

# Municipal Economic Enterprises vs. State Economic Enterprises: A New Arena for Employment Patronage?

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**Abstract:** State Economic Enterprises (SEEs) have been going through a privatization process, which began in the 1980s, increasing its pace since the 2000s. Against this trend, some argue that Municipal Economic Enterprises (MEEs) are being used to create employment with populist policy intentions in recent years. These argument rests on the perception that the MEEs have replaced the SEEs in using employment as an instrument for populist policies. The purpose of this study is to compare the populist policies during the years 2003-2015 which mark the timeline that privatization took speed, by means of the employment provided through the municipality in contrast to the employment policies of the previous governments, realized through SEEs. Theoretical approach of the study is based on Gramsci's theory of hegemony, which includes the key concepts of *patronage*, *clientelism* and *social state*. Research findings within the limitation of data unavailability suggest that, MEEs do not have a significant potential for populist policies by means of employment patronage. On the other hand, since MEEs manage their operations by means of outsourcing, subcontracting and tenders to private sector companies, one can suggest that there is a potential clientelism relation between them and their service providers.

**Keywords:** Municipal Economic Enterprises, State Economic Enterprises, employment, patronage, clientelism.

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## **Kamu İktisadi Teşebbüsleri'ne karşı Belediye İktisadi İşletmeleri: Patronaja Dayalı İstihdam için Yeni bir Alan mı?**

**Öz:** Kamu İktisadi Teşebbüsleri (KİT) 1980'lerde başlayan ve 2000'li yıllardan itibaren hızını arttıran bir özelleştirme sürecinden geçmektedir. Öte yandan, Belediye Ekonomik İşletmeleri'nin (Bİİ) de popülist politika hedefleri ekseninde istihdam yaratma amaçlı kullanıldığına dair tartışmalar ortaya çıkmış bulunmaktadır. Söz konusu tartışmalar, Bİİ'nin popülist politikalar için bir araç olarak istihdamın kullanımında KİT'lerin yerini aldığı yönündeki kanıya dayanmaktadır. Bu çalışmanın başlıca amacı, özelleştirmenin hız kazandığı bir zaman çizelgesinde, 2006-2015 yılları arasında, belediyeler tarafından sağlanan istihdam ile önceki hükümetlerin KİT'ler üzerinden yürütülen istihdam politikalarının karşılaştırılmasıdır. Çalışmanın teorik yaklaşımı, *patronaj*, *kliyalizm* ve *sosyal devlet* kavramlarını kapsayan Gramsci'nin Hegemonya Teorisine dayanmaktadır. Konuyla ilgili verilere erişim sınırlılığı çerçevesinde araştırma bulguları, Bİİ'lerin, istihdama dayalı patronaj yoluyla popülist politikalar için önemli bir potansiyele sahip olmadığını göstermektedir. Diğer taraftan Bİİ, faaliyetlerini dış kaynak kullanımı, taşeronluk ve özel sektör şirketlerine ihale yoluyla yönettiğinden, kendileriyle hizmet sağlayıcıları arasında potansiyel bir kliyalizm ilişkisi olabileceği düşünülebilir.

**Anahtar Kelimeler:** Belediye İktisadi İşletmeleri, Kamu İktisadi Teşebbüsleri, istihdam, patronaj, kliyalizm.

## **Introduction**

Since the early days of the Turkish Republic, the governments have been criticized for their populist policies through the employment function of the State Economic Enterprises (SEEs) with a view to create hegemony over the crowds. Although there are several tools used by the political parties for this purpose, employment created through the SEEs was the most salient method in the eyes of the public.

There is a wide range of research available on the employment and management of SEEs as well as their historical development and privatization process and the so called "financial burden" created on the State through them. SEEs in Turkey have been going through a privatization process, which began in the 1980s; increasing its pace since the 2000s. Particularly after the 2003 general elections in Turkey, a rapid privatization process with the SEEs was followed, thus a powerful tool to generate employment patronage was lost.

Since the MEEs were out of the audit of the Turkish Court of Accounts (*Sayıştay*) under the law no: 6085 defining the audit area of *Sayıştay* was amended to cover the MEEs (Küçük: 2015), arguments over the MEEs being used for populist policies were widely accepted. Some argue that MEEs are used to generate employment with populist policy intentions (Meşe, 2011). This creates a perception that MEEs have replaced SEEs in using employment as an instrument for populist policies.

In order to investigate the presence of such a possible patronage effect, the main goal in this paper is to look into the development of historical employment data of SEEs and the employment data available on MEEs with a view to compare the findings to see if there is a relation with the selected local and general election years in Turkey. The remainder of the paper is as follows. The second part presents the theoretical setting. Part three provides a background where the employment processes of the SEEs and the MEEs are explained. Part four presents the analysis with its basic assumptions and looks behind the data. Part five concludes.

## Theoretical Framework

Gramsci developed the concept of hegemony, which originally was used by Lenin as a term in establishing an analysis of how the ruling capitalist class creates and maintains its control in developing a Marxist State concept. Gramsci (1971) defines the state as the ruling class hegemony seeking to obtain the consent of the people under its ruling. The ruling class creates hegemony through the society, by ruling through the State's exercising and legal power (Carnoy, 2001). Consent of the crowds is crucial for the establishment of the hegemony and without this consent hegemony cannot be established.

Without consent, the only instrument to rule the people would be using physical force. History is full of examples of rulings established by force, which never lasted for long. Therefore, consent of the masses is essential for the political parties in a democratic system to be elected to form the government, thus achieving the ruling power of the State. Governments seeking to obtain the consent of the people to create hegemony should create a "positive image". That is, the voters should be convinced that the politicians, and the political party they belong to will be acting in line with the expectations of the voters in economic, social and political policies during their ruling period. Adjustments in the taxation system, establishing amicable investment and business environment, providing favorable health care and both financial and social support (distributing food, coal and similar financial and non-financial items such as employment in state entities) to the crowds are some of the advantages which can be provided to the voters. The "exchange of votes and advantages" creates a "patronage" relation between the voters and the politicians.

While Key (1964) states that “patronage may be considered as the response of government to the demands of an interest group – the party machinery – that desires a particular policy in the distribution of public jobs”, Sorauf (1960) defines patronage as “an incentive system – a political currency with which to ‘purchase’ political activity and political responses”, and Lande (1973) suggests patronage can be described as “supportive exchange dyads” in which patron and client exchange services mutually beneficial. The term “patronage” finds one of its best coverage in Weingrod’s (1968) article with the indication that the term appeared with increased frequency in anthropological analysis in 1960s, further stating that it is observed in the relations between “patrons and clients”. In this context the term “patron” is used for the person who uses his influence to provide help and protection to someone who later becomes the “client” in return to providing certain services for his patron. It can be said that “patronage” is the complex of relations between those who use their influence, social position or some other attribute to assist and protect others and those when they so help and protect (Boissevain, 1966).

Campbell (1964) states that “the structure of the system of patronage, which is based on social relationships between clients seeking for a man with the ability and friendship connections to protect them and a patron who accepts these duties in return for political allegiance, growing upwards and through lawyers, other persons of influence, and members of parliament linked to the legislative assembly. Thus, the organization of government and the structure of patronage are parallel hierarchies”. Meanwhile Mayer (1966) defines the mutually beneficial relation between the patron and the client as follows: “In patronage, the transactor (patron) has the power to give some benefit which the respondent (client) desires... Examples of this would be the improvement of a road near the respondent’s house, or the employment of the respondent (or their relatives) in an office over which the (patron) has control.” Favoring their relatives or people politically connected to them (nepotism) are widely observed in the history of the Turkish Republic. Like nepotism, favoritism can appear in various ways, such as arranging financial incentives through state banks, providing employment within state enterprises or other state employment schemes, tax reductions, land allocations, etc.

Metin (2011: 182 -183) states that clientelism is a result of the patronage relation, which goes back to Ancient Rome that sprouts out from inequality and poverty. Therefore, the relation is inclined to repeat itself. Clientelist policies define the social policies of the ruling party since the party would like to continue its “reign”, thus it has to align its policies with the “clients”.

Citizens vote for politicians, who they assume would act to the best of their interest and politicians try to get the votes of the citizens to get elected, thus creating a mutually beneficial cycle. This relationship cycle opens a door on each

side establishing a patronage and clientelism relation. The voters may prioritize their short-term interests and disregard the long term benefits of the society in general. Construction of “slum houses” on government property by the farmers facing accommodation problem after immigrating to big cities in masses (due to the increasing mechanization in farming from the late 1940s) in Turkey is one example to this issue.

Memişoğlu and Durgun, (2007) argue that, employment appears to be the easiest tool that can be used to create the patronage relation. Citizens seeking employment in a high unemployment economy may naturally vote for a politician or the political party promising rapid and favorable employment opportunities. For politicians, the most convenient way to fulfill this promise is using state enterprises or entities disregarding the basic rules of economy such as supply and demand, efficiency, while understating the long-term effects of inefficient employment. The research question of this paper rests on this very idea and further investigates whether MEEs have replaced SEEs in this way of recruiting personnel according to party clientele commitments.

## **Background: The SEEs, the MEEs and the Take Over**

The SEEs were originally established with the purpose of economic development in the 1930s, yet they were also used for populist policies to create employment hegemony by the politicians. Therefore, they were subject to significant changes in their employment levels. The total number of employees in the SEEs increased from 7,331 in 1938 to 653,066 in 1985 (Gülmez, 1973: 33).

Among the categories of employment in the SEEs, the civil servants on one hand were one of the most affected groups with a decrease of 97.46%, from 187,276 in 1985 to 4,085 in 2019. On the other hand, the number of contracted workers increased from 4,159 in 1985 to 132,421 in 1988 just in three years and reached the highest level of 188,880 in 1999, which eventually fell to 44,256 in 2019. These fluctuations represented an increase of 4,441.48% between 1985 and 1999, and a decrease of 76.57% by 2019. The change in the number of the workers under a union decreased from 385,547 to 47,394 by 87.71% between 1985-2019. While non-union workers did not exist in 1985, their number reached 3,493 in 2019 (see Table 1). However, while analyzing the number of union membership numbers, one should keep in mind that the reliability of this data is questionable since there is a serious gap between the actual situation and the official figures (Çelik and Lordoğlu, 2006: 23).

**Table 1:** Employment in the SEEs (1985-2019)

Years	Civil Servants	% Total	Contracted Workers	% Total	Workers (Union)	% Total	Workers (Non-union)	% Total	Temporary Workers	% Total	Total
1985	187,276	28.68	4,159	0.64	385,547	59.04	0	0.00	76,084	11.65	653,066
1988	78,652	12.02	132,421	20.23	331,877	50.70	38,493	5.88	73,131	11.17	654,574
1990	27,074	4.21	185,083	28.78	349,053	54.28	8,810	1.37	73,038	11.36	643,058
1993	16,428	2.74	188,880	31.52	307,599	51.33	7,362	1.23	78,975	13.18	599,244
1995	13,085	2.64	165,074	33.26	231,812	46.70	6,782	1.37	79,599	16.04	496,352
1998	11,667	2.55	164,537	36.00	195,206	42.71	6,979	1.53	78,705	17.22	457,094
2000	10,329	2.38	141,801	32.62	182,793	42.05	16,891	3.89	82,841	19.06	434,655
2005	7,012	2.84	86,870	35.13	119,900	48.49	4,033	1.63	29,447	11.91	247,262
2010	6,307	3.39	78,813	42.34	90,241	48.48	2,950	1.58	7,826	4.20	186,137
2015	4,431	3.71	46,118	38.61	59,031	49.42	3,758	3.15	6,114	5.12	119,452
2019	4,085	4.06	44,256	44.02	47,394	47.14	3,493	3.47	1,307	1.30	100,535

**Source:** Republic of Turkey Ministry of Treasury and Finance, <https://www.hmb.gov.tr>

One can assume that the decrease in the number of the employees in all categories was due to the privatization of the SEEs and thus the decrease in their total number. However, when looked closer at these figures according to their share in the total number of employees, it can be seen that, while the share of civil servants in the total SEEs decreased from 28.68% in 1985 to 4.06% in 2019, the share of contracted workers increased from 0.64% in 1985 to 44.02% in 2019 presenting a significant increase in contract-based workers. During the same period, the share of the unionized workers decreased from 59.04% to 47.14%, while the share of the non-union workers reached 3.47%. SEEs reached highest-ever employment in 1987 with 660,837 employees.

Looking at the financial performance of the SEEs, they continuously created budgetary deficits until 1987, which decreased between 1987- 1989, and starting from 1990, their spending increased while their profit was going down (Murat, 2012: 100). Continuous “losses” of SEEs and their “burden” on the State budget increased the voices against them. The neoliberal policies imposed on Turkey through different channels, such as the ones by the International Monetary Fund (IMF), were the catalyst in creating a lobby supporting privatization of SEEs, which found more supporters over time. In 1965, the US announced that the financial aids provided to Turkey would be stopped by 1973. Prime Minister Süleyman Demirel’s speech indicating that “the West did not want Turkey’s industrialization” (Övgün, 2005: 68) presents the real reason behind the privatization efforts. Although there used to be an intention for privatization of the SEEs since the Republic was founded, nothing concrete was done until 1986 when the Law no: 3291 setting a framework for the privatization of the SEEs was accepted (Murat, 2012: 117; Övgün, 2005: 65). Eventually, methods such as partial payments through Istanbul Stock Exchange (ISE), and block sale of the shares to both domestic and international investors were used during the privatization of the SEEs.

In this environment where the employment patronage by the SEEs is essentially blocked by major privatization movements, MEEs evolved to be active in many fields. According to Berk (2003), municipalities establish economic enterprises to carry out various functions such as providing water, gas, transportation; provision of basic needs which are not undertaken fully or partially by the State or SEEs (bread, meat, sugar etc.); establishing monopolies; local development projects aimed at dealing with the capital inadequacy in the region (managing spring resorts, weaving plants etc.); provision of water, gas, transportation for the residents of a city, and may create local monopolies while carrying out these services. He further suggests that Municipalities may also seek to create new income resources through managing car park, business center, hotels etc. and while carrying all these services and activities they may also create employment to the members and supporters of the political party they belong to, which can be considered clientelism and employment hegemony creation, falling within the scope of this study. This wide range of activities enabled

the municipalities not only spend outside the supervision of the central government, but also employing high profile staff to manage these businesses, providing higher salaries which cannot be available within the state personnel salary scale. MEEs are places where politics are highly visible, widely used for political employment purposes as well as for actual needs to provide services (Meşe, 2011).

So how does the employment process take place in the MEEs? Municipalities in Turkey apply the officially designated so called *norm cadre* system like the central government. Maintaining certain qualification requirements is compulsory for initial employment. According to Adıgüzel (2011), municipalities apply three types of personnel system. Similar to the central and local management, these systems are i. The Combined System, ii. The Separate Personnel System and iii. The Mixed System respectively.

In the Combined System; the central and local personnel form one single personnel system where transfers between the two units are possible. Here, establishment of the cadre setting up the number of the workers to be employed and starting contractual employment is permitted under the consultation of the central government (Karahanoğulları, 1988: 288).

In the Separate Personnel System; the central and local government employees are separated which implies that the Municipal personnel system is managed independently from the central government (Eken and Şen, 2005:109). Local management has the power to define the number of the employees to be hired and initiate employment without consulting the central government (Karahanoğulları, 1988: 283). Eken and Şen (2005: 109) state that the third system is the “mixed system” which finds its place between the two prior systems and the staff is directly employed by the municipalities. However, the personnel policies are directed and controlled by the central government. They further foresee the “Separate System” is replacing the “Combined System”, which was the preferred system since the establishment of the Republic

Municipal Economic Enterprises (MEEs), are corporations with independent budgets either fully or partially owned by the municipalities to carry out some local services. Article 70 of Municipality Law no 5393 and article 26 of Metropolitan Municipality Law no: 5216 provide the legal environment for the municipalities to establish companies within the framework of their line of business and authority (Meşe, 2011). MEEs are instrumental for hiring people with higher wages. Since they are not under State Personnel Regime, mayors can freely employ whoever they prefer, and establish complete control and ruling over these enterprises within the constraints of the municipal council which itself may be under the mayor's influence.



## The Analysis

### Basic Assumptions and the Setting: Conservative Islamists and Employment in the MEEs

Neoliberal municipal concept in Turkey was first introduced during the Motherland Party (MP) in early 1980s right after the military coup of 1980. Neoliberalism was the new economic doctrine in the world and Turkey, changing economic policies from import substitution to neoliberal policies, which dictated the withdrawal of state intervention, i.e. implementing liberal economies thus increasing the weight and priority of the private sector.

Implementation of neoliberal policies in municipalities were initially seen in major cities such as Istanbul, Ankara and İzmir, where some of the functions of the municipalities were separated from the municipality and provided through Municipal Economic Enterprises established, such as in transportation, electricity and water distribution.

As Doğan (2011) states, Social Democrat People's Party (SDPP) tried to smooth the effect of neoliberal approach of Motherland Party, between 1989 and 1994, when it was able to win in some big and medium sized cities. Establishment of *Halk Ekmek* and building a dealer network in the cities, allocation of cheap land and providing infrastructure and licensing facilities for housing cooperatives, increasing the salaries of the municipality employees, facilitating the infrastructure needs of the slum houses built in the cities were all approaches to strengthen the social aspects of the municipalities, which were negatively affected by previous policies (Doğan, 2011: 60-61). Doğan (2011: 61) further argues that SDPP also had an attitude change and inclined towards neoliberal policies and started to implement policies parallel to the requests of local and international capital, such as applying tenders and subcontracting some businesses of the municipality.

Beginning with the WP, the approach to the management of municipalities changed seriously. *Beyaz Masalar* (White Tables) was established targeting to decrease the bureaucracy involved. The mayors had weekly meetings in a different neighborhood, in gatherings named as "Public Assembly" (Doğan, 2011: 63), which fits perfectly with the clientelism concept.

JDP, having seen the success of WP and VP, pursued their neoliberal policies and inherited the idea of building close relations with the public through the social aid activities such as distributing clothing, coal, providing health care to the poor and paying regular visits to their homes more intensively.

JDP also pursued the neoliberal economic policies of previous governments persistently creating a strong hegemony over the social and political life, as well as the work life and the unions (Çelik, 2017: 192). It considered the municipalities strategically important to create and widen its hegemony over the voters with socio-cultural policies, as well as through the capital groups such as the Independent Industrialists and

Businessmen Association (*Müstakil Sanayici ve İşadamları Derneği* – MÜSİAD) and the Businessmen and Industrialists Confederation of Turkey (*Türkiye İşadamları ve Sanayicileri Konfederasyonu* – TUSKON, the business association which is shut down in 2016 for its alleged financial support to Fethullah Terrorist Organization - FETO) by helping to improve them financially (Doğan, 2009: 115). Tendering municipal businesses to private sector companies through the MEEs helped the development of financial relations with the mentioned capital groups. Speaking of Istanbul Metropolitan Municipality, establishment of the MEEs such as *Kültür A.Ş.*, *Sağlık A.Ş.*, *Spor A.Ş.* and *İSMEK* (which provides numerous courses to district residents) are examples for the involvement of the municipalities in the socio-cultural lives of the individual voters.

JDP, continued with the neoliberal policies inherited from WP and VP, having seen the success of them, distributing clothing, coal, providing health care to the poor and visiting their homes more intensively. Following the 2002 elections JDP focused on providing more independence and power to municipalities under the “Local Administrations Reform” program.

Following the 2002 elections JDP focused on providing more independence and power to municipalities under the “Local Administrations Reform” program. Municipality and metropolitan municipality laws issued in 2004–2005 (Law no: 5216 and 5393) should be considered as steps taken towards this goal. According to neoliberal policies JDP was following, municipalities being at the center of local managements should downsize the employment figures as well as the weight of central government. Municipalities should be empowered and their functions should be carried out by the private sector. The best way to realize this was establishing the MEEs and outsourcing the needed activities to the private sector through the MEEs by tenders.

The following section presents the data and the relevant implications. As a basic assumption, in the analysis of the votes, Welfare Party (WP), Virtue Party (VP) and Justice and Development Party (JDP) as “Islamist Conservatives” have been considered the continuation of each other, and further assumed to have the same ideology including leadership. Indeed, some of the ministers and the leaders of today’s JDP were in the ranks of WP and VP previously. Party leaders constantly put an emphasis on the public in their speeches and statements. Table 2 and 3 show the results of the local elections presenting the increase in the votes of WP, VP and JDP as well as the municipalities won. The success of WP, VP and JDP in consecutive local elections was the key opening the door to the victory of general elections of 2003 for JDP. Social policies towards the same marginalized layers of the society increased intensively in this election (Akdoğan, 2009: 210). Sparking a successful patronage relation leading to increased success in municipal elections leading to a success in the general elections (Buğra, 2002: 189).

**Table 2:** Local election results for WP, VP and JDP for Metropolitan Municipalities

Total Number of Metropolitan Municipalities		Municipalities Gained	Total Votes Received	Vote %
1989 (WP)	8	1	464,9	9.03
1994 (WP)	15	6	2,048,494	22.4
1999 (VP)	15	4	2,438,076	23.36
2004 (JDP)	16	12	4,822,636	46.06
2009(JDP)	16	10	7,672,280	42.19
2014(JDP)	30	18	15,898,025	45.54
2019(JDP)	30	16	13,158,693	47.96

**Source:** Supreme Election Council (1989-2019).

<http://www.ysk.gov.tr/tr/mahalli-idareler-genel-secimleri-arsivi/2650>

**Table 3:** Local Election Results of WP, VP and JDP for Municipalities

Total Number of Municipalities		Municipalities gained	Total votes received	Vote %
1989 (WP)	1,976	73	1,174,454	8.73
1994 (WP)	2,695	323	3,784,419	19.06
1999 (VP)	3,2	484	4,301,538	18.40
2004 (JDP)	3,209	1,753	9,690,538	40.16
2009(JDP)	2,903	1,442	12,449,187	38.64
2014(JDP)	1,351	800	17,952,504	43.13
2019(JDP)	1355	742	18,368,421	42.55

**Source:** <http://www.ysk.gov.tr/tr/mahalli-idareler-genel-secimleri-arsivi/2650/>

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## Looking behind the Data

Seeking a relation between the employment figures of municipalities and elections is one of goals of the analysis adopted in this paper. Limitations on data availability created some setbacks; yet, the data collected is sufficient to at least have an insight on the existence of such a relation. Election years which have been taken into consideration in the paper are 1999, 2002, 2007, 2011, 2015, 2018 for the general elections and 1999, 2004, 2009, 2014, and 2019 for the local elections.

For the analysis of the available data we will be looking for increases during the election years and decreases in the following years to make an assumption on the existence of employment hegemony. In the beginning of the period (end of 1996) the total number of civil servants were 95,139, which decreased to 76,517 at the end of 2006, however started to increase the following year and despite some fluctuations reached to 106,629 by March 2020 (see Table 4).

Looking at the employment figures of civil servants one can observe an increase in the general election years of 1999, 2002, 2015, and local election years of 1999, 2004, 2009 and 2019 followed by a decrease the next year. No significant change is observed for the general election years of 2002, 2007, 2009, 2011, 2018.

The only change in the employment of contracted employees took place in the election years of 2002, 2004, 2009 and no fluctuation has been observed for the remaining election years. However, changes for all election years have been observed (except 2007 and 2019) election years for employment figures of workers. On the other hand, a significant increase has been observed in 'temporary worker' Figure 2 for the election year of 2007 and a decrease in the following year. Similar changes are observed in 'temporary workers' figures for the election years of 1999, 2004, 2009, 2011, 2014 and 2018, even though for some election years this fluctuation can be considered insignificant.

**Table 4:** Employment Figures of Municipalities and MEEs in Turkey, 1996-2019

	Municipalities and Related Entities						Municipal Economic Enterprises						Grand Total
	Civil Servants	Contracted Employees	Workers	Temporary Workers	Other	Total	Civil Servants	Contracted Employees	Workers	Temporary Workers	Other	Total	
1996	95,139	994	94,050	73,761	N.A.	<b>263,944</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
1997	96,479	1,276	90,018	82,911	N.A.	<b>270,684</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
1998	98,734	706	89,561	93,995	N.A.	<b>282,996</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
1999	95,182	735	83,460	97,151	N.A.	<b>276,528</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2000	89,501	1,054	74,301	94,977	N.A.	<b>259,833</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2001	88,408	1,267	71,578	100,152	N.A.	<b>261,405</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2002	91,397	1,204	70,644	100,439	N.A.	<b>263,684</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2003	83,835	1,078	59,025	114,265	N.A.	<b>258,203</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2004	83,309	1,310	63,182	123,182	N.A.	<b>270,983</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2005	80,541	1,013	57,312	106,843	N.A.	<b>245,709</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2006	76,517	3,440	49,176	112,259	N.A.	<b>241,392</b>	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2007	81,673	5,648	76,807	98,522	4,059	<b>266,709</b>	8,965	11	3,538	554	8,023	21,091	<b>287,800</b>
2008	81,649	8,252	121,191	52,548	6	<b>263,646</b>	8,740	50	4,028	377		13,195	<b>276,841</b>
2009	78,431	21,705	143,294	10,098	10,433	<b>263,961</b>	8,340	97	2,781	403	15	11,636	<b>275,597</b>
2010	81,727	12,364	142,071	9,139	2,812	<b>248,113</b>	10,099	331	4,202	847	8,177	23,656	<b>271,769</b>
2011	82,611	16,193	111,134	7,256	5,507	<b>222,701</b>	10,132	451	3,799	1,006	6,653	22,041	<b>244,742</b>
2012	83,610	19,856	103,051	7,177	6,762	<b>220,456</b>	11,481	436	4,922	1,616	5,285	23,740	<b>244,196</b>
2013	107,612	2,753	101,415	9,810	N.A.	<b>221,590</b>	4,462	1,188	11,445	2,883	N.A.	19,978	<b>241,568</b>
2014	119,064	4,408	108,190	7,008	N.A.	<b>238,670</b>	4,668	1,242	11,972	3,016	N.A.	20,898	<b>259,568</b>
2015	111,587	9,777	86,894	6,017	N.A.	<b>214,275</b>	6,547	1,743	16,793	4,230	N.A.	29,313	<b>243,588</b>

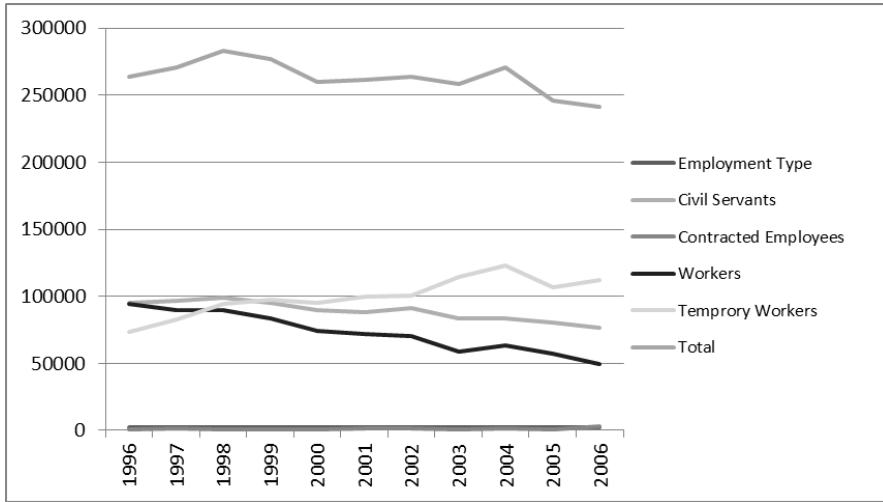
Kamu İktisadi Teşebbüsleri'ne karşı Belediye İktisadi İşletmeleri

2016	109,583	13,189	79,973	5,717	N.A.	<b>208,462</b>	N.A.	N.A.	N.A.	90,270	N.A.	90,270	<b>298,732</b>
2017	109,556	14,078	78,257	5,807	N.A.	<b>207,698</b>	N.A.	N.A.	N.A.	99,871	N.A.	99,871	<b>307,569</b>
2018	102,205	15,886	73,194	7,695	N.A.	<b>198,980</b>	N.A.	N.A.	N.A.	339,717	N.A.	339,717	<b>538,697</b>
2019	105,012	19,751	66,182	4,417	N.A.	<b>195,362</b>	N.A.	N.A.	N.A.	475,039	N.A.	475,039	<b>670,401</b>
2020 (March)	106,629	20,134	67,494	4,476	N.A.	<b>198,733</b>	N.A.	N.A.	N.A.	496,388	N.A.	496,388	<b>695,121</b>

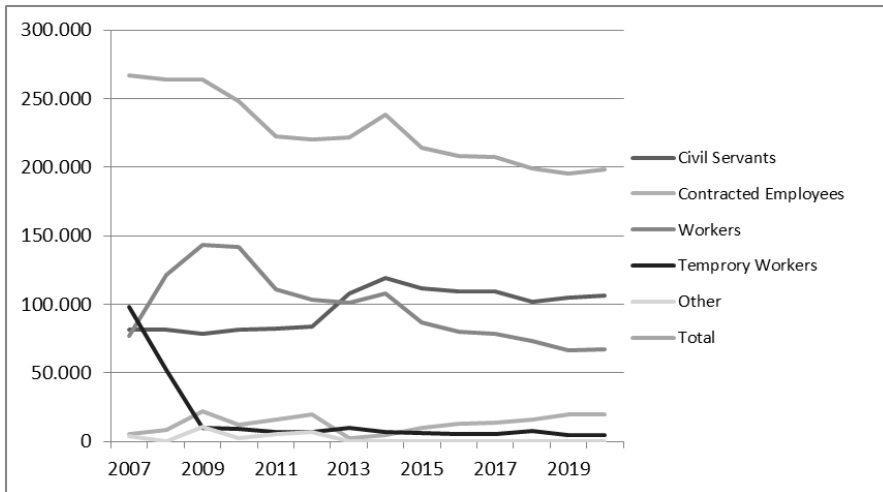
**Source:** Republic of Turkey Presidential Strategy and Budget Directorate, <http://www.sbb.gov.tr/kamu-istihdami/>

Note: Graphical representation of Table 4 is provided with Figures 1 and 2.

**Figure 1:** Employment Data of Municipalities and Related Entities (MEEs excluded) 1996-2006



**2007-2019**

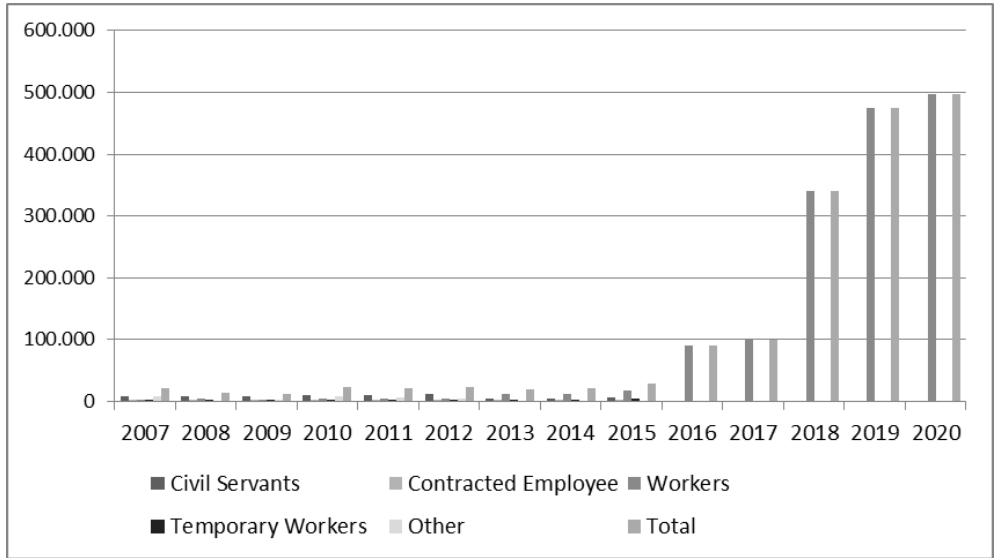


**Source:** Based on data presented in Table 4.

No employment data was available for the pre-2007 period for the MEEs. Analysis of the available data collected on MEEs show some fluctuations between 2007-2015, which cannot be considered significant for denoting populist. However, starting from 2015 all employment realized as ‘temporary workers’ presents significant increases every year until 2020 from 90,270 in 2015 to 496,388 in 2020.

A meaningful analysis could not be carried out for the “other” category, which took place between 2007-2012 since detailed information on this title could not be gathered, for both data groups (Municipalities & related entities and the MEEs).

**Figure 2:** Employment in the MEEs



**Source:** Elaboration based on, Republic of Turkey Presidential Strategy and Budget Directorate

Examining the employment figures presents striking information on the employment tendency in the municipalities. In 1999 where a general and a local election took place, there was no significant change in the number of the employees. However while the number of the workers directly employed decreased by 6,101 representing a decrease of 6.81%, the number of temporary workers increased by 3,156 representing an increase of 3.36%. As of 2013 (Q3), the total number of the employees at MEEs is 8,780, thus representing 7.28% of the employment at the municipalities.

Total spending of the municipalities between 2006 and 2012 increased by 117.13%. In the same period the personnel expenses increased by 72.22%, while employment increased by 12.83%. Personnel expenses in 2006 comprised 22% of the total spending at the municipalities. This ratio was realized as 17% at the end of 2012 and 7.9% at the end of 2017 in line with the decrease in the number of employees (See Table 5).



**Table 5:** Total Spending and Personnel Expenses of Municipalities and MEEs Compared

		2006	2007	2008	2009	2010	2011	2012	2013	2016	2017	2018
<b>Municipalities</b>	Total Spending (000)	21,640	25,833	30,959	31,048	34,475	41,133	46,988	59,964	91,270	112,048	132,005
	Personnel Expenses (000)	4,769	5,073	5,945	6,430	6,961	7,579	8,213	9,084	12,290	12,917	14,717
	% of Personnel Expenses to Total Expenses	22.04	19.64	19.2	20.71	20.19	18.43	17.48	15.15	13.47	11.53	11.15

**Source:** Republic of Turkey Ministry of Interior, General Directorate of Local Administrations, **Local Administrations General Activity Report**

## Conclusion and Implications for Further Research

This paper provides a first attempt\_ to the best of our knowledge\_ in investigating whether the MEEs are used as a new patronage arena through employment as in the SEEs before privatizations in Turkey. The available data handled in the study show that the MEEs do not have a significant potential given their employment levels, for populist policies via employment patronage. On the other hand, since the MEEs manage their operations by means of outsourcing, subcontracting and tenders to private sector companies, one can assume that there is a potential clientelism relation between them and their service providers, as well as the possibility that the employment patronage might be carried out through them.

Although there has been no change in the functions of the municipalities and on the contrary they increased by type and volume in line with the population increase and developments in the cities, as relevant data portrays, the functions of the municipalities are increasingly carried out by service providers, which causes a decline in the direct employment requirements. This suggests that neoliberal policies may have a significant effect on the employment structure of not only the State Economic Enterprises but the Municipalities as well. The fluctuations in the employment figures of Municipalities during election times also suggest that there is an employment hegemony in Municipalities. However, a detailed analysis on the Municipalities with more detailed employment data (monthly, quarterly) has to be carried out to reach a certain conclusion.

The employment data points that there is a need for further research to be carried out on the causes of the fluctuations in the municipalities' employment figures for temporary workers. The data for MEEs' employment of temporary workers is only available for the years after 2006. Starting from this year, number of temporary workers employed in the MMEs increased continuously, in particular, a rapid increase is observed between 2015 and 2020. One can argue that the increase in the employment of temporary workers can be an indication of populist employment initiatives.

The relevant data show that the SEEs intensively used contract-based employees between 1988-2000, reaching to a peak in 1995, which decreased dramatically by 75 per cent from this level in 2019. Although one may suggest that the decrease in the total number may be linked to the decrease in the number of SEEs due to privatization, the percent shares of the contracted and temporary workers imply that the SEEs increasingly used them as the preferred employment method which should also be considered as an area open to patronage hegemony and clientelism relation and further analysis.

Looking at the budget figures, a fluctuation in the personnel expenses is also observed between the years 2006 – 2017. This point also has to be analyzed by means

of the expenditure items. There has been no shrinkage in the functional areas of the municipalities, but a serious decrease is observed in the number of the employees, accompanied with increased total budget spending. This can only be explained by outsourcing facilities.

Since the data on the topic is such limited that this limitedness strongly influences the findings and the conclusion of the paper, what is to be stated should go beyond the data. As a consequence of promises made prior to elections in local administrations there is indeed a visible increase in employment volumes following municipal elections. This signals the role of “clientelism and patronage systems”, but this trend may not be so well-entrenched and long-term in MEEs as was once the case in the SEEs in Turkey. It can be argued that, in response to pressures for cost-saving concerns, there also seem to be attempts for lay-offs following election times.

There may also arise unanticipated problems hindering the smooth operation of ‘clientelism’; especially where the newly-elected mayor and members of the city council (policy making organ) may turn out to belong to opposing political parties (as was the case in the recent 23<sup>rd</sup> of June 2019 Istanbul local elections), where the management of the newly mayor may be curbed by the opposing city council. For example, of the MEE managers may refuse to lose their positions earned prior to the new election.

As regards to preferences for hiring different employee categories (e.g. workers vs. civil servants subcontracted employees or temporary workers), the trend in the public sector has been towards employing more flexible worker types, e.g. temporary workers and especially subcontracted labors in Turkey. Civil servants enjoy stronger job security, but weaker collective bargaining rights compared to workers in general, and for these reasons the public employers (municipalities) seem to prefer hiring those categories more often. In response to lamentations by subcontracted labors for their below-standard working conditions, the government has had to convert most of them into permanent worker positions. Yet the actual implementation of this policy has not been satisfactory either as there were inconsistencies in their actual wage payments. As for union rights, workers and the union movement aspire for more equal treatment between these categories, (e.g. representation of subcontracted labors by the same union if they are employed in the same establishment doing work similar to the work of permanent workers).

All in all, we can conclude by saying that the analysis adopted in this paper was unfortunately surrounded by a major problem of data unavailability. Despite this constraint, there are essential implications that can be derived from the paper as summarized above. We believe that these implications may at least pave the way for future research, which is hopefully going to be based on transparent data publicly open.

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