Republican Period of Turkey (Özbek, 2009: 103).

This brief introduction of what constituted the initial advantages for the rise of entrepreneurial culture in Konya and Karaman can be refined for an institutional analysis. Here, what makes the analytical framework institutional is the identification of different
political, cultural and socio-economic institutions constituting a suitable social climate for the formation of a deep-rooted entrepreneurial culture in the near geography.

The re-emergence of Konya and Karaman as growth centres can be conceived as an outcome of cumulative processes. Spatially, the initial advantages are revealed through an analysis of transportation routes (commercial, geographical, political and service). As seen in the historical development paths of most regional centres, transportation functions for socio-cultural, economic, administrative and military goals in each historical period attributed a central position to both the city and its surrounding area. Although Karaman did not economically benefit from the former Berlin-Baghdad Railway, one can claim that this railway promoted the importance of historical routes passing through both the surrounding region (historical settlements as railway stations from Konya to Baghdad) and the city (Özbek, 2009: 103-104). In other words, embedded transportation linkages may become weaker in one historical period but in general this condition is a prelude of further development termed as circular and cumulative causation (Myrdal, 1957) in institutional economics.

Socio-economic advantages contributed to cumulative economic development in the sub-region. Entrepreneurial culture is deeply embedded in the area. The nationally known business mind of Konya and Karaman people, which is also reflected in Turkish proverbs, evolved through the commercial developments chronologically in three periods: Anatolian Seljuk, Karamanogullari and Ottoman. The prehistoric findings also justify the existence of a deep-rooted commercial culture in Karaman and its surrounding region. In the Republican Period of Turkey, agricultural developments and industrial location decisions on Konya and Karaman (as a district in the past) promoted the emergence of local entrepreneurship in the area. Here, an interesting point is related to the socio-cultural roots of entrepreneurship. With new agricultural techniques brought by the immigrants from Russia and Rumelia, the existing innovative social climate took a multi-cultural character. As put forward by some researchers in social embeddedness school, a multi-cultural social environment may provide an advantageous context for regional economic development in most cases.

The other important issue is the local embedded skills and abilities for the indigenous development of a certain type of economic activity. Historically, political and military functions prepared a suitable ground for the formation of organisational culture in the economic life of Konya and Karaman. This means the emergence of administrative and organisational skills acquired through an established state bureaucracy. In this process, a prehistoric organisational culture amalgamated with the administrative traditions of Greco-
Roman and Turkish states. In certain terms, it is not wrong to claim that the roots of business mind and entrepreneurial culture can be found by a close inspection of the evolution of state bureaucracy through these historical periods. Here, Turkish version of team working (especially at employee level) in most industrial establishments of Central Anatolia today is worthy to analyse in terms of these pre-acquired industrial-organisational skills (Özbek, 2009: 104).

The initial advantages in terms of geography, political power and socio-economic structure contributed to the formation of an entrepreneurial culture in the case area. In the re-emergence of Konya and Karaman as regional growth centres, locational, social and political factors contributed positively to the perpetual socio-economic development in different historical periods. In the formation of commercial culture in both cities, administrative and organisational skills acquired through an established state bureaucracy (of aforesaid states and empires), a historically innovative social climate (nationally known business mind and entrepreneurship of Konya, Karaman and Kayseri peoples in the near geography) and a crossroad position for commercial and industrial linkages (Anatolian trade routes and caravan centres) as well as a special form of artisanal and commercial organisation, Ahi-order (Turkish-Islamic guild) played a crucial role.

One can claim that a complete institutional analysis of the formation of regional advantage can only be made through a comprehensive elaboration of social, political, economic, historical and cultural data on the case. “The archaic traces” in today’s entrepreneurial and commercial culture in one place can be found through the analysis of the historical, archaeological and ethnographic findings. Being conscious of these analytical requirements, this paper gives an overview of what constitutes regional economic advantage in the case of South-Central Anatolia.

Conclusion

This paper attempted to show briefly what constitutes regional economic advantage in the case of South-Central Anatolia. From the perspective of institutional economics, the paper highlighted the importance of historical-geographical factors in the formation of an entrepreneurial culture in the sub-region. The case of Konya and Karaman demonstrates well the role of initial advantages by geography, political power and socio-economic structure in the formation of a deep-rooted commercial culture. The initial advantages created an entrepreneurial climate and motivated further industrial development in the case area. In the re-emergence of Konya and Karaman as regional centres, locational (crossroad position and
activity routes), social (social climate and entrepreneurial culture) and political factors (administrative and organisational skills) contributed positively to the perpetual socio-economic development of the cities and their surrounding areas in the Classical Age and the following Anatolian Seljuk, Karamanogullari and Ottoman periods.

The paper concludes that the Turkish case offers a rich theoretical ground for discussing regional economic advantage through the basic and popular theoretical tools of institutional geography: social embeddedness, cumulative causation and path dependency.

References


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