

## **GOVERNANCE AT THE REGIONAL DEVELOPMENT AGENCIES IN TURKEY**

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### **—Abstract —**

The fact that changes both in information and communication technology and the priorities of entrepreneur global capital owners require continuous re-engineering of policies, resilient organizational set-ups and flexible processes makes change management more difficult for public agencies that are founded by rigid legislative procedures and are vulnerable to changing political agendas. Since poor governance both in policy and implementation is accepted as one of the major explanations for failures in accomplishing e-governance and the organizational goals and objectives, this paper tries to analyze development process in governance structures of Regional Development Agencies to improve and promote e-governance to an elevated level from a theoretical and experimental point of view.

**Key Words:** *Administrative Processes in Public Organizations, Local Government, Regional Development, Cooperative Enterprises, Regional Policy.*

**JEL Classification:** *D73, H75, O18, P13, R58.*

### **1. INTRODUCTION**

In the contemporary globalization, ICT, liberalism, digitized economies and other new developments made it necessary to redefine the relationships between government and its subjects and citizens.

This requirement is also being affected by the problems resulted from the indifference to public management, corruption, mismanagement and other ineffective use of public services. The reforms in the area of public management to ameliorate this kind of issues have taken their positions as the “new public management” movement. (Desai and Imrie, 1998: 635) As a result of the new public management which has surged at the end of 1980s, the principles of efficiency, economy, effectiveness, accountability, transparency and participation have become the indispensable foundational stones of public management. Therefore the conceptual framework that provide conformity and interdependency of these principles has been put forward with the concept of “*governance*” (Eryilmaz, 2012: 28).

In this paper, mainly based on experiences and evaluations as an internal auditor in a RDA, it is attempted to review the concept of governance as the main driver for e-governance applications; organizational impediments and the need for business processes re-engineering to mirror the requirements of government regulations as a priori to governance; and as part of an action research methodology certain recommendations for implementing good governance are stated at the end.

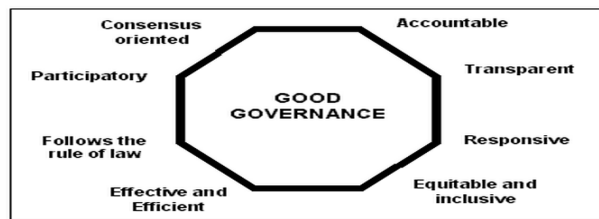
## **2. ROOTS OF GOVERNANCE**

The governance concept which has the meaning of interaction, interconnection, communication, coherence, unity in multiplicity and common sense in the basic understanding of its meaning is in fact at the central locus of all creatures which are a demonstration of real governance by helping each other with a sense of mutual responsibility and converging within their environments. In a verse, it is said: “*Say: who is it in whose hands is the governance of all things?*” (Qur'an, 23:88), and this verse clearly shows that there is a pervasive governance in all things in the universe demonstrating to the stamp of unity behind the governance of multiplicity. By connotation, the existence of governance in the universe, it is envisaged that, is the natural way of life which demonstrates unity and divine will, power and wisdom. According to Stoker (1995), governance is a limited

system of management that occurs at interchangeable borders of public and private sectors. Governance is not imposed by external circumstances but rather explains a new infrastructure and order that are happened as a result of interaction of different actors who can have their say on the process of management. (Stoker, 1998: 17-18).

After the introduction of “governance,” the phrase “good governance” has received a lot of attention over the last two decades because of the importance attached to the participation of different actors. Most international development agencies now believe it is an important if not essential prerequisite for global development. Whether good governance is necessary or sufficient to achieve the Millennium Development Goals, however, depends on how we define it. Its ambiguity may be a strength but also a weakness if the label “good governance” becomes a “political tool to justify and rationalize choices that are made on other, possibly arbitrary grounds” (Doornbos, 2001:100).

Figure 1: The model characteristics of good governance



Source: UNSCAP: 2013:1.

Therefore, governance as a whole defines manifold interactive structures, relationships, partnerships, processes and mechanisms which are used to effectively and efficiently manage and govern an organization. To ensure smooth management of new business foundations, the concept of corporate governance was redesigned to include information technology and e-governance as a major part of it. In conformity with the corporate governance concept which can be defined as “involving a set of relationships between an organization’s management, its board, its shareholders and other stakeholders”

(OECD 2004), the RDAs in Turkey, 26 in number, were founded on governance policy concept by a legislation Nu. 5449 in 2006 and have been developing for the cause of local development throughout the country.

### **3. GOOD GOVERNANCE PRACTICES OF RDAS**

Despite of the fact that the word “governance” has not found any place in the above mentioned legislation that founded the RDAs, it is understood from their structure of decision making and corporate responsibilities. According to the regulations and guidelines that provide basis for accomplishing responsibilities of the RDAs, there exist a few levels of governance structures:

#### **3.1. Regional Development Boards:**

For every RDA there must be a development board consisted of different stakeholders of public concern such as from universities to municipalities, from NGOs to some other public bodies, chambers of commerce and local administrations. They are selected up to 100 in number in order to discuss and define regional priorities to which the development funds are to be allocated. The Board is the advisory body of the Agencies. At this level is intended to receive guidance from all related local parties to decision making body. Although it seems to be a very good idea for governance structure at the local level, it is understood that the procedure of board of development has become to be ostensive as part of a burdensome formality required to be completed, there are lots of hindrances that impede good governance as such:

- *Lack of the governance culture:* People in Turkey are not very familiar with the governance culture that requires participation and collaboration to have a say on decision making processes of government bodies. It seems odd to try to give guidance to the public authorities who always tend to guide people and give orders to shape up whatever exists in the public domain. The questions of “why to participate?” and “Does the government really need to ask my opinion?” seem to be not well articulated and all the partners are not

fully aware that this process is vital and the common good lays on the ground that they give a support as far as they can do.

- *Low frequency*: One of the factors that belittle the importance of the development boards is the fact that only once year it should be gathered. This frequency is not enough to enhance a process that could contribute to better the governance culture but rather it diminish the adding value it is expected to produce at the local level. The participants cannot be familiar enough to produce added value to governance procedure of local development.

- *Less participation at low level*: Another problem facing the development boards is the fact that the member are not very interested in it despite of being invited and followed by agencies. Being met not very often requires the members participating to be changed for each session that result indifference to agenda of any meeting. And the problem of low profile who cannot represent the member institution as also another problem that result not to mention anything might be binding to their bosses or organization.

### **3.2. Board Of Directors:**

The decision making body comprising of Governor, Mayor, Chair of Province General Assembly, Chair of Chamber of Commerce, Chair of Chamber of Industry and three representatives to be elected by the Development Board. Despite of the fact that this board is of crucial importance in delivering the services of a structure of governance at local level, a few points can be mentioned in as some kind of impediments that affect governance products of RDAs:

- *Central government but not local business oriented*: There are some concerns that provincial governors' being the head of the executive board of RDAs is damaging the autonomous structure of RDAs based on governance due to a strong linkage to hierarchy and representation of central government. This superpower board seems to be intimidating in its decision making power and effectiveness on every aspect and functionalities of RDAs to the extent that the head of the board also is the representing authority of agency (Article 10 of

5449 act) in place of the secretary general which hampers flexibility of internal departments and discretion power of secretary general who always have to get approval from the board. Considering some RDAs which comprise 5 or 6 cities, the board becomes dominated by a governor's intensive structure to an extent that their attitude towards secretary general turns out to be the same as to city division directors. From this point of view it is understood that in the decision making structure the RDAs are unique to Turkey and different from their counterparts in EU.

- *Conflict of roles*: The representative of central government may have difficulties in triggering local dynamics and potentialities as of the head faculty of decision making of the board. Traditionally the governors are representative of both the state (Turkish Republic) and central government while the province governors (Kaymakam) stand for only government.(see 9th and 27th article of act nu.5442) The governors are the head of public bodies at the local level that have a hierarchical connection to any ministry and also general supervisor for public services that can give a start for investigations and audits and also can give command to public prosecutors for the sake of common good. However by being involved in the governance structure at the local level they found themselves as a very different role that requires interaction, cooperation, conciliation and collaboration with others to whom they would normally communicate with a superior tone and imposing style and devotion to local concerns which sometimes may not be in conformity with the central government priorities and concerns.

- *Conflict of interest*: Without any exception all the members of board of directors are potential beneficiary to the program and project that the agencies funding. This circumstance poses a potential problem of compromising amongst members. Another concern is as a requirement of the founding legislation, the compulsory funding of the agencies from budgets of the municipalities and chambers which are amongst the members of either board of directors or board of development and usually have a large depth that makes the budgetary

allocation difficult. Therefore they are always reluctant in giving that predefined proportion of their gross revenues to the agencies for the reason that those funds could be used to cover their basic needs or to boost their reputation and fame as successful candidates for next elections at the local level.

### **3.3. Office of Secretary General and Internal Departments:**

As the executive body of the Agency, it works for realizing the targets within the framework of the regional plan in theory. The Office of Secretary General comprises of Secretary General, coordinators, experts and support staff. The secretary general is not the one who represents for the RDA but rather the governor who is the head of board of directors. According to regulations although there are lots of duties that are required to be completed by mutual work of different departments of agencies such as setting up performance indicators at both sectorial and program levels, establishing a network of monitoring for project beneficiaries, issuing progress and performance reports, conducting pre-contract appraisals, preparing regional plan etc. but however at the design of the internal departments it is clear that the tasks and responsibility architecture is not in congruent with governance requirements to an extent that can cause disruptions and conflicts amongst internal departments. For instance, since regional plan, strategic plan, program evaluation, all reporting requirements, risk management, process reengineering and internal control assessments should be uniquely aligned with each other and be left to a department which is not involved in any operational activity in order let them produce innovative ideas that should be input of other departments an all other departments should have tasks and responsibilities that do not mar governance.

### **3.4. Investment Support Offices:**

These offices are founded to help investors in completing their bureaucratic and formal responsibilities. There is a passive communication and interaction with the investors at this office but there seems to be none of the responsibilities set out at the regulations

to be proactive in attracting and luring entrepreneurs such as marketing and promoting local potentialities and highlighting company portfolios that can be a good promising investment target and tool.

As a requirement of one of regulative amendments done by the Ministry of Economy recently, the task of monitoring investment incentives at the local level are loaded on investment support offices of RDAs, the governance domain of which is broadened on the private sector. Now the RDAs have more large prospective hinterland to be worked on so as to exhume the dormant potentialities of local actors to produce synergetic energy as a result of cooperation and collaboration.

#### **4. GOVERNANCE FOR REGIONAL KNOWLEDGE MANAGEMENT**

Regional knowledge management is closely correlated with regional development based on governance which is the fact of diffusing tacit knowledge amongst region and recollecting knowledge in the form of wisdom for the cause of development and common good. This functionality should be based on governance and institutional communication structure of RDAs. For instance the program management department should be closely involved with the communication and interaction with the potential beneficiary, the monitoring and evaluation department should be engaged with communication and interaction with project beneficiaries, investment support office should give priority to communication and interaction with entrepreneurs and investors, planning department should focus on communication and interaction with all stakeholders and especially closely follow up of members of board of development. Therefore the synergy obtained from all communication and interaction domains will increase the ability of RDAs on knowledge management at local level. At this era which is dominated by knowledge based economies, change management of innovation and strategic knowledge is becoming one of the most important keystones that define effectiveness and efficiency of institutions and processes



since every change produces new knowledge and every new knowledge requires new paradigms affecting existing models, processes and procedures.

## 5. CONCLUSION

Being the first formally introduced and embedded in the political system by the legislation, RDAs are still the most important elements of the governance structure of Turkey. However, it is important to accept that it is not possible to provide liable and effective governance in a political or administrative system just by issuing new legislative amendments with a top-down approach. If some problems arise in the implementation of governance concept and the receiving of desired results of participation of the RDAs, it means that there must be something missing at the structure or it is not mature enough for realizing “good enough governance” yet.

The more effective corporate governance would mean the more sectorial and regional governance and cooperation culture. Internal departments are required to cooperate with each other on preparation of regional plan and programs, contracting with beneficiaries, annual operation reports and likewise other tasks and also enforced to give feedbacks. For the cause of regional development of governance, the basic back bone of the RDAs seem to be development plans and programs and calls for proposals that support project beneficiaries consisted of different stakeholders and partners cooperating.

Now it becomes clear that the system and e-governance services of the regional development agencies which is based on the concept of governance, does not function to some extent as was conceptually intended at the foundational stage due to bureaucratic culture that favors submission and inhibits consultation with different stakeholders and collaborations with partners. In order to make the governance systems of RDAs more viable and promising there should be taken some kind of precautions as such:

1. There should be a collaborative and interactive module with web 2.0 possibilities of e-governance functionalities for both the

members of board of developments and board of directors in the KAYS system in order to make them included and familiarized to the development practices of agencies at the local level in identifying realities of regional strengths and weaknesses.

2. Continuous business process reengineering is to be implemented to the processes defined such as the ones at the Guide for Support Management which was issued by MoD, in line with the corporate governance requirements and be revised on a yearly basis.

3. Clustering policies focusing on relatively competitive sectors at the regional level and highlighting local initiatives should be developed in order to be able to objectively and accurately analyzing the actual needs of local businesses and within this context, a governance and support mechanism should be reestablished by the Ministry of Development.

4. RDAs need to take precautions and keep up- to- date of information technologies in order to have the capacity of triggering local dynamics by bringing a systematic and disciplined approach to all local concerns and abilities which need to be interconnected and collaborated headed for framing a vision for regional economic development that is desirable, digestible and endorsed by key actors.

5. Supreme Regional Development Council and Regional Development Committee, that has been set up by the Ministry of Development to improve governance by ensuring coherence and coordination between national and regional development policies in terms of planning, implementation and monitoring should be operationalized for the cause of providing a system of leadership that stimulate the emergence of new local services and ensure their solvency by RDAs.

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