LOCAL AND GLOBAL INTERACTIONS

IN THE EVOLUTION OF ISTANBUL'S RETAIL PROPERTY MARKET

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BY

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Abstract

Many local property markets have been changed and internationalized as a result of globalisation and liberalisation processes which have speeded up significantly, especially in the last thirty years. There are some studies in the property literature which are interested in understanding local property market structures and behaviour. However, there are no studies about how a local property market becomes changed and internationalized. This research aims to fill that gap. It attempts to make a detailed exploration of the change and internationalization process in a local property market from the perspectives of both local and global players. This exploration is important, especially for local property markets which have not experienced an internationalization process yet or which have recently started to experience this process, because this exploration may develop the internationalization process of local property markets into one which is more manageable for governments, legislators and policy makers. Healthy property markets which are structurally well-configured, which give sustainable performance and which work with fewer problems may be created if the internationalization process of local property markets is managed well. The question of how local and global interactions in a local property market change the legal and institutional structure of that property market is answered in this research. Istanbul's retail property market (IRPM) is selected as the case study for this research. A qualitative methodology is followed; interview and document analysis methods are used. Local and global interactions in IRPM are examined from the perspective of the Glocalisation Theory (GT) whilst structural changes are examined with the help of the Morphogenetic Approach (MA). IRPM's change and internationalization process is analysed using a unique theoretical and methodological framework which is developed through the combination of GT and MA. This study shows that a cyclical relationship exists between global-local interactions and structural changes in property markets. This cycle, which is illustrated at the end of the study, points out that local players' decisions and actions are more effective than global players' decisions and actions in the change and internationalization process of a property market; also, this cycle indicates the importance of institutionalization [organized behaviour] in the internationalization process of property markets. It is found that changes in IRPM are dependent on four factors. These are Turkey's economic and international relations policy; political and economic events which are experienced in Turkey; structural conditionings which are produced by existing laws, public authorities and private associations; and the socio-spatial characteristics of the market environment. These factors, which have an impact on the internationalization process of a

local property market, reveal that local property markets do not change but evolve; and every property market experiences a unique evolution process. This evolution may be brought under control by governors, legislators and policy makers. When this happens, structurally well-configured property markets may be created.

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ABBRAVIATIONS

ABGS	: Secretariat General for EU Affairs
AGDEM	: Association of Eurasia Real Estate Consultants, Agencies and Businessmen
AMPD	: Turkish Council of Shopping Centres and Retailers
AYD	: Association of Shopping Centre Investors
BMD	: United Brands of Association
CEO	: Chief Executive Officer
CEPs	: Cultural Emergent Properties
CR	: Critical Realism
DEIK	: Foreign Economic Relations Board
DUD	: Appraisers' Association of Turkey
EMEA	: Europe-Middle East-Africa
EU	: European Union
FDI	: Foreign Direct Investment
FRPs	: First retail property professionals
GEGP	: Program for Passing a Strong Economy
GGD	: Association of Real Estate Entrepreneurs
GLA	: Gross Leasable Area
GNP	: Gross National Product
GT	: Glocalisation Theory
GYODER	: Association of Real Estate Investment Companies
ICSC	: International Council of Shopping Centre
IGEME	: Foreign Trade Export Promotion Centre of Turkey
IKV	: Economic Development Foundation
IMF	: International Money Fund
IRPM	: Istanbul's Retail Property Market
ISPAT	: Investment Support and Promotion Agency
ITO	: Istanbul Chamber of Commerce
LIDEBIR	: Association of Licensed Appraisal Professionals
MA	: Morphogenetic Approach
NCA	: Neo-Classical Approach
NGOs	: Non-Governmental Organizations
NIA	: New Institutional Approach
OIA	: Old Institutional Approach

PEBEV	: Retail Knowledge House	
PERE	: Private Equity Real Estate	
REIA	: International Real Estate Investors Association	
REITs	: Real Estate Investment Trusts	
S.C.	: Shopping Centre	
SEPs	: Structural Emergent Properties	
SPK	: Capital Markets Board of Turkey	
TDUP	: Association of Turkish Appraisal Experts	
TESK	: Confederation of Turkish Craftsmen and Artisans	
TIKA	: Turkish International Cooperation and Development Agency	
TIM	: Turkish Exporters Assembly	
TMD	: Registered Brands of Association	
TOBB	: Union of Chambers and Commodity Exchanges of Turkey	
TOKI	: Housing Development Administration of Turkey	
TPF	: Turkish Retailers Association	
TSK	: Turkish Armed Forces	
TURKTRADE	: Association of Turkish Foreign Trade	
TUSIAD	: Turkish Industrialists' and Businessmen's Association	
UFRAD	: Turkish Franchise Association	
ULI	: Urban Land Institute	
UPMFT	: Under secretariat of the Prime Ministry for Foreign Trade	
USA	: United States of America	
YASED	: International Investors Association of Turkey	

CHAPTER 1 Introduction

1.1 Research aim and objective

The overall aim of this research is to explore the internationalization process of a local property market. The overall objectives of this research are to identify local and global interactions in a property market and to explain the structural change process of that property market due to these global and local interactions. This research is mainly interested in the issue of how Istanbul's retail[1] property market, which had a local social structure until the 1980s, developed into an international market in the last 30 years.

1.2 Historical background and the significance of this research

After the 1980s, Turkey's inward-looking and protectionist national economic policy became outward-looking and liberal. The country which changed from a planned economy to a free market economy allowed foreigners to be involved in its local economic markets. One of markets which were opened to foreigners [global players] by the Turkish government in the liberalization process is the Turkish property market. In comparison with other Turkish cities, global players are most interested in Istanbul because it has been the leading commercial and financial centre of the country throughout the history. Besides, Istanbul is the door of Turkey which is opened to the world. The Istanbul property market, all aspects of which displayed a local character until the 1980s, lost its feature of being a local market and then gradually developed into an international market in the last 30 years due to global players' huge interest in Istanbul. Local players generally welcomed the entrance of global players to the sector. Varied interactions occurred between local and global players and many cooperation/partnerships were established in the market. Global players did not show equal interest in all property markets [such as housing, office, logistics and so on] in Istanbul. Initially, they mostly invested in and displayed intensive activity in Istanbul's retail property market (IRPM). Global players were mainly interested in shopping centre development and investment projects in the city. The IRPM grew very much in financial terms and its legal, institutional and industrial structure changed significantly in the last 30 years.

Indeed, the IRPM was changed and internationalized in the last 30 years. In this story, the author's concern focuses on the issue of **how IRPM is changed and internationalized**. Did this change and internationalization process progress in an automatic way or in a planned way?

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[1] Definition of Retail: Retail is the sale of goods to end users, not for resale, but for use and consumption by the purchaser (Krafft and Mantrala, 2006)

How this process progressed? Who managed the change and internationalization process of IRPM? Who was more effective throughout the process: local players or global players? Who comes out ahead in IRPM's change and internationalization process: local players or global players? The exploration of internationalization process of a local property market is important to create resilient and self-sustained property markets that are also well-connected to the world's other property markets. This kind of property markets, in which local and international business activities are displayed together in a harmonic way, provides employment, job and investment opportunities for both local and international players. Property markets like this work for the improvement of both local and global players' life quality and for the increase of both local and global players' income level. Value which is created in these property markets using local and global resources may be shared among local and global players in a balanced way. A process management effort is required to create this kind of property markets in which both local and global players can display commercial activities together in an unproblematic way, of course. Local and global players must find a chance to live and work independently or together under fair terms in an internationalized property market. From this point of view, it is considered that a way to manage the internationalization process of local property markets must be searched.

There are many local property markets which have not experienced an internationalization process yet or which have started to experience this process newly in the world today. IRPM's internationalization experience may be very valuable for the players of these property markets because this experience may give hints to governors, legislators and policy makers about how to control and manage the internationalization and restructuring process of these markets in a better way. In this way, new internationalized property markets which are well-configured, which work with fewer problem, which help to improve the life quality of both local and global players, which help to increase the income level of both local and global players may be created in the world. This research starts under these considerations. It is aimed to understand and explore how global players are involved in a local property market and how this property market then changes as a consequence of this involvement. In line with this aim, it is initially decided to explore the historical development process of IRPM with the intention of seeing changes generally in IRPM after the involvement of global players and with the intention of formulating the main research question.

1.3 Historical development of Istanbul's retail property market [1850-2010]

Figure 1.1: Istanbul city (satellite image)

Source: (Wiscombe, 2004)

Istanbul is an ancient global city whose origin goes back three thousand years (Arsebuk & Ozbasaran, 1995). It has never lost its significance as a global locality during its history because it is located at the meeting point of continental Asia and Europe. International trade ways passed through this city as a geographical necessity throughout history (see Figure 1.2). Therefore, many civilisations were interested in Istanbul because of its unique strategic location. Istanbul is a unique city because it was the capital city of three big empires; it became in turn the capital city of the Byzantine Empire, the Roman Empire and the Ottoman Empire. It was always an important commercial centre during the Empires period.

Figure 1.2: Historical Silk Road and Spice Routes between A.C. 1000 and 1600
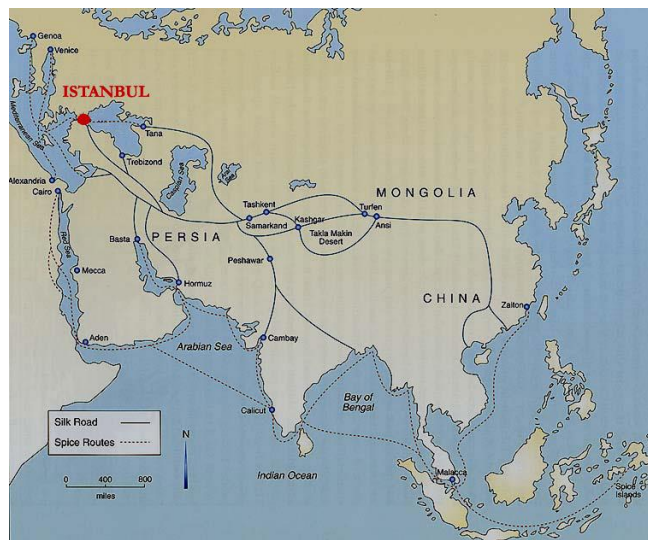
Source: (Fletcher, 2010)

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An overview of the last 100 years of the Ottoman Empire could be beneficial and provides the context for considering the importance of IRPM. Even though Istanbul was an important international commercial centre and stood on international trade routes, IRPM displayed a very domestic character socially and physically until the 1850s because the economic policy of the Ottoman Empire was protectionist and inward-looking in general (Yildirim, 2001). Voyagers (for example, De Amicis, W.H. Hutton and so on) described Istanbul as *'tired, neglected and dilapidated'* at the beginning of the 19th century (Çelik, 1998, p.158). All buildings, except religious and public buildings, were small in size; and they were made from wood or sun-dried brick in Istanbul (Çelik, 1998). The Ottoman Empire changed its protectionist economic policy in the second half of the 19th century and started to follow an open and outward-looking liberal economic policy (Yildirim, 2001). Many trade agreements were signed between the Ottoman Empire and some European states in this period (for example, The Baltalimani Free Trade Agreement with Britain and Belgium in 1838, The Free Trade Agreement with France in 1861, etc.)[2] After these foreign trade agreements, European products became involved in Istanbul's retail market. In addition, many foreign investors came to Istanbul in order to make foreign direct investments in varied sectors between 1881 and 1914 (see Table 1.1).

Table 1.1: Foreign direct investments in the 1800s in Istanbul

FDIs in Istanbul	Date	Investor	Sector
Salt Company	1881	Austria, Germany	Mining
The Ottoman Bank	1881	Austria, Germany	Finance
Tobacco Monopoly Company	1881	Austria, Germany	Agriculture
Istanbul Electricity, Water, Tramway Company	1886	Britain, France	Energy
Istanbul-Bagdad Railway Project	1889	Germany	Transportation

Source: (Bozkurt, 1995)

Ottomans' new liberal economic policy gave birth to a new commercial centre in Istanbul which was called 'Pera[3]' by the end of the 1870s. The number of foreigners who live and work in Pera increased rapidly. Non-Moslems[4] and Levantines[5] bought lands from the Pera region and started to develop commercial buildings from stone in the form of a Renaissance

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[2] For more information about the international trade agreements of the Ottoman Empire in the 19th century, see: Kütükoğlu, M.The Economic Relations between the Ottomans and the Britons (1580-1838), Ankara, 1974, s.92-117; Yerasimos, S. Turkey in the Underdevelopment Process, Istanbul, 1975, s. 691-696.

[3] Today, Pera region is called Beyoglu and Galata

[4] Greek, Armenian and Jewish people who held Ottoman citizenship

[5] People who pertain to countries on the eastern shores of the Mediterranean Sea

architectural style. Many foreign traders, bankers and ship owners were accommodated in these stone buildings and started to conduct their commercial businesses in this region; foreign embassy buildings, banks, brokers, insurance companies, hairdressers, hat shops, tailors, theatres and recreation facilities were all gathered in Pera. Therefore, Pera developed into a lively and cosmopolitan commercial centre inside Istanbul at the end of the 19th century.

> In here (Pera), it is possible to see Greek, Italian and French snobs, noble traders, varied foreign delegation officials, foreign sailors and officers, embassy officials and suspicious faces (people) from every nation…De Amicis (quoted in Çelik, 1998, p.133)

Figure 1.3: Dichotomy between Dersaadet (left) and Pera (right)

Source: (Ersoy, 2008)

It was natural that a dichotomy between Dersaadet[6] and Pera occurred at the end of the 19th century in Istanbul (see Figure 1.3). On one side, Dersaadet had a local character with its single-storey/two-storey houses and traditional retail stores mostly from wood and sun-dried brick; on the other side, Pera had a western character with multi-storey apartments and commercial buildings from stone. The dichotomy of IRPM was reported to the Sultan II. Abdulhamit by a public officer in 1879 with these words:

> …There are about 300 small and large houses from stone which are lack of quality in Dersaadet, whilst there are a few thousand houses from stone which are worthy and of well-quality in Galata and Pera…There is no hotel in Dersaadet which is very necessary in even a small locality… (quoted in Capan, 2010, p.18)

In short, a certain part of IRPM, which was Galata and Pera, displayed a cosmopolitan social and physical character at the beginning of the 1900s as a result of liberal economic policy which was followed after the 1840s by the Ottoman Empire. Istanbul lost its unique feature of being the capital of Empire after the foundation of the Republic of Turkey in 1923. The young Turkish Republic chose Ankara as its capital city. Istanbul was no longer a capital of an Empire after this

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[6] Dersaadet is another name of Istanbul. This word is used to name all regions of Istanbul excluding Pera and Galata regions in this quotation.

date but it continued to be the most important commercial centre in Turkey (Tokatli and Boyaci, 1999).

Figure 1.4: Historic Grand Bazaar (left), a local open market covered with tents (middle), a grocery store (right)

Source: (Slayter, 2011; Bostancioglu, 2010; Mella, 2008)

After the end of World War I, the first governments of the Republic followed a semi-liberal national economic policy between 1920 and 1960 (Onis, 1998). The most common retailing forms were historic covered bazaars, local open markets and grocery stores in this period in IRPM (see Figure 1.4). Istanbul's retail market turned to a domestic market gradually in this process; the commercial activities of non-muslim bourgeoisie continued decreasingly in the Pera region until the 1950s[7] (Oncu, 1999). However, Pera maintained itself as a lively commercial centre for Turkish retailers in Istanbul (Tokatli and Boyaci, 1999). After the 1950s, the logic of the nation-state gained power significantly in Turkey so state's semi-liberal and outward-looking economic policy turned inward-looking and protectionist between 1958 and 1980 (Kaya, 2005). In relation to the shift in the economic policy, the state also decided to change its industrialization policy; it embraced an import-substitution for industrialization policy in order to create a domestic industrialist high social community in Turkey (Erinc, 2004). This policy succeeded; many Anatolian merchants transformed themselves into industrialists and many of them located their headquarters in Istanbul. Thus, the first group companies of Turkey were established in this period (for example, Eczacibasi, Koc, Sabanci, Bayraktar and so on) in Istanbul. These group companies were all family-owned enterprises and importantly their political relations with the Turkish government were very good. These group companies made a fortune in this period because only their locally-produced industrial products, which were the counterfeits of imported products, were sold in the country. The first group companies developed strong business connections with foreign countries as a necessity of the industrialization policy in this process. Consequently, they became the leading companies of

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[7] In 1950s, there were about 140.000 Greek, 70.000 Jewish and 80.000 Armenian who held Ottoman Citizenship in Istanbul. The population of Greeks is about 2000 at the moment in the city (Barlas, 2011).

Turkey in a very short time. New commercial centres, other than Pera and Galata, emerged after the 1950s in Istanbul because the population of the city started to increase rapidly after this date as a result of internal migrations from Anatolian cities to Istanbul (Keyder & Oncu, 1994) (see Figure 1.5 and Figure 1.6).

Figure 1.5: Changes in Istanbul's population between 1935 and 2009
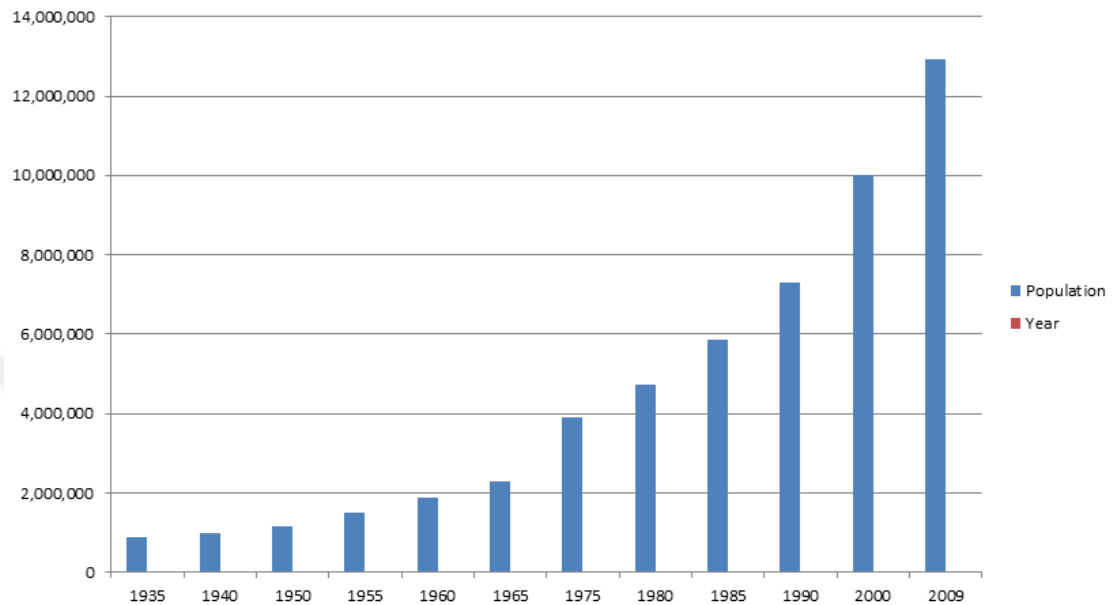
Figure 1.6: Spatial imprint of urban commerce until the 1990s in Istanbul

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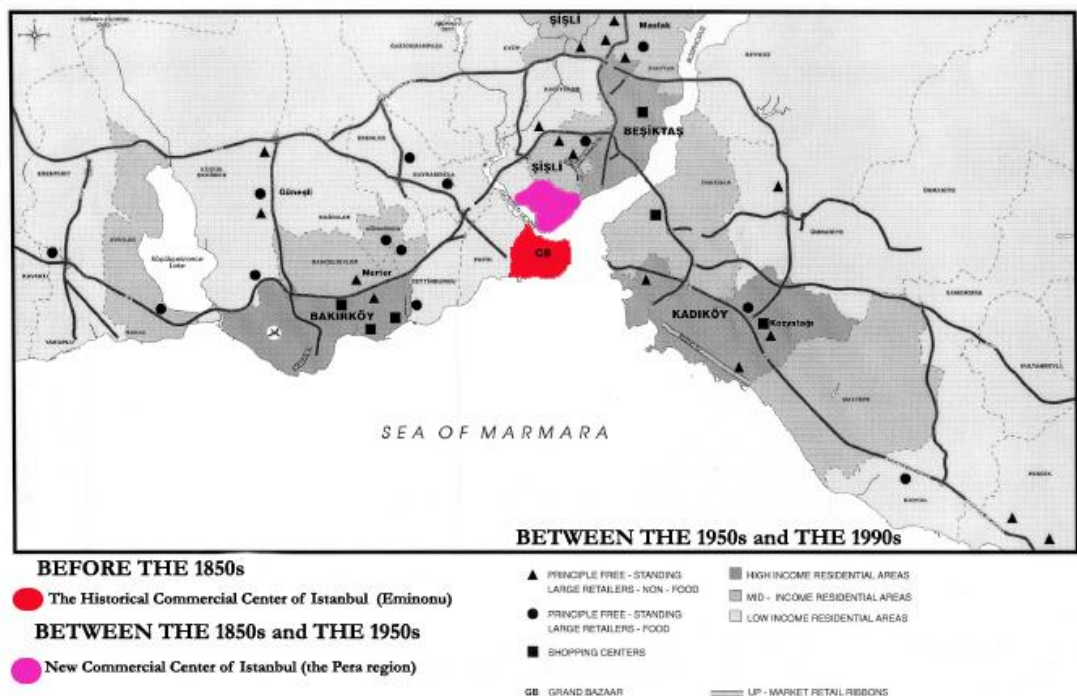
After the enactment of a law on encouraging foreign investments in 1954, for the first time Istanbul met with a 'supermarket' as a new retail concept. The Swiss Migros Cooperatives Union was invited into Turkey by the Municipality of Istanbul; immediately after this invitation, Migros-Turk[8] started to open supermarkets in the city after 1957. Again, GIMA A.S.[9], which was the first local supermarket chain of Turkey, was founded as a state-owned enterprise in 1956 in order to provide cheap food products to Turkish customers. The state played a key role in the development of IRPM between 1960 and 1980. In addition to supermarket chains, a few cooperative retail stores[10] were opened as public economic enterprises in this period (for example, Ordu Pazari). Istanbul had 18 cooperative stores which were founded by the Municipality of Istanbul in 1974. The Turkish private sector also grew between 1960 and 1980. The first department stores were opened by local entrepreneurs in the 1960s in Istanbul (for example, Vakko, Beymen, IGS, YKM, 19 Mayis Magazalari and so on). At the same time, local merchants, who earned good money from their grocery stores, developed into food product wholesalers in the 1970s in the city. In short, traditional retailing was the dominant activity in Istanbul and the retail market was controlled and managed by public economic enterprises and local entrepreneurs until the 1980s. Therefore, the retail market had a very domestic character and the industrial and spatial structure of the retail property market was disorganized and scattered with its historic covered bazaars, open markets, cooperative retail stores, few department stores, wholesalers and grocery stores.

The economic policy of the country was changed after 1980. Turkey changed its 'protectionist and inward-looking' economic policy to 'open and liberal' at the beginning of the 1980s (Onis, 1998). As a result, between 1980 and 2010, many important changes occurred rapidly in the market. In the context of government's internationalization and liberalization vision, many new liberal laws enacted and many existing laws were revised gradually in the Turkish Parliament in the last 30 years (GYODER, Real Estate Summit, 2007). Many new public authorities were established gradually to regulate free market environment and to enable to run market mechanisms in a healthy way (GYODER, Real Estate Summit, 2008). As a result of

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[8] Migros-Turk Trade Company was founded by the Municipality of Istanbul and Swiss Migros Cooperatives Union as a joint venture partnership in 1954. This company was sold to Koc Group Company (local) in 1975. Finally, Migros Turk was bought by BC Partners, a London-based Company, in 2008.

[9] The majority share of GIMA A.S. was sold to FIBA Group Company in 1996. Finally, all the shares of GIMA A.S. were bought by CarrefourSA in 2005. CarrefourSA is a joint venture partnership which was founded by Carrefour (a French International Hypermarket Chain) and Sabanci Group Company (local).

[10] Cooperative retail store is a store established by a cooperative retail society, where the members make their purchases and share in the profits or losses (Krafft and Mantrala, 2006).

the enactment of new liberal laws and the start of free trade regime in the country, global actors started to be interested in IRPM. After every new liberal law and regulation, different global players became involved in the sector. The number of local and global players increased rapidly in the market (GYODER, Property Market Report, 2007). **Therefore, IRPM experienced many interactions between local and global players in different years under different legal and institutional frameworks.** Many national and international associations were established in Istanbul. The scale of commercial property projects grew and their quality increased (Tabanoglu and Dijkman, 2010). As different from the past, a new retail concept, that is 'shopping centre[11]', dominated the market. Many new shopping centres were developed in the city and so the traditional retailing activity left its place to organized retailing activity to some extent (Oral, 2009). The market grew; it became modernized and internationalized. In summary, IRPM developed into a much more organized, regular market through new laws, regulations, public authorities and associations in the last 30 years (AMPD, 2008).

1.4 Remarkable points in the historical development of IRPM

Two elements come into prominence in the historical development of IRPM. The first is social relations across scales and the second is history [time]. It is remarkable that Istanbul has had the character of a global city since the beginning of its history, so trade (commercial life) has always been present in this city. Now we need to look at five developments which make IRPM special and specific. First, in the 1850s, after the Ottomans embraced a liberal economic policy, global actors came to Istanbul (not to any other city in the country), and Istanbul became the first city in the country to attract foreign direct investment. Second, the commercial elements of the modern West firstly found a place for themselves to live in Istanbul. In other words, the Westernization, modernization and liberalization initiatives of the Ottoman Empire showed their first and strongest spatial impact on Istanbul (especially on the Pera and Galata regions). Third, the governor of Istanbul undertook a key role and brought a foreign supermarket chain as a new retailing concept to the country. Again, Istanbul became the first city in Turkey to introduce cooperative stores, which were developed by the public sector, and department stores, which were developed by the private sector. In other words, new retailing concepts began to develop initially in Istanbul. Fourth, local group companies, which emerged between 1960 and 1980 because of the economic policy of the time, established their headquarters in

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[11] International Council of Shopping Centre (ICSC)'s Shopping Centre Definition: A shopping center is a group of retail and other commercial establishments that is planned, developed, owned and managed as a single property, typically with on-site parking provided. The center's size and orientation are generally determined by the market characteristics of the trade area served by the center (ICSC, 2011).

Istanbul, and managed their commercial relations with other countries from this city. Fifth, all global companies which were involved in IRPM after 1980 established their headquarters in Istanbul. Again, all national and international associations connected with IRPM were established in Istanbul. In short, in the last 30 years, IRPM has grown and become modernized and internationalized much more than any other property sector in Turkey (Tabanoglu and Dijkman, 2010). In this neo-liberal period, Istanbul maintained its historical identity and character as a global commercial centre. It is clear that there are some features which separate Istanbul from the other cities of the country and which also make its retail property market special and specific at global level. The retail property market of Istanbul, which historically has had the character of a global commercial centre, developed in a unique way and took a form different from that of the other cities of the country. None of the other Turkish cities' property markets felt the social and spatial impacts of the liberalization, modernization and Westernization processes on their structure as vividly as Istanbul. There are not many cities whose socio-cultural and commercial connections with other world cities are as strong as those of Istanbul. Istanbul stands at the centre of a transnational and worldwide social network.

IRPM, which displayed a very local character for many years, changed rapidly and substantially after Turkey adopted a liberal economy in 1980. These changes may be grouped as 'legal changes' and 'institutional changes'. Laws associated with IRPM, which have been enacted and revised at different times in the Turkish Parliament, may be considered in the context of legal changes. Public authorities and associations connected with IRPM may be considered in the context of institutional changes. These changes should not be considered as independent and separate from the legal and institutional frameworks which are specific to their time periods because every new law and institution emerges as a complementary element of existing laws and institutions (Healey, 1995). Legal and institutional changes are named 'structural changes' in this research. All developments have a connection with each other in IRPM. Therefore, developments and changes in the market should be considered as 'internally connected', like successive processes. This consideration requires the timing of every development to be studied in relation to IRPM. In this way, every new development may be explained in association with other past developments in the market.

Istanbul's transnational and worldwide social network, its historical identity and its commercial memory attract global players to this city. After Turkey adopted a liberal economy in 1980, Istanbul found a chance to benefit from its socio-cultural and commercial network and also to strengthen this worldwide network. Many different international companies visited Istanbul

with the initiative and support of local players and started to display activity in IRPM (*Istanbul Real Estate Market Report*, 2007). It is seen that the arrival of global property companies in Istanbul to invest in IRPM and the acceleration of legal and institutional changes in IRPM occurred in the same time period [between 1980 and 2010]. Therefore, structural changes in IRPM should not be examined separately from Istanbul's worldwide social network.

1.5 Research question, aim and objective

It is clear that there is a connection between local-global interactions and structural changes in IRPM, so the author wants to understand and explore how global players are involved in a local property market, how they interact with local players, and how this property market then changes structurally as a consequence of this involvement. This research attempts to focus on the characteristics of global-local interactions and the impact of these interactions on structural changes in the market. In this context, the main research question forming the focus of this study is formulated as follows:

- How was the structural change process of Istanbul's retail property market affected by varied interactions between local and international companies?

In fact, through asking this main research question, the author aims to explore the internationalization process of a local property market. In addition, through this question, the author intends to identify potential local and global interactions and to explore the relationship between interactions and structural changes in a property market. This exploration is important for making the internationalization of a local property market a more manageable process. When this process is managed well, well-structured property markets may be created. In this context, the overall aim and objectives of this research are defined as follows:

- The overall aim of this research is to explore the internationalization process of a local property market.

- The overall objectives of this research are to identify local and global interactions in a property market and to explain the structural change process of that property market due to these global and local interactions.

Finding a full answer to the main research question depends on finding answers to some other questions. The main research question is based on a judgement that the structure of IRPM has been changed in the internationalization process. In that case, the question of what has

changed in IRPM comes onto the agenda; so tangible outcomes of this structural change have to be shown from different perspectives in the context of this research. To build this research on a strong foundation, the first subsidiary question of this research is formulated as follows:

▪ **What are the structural outcomes of the internationalization process of IRPM in legal, institutional, and industrial terms?**

The main research question is also based on another judgement, that some interactions occurred between local and global property companies in IRPM. If so, it is necessary to focus on local-global interactions, showing the types of interactions and explaining the reasons for them. The explanation of structural changes in IRPM depends on the exploration of the issue of why these interactions occurred. The exploration of the factors which bring local and global property companies together may ensure a correct understanding of relationships between interactions and structural changes in IRPM. In this context, the second subsidiary question of this research is formulated as follows:

▪ **What were the reasons for the beginning of interactions? Which factors brought local and global companies together and encouraged them to establish partnerships in IRPM?**

The internationalization process of IRPM may be explored through answering the main and subsidiary research questions of this study.

1.6 Structure of the thesis

The overall structure of this thesis is outlined below.

In **Chapter 1** (this chapter), the importance of Istanbul as a global city and of its retail property market is explained. Beginning in 1850, national and international developments which have been experienced in the city's retail market are explored. This exploration shows that many very important changes occurred in the market, especially after the 1980s. It is then underlined that two factors, which are the social relations of Istanbul across scales and the historicity [timing] of all developments, play a significant role in the process of change in the market. This chapter was created with the help of secondary resources. Web portals, published books, magazines and property market reports related to IRPM were scanned and read in detail. The main research question is formulated in this context: 'How was the process of structural change in Istanbul's retail property market affected by varied interactions between local and international companies?' Two important concepts are present in the main research question: 'changes in the structure of the property market' and 'local and global

interactions'. The main research question provides a 'road map' in the design process of the next chapters; the main coverage of each chapter is outlined according to the main research question.

In **Chapter 2,** different approaches towards property markets are discussed with the help of a literature review because this research basically aims to examine a specific city's local property market in detail. In this context, neo-classical, Marxist and institutionalist approaches, which are the three basic approaches regarding property markets in the property literature, are considered; the issues of how they define a 'property market' and of what they understand conceptually by 'changes in a property market' are discussed. The literature review may help to stress the strongest and the weakest aspects of each approach; it may also help to reveal similarities and differences between these approaches. The most suitable approach which allows an examination of the structural change process of a specific city's local property market which is subject to a global impact is then considered to be the 'old institutional approach' (OIA). The basic reasons for making this selection are OIA's special emphasis on the subjects of historical evolution, social relations and market particularity; these reasons are explained comprehensively. Finally, property market studies which use OIA are reviewed with the help of property literature; their contexts and their possible contributions to this research are discussed briefly at the end of this chapter.

In **Chapter 3,** starting from the first reference concept of the main research question, which is 'changes in the structure of the property market', developments which occurred in IRPM after the 1980s are explored in detail in succession because it is necessary to see market changes clearly at this stage. This exploration may help the researcher to develop a realistic theoretical and methodological framework for this research. As with Chapter 1, this chapter was created with the help of secondary resources such as web portals, published books, magazines and reports which are related to IRPM. Sectoral developments are examined comparatively and chronologically from legal, institutional, industrial and historical perspectives.

In **Chapter 4,** starting from the second reference concept of the main research question, which is 'local and global interactions', three popular theories associated with local and global interactions are reviewed. The intellectual-historical development of global and local interaction ideas is discussed through theories of 'Imperialism', 'Globalisation' and 'Glocalisation' in turn. With the help of the literature review, the basic assumptions of these three theories are discovered, and similarities and differences between the theories are explored. At the end, 'Glocalisation Theory' (GT) is selected as the meta-theory of this research

because it is the most suitable theory which allows an examination and understanding of local and global interactions in IRPM. This selection is justified. The comprehensive review of GT reveals that this theory, standing alone, may not fully answer the main research question because of some gaps in GT. GT mainly focuses on 'glocal' outcomes at the end of a local-global interaction process. However, this research focuses on the general outcomes of interactions and on the issue of how these general outcomes emerged in IRPM. Again, GT does not read local and global interactions as a process and does not deliberate on the conditions of interaction environments. However, every new change and every new interaction occur in relation to previous changes and interactions in IRPM. Changing and diversifying property laws and institutions produce different market environments; every market environment affects the behaviours and decisions of property actors in a different way. Next, GT does not provide a tool to examine local and global interactions, which may occur on different trajectories, in a dynamic way. This is an obstacle to the exploration of what local and global entities share and why. These explorations are very important to an understanding of how IRPM has changed and become internationalized. Therefore, it is stated at the end of this chapter that the researcher needs an additional methodological tool to fill the gaps in GT which have been mentioned; this tool may bring to GT an operational feature and an evolutionary perspective which allow an examination of structural changes in IRPM.

In **Chapter 5,** with the help of the literature review, the 'morphogenetic approach' (MA), which can be used together with GT to explain and analyse the evolution of IRPM, is selected as an additional methodological tool for this research. The main reason for the selection of MA is the lack of an operational aspect of GT. Issues of why MA is selected, how MA explains social change processes and how MA is developed into a suitable methodological tool for this research are also explained in this chapter. Here, it is better to state briefly how MA addresses the shortcomings of GT. First, all concepts of MA, especially the 'structural emergent property' concept, help to explain how a social system evolves and help to identify the general outcomes of a structural evolution process. It has been said that GT does not focus on general outcomes and does not see interactions as a process, but MA does. Therefore, this problem is solved by fitting MA into the theoretical framework which is provided by GT. Second, MA sensitively deliberates on the conditions of social environments and attempts to find out the impact of these conditions on the behaviour of social actors. In the 'structural conditioning' stage, which is the first and the most important stage of the morphogenetic analysis, reasons for structural changes and factors which take a social system to a change are explored. In other words, the conditions of a social environment before the start of a change are defined at this stage. When

structural conditioning analysis is incorporated in the theoretical framework of GT, reasons for local-global interactions are explored and structural changes are explained in the light of market conditions. Third, GT states that harmony and conflict may emerge in an interaction environment. MA's concepts of intentionality and situational logic are used to reveal the institutional vision and market strategies of property companies in IRPM. Fourth, dynamic relations between local and global property companies in IRPM are examined when the structure-agency dualism, which is the basis of MA, is accommodated in the theoretical framework of GT. Finally, mutual sharings between local and global property companies and reasons for these sharings are explored through the incorporation of MA's concepts of bargaining power and negotiating strength in the theoretical framework of GT. The development of this chapter has benefited mostly from the famous book of Margaret Archer, the designer of MA, '*Realist social theory: the morphogenetic approach'.* MA's three basic stages [structural conditioning, social interaction and structural elaboration] create Chapter 7, Chapter 8 and Chapter 9 in turn.

In **Chapter 6,** all practical issues with regard to general research design, practice and ethics are considered. First, the overall aim and objective of this study and the main and subsidiary research questions are re-stated. After that, a research methodology and a research strategy are developed; research methods are also specified in this context. In this process, perspectives and contents which are provided by GT and MA are used. Next, the details of the fieldwork are summarized. The fieldwork was carried out in three stages. The first stage is a pilot study. Nine face-to-face interviews with the managers of active companies and four face-to-face interviews with the directors of public authorities were conducted. Interviewees were selected using a personal network and snowball technique. The purpose of this pilot study was to make a list of the leading companies, public authorities and associations in IRPM and to be informed generally about changes that have occurred in the last 30 years in the market. At the end of the pilot study, the researcher decided which companies and associations would be interviewed in the main fieldwork. In the first part of the main fieldwork, seven interviews with the most active companies of the market and five interviews with the most active associations of the market were conducted. Data regarding the first stage and third stage of morphogenetic analysis [structural conditioning and structural elaboration] were collected in these interviews. Chapter 7 and Chapter 9 were developed with the help of primary and secondary data which were collected in the first part of the main fieldwork. In the second part of the main fieldwork, face-to-face interviews with the specially selected managers of five companies were conducted. To complete the second stage of the morphogenetic analysis [social interaction],

in-depth interviews need to be conducted with the managers of five companies involved in a local and global partnership. The selected partnerships have to play a very important role in the development process of IRPM. Chapter 8 was created with the help of primary data collected in the second part of the main fieldwork. Finally, research ethics are discussed.

In **Chapter 7, Chapter 8 and Chapter 9,** the evolution of IRPM is analysed using the morphogenetic analysis. Morphogenetic analysis consists of three stages: 'structural conditioning', 'social interaction' and 'structural elaboration'. This research focuses on each stage separately. These stages are examined in detail in Chapter 7, Chapter 8 and Chapter 9, respectively.

In **Chapter 10,** findings of the morphogenetic analysis are discussed. Connections between the theoretical/conceptual framework and the findings of this research are interpreted together. Main and subsidiary research questions are answered one-by-one through findings. This chapter finishes by dealing with the general contributions of this research to global and local interaction ideas, to the morphogenetic approach, and to the social science literature.

CHAPTER 2 Understanding property markets

In the previous chapter, all developments which were experienced in IRPM between 1850 and 2010 were explored. At the end of this exploration, it was stated that very important structural changes in the market occurred rapidly after 1980. This is the context in which the main research question was formulated: 'How was the structural change process of Istanbul's retail property market affected by varied interactions between local and international companies?' It is now necessary to explain the concepts of 'market structure' and 'market change', which are included in the main research question, in this IRPM-focused research. These concepts refer to the questions of 'what a property market is' and 'what change means for a property market'. In order to answer these questions, firstly, in this chapter, three different approaches towards property markets which exist in the literature are discussed. These are the 'Neo-classical', 'Marxist' and 'Institutionalist' approaches. The issues of how each approach defines a property market and what each approach understands by changes in a property market are clarified. The strongest and the weakest aspects of each approach are stressed. Secondly, the old institutionalist approach, which allows the examination of changes in a particular city's specific property market which result from local and global interactions, is selected as the most suitable approach for this research. In this process, all three approaches are criticized comparatively and the reasons for the selection of the old institutionalist approach are explained. Finally, property studies which use the old institutionalist approach are listed with the help of the literature review; their contexts and possible contributions to this research are considered.

2.1 Different approaches towards property markets

There are three different conceptual approaches towards property markets in the property literature. These are

i) Neo-Classical (mainstream) Approach

ii) Marxist Approach

iii) Old Institutional Approach

The concept of 'property market' is defined in different ways in each approach. Also, each approach looks at changes in property markets from a different perspective. These approaches are reviewed briefly in this section. The most suitable approach for the examination of the structural change process of IRPM is then selected from among these approaches.

2.1.1 Neo-Classical Approach

The 'Neo-Classical Approach' (NCA) is the most dominant and widely used approach in property market analysis and research (Wallace, 2004). It emphasizes individualism, laissez-faire and the supremacy of market mechanisms (Gregory et al., 2009). The neo-classical view has three basic assumptions. First, there are no unsolveable conflicts in a socio-economic system. Second, people always make rational economic decisions considering the outcome of an event; individuals try to maximize their own interests while companies try to maximize their own profits. Third, people act and make decisions independently with full information (Weintraub, 2012).

As stated, this approach is based on the assumptions that individual actors in a market make rational economic decisions and display rational economic behaviour. In this context, this approach claims that social events are the accumulation of individuals' hedonistic actions (Keen, 2001; Marsh and Gibb, 1999; Ball, 1998). Beadshaw (1992) asserts that market actors always try to maximize their wealth and well-being so they are predominantly maximizers. According to Veblen (1919), neo-classical economics assumes "*a person to be a lightning calculator of pleasures and pains, who oscillates like a homogeneous globule of desire of happiness under the impulse of stimuli that shift about the area, but leave him intact*" (Veblen, 1919, p.73). The idea that market actors make only rational decisions and display behaviour only in order to gain maximum profits takes us to the assumption that actors operating in a market system have to be competitive and individualistic (Weintraub, 2010).

The fundamental aim of this approach is to reach a balance of supply and demand in the global property market. NCA is interested closely in suitable conditions for reaching this balance, which is titled 'equilibrium'. Equilibrium results when producers and consumers give rational answers to market signals. If the expectations of buyers and sellers are met, supply and demand are in balance and a balanced price is obtained (Gregory et al., 2009). When this 'equilibrium' is achieved, the perfect property market emerges (Harvey, 1996; Campus, 1987). Change in the property market means changes in the balance of supply and demand in this approach. Changes in this equilibrium are dependent on internal and external factors, named 'endogenous' and 'exogenous' factors in the neo-classical terminology (Eccles et al., 1999; Wheaton and DiPasquale, 1996). Endogenous factors come from inside the property market (property prices, rents, vacancy rates, etc.). Exogenous factors come from outside the property market (interest rates, economic growth, employment rates, etc.).

NCA basically tries to explain what market outcomes are (prices, rents and so on). The change in the property market is explained in relation to changes in the numerical values of market outcomes under endogenous and exogenous factors. These numerical values are the indicators of demand-supply equilibrium in the market (Leishman, 2003). This approach stresses the issue of the definition of competitive market efficiency. It is considered that resources are distributed optimally among market actors, who are in competition (Leishman, 2003). If this optimal resource distribution does not occur, the players of the competitive market [firms, individuals] drift towards bankruptcy and this entails a correction in the market. Theoretical analysis is limited to the distribution and the sharing of scarce resources in this approach (Weintraub, 2010). Some scholars argue that the market-regulated free entrepreneurial system, which is the basic element of the neo-classical approach, is a supporter of the global capitalist system (Johnson et al., 2000).

It should be stated firstly here that this approach has some very attractive aspects. According to this elegant approach, all elements of economic activity can be gathered in one cluster. In this way, social wellbeing can be maximized through the identification of efficient conditions inside this cluster (Johnston et al., 2000). Also, neo-classical studies of the property market have made important contributions to quantitative economic models, land use, residential and commercial letting markets, planning, neighbourhood units, housing finance and segmentation (O'Sullivan and Gibb, 2003). Stiglitz argues that economic models are strong tools for resolving some issues regarding economic relations (Stiglitz, 2001). Dobb asserts that the neo-classical idea which asks 'what is produced, how and for whom?' is based on democracy because, in this way, people can take the spending of their money under their own control (Dobb, 1973).

Although there are some positive aspects of this approach, some criticisms towards this approach can be found in the literature. Weintraub (2010) states that people do not only make rational economic decisions; their individual decisions may change according to social and economic circumstances and transformations in production technologies over time. Weintraub argues that the neo-classical approach generally ignores this reality (Weintraub, 2010). Gingrich (1998) finds this approach very individualistic. Gingrich thinks that individuals are perceived as very isolated; there is no emphasis on the connection of an individual with other individuals in this approach (Gingrich, 1998). It should be stated here that contemporary neo-classical scholars take families and interest groups into consideration besides individuals (Johnston et al., 2000).

NCA focuses on individuals in general. As mentioned, an individual is seen as isolated, with no reference to interaction with other individuals. This is sometimes referred to as an atomistic model of society, in which the individual is the basis of society. A decision is made by an individual without any reference to others and that individual considers only his or her own choices, opportunities, monetary gain and disadvantage. Some scholars (Camerer, 1995; Sandven, 1995) criticize this approach; they state that rational economic man is different from the real man and many factors which give a direction to people's behaviour are ignored in this approach (Camerer, 1995). According to Sandven (1995), people usually do not act rationally because they do not make decisions in a well-defined context. People usually adapt, copy, try what worked in the past, gamble, take uncalculated risks, engage in costly altruistic activities and regularly make unpredictable, even unexplainable decisions (Sandven, 1995).

Another criticism towards this approach concerns the fact of imperfect market competition (Graaff, 1957). Zhu (1997) states that if actors make popular choices intensively in a property market, the government intervenes in that market to correct it. As long as the government intervenes in a market in the common interest, for the solution of conflicts, it becomes impossible for economic processes to run under only market mechanisms (Zhu, 1997; Graaf, 1957). Similarly, Evans (1995) expresses the view that property markets are far from being perfect and efficient. It is possible for weak or ineffective players to be eliminated from a market, and to see monopoly structures in a market. Therefore, most states (governments), in order to regulate the capitalist system, enact anti-monopoly laws (Johnston et al., 2000).

Contemporary neo-classical scholars accept that some disturbances may be seen in the original equilibrium solution for markets. For example, some internal factors such as exploitation and ambiguity can easily damage this stability and balance (Davies and Gribbin, 1992; Brown, 1981). Gingrich (1998) asserts that, in case of disequilibrium, the judgement of the efficiency of market outcomes becomes meaningless. According to Gingrich, different outcomes can be compared with each other. In this situation, the consideration of maximized economic efficiency or of individual well-being gives way to the consideration of the better aspects of one outcome rather than another:

> ...That is, if the REM model works properly, production using the scarce resources is maximized and individual satisfaction is also maximized, so that there is economic efficiency. But if the modified IRSEP models produce very many deviations from the original equilibrium solution, there is no way to judge the efficiency of the outcome. Different outcomes may be evaluated against each other, but there is no assurance that there is not some other outcome that might be a lot better (Folbre, 1994, p.28).

Some scholars consider that the tie of this approach with reality is weak (Dobb, 1973) because this approach oversimplifies market mechanisms; so it remains inefficient at explaining experiences of property development and at exploring this subject's complexity (Kauko, 2010; O'Sullivan and Gibb, 2003; Meen, 2001; Guy and Henneberry, 2000; Marsh and Gibb, 1999; Harris and Cundell, 1995; Maclennan, 1982). This approach uses sophisticated economic models (Harris and Cundell, 1995) so some difficulties are experienced in the application of this approach to practical issues (O'Sullivan, 2003). Property development activity therefore becomes a mathematic discipline rather than a social science (Weintraub, 2002):

> The neo-classical tradition focuses on the price mechanism as it operates to keep the supply of goods and the demand for them in equilibrium. Equilibrium models emphasize the impact of 'demand-led' considerations and 'supply-side' constraints on development activity. But this approach gives insufficient analytical attention to the difference between occupier (user) and investment or speculative demand. Nor does it provide the means for examining the methods used by agents within the development process, except to the extent that this is built into theoretical models based on rational expectations (Healey, 1991, p.34)

NCA does not attempt to explain the real world which is explored through empiricism. Instead, the real world is adapted to models in NCA. The purpose of NCA is "*to demonstrate the social optimality if the real world were to resemble the model*", not "*to explain the real world as observed empirically*" (Eichner and Kregel, 1975, p.1294). The consistency of economic models with reality is weak because these models are not produced empirically (Stiglitz, 2001; Colander et al., 2009). Blaug (1997) claims that this approach only serves itself. It is an intellectual game, and it is unable to show the practical results of economic activities. In other words, it is inefficient at establishing a relationship between economic developments and economic practices:

> Economics has increasingly become an intellectual game played for its own sake and not for its practical consequences for understanding the economic world. Economists have converted the subject into a sort of social mathematics in which analytical rigour is everything and practical relevance is nothing (Blaug, 1997, p.8).

Recent neo-classical studies accept that economic markets are not perfect, and that access to market information is not easy and free:

> Recently empirical evidence has indicated that markets produce the types of learning assumed in the traditional neoclassical economics only under very limited ideal conditions - which are rarely met in real-life - namely perfect competition and free information (Slembeck, 1999, p.10).

NCA also ignores the accumulation of human knowledge and institutional features that exist in an economy and a society. This approach is being developed with new additions. For example, not only individuals but also social groups are taken into consideration in new neo-classical

studies. Also, not only exogenously given factors but also endogenously given factors such as rules, norms and preferences are taken into consideration. Thanks to these additions, this approach comes much closer to the institutional reality which is experienced in contemporary societies. Despite these additions, this approach still undermines strong claims about the inherent efficiency of a pure market economy. If there is no such thing as a perfect market, if free access to market information is impossible, and if there are uncertainties about the future of the market, consumers do not always act only to maximize their own profits. They may act according to customs, habits, traditions, availability or advertisements. Therefore, societies' historical evolution and cultural accumulations need to be taken into consideration in economic studies (Colander et al., 2009; Gingrich, 1998; Folbre, 1994).

2.1.2   Marxist Approach

The Marxist Approach basically tries to explain how an economy works; it provides a general historical perspective on economic issues. It emerged as an alternative to NCA, which is embraced mostly in the Western world and which is considered as a supporter of the capitalist system by some scholars. It became very popular in the 1960s and the 1970s. This approach, which is specifically focused on the operation of the capitalist system, persuasively explains how capitalism works (Johnston et al., 2000). The Marxist framework, while analysing the capitalist system, reveals the necessities of an economy. According to this framework, material production processes advance together with required consumption processes. In the material production process, it is necessary to protect production forces (wages) and production vehicles (funds) and to distribute surplus value in a just way among labour (Johnston et al., 2000).

'Value' holds an important place in every economic system. Marxists separate this concept into two parts: 'exchange value' [transaction of a commodity to obtain another commodity] and 'use value' [the functional value of a commodity that is given to it by users]. Marxist analysis is mainly focused on the determination of commodities' exchange value. When the use value of labour exceeds the exchange value of labour, a gap occurs between the two values. This gap is called 'surplus value' in this approach. Surplus value accumulates in the hands of capitalists and refers to profit. In the capitalist system, surplus value is accumulated by capitalists as profit and it is not shared with labour. Marxists claim that surplus value is grabbed by capitalists who are the owners of production vehicles. In this way, 'value' and 'class relations' become an inextricable element of the social practice of production in the capitalist system (Johnston et al., 2000).

The Marxist approach is based on the idea of 'modes of production' (Scott, 1991). Social structures and changes in these social structures are the main elements which determine the form of property development activity and the creation of surplus value in a society. A social structure consists of social classes and there is always a struggle between these classes. The basic struggle usually occurs between capital and labour. This struggle, which originates from classes in society, determines the form and dynamism of property development activities (Ball, 1983; Harvey, 1982; Boddy, 1981; Massey and Catalona, 1978).

The growth of an economy is explained in the context of capital circuits in the Marxist approach (Luithlen, 1992; Boddy, 1981; Harvey, 1973). According to Boddy (1981), circuits of capital have three stages; different forms of these circuits affect the outcome of property development processes in different ways. In the first stage of the circuit, capital is used for the production of new commodities in industrial sectors. Properties are usually developed in this stage. Industrial products are sold and in this way a surplus value is gained in the second stage. This surplus value is used in financial markets to obtain income from interest in the third stage. According to this approach, the dynamism and tension of these three stages specify the type of property development activity (Harvey, 1999).

Here, it should be stated that the old Marxist approach which was developed by Karl Marx and the contemporary Marxist approach which has been developed recently by some scholars differ from each other. Recently, key Marxist concepts have been redefined (Glassman, 2006). Contemporary Marxist scholars, unlike the old ones, are less interested in structurist Marxist economies; instead, they prefer to work on ethnographies in capitalist societies from a critical perspective (Chari, 2004; Wright, 2004; Postone, 1993). Contemporary Marxism is much focused on how the form of capitalism works in reality and is very interested in the issue of how Marx's revolutionary change is happening today in capitalist systems (Johnston et al., 2000). Contemporary Marxists talk about the varied forms of imperialism. For example, when a person is appointed to a managerial position in a global company and obtains some extra economic gains in the market, that person becomes a part of the imperialist order. However, in this situation, some scholars assert that the assumption of the Marxist approach about class structures fails. To which class does this kind of person belong? How will the boundaries of different classes be drawn in this case? Clear answers to these questions are still absent from the Marxist literature (Gingrich, 1998; Burris, 1987).

It is clear that this approach is not concerned with the timing and chronological order of events which may have an impact on property markets because it is mainly focused on the integrated effects of all events on the economy. Since the intellectual basis of Marxism is timeless and the

timing or chronological order of events is not taken into consideration in Marxism, it is not possible in this approach to talk about specific property markets and discuss changes in these specific property markets. Historicity, in other words true life experiences, is one of two elements which make a property market specific. It should also be noted that this approach accepts that all events which occur in any time at any place in the world are interconnected in the big picture. This feature makes this approach valuable and appropriate for general property market research on a global scale but also makes it unsuitable for specific property market research on a small scale, for example, at regional or urban level. Again, it is seen that this approach perceives a social system in the form of class structures: working class, capitalist class and so on. If we consider IRPM as a social system, it is really very hard to divide this social system into classes. Individuals are employed in many and varied companies and institutions in this social system. An individual may undertake several roles in this social system; also, the activity of an individual directly represents his/her company or institution, not a particular class. Complex social relations of different types may be seen in a property market because many companies and institutions display activity in it. Institutions, companies and social relations between them are the second element which makes a property market specific. Using the Marxist approach, it is very hard to examine complex and multidimensional social relations in a property market because, in this approach, social relations are mostly reduced to relations between capital and labour. However, it is possible to talk about social relations between local and global companies, between public authorities and associations, and between different actors, in IRPM. Marxism does not provide any theoretical or methodological tool to analyse these kinds of complex social relations. Therefore, the Marxist approach has some weaknesses in understanding the character, evolution and behaviour of a specific local property market.

2.1.3   Old Institutional Approach (OIA)

'Institutionalism' as a distinct approach emerged from wide discussions in different social science fields such as economics, sociology, political science and economic geography. The first texts regarding institutionalism in the field of economics were written by Veblen, Commons and Mitchell. These texts constitute the basics of institutionalism (Hodgson, 1999, 1989, 1988). Institutionalism as a distinct idea has been on the agenda of economic geographers since the 1990s. This new idea emerged at the end of the 1980s and since then has divided into two branches. The first one is the 'New Institutional Approach' (NIA). The origin of NIA goes back to the company analysis of Coase (1937), Hayek's texts on knowledge (1945, 1937), Chandler's industrial entrepreneurial history (1962), and the works of Simon (1947), Arrow (1963), Davis and North (1971), Williamson (1971, 1975, 1985), Alchian and Demsetz (1972), Macneil (1978),

and Holmstrom (1979). The most popular representatives of NIA are Coase, Williamson and North. The development of NIA was furthered by the work of Eggertsson (1990), Furubotn and Rochter (1991), Coase (1992), Werin and Wijkander (1992), Pejovich (1995), and Drobak and Nye (1997). NIA is concerned with Oliver Williamson's work on company theory and Mancur Olson's and Douglass North's work on economic regulation and evolution in public institutions. These studies focus on the issue of how companies, networks and institutions work as organizing mechanisms in a market economy. According to this approach, the economy is conceptualized as a galaxy of companies, markets and institutions. Each of them works by a different logic and has specific characteristics.

Studies based on NIA which were conducted in the 1990s moved away from its basic institutional economic perspective and brought it close to a neo-classical economic perspective in terms of its assumptions and hypotheses. NIA has retained its strong ties with the neo-classical approach and has continued to share its basic assumptions. For example, individual motivation [maximization, hedonism, rational choice] and market behaviour [price as the most important allocation mechanism, informational transparency] can be listed as subjects common to both NIE and the neoclassical approach:

> Overall, institutional analysis within the mainstream economics tradition has been one of the growth areas of economics in the past decade or so. As little has been applied to the property world, it is perhaps understandable that many assume it is not there. Before considering explicitly institutional analysis, it is important to be aware that institutionalism is not a radical critique of blind orthodoxy. Radicals can be seen as institutionally blind as the mainstream. Ignoring institutions is not the sole prerogative of economic theories supporting market processes (Ball, 1998, p.1506).

Although NIA attracted attention for a short while in the academic world (for example, Wiliamson's transaction cost model, which was developed to explain accumulations), its impact on economic geography became very limited. The main reason for this situation is the dominant usage of some mainstream economic assumptions (for example, methodological individualism, rationalism, formalism and a-historicity) in NIA; these assumptions have been criticized strongly by many scholars in recent years. However, recently, NIA has woken up with the work of Paul Kraugman; regional inequalities are explained through trade diversification and national regional institutional order in this work. Even though NIA is derived from a wide institutional approach which was developed by Veblen, Commons, Mitchell and their followers, significant differences exist between NIA and the old institutional approach. Because of similarities and strong connections between NIA and the neoclassical approach, NIA shares the neoclassical approach's main weaknesses. This makes NIA an unsuitable framework for

examining the main question of this research. Instead, attention turns to the old institutional approach.

The second branch of individualism is the 'Old Institutional Approach' (OIA). OIA is fed by the classical political economic view which is interested in the urban growth and inequalities which emerged in the 1950s and the 1960s. OIA is based on Marxist explanations on some subjects such as uneven development and unequal exchange, capital accumulation, and class/sex/race exploitation and struggle. Again, another basis of OIA is the explanation of regulation theory, which deals with long-term economic stability, structural crisis and recovery in the 1980s, the varieties of capitalism, historical accumulation of capital, and so on. The pioneers of this approach are Thorstein Veblen, Wesley Mitchell, John Commons, Clarence Ayres, John Dewey, and later Karl Polanyi and John Galbraith. These scholars consider the economy as an institutionalized process. Macroeconomic rules and institutions, markets and market practices, prices and values, production customs, transaction norms, financial rules, economic rationalities, institutional regional and national standards: all these things are socially constructed concepts which promote the behaviour of individuals, according to OIA. In contrast to NIA, institutions are not considered as separate from the market.

OIA fundamentally emphasizes 'processes' from an economic perspective. It is interested not only in balance in economic processes but also in their development. In addition, OIA provides many new economic concepts which have not yet been discovered in the neo-classical approach. Studies which use OIA focus on key actors, organizations and institutions. It mentions the importance of actor-network relations in economic development processes in terms of the construction of local institutional capacity (Amin, 1999; MacLeod, 1997; Raco, 1997; Amin and Thrift, 1995). It emphasizes social actors and their relations as well as market structures (laws, public authorities and associations). In a way, a property market is considered as a social institution. Hamilton (1932) defines an institution as "*a way of thought or action of some prevalence, which is embedded in the habits of a group or the customs of people*" (p.84). "*Institutions fix the confines of and impose structure upon the activities of human beings*" (p.85).

Institutional parameters explain economic variety, economic impulse and organization, evolutionary change, historical specificity and rules of meaning, interpretation and action; these subjects are discussed in the famous book 'Economics and institutions' by Hodgson in 1988. 'Institution' as a term may cover many and various meanings. For example, the economy itself is an institution. In clear terms, the economy includes the formal institutions and regulations of the economy, including firms, banks, corporate rules, business standards,

governmental regulations… All these are socially constructed and specific institutions. Making a change in these institutions is usually slow and hard. These institutions are very important vehicles which promote the whole economy. At the same time, the economy covers informal institutions, such as the social traditions of power, defence, respect, trust and legality. These mostly localized informal institutions also promote the organization and behaviour of different markets. OIA perceives a property market as a social construct (Healey et al., 1995). As a social construct, a property market is identified and formed by the perceptions and activities of social agents. According to this approach, a property market is part of a social relations network, broadly defined. A property market also includes an internal social relations network in itself.

OIA takes a new direction and starts a new trend beyond the neo-classical approach in the economic field. It involves many interesting inquiries at different levels. OIA rejects the priorities of the neo-classical approach. It injects texture, contingency and socio-institutional specificity into traditional economic theory. OIA has made significant contributions to the development of economic geography. Studies on the role of international organizations (such as the World Bank) or on the social and institutional parameters of specific markets have been carried out recently. In addition, there have been other studies on local economic potentials, based on the analysis of formal and informal institutions, social traditions and learning capabilities; and on urban and regional dynamism and creativity on a global scale. OIA has brought many new concepts into the economic literature, such as cluster dynamics, industrial atmosphere, institutional thickness, untraded interdependencies, associational ties, industrial slack and redundancy, urban buzz and creativity, trust and reciprocity, and intelligent regionalism.

However, much more research about the application, testing and development of the content of OIA is required. OIA has no claim to be a general theory which seeks to explain everything regarding the economy but it needs a suitable analytic framework and an operational methodology. Since the beginning, the understanding and diagnosis of problems has remained at the thematic level in OIA. This aspect of OIA has not developed well enough yet. Hodgson (1988) states that old institutionalists must put the issue of the conceptual definition of human agency in a systematic and definite theory on their agenda. Hodgson (1999) warns that OIA could degenerate into broad data collection and naïve empiricism without producing anything of real value. Therefore, he invites old institutionalists to develop meaningful and operational principles to use as the basis of their analysis.

In conclusion, the issue of change in property markets holds a specific place in OIA. This is the main difference between this approach and other approaches mentioned above. Changes in a

property market are considered as a process which is dependent on various temporal and spacial factors. In addition, changes are explained in the context of upward and downward conflations within the dualism of structure and agency (De Magalhaes, 1999; Edwards, 1995; Healey, 1995, 1992). OIA provides a more sophisticated and a more detailed perspective on the change processes of property markets than the neo-classical and Marxist approaches. This was the only approach to consider 'the fact of change' in a property market in industrial, legal and institutional terms. This feature of the institutional approach allows the examination of global and local interactions in a property market and the analysis of the process of change based on the dualism of structure and agency.

2.2 Choice of OIA for this research

Three different approaches towards property markets which exist in the literature and criticisms against them have been mentioned above. In this section, the most suitable approach for this research is chosen. In the previous chapter, it was stated there were two outstanding issues in the historical development process of IRPM. The first is 'the timing of developments' [the progress of developments in a historical sequence] and the second is 'the importance of Istanbul's social relations on different scales'. These two remarkable points may help the researcher to select the most suitable approach for this research. Answers to the two questions listed below are given in this section:

i) Which approach considers the changes in a property market historically and in evolutionary terms? Which approach gives most consideration to the timing of events or developments?

ii) Which approach allows the examination of local and global interactions in a property market? Which approach gives most emphasis to internal and external social relations in a property market?

These two important points are discussed below under two subtitles, 'historical evolution [time]' and 'social relations [on different scales]', and the most suitable approach which could give satisfactory answers to these questions is selected.

2.2.1 Historical evolution [time]

As stated, the idea of equilibrium constitutes the basis of the neo-classical approach (NCA). The equilibrium model has two basic assumptions: 'uncertainty' and 'timelessness'. NCA reduces uncertainty to a logical construct in which rational expectations are put forward in order to conform to the demands of equilibrium. Although logical time has a place in this approach, historical time does not (Carvalho, 1983; Henry, 1983; Hahn, 1982; Kornai, 1971; Shackle, 1968). This situation provides this approach a universal applicability feature:

Neoclassical theory deals largely in logical time, which is a period during which whatever needs to happen, will happen (Henry 1983: 219). Historical time is assumed away, implying that neoclassical economic theory has universal applicability (Georgescu-Roegen, 1971, p.134-140).

Galbraith claims that, in NCA, historicity is absent; so subjects such as political history or the existence of national/international political and economical institutions are ignored (Galbraith, 2001). Because of the lack of historical time in this approach, most issues such as factory ownership, revenues and property distribution, and the preferences of individuals are assumed to be given and constant (Johnston, 2000; Stiglitz, 1994). According to the neo-classical view, there is no difference between individuals and their preferences. Market powers naturally tend to select the most appropriate actors for the market. It assumes that the industrial structure of a market consists of actors who display optimal actions in the long term rather than actors who have some vested interests in the historical development process of that market (Slembeck, 1999).

However, many scholars reject this view. Brandsen asserts that market actors are historical and periodical (Brandsen, 2001). According to Chow (2002) and Zhu (1999), property markets are open social systems and property players are not equal in terms of their impact on the market. In the development process of a property market, some economically and politically powerful actors may come into prominence and may affect this process (Chow, 2002; Zhu, 1999). Again, they claim that individual preferences are not given; these preferences can change in time under different circumstances. Norms, advertisements and cultural reasons are factors which can change individual preferences (Gingrich, 1998). Individual preferences are also dependent on the structure and the history of social interactions (Hargreaves-Heap and Varoufakis, 2004; Rabin, 1993). Past preferences and their results have an impact on today's market players' preferences. This idea has started to be expressed in NCA (Bowles, 1998).

Gingrich (1998) states that economically and politically powerful actors, who regularly produce market data and hold actual market information, usually rise to a privileged position in a market. She stresses that these actors may become effective in the management of change in their market. According to her, the evolution of markets always progresses under the control of a specific group (Gingrich, 1998). In other words, the development of a market does not happen in a free way. The socio-economic transition process of a market system is performed politically and roles are undertaken by actors according to a certain plan (Chow, 2002; Zhu, 1999). The fact that markets change in an evolutionary way is also accepted by some neo-classical scholars. Recently, these scholars have directed their studies to differences and unequal circumstances between markets (Waldrop, 1992; Bak and Chen, 1991). Wu (2004)

states that state organizations (public authorities) usually intervene in markets, so they change the balance of markets and particularize market structures (Wu, 2004). In summary, even though some changes have occurred recently in the neoclassical view, in general, NCA does not look at 'market changes' from an evolutionary perspective. It does not take historical time into consideration and it ignores the specificity of a market.

In the Marxist approach, time is taken into consideration much less because the basis of the Marxist economy is timeless. However, recently, some revisions have been made in this approach. For example, some technical transformation problems based on time have been discussed for the calculation of prices in 'labour value theory'. Marxist scholars have also explored 'Kondratieff Cycles'. These cycles are used to analyse the world capitalist economic system and were inspired by studies of uneven development (Johnston et al., 2000). The political economy approach, which was developed by scholars who interpreted the views of Karl Marx in a modern way as a general theory, deals with time and space issues only on a large scale. According to the political economy view, every event is interconnected with every other event historically and spatially in the big picture (Johnston et al., 2000).

In contrast to the neo-classical and Marxist approaches, the old institutional approach (OIA) places a special emphasis on historical evolution and issues to do with time. OIA directly focuses on specific economic institutions, ideas, social relations and space. This approach underlines the specificity of contexts, the multi-dimensional nature of social relations and the active contribution of actors to the building process of their own contexts. This approach settles market actors in the context of specific historical social relations and addresses the importance of this context in the formation process of market behaviour. Again, it is interested in the issue of how actors themselves manipulate social relations for their own profits. Actors make decisions according to their specific historical contexts. In addition, preferences and options for actors are formed by institutions which emerge in the historical development process of a market (Hodgson, 1988). The creation of a property market is historical according to OIA. Structural creation processes are affected by specific temporal, spatial and socio-economic conditions (Henneberry and Roberts, 2008; Healey et al., 1995). In other words, the emergence of structures in a property market depends on the rational decisions of social agents as well as depending on the social, economic and cultural setting of property markets in specific time periods. Therefore, this approach accepts that social agents give a shape to social structures whilst social structures give a shape to social agents in a social construct (De Magalhaes, 1998; Edwards, 1995; Healey, 1995, 1992).

2.2.2 Social relations [on different scales]

NCA mentions relationships between producers and consumers because this whole system is developed and organized on the basis of interactions between supply and demand forces. Actors are isolated from their real-life context and are confined in the aggregate relationship of supply and demand (Brandsen, 2001). In other words, social relations are reduced to the technical relations of economic processes in NCA. It is mentioned that the neo-classical view focuses directly and very much on individuals; it considers an individual as isolated from the world around him, so it does not deal with the contacts of an individual with other individuals (Gingrich, 1998). Zhu (1997) asserts that a property market cannot function without the establishment of an agreement between certain actors who interact regularly (Zhu, 1997). The idea that market actors can reach an agreement and can cooperate with each other is starting to be accepted by neo-classical scholars. In line with this, contemporary neo-classical scholars have started to take social groups such as families and interest groups into consideration together with individuals (Johnston et al., 2000). They are heading towards the maximization of benefits at community level (social welfare) rather than the maximization of benefits at individual level. Community welfare may be maximized through the maximization of individual benefit functions (welfare economics). Despite some efforts of contemporary neo-classical scholars to include social relations in NCA via Pareto optimality and welfare geography studies, wide social issues are still generally ignored in this approach (Camerer, 1995). Structure, agency and the relationship between them do not have a place in NCA (Healey and Barrett, 1990):

> The implication is that the messy real world of property development does not work like their models suggest. Cities and buildings within them are too rigid, and steeped in history and local difference. Above all the mysterious force of power lurks within the property world. More than an economic model is consequently required…neoclassical economics is often treated as the straw enemy in much of the urban research literature…it is true that many economic models have only limited, stylized institutional behaviours (Ball, 1998, p.1501-02).

Bowles (1998) states that agents cannot be considered individually out of their contexts of social relations [this is called a 'methodological individualism problem']:

> While it is true that mainstream economists have, during the last few decades, acknowledged that the agent is a creature of her social context, and thus that social structure and individual agency are messily intertwined, their models retain the distinction and place the burden of explanation on the individual (Bowles, 1998, p.111).

Some economists state that a tendency towards the creation of monopoly structures exists in property markets because of factors such as frequent transactions, high dealing costs, and geographically restricted knowledge of up-to-date markets (Mansfield, 1991; Radcliffe, 1987).

In a monopolistic market, social relations are managed and controlled from one centre. However, the topic of monopoly has no place in NCA. Folbre (1994) points out that boundaries between individuals and their social groups are not clear. Also, an individual can change his/her group. NCA has no explanation about how an individual changes his/her social group. NCA does not deal with the issue of unequal opportunities [it refers to the fact that resource and income distribution among market players may be different]. However, varied income and resource distribution is a factor which directly affects the establishment of social relations in a market. In that case, some weak players may cooperate with each other to become stronger, and some strong players may cooperate with each other to become the strongest in that market (Gingrich, 1998). This reality is ignored entirely in NCA.

In the Marxist approach, social relations are explained through the idea of the mode of production because the mode of production is a key issue in explaining complex internal connections and social networks. All actions, changes and relations in a social system are defined in this context. Everything which consists of a society, such as institutions, behavioural models and beliefs, is included in the mode of production. The mode of production consists of production forces, production capacities (labour, resources and the instruments of labour) and the relationships of actors who are involved in production processes. All social relations are based on class segregation (for example, class distinctions between landlords and peasants or between capitalists and workers) in this approach (Johnston et al., 2000). The Marxist analysis argues that commodity transactions are dependent on class relations (Johnston et al., 2000). In contrast to NCA, in the Marxist approach, it is accepted that power and resources are distributed in an unequal way because of class relations in the economy (Johnston et al., 2000). In the Marxist approach, social relations are reduced to relations between capital and labour. The price of a commodity or the surplus value is determined on the basis of capital and labour relations. Exploitation holds an important place in these relations. However, the dynamics, structures and institutions of capitalism, such as relations between local and global companies or relations between public authorities and associations, require more complex and varied relational analysis and definitions (Gingrich, 1998).

In contrast to NCA, the Marxist approach provides some strong explanations regarding the nature and origins of cooperation between various market actors for common economic interests. However, it fails in the explanation of the formation of groups based on common identity. It says very little about the power and origin of social groups. Every grouping which is based on common interest or common identity is an element which makes a market special and specific. Again, a company or a market actor may have multiple identities at the same time

(for example, the manager of a company can also be the president of an association). This fact leads to the development of different systems of social relations (Gingrich, 1998). The Marxist approach often mentions collective agents. Two questions arise in this context: 'What kind of social interactions among collective agents occur?', and 'What are the types and behaviours of collective agency?' Even though contemporary Marxists touch on the different dimensions of everyday life, they ignore various forms of social interaction which can be established outside work (Weil, 2010). In short, Marxists reduce a society to economic forces and they do not try to understand the complex relations of social life (Weil, 2010; Postone, 1993).

In OIA, social relations hold an important and large place. According to some scholars (for example, Sayer, 2000; Abolafia, 1996), a property market is not a product of automatic transaction activities but a social construct which is created by some specialized and capable actors. Both local and global actors may be involved and may act together in this social construct. Old institutionalists argue that the economy is a much wider structure than markets (Samuels, 1995). OIA is concerned with institutions which determine the form or behaviour of markets and determine social relations between different institutions, because institutions in a market reflect the power relations in a society. Many institutions which display activity on local, regional or international level for varied purposes may be effective in a local property market. Institutions bring a certainty and stability to volatile, imperfect and irrational economies (Amin, 1993).

OIA sees a property market as a separate and independent entity from other economic markets. It mentions the connection of a property market with other property markets as well as with all social actors and institutions in an economy via varied social relations (Keogh and D'Arcy, 1999). Many local and global actors stay in touch with each other in IRPM so it may be considered as a separate social network. OIA accepts the existence of local property actors on an urban scale as well as accepting the relationship of these local actors with international property actors. Since OIA perceives a property market as an independent social construct (Healey et al., 1995), this perspective allows the examination of global and local interactions in a city's property market. As a social construct, a property market is identified and formed by the perceptions and activities of social agents. According to this approach, a property market is part of a social relations network, broadly defined. A property market also includes an internal social relations network. It can be seen that social relations on different scales are one of the main subjects in OIA.

2.2.3 Evaluation

As explained above, the most suitable approach for the examination of a particular city's specific property market is OIA. OIA has a more sophisticated and richer analysis of market changes than the other two approaches. It considers market changes as evolutionary and it gives a special importance to the timing and order of developments or events in a market. Social relations on different scales are taken into consideration in a more detailed and more comprehensive way in OIA than in the other approaches. Since OIA focuses on local-global actors, on local-global institutions and on social relations between all actors and institutions, it allows the examination of local and global interactions in a local property market. Therefore, it is decided to use the conceptual framework of the old institutional approach in this study.

2.3 Review of property market studies related to OIA

There are some studies which use OIA in the property literature. In this section, property studies which use OIA are listed; their contexts and possible contributions to this research are discussed briefly. Some of these studies try to compare the performances of property markets in different cities. Some other studies attempt to understand the institutional structure (setting) and operation (behaviour) of different property markets (Berry and McGreal, 1995; Sweby, 1990). The issue of how the structural change process of a property market runs is not addressed, so tools for understanding the structural change process of a property market are absent from the literature.

2.3.1 Property studies with respect to interactions between global and local entities

There are some studies in the literature which use the conceptual framework of OIA for property markets and which examine the impact of global trends or processes on local property markets. The first studies on this subject were conducted by Healey (1992), who developed an institutional model for understanding and explaining different property development processes. Healey's model is a descriptive model based on an institutional perspective. It emphasizes the complexity of property development processes and the diversity of actors involved in these processes. The role of agents who become involved in property development processes and power relations between these agents are important in Healey's model. According to Healey, roles are determined according to rules, ideas and varied resources in a property market.   The interests and strategies of agents also have an influence on the determination of roles in a property market. The creation of relations between resources, rules and ideas occurs in different ways in every society.

Healey's institutional model allows global players to have an influence upon local resources, rules and ideas in a property market. Global interventions give a new shape to power relations between actors in an existing local property market. New power relations then cause the birth of different roles, resources, rules and ideas. These new births mean a change in that property market. Healey's model has played an important role in the development of OIA for property markets. The emphasis of this model on the different institutional settings of different property markets is important for this research because IRPM may have a unique industrial setting as well. This industrial structure may be changed by the interventions of international companies, and power relations between local market actors may be re-shaped in this process. Healey's model is a descriptive model, as said above, not an explanatory model, and, therefore, does not include any tool to explain how the change process of a property market runs. This study tries to understand the changes in Istanbul's retail property market due to global and local interactions.

Ball (1986a, 1986b, 1985, 1983, 1981) has also used OIA in his studies. He has developed a new model called 'Structure of Building Provision' (SOP) using the institutional approach (Ball, 1983, 1981). The SOP model accepts that property markets are changed by internal and external factors. For example, global trends are an external factor. SOP is a contemporary relations network which is established for the development of a specific property in a specific time at a specific place. A contemporary relations network refers directly to a property market in this model. In short, a property market is perceived as a relational network. All organizations and markets are a part of SOP and all parts of SOP always interact with each other. The basic reason for a change in a property market is 'competition' according to this model (Ball, 1998).

Ball defines property markets as contemporary relations networks; he explains the emergence of institutional and industrial structures in a property market by internal and external factors. These points allow a link to be built between global trends and structural change processes in a property market. However, the types of institutions, the relationships between varied institutions and the reasons for the establishment of these relationships in a property market are not included in the SOP model. These issues are very important for this research because evolving relationships may add new industrial players to the market and may change existing structures in the property market. It is necessary to understand the factors which bring varied players together in order to explore how structural changes run in the property market.

De Magalhaes (1999) also perceives property markets as social relations systems and uses OIA in his studies. De Magalhaes examines the impact of global and local economic, social and cultural settings on the production process of built environments. In particular, he tries to

answer the question of how these settings pioneer the production of a specific built environment. De Magalhaes' study is one of the first in the property literature to examine global and local interactions in a property market using OIA. The relational approach of De Magalhaes, which is applied to property markets in terms of global and local interactions, is important for this research because interactions which occur between local and international industrial companies may have a role in the change process of IRPM. Some economic and social events such as earthquakes or financial crises are also experienced in the change process of a property market. These important events may also affect the change process of the market. De Magalhaes' study does not focus on the structure of property markets and on changes in this structure. The study is mainly interested in important events which affect property markets and in built environments which emerge as a result of these events. In contrast to De Magalhaes' study, this research attempts to understand the structure of a property market first, and then to explore the changes in the structure of that property market due to global and local interactions. The issue of how the built environment of Istanbul is affected by changes in IRPM is not covered by this research.

2.3.2 Property studies with respect to market changes

There are some studies in the literature about changes in property markets due to global and local interactions. These studies are mostly interested in the determination and comparison of different property market performances. However, some other studies are interested in different institutional settings of property markets.

Sweby (1990, 1989) examines the property markets of European cities in which global investors are closely interested, and compares them according to some performance criteria. Sweby's study is like a guide for global property investors. The capability of European cities to attract global property investments is examined, and property markets which do well in this competition are detected in this study. Sweby's study supports the hegemony of global powers over local societies in theory because in this perspective the success of property markets is reduced to their ability to attract global investors to their local social constructs. However, according to OIA, a property market also has a local performance besides its global performance because every property market has a specific local setting and a specific local mechanism. In addition, Sweby perceives property markets as competing components on a global scale. In contrast, property markets may also include some complementary processes of each other. For example, international property companies such as Merrill Lynch, Cushman & Wakefield, King Sturge, CB Richard Ellis, Corio, and Redevco are active in many property

markets around the world. It is possible that property markets in which the same international property companies mostly show activity may act with solidarity and in harmony.

Berry and McGreal (1995) compare the planning systems and property market structures of 17 European cities in their study. According to these scholars, new global economic powers force European cities' spatial structures to change. This study shows that every property market has a specific institutional social organization which is different from those of other property markets. In addition, this study shows that global and local interaction processes run differently in every property market. This study is important here because the present research seeks an answer to the question of how global and local interaction processes run in the specific industrial setting of IRPM, and the study of Berry and McGreal provides a good intellectual basis for this research. Unfortunately, the studies mentioned above do not take the issue of change in property markets into consideration as a process. The first study to examine the change in a property market empirically and in evolutionary terms belongs to Keogh and D'Arcy.

Keogh and D'arcy (1994) added the concept of 'market maturity' to the property literature. They looked at the usefulness of this concept for property markets, and examined relationships between the concept of market maturity and the concepts of market efficiency/performance. In this context, they specified six different categories in order to measure the maturity level of a property market. They selected three global financial centres – London, Barcelona and Milan – and then tried to measure the maturity level of these cities' property markets according to certain categories. Keogh and D'Arcy accepted London's property market as a mature market and accepted Barcelona's and Milan's property markets as emerging markets. Keogh and D'Arcy addressed the complexity of the market maturity concept and underlined its advantages for property studies. Keogh and D'Arcy's study is important for this research because their study proves that the property markets of London, Milan and Barcelona have evolved in different ways in their maturation process. They established a direct link between the institutional setting of a property market and the future performance of that property market. The significance and importance of property market structures become clearer thanks to the establishment of this relationship.

D'Arcy and Keogh (1997) continued to examine changes in property markets in a different study. They emphasized the role of property markets in the explanation of urban spatial development. According to them, property market mechanisms work in complex ways; various actors, rules and institutions have places in the structure of a property market. This study proves that the complex structures and mechanisms of property markets have an important

role in the process of urban growth and development. D'Arcy and Keogh benefited from the categories of market maturity while determining the parameters of the new urban change paradigm in their study. The main contribution of D'Arcy and Keogh's study to the literature is the division of urban change processes into three stages and the establishment of strong relations between these three stages (see Figure 2.1). These stages are named in turn 'property market activity', 'the maturity of urban systems' and 'specific experiences of urban development'. Market maturity is considered as a middle process which helps the re-formation of property market activities. Re-created property market activities change the future spatial and economic structures of city regions. This change has an impact on the competitiveness of cities in globalization processes.

Figure 2.1: Three stages of urban change process from property market's perspective
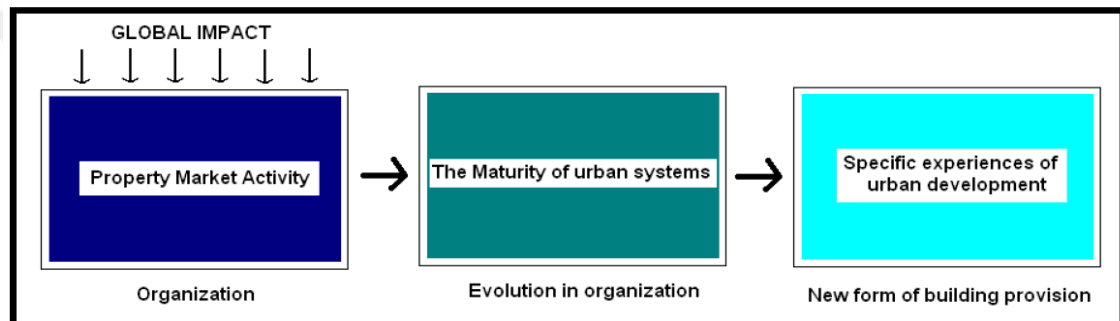
Source: (D'Arcy & Keogh, 1997; illustrated by the author)

D'Arcy and Keogh's study is important for this research because it proves that changes in the structure of a property market do not happen quickly; these changes come true as evolutionary due to global trends and processes. This research addresses the fact that changes in a property market may be examined using a process analysis method which divides the change process into specific time periods dependent on global trends. This research intends to emphasize the impact of global players on local property market structures. Therefore, this research should focus on the first and second stages of the new urban change paradigm and exclude the final stage, and should explore directly how the first and second stages run in detail.

De Magalhaes (1998) tried to explain the impact of global economic processes on cities in a different research study. He examined property booms and crises which were experienced between 1980 and 1990 because of foreign direct capital investment in Sao Paulo. De Magalhaes focused on active role-players in Sao Paulo's property market, and used an economic and institutional framework in this study. De Magalhaes' study makes three different contributions to the property market literature. Firstly, this study shows that Sao

Paulo displays a different behaviour in response to foreign direct capital flows in comparison with other cities. Property market players (users, investors, developers and so on) developed new social structures and practices because of new market conditions which emerged as a result of this behavioural response in Sao Paulo. Secondly, this study stresses that different global economic processes caused the emergence of new agents and institutions in Sao Paulo's property market, and in this way the setting of the property market was changed. Changes in the setting of Sao Paulo's property market increased the number of service providers in that market. New agents and institutions made an effort to carry on property developments in the market. Thirdly, there is an emphasis on different and complex relationships between property markets and foreign direct investment. The study shows that global finance capital may affect the property market directly or indirectly. Deregulation in financial markets and the elimination of barriers to foreign finance capital inflows directed global investors to the most profitable investments with the highest rate of returns on capital. Global concern for the property market increased or decreased because of economic conditions, political stability, confidence/risk environment and the situation of other investment options. De Magalhaes underlined significant relationships between property investments and other investment options in a country's economy in this study. De Magalhaes also stressed the importance of property market environments, which are shaped by global and local interactions and by global finance capital inflows. More importantly, increases and decreases in global finance capital inflows may affect the formation of property market environments. Therefore, the different and specific property market environments should be considered in detail in the examination of structural changes in IRPM.

De Magalhaes continued his studies into market change processes with two similar papers which were published in 2001 and 2002. He examined the role of British property consultancy companies in property transactions in Europe, and compared the internationalization processes of Madrid's and Milan's property markets (De Magalhaes, 2001, 2002). De Magalhaes aimed especially to explore relations between the internationalization process of these cities' property markets and the expansion strategies of British property consultancy companies. In addition, he aimed to understand how global and local interactions which are experienced in Madrid and Milan affect the property markets of these cities. Some findings of De Magalhaes' studies are very important for this research. Firstly, it has been found that international property service companies have established different relationships in two cities' property markets, and global finance capital has entered these property markets in different ways. Again, property service companies have developed different strategies and followed different routes in these property markets. More importantly, international property service

companies have adapted their strategies and operations to the specific institutional, economic, and socio-cultural setting of the local property markets. Secondly, De Magalhaes proposed that a bidirectional interaction process is experienced between global and local companies in these property markets. In other words, he showed that local and global structures started to evolve after the beginning of global and local interactions in these property markets. In short, he points out that a two-sided mutual interaction is seen between local and global players and these interactions may have a role in the process of change in property markets.

De Magalhaes' studies empirically prove that existing institutional and industrial relationships may change and new industrial relationships may be established after the beginning of global and local interactions in property markets. According to De Magalhaes, the change in existing relationships and the establishment of new relationships do not occur accidentally. These changes and new relations are defined carefully by local and global actors because of their logical and rational strategies and specific market conditions. Well-established and well-defined industrial relationships may start a structural change process in a property market. In this situation, the change process of IRPM should be examined as bi-directional from both global and local perspectives. The understanding of the process of change in a property market entails the exploration of how new relationships are established and how existing relationships evolve in conformity with local market conditions in that property market. Therefore, it is decided to examine the activities of industrial companies and their powers in detail in this research in order to explore the change process of IRPM.

2.3.3 Conclusions

According to the literature review, it is understood that every property market has a specific institutional setting and a specific social organization. There is a connection between global trends and structural changes. Local and global interactions can occur anywhere in many different ways. These interactions have to be examined as two-sided, from local to global and vice versa. Property markets do not change but evolve. The structural evolution of IRPM, a 'social construct', is examined in this research. In the examination of this social construct, changing social relations between local and global actors are emphasized. As a first step, a detailed history of the IRPM is presented in the next chapter.

CHAPTER 3: Evolution of Istanbul's retail property market

In the first chapter, the importance of Istanbul and its retail property market was stressed. The general change process of the market from the 1850s to the present was explored. This is the context in which the main research question of this study was formulated. After that, in the second chapter, three different approaches which might be used in the formation of the conceptual framework of this research were examined in detail. Among these approaches, the old institutional approach (OIA) was selected to examine the structural change process of IRPM. In this chapter, starting from the first reference concept of the main research question [changes in the structure of the property market], the researcher focuses on the 1980-2010 period in which structural changes speeded up in IRPM. All developments or events which have been experienced in the last 30 years of IRPM are explored in detail. The recognition of significant changes in the market is important at this stage because, in this way, a realistic theoretical and methodological framework may be developed to examine the structural change process of the market. The change process in IRPM is explored through the conceptual framework of OIA. This chapter was created with the help of secondary resources, such as web portals, published books, magazines and reports related to IRPM, like Chapter 1. OIA strongly emphasizes laws, institutions, actors and social relations. Therefore, institutions which were established and laws which were enacted after 1980 in IRPM are listed. Actors who have been involved in the sector at different times are also listed in tables. This chapter tries to resolve the IRPM-centred social relations network. Sectoral developments are examined comparatively from legal, industrial, institutional and eventual perspectives, with the timing of each development taken into consideration. To understand the change process more clearly, IRPM's 30-year change period is divided into defined, specific and meaningful sub-periods.

3.1 Exploration of significant changes in IRPM after the 1980s

Turkish entrepreneurs, especially the leading group companies of Turkey, increased their foreign travels to developed countries after the 1980s in line with state's foreign expansion policy. For the first time, Turkish entrepreneurs met with a 'shopping centre' as a new retail concept on one of these trips. Shortly after this meeting, by direction of Turkey's Prime Minister Turgut Ozal, a shopping centre which is very similar to a shopping centre located in the USA was developed by Bayraktar Group Company with local capital stock in Istanbul. This shopping centre was 'Houston Galleria' which is located in Texas, USA. The local developers of the first shopping centres of Istanbul drew their inspiration from this shopping centre. Vakiflar Bank, which is a public bank, also gave financial support to this project. In short, IRPM became

acquainted with the first modern organized retail building through the 'Galleria shopping centre[1]' in 1988 (see Figure 3.1).

Figure 3.1: Galleria shopping centre – the first modern organized retail building of Istanbul

Source: (Waller, 2011)

Istanbul's first modern shopping centre became of interest both in Istanbul and throughout Turkey. People from every corner of the country came to Istanbul to visit this centre. Local entrepreneurs who noticed the warm interest towards this shopping centre decided to build more new shopping centres in Istanbul. A competition began among local group companies to develop and invest in shopping centres in the city. This development trend and competition among local group companies continued until the beginning of the 2000s and then slowed down because of local financial crises in Turkey. In total, 31 shopping centres were developed between 1988 and 2003 in Istanbul (see Table 3.1).

Table 3.1: Shopping centres of Istanbul between 1461 and 2003

Name of Shopping Centre	Date	Location in Istanbul	Developer/Investor	Investment Capital	Size (m^2)
Grand Bazaar	1461	Old City	Mehmed II	Charitable Fund	30,700
Mahmutpasa	1462	Eminonu	Mahmut Pasha	Charitable Fund	20,500
Egyptian Bazaar	1660	Eminonu	HaticeTurhan Sultan	Charitable Fund	16,200
Galleria	1988	Atakoy	Bayraktar Group Co.	Local Capital	42,974
Atrium	1989	Atakoy	Nurol Group Co.	Local Capital	11,232
AkMerkez	1993	Etiler	Akkok Group Tekfen Group Istikbal Group	Local Capital	34,600

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[1] Galleria shopping centre is located in Istanbul's Atakoy neighbourhood. Galleria is a part of Atakoy Tourism Complex which includes a marine, a hotel and a shopping centre. In addition to shopping facilities, Galleria also features a life style centre with a variety of sports and entertainment options. It is spread over four floors. The basement floor houses big brands, restaurants, cafes and a supermarket. There was an ice skating rink on this floor in the past. The shopping continues on the ground floor. The first floor contains a bowling alley, a café and some stores. The second floor houses a cinema and a pub.

Capitol	1993	Altunizade	Aksoy Group	Local Capital	31,000
Carousel	1995	Bakirkoy	Bayraktar Group Company	Local Capital	24,400
CarrefourSA	1995	Icerenkoy	Carrefour Nederland BV Sabanci Group	Foreign Capital Local Capital	47,250
CarrefourSA (hypermarket-anchored)	1996	Kozyatagi	Carrefour Nederland BV Sabanci Group	Foreign Capital Local Capital	31,000
Migros (hypermarket-anchored)	1997	Beylikduzu	Koc Group	Local Capital	33,000
Maxicity	1998	Silivri	Hamoglu Group	Local Capital	45,000
Mass Plaza	1998	Gaziosmanpasa	Mass Cable	Foreign Capital	22,000
Mayadrom	1998	Akadlar	Maytur Co.	Local Capital	2,976
Profilo	1998	Mecidiyekoy	Profilo Group	Local Capital	40,800
Polcentre	1998	Levent	Polat Holding	Local Capital	15,000
Olivium	2000	Zeytinburnu	Emintas Construction Co.	Local Capital	33,560
M1 Tepe (hypermarket-anchored)	2000	Kartal	Metro Group	Foreign Capital	41,000
Kadir Has	2000	Bahcelievler	Has Group	Local Capital	17,500
Carrefour Vega (hypermarket-anchored)	2000	Umraniye	Carrefour Nederland BV Sabanci Group	Foreign Capital Local Capital	60,630
CarrefourSA (hypermarket-anchored)	2001	Haramidere	Carrefour Nederland BV Sabanci Group	Foreign Capital Local Capital	17,831
KuleCarsi	2001	Levent	Turkey Is Bank	Local Capital	3,720
Maxi	2001	Bahcelievler	Hamoglu Group	Local Capital	11,000
Metrocity	2002	Levent	Gumussuyu Carpet	Local Capital	32,638
Mayadrom	2002	Etiler	Maytur Co.	Local Capital	3,350
Tepe Nautilus	2002	Kadikoy	Tepe Group	Local Capital	51,776
Aymerkez	2002	Mimarsinan	Aydinli Group	Local Capital	24,000
Tatko	2003	Gayrettepe	Astay Construction Co.	Local Capital	13,100
Tat Towers	2003	Zincirlikuyu	Eczacibasi Group	Local Capital	60,000
Atrium	2003	Levent	Eczacibasi Group	Local Capital	12,000
CarrefourSA (hypermarket-anchored)	2003	Bayrampasa	Carrefour Nederland BV Sabanci Group	Foreign Capital Local Capital	25,030
Maxicity	2003	Cengelkoy	Hamoglu Group	Local Capital	13,500
Passage Markiz	2003	Beyoglu	Aksoy Group	Local Capital	2,500
Town Centre	2003	Bakirkoy	Koc Group	Foreign Capital	12,000

Source: Compiled by the author

Throughout the 1980s, the Turkish government introduced several legal economic reforms for improving Turkey's economic ties with other countries and for attracting foreign direct capital into Turkey (for details, see Table 3.10). For these purposes, several public institutions were founded by the government such as International Investors Association of Turkey in 1980, Turk Eximbank in 1987 and Foreign Economic Relations Board in 1988. Some international brands (for example; McDonalds, KFC, Pizza Hut, Nike, Adidas, Puma, Pierre Cardin, US Polo, Lacoste, Swatch, Mark & Spencer, Burger King and so on) started to be involved in Istanbul's retail market. In this context, Turkey made an application for full membership to the European Economic Union in 1987.

Despite some important developments which were related to financial markets and were experienced in the 1980s, the impact of liberal economic policies started to be seen in the retail property market especially after the 1990s. Two international hypermarket chains, Carrefour Nederland BV[2] and Metro Group[3], were involved in Istanbul's retail market at the beginning of the 1990s as a result of governmental efforts to attract foreign direct investments into Turkey. These hypermarket chains found themselves strong local partners[4] in the involvement process of the Turkish retail market. With the help of their powerful local partners, these international chains developed many hypermarkets not only in Istanbul but in the big cities of Anatolia. The retail property market was underdeveloped and shopping centres were very new at that time in Turkey. In line with the local shopping centre development trend, these chains started to develop and invest in hypermarket-anchored shopping centres in Istanbul (see Table 3.1) and Anatolia. The involvement of international hypermarket chains in Turkey produced a strong effect in the Turkish retail property market. Whether they were chain stores or independent stores of different sizes, many supermarkets were opened rapidly by local small and middle size enterprises in Turkey, especially in Istanbul. The 1990s became transition years in which grocery stores developed into markets/supermarkets and in which supermarkets developed into larger supermarkets or hypermarkets in the Turkish retail market (see Table 3.2 and 3.3). This was important that 58% of all supermarkets in Turkey were in Istanbul in 1998 (see Table 3.4).

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[2] Carrefour Nederland BV is a French-based international hypermarket chain. Carrefour opened its first hypermarket in Istanbul in 1993. It then established a joint-venture partnership with local Sabanci Group Company in 1996 (60% Sabanci, 40%Carrefour). This company has been titled as CarrefourSA. CarrefourSA opened its first shopping centre in the same year in Adana. It continued to open new hypermarkets and shopping centres in Istanbul and Anatolia until 2005. Finally, CarrefourSA purchased Endi and Gima Express supermarkets, which were the leading local supermarket chains of Turkey, in 2005 and became the leader retailer of the Turkish retail market.

[3] Metro Group is a Deutch-based international group company. The local builder partner of Metro Group was Tepe Construction in Turkey. Metro Group opened its first Cash & Carry store in 1990 in Istanbul and opened its first shopping centre (M1 Real) in 1998 in Ankara. This group became a developer and investor of many cash&carry stores (Metro), hypermarkets (Real) and Electronic/Technology Stores (Media Markt and Saturn) in Istanbul and Anatolia by 2010. The group also contains a logistics company, an asset management company and an information technology company which already display activity in Turkey.

[4]Sabanci Group is the local partner of CarrefourSA Company in Turkey. Sabanci Group was founded in 1967 as a group company. The group has been the leading industrial and financial conglomerate of Turkey since the 1970s. The companies of the group are market leaders in their respective sectors, today. The group's main business units include financial services, energy, retail, cement, automotive, tire and tire reinforcement materials.

Tepe Construction is one of the companies of Bilkent Group which was established in 1969. Bilkent Group is operating in construction, industry, information and communication technologies, investment and service sectors. Tepe was the leading construction company at the beginning of the 1990s in Turkey. It was also the local builder partner of Metro Group in the 1990s.

Table 3.2: Types of retail stores and their growth rate between 1993 and 1996 in Turkey

Type of Retail Store	Size (m^2)	Number of Cashier	Growth Rate between 1993 and 1996 (%)
Hypermarket	2500	8	84
Large Supermarket	1000-2499	2	63
Small Supermarket	400-999	2	34
Supermarket	100-399	2	89
Market	51-99	1	15.8
Grocery Store	10-50	1	-15.8

Source: (AC Nielsen Zet, 1997)

Table 3.3: Number of retail stores between 1996 and 1999 in Turkey

	1996	1997	1998	1999
Hypermarkets	37	51	100	105
Large Supermarkets	95	135	178	227
Small Supermarkets	289	414	487	571
Supermarkets	895	1082	1370	1518
Markets	10,755	11,417	12,192	13,247
Grocery Stores	164,366	159,171	155,420	148,925
TOTAL	176,437	172,270	169,747	164,593

Source: (AC Nielsen Zet, 1999)

Table 3.4: Number of varied retail stores in the Marmara Region and in Turkey

Location	Supermarkets	Markets	Grocery Stores	Others	TOTAL
Marmara Region(includes Istanbul)	1,044	5,361	43,669	16,618	66,692
TURKEY	2,135	12,192	155,420	41,904	211,651

Source: (AC Nielsen Zet, 1999)

The second half of the 1990s also became transition years in which some local property agencies developed into consultancy companies because demand for consultancy services grew dependent on the increase of local and international hypermarket and shopping centre developments in IRPM. Some local property agencies came into prominence with respect to the provision of consultancy services in the market (such as P&D, Pamir&Soyuer, Kuzeybati, Turyap, Mujde and so on). Some of these local property agencies started to develop institutional connections and permanent cooperation (for example, franchise[5], partner alliance, etc.) with international property consultancy companies (such as Healey&Baker, DTZ, Cushman&Wakefield, Remax, Colliers Resco, CB Richard Ellis and so on).Thus, these active and

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[5] Franchise: a right or license that is granted to an individual or group to market a company's goods or services in a particular territory under the company's trademark, trade name, or service mark and that often involves the use of rules and procedures designed by the company and services (as advertising) and facilities provided by the company in return for fees, royalties, or other compensation (Seth and Randall, 1999).

energetic agencies gained a global identity while keeping their local identity in the market. Consequently, IRPM was acquainted with international property service companies by the middle of the 1990s.

An institutional necessity for an association was born as a result of the rapid growth of IRPM at the hands of local and international hypermarket and shopping centre developments in the 1990s. The Turkish Council of Shopping Centres and Retailers (AMPD) was founded by the leading retail market players of Istanbul in 1994 in order to gather every player in the retail sector under one roof with the aim of representing and modernizing the Turkish retail market. In 1994, there were very few shopping centre developers[6] and local[7] and international brands[8] in the market. Therefore, all shopping centre developers and brands were gathered under this association in the knowledge that they were all dependent on each other and also they were all in the same boat. AMPD, which was founded with the hands of the managers of the leading group and retail companies in Istanbul, took the right of representation of the Turkish retail market.

Turkey made important liberal economic progress in the membership process for the European Economic Union and became a member of European Customs Union in 1996. This membership speeded up the involvement of international retail chains in Istanbul's retail market. Many local retail market players, who were mostly local group companies based in Istanbul and had been active in varied sectors, adapted themselves to the changing market environment and then became the representatives, distributors or dealers of these international brands in the retail market (ARTM Members, 2011). IRPM, which grew and became internationalized to a certain extent between 1988 and 1996, continued its growth between 1996 and 2003 thanks to international brands and international property service companies which were involved in the retail market in this period. IRPM introduced a new type of industrial company in 1998: Real Estate Investment Trusts (REITs)[9]. Following the enactment of REITs law in the Parliament, the first REITs were established by the leading banks and group companies in Turkey (see Table 3.5).

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[6] Only Five; these were Bayraktar Group, Nurol Group, Akkok Group, Tekfen Group and Aksoy Group

[7] About fifteen; some of them were Vakko, YKM, IGS, Beymen, 19MayisMagazalari and so on. This data was taken from the official website of United Brands of Association (BMD).

[8] About 20; some of them were McDonalds, KFC, Pizza Hut, Nike, Adidas, Puma, Samsonite, Gucci and so on. This data was taken from the official website of Registered Brands of Association (TMD).

[9] A REIT is a corporation or trust that buys and manages shares in a real estate portfolio, direct real estate or real estate loans. The REIT earns profits for its shareholders through rents and capital gains. Certain tax advantages are offered to a REIT, dictated by applicable federal and state laws and procedures (Investor Glossary, 2011).

Table 3.5: Real Estate Investment Trusts (REITs) in Turkey

Date of Establishment	Name of Real Estate Investment Trust (REIT)	Owner
1996-2000	AK Merkez	Akkok Group &Tekfen Group
	Alarko	Alarko Group
	Atakule	Vakifbank
	Osmanli/Dogus GE	Garantibank
2000-2004	EGS	EGS bank
	Ihlas / Y & Y	Ihlas Group
	Is	Isbank
	Nurol	Nurol Group
	Vakif	Vakifbank
	YapiKrediKoray	YapiKredi Bank
2004-2008	Ozderici	Ozderici Group
	Pera	Global Yatirim Group
	Saglam	Yildiz Group
	Sinpas	Sinpas Group
	Idealist	Hektas Group
	Reysas	Reysas Group
	Torunlar	Torunlar Group
2008-2010	Akfen	Akfen Group
	Albayrak	Albayrak Group
	Bayraktar	Bayraktar Group
	Buyukhanli	BuyukhanliGorup
	EmlakKonut	Emlank Bank
	Kiler	Kiler Group
	Marti	Marti Group
	Maya	Maya Group
	Mesa	Mesa Group
	Ozak	Ozak Global Group
	Tuna	AsyaKatilim Bank
	Servet	Sinpas Group

Source: (GYODER, 2011)

The form of the Turkish REITs Law was totally modelled from the American REITs Law; so the law was in an international format in terms of its content and context. The owners and managers of the first REITs were gathered under an association in a very short time. The Association of Real Estate Investment Companies (GYODER) was established in 1998. Only 2 shopping centres (AK Merkez and Atakule) were holding a place in the portfolio of existing REITs at the beginning of the 2000s. The first REITs had not become very active in their first 6 years in the Turkish property market; but from its establishment GYODER was a very active and outward-looking association. GYODER soon took the right of representation of the Istanbul property market after 2000 through the organization of local and international property market conferences, through the publishing of property market reports, through the development of connections with international property investors and through negotiations with the Turkish Government for the future of the Istanbul property market (see Table 3.6).

Table 3.6: Activities of GYODER between 2000 and 2010

Activity	Title	Date
Conferences	Housing Finance and Turkey Conference 1	9-10 November 2004 (ISTANBUL)
	Housing Finance and Turkey Conference 2	17 November 2005 (ISTANBUL)
	Transnational Real Estate Investments and the Globalisation of REITs	3 November 2006 (ISTANBUL)
	Housing Finance and Turkey Conference 3	15 November 2006 (ISTANBUL)
Real Estate Summits (International)	Real Estate Summit - I	28 April 2000(ISTANBUL)
	Real Estate Summit – II	17 - 19 April 2001(ISTANBUL)
	Real Estate Summit - III	2 - 4 May 2002 (ISTANBUL)
	Real Estate Summit – IV	13 May 2004 (ISTANBUL)
	Real Estate Summit – V	9 - 10 May 2005 (ISTANBUL)
	Real Estate Summit – VI	2 - 3 May 2006 (ISTANBUL)
	Real Estate Summit – VII	25 - 26 April 2007 (ISTANBUL)
	Real Estate Summit – VIII	4 - 5 January 2008 (ISTANBUL)
	Real Estate Summit – IX	3 January 2009 (ISTANBUL)
	Real Estate Summit - X	15-17 January 2010 (ISTANBUL)
	Developing Cities Summit	7-8 January 2010 (BURSA)
	Developing Cities Summit	1-3 November 2010 (KONYA)
Publications (Both in Turkish and in English)	Real Estate Research Report – I	
	Real Estate Research Report – II	
	Real Estate Research Report – III	
	Real Estate Research Report – IV	
	Real Estate Research Report – V	
	Real Estate Research Report – VI	
	Real Estate Research Report – VII	
	Real Estate Research Report - VIII	
	Main Indicators of Real Estate Sector in Turkey 2008	
	Main Indicators of Real Estate Sector in Turkey 2009	
	The Turkish Real Estate Market After the Global Crises and Prognoses 2015	

Source: (GYODER, 2011); organized by the author

Many supermarket chains were set up in the Turkish retail market by public and private entrepreneurs before 2000 (see Table 3.7). The leading local supermarket chain of the Turkish retail market (Migros) called an international property management company (ECE Asset Management), which was based in Germany, to Istanbul and it handed the management of its local supermarket chain to this international management company. Thus, the first international property management company was involved in IRPM in 2000 with the invitation of a local group company (Koc Group).

Table 3.7: Leading retailers of the Turkish retail market between 1954 and 1999

Name of Hypermarket /Supermarket Chains	Number of Stores	Date of Foundation	Investment Capital
Gima	78	1954	Local Capital (Public)
Migros	128	1954	Local Capital (Public) + Foreign Capital
OrduPazari	23	1963	Local Capital (Public)
Yimpas	46	1982	Local Capital (Private)
Begendik	15	1986	Local Capital (Public)
Tansas	174	1986	Local Capital (Public)
Metro	6	1988	Local Capital (Public)
Carrefour	7	1991	Foreign Capital
Makro	11	1993	Local Capital (Private)
Sok	217	1996	Local Capital (Private)
Real	6	1998	Foreign Capital
Bakkalim	145	1999	Local Capital (Private)

Source: (AMPD, 2006)

The 1990s were the years of great instability for Turkey in general; the Turkish government changed 10 times in just 10 years. Turkey entered the new millennium with two severe earthquakes[10] and two significant local financial crises[11]. The Turkish financial sector, which grew during the 1990s in an unhealthy and problematic way[12] (Kone, 2003), crashed in 2000 and a three-year economic recession started in Turkey (see Figure 3.2 to see the deep effect of financial crises in Turkey's economic growth). As happened in every other sector, many companies went bankrupt[13] or came near to bankruptcy in IRPM. Some local supermarket chains, which grew dramatically in the Turkish retail market in the 1990s and which took a good share of the market, also came near to bankruptcy in the recession period. Some of these local supermarket chains[14] were bought after the recession period by international hypermarket chains, which have now been displaying activity in the Turkish retail market for 10 years. These acquisitions significantly increased the power and efficiency of international hypermarket chains in the Turkish retail sector (AMPD, 2006).

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[10] 1st Earthquake: 17 August 1999 (Strength=7.4), 2nd Earthquake: 12 November 1999 (Strength=7.4)

[11]1st Financial Crisis: November 2000, 2nd Financial Crisis: February 2001

[12]Please see Section 7.4 in Chapter 7 for the details of problematic growth of the Turkish banking sector in the 1990s.

[13] In total, 1806 companies operating in the Turkish property market were closed between 2000 and 2003 (TUIK, 2010)

[14]Kipa local supermarket chain was sold to Tesco (UK-based) in 2003; Gima and Endi local supermarket chains were sold to CarrefourSA (France-based) in 2005; Tansas, Sok, Makrocenter and Migros were sold to BC Partners (UK-based) in 2008.

Figure 3.2: GNP growth rate of Turkey [1977-2008]
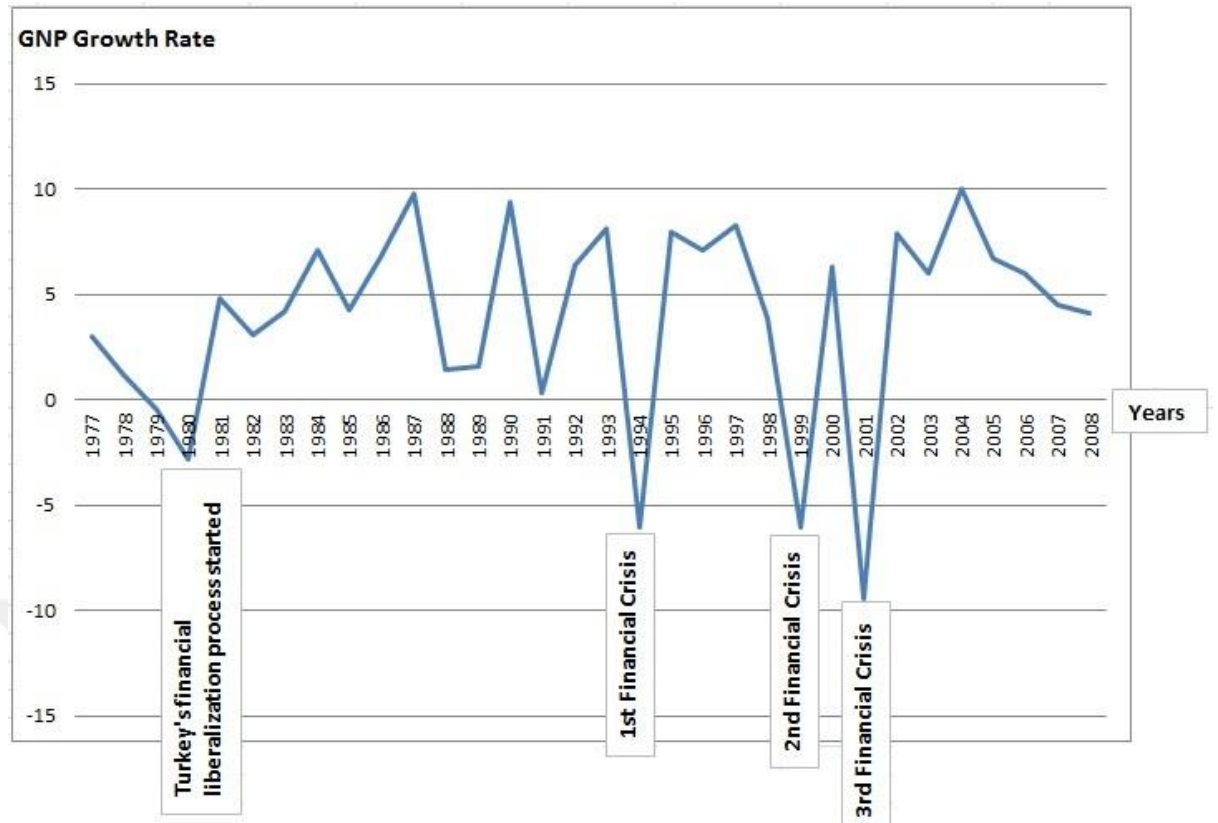
Source :(Turkstat, 2011)

Existing local and international shopping centre investors decided to stop their new shopping centre developments because of the economic recession in Turkey. Only their on-going projects[15], which started before the financial crises, were completed in the recession period. The Turkish financial and banking system was restructured and programmed by direction of the International Money Fund (IMF) in 2001. This was the 19th Stand-by Agreement between Turkey and IMF which covered the 2002-2004 period. In line with this, some public banks were privatized; again, some local private banks were sold to international investors[16]. Therefore, the Turkish financial and banking system has been liberalized and internationalized after the local financial crises.

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[15]There were in total 19 shopping centres which had been started to be developed before the financial crises. For these shopping centres, see Table 3.1.

[16]Demirbank was sold to HSBC (UK-based) in 2001; Kocbank (57,42%) was sold to Unicredito (Italia-based) in 2005; Disbank(89%) was sold to Fortis Group (Holland-based) in 2005; TEB(50%) was sold to BNP Paribas (European-based) in 2005; Finansbank (46%) was sold to National Bank of Greece (Greece-based) in 2006; Denizbank (75%) was sold to Dexia (France-Belgium-based) in 2006; MNG bank (91%) was sold to Bank Med and ArapBanl Plc. (Lebanon-based) in 2006; Sekerbank(33,98%) was sold to TuranAlem (Kazakistan-based) in 2006; Tekfenbank (70%) was sold to Eurobank EFG (Greece-based) in 2010.

Transactions between the local and international companies of the banking and retail sectors occurred through the medium of international service companies who are professional in international company transactions (for example; Deloitte, Pricewaterhouse Coopers, Ernst&Young, Isi Dealwatch and so on). Thus, international consulting and service companies who were experts on several issues (such as audit, corporate finance, tax and legal, assurance, transactions) became involved in Istanbul's financial market as well as in IRPM. For the first time, property valuation activities started in the Istanbul property market as a result of bank and company transactions which happened between local and international players in recession years (Real Estate Appraisal Companies, 2011). Some property consultancy and agency firms started to make property valuation works after 2000 in order to meet demand for property appraisal services in the property market. The Appraisers' Association of Turkey (DUD) was founded in 2001 to improve the appraisal profession in Turkey and to introduce Istanbul's property market to international valuation standards.

Two associations were founded by local and international retailers and brands in Istanbul's retail market in recession years. The first association is the Association of United Brands (BMD), which was established in 2001 to decrease the negative effects of the crises on Turkish retailers and for supporting Turkish brands in changing retail market conditions in Istanbul. BMD worked for developing local manufacturers and retailers into national brands; it also supported Turkish brands with respect to open chain stores in Turkey and abroad. The second association is the Association of Registered Brands (TMD), which was established in 2002 for gathering international brands and their local distributors/representatives/dealers under one roof in Istanbul's retail market. It might be said that IRPM almost completed its institutionalization[17] process between 1994 and 2003, with the exception of the Turkish Retailers Association (TPF) and the Association of Shopping Centre Investors (AYD) which were established in 2006 and 2008, respectively.

Many significant economic reforms were introduced by successive Turkish governments between 1994 and 2004. Despite political and economic instabilities and local financial crises, Turkey adapted its laws and regulations to the European Union laws and regulations significantly in this period (Hoekman & Togan, 2005). In line with the adaptation process of Turkey to the European Union, some important legal arrangements (such as 4734-Public Procurement Law in 2000, 4708-Building Inspection Law in 2001, 5216-Metropolitan Municipality Law in 2004, 4875-New FDI Law in 2003) were achieved regarding the Turkish property market. The most important change among these legal arrangements was the

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[17] You can find the full list of these associations on Table 7.1 in Chapter 7.

revision of the Turkish Foreign Direct Investment Law in 2003. This revision opened the legal door for foreigners to buy a property in Turkey. Following this legal change, some local associations (esp. GYODER) and property service companies (for example, DTZ Pamir&Soyuer, Kuzeybati Savills, Cushman & Wakefield P&D and so on) quickly started to work for attracting global investors into the Istanbul property market.

After a period of coalition governments which continued for about 10 years and brought financial instability and crises in Turkey, the AK Party came to political power with an overall majority after a democratic election in 2002. After this date, the negative effects of the crises decreased gradually and a political and economic stabilisation process began in Turkey (Gonenc, et al., 2006). The new Turkish government embraced a free liberal economic policy and turned its face to western world (Onis and Senses, 2009). As a result of the intensive diplomatic efforts of the new government, Turkey started full membership negotiations with the European Union at the end of 2004. The start of the full membership process for Turkey to join EU contributed to the political and economic stability in the country and also increased the international credibility of Turkey (Togan, 2005).

2005 became an important year for the Istanbul property market because the market has been subject of great attention from foreign investors. The efforts of local players to attract foreign direct capital into IRPM showed its positive result. Half of the shares of 'AK Merkez', which was one of the first shopping centres in Istanbul and which was holding a place in the portfolio of AK Merkez REIT, were sold to Corio N.V. [a European-based international retail property company]. In addition to this transaction, 'Forum Bornova', which was held in the portfolio of Turkmall [a local shopping centre development and investment company], was sold to Multi Corporation [a European-based international property investment company]. These two transactions at international level caused local and international players to see the value of Turkish shopping centres in the global market. The awareness of high profitability in the Turkish shopping centre market and the start of full membership process for Turkey to join EU caused international investors to increase their activity in the Turkish retail market; as a result, a shopping centre boom started in Istanbul and in Turkey after 2005 (Istanbul Real Estate Market Report, 2007)(see Figure 3.3).

Figure 3.3: Shopping centre developments in Istanbul [Gross Leasable Area (GLA) & Unit]
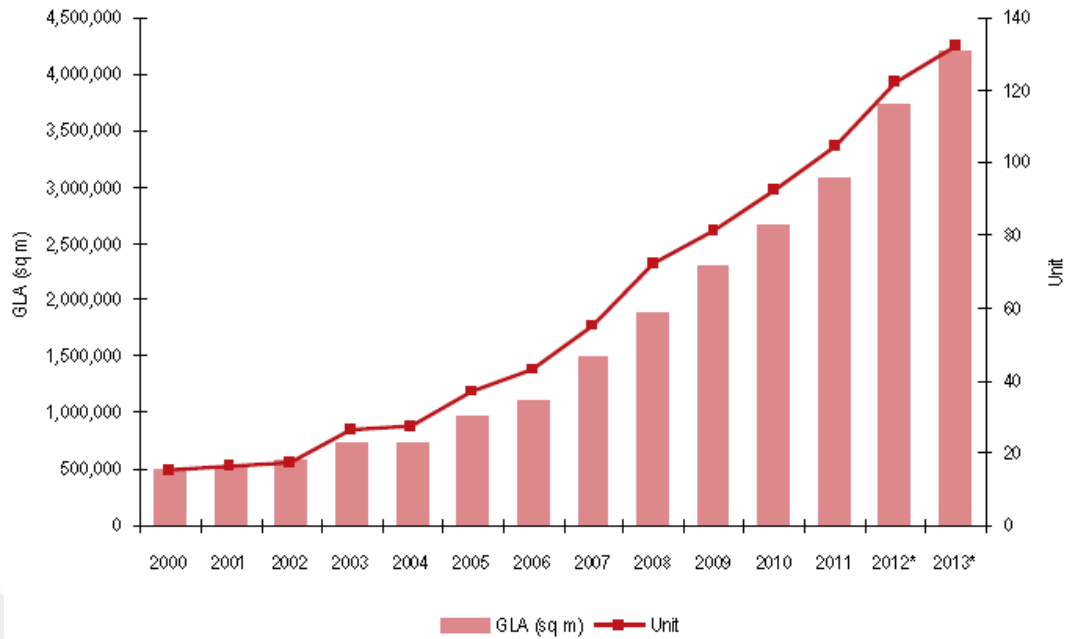
In just 6 years, between 2004[18] and 2010, 86[19] new shopping centres were developed by local and international property investment companies in Istanbul (see Table 3.8). Some of these shopping centres were developed by local developers with local investment capital and some of them were developed by international developers with foreign investment capital.

Table 3.8: Shopping centres which were developed between 2004 and 2010 in Istanbul

Name of Shopping Centre	Location in Istanbul	Developer/Investor	Investment Capital	Size (m^2)
Airport Outlet	Atakoy	Londra Camping	Local Capital	32,000
Acr Loft	Kavacik	Acarlar Holding	Local Capital	40,000
Akasya	Acibadem	Sinpas REIT Akkok Group	Local Capital	86,500
Akbati S.C.	Esenyurt	Akkok Group	Local Capital	64,000
Aquarium	Bayrampasa	Dalkiran Group	Local Capital	10,234
Armonipark Outlet	Sefakoy	Ozsaya Construction	Local Capital	71,000
Astoria	Esentepe	Astas	Local Capital	35,000
Asyapark	Umraniye	Erpa Group Hatipoglu Group	Local Capital	35,000
Atirus	Buyukcekmece	Kapicioglu Mining	Local Capital	11,000
AutopiaOto	Esenyurt	Kelesoglu Construction Gul Construction	Local Capital	46,761
212 Istanbul Power Outlet	Bagcilar	Akin Holding	Local Capital	56,000

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[18] 2004 was the year in which the recession had finalized, full membership negotiations for Turkey to join the EU have started and the new FDI law that allows foreigners to buy a property in Turkey enacted. All these important developments have started a new period in the property market.

[19] 31 Shopping centres which were developed before 2004 is excluded from the total number (116).

Beylicium	Beylikduzu	Oztas Construction	Local Capital	20,000
Carium	Buyukcekmece	ZTK	Local Capital	5,754
Carousel	I.Bakirkoy	Baymer	Local Capital	76,500
City's Nisantasi	Nisantasi	Gulaylar Group	Local Capital	52,000
Colony Outlet	Florya	Sen Family	Local Capital	7,000
Deposite Outlet	Basaksehir	Sinpas REIT	Local Capital	-
Blackout Boutique	Mecidiyekoy	Tudas A.S.	Local Capital	-
Capacity	Bakirkoy	Uzman Construction Kelesoglu Construction Kameroglu Construct. Gul Construction Beyaz Construction Zirve Construction	Local Capital	149.581
D'silva	Buyukcekmece	Ilhanli Textile	Local Capital	41,000
Dunya	Yesilkoy	Istanbul World Trade Centre	Local Capital	18,000
Ekinoks	Beylikduzu	Ekinciler and Partners	Local Capital	-
Espri Outlet	Esenler	Uretmen Group	Local Capital	14,000
Fabulist	Umraniye	Flipper Construction	Local Capital	23,750
Fashion Outlet	Maltepe	Or-mod Textile	Local Capital	3,500
Flyinn	Florya	GulKelesoglu Cons.	Local Capital	12,508
G-Mall	Dolmabahce	GimaGida	Local Capital	4,228
HistoriaFatih	Fatih	GulKelesoglu Cons.	Local Capital	51,440
Ihlamur	Kucukcekmece	Ozyazici Construction	Local Capital	-
Istanbul Optimum Outlet	Kadikoy	Renaissance Group	Local Capital	29,200
Istanbul Outlet Centre	Kurtkoy	Bayraktar	Local Capital	156,000
Istanbul Outlet Park	Kucukcekmece	-	Local Capital	56,000
Istinye Park	Istinye	OrtaGayrimenkul	Local Capital	87,000
Kale Outlet	Gungoren	Kale Yapi	Local Capital	80,000
Kanyon	Levent	Eczacibasi Group Is REIT	Local Capital	37,500
Kaya Millenium	Buyukcekmece	Kaya Holding	Local Capital	15,000
Kozzy	Kadikoy	Renaissance Group	Local Capital	40,000
Markacity	Beylikduzu	-	Local Capital	36,000
Maxicity	Silivri	-	Local Capital	20,000
Mesa Studio Plaza	Kemerburgaz	TGG Construction	Local Capital	6,240
Metroport	Bahcelievler	Mutlu-EvrenConstruc. Gul Construction Kelesoglu Group AEG	Local Capital	30,000
Olimpa	Fatih	Fuzul Group	Local Capital	40,000
Omur Plaza	Bahcelievler	Omur	Local Capital	10,000
Palladium	Kadikoy	Kozken Construction	Local Capital	40,000
Paradise	Buyukcekmece	Yesilkent Construction	Local Capital	9,838
Parkway	Balmumcu	Park Construction	Local Capital	16,000
Pelican Mall	Avcilar	GulKelesoglu Construction	Local Capital	34,500
MKM	Akatlar	Dat Market	Local Capital	15,000
Pendik Park	Pendik	Pendik Park	Local Capital	10,000
Pendorya	Pendik	TSKB REIT	Local Capital	80,000
Prestige Mall	Bahcelievler	Sener Tourism	Local Capital	25,000
Sancak Park	SancakTepe	Uygarkent	Local Capital	10,000
Serdivan	Kabatas	Ada Investment	Local Capital	58,000
Sinasos	Eyup	Sinasos Construction	Local Capital	2,500
Nishistanbul	Yenibosna	Torunlar REIT	Local Capital	10,000

Torium	Haramidere	Torunlar REIT	Local Capital	90,000
Mall of Istanbul	Mahmutbey	Torunlar REIT	Local Capital	135,000
Towncentre	Bakirkoy	Denge Construction	Local Capital	12,000
Uptown	Etiler	Meytur	Local Capital	8,600
Verde Molino	Bahcesehir	Avrupa Construction	Local Capital	11,000
Viaport	Pendik	Bayraktar Group	Local Capital	70,000
Yaylada	Sureyyapasa	Park	Local Capital	36,000
Zorlu Centre	Zincirlikuyu	Zorlu Group	Local Capital	60,000
Kemermall	Kemerburgaz	Mer Construction	Local Capital	8,000
Koza Plaza	Esenler	GarantiKoza	Local Capital	-
Sapphire Tower	Levent	Kiler Group	Local Capital	51,000
Kuyumcukent	Yenibosna	Kuyumcular	Local Capital	127,000
Skyport S.C.	Buyukcekmece	Gul Construction	Local Capital	120,000
My World	Atasehir	Agaoglu Group	Local Capital	13,000
Millenium Park S.C.	Kurtkoy	Ayildirim Construction	Local Capital	11,000
Atasehir's Uphill S.C.	Atasehir	Varyap	Local Capital	13,000
Perlavista	Beykent	Gul Construction	Local Capital	41,000
Cevahir	Sisli	Cevahir Holding Istanbul Metropolitan Municipality	Local Capital Public Capital	117,972
Ancora Istanbul	Goztepe	Acteem Group	Foreign Capital	105,000
BeylikduzuMigros	Beylikduzu	Ece Turkey	Foreign Capital	40,000
CarrefourSAHaramidere	Buyukcekmece	Carrefour Sabanci Group	Foreign Capital	34,735
CarrefourSAMaltepe Park	Maltepe	Carrefour Sabanci Group	Foreign Capital	30,500
Forum Istanbul	Bayrampasa	Multi Development	Foreign Capital	175,000
MeydanMerter	Bahcelievler	Metro Group	Foreign Capital	30,000
MeydanUmraniye	Umraniye	Metro Group	Foreign Capital	70,000
Marmara Forum	Bakirkoy	Multi Development Area Property Partners	Foreign Capital	135,000
Neo-Marin	Pendik	KREA	Foreign Capital	36,000
World Atlantis	Kurtkoy	Revak&BLB Private	Foreign Capital	52,000
Elysium Shops	Bomanti	Vastned	Foreign Capital	7,000
Dogus Power Centre	Maslak	Garanti REIT	Foreign Capital	63,000
Diamond of Istanbul	Maslak	Hema Industry	Foreign Capital	65,000

Source: Compiled by the author from the official websites of all shopping centres

Many and varied cooperation/partnerships[20] (such as partner alliance, franchise, joint venture, acquisition, merger) were developed between local and international companies; besides, many new local and international companies have been established in the property market in this process. The emergence of all these companies changed the industrial setting of the retail market significantly in Istanbul. IRPM grew and was internationalized significantly in this period (see Table 3.9). The property market reached a certain degree of saturation after unplanned and uncontrolled shopping centre developments[21] and investments which were

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[20] Some examples: Multi &Turkmall, Krea&Marrill Lynch, Jones Lang LaSalle &Alkas, Koray& Milestone Capital Partners, Emaar Properties &Atasoy Group, Tulip Panagro&Ozgur Construction, European Future Group &Ozer Group, RemaxMujde, etc.

[21] Uncontrolled and unplanned shopping centre developments caused the emergence of 'shopping centre clusters' and 'shopping centre streets' in some neighbourhoods of Istanbul (For example Beyoglu)

based on high competition between local and international retailers and investors (Turkiye Gayrimenkul Sektoru Raporu, 2010). Then, as a result of global economic crisis which emerged in 2009, international investors' interest in IRPM slightly weakened and a partial recession started in the market once again.

Table 3.9: Growth of the Turkish retail market

TURKEY	1997	2000	2002	2004	2007	2009
Real Size of Retail Market ($ Billions)	30	60	86.7	147.3	221.6	312.5
Organized[22] Retail Market	-	-	28%	30%	35%	43%
Unorganized[23] (Traditional) Retail Market	-	-	72%	70%	65%	57%

Source: (Rekabet Kurumu, 2011; Gurlesel, 2008)

The history of change in IRPM has been mentioned in general up until now. In order to describe and understand this change process better, this process is examined from legal, institutional, industrial and eventual perspectives, comparatively below (see Table 3.10, 3.11, 3.12 and 3.13).

3.2 Examination of IRPM's change process from legal, institutional, industrial and eventual perspectives

Important legal, institutional, industrial and eventual developments which were seen in the last 30 years in IRPM are shown in separate tables below. With these tables, firstly, it is aimed to see clearly varied changes occurred in the market. Secondly, it is aimed to divide this change process into specific and meaningful sub-periods. This table is developed using secondary data collected from academic papers and property market reports.

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[22] Department store chains, discount store chains, hypermarkets, cash&carry stores, shopping centres, outlet stores, electronic/technology store chains.

[23] Single stores

Table 3.10: Legal changes regarding IRPM

	1980	1981	1984	1986	1988	1989	1998	2001	2002	2003	2004	2006	2007
Legal Changes	24 January 1980 Decisions: to decontrol imports; incentives for foreign direct investments, transition to market economy, to shrink public sector and to support private enterprises	Declaration of daily exchange rates by Central Bank; Securities Exchange Act	Foreign trade and foreign exchange were liberalized partly	Istanbul Stock Exchange was opened	Foreign exchange market was opened by Central Bank	Capital movements were liberalized	Real Estate Investment Trusts Law (23517 - Series: VI - 11)	Building Inspection Law (4708)	Public Procurement Law (4734)	Revision of Foreign Direct Investment Law (4916)	Metropolitan Municipality Law (5216)	Corporate Tax Law (5520)	Mortgage Law (5582)

Source: (Compiled by the author from academic papers and property market reports, 2011)

Table 3.11: Institutional changes regarding IRPM

	1994	1997	1998	1999	2001	2002	2003	2006	2008
Institutional Changes	Turkish Council of Shopping Centers & Retailers (AMPD)	Soysal Retail School	The Association of Real Estate Investment Companies (GYODER)	The Chamber of Istanbul Real Estate Agents	United Brands of Association (BMD); Appraiser's Association of Turkey (DUD)	Registered Brands of Association (TMD)	Urban Land Institute Turkey (ULI)	Turkish Retailers Association(TPF)	Association of Shopping Centre Investors (AYD)

Source: (Compiled by the author from academic papers and property market reports, 2011)

Table 3.12: Industrial changes regarding IRPM

	1986	1988	1990	1996	1998	2000	2001	2005
Industrial Changes	International Retailers started to be involved in Istanbul's retail market	Local group companies started to develop shopping centres	International Hypermarket Chains became involved in Istanbul's retail market	International Property Consultation Companies became involved in Istanbul's retail market	Real Estate Investment Trusts (REITs) started to operate in the property market	International Property Management Companies became involved in Istanbul's retail market	International consulting and service companies became involved in the market; Property Valuation Companies started to operate in the Istanbul property market	Acquisitions and mergers started between local and international companies in Istanbul

Source: (Compiled by the author from academic papers and property market reports, 2011)

Table 3.13: Important events occurred in IRPM

	1991	1994	1996	1999	2000	2001	2005	2009
Important Events	Financial Crisis (Reason: Gulf War-Iraq)	Financial Crisis (Reason: Crisis in Mexico, Brazil and Argentine)	Membership to European Customs Union	Earthquakes in the Marmara Region (17 August and 12 November)	Local Financial Crisis (Reason: Liquid deficit, political conflict)	Local Financial Crisis (Reason: Currency crisis)	The start of the full membership process of Turkey to the European Union; AK Merkez shopping centre was sold to Corio N.V.; Forum Bornova(in Izmir) shopping centre was sold to Multi Corporation	Global Mortgage Crisis

Source: (Compiled by the author from academic papers and property market reports, 2011)

All changes which are shown in the tables above under different titles are displayed in one table below. Each symbol listed in Table 3.14 represents a change which is mentioned in Table 3.10, 3.11, 3.12 or 3.13. Sixteen important legal changes, ten important institutional changes, ten important industrial changes and ten important eventual changes occurred between 1980 and 2010 (see Table 3.14). Table 3.14 shows firstly that legal changes in association with IRPM do not occur concurrently; they are made successively on a piecemeal basis. Secondly, the differentiation of global players among themselves into hypermarket chains, property service companies, and property development and investment companies, for example, is remarkable. Every different global player entered the market on a different date. It was mentioned in the previous chapters that the number of active local and international companies increased in the property market and some interactions between local and international companies occurred during this process. Finally, in relation to the increase in the number of market players and the increase in local–global interactions, Table 3.14 shows that both local and international companies directly contributed to the structural change process of the market by establishing associations. In the 30-year change period, very important events happened which might have affected the development of the market. The question of how one development affects the other developments, in other words the interconnection between different developments, stands as an important question for this research. To sum up, this table mainly shows that the structure of IRPM changed significantly in this 30-year period.

Table 3.14: Changes in IRPM from different aspects

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Legal Changes	●	●●			●●		●		●	●							●		●			●	●	●	●		●	●			
Institutional Changes															⌘			⌘	⌘	⌘		⌘⌘	⌘	⌘			⌘		⌘		
Industrial Changes							◆		◆		◆						◆		◆		◆	◆◆				◆	◆				
Important Events												✴			✴		✴			✴	✴	✴				✴✴✴				✴	

● A legal change   ⌘ An institutional change   ◆ An industrial change   ✴ An important event

Source: compiled by the author

3.3 Specific sub-periods in the market change process

If we look at this timetable (Table 3.14), it is possible to divide the change process into specific sub-periods. The first period of the change process covers the years between 1980 and 1994. The financial liberalization process of Turkey started in these years. Turkey passed from a closed to an open economic system, so free market mechanisms started to operate in the country. Local and international companies, which developed and used the first modern organized retail buildings in Istanbul, started their operations in this period, the 'birth period' of Istanbul's modern retail property market. The second period of the change process covers the years between 1994 and 2004. This period started with liberal economic decisions taken in 1994 by the Turkish government, which caused the entry of international hypermarket chains and international service companies to the market, and finished with the revision of the Foreign Direct Investment Law, which fully opened the market to foreign developers and investors. The institutionalization process of the market also began and progressed significantly in this era. The number of local and international companies in the retail property market increased and diversified, and the size of the property market rose from $30 billion to $ 150 billion (see Table 3.9). This period should be called the 'growth, institutionalization and liberalization period' of IRPM. The third period of the change process covers the years between 2004 and 2010. The recession finished and an economic and political stability started in the country in these years. The market developed into a suitable market for foreign direct

investments in this period so the number of local and international property companies (especially development and investment companies) increased dramatically. Many partnerships (especially joint ventures and acquisitions) were seen between local and international companies, so new shopping centre developments and investments speeded up dramatically in Istanbul. The size of the property market rose from $150 billion to $300 billion (see Table 3.9). This period should be called the 'internationalization period' of IRPM.

In summary,

- **1980-1994 period:** 'the re-start of financial liberalizations in Turkey, the birth of the modern retail property market in Istanbul'

- **1994-2004 period:** 'the growth of IRPM, the institutionalization and liberalization of IRPM'

- **2004-2010 period:** ' the internationalization of the property market'

3.4 Conclusions

There are some remarkable and interesting points in the change process of IRPM. **Firstly,** although international trade has existed for a long time in Istanbul, the industrial setting of the retail property market was a predominantly domestic one at the beginning of the 1980s. The change from the local legal and institutional structure to an international one has happened gradually over the last 30 years in the market. **Secondly,** local and international industrial companies interacted with each other in different ways at different times during this 30-year period. For example, interactions occurred between international hypermarket chains and local groups in the first half of the 1990s [Metro–Tepe, Carrefour–Sabanci], between international property service companies and local agencies in the second half of the 1990s [DTZ–Pamir Soyuer, Cushman&Wakefield–P&D], between local hypermarket chains and international hypermarket chains in the 2000s [the sale of local Kipa to international Tesco, the sale of local Migros to international BC Partners], and between international property development and investment companies and local development and investment companies in the second half of the 2000s [Merrill Lynch–Krea, Multi Corporation–Turkmall]. The interactions speeded up especially after the involvement of international property development and investment companies in the market. **Thirdly,** although the structural change process[24] of the market has expanded in the last 30 years in general, structural changes intensified significantly between 1994 and 2004. It is considered that internally connected and

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[24] The enactment of new liberal laws, and the establishment of new public authorities and associations

successive structural changes which occurred between 1994 and 2004 showed their real impact on the market after 2004. Accordingly, the number of global companies and the number of interactions between local and global companies increased dramatically, and then a property boom period started in the market after 2004. **Finally,** local and international companies directly contributed to the structural change process of the market by establishing associations. They gathered under associations and moved in an organized and active way in the market during this process. Some of these associations (e.g. GYODER, AMPD, TMD) worked intensively for the modernization and internationalization of the market. To sum up, IRPM witnessed gradual global and local interactions between various industrial companies; and so the market grew dramatically between 1980 and 2010. The legal and institutional structure of the market changed significantly in this process. The property market was liberalized, institutionalized, modernized and internationalized in this 30-year period.

It is clear that the nature, scope and significance of the developing interrelations between local and international actors in the IRPM are important influences on the construction and operation of this market. This being so, a thorough understanding of global and local relations and the processes that support and mediate them is required. Consequently, the next chapter considers relevant theory.

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CHAPTER 4: Local and global interactions

In Chapter 1, it was emphasized that the arrival of international companies in IRPM to make investments in hypermarkets and shopping centres and the acceleration of legal and institutional changes in IRPM occurred in the same time period [1980-2010]. On the basis of this fact, it was stated that changes in IRPM should not be regarded as separate from Istanbul's global social network. The main research question was formulated as follows on the basis of this argument: "How was the structural change process of Istanbul's retail property market affected by varied interactions between local and international companies?" In Chapter 1, the author focused on the first reference concept which appears in the main research question – 'changes in the structure of the property market' – and explored all legal, institutional, industrial and eventual changes in IRPM, taking the timing of these changes into consideration. Thanks to this exploration, all changes in IRPM are now seen clearly. It is now time to focus on the second reference concept which appears in the main research question – 'local and global interactions'. It is considered that local and global interactions have an important role in the change process of IRPM. Therefore, the aim of this focus is to develop a theoretical framework which may help in the examination of local and global interactions in IRPM.

Before mentioning in detail the various ideas about local and global interaction which appear in the literature, we should consider briefly the main aspects of local and global relations and the development of ideas of local and global interaction over time. In the initial studies on this subject, 'global' is represented by Western states [US, UK, Germany, France and Spain] and their transnational companies, whilst 'local' is represented by states other than Western states. In these studies, Western states and companies, which have the capacity for transnational movement, are accepted as imperialist. Also, it is believed that Western states and companies are so powerful that they can easily control and dominate all developments in other countries. There are many and various resource-rich states which are 'local' according to this perspective. However, these states are assumed to be so weak and powerless that they cannot defend their rights and resources against Western states. Local resources of these states are always in danger of being exploited by Western states or companies. As we have seen, in the first studies of local and global interaction, it is argued that Western states have a one-way control over other states. Relations between local and global are reduced to relations between 'exploited' and 'exploiters'. In time, scholars started to voice the opinion that the 'global' may not be represented only by Western states; any other state or any company from any region which has the ability to move across state borders may represent the 'global'. The idea that the global state or company goes to a different part of the world only for imperialist purposes continued to be held, but scholars became much more focused on the issue of

assimilation of the local [local practices, values, culture, etc.] by the global [the destruction of local elements and the substitution of global elements for local elements] than the issue of exploitation of local resources by the global states. Since local elements may be assimilated by the global, the arrival of global states or companies in a local region is perceived as a threat to the local. Scholars continued to think that the global has a one-way influence on the local, but started to perceive local and global relations as relations between two parties who are 'changed' and 'changer'. Not too long ago, scholars accepted the power of the local against the global. Global and local relations which have been defined as 'active and passive' [the global is active but the local is passive] started to be considered as 'active and active' [both parties are active]. It has been found that a global and local interaction process is not a one-sided process; the local as much as the global contributes to this process and even gives a direction to this process. As a result of this awareness, concepts of 'mutual benefits' and 'cooperation' took the place of 'exploitation' and 'assimilation'. Today, scholars accept that both parties [the local and the global] have an influence on each other in interaction processes. Relations between the local and the global are considered as a complementary relationship between two parties. As seen that local and global interaction ideas have been evolved in time developing cumulatively. Of course, during this process, definitions of local and global concepts and the nature of relations between them have been changed and developed. The historical development of ideas of local and global interaction is examined below under theories of imperialism, globalisation and 'glocalisation' in turn.

4.1 Theories of local and global interactions

Theories of local and global interaction may be grouped under three general titles – 'Imperialism', 'Globalisation' and 'Glocalisation' – in the social science literature. Each theory emerged taking nourishment from the one before so these three theories should be considered as the historical development of ideas of local/global interaction like sequencing series. These three theories are reviewed in turn in this chapter. Among them, the 'glocalisation' theory is selected as the most suitable theory for this study; so this theory is reviewed comprehensively and in depth at the end of this chapter.

4.1.1 Imperialism Theory

This is the earliest theory about global and local interactions in the social science literature. Some other theories in the literature such as 'Westernization', 'Americanization', 'Cultural Synchronization' and 'Colonization' may be considered in the context of the imperialism theory because of their similar theoretical origins. All the theories mentioned are based on the idea of the hegemony of the Western world over other societies or countries (Taylor, 2000; Spybey,

1996). In other words, local and global interactions are seen as a hegemonic issue in all these theories.

> The West is now every where, within the West and outside; in structures and in minds
>
> (Nandy, 1997, p. 170)

The imperialism theory can be defined as the spread of modern America's social structures (capitalism, rationalism, industrialism, bureaucratism, individualism and so on) all over the world. This spread is an imperialist spread; so sub-cultures and local identities are destroyed slowly and gradually during this expansion (Ritzer, 1996). This expansion process has also been described as 'the McDonald/Hollywood/CNN Imperialism' by some scholars (Gowan, 1999; Barber, 1996; Ritzer, 1996; Schiller, 1991). According to this theory, global and local interactions will, in time, bring a universal synchronization and homogenization to the world; in other words, everywhere (countries) and everything (cultures) will gradually become the same and a single structure and culture will then emerge in the world (Norberg-Hodge, 1996; Tomlinson, 1995; Hamelink, 1983). The creation of this single world structure and culture will be carried out through the medium of consumerism, mass media and the English language. This theory looks at global and local interactions from a negative/pessimistic perspective and therefore evaluates an interaction process as an absolute imperialist process. According to this theory, imperialism blocks the emergence of new and alternative structures and cultures in the world. As a consequence of this blockage, humankind will not find effective and creative solutions in the face of future political and economic challenges because of the destruction of cultural diversity and local resources (Golding and Harris, 1997; Petras, 1993; Tomlinson, 1991).

The imperialism theory assumes that countries, cities and markets are managed remotely from one imperial centre. Some scholars assert that Western countries still carry on a global imperialist process in independent developing countries through international investments and trade relations (Harvey, 2003b; Young, 2001). Transnational corporations are very effective tools in this process. Western-based transnational companies' commercial activities on a global scale play a key role in the transfer of Western practices, objects and ideas to new regions. In this way, local landscapes, identities and ideas are developed into Western forms (Ogborn, 2007; Legg, 2007b; Lambert, 2005; Lester, 2001; Clayton, 2000; Driver and Gilbert, 1999a; Golding and Harris, 1997). A specific emphasis on time and space does not exist in the imperialism theory. It is assumed that imperialistic attempts can be made anywhere at any time. Lester (2001) states that imperialism may have one single form or many different forms.

IRPM's experience cannot easily be named a solid one-way imperialist process. The transition of Turkey's economy from planned to liberal was a decision taken by the Turkish government in order to make Turkey a part of the world economic system. Turkey's economic liberalization process was not started under external coercion by the initiatives of Western states. Again, Turkey's application to the European Union (EU) was not enforced by the EU; this application was made as a consequence of the Turkish government's intensive initiatives and strong desire. Next, the involvement of the first global companies in IRPM [for example, the involvement of the first hypermarket chain, Carrefour, and the first supermarket chain, Swiss Migros; the involvement of the first property service companies, Healey&Baker and DTZ; the involvement of the first property development and investment companies, Corio N.V. and Multi Corporation] also occurred as a result of the intensive initiatives and strong desire of local market players. Finally, most of the sectoral associations associated with IRPM were established by local players who wanted to modernize the market in a Western style. Therefore, the main point that must be underlined here is that generally Turkey's and specifically IRPM's internationalization experience is not a one-way process that runs from Western countries to Turkey; nor is it a process which is based on the establishment of a hegemony of Western companies over the sector and on the exploitation of IRPM's resources by transnational companies. The Turkish government and local market players were actively involved in this globalisation process, and they supported the internationalization process of Turkey as well as IRPM for specific purposes. Therefore, IRPM's internationalization experience should be considered as a two-way process, from Western countries to Turkey and vice versa. This two-way internationalization process may not be explained entirely by a solid imperialist view.

This theory's one-way and subjective perspective (hegemonic and imperialist) towards local and global interactions was criticized strongly by many scholars in the 1980s and the 1990s (Pettman, 2005; Kraidy, 2003; Castells and Himanen, 2002; Conti and Giaccaria, 1998). As a consequence of these criticisms, it started to lose its popularity in social sciences at the end of the 1990s. In those years, the globalisation theory, which takes the basic assumptions of the imperialism theory into consideration while approaching local and global interactions in a more realistic way and in more depth, started to gain power in social sciences.

4.1.2 Globalisation Theory

Globalisation is a concept which is often used and discussed by social science scholars today. The word 'global' has been used for more than 400 years in the literature. However, the 'globalisation theory' in social sciences emerged after the 1960s; it started to be used frequently after the 1980s. Globalisation is defined as a process which emerges as a result of the increasing flows of capital, commodities, services, people, information and culture among different regions in the world (Held, 1999; Giddens, 1991). This process gains power in proportion to the degree of mobility of these elements. In parallel to Held (1999), Albrow (1996) and Giddens (1991) define globalisation as the spread of technologies, practices and values all over the world, which may affect the everyday life of humankind. This process is also described as the over-development of world-wide social relations. In this context, the theory is defined as the geographical extension of social processes. The integration of national economies with other world economies in terms of trade, finance and macro-economic policies is also defined by some scholars as a process of globalisation (Gilpin, 1987). In fact, the globalisation process can be defined as a comprehensive change in the nature of social space (Walker, 2000). In sum, it may be said that the basic feature of globalisation processes is that they have a transnational character.

The globalisation theory perceives the world on a very large scale, which is a 'global scale' (Swyngedouw, 1997). The 'global' is a well-defined concept but the 'local' is not a concept which is defined specifically and clearly in this theory. Therefore, this theory is ineffective in describing what is 'local' on this global scale (Ferguson, 1992). The idea of globalisation is based on the hegemony of global homogenization versus heterogenization; so this theory looks at the 'local' from above and outside and assesses the 'global' and the 'local' as two opposite facts. In line with this, the theory argues that the global assimilates the local in time (Giddens, 1998). The dualism of universalism and particularism does not have a place in this theory. In other words, the globalisation theory accepts that there is only a one-way flow in a global and local interaction process, from the global to the local; it ignores possible flows from the local to the global (Giulianotti and Robertson, 2006; Said, 1995; Hall, 1992).

Starting from definitions which have been mentioned above, the main similarities between the imperialism and globalisation theories may be listed as follows. Both theories mention worldwide transnational activities and social processes. These activities and social processes are produced by global actors who see everywhere in the world as their area of activity. Both theories consider that hegemonic and imperialist aims stand behind all types of global expansion, flows and mobility. Both theories believe that, as a result of global expansions, one day, a structural and cultural homogenization will be seen in the world. Therefore, both

theories assert that local entities will inevitably be assimilated by global entities. Both theories focus on global actors and their ideas and activities; local actors and ideas are mostly ignored in both theories. The main differences between the imperialism and globalisation theories may be listed as follows. The imperialism theory sees Western countries as the only global powers and actors, but the globalisation theory accepts that other countries, as much as Western countries, may be global powers and actors and may spread their structural and cultural elements to other regions. The imperialism theory assumes that global processes and activities are managed from one centre in the world, but the globalisation theory talks about a geographically extended network of social relations on a global scale. This global network allows the spread of all types of practices, identities, ideas, commodities and cultures from one place to another. The imperialism theory does not mention a specific time period but the globalisation theory is mainly grounded in the period which started after 1960, in which flows of commodities, people, services and ideas accelerated as a result of developments in transportation and communication technologies around the world. To sum up, the globalisation theory has deeper and more comprehensive explanations of local and global interactions than the imperialism theory.

The globalisation theory claims that local entities are assimilated by global entities, and, as a result, a homogenized global structure and culture emerge at the end of this process. However, some globalisation scholars have recently noticed the fact that heterogenized (hybrid) structures are emerging together with homogenized structures in local and global interaction processes. These scholars have started to pose two basic questions to the globalisation theory. The first question is: 'Is globalisation really happening?' (Fligstein, 2001; Doremus et al., 1998; Berger, 1996; Hirst and Thompson, 1996; Wade, 1996; Krugman, 1994). The second question is: 'Does globalisation really produce convergence?' (Guill'en, 2001; Garrett, 1998; Friedman, 1994; Robertson, 1992; Stopford and Strange, 1991; Giddens, 1990). Scholars who defend different approaches regarding the globalisation theory are divided into two groups. The defenders of the first approach accept that 'globalisation' is a kind of homogenization process (Giddens, 1998). According to these scholars, globalisation is the name of a process which will develop world societies into a single economic, political and cultural form. The defenders of the second approach accept that 'globalisation' is a process in which world societies will find their own differences and re-establish their own identities (Said, 1995; Hall, 1992). According to these scholars, 'globalisation' is a process running between heterogeneous cultures, and globalisation processes emerge as a result of interactions between different cultures. The second approach stresses the fact of 'locality' in interaction processes, and this is an important breakthrough in the globalisation concept.

The emphasis on localities in the globalisation theory entails the re-interrogation of the importance of space in global and local interaction processes. At this stage, it is necessary to understand how the globalisation theory perceives 'space'. Some globalisation scholars have claimed that 'time' and 'space' have become meaningless, so geography has come to an end in this new global age. They assert that a flat, limitless, transnational and supra-territorial global landscape has emerged in the world; this situation is named 'flat world' (Friedman, 2005; Scholte, 2000; Hardt and Negri, 2000; Appadurai, 1996; Giddens, 1995; Ohmae, 1995). Some other globalisation scholars have not shared these views (Harvey, 2004b, 1999, 1982). These scholars have focused on the American Empire's global place-making attempts and the dynamics of this work; they have mainly explored how American companies and institutions use space. In this context, they have analysed some global institutions such as the World Bank and the International Monetary Fund (IMF) to discover the geopolitics of America's global governance (Anderson, 2000b; Gowan, 2003; Peet, 2003; Pieterse, 2004; Smith, 2004; Sparke, 2005; Agnew, 2006). Studies on how product chains re-organize geographies and on how production, trade, allocation and consumption businesses operate on the global economic stage have increased in the last decade (Dicken, 2003; Mittelman, 2000). The exploration of the existence of an unstable and irregular economic map of the world has shifted the interest of globalisation scholars to global and local relations. Because of this shift, globalisation scholars have moved away from ideas like 'the end of states' or 'the end of geography' (Swyngedouw, 2004). The global capitalism perspective suggests that global capitalists enter every country and region easily and give a global structural shape to these countries and regions, removing all local character from these areas. However, Eric Swyngedouw states that this process does not progress as simply as stated in the common 'global capitalism' perspective. He asserts that local actors play an active role in global processes and give a direction to these processes. He also asserts that local geographies are re-created and re-scaled because of the involvement of local actors in these processes (Swyngedouw, 2006, 2004a, 2001). Swyngedouw supports these findings empirically in his studies. Some other social theorists who are interested in the development of contemporary cultural hybrids (for example, Featherstone, 1995) have conducted some studies on the different forms of global cultural differences. New findings in globalisation studies have recently brought popularity to a new global and local interaction theory in social sciences. This is 'glocalisation theory', which approaches global and local interaction processes as two-sided and which takes local elements (actors, identities, culture and so on) into consideration much more than any other theory.

4.1.3 Glocalisation Theory (GT)

The 'glocalisation' theory (GT) is used in social sciences for explaining several social phenomena as being dependent on global and local interactions; for example, Argentinian riots (Assayag, 1999), Japanese film (Auyero, 2001), German environmentalism (Brand, 1999) and Asian beauty pageants (Yomota, 1999). The application of this theory to different fields was extended and diversified after 2000; for example, city management studies (Czarniawska, 2002), urban planning studies (Meir, 2005), media industry (Consalvo, 2006; Hung et al., 2007), language studies (Rhedding-Jones, 2002; Jia-Ling, 2008), community health studies (Kickbusch, 1999), environmental issues (Ramutsindela, 2004), the sport industry (Giulianotti and Robertson, 2004), law studies (Randeria, 2003), journalism (Wasserman and Rao, 2008), the tourism industry (Salazar, 2005), and economic and cultural studies (Heiden & Terhorst, 2007). It should be stated here that 'hybridization' and 'creolization' theories may be considered in the same context as GT because all these theories approach local and global interaction processes as two-sided and they believe that hybrid (heterogenized) products may emerge at the end of these processes.

'Glocalisation' is defined as the interpenetration of global and local cultures, resulting in unique outcomes in different geographic areas (Robertson, 1995, 1992). This theory is used in the literature for understanding and explaining complex relations and connections between global and local entities (Robertson, 1992). Glocal theorists claim that global and local structures and cultures benefit from each other. According to them, a glocalisation process starts after a global activity meets a local activity. This theory assumes that global and local facts are interpenetrated at a specific time in a particular space. A third culture is born from the blending and interpenetration of global and local cultures under suitable conditions. This third culture is not described as the equalization of global and local cultures. It is characterized as a different, independent and new cultural form (Robertson, 1995). In opposition to the ideas of globalisation theorists, glocal theorists do not regard the global and the local as two competing notions. Robertson (1995) points out that the global and the local may include some complementary processes.

It is necessary at this stage to look at the similarities and differences between GT and the other theories that have been mentioned. GT looks at interaction processes from an optimistic and positive perspective whilst imperialism and globalisation theories look at interaction processes from a pessimistic and negative perspective. This is the main difference between them. In contrast to the imperialism and globalisation theories, GT does not approach interaction processes from a hegemonic and imperialist perspective. Instead of assimilation and elimination of local entities by global entities, it mentions mutual cooperation and both

entities' effect on each other. According to GT, both local and global entities undergo a change, and, as a result, hybrid structures and cultures emerge in the world. In contrast to the claim of the imperialism theory, a special emphasis on Western countries in interaction processes does not exist in GT. Imperialism and globalisation theories claim that sub-cultures and local identities will be removed at the end of interaction processes. In contrast, GT argues that sub-cultures and local identities will increase, be diversified and gain power at the end of interaction processes. The imperialism theory asserts that global and local interactions occur especially in resource-rich regions whilst GT considers that interactions may occur in all regions. The globalisation theory talks about varied flows only from global entities to local entities; but GT talks about flows from local to global and vice versa. The globalisation theory focuses on a gradually empowered world-wide social relations network whilst GT focuses on gradually empowered and interconnected social relations at both local and global levels. The globalisation theory does not try to define and describe local entities but the definition and the description of both local and global entities are a requirement in GT. The globalisation theory looks at local entities from above and outside whilst GT looks at them closely from inside. Imperialism and globalisation theories do not emphasize the specific time and space where interactions occur, but a special emphasis on space and time exists in GT.

The basic features of GT are summarized below:

1. GT accepts that global and local interactions are two-sided and local entities are actively involved in an interaction process.

2. GT does not see the global and the local as two competing notions. In contrast, this theory is based on the idea that local and global entities can move and work together under fair terms. The theory claims that global and local cultures benefit from each other; so the global culture may contribute to local cultures while local cultures may also contribute to the global culture in an interaction process.

3. GT underlines the importance of time and space in an interaction process and argues that there can be some structural and cultural products of global and local interactions which are specific to time and space.

IRPM's 30-year experience in terms of local and global interactions shows that GT may provide a more realistic and comprehensive perspective than the imperialism and globalisation theories. Local players have made significant contributions to the internationalization process of the market in an active way through associations and through company-level global–local partnerships. Therefore, GT's two-sided approach towards interaction and its consideration of the active involvement of local actors in these processes matches the events in IRPM, and this makes it a realistic theory for this research. In the case of IRPM, partnerships rather than

conflicts are seen between local and global companies. For example, local companies have established industrial partnerships with global companies, local associations have admitted global players to membership, and local associations have established many institutional partnerships with international associations. Therefore, a collaborationist perspective rather than a conflictual perspective is required for this research. This collaborationist perspective is provided by GT.

In the previous chapters, it was stated that Istanbul has a unique and specific retail property market, and all developments have progressed successively and historically in an interconnected way in the internationalization process of the market. Also, the role and importance of history [time] and social relations [on different scales] in this process were stressed. Indeed, many important events which have deeply affected the development of IRPM occurred in the last 30 years (see Table 3.13 for details). Without taking the timing of all these events into consideration, it is not possible to explain the change process of IRPM. Therefore, GT's special emphasis on time and scale issues and on the definition and description of local entities makes this theory very valuable for this study. It is seen that the main perspective of GT coheres with the case of IRPM and with the objective of this research. Therefore, this theory is selected as the meta-theory of this research.

At this point, a comprehensive review of GT is required. The aim of this review is to develop a theoretical framework. This framework will allow the researcher to examine the global and local interaction process which has occurred in IRPM. In addition, it will be used to explore the structural change process of the property market. This review is also intended to reveal the strengths and weaknesses of GT in the explanation of this change process.

4.2 Review of GT

The origin of the word 'glocal' is related to the word 'dochakuka'. 'Dochakuka' means to make something local in Japanese (Tulloch, 1991). This word as a concept has been used initially to refer to the adaptation of global agricultural techniques to local conditions by Japanese people. Japanese businessmen liked this concept and started to use it to refer to the adaptation of global perspectives to local conditions after the 1980s (Tulloch, 1991). Some scholars use the concept of 'global localisation' instead of 'glocalisation' in the literature (Nederveen Pieterse, 2004; Morley and Robins, 1995; Ohmae, 1992). There is no difference between them in fact but the concept of 'glocalisation' became much more popular than the other after the 1990s in the social sciences. GT was brought into the social science literature by Robertson (1995, 1992). Some other theorists developed this theory and made it much more organized (Roudometof, 2005; Ritzer, 2004; Tomlinson, 1995; Tomlinson, 1991).

Robertson (1992) used this concept firstly for understanding and describing complex relations and connections between global and local processes. He defines the concept of 'glocalisation' as the interpenetration of global and local entities and the production of unique structural/cultural forms in different regions. 'Global' and 'local' are considered as two separate entities in Robertson's definition; so global and local entities need to be identified in interaction processes. Arriving at this separation may be difficult, according to some glocal scholars, because there is a two-way dialectical relationship between global and local entities (Swyngedouw, 2004, 1997). A local entity may be embedded in a global entity because of this close relationship (Robertson, 1995). Drawing definite boundaries between global and local entities may be hard because of the interpenetrated structure of these entities. Swyngedouw (2004, 1997) mentions the fluid and changeable boundaries which exist between global and local entities.

Although some scholars consider the local and the global as fixed scales (Beauregard, 1995), many scholars (for example Kraidy, 2003; Castells and Himanen, 2002; Conti and Giaccaria, 1998) argue that boundaries between global and local entities are not definite and absolute; so a separation between the local and the global is impossible on an analytical level. According to these scholars, local and global entities should not be considered in a hierarchy which is based on differences in scale. More importantly, global and local interaction processes provide an opportunity for the emergence of new indefinite scales which do not form a hierarchy. Swyngedouw (1997) shares this view. He states that the role of certain geographic scales is changed in local and global interaction processes. According to him, new and meaningful scales are produced in these processes. Similarly, Beck (2000) and Bauman (1998a) maintain that glocalisation is a kind of re-stratification process. A new socio-cultural layer emerges after this re-stratification process. This new layer is a synthesis of local and global culture and it works as a step between global and local scales.

Just as glocal theorists are interested in the definition and separation of global and local entities, they are also concerned with the reasons and conditions which bring local and international entities together in interaction processes. According to them, a glocalisation process starts after the meeting of global activities with local activities. Robertson (1995) argues that global trends and processes are internally connected to local power, local technology, local knowledge, local capital and other local resources. In other words, global trends and processes take a form which is dependent on local resources. More precisely, every new global trend removes boundaries between global and local entities and draws new boundaries between them. IRPM became subject to the impact of global trends and processes after the transition of Turkey from a closed economic system to an open and liberal economic

system. Firstly, international brands and retailers started to become involved in the property market in the middle of the 1980s. Secondly, international hypermarket chains followed them and became involved in the market at the beginning of the 1990s. Thirdly, international property service companies became involved in the market at the end of the 1990s. The final global process was experienced after 2005; the property market became subject to considerable interest from foreign investors in comparison with the past decade. IRPM provided huge opportunities for property investors from the beginning of the liberalization process. The high profitability of local investments and the abundance of investment opportunities in the property market started the global trends and processes which have been mentioned in Istanbul. The existence of local retail property professionals who were responsive to global demands and the local resources which were held by these local professionals (knowledge, experience, relations, land, etc.) supported global and local interactions in the property market. In this context, the relationship between global trends and local resources, which was mentioned by Robertson (1995), stands as an acceptable and meaningful relationship for this study. The issue of how resources play a role in the interaction process may be taken into consideration in this study.

Although this theory emphasizes processes and movements in interactions, it does not explain how dynamic relationships are established between local and global entities, the content of these relationships, or when they are established. This is an important gap in the theory. For example, international brands are one of the representatives of global entities in IRPM. International brands (retail chains) initially interacted with local group companies in the middle of the 1980s. This interaction continued until the middle of the 1990s. A new dimension was added to this interaction in 1996 because Turkey entered the European Customs Union in this year. After this entry, many new international brands became involved in the property market, finding themselves new local partners. Later on, the Turkish Foreign Direct Investment Law was changed in 2003; after this change, international property investment companies brought many new international brands with them to the property market. International brands which became involved in the market after 2005 found themselves new local partners; they also developed strategic partnerships with some local and international shopping centre developers and investors in Istanbul. In short, international retail chains have been represented by different international companies in the different periods of IRPM. In addition, interactions between international brands and local companies did not occur only at one time; on the contrary, the interactions occurred in specific successive time periods. This example shows that representatives of global entities and local entities may be changed during an interaction process. Again, allied interactions between global and local entities may occur in

different time periods one after another. GT has no explanation of how global and local interactions occur on varied trajectories in different time periods (Heiden and Terhorst, 2007). However, dynamic interaction processes may be explored in this research to understand the effects of these interactions on the structural change process of the market.

Some scholars emphasize the role and function of states at the beginning and in the development of interaction processes between local and global entities (Brenner, 2004a, 2004b; Jessop, 2000). Indeed, liberal economic reforms and regulations which were introduced by the Turkish government from the 1980s onward were the basic reason for the start of interactions between global and local companies in IRPM. Every legal arrangement started a different global trend and process in the market. For example, Turkey passed to a free market economy through the enactment of new laws and through the establishment of new public institutions in 1988. Just after these developments, the first international hypermarket chains became involved in the property market. This kind of institutional relationship between local companies and international retail chains continued and increased in the next period. The Turkish government revised the FDI Law in 2003; the government then started negotiations with the European Union for full membership. These developments caused foreign investors to enter IRPM in large numbers after 2005. It is clear that the Turkish government has played a very important role in the start and progress of local and global interactions in IRPM.

Governmental regulations and arrangements regarding economic markets bring the importance of market conditions to the agenda. Some scholars touch on the importance of the social, cultural and political market environment in global and local interaction processes (Giulianotti and Robertson, 2006; Meir, 2005; Robertson and White, 2003; Pahlavi, 2002; Ruijter, 1997), but this subject is not explained enough in GT. Some drastic events, such as earthquakes and local financial crises, were experienced in Turkey during the interaction process. These events had a deep negative effect on the Turkish economy. IRPM was also affected by these events. For example, political instabilities which were experienced during the 1990s paved the way for local financial crises which emerged in 2000 and 2001. These financial crises caused some transactions between local and international companies. For example, local Gima and Endi supermarket chains were bought by Carrefour International. Also, some international property service companies came to Istanbul in this crisis period. These companies played a key role in the realisation of acquisitions and mergers between local and international companies in the following years. This example makes it clear that social, political and legal market conditions have an influence on the change process of IRPM. Therefore, specific market conditions and environments may be taken into consideration while seeking an answer to the question of how structural changes have progressed in IRPM.

Some glocal theorists also stress the issue of how global and local entities behave after they meet each other. According to some scholars (Carr, 2003; Pahlavi, 2002; Thornton, 2000; Robertson, 1995; Mowlana, 1994), 'harmony' occurs if there are mutual benefits between global and local entities; and 'conflict' occurs if there is mutual resistance in an interaction process. Most glocal theorists submit that globalisation is not always a danger for local cultures. Glocal theorists usually focus on the issue of how local cultures adapt themselves to the global culture; how local cultures offer resistance against the global culture; or how local cultures produce a glocal structure in an interaction process. In opposition to globalisation theorists, glocal theorists do not regard the global and the local as two competing notions. Robertson (1995) draws attention to the complementary processes between global and local entities. According to him, global and local entities benefit from each other. This complementary and mutual-benefit process includes some conflicts and resistances. Swyngedouw (2004) maintains that the globalisation process and the integration of local cultures with the global culture occur at the same time. Thornton (2000) highlights the importance of local resistance against global powers in an interaction process. This resistance is important because new conditions and outcomes may emerge because of its strength (Robertson, 1995).

Some scholars discuss the reason for conflicts in an interaction process (Carr, 2003; Pahlavi, 2002). According to Carr, the main reason for conflicts between global and local entities is based on differences between different belief systems. However, Pahlavi (2002) explains the emergence of conflicts as being dependent on the resources which local and global entities hold. According to him, social and political harmony increases between local and global entities when one side holds more resources than the other; and social and political conflicts increase between local and global entities when both sides hold the same amount and type of resources.

Jessop emphasizes the reason for harmony in interaction processes. Jessop (2000) evaluates the issue of mutual benefits as a commercial strategy of global powers. According to him, glocalisation is a kind of strategy of global companies to increase their commercial performance on a global scale. In line with this strategy, global companies try to benefit from local original features and differences as much as possible. The hegemony of global entities over local entities is stuck out in this perspective. In this context, Jessop claims that global powers manage interaction processes by their own decisions and local powers move according to the decisions of global powers. Simina (2005) supports Jessop's claim. He argues that homogenized activities on the global scale develop into locally coloured activities in interaction processes in order to spread global culture much more into the local culture. It is understood

from the literature review that it is possible to see both harmony and conflict in a global and local interaction process. As mentioned, the social, legal, political and cultural conditions of market environments may have an influence on the emergence of harmony or conflict between global and local entities in interaction processes. If such is the case, structural changes in IRPM may be explored better through the understanding of relationships between market conditions and harmony or conflict.

Some scholars (Kraidy, 2003; Mowlana, 1994) discuss the question of what happens in interaction processes. According to them, both global and local entities re-shape themselves during an interaction process. According to Kraidy (2003), local entities work for global entities and global entities work for local entities in a mutual relational interaction process. As a result of the development of these mutual relational/cultural processes, local structure shapes global structure and global structure shapes local structure, according to specific time and space dynamics. In other words, instead of being in conflict with each other, local and global entities share their resources mutually in order to fill their resource gaps, and in this way they are to some extent shaped by each other. Kraidy emphasizes the issue of how one side shares its own resources with the other side in an interaction process. The relationship between 'the use or sharing of resources' and 'the emergence of harmony or conflict between entities' is considered to be an acceptable and meaningful topic for this study because the results of interaction may take a form dependent on the mutual sharing of resources among local and global companies in IRPM. In this case, some questions come to the agenda of this research: 'How are resources used and shared in the market?'; 'Which resources are held by global and local companies?'; and 'To what degree do global or local companies hold these resources independently in the market?'

Some scholars (Robertson, 1995; Anderson, 1983; Hobsbawm and Ranger, 1983; Wagner, 1975) state that global and local cultures notice their differences from each other and in this way they re-explore themselves in interaction processes. According to them, a glocalisation process helps a local entity to re-define its culture better, and this process also provides an opportunity for that local entity to explore its own specialities. Robertson (1992) explains the re-exploration of local identities in interaction processes by the 'deep-particularism' concept. According to him, a local entity searches its own basic specialities in terms of culture and politics in an interaction process. In this context, the local entity encounters its real identity and makes contact with its deep and unique meanings which come from its own cultural history. In another study by Robertson (2003c), it is claimed that global and local interaction processes standardize local cultures. In other words, the discovery by local entities of their own local elements increases the integration of local cultural facts in these entities. Local

cultural facts produce a specific local integration. This integration includes similar elements, reference points, symbolic patterns and concepts. Robertson defines this integration as the institutionalization of the local culture by the global culture. Conti and Giaccaria (1998) support Robertson on this matter. According to them, local entities are parts of the global system. This is true but local entities have also an integrated internal local system. This local system is decorated with local real identities.

The issue of the outcomes of a glocalisation process is also discussed by scholars in the literature. Scholars raise these questions especially: 'Is there any outcome at the end of a global and local interaction process?' (Meir, 2005; Pelkonen, 2005; Salazar, 2005; Canclini, 2001; Howes, 1996); 'If there are some outcomes, what are these outcomes and what do they look like?' (Canclini, 2001; Howes, 1996). Some scholars who defend the idea of globalisation submit the plea that the global culture will remove all local cultures in time, and this globalisation process will be completed by homogenization which has a very Western character (Ritzer, 2004; Robertson, 2003b; Tomlinson, 1991; Hamelink, 1983; Schiller, 1969). According to these scholars, local social actors will accept the structures and practices of global companies of powerful countries and then transfer them into their localities in a passive and harmonious way. However, glocal theorists oppose this perspective. According to Ruijter (1997), the homogenization of market structures, policies and practices increases after a global and local interaction process has started. However, meanwhile, the importance of 'regionalism' and 'the sense of community' also grow in this process. The growth of regionalism and the sense of community will lead to the emergence of diversity in interaction environments. Like Ruijter, Featherstone (1995) stresses the heterogenized outcomes of glocalisation processes rather than the homogenized outcomes of these processes. According to Featherstone, the outcomes of an interaction process do not have to be always the same as American-based policies, economy, institutions and cultures.

Some scholars agree with Featherstone and De Ruijter about the increasing importance of heterogenized outcomes in interaction processes (Heiden and Terhorst, 2007; Hannertz, 2000; Appadurai, 1996). According to these scholars, local cultures will not be removed from the world. Instead, local cultures will assimilate global cultural flows. This assimilation will be completed with the development of local culture into a different unique form. Importantly, Wasserman and Rao (2008) state that both homogenized and heterogenized outcomes are seen together in interaction processes. Some scholars discuss the existence of tangible outcomes in interaction processes (Meir, 2005; Salazar, 2005; Canclini, 2001; Howes, 1996). According to Meir (2005), both the concept of glocalisation and the outcomes of a glocalisation process are multi-dimensional and complex, like many other concepts which have a place in

the history of civilisation. He argues that the dynamic tension and balance between global and local entities can be varied and all these variations may be interpreted in different ways from different perspectives.

GT says something about what the outcome of an interaction process can be; but it says nothing about how this specific outcome will be determined. This is another gap in this theory. However, this gap is not very important for this research because this study mainly focuses on the interaction process itself, not the outcomes of this process. Therefore, this research is interested in the structural evolution of IRPM and does not cover the characteristics and properties of structures which emerge at the end of this interaction process. The comprehensive review of GT allows the development of a theoretical framework for this research to examine global and local interactions experienced in IRPM. This theoretical framework is developed using the basic perspective of GT.

4.2.1 A framework for GT

GT is considered under four main headings in this section. These headings form the theoretical framework of this research. GT emphasizes the separation of local entities from global entities in an interaction process. It also states that global and local entities may interact with each other in direct or indirect ways. In this situation, **the first heading** of this theoretical framework may be **'the representatives of global and local entities'**. Therefore, firstly, global and local entities in IRPM are going to be identified clearly under this heading. Interactions occur in different trajectories according to this theory. Therefore, different interactions between varied global and local entities should also be identified under the first heading. More importantly, GT does not provide an explanation for the creation of dynamic relationships between local and global entities [in terms of content, context and timing], or a method to explore and analyse these relationships. Also, GT briefly mentions the significance of interaction environments. It mostly puts emphasis on reasons for global and local interactions and the role of states in these interactions. In this situation, **the second heading** of the theoretical framework may be **'reasons for interactions'**. The conditions of specific market environments and the role of states in the creation of these market environments are going to be considered under this heading.

GT talks about harmony and conflicts which may emerge between global and local entities as a result of changes in internal and external conditions in the environment, and stresses the reasons for the emergence of harmony and conflict. In this situation, **the third heading** of the theoretical framework may be **'harmony and conflict'**. GT states that there may be some transfers from local entities to global entities and vice versa. These transfers refer to the

sharing of resources between global and local entities. Local and global entities make decisions about which of their resources will be shared with whom in an interaction environment. These decisions lead local entities to re-explore their own local identities because they start to compare their local elements with global elements. Similarly, global entities re-explore their own global identities in this process. These re-exploration processes make local and global entities aware of the parts which they are lacking for that specific interaction environment. Therefore, local entities may tend to supply their missing parts with the help of global entities, and, similarly, global entities may tend to supply their missing parts with the help of local entities. In this way, local and global entities may benefit mutually in this interaction process. In this situation, **the fourth heading** of the theoretical framework may be **'mutual transfers'**. GT accepts the presence of both homogenized and heterogenized outcomes in global and local interaction processes but it does not say anything about the identification of these homogenized and heterogenized outcomes. Therefore, 'outcomes' is not included as a heading of the theoretical framework in this research.

Table 4.1: Theoretical (Glocal) framework

	Main Titles
Theoretical (Glocal) Framework	Representative of Global and Local Entities
	Reasons for Interactions
	Harmony & Conflicts
	Mutual Transfers

Source: developed by the author

It is necessary to remember that some criticisms have been expressed towards GT in this chapter. These criticisms have been made in the context of the aim of this research and the coherence of this theory with the case of IRPM. This chapter is completed with the determination of gaps in this theoretical framework in the light of these criticisms.

4.3 Conclusions

As explained in the preceding sections, it is clear that the most suitable theory for this research is GT. Therefore, it has been decided to use GT's theoretical perspective to explore the change process of IRPM in this research. However, it has also been decided to consider issues which are underlined in theories of imperialism and globalisation but not highlighted in GT at the end of this study (in the conclusion) with the help of empirical evidence. For example, issues such as the origins of global companies which operate in Istanbul [are they Western-based companies or not?], the dominant actors of the market [to what extent are global companies effective in the local market?], the assimilation of local entities by global entities [what is the

degree of assimilation?], and the conservation of local identities [to what extent are local elements protected?] may be discussed on the basis of empirical evidence in the final chapter.

The theoretical framework of this study is built according to GT; therefore, the sufficiency of this framework in answering the main research question should be checked at this stage. GT may provide a good analytical perspective to explore local and global interaction processes in IRPM. In this sense, the glocal framework may help the researcher to find an answer to these questions: 'Which local company has interacted with which global company in IRPM?', 'What were the reasons for these interactions?', 'What kinds of harmony and conflict have emerged in the market during the interaction process?', and 'Which market resources have been transferred mutually between local and global companies during the interactions?' In summary, with the help of this framework, firstly, the global and local interaction process which is experienced in IRPM may be explored as two-sided: 'from the global to the local' and 'from the local to the global'. Thus, the contribution of local actors to the re-structuring process of the retail market may be understood in this way. Secondly, internal and external factors which support and limit the emergence of structures (laws, public authorities, associations) in IRPM may be explored. Finally, complementary and contradictory processes between global and local companies may be identified. This identification may help to show which market resources are mutually transferred between international and local companies during the interaction process. As we have seen, the glocal framework may help to answer the main research question only partly; it may not fully answer the main research question on its own:

- How was the change process of Istanbul's retail property market affected by varied interactions between local and international companies?

There are some parts missing from this theoretical framework. For example, the glocal framework does not provide an explanation for the creation of dynamic relationships between local and global entities [in terms of content, context and timing], or methods to explore and analyse these relationships[1]. Also, the framework mentions the identification of representatives of global and local entities in an interaction process. However, it ignores some important matters, such as the specific characteristics of local and global entities, the differences between local entities themselves, the differences between global entities themselves, and the possibility of changes in representatives in different periods. After that,

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[1] As shown in the previous chapter, these interactions occurred in three specific sub-periods (1980-1994, 1994-2004, 2004-2010). Every sub-period includes different and specific market environments. More importantly, events which occurred in one sub-period affected other events which occurred in the next periods. This theory does not take this reality into consideration.

the glocal framework touches on the significance of conditions in an interaction environment, but the issue of which conditions affect this interaction environment in which ways is unclear in this framework. Finally, this framework does not provide an explanation for the question of how resources are exchanged between global and local entities in an interaction environment. Therefore, the issue of how resources are distributed and shared between global and local entities is uncertain in this framework. We have seen that the glocal framework includes some important gaps in answering the main research question of this study. It is necessary to fill the gaps in the framework with a supportive additional tool. This additional tool may develop the glocal framework into a more operational framework. This supportive tool must allow the researcher to examine market changes from an evolutionary perspective. This tool is selected and explained in detail in the next chapter.

CHAPTER 5 The Morphogenetic Approach to the analysis of structural change

A theoretical framework for this research was developed on the basis of the 'glocalisation' theory' in the previous chapter. However, some gaps, which might prevent the main research question from being answered fully, were found in this framework; so an additional methodological tool became necessary to fill in these gaps. This additional tool must help the researcher to answer the question of how exactly IRPM changed under global impact. In addition, this tool must have an operational feature to guide the fieldwork. The Morphogenetic Approach (MA) is a methodological approach which was developed by sociologist Margaret Archer in 1995 in order to explain how structural change processes work in a society (Archer, 1995). It is considered that MA may fill in the methodological gaps in the glocal framework. This section has benefited from Archer's book *Realist Social Theory: The Morphogenetic Approach*, which was published in 1995, as its basic source. MA takes nourishment from the 'Critical Realism Movement', ontologically and epistemologically. Therefore, first of all, the Critical Realism Movement, which is the basic philosophy of MA, is explored briefly at the beginning of this chapter. Secondly, the issue of how MA explains a sociological change process is set out. Finally, issues which are raised by the application of MA, as a methodological tool, to the retail property market of Istanbul are discussed at the end of this chapter.

5.1 Critical Realism (CR)

The Critical Realism (CR) movement started with the work of Roy Bhaskar in philosophy and social sciences (Bhaskar, 1998, 1989). The term 'Critical Realism' is born from the combination of two phrases: 'Transcendental Realism' and 'Critical Naturalism'. The main idea of the CR movement is based on this question: 'How can we sustain a continued independent reality of being in the face of the relativity of our knowledge of it?' (Archer, 1995). CR rejects the traditional 'flat' ontology and offers a 'stratified ontology' which consists of the actual (what happens) and the empirical (what we can experience). CR helps to resolve the structure/agency dualism through the adherence to and application of a robustly stratified ontology. This stratified ontology can be explained in three ways (Archer, 1995):

a. Real: Real is whatever exists, regardless of whether it is an empirical object to us and regardless of whether have a satisfactory understanding of its nature. Real is the domain of the objects, their structures, tendencies mechanisms and powers. Objects always have certain structures and causal powers and capacities to behave in certain ways. For example, the existence of a shopping centre is 'real'. Mechanisms, structures and agents which supply the

provision of that shopping centre are 'real' as well. We might not know how this shopping centre has been developed but nevertheless the building of the shopping centre is 'real'.

b. Actual: Actual occurs when real powers and real structures become activated. Actual is about 'what real powers and structures do' and 'what happens when they do it'. For example, international property investment companies have a finance capital power and when they see an investment opportunity in a local property market, they become activated and they then invest their capital in that market. This action may be named 'actual'.

c. Empirical: Empirical is related to observable experiences/entities. Realist authors express their opinions about unobservable experiences/entities, but with reference to observable ones.

CR is mainly interested in causal mechanisms. Realist explanation can be outlined by the following statement of Keat and Urry (1982):

> The realist view of explanation can be conveniently summarised in the claim that answers to why questions (that is, to requests for causal explanations) require answers to how- and why-questions. Thus, if asked why something occurs, we must show how some event or change brings about a new state of affairs, by describing the way in which the structures and mechanisms that are present respond to the initial change. To do this, it is necessary to discover what the entities involved are: to discover their natures or essences (Keat and Urry, 1982, p.31).

Critical realists accept that social systems are open systems; so a social mechanism can be affected by other social mechanisms (see Figure 5.1). A structure refers to a set of internally related elements whose causal powers are emergent from its constituents. Objects are part of structures. In summary, CR is a world of real structures, mechanisms and agents (social and physical). Causal powers are real; social structures are causes. Social structures are socially constructed. Some justified generalizations about a social phenomenon can be derived from a critical realist perspective. Some limited predictions, which are based on empirical evidence, about the future of a social system or mechanism may also be made from a critical realist perspective.

Figure 5.1: Realist view of causation
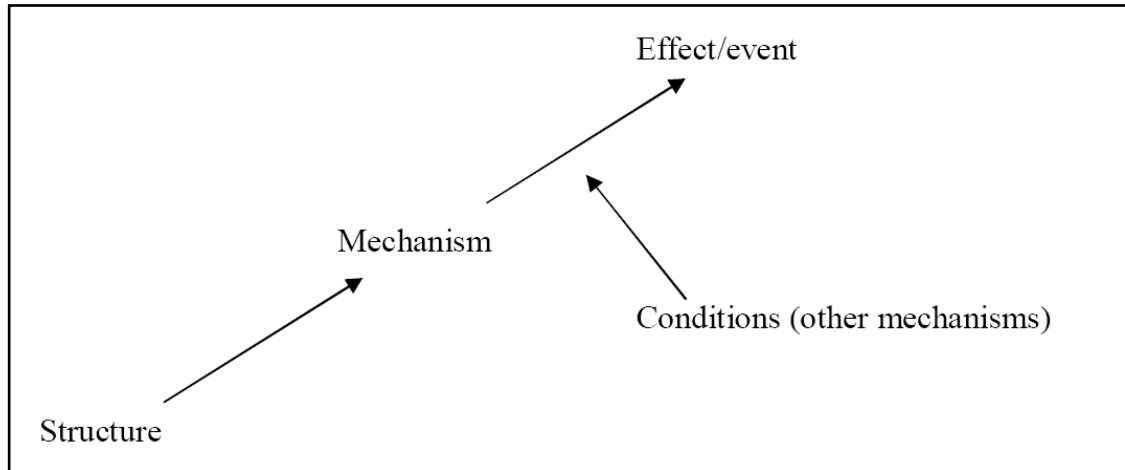
So far, CR Movement in social sciences has been summarized briefly. Now, it is time to introduce MA. MA is an approach which is philosophically based on CR. The purpose of development of MA is to explain a structural change process in a society.

5.2 Review of the Morphogenetic Approach (MA)

MA was developed by sociologist Margaret Archer (1995), who is one of the pioneers of the CR movement. Archer was the first person to apply CR in a sociological field (education). Thus, Archer has opened the way for CR to be applied to different study areas in social sciences. MA tries to explain how a structural change process runs in a society, so it can be applied to all kinds of social processes. The explanation of different social change processes through MA provides an opportunity for social scientists to make a comparison between varied structural change processes.

5.2.1 Basis of MA

MA is an approach which uses the 'structure and agency dualism'. This dualism is the most discussed as well as the most enduring dualism in social sciences (McAnulla, 2002). According to some sociologists (Archer, 1995; Carlsnaes, 1992; Giddens, 1984), the structure and agency dualism is the most suitable dualism for explaining structural change processes in societies. Archer tries to analyse the structure and agency dualism from an open critical-realist perspective at the pre-development stage of MA. According to MA, agents have some influential and transformative powers over structures; and structures also have some influential and transformative powers over agents. MA is distinguished from 'individualist' and 'structuralist' approaches by its perspective.

In the individualist approach, social reality comes into existence entirely as a result of individuals and their activities. Structures remain passive, so they are perceived as fixed variables. However, individuals are perceived as independent variables, so individuals have one-way causal effects on structures, from bottom to top. In the structuralist (holist) approach, individuals are seen as inert agents who are deprived of the power of moving and behaving independently. Individuals are perceived as fixed variables, so structures have simple one-way causal effects on individuals, from top to bottom (Archer, 1995). Archer carries this known structure and agency dualism a step further. Contrary to the ideas of Giddens, she states that 'structure' and 'agency' may be separated from each other in a society. In line with this, Archer adds a new conflation at the centre of this dualism. With the help of this central conflation, first, 'structure' and 'agency' are separated from each other in the general operation of this dualism. Next, the issue of how downward conflations and upward conflations occur is explored using some conceptual tools in this interim stage of structure/agency dualism (Archer, 1995).

5.2.2 Analytical dualism

MA is founded on the concepts of analytical dualism; so, firstly, MA tries to understand what analytical dualism is. 'Structure' and 'agency' are found at two opposite sides of this analytical dualism. With the help of this dualism, the issue of why matters are so and not otherwise is open to examination (Archer, 1995). This perspective is the basic way of thinking of Critical Realists. Archer asserts that 'structure' and 'agency' must be separated from each other in a structure and agency dualism. 'Structures' may be identified independently from 'agents' through this separation and the causal effect of identified structures on agents may be researched in this way. At the same time, contingent relations and results which emerge as a result of upward/downward relations are explained in this dualism (Lockwood, 1964). Downward and upward relations between structures and agents may be understood through the separation of structure and agency. The problem of reduction of one side to the other is removed through this approach. Archer explains the matter of the separation of structure and agency with 'link rather than sink' words. In a sense, she rejects the structure and agency duality and adopts another structure and agency duality. In parallel to Archer, Lockwood (1964) states that the separation of structure and agency is not possible analytically, but can be achieved when the time factor is included in this understanding.

Archer settles time at the centre of MA, drawing inspiration from Lockwood. Time is incorporated as sequential tracks and phases rather than simply a medium through which events take place in MA. In this way, structure and agency can operate in different time

periods as separate from each other (see Figure 5.2). This operation must be based on this basic principle: 'Structures are formations which emerge before the beginning of agent actions. Existing structures have an impact on the transformation of agent actions. Therefore, transformed agent actions may change the existing structures' (Archer, 1995: 75-76).

Figure 5.2: Understanding of time in MA (left) [Every tube refers to a specific structural and cultural environment in a specific time interval]
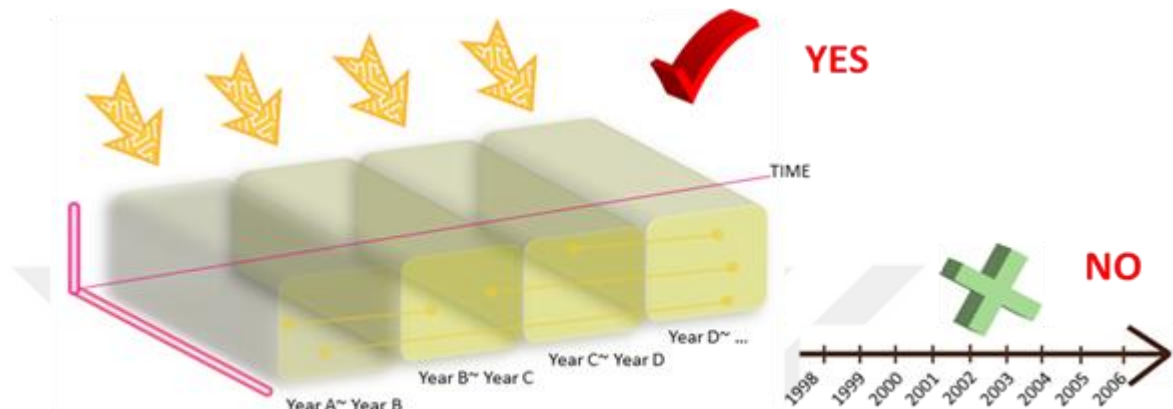
Source: Illustrated by the author

MA explains social changes dividing them into 3 parts (see Figure 5.3):

    a.   Structural Conditioning

    b.   Social Interaction

    c.   Structural Elaboration

These 3 parts refer to the three stages of the 'morphogenetic cycle'. These 3 stages are explained briefly one-by-one below.

Figure 5.3: Morphogenesis of structure

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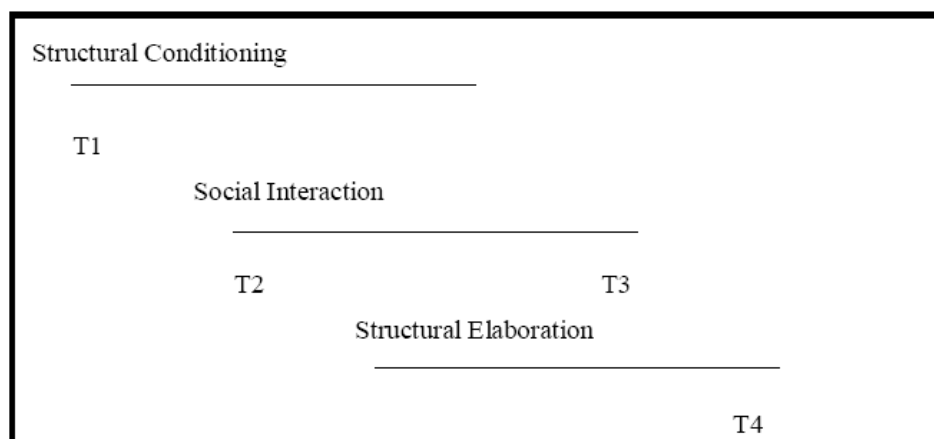
Structural conditioning is about the outcomes of systemic actions which happened in the past. Institutions are 'refined structures' which are established by previous agents. One of the basic philosophies of MA is this: 'Previous agential interactions and past social events have causal effects on today's agential interactions and social events' (Archer, 1995: 90-91).

Social interactions occur under structural conditions, but are not specified by structural conditions. In other words, social interactions are 'emergent'. Structural conditions provide some advantages to some agents and provide some disadvantages to other agents. In other words, structural conditioning is interpreted by different agents in different ways. For this reason, agents generate different behavioural models under the same structural conditionings. Rewarded agents who benefit from structural conditionings try to sustain these conditionings, whilst agents who suffer detriment from structural conditionings try to change them. Structural conditionings do not force agents to do something; they just condition agents. Agents pay some costs if they do not take structural conditioning into consideration; but conditioning is not wholly determinist.

Social elaboration is the final stage of the morphogenetic cycle. At this stage, previous structures undergo a modification and new structures emerge as the combined results of actions of different social interest groups. New emergent structures cannot be predicted in advance; nor can they be designed. The morphogenetic cycle is then completed after the emergence of new structures; but a new morphogenetic cycle starts immediately. These cycles always go on in the same way.

The issue of how this approach may be developed into a practical research methodology is explained in the next section.

5.2.3 Practical implication of MA

There are 4 basic propositions of the Morphogenetic Analysis (Archer 1995, p.168-169):

1- There are internally and externally necessary relations within and between social structures;

2- Causal influences are exerted by social structure(s) on social interaction;

3- There are causal relationships between groups and individuals at the level of social interaction;

4- Social interaction elaborates upon the composition of social structure(s) (by modifying current internal and necessary relationships and introducing new ones where morphogenesis is concerned).

The first proposition is a kind of authorisation for the analytical dualism. There are some structures which are created as a result of past social interactions and past events. These structures exist as separate entities which are independent of present agents. The second, the third and the fourth propositions refer to the three stages of the morphogenetic cycle. The structuralist view only accepts the second proposition whilst the individualist view only accepts the third proposition. However, 'Structuration Theorists' or 'Central Conflationists' only accept the fourth proposition; namely, they do not see the second and the third propositions as separate assertions so they miss these points. The fourth proposition is about the capacity of agents to transform structures. With the help of these four propositions, MA brings a much more sensitive explanation to the structure and agency dualism. In order to understand MA better, it is necessary to explain the concept of 'emergent property' first because critical realists emphasize 'emergence' as the basic point of their approach.

5.2.3.1 Emergent property

Critical realists explain the issue of 'emergent property' with this example (Archer, 1995):

$$A + B + C = X$$

A, B and C are properties which cause the emergence of property X. X is a property which is completely different in character from the properties A, B and C; so X cannot be reduced to them. In such a case, the power of X has to be different from the power of A, B and C. The emergence of 'water' can be given as an example of the 'emergent property':

$$H + H + O = H_2O$$
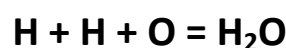
'Water' consists of 2 hydrogen and 1 oxygen elements. With the combination of these elements, water emerges as a new molecule. Water is an element which is completely different from the characteristics of its hydrogen and oxygen elements.

MA accepts that there are two different types of 'emergent property' (Archer, 1995). The first type is 'Structural Emergent Properties' (SEPs). SEPs are emergent properties which differ according to physical and human resources. Roles, institutions and systems can be considered in the context of SEPs. Every SEP emerges as a consequence of a previous material morphogenetic cycle. In short, every SEP is the outcome of social interactions which have been experienced in the past; every SEP is also a structural entity which will have an influence on future social interactions. A morphogenetic cycle starts with the first SEP. Every SEP then conditions social interactions which follow the first SEP. Social interactions and social changes

produce new SEPs. The emergence of new SEPs means the beginning of new morphogenetic cycles. These cycles always follow one another so every SEP retains some patterns of the previous SEPs. The second type of 'emergent property' is 'Cultural Emergent Properties' (CEPs). CEPs are analytically similar to the SEPs. CEPs are related to essential ideational[1] relations between social structures whilst SEPs are related to material relations; so from this point of view CEPs differ from SEPs. Theories, beliefs and ideas can be considered in the context of CEPs. Every CEP is an outcome of the previous cultural conditionings and socio-cultural interactions. In other words, every CEP is a cultural outcome (emergent) of previous cultural morphogenetic cycles. As with the SEPs, the existence of a CEP depends on the existence of past cultural context and past socio-cultural interactions. In this context, experiencing morphogenetic cycles bring new CEPs out. Thus, these cycles always follow each other, so every CEP retains some patterns of the previous CEPs (Archer, 1995). So far, the basic view of MA on sociological structural change processes and the general framework of MA have been described in detail.

5.2.4 General criticisms of MA in social science literature

Some sociologists have offered criticisms of MA in the last fifteen years.

5.2.4.1 Criticisms on theoretical level

In general, MA is considered by many sociologists as a very sophisticated and convincing approach, both conceptually and intellectually. Stones (2001) states that MA brings a conceptual richness and a new, different perspective to the structure and agency dualism. According to other sociologists such as McAnulla (2002) and Willmott (2000), the elements of culture are successfully accommodated into the structure and agency dualism in MA. These scholars also emphasize that the 'ideational' aspect of social life, which is culture and its role, is defined clearly in MA. Carter (2000) mentions that MA is a successful approach in explaining social change processes. Carter (2000) also supports the words of Archer mentioned below:

> …the distinctive feature of the morphogenetic approach is its recognition of the temporal dimension, through which and in which structure and agency shape one another. (Carter, 2000, p. 92).

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[1] **Ideational:** Pertaining to the formation of ideas or thoughts of objects not immediately present to the senses

Czerniewicz et al. (2008) assert that MA provides social scientists with a rich and worthy framework so that social change processes can be examined in depth using MA's consideration of structure and agency:

> Archer's theory of the relationship of agency and structure would provide a rich and valuable framework to deepen our understanding of these important biographical accounts (Czerniewicz, et al, 2008, p.87).

Some negative criticisms have also been offered against MA in the literature. Hay (2002) argues that MA comprises an ontological dualism rather than an analytical dualism. He states, "To speak of the different temporal domains is … to reify and ontologise an analytical distinction" (Hay, 2002, p.147). In addition, Hay (2002) considers that the concept of 'agent' is not defined very well in MA:

> The morphogenetic approach implies a residual structuralism only punctuated periodically yet infrequently by a largely unexplicated conception of agency (Hay, 2002, p. 148).

King (1999) describes the morphogenetic approach's ontology as 'fallacious', believing 'any form of ontological dualism which posits a realm of objective or structural features is a mere reification'. According to him, a theorist has to argue that '*there are some other aspects of society which are independent of any individual in that society'* (King, 1999, p. 222). In contrast to scholars who consider MA as a complex and stratified approach, Jessop (2005) asserts that MA is a 'unilinear' and a 'monoplanar' approach. Jessop also argues that the concept of 'space' is ignored in MA:

> …it adopts a flat temporal ontology, neglects space, and treats the poles of structure and agency in terms of a relatively undifferentiated concept of society and people rather than engaging with specific sets of structural constraints and different kinds of social forces… (Jessop, 2005, p. 47).

Finally, some sociologists such as King (1999) and Stones (2001) raise the issue of 'what emergence means' or 'what emergence should mean', which is not clear in MA. Elder-Vass (2007) also accepts the weakness of MA in defining the concept of 'emergence'; therefore, he tries to contribute to MA by searching for ways of filling in this gap. It is noticed that these criticisms against MA are on a very philosophical level. The developer of this approach, Archer, has answered these criticisms on the same philosophical level in the last ten years (Archer, 2010, 2007, 2000). In this study, it has been decided to use MA just as an additional operational methodological tool to fill in the gaps of the selected meta-theory (the glocalisation theory). Therefore, criticisms regarding the practical use of this approach are

much more important than theoretical criticisms. In addition, it is the power of MA in explaining the structural change process of Istanbul's retail property market that is important for this study, not any other philosophical issues. To understand the explanatory power of MA, it is necessary to see the use of this approach as a methodological tool in varied empirical studies (Pawson and Tilley, 1997).

5.2.4.2 Criticisms on practical level

MA has not been used very much up to now in empirical research in social sciences. In the literature, a few empirical studies which use MA as a methodological tool have been carried out. In the first three of these studies, MA has been applied to the field of education. Quinn (2006), using MA, tried to analyse the emergence of an official academic staff development programme in a small university in South Africa. Priestly (2007) tried to understand changes in the secondary education system in Scotland with the help of MA. In this context, Priestly examined the issue of how teachers adapt their schools' education curriculums to the new secondary education system developed by the government. Czerniewicz et al. (2008) also applied MA to the field of education. Using MA, these scholars tried to explain the relationship between the provision of technological equipment for students by universities and the use of this equipment by students in three different universities in South Africa. Swain (2004) was the first to apply MA to a social field other than education. Swain attempted to understand the emergence and development process of retail warehouses in UK with the help of MA. This study shows that MA, as a methodological tool, can be applied to property market studies as well. The final study using MA as a methodological tool belongs to Fleetwood (2008). Fleetwood adapted the concepts of MA, such as structure, institution, agency and habit, to a specific social field, 'labour markets'. In this way, he tried to reify and clarify these concepts in an empirical research project. The aim of Fleetwood's research was to see empirically the reality of the structure/agency relationship which is mentioned in MA.

The five pieces of research mentioned above demonstrate the two important characteristics of MA. Firstly, MA is a useful methodological tool which may be used in explaining various kinds of structural change processes in a specific society. Secondly, MA is a very sophisticated and comprehensive approach contextually because it uses many old and new concepts while explaining multi-dimensional and complex social change processes. On one hand, the conceptual richness of MA allows very different aspects of social structural changes to be taken into consideration and examined in detail. On the other hand, this conceptual richness makes MA difficult to use as an operational tool. Therefore, all scholars have preferred to simplify MA when undertaking their studies. At this stage of this chapter, it is appropriate to

look at the concepts of MA one by one in detail. At the end of this section, the aim is to produce an answer to the following question: 'How might MA be used as a methodological tool in explaining the structural change process of Istanbul's retail property market?'

5.3 From approach to a methodology: concepts of MA

5.3.1 Structural Conditioning

The first stage of the morphogenetic cycle is **'structural conditioning'**. In this stage, SEPs are mediated through agents. Today's structural conditionings are generated by past agents. When the approach is being developed into a methodology, agents and structures must come up against each other because MA takes the transformative powers of both agents and structures into consideration. The first power, which is specific to agents, is about their 'intentionality'. In short, agents have a capacity to develop projects and to design strategies for the realisation of their projects. This power allows agents to influence or change existing SEPs (Archer, 1995).

MA uses some other concepts besides 'intentionality' when explaining the stage of structural conditioning. The first of these concepts is **'involuntaristic placement'**. This concept refers to the structural conditioning environment in which agents already find themselves. The collective outcomes of agents' past actions are constituted in today's structural and cultural conditions. In other words, 'involuntaristic placement' is the distribution of existing roles and role positions among today's agents. Agents involuntarily occupy certain role positions and become responsible for certain roles in a specific society (Archer, 1995). The second of these concepts is **'vested interests'**. According to MA, different agents have different vested interests in a society (Archer, 1995). Existing SEPs provide some rewards or frustrations as vested interests to today's agents. In this context, existing SEPs divide a society into two parts at the structural conditioning stage:

- Agents who want to maintain and sustain their vested interests which are obtained involuntarily
- Agents who want to change their vested interests which are obtained involuntarily

The third of these concepts is **'opportunity costs'**. Opportunity costs are barriers facing the initiatives of agents to change their vested interests. In fact, there is no deterministic obstacle in front of agents; they may sustain or abandon their vested interests. However, every action will have a cost for agents. In short, according to MA, different agents display similar actions with different costs. These costs may increase or decrease according to the specific

characteristics of agents' projects or the specific conditions of the structural and cultural environment which agents inhabit involuntarily. Positions, which agents occupy involuntarily, make the realisation of projects easier or harder for agents. All limitations and supports are not separated from structures but they are related to the situational statements of structures. Structural conditionings may help some agents, but may prevent other agents from moving to other positions in a specific social environment (Archer, 1995).

'Involuntaristic placement', 'vested interests' and 'opportunity costs' are important concepts in MA because these concepts help social researchers to identify structural environments in which agents move before they start structural social changes. More importantly, agents pursue their actions and make their decisions under the conditions of their structural environment. Through the combination of these three concepts, a new concept is produced in MA, which is **'situational logics'**. The issue of how an agent's actions become conditioned is explained through the concept of 'situational logics' in MA. Situational logics are strongly associated with 'involuntaristic placement', 'vested interests' and 'opportunity costs'. Agents develop themselves some specific situational logics (Archer, 1995). Agents perform strategic actions under structural conditionings. These strategic actions are displayed due to agents' situational logics. For MA, there may be two outcomes of agents' strategic actions in a social system:

- Either an existing social structure will change –genesis
- Or an existing social structure will continue as before -stasis

In short, agents specify their situational logics with regard to internal relations which are established among themselves under specific structural conditionings (SEPs) which come from the past. MA mentions four ideal situational logics for agents on an institutional level (Archer, 1995):

1- **Protection:** This is a situational logic in which agents want to sustain their existing structural conditionings without changing something. The integrity of the social system is high in this logic. Necessary and internal connections exist among system structures. Every agent forces other agents to keep their vested interests in order not to pay a negative opportunity cost. In this situational logic, a structural change is not possible because existing agents are happy about their situations.

2- **Compromise:** Some incompatibilities are seen among social system structures in this logic. The operations of one or more agents are threatened by other agents' vested interests in the social system. The integrity of the social system is low because

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relations between agents are weak. Agents in the social system experience some difficulties about sustaining or increasing their vested interests. Structural relations which come from the past provide both positive and negative opportunity costs to the agents. Agents try to compensate their possible gains and losses because they do not want to be subject to the punishment of being thrown out of the system if they try to increase their vested interests. In this situational logic, every agent moves in harmony with other agents in the social system even though there are some conflicts in the system and even though it becomes less easy to live together with other agents. This logic does not produce a structural change in the social system.

3- **Elimination:** Structural conditionings which come from the past give birth to tensions in external relations among agents in this logic. Staying and working together in the social system becomes harmful for all agents because the vested interests of agents are in conflict with each other in the system. Agents face negative opportunity costs when they move in harmony with other agents whilst they face positive opportunity costs when they do not move together with other agents. In this situation, agents head towards the logic of elimination. This logic supports a structural change in the social system.

4- **Opportunism:** The external relations among agents display a high level of integrity in this logic. The system integrity gains power through this high level of external integrity. Newly established external relations provide some positive advantages to agents because gains which are obtained as a result of these external relations are in harmony with these agents' vested interests. Both sides (old and new agents in the social system) benefit from new systemic relations. This logic also supports structural changes in the social system.

All these situational logics are concerned with the first stage of the morphogenetic cycle, which is structural conditioning. These logics show alternative strategies which agents may follow, according to their internal relations in an existing social system, in the context of their involuntaristic placements, vested interests and opportunity costs. The role of these four situational logics in the morphogenetic analysis is shown in Figure 5.4. Existing roles and institutions (current SEPs) continue in the same way in a social system when agents follow 'protection' and 'correction' logics. However, the following of 'elimination' and 'opportunism' logics by agents takes the social system to structural change. Therefore new roles and institutions (new SEPs) emerge at the end of a morphogenetic cycle (see Figure 5.4).

Figure 5.4: Situational logics in MA and their outcomes in the morphogenetic cycle

Agents	Followed Situational Logics	Result	Final Products (SEPs)
Primary Agents & Corporate Agents	Protection Correction	Stasis (No change)	The continuation of existing roles and institutions in the social system in the same way
	Elimination Opportunism	Genesis (Change)	The emergence of new roles and institutions in the social system

Source: Illustrated by the author

These four ideal situational logics identified in MA may contribute to this study significantly, because, although the exploration of agents' situational logics in the property market, which is a kind of social system, may be easy, the determination of the involuntaristic placements/vested interests/opportunity costs of industrial companies may be very difficult for the researcher.

5.3.2 Social Interaction

The social interaction stage comes after the structural conditioning stage in the morphogenetic cycle (Archer, 1995). At the end of a morphogenetic cycle, a structural change (genesis) occurs when agents (and their internal relations) have an influence on existing social structures. In MA, agents occupy a place at the centre of the cycle. For agents, morphogenesis is a process which includes the grouping and re-grouping of agents in the social system. In MA, agents are defined as 'collectivities'. A member of a collectivity has the same life chance as the other members of that collectivity. Agents are born in certain groups and situations; so they are the agencies of a specific socio-cultural system. Therefore, agents are not independent in their relations with other agents. According to MA, not all agents are the same in a social system, because certain collectivities always hold a social system in their hands, so the power to change this system belongs to these collectivities. In short, when it comes to giving a new shape to the social system, some agents become much more important than other agents in that social system. Archer divides agents into two groups: 'primary' and 'corporate agents'.

Corporate agents: These are active and organized agents that can be articulated around collective aims. These agents can attempt to give a new shape to the social system according to their demands. These collectivities can be self-conscious interest groups, promotive interest groups or social movements. They are distinguished from primary agents by these characteristics.

Primary agents: These are passive agents, so they do not seek any interest and they cannot move in an organized way for specific purposes. These agents can be defined as collectivities that have no say in the new structural modelling of their social systems. Primary agents play a key role in a systemic change but the voice of these agents is not clearly heard, so they cannot affect the social change strategically.

According to Archer (1995), the realisation of a genesis at systemic level depends on the outcome of interactions between primary and corporate agents. This is the key point in the cycle. In every morphogenetic cycle, changing relations between these two collectivities portend a new balance or change in the social system. Material and ideational resources (through SEPs) which are shared between primary and corporate agents are maintained exactly or remodelled by corporate agents in the context of their strategies. During this remodelling process, corporate agents change their existing positions and primary agents then calibrate their positions according to the changing positions of corporate agents. Changes in the positions of all agents are a medium for the structural change. The categories of primary and corporate agents are redefined at the end of this cycle. Newly established interactions between primary and corporate agents bring a social system genesis.

Morphogenesis starts after primary agents develop into corporate agents. Interactions between primary and corporate agents result with the regrouping of these agents (see Figure 5.5). Primary agents join the group of corporate agents and they create a new interest group there. Existing structural and cultural elites in this corporate agent group may accept or assimilate newly involved corporate agents or they may start to struggle with them because internal relations among corporate agents start to be differentiated after the involvement of new corporate agents in this group. Genesis occurs when corporate agents start to establish new differentiated structural groups with new ideas in the existing corporate agent group. Corporate agents push and pull the institutional structure of that social system regularly during the re-grouping process. Primary agents calibrate their positions according to changing social structures while the institutional structure of that social system is being reshaped. The emergence of a 'new stasis' is dependent on the establishment of a 'new balance' between corporate and primary agents. The number of each type of agents may increase or decrease or remain the same in this new balance.

Figure 5.5: Structural change as a result of interactions between primary and corporate agents in MA

Agents	Structural Conditioning	Social Interaction	Structural Elaboration
Corporate Agents	●●●●●		
Primary Agents	○○○○○	⬆⬇	✪✪✪✪✪

Source: (Archer, 1995; illustrated by the author)
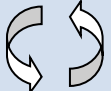
5.3.3 Structural Elaboration

The final stage of the morphogenetic cycle is the structural elaboration. There are two outcomes of this stage: **'stasis'** or **'genesis'**. If there is a high degree of integrity between the systemic level (structural conditioning) and agents' interactions (social interaction) in the morphogenetic cycle, the outcome is 'stasis'. If the integrity of systemic level and agents' interactions is low, the outcome is 'genesis'. In short, the nature of the structural elaboration is determined according to the harmony of agents' strategic objectives (Archer, 1995, p.91).

What kind of a game is played between 'conditioned interests' in the first stage and 'agential interests' in the second stage? What are the determinants of integrity or non-integrity? Mechanisms operating in the structural elaboration stage are explained with two key concepts in MA, **'exchange'** and **'power'**. 'Exchange transactions' and 'power relations' are mechanisms which cause a structural elaboration in the social system. These two mechanisms are related to each other very closely; they are the explanatory elements of each other. The value of exchanged resources is defined by agents in a social relationship; this value can change over time. An agential interaction at an institutional level consists of resource exchanges which agents conduct to achieve their aims. Resources are very important in the structural elaboration stage. Resources exist in a distributed situation in the first stage of the morphogenetic cycle. The access of agents to varied resources is always different. The issue of 'which agents hold which resources on which level' is very important in this final stage. The answer to this question is analysed with the '**bargaining power'** concept in MA (see Figure 5.6). Agents who have low access to the resources of a social system have low bargaining power. The bargaining power of agents who have different levels of access to different resources becomes higher or lower in parallel with changes in the level of access to resources held by agents. Agents who have the highest bargaining power are agents who have high access to all

resources in that social system. Bargaining power is concerned with what an interest group brings to the table in a negotiation (Archer, 1995). The social distribution of resources and social relations among agent groups may change independently from one another. MA firstly emphasizes external relations among different resource holders with the concept of **'negotiating strength'**. After that, it emphasizes internal relations among an agent group which holds a resource. Negotiating strength refers to the specific relations of one corporate agent group with other corporate agent groups. Structural elaboration results from the combination of resources between two corporate agent groups. In simple words, negotiating strength is the total outcome of all relations which are established from the beginning of the morphogenetic cycle (Archer, 1995).

Figure 5.6: Mechanisms of the bargaining power and the negotiating strength and their outcomes in MA

Agents	Mechanisms	The integration of agents' interests	Result
Primary agents ⟲⟳ **Corporate agents**	Bargaining Power & Negotiating strength (based on resources)	No	Stasis (No change)
		Yes	Genesis (change)

Source: (Archer, 1995; illustrated by the author)

So far, the concepts of MA have been defined. The final issue for this chapter is how MA will be used as a methodological tool in this research to explain the structural change of Istanbul's retail property market.

5.4 Application of MA to the case of IRPM

It was mentioned in Chapter 2 that a property market is considered as a social construct according to the institutional approach. It was also explained that there are some key agents in this social construct (users, developers, investors, consultants, agencies and so on) and the structural setting of a property market is formed by these agents' decisions and actions. In short, a property market is defined as a system of social relations which has specific laws and institutions. In this context, it is considered that MA may be used as an additional methodological tool in exploring the structural change process of Istanbul's retail property market (IRPM). Some possible gaps in MA may be found when MA is applied to a real sociological change process. The exploration of gaps in MA through the application of MA to a

real world situation may enrich this approach as a methodological tool. Gaps are identified and explained in this section. As mentioned before, MA explains a sociological change process using the structure and agency dualism. The structural change process of IRPM resulting from global and local interactions may also be explained using a structure and agency dualism. IRPM represents the 'structure' and retail and property companies represent 'agents' in this study.

In line with this, for this research, **STRUCTURES** refer to:

- Laws
- Public Authorities
- Associations

According to the institutional approach and the morphogenetic approach, macro structures which condition agents, in other words which strongly promote certain behaviours of agents in a social system, are laws, public authorities and associations; that is why they have been selected as structures. It has been decided to examine only macro structures that are related to property development activities and retailing activities in IRPM in this study. Laws are a set of rules, enforceable by the courts, regulating the Turkish government, the relationship between the organs of the government and the subjects of Turkey, and the relationship or conduct of subjects towards each other. 'Public authorities' refer to Turkey's national or local government agencies. 'Associations' are the organizations of the actors in the Istanbul property market that have a common purpose and a formal structure. It is considered that the collection of data about names, dates and purposes of structures is appropriate for this study.

AGENTS refer to:

- Property Construction, Development and Investment Companies
- Property Service Companies (Consultancy, Agency, Management, Valuation)
- Retailers[2] (only Hypermarket chains)

The question of how Istanbul's retail property market changed structurally as a result of varied interactions between local and international companies may be answered through the specification of multi-dimensional upward and downward relations and through the identification of new structures which emerge as a result of the relations established in this

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[2] Only hypermarket chains are selected as agents in the retailers' category for this study because hypermarkets are the basic components (main anchor tenants) of shopping centres in Turkey. It is not possible to open a shopping centre without a hypermarket. Therefore, hypermarket chains, with their decisions, played an important role in the growth and internationalization process of the retail property market. Besides, this study mainly focuses on property companies rather than retail companies.

research. It was found in the previous chapters that most industrial companies display more than one activity in the property market. That is why companies are divided into three general groups according to their types as shown above. These companies are the most important players of IRPM because they have the power to promote other market players and to change the structure of the property market. IRPM is an open social system so there may be some companies which are mainly active in other economic sectors in addition to the retail sector. Any company can easily be involved in IRPM as an investor, developer or consultant in a shopping centre project. These kinds of companies are also accepted as 'agents' of the property market in this study.

It was decided to separate agents into primary and corporate agents in this research as is the case in MA. However, this decision reveals the first gap in MA. MA explains a social structural change by the transformation of primary agents into corporate agents and by the increase of corporate agents in a social system. Some struggles then begin between old and new corporate agents and these struggles support a change in that social system. However, the case of IRPM does not fit into this explanation. Instead of a 'primary agent–corporate agent' relationship, a clear 'corporate agent–corporate agent' relationship is seen in all global and local interactions in the property market at all trajectories. For example**, t**he first international hypermarket chains which arrived in Turkey at the beginning of the 1990s [Carrefour and Metro] selected the most powerful group company (Sabanci Group) and the most powerful construction company (TEPE Construction) as their local institutional partners in the market. Again, international property service companies which became involved in the property market via franchises interacted with the most popular and the most institutionalized local property agencies in the middle of the 1990s. Next, the first REITs of the market were established by the leading banks and group companies in the country at the end of the 1990s. Strong international property investors (Merrill Lynch, Corio, etc.) bought the shares of these REITs partly or fully after 2004. In addition, international property investment and development companies worked together with the strongest local shopping centre development and investment companies after 2004. They developed many shopping centre projects together with joint venture partnerships. Finally, mergers and acquisitions in the market ever occurred between the strongest international property companies in the world and the strongest local property companies of Istanbul. All these examples show that relations and interactions in IRPM occur mainly between corporate (active and organized) international companies and corporate (active and organized) local companies. The separation of agents into 'active' and 'passive' is not meaningful so it is decided to go with a separation of agents

into 'local' and 'global' companies in accordance with the perspective of the glocalisation theory in this study.

It was mentioned in Chapter 4 that employing a separation between entities into local and global is quite hard in an interaction process. In particular, many scholars consider that the classification of entities as global and local based on scales is meaningless. Companies may be classified as local or global according to their source of finance capital in conformity with the Turkish Law[3]. Local and global companies are defined in this way for this study. 'Local company' refers to a company that is established according to the laws of the Turkish Republic. No finance capital belonging to another company which is established according to the laws of another state exists in the capital structure of a local company. 'Global company' refers to an international company that includes finance capital from another company which is established according to the laws of a state other than Turkey in its capital structure[4].

The involvement of many new local and international companies in IRPM in the last thirty years reveals the second gap in MA. This gap is about a 'boundary problem'. MA considers that social systems are fixed and closed so it ignores the possibility of the involvement of new agents in a social system. However, IRPM is an open social system, so new companies may enter this social system and existing companies may leave this system whenever they want. This situation entails the gathering of some additional data, which MA does not mention, in the explanation stage of interaction processes in the property market. For example, issues such as the names of local and international companies which are newly involved in the market, the ways in which these companies enter the market, and which partnerships are established between these companies are important for this study in order to understand and explain the social interaction stage better. These two gaps in MA entail some changes in MA's morphogenetic cycle. After the application of these changes, the morphogenetic cycle is reconsidered and re-described as shown in Figure 5.7. The concepts of MA are redefined in the context of the renewed morphogenetic cycle.

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
[3] New FDI Law separates local and foreign companies according to their capital structures.

[4] There are many Istanbul-based Turkish firms which are called 'international companies' in the world but they are all accepted as local companies for this study.

Figure 5.7: Structural change as a result of interactions between local and global companies in IRPM from MA's perspective

	Structural Conditioning	Social Interaction		Structural Elaboration
		Other Local Companies ↓↓↓↓		
Local Companies	●●●●●●●●			●●●● ✪✪✪✪ ○○○○
Global Companies	○○○○			
		↑↑↑↑ **Other Global Companies**		
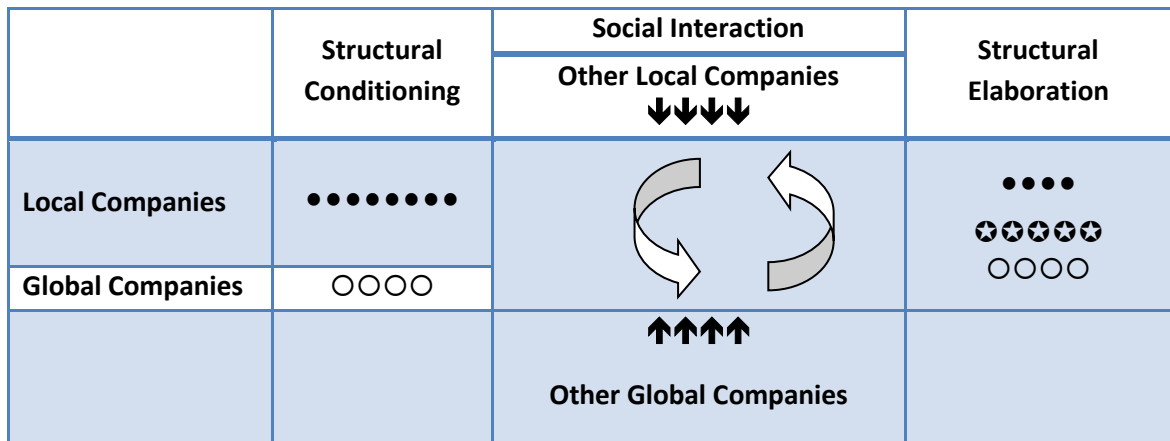
Source: developed by the author

● Local Company   ○ Global Company   ✪ Glocal Company

MA divides a structural change process into three successive stages and settles every stage in a separate clear time period. However, the division of the structural change process in IRPM into three separate stages and the examination of these stages in separate clear time periods are not easy because of the interpenetration of these three stages in the case of IRPM. This is the final gap which is found in MA. It was mentioned in Chapter 3 that the emergence of new structures in the property market started in 1994 and continued until 2010, so the structural elaboration stage should cover this sixteen-year period. In addition, interactions between local and global companies started in 1994 and continued progressively until 2010, so the social interaction stage should also cover the same sixteen-year period. However, it should be underlined that the breakage in 2004 was remarkable because after this year the interactions increased dramatically. That is why the period from 2004 to 2010 was defined as the internationalization period of the market in real terms in Chapter 3. The structural conditioning is a kind of preparation stage for agents before the social interaction stage in MA. In this situation, the structural conditioning stage should cover the years between 1994 and 2004. This was a preparation period for market players before the arrival of global players in large numbers in the market. In other words, the Foreign Direct Investments (FDIs) Law was changed in 2004 as a result of interactions that had occurred and as a result of structures that had emerged between 1994 and 2004, so the market was internationalized fully after 2004. The reasons and dynamics standing behind the change of FDI law and the start of intense interactions after 2004 may be explained only through understanding the structural changes and social interactions which occurred between 1994 and 2004. This kind of explanation is

related to the structural conditioning stage of MA. In summary, the three stages of the morphogenetic cycle from a time perspective are adapted to the case of IRPM in this way. The structural change process of IRPM will be analysed later in Chapter 7, Chapter 8 and Chapter 9, taking these time periods into consideration:

- The structural conditioning   : '1994-2004'
- The social interactions   : '1994-2010'
- The structural elaboration   : '1994-2010'

There are many concepts related to the structural conditioning stage in MA. This situation increases the complexity of the morphogenetic analysis. Therefore, it is decided to introduce a conceptual simplification regarding this stage. The concepts 'involuntaristic placements', 'vested interests' and 'opportunity costs' are left out of this study because special methods are required to collect and analyse data about these concepts. Unfortunately, these methods are missing in MA. Instead of using these concepts, it is decided to use the concept of 'situational logics' [which refers to market strategies], which is the combined outcome of the three concepts mentioned above, and to use the concept of 'intentionality' [which refers to institutional vision], which supports the situational logics concept in this study. Collecting data regarding the market strategies and institutional visions of companies which were active in the market in the 1994-2004 period is not very hard for the researcher; again, there is no need to develop special methods for the specification of situational logics followed by companies in the market[5]. 'Intentionality' refers to the future plans of owners and managers of a company in this study. A company may specify three basic institutional visions for itself in a property market. These are 'grow', 'wait/keep the market position' and 'shrink/leave the market'. 'Intentionality' is a concept regarding MA's structural conditioning stage. Therefore, the specification of active companies' institutional visions just before the beginning of intensive local and global interactions may be especially meaningful for the morphogenetic analysis. The four situational logics regarding the structural conditioning stage in MA are adapted to this study as follows:

- **Protection**: This is the situational logic that is followed by industrial companies which do not want a change in the institutional, legal and industrial setting of the property market in case they lose their existing gains and positions in that market; which become unhappy when another local or global company is involved in the market; which do not renew themselves according to changing market conditions and adapt

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[5] The issues of how data regarding the situational logics concept are collected and which methods are used to specify companies' situational logics are explained in Chapter 6.

themselves to these changing conditions; and which are closed to cooperation with other companies.

- **Correction**: This is the situational logic that is followed by industrial companies which do not want a change in the institutional, legal and industrial setting of the property market in case they lose their existing gains and positions in that market; which become unhappy when another local or global company is involved in the market; which try to renew themselves to keep their market positions at the same level and to adapt themselves to the changing market conditions to re-gain their market powers which they are slowly losing; and which are closed to cooperation with other companies.

- **Elimination:** This is the situational logic that is followed by industrial companies which want a change in the institutional, legal and industrial setting of the property market in order to find an opportunity to raise their positions and to become more powerful in the property market; which perceive the presence of other companies in the market as a threat to themselves; which try to remove other companies from the market, to seize opportunities much more than before and to increase their market power as much as possible; and which are open to cooperation with some companies to remove some other companies from the market.

- **Opportunism:** This is the situational logic that is followed by industrial companies which want a change in the institutional, legal and industrial setting of the property market in order to find an opportunity to raise their positions and to become more powerful in the property market; which want to become powerful by accurately reading and following the development trends of the market; which become happy when a local or global company is involved in the market; which perceive this involvement as an opportunity for themselves; which are open to cooperation with other companies; and which try to turn every development into an opportunity for themselves in the market, but do not perceive the presence of other companies as a threat to themselves, and do not try to remove other companies from the market.

MA is not an approach which is very interested in the characteristics of final products which emerge at the end of a morphogenetic cycle. The most important matter for MA is the realisation of 'change' at the end of a cycle. According to MA, if agents follow the situational logics of 'protection' or 'correction', the existing structural setting of a social system is maintained and sustained in the same way. In other words, these logics do not take the social

system to a structural change. As a result, structures which emerge at the end of a cycle will be the same as structures which exist at the beginning of that cycle. In contrast, if agents follow the situational logics of 'elimination' and 'opportunism', the existing structural setting of the social system changes; these logics take the social system to a structural change and as a result structures which emerge at the end of the cycle will be different from structures which exist at the beginning of that cycle (see Figure 5.4).

In the context of this study, the presence of an excessive number of companies which follow the 'protection' logic may be a factor which limits or delays a structural change in a property market because the logic of protection is based on the principle of remaining 'unchanged'. The presence of an excessive number of companies which follow the 'correction' logic may be an indicator that the balance of power has started to be disturbed, so a structural change has already started in that property market. If that is the case, this means the social integration of that property market is getting weaker and some incompatibilities are seen between the legal/institutional structure and the industrial structure. Again, this means that existing companies are at risk of losing their positions and power in that market. The presence of an excessive number of companies which follow the 'elimination' logic may indicate that there are some problems or conflicts between industrial players in the property market. Then, a change in the legal and institutional setting of the market is required for the solution of these problems in order to increase the level of social integration in that market. The presence of an excessive number of companies which follow the 'opportunism' logic may take a property market to a rapid structural change, because these companies may work hard, moving in a very active and organized way, to change that property market structure to the benefit of themselves. It is clear that a structural change (structural elaboration) occurred in IRPM, because the legal and institutional framework of the market changed as a result of significant liberal economic reforms in the last thirty years. In any case, the main aim of this research is not to find out whether or not a change occurred in IRPM but to explore how the change process of IRPM runs. In this context, the situational logics that were followed and their results for this study are shown in Figure 5.8 below. This figure also shows the morphogenetic analysis method that will be used in this research.

Figure 5.8: Morphogenetic analysis method for this study: MA's situational logics and their outcomes

Agents	Followed Situational Logics	Result: Legal and Institutional Change in the market	Final Products (comes from the institutional approach)
Global and local companies in Istanbul's retail property market	Protection Correction	No	The continuation of current laws, public authorities and associations in the same way
	Elimination Opportunism	Yes	The emergence of new or revised laws, public authorities and associations

Source: developed by the author

MA explains the social interaction stage with the concepts of bargaining power and negotiating strength and emphasizes 'resources' in the operation of these mechanisms. Resources are defined in business and economy dictionaries as follows:

- **Resource:** Economic or productive factor required to accomplish an activity, or as means to undertake an enterprise and achieve desired outcome. Three most basic resources are land, labour, and capital; other resources include energy, entrepreneurship, information, know how, management, and time.

A study which lists and defines resources in a property market does not exist in the literature. Therefore, it is decided to find and define the resources which are used by local and global companies in IRPM empirically in this study. The bargaining power refers to market resources which are held by companies operating in IRPM. It is necessary to find and define market resources initially to understand and see which company possesses which resources in the market. The negotiating strength refers to the role of resources in a partnership/acquisition negotiation process between a local and a global company in IRPM. In other words, in the context of the negotiating strength concept, these questions may be asked and answered: 'How does a company use its resources in a negotiation process?' and 'How does the use of these resources affect the success of the realisation of a partnership or acquisition?' Interactions between agents refer in this study to the establishment of a legal partnership or acquisition between a local and an international company based on a formal agreement in IRPM. Issues with regard to the operation of bargaining power and negotiating strength mechanisms in partnership/acquisition negotiations and their impact on the structural change process are considered as follows: 'The structure of a property market changes when a company uses its resources in a negotiation process in a successful way and this negotiation

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process finishes with the establishment of an institutional partnership or an acquisition. If the resources of companies and the use of these resources in negotiation processes do not ensure the realisation of partnerships or acquisitions between local and global companies, the current industrial setting continues in the same way and so the structure of that property market does not change.'

Figure 5.9: Mechanisms of the bargaining power and the negotiating strength and their outcomes for this study

Agents	Mechanisms	The realisation of a local and global partnership	Result
Local Companies ↻ **Global Companies**	Bargaining Power (the resources of companies) & Negotiating strength (the role of resources in partnership negotiations)	No	Stasis (No change in the structure of the property market)
		Yes	Genesis (change in the structure of the property market)

Source: (Adapted from the work of Archer, 1995; illustrated by the author)

5.5 What could MA bring to this research?

MA includes a stratified ontology and deals with the issues of 'emergent property', 'causation' and 'necessity'. These are very important tools for resolving the complex issues of social/spatial phenomena. Therefore, **firstly**, MA may help to understand, resolve and explain the complex social process which was experienced in IRPM after the 1980s. MA is a sophisticated and comprehensive approach, intellectually and conceptually. Therefore, **secondly**, the use of MA may fill in the methodological and operational gaps of the glocalisation theory which has been selected as the meta-theory of this research. MA is sensitive to 'space' and 'place', 'the unique' and 'the ideographic', and 'spatial' and 'social' issues. More importantly, MA is sensitive to 'the scale of analyses'. Therefore, **thirdly**, MA may help to establish some sort of solution to the 'place/space dualism' or the 'social/spatial dualism', by taking advantage of the empirical evidence of the case of IRPM. MA is a general sociological and inter-disciplinary approach which may be used for varied social research in different social fields. Therefore, **finally**, the use of MA may enrich the understanding of the evolution of IRPM. In addition, a new light on property studies may be thrown by using a sociological and interdisciplinary overview for property markets. **In conclusion**, the adoption of MA as a methodological tool for this study may be a worthwhile exercise.

In this chapter, firstly, MA itself and its ontological philosophy have been detailed. In this context, the issue of how this approach explains social change processes has been explored in detail. Secondly, the concepts of MA which are used in explaining social change processes have been defined. Finally, the issue of how MA, as an additional methodological tool, may be applied to the case of IRPM has been detailed and considered. Thus, MA has been developed into a useful tool in the broad methodology of this research. In the next chapter, the aim and the main research question of this research are reviewed in relation to descriptions which have been given so far. After that, the issue of how MA may be settled in the glocal framework in order to answer the main research question is explained. The final shape is given to the research methodology at the end of the next chapter.

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CHAPTER 6 Research questions, methodology, strategy and methods

The additional methodological tool, the Morphogenetic Approach (MA), which could be used in the glocal framework in order to answer the main research question, was explained in the previous chapter. This chapter starts with a brief explanation of how this research is designed. In this chapter, firstly, the overall aim and objective of this research is clarified. Secondly, the main research question and subsidiary research questions are restated. Thirdly, the issue of how MA may be settled in the glocal framework is detailed; in this way, a research methodology is produced for this study in order to establish meaningful and close connections between the research questions, the glocal framework and the morphogenetic approach. Fourthly, a research strategy is developed, based on the research methodology, to use in the data collection stage before, during and after the fieldwork. Fifthly, in the context of the research strategy, research methods are specified. Finally, the details of the fieldwork and research ethics are considered.

6.1 Research design

In the previous chapters, a specific property market, 'IRPM', which was a local market but which developed into an international market in structural terms over time, was chosen for the case study. In this context, the historical development and internationalization process of IRPM were examined in detail. It was explained that the detailed exploration of the evolution process of this local market into an international market might be a worthwhile exercise; the importance and significance of this research were then discussed. The use of the institutional approach, the glocalisation theory and the morphogenetic approach in combination to explore, explain and analyse the change process of IRPM was justified. In the following chapters, research aims, objectives and questions are re-stated. In order to explain the structural change process of the market, it has been decided, firstly, to show IRPM's old and new legal and institutional settings clearly, using the perspective of the institutional approach. Fieldwork is required to show the old and new settings of the market. The old and new settings of the market may be revealed with the help of fieldwork data. It is considered that this information may show the change in the market clearly. In this way, the issue of how IRPM changed structurally as a result of political and economic developments and local–global interactions may be explored. This exploration is done with the help of a unique theoretical and methodological framework which has been developed by the researcher, combining the glocalisation theory with the morphogenetic approach. Before the fieldwork, this combination, which may guide the fieldwork, is explained in detail in the research methodology, strategy and methods sections in this chapter. Consequently, data which are collected in the fieldwork

are organized according to the research methodology. Chapter 7, Chapter 8 and Chapter 9 are based on fieldwork data. All collected data are interpreted and analysed using the perspectives of the glocalisation, globalisation and imperialism theories in the final chapter (the conclusion).

6.2 Aim, objective and research questions

6.2.1 Overall aim and objectives:

- The overall aim of this research is to explore the internationalization process of a local property market.

- The overall objectives of this research are to identify local and global interactions in a property market and to explain the structural change process of that property market due to these global and local interactions.

In the context of the overall aim and objectives, Istanbul's retail property market is selected as the case area of this research.

6.2.2 Research questions

It is aimed to explain how structural changes occurred in IRPM in this research. To achieve this aim, initially, it is compulsory to find out and see what changed in the market in general from beginning to the end. Therefore, the first subsidiary question of this research is formulated as follows:

The first subsidiary research question:

- **What are the structural outcomes of internationalization process of IRPM in legal, institutional, industrial terms?**

Many international companies became involved in the property market in the last 30 years and most of these companies made contact with local companies in a way during this process. Therefore, it is a necessity to deliberate reasons which start interactions and which bring local and international companies together in the property market because the exploration of these reasons may help the researcher to understand relationships between interactions and structural changes and may help to explain how structural changes happen in IRPM. Therefore, the second subsidiary question of this research is formulated as follows:

The second subsidiary research question:

▪ **What were reasons for the beginning of interactions? Which factors brought local and global companies together and promoted them to establish partnerships in IRPM?**

It was mentioned that the Turkish government decided to pass to the free market economic system in 1980. Some liberal laws enacted and some public authorities were established with regard to IRPM due to this decision and as a result the market grew significantly and changed structurally and rapidly after 1980. Again, it was stressed that global and local interactions in the property market occurred mainly between local and international companies. In line with this, to explore the role of local and global interactions in the structural change process of IRPM, the main research question of this study is formulated as follows:

The main research question:

▪ **How was the structural change process of Istanbul's retail property market affected by varied interactions between local and international companies?**

6.3 Research methodology

Substantive interrelations between the research questions, the glocal framework and the morphogenetic approach are explained in this section. The establishment of these meaningful relations is important for developing an appropriate methodology for this research. Meanwhile, the issue of how MA may fill in the gaps of the glocal framework is also considered in this section. The research methodology, which is described at the end of this section, is used in the data collection and data analysis stages. In addition, this methodology may guide the author in addressing all research questions and in interpreting the empirical evidence as part of this process. The glocalisation theory states that some glocal products may emerge after the start of global and local interactions in a social system; but the theory provides very little information about the possible characteristics of emerging glocal products. More importantly, the issue of how the final products of interactions emerge is ignored in this theory. This study is mainly interested in the general structural outcomes of the interaction process in IRPM; it is not concerned with the specific glocal outcomes of this process. MA clarifies the general structural outcomes of an interaction process with the help of 'structural emergent properties' (SEPs). Importantly, all other concepts in MA play a role in explaining how SEPs emerge at the end of a morphogenetic cycle (see Figure 6.1).

Figure 6.1: Interconnection of the theory with the methodology in the context of the first subsidiary research question

Research Question	Glocalisation Theory	Missing Part	Morphogenetic Approach
What are the structural outcomes of internationalization process of IRPM in legal, institutional, industrial terms?	☑Glocal Products (specific outcomes - focused their characteristics)	☒Creation of varied outcomes of the interaction process (general outcomes – how they emerged?)	☑Structural Emergent Properties (SEPs)

Source: developed by the author

The glocal framework is interested in the reasons for the meeting of global and local entities but it says nothing about the conditions of interaction environments in a social system. MA fills in this gap with the concept of 'structural conditioning' (see Figure 6.2). The environmental conditions of the property market (laws, public authorities and associations) and the political/economic environment of the country which bring global and local companies together may be discovered through the application of this concept. In addition, another gap has been revealed in the glocal framework regarding the second subsidiary research question. The glocalisation theory does not read global and local interactions as a 'process' and it ignores the existence of successive specific market environments in an interaction process. This problem is solved in the glocal framework through the recognition and consideration of 'time' in MA, because MA considers a social structural change as a periodical change process which consists of past time, present time and future time (see Figure 6.2). This consideration allows every global and local interaction to be evaluated in its own specific market conditions. Relations and transitions between different property market environments may be understood in this way.

The glocal framework underlines the fact that some harmony and conflict may emerge in a global and local interaction process. The emergence of harmony and conflict in the property market depends on the political/economic environment in Turkey and on specific market structures in this study. Companies may develop institutional visions and market strategies under the influence of this environment and under the conditionings of these structures. In the context of their vision and market strategies, some local companies may start to consider establishing partnerships with international companies in the coming years. However, this issue is not mentioned in the glocal framework. MA fills in this gap with the concepts of

'intentionality' and 'situational logics' (see Figure 6.2). The concept of intentionality puts the vision of companies forward for consideration. Strategies which companies follow in the market are divided into four main categories in the light of the concept of situational logics. These situational logics are 'protection', 'correction', 'elimination' and 'opportunism'.

Figure 6.2: Interconnection of the theory with the methodology in the context of the second subsidiary research question

Research Question	Glocalisation Theory	Missing Part	Morphogenetic Approach
What were reasons which started the interactions and which brought local and global companies together under partnerships in the property market?	☑Reasons for Interactions	☒Description of Interaction Environment	☑Structural Conditioning -Laws - Public Authorities - Associations
		☒ Process Analysis ☒Specific time periods	☑Successive Time Phases –Past, Present, Future
	☑Harmony & Conflicts	☒Intentional Behaviours of Companies	☑Intentionality ☑Situational Logics – Protection, Correction, Elimination, Opportunism

Source: developed by the author

The glocal framework underlines the fact that there may be different types of interactions between varied local and global entities in an interaction environment. However, the glocal framework does not provide a tool to examine varied types of interactions which may be experienced on different trajectories in that environment. This point is another gap in the framework. MA fills this gap through the analytical dualism which is present in the basis of MA (see Figure 6.3). The structure and agency dualism is an important tool in explaining mutual dynamic interactions between two entities. Besides, the theoretical and conceptual contributions of MA to the structure and agency dualism develop this dualism into a very efficient tool; so the issue of how a social structural change occurs may be explained with the help of this dualism.

In the context of the main research question, the glocal framework is interested in resources and their mutual transfers between global and local entities in an interaction process. However, the glocal framework does not clarify the issue of how and in which ways these

resources will be shared between global and local entities. MA fills in this gap with the concepts of 'bargaining power' and 'negotiating strength' (see Figure 6.3). The issue of which companies hold which resources in successful partnership/acquisition negotiations may be resolved with the help of the bargaining power concept. Besides, issues such as 'how local and international companies negotiate with each other', 'which matters are discussed' and 'which factors are effective in the realisation of global and local partnerships/acquisitions' may be resolved through the negotiating strength concept. These two concepts are also very important in answering the main research question.

Figure 6.3: Interconnection of the theory with the methodology in the context of the main research question

Research Question	Glocalisation Theory	Missing Part	Morphogenetic Approach
How was the change process of Istanbul's retail property market affected by varied interactions between local and international companies?	☑Different trajectories of global and local interactions	☒Dynamic Relations	☑Analytical Dualism (Structure: Istanbul's Retail Property Market Agency: Retail and Property Companies)
	☑Mutual Transfers (list of resources)	☒The way of distribution and sharing of resources	☑Bargaining Power ☑Negotiating Strength

Source: developed by the author

In the context of the research questions listed above, gaps in the glocal framework and the conceptual tools taken from MA which may be used to fill in these gaps are shown as a whole in Figure 6.4 below. This table also demonstrates that MA possesses sufficient conceptual tools to fill in the missing parts of the glocal framework.

Figure 6.4: Settlement of the morphogenetic approach in the glocal framework in the context of research questions

Research Questions	Glocalisation Theory	Missing Part	Morphogenetic Approach
What are the structural outcomes of internationalization process of the property market in legal, institutional, industrial terms?	☑Glocal Products (specific outcomes - focused their characteristics)	☒Creation of the varied outcomes of the interaction process (general outcomes – how they emerged?)	☑Structural Emergent Properties (SEPs)
What were reasons which started the interactions and which brought local and global companies together under partnerships in the property market?	☑Reasons for Interactions	☒Description of Interaction Environment	☑Structural Conditioning -Laws - Public Authorities - Associations
		☒ Process Analysis ☒Specific time periods	☑Successive Time Phases –Past, Present, Future
	☑Harmony & Conflicts	☒Intentional Behaviours of Companies	☑Intentionality ☑Situational Logics –Protection, Correction, Elimination, Opportunism
How was the change process of Istanbul's retail property market affected by varied interactions between local and international companies?	☑Different trajectories of global and local interactions	☒Dynamic Relations	☑Analytical Dualism (Structure: Istanbul's Retail Property Market Agency: Retail and Property Companies)
	☑Mutual Transfers (list of resources)	☒The way of distribution and sharing of resources	☑Bargaining Power ☑Negotiating Strength

Source: developed by the author

A research methodology has been developed up to now. It is now necessary to develop a research strategy in the context of the research methodology for the fieldwork.

6.4 Research strategy

The research strategy of this study has been developed in conformity with MA's three-stage analysis method. It is necessary to show general structural changes in the market at the beginning of the morphogenetic analysis because it is not possible to explore how IRPM evolved without seeing what structural changes occurred in the market. In this context, it has been decided to list all laws, public authorities and associations which steered the property market between 1994[1] and 2010 one by one at the beginning of Chapter 7. In this study, the aim is to explore the impact of interactions between local and global companies on the structural change process of IRPM, so changes in the industrial setting of the market must also be shown in the same section. In order to make a better process analysis, the thirty-year interaction process should be examined at three stages (1994, 2004 and 2010) and all companies active at each stage must be listed separately. After that, in order to show local and global interactions, all partnerships which were established between local and international companies in the 1994-2010 period must be listed again at the beginning of Chapter 7. With the completion of these lists, the first subsidiary research question may be answered. Later, the morphogenetic analysis may be applied to the case of IRPM.

The first stage of the morphogenetic cycle is structural conditioning. In line with this, all factors (laws, public authorities, associations) which conditioned property market players between 1994 and 2004 must be listed chronologically. The enactment date and aim of laws and the establishment date and aim of public authorities and associations should be examined in detail. Several important political and economic events occurred in this period; these events might also have played a part in the conditioning of market players. Therefore, developments in the political and economic environment in Turkey between 1994 and 2004 should be considered in detail in a narrative way. MA stresses harmony and conflict between agents in relation to the structural conditioning stage. Therefore, the satisfaction and complaints of market players regarding the periodical conditions of the market must be explored. Satisfaction indicates areas of harmony (unproblematic points) between the legal, institutional and industrial structures of the market, and complaints indicate areas of conflict (problematic points) between these structures. Again, institutional visions and market strategies which were held and followed by property companies and hypermarket chains at the end of this period must be explored as a requirement of MA. This stage is completed by the general evaluation of

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[1] 1994 was the year in which the free market mechanism started to run properly in the country and the first international companies became involved in IRPM.

structural conditionings in the property market. The issue of which conditionings promote market players which considerations is clarified in the general evaluation section.

The second stage of the morphogenetic cycle is social interaction. The issues of how global companies are involved in the property market and how they develop relations with local companies are explained in this stage. In this context, firstly, the different forms of interaction between local and global companies must be explored. MA explains this stage by examining the resources possessed by agents. Therefore, secondly, market resources which are used by property companies and hypermarket chains must be explored and defined in order to explain how global and local partnerships are established in IRPM. Finally, five established partnerships/acquisitions[2] should be selected to examine their negotiation processes in detail to see the use of resources in negotiations and to understand the role of resources in the realisation of these partnerships/acquisitions. Reasons for the start of interactions and factors which bring local and global companies together and encourage them to establish partnerships may be explored through the examination of these selected partnerships. The examination and exploration of the first and the second stages of MA may help the researcher to answer the first subsidiary research question.

The final stage of the morphogenetic cycle is structural elaboration. The issue of how new market structures emerge may be explored in this stage. The role of companies in the emergence of new market structures and the impact of previous market structures on this process must be discussed. In this context, all structural changes that occurred between 1994 and 2010 must be considered from the beginning to the end. With the help of the research strategy, fieldwork can be conducted; primary and secondary data can be collected, examined and analysed by revised morphogenetic analysis methods. This analysis will be presented comprehensively in Chapter 7. The research strategy is summarized in Table 6.1 below:

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[2] The type of partnerships/acquisitions, the type of companies and the forms of interaction are taken into consideration in this selection. See Chapter 8 and especially Table 8.8 on p.208 for a detailed justification of this selection.

Table 6.1: Research strategy

The morphogenetic analysis	To do list
Preparation (What changed in the market?)	- Make a list of laws, public authorities and associations which steered the market between 1994 and 2010 - Make a list[3] of active local and global companies in 1994, 2004 and 2010 separately - Make a list of partnerships which were established between local and global companies in 1994-2010 period
The structural conditioning	- Specify and examine the enactment date and aim of all laws and the establishment date and aim of all public authorities and associations related to IRPM in the 1994-2004 period - Consider important political and economic events happened between 1994 and 2004 chronologically in a narrative way - Explore the satisfaction and complaints of property market players from periodical market conditions just before the beginning of intensive global and local interactions (in the year 2004) in IRPM - Explore institutional visions possessed and market strategies followed by local and global companies just before the beginning of intensive local and global interactions (in the year 2004) in the market - Discuss structural conditionings which existed in the market between 1994 and 2004 in general
The social interaction	- Find out the different interaction ways of local and global companies between 1994 and 2010 in the market - Find out and define market resources which are used by companies - Select five partnerships which were established between local and global companies in the 1994-2010 period and specify the resources of companies which were involved in these five partnerships - Understand reasons which started interactions and which brought local and global companies together in the market examining these five partnerships; analyse how resources were used in negotiations and the role of resources in the success of realisation of partnerships

[3] Property companies and hypermarket chains which are located in Istanbul and which are involved in a shopping centre project in Istanbul are included in this list.

The structural elaboration	- Summarize all structural changes occurred between 1994 and 2010 chronologically in a narrative way; focus on reasons which stands behind the emergence of new structures; explain the role of companies in the emergence of new market structures and explore the impact of previous market structures on this process

Source: developed by the author

6.5 Research methods and data collection

6.5.1 Chapter 1

Chapter 1 [the exploration of the historical development process of IRPM] was created through secondary resources. In this context, the online catalogues of Turkish publishers, central libraries and Turkish universities were scanned, and all published books, magazines and theses regarding IRPM were collected. An online ordering service was used to obtain these publications. Besides national resources, international resources were also scanned in the creation of Chapter 1. In line with this, property market reports which were prepared and published by international property service companies with regard to Istanbul's property market were searched because these reports might include important information about the recent historical development process of IRPM. The official websites of international property service companies which operate in Turkey were scanned and all published reports regarding Turkey and Istanbul were downloaded as digital PDF documents. In summary, Chapter 1 uses secondary data obtained from published books, magazines, theses and property market reports regarding IRPM.

6.5.2 Chapter 2

In Chapter 2, the most appropriate approach to the property market for this research is sought and selected through a literature review. In this context, firstly, the British Library Main Catalogue Service and British Library Electronic Thesis Online Service (Ethos) were used and a list was made of published academic books and theses regarding property markets. After that, some other libraries' online book and thesis catalogues (for example *Networked Digital Library of Thesis and Dissertations*) were scanned. Copies of books and theses which might be useful for the creation of Chapter 2 were ordered via the Internet and obtained in this way. Besides academic books and theses, it is possible to access many academic journals which include information about different approaches regarding property markets. In this context, firstly, some academic search engines (such as Sherpa Search, White Rose Research Online, Directory

of Open Access Journals, Scientific Commons, National Library of Australia, USA.gov for Science, E-prints in library & information science, Google Scholars) were scanned; many articles were found about the subject in these databases. After that, online academic journals with a high impact factor (such as *Urban Studies*, *Journal of Property Research*, *Journal of European Real Estate Research*) were scanned; many articles were downloaded freely as PDF documents thanks to the institutional membership of the University of Sheffield to many academic databases. Different approaches regarding property markets were determined after the examination of all these academic papers. The institutional approach was chosen as the most suitable property market approach for this research. Property studies which use the institutional approach were selected among the academic resources which were collected for the creation of this chapter.

6.5.3 Chapter 3

In Chapter 3, important structural changes which occurred after 1980 are examined in detail, again using secondary resources. As in Chapter 1, published books, magazines, theses and reports in connection with IRPM were scanned. In addition, local and international property web portals were scanned to collect actual information about IRPM. There are many national portals (such as Emlak Kulisi, Arkitera, Hurriyet Emlak, Emlak Haberleri, Emlakjet Haber) and international portals (such as The Move Channel, Propertywire, Property Abroad, Investment International, Select Property) which provide regular online information about all developments in property markets on the Web. Some of these portals provide their web content freely to everybody whilst membership is a requirement to access the web content of other portals. The researcher, as a member of some portals or by directly accessing the free online content of other portals, scanned the news archives of all these portals one by one and collected all news about IRPM. In addition, there are many property associations with different functions which were established in the 1990s in Istanbul. These associations broadcast regular reports, bulletins and magazines on their official websites. These publications may include comprehensive information about events that occurred in the last thirty years in IRPM. It is possible to access these publications from the websites of associations. Necessary publications for this research were downloaded in an electronic format from these websites. In summary, Chapter 3 was written using secondary data collected mainly from property market reports, property news web portals and associational reports and partly from published books and magazines regarding IRPM.

6.5.4 Chapter 4

In Chapter 4, the search for the most suitable global and local interaction theory for this research is performed through a literature review. Firstly, the researcher referred to some social science dictionaries (such as the *Dictionary of Human Geography* or the *Online Dictionary of Social Sciences*). It is possible to find the historical intellectual development and the varied definitions of different global and local interaction theories in these dictionaries. With the help of these dictionaries, global and local interaction theories were listed and basic information about them was collected. After that, with the help of academic book search engines (such as Copac), books which have been written in relation to these theories were listed. Books which contain comprehensive information about these theories were purchased. It was considered that accessing some journal papers via social sciences academic databases (such as Sage Journals, Cambridge Journals, Oxford Journals, JSTOR, Taylor&Francis, Emerald) might help the researcher to find and read about current intellectual developments in the selected theories. Criticisms of the selected theories may also be found in these journal papers. In summary, Chapter 4 was written using secondary data collected from social science dictionaries and academic books and papers.

6.5.5 Chapter 5

In Chapter 5, MA, which has been selected as an additional tool for GT, is examined comprehensively. MA was developed by sociologist Margaret Archer in 1995. Archer explains her approach in the most detailed form in her book *The Realist Social Theory: The Morphogenetic Approach*, which was published in the same year. Therefore, the researcher was able to use this book as the basic source to create this chapter. In addition, MA has been used by other researchers in different academic studies. These researchers might question the validity of this approach from different angles and present their criticisms in their publications. Academic journal papers were scanned to find these interpretations and criticisms and to see how MA has been used in different studies. In this context, academic search engines which are listed in Section 6.5.2 and social sciences academic databases which are listed in Section 6.5.4 were used and all publications regarding MA were collected.

6.5.6 Chapter 6

At the beginning of Chapter 6, the aim and objective of this study are clarified and the main and subsidiary research questions are formulated. This is the chapter in which the research methodology, research strategy and research methods are developed for this study. The details of the fieldwork are also given in this chapter. The research methodology is developed,

combining research questions, GT and MA so that they complement each other. As mentioned above, issues which are emphasized in GT and concepts which are used in MA to explain social changes are considered in Chapter 4 and Chapter 5 in turn. Firstly, the main subjects in GT were listed; gaps in GT were revealed; and the concepts in MA which might fill in the gaps of GT were found. Finally, the research questions, the main subjects of GT, the gaps in GT and MA's selected concepts were matched up, and interconnections were established between them. Interconnections need to be established in order to see which concepts may help to answer which research questions. In this way, the research methodology was created.

The research strategy was developed in conformity with the three-stage analysis method of MA. As mentioned, the details of MA and its usage in this research are discussed in Chapter 5. In this context, every stage of MA and the specific concepts for each stage have been adapted to the case of IRPM. Thanks to this adaptation, in relation to MA's three different stages, the issue of which data may be collected in the fieldwork is clarified. The fieldwork was put into practice following this research strategy. In the fieldwork, primary and secondary data which might help to answer research questions were collected; these data are analysed in the next chapters. Data regarding MA's structural conditioning stage are given and analysed in Chapter 7; data regarding MA's social interaction stage are given and analysed in Chapter 8; and data regarding MA's structural elaboration stage are given and analysed in Chapter 9.

6.5.6.1 Fieldwork

The fieldwork was conducted in three parts. The first was a pilot study. The aim of this pilot study was to make a list of the leading institutions and companies of IRPM and to get basic information about changes that occurred in IRPM after global players entered the sector. The pilot study was conducted in Istanbul in August 2008. It took about thirty days. Face-to-face interviews were conducted with the managers of four public authorities and with the directors of nine companies. Interviews were undertaken with public institutions that are related to Istanbul's property market and companies which display different activities in the property market. An attempt was made to reach the managers of the oldest and the most active companies of the retail property market in the pilot study. Personal networks and snowballing techniques[4] were used in the selection of interviewees. Public authorities and private companies forming the pilot study in Istanbul are listed in Table 6.2. All interviews were recorded in a digital voice recorder.

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[4] In this method, participants or informants with whom contact has already been made use their social networks to refer the researcher to other people who could potentially participate in or contribute to the study.

Table 6.2: Public institutions and private companies forming the pilot study in Istanbul

Name	Type of Institution	Area of Interest / Department
Istanbul Metropolitan Municipality	Public Authority	Urban Transformation
Metropolitan Planning of Istanbul	Public Authority	Regional Planning
Istanbul Land Registry	Public Authority	Land Records
International Investors Association of Turkey (YASED)	Public Authority	International Investors
Kuzeybati Savills	Private Company	Property Agency & Consultancy
Dtz Pamir & Soyuer	Private Company	Property Agency & Consultancy
P & D - Cushman & Wakefield	Private Company	Property Agency & Consultancy
Alkas	Private Company	Shopping Centre Consultancy
Multi Turkmall	Private Company	Commercial Property Development & Investment
TSKB	Private Company	Property Consultancy & Investment
REA	Private Company	Property Consultancy & Investment
TAIB	Private Company	Property Finance
Istanbul Mortgage	Private Company	Property Finance

Source: Developed by the author

These general questions were put to the interviewees:

1. When did global players start to be involved in Istanbul's property market?
2. In what ways have global players interacted with local property market players?
3. What kinds of properties have attracted the attention of global investors in Istanbul?
4. What are the characteristics of global players involved in Istanbul's property market?
5. What kinds of cooperation or partnerships have been experienced between global players and local property market actors in Istanbul?
6. Can you please list the types of public authorities and associations related to Istanbul's retail property market?
7. Can you please make a list of leading companies who have been very effective in the change process of IRPM?
8. What has changed in the property market in the last thirty years in general?

With the help of the pilot study, the issue of which companies and which associations could be prospective interviewees in the main fieldwork was clarified, and preliminary information about IRPM's thirty-year change process was collected. In the second part of the fieldwork, face-to-face interviews with the managers of companies and associations which were the most effective and active players in the change process of IRPM were conducted. Data in connection with the first and the third stages of MA were collected in this fieldwork. Chapter 7 and Chapter 9 were created using these data.

The second part of the fieldwork was conducted in December 2008 in Istanbul. It took about one month. Firstly, five interviews were conducted with the managers of the most active associations in the market. Three basic questions were put to the interviewees:

1. Could you please summarize the structural and industrial change process of Istanbul's retail property market in the last thirty years?
2. How did new structures (public authorities, associations, laws) emerge in the market?
3. Who played a role and which factors became effective in this process?

Secondly, seven interviews were conducted with the managers of the most active and the oldest companies in the market. The same three questions mentioned above were put to the interviewees, and one further question was put to them:

4. In 2004, before the start of intensive local and global interactions, what were the problems of the market? Which developments or events in the market made you happy?

Associations and companies which were selected for the interview in the second part of the fieldwork are listed in Table 6.3. The names of these companies are kept private at the request of the interviewees. All interviews were recorded in a digital voice recorder to transcribe and analyse before the third part of the fieldwork.

Table 6.3: Associations and companies which were selected for an interview in the context of the second part of the fieldwork

Name	Type of Institution	Position
Property Service Company A	Private Company	President
Property Service Company B	Private Company	Head Manager
Property Service Company C	Private Company	Advisor to the Board
Property Service Company D	Private Company	Director
Property Service Company E	Private Company	Managing Partner
Property Const., Dev. and Investment Company A	Private Company	General Manager
Property Const., Dev. and Investment Company B	Private Company	Director
Retail Knowledge House (PEBEV)	Association	Head Manager
Turkish Society for Registered Trade Marks (TMD)	Association	President
Trade Council of Shopping Centres & Retailers (AMPD)	Association	Public Relations Department Specialist
Soysal Retail School	Association/School	Head Manager
Association of Shopping Centre Investors(AYD)	Association	Secretary General

Source: Developed by the author

At the end of the second part of the fieldwork, data required for the creation of Chapter 7 [MA's structural conditioning stage] and Chapter 9 [MA's structural elaboration stage] were collected. Five companies which have had a significant impact on the structural change process of the market by establishing local and global partnerships were selected. In the final part of the fieldwork, face-to-face interviews were conducted with the managers of five companies.

As mentioned above, the selected interviewees are the managers of the most effective and active companies in the change process of the market. Data required for the creation of Chapter 8 [MA's social interaction stage] were collected in this fieldwork.

The final part of the fieldwork was conducted in October 2009 in Istanbul. Again, it took about one month. Interviews were conducted with the managers of companies which were involved in the selected partnerships. The researcher tried to choose the most influential partnerships which created a significant impact on property market players. In total, eight interviews were conducted. Ten questions were put to the interviewees about their established partnerships:

1. How did this partnership/acquisition occur?
2. Which market resources were held by the companies before the partnership/acquisition?
3. What was the role of these resources in negotiations? How were these resources used by the companies in the partnership/acquisition negotiation process?
4. What were the distinctive institutional features or characteristics of the partner companies?
5. Could you please tell me about the financial strength and market power of the companies before the partnership?
6. Could you please tell me about the companies' previous business experience?
7. Could you please tell me about the companies' local and international business connections before the partnership?
8. Could you please tell me about the companies' market data sources? In which ways were they collecting market data? How hard was it for them to access market data before the partnership?
9. Could you please tell me about the corporate management and the institutional structure of the companies before the partnership/acquisition?
10. What reasons and factors brought the companies together for a partnership/acquisition?

Companies which were selected for interview in the final part of the fieldwork are listed in Table 8.9 in Chapter 8.

6.5.7 Chapter 7

Chapter 7 is about MA's first stage, which is 'structural conditioning'. It is necessary to make three lists at the beginning of this chapter, as stated in the research strategy. The first is the list of laws, public authorities and associations relevant to IRPM. The second is the list of local and international companies which were involved in the market in different dates. The third is the list of partnerships which were established between local and global companies in the market. The method that is explained below was applied for the making of these lists.

National online property and retail news portals (such as Emlak Kulisi, Gayrimenkul Turkiye, Perakende Gunleri, Perakende Bulten) were scanned first. Most of these portals started to display activity after 2003 in parallel with an increase in market activities in Istanbul. News about the Turkish retail property market (such as activities of market players, important sectoral events, news about associations) may be found in the archives of these portals. Again, it is possible to find a list of associations related to the market in these portals. Every association has an official website which includes all information about that association (such as foundation history, mission, vision, managerial board, members, activities, publications, related legislation). Again, most associations put the links of other associations with which they make contact on their websites. A list of sectoral associations was drawn up through the scanning of web portals and the websites of associations.

Associations are responsible for the realisation of sectoral events in general in the property market. Public authorities related to the retail property market sometimes give financial support to sectoral organizations as sponsors, and officers from different public institutions usually attend these events. All market players [the managerial staff of companies, the members of associations, public authorities and so on] come together and make contact with each other at these events. A list of public authorities related to the retail property market was drawn up by public officers who attended sectoral events organized by associations. Every public authority has an official website which includes all the information about that authority [such as board of directors, international memberships, activities and operations, and related legislation]. It is possible to find the links to other public authorities with which they make contact on these websites. A list of public authorities was drawn up by scanning the official websites of public authorities. A list of laws regarding property development and retailing activities in IRPM was drawn up, firstly by scanning the official websites of public authorities and associations (this information often exists in a 'related legislation' section on these websites), and secondly by scanning web portals. It is possible to find news about current laws and prospective bills in these portals.

The list of the names of active local and global companies in 1994, 2004 and 2010 was drawn up by scanning completed shopping centre projects which were developed in Istanbul. This scanning is necessary in order to see the industrial setting of the property market in different years. International property service companies became involved in IRPM in the second half of the 1990s and started to publish property market reports regularly. It is possible to find the list of completed shopping centres in these reports. A list of shopping centres in Istanbul was drawn up by scanning all published property market reports related to Istanbul. Every shopping centre has an official website which includes all the information about it [such as size, opening date, old and new owners/investors, companies which contributed to development projects, location, and leaseholders]. The websites of all shopping centres were scanned and all data about these centres were collected and organized in tables[5]. With the help of these tables, the industrial setting of the property market in 1994, 2004 and 2010 is revealed.

Every company active in the market has an official website which includes all the information about that company [such as history, services, managerial board, vision and mission, institutional partners, corporate structure, shareholder structure, company profile, portfolio, and completed and on-going projects]. A list of local and global partnerships in the property market was drawn up by examining the official websites of companies. Again, news published on the web portals was scanned while this list was being made because it is possible to find news about established partnerships in the market in these portals. Again, in Chapter 7, as stated in the research strategy with regard to MA's structural conditioning stage, it is necessary to find the structural conditionings which existed in IRPM between 1994 and 2004. In this context, information was collected about laws, public authorities and associations which exist in IRPM; about important political and economic events in relation to IRPM; about market players' satisfaction with and complaints about laws and institutions in association with IRPM; and about market players' institutional visions and market strategies. These data were collected according to the method that is explained below.

All data about the content of laws regarding property development and retailing activities in IRPM were collected from the official website of the Republic of Turkey's Ministry of Justice. In this website, old and new Turkish laws and all legal changes may be found as electronic documents in a digital format. The enactment date and the aim of the laws were compiled through examination of laws recorded in this website. The establishment date and the aim of

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[5] Please see Table 3.1 and Table 3.8 in Chapter 3.

public authorities and associations were compiled through examination of the official websites of these institutions. This information usually exists in 'about us', 'our vision and mission' or 'our history' sections on these websites. Political and economic events which occurred between 1994 and 2004 were explored with the help of academic papers covering issues concerning the historical development of Turkey from political and economic perspectives. These papers are published in national refereed academic journals which are managed by the Turkish universities, and it is possible to access these papers electronically. In addition, the corporate annual activity reports of leading companies in the property market were used while this section was being composed. Companies always provide information regarding the political and economic environment of the country in the relevant year at the beginning of their annual reports.

Data about the satisfaction and complaints of property market players regarding the periodical market conditions were collected, firstly, from property market reports related to Istanbul. Problems in the property market and general expectations of market players regarding the future are included in these reports. Secondly, this information was gained through interviews which were conducted with local professionals who have long years of experience in the market. Data about the institutional visions and market strategies of companies were collected from companies' corporate annual activity reports which were published in 2004. The future vision and strategies of companies are usually included in these reports. Some companies do not publish activity reports annually. The visions and strategies of these companies may be collected from the press statements of managers of these companies, because most company managers usually make statements to the press about their companies' future investment plans and future activities. These press statements also give hints about the institutional visions and future market strategies of companies.

6.5.8 Chapter 8

Chapter 8 is about the second stage of MA, 'social interaction'. As stated in the research strategy, it is necessary to define the different types of local and global interaction which are experienced in IRPM and to discover the resources which are used by companies in the market. It is also necessary to select five local and global partnerships which were established in IRPM to examine the issues in depth. The method that is mentioned below was applied in these operations.

The different types of interaction of local and global companies may be found out by examining the website of the Capital Boards of Turkey (SPK). According to Turkish laws, local and global companies have to get permission from SPK to establish a partnership or to realise

an acquisition in Turkey. SPK gives information to the public about the basic details of all established local and global partnerships and realised acquisitions in its official website. Again, it is an informal rule that, after the confirmation of SPK's approval, the managers of companies that have established a local and global partnership usually appear on television or in newspapers and make a statement to the press regarding their partnership. Therefore, besides the official websites of SPK, the official websites of local and international companies and national newspapers were scanned. In the press statements, some details of the partnership in question are shared with the public, such as reasons for the establishment of the partnership, how negotiations started and finished, the future vision and market strategies of the partners, future projects, and the size of the investment capital budget. Besides, it is possible to find the curriculum vitae of all local and foreign professional staff on the official websites of local and global companies, so data about who is working in which company as a professional may be found with the help of companies' websites.

Property market resources which are used by local and global companies in Istanbul have also been found and defined by scanning the official websites of these companies. Companies were divided into three groups: 'property development and investment companies', 'property service companies' and 'hypermarket chains'. Every company emphasizes its unique characteristics and advantages in the property market on its website. These websites were scanned, and the resources which are possessed by most companies in the property market were determined, grouped and presented with general titles. Resources were defined briefly according to the meanings which are attributed to them by companies. The types of partnerships, the types of companies and the forms of interaction were taken into consideration in the selection of sample partnerships/acquisitions for detailed examination. The chosen partnerships covered all these types of partnerships, all types of companies and all the forms of interaction.

The websites of local and global companies which were involved in the chosen partnerships have been examined; again, interviews were conducted with the managers of these companies to explore the resources which are possessed by these companies in the market. As mentioned, these websites are a rich source of information. For some resources [entrepreneurship, international business network, International business experience, professional staff, completed projects, track record, local and global thinking], related data may be collected from the websites' specific sections [staff names and CVs, portfolio, completed projects, institutional partners, international memberships, services, activities]. For some other resources [finance capital, market power, local business network, corporate management, local input and land], direct questions may be put to interviewees, such as:

'What makes your company different in the market?', 'What can you say about the financial power and market power[6] of your company in comparison with other players in the market?', 'What experience has your company gained?', 'Who are your local connections?', 'How do you collect data in the market?', 'How hard is it for you to access data in the market?', and 'How is your company managed institutionally?'. Data regarding the reasons which start interactions and which bring local and global companies together in the market, the use of resources in negotiations and the role of resources in the successful realisation of partnerships may be collected through face-to-face interviews. Interviews were conducted with the managers of companies who witnessed their companies' partnership negotiation process. The collection of data about these issues also benefited from the interviews with company managers which have been published in web portals or sectoral magazines.

6.5.9 Chapter 9

Chapter 9 is about the final stage of MA, 'structural elaboration'. As stated in the research strategy, it is necessary to consider all structural changes occurring in IRPM based on reasons with reference to actors in an interconnected way. This has been done according to the method that is explained below. Data regarding the consideration of all structural changes occurring between 1994 and 2010, the exploration of reasons behind the emergence of new structures, the explanation of companies' roles in the emergence of new market structures and the exploration of the impact of previous market structures on this process were collected, firstly, through interviews with the managers of companies and associations in the market, and, secondly, from the official websites of public authorities and associations, because it is possible to find background information about the foundation of institutions on their websites [foundation history]. All publications of these institutions were examined in this context.

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[6] Market average is taken into consideration regarding this question. Two response options are provided to the interviewees: 'our power is above the market average' or 'our power is below the market average'.

6.5.10 Chapter 10

In Chapter 10, firstly, main and subsidiary research questions are answered through empirical data. Then the impact of global interest in IRPM and structural changes occurring as a consequence of this global impact are interpreted from the perspective of glocalisation theory as well as from the perspectives of the globalisation and imperialism theories. After that, findings for MA are presented in a separate section. In this context, the success of MA in the explanation of social processes and structural changes in the real world is investigated, and the useful and problematic aspects of MA are revealed. Finally, the general contributions of this research to social sciences literature are presented in this chapter, and this study will be completed.

6.6 Research ethics

In this research, participants were fully informed about the aim and context of this research before the interviews. A consent form and an information sheet were prepared and provided to participants before the meeting [Fully informed participants]. The researcher reassured participants about the security and protection of all collected data after the fieldwork. For data security and protection, fieldwork data were collected only by the researcher, the collected data were transcribed only by the researcher, the translation of the collected data from Turkish to English was done only by the researcher, and the collected data were analysed only by the researcher. Therefore, primary data were not shared with any third parties [Confidentiality].

Participants were asked whether or not they wanted to do a face-to-face interview. None of the participants was forced to join in this research. All participants took part in this research voluntarily [Voluntary participation free from coercion]. The researcher was reluctant to make participants angry with his questions. Instead of an aggressive or intrusive talking style, a soft and gentle talking style was used during interviews. When an interviewee did not want to answer a question or did not want to talk about an issue, the researcher quickly passed over this question and issue and jumped to another question [Avoiding harm].

The names of interviewees and companies are kept private in this study for anonymity. The researcher tried not to harm the institutional image of public authorities and associations. For example, the presentation of an international company as 'imperialist' may harm the image of that company in Istanbul. Therefore, all subjects are discussed at eventual and intellectual level, not at a personal, institutional or company level. In addition, to protect the personal

image of all participants, the names of people and their companies are kept secret and private at their request [Anonymity].

The researcher has no relationship with participants and institutions based on any interest. The researcher interviewed market players as an independent and impartial researcher. The researcher did not offer any money, gift or reward to participants for any reason [Independence and impartiality of the researcher]. The researcher avoided all types of pre-judgements before interviews and during the data analysis stage. All interviewees were happy about being a part of this research. The researcher promised participants he would inform them about the findings of this research at the end. The researcher shared his contact details with participants.

CHAPTER 7 Morphogenetic analysis: 'structural conditioning'

7.1 Introduction

The aim of this study is to explore relations between local-global interactions and structural changes in IRPM. It is therefore necessary firstly to explore the factors which bring local and global property companies together and which encourage them to work together in IRPM. The exploration of these factors may help us to understand better how interactions contribute to structural changes. Structural conditioning, which is the first step in the morphogenetic analysis, is a stage which allows an explanation of 'reasons for interactions' in the glocal framework. In other words, the factors which cause IRPM to change and become internationalized are revealed in this stage.

It is natural that property companies will decide to display an activity and specify a strategy for themselves in response to factors in a property market. As stated in Chapter 5, there are four elements [factors] which create a conditioning that affects property companies. The first conditioning is 'laws'. Laws are important elements which give a general direction to the behaviour of market players by drawing invisible but clear borders for property companies. The second conditioning is 'public authorities'. Public authorities determine the rules of operations in a property market through regulations. Market players have to conduct their activities according to these rules. The third conditioning is 'associations'. Almost every property company moves in a property market as a member of an association. Gathering under an association with a certain aim and vision sometimes deters a property company from operating individually in the market and encourages that property company to move in conformity with the collective objective and interest of this association. The final conditioning is 'political and economic developments'. Political and economic developments in a country inevitably have an effect on the decisions of property companies regarding their activities in a property market. For example, on one hand, property companies usually tend to stop their new investments and to slow down their ongoing projects in response to shrinking demand and an atmosphere of uncertainty in times of economic recession and political instability. On the other hand, during property booms and in times of political stability, the number of projects and investments usually increases. In short, in MA's structural conditioning stage, the factors which directly affect the market strategies and future visions of property companies are explored, and the contribution of these strategies and visions to the internationalization process of IRPM is discovered.

At the beginning of this chapter, changes in IRPM are shown in tables. The years 1994 and 2004 are accepted as turning points in these tables. 1994 is the year when international

property companies started to be involved in IRPM. 2004 is the year when IRPM was fully liberalized and internationalized thanks to the revision of the foreign direct investment law. In this context, at the beginning of this chapter, laws, public authorities and associations, which create conditionings on market players, are shown as a whole in tables. Tables which show the industrial setting of IRPM on different dates are also given. Property companies are divided into two groups, local companies and global companies, in these tables. Property companies are also divided into three groups according to their type of activity: property construction/development/investment companies, property service companies and hypermarkets. Next, a table which shows changes in the number of active companies in IRPM is presented. All partnerships and acquisitions involving local and global property companies in IRPM are also shown. Changes in IRPM, which are mentioned in general at the beginning of this chapter, are presented in detail in the middle of the chapter. In this context, the names, aims, and establishment/legislation dates of all laws, public authorities and associations concerned with retailing and property development activities are listed. Important political and economic developments which occurred between 1994 and 2004 are also explored in chronological order. It should be said that all the work which has been mentioned up till now has been done to show clearly the structural conditionings in IRPM. Next, it is time to understand the issue of how property companies are affected by these conditionings in IRPM. In this context, the satisfaction and complaints of market players regarding sectoral laws, the activities of public authorities and associations and Turkey's economic and political environment are considered. These attitudes may create a conditioning on market players which pushes property companies to adopt certain ideas. In line with these ideas, property companies draw a vision of the future and specify a market strategy for themselves in IRPM. Therefore, the visions and market strategies of property companies and hypermarkets[1] are presented in tables towards the end of this chapter. This chapter is completed with a conclusion. All observation which are found out in this chapter are summarized in general; the factors which cause IRPM to change and which make it internationalized are discussed in the conclusion section.

7.2 Structural changes in IRPM in tables

In this section, the structural changes in IRPM are shown clearly in Table 7.1. In this context, laws, public authorities and associations which steered market players in 1994 and in 2010 are listed separately. Eighteen new laws were enacted, five new public authorities were

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[1] Hypermarkets as much as property companies want to be involved in a new shopping centre development process because hypermarkets are an inseparable part of shopping centres in Turkey. Therefore, it is appropriate to find out the market strategies and future vision of hypermarkets together with property companies in this section.

established and sixteen new associations started to operate in the market in this sixteen-year period (see Table 7.1). These numbers are clear evidence that the market experienced a significant structural change in this period. It should be underlined here that the enactment of these laws and the establishment of these institutions occurred gradually and successively. The recognition of this sequencing may make very positive contributions to the exploration of the structural change process in the property market [this issue is discussed in detail in the structural elaboration section in Chapter 9].

Table 7.1: The Structure of Istanbul's Retail Property Market

THE STRUCTURE OF ISTANBUL'S RETAIL PROPERTY MARKET		
	1994	**2010**
LAWS	4355 – Law for the Chambers of Trade, Industry and Craftsmen and for Commodity Exchange Markets 5373 – Law for Craftsmen Associations and Unions 6762 – Turkish Trade Act 507 – Craftsmen and Artisans Law 2644 – Land Registry Law 6570 – Law for the Leasing of Real Estates 193 – Income Tax Law 213 – Tax Procedure Law 634 – Common hold Law 1319 – Property Tax Law 2499 – Securities Exchange Act 2499 – Capital Markets Law 2960 – The Bosporus Law 2942 – Expropriation Act 3065 – Value Added Tax Law 3194 – Zoning Law 3402 – Property Law 4054 – Law for the Protection of Competition	4458 - Customs Law 23517 - Real Estate Investment Trusts Law (Series: VI - No: 11) 4587 – Law for the Establishment of Secretariat General for EU Affairs 4668 – Law for the Establishment of The Turkish Int. Cooperation and Development Agency 4926 – Law for Fighting with Illegal Trade 4708 - Building Inspection Law 4734 - Public Procurement Law 4916 - Revision of Foreign Direct Investment Law 5216 - Metropolitan Municipality Law 5362 – New Craftsmen and Artisans Professional Associations Law 6102- New Turkish Trade Law 5523 – Law for the Establishment of The Turkish Int. Cooperation and Development Agency 5393 – Municipality Law 5831 – New Land Registry Law 5543 – New Zoning Law 5520 - Corporate Tax Law 5582 - Mortgage Law 5607 – New Law for Fighting with Illegal Trade
PUBLIC AUTHORITIES	-Under secretariat of The Prime Ministry for Foreign Trade Export Promotion Centre of Turkey (İGEME) -International Investors Association of Turkey (YASED) -Capital Markets Board of Turkey (SPK) -Under secretariat of the Prime Ministry for Foreign Trade -Turk Eximbank -Foreign Economic Relations Board (DEIK) - The Union of Chambers and Commodity Exchanges of Turkey (TOBB)	- Competition Authority - The Turkish International Cooperation and Development Agency (TIKA) - Investment Support and Promotion Agency (ISPAT) - Secretariat General for EU Affairs (ABGS) - Housing Development Administration of Turkey (TOKI)
ASSOCIATIONS	-Istanbul Chamber of Commerce (İTO) -The Confederation of Turkish Craftsmen and Artisans (TESK) -Economic Development Foundation (IKV) -Turkish Industrialists' and Businessmen's Association (TUSIAD) -Association of Turkish Foreign Trade (TURKTRADE) -Chamber of Istanbul Public Seller Craftsmen -Turkish Franchise Association (UFRAD) -Turkish Council of Shopping Centers & Retailers (AMPD)	-Soysal Retail School -The Association of Real Estate Investment Companies (GYODER) -The Chamber of Istanbul Real Estate Agents -United Brands of Association (BMD) -Appraiser's Association of Turkey (DUD) -Registered Brands of Association (TMD) -Urban Land Institute Turkey (ULI) -Retail Knowledge House (PEBEV) -Turkish Retailers Association (TPF) -Association of Licensed Appraisal Professionals (LIDEBIR) -Association of Eurasia Real Estate Consultants, Agencies and Businessmen AGDEM) -Turkish Exporters Assembly (TIM) -Association of Shopping Centre Investors (AYD) -Association of Real Estate Entrepreneurs (GGD) -Association of Turkish Appraisal Experts (TDUB) -International Real Estate Investors Association (REIA)

Source: Compiled by the author

Changes in the industrial setting of the market are shown in two different tables: for local companies (see Table 7.2) and for international companies (see Table 7.3). According to Table 7.2, six local construction/development/investment companies, five local property service companies and fourteen local hypermarket chains were active in the market in 1994. Eighteen new local construction/development/investment companies, five new local property service companies and eight new local hypermarket chains were involved in the market in 2004. After 2004, the number of active local companies in the market increased dramatically. In just six years, between 2004 and 2010, forty-one new local construction/development/investment companies, twelve new local property service companies and twelve new local hypermarket chains became involved in the market. It must be stated here that all the old local companies continued their operations in the same way after the involvement of new local companies in the market; none of the existing local companies left the market after the entrance of the new local companies. In other words, all local companies which were active in the market in 1994 were still active in 2010.

Table 7.2: The Local Industrial Structure of Istanbul's Retail Property Market

	Up to 1994	Between 1994 and 2004 (new involvements)	Between 2004 and 2010 (new involvements)	
Property Construction, Development and Investment Companies	- Bayraktar Group - Nurol Group - Akkok Group - Tekfen Group - Istikbal Group - Aksoy Group	- TEPE Construction - Sabanci Group - Albayrak - Turkmall - AK Merkez REIT - Koc Group - Hamoglu Group - Mass Cable - Maya Holding - Profilo Group - Emintas Construction - Has Group - Turkey Is Bank - Gumussuyu Carpet - EGS Group - Aydinli Group - Astay Construction - Eczacibasi Group	- Kapicioglu Mining - Edip International Real Estate - Oztas Construction - Tudas Agricultural Products - Yatirim Construction - Z.T.K. Engineering - Baymer Tourism and Investment - Sinpas Investment - Ilhanli Textile and Construction - Istanbul World Trade Centre - Efor Group - Ekinciler and Partners Const. - Uretmen Group - Fliper Construction - Uygarkent Construction - Sinasos Construction - Maytur Tourism and Construction - Park Trade and Tourism - Zorlu Real Estate - Nata Group - Tahincioglu Group	- Renaissance Group - Or-Mod Textile and Tourism - Gul Kelesoglu Construction - Gima Food - Ozyazici Construction - Orta Real Estate Investment - Kale Construction - Tgg Construction and Tourism - Dat Market Investment&Co. - Omur Industry and Tourism - Kozken Construction - Tskb REIT - Prime Development - Ada-Yat Real Estate - Denge Construction - Torunlar REIT - Doga Investment - Eroglu Construction - Is REIT - Fiba Group
Property Service Companies (Consultancy, Agency, Management and Valuation)	- P & D - Kuzeybati - Turyap - Pamir&Soyuer - Returk	- Celen & Celen - Pega - MLM - Alkas - Marti	- Mallart S.C. Consulting - Akin Consulting - Armall Consulting - Aktif Management - Greens S.C. Consulting - Kdm S.C. Consulting	- Nts Consulting - Rea Consulting - Avm Management - Mor Management - Inside S.C. Consulting - Kurun S.C. Consulting
Hypermarket Chains	- Migros - GIMA - Tansas - Ordu Pazari - Makro - Metro	- Sok - Bakkalim - Kipa - Kiler - Endi - Elma, Bim, Maxi	- A.101 - Bizim Toptan Satis - Cagri Hypermarkets - Seref Makromarket - Rammar - Hatipoglu	- Uyum Hypermarkets - KIM - Hakmar Express - Mopas - Burda - Ismar

Source: Compiled by the author

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International companies were absent from the market in 1994 (see Table 7.3). Two international property construction/development/investment companies[2], nine international property service companies and three international hypermarket chains were active in 2004. It is clear that many international companies entered the market after 2004. Between 2004 and 2010, in just six years, thirty-four new international property construction/development/investment companies, ten new international property service companies and three new international hypermarket chains became involved in the market.

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[2] The main activity area of these two companies is actually retailing, not property development and investment.

Table 7.3: The International Industrial Structure of Istanbul's Retail Property Market

	Up to 1994	THE INTERNATIONAL INDUSTRIAL STRUCTURE OF ISTANBUL'S RETAIL PROPERTY MARKET IN 2010	
		Between 1994 and 2004 (new involvements)	Between 2004 and 2010 (new involvements)
Property Construction, Development and Investment Companies	N/A	▪ Metro Group ▪ Carrefour Nederland BV	▪ Difa ▪ Eurohypo AG ▪ Redevco ▪ Foruminvest ▪ Acteem Group ▪ Accor Group ▪ Sema Dubai LLC ▪ Landmarkk ▪ EMG ▪ Bainbridge Real Estate Investment ▪ ECE Turkey ▪ Multi Turkmall ▪ KREA & Merrill Lynch ▪ REVAK & BLBprivate Turkey ▪ Corio -Act 4 gayrimenkul ▪ Cenor Group ▪ Palmali Holding-Tekfen ▪ MFI-AVM Partners ▪ Vastned ▪ Bauwens ▪ Dogus REIT ▪ Taurus ▪ Area Property Partners ▪ Prime Development ▪ Laref Aksar Capital-AB Invest ▪ Milestone Capital Partners-Koray ▪ Emaar Properties-Atasoy Group ▪ Tulip Panogra-Ozgur Construction ▪ European Future Group-Ozer ▪ ST.Martin's Properties ▪ Rudolph Younes-Yesil ▪ GE Capital-Dogus ▪ Apollo Real Estate Advisors-Taurus ▪ Hal Investments-Optikproje
Property Service Companies (Consultancy, Agency, Management and Valuation)	N/A	▪ DTZ ▪ Healey & Baker ▪ Cushman&Wakefield ▪ CB Richard Ellis ▪ Colliers Resco ▪ Remax ▪ Arthur&Miller ▪ Century 21 ▪ ECE Management	▪ Cefic ▪ Redema Consultant B.V. Tulpian ▪ King Sturge ▪ Coldwell Banker Turkey ▪ Eurosis Consulting ▪ Jones Lang Lasalle -Alkas ▪ REVAK&BLBprivate ▪ Avm Mfi Partners ▪ Kuzeybati Savills ▪ Cushman & Wakefield – P & D
Hypermarket Chains	N/A	▪ CarrefourSA ▪ Tesco/Kipa ▪ Metro/Real	▪ CarrefourSA (CarrefourSA, Carrefour Express, DiaSA, Gima, Endi) ▪ Tesco (Kipa, Kipa Express) ▪ BC Parters (5M Migros, Migros, Tansas, Macrocenter, Sok, Gima, Endi, Ordu Pazari, Bakkalim, Maxi)

Source: Compiled by the author

The number of active local and international companies in 1994 and in 2010 is shown in Table 7.4:

Table 7.4: Number of local and international companies in 1994 and in 2010

Type of Companies	Number of local companies		Number of international companies	
	1994	2010 [in total]	1994	2010 [in total]
Property construction, development, investment companies	6	65	0	36
Property Service Companies	5	22	0	22
Hypermarket Chains[3]	6	26	0	18
TOTAL	17	113	0	76

Source: Developed by the author

Table 7.4 shows that the number of both local and international companies in the market increased significantly in this sixteen-year period. The number of local companies rose from only 17 in 1994 to 113 in 2010. There were no active international players in 1994, but 76 international companies were active in the market in 2010. These numbers indicate that the market grew significantly from 1994 to 2010 and became very competitive in 2010 thanks to new company involvements. Some partnerships were established between local and global companies between 1994 and 2010 (see Table 7.3). It can be seen that, because of these partnerships, the industrial setting of the market changed and was diversified through the involvement of international companies. Therefore, at this stage, established partnerships in the market should be examined in detail. The list of established local and global partnerships between 1994 and 2010 is shown in Table 7.5 below. According to this table, four partner alliances, two franchises, one joint venture and one acquisition occurred up to 2004. Although the first partnerships of the market may be accepted as weak partnerships, the first international players were involved in the market via partner alliances and franchises:

> Partner alliance, franchise, joint venture and acquisition … Institutional relationships which are established between local and global companies in the market are ranked from the weakest to the strongest[4] in this order. (Head Manager – Property Service Company B)

We have seen that new international players who wanted to be involved in the market via a partnership after 2004 mostly opted for joint ventures and acquisitions (see Table 7.5). Starting from this fact, we can see that institutional relationships which were developed

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[3] About 67 new small and middle-sized local supermarket chains were established after 2004 in Istanbul (TPF, 2010) but they are not included in this table. Only newly established large hypermarket chains are included in this table.

[4] A strong institutional relationship is defined as one in which mutual sharing and interaction are high between a local and a global company.

between local and global companies after 2004 are stronger than the relationships which were developed before 2004 in the market.

Table 7.5: Partnerships which were established between local and global companies in IRPM

Local Industrial Company	Global Industrial Company	Type of Institutional Relationship	
Tepe Construction	Metro Group	Partner Alliance	BETWEEN 1994 and 2004
P & D	Healey & Baker	Partner Alliance	
P & D	Cushman & Wakefield	Partner Alliance	
Migros	ECE Management	Partner Alliance	
Pamir & Soyuer	DTZ	Franchise	
Tek Group	Remax	Franchise	
Sabanci Group	Carrefour Nederland BV	Joint Venture	
Kipa	Tesco	Acquisition	
Kuzeybati	Savills	Franchise	BETWEEN 2004 and 2010
Coldwell Banker Turkey	Coldwell Banker	Franchise	
KREA	Merrill Lynch	Joint Venture	
Merit Baumar	Bauwens	Joint Venture	
AB Invest	Laref Aksar Capital	Joint Venture	
Koray	Milestone Capital Partners	Joint Venture	
Atasoy Group	Emaar Properties	Joint Venture	
Ozgur Construction	Tulip Panagro and Van Herk Group	Joint Venture	
Revak Blbprivate Turkey	Revak Blbprivate	Joint Venture	
Ozer Group	European Future Group	Joint Venture	
Turkmall	Multi MDC AM	Joint Venture / Acquisition (fully)	
Adacentre S.C.	Corio	Acquisition (fully)	
Cevahir S.C.	St. Martins REIT	Acquisition (partly) %50	
Esenyurt S.C.	Corio	Acquisition (partly) %50	
Edip S.C.	Corio	Acquisition (partly) %35	
Yesil	Rudolph Younes	Acquisition (partly) %15	
Dogus	GE Capital	Acquisition (partly) %25.5	
AK Merkez S.C.	Corio	Acquisition (partly) %46.9	
Tekfen	Palmali Holding SOCAR	Acquisition (partly) %50	
Taurus gayrimenkul	Apollo Real Estate Advisors	Acquisition (fully)	
CarrefourSA Merter S.C.	Apollo Real Estate Advisors ; Multi Turkmall	Acquisition (fully)	
Optiproje Optik Sanayi ve Tic.	Hal investments	Acquisition (fully)	
Act 4 gayrimenkul	Corio	Acquisition (fully)	
P & D	Cushman & Wakefield	Acquisition (fully)	
MIGROS	BC Partners	Acquisition (fully)	
Alkas	Jones Lang LaSalle	Acquisition (fully)	
Maxi supermarkets	Migros	Acquisition (fully)	
Mfi	Avm Partners	Merger/ Acquisition(fully)	

Source: Compiled by the author

The year 2004 is an important turning point for the internationalization of the market because international companies flooded into the market in large numbers and strong partnerships started to be established after this year in Istanbul. 2004 is the year in which the sector became fully internationalized and direct interactions between local and global companies increased suddenly and dramatically. Therefore, market conditions [laws and institutions regarding the market and important political and economic developments up to 2004] which might affect the behaviour and considerations of market players in 2004 should be explored in detail at this stage, so that the reasons and dynamics which quickened the internationalization process of the market may be understood.

7.3 Specific market conditions in the 1994-2004 period: laws

Six important laws regulated the commercial life in the country from the foundation of the Turkish Republic (1923) to 2004 (see Table 7.6). The enactment of these laws extended over eighty years; every law was enacted at a different time in the Turkish Parliament and was revised several times in this process. For example, the Craftsmen and Artisan Law (507) was enacted in 1964 and then was revised in 1983, 1985, 1991 and 1997. After the examination of the purposes of the first four laws [Law for the Chambers of Trade, Industry and Craftsmen and for commodity exchange markets (4355); Law for Craftsmen Associations and Unions (5373); Turkish Trade Act (6762); Craftsmen and Artisans Law (507)], it can be seen that the Turkish government aimed to regulate and organize Turkish commercial life in a modern way with these laws. For example, the purpose of the first two commercial laws (numbered 4355 and 5373), which were enacted in 1943 and 1949, was: 'to organize Turkish traders and craftsmen in a modern way'. The same purpose was expressed and stressed several times in the content of the next new commercial laws [Turkish Trade Act (6762); Craftsmen and Artisans Law (507)][5]. After the examination of the purposes of two laws [Customs Law (4458); Law for Fighting Illegal Trade (4926)] which were enacted in 1999 and 2003, there was a noticeable shift in the aim of the government. With these laws, the government attempted to place international commercial activities under control in the country. The enactment of these two laws is a proof that international trade activities started and then began to grow in the second half of the 1990s. Laws which were enacted up to 2004 to regulate commercial life in Turkey are listed in Table 7.6 below:

Table 7.6: Laws regarding retailing activities in Turkey up to 2004

Laws regarding the retailing activity	Date	Aim
Law for the Chambers of Trade, Industry and Craftsmen and for commodity exchange markets (4355)	1943	To organize Turkish traders and craftsmen in a modern way
Law for Craftsmen Associations and Unions (5373)	1949	To organize Turkish Craftsmen in a modern way
Turkish Trade Act (6762)	1956	To regulate the activities and practices of Turkish commercial businesses
Craftsmen and Artisans Law (507)	1964 Changes: 1983, 1985, 1991, 1997	To meet the collective needs of Turkish traders and craftsmen, to facilitate their occupational activities, to develop the occupation in a good way, to make moral issues dominant in relations between craftsmen&artisans and the society

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[5] All laws mentioned in this section can be accessed online through the official website of the Republic of Turkey Ministry of Justice.

Customs Law (4458)	1999	To specify the rules of the custom that will be applied in the entrance and exit of all goods and vehicles into the Republic of Turkey Custom Zone.
Law for Fighting Illegal Trade (4926)	2003	To provide economic fines for economic crimes, to re-regulate fines associated with import and export crimes

Source: Compiled by the author

In total, nineteen laws were enacted regarding property development activities up to 2004 in Turkey (see Table 7.7). In parallel to the trade laws, property laws also extended over an 80-year period and were revised several times during this process. The government tried up to 1980 to regulate all aspects of property development activities in the country in general, such as property rights, property leasing operations and taxes, with basic laws [Deed Law (2644); Law for the Leasing of Real Estates (6570); Income Tax Law (193); Tax Procedure Law (213); Commonhold Law (634); Property Tax Law (1319)]. Two important developments became effective in the enactment process of property laws after 1980. The first development was the transition of Turkey to the free market economy. The government tried to regulate the property market with four laws [Securities Exchange Act (91); Capital Markets Law (2499); Law for the Protection of Competition (4054); Foreign Direct Investments Law (4875)] which were enacted in line with this development. The second development was the rapid and unplanned urbanization of Turkish cities which occurred as a result of internal migrations in the country and became a significant problem in these decades. The government aimed to solve this significant problem with the help of nine new laws [The Bosporus Law (2960); Expropriation Act (2942); Value Added Tax Law (3065); Zoning Law (3194); Property Law (3402); The Statement of Real Estate Investment Trusts (REITs)(23517); Building Inspection Law (4708); Public Procurement Law (4734); Metropolitan Municipality Law (5216)], and expected to start a planned urbanization process in the country. Laws which were enacted up to 2004 to regulate property development activities in the country are listed in Table 7.7 below:

Table 7.7: Laws regarding property development activities in Turkey up to 2004

Laws regarding property development activities in Turkey	Date	Aim
Deed Law (2644)	1934	To regulate the use of Turkish properties and the rights of property owners in Turkey
Law for the Leasing of Real Estates (6570)	1955	To regulate the leasing operations of Turkish properties and to organize relations between landlords and tenants
Income Tax Law (193)	1960	To specify taxes which will be collected from natural persons over their revenues and gains by the Turkish Government
Tax Procedure Law (213)	1961	To specify taxes and fees which will be collected by Municipalities and Special Provincial Administrations in Turkey

Common hold Law (634)	1965	To regulate the rules and the rights of property ownership in independent units in a single building
Property Tax Law (1319)	1970	To regulate taxes which will be collected from property owners in Turkey
Securities Exchange Act (91)	1981	To support the strong participation of society to economic development activities investing their savings in stocks and shares in Turkey
Capital Markets Law (2499)	1981	To ensure the working of capital markets properly, to regulate and maintain the rights of savers in the capital markets
The Bosporus Law (2960)	1983	To maintain the historical and cultural heritages and natural beauties of the Bosporus seeking public interest, to limit constructions and developments near the Bosporus not to increase density in this zone.
Expropriation Act (2942)	1983	To regulate expropriation activities in Turkey
Value Added Tax Law (3065)	1984	To regulate activities which are subject to Value Added Tax (V.A.T.)
Zoning Law (3194)	1985	To regulate zoning in urban areas according to plan, science, health and environment factors.
Property Law (3402)	1987	To specify the boundaries of properties on maps, to keep land registry, to create a spatial database
Law for the Protection of Competition (4054)	1994	To prevent agreements, decisions and practices which restrain, distort or restrict competition in markets for goods and services, as well as to prevent the abuse of the dominant positions of firms in the market, and to ensure the protection of competition by carrying out the arrangements and supervisions necessary to that effect.
The Statement of Real Estate Investment Trusts (REITs) (23517)	1998	To regulate rules for the operation of Real Estate Investment Trusts in Turkey
Building Inspection Law (4708)	2001	To specify and regulate rules with respect to property development projects; to ensure the development of high quality and secure buildings in accordance with zoning, science, art and health rules and standards
Public Procurement Law (4734)	2002	To regulate the rules and practices of public contracts
Foreign Direct Investments Law (4875)	2003	To regulate rules to attract foreign investors in Turkey, to increase Foreign Direct Investments (FDI), to maintain the rights of foreign investors
Metropolitan Municipality Law (5216)	2004	To regulate the legal status of Metropolitan Municipalities in Turkey, to ensure the provision of municipal services in a planned, efficient and harmonic way

Source: Compiled by the author

At this point, bills related to property development and retailing activities which were presented to the parliament during this process should be examined, because, although they did not become law, these bills gave market players an idea of possible new rules in the market and so created a conditioning on market players. Three important bills came before

the parliament which might have affected property development and retailing activities directly by imposing new rules on these activities in the country (see Table 7.8). The first bill was the 'retailing' bill, which came onto the agenda initially in 1995. There were some rules in this bill with respect to protecting small and medium-sized retailers and to providing a fair competitive environment in the retail market. The government intended to stop the elimination of small and medium-sized retailers by large retailers in the growth and internationalization process of the retail market. In the following years, this bill came onto the agenda again fifteen times, but, because of the lack of consensus between market players and political parties, it could not become law. However, this bill gave a signal to market players that the market would be a more organized (prescriptive) market in the following years. The second bill was the 'development and urbanization' bill. It came before the parliament in 2001. There were many laws regarding property development activities in the country. The multi-divided structure of property laws created legal complexity in their application. The government aimed to unite these laws in one comprehensive law to decrease this legal complexity. However, although this bill was presented several times in the parliament, it could not become law because of a lack of consensus between political parties and market players. The final bill was the 'urban regeneration' bill, which came before the parliament initially in 2004. At the beginning of the 2000s, a need for urban regeneration emerged in Turkish cities. With this bill, the government aimed to start planned urban regeneration and urban redevelopment in the problematic areas of Turkish cities. However, this bill also failed to become law for the same reason. The last two bills gave a signal to property market players that large-scale urban regeneration and redevelopment projects would begin in Istanbul in the following years. These projects might create highly profitable investment opportunities in the market. Bills mentioned in this section are listed in Table 7.8 below:

Table 7.8: Bills which failed to become law between 1994 and 2004

Bills	Date	Aim
Retailing Bill (came onto the agenda 15 times in the Parliament)	1995	To regulate rules regarding the activities of shopping centres, department stores and chain stores, to increase diversity in the Turkish retail market, to keep competition, to protect small and medium sized retailers and to keep them alive, to provide a fair competition environment in the retail market
Development and Urbanization Bill	2001	To ensure the development of urban and rural areas in accordance with plan, science, health and environment conditions in Turkey
Urban Regeneration Bill	2004	To regulate rules about the redevelopment and regeneration of deprived areas in the Turkish cities

Source: Compiled by the author

So far, laws and bills have been examined in detail. Now it is time to examine another factor which conditioned market players in this period.

7.4 Specific market conditions in the 1994-2004 period: public authorities

In the liberalization process of the Turkish economy, eight public authorities were established in the period up to 2004 (see Table 7.9). The first is 'Foreign Trade Export Promotion Centre of Turkey' (IGEME), which was established in 1960. This authority operates under the Republic of Turkey Prime Ministry and works to support local economic development and export trade in Turkey. 1980 was the year in which an important change occurred in Turkish economic policy. The government embraced a liberal (global, competitive, free market) economic vision. In relation to this change, the 'International Investors Association of Turkey' (YASED) was established in 1980, to represent foreign investors in Turkey and to attract new foreign investors to the country. The 'Capital Markets Board of Turkey' **(**SPK), which was established in 1981, aims to run free market mechanisms properly in the country. A free market mechanism works on the basis of the rule of competition. The 'Competition Authority' was established to set the rules of the competitive environment in 1997. Other public authorities which were established between 1980 and 2004 [Under-secretariat of the Prime Ministry for Foreign Trade, Turk Eximbank, Foreign Economic Relations Board (DEIK), Under-secretariat of the Prime Ministry The Turkish International Cooperation and Development Agency] mainly aim to integrate Turkey's economy into the global economy, to carry the retailing and property activities of Turkish entrepreneurs out of the nation state boundaries, to make Turkey a strong global player, and to maintain import/export trade balance for local economic development in the country. After the examination of the purposes of all these public authorities, it is found that these authorities collectively work for the internalization of free market rules, which are based on global competition, by the players of every single economic sector in the country (including Istanbul's retail property market). This fact is declared clearly by a property market professional with these words:

> After the 1980s, the government supported and encouraged foreign direct investments strongly in Turkey. The entrance of foreign capital into Turkey was legally allowed. When we look at all short-term and long-term plans of the Turkish government, we see that the government always supports foreign direct investments in the country. So, the clear liberalization vision of the government became very effective in the internationalization of Istanbul's retail property market. (Director – Property Construction, Development and Investment Company B)

Public authorities which governed and promoted property development and retailing activities in Turkey up to 2004 are listed in Table 7.9:

Table 7.9: Public authorities regarding retailing and property activities in Turkey up to 2004

Public Authorities	Date	Aim
Foreign Trade Export Promotion Centre of Turkey (İGEME)	1960	To support and develop export trade in Turkey, to coordinate all institutions regarding export trade, to make market research to ensure a healthy retail market structure
International Investors Association of Turkey (YASED)	1980	To represent foreign investors in Turkey, to work for the realisation of a better investment environment for foreigners in the country
Capital Markets Board of Turkey (SPK)	1981	To ensure the working of capital markets properly, to regulate and maintain the rights of savers and new investors in the capital markets
Under secretariat of the Prime Ministry for Foreign Trade	1983	To help the specification of the Turkish foreign policy, to regulate, follow and develop import and export trade and multilateral commercial and economic relations in the context of the specified Turkish foreign policy
Turk Eximbank	1987	To develop export trade, to diversify exported goods and services, to find new markets for Turkish manufacturers to export their industrial products, to support international efforts to increase export trade, to guide, train and encourage local entrepreneurs in the internationalization process of their companies
Foreign Economic Relations Board (DEIK)	1988	To pave the way for the development of Turkey's economic, commercial, industrial and financial relations with other countries as well as international business communities, to integrate Turkey's economy into the global economy effectively
Competition Authority	1997	To ensure the formation and development of markets for goods and services in a free and sound competitive environment, to observe the implementation of this Act, and to fulfil the duties assigned to it by the Act. Within that framework, the main duty of the Competition Authority is to prevent any threats to the competitive process in the markets for goods and services through the use of the powers granted by law. Ensuring the fair allocation of resources and increasing social welfare by the protection of the competitive process constitutes the basic foundation of the mission of the Competition Authority.
Under secretariat of the Prime Ministry The Turkish International Cooperation and Development Agency	2001	To support the Turkic Republics and countries near Turkey, to help them in their economic development processes, to develop economic, commercial, technical, social, cultural, educational projects and partnerships with these countries

Source: Compiled by the author

7.5 Specific market conditions in the 1994-2004 period: associations

Another structure which created a conditioning for property market players up to 2004 is 'associations' (see Table 7.10). The first association of the sector is the 'Istanbul Chamber of Commerce' (ITO). This association was established to promote local and international economic development activities in Istanbul in 1880. The existence of this association is an important proof that IRPM started to be internationalized in the second half of the 1850s. However, the internationalization process of the market was interrupted several times for reasons such as the foundation of the Republic of Turkey, World Wars I and II, and import-substitution for industrialization policy which was embraced by the government between 1960 and 1980. Laws which encourage market players to organize in modern ways persuaded players who displayed similar market activities to establish associations with the aim of defending their rights and interests and representing their occupational groups on different platforms. The establishment of TESK in 1964, the Chamber of Istanbul Public Seller Craftsmen in 1991, GYODER in 1997, the Chamber of Istanbul Real Estate Agents in 1999, DUD and BMD in 2001 and TMD in 2002 may be considered in this context. These seven associations are all trade bodies, and every association includes members (companies) who display similar businesses (occupations) in the property market.

Four associations emerged in the market in this process to put the government's new economic vision [a free market economy based on global competition] into practice and to help the adaptation of market players to the new market environment. The establishment of the Economic Development Foundation (IKV) in 1965, the Association of Turkish Foreign Trade (TURKTRADE) in 1983, the Turkish Franchise Association (UFRAD) in 1991 and the Urban Land Institute Turkey (ULI) in 2003 may be considered in this context. Some associations also emerged in this process to gather under one roof different associations which displayed activities in varied economic sectors in Istanbul. TESK was established in 1964; it aims to ensure unity between the associations of craftsmen and artisans. TUSIAD was established in 1971; it aims to gather all industrialists and businessmen in Turkey under one roof. In addition, AMPD may be considered in this category. It was established in 1994 to gather all players in the retail property market (retail and property companies) under one roof. These umbrella associations tried to increase their representativeness as much as possible, and in this way to influence governmental decision-making processes on economic and political issues regarding the market. Some private companies also emerged in this process; these companies filled an important gap in the sector and worked like an association for the provision of an important service to the whole sector. Soysal Retail School, which was established in 1997 as a private

company to provide education services to all sector players, may be considered in this context[6].

Table 7.10: Associations which were active in the 1994-2004 period in IRPM

Name of Institution	Date of Foundation	Aim
Istanbul Chamber of Commerce(ITO)	1880	To promote foreign and domestic economic development within the city of Istanbul, as well as support the Turkish economy as a whole
Confederation of Turkish Craftsmen and Artisans (TESK)	1964	To assure a unity between the associations of craftsmen and artisans; to develop and improve Turkish craftsmen and artisans
Economic Development Foundation (IKV)	1965	To inform the Turkish businessmen and the Turkish society about the developments in the European Union-Turkey relationship; to coordinate relationships between the public and the private sector with respect to issues about the EU
Turkish Industrialists' and Businessmen's Association (TUSIAD)	1971	to contribute to the formation and development of a social order wherein the institutions and rules of the universal principles of human rights, freedom of thought, belief and enterprise, a secular state of law, understanding of participatory democracy, liberal economy, competitive market economy as well as a sustainable environmental balance are adopted.
Association of Turkish Foreign Trade (TURKTRADE)	1983	To help and support the Turkish companies in their growth, institutionalization and internationalization processes with ; to support them
Chamber of Istanbul Public Seller Craftsmen	1991	To seek public seller craftsmen's right against institutions; to represent them and to solve their occupational problems
Turkish Franchise Association (UFRAD)	1991	To help retail firms to constitute collaborations both in the Turkish retail market and international commercial platforms, to help Turkish brands to find place in the world market
Turkish Council of Shopping Centres & Retailers (AMPD)	1994	To gather every player of the retail sector under one roof; to institutionalize and modernize the Turkish retail market
Soysal Retail School	1997	To responds to the unique needs to all teams of the retail sector from sales reps to field executives, from visual staff to marketing executives and top level executives in stores, supermarkets and shopping centres

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[6] PEBEV, which was established in 2005, may also be considered in this context. PEBEV plays an important intermediary role in the production of initial market data and the sharing of these data among all market players.

The Association of Real Estate Investment Companies (GYODER)	1998	To lead to the Turkish property markets with respect to professionalization, institutionalization and standardization
The Chamber of Istanbul Real Estate Agents	1999	To gather all the estate agents of Istanbul under one roof
United Brands of Association (BMD)	2001	To represent all local retailers institutionally in Turkey; to decrease the negative effects of the crises on the Turkish retailers and to support Turkish brands
Appraiser's Association of Turkey (DUD)	2001	To improve the appraisal profession in the Istanbul property market
Registered Brands of Association (TMD)	2002	To represent all international trade marks institutionally in Turkey; to defend the rights of all international trade marks in Turkey; to battle against counterfeiting
Urban Land Institute Turkey (ULI)	2003	To support to best land use policies and applications; to organize educational seminars and events to lead the Istanbul's property market

Source: Compiled by the author

After the examination of the purposes of all property and retailing associations which were established after 1964 in Istanbul, it is seen that all associations aim to develop, modernize, institutionalize and internationalize the market in general. Besides, they emphasize and support local economic development strongly in the property market (see Table 7.10). These associations, which bring market players together, work for the development of the property market according to their own expectations, using the power of being organized and of representing large numbers. The meeting of the government with these associations in the negotiation process of a new law regarding the market is evidence that these associations have the power to promote the development of the sector in legal terms. So far, the most important structures (laws, public authorities, associations) which create conditionings on the players of IRPM have been examined. However, political and economic events also affected the decisions and actions of property market players in this process. Therefore, important political and economic events which were experienced between 1994 and 2004 should be considered now.

7.6 Political and economic environment in the country between 1994 and 2004

Severe earthquakes, economic crises, coalition governments (political instability) and pauses in the process of Turkey's application for membership in the EU are facts which shaped the political and economic environment of the market in the 1994-2004 period. This ten-year period is considered chronologically in this section.

This period starts with the 1994 financial crisis. This was a severe crisis but of short duration. As a result of the crisis, interest rates and exchange rates increased significantly in Turkey.

Some local banks went bankrupt after the crisis (for example, TYTbank, Impexbank and Marmarabank). The Turkish Government brought in a 'state guarantee system' for saving deposits via the 'Savings Deposits Insurance Fund' (TMSF) to stop the bankruptcy of local banks. After the application of this system, local banks started to borrow money at high interest rates from foreign banks without fear because the state guarantee system guaranteed that, if they made a loss, the state would pay all the financial loss of these banks. The government's public debt started to increase after 1994 (Kazgan, 2002). After the 1994 crisis, the government introduced some liberal economic reforms ('5 April Decisions') to encourage short-dated foreign capital inflows. The government started to follow a cyclical, artificial, short-termist and foreign-capital-dependent strategy after these reforms (Eroglu, 2009). The negative effects of the 1994 crisis disappeared quickly and the Turkish economy started to grow rapidly between 1995 and 1998 because interest rates decreased in foreign financial markets and the Turkish capital market provided good arbitrage opportunities to investors (Celasun, 2002). Turkey's entry into the European Customs Union was also effective in the economic growth of Turkey in these years.

The Turkish Armed Forces (TSK) brought down the Refahyol government, which came into power with an overall majority in 1996, in an undemocratic way in 1997. This intervention is called a 'postmodern coup'. This event increased political and economic instabilities significantly in Turkey. After the postmodern coup, Turkey continued to be governed by new coalition governments. The governing of Turkey by the coalition governments caused political uncertainty in the country. The coalition governments made some effort to make Turkey a member of the European Union to achieve economic and political stability. Despite these efforts, a negative response was received regarding the full membership of Turkey at the EU summit which was organized in Luxembourg in 1997. The EU laid down many new conditions for Turkey's full membership. The Anasol-D Government did not accept these new conditions and declared that Turkey's membership dialogues with the EU were suspended. In general, the relations of Turkey with the EU faced many problems in the 1997-2004 period (Uysal, 2001). During this time, the Asian crisis shook the Turkish economy in 1998. Just after this crisis, a Russian crisis broke out. As a result of these exogenous financial crises, foreign finance capital suddenly abandoned Turkey. Therefore, the export trade stopped, and interest rates increased dramatically to the level of 106%. As a consequence of these crises, the Turkish economy began to shrink after 1998 (Eroglu, 2009). The most profitable investment instrument in the 1994-2004 period was the Istanbul Stock Exchange (IMKB). Other profitable investment instruments were treasury bills and long-term savings deposits. In this period, the private sector, especially local banks, sold money to the public sector, and gained high interest

incomes (Toruk, 2004). In short, the public sector and the non-financial sector earned easy money from speculative investments instead of making relatively hard industrial investments (Eroglu, 2009):

> Banks moved away from their main business, that is, their 'agency role', in the 1990s. Local banks borrowed money in foreign currency from foreign banks and they invested this foreign currency into financial instruments which provided returns in Turkish Liras or they issued credits in Turkish Liras. (Kazgan, 2002, p.167)

In this period, the Turkish government decided to take out short-term loans at high interest rates from the local banks. In other words, local private banks financially supported the public sector. During this period, runaway inflation was the main problem in the Turkish economy (Yay, 2002). The basic aim of the Turkish government in the 1994-2000 period was to decrease inflation rates and real interest rates as much as possible. However, many urgent and planned legal reforms were delayed because of the unstable political environment in the country. Therefore, an institutional infrastructure (public authorities) in relation to these legal reforms could not be developed. Again, a successful credit/money policy could not be followed by the government and the IMF programmes could not be applied successfully (Yay, 2002). Turkey was shocked by two severe earthquakes in 1999 (17 August and 12 November). About twenty thousand people lost their lives in these earthquakes. This disaster brought an additional financial burden to the Turkish economy, which was struggling with financial crises in this year. The government put a new IMF program, designed to decrease inflation, into action in 1999. This middle-term program covered a three-year period (2000-2002) and foresaw a structural transformation in the Turkish banking sector. However, this program could not be put into practice because the banking system which had grown in an unhealthy way during the 1990s collapsed at the beginning of the 2000s. The first collapse was in November 2000 and the second was in February 2001:

> In 2000, the Turkish economy dragged to a very bad point where the capital accumulation process could not reproduce itself. This financial crisis brought the issue of the restructuring of the Turkish banking system to the agenda; the system was restructured according to the directions of IMF. (Kazgan, 2002, p.173)

> The reasons for the 1994, 1999 and 2001 crises were weak regulations, political instability and the bad management of the economy. But, actually, the main factor in all these crises was the political fragmentation. (Halkali, 2006, p.8)

The Turkish economy was damaged seriously in the 2000-2001 banking crisis. The political and economic uncertainty reached peak levels in the country. The 2002 general elections were held under these circumstances. The Turkish electorate removed all the political parties which were involved in the coalition governments during the 1990s from the parliament, and a new political party (AK Party), which was established in 2001, came into power with an overall majority in Turkey. The AK Party signed a new stand-by agreement with the IMF. The new

economic program was entitled 'the program for a strong economy'. In the context of this program, the new AK Party government declared an 'urgent action plan'. This action plan included some one-, three- and six-year measures with respect to public finance, income policy, privatization, banking, monetary policy, the non-financial sector, infrastructural investments and education (Eroglu, 2009):

> The main aim of the 'Program for passing a strong economy (GEGP)', which was put into practice after the November 2000 and February 2001 crises, was to stop the borrowing of the public sector and to restructure the banking sector. (Kazgan, 2002,p.168)

The 2002-2004 period is one in which political and economic stability was established in the country. The new government applied the IMF program strictly and put many legal reforms into practice for EU membership. As a result of these governmental efforts, some important developments started to be seen in the Turkish economy. The inflation rates drew back to one-digit numbers, as seen 25 years ago. The interest rates decreased significantly; thus the internal debt burden of the public sector became alleviated. Stability was also seen in foreign currency. Export trade increased dramatically in this period. In parallel to positive improvements in the Turkish economy, some positive developments were also seen in the world between 2003 and 2004. Global economies which had been experiencing a recession since 2000 started to grow after 2003 [China grew by 9%, Japan grew by 2.2%, USA grew by 3.2% and the Eurozone grew by 0.5% in this year]. Interest rates fell in international capital markets so global investors increased their investments. The players of IRPM were aware that a new era was beginning in the market. These actors closely followed political and economic developments in the world through their international partners or through associations such as TUSIAD and GYODER. Therefore, all market players carried great expectations regarding the new era:

> We believe that a new era is going to start for Turkey after the beginning of full membership negotiations with EU. (Sabanci, 2003, p.3)

Real Estate Investment Trusts, which display activity in Istanbul's property market, underlined the positive developments in the Turkish economy in their annual activity reports in 2003. They also emphasized that REITs were going to be focused on mega-investment projects in the new era in Turkey:

> As a result of positive improvements in the Turkish economy, the REITs headed to invest in projects for middle income class in this year. (VakifREIT, 2004, p.4)

In parallel to the Turkish property sector, a new dynamism also appeared in the Turkish retail market in 2004:

> Mutual interactions between international brands [which are involved newly in the Turkish retail market] and local brands [which are developing into international brands] are breaking the ice in Istanbul's retail property market. (ColliersResco, 2003, p. 3)

In summary, it can be seen that the players of IRPM had great expectations about the future of the market at the end of the 1994-2004 period as a result of positive developments in the Turkish economy and in the global economy.

7.7 Satisfaction of market players about property market conditions and the political/economic environment of the country at the end of the 1994-2004 period.

7.7.1 Satisfaction

It is possible to gather evidence on market players' satisfaction regarding conditions in IRPM and the political and economic conditions of the country in the 1994-2004 period under 8 specific titles:

i.   Working market economy

Free market mechanisms started to work in Turkey through liberal legal reforms which were enacted in this period. The public sector drew itself back; it paved the way for private sector investments so the Turkish private sector became very dynamic in this period. Many limitations on local and international investments were removed after the legal reforms. The export and import trade operations of local entrepreneurs became easier thanks to new trade regulations:

> Our business depends on opportunities in any case and all trends occur cyclically. (Advisor to the Board – Property Service Company C)

Istanbul's emerging modern retail property market provided many opportunities to investors in these years. Many large local companies which displayed activity mainly in different economic sectors became involved in this market to seize opportunities provided by the free liberal market environment. Despite the recession, the modern retail property market grew rapidly from the hands of local entrepreneurs in this period. The awakening and growth in the market were welcomed by all local market players because every player benefited from the revival of the market. The huge efforts of market players to seize market opportunities caused intense competition in the market. This competition played a role in the rapid growth of the market with new good quality shopping centres in Istanbul.

ii.   Continuation of the negotiation process of Turkey for full EU membership

In general, market players were happy about the continuation of negotiations for Turkey's full membership of the EU in this period (although it was slow) because Turkey's process of adaptation to the EU enabled new, modern and up-to-date property and retail laws to be enacted in the parliament:

While the Turkish legal system with its economic infrastructure and institutions is being regulated with new legal reforms in the context of the EU adaptation process to keep up with the globalizing world, the Turkish property and construction sector must not be excluded from the same process. (*1ˢᵗ Real Estate Summit Report,* GYODER, 2000, p.2)

Most Turkish laws were revised in the context of the EU adaptation process. For example, a sophisticated control system for property development processes came into force thanks to the new Building Inspection Law (4734). The authority of local governments increased and the boundary conflicts among local governments disappeared thanks to the new Metropolitan Law (5216). The change in the Foreign Direct Investments Law (4875) paved the way for the sale of Turkish properties to foreigners. In short, market players were happy about the government's determined and stable progress on the EU road because the poor legal structure of the retail property market developed into a rich structure through these legal reforms in this period.

iii.　Global know-how

Global know-how regarding international retailing and property development activities was gained by local market players; in other words, local retail property market players learned the details and secrets of international retailing and property development businesses from international hypermarket chains and global retail brands in this period. Therefore, the first retail property professionals (FRPs) were trained in the market in this way. FRPs were pleased to gain the know-how from global players because there were now a sufficient number of qualified local professionals, who are essential for the future growth of Istanbul's modern retail market, ready in Istanbul:

A fact that was not foreseen by international companies, although local players benefited greatly from it, emerged in the retail property market. Metro Group transferred its global know-how to its local employees. Again local players learned the secrets and importance of being a retail brand from Nike. Multi Turkmall, Krea, Corio and Acteem Group … all these international companies transferred their shopping centre development know-how to their local employees. Local actors learned the international style of retailing from Carrefour and Real. So, an experienced worker of an international company developed into a general manager in a local retail or property company. Seventeen years have passed since the involvement of the first international retailing and property companies in Istanbul. It is natural that all the know-how of these international companies passes to local market players because these international companies have to recruit local people to be successful in the local market. (Head Manager – Retail Knowledge House) (PEBEV)

In any case, local market players gained international shopping centre development, investment, management and leasing know-how before 2004. (General Manager – Property Construction, Development and Investment Company A)

Most local retail property professionals wanted to use their global know-how, which was gained from international companies, for themselves, in establishing their own local companies in Istanbul. However, the 2000-2001 banking crisis caused a significant change in the strategies and ways of thinking of FRPs.

iv.   Ability to develop successful shopping centre projects

After 1994, the local actors of IRPM found an opportunity to observe developed countries closely. These actors noticed that Turkey was experiencing a liberalization process that had been experienced by some developed countries [especially the USA and in the EU] a few decades ago. Local market players became acquainted with sophisticated property market structures [laws, public authorities, associations, companies, etc.] and successful shopping centre development projects in these developed countries. They understood that these market structures were designed exactly for a global and liberal economic system. Local market players inevitably took these structures and shopping centre projects as models for themselves. They then started to make attempts to change the local market structure in conformity with developed countries' market structures. They also started to develop shopping centres similar to completed projects in Western countries. These shopping centre projects became very successful in Istanbul. Most local market players expected to extend their retailing and property development operations into other countries and to provide retailing and property services to international standards in this period:

> Local entrepreneurs went out from Turkey and travelled to developed countries to see the good examples of retailing activities and property development projects from the beginning of the 1980s … As a result, these entrepreneurs carried all information about the world's successful shopping centre projects into Istanbul … That's why the first shopping centre projects were developed to international standards in a successful way in Istanbul. Local developers then tried to develop better projects than the first ones to attract more customers to their shopping centres. Always you have to do better things than the old ones. As a consequence of these efforts, many shopping centres with high standards were developed in Turkey. The 99% of shopping centres that were developed before 2004 were really successful and very good projects. (General Manager – Property Construction, Development and Investment Company A)

FRPs were happy because their shopping centre projects received many international prizes from international institutions. In parallel to local developers, local retailers who were doing 'contract manufacturing' for international retail brands were also happy about manufacturing retail products to international standards. Therefore, local market players gained great confidence in their abilities. Their self-confidence and courage increased year by year, so they felt themselves ready to act as international retailers and property developers in world retail property markets in this period.

v.   Liberalization vision of the Turkish government

The Turkish government enacted many new liberal laws to integrate the Turkish economy into the global economy after the 1980s. Some public institutions were established in the context of these laws to manage Turkey's liberalization process (for example, IGEME, YASED, TURK Eximbank, and DEIK). These public institutions played very important roles in the introduction

of local market players to the other countries' retail property markets. Besides, these institutions played important roles in the meeting of local property and retailing companies with international ones in IRPM. In fact, the activities of these public institutions gave a strong signal that the Turkish retail property market was going to be liberalized and internationalized in the following years. This was the vision of the government which was supported by Turkey's EU membership process. Therefore, these institutions helped the first retail property professionals to draw a vision of the future for themselves and their companies. The market players were happy about the liberalization vision of the Turkish government because this vision helped them to predict the future picture of the retail property market:

> Turkey must be open and ready for all kinds of global competition and global sharing. For this purpose, local property companies should continue to establish partnerships and to develop projects with international property companies to attract more foreign direct investments into our country. A very determined and stringent attitude must be displayed on this issue. Again, property market professionals have to work hard for the institutionalization of Istanbul's property market. (Sur, 2000, p.12)

The export trade was also encouraged strongly by public institutions in this period. All market players gave support to the government and worked together with public institutions for the realisation of local economic development via export trade in IRPM.

vi.   Organized movements

The first retail property professionals started to work in an organized way through associations (for example, AMPD, GYODER, BMD, TMD) in this period. Good communication was developed among market professionals thanks to these associations. In this way, the professionals were very well informed about each other's activities in the market. In addition, they had a chance to discuss the problems of the market. They were happy about this institutionalization process (and these organized movements) because associations made significant contributions to the modernization and internationalization processes of IRPM in this way.

vii.   Battle against the unrecorded economy

At the beginning of the 2000s, some associations started to complain about unrecorded operations in IRPM. These associations started negotiations with the Turkish government to find a solution for this problem:

> While real estates are developing into liquid investment tools with international securitization operations in the world, the institutionalization of Istanbul's property market and the decrease of unrecorded operations are crucial in the market. (Sur, 2000, p.12)

The effort of the government to bring informal activities under control with laws in the Turkish property market at the end of the 1994-2004 period was welcomed by market players. After

the enactment of laws regarding this issue, a dramatic decrease was seen in informal activities in IRPM.

viii. Positive economic and political developments in Turkey

The market professionals were happy about the end of the period of coalition governments and the start of a period of single-party government in Turkey because the single-party government brought political stability to the country. In addition, the rapid recovery of the Turkish economy pleased professionals very much, because, in this way, they found an opportunity to carry on their projects which had stopped for a while because of the 2000-2001 banking crisis, and to put their planned shopping centre projects into practice.

7.7.2 Complaints

Complaints about the conditions of IRPM in the 1994-2004 period are gathered under 10 specific titles:

a. Lack of investment capital

Local property development/investment companies developed shopping centre projects using either their own capital stocks or the foreign finance capital of international hypermarket chains in the 1994-2004 period. The reason for this situation was the weak and problematic structure of the Turkish banking system and the financial sector. Existing banks and financial institutions provided only short-term credit opportunities to property market players in these years. The local developers of IRPM were deprived of banks and financial institutions which might provide them with long-term credit opportunities at low interest rates for the realisation of their planned shopping centre projects:

> The high cost of capital remains the major issue hindering the development of the real estate industry in Turkey. (ColliersResco, 2003, p.3)

> The common problem of all local construction and property companies was the lack of investment capital in the 1994-2004 period. (Director - Property Construction, Development and Investment Company B)

New shopping centre investments progressed slowly because of the lack of long-term credit opportunities at low interest rates in the market. Shopping centres were developed only by local group companies and local banks in this period because these were players that had enough capital stock for shopping centre investments in Istanbul.

b. Waited retailing bills

Some important liberal economic decisions were made by the government at the beginning of this period. Just after these decisions, Turkey entered the European Customs Union. As a result, many global retail brands became involved in IRPM. Global retail brands have strong financial power and long-term business experience. These retail chains spread rapidly in the

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working shopping centres of Istanbul and Anatolia. They provided diversified retailing products and services with high standards to Turkish customers. Turkish people were not used to seeing these kinds of products and services; so they paid huge attention to the products of the global retail brands. The competitive power of local retailers against international retailers was weak because the 2000-2001 banking crisis weakened the competitive power of local retailers significantly [the citizens of Istanbul stopped spending and started saving money in the recession period]. The competitive environment in the market was not fair and laws were inefficient at protecting local retailers in this unfair market environment in this period. Local retailers (manufacturers, brands, supermarkets and so on) put pressure on the government for the enactment of a retailing law which might regulate this unfair competitive environment in the retail property market in favour of local retailers. The enactment of the retailing bill was also considered as an important issue by property development and investment companies because, by the enactment of this bill, the increasing competition among shopping centre developers might be brought under control to some extent before it got worse. Also, some rules might be imposed on shopping centre development activities. It can be seen that IRPM was subject to a lack of regulation in this period. The main reason for this situation was the excessive involvement of inexperienced and incompetent local developers in the market. A person with enough investment capital might develop a shopping centre project without facing any obstacle in Istanbul in these years. This free market environment revealed some specific (informal) rules in IRPM. Market players operated by their own rules freely in the market. They planned and developed many shopping centre projects all over the city (and the country) without any limitation. Shopping centre investors wanted to put all their planned shopping centre development projects into practice and to seize all the opportunities of the market as fast as possible. The retailing bill came onto the agenda of the parliament several times in this period but it was not enacted because of the lack of consensus in the parliament.

c. Inefficient zoning law

Istanbul experienced a rapid, unplanned, unsustainable and irregular urbanization process after the 1950s (Kocabas, 2005). The zoning law which was enacted in 1985 was inefficient in the solution of urban problems which arose as a result of this rapid urbanization process in the city. There are many squatters and informal settlements in Istanbul today; this means most buildings in the city are illegal. The boundaries of properties (possession limit) on the cadastral maps are not clear; they are mostly overlapping. Property rights are divided into many pieces. The building quality is very low (GYODER, 2004). Planning, property development and expropriation processes work very slowly in the urban area because of conflicts between different interest groups. The solution of these conflicts in legal ways takes too long, and long

court cases usually hinder these processes. The current legal system in practice works to increase conflicts instead of decreasing them[7]. Property market players suffer from this situation, but at the same time they learn how to act in this legally less controlled, ambiguous and confrontational market environment. In short, there are still legal gaps and regulatory conflicts regarding property development activities in the country; it was worse at the beginning of the 2000s (GYODER, 2004). Just after the 2000-2001 banking crisis, many laws (such as numbers 4708, 4734 and 5216) were enacted to re-regulate property development activities in Turkey. However, these regulations brought only a partial solution for this huge problem; they could not solve all problems regarding these activities. Therefore, some additional bills (i.e. Urban Regeneration Bill, Development and Urbanization Bill) were presented several times in the parliament. These bills might have solved most of the urbanization problems but failed to become law in this period.

d. High taxation

Market players complained about the high taxation of international property development activities in the market in 2004. Foreigners started to purchase and sell Turkish properties after the enactment of the new FDI law in 2003. However, the purchase or sale of a property was subject to high taxes. Manufacturers and retailers also suffered from high taxation in the market. Laws about taxation in Turkey were very outdated. Market players hoped for a legal revision; in this way, they might pay low taxes for their market activities, and the internationalization process of the market (and foreign direct investments) might also move faster after this revision.

e. Traditional company structures and opaque property activities

Traditional company structures were dominant (about 80%) in the market in the 1990s (AMPD, 2010). Property and retailing companies were not managed by corporate rules in an institutional and professional way, so most market operations were not transparent in those years. Interestingly, market players had a tendency to keep data about their companies' operations secret; they did not share them with other market players. The number of individual and small-sized retailing and property companies was very high, and these companies acted in the market without a vision of international growth or an expansion strategy. Again, most retailers did not make any attempt to be a famous brand in the market:

> The number of individual investors and their efficiency was very high in the market before 2004. (Advisor to the Board - Property Service Company C)

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[7] This fact is declared often and clearly by many market professionals from public and private sectors in the conferences of GYODER.

There were mostly individual entrepreneurs in the market at that time. (Head Manager - Property Service Company B)

Local manufacturers were interested only in the export trade; they were only doing custom manufacturing. (Head Manager - Property Service Company B)

After the involvement of international hypermarket chains and brands, an internationalization process started in the market. Most local companies noticed that they had to be modernized and institutionalized to survive in this process; public authorities and associations implanted these ideas into market players' minds. Companies in which FRPs were employed were the most institutionalized and transparent companies in the market. However, the transparency level of the market was very low. FRPs, who expected to modernize the market and integrate it into the global economy, were not happy about this situation, because they were aware that foreign institutional investors would like to see transparent and institutionalized property companies and activities in Istanbul; so the property market needed to be transformed from a traditional structure to a modern one in order to be able to attract foreign investors into the market. Many associations were established in this period; they could play an important role in producing market data and sharing them with all market players. However, they were all very new institutions, so they needed time to mature and to meet the information needs of the market. An index for property and retailing activities was missing, so market players knew very little about the real size, real potential and real profits of the retail property market. It is clear that there was a really confusing environment in this period, and the lack of data was one of the serious problems in the market. The tendency of market players to keep market data secret made access to information about the market very difficult for players from outside the market. Market players were not interested in research and data production systems; they avoided this business. Most activities in the market were unrecorded. FRPs were not pleased with this situation:

A research tradition does not exist in our culture. The landowner says: 'If you have money, you can buy this property. Why do you need to do research? Trust me, there is no problem with this property.' (Head Manager - Property Service Company B)

Local market players were mostly doing investments using their God feelings so they were not interested in research and development businesses. (Head Manager - Property Service Company B)

f.   Political and economic crises

Many political and economic crises were experienced in IRPM in the 1994-2004 period. We can see that these crises affected the future behaviour, decisions and institutional visions of the market players. Every player took into consideration the possibility that a crisis might emerge suddenly in the market. Therefore, market players developed a careful and wary behavioural

model. They started to pursue short-term gains and became wary of making middle- and long-term plans. In addition, they took care to use capital stock and avoid borrowing in their investments so they would not be negatively affected by crises. It is clear that the three local crises which were experienced in the 1994-2004 period damaged the financial power of market players significantly. The competitive power of local companies was weakened against international companies in the market. The market players got tired of local crises:

> Turkish people do not make investments with loans. Property investors and landowners are usually the same people in Istanbul. Landowners mostly find capital for their property investments from their families or relatives. So they do not usually take up loans. Local investors use their own capital stocks. In this way, local investors protect themselves from economic crises.   (Managing Partner - Property Service Company E)

All these feelings of satisfaction and complaints created some conditionings on market players. Now it is time to explore conditionings which gave a direction to the behaviour of property companies in the year 2004.

7.8 Structural conditionings in IRPM

Five prominent structural conditionings are found in IRPM at the end of the 1994-2004 period:

a. **Business models and systems of the Western world [US and EU] work successfully so they should be modelled:**

It is not a surprise to find a conditioning such as this in the market. Turkey signed a membership agreement with the European Economic Union in 1963 and applied for full membership to this Union in 1987. These developments are evidence that Turkey was turning its face completely to the Western world and wanted to be like a Western country with all its systems and structures. The aim and content of all laws regarding retailing and property development activities which were enacted after the 1960s show that the Turkish government wanted to organize and modernize the Turkish retail property market in a Western style. Public authorities and associations served the same purpose. Therefore, all laws, regulations and public authorities, from 1923 to the 1990s, strongly encouraged market players to copy the systems and structures of Western modernism and to apply them to Turkey. These laws, regulations and public authorities did not encourage local market players to develop unique systems and structures specific to the Turkish retail property market. This copy-paste habit is named 'system transfer' by the author in this study. As a result of the encouragement of local players to transfer systems and structures directly from the Western world to Turkey, the ability to produce new systems was not developed among local market players. From 1960 to 1990, qualified and wealthy groups such as TUSIAD and IKV became the initiators of the Westernisation adventure of the Turkish property market; these associations managed this process. However, after 1990, FRPs became organized under various associations and

specifically took over the management of this process. Old and new associations gave strong support to the government's EU vision, so they supported the Westernisation and liberalization process of the property market. Turkish entrepreneurs met the laws, institutions, company structures and associations of the Western world directly in the 1990s. This meeting and direct contact caused the birth of a professional group of people who internalized and accepted the systems and tools of the Western modernism because the property market at that time was deprived of efficient systems and tools. More importantly, as said above, market players had no ability (or intention) to develop their own local market systems and tools. Therefore, the 1994-2004 period was the period of globalisation of the market, because FRPs copied and pasted the systems, structures, culture and tools of Western modernism which are related to organized modern retailing and property development activity. FRPs preferred this approach because laws, public authorities and associations did not encourage them to develop their own new and unique models or systems specific to the Turkish retail property market. In contrast, they encouraged FRPs to perform a system transfer.

b. **We [local market players] can do the same jobs as international retailing and property companies to the same standard and we can be successful global players like them as well:**

In the 1994-2004 period, FRPs did not show any resistance to the involvement of international property service companies in the retail property market. Moreover, they readily agreed to establish partnerships with them. The reason for this situation is the establishment in the country of public institutions (IGEME in 1983, DEIK in 1988 and TIKA in 2001). All these public authorities with a common vision encouraged local market players to establish partnerships and mutual commercial relationships with international companies after the 1980s. FRPs were trained with the help of these partnerships and thus gained global know-how regarding the modern organized retail property development business. These professionals also started an institutionalization[8] process in the market. Associations (AMPD, UFRAD, GYODER, TMD and so on) played an important role in the transfer of Western systems and global know-how from international companies to local companies by facilitating and speeding up this process. FRPs found a chance to use the international knowledge which they gained in the shopping centre projects of the 1994-2004 period in Istanbul and Anatolia. The first shopping centre projects were really successful projects; they won many international prizes. Also, local retailers, who were doing custom manufacturing for international retailers, were able to produce high-quality retail products to international standards. This was a real success for them. Interestingly, the illegal production of counterfeit products and the export of these counterfeit

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[8] Institutionalization is one of the tools of Western modernism. The establishment of associations in the market is another reflection of the globalisation process on the sector.

products to other countries is a proof that local manufacturers and retailers are ready to develop into international players. The following idea settled in the minds of FRPs at the end of this rapid globalisation process, thanks to system and know-how transfers: 'We learned this job very well. We can establish our own hypermarket chains and retail chain stores at national and international levels. We can also produce our own local retail brands. We can design and develop shopping centre projects.' Local market professionals felt sure of themselves; they believed that they could do all these jobs from now on in the best way. The free market mechanism that was operating provided a freedom of enterprise to everybody in the country and the professionals were happy about this situation.

At the beginning of the 2000s, the idea that 'we can be global players as well' gained popularity among FRPs. This idea was the outcome of a conditioning that was started by the Turkish government about forty years before. From 1960 to 2000, all public authorities (IGEME, UPMFT, Turk Eximbank, DEIK and TIKA) with a common vision worked for the integration of the Turkish economy into the global economy. In this context, all these public authorities provided varied forms of support to Turkish entrepreneurs to increase import and export trade in Turkey. In addition, they encouraged local entrepreneurs to extend their business activities out of Turkey. Therefore, beginning in the 1980s, local entrepreneurs, in order to develop into international players, tried to introduce the institutional and industrial systems of developed countries and to gain international know-how regarding retailing and property development activities. They achieved their aims in 2000; they then felt self-confident as global players. However, a final obstacle stood in front of them: 'investment capital'.

   c. **We [local market players] cannot remove all problematic structures and practices inherited from the past in the retail property market by ourselves. We need the help of the European Union and the support of international investors/players to improve our property sector:**

The years between 1950 and 2000 were wasted years for Turkey. Regular military coups and local crises caused political and economic instability in the country; the development process of all economic sectors met with serious obstacles during this fifty-year period. Three local financial crises and a postmodern military coup occurred between 1994 and 2004. As had happened in previous years, local economic development was interrupted several times in this ten-year period. Local entrepreneurs and businessmen became used to living with political and economic uncertainties. This ten-year period became a very hard period for the players of IRPM. The economy in the country was too volatile; so sector players adopted habits such as making fast and pragmatic decisions, finishing projects quickly and being short-termist in the market. Also, the government changed exactly ten times in this ten-year period. After every

change, another coalition government came into power. However, no coalition government performed well; the enactment of many laws was delayed. All these developments weakened the trust of local professionals towards the Turkish government. Essential legislation could not be introduced in the parliament so traditional and problematic structures and mechanisms continued to exist and operate in the market in this period. This situation disturbed market professionals who expected modernization, innovation and growth in the market. A restoration in the structure of the market was needed because the sector was experiencing a process of globalisation and liberalisation. Market players felt the pressure of these processes strongly, so they searched for ways of transforming the market structure from traditional to modern. The political willpower of the coalition government was very weak, so legal reforms which associations and professionals desired were not put into action. For example, the lack of middle-term and long-term loans at low interest rates was the main problem of the sector, but the Turkish banking and financial system was unable to meet the demands of market players because of the failure of the system in the 2000-2001 banking crisis. For this reason, market players developed their shopping centre projects in this period with their own capital stock or with the help of international hypermarket chains. There were only two ways to solve the problems of the market in this period.

The first was Turkey's negotiations for full membership of the EU. This was a source of hope because the Turkish government made all legal changes after 1990 in the context of the EU adaptation process. Interestingly, the only issue on which all political parties agreed was the realisation of legal changes in the country according to the EU laws. In addition, when the parliament changed laws regarding retailing and property development activities in accordance with EU laws, the structure of the market might take a form which FRPs wanted. The structure of IRPM might soon be the same as the retail property market structure of London or Paris; so FRPs prepared themselves. The second way to solve the problems of the market was foreign capital. FRPs noticed a concern among global investors for properties in the market in the 1994-2004 period. They understood that international property investment companies were waiting for the end of the period of political and economic instability in the country before becoming involved in the Turkish property market. In addition, FRPs observed that international hypermarket chains continued to develop hypermarkets and shopping centres using their foreign investment capital in this unstable and volatile market environment. The professionals then considered that, if they could find some global investors and persuade them to invest in the market, they might put their planned projects into action quickly in Istanbul and Anatolia in any case. These considerations created a conditioning on FRPs. They believed that the only way to modernize the sector and thus to solve the traditional

structural problems of the market was to access foreign capital and to support Turkey's EU membership process.

d. The Turkish property market [specifically the Istanbul property market] is underdeveloped so it is full of investment opportunities; the only way to seize these opportunities is to move fast and to be very strong in the market:

The market players travelled to European countries several times in the 1994-2004 period. During these trips, they noticed that organized retailing activities were very common and sophisticated in these countries. However, IRPM was very underdeveloped with respect to organized retailing activities in comparison to European cities. The first shopping centres (Galleria, AK Merkez, Capitol and so on) drew strong interest from local residents in Istanbul. Later on, many new shopping centres were developed in the city in this ten-year period but none of them was able to attract as much attention as the first shopping centres in Istanbul. The international hypermarket chains (Carrefour and Metro) were not only interested in IRPM in the 1994-2004 period. They also wanted to make hypermarket and shopping centre investments in the Anatolian cities. In this way, local players noticed high investment opportunities in the Anatolian cities. Just after the development of the first shopping centre in Istanbul, many local entrepreneurs who had sufficient investment capital and resources wanted to be involved in this profitable sector; so the number of players and the competition in the retail property market increased suddenly. Shopping centre and hypermarket investment opportunities in Istanbul and Anatolia were noticed by local and international investors located in Istanbul. FRPs were aware that the market was open to involvements from outside. On the basis of this awareness and their previous experience, FRPs predicted that the competition would increase after the end of the recession, and that all these investment opportunities might be seized rapidly by local and international investors, because international investors were waiting for the start of a period of political and economic stability in order to invest in this market. Under all these ideas and conditionings, FRPs believed that, if they were able to develop the first shopping centre in an Anatolian city, that project would be successful and might draw interest from the residents of that city. Therefore, the local players of IRPM cared about being the first shopping centre developer in the Anatolian cities. In addition, local players believed that they had to complete their planned shopping centre projects as soon as possible; otherwise, investment opportunities in the retail property markets in Istanbul and Anatolia might be seized rapidly by other investors, or a new local crisis might emerge at any time in the country. Despite the existence of high investment opportunities in the Turkish retail property market, local investors and local market professionals had a big problem: the lack of investment capital. The reason for this problem

was the 2000-2001 banking crisis. The situation was that the FRPS saw highly profitable investment opportunities in front of them but were unable to seize these opportunities because of the lack of investment capital. In conclusion, FRPs understood that the only way for them to put their planned shopping centre projects into action rapidly after the recession was to access foreign capital through international property investment companies.

e. **Doing business in the Turkish property market is going to be harder than before due to new laws and regulations, as seen in the European property market; so the most organized, institutionalized and professionalized companies will survive in the following years in IRPM:**

Some new bills regarding retailing and property development activities started to be negotiated in the Turkish Parliament in the context of the EU adaptation process in the 1994-2004 period. These bills were all inspired by European countries' laws. The sector players noticed that the old structures, mechanisms, operations, customs and tools of the property market were going to be changed completely in accordance with EU laws in the following years. The operation of the European property markets was much more transparent, rigid and systematic than that of the Turkish property market. Therefore, the sector players started to prepare themselves for a new market structure in the Western style. The negative effects of the 2000-2001 banking crisis decreased significantly in 2004. Some required laws were enacted in the parliament. More importantly, a process of political and economic stability started in the country. The AK Party started to take important steps toward the full membership of Turkey in the EU. All these developments were strong signals of the creation of a market environment for which FRPs had waited for a long time and for which they had prepared themselves. FRPs were aware that international property investment companies were going to be involved in the market in this stable environment. Also, they were aware that everything (power distribution, relations and so on) might be changed after the involvement of international development and investment companies in the market, because international companies would come with some strong powers (high investment capital, sophisticated institutional systems, cumulative knowledge, long experience and so on) and they might use these powers to buy some local companies in the market, as had recently happened in many European cities' property markets. Besides, international companies might establish partnerships with some local companies or employ some local professionals in their companies. Local professionals foresaw all these developments (acquisitions, partnerships and employment) because in the 1990s they witnessed the involvement of international hypermarket chains in the market. FRPs were also fully aware of the internationalization experience of property markets in some European cities such as Barcelona, Madrid and Paris. FRPs understood that it was not possible for them to compete with international property development and investment companies

because even though they had gained a few resources (such as international know-how) they still lacked some significant resources (such as finance and institutional systems) in the market.

The 1994-2004 period was unstable because of crises, earthquakes and the postmodern military coup. These developments limited FRPs significantly in gaining financial power. The capital stocks of local companies were limited; more importantly, it was not possible for local players to access foreign financial resources from foreign banks and financial institutions because the risk for FDI in Turkey was very high in 2004. The knowledge of local professionals regarding the institutional structure of international property companies was extensive. Local professionals transferred some features of international companies such as institutionalization, professionalization, standardization and transparency to their local companies in the 1994-2004 period. However, the establishment and operation of sophisticated international company systems were not easy. Huge financial power, experience, coordination, and professional staff are necessary to run this kind of international company system. FRPs did not have the capability and resources to run these systems in those years. All these ideas and conditionings inevitably encouraged FRPs to enter cooperative ventures with prospective international property development and investment companies. Local companies all knew that they could not compete with international companies in the market because of the lack of some important resources. They might quickly lose their market power in the following years. Therefore, local professionals decided to act together with international companies after 2004 to keep their powerful position in the market and to develop into international players. For this purpose, they started to prepare their local companies for an international acquisition or partnership. In this context, on one hand, some local professionals tried to make their local companies as institutionalized and transparent as possible. Also, some other local professionals tried to keep high-quality properties (hypermarkets and shopping centres) built to international standards in their portfolios in order to be selected by an international company as a partner or for an acquisition. On the other hand, some local professionals tried to contact some international property investment companies directly and to show them the investment opportunities and potential in the Turkish retail property market. These professionals aimed to persuade international investors to invest in the Turkish property market together with them.

FRPs who tried to make their companies institutionalized and transparent aimed to establish joint venture partnerships with international property investment companies or to sell their local companies to international property investment companies. FRPs who tried to develop connections with international property investors aimed to establish new property companies (born-global) with them in Istanbul, to put their planned shopping centre projects into action

using the foreign investment capital of their international partners, and thus to seize shopping centre investment opportunities rapidly in the Turkish retail property market. As a result of these five conditionings, FRPs drew a new future vision and specified a new market strategy for their companies in 2004. It is now time to find out the new vision and market strategies of market players in the year 2004.

7.9 Future plans of industrial companies for the year 2004

Table 7.11: Institutional vision of industrial companies for the year 2004

Institutional vision of industrial companies for the year 2004	Name of Company		
	Property Construction, Development and Investment Companies	Property Service Companies	Hypermarket Chains
Grow	- Koc Group - Sabanci Group - Carrefour Nederland BV - Turkmall - Metro Group	- Returk - Celen & Celen - Turyap - Pega - Marti - Kuzeybati - Savills - P & D - DTZ - Pamir&Soyuer - Alkas - MLM - Healey & Baker - Cushman&Wakefield - CB Richard Ellis - Colliers Resco - Remax - Arthur&Miller - ECE Management - Century 21	- Elma - Makro - Bim - Bakkalim - Sok - Kiler - Migros - Carrefour - Tesco Kipa - Metro - Real - Endi
Keep the position/Wait	- TEPE Construction - Bayraktar Group - AK Merkez REIT - Mass Cable - Gumussuyu Carpet - Emintas Construction Co. - Istikbal Group - Profilo Group - Has Group - Turkey Is Bank - EGS Group - Aydinli Group - Astay Construction - Akkok Group - Tekfen Group - Maya Holding - Hamoglu Group - Albayrak - Aksoy Group - Eczacibasi Group	n/a	- GIMA - Tansas - Ordu Pazari
Shrink/Leave the sector	n/a	n/a	n/a

Source: Developed by the author

In parallel to positive developments in the political and economic conditions of Turkey and the world, the players of IRPM had very positive expectations about the future of the market in 2004. Hopes and expectations for the growth of the market with new shopping centre investments were high; market players predicted that the market would face intense competition in the following years. It is clear from Table 7.11 that all companies specify 'growth' or 'keep the position/wait' as their vision for the year 2004. None of the companies chose 'shrink/leave the sector' as their vision because all companies thought that 2005 would be a boom year for property developments. Every company expected to benefit in some way from this boom:

> All market indicators and developments in Istanbul's construction and property market show that the market is experiencing a comprehensive change and the market is entering a boom period. (TepeInsaat, 2004)

Property development companies which drew a 'growth' vision for themselves are the leading development companies of the market (Koc, Sabanci, Carrefour, Turkmall and Metro). All these companies (except Turkmall) use foreign capital in their investments and mostly employ local property professionals. These companies expected to be sector leaders again in the next period:

> Our main objective is to keep our leading position in the market and to continue our organic growth with our CarrefourSA and DiaSa companies. We are also open to new acquisitions that might be possible in the next years in the retail market. (Sabanci, 2003)

One company is remarkable in this group: 'Turkmall'. This company mainly employs local professionals who worked on the first shopping centre projects in Turkey. Turkmall also expected to grow and to place itself in a good position in the market after 2004. The number of companies which specified 'keep the position/wait' as their vision in 2004 was considerable. Some of these companies (such as TEPE and Gumussuyu) were affected negatively and seriously by the 2000-2001 banking crisis. These companies wanted to remove the negative effects of the crisis on themselves first; so they preferred to wait a few years after the recession. The manager of a company which was negatively affected by the crisis explains this situation with these words:

> We experienced some financial problems after the crisis. Just after the end of the recession, new shopping centre developments suddenly started to appear in Istanbul ... We were developing shopping centres with the accumulation of our own capital and knowledge (before the recession). Land prices increased dramatically after 2004 ... We considered that the cost of an investment in this kind of land would be very expensive; project returns again would take many years. So we didn't start a new shopping centre project in Istanbul. But very interesting projects were offered to us. We didn't accept them; but some other companies did not hesitate; they accepted these projects and made a good fortune ... To be honest we hesitated to be involved in a new shopping

centre project quickly after 2004. But now we are ready and open to new projects. (General Manager - Property Construction, Development and Investment Company A)

Companies in this group (such as Hamoglu, Albayrak, Eczacibasi, Turkiye Is Bank) are multidirectional companies, so they decided to maintain their existing shopping centre portfolios as well as seizing other profitable investment opportunities in other economic sectors:

Our mission is to increase the number of sectors in which we display activity and to increase employment rates in the country. (AlbayrakGroup, 2011, p.6)

It is clear from Table 7.11 that none of the property service companies specified 'keep the position/wait' or 'shrink/leave the sector' as their vision because these service companies were aware of the start of a boom period in the market. They expected strong interest among global investors for shopping centres in Istanbul. Every global demand for a property in Istanbul means the creation of a new job for service companies; so all property service companies put this standard phrase regarding their institutional vision on their websites: 'We provide property services to both local and international investors.' In fact, the global interest in properties in Istanbul's property market was felt by property service companies initially at the end of the 1990s:

The entrance of foreign institutional investors such as Carrefour and Metro into the market portended that new institutional foreign investors would enter the market in the near future. (Head Manager - Property Service Company B)

It can be seen from Table 7.11 that only three hypermarket chains specified a 'keep the position/wait' vision; all other chains specified a 'growth' vision for themselves. Hypermarket chains which selected a 'wait' vision have a specific situation in the market. These hypermarket chains were established with public capital before the start of the liberalization process in Istanbul. Therefore, they were all created according to the specific conditions and mentality of those years. There were no hypermarket chains belonging to private entrepreneurs before the 1990s so they made a fortune and gained good yields at that time. However, these chains lost their profitability and popularity to a large extent after the involvement of international hypermarket chains in the retail market and after the opening of many private supermarkets in Istanbul after the 1990s. The market became very competitive and liberal after the 1990s. These chains experienced some problems in adapting to the new free market environment. Therefore, they entered the 2004-2010 period with a 'keep the position/wait' vision.

7.10 Market strategies of companies after 2004

Companies which displayed activity in the 1994-2004 period are grouped and analysed under three main titles in this section [1 - Property construction, development and investment companies; 2 - Property service companies; 3 - Hypermarket chains]. Under these main titles, the issue of which company followed which market strategy is explained in the context of their specified institutional vision.

Table 7.12: Market strategies of property construction, development and investment companies after 2004

Market Strategies	Property Construction, Development and Investment Companies
Protection	n/a
Compromise	- Albayrak - Aksoy Group - Hamoglu Group - Mass Cable - Bayraktar Group - Gumussuyu Carpet - Profilo Group - Emintas Construction Co. - Has Group - Turkey Is Bank - EGS Group - Aydinli Group - Astay Construction - Maya Holding - Akkok Group - Tekfen Group - Istikbal Group - Eczacibasi Group - TEPE Construction - AK Merkez REIT
Elimination	n/a
Opportunism	- Sabanci Group - Koc Group - Carrefour Nederland BV - Turkmall - Metro Group

Source: Developed by the author

We see from Table 7.12 that property construction, development and investment companies headed towards 'compromise' and 'opportunism' strategies rather than 'protection' and 'elimination' strategies in the market after 2004. The issue of why companies did not follow a 'protection' strategy may be explained through the conditions of the 1994-2004 period. Like every market, property markets may experience upward and downward trends at specific times. In times of downward trends, companies in that market mostly head towards a protection strategy; as a result, activities in that market slow down and companies usually postpone their new projects and investments. The year 2004 was the beginning of a boom

period in the market. During this upward trend, it is natural that companies do not head towards a 'protection' strategy. The issue of why companies do not follow an 'elimination' strategy may be explained through the 'logic of the market'. In a free market mechanism, everybody has freedom of enterprise. Any company with enough resources for competition can find a place and can run a business in a market. Again, a company with inadequate resources for competition cannot find a place for itself in a market. Starting from this basic market principle, it is necessary to emphasize the difference between 'competition' and 'elimination' strategies in a property market. 'Competition' exists in the nature of market logic. Every company tries to be better and more successful than other companies in the market. However, in the logic of 'elimination', a company shows a specific effort to remove other companies from the competition. 'Elimination' is not a favourite strategy for companies most of the time because both sides [the company which tries to eliminate and the company which it tries to eliminate] suffer from this strategy. In the case of IRPM, it is seen that every company embraced 'compromise' and 'opportunism' strategies in relation to the logic of competition and none of the companies preferred to follow an 'elimination' strategy. Most of the companies in this group headed towards the 'compromise' strategy after 2004. These are mostly multidirectional companies which are mainly active in economic sectors other than the retail property sector in Istanbul. These companies were involved in the retail market only in order to seize market opportunities which emerged specific to this period. Therefore, in line with their institutional philosophy [always invest in the most profitable sector], these companies planned to stay in the retail sector as long as profitability continued in this sector [they planned to move their investments to another sector when the profitability decreased in this sector]. Not only the retail property sector but also other economic sectors entered an upward trend after 2004 as a result of positive developments in the political and economic conditions of the country. Five companies (Sabanci, Koc, Carrefour, Metro, and Turkmall) decided to follow an 'opportunism' strategy in the market after 2004. These companies, the leading companies of the market, expected to maintain their leading positions in the market in the following years because they were aware of high investment potentials in the market:

> Our growth strategy involves building new partnerships with local and international companies in the retail market; establishing new companies to become much closer to our customers; and extending our retailing formats and activities to other countries near Turkey. (Sabanci, 2003, p.3)

More importantly, most of the local companies which decided to follow 'opportunism' and 'compromise' strategies after 2004 (see Table 7.12) were aware of the importance and advantages of partnerships in the property market. Therefore, almost all companies declared that they were open and ready to establish new institutional partnerships with other local and

international companies on their official websites or in their companies' annual activity reports in 2004:

> International partnerships are the central component of our group's growth strategy. We have eight international joint ventures and 50 cooperation agreements in total. Our partners are all the leading international companies of their areas. All of these partnerships are grounded on the principle of long-term mutual benefit, based on firm business criteria and ethical business practices. (EczacibasiGroup, 2004, p.5)

Many property development and investment companies embraced the 'compromise' logic in 2004. This fact shows that there were some incompatibilities in the market in this year which weakened the social integration of the market system. The main reason for the emergence of these incompatibilities was the new liberal property and retailing laws which were enacted between 1994 and 2004. In addition, the shopping centre development and investment projects of international hypermarket chains also had a negative impact on the social integration of the market. Five companies opted for the 'opportunism' logic. This fact is the signal for new structural changes in the market because these five companies may work hard for changes in existing structures in the following years. In other words, they may try all options to internationalize the market to create new opportunities for themselves in the market.

Table 7.13: Market strategies of property service companies after 2004

Market Strategies after 2004	Property Service Companies
Protection	n/a
Compromise	- Returk - Turyap
Elimination	n/a
Opportunism	- Kuzeybati - Savills - P & D - DTZ Pamir&Soyuer - Alkas - Celen & Celen - Pega - MLM - Healey & Baker - Cushman&Wakefield - CB Richard Ellis - Colliers Resco - Remax - Arthur&Miller - ECE Management - Century 21 - Marti

Source: Developed by the author

We see from Table 7.13 that there is no property service company which has decided to follow 'protection' or 'elimination' strategies after 2004 in the market. Only two service companies (Returk and Turyap) followed a 'compromise' strategy while seventeen service companies followed an 'opportunism' strategy after this year. At this point, it should be underlined that these service companies provide services not only to the retail market but also to all other property markets in Istanbul. The main distinction between companies that decided to follow 'compromise' and 'opportunism' strategies is their scale of activities. Service companies which followed an 'opportunism' strategy want to operate in the international market with a global vision and with the help of a global network, whilst service companies which followed a 'compromise' strategy want to operate in the local and the domestic markets with a national vision and with the help of a national network, according to the system used by international service companies (franchises). All companies in this group opted for the 'opportunism' logic. This fact is the signal for new structural changes in the market. The main reason for the involvement of local and international property development and investment companies in large numbers in the market after 2004 was the adoption of the 'opportunism' logic by most service companies in 2004. Service companies may work hard to attract foreign institutional investors into the market because the involvement of new investors may create new businesses for them in the market. All foreign investors may take agency, consultancy, valuation and management services from these service companies. It is found that the dramatic increase in the number of international players and international activities in the market causes compulsory changes in the legal and institutional setting of the market.

Table 7.14: Market strategies of hypermarket chains after 2004

Market Strategy after 2004	Hypermarket Chains
Protection	- GIMA - Tansas - Ordu Pazari
Compromise	- Elma - Makro - Bim - Bakkalim - Sok - Kiler - Endi
Elimination	n/a
Opportunism	- Migros - Carrefour - Tesco Kipa - Metro - Real

Source: Developed by the author

It is clear that, in contrast to the first two groups, some hypermarket chains opted for a 'protection' strategy after 2004 (see Table 7.14). Three hypermarket chains (Gima, Tansas and Ordu Pazari) entered the new period embracing a 'protection' strategy. The institutional vision of these companies is 'keep the position/wait'; in line with this vision, these companies did not want to grow in the market with new investments, but wanted to keep their market positions or portfolios in the following years. We see from Table 7.14 that seven hypermarket chains (Elma, Makro, Bim, Bakkalim, Sok, Kiler and Endi) headed towards a 'compromise' strategy. All these hypermarket chains are strong and powerful local companies. These local chains expected to provide high-quality services to their customers and to spread their service network all over the country after 2004. More importantly, these chains wanted to grow in the market with their own resources; they had the capacity to compete with international hypermarkets. These local chains might be expected to develop into international chains in the long term but their basic aim was to spread their stores all over the country in the following years:

> Our aim is to provide high-quality, safe and healthy products with reasonable prices to our customers … to be a hypermarket chain which provides widespread services all over the country. (Macromarket, 2004)

We see from Table 7.14 that five hypermarket chains (Migros, CarrefourSA, Tesco Kipa, Metro and Real) embraced an 'opportunism' strategy after 2004. Migros, which is the oldest and the leading local hypermarket chain in the market, belongs to this group. These companies wanted to grow significantly in the Turkish retail market after 2004 by opening new stores or through acquisitions. These chains expected to seize all opportunities in the retail market:

> The Carrefour and Sabanci partnership will be a long story. There is a high development potential in Turkey. Our partnership with Sabanci is very important for us because Carrefour must be recognized as a local company in Turkey. (De Noirmont, 2005, p.1)

In conclusion, it may be understood from looking at the market strategies of all companies that a rapid growth would be seen after 2004 in IRPM. On one hand, the adoption of the 'protection' and 'compromise' logics by some local hypermarket chains in 2004 indicates that these chains expect to maintain and sustain the existing structural and industrial setting in the market (they will resist structural changes). On the other hand, the adoption of the 'opportunism' logic by the leading local and global hypermarket chains indicates that these chains will work hard to change the existing industrial and structural setting in the market.

7.11 Conclusions

MA's structural conditioning stage provides satisfactory and comprehensive information about reasons for global and local interactions and reasons for changes which occur as a result of these interactions in IRPM. The structural conditioning analysis shows that the first reason for the start of interactions and the acceleration of these interactions over time in IRPM is the enactment of liberal laws in Turkey. Liberal laws made it easy for international property companies to enter the country and to display activity in IRPM. The second reason for increased interactions in IRPM is the international initiatives of public authorities. These public authorities, such as YASED, DEIK, and Turk Eximbank, which were established by the Turkish government in the liberalisation process, led the development of international trade in the country and led the development of local entrepreneurs into international entrepreneurs through bilateral international trade agreements. Moreover, public authorities became successful in attracting the interest of global investors to Turkey. Public authorities aimed to develop local entrepreneurs into global players from the beginning, so they had this vision and made many regulations in this context. This shows empirically that local and global interactions do not begin automatically and suddenly. The interaction process progressed step by step under the control of the state.

The third reason is the Turkish government's vision of EU membership. The process of Turkey's application for EU membership caused a rapid change in the legal and institutional framework of IRPM. The Turkish government made some legal and institutional changes in the context of Turkey's process of harmonization to the EU. As a result, IRPM took an international form in which local and global property companies could live and work together. EU countries' retailing and property development laws became a model for Turkey. In short, a structural homogenization and synchronization process was experienced in IRPM, so the structure of IRPM largely took a Western form at the end of this process. Local market players fully supported the government's EU vision. Local players believed that they could be global players with the strong support of the public authorities. However, they also believed that their ability and power to change the problematic structure of IRPM was low, so they considered that it was necessary to take support from foreigners [especially from Western states, international organizations and companies] to modernize the market. This belief and this consideration emerged as a consequence of conditionings (such as the system transfer habit and local economic crises) which affected market players for many decades.

The fourth reason for the speeding up of interactions in IRPM is the 2000-2001 banking crisis. After this local crisis, a huge need for investment capital emerged in the market. Finding investment capital from national banks and from finance institutions became impossible. That

is why local players tended towards foreign investment capital resources after 2000. Local players expected to fill their resource gap by following the easiest and the quickest way: by finding themselves foreign/international partners. In short, IRPM's local players changed their vision in the recession period and headed towards a new market strategy.

The fifth reason for the speeding up of interactions in IRPM is the strong desire of FRPs to keep their leading and dominant position in the prospective liberalized and internationalized market environment. FRPs, who have good relations with each other, applied to manage the internationalization process of IRPM. The consideration of maintaining their leading position and of being the first people to seize investment opportunities in the market pushed local professionals to establish associations and to move in an active and organized way through these associations. Associations were established to change the traditional structure of IRPM and then to give a modern and an international form to IRPM. In line with this aim, associations developed institutional connections with Western states, produced market data for IRPM, and shared these data, especially with European-based institutional investors. Thanks to this data sharing, European investors were informed about investment opportunities in IRPM. European-based property development and investment companies decided to visit Istanbul. FRPs were ready to meet international investors. FRPs drew a 'growth' vision for their companies and decided to follow an 'opportunism' strategy in the new period which started after 2004. This meant that FRPs made themselves and their local companies ready to cooperate, to establish partnerships or to merge with international companies. Thanks to this preparation, European-based international property companies firstly made contact with FRPs in Istanbul, and preferred to establish partnerships or to cooperate with FRPs' local companies. Associations in which FRPs work as managers played an important role in the development of IRPM's internal social network as well as in the development of IRPM's external [transnational] social network.

The final reason for the speeding up of interactions in IRPM is Istanbul's wide hinterland. Thanks to the powerful influence of Istanbul on Anatolia, Southern Europe, North Africa and the Middle East, which comes from its deep-rooted history, international property companies which wanted to display activity in the retail property market of these regions became involved in IRPM. Because of these five reasons, many international property companies entered IRPM; many partnerships, cooperative ventures and acquisitions were seen between local and global companies.

The structural conditioning stage helps the author to reach some conclusions about ideas of local and global interaction. The tendency of IRPM's local players towards system transfer and their full support for the government's EU vision indicate that FRPs embraced and internalized

the social elements of Western modernity. This embracement and internalisation inevitably caused the development of IRPM into a homogenized and synchronized legal and institutional structure which is very similar to the structure of European states' retail property markets. This finding supports the assumption of imperialism and globalisation theories on this subject. However, in contrast to the claims of these theories, it is clear that the change and internationalization processes of IRPM are managed and controlled by local players rather than Western states and their international companies. In other words, the management and control of IRPM have been in the hands of local professionals since the beginning of the internationalization process. The internationalization of IRPM and the development of its structure into one which is very similar to that of European states' retail property markets occurred in a specific and unique way because of local professionals' active and organized efforts in this process. Local companies changed their vision and strategy according to changing conditions in Turkey and in IRPM. This finding supports the claim of MA that agents have an ability to produce new projects for themselves in changing environmental conditions. After the 2000-2001 banking crisis, FRPs decided to manage the change and development process of IRPM with the support of international players, not alone.

The first stage of the morphogenetic analysis reveals that peace and concord rather than conflict exists between local and global companies in IRPM. The emergence of concord between local and global companies is a result of systematic conditionings which affect local market players. In other words, all laws and public authorities encourage local entrepreneurs to cooperate with international players, so there are good reasons for local property professionals to welcome international players warmly in IRPM. This fact confirms another claim of MA: that past events and structures have an impact on today's actors' decisions. In such a case, as MA argues, every structural change in a social system has to be examined and considered as an evolutionary process. Some scholars question the role of the state in the start and the progress of local and global interactions. MA's structural conditioning analysis reveals that the state [the Turkish government] undertook a very important role in the start and development of local and global interactions in IRPM. A suitable legal and institutional environment which allows local and global interactions to start and develop could not have been created in IRPM if the government had not been willing to embrace a liberal economic policy and if the government had not been willing to pursue a decisive EU vision for Turkey. Property companies largely drew a 'growth' vision and embraced 'opportunism' and 'compromise' strategies for themselves as a result of structural conditionings which were created by laws, public authorities and associations in IRPM, and as a result of disturbing political and economic events in Turkey.

MA's structural conditioning stage indicates that there is a close relationship between legal and institutional changes in IRPM. We see that the emergence of a new public institution or an association regarding IRPM mostly occurred after the enactment of a new law or after the revision of a current law in the Turkish Parliament. Also, we see that every regulation made by public authorities caused a change in the internal dynamics of IRPM. These changes resulted in the increase or decrease of investment opportunities in IRPM. Every government regulation in the internationalization process created new investment opportunities in IRPM. Every new investment opportunity caused the emergence of new companies or caused the involvement of new local and international companies in IRPM. New occupational or interest groups emerged as an inevitable result of the numerical increase of players in IRPM because market players, moving in an organized way through associations, made the effort to gain some advantage for themselves in the competitive market environment. Associations, which are the reflections of solidarity in IRPM, had a powerful influence on legislators and policy makers. In the next chapter, MA's social interaction analysis is applied to the case of IRPM. The issue of how interactions [cooperation and mutually beneficial processes] between local and international property companies started and progressed in IRPM is explored in the next chapter.

CHAPTER 8 Morphogenetic analysis: 'social interaction'

8.1 Introduction

In the previous chapter, with the help of MA's structural conditioning analysis, the issue of why local and global interactions occurred in IRPM was explored. In this chapter, with the help of MA's social interaction analysis, the issue of how local and global interactions started and progressed in IRPM is explored. The glocal framework (GT) draws attention to the fact that the local and the global may be represented by multiple entities and these entities may meet each other on varied trajectories. MA's social interaction analysis is important because it helps the author to explore entities which represent the local and the global and to explore dynamic and varied relations between these entities in IRPM. GT emphasizes that resources are shared mutually between local and global entities. MA's social interaction analysis also helps to define resources which are owned and shared by local and global property companies and to explore the issue of how mutual resource transfers occurred in IRPM. In short, this chapter has a very important role in the explanation of how IRPM has changed. The main actors in IRPM's internationalization process are property companies, and this research mainly focuses on property companies rather than retailing companies. Therefore, in this chapter, the issue of how varied relations between local and global property companies start and develop is clarified. Next, the way in which resources are distributed among local and international property companies is explored with the help of the concepts of 'bargaining power' and 'negotiating strength', which belong to MA's social interaction stage.

In this chapter, firstly, different ways of meeting of local and global property companies are explored. In this context, the issues of how international property companies become involved in IRPM and what kind of contacts they make with local players are investigated. Information about which property companies follow which method of meeting is presented in tables. Secondly, resources which property companies use in IRPM are defined. This definition is done separately for property construction/development/investment companies and property service companies. Information about which property companies use which resources in IRPM is presented in tables. Thirdly, five partnerships which were established by local and international property companies following different methods of meeting are selected as cases. The resources of property companies involved in the selected partnerships which followed different trajectories are discovered and defined. Fourthly, the issues of how companies used their resources in the partnership negotiation processes and how resource transfers occurred between the companies are examined in detail. This chapter is completed

with a general evaluation of MA's social interaction stage. In the conclusion section, findings which may help to explain the structural evolution of IRPM are presented.

8.2 Ways of meeting of local and international companies in IRPM

Figure 8.1: Ways of meeting of local and international companies
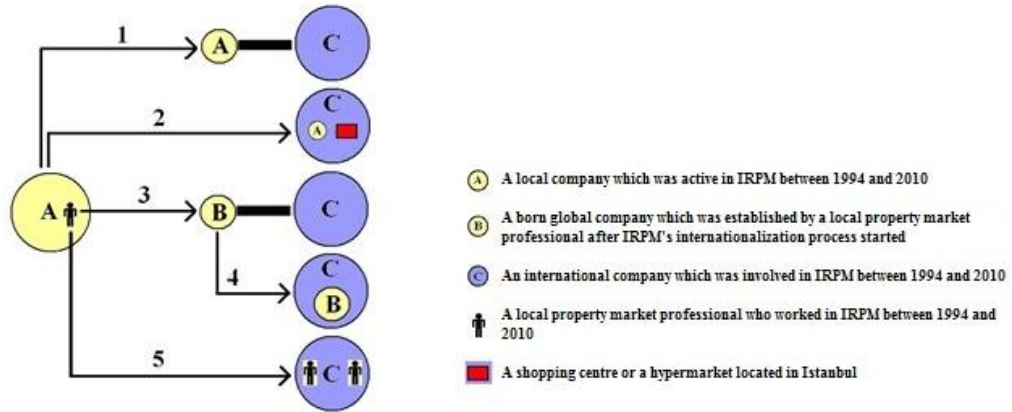
Source: Developed by the author

It is found that local companies interact with international companies in five different ways. These ways are shown in Figure 8.1 above and they are explained below. Ways of interaction are named by the author and defined from the global companies' perspective.

8.2.1 Entry to the local market via the establishment of a partnership with an existing local company

An international company establishes a partnership [partner alliance, franchise or joint venture] with a local company and this international company starts to display activity in IRPM in this way. This type of interaction is listed in Table 8.1:

Table 8.1: International companies which followed the first interaction way in IRPM

Local Industrial Company	Global Industrial Company	Type of Relationship
Tepe Construction	Metro Group	Partner Alliance
P & D	Healey & Baker	Partner Alliance
P & D	Cushman & Wakefield	Partner Alliance
Migros	Ece Management	Partner Alliance
Pamir & Soyuer	DTZ	Franchise
Tek Group	Remax	Franchise
Kuzeybati	Savills	Franchise
Sabanci Group	Carrefour Nederland BV	Joint Venture
Ozgur Construction	Tulip Panagro/Van Herk Group	Joint Venture
Ozer Group	European Future Group	Joint Venture

Source: Compiled by the author

The comparison of Table 8.1 and Table 7.2 shows that most local companies do not interact with an international company directly; many local companies prefer to stay 'local' in the market. According to Table 8.1, only nine local companies decided to establish a partnership with an international company.

8.2.2 Entry to the local market via the purchase of an existing local company:

An international property development, investment or service company buys a local company, a shopping centre or a hypermarket partly or fully, and this international company becomes involved in IRPM in this way[1]. This type of interaction is listed in Table 8.2:

Table 8.2: International companies which followed the second interaction way in IRPM

Local Industrial Company	Global Industrial Company	Type of Institutional Relationship
Turkmall	Multi MDC AM	Acquisition (100%)
Yesil	Rudolph Younes	Acquisition (%15)
Dogus	GE Capital	Acquisition (%25.5)
Tekfen	Palmali Holding SOCAR	Acquisition (%50)
Optiproje Optik Sanayi ve Ticaret	Hal investments	Acquisition (100%)
P & D	Cushman & Wakefield	Acquisition (100%)
Emaar Turkey (Atasoy Group)	Emaar Properties	Joint Venture (40%-60%)/ Acquisition (100%)
Taurus Gayrimenkul	Apollo Real Estate Advisors	Acquisition (100%)
Adacentre S.C.	Corio	Acquisition (100%)
Cevahir S.C.	St.Martins REIT	Acquisition (50%)
Esenyurt S.C.	Corio	Acquisition (50%)
Edip S.C.	Corio	Acquisition (35%)
AK Merkez S.C.	Corio	Acquisition (46.9%)
CarrefourSA Merter S.C.	Apollo Real Estate Advisors; Multi Turkmall	Acquisition (100%)
Kipa Hypermarket	Tesco	Acquisition (100%)
Migros Hypermarkets Group (Tansas, Ordu Pazari, Makro, Sok, Bakkalim, Maxi)	BC Partners	Acquisition (100%)
Gima-Endi	CarrefourSA	Acquisition (100%)

Source: Compiled by the author

According to Table 8.2, six local companies (Turkmall, Optiproje, Act 4, P&D, Emaar Turkey, and Taurus) were purchased fully (100%) and three local companies (Yesil, Dogus, Tekfen) were purchased partly (less than 50% of the company's shares) by an international company in the interaction process. It is remarkable that owners of local companies which were sold to an

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[1] For every shopping centre, a new company is established. So the acquisition of a shopping centre means the acquisition of a local company in Istanbul.

international company are the leading professionals of the market. This shows that some international companies prefer to be involved in the market with the help of strong local partners[2]. Local professionals who sold fewer than half the shares of their companies to an international company aimed to increase the financial power of their companies while maintaining their power and authority in the decision-making process of their companies. Local shopping centre owners wanted to maintain and sustain their existing power and authority over their shopping centres after these acquisitions so they sold fewer than half the shares of their shopping centres/companies to foreign investors. In the sixteen-year interaction period, 116 new shopping centres were developed by local players and only six of them were purchased by an international investor. Two of these shopping centres (Adacentre and CarrafourSA Merter) were sold fully and four of them (Cevahir, Esenyurt, Edip, AK Merkez) were sold partly (less than half of the company) to a foreign investor. This situation may be explained in three ways. Firstly, some local shopping centre owners do not want to sell their shopping centres because they are happy about the yields and the incomes. Simply, they don't want to kill the goose that lays the golden eggs. The revenues of shopping centres in Istanbul increased regularly between 2004 and 2010 (*AMPD Retail Index Report for Turkey*, 2010). Therefore, local shopping centre owners expected high prices for selling their good working properties:

> We searched many shopping centre projects in this period. Some local shopping centre owners do not sell their shopping centres because they expect very high prices. They are waiting for the market to reach its peak to sell their properties. Therefore, not too many transactions occurred in Istanbul. (Director - Property Construction, Development and Investment Company B)

Secondly, being a shopping centre owner is prestigious for a local construction, development and investment company which hopes to develop into a national brand in Istanbul. Some local companies keep their shopping centres in their portfolios to show them to their new customers as an impressive reference:

> Owning a shopping centre is something very prestigious in Istanbul because it helps local construction and development companies to get new customers easily. You can be a rich company but also you need to be popular and a branded company in the market. … Shopping centres are good references for local companies. ... They mean 'brand' and 'trust'. … Believe me, you really get good returns in this way. … This return is higher than the yields of a shopping centre. (President - Property Service Company A)

Thirdly, international investors do not want to buy shopping centres which were built by local developers before 2004 because the yields of these shopping centres do not satisfy them.

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[2] All local professionals (managers and staff) continue to work in their companies after full acquisitions.

Again, these shopping centres have some technical, legal and tax problems so they may not pass the due diligence stage:

> There are not too many shopping centres built to international standards in Turkey. Please look at the completed shopping centre projects. Most of them are of poor quality and quite possibly they cannot pass the legal due diligence. In other words, these shopping centres are not properties that European investors invest in directly. Some of their licences are missing. For example they have construction permits but their usage licences are missing. Or maybe the land is not freehold but is leased. The European investors may suffer if they buy these shopping centres. (Director - Property Construction, Development and Investment Company B)

Table 8.2 shows that, apart from three local hypermarket chains (Elma, BIM, Kiler), all local hypermarket chains were purchased fully by international hypermarket chains (BC Partners, CarrefourSA, Tesco). In this case, international hypermarket chains followed the 'elimination' logic rather than the expected 'opportunism' logic after 2004. Because of this logic, international hypermarket chains bought their powerful local opponents [local hypermarket chains] and aimed to decrease the intense competition in the market. However, according to Table 7.2, fourteen new large local hypermarket chains and sixty-seven new middle-sized local hypermarket chains were established after 2004 in Istanbul. This fact shows that intense competition continued as a result of new local hypermarket involvements in Istanbul, despite the efforts of international chains to remove their opponents and to decrease competition in the market.

8.2.3 Entry to the local market via the establishment of a partnership with a 'born-global' company:

The term 'born-global', which was initially used by Michael W. Rennie in 1993, is used for companies which develop into global companies quickly after their establishment (Knight and Cavusgil, 1996; Rennie, 1993). In this study, this term is used for companies which are established by local property professionals, which hold important market resources and therefore have competitive capacity from the beginning, and which have a vision to develop rapidly into a global company through the establishment of a partnership with an international company. Some local property professionals established born-global companies in IRPM after the first international players started to visit Istanbul [that is, after IRPM's internationalization process started]. Some of these companies were successful in forming a partnership with an international company soon after they were established. This type of interaction is listed in Table 8.3:

Table 8.3: International companies which followed the third interaction way in IRPM

Local Industrial Company	Global Industrial Company	Type of Institutional Relationship
Coldwell Banker Turkey	Coldwell Banker	Franchise
KREA	Merrill Lynch	Joint Venture
Merit Baumar	Bauwens	Joint Venture
AB Invest	Laref Aksar Capital	Joint Venture
Revak Blbprivate Turkey	Revak Blbprivate	Joint Venture
Koray	Milestone Capital Partners	Joint Venture

Source: Compiled by the author

Table 8.3 firstly shows that the market grows through the involvement of new companies from outside the market as well as through the establishment of new companies by local professionals from inside the market. Secondly, this table underlines the importance of local professionals in the internationalization process of IRPM, because six professionals who have an entrepreneurial spirit became successful in finding a global partner to their newly established born-global companies. As a result, these professionals reached a higher and more powerful position in the market; this of course changed the industrial setting and the power balance in IRPM.

8.2.4   Entry to the local market via the purchase of a born-global company:

Some local professionals with international business experience established local companies which possess important market resources and which therefore have a competitive capacity in IRPM. These professionals developed their local companies into global companies in a short span of time by selling their companies partly or fully to an international property company. It is possible to find companies which were established by FRPs as born-global companies and which developed into global companies quickly through the sale of their shares to an international company in IRPM. This type of interaction is listed in Table 8.4:

Table 8.4: International companies which followed the fourth interaction way in IRPM

Local Industrial Company	Global Industrial Company	Type of Institutional Relationship
Taurus gayrimenkul	Apollo Real Estate Advisors	Acquisition (100%)
Mfi	Avm Partners	Merger/ Acquisition (100%)
ALKAS	Jones Lang LaSalle	Acquisition (100%)

Source: Compiled by the author

The Taurus, MFI and Alkas companies were established by experienced local professionals who worked for many years as the managers of other companies in the market. These professionals

witnessed the development and internationalization process of IRPM from the beginning. More importantly, they established their own companies after they noticed the warm interest of foreign institutional investors towards IRPM. These professionals were aware that they were going to be active in a fully internationalized market environment in the future so they established their companies with a global vision; they designed their companies as global companies from the beginning. In this context, these professionals were ready to sell their companies to a global investor:

> Being an international company, this was the aim of Alkas … If you set your company to this target, you then keep your company ready for an international acquisition. (General Manager – Property Service Company A)

Table 8.4 shows that the globalisation vision of local professionals makes a positive contribution to the internationalization process of IRPM via the creation of partnerships and acquisitions.

8.2.5 Entry to the local market via the establishment of a new local company:

Some international property development, investment or service companies establish new companies in the leading cities of developing countries; they then start to run these new companies as branches of their international companies. These international companies generally employ local professionals in their new companies; moreover, they pass the management of these new companies over to local professionals. International companies which follow this method of interaction are listed in Table 8.5:

Table 8.5: International companies which followed the fifth interaction way in IRPM

International companies which opened their branches in Istanbul and which employed local professionals in these branches	
Corio	Sema Dubai
St. Martins REIT	Landmarkk
Difa	EMG
Eurohypo	Bainbridge
Redevco	Cenor Group
Forum Invest	Area Property Partners
Acteem Group	Prime Development
Akkor	Vastned
Cefic	King Sturge
Redema	Eurosis

Source: Compiled by the author

In the interaction process, twenty international companies preferred to become involved in the market by establishing a new local company as their Istanbul branch. These companies transferred the leading [experienced, trustworthy] local professionals of the market to their

branch companies and employed local professionals as managers. It is seen that the number of international companies which prefer this type of interaction is very high in Istanbul. The main reason for this situation is the presence of many experienced local market professionals in Istanbul. If the number of experienced local professionals becomes low, not many international companies can choose this way of becoming involved in the market. Therefore, it may be said that the existence of local professionals in large numbers in Istanbul speeds up IRPM's internationalization process.

8.3 Exploration of market resources

Under this title, the resources of IRPM which are used by property companies are determined and defined. This is necessary for this study in order to see which company possesses which resources and to explain how mutual resource transfers occur between property companies in the establishment process of local and global partnerships. Resources are determined separately for each type of property company in this section.

8.3.1 Description of resources in IRPM for property construction, development and investment companies

Empirically, eleven common resources, which are widely used by property construction, development and investment companies, are determined in IRPM. These are 'finance capital, entrepreneurship, international know-how, local network, international business network, professional staff, property portfolio, corporate management, local input and land'. Sentences related to these resources, which are collected from the official websites of construction, development and investment companies, are quoted below:

International Know-how and Finance Capital:

> We employ specialists with in-depth knowledge of the retail trade and all related "disciplines" and pools this wide-ranging expertise under one roof. Our full-service concept extends from the original idea right through to long-term management. Our credo: a full range of services from a single provider who takes overall responsibility as opposed to a "coordinator". This expertise is underpinned by several decades of experience in the sector as well as the financial strength of our company and enables us to cater to the full range of needs and requirements of our clients[3].

Professional Staff:

> …Our company is based in Istanbul, where its Managing Director leads a team of 45 real estate professionals. They co-ordinate the activities of the company…[4]

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[3] The quotation was retrieved from the official website of a global company on 5th May 2011.
[4] The quotation was retrieved from the official website of a global company on 5th May 2011.

Local network and International Business Network:

The strategy of our company capitalises on our strengths: excellent relationships with the major Turkish and European retailers, exceptional market contacts and knowledge, …[5]

…The well-rooted relationships based on confidence developed with all of the shareholders and end users in the sector in addition to the local municipalities, contractors and sellers provide a serious advantage against the rival companies…[6]

International Business Experience:

…We are able to capitalise on the benefits of cross-border expertise and share best practice from being part of an international family-owned real estate organisation…[7]

We believe real estate is a highly local business, so we have a team of talented professionals who are keen to understand the special requirements of the Turkish real estate market. The experience of our Turkish team, and its ability to draw on a national and international network, combined with our strategy and corporate values will make us a significant and trusted player in local markets - not just for today but also for the long term.[8]

Completed Projects (property portfolio) and Entrepreneurship:

Our constant construction and planning volume is 4 billion Euro; our completed project volume is 14 billion Euro. Currently we are active in 15 countries. We have established 13 subsidiaries and Joint-Ventures in several countries…[9]

…Our company, through the funds it has managed and the projects it has developed, has managed investments with a value over 1 billion USD….[10]

Local Input:

Having 20 years of experience in real estate development, investment and investment banking (in Turkey), X (The president and the CEO of the group) oversees all investment, development, marketing and sales activities of the Group…Decision-making is underpinned by sharp market knowledge and deep investment expertise…[11]

Corporate Management:

…Our sophisticated institutional client base includes banks, pension funds, insurance companies, industrial corporations and non-profit organizations such as foundations and trade associations…[12]

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[5] The quotation was retrieved from the official website of a global company on 5th May 2011.
[6] The quotation was retrieved from the official website of a local company on 5th May 2011.
[7] The quotation was retrieved from the official website of a global company on 5th May 2011.
[8] The quotation was retrieved from the official website of a global company on 5th May 2011.
[9] The quotation was retrieved from the official website of a global company on 5th May 2011.
[10] The quotation was retrieved from the official website of a local company on 7th May 2011.
[11] The quotation was retrieved from the official website of a local company on 7th May 2011.
[12] The quotation was retrieved from the official website of a global company on 7th May 2011.

Land:

…In addition to purchasing lands, our REIT has become also a preferred company in developing projects by means of using unit-sharing or revenue-sharing models…[13]

These resources are listed in Table 8.6; again, they are defined briefly according to meanings which are attributed to these resources by property construction, development and investment companies in Istanbul.

Table 8.6: Resources of IRPM for property construction, development and investment companies

Type of Industrial Companies	Resources	Short Explanation
Property Construction, Development and Investment Companies	▪ Finance Capital	- Capital stock - Financial strength - Capability of accessing international fund and credit opportunities
	▪ Entrepreneurship	- Entrepreneurial spirit and ability to conduct business in local, domestic and international property markets - Courage for competition - Capacity of chancing high risk
	▪ International Know-how	- In depth knowledge and wide-ranging expertise in international property construction, development and investment activity - International property development project finance, feasibility and funding know-how - International licences, degree, certificates and diplomas on property profession
	▪ Local Network	- Connections with other industrial companies in local and domestic property markets - Local industrial partners in varied economic sectors - Local institutional and individual connections with banks, associations, public authorities and financial institutions - Political and governmental relations
	▪ International Business Network	- Connections with international property investors - Business connections (Partnership or cooperation) with industrial property companies in different countries
	▪ International Business Experience	- Familiarity to international property market environments - Provision of construction and development services in international property markets
	▪ Professional Staff	- Skilled property professionals - Experienced senior management, administrative board
	▪ Property Portfolio	- Successfully completed property construction and development projects in Istanbul - Good track record, good references - Shopping centre portfolio at international standards
	▪ Corporate	- Well-established and working institutional company

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[13] The quotation was retrieved from the official website of a local company on 7th May 2011.

	Management	structure - International Vision and Market Strategy (Long-termist approach) - Institutionalized, Standardized, Transparent and Professional Management
	▪ Local Input	- Awareness of investment opportunities in local and domestic property markets
	▪ Land	- Suitable and unproblematic land for property development projects in Istanbul

Source: Developed by the author

8.3.2 Description of resources in IRPM for property service companies

Empirically ten common resources, which are widely used by property service companies, are determined in the property market. These are 'local input, international network, track record, local network, global thinking, procedural information, international know-how, research systems, professional staff and corporate management'. Sentences related to these resources, which are collected from the official websites of property service companies, are quoted below:

Local Input and International Know-How:

In a rapidly growing and changing marketplace, you need a reliable partner with in-depth knowledge of the local real estate market as well as global coverage in commercial real estate. We have been very close to the Turkish market, through our successful partnership with a local company, which started in 1991[14].

The office is headed by Mr.X who has a long experience of real estate worldwide. His team comprises many dedicated professionals who have been with the company from its beginning in Turkey in 1991…[15]

Global Thinking:

The Company has approximately 31,000 employees (excluding affiliates), and serves real estate owners, investors and occupiers through more than 300 offices (excluding affiliates) worldwide[16].

Professional Staff:

…The professional team and personnel of our company are dedicated to providing the highest standard of service to our clients...[17]

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[14] The quotation was retrieved from the official website of a global company on 7th May 2011.

[15] The quotation was retrieved from the official website of a global company on 7th May 2011.

[16] The quotation was retrieved from the official website of a global company on 7th May 2011.

[17] The quotation was retrieved from the official website of a global company on 8th May 2011.

Track Record:

Thanks to our wide experience and proven by our track record we are able to add value to every process we are involved in…Dozens of both Turkish and international companies have put their trust in us in recent years…[18]

Research Systems:

With our local knowledge and global network of research professionals we deliver the information you need to make intelligent business decisions. We have undertaken market research and data-driven analysis for commercial office, retail, industrial, hospitality and residential developments… Over the years the research team has built a strong in-house database on real estate, economic, and demographic indicators within the region… Our research intelligence enables us to provide coherent and consistent forecasts, project specific feasibility studies and strategic investment analysis[19].

International Network and Local Network:

Our professionals are active in every major market worldwide, optimally positioning and marketing properties and uncovering hidden opportunities for clients. Supported by our worldwide research, our professionals provide clients with detailed market intelligence, making every recommendation a local one[20].

Procedural Information and Corporate Management:

No other service provider has a comparable bench of professionals or the best practices, process controls and global experience that we'll put to work to address your real estate project management needs. You gain instant access to a team selected specifically to meet your objectives, and they come armed with expertise in interior build-out, move management, commercial real estate operations, occupancy planning, engineering, architecture and construction. Their collaborative approach is managed by a project manager who serves as your single point of contact and accountability[21].

These resources are listed in Table 8.7; again, they are defined briefly according to meanings which are attributed to these resources by property service companies in Istanbul.

Table 8.7: Resources of IRPM for property service companies

Type of Industrial Companies	Resources	Short Explanation
Property Service Companies (Consultancy, Agency, Management	▪ Local Input	- Local cumulative property market experience - Information about investment opportunities in local and domestic property markets - Information about local retail customers
	▪ International Network	- International label and identity - Institutional connections with international property service companies

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[18] The quotation was retrieved from the official website of a global company on 8th May 2011.

[19] The quotation was retrieved from the official website of a global company on 8th May 2011.

[20] The quotation was retrieved from the official website of a global company on 8th May 2011.

[21] The quotation was retrieved from the official website of a global company on 8th May 2011.

and Valuation)		-	Good relations with international retail chains
		-	Connections with global individual or institutional property investors
		-	International licences
	▪ Track Record	-	Successful references
		-	Fame based on trust and success in property markets; brand power
		-	Property services at international standards
		-	Several decades of experience
	▪ Local Network	-	Good relations and business connections with local constructors, developers, retailers and investors;
		-	Good relations and business connections with local associations and public authorities
		-	Good relations and business connections with local property owners and other local property service companies
	▪ Global Thinking	-	Daily monitoring of the world economic and social trends
		-	Involvement into international conferences and organizations about world property markets
		-	Awareness of global property players' business mentality and market strategy
		-	Long term international company vision and objectives
	▪ Procedural Information	-	Information about procedural, legal and bureaucratic process of property trade in local property markets
		-	Information about procedural, legal and bureaucratic process of varied property construction, development and investment activities
	▪ International Know-how	-	In depth knowledge and wide-ranging expertise in international property agency, consultancy, valuation and management activities
		-	Property leasing, transaction and marketing know-how
		-	Property services at International standards
	▪ Research Systems	-	Property market research and market analysis
		-	Sophisticated market research systems
		-	Production of property market reports
		-	World-wide distribution of property market report
	▪ Professional Staff	-	A professional team working with global knowledge and experience
		-	Employment of skilled property professionals
		-	Investment in human resources
		-	High mediation skills
		-	High advertising, marketing and communication skills
	▪ Corporate Management	-	Well-established and working institutional company structure
		-	Institutionalized, Standardized, Transparent and Professional Management
		-	Maintenance of an interactive internal database and communication technology

Source: Developed by the author

8.4 Selection of partnerships for examination in detail

In this section, five partnerships are selected to explore how local and global property companies meet and negotiate with each other for a partnership. Also, the resources which are held by local and global companies involved in these partnerships are discovered, and the use of these resources by these companies in negotiations is explained. The type of partnership, the type of company and the method of interaction are taken into consideration in this selection (See Table 8.8).

Table 8.8: Chosen partnerships for examination in detail

Chosen local and international partnerships	The type of the partnership	The type of the companies	Interaction ways
Partnership 1	Franchise	Property Service Company	Entry to the local market via the establishment of a partnership with an existing local company
Partnership 2	Joint Venture (20%-80%) Acquisition (100%)	Property Construction, Development and Investment Company	Entry to the local market via the purchase of an existing local company
Partnership 3	Joint Venture (50%-50%)	Property Construction, Development and Investment Company	Entry to the local market via the establishment of a partnership with a 'born-global' company
Partnership 4	Acquisition (100%)	Property Service Company	Entry to the local market via the purchase of a born-global company
Partnership 5	Local professionals are employed as managers in the Istanbul branch of this international company	Property Construction, Development and Investment Company	Entry to the local market via the establishment of a new local company

Source: Compiled by the author

8.5 Resources of local and international companies in the chosen partnerships

Under this title, the resources of local and global property companies which are involved in the selected partnerships are investigated. This is necessary in order to explore how resources are transferred between local and global companies. The local companies which take part in the

selected partnerships are the leading companies of IRPM. The international companies which take part in the selected partnerships are the leading companies of the world. This fact is clearly declared on the websites of these companies. Sentences regarding this issue, which have been collected from the websites of these companies, are quoted at the beginning of each detailed partnership examination. It is to be expected that these leading companies hold most of the resources in the market. Therefore, in this section, only the missing resources of companies are discussed; only those sentences which are about missing resources are quoted. Below, the resources of companies which are involved in the selected partnerships are shown in tables:

8.5.1 Partnership 1

Table 8.9: The first chosen partnership

Chosen local and international partnerships	Type of partnership	Type of company	Interaction way
Partnership 1	Franchise	Property Service Company	Entry to the local market via the establishment of a partnership with an existing local company

The local company:

One of the most populated real estate service providers in Turkey who is able to provide service in major Turkish cities via in-house team or business associates[22].

The global company:

The global company is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 200 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. We wish to be the best (as judged by our clients)[23].

It is seen that the local company lacked three market resources before the partnership. These are 'international network', 'research systems' and 'corporate management'. The local company invited foreign experts to Istanbul to prepare a market research report for Istanbul in 2004. This finding shows that research systems were absent from the local company in that year. The local company and the global company first met each other after this invitation:

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[22] The quotation was retrieved from the official website of the local company on 1st May 2011.
[23] The quotation was retrieved from the official website of the global company on 1st May 2011.

> We initially started to undertake market research for local property companies in 2001. We then started to undertake market research together with foreign experts for international companies in 2004. We first met our global partner in this year because these foreign experts were working in the company of our global partner. (Director)

The local company wanted to establish a franchise partnership with the global company. This fact shows that the local company hoped to obtain 'corporate management' and 'international network' resources because it preferred a franchise partnership. Companies with sophisticated and unique corporate structures expand their corporate structures to the world via franchises; they establish a global network in this way[24]. The global company came to Istanbul first in 2005 so it was not possible for the global company to possess 'local input', 'track record', 'local network' and 'procedural information' resources before this date:

> The global company came to Istanbul first in 2005 to take charge in the sale of a shopping centre to a foreign investor. The local and the global company worked together in this transaction. The global company represented the foreign investor and the local company represented the property owner in this transaction. (Director)

Resources of the local and the global companies before Partnership 1 are shown in Table 8.10:

Table 8.10: Resources of local and global companies in Partnership 1

Property Service Companies	Local Input	International Network	Track Record	Local Network	Global Thinking	Procedural Information	International Know-how	Research Systems	Professional Staff	Corporate Management
The local company	■		■	■	■	■	■		■	
The global company		■			■		■	■	■	■

Source: Developed by the author

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[24] See page 57 for the definition of 'Franchise'

8.5.2 Partnership 2

Table 8.11: The second chosen partnership

Chosen local and international partnerships	Type of partnership	Type of company	Interaction way
Partnership 2	Joint Venture (20%-80%) Acquisition (100%)	Property Construction, Development and Investment Company	Entry to the local market via the purchase of an existing local company

The local company:

> The local company has been founded in 1992 and is leading the Turkish shopping centre developments and investments…[25]

The global company:

> The global company is the leading commercial developer of inner-city retail space in Europe, comprising complementary companies in property development, investment, asset management and property management…[26]

It is seen that, before the establishment of this partnership, the local company lacked four resources in the market. These were 'finance capital', 'international business network', 'international business experience' and 'corporate management':

> Our international partner needed local input, experience and local network; however, we needed investment capital. (Director, Property Acquisition)

The local company developed shopping centre projects only in Turkey up to the establishment of Partnership 2 in 2005. All these projects were developed using the capital stock of the local company. Therefore, the local company did not have 'international business network' and 'international business experience' resources:

> The local company was a small company with 10-12 staff but it was developing large projects all over the country. (Director, Property Acquisition)

The global partner changed the institutional structure of the local company completely after the partnership. This fact shows that the local company had a simple and weak institutional management structure:

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[25] The quotation was retrieved from the official website of the local company on 1st May 2011.
[26] The quotation was retrieved from the official website of the global company on 1st May 2011.

After the partnership, everything changed in the local company … Our global partner transferred its financial structure, managerial structure and institutional infrastructure fully to our local company. (Director, Property Acquisition)

It is seen that the global company lacked four market resources before the partnership. These are 'local business network', 'completed projects', 'local input' and 'land'. The global company decided to invest in Turkey initially in 2004 and came to Istanbul for market research in this year, so it is natural that this company lacked these four resources, because it had no connection with Turkey before this date:

The global company started to be interested in Turkey in 2004. They conducted a significant piece of research about Turkey in this year … At the end of this research, which took about a year, the global company established a partnership with the local company and started its business in Istanbul investing in three ready projects of the local company. In this way, they entered the country. (Director, Property Acquisition)

Resources of the local and the global companies before Partnership 2 are shown in Table 8.12:

Table 8.12: Resources of local and global companies in Partnership 2

Property Development and Investment Company	Finance Capital	Entrepreneurship	International Know-how	Local Business Network	International Business Network	International Business Experience	Professional Staff	Completed Projects	Corporate Management	Local Input	Land
The local company		■	■	■			■	■		■	■
The global company	■	■	■		■	■	■		■		

Source: Developed by the author

8.5.3 Partnership 3

Table 8.13: The third chosen partnership

Chosen local and international partnerships	Type of partnership	Type of company	Interaction way
Partnership 3	Joint Venture (50%-50%)	Property Construction, Development and Investment Company	Entry to the local market via the establishment of a partnership with a 'born-global' company

The local company:

> The local company, in the first year following its establishment, was named "The Best Developer" and the "The Best Investment Management Company" of 2007 in the Euromoney Liquid Real Estate Awards. In 2008, the local company also earned the "Best Retail / Shopping Centre Developer Award" in the Euromoney Liquid Real Estate Awards[27].

The global company:

> The global company is one of the world's premier providers of wealth management, securities trading and sales, corporate finance and investment banking services[28].

The local company lacked four market resources before the partnership. These are 'finance capital', 'international business network', 'completed projects' and 'land':

> The capital that we (the local company) put in this partnership was very big for us but it was small for our global partner. We put mainly our knowledge capital in this partnership. (Head Manager)

The local company was established in 2006 as a born-global company, so it quickly started to seek a global partner. It found its global partner in the same year and quickly the local and global companies established Partnership 3. Therefore, it was not possible for the local company, which was established in 2006 as a new company, to possess 'completed projects' and 'land' resources before the partnership. The local company hoped to gain an 'international business network' with the help of a global partner because it lacked this resource. The global company lacked four market resources before the partnership. These are 'local business network', 'completed projects', 'local input' and 'land'. The global company decided to invest in Turkey for the first time in 2006 and came to Istanbul for market research in this year, so it is inevitable that these four resources were missing in this company, because it is necessary for a global company to stay and work in IRPM for a while to gain these four resources. The resources of the local and the global companies before Partnership 3 are shown in Table 8.14.

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[27] The quotation was retrieved from the official website of the local company on 1st May 2011.
[28] The quotation was retrieved from the official website of the global company on 1st May 2011.

Table 8.14: Resources of local and global companies in Partnership 3

Property Development and Investment Company	Finance Capital	Entrepreneurship	International Know-how	Local Business Network	International Business Network	International Business Experience	Professional Staff	Completed Projects	Corporate Management	Local Input	Land
The local company		■	■	■		■	■		■	■	
The global company	■	■	■		■	■	■		■		

Source: Developed by the author

8.5.4 Partnership 4

Table 8.15: The fourth chosen partnership

Chosen local and international partnerships	Type of partnership	Type of company	Interaction way
Partnership 4	Acquisition (100%)	Property Service Company	Entry to the local market via the purchase of a born-global company

The local company:

> ...Providing leader consultancy services for the organized retail sector with shopping centres as priority[29]...

The global company:

> These distinctions (many international awards such as Europe Property Awards Best Retail Consultant & Letting Agent in Central & Eastern Europe 2009, PERE (Private Equity Real Estate) Awards Global Firm of the Year 2008) underscore our position as the chosen real estate expert and strategic advisor for leading owners, occupiers and investors worldwide[30].

Three resources were missing in the local company before the partnership. These are 'international network', 'research systems' and 'corporate management'. The institutional structure of the local company was changed completely after the acquisition. This empiric shows that, before the partnership, the local company had a weak and simple corporate

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[29] The quotation was retrieved from the official website of the local company on 1st May 2011.
[30] The quotation was retrieved from the official website of the global company on 1st May 2011.

structure. There was only a leasing department in the local company, which had no research department or research team to produce market reports regularly before the partnership:

> After the acquisition, of course, everything changed in the local company. The institutional structure of the global company was directly transferred to the local company. Only one department existed in the local company, which was 'Leasing'. But now, there are many departments in the new company, such as office, industrial, retail, capital markets, research, concept development and so on. The structure completely changed according to the structure of the global company in the local company. (President)

The local company was established in 1997 as a born-global company. Until the establishment of Partnership 4 in 2008, it was managed from a central office in Istanbul and it only joined shopping centre projects which were developed in Turkey. The global company had a strong international network and this factor played a role in the realisation of this partnership because the local company lacked an international network and expected to gain this resource with the help of this partnership:

> For me, developing a small local company into a large company, which would sell itself to an international company, in just 10 years, is a great success. This is an important model for the market in my view … The number of staff in the local company was about 40-45. However, today, the number of worldwide staff in the global company is 36,000. (President)

The global company became involved in IRPM initially in 2005 to provide a management and leasing service to a shopping centre. Therefore, it was not possible for the global company to possess 'local input', 'track record', 'local network' and 'procedural information' resources, because, as said before, it is necessary for a company to stay and work for a while in the market to own these resources. The global company quickly made contact with the local company after its arrival in Istanbul because it was not possible for the global company to provide services very well in the market without these missing resources:

> After the sale of a shopping centre to a foreign investor, the foreign investor went to the global company to get a shopping centre management service from them because they needed property management and leasing services. The global company then came to us (the local company) and said: 'We will manage this shopping centre. Would you like to do the leasing and marketing work for this property?' We said: 'OK!' (President)

The resources of the local and global companies before Partnership 4 are shown in Table 8.16:

Table 8.16: Resources of local and global companies in Partnership 4

Property Service Companies	Local Input	International Network	Track Record	Local Network	Global Thinking	Procedural Information	International Know-how	Research Systems	Professional Staff	Corporate Management
The local company	■		■	■	■	■	■		■	
The global company		■			■		■	■	■	■

Source: Developed by the author

8.5.5 Partnership 5

Table 8.17: The fifth chosen partnership

Chosen local and international partnerships	Type of partnership	Type of company	Interaction way
Partnership 5	Local professionals are employed as managers in the Istanbul branch of this international company	Property Construction, Development and Investment Company	Entry to the local market via the establishment of a new local company

The global company:

> The global company is one of the largest listed retail property investors and managers in Europe. Its portfolio of €7.2 billion consists for 96% of shopping centres in The Netherlands, France, Italy, Spain, Germany and Turkey[31].

The global company went to Istanbul in 2004 to make shopping centre investments in Turkey. Firstly, it established its own local company with foreign capital as its Istanbul branch and employed local professionals as managers in this company. The global company started its investments in IRPM by buying a half share of a favourite shopping centre in Istanbul. All investment decisions are generally made by local property professionals in this company. Strong interaction between this global company and local professionals who are on the managerial board of this global company may be accepted as a kind of local and global partnership. The resources of the global company and its local professional managers are shown in Table 8.18:

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[31] The quotation was retrieved from the official website of the global company on 1st May 2011.

Table 8.18: Resources of the global company and its local professionals in Partnership 5

Property Development and Investment Company	Finance Capital	Entrepreneurship	International Know-how	Local Business Network	International Business Network	International Business Experience	Professional Staff	Completed Projects	Corporate Management	Local Input	Land
Local professionals		■	■	■		■	■			■	
The global company	■	■	■		■	■			■		

Source: Developed by the author

8.6 Mutual resource transfers between local and international companies

In this section, the realisation process of five selected partnerships is detailed and explored in relation to the resources of property companies. In this way, the issue of how local and global interaction processes started and progressed in the market is explained in this study. This section is mainly interested in the issues of how local companies met their international partners, how they negotiated with them for a partnership and how resources played a role in the realisation of these partnerships.

8.6.1   Partnership 1

Table 8.19: Details of the first chosen partnership

Chosen local and international partnerships	Type of partnership	Type of company	Interaction way
Partnership 1	Franchise	Property Service Company	Entry to the local market via the establishment of a partnership with an existing local company

This is a good example of the franchise partnerships which have been established between local and international property service companies in Turkey. The local company is a property service company which was established in 1994; it is one of the oldest service companies in Istanbul's property market. This is a proof that the local company has a local input resource. In fact, the local company had an international partner before Partnership 1, but decided to change its international partner and established a franchise partnership with the global company in 2006. This situation is a proof that local and international companies review their partnerships because of changing market conditions:

> The local company was established in 2004 … We have been the local partner of the global company since 2006. We worked with the global company firstly in the sale of a shopping centre. They represented the foreign investor and we represented the local property owner. After this successful business, we decided to establish a franchise partnership with them. (Director)

This is one of the first international transactions in the market. The local company was commissioned by the global company in the sale of this shopping centre among many other service companies. This shows that the local company has a global vision and is very experienced and knowledgeable in property transaction procedures in Istanbul. This fact shows that the local company possessed global thinking and procedural information resources before the establishment of this partnership. Both sides found a chance to work together before the establishment of Partnership 1. The successful realisation of this shopping centre transaction shows that the local and the global company may work together in harmony. The local company had a proven track record after this transaction. The dependence of the local company on its global partner in this franchise partnership is weak in comparison to acquisition and joint venture partnerships:

> In fact, our partnership is like a joint venture. For example, the global company brings us international (foreign) investors. And we (the local company) find suitable properties for these investors in Turkey. Our relationship with local developers and land owners is very strong. But we are not completely dependent on the global company. We also have contact with other international institutional investors (we talk with the global company as well as other foreign investors regularly). We try to meet the expectations of international investors. Some of them seek office property, some others shopping centres and so on. We match the demands of local and international players for Turkish properties. (Director)

From these words, firstly, it is understood that the responsibility of the local partner in this partnership is to find suitable property for foreign investors. The local company has to own a strong local network to take this responsibility. However, the responsibility of the global partner is to find international investors who are interested in Istanbul's property market and recommend them to the local company. Again, the global company has to own a strong international network to take this responsibility. This empiric shows that the local company decided to establish a franchise with the global company mainly to access an international network with the help of its global partner. In this partnership, it is again important that both sides have to benefit from each other because the local company has three important resources [local input, local network and procedural information] which are missing in the global company. There are some other dimensions of this relationship which are based on interests:

> Our contribution to them (to the global company) is to become their local connection in Istanbul. When they (the global company) bring us a foreign investor, they take a

commission. It means they expect to get some money from us (the local company) in return for this job. So the main point is the amount of this money in our relationship. Our global partner does not always prefer an equity partnership (joint venture). It usually tries to create a business in Turkey and then take a commission for this job. It does not usually want to be involved in that business. Most franchise agreements run in this way: not only to permit us to use its global brand but also to take a portion from the business created. (Head Manager)

It is seen that local and international partners do not meet each other's demands regularly and unconditionally in franchise partnerships. In every separate business, local and international partners come together on a different negotiation platform, and they calculate their own profit and benefit specific to that business. Despite the franchise agreement, the local company also works with international companies other than the global company. This is a proof that the dependence of the local company on the global company is at a low level. In other words, this relationship (Partnership 1) is not a compulsory togetherness; rather it is based on mutual but changeable interests. Even though Partnership 1 is not compulsory for both sides, there are some elements which support the continuation of this togetherness:

> Our partnership is a kind of strategic partnership. It is based on 'businesses'. When the investors of the global company come to Istanbul, we (the local company) provide them consultancy services about Turkey. Besides, we prepare some market reports for the global company. We collect data about the Turkish property market and then send them to the global company. They collect local data from all their local partners in Germany, Holland, France and so on. At the end, a comparative report is created by them. (Director)

Joint market reports are an important element which holds the local and the global companies close to each other and which keeps this relationship alive. The sending of local market data to the global company and the creation of property market reports by the global company show that the local company lacks <u>research systems</u>. Because of this lack, the local company decided to establish a franchise with the global company, which has sophisticated research systems and is very experienced in writing property market reports. The global company wanted to gather data about the Turkish property market and to inform foreign investors about investment opportunities in Turkey regularly. However, the local company wanted to reach foreign investors easily and to carry on its international property service operations in this way in Istanbul:

> The logo of the global company is a big factor in the attraction of international investors to Istanbul. Many foreign investors come to us just because of this logo. Again, the global company promotes its clients to us (the local company) thanks to our partnership. (Director)

The global company has been active all over the world for several decades and its global brand image is very powerful. This fact shows that the global company has <u>international know-how</u>

and professional staff resources. This is an advantage for the global company, so the local company decided to enter a partnership with the global company to obtain these resources. Thanks to the franchise partnership, both the local and the global company can access all the market resources they need in Istanbul. Many local and international property service companies prefer franchise partnerships in Istanbul because franchise agreements allow local and international companies to move in a flexible way without severe restrictions in the market.

8.6.2   Partnership 2

Table 8.20: Details of the second chosen partnership

Chosen local and international partnerships	Type of partnership	Type of company	Interaction way
Partnership 2	Joint Venture (20%-80%) Acquisition (100%)	Property Construction, Development and Investment Company	Entry to the local market via the purchase of an existing local company

The local company is one of the oldest shopping centre development and investment companies in IRPM. This company developed many projects for both local and international investors in the 1994-2010 period. The local company is the first company to attract foreign direct investments in the Turkish retail property market after 2004. In fact, the initial meeting of the local company with the global company occurred accidentally:

> The global company came to Istanbul to talk with a local group company. The topic of this talk was a specific residential project. But when they wanted to leave Turkey, a local professional said to them: 'You are a shopping centre development company. Why don't you consider Turkey for a shopping centre investment? I know a local company that knows this job very well. Follow me; I will introduce them to you.' After this talk, a meeting was conducted in the Court of Ciragan. We signed our first joint venture agreement with them one year after this meeting. Everything is 'chance'. But this point is important, that the local company did not leave the country in the recession period, as many other local companies did; it maintained its portfolio, continued to plan and develop new projects in the country, and waited patiently for the end of the recession. (Director, Property Acquisition)

From these words, it may be understood that the first attractive feature of the local company is its international know-how on shopping centre development activities. The global and the local companies trusted each other and signed a joint venture agreement just one year after their first contact. There are two main reasons behind this. Firstly, the local company had very good references; it completed many shopping centre projects successfully in the past. These references were a proof that the local company is a reliable and strong local company:

> The first interaction … with the global company was meeting a local property service company often to conduct some market research about Turkey. The local company had a very good track record and had some projects ready in the country … To be honest, it was exactly the right time to enter this market. Negotiations continued for about a year. At the end, we established a partnership and we then started our planned development projects quickly. (Director, Property Acquisition)

Secondly, the local company is the first and the oldest shopping centre development and investment company in the sector. This means that this company is the strongest in the market in <u>local business network</u> and <u>local input</u> resources. The global company lacked these two resources and needed them very much to enter the local market. It is understood from these words that both the global and the local company have an <u>entrepreneurial</u> institutional character, which played a role in the establishment of this partnership:

> Both sides seized this opportunity, which emerged, incidentally, very well. (Director, Property Acquisition)

This situation [having an entrepreneurial character and being opportunistic] indicates the importance of harmony between the institutional characters of the partners in negotiation processes:

> In fact, the global company is characteristically very similar to us … For example, the local company is an impatient company, we sort everything out very quickly and very practically … The global company is an ingenious company like us. (Director, Property Acquisition)

It is important that the local company waited for the birth of a concern among global investors for the Turkish retail property market and prepared itself for a possible partnership with an international company:

> Our main resource (and our difference) was our ready and planned projects. We worked on these projects for about 4-5 years. The local company prepared itself for an internationalized market environment and it seized this opportunity very well in 2004. The biggest resource of the local company was our ready projects. Some of our projects had construction licences. So, after the partnership, we carried out these shopping centre projects very fast. (Director, Property Acquisition)

The local company worked on some projects for many years and prepared detailed plans for these projects. This means that the local company purchased all the <u>land</u> for which they designed projects before 2004. Therefore, the local company rose to a very privileged position by having a very valuable resource early:

> At that time (2004-2006), we (the local company) were taking the land risk and the development risk and we were financing our projects with an international fund. (Director, Property Acquisition)

We (the local company) always take the land risk because you have to buy the land as soon as possible (because of the competition). (Director, Property Acquisition)

Partnership 2 started as a joint venture partnership (20%-80%) in 2004. The global company purchased the local company completely in 2006. The local company acted as both developer and investor in this joint venture partnership. The companies negotiated in 2003 and 2004. There were no foreign developers or investors (except international hypermarket chains) in the market in those years. More importantly, the economic recovery process started in the country in those years. It is a real success for the local company that it managed to establish a partnership with the global company in a very disadvantageous environment for itself, because there was no political and economic stability at that time, so there was a really uncertain investment environment in the country. Both sides took risks in signing this joint venture agreement. The interviewee explains this situation with this phrase: 'to bare our own neck'. The partners' disputes were mostly about the issue of sharing the majority holding in the negotiation process of this partnership. However, this partnership was generally realised without hard discussions:

Sharing the majority holding is always the first matter for discussion in negotiations. Who will take the majority shareholding? you? me? at what ratio? But we actually reached a consensus without harsh negotiations and big fights. Our joint venture agreement was 80% to 20%. The global company bought the local company fully in 2006. (Director, Property Acquisition)

During the negotiation process, it was mostly money matters that were discussed by the local and the global company. This shows that the local company mainly aimed to obtain investment capital with this partnership. The local company then decided to establish a partnership with the global company to benefit from the capital power of the global company. This partnership enabled the local company to use the credit opportunities of European banks for its shopping centre investments in the market:

We decided to grow in the market by getting strong financial support from international funds and investors. (Director, Property Acquisition)

Finally, because of conditionings which are provided by market structures (laws, public authorities, associations), the local company aimed to develop into a global company with the help of this partnership; it lacked three important resources [international business network, international business experience and corporate management] in its attempt to achieve this objective. The global company was very strong in these three resources so the local company might obtain these missing resources quickly and easily from its global partner (see Table 8.12).

8.6.3   Partnership 3

Table 8.21: Details of the third chosen partnership

Chosen local and international partnerships	Type of partnership	Type of company	Interaction way
Partnership 3	Joint Venture (50%-50%)	Property Construction, Development and Investment Company	Entry to the local market via the establishment of a partnership with a 'born-global' company

The local company is a 'born-global' company which was established by the most active local professionals of IRPM in 2006. The founder (and one of the shareholders) of the local company was firstly educated in the 'joint venture, acquisition and merger' professions in a Western university and then worked for a while in an international company in Europe. After this education, this professional started to work as a CEO in a big local company in the market in the 1990s. It is clear from his own words that this professional was working all along with a global vision, and wanted to develop into a global player, using his well-grounded <u>international knowledge and experience</u>:

> It was before the 1994 financial crisis. We decided to establish a joint venture company creating a fund with one of the managers of an international company. At that time, I was thinking that I should have been interested in finance capital matters to be able to make middle- and long-term investments in Turkey. The Turkish capital and property markets were full of investment opportunities. (Head Manager, the founder of the local company)

However, the unstable political and economic environment of the country and the repeated local financial crises interfered with this professional's plans many times:

> Unforeseeable upward and downward movements in the Turkish economy affected the local company's growth vision negatively. We wanted to make the local company a bigger company with an international partnership in 2000 but this growth plan failed because of the 2001 financial crisis. (Head Manager)

The Turkish economy was on the road to recovery in 2004. A political and economic stability process started so a suitable environment for the realisation of the vision of local companies was born in the country:

> One of the managers of a global company asked me about the investment environment in Turkey. I said: 'Come on, it is time to do some good investments here'. He called me again in 2005 and asked me: 'I am buying a shopping centre. Am I doing right?' I said: 'Buy it quickly'. These developments (the increasing demand of international investors

for Turkish properties) encouraged me to develop mega projects in the country. Spain was standing in front of me as a good model. (Head Manager)

These words firstly show the existence of a strong relationship and communication between the managers of local and international companies in the market because the managers of other large companies were informed about this international transaction early. The CEO of a global company needed to consult the managers of another large company before making his final decision about the transaction. Secondly, these words show that the founder of the local company was aware of highly profitable property development and investment opportunities and potential specifically in Istanbul but in Turkey generally. That's why he strongly encouraged the foreign investor to invest in this shopping centre. The founder of the local company wanted to be the first person to play for high stakes and seize these opportunities at the most in Turkey. This consideration shows that the founder of the local company has a very <u>entrepreneurial</u> character. Finally, it is seen that this professional was well-grounded in the internationalization experience of European countries such as Spain. Therefore, he foresaw that, in parallel to Spain, Turkey, which is trying to be a full member of the EU, may experience a similar internationalization process; so he made all his preparations according to this prediction. The sector gained dynamism after the sale of a shopping centre to a foreign investor. An international property development and investment company then came to Istanbul and invited the founder of the local company to establish a joint venture company together. The founder then called his close friend [the general manager of the global company] to consult about this offer. After this consultation, the founder of the local company rejected the offer and decided to sign a partnership agreement with the global company:

> My friend asked me to go into cooperation with their global company, instead of that international company, saying that they were planning to make some property investments in Turkey. My friend's offer looked very attractive to me because the global company is a really big international company which has got 36 branch offices in different countries, and its asset value was 1.8 trillion dollars. (Head Manager)

These words show the importance of personal relationships and networks for the realisation of local and international partnerships. However, the founder of the local company accepted the offer of the global company's general manager not only because they are good friends but also because the global company is one of the leading international companies. This shows that the local company was especially interested in the three resources of the global company: <u>finance capital</u>, <u>international business network</u> and <u>international business experience</u>. Partnership 3 was established as a joint venture company (50%-50%) by the local company and the global company in 2006 in Istanbul. Two local professionals who worked in other companies in the market as managers joined the local company as shareholders and managers. The local

company obtained <u>local business network</u>, <u>professional staff</u> and <u>local input</u> resources easily through the employment of three experienced local market professionals. In this way, the new joint venture company entered the market with a very experienced and professional team, a strong capital structure, and all the resources required for the market. From another perspective, the global company wanted to form a joint venture partnership with the local company to benefit from the <u>local input</u> and <u>local business network</u> resources of this company:

> The capital that we put in Partnership 5 was very big for us (the local company) but it was small for the global company. We put mainly our knowledge capital in this partnership. (Head Manager)

> The experience and knowledge of the founder of the local company regarding the property market were very important in this partnership. He knows everybody in the market; he has got good relations with them. Again, he is one of the founders of GYODER. He worked in a big local company as a CEO in the past. Moreover, he is the founder of an association in Turkey. He is an important actor in the market. More importantly, he is a trustworthy man … For me, the most important thing is knowledge and relationships in these kinds of partnerships, rather than the financial contribution of the local partner to the new joint venture company. (Manager)

The global company sought a local company which had <u>local input</u> and <u>local business network</u> resources to be involved in IRPM because these resources were missing in this global company. This joint venture partnership indicates the importance of local professionals' personal character (capability, capacity) in partnership negotiations. The founder of the local company is a well-educated person with an entrepreneurial character and a global vision. Thanks to these features, he changed not only his own destiny but also the destiny of IRPM:

> I believe in fortune but fortune entails taking a risk. (Head Manager)

> The founder of the local company pioneered the development of the Turkish retail property market with his ambitious and obstinate character. (Manager)

8.6.4   Partnership 4

Table 8.22: Details of the fourth chosen partnership

Chosen local and international partnerships	Type of partnership	Type of company	Interaction way
Partnership 4	Acquisition (100%)	Property Service Company	Entry to the local market via the purchase of a born-global company

Maybe the most important partnership which is selected for examination in this study is Partnership 4 because the local company is a company which was established by a sector professional who has taken part in almost every shopping centre project in Istanbul since the beginning. This professional is accepted as the founder of Istanbul's modern retail property market. The local company was the leader of the market so it was strong in <u>local input</u>, <u>track record</u> and <u>local network</u> resources before the partnership. It is seen again that the local and the global company worked in a shopping centre project[32] together before the realisation of this partnership, as in the other partnerships mentioned above. This situation shows that previous international transactions and previous local and international cooperation pave the way for the next transactions and cooperation in the market. The global company did not go to or ask any other company in its first business project in the market; it made a direct contact with the local company and wanted to receive a service from it just because the local company was the leader of the property market. After the successful completion of a business relationship with the local company, the global company noticed that it might work with the local company in harmony in Istanbul. The harmony between the local and the global company led to a marriage between these two companies:

> We knew each other very well before the acquisition. There is a consonance in our chemistries. We said in the press conference that our partnership is actually a love match, but a little bit of logic was mixed in our relationship; they put some money in our pocket and this company marriage came out … Institutional investors started to come to Turkey in the 1990s. Their arrivals gave us a warning that more institutional investors would come to Turkey. After I established the local company in 1997, I said to my key staff: 'Either we must grow as much as possible so that they will not able to cope with us or we must be as active as possible so that they will decide to buy us.' I see this marriage as a very important development and a model for Turkey because we developed the local company, which was a small local company, into a large company, which was ready to be sold to an international company, in just 10 years. (President)

From these words, it is understood that the local company was established as a 'born-global' company in 1997. This fact shows that the local company has had the <u>global thinking</u> resource since the beginning. The arrival of the first institutional investors [Metro and Carrefour] in Istanbul in the 1990s created awareness among local market actors. This awareness gave birth to a strong conviction that institutional investors might continue to come to Turkey in the following years. The local company was born from this conviction and moved with a global vision right from the start. Therefore, it was always ready to establish a partnership with an international company:

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[32] This shopping centre project is managed by the global company whilst the leasing and marketing businesses are operated by the local company.

Being an international company: this was the aim of the local company … If you set this target for your company, you then keep your company ready for an international partnership. (President)

However, there were two options for the local company: 'to grow and develop into a global company on its own' or 'to achieve this target by establishing a partnership with an international company':

Firstly, a few international companies start to enter a local market. Local companies then ask themselves: 'Can I grow like them on my own? No! If I can't, they will dominate the market. What can I do then? I did my best and raised my local company to a good position in the market. I can't go any further on my own. I should go into cooperation with an international company otherwise I will be removed from the market.' After the involvement of many international companies in the market, the local company would prefer to go on its way without an international partner. The local company could continue to display activity for about 10 years but after that it could risk its leading position in the market. (Manager)

It is seen that the local company selected the second option [to sell itself fully to an international investor] because, firstly, it hesitated to compete with other large local and international companies on its own in an internationalized market environment. Secondly, the local company selected the second option to secure its leading position in the market:

Why did we decide to go into a partnership with the global company? Because we (the local company) could provide property services in different real estate classes in this way. There is no company which provides agency services in the office and logistics markets yet. We noticed this gap and believed that we could fill in this gap with the help of the global company. Otherwise, there was no necessity or obligation for me to sell my company. I was very happy with my company. We considered that we could reach more foreign investors if we moved with the global company because foreign investors always seek foreign service companies to do business together. We grabbed a good share in the market as the local company; but we tried to grab a bigger share with Partnership 4 using our leading position in the market. This is our approach in Istanbul so they are developing partnerships with international companies. (President)

From these sentences, it is understood that the local company mainly aimed to obtain an international network resource so it decided to go for cooperation with the global company. It will be worthwhile to examine this partnership from the global company's perspective also:

Why did international companies come to Istanbul? Because the Turkish property market is a very large market. Its potential is very high. Plus, you can establish a partnership with a strong local company and you can spread their activities all over the region. The global company came here for this reason. Other international companies will continue to come to Istanbul for the same reason. So they are seeking local partners for themselves in Istanbul. Turkey is a very efficient country in the Middle East and Far East. (Manager)

These words show that Istanbul's and Turkey's specific geographical features were very influential in the realisation of this partnership. The global company perceived Istanbul as a

gateway to Turkey and perceived Turkey as a gateway to the EMEA[33] region. These empirics bring the importance of the vision of international companies onto the agenda in the realisation of this type of partnership:

> The global company purchased 3 local companies, including us (the local company), in Europe in 2008 … In fact, the global company wanted to be stronger in some countries (Turkey, Germany, and UK) where it was weak. In short, instead of 'organic growth', it preferred 'growth by acquisition'. So, the global company became the leading property service company, purchasing the leading local companies, in these countries. (President)

From these words, it is understood that the global company tried to expand its international network in the EMEA region. It followed the shortest route and purchased the leading local company of IRPM to become the leader in the EMEA region. Thus, the global company disposed of its biggest opponent in the local market and found an opportunity to adapt itself to the local culture:

> Why did the global company purchase us (the local company)? It could open a branch office with its own foreign professionals in Istanbul. But the global company preferred to adapt itself to the local culture with our help. So they looked for a local partner who speaks in English but lives like a Turk, who considers like a Briton but speaks in Turkish. (President)

At this stage, the issue of why the global company chose this local company, not any other local company, as a partner for itself should be considered:

> Our company (the local company) was fully transparent. Everything was registered. So we passed the due diligence stage very quickly. We were open to external audit. ... All of our operations were legal since its inception. All these elements ensured the global company could trust us and feel safe and secure. … Again, I was educated in a foreign high school so I can think and speak in English at the same time. This was an important advantage for me I guess. … Plus, I am a Turkish man, I am living in Turkey, so I know my country very well. I also travel abroad very often. I am a representative of Turkey and a juryman in ICSC (International Council of Shopping Centres). I sometimes give lectures in Dubai, Kiev, Mumbai and so on. These elements were seen by them as attractive. In short, first, my personality (abilities, background), and, second, the structure and success of my company. I put my personality in front of the structure and success of my company. (President)

These words show that the global company was interested, firstly, in the transparent structure and unproblematic successful operations of the local company because it did not want to face problems after the acquisition. Secondly, the global company selected the local company because the local company correctly understood the vision and mentality of the global company. This partnership may be explained by the 'think global, act local' ability of the local company rather than the English-speaking ability of the local professionals. The owner and manager of the local company gained these abilities when attending international activities

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[33] Europe-Middle East-Africa region

and developing connections with international associations, and used his abilities as a bargaining tool in the negotiation process with the global company. It is seen that, despite some hard bargaining and negotiations between the local and the global company, this partnership was established in an easy and smooth way. The vision of the local company in the negotiation process was very important for the realisation of this partnership:

> I made huge efforts to sign an agreement with the global company. The sale of my company (the local company) was something like to loose my third son. I had an emotional connection with my company. But I considered like this: 'If I sell my company, it will be a big 'thank you' to my staff.' They contributed very much to the local company in the last 10 years. After the sale, their working conditions, positions, relations and career will be much better than now. In short, transforming from an employee of a local company to an employee of an international company would be an important development for them. … In this context, I cared very much about being able to do business globally. … Our future vision and global company's future vision matched exactly. … But also I had admired the global company (in the past) so I didn't make things difficult in the negotiation process. I focused on long-term growth options instead of short-term gains (financial bargaining). (President)

The success of the global company [with its <u>international network</u>, <u>global thinking</u>, <u>international know-how</u> and good <u>corporate management</u> resources] and the desire of the local company to develop into a global company ensured the finalization of the negotiation process in a successful and easy way. However, this process was very stressful for both sides:

> It was a very stressful period both for senior management and the staff. Both sides try to keep the rights of their staff. Merging two companies has a cost as well. Both sides try to minimize their costs. There can be some staff cuts. The rights of some staff can be lost. Again, both sides try to maximize their profits so all negotiations are very harsh. It was a really stressful period. One year has passed after the acquisition. A balance is seen newly in the company. (Manager)

During the negotiation process, most of the bargaining concerned the worth of the local company, the protection of local employees' personal rights and the position of the local company's head manager in the new international company:

> The amount of the money … payment terms … projections … we bargained on these issues. I cared very much about the protection of my staff's personal rights in the new company (Partnership 4), and not behaving unjustly towards them. My position and status (in the local company) was a bargaining issue. The global company approached me very kindly on these matters. For example, I am the chairman of the board of directors in the new company now, although I am not a shareholder of this international company. The global company accepted me as the president of the new company. In a way, they gave me the right of representation. ... In comparison with other cases that I have seen in other countries, the transition of the local company to the global company became very soft and easy. (President)

These words are a proof that the global company also made efforts towards the realisation of this partnership, meeting all expectations of the head manager of the local company. In

addition, it should be underlined that, in parallel to the other cases examined above, the local managers and the professional staff of the local company continued to work in the new company after the acquisition. However, the combination of the local and the global culture does not happen so easily and quickly:

> Thank God, our negotiation was completed successfully. We are still experiencing some hardships in the company but the local and the international team united very well … There are some adaptation problems for both sides (local and global staff) but we are trying to understand our situation. But this is a really hard process. All local and international companies which established a partnership in Istanbul have experienced this kind of problem. This is something inevitable. Two very different cultures are working together. Of course they may clash with each other. (Manager)

These words reveal that interactions between local and global companies should be considered in two stages. The first stage covers the negotiation period before the establishment of a partnership/acquisition. The second stage covers the period or working together after the realisation of a partnership/acquisition. The global company kept its international company structure exactly the same in the new company after the acquisition. This fact shows that the global company had a sophisticated <u>corporate management</u> structure before the partnership, which became an advantage for the global company in the negotiation process:

> After the acquisition, of course, everything changed in the local company. The institutional structure of the global company was directly transferred to the new company (Partnership 4). Only one department existed in the local company, which was 'Leasing'. But now, there are many departments in the new company, such as office, industrial, retail, capital markets, research, concept development and so on. The structure completely changed according to the structure of the global company in the new company. (Manager)

This situation is also associated with the 'nature' of international companies, which always have to think and move globally. Moving on a global scale entails establishing a strong institutional system and a strong global network that is managed by one headquarters and extending this network systematically all over the world:

> After the sale of the local company to the global company, I became the chairman of the board of directors. In short, I was driving my own car on the Anatolian roads in the past; now, I am driving the same car but this car does not belong to me. I became an employee of this company. But this has to be like this because of the institutional system and the international operation style of the global company because the global company has 36,000 employees and none of them is the owner of this company. All offices in 180 countries are connected to one centre. (President)

8.6.5　Partnership 5

Table 8.23: Details of the fifth chosen partnership

Chosen local and international partnerships	Type of partnership	Type of company	Interaction way
Partnership 5	Local professionals are employed as managers in the Istanbul branch of this international company	Property Construction, Development and Investment Company	Entry to the local market via the establishment of a new local company

The global company opened a branch [established a new local company with foreign capital] in Istanbul and employed local professionals in this company. Local professionals who were employed in the Istanbul branch of the global company have some basic common features. For example, these professionals are the oldest and most experienced players of IRPM. They worked as managers in the leading local companies of the market before they were employed in the global company. More importantly, they have excellent communication and management skills. The local organization of the Istanbul branch of the global company was set up completely by local professionals. Local professionals invited the global company to buy Istanbul's favourite shopping centre. The sale of this shopping centre to the global company was the first international transaction in IRPM. This transaction gave birth to a global interest in Turkish properties from institutional investors:

> The sale of the shopping centre to the global company became both good and bad. It was good because global property investors started to come to Turkey; it was bad because, just after this sale, many new local companies emerged and many international property companies flooded into the property market. (General Manager)

The first reason why the global company[34] went to Istanbul was the start of stability in the Turkish economy and the existence of big property investment opportunities in the Turkish property market. However, real estate summits, which started to be organized by GYODER after 2000 in Istanbul with the aim of internationalizing the property market, became very effective in the advertising of investment opportunities to global investors in the property market:

> The visit of the global company to Istanbul for the fourth real estate summit of GYODER last year became very effective in the global company's decision to invest in Turkey. (General Manager)

The global company is a Holland-based company. After the purchase of this shopping centre by the global company, new institutional property investment companies started to be involved

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[34] The global company is the first foreign institutional property investment company in Turkey.

in IRPM and interestingly most of these companies are again Holland-based (such as Multi and Redevco):

> We became a model for many other institutional investors. Now everybody asks me my ideas about Turkey. I believe Turkey will bring high profits to investors in the long term. So I am looking for new shopping centres to invest in in Istanbul. (General Manager)

This situation shows that global and institutional property investors usually communicate with each other; especially, global investors from the same origin follow each other's activities and investments in the world [in emerging property markets]. The global company decided to invest in this shopping centre because its yield and return were very high:

> Take this shopping centre for example. Its rental income is about $10 million in a year. The global company wanted to buy it because they know that they can get the return on capital from this shopping centre in a maximum of 6 years. (Manager)

Besides, the REIT structure, its brand power, good location and loyal customers are other factors for the investment of the global company in this shopping centre. The global company believed that investing in this local company might be a perfect decision because this is the most popular and the most successful shopping centre in Istanbul:

> Turkey is going on the right way. It is a good opportunity and a real success for us to buy the half share of this shopping centre. Money is not the only matter in this investment; the frame of mind is also important. When you go to a new country for doing investments, you need to feel comfortable. You must believe and feel that you are doing right. You should not expect to go to a new country and make good money (profit) quickly in that country. This seems to me a short-termist and a foolish approach. (General Manager)

It is seen that local professionals generally have an entrepreneurial, risk-bearing, authoritarian and dominant character. More importantly, they reflect their cultural character onto the management of the global company. The global company's behaviour is formed according to this cultural character. The global company wanted to be a passive investor in IRPM, buying less than a half share of favourite shopping centres in Istanbul at first. However, local managers persuaded the global company to invest in other favourite shopping centres outside Istanbul, to be an active investor in Turkey buying the full share of shopping centres, and to grow aggressively with quick acquisitions:

> We will go out from Istanbul and we will be a more active investor in Turkey from now on. We will buy the first shopping centres in small Anatolian cities and will buy only the most popular shopping centres in big Anatolian cities. ... In the past, we preferred to buy less than a half share of shopping centres, but instead of shared management, we want to have the only voice in the management of our shopping centres. (General Manager)

8.7 Conclusions

MA's social interaction analysis reveals that international property companies are involved in IRPM in five different ways. These are: 'Entry to the local market by establishing a partnership with an existing local company', 'Entry to the local market by buying an existing local company', 'Entry to the local market by establishing a partnership with a born-global company', 'Entry to the local market by buying a born-global company' and 'Entry to the local market by establishing its own local company with foreign capital'. This is a proof that the global companies may differ from each other in their entry to a local property market. This analysis shows that interactions between local and global property companies start consciously and progress in a controlled way. The main purpose of these interactions is to access all crucial market resources in the easiest and the fastest way and to be more powerful in the property market. It is found that local and international property companies share their resources through institutional cooperation, partnerships and acquisitions in IRPM. It is seen that the most popular partnerships in IRPM are partner alliance, franchise and joint ventures. This empiric indicates that a multidirectional and dynamic relation exists between local and international companies in IRPM. In partner alliance and franchise partnerships, local partners were more dominant in decision-making processes. Again, in joint venture partnerships, majority shares were mostly held by local partners in the case of IRPM. This situation may be explained directly by the cultural characteristics of local professionals because it has been discovered that local professionals culturally have a tendency to be dominant in all decision-making processes. The basic cultural characteristics of local players may be listed as entrepreneurship, pragmatism and courage for high-risk investments. It is seen that the understanding of cultural characteristics of local entities may help to explain local and global interaction processes better. MA's social interaction analysis gives us some important hints about the issue of how IRPM changed. It is seen that the most important outcome of local and global interactions in IRPM is the growth of the market in terms of the number of its players. The substantial increase of local and international companies in IRPM revealed a need for making new changes in the market structure. Four important findings, which may help in exploring the evolution of IRPM, are discovered through the examination of social interactions between local and global companies.

First, it is found that local and global property companies meet each other consciously and that they share their resources through institutional cooperation, partnerships and acquisitions. This is evidence that a direct correlation exists between resources and interactions. Born-global companies which were established by FRPs played an important role in the attraction of the first international institutional property investor to IRPM. It is seen that international

property investment companies rush into a local market when they are sure of the security and profitability of foreign direct investments in that property market. The realisation of the first foreign direct investment, which is usually made by a born-global company, shows that foreign investments in that property market are secure and profitable. In this way, the number of players in that property market increases. It is seen that interactions affect each other; so interactions have to be examined as a process. It is found that global players usually need help from inside when they enter a local market. In addition, appearing like a local company in the local market where they want to operate is important for global players. That's why international property companies made contact with local companies and local professionals in IRPM. These contacts resulted in the establishment of local and global partnerships, with the realisation of acquisitions between local and global companies, and with the employment of local professionals in global companies. After this stage, the separation of property companies into 'local' and 'global' became very difficult. These contacts caused a substantial change in the industrial setting of IRPM.

Second, it is found that interactions were launched between powerful[35] local companies and powerful global companies in IRPM because both parties made contact with each other in order to be the leading players of the market. Both local and international companies lacked some market resources individually when they interacted with each other in IRPM. This lack was an obstacle for them in becoming the leading player of the market so it pushed local and international companies to cooperate with each other. Thanks to structural conditionings in IRPM, local players leaned towards cooperation with global players. Both parties considered that they might benefit from this cooperation, so partnership and acquisition negotiations progressed smoothly and easily in the market. It was discovered that partnerships and acquisitions between local and global companies create stronger property companies which possess all crucial resources in property markets.

Third, it is found that local and global companies which interact with each other expect to take investment opportunities not only in the local market but also in other property markets which are associated with this local market. Global players firstly came to Istanbul and invested in IRPM; but they are also interested in the Turkish property market and in the property markets of the EMEA[36] region. In other words, all these companies want to be effective and active in the property markets of Istanbul, Anatolia and the EMEA region. Therefore, local and global interactions in Istanbul should not be considered and evaluated only in the context of IRPM. The arrival of international property companies in Istanbul in huge numbers is directly related

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[35] A powerful company owns many resources in a property market.
[36] Europe-Middle East- Africa region

to Istanbul's geopolitical location. International property companies perceive Istanbul as an international hub and a base camp for themselves. These companies want to settle in Istanbul and then to display activity all over the EMEA region. Similarly, FRPs want to display activity in the EMEA region by developing into global players. That's why they need to receive support from international companies to move in this large geography. It is not possible for FRPs to seize investment opportunities in this region individually using only their own local resources.

Finally, it is found that interactions change the industrial setting of local property markets significantly and this change leads to a structural change in the markets. Local and global cooperation, partnerships and acquisitions have created much stronger companies in property markets. Companies which were involved in a local and global partnership rose to a privileged position in the property market in a very short span of time, and this changed the balance of power in IRPM. Newly emerged strong property companies wanted to seize all investment opportunities quickly in IRPM. The rapid increase of foreign direct investments caused a rapid growth in the market. The growth created many new business and investment opportunities in IRPM. Many new local property companies then emerged in IRPM to seize these new business and investment opportunities. It is seen that the number of local property companies increases as much as that of international companies in the internationalization process of a local property market. Overcrowding and increasing competition created some complementary and contradictory processes in IRPM. In fact, the emergence of these processes was a signal for the realisation of new structural changes in the market. Complementary and contradictory processes pushed market players into informal groupings; occupational groups and interest groups emerged in IRPM. Associations emerged when these groupings took a formal form. So far, the start and progress of social interactions between local and global property companies in IRPM have been examined in detail. The next chapter focuses on the structural elaboration process of the property market.

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CHAPTER 9 Morphogenetic analysis: 'structural elaboration'

9.1 Introduction

IRPM has taken a certain structural form as a result of perennial structural conditionings and social interactions. These structural conditionings and social interactions were presented in a detailed way in Chapter 7 and Chapter 8. In this chapter, the issue of how the current structure of IRPM emerged is explained through MA's structural elaboration analysis. In other words, the question of how IRPM changed structurally is answered in general in this chapter. It was stated in the previous chapters that IRPM's change has to be considered as an evolutionary change process. Therefore, IRPM's evolution is explained in a narrative way following the chronological order of interconnected developments in the chapter. During this explanation, basic reasons for developments are also presented. IRPM's evolutionary process, which is examined in detail in this chapter, started in 1994; this was the year when the first global players started to be involved in the market. Quotations which are taken from the interviews of the leading companies' and associations' managers are also presented to explain the process of evolution better.

9.2 Structural evolution of IRPM

The year 1994 was an important turning point for IRPM. Up till then, the Turkish government enacted basic liberal laws and established basic public institutions which were necessary for the establishment of a free market economic system in the country. It is seen that the basis of the liberal economic system was created in the years leading up to 1994 in Turkey and the free market mechanism with all required laws and institutions started to work precisely in that year. There were no global players except global retail brands in the market in 1994. Only a few local shopping centre construction/development/investment companies and local/global retail brands were active in the market before that year. It should be emphasized that there was a very close relationship between the first players in the market. The modern shopping centre development process, which was started by local group companies after the development of the Galleria shopping centre in 1988, continued in the first half of the 1990s. The first local entrepreneurs, who ensured the birth of a modern organized retail market in Istanbul, wanted to grow IRPM through the development of more shopping centres and through the attraction of more retail chains to the market. This was the retailing trend at the beginning of the 1990s, that organized retailing activities were taking the place of traditional retailing activities. Therefore, these local entrepreneurs, who followed all new developments closely in the world retail market, were aware that Istanbul's organized retail market had a lot of promise in terms of shopping centre developments and investments. These entrepreneurs,

whose social relationships with each other are very close, decided to come together and establish an association for the purpose of modernizing the legal and institutional structure of IRPM. In this context, the Turkish Council of Shopping Centres & Retailers (AMPD) was founded in 1994. The number of shopping centre construction, development and investment companies in the market was low in this year, so local and global retail brands which display modern retailing activities in Istanbul also became members of this association:

> The previous name of this association was AMD (Turkish Council of Shopping Centres). Later on, it included retailers in its body because of the low number of market players involved in shopping centres; and it then developed into AMPD. (Head Manager - Property Service Company B)

The Turkish government in the 1990s connected Turkey's national socio-economic development and liberalization target to Turkey's membership of the European Union. It is seen that, in parallel to the Turkish government's vision of Turkey's modernization via EU membership, AMPD drew a similar vision for itself and decided to work for the institutionalization and modernization of IRPM in a European style. The first local entrepreneurs who brought modern organized retailing concepts from Western countries to Turkey established AMPD to settle and develop this concept in Turkey. In other words, both the government and the founders of AMPD wanted to modernize IRPM's traditional structure in a European style. At this stage, it is appropriate to glance at how AMPD changed in the following years. After 2004, the number of both local/international property development and investment companies and local/international retail chains increased dramatically. This increase caused some conflicts between shopping centre investors and retail brands. Retail brands complained about high store rents in shopping centres and expected a discount from shopping centre managements but shopping centre investors did not agree to decrease rents (PEBEV, 2011):

> There were some conflicts on rents between the members of AMPD so another association was established for only shopping centre investors and developers, which is AYD. (Secretary General - Association of Shopping Centre Investors (AYD))

This conflict caused a compulsory change in the structural organization of AMPD in 2010. In line with this, AMPD developed into a confederation in which all members of the retail property market joined together in order to help each other. In this way, the representative power of AMPD against the government with regard to future changes in the modernized and internationalized retail property market increased. The case of AMPD shows that institutionalization initiatives are a direct consequence of increases in the number of players in IRPM:

AMPD was initially established as the Association of Shopping Centres (AMD). The number of shopping centre investors and consultants was low at that time. Later on, retailers and suppliers became involved in this association to make it a more important and larger organization in the market. This association then developed into AMPD. … AMPD is not an occupational organization; it is a common platform which brings investors, retailers and suppliers together in the market. (Secretary General - Association of Shopping Centre Investors (AYD))

AMPD has changed its structural organization and become a confederation … so different interest groups are gathered under the same roof in this way. This is a healthier approach than the past approach in my view because now the representative ability of AMPD increased significantly. AMPD can provide its opinions and suggestions about the retail property market to the government and public authorities in an easier and stronger way from now on. (President - Property Service Company A)

Even though political and economic conditions were an obstacle for global players seeking to enter Turkey in the mid-1990s, the legal and institutional environment was suitable for global players to display activity in Turkey; this environment was created by the government gradually between 1980 and 1994. Since IRPM started to provide a suitable investment environment for global players legally and institutionally, two international hypermarket chains who wanted to be the first to seize opportunities in IRPM came to Istanbul to open hypermarkets, taking a high risk. These chains started to develop hypermarket-anchored shopping centres with the help of their local partners [strong local group companies]. In fact, these chains' business was retailing but their local partners persuaded them to invest in hypermarket-anchored shopping centres in Istanbul in conformity with that day's market trend. It is seen that the entry of international hypermarket chains into IRPM and the development of hypermarket-anchored shopping centres in Istanbul had a strong impact on local market players, because local players had a chance to observe closely how organized retailing activities and shopping centre developments were run in a European style.

The Turkish government made important progress regarding Turkey's membership of the EU and became a member of the European Customs Union in 1996. It is seen that this membership made a positive contribution to the liberalization and internationalization of the market. This decision by the government significantly increased the involvement of EU-origin products in IRPM. A legal regulation then became necessary to facilitate the production of foreign products in the country as a result of the membership to the European Customs Union and for the sale of these products in domestic and foreign markets. Local manufacturers were doing contract manufacturing for global brands intensively in the 1990s. It is interesting that, in the same years, counterfeit retail products appeared in the market. In a short span of time, counterfeit products started to be bought and sold in both domestic and foreign retail markets. Therefore, another legal regulation became necessary in order to stop this illegal commercial activity in the country. In short, Turkey's acceptance into the European Customs

Union resulted in the enactment in the parliament of two laws regarding the market: Customs Law (4458) in 1999 and Law for Fighting Illegal Trade (5607) (this law was revised in 2007):

> Customs Law (4458) and Law for fighting illegal trade (4926) were enacted in the Turkish Parliament after the involvement of Turkey in the European Customs Union because it became necessary for the government to settle the codes, rules and provisions of the Union in the Turkish Constitution (quoted from the governmental website of the Ministry of Customs and Trade, 2008: History, p.3)

As a consequence of two important developments [the starting of free market mechanisms in Turkey through liberal laws and new public authorities, and Turkey's membership of the European Customs Union], international property service companies started to become interested in IRPM in the second half of the 1990s. Because of these developments, international property service companies considered that the Turkish property market might be liberalised fully after a short while; so international property service companies soon became involved in the market through partner alliances and franchises. International property companies perceived Istanbul as a home base for themselves; they could provide property services from this city to a very large area. As a requirement of their global corporate management approach, they were in search of local partners; they then selected the leading, the most experienced and the strongest local property agencies of IRPM as their local partners. It is seen that local property agencies were aware that the Turkish property market would be liberalized fully in the near future as part of the government's single-minded EU vision. The enactment of new liberal laws [EU reforms] and Turkey's membership of the European Customs Union were among the developments which created this awareness in IRPM. Local property agencies leaned towards local and global partnerships to keep their leading position in the market and to provide a better service to prospective foreign investors. New shopping centre developments in Istanbul created many profitable business opportunities in the market in the 1990s. It is seen that these highly profitable business opportunities speeded up the involvement and emergence of new local companies in the market. The market grew rapidly thanks to global retail brands, international hypermarket chains, international property service companies and local shopping centre development and investment companies in these years. In other words, competition increased as a result of increases in the number of players in IRPM. New liberal property and retailing laws led to the involvement of many global players and the increase of competition not only in the Turkish property market but also in many other economic sectors in Turkey. Another legal regulation then became a necessity to regulate the competitive environment in the Turkish economic market. The government enacted the Law for the Protection of Competition (4054) in 1994 to regulate the free market environment in the country. In conjunction with this law, the Competition Authority was established in 1997 as

an autonomous public institution[1]. It is seen that a direct strong correlation exists between institutional and legal regulations in IRPM.

The 1990s became the years in which traditional retailing activities decreased and modern organized retailing activities increased rapidly in Istanbul. The most important association of the market, AMPD, was making huge efforts to modernize the market. The number of modern shopping centres was also increasing and these shopping centres were drawing huge interest from customers. It is seen that modern shopping centres move local market players away from the traditional retailing mentality; so it may be said that modern shopping centres play a key role in the modernization process of IRPM in a European style. The market was moving along the modernization road and the number of market players was increasing rapidly. In this process, a need for qualified retailing staff emerged in the market. Soysal Retail School, a private company, was founded to meet this need. Most of the market players learned the details and rules of modern retailing activities in this school. The school worked like an association and developed awareness about global competition and branding issues among local market players through regular conferences and publications (catalogues, books, magazines and so on). It is seen that this awareness made positive contributions to local retailers. As a consequence of this awareness, local retailers decided to develop into global brands and to invest in other countries' retail markets. This awareness also paved a way for the emergence of associations such as BMD, TMD, TPF and TIM in the market. It is seen that educational businesses are an area which provides profitable investment opportunities in an internationalizing property market. The organized retailing concept, which was first brought to Istanbul by local group companies via shopping centres, was embraced and improved by other local entrepreneurs who wanted to seize new business opportunities which emerged in Istanbul's shopping centre market.

The 1980s and the 1990s were decades in which local entrepreneurs visited developed countries and learned about innovative new institutional and legal practices regarding property markets in the Western world. One of the innovative institutional structures to which local entrepreneurs were introduced during these journeys was Real Estate Investment Trusts (REITs). The managers of some leading group companies and banks, who were making efforts to modernize the market and who expected to seize huge investment opportunities firstly in

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[1] The existence of the competition authority prevented the sale of Migros hypermarkets, which had recently bought many local hypermarket chains such as Tansas, Macrocentre, Sok, Gima, Endi, Ordu Pazari, Bakkalim and Maxi, to CarrefourSA, which was the leading hypermarket chain of the market, in the second half of the 2000s. If this transaction had happened, the share of CarrefourSA in the organized retail property market would have increased from 21% to 35%, so most probably the competition authority would not have favoured this transaction. (Vahap Munyar, <http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=6850839&yazarid=44>.) The Migros hypermarket chain was sold to BC Partners, an external market player, in 2008.

this emerging market, conducted several negotiations with the government. As a result of these negotiations, the REIT Law was enacted in the parliament. It is seen that local players of IRPM are very ambitious about the transfer of Western structures and practices to Turkey. The main reason for this situation is the government's single-minded EU vision, because local players anticipated that the Turkish property market would take a form very similar to the structure of property markets in European countries. In line with this anticipation, instead of waiting for this homogenization process, they considered to be the first person to bring Western structures and practices to Turkey and to be the first person to seize business and investment opportunities in this emerging market. It is seen that local players' pragmatic and opportunistic attitudes speeded up the internationalization process of the market and caused IRPM to take a Western form:

> Managers of some group companies examined the legislation of foreign REITs and then worked for the enactment of a REIT law in Turkey; they succeeded. Immediately after the enactment of this law, these group companies and some banks established the first REITs in the country. (Director - Property Construction, Development and Investment Company B)

Local players believed that the Turkish property market would restore its problematic structure and that fast and effective solutions would also be found for the chronic problems of Turkish cities [unplanned and unhealthy growth] when they transferred Western structures and practices to Turkey:

> Real Estate Investment Trusts are institutions which may be a solution to the irregular urbanization problem of Turkish cities. (President - Capital Markets Board of Turkey)

Three years after the enactment of the REITs law, the Association of Real Estate Investment Companies (GYODER) was founded by the managers of established REITs in 1999. It is seen that the founders of this association were aware that the Turkish property market was the leading and the most dynamic sector of the Turkish economy. This association aimed to be the representative of the property market in Turkey and abroad. In fact, REITs are a sophisticated tool for property development activities in a property market; REITs can perform better in well-structured mature property markets. The founders of GYODER were aware of this reality so they wanted to create a perfect structural and cultural environment for the operation of their REITs in IRPM through giving a Western form to the structure of the Turkish property market. GYODER started to work for the internationalization, standardization and institutionalization of the property market from its inception:

> GYODER, The Association of Real Estate Investment Companies, was established on 2nd August 1999 by the representatives of existing and newly founded Real Estate Investment Companies (REICs), to promote and represent the promising real estate industry that leads the economy as a locomotive, to encourage the development of the industry, to provide, improve and protect standards for quality, control and education

within the sector. … Our vision is to pioneer the Real Estate Industry in accordance with our aims and objectives. … Our mission is to form a platform that represents all the sub-sectors of the real estate industry (quoted from the official website of GYODER, 2011: Activities, p.1).

It is seen that GYODER fully supported the EU vision of the Turkish government and advised the government against liberalizing and internationalizing the property market from the beginning. In this context, this association became very effective in the enactment of some important liberal laws in the parliament, such as the Building Inspection Law, New FDI Law, Metropolitan Municipality Law, Housing Law, Corporate Tax Law and Mortgage Law. The most important members of the government (ministers and deputies) and the public officers of the most important public authorities have attended all meetings of this association regularly since the beginning. Moreover, some public authorities related to IRPM such as TOKI and SPK became sponsors and provided financial support to this association in some of its operations (GYODER, 2010):

> Legal arrangements should be made to increase global investments in the market. …Global investors should be able to invest in properties in Turkey easily without facing a legal restriction. Legal complexities about this matter must be removed. … Foreign capital and long-termist global property investors must come to Turkey. … Market regulations which limit the activities of companies with foreign capital should be removed. Our main policy and objective is to make Turkey a full member of the European Union (quoted from the official website of GYODER, 2008: Press Conferences, p.1).

At the end of the 1990s, the population of Istanbul reached ten million and the number of real estate agents increased dramatically in the market. In conjunction with the Craftsmen and Artisans Law (507), the Chamber of Istanbul Real Estate Agents and Consultants was founded in 1999 to gather all local and international real estate agents in Istanbul under one roof and to represent this occupational group in the market. It is seen that Turkish commercial life has been re-designed by the government according to EU criteria. Institutionalization played an important role in the absorption and internalization of EU norms by local market players.

Turkey experienced two severe earthquakes in 1999 and two big local financial crises in 2001. These events affected the Turkish economy negatively and deeply. The political and economic instability peaked at its highest level. These were banking crises and they were all local crises. It is seen that local crises caused the emergence of a very important resource gap in IRPM, 'finance capital'. This resource gap made the attraction of foreign capital to the market obligatory. Local players considered that the only way to survive in the recession period was to access foreign capital. That's why they welcomed the involvement of international property development and investment companies in IRPM warmly after 2004. The banking sector was restructured after these crises. In this process, many public banks were privatized. Many local

banks were bought by foreign banks. Acquisitions in the finance and banking sector caused the birth of a new business in the market, 'property valuations':

Foreign banks had to minimize their risks in acquisitions. Again, foreign investors needed accurate and transparent property appraisal services in Istanbul so property valuation businesses came into prominence in the property market (quoted from the official website of LIDEBIR, 2011: About us, p.1).

In line with this, the Capital Markets Board of Turkey (SPK) published the first official statement regarding the operations of property valuation companies in the Turkish official gazette in 2001 (series 8, number 35). According to this statement, all property valuation companies have to take out a licence from SPK to carry out activity in the market. It is seen that public institutions work to change the structure of IRPM in conformity with EU standards. Some property agencies and consultants started to display property valuation activities without a SPK licence in this period. Thirteen property service companies which started to display valuation activities in Istanbul came together to found the Appraisers' Association of Turkey (DUD) in 2001. This association aims to improve the profession and to develop some standards in this business.

IRPM is moving towards being a much more organized market with new laws and institutions. In this transition period, the number of global retail chains increased in the market as a consequence of the entrance of Turkey into the European Customs Union and of the Customs Law which was enacted in 1999. Local retailers tried to survive in the recession which started after the 2000-2001 banking crisis and in the internationalization of the market. To get out of the recession and to compete with global brands in an effective way, local retailers decided to cooperate and move in an organized way in the market. In this context, local retailers established United Brands of Association (BMD) in 2001 (BMD, 2011). In addition, counterfeits of global brands' retail products were produced and were exported to retail markets elsewhere in the world at the beginning og the 2000s. There was no effective legal arrangement for the protection of intellectual and industrial property rights in the country at that time (Suluk, 2005). Global brands which were operating in Istanbul decided to institutionalize to fight against this illegal activity and to defend their rights. They founded Registered Brands of Association (TMD) in 2002 and started to put pressure on the government for the enactment of a law which could stop all illegal activities in the market. This association became very effective in the enactment of two important laws [the Law for Fighting Illegal Trade (4926) in 2003 and the New Law for Fighting Illegal Trade (5507) in 2006. It is seen that market players have established associations to modernize IRPM in a Western style and to exercise control over the government and public authorities using the power of concerted action.

The 2000-2001 banking crisis caused a three-year recession and political chaos in the country. The Turkish government necessarily stuck to the EU vision to get rid of the recession and the political chaos in this period. In this context, the Law for the Establishment of the Secretariat General for EU Affairs (4587) was enacted in the parliament in 2000. In conjunction with this law, the Secretariat General for EU Affairs was established and started to act as a public authority under the Republic of Turkey Ministry of Foreign Affairs in the same year:

> In the Helsinki Conference, the EU council decided to prepare a document for the participation of Turkey in the EU. This document was officially approved by the council on 8 March 2001. Our National Programme, which was designed and developed based on the EU participation document, was approved by the Turkish Government on 19 March 2001 and sent to the European Commission on 26 March 2001. The participation document of Turkey in relation to the EU was revised four times by the EU in the following years (2003, 2005, 2006, and 2008). Our national program was updated three times (2003, 2005 and 2008). The government worked hard to make Turkey a full member of the EU. This membership process speeded up constitutional reforms in the country. Many laws were enacted in the parliament in this context (quoted from the governmental website of Ministry for EU Affairs, 2011: The History of Turkey-EU Relations, p.4).

It is found that the EU membership process has helped Turkey significantly to renew its old and out-of-date laws regarding property markets. It was not possible for the government to enact new laws or revise old Turkish laws alone [without the help of the EU] because of the unstable political and economic environment in the country and because of the lack of consensus among political parties in the parliament. The Turkish banking system was not working properly and the internal and external debt of the country was very high in this period. The government had to pay its debts and restructure the banking system urgently; so it was compelled to apply to the International Monetary Fund (IMF) to get help on these issues. The 18th and 19th stand-by agreements were signed between Turkey and the IMF at the beginning of the 2000s. It is found that, as a result of these agreements, legal reforms and privatizations were speeded up in the country. In association with IMF-supported national programs, the government enacted the Law for the Establishment of the Turkish International Cooperation and Development Agency (4668) in 2001 to support its new liberal foreign policy initiative and to strengthen Turkey's connections with other countries. In conjunction with this law, the Turkish International Cooperation and Development Agency (TIKA), which was established as a public body under the Ministry of Foreign Affairs in 1992, was developed into a corporate public authority and connected to the Prime Ministry in 2002. It is found that the presence and efforts of some public authorities [such as the Under secretariat of The Prime Ministry for Foreign Trade Export Promotion Centre of Turkey (IGEME), Turk Eximbank, Foreign Economic Relations Board (DEIK) and TIKA] encouraged the establishment of new associations [such as GYODER; Association of Eurasia Real Estate Consultants, Agencies and Businessmen (AGDEM);

Turkish Exporters Assembly (TIM); AYD; and the International Real Estate Investors Association (REIA)] which aim to develop their members into global players in the market. These public authorities also helped these associations to carry out their activities in an easy and unproblematic way in other countries:

> We created a specific unit two years ago in TIKA. In this unit, our main aim is to help non-governmental organizations (NGOs) in their international activities and to solve their problems. We worked on several international projects together with NGOs and tried to develop new international cooperation models (quoted from the governmental website of TIKA, 2011: Press Statements, p.2).

In the context of the EU adaptation process, the government approved eight law packets[2] between 2002 and 2004; in addition, two other law packets were approved in 2001 and 2004 in the parliament. Some new laws regarding property development activities in Turkey [such as the Building Inspection Law, Public Procurement Law, and Metropolitan municipality law] were enacted in the context of these law packets (The Turkish Central Bank, 2003). In line with the new liberal economic program, the government enacted two new laws [Law for Fighting Illegal Trade in 2003 and Craftsmen and Artisans Professional Associations Law in 2005] to regulate international property development and retailing activities in the country. Important revisions were made in the Turkish Trade Act (6762). More importantly, the FDI law was revised and all legal restrictions were removed from the trade of Turkish properties by foreigners in international markets[3]. It is seen that changes in FDI law occurred in the context of EU reforms; public authorities and associations in relation to IRPM supported this legal change. Some associations such as TUSIAD, TIM, YASED, GYODER and AMPD made significant contributions to the enactment process of new laws regarding the property market. The managers of these associations made intensive contacts with the government, shared their ideas about the content of new laws and supported the government's EU initiative decisively:

> Accordingly … we submitted an action plan to the Government by mid–May 2002 and stated that we as YASED would assume responsibility for promoting the investment environment to the world if the draft laws are legislated and the investment environment is improved. We feel obliged at this point to express our appreciation that, subsequent to our presentation of the subject action plan, the Government has passed 14 of more than 30 draft laws prepared during the previous years, in June and July (quoted from the official website of YASED, 2003: Reports, p.12).

> Turkey has entered a critical year in many respects. 2004 will be a year in which very significant developments will take place due to the decision to be taken for the initiation of negotiations with the EU. … When we particularly consider this issue with regard to harmonization with the EU legislation concerning the improvement of the investment environment, the negotiation process for full membership will be a process that will require our intervention at each phase (quoted from the official website of YASED, 2003: Reports, p.13).

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[2] A law packet includes legal changes in several laws about varied social and economic issues.
[3] This information has been taken from the governmental website. http://www.mevzuat.adalet.gov.tr/

Cooperation is seen between associations that support the government's EU vision and the liberalization/internationalization of IRPM during the legal reform process. For example, YASED set itself an objective and decided to cooperate with other associations in the following years. This objective was declared openly in one of the strategy meetings of this association which was organized on 5 April 2003 in Istanbul:

> Our Board of Directors held a Strategy Meeting on 5 April 2003 at Istanbul's Conrad Hotel with the objective of determining the strategies for the new term. A number of decisions were taken during the full-day meeting for the steps necessary for YASED to become a more powerful influence in the new term. The results of the Strategy Meeting are summarized as follows: Turkey's integration with the world will be facilitated by reforming its investment environment so as to be attractive for foreign investors. … Barriers that foreign investments face will be eliminated and YASED's influence in the works for the improvement of the investment environment will be intensified. … Closer cooperation will be carried out with other influence groups such as TOBB and TUSIAD that are within the government's decision mechanism and with YASED members (quoted from the official website of YASED, 2003: Reports, p.14).

After the examination of the official websites of all associations, it is seen that all associations have had strong institutional connections with many international organizations and related associations since their inception. [For example, GYODER has a strong relationship with the Urban Land Institute (ULI).] IRPM continued its growth up to 2004. New laws and legal revisions developed the market into a suitable market for foreign direct investment. Newly established public authorities and associations supported the internationalization process of the market significantly. They worked in an organized way for the growth of the market with new foreign investment. The real effects of all legislation and the outcomes of activities of all institutions were seen in the market after 2004. It is found that the start of Turkey's negotiations for full membership of the EU in 2005 had a strong effect on the market. A suitable market environment for international property development and investment companies emerged in Istanbul because political and economic stability started in the country in this year. The government followed a stringent and controlled economic policy and made good progress towards EU membership. As a result of these developments, uncertainties regarding the political and economic future of the country disappeared. Therefore, local entrepreneurs went into action in this recovery process. Many new property companies were established in Istanbul by local entrepreneurs from inside and outside the market after 2005. The number of local and international players increased dramatically between 2005 and 2010. A need for the production and sharing of market data appeared in the market as a result of this growth. Therefore, Retail Knowledge House (PEBEV) was established in 2005 as a profit-making company. However, PEBEV worked like a non-profit association and played a key role in the sharing of market data among varied market players. PEBEV's initiatives and activities helped local retailers significantly in their internationalization and institutionalization process.

As a consequence of PEBEV's national initiative, the Turkish Retailers Association (TPF) was established in 2006. In fact, PEBEV and TPF were established as a reaction against the internationalization of IRPM. Local small market players were anxious about the dominance of global players over the market. TPF brought many local retailers together and helped them to move in an organized way in the market. In line with its vision, TPF conducted many negotiations with the government and worked hard for the enactment of the retailing bill in the parliament (TPF, 2007):

> Our mission: to be active in all legislative processes regarding the retail market, to work for the creation of a fair competition environment in the retail market, to support the development of local retailers (quoted from the official website of TPF, 2007: Press Statements, p.1).

> Traditional actors were dominant in the market in the 2000-2002 period. We joined the market in 2004 and then took a photo of the Turkish retail market. ... We noticed that local groups feared the growth of international groups in the market. They were afraid of disappearing in the near future. We thought we might do something for this sector because local retailers were in panic. We created a platform in 2005 to talk about the future of the market. We considered that local groups should not be removed from the market so we then established TPF in 2006. (Head Manager - Retail Knowledge House; quoted from the official website of PEBEV, 2011: News from the sector, p.2).

The government, with its vision of full liberalization, worked for the internationalization of all economic sectors in the country after 2005. The Law for the Establishment of a Turkish International Cooperation and Development Agency (5523) was enacted in 2006 in the parliament. In the same year, in conjunction with this law, ISPAT was established as the basic public authority for foreign investors in Turkey. It is seen that the government aimed to attract more foreign direct investments into the country with the help of this law and this public authority. The government continued to enact new laws and revise old laws between 2005 and 2010 in the same way. As a result, all Turkish laws regarding retailing and property development activities harmonized with the European Union Laws. In this context, the Craftsmen and Artisans Law (507) was replaced by a new law, the Craftsmen and Artisans Professional Association Law (5362), in 2005. In the same year, a new law (the Municipality Law) (5393) was enacted; tasks, roles and responsibilities of municipalities were re-regulated in this law. With the enactment of the New Zoning Law (5543) in 2006, the rights and responsibilities of property owners in the expropriated areas were re-regulated. The most important pieces of legislation in this period were the enactment of the Corporate Tax Law (5520) and the Mortgage Law (5582). The problem of high taxation for foreign investors in the market was solved with the enactment of the Corporate Tax Law. The market players put very strong pressure on the government for the enactment of the Mortgage Law. As a result of this pressure, this law was enacted in 2007. All these laws and regulations were made for the creation of a very suitable legal and institutional environment for global players in the market:

As Turkey progresses along the road to EU membership, the essential legislative reforms introduced have made investing in the real estate market even easier and more profitable. The amendments to the Land Registry Law, the Mortgage Law and the Corporate Tax Law are also designed to improve the competitiveness of the Turkish real estate sector (quoted from the governmental website of ISPAT, 2007: Press Releases, p.2).

A sentence was included in the Mortgage Law about the establishment of an occupational association to improve the quality of property valuation activities in the market. In reference to this sentence, firstly, the Association of Licensed Appraisals Professionals (LIDEBIR) was founded by licensed property valuation companies in 2007, and then the Association of Turkish Appraisal Experts (TDUP) was founded in 2010 as an incorporated public association. All appraisal experts with an SPK licence became members of this association. It is seen that these associations build a bridge between the government, SPK and market players (valuation companies), so these associations may be very effective in future legislation regarding property valuation activities in the market.

All shopping centre developers/investors and retailers were represented by AMPD from 1994 to 2008. The number of shopping centre developers/investors increased significantly in 2008. Again, some conflicts emerged between shopping centres and their leaseholders (retailers) in this year, as mentioned at the beginning of this section. The main reason for this conflict was the outbreak of a global financial crisis. Retailers found store rents very high in shopping centres and so they didn't want to pay these high rents in the recession period. As a consequence of this conflict, shopping centre developers/investors left AMPD and established their own association in 2008, 'Association of Shopping Centre Investors' (AYD). AYD aims to gather all shopping centre developers/investors under one roof to defend their rights and to be a responsible leader of the Turkish shopping centre sector (AYD, 2010).

The efforts of public authorities [IGEME, DEIK, TIKA, and ISPAT] and associations to develop local market players into global players produced their results in the second half of the 2000s. All market players started to act with a global vision in these years. All associations which were established after 2005 specified a global vision for themselves because governmental efforts to develop local players into global players which continued strongly and steadily for many years finally bore fruit. The traces of global thinking are seen in the four associations mentioned below, which were established after 2007 in Istanbul. The Association of Eurasia Real Estate Consultants, Agencies and Businessmen (AGDEM) was established in 2007 to spread market players' real estate businesses all over the Eurasia region. In the same year, the Turkish Exporters' Assembly (TIM) was established to develop local retailers into global retail chains and brands. TIM aimed to coordinate decision makers, public/private associations and exporters, and to find solutions for the problems of exporters in this way. In addition, the

Association of Real Estate Entrepreneurs (GGD) was founded in 2008 to consider the Turkish property market as an integrated unit with all its players and subunits and to work for the healthy growth of this market. Finally, local and global property investors who were active in all property markets, including the retail property market in Istanbul, gathered to establish the Real Estate Investors Association (REIA) in 2010. REIA aims to represent the Turkish property market in the international arena and to make it a pioneer in the world property market:

> The vision of the International Real Estate Investors Association, the leading networking organization for real estate professionals to be in all areas of real estate investments in order to encourage capital formation and investment environment with the idea of international investors, thus providing information exchange and collaboration platform to gain foreign investments to our country (quoted from the official website of REIA, 2010: Purpose of Establishment, p.1).

The establishment of associations such as AGDEM, TIM, GGD and REIA is evidence that IRPM has experienced a two-way internationalization process. On one hand, global players entered the market, which then developed into an international market. On the other hand, the local players of the market (retailing and property companies) spread their activities to other countries, and then developed into global players in this way. Structural changes in IRPM between 1994 and 2010 have now been considered, and the morphogenetic analysis has been completed.

9.3 Conclusions

Most of the legal and institutional changes in IRPM occurred in the context of the vision of Turkey's membership of the EU which was followed single-mindedly by the Turkish government for many years. In other words, Turkey's economic and international relations policies affected IRPM's structural change process significantly. It is seen that IRPM's structural change process has progressed in accordance with two governmental targets. The first target is to make Turkey a developed European country in every sense. The second target is to develop local entrepreneurs into global entrepreneurs. All public authorities regarding IRPM were established and displayed activity basically for the realisation of these targets. A direct correlation is found between the enactment of laws and the establishment of public authorities in IRPM. It is seen that public authorities have generally been established to re-regulate the market in accordance with new laws. Almost every association relevant to IRPM was established to modernize the market in a Western style. It is found that associations have played an important role in the adoption and internalization of Western norms and practices by local market players. The emergence of many associations in Istanbul is directly related to the excessive number of players in IRPM. This excess is seen in the market because of the presence of huge property business and investment opportunities in Istanbul and its

hinterland. The decisive application of EU reforms by the government step by step and the regular efforts of public authorities to re-regulate IRPM in accordance with EU standards inevitably pushed local market players to embrace the government's EU vision. Local and global entrepreneurs, who wanted to seize business and investment opportunities in a growing and internationalizing market, invaded IRPM from the beginning. Almost every association in IRPM was established by the pragmatic managers of property companies; these managers wanted to be the first people to seize opportunities which emerged in the market after structural changes. These associations made contact again and again with the government to affect the structural change process of the market. In other words, these associations created pressure on the government, and in this way they speeded up the liberal legal reform process in IRPM. It is seen that the main reason of the government in sticking to its EU membership vision and in allowing the entry of foreign capital into the country is the local economic and political crisis, which caused economic and political instability in Turkey. In short, the EU undertook an important role in the restructuring and modernization of Turkey. The EU membership process speeded up the structural change process [and so the internationalization process] of IRPM.

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CHAPTER 10 Conclusions

In this chapter, all the findings of this research are presented. Firstly, the basic assumptions and ideas of local and global interaction theories which are mentioned in Chapter 4 are questioned with the help of findings. In this context, the success and validity of imperialism, globalisation and glocalisation theories in the explanation of global and local interaction processes are discussed. Secondly, findings for the morphogenetic approach (MA) which is used together with the glocalisation theory (GT) in this research are given. In this context, the effectiveness and validity of MA in the explanation of real social structural change processes are discussed. Thirdly, the first and the second subsidiary research questions are answered in turn. The answering of these questions sets the stage for finding an answer to the main research question. The main research question is then answered. In this context, the impact on the structural change process of IRPM of the local and global interactions which have occurred is explored empirically. Finally, some other issues such as the general contribution of this research to social sciences literature, the original features of this research and new research topics based on this work are considered at the end of this chapter.

10.1 Findings regarding global and local interactions

It is seen that the Turkish government has gradually brought Turkish retail and property laws into conformity with European Union retail and property laws in line with Turkey's vision of full membership of the EU. As a consequence of the enactment of liberal laws in the context of EU reforms and as a consequence of the preparation of a suitable working environment for foreign companies in the country, many American and European companies became involved in IRPM between 1980 and 2010. It is found that the existence of structural conditionings on local sector players and the involvement of Western companies in the sector ensure that local market players have little difficulty in learning and internalizing most of the social structures of Western modernity such as capitalism, rationalism, industrialism and bureaucratism. First, the desire of local retailers to become a global brand by opening chain stores and the desire of local property developers to develop chain shopping centres all over the world are evidence that capitalist ideas have been embraced by local market players. Second, in contrast to the 1980-2004 period, the start of research activities and the use of quantitative techniques for property developments and investments in the 2004-2010 period are evidence that local players have abandoned their intuitive-based approach and started to display rational economic behaviour in the market. Third, in contrast to past experiences, the start of the development of a diverse range of shopping centre projects in series, the emergence of a

social and economic system which runs the shopping centre production cycle, and the permanent employment of many people as constructors, developers, investors, consultants or retailers in this social and economic system are evidence that industrialization has taken place in IRPM. Finally, the existence of many laws, regulations and institutions which regulate market operations is evidence that sectoral bureaucracy has increased in IRPM. Therefore, **these empirics show that,** as claimed by some scholars (Ogborn, 2007; Legg, 2007b; Lambert, 2005; Lester, 2001; Clayton, 2000; Gowan, 1999; Driver and Gilbert, 1999a; Harris, 1997; Barber, 1996; Ritzer, 1996; Schiller, 1991), **IRPM's local players have embraced and internalized the social structures of western modernity in the local and global interaction process.**

The imperialism theory assumes that states or markets and their globalisation processes are controlled and managed either remotely from a Western country or from inside by Western companies (Harvey, 2003b; Young, 2001). Indeed, findings show that Turkey's restructuring and internationalization process is directly managed and monitored by the European Council in the context of Turkey's full membership negotiations with the EU. However, **IRPM is a market which is controlled and managed directly by local professionals from the beginning to the end; the management and control of the market and its internationalization process have never passed to the control of any Western state or any Western company.** The government's EU vision and governmental initiatives towards the realisation of this vision stimulated IRPM's first retail professionals. Local professionals considered EU reforms as an opportunity to grow and restructure the Turkish property market with new modern laws and institutions. That's why associations which were established by these professionals fully supported the government's EU vision. Local professionals gained a strong and a clear opinion about the future possible structure of the Turkish property market because of the EU vision. Thanks to this strong and clear opinion, local professionals who know the structure of European property markets very well found a chance to manage the internationalization process of IRPM. From the beginning of the internationalization process, local professionals moved consciously, knowing what they were doing and knowing the future final structure of IRPM. Associations which were established by these professionals worked for the removal of IRPM's traditional structure and then for the installation of an efficient and organized structure in IRPM. Local professionals considered that IRPM's new legal and institutional structure might be very similar to the structure of European cities' property markets when Turkey became a member of the EU. Through the attraction of foreign capital into IRPM, local professionals aimed to realize the large-scale property development projects which they were planning in

Istanbul and Anatolia, aimed to be the first people to seize all investment opportunities in IRPM, aimed to benefit as much as possible from the growth of the market, and, more importantly, aimed to develop into global players. It is found that local professionals managed this process in a planned and programmed way. The dominance and hegemony of local players over IRPM are felt strongly even today. On one hand, the numbers of local players and their projects are much higher than the numbers of global players and their projects in Istanbul (see Tables 3.1, 3.8 and 7.4). In the last thirty years, 90 of 116 shopping centres in Istanbul were developed by local companies. Similarly, today, 113 local property companies display activity in the market while only 76 foreign property companies are active in IRPM (see Table 7.4). In short, the number of local property companies is much higher than the number of foreign companies today in the market. It is seen that, not only in IRPM but in the Turkish property market, local players are more dominant than global [foreign] players; global players could not achieve dominance over the market. Until today, $35 billion has been invested in shopping centres in Turkey; $12 billion of this is foreign direct investment (AYD, 2008). These numbers show that local players seized investment opportunities much more than global players in the Turkish retail property market during the internationalization process. On the other hand, most of the global companies which display activity in IRPM are either joint venture or acquisition companies which include a local partner company. Local professionals predominantly undertake managerial roles in the management of these global companies. Again, local professionals also work as managers in most of the global companies in Istanbul whose capital is solely foreign:

> Every local professional found a place for himself in the international companies of Istanbul's property market. Strong local market players retained their strong positions in the market. They didn't lose their power in the internationalization process. Strong local players combined their powers with global players' power; thus they became much stronger in the market. They started to use their professionalism in international companies. (CEO – International Property Development & Investment Company / Vice-President of an Association in the Istanbul Property Market)

> In fact, we see ourselves as local. However, our finance capital is foreign but our team is Turkish. We accept ourselves as a local power. The investor with whom we created a partnership is a foreign investor in the literal sense… *(*Director - International Real Estate Investment Company)

This fact firstly shows that IRPM is not a market fully dependent on outside financial resources; it is a market which stands on its own feet. Secondly, this fact shows that almost all property development and investment decisions are still taken by local professionals in IRPM even today. Therefore, thanks to local professionals' active and organized behaviour, the control of

IRPM has remained in the hands of local players and the internationalization process has resulted in local players' favour. In other words, local players filled their resource gaps with the help of global players, and benefited from the growth of IRPM much more than global players in the internationalization process.

Global theorists (for example Giddens, 1998), claim that a universal structural homogenization and synchronization is experienced gradually in the world, whilst glocal theorists (for example Robertson, 1995, 1992) claim that a universal structural heterogenization and diversification is experienced gradually in the world. This study reveals that global theorists' claims are true in general because laws and institutions which are very similar to Western countries' laws and institutions emerged as a result of thirty years of intensive local and global interactions in IRPM. Most of the laws and institutions emerged as a result of the examination of Western laws and institutions [especially European laws and institutions] by Turkish legislators and policy-makers in IRPM. In other words, American and European laws and institutions became a model for Turkish laws and institutions. For example, the Real Estate Investment Trusts (REITs) Law, Foreign Direct Investments Law and Mortgage Law were inspired by Western laws, so their aims and content are very similar to related Western laws. Again, it is possible to find institutions similar to the Investment Support and Promotion Agency (ISPAT), which was established by the government to attract foreign capital in Turkey, in most countries; or Urban Land Institute (ULI), which display non-governmental organizational activities using the same name, in many countries. Even though some laws (for example, the Law for fighting illegal trade (4926)) and institutions (for example, Registered Brands of Association) emerged because of particular conditions in Turkey, they all played a role in bringing market actors in Turkey into line with Western practice. **These examples are evidence that a strong structural homogenization and synchronization process is experienced in IRPM**. Turkey's EU vision lies at the bottom of this structural homogenization and synchronization. **It is found that the legal, institutional and industrial structure of IRPM has evolved in a unique way but that the structure of IRPM has largely taken a Western form in this process.**

IRPM's internationalization experience cannot be explained simply by the exploitation of local resources of IRPM by some foreign companies, as claimed by the imperialism and globalisation theories. This is a two-way process based on mutual benefits; both local and global parties benefited from and contributed to each other during this process. Global property companies that expect to seize all investment opportunities everywhere in the world came to Istanbul. They seized shopping centre investment opportunities in this city, sometimes alone and sometimes with the help of a local partner, and became sharers of profitability in the market.

Indeed, this attitude of global players may be considered as 'an imperialist attempt' from this perspective, as claimed by some scholars (Ogborn, 2007; Legg, 2007b; Lambert, 2005; Harvey, 2003b; Young, 2001; Lester, 2001; Clayton, 2000; Driver and Gilbert, 1999a; Harris, 1997). On one hand, GT ignores the possible existence of imperialist attempts of global companies because of its very optimistic perspective. Recognition of the sinister sides of global players is a gap and a problem in GT. On the other hand, in contrast to the strong claim of imperialism and globalisation theories, findings show that the global and local interaction process in IRPM may not easily be named 'an absolute imperialist process'. Imperialists simply consider that outsiders go to a locality, exploit local resources there and take profits to another place (to their homeland). In short, imperialists believe in a one-way utilization. However, in the case of Istanbul, while Western companies were seizing shopping centre investment opportunities and taking a share of the profitability of IRPM, at the same time, they brought some necessary resources to Istanbul. For example, global companies provided resources such as investment capital, international shopping centre know-how, corporate management and research systems to the local players of IRPM. These are very necessary and important resources for the growth and development of the sector, according to local players. Global companies transferred their international experience to local market players through partnerships, and brought local companies into their international network. More importantly, thanks to resource transfers from global to local companies, many local companies expanded overseas and developed into global players in this process. It is seen that local players also made significant contributions to global players during this process. Before talking about the contribution of local players to global players, it is appropriate to look at the common cultural characteristics of local property professionals who have managed IRPM's internalization process in an active and organized way.

The first common characteristic of local professionals is 'opportunistic entrepreneurship'. Local professionals become involved in a business with enthusiasm and excitement and they try to be the first people to seize an investment opportunity in a property market. At the beginning, global players hesitated to invest in shopping centres in Anatolia, but local managers of global companies persuaded their global partners to become the first investors to make shopping centre investments in Anatolian cities. The second common characteristic of local professionals is 'informal business relations'. Local professionals attach great importance to sincerity and sense of trust in a business, and run businesses through their personal relational network dynamically and quickly. The main reason for the emergence of many associations in IRPM is the presence of informal but powerful social relations among local market players. The

institutionalization ability of local professionals quickly made IRPM a very suitable place for global companies to operate. The third common characteristic is 'high-risk investments'. Local professionals are generally adventurous; they act boldly, take high risks and rely on their own decisions. Global retail brands went beyond their ordinary growth plans and decided to open many chain stores in Istanbul's new shopping centres, taking a high risk. In fact, local professionals who are the representatives of global brands in Turkey persuaded global players to open more chain stores in Istanbul because local professionals generally do not hesitate to take high risks for high returns in their investments. The fourth common characteristic is 'flexibility'. Local professionals are wary of bureaucracy and standards; they usually prefer short cuts. Their market rules change quickly according to changing market conditions. It is seen that many factors, such as store mix, lease-holders or 'concept', change easily and frequently in foreign-financed shopping centres in Istanbul; it is found that flexible changes such as these happen from the hands of local professionals who work in the management of these shopping centres. The final common cultural characteristic of local professionals is 'discretionary and authoritarian management'. Local professionals are authoritarian in general and usually want to be dominant in decision-making processes. Even though shopping centre development projects are complicated and involve multiple players, in Istanbul global companies with local partners complete a shopping centre project in a short time, making very quick decisions. Decision-making power was mainly given to local managers in this kind of company so shopping centre development projects were finished quickly. In joint ventures which include a local and a global partner, the majority share is mostly held by local partners. This situation is directly related to the authoritarian character of local professionals. In conclusion, global players have benefited significantly from IRPM's local professionals. In doing so, global companies displayed institutional behaviour and market practices which they had not displayed in the past. Global players firstly learned from local players to be opportunist, pragmatic and entrepreneurial in all their activities. Secondly, they learned from local players the importance of informal relations for success in a property market. Thirdly, they learned from local players to take high risks for high returns in their investments and to make flexible decisions in all their activities. Finally, they learned from local players how to speed up decision-making processes in a property market. In short, **a two-way consensual utilization based on a mutual agreement is seen in the internationalization process of IRPM rather than a one-way exploitation**.

Some scholars (such as Golding and Harris, 1997; Petras, 1993; Tomlinson, 1991) assert that local and global entities conflict with each other, whilst some others (such as Robertson, 1995) assert that they cooperate with each other. **This study shows that local and global companies cooperated with each other during IRPM's internationalization process**. Local players saw the existence of global players in the market as very valuable; so they invited them to Istanbul through their associations with great insistence. Local companies expected to cooperate with global companies under fair terms or wanted to compete with them in a fair and balanced way in a free and well-structured market environment. It is seen that long-term structural conditionings lie at the bottom of the warm attitude of local players towards global players (see Chapter 7 for the list of structural conditionings on IRPM's local players).

The globalisation theory mentions the gradual empowerment of the global social network (Held, 1999; Albrow, 1996; Giddens, 1991) whilst GT mentions the empowerment of both global and local social networks in their own right in global and local interaction processes (Swyngedouw, 2004, 1997; Robertson, 1994). Indeed, **this study shows that IRPM's local social network as well as its global social network was strengthened in its internationalization process**. The gathering of market players in associations, the meeting of many and varied companies in shopping centre projects and the organization of regular national sectoral conferences are elements which have strengthened IRPM's local social network in its own right. The meeting of global investors with local property owners in Istanbul through the medium of international property service companies, the organization of regular international sectoral conferences, competitions and fairs, and the global thinking ability of local property investors are elements which have strengthened IRPM's global social network.

It is seen that defining local entities together with global entities is very important for a better explanation of a global–local interaction process. This issue holds a special place only in GT, as distinct from imperialism and globalisation theories. In the case of IRPM, many and varied local actors joined the structural change process of the market in an active and organized way; they gained most of the resources of global companies in direct or indirect ways and quickly applied what they learned in IRPM. In this way, local actors continued their local hegemony and dominance in IRPM's liberalized and internationalized environment. Local actors, who learn fast, who do not hesitate to enter into competition and who have a strong entrepreneurial character, gave a direction to the change process of IRPM. Therefore, **this study finds that the exploration of the characteristic cultural features of local entities may help to explain interaction processes better.** Also, in relation to this subject, it is seen that global companies are easily developed into local companies. The issue of how a global company becomes

localized (develops into a local company) and of how global structures and practices are synthesised in this new local company deserves to be examined in further comprehensive research. When localized global companies are examined in detail, the exploration and definition of glocal structures and glocal practices, which are mentioned in GT, may be possible.

GT mentions the definition of local and global concepts (see Kraidy, 2003; Castells and Himanen, 2002; Beck, 2000; Conti and Giaccaria, 1998; Bauman, 1998a; Sywngedouw, 1997; Beauregard, 1995; Robertson, 1995). It is seen that, after the beginning of interactions between local and global companies in a property market, 'local' and 'global' concepts lose their meaning because global companies have a potential to develop into local companies and local companies have a potential to develop into global companies easily in that market. In other words, **transformations from global company to local and from local company to global are possible and very common in property markets**. For example, the establishment of new local companies by international companies and the partial or full acquisition of local companies by international companies are examples of the fast development of global companies into local companies in IRPM. Even though their capital is foreign, these kinds of global companies are perceived as local companies in IRPM because of their local partners or because of their local managers. Again, when a local property service company starts to use the name of a foreign/global company as a franchise, this local company with local capital is perceived as a foreign/global company. It is seen that in the internationalization process of IRPM, local players try to appear as global players and global players try to appear as local players because both parties gain some advantages from looking like the other party.

Almost every glocal theorist talks about the types of relationship which exist between local and global entities in interaction processes. **It is found that there is a dynamic and multidirectional relationship between local and global entities; many local and global interactions occurred between local and global companies at the same time in different trajectories in IRPM**. **In addition, types of relationships may be changed in response to changing conditions of the interaction environment.** For example, the local Kuzeybati company and the global Savills company have an institutional relationship based on a franchise agreement, but these companies have also come together, made contact and developed institutional connections with many other companies for different projects in Istanbul. This fact addresses the multi-dimensional character of social relationships. The relationship between the global Cushman&Wakefield company and the local P&D company, which began in the 1990s in the form of a partner alliance, evolved in the 2000s in response to changing

market conditions.   Cushman&Wakefield purchased P&D and so P&D developed into the Istanbul branch of this global company. This shows the changing nature of relationships between local and global entities.

The issue of how a local and global interaction starts is also discussed in GT. **It is found that interactions do not begin suddenly and accidentally.** Interactions in IRPM started after the Turkish government, as the main authority in the country, gave permission for them to start. In the case of IRPM, the decisions of 24 April 1980 were made by the government, and as a result Turkey adopted a free market economic system. In line with these decisions, a legal and an institutional foundation on which interactions might occur and free market mechanisms might run was prepared by the government. The enactment of the Securities Exchange Act (91) and the Capital Markets Law (2499), the establishment of the Capital Markets Board of Turkey and the opening of the Istanbul Stock Exchange may be given as examples of the preparation of a legal and institutional foundation for the start of free market mechanisms in IRPM. The preparation and equipping of the interaction environment were time-consuming and challenging for the government. The government decided to introduce the liberal economic system in 1980 but the start of the operation of free market mechanisms with proper laws and institutions and without problems became possible in the country after 1994. Therefore, the preparation of the interaction environment continued for about fourteen years. **This finding shows that interaction processes progress step by step under state control.**

This is another finding of this research regarding local and global interactions that **every global and local interaction is affected by the previous interactions, and each interaction that occurs paves the way for the next interactions.** For example, interactions between local and international hypermarket chains and between local and international property service companies during the 1990s paved the way for interactions that occurred between local and international property development and investment companies in the 2000s in IRPM. **This fact indicates that local and global interactions have to be considered and analysed as a process.** Another finding of this study is that **local and global entities may change their vision and strategies according to changing micro and macro conditions in an interaction environment.** For example, international hypermarket chains which were involved in IRPM in the 1990s were compelled to start developing and investing in shopping centres and hypermarkets by the sectoral conditions of the period. In addition, local companies that wanted to seize shopping centre development and investment opportunities on their own in Istanbul in the 1990s changed this strategy and decided to seize these opportunities together with international banks or companies in the 2000s because of the 2000-2001 local banking crisis and the

liberalization of the Turkish property market. This is evidence that market players may change their vision and market strategies according to changing market conditions. Changes in vision and strategy due to changing market conditions cause a change in the type of institutional relations which are established between local and global entities; also, visionary and strategic changes set a foundation for the establishment of new local and global relationships.

This study finds that, **for the start of a global and local interaction in an environment, a mutual benefit has to be set up between global and local entities**. The missing resources of local property development and investment companies at the beginning of IRPM's internationalization process were finance capital, international business network, international experience and corporate management, whilst the missing resources of local service companies were international business network, research systems and corporate management. The main reason for the establishment of partnerships between local and global companies in the market was the need of local property companies to access resources which they were lacking. This finding shows that **there is a direct correlation between the amount and distribution of resources in an environment and the number and type of interactions in that environment.**

The final situation of local and global entities at the end of an interaction process is also discussed in the literature. In other words, the issue of whether local and global entities carry on their existence during or after an interaction process in the same form or in a different form is discussed. On one hand, some local companies were removed in the internationalization process of IRPM. For example, the global Jones Lang LaSalle company bought the local Alkas company, so the local Alkas company was removed from the market. Also, the local P&D company was removed from the market after Cushman&Wakefield bought it. On the other hand, many new local companies emerged in the internationalization process of the market. For example, many new local property service companies [such as Mallart Shopping Centre Consulting, Real Consulting, and Avm Management] were established because of the growth of IRPM. Also, interactions caused the emergence of new local companies which are extensions of global companies in IRPM. For example, Emaar Turkey, Ece Turkey and Redevco Turkey, in which local professionals generally work but which have foreign capital, are the local extensions of Emaar International, Ece International and Redevco International companies, respectively. More importantly, interactions caused the emergence of new born-global companies in IRPM. For example, Krea, AB Invest and Koray are examples of new global companies which were established in Istanbul, which are managed predominantly by local professionals but which use foreign capital. Therefore, **this study reveals that some old local**

and global entities may be removed, some entities may acquire a different character, or some new local and global entities may emerge in an interaction process.

The issue of the role of interaction environments is also discussed in the literature (Giulianotti and Robertson, 2006; Meir, 2005; Robertson and White, 2003; Pahlavi, 2002; Ruijter, 1997). In IRPM, only one international acquisition occurred in the 1994-2004 period whilst eighteen international acquisitions occurred after market conditions had changed in the 2004-2010 period. International companies did not show any interest in local REITs in Istanbul before 2004, but in 2007 international companies, which expected to become involved in the market in the quickest and the simplest way by finding themselves unproblematic and strong local partners, changed their perspectives and tried to buy half shares or less of active local REITs. **This fact is evidence that market conditions affect the type, strength and context of local and global interactions**. An answer to the question of how structural conditionings inherited from the past affect local and global interactions in an environment is found in this study. In the year 2004, there were two structural conditionings in the market: 'The business models and systems of the Western world (US and EU) work successfully so they should be modelled' and 'We (local players) cannot remove all problematic structures and practices inherited from the past by ourselves in IRPM. We need the help of the European Union and the support of international investors and players to improve our property sector.' Thanks to these conditionings, local actors warmly welcomed the involvement of international property development and investment companies in IRPM and many local property companies made special efforts to develop a partnership with an international company. **This finding shows that structural conditionings which exist on local and global entities in an interaction environment affect the form and number of interactions which may occur in that interaction environment**.

This is a general finding of this research that local and global interaction processes do not cause the vanishing of local identities and local subcultures as claimed by some scholars (Gowan, 1999; Barber, 1996; Ritzer, 1996; Schiller, 1991). The view of GT (mainly stated by Robertson, 1995, 1992) that **interaction processes strengthen local cultures and bring local identities and subcultures out** proves to be more accurate. If historic covered bazaars, open markets, grocery stores and independent retail stores are considered as parts of the local identity of IRPM, these elements continue to flourish in Istanbul. In Turkey, in the last thirty years, in parallel with trends throughout the world, the conservation and regeneration culture and practices of historical and cultural heritage gained power. Thanks to laws [such as the Law on the protection of cultural and natural heritage] and institutions [such as the Urban

Conservation Committees], historic covered bazaars are restored and their historic identities and functions are protected. Today, historic covered bazaars are the source of inspiration for new modern shopping centres. The store mix or the clustering of different trades in the Grand Bazaar was copied and applied in the same way in most of the newly developed shopping centres. It is interesting that today shopping centres undertake an important role in the survival of local history, local culture and local identities in Turkey, because strong competition, caused by the rapid increase in the number of shopping centres, forces shopping centres to become different and unique. A clear differentiation is seen in the architectural design of shopping centres in Istanbul resulting from the intense competition. Besides modern shopping centres in a Western style, new shopping centres which are inspired by traditional Ottoman and Seljuk architectural styles are being developed in Istanbul. For example, Historia, whose building was designed in conformity with historical buildings in the Fatih district, and Viaport, whose building was designed according to the concept of the Grand Bazaar, with open streets, an entrance gallery and a large garden, may be given as examples of shopping centres with traditional architectural styles in Istanbul.

Figure 10.1: Traditional architecture in Istanbul's new shopping centres

Source: (Historia, 2011; Viaport, 2011)

It is found that shopping centres also play a role in the survival of traditional Turkish food culture. It is possible to find stores which sell the most delicious authentic local Anatolian foods in the food court of many shopping centres [such as Istanbul Sapphire, Carousel, and Meydan shopping centre]. In addition, shopping centres today play host to some local food festivals. The local food festival which was organized at Profilo shopping centre in November 2011 is just an example of this. More importantly, many local enterprises which have only a single store but which are famous in their local area have decided to open chain stores at Istanbul's new shopping centres to introduce and supply their local specialities to large numbers of people [for example, Bursa Kebap Evi at Florya Flyinn shopping centre, Sahan Sofrasi at Yenibosna Starcity shopping centre, Konyali Lokantasi at Kanyon shopping centre,

Sultanahmet Koftecisi, and Sampiyon Kokorec]. In short, it is seen that, instead of getting lost, local food culture continues to flourish with the help of shopping centres in Istanbul. Besides, local musical groups who make authentic Anatolian music perform at Istanbul's shopping centres. Special shows and cultural activities specific to national and religious days [Ramadan, Festival of Sacrifices, 30 August Victory Day, 29 October Republic Day and so on] are also displayed at Istanbul's shopping centres. Traditional art and craft exhibitions are opened at shopping centres, too. All these things are evidence that shopping centres, which are the physical products of local and global interactions, undertake an effective role in the survival of subcultures and local identities in Istanbul. Many shopping centres have been opened in Istanbul; local brands and local professionals have found a place for themselves in these centres. This fact explains why local cultural elements are frequently seen at Istanbul's shopping centres.

10.2 Findings for MA

This study shows that MA is a useful methodological tool which may be used in explaining all kinds of social change processes, including the change process of a local property market. MA contextually is a very sophisticated and comprehensive approach because it uses many old and new concepts while explaining multi-dimensional and complex social change processes. The conceptual richness of MA allowed the researcher to take very different aspects of social structural changes into consideration and to examine these aspects in detail in IRPM. For example, through MA's concepts of negotiating strength and bargaining power, the resources of IRPM and the distribution of these resources in the market were defined and examined in this research. As a result of this examination, it is revealed that the main reason for the establishment of local and global partnerships is the desire of companies to fill their resource gaps in the market. Also, it is found that partnerships are mainly established between local and global companies which hold the most market resources in IRPM. In other words, most market resources are mainly shared among strong companies, so these powerful companies keep their leading position and become even stronger in the market. However, the conceptual richness made the use of MA difficult as an operational tool in this social research. Therefore, a simplification in the use of MA, as a methodological approach, became a necessity. In this context, the concepts of 'involuntaristic placement', 'vested interests' and 'opportunity costs', which belong to the structural conditioning stage of MA, were left out of this study. The main reason for this simplification is the lack of methods for data collection and analysis regarding these concepts in MA.

Findings show that MA may be used together with some other theories and methodologies to fill in their gaps as well as being used on its own as a methodological tool in social science research. MA is used together with GT in this research. GT does not mention mutual dynamic relations between local and global entities, the conditions of the interaction environment, the intentional behaviours of local/global entities and specific time periods in local/global interaction processes. However, these are very important issues for the explanation of the structural change process in IRPM. **It is observed that the gaps of GT are most effectively filled with the unique concepts of MA**. As explained in Chapter 5, MA brings a different and thorough explanation to the structure and agency dualism. The structure and agency resolution of MA worked in an accurate, successful and unproblematic way in the case of IRPM. 'Structure' refers to IRPM and 'agency' refers to industrial companies (retail and property companies) in this research. Changes in the structure of IRPM, as a consequence of the decisions and efforts of industrial companies, were explored and explained with the help of MA's unique understanding of structure and agency dualism. The social and structural change process of IRPM was resolved in a successful way with the structure and agency dualism of MA.

MA emphasizes the importance of resources and the use of these resources in social negotiation processes. Indeed, resources played a key role in the realisation of local and global partnerships in IRPM. **The use of MA in this research opens a new door emphasizing the significance and importance of resources in property market research.** This research has explored an important feature of market resources. It is found that different property companies are interested in different resources in a property market. For example, in the internationalization process of IRPM, property service companies valued the possession of 'research systems', 'global thinking' and 'procedural information' resources, whilst property development and investment companies valued the possession of 'land', 'finance capital' and 'international business experience' resources. Starting from this finding, which might help the development of MA, it may be said that different social agent groups in the same social system may utilize both similar and different resources. In other words, **agents in the same social system may be interested in different resources of that social system**.

MA explains a social structural change which is due to the development of primary agents into corporate agents and to the increase in the number of corporate agents in a social system. Some struggles begin between old and new corporate agents and these struggles then cause a change in that social system. The social structural change of IRPM did not happen in this way. Firstly, the government changed Turkey's legal and institutional framework in conformity with

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EU's legal and institutional framework in the context of Turkey's EU membership process. The leading local players of the market supported the government's EU vision, establishing associations and developing partnerships with international companies, and in this way they forced the structure of the market to change. Local actors' efforts gave a modern and an international shape to the market. In other words, the structural change process was managed by active and organized local players [corporate agents], and legal/institutional [structural] changes were made through the medium of global players [EU and international property companies] who were involved in the market from outside. This fact reveals two important gaps in MA. **Firstly**, **MA defines agents as 'corporate' (active) and 'primary' (passive) in a social system. However, this distinction is meaningless and invalid in the case of IRPM because there is no place for passive companies (agents) in a property market.** Every player has to be active in a property market. Otherwise, companies without any activity may be quickly pushed out of that property market (social system). **Secondly,** there is a 'boundary problem' in MA. **MA assumes that a social system is fixed and closed, so it ignores the possibility of involvement of new agents in a social system. However, there may be opened and undetermined social systems such as property markets in the world**. Every new company which is established in Istanbul and every new global company which comes from outside to be involved in the market may join IRPM's social relations network and in this way it may easily become a new player in the market. This reality indicates that IRPM is an open social system.

The recognition of successive time periods in MA is applied successfully to the case of IRPM, which was a real world situation. In this study, the structural change process of IRPM is examined in three periods; each period has a different meaning for the market and every period includes different structural conditionings. 1980-1994 is defined as the birth period of Istanbul's modern retail property market, 1994-2004 is defined as the institutionalization and liberalization period of the market, and 2004-2010 is defined as the internationalization period of the market. This time recognition provided a realistic and impressive perspective for the researcher and helped him to understand and explain IRPM's structural change process better. The morphogenetic cycle introduces the idea that social events do not appear suddenly; past events may have an impact on the emergence of social events today and in the future. This perspective of MA is proved empirically. For example, the Turkish banking sector, which was structured in a problematic way in the 1990s, crashed at the beginning of the 2000s. To end this local crisis, which affected the economy badly and deeply, the Turkish government decided to liberalize the Turkish property market and made huge efforts towards Turkey's full membership in the European Union. As a result of this decision, many laws were enacted in

the parliament in the 2000s, many institutions were established, and many revisions were made in existing laws and institutions. Findings show that **this perspective of MA [that social events are interconnected with each other] may be used easily and successfully in varied social research** similar to this research**.**

The different types of behaviour of agents, which are defined in MA as protection, correction, elimination and opportunism, are also applied successfully to the case of IRPM. These types of behaviour refer to market strategies which were followed by companies in the market. It is found that property companies mostly follow strategies of compromise and opportunism in the internationalization process of a property market.

Relations between 'social structures' and 'space' in a social system are not an issue which is discussed comprehensively in MA. The 'spatial (locational) characteristics of Istanbul' are a very important factor in the structural change process of IRPM. If the retail property market of another city in Turkey other than Istanbul was examined, it would not be possible to find as many diversified players and institutions in that market as in IRPM. Therefore, issues associated with 'the significance of space' should be taken into consideration much more in a morphogenetic cycle. In addition, **MA is not an approach which is very interested in the characteristics of structural emergent properties (SEPs), which appear at the end of a morphogenetic cycle.** The most important matter for MA is the realisation of 'change' at the end of a cycle. However, the characteristics of the final structural products (SEPs) which emerge at the end of a morphogenetic cycle should also be explored using morphogenetic analysis. For example, this study focuses on local and global interaction processes. At the end of the interaction process, many new laws and institutions emerged in IRPM. However, MA has no tool to measure the extent to which these laws and institutions include local characteristics and global characteristics. The main reason is the lack of methods in MA [and in GT] to make this evaluation. **This is an important gap in MA: that MA says nothing about the features of emergent properties (SEPs) which are the final products of a morphogenetic cycle.**

10.3   Answer to the first research question

"What are the structural outcomes of internationalization process of the property market in legal, institutional, industrial terms?"

The structural outcomes of IRPM's internationalization process may be grouped under three main titles: legal outcomes, institutional outcomes and industrial outcomes. These outcomes are explained below.

a.   Legal outcomes

In fact, the transition of Turkey to a liberal economic system and the internationalization of IRPM progressed gradually and in parallel. Legal outcomes are summarized below according to the three different periods of the market which have been defined. In the 1980-1994 period, in which Turkey's financial liberalization process started and Istanbul's modern retail property market was born, seven new laws were enacted and one old law was revised in relation to retailing and property development activities. The revised law was the Craftsmen and Artisans Law (507), which was enacted in 1964. The purpose of this revision was to meet the contemporary needs and expectations of Turkish craftsmen and artisans which had recently emerged under new liberal economic conditions. Seven laws were enacted in this period: the Securities Exchange Act (91), Capital Markets Law (2499), The Bosporus Law (2960), Expropriation Act (2942), Value Added Tax Law (3065), Zoning Law (3194) and Property Law (3402). With these laws, the Turkish government aimed to re-regulate the Turkish property market in conformity with free market mechanisms and to bring rapid and unplanned urbanizations under control in Turkish cities.

In the 1994-2004 period, in which IRPM grew and was institutionalized and internationalized, one old law was revised and eight new laws were enacted in the parliament in relation to retailing and property development activities. The revised law was again the Craftsmen and Artisans Law (507). The increase in international trade activities (imports and exports) in Turkey and the emergence of new needs in this context influenced this revision. Eight laws were enacted in this period: the Customs Law (4458), Law for Fighting illegal Trade (4926), Law for the Protection of Competition (4054), The Statement of Real Estate Investment Trusts (23517), Building Inspection Law (4708), Public Procurement Law (4734), Foreign Direct Investment Law (4875) and Metropolitan Municipality Law (5216). The enactment of these laws was affected by the increase in international trade, the start of free market mechanisms, the increase in foreign direct investments and the search for a solution to the problem of chronic unplanned urbanization in the country.

In the 2004-2010 period, in which IRPM was fully internationalized, five old laws were revised and seven new laws were enacted in relation to retailing and property development activities. The revised laws are the New Turkish Trade Law (6102), New Law for Fighting Illegal Trade (5607), Foreign Direct Investment Law (4916), New Land Registry Law (5831) and New Zoning Law (5543). The main reason for these revisions was the increase in international activities in the sector. Seven laws were enacted in this period: the Municipality Law (5393), Law for the Establishment of the Secretariat General for EU Affairs (ABGS) (4587), Law for the Establishment of the Turkish International Cooperation and Development Agency (4668), New Craftsmen and Artisans Professional Associations Law (5362), New Law for the Establishment of the Turkish International Cooperation and Development Agency (TIKA) (5523), Corporate Tax Law (5520) and Mortgage Law (5582). The basic motivation of the government in the enactment of these laws was to regulate and facilitate IRPM's local entrepreneurs' activities abroad and to regulate and facilitate international companies' domestic activities in Turkey. In contrast to previous periods, sectoral institutionalization acquired an international character in this period. In other words, important public authorities such as the Turkish International Cooperation and Development Agency (TIKA) and the Secretariat General for EU Affairs were established under new laws to carry out regular and professional activities for the development of local players into global players. This vision, to develop local players into global players, was held strongly and persistently by all Turkish governments which came to power after the 1950s.

b. Institutional outcomes

The first association which was established in 1880 in association with IRPM is Istanbul Chamber of Commerce (ITO). This situation is directly related to the deep-rooted commercial history of Istanbul. Until the year 1980 in which Turkey passed to a free liberal economic system, except ITO, three more associations were established in association with IRPM. These are 'the Confederation of Turkish Craftsmen and Artisans (TESK), Economic Development Foundation (IKV) and Turkish Industrialist' and Businessmen's Association (TUSIAD)' which were established in 1964, 1964 and 1971 respectively. These associations basically displayed activities to improve and modernize the Turkish commercial life in this period. In addition, there is a public institution which was established before 1980. Under secretariat of the Prime Ministry for Foreign Trade Export Promotion Centre of Turkey (IGEME) was established in 1960. IGEME started to display activity to ensure local economic development in Turkey providing governmental support for export trade to local entrepreneurs.

The period which started after 1980 is examined again in the context of IRPM's three sub-periods. In the 1980-1994 period, in which financial liberalization process re-started in Turkey and Istanbul's modern retail property market was born, five public institutions and three associations were established in relation to retailing and property development activities. These public institutions are 'International Investors Association of Turkey (YASED), Capital Markets Boards of Turkey (SPK) and Under secretariat of the Prime Ministry for Foreign Trade and Foreign Economic Relations Board (DEIK)'. These institutions emerged in line with Turkish government's liberal (global, competitive, free market) economic vision. Turkey, which started to liberalize its national economy to strengthen its financial and commercial ties with the other world economies, expected to run and manage this new liberal period firstly from the hands of these public institutions. Three associations which were established in this period are 'Association of Turkish Foreign Trade (TURKTRADE), Chamber of Istanbul Public Seller Craftsmen and Turkish Franchise Association (UFRAD)'. This was a period in which for the first time global players (retail chains and hypermarket chains) became involved in the sector, in which some local market players, inspiring from international chains, decided to grow and develop into global players. The emergence of these associations looks like the initial institutional outcome of the first global and local interactions in the market.

In the 1994-2004 period, in which IRPM grew, was institutionalized and liberalized, two public institutions and eight associations in association with retailing and property development activities were established. These public institutions are in turn 'Competition Authority and The Turkish International Cooperation and Development Agency'. The establishment of these institutions was an obligation for the government because the sector grew in this period, competition increased due to the increase of market players and Turkey's commercial, financial and social connections with other countries strengthened. Therefore, a need for running and monitoring of sectoral activities, which took a new form under new market conditions, arose in the market. Associations which were established in this period are 'Turkish Council of Shopping Centres and Retailers (AMPD), Soysal Retail School, The Association of Real Estate Investment Companies (GYODER), The Chamber of Istanbul Real Estate Agents, United Brands of Association (BMD), Appraiser's Association of Turkey (DUD), Registered Brands of Association (TMD) and Urban Land Institute (ULI)'. The establishment of many associations in such a short time was a result of the rapid growth of the market from the hands of local and global players in this period. More importantly, this was a period in which a clear signal for developing the market into a fully internationalized market in the near future in the context of the EU vision, was given strongly to all market players by the Turkish government.

The leading market players who got this strong signal from the government started an institutionalization process in the market to turn this internationalization process to their advantage, to manage this process for their own end and to maintain/sustain their leading market position in the next period.

In the 2004-2010 period in which IRPM was fully internationalized, three public institutions and nine associations in relation to retailing and property development activities were established in the market. These public institutions are in turn 'Investment Support and Promotion Agency (ISPAT), Secretariat General for EU Affairs (ABGS) and Housing Development Administration of Turkey (TOKI)'. These institutions started to display activity to attract more foreign investors to Turkey, to restructure economic markets in accordance with EU standards and to redevelop/regenerate Turkish cities which were urbanized in a problematic and chaotic way after the 1950s. This period's associations are 'Retail Knowledge House (PEBEV), Turkish Retailers Association (TPF), Association of Licensed Appraisal Professionals (LIDEBIR), Association of Eurasia Real Estate Consultants, Agencies and Businessmen (AGDEM), Turkish Exporters Assembly (TIM), Association of Shopping Centre Investors (AYD), Association of Real Estate Entrepreneurs (GGD), Association of Turkish Appraisal Experts (TDUP) and International Real Estate Investors Association (REIA)'. The existence of these associations addresses that a two-way internationalization process is experienced in IRPM. The government and the leading market players showed huge efforts to internationalize the market attracting more global players to Istanbul whilst other market players tried to develop themselves into international players, through gathering under associations to support each other and through doing investments abroad under the leadership of these associations. On one hand, the main motivation of the government for running this internationalization process is the realisation of Turkey's full membership to EU. On the other hand, the main motivation of the leading market players for supporting this process is to maintain/sustain their dominant market position through international partnerships in the new period. However, the main motivation of other market players for being a part of this process is to develop themselves into global players with the help of public institutions [such as IGEME, DEIK, TIKA and ISPAT]. The institutionalization efforts brought many advantages to all market players. In this way, they started to make regular contacts with legislators and policy makers to promote them in legislation processes regarding their property market. Again, they started to hold collective market data in their hands; they produced and accessed new market data firstly. In addition, they started to represent the market on all platforms in the country and abroad in an organized way; they also

started to manage information inflows and outflows standing at the centre of the market relations network.

c. Industrial outcomes

At the end of IRPM's internationalization process, firstly, the number of companies increased; secondly, most of the shopping centre development opportunities were seized; thirdly, research systems improved; fourthly, the number of sectoral organisations and publications increased; fifthly, IRPM's internal and external relational network expanded; sixthly, the number of local property professionals increased; and, finally, the size and the quality of property development projects increased. These industrial outcomes are explained below.

The number of local and international companies increased dramatically in this process so the industrial structure of IRPM changed and took an international form. In 1994, there were seventeen local companies but no international companies. However, in 2010, 113 local companies and 76 international companies were active in the market. This increased competition as well as bringing an internal dynamism to the sector. Local and international companies seized most of the shopping centre development opportunities in IRPM in a short time, so the market grew financially with new developments, but shopping centre development opportunities decreased and profits declined. Property companies, from inside and outside, wanted to seize all investment opportunities as quickly as possible. This increased the competition among market players. Some property companies developed institutional relationships with other companies to become stronger or to survive in this highly competitive market environment. These partnerships were in the form of partner alliances, franchises, joint ventures, mergers or acquisitions. In total, thirty-six partnerships were established in the market. These partnerships were established between local companies, between global companies or between local and global companies.

Regular property market reports started to be produced by companies and associations in the internationalization process of IRPM. The market developed into a more transparent market thanks to these reports. The production and distribution of these reports were important because in this way market players noticed the real size and real potential of the property market and found a chance to compare the local market with all aspects of the world's other retail property markets. The number of national and international conferences, summits, educational seminars and meetings regarding IRPM increased in this process. In these organizations, varied market players started to come together regularly to talk about real issues related to the property market for the purpose of enabling it to grow in a healthy way.

The details of these organizational activities started to be published regularly in the media (TV, radio, newspapers, magazines, book catalogues, leaflets and Internet). These publications were properly archived by some associations to enable easy access by other market players in the future. A common understanding was produced in the property market by these organizations.

Data started to be transferred regularly from IRPM to the world's other retail property markets and vice versa in this process. This means that the flow of information, from inside the property market to outside and vice versa, speeded up and increased. The number of local and international property professionals increased in the internationalization process of IRPM. This caused a growth in the formal and informal social relations network of the market. The social connections of IRPM with other property markets also became stronger in this process. The transfer of property professionals from one company to another at local and international level increased in IRPM. These transfers were seen mostly between local and international companies. Some local retail property professionals established their own companies, leaving their old companies in Istanbul. The scale of property development projects grew; the quality of all projects and all businesses also improved in IRPM in this process. The number of unrecorded activities decreased and standard market practices emerged. Traditional company structures and managements were redesigned according to new market practices. In conclusion, IRPM developed into an integrated, self-sufficient and internally strong social system and became a much more organized property market with new laws, regulations, public authorities and associations at the end of this process.

10.4   Answer to the second research question

"What were reasons for the beginning of interactions? Which factors brought local and global companies together and promote them to establish partnerships in the property market?"

The first reason for the start of local and global interactions in IRPM was the decision made by the Turkish government in 1980 to move from a planned economy to a free market economy. After this governmental decision, foreign companies and foreign capital were allowed to enter the country, and thus direct interactions between local and international companies started once again in Turkey. Following this decision, the government put legal and institutional regulations [such as the encouragement of FDIs, the liberalization of foreign trade and exchange, the opening of a foreign exchange market, and the liberalization of capital movements] into practice in order to operate free market mechanisms in Turkey, and so, from

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the beginning of the 1990s, foreign companies found themselves a base from which they could move easily and freely in Turkish economic markets. Since this legal and institutional basis was formed by the government, the first global players of IRPM, which were retail chains and hypermarket chains, came to Istanbul and started their investments. Therefore, direct global and local interactions in IRPM would not have begun unless the government, with its vision of a liberal economy, had not quickly prepared this legal and institutional basis.

In the post-1980 period, while the government was making legal and institutional regulations for moving to a free market economic system, it made many attempts to strengthen Turkey's commercial, political and economic relations with other countries. Through intensive efforts by some very important and strong public institutions [such as International Investors Association of Turkey (YASED), Under-secretariat of the Prime Ministry for Foreign Trade, Turk Eximbank, Foreign Economic Relations Board], Turkey made good progress in foreign trade and in foreign relations. Many international cooperative trade agreements were signed between Turkey and other states in this period. These international trade agreements and cooperative ventures helped local entrepreneurs to turn to face the world. Besides, these agreements shifted the investment interest of global players to Turkey. This situation provided a very suitable environment for the start and blossoming of new local and global interactions in the country. The Turkish government, with its vision of a liberal economy, made huge efforts to become integrated with the world; and the government succeeded. Undoubtedly, **the main reason behind this success was the government's long-standing determined attitude towards EU membership.** The government, which applied to the European Economic Union for full membership in 1987, followed an EU-oriented long-term determined and stable foreign policy, and did all it could to fulfil the requirements set by the European Union in the following years. In this process, Turkey accepted European countries [and their laws] as a role model for itself. As a result, in many fields, new laws were enacted, and most of Turkey's existing laws regarding retailing and property development activities were revised in accordance with EU laws. The most important ones among these laws are the Customs Law (44458) and Foreign Direct Investment Law (4875), which were revised in 1999 and 2003 respectively. Legal changes which occurred in the context of the EU adaptation process made Turkey's economic markets very suitable for all kinds of foreign investments, especially in the second half of the 2000s. Thanks to this suitable environment, local and global interactions increased, speeded up and gained power suddenly and dramatically.

The government clung to the EU vision in the 1980s, the 1990s and the 2000s because it wanted to end political instability in the country and to achieve a strong and stable national

economy. The decisive and strong vision of the EU which was followed by the government in the 1990s gave a signal to IRPM's players that the Turkish property market would be liberalized and internationalized in the following years just as the property market had been in many European countries. The leading players of IRPM gained a clear vision of the future market for themselves. The leading players of the market noticed that the government clung to the vision of full EU membership and they therefore understood that this vision might force the market to accept a structural change. As a result of this awareness, the leading market players decided to embrace and support the government's liberal economic vision and international relations policy because they wanted to turn this structural change process to their advantage by managing this process directly themselves. In other words, they expected to maintain and sustain their dominant and leading position in the market after the legal and institutional framework had been changed. Therefore, the leading players of the market became organized by establishing associations between 1994 and 2004. Besides, they supported the government's EU vision, and started a liberalization and internationalization process, which progressed under their own control, in IRPM.

The EU vision which was shared by the government and the leading market players fuelled local and global interactions in the market. Sectoral associations, which were established with the aim of modernizing and internationalizing the market, made contact and established institutional links with other associations operating in other countries. They started to produce initial data regarding the market and to share them with the world using their institutional network. Besides, they collected information about new developments happening in the world's other retail property markets; this information was shared among the members of these associations. Market data inflows and outflows, which were managed by sectoral associations, increased local and global interactions dramatically in IRPM. With the start of full membership negotiations between Turkey and the EU in 2005, Turkey was regarded as a safe country for FDIs by global investors because the country's international investment risk dropped suddenly. As a result, as in every sector, FDIs increased in IRPM, and this caused the beginning of new local and global interactions in the market.

The lack of investment capital for local companies was another factor which brought local and international companies together in IRPM. The 2000-2001 banking crisis caused the collapse of the Turkish banking and finance sector. That's why the leading players of the market could not find investment capital from national resources for the realisation of their large-scale shopping centre projects which were planned before the crisis. These players wanted to be the first people to seize shopping centre development and investment

opportunities not only in Istanbul but also in the rest of Turkey. Therefore, they started to seek international partners for themselves with the intention of accessing foreign investment capital. The leading market players were aware that European-based international companies benefited from European banks' and funds' long-term credits with low interest rates; so they tried to contact European-based international companies directly in the hope of finding global partners for themselves. In short, the huge need of local property development and investment companies for finance capital, which is always the most important and basic market resource for them, caused the emergence of new local and global partnerships in IRPM. The local economic crisis made a positive impact on local and global interactions because this crisis produced a resource gap, which was 'finance capital', in the market, so many local companies hoped to fill this gap with the help of foreign companies. Finding an international partner was the easiest and the quickest way for a local company to fill its resource gaps.

The number and character of local property professionals was another factor in the meeting of local and international companies in IRPM. The first international companies of the market (international retail chains, international hypermarket chains and international property service companies) which were involved in the 1980s and the 1990s employed many local market players. These local players gained most of the market resources such as global know-how and global business experience from these international companies; they learned everything about the business and then developed into the first retail property professionals (FRPs) of the market. FRPs who were trained during the 1990s and who are quick to learn, highly self-confident and entrepreneurial were the basic factor behind the involvement of many foreign companies in the 2000s and the establishment of many local and global partnerships in the market, because FRPs, using their ability to learn quickly, adapted themselves easily to rapid changes which had been occurring in the market. Acting with great self-confidence, they attempted to manage IRPM's structural change process directly themselves; and, gaining strength from their entrepreneurial spirit, they decided to develop into global players. In other words, **the characteristic cultural attributes of local market professionals played an important role in the start, progress and increase of local and global interactions in IRPM.**

Another issue which has to be underlined here in relation to the interactions is the amount of investment opportunities in IRPM. The population of Istanbul in 1980 was 4,741,000; it became 13 million in 2010. Therefore, Istanbul, with its high market potential and capacity, could support many shopping centres. In addition, it is the most advanced city of the country;

it has a strategic geo-political position and a global identity. Thanks to these features, it has a very large hinterland beyond national boundaries and is designed to attract a large population from three regions: Europe, the Middle East and North Africa (which together are called the EMEA region). In short, IRPM, with its unique features and high potential, may serve both Istanbul and Anatolia as well as the EMEA region. Istanbul's large hinterland provided huge and abundant investment opportunities for global players. **The abundance of property investment opportunities was another basic reason for the accommodation of global players into Istanbul and for the promotion of FDI to the Istanbul property market** just after Turkey moved to the free market economy.

At this point, finally, the capitalist feature of international companies should also be emphasized. If there were no global companies that wanted to accumulate capital through seizing investment opportunities in the property markets of developing countries, an interaction between local and global companies would not have begun in IRPM. The world's current capitalist system caused the birth of global companies that perceive everywhere in the world as their area of activity. These companies, as they did with many other developing countries, monitored Turkey; when a suitable basis for foreign direct investments was formed, they came to Turkey and invested in IRPM. They followed the 'think global, act local' strategy while making their investments, so many partnerships were established between local and global companies in the market. Therefore, it may be said that **the capitalist world order provides a very suitable environment for local and global interactions.**

10.5 Answer to the main research question

"How was the change process of Istanbul's retail property market affected by interactions between local and international companies?"

This study shows that a cyclical relationship exists between global-local interactions and structural changes in IRPM. This cycle is explained below. While this explanation is being presented, it is necessary to emphasize the significant role of the EU in Turkey's modernization and restructuring process. In July 1959, shortly after the creation of the European Economic Community in 1958, the Turkish government made an application to join this community for the purpose of making Turkey a European state. Turkey's process of adaptation to the EU started perceptibly after the government took a decision to move from a planned economy to a free market economy in 1980 and after the government applied for Turkey's full membership of the EU in 1987. As from 1987, in the context of EU membership negotiations, Turkey's laws

[legal structure] were gradually synchronized with European Union laws. Therefore, the EU has a very effective role in all legislation processes in Turkey.

The start of enactment of new property laws by the government in the context of its vision of EU membership entailed the establishment in the country of public authorities such as the Competition Authority, Capital Markets Board of Turkey (SPK) and Ministry for EU Affairs. The role of these authorities is to apply new laws to the Turkish property market as effectively as possible and to regulate the business environment. Some public bodies were also added to the existing public authorities, such as the Turkish International Cooperation and Development Agency (TIKA), and Investment Support and Promotion Agency (ISPAT). Some public institutions were established under specific laws. For example, the Turkish International Cooperation and Development Agency (TIKA) was established as an independent public authority under the Law for the Establishment of the Turkish International Cooperation and Development Agency (5523). This fact indicates that legal and institutional changes are closely related to each other. **Public authorities, which are responsible for property development activities in the country, put governmental (or public) policies, rules and regulations into action in the Turkish property market. New rules and regulations caused the emergence of new development, investment and business opportunities in IRPM**. For example, property valuation companies emerged in IRPM after a regulation introduced by the Capital Market Boards of Turkey (SPK); similarly, Real Estate Investment Trusts (REITs) emerged after the enactment of the REITs (23517).

Some public authorities such as TIKA, ISPAT, Turk Eximbank and DEIK made huge attempts to develop Turkey's social and commercial relations with other countries in the 1980s. As a result of these attempts, IRPM introduced shopping centres as a new retailing concept; local entrepreneurs started to develop shopping centres which are very similar to Western shopping centres in terms of style, concept, design and so on in Istanbul. In this way, a new property market, which is Istanbul's shopping centre market, was born in Istanbul. Istanbul's shopping centre market, as a new-born property market in IRPM, provided many development, investment and business opportunities [such as construction, development, investment, consultancy, valuation and management] to Turkish entrepreneurs. After the realisation of these opportunities, many new companies emerged, hoping to seize as many of the newly noticed opportunities as possible in this emerging market; so the market started to grow rapidly (that is, the numbers of its players increased). This growth [the increase in the numbers of institutional players in the property market] occurred through the involvement of new active local or international companies or through the establishment of new local or

international companies in the market. Some acquisitions and partnerships occurred between local and international companies in this process. **Increases in the number of market players changed the industrial setting of IRPM**.

The emergence and realisation of new investment opportunities speeded up sectoral activities and competition in IRPM. For example, property consultancy, valuation and management activities accelerated due to the increase of shopping centre development projects in Istanbul in the 1990s. As a consequence of this acceleration, the market also started to grow in financial terms. **Changing market conditions created some complementary and contradictory processes among IRPM's players (see Chapter 7 for harmony and conflicts). Therefore, market players needed to move in an active and organized way in associations** to defend their rights, to promote their interests and to modernize IRPM. These associations were established by players who shared the same vision as the government, full membership of Turkey in the EU. These associations conducted negotiations with the government and public authorities to influence governmental decision-making processes in the restructuring of the property market. New laws were enacted or existing laws were revised in the parliament as a result of these negotiations so the cycle returned to the beginning. This process displays a tendency to continue in a particular way once it has started. As a result, IRPM developed into a much more organized (structured, regular) market as a result of this cyclical development. Figure 10.1 presents a generalized portrayal of this cyclical process.

Figure 10.2 Cyclical relationships between global-local interaction processes and structural changes in IRPM
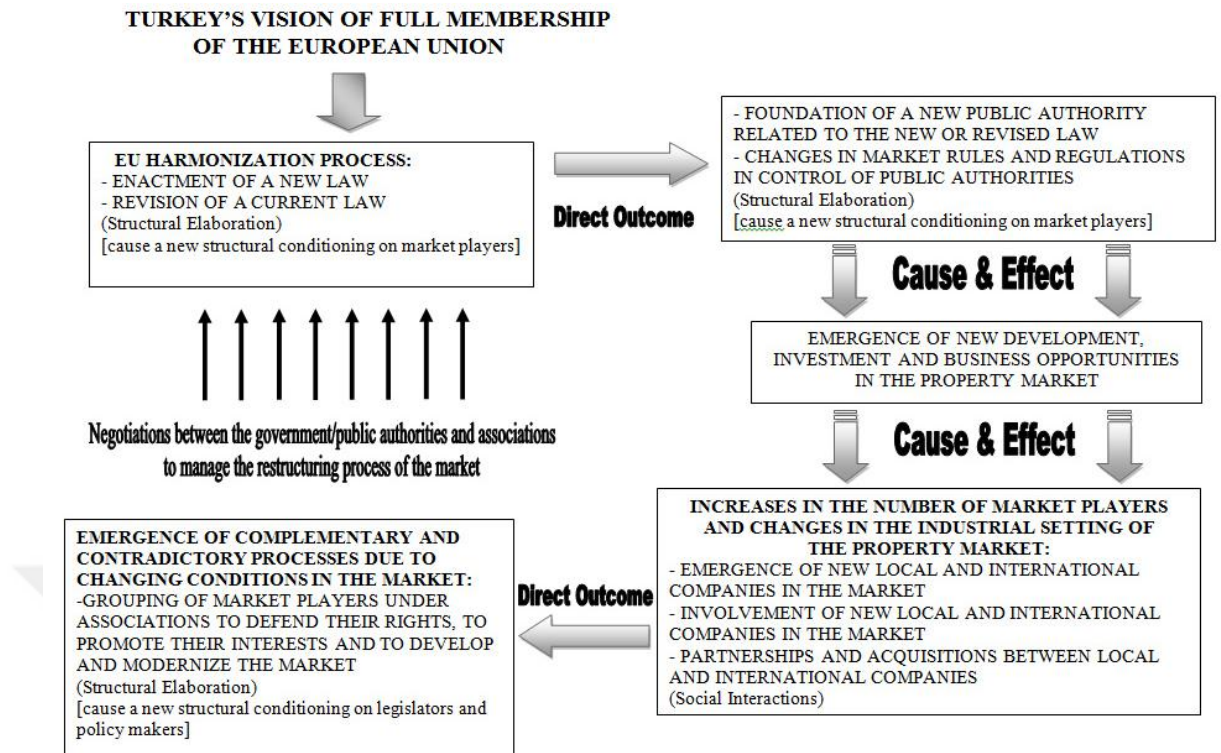
Source: developed by the author

It is seen that local and global interactions reveal new property markets and reveal new business and investment opportunities in these new-born markets. These opportunities attract many entrepreneurs. Complementary and contradictory social processes [harmony and conflict] then emerge in property market environments in response to increases in the number of players in these emerging markets. Complementary and contradictory processes cause some social groupings among market players. These social groups take a formal and organized form when they develop into associations. Being organized and active gives these associations the power to affect governmental decision-making processes; by using their organized power, associations force governments and public authorities to make laws and regulations regarding their markets for their own ends or for the public interest. In this way, social interactions affect the structural change process of property markets. This study shows that, besides local and global interactions, some other factors also play a role in the structural change process of a property market. The first factor is '**a country's economic and international relations policy**'. For example, most of the laws and most of the public institutions concerned with the Turkish property market were enacted and established in the context of the government's liberal economic decisions and the government's vision of full membership of the EU. The second factor is '**past political and economic processes which have been experienced in the country**'.

For example, as a consequence of the local financial crises and the political instability which were experienced in the 1990s, the Turkish government and market professionals stuck to the EU vision after 2000 for the achievement of political and economic stability in the country. In this context, many liberal laws were enacted quickly in the parliament with the full support of the government and associations. The third factor is '**existing local market structures (laws, public authorities and private associations) which emerged in the past'**. For example, in relation to laws, foreign property development and investment companies started to move freely and comfortably in IRPM without facing any problems after the enactment of the Foreign Direct Investment Law (4916) in 2003 and the Housing Law (5543) and Corporate Tax Law (5520) in 2005. In relation to public authorities, in parallel to the start of free market mechanisms in Turkey [after the enactment of the Capital Markets Law (2499) in 1981 and the establishment of the Capital Market Boards of Turkey], the Law for the Protection of Competition (4054) was enacted in 1994 and the Competition Authority was established in 1997 to run free market mechanisms in a healthy way in the country. Many associations such as the Turkish Exporters Assembly (TIM) and International Real Estate Investors Association (REIA) emerged in the 2000s because public authorities such as the Foreign Economic Relations Board (DEIK) and The Turkish International Cooperation and Development Agency (TIKA), which were established in the 1980s, made huge efforts to develop local entrepreneurs into global players. The final factor is '**the spatial characteristics of the interaction environment'**. Istanbul is located in a strategic position geo-politically. It has a deep-rooted and long-standing commercial history and a very high population. That's why the retail property market of this city grew very much financially and numerically. In conclusion, a government which wants to manage the internationalization process of its property market has to take all these factors into consideration because every change in these factors may directly affect the future structure of that property market.

10.6 General contribution of this research to social science literature

This research attempts to make several contributions to the literature. In this study, institutions which form IRPM are divided into two main categories: 'public authorities' and 'associations'. All of IRPM's institutions are listed one by one. The years of foundation and the purposes of these institutions are listed. The issue of how they emerged, their connections with the market and the roles they undertook in the change process of the market are discussed. Therefore, this research makes its first contribution to the 'institutional approach' through the definition of institutions which exist in a property market and through the explanation of internal/external relationships between these institutions.

The intellectual development of local and global interaction theories is explored in this study. With the focus on interactions experienced in IRPM, the accuracy and validity of the main assumptions of these theories are discussed through empirical findings. In this way, gaps existing in these theories are revealed. Five real local and global interaction cases, which are examined thoroughly using specific concepts such as bargaining power and negotiation strength, bring a new perspective to ideas of interaction. This new perspective is the definition and description of resources in a global and local interaction environment and the use of these resources by global and local entities in this environment. Different aspects and details of this subject are discovered thanks to this new perspective. Therefore, secondly, this research makes a contribution generally to theories of local and global interaction and specifically to the glocalisation theory by expanding their contents.

The glocalisation theory constitutes the general theoretical framework of this research. After a comprehensive review of this theory, local and global interaction issues, which are underlined and stressed in this theory, are identified. Interactions which were experienced in IRPM are examined using this theoretical framework, which is named 'glocal framework' by the author. Therefore, thirdly, this research develops a unique framework which may be used easily as an organized meta-theory in all social science research. It is found that the operational side of the glocal framework is quite weak. This methodological gap is filled by the morphogenetic approach. With the proper integration of the glocal framework and the morphogenetic approach, a new and unique research methodology, which may be used easily in all social science research, is produced. Therefore, fourthly, this research brings a new and unique working research methodology, which is theoretically and methodologically strong, to social science literature.

In this study, the evolution (legal and institutional change) process of a local property market is explored based on empirics deeply and in detail. In this way, a new light is shed on the subject of how a property market changes. Therefore, fifthly, this research adds original knowledge and new evidence to the evolution process of property markets. Contrary to popular practice in property studies, a qualitative and interdisciplinary methodology is used in this study. Property market studies gain a new working approach after the development of the glocal framework through the integration of a clear theory [the glocalisation theory] and a clear methodology [the morphogenetic approach] in social science literature and with the successful application of the glocal framework in a property market study. Therefore, sixthly, this research brings a new socio-cultural perspective in property market studies.

The research methodology of this study is developed on the basis of a structure and agency dualism because both the institutional approach and the morphogenetic approach use this dualism. In this study, 'structure' refers to IRPM and 'agency' refers to industrial retail and property companies. The structure of IRPM is examined in detail under three main headings: 'laws', 'public authorities' and 'associations'. Again, industrial companies are examined in detail under three main headings: 'property development and investment companies', 'property service companies' and 'hypermarket chains'. Multidirectional relationships between varied structures and agencies are revealed in the context of this study. In addition, the issue of how and why these relationships are established and the issue of how this social network affects the structural change process of IRPM are explained in this study. Therefore, seventhly, this research makes a contribution to the structure/agency dualism, defining multiple structure and agency relationships in a property market and exploring the effect of structure on agency and vice versa.

In the change process of IRPM, the spatial characteristics of Istanbul and the timing of events play an important role. Information about all shopping centres in Istanbul [name, development date, location, size, name of developers and investors, type of investment capital] is collected in the context of this study. It is found in this research that the main reason for the realisation of all local/global interactions and all structural changes is the spatial individualism of Istanbul. Therefore, finally, this research makes some good contributions to 'time-space phenomenon' and 'social-space phenomenon'.

10.7 Original features of this research

The property literature mostly contains result-driven studies which use the neo-classical approach. These studies mainly focus on these questions: 'Which market outcomes emerge under which internal and external factors?' 'Which factors affect property prices and rents in which way?' 'How does the balance of supply and demand change in the property market?' However, this is a process-focused study. More precisely, this study is interested in the issue of how market outcomes emerge rather than what market outcomes are. Most process-focused studies in the property literature are concerned with the impact of market behaviour on physical space. However, this study is interested directly in the property market itself. It mentions from what structure may refer to in a property market and states how property market players' decisions and behaviour may affect a property market's structure. In line with this, answers are sought in this study for the questions of how property market structures emerge and how they evolve.

In the literature, many studies with respect to local and global interactions exist; but most of them are at theoretical level. This is not a theoretical study but an empirical study. It examines local and global interactions which are experienced in a specific city's property market, taking real actors and real institutions into consideration. Tangible findings which are collected from the actual case bring a reality and depth to abstract theoretical discussions in the literature. As a result, this research develops ideas about interaction processes, considering and discussing them on a realistic basis. Local and global interactions force current social structures, which exist everywhere at different scales, to change and generate new social structures. In this study, structural changes which occur in a city's specific property market in the globalisation age are explained using a unique methodology. This methodology, which is developed through the integration of the glocalisation theory and the morphogenetic approach, has the feature that it may be used for the explanation of all changes which occur in any social system which is subject to globalisation. In other words, this research brings a unique and contemporary research methodology into social science.

It is generally assumed in globalisation studies that global players move with imperialist intentions and so local players usually come to harm from this imperialist process. This research empirically reveals that local and global interactions are two-sided, not one-sided; and local players may gain advantages from interaction processes in some social systems such as property markets. As a matter of fact, IRPM's local players gained many advantages from the interaction process; they developed and modernized the sector and developed themselves into global players.

The relationship between structure and agency is one of the most discussed topics in social science literature. There are different approaches to this topic, such as the structuralist approach [in which structure has a strong influence on agency], the individualistic approach [in which agency has a strong influence on structure], and the conflationist approach [in which both structure and agency influence each other]. This research empirically reveals that both structure and agency influence each other. At the end of this study, it is clearly seen that the structures of IRPM (laws, public authorities and associations) change as a result of the efforts of agents (local and global companies), and every revised structure brings new agents (companies) into the market. Through the examination of concrete actors and institutions, multidirectional structure and agency relationships are explored in the property market. All these points mentioned above distinguish this study from other studies which exist in social science and property literature and so make this research original.

10.8 New research topics based on this work

This research shows the importance of associations and the significance of institutionalization in a local/global interaction process and in a social change process. Companies in IRPM, gathering in associations, come to affect legislation and policy-making processes concerning their property market. New research can be conducted on the issue of how and to what extent associations may affect legislation and policy-making processes in a property market. This will be a worthwhile exercise for social science scholars to see how much agents can affect structures.

This research reveals the fact that global companies are not the same; they display different behaviour in the process of becoming involved in local property markets. Again, this research has found that local companies, thanks to direct or indirect interactions with global companies, may develop into global companies. Starting from these findings, a new research study, at company level, may be conducted on how a local company develops into a global company and which changes occur in that company during this process in terms of its corporate structure and practices. Research on this topic may clearly show differences between different global companies; also, it may show the heterogeneous outcomes of globalisation processes clearly and concretely.

This research reveals that local property markets increase their institutional connections with the world's other property markets in their internationalization process. In addition, it is found that an international network is a very important resource for property companies. Therefore, new research can be conducted on the relational power of a property market. Different property markets can be compared with each other according to their network powers, and the question of how a property market's network power may affect that market's performance may be answered in the context of new research.

This research shows that the number of glocal structures increases in the world every year; it also shows that glocal structures have better features than solely local and solely global structures have. As a matter of fact, companies that were involved in a local and global partnership in IRPM gained significant powers and became sector leaders because they obtained all their missing market resources through these partnerships. Therefore, new research can be conducted on the determination and character of glocal structures. This research has found that MA is a successful approach to the explanation of social change processes; but that MA does not talk about relationships which exist between 'social structures' and 'space'. Starting from this fact, more empirical research which tries to explain

social change processes using MA and which focuses directly on social-space phenomenon should be conducted to improve MA and to develop it into a more useful approach.

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