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**MANAGING THE WELFARE REFORM
IN THE CASE OF TURKEY:
EUROPEANISATION WITHOUT THE EU ANCHOR?**

*A Comparative Analysis of Social Security Reform of Turkey from
2006 to 2012*

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Abstract

The primary contribution of this scholarly work to the literature is to extend the instruments for discussing the Europeanisation of social policies by applying *isomorphism theory* of sociology literature to Turkey, as a candidate country to the EU, and utilise this theoretical framework for analysing social security reform of Turkey between 2006 and 2013. The search is for diversifying possible explanations of specific Europeanisation trends. Moreover, the paper intends to contribute the literature of Turkey's welfare regime, which is classified within the extended family of Mediterranean welfare states, by scrutinizing policy inputs and outcomes of social security reform, thus to contribute the literature on clusters and regime typologies.

For this purpose, the study subsume three separate study areas of the literature – *Europeanisation/convergence*, pension reform agenda, and social security system of Turkey – within the scope of understanding the change and continuity in social security policies in Turkey. By using empirical evidences alongside a conceptual discussion, the study aims to provide a critical analysis that questions whether a convergence or a divergence can be identified between Turkey and European Social Model within the recent developments.

The study found evidences that Turkey's social security system's organizational structure and policy outcomes converged to the European Social Principles and EU-27/EU-15 averages by the social security reform. Nevertheless, the paper discusses that this convergence did not occurred in a linear direction and shows fluctuations; thus can be identified as a strong *convergence* trend rather than a complete and *concrete Europeanisation*. For explaining this trend, the paper identify an *instrumental isomorphism* concept, as an entirely new contribution to the literature, and applies this concept to Turkey's policy-making processes.

KEY WORDS:

Europeanisation, convergence, pension reform, Turkey, European Social Model, isomorphism, instrumental isomorphism.

Öz

Bu akademik çalışmanın literatüre birincil katkısı, sosyoloji literatürünün *izomorfizm teorisini* AB'ye aday bir ülke olarak Türkiye'ye uygulaması; bu teorik çerçeveyi 2006 ile 2013 yılları arasında Türkiye'nin sosyal güvenlik reformunu analiz etmek için kullanması ve bu sayede *sosyal politikaların Avrupalılaşması* tartışmasının sınırlarını genişletmesidir. Çalışmada, spesifik Avrupalılaşma trendlerinin olası açıklamalarının çeşitlendirilmesine çalışılmıştır. Diğer taraftan bu tez, sosyal güvenlik reformunun politika girdileri ve politika çıktılarını inceleyerek genişletilmiş Akdeniz refah devletleri ailesi içerisinde sınıflandırılan Türkiye'nin refah rejimi ve bu bağlamda refah devleti tipolojileri ve kümelenmeleri ile ilgili akademik literatüre katkı sunmayı hedeflemektedir. Bu doğrultuda, Türkiye'nin sosyal güvenlik politikalarındaki değişim ve sürekliliği anlamak amacıyla literatürdeki üç farklı çalışma alanı bir araya getirilmiştir: *Avrupalılaşma/ yakınsama*, emeklilik reformu gündemi ve Türkiye'nin sosyal güvenlik sistemi. Çalışma, kavramsal analiz yanında ampirik bulguları da kullanarak, son gelişmeler çerçevesinde Türkiye ile Avrupa Sosyal Modeli arasında bir *yakınlaşma* veyahut bir *uzaklaşma* tanımlanıp tanımlanamayacağı konusunda eleştirel bir analiz geliştirmiştir.

Bu çalışma Türkiye'nin sosyal güvenlik sisteminin, sosyal güvenlik reformu sayesinde, örgütsel yapı ve politika çıktıları açısından Avrupa Sosyal Prensiplerine ve AB-15/ AB-27 ülkelerinin ortalamalarına yakınlığına dair bulgulara ulaşmıştır. Bununla beraber, söz konusu yakınlaşmanın doğrusal bir yönde gelişmediği ve dalgalanmalar gösterdiği, bu nedenle de bütüncül ve somut bir *Avrupalılaşmadan* çok kuvvetli bir *yakınmasa* trendi olarak tanımlanabileceği görüşünü savunulmaktadır. Çalışma, anılan bu trendin izahı için ise, literatüre tümüyle yeni bir katkı olarak *araçsal izomorfizm* kavramını tanımlamakta ve bu kavramı Türkiye'nin politika üretim süreçlerine uygulamaktadır.

Anahtar Kelimeler:

Avrupalılaşma, yakınsama, emeklilik reformu, Türkiye, Avrupa Sosyal Modeli, izomorfizm, araçsal izomorfizm.

INTRODUCTION

1.1. Research Focus

This research covers three distinct study areas of the literature – Europeanisation/convergence, pension reform agenda, and social security system of Turkey – within the scope of understanding the recent developments in social security policies in Turkey.

Europeanisation in social policies is one of the most contested topic in social policy literature (Palier, 2006; Kvist and Saari, 2007; van Vliet, 2011; Hay and Wincott, 2012). The main search within this literature is for understanding the dynamics of policy diffusion in cross-national area and identifying specific Europeanisation patterns with its key features (Linos, 2007; Gayer, Mackintosh and Lehmann, 2005).

The second topic of this study, the topic of reforming social security systems, and in particular pension systems, is an important issue both in academy and in politics since 1980s (OECD, 1988; ISSA, 1998). In the face of challenges – as ageing societies, extension of social security rights, deficits in social security budgets, transformation in family and employment patterns, globalisation and migration trends – national social security systems are being subject to transformation and evolution (Barr and Diamond, 2010).

And as the third topic of this study, Turkey, is one of the most prominent country example among OECD countries in reforming its social security system fundamentally in the last decade. Although, some research within the literature is covering the different aspects of Turkey's social security reform (Bugra and Keyder, 2006; Elveren, 2008; ISSA, 2012; OECD, 2008; Yukseker, 2009; Duyulmus, 2011) the transformation of Turkey's social security policies has not been covered comprehensively within a specific *Europeanisation* focus so far.

This study aims to fill this gap in the first place, and focus on Turkey, as an interesting unit of analysis, for understanding the change and continuity in social policies within a specific focus on concepts of *social security reform* and *Europeanisation/convergence*. For this purpose, in Chapter 1, the study reviews the literature on Europeanisation, the literature on social security systems and their reform, and finally, the literature on *isomorphism*. The primary aim is to utilize sufficient theoretical framework for enhancing the discussion.

The study begins with a clear research focus and a prominent hypothesis. The hypothesis of this paper defends that, social security system and policy outcomes converged to the ESP's and EU15/EU27 averages by the social security reform in Turkey, although, this convergence did not happened in a linear direction.

To test this hypothesis, in the next section, Chapter 2, the paper intends first, to evaluate Turkey's reform process with summative analysis, then, to scrutinize specific policies within the reform with a *convergence* focus, and presents which arrangements in Turkey's

social security reform process are connected with the European principles and EU level social policy arrangements.

The primary aim is to scrutinize the recent developments and trends in Turkey's social security system with a critical point of view and within a comparative European focus. The main search is for diagnosing a convergence or a divergence between Turkey and European Social Model (hereafter ESM) within the social security reform.

In this context, for evaluating the recent change in Turkey, the paper respectively puts attention on the changes in the institutional structure; advances in healthcare system; the official and effective retirement ages; coverage and inclusiveness of the system and finally labour force participation figures.

In this secondary stage, with arguing empirical evidences, the paper cannot identify a linear and concrete *Europeanisation* in social security policies of Turkey. On the other hand, the study identifies a significant trend for *convergence* to the ESP's; although, the depth and width of Europeanisation of social security in Turkey shows fluctuations with ups and downs according to different indicators and policy areas.

At the final stage, Chapter 3, the study intends to characterize the *convergence* trend of Turkey's social security regime. Since the study identifies a Europeanisation trend, it is focused to explain the mechanisms and reasoning of the recent trends in Turkey's social security system. As Turkey is a candidate country to the EU, the unit of analysis of this paper shows a specific importance for understanding the *Europeanisation/convergence*

of social security policies. With this perspective, the study come up with an explanation of the Europeanisation/convergence trend with using the possibilities of *isomorphism* concept of *institutional theory* within the *sociology* literature.

By applying isomorphism concept to Turkey's welfare change, the study extends the discussion on identifying the reasoning of *Europeanisation/convergence* trend. With utilising *isomorphism* theory and *political economy*, the paper collate the policy reform outcomes with explanatory analysis and aims to contribute the literature on Europeanisation of social policies. At this point, *instrumental isomorphism*, as a fresh new contribution to the literature; this paper explains the transformation of mentality and mindset among Turkey's policy-makers and politicians, which resulted with reform intensions, progress in social security system and creation of new institutional arrangements.

At this stage, for weighting up the discussion, the study also involves to evaluate and eliminate other variables, which may have been affected to the reform process. The paper discusses, in Chapter 3, the IMF-WB prescriptions on "social security reform", and domestic politics/ domestic bureaucratic pressures through the reform years 2006-2013 in Turkey, by using the concepts of political economy.

In conclusion, the study identifies a *partial Europeanisation/convergence* trend in Turkey's social security system which derives from pragmatic and instrumental use of *isomorphism* by policy-makers within the reform process. The paper operationalize its

instrumental isomorphism concept and support its argument with evidences presented through the paper.

1.2. Contribution to the Literature

This is a literature-based long essay providing a comparative analysis of the research question with the relevance to social policy. There is a literature on social security reform, Europeanisation of social policies and also Turkey's social security reform. What lacks in the literature is the evaluation of Turkey's social security reform within a specific Europeanisation focus by connecting these distinct study areas. The paper comprehend evidences and theoretical framework that aims to full this gap in the knowledge.

Respectively, Chapter 1 aims to make a relevant literature review. In this stage the study focuses to present the existing knowledge, which could help to evaluate and discuss its research questions and hypothesis.

The first main objective of this scholarly work is presented in Chapter 2: That is to add value to previous research on Turkey's welfare regime, which is classified within the extended family of Mediterranean welfare states or as a transition country regime (Gal, 2010; Kilic, 2000). The work contributes to the literature on social welfare in Turkey, which is a strategic country in many ways. It is a candidate country to the EU, it is the most modernised country among countries with a population consists of Muslim majority,

it has an immature welfare state which is hard to classify in a regime analysis (Aybars and Tsarouhas, 2010), and finally the country has been experiencing strong neo-liberal changes in many policy areas for the last decade (Bugra and Keyder, 2006; Bugra and Candas, 2011; Elveren, 2008). Explaining the structure and evaluation of Turkey's social security policies is a valuable contribution to the literature of welfare regimes.

The final stage, Chapter 3, offers a new explanation for the Europeanisation of social policies. This chapter aims to connect the relevant knowledge to one another within the *isomorphism* framework, and adds a new concept – *instrumental isomorphism* to the knowledge– for extending the instruments of the literature on *Europeanisation/convergence*.

1.3. Research Design and Methodology

In this part of the paper, I intend to clarify the issues about how the study generated the relevant information, and evaluated the reliability and validity of the information.

First of all, this paper used summative analysis, and interpretive approach for describing and presenting the context of Europeanisation of social policies in Turkey's social security reform, alongside scanning the relevant literature. Since *Europeanisation/convergence* and social security reform topics constitute different literatures this paper aims to combine the main relevant findings of these literatures.

Key dependent variable of this study is *Europeanisation/convergence*. As a comparative study, the unit of analysis is in primary level Turkey and secondarily the EU. The main focus through the paper is on the convergence of the Turkish social security policies to ESP's. The second focus is on explaining reasoning and concepts of the change and policy diffusion, with utilizing possibilities of sociology and political economy.

As this is a literature-based, comparative and analytic long-essay, the study limited its research timeline with 2006-2013. As the main legal frameworks of social security reforms (Act No. 5502 and Act No. 5510) issued and came into force between 2006 and 2008, the timeline of this study is properly embrace all the social security reform phases.

As social expenditure levels are seen as a way to measure Europeanisation in many research within the literature (i.e. van Vliet, 2010) this study focused on disaggregated expenditure data and official statistical figures. Relevant information is obtained from Social Security Institution (hereafter SSI) and Turkish Statistical Institution (hereafter TUIK) statistics, as well as from scholarly studies in the literature. Official statistics of Turkey are considered reliable and valid within the literature. The most current monthly figures of 2013 are being used when possible. Also reliable international organisation's (as ISSA, IMF and OECD) reports and studies are being used when relevant.

Consequently, conceptual approach or in other words methodology of this dissertation is mainly interpretive approach with a critical point of view. On the other hand, the study conceptualised and applied the *instrumental isomorphism* theory for assessing

Europeanisation trends, operationalized this concept with empirical evidences, thus involved in generating original research within its limitations.

CHAPTER 1:

LITERATURE REVIEW AND THEORY

In this chapter the paper will review the relevant literature on the concepts of *Europeanisation/convergence* and social security reform agenda globally. As the literature on *Europeanisation/convergence* is generating a vast amount, the paper is reviewing the relevant literature contextual to our discussion for the purpose of extending the analysis.

2.1. Europeanisation in Social Policy and Concepts of Europeanisation

There is a vast amount of literature on Europeanisation of social policies (Palier, 2006; Kvist and Saari, 2007; van Vliet, 2011; Hay and Wincott, 2012). Although, on the one hand the discussions about the relevance of the ESM exists in the literature, many Europeanisation study is focusing on the process and emergence of Europeanisation in social policies (Scharpf, 2002; Assar, 2002; Jepsen and Pascual, 2006). The main search within this literature is for understanding the dynamics of policy diffusion in cross-national agenda and identifying modes of Europeanisation (Linos, 2007; Gayer, Mackintosh and Lehmann, 2005).

“The term ‘European social integration’ (...) attempts to mirror already meaningful terms in the language of Community-building, such as political or economic

integration, so that social integration might refer to parallel processes linking together the citizens and societies of member-states. So far it is not a clearly established item of the European vocabulary and has had no specific meaning in European studies research” (Threlfall, 2003).

As an important discussion in Europeanisation literature, Threlfall (2003) discuss the impact of social policies in EU integration in term of “social integration” and he defines citizens’ experience of convergence on social policy as emergence of “single social areas”, and defines a typology with four types of social integration areas: *Convergence of policies and outcomes, approximation of laws, harmonization of policy fields, and the ‘single social area’*. The literature shows that not comprehensive but a certain level of social dimension has lead the union from the beginning (Threlfall, 2003).¹

Nonetheless, it is obvious that ESM emerge as distinguish social model, despite the diversity among EU Member States (MS’s) own social systems exist. Research shows that a distinctive convergence trend is happening for the last decades (van Vliet, 2010), although some groupings are being identified within the MS’s (Fenger, 2007).

In a social policy context, *Europeanisation* exists from the very beginning of the EU, and there is a vast amount of EU legislation related to social policies. Founding treaties and main legal documents of the EU reveal a series of European social principles (hereafter ESP’s). ESP’s (such as social cohesion, social mobilisation and gender equality) find their roots in core EU Documents and this create a base for *fundamental social rights* of EU (CEC, 1993: 87-93).

Even if the concept of Europeanisation in social policies is contentious in the scholarly literature, social policy principles of EU define a core and broad line for a European social policy (Scharpf, 2002). Although the EU did not specifically design for a common social policy area; within the process of deepening of the Union, social policy in a European context evolved gradually. Especially, after Maastricht Treaty in 1992, social policy gradually expanded alongside other policy areas related to the single market and political union.

It has to be underlined that when literature refer to social policy in a European context two different dimension is being pointed out: First welfare policies clustering around *fundamental social rights*, and secondly the labour market policies.

EU do not apply a strict prescription on social policy area to MS's but has basic values on social policy like social inclusion, social and political mobilization, diversity, social cohesion, fight against poverty and social exclusion, gender and sexual orientation equality, protection of disadvantaged groups like disabled, active employment policies (ESC, 1961, 1996). The Social Europe has not been a technocratic issue but a political decision on whether EU will create a social Europe that integrates Europe horizontally and vertically.

When we discuss the concept within the last decade, European Employment Strategy (EES) and Lisbon Strategy (LS) are the main policy instruments of Europeanisation (de la Porte, 2013). As an EU-specific innovative policy instrument Open Method of Coordination (OMC's) play major role in policy diffusion among MS's, and persists its

importance within the context of Multiannual Financial Framework 2014-2020. Convergence in EU level social policy is largely based voluntary cooperation and “it is expected to facilitate the convergence of national social policies towards the common EU goals” (van Vliet, 2010). But how this voluntarily cooperation happens? Both EES and LS within the new modes of intergovernmental governance in the EU, affects changing the mentality, beliefs and understandings of domestic actors, by this way helps to fertilize and prepare the ground for change (Fleckenstein, 2006).

Evidences show that, EU has a distinctive convergence trend in terms of social policy, as all MS’s are facing the same constraints: ageing population, low fertility rates, low labour market participation, structural changes in family patterns, and migration (CEC, 2012). Quantitative studies show that there is a distinctive general trend of convergence towards an ESM exists among EU MS’s (Draxler and van Vliet, 2010).

The policy mechanisms of OMC’s – including European Employment Strategy (EES) and social OMC’s in pensions, healthcare, social inclusion, poverty alleviation and elderly care – creates an inevitable *convergence/Europeanisation* process gradually in all social policy areas, through “multi-lateral ideational exchange” (de la Porte, 2013; Hodson and Maher, 2001; Mosher and Trubek, 2003). OMC’s have an innovative policy diffusion mechanism: Policy initiatives that are coming from the Commission and the Council are being processed by MS’s with the aim of voluntary learning; reviewed by peer review programmes, which leads to the exchange of the best practices, and finally compliance and performance is being supervised by the Commission and the Council

(Jacobsson, 2004; Bernhard, 2009). In this sense OMC's are "EU's tools for developing and diffusing ideas and policy solutions" (de la Porte, 2013).

At this point, as a background for emergence of the EU level social policies, it is useful to understand how European welfare states emerged, developed and diversified in comparative *typology* perspective. The first typology studies focused on the importance of modernisation and redistributive features of the welfare regime (Wilensky and Laebeaux, 1965; Titmuss, 1968).

Among clusters and welfare typologies, Esping-Andersen's seminal study of "Regime Typology" has been the most important and useful theoretical framework (Esping-Andersen, 1990). Esping-Andersen's original typology offers a three-type system, which is focusing on de-commodification and social stratification criteria. Although his original work has been the focused to several tests and recalculations which some of them led to additional typologies still maintains its importance among welfare typologies (Castles and Mitchell, 1993; Schroder, 2013; Leibfried, 1992; Ferrera, 1996).

Esping-Andersen's seminal work and following research, not only opened the way for distinction of liberal/residual, constitutional and social democratic welfare regimes, but also created a strong theoretical background for Europeanisation studies by discussing welfare policies change and continuity.

2.2. Social Security and Pension Reform Agenda Globally

Another area which this paper aims to cover is the discussions in the global agenda about reforming social security and public pension systems.

Social security is an important part of social policies, which covers social insurance, social assistance, and several policy instruments (Walker, 2005), and being defined as a human right in international documents (UDHR, 1948; ILO, 1955; UN, 1966). The evaluation of social policy being divided into two route: Social assistance route, which is associated with liberal welfare model and social insurance route, which is associated with institutional welfare model (Dean, 2012: 13-42).

Although the concept of social security, originally emerged in Germany as Bismarckian social insurance system, through time, it has expanded as concept and practice; comprehend social insurances, public healthcare services, several kinds of contributory and non-contributory welfare benefits, public pension schemes, care services for elderly and children, and unemployment benefits (Diamond, 2002).

Social security programs are both increasing in number and diversifying around the globe despite reform and retrenchment agendas. First established and experienced in European and Latin American countries in the early 20th century, social security plans are existing now in developed and developing nations worldwide, and largely embraced by all social classes (PRB, 2009). Reforming these very common and popular policy mechanisms and implying innovative policy tools has always been a hard issue.

Social security reform agenda is going on since the 1980s worldwide (Diamond, 2002; IMF, 2011). For the last three decades social security, as a fundamental part of social welfare systems, is being scrutinized and discussed alongside reform and transformation topics. Usually social security is being discussed within the context of ageing societies, the financial sustainability of social security budgets, problems in coverage of social security systems, efficiency of the administrative structures, and finally globalisation dimension of domestic social security mechanisms (James, 2005).

Some of the reforms since 1980s tried to establish privately funded and managed plans as a component of the whole system; some funded their worker-based personal saving systems; some focused on adopting mandatory employer-based retirement plans, and finally some offered three-tier solutions (James, 2005). Reform plans usually characterized with cut backs in pension allocations, increase in retirement ages, privatisation of public pension schemes, and implementation of flexible forms of employment (Ozgur, 2008).

The main reason for reform needs in social security systems are described with the post-industrial structure: the transition to a high-skill service economy, high rates of temporary and massive long-term unemployment, flexible labour markets, the spread of atypical and female employment, family instability and changes in partnership patterns, mounting demands for individualization and gender equality, lagging growth, declining birth rates and demographic aging (Häusermann, 2010). As old risks are “pressing the problems of post-industrial society” social security systems became insufficient and ineffective, and

thus “genuine adaptation of social protection” to the structurally changed economic and social context become inevitable (Häusermann, 2010) Because of these structural changes many countries focused on pension reforms despite strong popular reactions (USGAO, 2005).²

Usually, the pension reforms are shaped with the *three-pillar system* which is advised primarily by WB and IMF. Critical analysts label neo-liberal reform prescriptions as myths (Orszag and Stiglitz, 1999), emphasize that public pensions reform agenda could be in several ways, there is no fixed prescription, point of market failures in providing public pensions, and discuss the necessity of public pension systems in terms of economic efficiency and equity (Barr and Diamond, 2006; Barr, 2012).

2.3. Policy Diffusion and Isomorphism Theory

At this point of the paper, I will look at isomorphism literature, which will be utilized as a theoretical framework in Chapter 3.

Isomorphism, developed within *comparative politics* and *organisational theory* of sociology literature, aims to comprehend policy diffusion and explains the resemblance of methods, mindset and organisational structure of one organisation to those of another (DiMaggio and Powell, 1983).

Isomorphism intends to explain the change and continuity within the policy processes, or in other words for analysing “the tendency to become alike” (Radaelli, 2000); discuss whether imitation or independent progress under the same restraints plays the major role (Mayer and Rowan, 1977; Finnermore, 1996).

There are three major types of isomorphism exists in the relevant literature: *coercive*, *normative* and *mimetic*. *Normative isomorphism* explains the policy diffusion because of ideas, values and normative pressures. *Mimetic isomorphism* explains the mimetic duplication of policies because of uncertain conditions. Finally, *coercive isomorphism* explains the change arise from external pressures.

Isomorphism is an alternative approach for assessing the reform agendas in social policies, and offers alternative explanations for policy change. Isomorphism theory has been applied to different policy transfer mechanisms and reform of public policies (Radaelli, 2000), but it is being applied to social security reform of Turkey in this study, for the first time in the literature.

CHAPTER 2:

SOCIAL SECURITY REFORM IN TURKEY: EVIDENCES OF EUROPEANISATION?

3.1. Managing the Social Security Reform in Turkey

In this chapter, the paper will first, explain the basics of the social security reform of Turkey looking through extension; then, present some empirical material for the support of our argument, and discuss their relevance. The analysis and evaluation of this empirical material will be done in Chapter 3.

3.1.1. Reform Agenda for Social Security System in Turkey

Turkey is the one of the most important countries that managed to reform its social security system revolutionarily in the recent years and this process has been going on since 2006. The country started to apply a comprehensive social security reform gradually in 2006, which designed within many stages that came into force by years. Within the reform; the administration of the system, long-term insurance branches, public pensions and short-term insurance branches (maternity, sickness and unemployment insurances) completely modified. The payments and revenues for industrial accidents and occupational diseases changed as well.

The first revolutionary step of the reform occurred with the establishment of SSI, as a single authority for the public management of all social security system. Social Security Institution Act No. 5502 of 2006, transferred all the previous public social security bodies, as SSK, Bag-Kur, Emekli Sandigi, to the institution of the reform, SSI.

The second fundamental phase of the reform realised as The Social Security and General Health Insurance Act. No. 5510 came into force in 2008. The Act came into force gradually; first in terms of pensions and long-term insurance branches by 01.05.2008 and finally with all of its provisions by 01.10.2008 – except related to those General Health Insurance (hereafter GHI) which postponed till 01.01.2012.

The final stage started by the implementation of GHI for all citizens and residents, at the date of 01.01.2012. Universal Health Insurance made public health insurance mandatory for all citizens and for foreigners residing in Turkey. As the new system united public healthcare expenditures within its scheme, it generated a significant turning point both for social security and for healthcare services.

The reform changed Turkey's social security system in many ways: Administrative system completely changed and a single administrative body founded; pensions regime and contributory system completely reformed and retirement age increased gradually to 65 for both men and women; social assistance regime and non-contributory system reformed and unified within the administration of SSI; social protection allocations expanded and redesigned; some new social security allocations invented and applied;

finance of the healthcare system completely changed and unified under the GHI, and also the social security system made compatible with the new flexible forms of labour policies.

It has to be underlined that social security reform is supported with simultaneous reforms in healthcare and labour market policies. Health Transformation Programme (hereafter HTP), which started in 2003 and the new Labour Act No. 4857 of 2003, which brought new flexible forms of employment to the legislation, correlated with social security reform and eased the implementation of the reform.

With the social security reform, Turkey was in the search for adjusting its social security system against the short- and long-term threats of future ageing of the population, maladministration, financial unsustainability of social security budget, inequality in allocations to different sections of the labour force and problems in the coverage. The reform especially focused on fighting with social security budget deficits, eradicating widespread informal employment, making the system sustainable and steerable, assuring equal benefits for all, combining partite administrative public bodies and assuring good governance, easing accession to social security services, expanding the scope of the system, and creating a more accessible healthcare system.

Although all the legal arrangements have come into force by the date of this study, the implementation and evaluation of reform process is keeping on; so it can be said that, as policy-maker points out, the reform process has not been accomplished yet (Yildirim and Yildirim, 2011). In fact, despite across-the-board and assertive steps there are still several obstacles and implementation problems going on within the new system. It is not possible

to say that the reform reached to its goals completely, and problems in policy implementation affect the efficiency of the policies.

3.1.2. Turkey and EU Accession Process

As this paper covers both the *social security reform* and *Europeanisation* in social policy discussions in the same pot; at this point, it is useful to look at briefly to Turkey's accession process, in the context of social policy.

Simultaneously with the social security reform, Turkey has been involved another significant turning point for its public policies: the EU accession process. The country has been granted as candidate to the EU at The Helsinki European Council of December 1999. Accession negotiations started by October 3, 2005 as agreed on at The European Council of December 2004.

As the nature of the EU accession process requires, Turkey is being expected to implement the complete EU legislation, called as *Acquis Communautaire*, for insuring to be a full member to the Union. The negotiations for harmonization of the domestic legislation are being made by dividing *Acquis* into 35 chapters. Among 35 negotiation chapters, the 19th chapter is "Social Policy and Employment", which contains social policy issues. Although screening reports have been approved at the Council of the European Union related to this chapter, the chapter has not been opened yet due to benchmarks, by the date of this study (MoEUA, 2013; Ugur, 2010).

For full membership, Turkey has to adopt all the relevant *Acquis Communautaire* in all chapters and has to harmonise its domestic law accordingly. This is also the same for “Social Policy and Employment” area. The responsibility of the country to fully adopt the *acquis*, is not limited to pass all the relevant domestic legislation, but also according to the framework of 1995 Madrid Summit, the candidate country has to establish the necessary administrative and legal capacity, to implement these changes (MoEUA, 2013). Because of this situation, both the policy inputs and policy outputs are equally important in the case of Turkey for assuring *Europeanisation/complete convergence* to the EU.

Within that background, the paper hereafter will discuss some policy specific issues of social security reform, both with institutional and legal arrangements and policy outcomes, and within a specific Europeanisation focus. As this paper is limited, I took samples from numerous policy areas, and focused on the most significant ones: First, administration of the system; secondly advances in healthcare system; then respectively the retirement ages, coverage and inclusiveness of the system, advances in formal employment and finally, labour force participation.

3.2. Policy Specific Evidences

3.2.1. Administration of the System

Before the reform, public administration of social security system in Turkey was quite dispersed. SSK, which was insuring social security for employees working under a

service contract; Bag-Kur, which was covering craftsmen, artisans and other self-employers, and Emekli Sandigi, which was the social security body for public servants, had served as the biggest social security bodies. Alongside these big institutions smaller public and private bodies took place in social security administration.

With the reform, the administration of social security unified and simplified. All the existing social security institutions including SSK, Bag-Kur and Emekli Sandigi are unified into SSI with their all legal authorities, liabilities, staff and assets.

A single administrative body for the whole social security system improved the administration in several ways: First of all, it became easier to control social security budget; secondly actuarial management and financial control strengthened; and finally the new body restored to a semi-autonomous status. As a result of these improvements, social security budget deficit, which is a serious problem for more than a decade, decreased significantly in the recent years (*See Appendix-Graph 8*).

The new administration improved governance in several ways: As a major contribution, the new single administrative system reduced fraud and clientelism possibilities, which had been a serious problem for social security system for years. Within its new administrative system SSI, improved its services; shortened waiting times in several services; implemented successful e-governance applications (as MEDULA, e-declaration system for insurance declarations), and finally, focused on beneficiary satisfaction (SSI, 2010, 2013). As a result, according to several surveys SSI become the leader among public institutions in terms of citizen satisfaction (TUIK, 2012b: 104; *see Appendix-Graph 10-11*).

The single administration system in social security, helped *convergence/Europeanisation* by improving governance. Although, EU does not recommend any administration type for governance of social security to MS's, reduction in fraud and clientelism possibilities, significant decrease in waiting times, improvements in citizen satisfaction and expansion of e-governance applications all shows enhancement of good governance practices; thus, this trend can be identified as a *convergence/Europeanisation* in welfare administration, in terms of inclusiveness and transparency of the public services.

3.2.2. Analysis of Advances in Healthcare: Coverage and Inclusiveness

After the start of the HTP of 2003, and especially after The Social Security and General Health Insurance Act No. 5510 of 2008 within the social security reform, data shows great advance in healthcare services in Turkey (OECD, 2008, 2013a, 2013b; WHO, 2011). Evidences show that the scope of healthcare system expanded hugely by the implementation of GHI, which is a main instrument of social security reform (*See Appendix-Table 2, Table 3 and Graph 7*).

The basic health figures as average life expectancy at birth (TUIK 2013b), neonatal mortality (Demirel *et al*, 2013), infant mortality (Tatar *et al*, 2011, *also see Appendix-Graph 6*), infectious disease numbers, immunization coverage (PMAoT, 2011), and access to healthcare services (WHO, 2011) show rapid improvement in the reform years

and significantly converged to the EU27 averages (Yildirim and Yildirim, 2011; Baris *et al.*, 2011).

“Impressive progress has been made (in Turkey) in expanding financial protection to the population through expansions in the breadth and depth of health insurance coverage combined with service delivery reforms to improve equity in access to health services.” (OECD, 2008)

The figures show that public healthcare expenditure increased in reform years. In 2008, public sector healthcare expenditure as percentage of total health expenditures increased to 71.4%, and, as EU-27 average is 75.54% by 2008, this figure shows a significant convergence to the EU (*See Appendix-Graph 5*).

As a result of these improvements, average life expectancy at birth rose 79.2 for women and 74.7 for men by 2012, in Turkey, and according to latest future projections, is being expected to rise steadily in the forthcoming decades (TUIK, 2012a). Also evidence show that “public coverage has increased rapidly since reforms” with the implementation of universal health insurance and since the beginning of the ten-year long HTF (OECD, 2008, 2013a; Tatar *et al.*, 2011: 160).

According to evidences, Turkey’s healthcare services after GHI show improvement in terms of inclusiveness, equity, coverage and sustainability of the system, and a strong convergence trend to EU-27/EU-15 averages. Research shows that the reform improved quality and inclusiveness of the healthcare system, and this lead to greater social inclusion

(Yildirim and Yildirim, 2011). As, the expand in the healthcare services usually in favour of the most vulnerable parts of the society, the recent developments shows convergence the ESP's, in terms of social inclusion and social protection (TUIK, 2013d).

3.2.3. Official and Effective Retirement Age

As a main component of the social security reform, public pension system completely modified and retirement age increased. The retirement system completely changed and the retirement age rose to 65 gradually, both for men and women. The retirement systems of civil servants, employees working under a service contract and the self-employers are harmonised and unified.

However, the official retirement age increased to 65, the effective age is still much lower in Turkey (*See Appendix-Graph 10*). This is because, the policy-makers decided to implement a gradual system to insure public support for the reform programme. According to the gradual system, the effective retirement age will be 65 for those will get retired after 01.01.2044 and 01.01.2048, respectively for men and women. Apart from this gradual transition, those are insured before the reform date 01.05.2008 are still subject to the previous laws as a result of vested interest, and this results with lower efficient retirement ages.

The *official retirement age* describes as the age at which an insured person can be entitled to get a pension regardless of whether the insured has a long insurance record of years of contributions; and the *average effective retirement age* is identified as the median age of leaving the labour force for minimum a 5-year period (OECD, 2006a, 2011). Average effective age of retirement shows great divergence versus the official age, among OECD countries (OECD, 2011; Eurostat, 2008).

Mixed evidences show that after the social security reform of Turkey official retirement age increased to the OECD and EU-27 averages, but the effective retirement age is still one of the lowest among OECD. As a result, despite the *convergence* of official retirement age of Turkey to the EU average, effective retirement age is significantly diverging from EU figures in Turkey (*See Appendix-Graph 10*).

3.2.4. Informal Employment and Coverage of Social Security Umbrella

One of the main problems of Turkish social security system has always been the problem of informal employment and informal economy (Brook and Whitehouse, 2006). Till mid-2000s Turkey struggled with an informal employment rate of more than 50% of the working population (TUIK, 2013a; MoD, 2008).

Although there are several definitions of informality in the literature (Guloglu, 2005), the concept can be broadly defined as *non-declared work and employment* without compliance to the legal social security liabilities (Altug, 1994). European Commission

(1998) defines informal employment, within an EU context, as "any paid activities that are lawful as regards their nature but not declared to the public authorities, taking into account differences in the regulatory systems of MS's" (CEC, 1998).

As a structural problem informality cause a series of socioeconomic and fiscal problems. Widespread informality not just harms public revenues but also repress development, harms social inclusion and cause unfair competition in the internal markets (Cetintas and Vergil, 2003; Guloglu, 2005).

Informal employment is being estimated between 7% and 19% of total employment among EU-15, whilst among Central and Eastern European MS's the estimates, made by national experts and international organisations, reach even to the ratio of 30-37% (Grief and Hisarciklioglu, 2010). In Turkey, informal employment rate saw upon 50% last in 2005 and since then steadily being declining (*See Appendix-Chart 1*).

After the social security reform the new system simplified social security statuses and created a single administrative authority responsible and authorized for managing the whole system. This new administrative structure took important steps for fighting with informal employment: Audits increased; thousands of new social security inspectors being recruited; the transfer of information, which is related to informal employment, made mandatory for several bodies including public bodies and financial institutions. Consequently, informality rate has been declined significantly from 49.1% to 37.6% in 2008-2012 period (TUIK, 2013a; SGK, 2013; *See Appendix-Chart 1 and Chart 2*). As a result, active-passive ratio shows improvements (*See Appendix-Chart 3*).

This improvement express a strong convergence to the EU-27 averages. However, despite the recent improvements, Turkey's informal economy and informal employment rate is still even higher than the new MS's, thus again the paper identifies a *convergence* rather than a concrete *Europeanisation* in this aspect of the policy.

Improvements in the fight against informal employment resulted with two significant outcome: First, increase in the formal employment resulted with the increase in premium gains of the SSI, the social security revenues affected positively, thus the social security budget deficit decreased significantly between 2006 and 2013 (*See Appendix-Graph 8*).

Secondly, the increase in formal employment helped the expansion of social security coverage among the national population. Evidences show that, after the social security reform coverage of the social security system expanded in a significant way and almost 96% of the population became covered within the system (PMAoT, 2011; SSI, 2013b; *also see Appendix-Graph 7*). This evidence shows a great convergence to the EU and ESP's, in terms of social protection and social inclusion levels.

3.2.5. Analysis of Labour Force Participation

Ageing society is being defined as a process in which elderly (in many definitions population aged 65 and over) percentage of the population increases within the total population (ILO, 2009; Scardino, 2009).

According to this definition, Turkey is not an ageing country, but as the median age increased to 30.1 in 2012, for the first time in Turkey's history, problems are ahead of the country (TUIK, 2013b; Behar, 2006). According to future age projections, Turkey's fertility rate is expected to decline, older population is expected to reach to a proportion of 10.2% in 2023, and the country will be classified as an ageing society in a couple decades (TUIK, 2013c).

Although, Turkey is not facing an immediate ageing problem as the EU is facing now, the demographic change of Turkish population necessitate Turkey to imply active labour force policies (TUIK, 2012a, 2013b). In the context of Turkey, welfare-to-work arrangements and activation policies targeting women are important especially for extension of the social inclusion framework.

Although the social security reform made new arrangements for incentivising women's labour force participation, there is still a great problem on the employment rates of women exits in Turkey. Although the improvement on the areas of formal employment and inclusiveness of the benefits after the social security reform, Turkey is still the worst country among OECD in terms of women labour force participation with a 30% ratio (Jaumotte, 2003). Parallel to this we see a higher rate of informality among female employees with a rate of 52.6 in contrast to the 31% among male employees (Cakir, 2013).

Another problems is the elderly participation in the labour force, which is also low, and this trend results with quite high dependency ratios in Turkey (*See Appendix-Graph 4*). As another problem, despite the social security reform made some benefits compatible to EU's flexicurity concept and EES's aims, Turkey's social security system is still largely build on rigid labour markets and far from embracing EES's aims on flexicurity.

As I underlined before the Europeanisation trend in Turkey does not constitute a linear process but rather impaired with fluctuations, increases and decreases in the impetus. Women labour force participation and welfare-to-work policies are the most prominent area for diagnosing this. With the current dependency patterns and poor activation policies for women and elderly, Turkey show significant *divergence* from the European Employment Strategy and Lisbon Strategy aims and EU-15/EU27 averages.

CHAPTER 3:

ANALYSIS AND EVALUATION OF EMPIRICAL EVIDENCES

In this chapter, in the first instance, the paper will discuss its hypothesis within the context of presented empirical evidences. The hypothesis, introduced before, defends that Turkey's social security reform obtained a *convergence* to the ESP's, but this happened with fluctuations and does not resemble a concrete *Europeanisation*.

Secondly, the paper will intend to explain the reasoning and mindset behind the reform process with operationalizing the *instrumental isomorphism* theory in the purpose of explaining *Europeanisation/convergence* trends without the official EU anchor. Alongside this discussion, the paper will aim to evaluate the anchors for change in Turkey by using political economic analysis. I will also discuss the limitations of the analysis and point out salient issues within the analysis.

4.1. Europeanisation: A Distinctive Trend?

At this point of the analysis it is important to assess whether and to what extent these evidences presented in Chapter 2 can be attributed to a *Europeanisation/convergence*

trend. Here the study will discuss the different anchors affecting and stimulating Turkey's social security reform.

The evidences this study presented so far, supports our hypothesis, and shows that Turkey accomplished a limited, still significant improvement in social protection and social inclusion levels, and the country is in a catch up trend to EU-27 averages in many ways.

The evidences show significant expansion in social expenditures; improvement in scope and inclusiveness of the social security system and the quality of healthcare services; extension of social security arrangements and emergence of new arrangements for vulnerable people, and finally a progress on the administration of the system. The *convergence* trend show itself both in intention and extension of the system, as well as both on the policy structure level and on the policy outputs.

However, alongside these improvements, some downward trends and fluctuations occur at the same time, such as decline in women's labour force participation, failure of implying active labour force policies, high dependency ratios, fluctuations in social security budget deficits and still very high amount of informal employment.

Mixed evidences supports the point of the study that, some policy areas within the social security reform shows *convergence* to the EU averages and ESP's; whereas some other policy areas shows *divergence* or staying constant. Thus, the recent developments in Turkey can hardly be defined as a strong *Europeanisation*; but fairly a significant *convergence* in some policy areas.

4.2. The Puzzle in the Reform Process

Nonetheless, still the limited improvements in Turkey needs to be explained.

As Turkey is a candidate country to the EU, and the accession process requires to accept and fully adopt *Acquis* before becoming a full-member, it is being expected from the country to show convergence, in fact full compliance, to all European legislation including ESP's. There is nothing surprising and puzzling here, so far. But the puzzle is there, as Turkey did not started negotiations in the chapter of 'Social Policy and Employment', there is no institutional EU pressure or supervision over Turkey yet, and country's convergence to the ESP's requires an explanation.

The mentality of EU integration is based on the assumptions that a candidate country will fulfil the *Europeanisation* through the negotiation process with the EU supervision and consultation. In other words, the nature of the process bring EU as a strong international anchor for a change. What happens in Turkey is the desire for change and *convergence* trend of a candidate country without having the official EU anchor.

The pattern identified here, cannot be correlated with a direct effect of the EU for a couple of reasons: First, the negotiation chapter has not been opened through all reform process. Secondly, as Turkey is not a full-member yet, the need for adjusting its social security

system to a single, integrated and liquid labour market is not a case for Turkey. Thus, it is not possible to explain *Europeanisation/convergence* in Turkish social security system by neo-functionalism and multi-level governance theories (Schmitter and Niemann, 2009).

This specific *Europeanisation/convergence* trend cannot be explained also by the *European integration theories* either (Piattoni, 2009). EU integration process ensure a Europeanisation in negotiated chapters, but as Turkey did not started negotiations on Social Policy and Employment Chapter, the integration theory do not explains the intention for reform.

So, the question is that, to what extent and how the process of policy diffusion happened in the case of Turkey's social security reform? Solving this puzzle supply a better understanding of the processes and mechanisms of conformance of a candidate country to the EU, apart from official enlargement mechanisms, and thus this helps us to extend understanding on the coherence of a candidate country to the EU.

4.3. Which Anchors Affiliated with the Reform Intention?

Within the context of social security reform, three major anchors are being identified within the literature: The first is the domestic policy, or in other words the issues of political power struggle inside the Turkey. Secondly, as a foreign anchor the IMF and World Bank supervision on the country related to the stand-by agreements which are

going on in the reform years. And the last anchor, this paper identifies, is the anchor of EU. As the negotiations started by October 3, 2005, the EU is in the equation through the reform period.

The study discussed the EU anchors position in the previous pages related with the negotiation process. Before discussing the domestic politics role in the reform process, it is suitable to understand the nature and approach of foreign anchors of IMF/WB to social security topic.

IMF/WB defends a strong position in pension and social security reform with a multi-pillar pension system recommendation, which includes private and public partnership in the provision of social security (IMF, 2011; Piggott, 2007). WB's three-pillar pension reform model offers, in the first tier, a minimum income safety net; in the second tier, a public pension scheme with public-private mixed provision, and in the third tier, a private pension and saving system (OECD, 2006b; Wodsak and Koch, 2010).

Turkey signed the most recent Stand-By Agreement with IMF at the date of May 11, 2005 which is expired at May 10, 2008 (IMF, 2013). This stand-by programme accepted pension legislation as a "structural performance criteria"; incentivised a pension reform in the aim of reducing the social security budget deficit, and IMF provided intensive support for this process (IMF, 2005: 31-48). So, in the first stage of the reform IMF was a strong anchor for social security reform in Turkey.

However, still the IMF anchor is not sufficient for explaining social security reform, because of two reasons: First, Turkey promised within the stand-by, to stabilize the pension deficit to 4.5% of GNP during the program period, and in the long run, to reduce it down 1% of GNP from 3.5% in 2004 (IMF, 2005: 73, 138). This commitment express a financial rearrangement, but does not explain the emergence of a comprehensive and detailed reform, with the extension towards social inclusion and social protection.

Secondly, IMF anchor fails to explain why the 2006-2008 reform did not become ineffective as those in 1999.³

4.4. Role of Domestic Politics and *Instrumental Isomorphism*

The factors discussed so far, are inadequate to bring a comprehensive explanation to the *Europeanisation/convergence* in Turkey's social security system that are presented with evidences in Chapter 2.

However, a focus on domestic politics, with the perspective of *isomorphism*, offers an alternative possibility. *Isomorphism* theory emphasize that “*organizations compete not just for resources and customers, but for political power and institutional legitimacy*” (DiMaggio and Powell, 1991: 66). ‘*Search for legitimacy*’ perspective gives us the reason about why organisations tend to be *isomorphic* in their arrangements, and explains why some specific patterns are being duplicated (Scott, 1995: 44).

When this theoretical framework applied to our study, it is seen that, Ak-Parti governments between 2002 and 2013, as the pioneers of social security reform, were in the search for a strong political power and legitimacy between 2002 and 2007. The EU process reforms was the legitimacy tool for the governments. As political analysts explain, after strengthening its power within the political system after 2007 the strong intention of Ak-Parti for reforms disappeared (Kalaycioglu, 2011; Onis, 2012). The disappearance of the reform intention is also being explained by *candidacy fatigue*: The nature of the open-ended framework of the accession negotiations led to “suboptimal outcomes of reforms” and weakened membership prospects of Turkey (Ugur, 2010; Casanova, 2006).

Nonetheless, as almost all political economy scholars agree on Turkey that, between 2002 and 2007 EU process is instrumentally and pragmatically used by Ak-Parti governments. Within this *isomorphism* mechanism, the solutions that have been practiced in the social security reform, has been “inseminated” (Radaelli, 2000).

But, what kind of an isomorphism exists in Turkey’s reform process? As there is no official EU mandate over the process, the study cannot identify a *coercive isomorphism*. As the reform intention does not oriented from a popular trend, *mimetic isomorphism* also does not fit to our analysis. What this study defines within Turkey’s social security reform is a pragmatically motivated *instrumental isomorphism*; which served producing political legitimacy for the governments and leded strong reform agenda in social policies.

Through the mechanism of *instrumental isomorphism* in policy-making, the study identifies an indirect EU effect to social policies without any official supervision. Policy-makers and politicians used “reform” and “Europeanisation” concepts pragmatically for gaining legitimacy against their opponents. As political economic literature on Turkey largely accepts (Onis and Bakir, 2007; Verney, 2007; Ulusoy, 2009), Ak-Parti governments used EU integration process as a political instrumental for gaining grounds against military influence over the domestic politics (Onis, 2006, 2010; Pamuk, 2012; Yilmaz, 2011).

In the case of pension reform, government does not presented the reform as a IMF/WB backed initiative, to obstruct the popular antipathy against these international organisation; but rather reform is presented as a *strategic Europeanisation step* which will help future stability of the country. This also explains why such a comprehensive reform plan did not obtained strong popular reaction in the country.

The success in the reform is also explicable through this analysis. The social security reform process not only focused on financial stability, as IMF/WB recommended, which will eventually leads to decrease in benefits and increase in retirement ages; but also focused on European concepts of good governance, social inclusiveness, social protection, and social mobility.

Instrumental isomorphism process transformed the mentality and mindset of Turkey’s policy-makers and politicians, and strengthen the desires for the reform. In fact, Turkey’s experts examined EU social security regimes and pension systems; scrutinized ESP’s;

translated and published studies on MS's welfare regimes, and inspired by the recent developments in EU MS's welfare systems under the EU influence (SSI, 2013c, 2013d, 2013e). Indeed, 2006-2008 social security reform shows important similarities with the Commission's recommendations on pension reform (CEC, 2012). EU integration process affected Turkey's policy-makers, high-level bureaucrats and politicians towards a mindset change, in other words an *instrumental isomorphism* process worked for insemination of policy ideas.

4.5. Limitations of the Study

In this part, the study will discuss its limitation for insuring academic honesty.

In the first place, the main limitation of this analysis derives from the limited scope of this study. A comprehensive search for *Europeanisation/convergence* in Turkey's social security reform requires to evaluate all aspects of the policy process at length. As it has limited space, this study only focused on some specific policy examples in Chapter 2 for identifying empirical evidences relevant to its argument.

The second limitation emerges from the difficulty to distinguish effects of IMF/WB anchor in Turkey's social security reform process, within the limited scope of this study. Although, it is not possible to keep constant the other anchors, our interpretive approach tried to identify and explain recent trends with using tools of *political economy* and *sociology* disciplines. Further research on Turkey's social security system requires

intensive examination and comparison of the EU anchor against domestic politics and IMF/WB affluences, with in-depth quantitative and qualitative analysis, which exceed the scope of this study.

Finally, another limitation is that, the evaluation of social security policies needs correspondently to be investigated and discussed with the changes in labour market and public management policies extensively; which is not possible to cover within the content of this modest study.

Although this study did not cover these stated issues, the paper creates a basis for extension of the study of Turkey's social security system towards these areas. The study identifies an important pattern for discussing policy diffusion within an EU context and for analysing Turkey's social welfare regime. Explaining the mechanisms of this pattern needs more research within the literature, which this study expects to incite.

CONCLUSION

This study contribute to the literature at least in two possible ways: First, with expanding the knowledge about Turkey's welfare regime, which is usually classified within the extended family of Mediterranean welfare states, through scrutinizing policy mechanisms and outcomes of social security reform of Turkey between 2006 and 2010. As, this revolutionary reform process have not been covered sufficiently and comprehensively with a specific *Europeanisation* focus before, the paper contributes to close a gap within the literature on clusters and regime typologies.

The second contribution of this work is to the knowledge of *Europeanisation/convergence* research area, by coming up with *instrumental isomorphism* concept, as an original contribution to the literature, and utilizing this conceptual framework for explaining the recent trends in Turkey's social security system.

The study consisted of three chapters. In the first chapter, Chapter 1, the paper made a contextual literature review and identified the main concepts and theoretical approaches. As a result of its limited scope, the study focused solely the relevant literature that is essential for operationalizing the discussion and extending the interpretation.

In the second chapter, Chapter 2, the paper has presented some of its empirical evidences for understanding the recent changes in Turkey's social security reform. At this stage of the research, the paper first discussed the basics of Turkey's social security reform with the general elements. Then, the study went into the specific policy examples: first administration of the system; secondly advances in healthcare system; then respectively the retirement ages; coverage of social security system; advances in the fight against informality, and finally labour force participation. All policy areas are discussed with referencing to the relevant sources properly, and the evidences are being supported by visual materials in the form of tables and charts. Always the most recent data is being used.

The last chapter, Chapter 3, involved in the discussion of the empirical evidences and interpretation of recent trends. For this purpose, first, extend of the *Europeanisation/convergence* in the social security reform process of Turkey evaluated. Then, the study involved into an explanation for the reasoning behind the social security reform. At this stage research utilized *sociological* and *political economic* frameworks in the purpose of discussing the driving forces for the reform (EU anchor, WB/IMF influence and the domestic factors). Consequently, by discussing *isomorphism* approach, Turkey's social security reform is being scrutinized in the purpose of identifying a specific *Europeanisation/convergence* concept.

The paper identified two significant trends: First, a prominent improvement and *convergence* in Turkey's social security regime. Second, mixed and contradictory evidences, which shows fluctuations in the improvements of reform. Although, the paper

cannot identify a concrete *Europeanisation*, the study emphasize that Turkey's social security indicators show a significant *convergence* to EU-15/EU-27 averages and ESP's.

The second main finding of the study concentrated on domestic and foreign anchors of change in Turkey's welfare regime. The study discussed EU influence against IMF/WB anchors and domestic politics, intended to eliminate the other possible effects for reform, and diagnosed that domestic politics played the most important role in the design of social security reform.

As, matching the literature on *Europeanisation/convergence* and the literature on *isomorphism*, the study used *instrumental isomorphism* concept for understanding policy diffusion process from EU to candidate countries. The paper identified that, although, the EU does not have a clear mandate on Turkey over social policy and employment issues, the mechanisms of *instrumental isomorphism* generated a suitable base for spreading reform ideas. By applying instrumental isomorphism theory to changes in Turkey's welfare policies the study come up with a new explanation for the Europeanisation in social policies, and outlined that domestic influences and EU's soft-power mixed in the same pot of "legitimacy search". Explaining the correlation between these two anchors helped to identify a new integration concept, which neo-functionalism, multi-level governance and EU integration theories did not achieved.

Finally, this paper covered both the social security reform and Europeanisation in social policy discussions in the same study and extended the Europeanisation discussions to a strategic and important country, Turkey. Some academic research has been done on the

social security reform of Turkey before, but this kind of an investigation which is especially focusing on the issues of *Europeanisation* and *accession process*, is one of its first.

Recent developments in Turkey's social security system are not restricted to those presented in this study, in its limited scope, so far. As a revolutionary reform process, Turkey's social security reform changed many things within the system, and there are several gaps that should be filled in the literature upon this study. Turkey's reform process is need to be investigated with special attention to the issues of labour market participation, gender equality, income redistribution, social cohesion, protection of the disadvantaged, migration trends, social mobilisation, and inclusiveness of the system. Within its limited content, this study aimed to focus on specific selected policy issues with a specific focus of *Europeanisation/convergence*; developed new theoretical approaches; thus, opened a way for further research on Turkey's welfare system.

APPENDICES

NOTES

¹ “Member States agree upon the need to promote improved working conditions and an improved standard of living for workers, so as to make possible their harmonisation while the improvement is being maintained. They believe that such a development will ensue not only from the functioning of the common market, which will favour the harmonisation of social systems, but also from the procedures provided for in this Treaty and from the approximation of provisions laid down by law,

regulation or administrative action” (Treaty of Rome, Article 117). Threlfall (2003) emphasize that Article 117 points out an eventual goal for the community from the beginning.

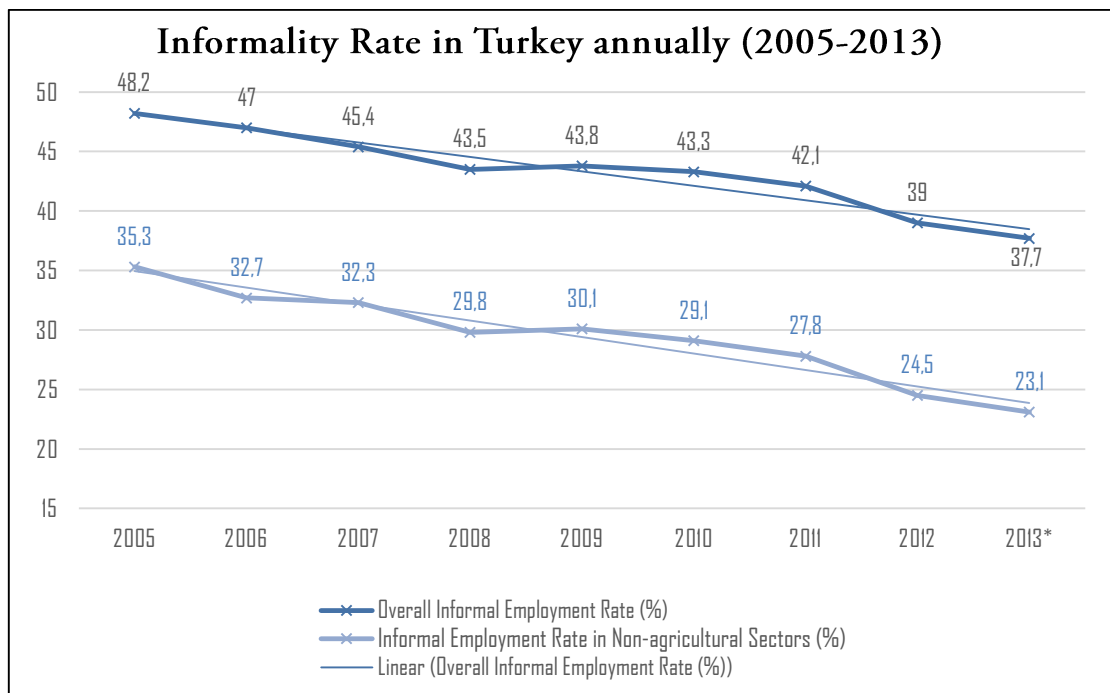
² Häusermann (2010: I) underlines that the problem about social security systems is not conserving or radically dismantling welfare states; defines the need as the “modernization in hard times”, and then clarify modernization as “the adaptation of existing institutional arrangements to the economic and social structures of post-industrialism”.

³ Turkey attempted several pension and social security reforms before the last 2006-2008 social security reform. The most recent reform is made at the date of 1999. However, all the previous reforms turned out to be failure and insufficient, contrast to the recent reform process.

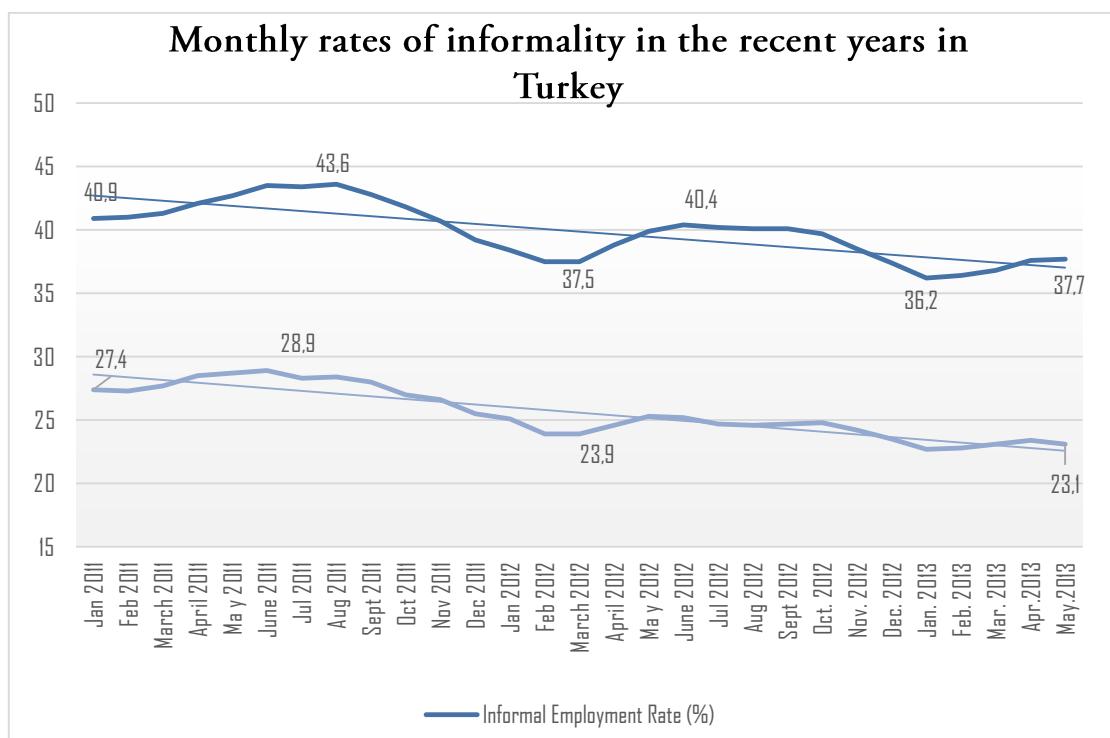
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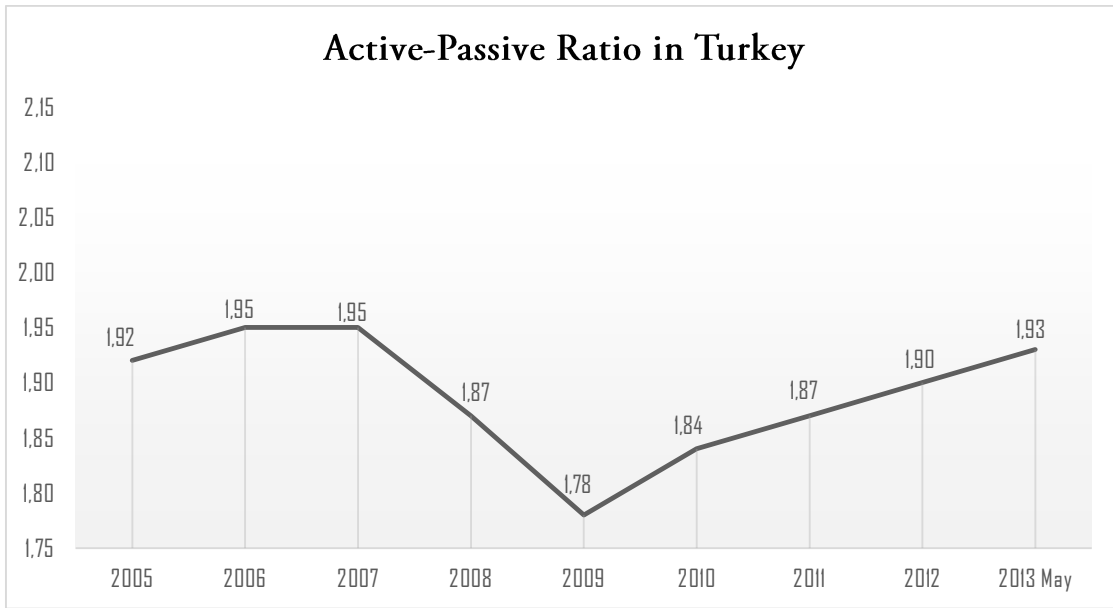
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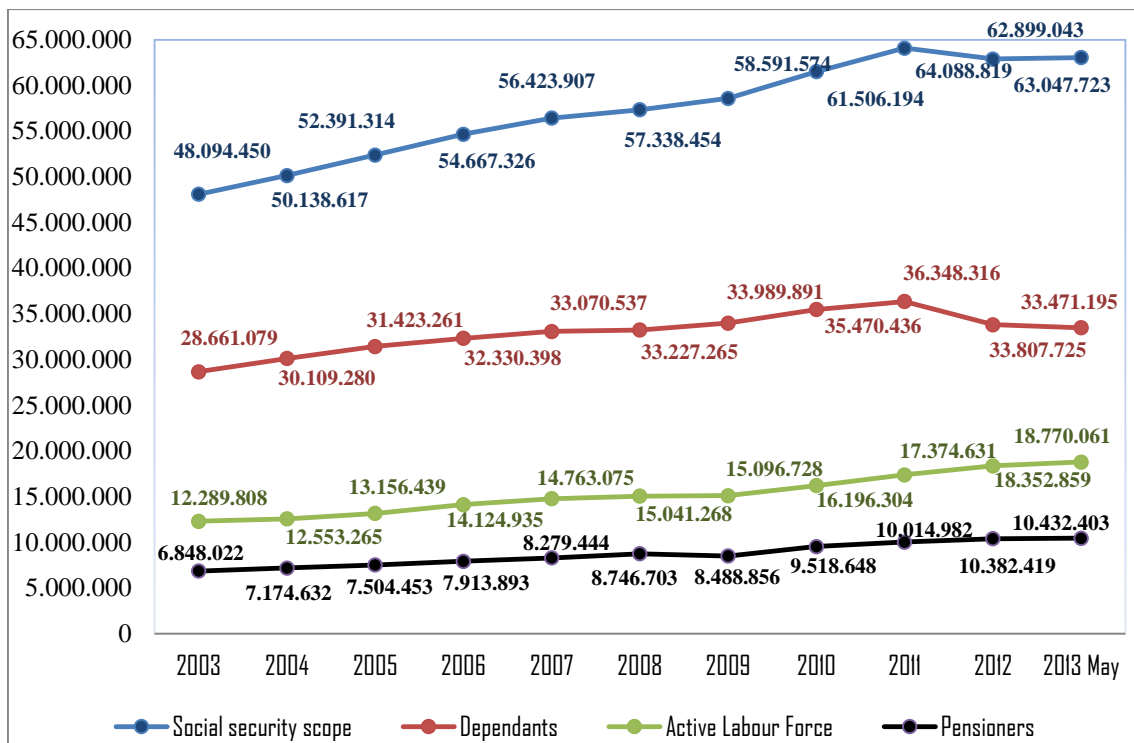
Graph 1: Informal employment rate, among +15 labour force, in Turkey from 2005 to 2013 according to official statistics (TUIK 2013a, Ministry of Development 2008) (*2013 figures are of May 2013, as the latest official figures by the date of study).



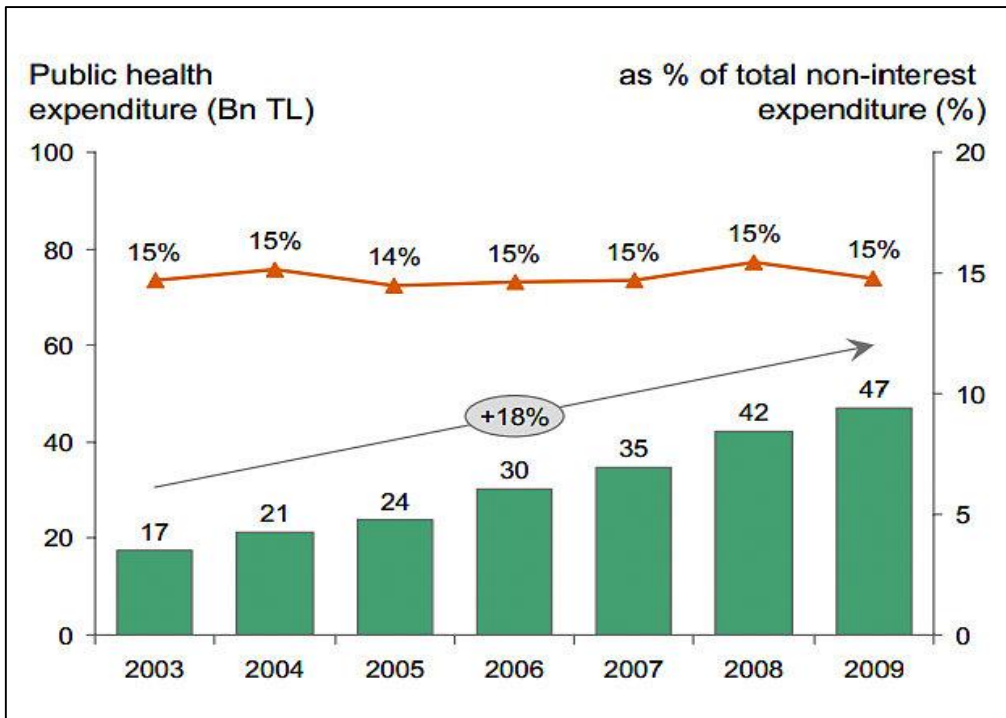
Graph 2: Monthly informality rate in Turkey since January 2011 shows seasonal fluctuations according to official statistics, but the downwards trends persists (TUIK 2013a, 2012b).



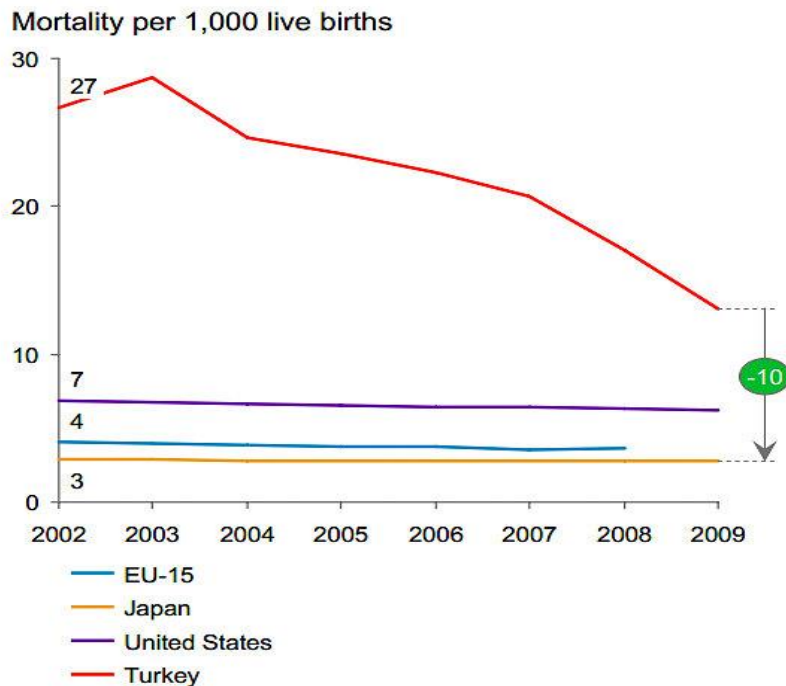
Graph 3: Active-passive ratio in Turkey since 2005 (SSI 2013). It has to be kept in mind that the decrease in the ratio between 2007 and 2009 show correlation with the global economic crisis. Since 2009 the ratio express a steady but slow pace improvement, but still the ratio of 2006 has not been reached.



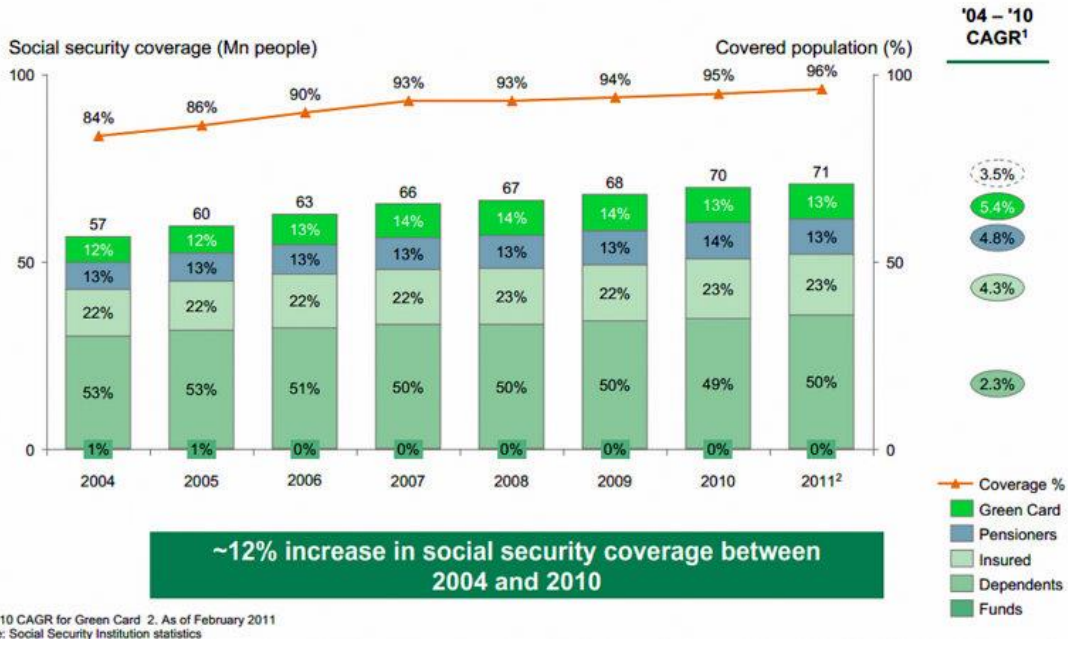
Graph 4: Labour force participation according to SGK official figures in Turkey since 2003 (SSI 2013a). Since 2006 the coverage of the social security system keep a steady improvement, with an increase in active workers higher than the dependants. Nonetheless, the dependant ratio is still quite high when compared to EU27, with 25.92% by 2010 (Eurostat 2013).



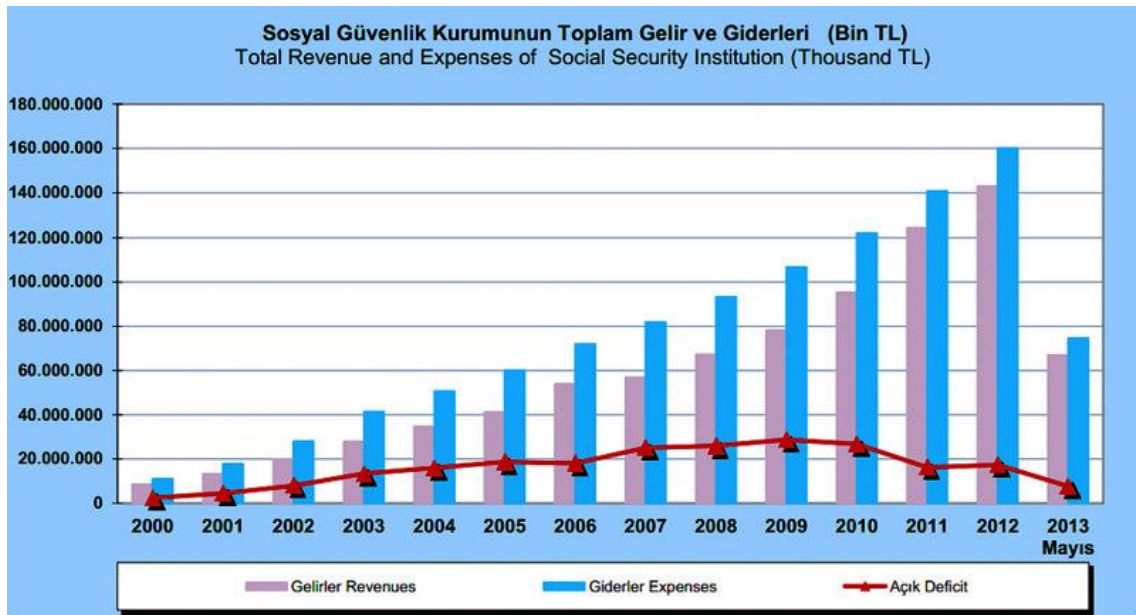
Graph 5: Turkey’s public health expenditures from 2003 to 2009 (PMAoT 2011).



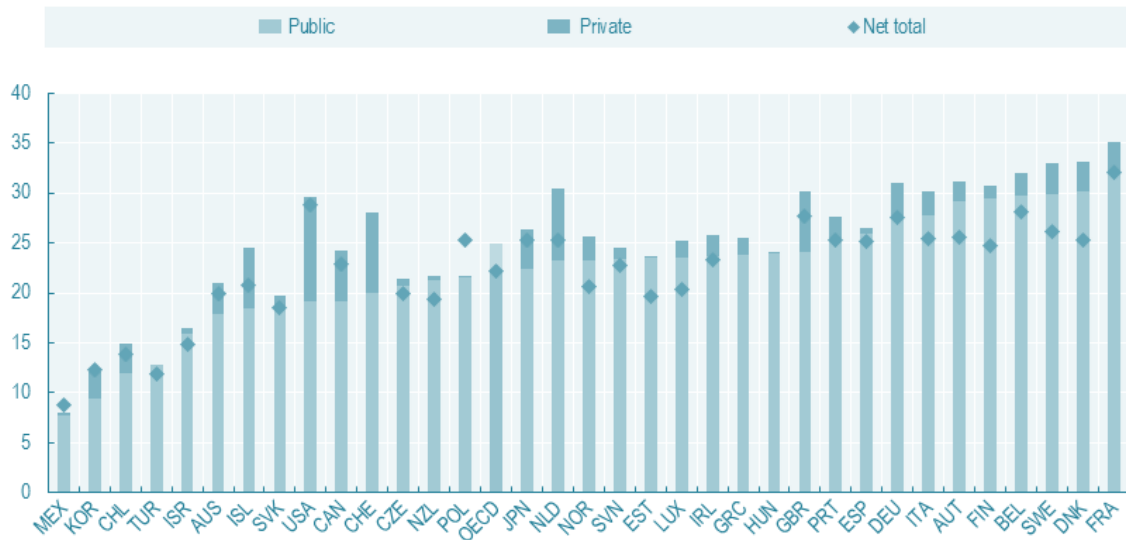
Graph 6: Infant mortality rates between 2002 and 2009. Turkey’s infant mortality rates show convergence to the EU-15 averages with an increasing momentum in the reform year of 2006 and after (PMAoT 2011, Demirel *et al* 2013).



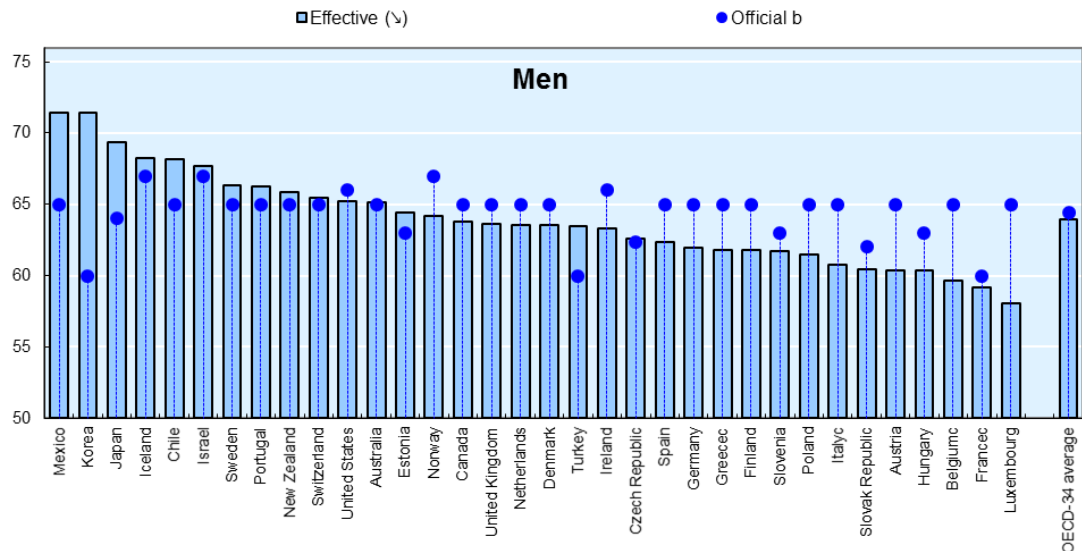
Graph 7: Social security coverage expanded rapidly in the reform years (PMAoT 2011, SSI 2013a).



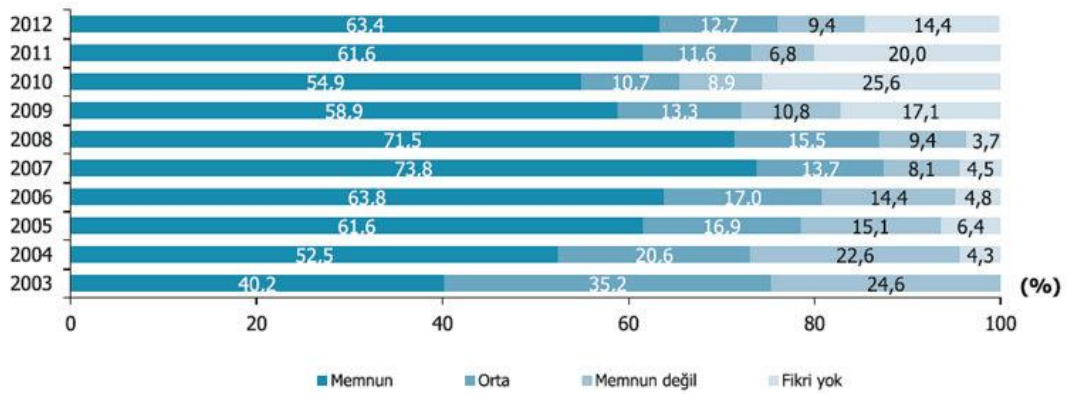
Graph 8: Social security revenues, expenses and the social security budget deficits in Turkey by years (SSI 2013a). Social security budget deficit shows a significant decrease in the recent years, with fluctuations.



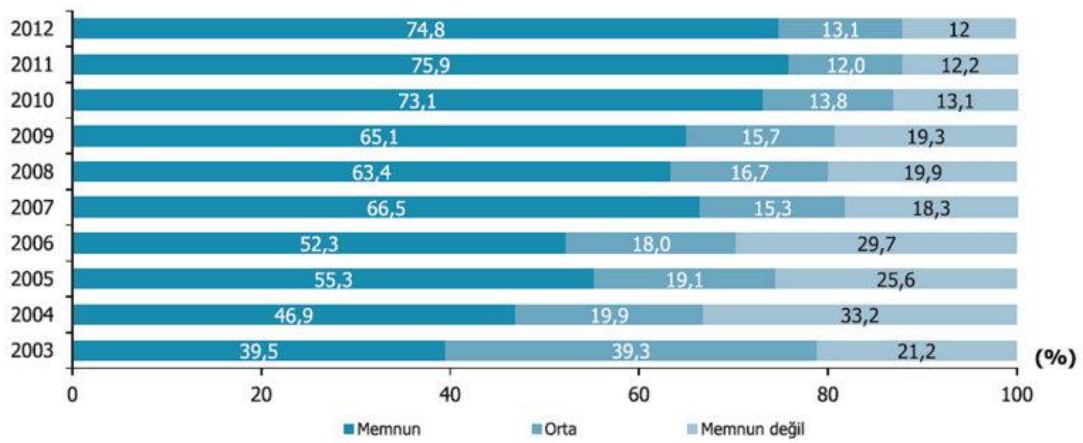
Graph 9: Social expenditure data among OECD countries (OECD 2013c).



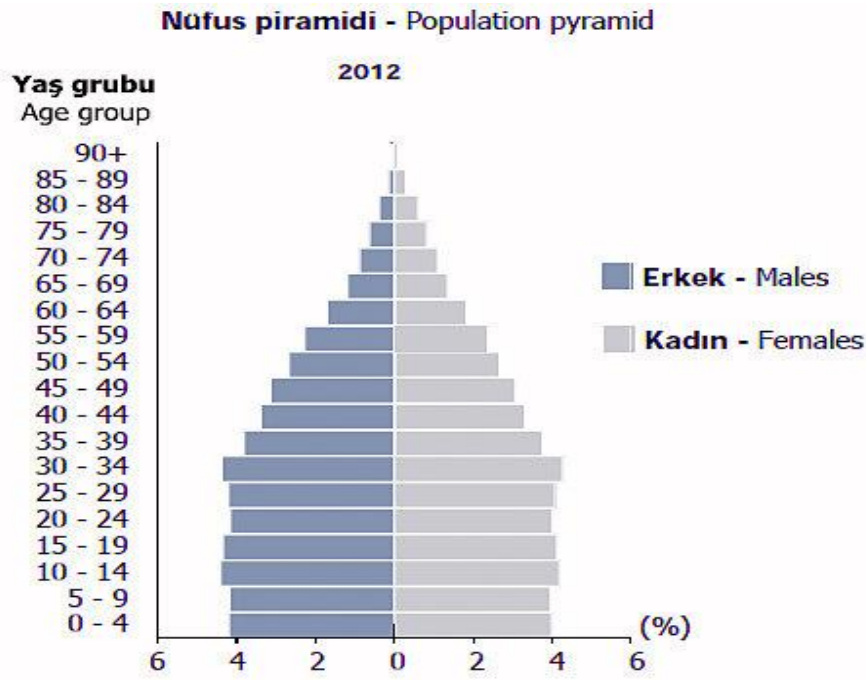
Graph 10: Average effective age of retirement versus the official age between 2006-2011 in OECD countries (OECD 2011, Eurostat 2008). After the social security reform official retirement age rose to OECD and EU-27 averages, but the effective retirement age is one of the lowest among OECD.



Graph 11: Citizen Satisfaction rates from services of SSI by years between 2003 and 2012 (TUIK 2013d: 78-79). Figures show that citizen satisfaction rates improved after 2006 Social Security Reform significantly, although some fluctuations exist.



Graph 12: Citizen Satisfaction rates from general healthcare services by years between 2003 and 2012 (TUIK 2013d:78-79). Figures show a clear improvement in citizen satisfaction of healthcare services; from 52.3% by 2006 to 74.8% by 2012.



Graph 13: Population pyramid of Turkey by the year of 2012 (TUIK 2012a, 2012b). Population pyramid shows that Turkey is not classified among ageing societies by 2012.

Year	Revenue Turkish Lira (TRY)	Rate of In- crease	Expenditure Turkish Lira (TRY)	Rate of In- crease	Deficit Turkish Lira (TRY)	Compen- sation Rate
2000	8 575 831		10 987 036		-2 411 206	78.10%
2001	13 360 579	55.8	17 830 745	62.3	-4 470 166	74.90%
2002	20 018 189	49.8	27 982 464	56.9	-7 964 275	71.50%
2003	27 916 539	39.5	41 336 077	47.7	-13 419 538	67.50%
2004	34 689 248	24.3	50 621 622	22.5	-15 932 374	68.50%
2005	41 249 438	18.9	59 941 373	18.4	-18 691 935	68.80%
2006	53 830 886	30.5	71 867 475	19.9	-18 036 589	74.90%
2007	56 874 830	5.7	81 915 401	14.0	-25 040 571	69.40%
2008	67 257 484	18.3	93 159 462	13.7	-25 901 978	72.20%
2009	78 072 788	16.1	106 775 443	14.6	-28 702 655	72.80%
2010	94 679 381	21.3	121 403 499	13.7	-26 724 118	78.00%

Table 1: Turkish social security revenue and expenditures between 2000 and 2010 (SSI 2013a). Figures show higher percentage of increase in revenues of SSI than its expenditures between 2006 and 2010, except the year 2007. As a result, compensation rate is increased to 78% by 2010 from 74.90% by 2006.

Yıllar Years	Aktifler Insured	Pasifler (Dosya) Pensioner (File)	Pasifler (Kişi) Pensioner (Person)	Bağımlılar Dependents	Sosyal Güvenlik		
					Kapsamı Social Security Coverage	Aktif-Pasif Oranı Insured/Pensioner	
2003	12.289.808	6.178.174	6.848.022	28.661.079	48.094.450	1,99	
2004	12.553.265	6.500.925	7.174.632	30.109.280	50.138.617	1,93	
2005	13.156.439	6.836.925	7.504.453	31.423.261	52.391.314	1,92	
2006	14.124.935	7.248.893	7.913.724	32.330.398	54.667.326	1,95	
2007	14.763.075	7.589.715	8.279.444	33.070.537	56.423.907	1,95	
2008	15.041.268	8.045.815	8.746.703	33.227.265	57.338.454	1,87	
2009	15.096.728	8.488.856	9.173.750	33.989.891	58.591.574	1,78	
2010	16.196.304	8.820.679	9.518.648	35.470.436	61.506.194	1,84	
2011	17.374.631	9.274.682	10.014.982	36.348.316	64.088.819	1,87	
2012	18.352.859	9.635.709	10.382.419	33.807.725	62.899.043	1,90	
2013	Ocak January	18.231.374	9.653.199	10.309.182	33.885.209	62.782.772	1,89
	Şubat February	18.170.658	9.679.672	10.331.858	33.663.594	62.524.342	1,88
	Mart March	18.432.697	9.714.149	10.371.900	33.652.639	62.816.939	1,90
	Nisan April	18.656.901	9.748.958	10.410.389	33.470.332	62.900.602	1,91
	Mayıs May	18.770.061	9.771.724	10.432.403	33.471.195	63.047.723	1,92

Table 2: Insurance statistics and social security coverage by years (SSI 2013).

Indicators	Turkey		EU-27
	2000	2008	2008
Population	67,420,000	71,517,104	495,455,424
Population growth (annual %)	1.7	1.4	0.10
Urban Population (%)	65.76	67.3	74.08
Labour force participation rate (% among 15-64-year-olds)	51.1	51.0	72.0
Total fertility rate	2.27	2.16	1.54
Life expectancy	68.86	71.6	79.06
Infant mortality rate	36	28	5.21
Maternity mortality rate (per 100,000 live births)	28.5	19.42	5.96
Total health expenditure (% GDP)	4.9	5.7	8.92
Per capita health spending (€)	397	400	1,670
Public sector health expenditure as a % of total health expenditures	62.9	71.4	75.54
Private expenditures on health as a % of total health expenditure	37.1	19.9	17.18

Table 3: Some key socioeconomic indicators of Turkey and the European Union-27 between 2000 and 2008 (Yıldırım and Yıldırım 2011).

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