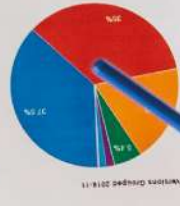
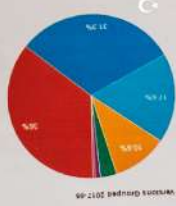


Academic Analysis and Discussions in Social, Human and Administrative Sciences

Editor
Dr. Ozan BATIGÜN

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YAYINLARI

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ACADEMIC ANALYSIS AND
DISCUSSIONS IN SOCIAL, HUMAN
AND ADMINISTRATIVE SCIENCES

EDITOR

DR. OZAN BATIGÜN



ACADEMIC ANALYSIS AND DISCUSSIONS
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Value Creation Behavior With the Customer

Nil KONYALILAR¹

1. INTRODUCTION

Since the 1990s, “social marketing” and “value creation” issues have started to gain momentum all over the globe, especially in the United States of America. According to *Davidow and Malone (1992)*, the main point that managers should focus on is to be able to convince their customers that their businesses create value and market value-creating products. This change in the understanding of marketing forms the basis of value-based marketing and stands out as the determining factor that will guide the marketing understanding of the future (*Davidow and Malone, 1992*).

While a traditional product and relational customer loyalty is still a valid concept in marketing, value creation, research has

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revealed changes in the last few years, and thanks to the dominant logic of service, value in marketing has gained a new perspective (*Blocker and Barrios, 2015*).

The concept of residual value-based marketing has emerged as a new approach that integrates marketing with the shareholder value creation process. Manufacturers strive to create exceptional value for their customers that will meet their physical and emotional needs; consumers, on the other hand, have become an extraordinary value for the company, increasing growth in the short term and profitability in the long term. According to the result of these explanations, while the conditions of marketing, like the market conditions, are changing very rapidly, the marketing methods are also changing (*Ziliiani et al., 2004*).

A firm's value is measured via professional investors' valuation of the company's management power to dominate the evolving market environment. The value of the firms increases as the firms demonstrate their superiority by creating strategies related to continuity in the market (*Doyle, 2003*). Value-based marketing is based on three key elements. First of all, value-based marketing is a set of beliefs about marketing goals. The first element of marketing is to develop strategies in which the shareholders will gain the most. The second is to establish coherent strategies, marketing decisions and principles. These form the basis for future cash inflows to be created by the strategy to calculate the value created to the shareholder. Finally, value-based marketing is a set of processes that will enable developing, selecting and advancing a balanced strategy in line with the decisions and principles we have mentioned. The processes mentioned are related to the management of financial marketing and organizational value objectives of the firms (*Doyle, 2003*).

2. CUSTOMER VALUE CONCEPT

2.1. History of Value Creation

One of the most important issues supporting the value-based management approach is the correct identification of “*value-creating*” customers and products. According to Grönroos and Annika Ravald, one of the successful ways to provide value is to reduce costs for the customer by minimizing the cost of establishing and developing relationships for the customer (*Grönroos and Ravald, 1996*).

Customer value as a concept has been the subject of many articles from past to present. Researchers have reached various findings using the concept of customer value. The relationship between total quality management customer value and perceived value should be interpreted in a unified approach. Previously it was stated that customer value is an acceptable way to achieve sustainable competitive advantage. Customer value is an acceptable tool for competitive advantage for process efficiency as well. Investigators examined the relationship between innovation, customer value and perceived value. *Grönroos and Ravald (1996)* stated that there was a connection between communication customer value.

A relationship between ethical actions and successful buyer/seller. It was revealed the relationship between financial values such as equity/currency, sales value, relationship investment, promotional investments and customer value and perceived value. A relationship between competence/expertise and customer value also plays an important role (*Albaili, 2006*).

Considering the claim that the value proposition is the most important organizational principle of the enterprise and the fact that very few enterprises develop, communicate and use value propositions, examining how pioneering and exemplary companies formally develop their value propositions constitutes an important field of application (*Albaili, 2006*).

Value creation for the customer is an approach to what the customer wants and what they get after purchasing and using the product. Value creation for the customer refers to the meaning and situation when the customer gets more than he/she expects in return for what he pays. At the same time, creating value for the customer encompasses the trade-off between what the customer gains from a product and what concessions he makes in obtaining the product. In other words, value creation is providing additional benefits to customers at no cost. The important point here is; expected, hoped, perceived situation. If the value created is not customer-oriented, it does not mean much (*Yim et al., 2008*).

2.2. Definition of Customer Value

It is possible for companies to survive in an intensely competitive market and to provide competitive advantage by offering products and services that meet the demands and needs of customers at the highest level. Producing products and services that exceed the needs and expectations of customers and presenting them to customers at the lowest possible cost has revealed the importance of the concept of customer value for businesses (*Aydin and Ozer, 2005*).

The concept of customer value has become an emerging topic in recent years, as it is seen a critical value for businesses' market management and performance criteria. The impact of customer value on market performance is due to the fact that it is not a one-way evaluation like quality and price, but a multi-factor evaluation that reflects the proportional relationship between benefit and cost. As quality and price alone may not mean much to the customer, it is stated that customer value, which is defined as an evaluation that deals with the features, benefits and costs of the product together and reveals the proportional relationship between them, is more effective in customer preferences (*Lin et al., 2005*).

Producing and presenting products and services that will best meet the expectations of customers; It will be possible

by accurately determining the wishes and needs, lifestyle and consumption habits of the customers constituting the target market, and by constantly monitoring possible changes. The competitive advantage of the manufactured products will be achieved if the firm has sufficient information about the product and service strategies of its competitors. Therefore, these two facts, which are inevitable in order to create superior customer value, lead companies to establish a dynamic process that will provide a continuous flow of information from customers and competitors. This will be possible if companies adopt a learning-based customer and competitor-oriented culture that collects, interprets and shares necessary information from customers and competitors (*Bennett and Barkensjo, 2005*).

A customer- and competitor-oriented business culture will inevitably bring about the ability of businesses to learn, because obtaining information from customers and competitors, interpreting them and sharing them within the enterprise constitute the basic dynamics of the learning process. In this context, it can be mentioned that there is a close relationship between being learning-oriented and being customer- and competitor-oriented, in terms of identifying customer requests and needs and the strengths and weaknesses of competitors. On the other hand, competitor, customer and learning orientation can be considered as concepts that complement each other to develop a competitive strategy by creating a synergetic effect. Competitor and customer focus will enable to focus outside the business, while learning orientation will enable to focus on internal assets and capabilities of the business. In this respect, the firm's commitment to learning, which expresses its sensitivity and determination in learning, will gain importance. Therefore, it can be said that a competitive and customer-oriented organizational learning approach can be more effective in creating customer value for companies (*Caceres and Pappas, 2007*).

Customer value is generally defined as the relationship between the benefits and costs offered to the customer, or what is received

and paid by the customer. Some studies on customer value have added many different dimensions to the concept (*Lin et al., 2005*).

Therefore, due to the dynamic nature of the concept, a comprehensive definition covering all its dimensions could not be made. However, there is consensus that the measure of customer value will be determined not by the benefits offered to customers by the firm, but by the customer's perception of what is offered to him (*Caceres and Paparoidamis, 2007*).

Therefore, the efficiency in the efforts of the company to create customer value brings a customer-oriented perspective. In parallel with this, examining the basic dynamics of the company's efforts to offer more value to the customer will contribute to a better understanding of the concept. The basic dynamics of companies' customer value efforts; It is possible to consider three groups as creating value in products/services and customer relations, minimizing monetary and non-monetary costs, and highlighting competitive differences (*Caceres and Paparoidamis, 2007*).

2.3. Creating Value in Product, Service and Customer Relations

Customer value is related to the characteristics of the product and service, as well as the way they are presented and customer relations. For this reason, companies have to create value in three different areas: the features of the product and service, the way it is presented and the relationship with the customer. Since the perceived value will vary from customer to customer and the characteristics of products and services will differ by sector, it is very difficult to identify specific value areas. However, the general benefit areas related to products and services; physical features, service features and technical support (*Eggert and Ulaga, 2002*). In relation to these areas, the areas that will create more benefit in particular may vary according to the sector. In this framework, *Lapierre (2000)* identified the elements of customer value in these

three areas, namely product, service and relationship-oriented in the information, communication and entertainment sectors. In short, alternative solutions (*product related*), product quality (*product*), product customization (*product*), responsiveness (*service*), flexibility (*service*), reliability (*service*), technical support (*service*), company image (*relation*), trust (*relation*), solidarity (*relation*), price (*product, price*), time, effort, energy (*relational*) and conflict (*relation*). Companies that want to create customer value have to consider all intangible and tangible value areas related to the products and services they produce and customer relations (*Lapierre, 2000*).

When purchasing a product or service, customers have to bear some costs in the face of the benefits offered to them. It is possible to consider these costs in two groups as monetary and non-monetary costs. As it is known, monetary cost is directed to the price of the product. Non-monetary costs, on the other hand, consist of factors such as the labor, time and energy that the customer spends to obtain, consume or use the product and service they want, and to dispose of them after use (*Domio, 2006*). Sometimes, non-monetary costs may be more important to the customer than monetary costs. In some cases, the customer may also consider the price of a very high quality product to be high. In this respect, it would be useful to consider both costs together in determining customer value. The total costs of the customer to obtain a product or service is defined as the sum of money, time, research, learning, emotional, mental and physical costs. They stated that these costs will carry financial, social and psychological risks within themselves and that these costs will be valid not only during use but also before and after use/consumption. From this point of view, it can be said that the costs paid by the customer in the value perception process are more effective than the benefits obtained (*Eggert and Ulaga, 2002*).

3. IMPORTANCE OF CUSTOMER JOURNEY (EXPERIENCE) IN VALUE CREATION

What kind of motivations and through which processes consumers make their purchasing decisions is a subject that has been tried to analyze for decades. Marketing and consumer behavior, which is a sub-discipline, are frequently modelled in a complex way than it actually is. In this process, while the purchasing behavior is seen as the final decision, the dynamic process that leads the consumer to this decision should be investigated (*Donio, 2006*). Customer experience is one of the most prominent concepts in this process. Contrary to the classical understanding, which sees consumption as a rational action, the new understanding defines consumption as a constant flow of fantasies, emotions and pleasure and named it “*experiential view*”. In the new understanding, consumption primarily expresses the personal dimension of consciousness and is defined with a wide variety of symbolic meanings, hedonistic actions and aesthetic criteria (*Davids, 2007*). With the evolution of the concept of consumption, the view of the consumer has also changed as consumer, colleague, partner, co-creator in value formation, co-developer in knowledge and talent production. In this new understanding of consumption, what the business, especially the marketer, should do is to create the appropriate environment for the customer to experience the desired experience rather than providing the desired experience (*Çal, 2015*).

Purchasing behavior is essentially a problem-solving action for the consumer. Every problem solving action includes an information processing process. Researchers from different disciplines offer different explanations such as intuitive, cognitive, natural, automatic, schematic, internal and rational. Accordingly, when consumers encounter a purchasing situation, they make evaluations based on two thinking styles; the first is cognitive thinking governed by factors such as consciousness, logic, utility;

the other is intuitive thinking in which senses, social environment and external factors are effective in its formation (*Çal, 2015*).

From business point of view, it is important to manage this cognitive and/or intuitive problem solving process in which the customer is involved. A well-managed customer experience process is expected to produce positive behavioral results such as repeat purchasing, word-of-mouth, and customer satisfaction. These results, on the other hand, are thought to be of critical importance for businesses that need to make great efforts to ensure their financial sustainability in today's competitive environment (*Dauids, 2007*).

Making choices for individuals or their social environment requires a number of skills. Perhaps the most important of these is thinking, which is a skill that includes complex mental processes. When these preferences are looked at holistically, it is seen that they form certain patterns for each individual. In other words, a thinking style comes into play in every preference an individual has, and the individual completes his/her choice within the framework of this thinking style. Therefore, it can be said that determining this individual-specific thinking style can facilitate the estimation of the decisions and preferences of the same individual (*Dikici, 2014*).

Although it includes the process in different dimensions, the whole process actually fits the definition of “modular mind” put forward by *Fodor (1983)*. Defending that the human mind is far from showing a single functioning structure, Fodor says that the mind consists of different branches or abilities adapted to different problem-solving situations. According to the author, thinking is actually a form of computation, and humanity has achieved its evolutionary existence throughout history thanks to this ability. In other words, the individual's internal and external harmony takes place due to the multi-part, multi-functional structure of the mind.

The experience process also occurs within this multi-departmental structure of the mind. The customer experience,

which emerges as a result of multiple interactions such as product-business-brand-social environment, is shaped according to the messages given to the individual by the purchase action, which is basically a problem-solving situation. These occur as a result of the reflections of internal or external stimuli in the mind. Therefore, it seems critical to examine the thinking process of the mind to learn how the customer experience process unfolds (*Gentile et al., 2007*).

3.1. Customer Satisfaction

The primary target that is tried to be reached with the customer value created as a result of different mental processes is customer satisfaction. On one hand, customer satisfaction is cognitive, as it is based on comparing the current perceived level of performance with another benchmark. On the other hand, since satisfaction is an emotion at its core, it emerges as an emotional/intuitive process. In other words, the customer's cognitive and intuitive experience process finds its way in customer satisfaction. The concept is also accepted as a strong indicator on behavioral variables such as repurchase intention, word of mouth, brand loyalty (*Gentile et al., 2007*).

Customer satisfaction is explained by many researchers with the disconfirmation of expectations paradigm. Accordingly, customer satisfaction occurs as a result of comparing the product performance faced by the individual with the previously formed expectations for the possible performance of the similar product. Dissatisfaction/dissatisfaction as a result of expectations exceeding product performance; Satisfaction occurs when expectations are met or product performance exceeds expectations. The theory assumes that the individual has a certain stock of knowledge and expectations for the product encountered. In order for these expectations to be formed, the individual, the people around him or the reference groups must have experienced that product or similar products before, and therefore must have a certain opinion (*Lee and Feick, 2001*).

There is a strong belief that the comparison of expected and actual performance level is primarily a cognitive process. Individuals experience psychological conflict when there is a significant discrepancy between previous experiential elements and their new perception of performance. In order to minimize this conflict, they tend to adapt their perceptions to their expectations; that is, the formation of customer satisfaction is based on the process of constantly processing old and new data (*Lin et al., 2005*).

3.2. The Relationship Between Value Creation and Customer Satisfaction

Today, customer demands and requirements show great changes compared to the past due to technological developments and increasing competition. Customers now demand that they are valued, that goods and services are in line with their expectations, close, warm and trusting relationships are established and maintained with them. Mass marketing methods, which were very popular previously, lose their validity in parallel with the changes in customer needs (*Evanschitzky, 2006*).

The loyalty established between the customer and the company can be realized if the customers believe that the value offered consistently is achieved at a lower cost than the competitors (*Hammouri, 2003*). In the consumer-based system, the concept of value is defined by the market and evaluated by the market. One of today's most basic marketing strategies is activities based on creating value for customers. Customer satisfaction is accepted as one of the most important criteria for customer loyalty. Businesses are trying to increase customer satisfaction and customer loyalty by adding more value to the basic products or services they offer. In this context, the concept of providing value to the customer and customer satisfaction are completely interrelated (*Garland and Gendall, 2004*).

While the customer satisfaction approach focuses on the satisfaction of the people who use the product or service of the

business, the customer value approach focuses on how customers choose among competing businesses. In the past, customers have judged the value of a product or service based on a combination of price and quality. Today's customers, on the other hand, value the products and services they buy, such as usefulness, after-sales service, reliability, prestige, etc. They have a broader understanding of value that includes concepts. In addition, businesses need to clearly identify what the source of value is. It is necessary to reveal whether the company finds a way out from the product it offers, from the brand image or from the business identity.

The point that should not be forgotten about customer satisfaction is that the cost of acquiring a new customer is much higher than the cost of retaining an existing customer. In addition, it should not be overlooked how many customers a customer who leaves the business can take with him. Looking at the companies that can be described as excellent in the world, it is seen that each of them has perfect customer service goals. This is so important that businesses adopt being close to the customer as an unmistakable philosophy in order to create a "loyal customer", and as a result, they develop different services and offer them at different levels.

In the new economic structure, the customer structure is also changing. Today, we are faced with a more participatory and more demanding customer structure. Therefore, businesses had to develop marketing strategies for the new customer structure. In this context, businesses have tended to create value for their customers beyond customer satisfaction. Today, competitive advantage is based on providing value to the customer (*Eyall et al., 2003*).

4. PERCEIVED VALUE CONCEPT

Research on perceived value often examines the relationships between price and perceived quality. Perceived value is the customer's overall assessment of what is given and what is received.

Costs perceived by customers include not only money but also non-monetary values such as time and effort. Perceived value, on the other hand, includes other internal or external qualities (*such as environment, behavior, courtesy*) as well as perceived quality (*Sub and Yi, 2006*).

Value, which increases repurchase intention and is a feature that encourages behavior. It is possible to define perceived customer value as the ratio of perceived benefits to perceived sacrifices. Perceived altruism includes many costs that customers face when purchasing. These are purchase price, transportation, assembly, ordering and the cost of receiving repairs and maintenance, risk of failure, or poor performance (*Sub and Yi, 2006*).

Perceived benefits are some combination of physical attributes, service attributes, and technical support in relation to the particular use of the product. According to another view, customer value perception is; Perceived value is the customer's overall assessment of the usefulness of a product based on his perception of what is given and received. This definition also draws attention to the subjective and individual nature of perceived value. Therefore, perceived value varies among customers (*Wang et al., 2004*).

Different perceptions of customers are highly dependent on personal values, needs, preferences and financial resources of the customer. A buyer's presentation of the value chain is needed to fully understand the customer's perceived value. The buyer's value chain is the starting point for understanding what is valuable to the customer. a product offered to the customer or how the service is actually used is determined by the customer's own priorities and values. Establishing what value the customer actually expects from a firm's offering is therefore a starting point for delivering the right value retention benefits (*Sub and Yi, 2006*).

Any business attempting to deliver competitive value to its customers must have a detailed understanding of their customers' needs and the actions that make up their customers' value chain.

Otherwise, the chances of gaining customer loyalty will be reduced due to the task of providing the right value to customers (*Sub and Yi, 2006*).

5. CONCLUSION

Customer value is one of today's most fundamental marketing strategies. forms. Customer value refers to an emotional process that occurs in the mind of the customer as a result of comparing the product/service purchased with monetary value. Customers buy the products and services of businesses that offer them the highest value. Businesses, on the other hand, try to create customer satisfaction by adding more value to the basic products or services they offer. Customer satisfaction is a reaction that occurs as a result of purchasing and using the product and service and affects the customer's subsequent purchasing preferences. The customer satisfaction that occurs after purchasing the product and service will be reflected in the subsequent purchasing behavior of the customers. This is important in the formation of behavioral and/or attitudinal brand loyalty in customers.

One customer's perception of value may differ from that of another customer. For customers, the price, quality reputation and prestige of products and services are considered as a value element. The most important value is the price of products and services. Customers who consider it as a factor of interest prefer a low-priced accommodation business. Identifying the elements valued by customers and determining strategies for these elements will provide a competitive advantage to the business.

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The Legitimization Process of the French National Front and its Migration Policies²

*Murat AKTAŞ*³

1. INTRODUCTION

In Europe, especially in the last three decades, we have witnessed the rise of far right and populist political parties and movements, which spread to many European Union countries as a disease. France is one of these countries. The French National Front (*Front National-FN*⁴) is one of the first far right political parties founded after the World War II in Western Europe and constituted a role model and the leading example for most contemporary extreme

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4 The French far right and populist political party National Front (Front National-FN) changed the name to Rassemblement National (RN) in 2018.

right movements and political parties in Europe (Rydgren, 2003:45-68). Many parties have adopted the discourses and slogans of the National Front (Mudde, 2012: 4). Therefore, it has an important impact on the contemporary European politics.

The far right, which had fallen down after the World War II in France, has regained momentum with the Algerian War of Independence started in 1954. In order to prevent Algeria's independence from French colonial rule, French paramilitary and nationalist groups founded a paramilitary organization called the Secret Armed Organisation (*Organisation Armée Secrète-OAS*). The OAS waged a terrorist campaign against Algerian independence during the Algerian War of Independence (1954-62). Especially after President Charles de Gaulle opened the path for independence for Algeria in order to establish the peace, in September 1959, French far right political personalities and the Algerian War former soldiers and officers began to work to establish a political party in order to legitimize the far right institutions and groups. To create a far right political party, the extreme right groups founded a new extreme right organization called the New Order (*Ordre Nouveau*) on December 1969. This would also act as a protective shield to prevent prosecution of some of the former far right groups and officers and the fight against communism.

The National Front was founded on October 5, 1972 by former activists and members of the OAS and the New Order, attempting an electoral come-back of the French extreme right (Mayer and Sineau, 2012: 43); Delwit, 2012: 13). Jean-Marie Le Pen, who was prominent among the OAS's members and a soldier in the French army and voluntarily sent to Algeria as an officer, was appointed as the president of the party. Many of the National Front's founders and leading members of the group were extreme right organizations' members such as the OAS, the New Order and the *Jeune Nation*. Some of them had even relationships with Germaine Nazis (Kauffmann, 2016: Delwit, 2012). The legal

authorities accepted the foundation of this far right party founded by former Nazis instead of judging them.

In order to understand the current success and legitimation process of the National Front it is useful to remember the origins of legitimization of its ideology and the roots and extensions of the party in the French State and bureaucracy. This will give us some important clues about the legitimation process of such a far-right party's discourses by mainstream political leaders and presidents. This article analyses the participation of the French mainstream political leaders and intellectuals to the legitimization process of the far right political party, the National Front and its discourses about immigration. The article shows how the mainstream political leaders and intellectuals helped and participated in the National Front's legitimization process and its migration policies. While the National Front has scapegoated immigrants and pointed them out as the biggest threat to national identity, security and the future of the country by adopting a pure French racist vision for years, some of the main stream political leaders and presidents ignored the progress of this far right political party. The paper shows that knowingly or unknowingly some mainstream politicians, presidents and intellectuals played a crucial role on the construction of legitimization process of the National Front's policies and normalisation of its propaganda by using anti-immigrant and securitocratic discourses.

2. THE NATIONAL FRONT AND THE NEW RIGHT

From its foundation in 1972 until the beginning of 1980s, the National Front was not a significant actor in the French political scene. It was a marginal political party using a discourse against communism described alike as mere "spectator" and "occasional agitator" on the outer margins of an inaccessibly bipolarised system (Shields, 2014:41-65). After the defeat of the Nazis in the World War II, racism began to be seen as unacceptable in Western Europe and in a significant part of the world, the political and cultural

hegemony in France, as in many European countries, changed the hand. Ideology and the ideological apparatus of the State were in the hands of left wing, social democrat and/or liberals. The National Front decided to change the ideological apparatus of the State by adopting the strategy of the French New Right.⁵ This phenomenon created a refined European-wide political culture of the far right in an anti-fascist age. The racist ideas were being re-justified with the claim of the cultural differences (Bar-On, 2011: 199-223). Therefore, the French New Right creates a new image for the far right ideas.

The National Front gained space and power mainly by adopting an anti-establishment view based on a pan-European cultural identitarianist strategy and programme against democratic and multicultural societies. This was the strategy of the *GRECE*. This new type of racism called also neo-racism fed the legitimization and normalisation of the far right political ideas and parties, and turned former French ultra-nationalists into pan-Europeanists (Bar-On, 2011). Particularly, the ideologues of the French New Right and the founders of the *GRECE* have adopted this approach by using Gramsci's theory of hegemony.⁶ They organized their movement through magazines, intellectuals and civil society to spread their ideology.

5 The French New Right is a cultural school of thought led by the *GRECE* (*Groupe de Recherche et d'Études pour la Civilisation Européenne*-Research and Study Group for European Civilization) which was kind of a far right think tank and school of thought founded in the early 1970s. Particularly New Order leaders François Brigneau, François Duprat and Alain de Benoist have played crucial role on the National Front's ideological frame against migration. Alain de Benoist, for example, who is founder and leading thinker of the *GRECE* and the French New Right in post-1968 France, is one of the main protagonists in the formulation of the anti-migration ideas in France. See Alain De Benoist and Charles Champetier, *Manifesto for a European Renaissance*, London: Arktos, 2012; Dana Kennedy, 'The French Ideologues Who Inspired the Alt-Right', *The Daily Beast*, Published December 05, 2016 and updated April 13, 2017, online: <https://www.thedailybeast.com/the-french-ideologues-who-inspired-the-alt-right>.

6 See; Antonio Gramsci, *Selections from the Prison Notebooks*, Eds. and Translation, Quentin Hoare and Geoffrey Nowell Smith, London: Elec Book, 1999.

“The appropriation of Gramscian themes provided the New Right with novel strategic insights, and facilitated its attempts to blur the traditional distinctions between Left and Right in ways that could neutralize the polemical force of left-wing usages of Gramscian tropes while simultaneously adorning radical right-wing positions with a certain revolutionary appeal and post-fascist intellectual credibility.” (Drolet and Williams, 2021:1-23).

For an ideological movement the best way to win the legitimization and hegemony is through shaping the debate in the cultural field. This means that schools, universities, magazines, newspapers (nowadays mass media and internet) can all be combined with their own ideological perspective. Consequently, media and the phenomenon of “civil society” have a great importance for the spread of the hegemony of the desired culture (Bates, 1975: 351). Therefore, the *GRECE* would gradually organise new journals, publishing houses, think tanks and fora to disseminate ‘new right’s ideology by using the theory of hegemony. The aim was to “unify ... France’s 1000 brightest and most powerful people in order to create the possibility of an anti-liberal revolution.” (Sharpe, 2017).

3. THE PROGRESS OF THE NATIONAL FRONT AND JEAN-MARIE LE PEN

Jean-Marie Le Pen led the National Front from 1972 to 2011, and then his daughter Marine Le Pen overtook the leadership of the party from her father from 2011 to nowadays. In his first presidential election, Jean-Marie Le Pen achieved only 0.8% of the national vote. The National Front’s best result was about 1.3%, but its fortunes turned in the early 1980s as it posed strong showings in mayoral elections. Especially, after the French mainstream right’s defeat at the elections in 1981, a *modus vivendi* was reached between the far right and the mainstream right. In 1982, the National Front won its first significant result in regional elections scoring over 10% of the votes. In 1983 local elections in

Dreux (a French town 92 km to Paris), the National Front won 16.7% of the vote (Hainsworth, 2008).

Then the National Front won 11.2% of the votes and 10 seats in the 1984 European elections. However, the NF made its big progress in the 1986 legislative elections, winning about 10% of the vote and 35 seats in the National Assembly. Later, in the early 1990s the NF raised its votes significantly and even doubled in 2000s. In the presidential election in April 2002, the National Front leader Jean-Marie Le Pen gained 16.9% (4.8 million) of the national vote in the first round and produced a political consciousness in France and through Europe, and he has succeeded to carry on his party to the second round. In the second round he had, 17.8% (5.5 million) of the national vote. This was the highest score for the post-war far right in Western Europe in terms of the actual number of voters. France was shocked by Le Pen's success and the French media described the result as a 'political earthquake' (Berezin, 2006: 269-272).

The National Front, which at the beginning was monarchist, colonialist, anti-communist, anti-Semitism party still defends that the pure French should have privileges in terms of social benefits and work in the public sector compared to migrants. By adopting a pure French racist vision, the National Front points out immigrants as the biggest threat to the national security and gets support from a wide range of citizens.

4. MARINE LE PEN

Moreover, the National Front made a huge progress under the leadership of Marine Le Pen who took over the leadership of the party from her father in January 2011. She extracted his father from the party and changed the party's discourse in order to gain more votes. For instance, in the European Parliament elections in May 2014, the National Front gained 24.86% of the votes. In the first round of regional elections held on December 2015, the NF

got 27.73%. In the first ballot of the presidential elections in 2017, Marine Le Pen had 21.4% of the votes and succeeded to pass to the second round where she had 33.94% of the votes. In the first ballot of the presidential election held in April 2022 Marine Le Pen had 23.2% of the votes and again succeeded to pass to the second round where she gained 41.5%, which is a historical score for a far right candidate after World War II in a western European country.

Since her election to the head of the party, Marine Le Pen has softened discourse and the image of the National Front. In order to get more support and reach the power, she has tried to moderate the extremist image of the party and adopted a more populist discourse than extreme right (Stockemer, 2017). She has tried to give the party a modern image and refrain the party from the openly racist and anti-Semitic baiting that was usual under her father's leadership. To get rid of its neo-Nazi image, she has steadfastly condemned anti-Semitism and defined "the Holocaust as "the summit of human barbarism". However, she refused to condemn the Vichy government or French Nazi collaborators" (The Economist, 2012). Marine Le Pen has claimed that far from being "racist", her party is the defender of secularity and of democracy, against the fundamentalist Islam presented as a religion of fanaticism, harassing women, homosexuals, and the Jews (Mayer, 2013). Furthermore, Marine Le Pen claimed that "France has been 'invaded' by Muslims and needs to 'resist against this new form of occupation.'" (Caron, 2012: 223-237).

Marine Le Pen has even proposed to change the name of the party in March 2018. Her party has accepted her proposition and the National Front changed its name to National Rally (*Ressemblement National-RN*) in June 2018. However, in reality, she has not changed main policies and approaches of the party and she still defends the "national priority" for the French. The RN has continued to follow a policy against immigrants and defends that the pure French should have privileges in terms of housing, social

benefits and jobs in the public sector compared to immigrants (Mayer, 2013).

5. THE LEGITIMIZATION PROCESS AND MITTERRAND

As many political parties, the National Front has not just unexpectedly and mysteriously appeared on votes at election time. Not only has it been founded but also has been supported, developed, and strengthened (Declair, 1999). There are different reasons of the National Front's success but the paper will focus on the mainstreaming of the party's discourse on immigration. One of the most important reasons for the rise of the National Front is the legitimization of far right ideas and discourses by mainstream politicians, including presidents. Many French mainstream political leaders and presidents played role in the legitimization process of the far right. President François Mitterrand is one of them (Simmons, 1996). For instance, knowingly or unknowingly President Mitterrand may have opened the door or the way of political scene for the National Front (Wieviorka, 2013; Mayer, 2019) in order to split the mainstream conservative opposition. As Art mentioned; Mitterrand helped the extreme right in two occasions:

“First in May 1982, Le Pen wrote a letter to Mitterrand complaining that France's state television was not covering the FN's party congress. Given that the FN had won a more than 0.2% of the votes in 1981 legislations elections, the lack of media attention was not surprising.” (Art, 2011).

After having received a letter from Jean-Marie Le Pen, President Mitterrand told the Communications Minister to speak to the director of the television and radio stations about the airtime given to Jean Marie Le Pen on primetime political programs. Following the warning Jean Marie Le Pen was invited to perform on the evening television news. After Le Pen appeared on the TV

program everything has changed (Shields, 2007). Following the first program Jean-Marie Le Pen appeared several times on radio and televisions repeatedly. “Therefore, the National Front central office received sacks of letters from people who wanted to join the party. This was undoubtedly a factor in the party’s electoral breakthrough in the 1983 municipal elections.” (Art, 2011).

Hence, by 1983, Le Pen was on his way to becoming a media phenomenon and a sought-after guest on political interview programs. Of course, his appeal as a media personality was enhanced by his consummate skill as a debater and self-publicist. According to the French journalists who investigated the issue; “contrary to all logic, the media rise of Le Pen preceded his electoral success: recognition before legitimacy” (Faux and al, 1994). Mitterrand’s decision to restore proportional representation for French parliamentary elections was another gift to the National Front. Of course, his main aim was to keep his own party in power, but the result mostly served the legitimization process of the National Front and its leader Jean-Marie Le Pen. Also in 1980s due to Mitterrand’s simplification of immigration policy, “immigration became a more relevant subject in France. These demographic changes began to increase the fears against immigrants (Stockemer, 2017). The New Right has presented immigrants, multiculturalism, globalisation and later the European Union as the causes of many problems.

François Mitterrand is not the only French president and politician who opened the way to the National Front. There are many others: Jacques Chirac, Valéry Giscard d’Estaing, Nicolas Sarkozy etc. In 1976, Prime Minister Jacques Chirac made a connection between France’s one and half million unemployed and its one and half million immigrants, as the National Front’s leader Le Pen often stated in the last four decades. Later in 1984, the Prime Minister Laurent Fabius defended that Le Pen “asked the right questions”. Following these politicians, while former president Valéry Giscard d’Estaing linked immigration to an ‘invasion’ in 1991, the socialist Prime Minister Edith Cresson

expatriated illegal immigrants to the contentment of the National Front (Mondon, 2013: 22-40). Jean-Marie Le Pen claimed an “ideological victory” by forcing authorities to make immigration the main political issue.” (Los Angeles Times, 1991).

The same year, the right wing mainstream future president Jacques Chirac gave a speech about immigrants. “Our problem is not foreigners; it’s that there is an overdose. ... We must put a moratorium on family reunification... On his HLM (social house), a so-called worker sees a family crammed together with the father, three or four wives and around twenty kids, who receive 50,000 francs in social benefits without, of course, working. ... If you add to that the “noise” and the “smell” (of African families), the French worker on the landing goes crazy. It’s not being racist to say that.” (Bourgneuf, 2019).

6. SARKOZY AND LEGITIMIZATION PROCESS

Nicolas Sarkozy is the most known French President adopting the National Front’s rhetoric and policies. Prior to the presidential election of May 2007, its implementation dates back to 2002, with the closure of the Sangatte Camp in France by Sarkozy, Minister of the Interior, and in Europe the acceleration of intergovernmental collaboration to make tighter borders and outsource asylum procedures to the margins of Europe. In France, the symbolic pivot is today the Ministry of Immigration, Integration, National Identity and Co-development, created in May 2007. The mechanism also includes the establishment (by Sarkozy Minister of the Interior) of annual quotas of 25,000 expulsions, and the adoption of a new law on immigration making it possible to apply DNA tests to migrants applying for family reunification (Agier, 2008).

Nicolas Sarkozy who has taken a tough stance on immigration also has chosen the National Front’s “rhetoric. In parallel to such approaches against immigrants, the National Front’s votes have increased as a result. In addition, the National Front made a huge

impact on other mainstream and centrist parties in France such as UMP to appeal the public opinion. Besides, the exclusion and discrimination against migrants have increased.

Nicolas Sarkozy's presidential campaign in 2007 deliberately borrowed the same rhetoric that the National Front had been using for years, thus he was able to woo potential voters of the National Front to his side. By using the rhetoric that most people connected with the National Front, Sarkozy legitimized not only the language, but also the National Front as a whole. Thus, the National Front's advancement was both a cause and an effect of this politicisation of immigration issue: it has played on existing concern and helped to fan the flames of hostility towards immigrants, especially Muslim immigrants. It would be wrong to see the National Front as the only sole driver of the politicisation of immigration, because not least, that would be completely mistreatment of the mainstream parties' role they played on this issue.

Scapegoating immigrants and stimulating the fear of the 'other', both characteristic right wing populist devices had become common; nevertheless, Nicolas Sarkozy is quiet innovative for some reasons. While other mainstream politicians have "made use of far-right rhetoric in the past three decades, none did so in such a consistent and open manner as Sarkozy." (Mondon, 2013: 33).

7. MACRON FOLLOWED SARKOZY

President Emmanuel Macron was also criticized for using a "divisive rhetoric" like Nicolas Sarkozy and the National Fronts' leaders. For instance, comments Macron made about Africa saw him accused of racism by many of the international media outlets. Asked on whether he would support a "Marshall Plan" for Africa, Emmanuel Macron mentioned that external support can do little to alleviate poverty there.

"More precisely," he said, "civilization" issues, including high birth rates, need to be addressed. "This statement reversed cause

and effect -high birth rates are due to underdevelopment, not the other way around. It also drew on racist stereotypes dating back to colonial times.” (McQueen, 2017). This is not the first time Emmanuel Macron has been accused of racism. He also joked about the fragile “kwassa kwassa” boats used by Comorian immigrants to reach the French department of Mayotte -so-called “death boats” because of the thousands of Comorans who drowned during the voyage.” (McQueen, 2017).

Macron has also drawn widespread criticism in much of the Muslim world after arguing the right to caricature Prophet Muhammad after the Charlie Hebdo newspaper re-circulated caricatures featuring the Prophet. Macron has also confronted a reaction from Muslim protestors for arguing in a speech in October 2020 that Islam was “in crisis globally” and pronounced his plan “to reform Islam”. “European Muslim organisations have called on President to end his “divisive rhetoric”, as the fallout between France and the Muslim world continues.” (Al Jazeera, 2020).

It is important to see the mainstreaming of the National Front’s discourse despite the “cordon sanitaire”⁷ put in place by mainstream parties from the left and the right. Some have even argued that the only way to stop the electoral success of the National Front is not to allow it to have the monopoly on the issue of migration on the political agenda.

8. THE IMPORTANCE OF MIGRATION ISSUES AND MAINSTREAMING

The National Front leaders, such as other European far right and populist leaders have used migration as an instrument to legitimize their extreme policies (Caviedes, 2015; Carvalho, 2014;

7 The “cordon sanitaire” consisted of refusing any electoral or institutional cooperation or coalition with the National Front and systematically calling their supporters not to vote for any NF candidates. Even if that means, for example, for a conservative party to call its supporter for voting for a socialist candidate rather than the ideologically closer the National Front.

Hargreaves, 2007; Schain, 2006). They also blame immigrants for the loss of jobs and frame them as a menace to national identity, authenticity and security (Bergmann, 2020; Mudde, 2016). They demonize other political parties as representing elite interests and other leaders as self-interested actors who promote policies that benefit minority groups. Their impact can be either direct or indirect. (Williams, 2018).

While globalization and de-industrialization applies mutual pressures (Caviedes, 2010) they use the “mobility crisis” as their moment of the shock doctrine and Europe’s mainstream parties remain unable or unwilling to provide a solution. Through their framing, they have been able to convince “the people” that they need strong “legitimate” political actors with the capacity to respond to the crisis (Balta and Ozel, 2018).

“Therefore, the counter-mobilization by the National Front has fed the political debate on immigration... French politicians responded by arguing in favour of ‘zero immigration’ (also one of the National Front’s claims) and the government translated the principle of ‘zero immigration’ into policy by adopting the ‘Pasqua Law’ of 1993” (Guiraudon, 2001).

In 1998, a new immigration law adopted and introduced several modifications. It did not only reform the most controversial aspects of the 1993 reforms but also added a few innovations. The National Front has been largely responsible for the right wing populist prevalence that has allowed to more restrictive French immigration policies. It has magnified rhetoric about the security, cultural and economic threats that immigrants and refugees may pose to the native populations, exacerbating negative group threat dynamics and emphasizing the potential negative effects of immigration on the labour market. This rhetoric has not only instilled fear in French people but has also led to more restrictive immigration measures as politicians take active measures to avoid losing voters to the National Front.

Especially the 2002 National Front victory in the first round of presidential elections brought the migration issue into the political spotlight more and more, forcing French mainstream political leaders to either address and mitigate voter concerns regarding “uncontrolled” immigration, or lose seats in upcoming elections. This is the hegemony of the far right politics, which feed the hate against immigrants and invaded public sphere. These dynamics continue up to these days, it is impressing to observe that even, nowadays -French political “right and left appear to have agreed not to disagree on immigration, at least at the national level.” (Guiraudon, 2001).

Anti-immigration sentiment is on the rise in France as in the whole Europe. For instance, according to a survey carried out by the IFOP more than half of French citizens believe that immigration has a negative impact on their country. They believe that immigration has negative impact on a wide range of areas such as the economy, national cohesion, security, and that it is not desirable to welcome more foreigners. According to the survey 58% of French people consider the role of immigration to be negative in general, and the trend is found in almost all of the themes listed: growth (54%), the country’s future (55%), the country’s identity (58%), respect for secularism (61%), social cohesion (64%), or even security (66%). Regarding the European context, and the Union’s difficulties in finding a common position on the management and distribution of migratory flows to Europe, French citizens are mostly in favour of a national solution, since 63% of them are in favour of abolition of the Schengen agreements establishing the free movement of people within the EU, thus pronouncing de facto for a re-establishment of national borders (IFOP, 2018).

Despite the difficulty of isolating the causes of racism, immigrants in France bear the brunt of it, much more than the rest of the population. This is the conclusion, without appeal, of an IFOP poll commissioned by the government and the Jean Jaurès Foundation. According to the study carried out for the inter-

ministerial delegation for the fight against racism, anti-Semitism and anti-LGBT hatred 42% of Muslims living in France claim to have been the subject of at least one form of discrimination linked to their religion at least once in their lifetime. Discrimination experienced by Muslims in France is experienced “during a police check” (13%), “when looking for a job” (17%) or even housing (14%). The study also notes that discrimination affects people aged 30 to 40 and women more (46%, compared to 38% for men). 60% of women who often wear the veil have been discriminated against at least once in their life, and 37% of them have been exposed to insults or defamatory insults. However, 44% of women who never wear the veil have also done so (IFOP, 2019).

Marine Le Pen criticises immigrants and in particular Muslims in the name of defending the ethno-cultural identity of the initial community. The point devoted to the defence of sovereignty by the National Front made it possible to realize that the National Front rejects immigration for economic reasons. It appears that the National Front of Marine Le Pen rejects also foreigners for cultural reasons. The criticism of immigration more particularly that of Muslim origins then made in the name of the defence of republican values. Some immigrant populations would therefore, be according to the politicians of the National Front culturally incompatible with the democratic foundation values of France. In the French context, the National Front focuses its criticism of immigration on Islam and Muslims that would threaten public freedoms, but also the Christian roots of French society.

According to the National Front leader, most immigrants would hardly be *‘assimilable’* in French society. In assimilation, the members of the National Front oppose the integration they perceive negatively. Indeed, by promoting the expression of the ‘cultural specificities’ of immigrants and thus their official recognition, integration would lead them to communitarianism. This is what Marine Le Pen (2006) takes up in her autobiographical work, *À contre flots* (Against the Waves) when she asserts that the left

then the right has gradually abandoned the republican mechanics of assimilation in favour of the dramatic ideology integration, allowing immigrants to maintain their way of life and to publicly express their religion even if they were in flagrant contradiction with those of the French.

The National Front of Marine Le Pen omits, however, to specify that the republican model of integration has never aimed at the exaltation of cultural particularisms. The assimilation advocated by the National Front's politicians is envisaged in order to see cultural differences disappear from the public sphere. By rejecting immigrants who do not want to melt into the French landscape, the National Front tends to make the rejection of immigration morally acceptable.

9. THE LEGITIMIZATION PROCESS AND INTELLECTUALS

This is nowhere true than in France, where xenophobic and Islamophobic public intellectuals have been all the rage since the mid-2000s. While not (for the most part) publicly claiming allegiance to the National Front, such right-wing celebrities undoubtedly created the intellectual framework that was to deliver Marine Le Pen's 10.6 million votes in the second round of the French presidential elections in 2017 -the highest share of the vote gained by a far-right candidate in Europe since the Second World War (Fekete, 2018).

Before 2017 French presidential election, more than half of police officers and gendarmeries have said that they are going to vote for Marine Le Pen because of her strong anti-terror stance. Marine Le Pen also proclaimed mass-migration a "tragedy" for her country and savaged the European Union. She also promised to suspend all immigration if she wins the presidency, saying her rivals support 'savage globalisation' (Burrows, 2017).

When I asked to French Professor Gilles Bataillon his comments about the more than half of French police officers voting for Marine Le Pen, he explained that because most of the police officers perceive human rights as “bandit rights”. They think that if immigrants have more rights, they will be more dangerous. Marine Le Pen, on the other hand, says it will provide more authority and opportunities to the police officers, thus she gets their support.

The National Front is not only supported by police officers and gendarmeries in France but also by celebrities, and even writers. One of the France’s best-known new right fiction writers is Michel Houellebecq who won France’s leading literary prize, the Prix Goncourt in 2010 for his book “The Map and the Territory”, (*La Carte et le territoire*). His book called “Submission” (*Soumission*), set in France in 2022 and imagines a France ruled by Islamists and anti-National Front alliance (Houellebecq, 2015). The novel updates aspects of the French life and the role of Muslims in daily life and the danger Islam poses to the French, a perception that causes hatred and hostility against Muslims. Similarly, in the book, the image of Islam, the contradictions and the perception of this religion in France present a danger for the French (Mustaff, 2021). This book was an instant success when it was published in 2015 in France. Michel Houellebecq (2001) himself, did not hesitate to frankly announce his hostile vision of the Islamic religion, considering it a dangerous religion signalled by its desire to submit the world.

Another new-right celebrity is TV intellectual and *Le Figaro* columnist Éric Justin Léon Zemmour. His bestselling nonfiction polemic of 2014, “The French Suicide: The Forty Years that Defeated France” (*Le Suicide français: Ces quarante années qui ont défait la France*) argues against the ‘*halalisation*’ of France characterised by the creation of ‘Islamic Republics in certain neighbourhoods’ (Zemmour, 2014). The “*French Suicide*” sold 500 thousand copies -more than 6 thousand a day at one point- making him one of the most widely read authors in France that year. Zemmour claims

that the French society has become too feminine and the Vichy regime, the Nazi collaborated French administration during the Second World War, was misunderstood. In his other book, the “French Destiny” (*Destin français*) published in 2018, Zemmour argues against the French history as a product of diverse ethnic and geographical influences (Zemmour, 2018). For Éric Zemmour, the strict hierarchical social order native of Catholicism, separated from the church and linked with the principles of Roman law is what gives French society its unique structure (Zerofsky, 2019). The National Front has pursued a policy against immigrants since its foundation, and which refrains from using racist discourses from time to time, defends “supremacy of Catholic Europe” (Camus, 1996).

Here, Éric Zemmour is a very good example to Gramsci’s theory of hegemony. At this point, Gramsci points out that “intellectuals” (“organic” and “traditional”) have important duties in terms of “infrastructure and superstructures” and to achieve hegemonic power. In this system, intellectuals are the carriers of structural relations to the superstructure, those that establish and carry the organic link between “structure” and “superstructure”. As Gramsci (1999) underlines in areas where intellectuals lose their influence individually, the “party” will step in and educate the masses in a method that can be expressed in the form of “intellectual and moral management” and provide cultural transformation as the component of hegemony.

The prominent gay writer Renaud Camus was more open in his support for the National Front’s leader Marine Le Pen in 2010 when he echoed the *Eurabia theme* (Liogier, 2012) and coined the term ‘*le grand remplacement*’ to describe the colonisation of France by Muslim immigrants, which threatens to ‘mutate’ the country and its culture permanently (Fekete, 2017). Former left-wing journalist Elisabeth Levy and the historian Gil Mihaely founded the journal *Causeur* in 2007. They believed that the journal was needed since mainstream publications “were too afraid” to discuss issues like

immigration and national identity. French neo-reactionaries (as called by their critics) have been raising their voice since then (Fekete, 2018).

The National Front owes also nationalists for the spread of their ideas to outside the French-speaking countries such as Sweden, Belgium etc. For example, Swedish-born former mining executive Daniel Friberg, began *Arktos*, now the biggest alt-right publishing company in the world. Therefore, “the rise of extremist movements with a cultural or religious edge to them poses a basic challenge to liberal democratic societies because of their intransigent opposition to tolerant pluralism.” (Bréchon and Mitra, 1992: 63-82).

10. CONCLUSION

In parallel to the emergence of far right, the exclusion and discrimination against immigrants, especially Muslims living in the European Union countries, have risen since 1990s and it has been alarming by the beginning of 2000s. Especially the terrorist attacks committed in Europe have provided pretext for the far right and populist politicians to accuse Muslims of terrorism in many EU countries including France. Gradually spreading anti-Islam and anti-Muslim sentiments, which have been commonly referred as “Islamophobia”, has been associated with 9/11 attacks and subsequent terrorist attacks in London, Madrid, Paris, Brussels for some. It may be associated with them, but this is not the only reason. As we have seen above, the hate against immigrants and Muslims existed even before the mentioned terrorist attacks. Since its establishment in 1972, the National Front has strongly supported French nationalism and advocated against migration, and it often has been indicted of fostering xenophobia and anti-Semitism.

As we have seen above, one of the most important reasons of emergence and non-stop progress of far right in France is the legitimization of far right policies and discourses about immigration

by mainstream politicians (including presidents) and intellectuals. In addition, as Cas Mudde (2016) underlines, the populist far right creates a radicalization of mainstream interpretations, that key features of the populist far right are now being shared by the mainstream. Actually, in many countries the populism invaded the mainstream and it has become more and more difficult to separate the two (Bergmann, 2020). “For many, this is part of a broader trend of the mainstreaming of far right ideas” (Halikiopoulou, 2019). This fact can also be added to the National Front’s effects to the contemporary European politics.

The National Front managed to gain a wide electoral success by using New Right strategy based on the theory of hegemony politicizing migration issue and the invented security problems. It has not only advocated stopping immigration but also defending expulsion of immigrants from France. Also, the mainstream politicians are accused by the National Front for having pursued an irresponsible immigration policy and supporting multiculturalism and insecurity. Thus, for the National Front, it is the immigrants that keep coming who are the enemy; it is the outsiders that constantly interfere with the internal affairs of sovereign country who are the problem.

In addition, the National Front is not anymore the only subject of this struggle for hegemony. Various groups and formations in the mainstream, which have a wide range of influence, are also part of this struggle for hegemony. Otherwise, it would not be so easy to produce this consent. When the mainstream political leaders and presidents adopt the rhetoric of the far right which marginalises and insults immigrants they would receive great reactions from the society and politicians would not repeat them. The rise of extreme right and populism is also a phenomenon that points to the crisis of liberalism and socialism. The extreme and populist discourses are much more attractive alternative to the centre right and left policies for the masses in crisis with the liberal order.

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Profession as a Categori of Society

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1. INTRODUCTION

Professionalization is nowadays a term used to explain modern society by defining it as the explanatory feature of society. Max Weber, Emile Durkheim, Herbert Spencer, Talcott Parsons, Niklas Luhmann and Jürgen Habermas have used concepts such as centralization, rationalization, universalization and communication in describing and explaining society (Kurtz, 2006; Kurtz, 2011: 31-33). In this context, centralization and rationalization on the one hand, universalization and communication on the other hand, can be understood as two complementary processes. Centralization could be defined as the process of unification both on the basis of geography (center-periphery) and structure and function. On the other hand, rationalization means the process of unification based on effectiveness and efficiency. Universalization

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and communication, for their part, go together, since they too mean like the two explanatory patterns of the same process. For by universalization is meant the standardization of society according to principles held to be generally valid. In this context, universalization is a normative concept, while the concept of communication does without the above-mentioned standardization.

But these processes of an increase in complexity could also be examined under the concept of bureaucracy, especially since the first two cases deal with the development from a monarchy to today's democratic rule of law. Indeed, precisely this point of view can be questioned by the fact that, above all, today it is not the global and extensive theories that are at stake, but their micro-foundation in the functional systems of society (Demir, 2022c). This view would use the organization as the explanatory variable. From this point of view, the unit of analysis should no longer be the world, man or ethics as such, but their manifestations in the respective subsystems of society. Therefore, the process of centralization, rationalization and universalization can be examined as the change from structures to functions in an organisation. The question would then be where exactly does this micro foundation take place?

Professionalization is a possible answer to that question. With that answer, we determined actually professionalization as the unit of investigation instead of centralization, rationalization and universalization. That means, that we have to put personality in the centre of the argument instead of society and culture (Parsons, 1951; Luhmann, 1997; Stichweh, 2005a; Kurtz 2022). For by professionalization is meant, first of all, the educational process from which a person becomes a professional. The child is taken out of the safe framework of the family and equipped with the appropriate skills and abilities for specific purposes, in order to accomplish what is not inherent in his biological nature but in his social identity. In this respect, it is primarily a matter of training the next generation of elites. Education and formation are objects of pedagogy. The question is how pedagogy, in view of the fact

that, first, in contrast to natural science, in social science there is no generally validly secured system of knowledge from whose results could be drawn or with whose goals, insights, methods could have been worked, and second, in everyday pedagogical life it is about practical education and upbringing, should be regarded as a science, as a discipline at all (Natorp, 1904: 154 f; Dilthey, 1986: 65; Dewe and Radtke, 1991: 154-157). A possible answer can be derived with Dilthey from it itself, from “pedagogy,” which goes back to as ancient Greek word *paideia*.

“This *paideia* is so splendid a structure of the Greek total spirit as art and science. Once as education itself, but then in its interweaving with the formation of the nation in general, which in this comprehensive sense is something else than scientific or artistic creation. Finally, it is the shaping of the work of art of the person or of personal education, the essential thing which produces the culture of an age and makes possible all its individual achievements. It is the unity of the same.” (Dilthey, 1986: 21)

Dilthey also refers in advance to the term “*paidagogia*” as the “accompaniment and supervision of the boy by the boy’s guide” and intends *paideia* to clarify the internal relationship between instruction and education as opposed to dressage (Dilthey, 1986: 20). Pedagogy as the action of teaching, as of boy-leading is here complementary with the education as a discipline. In fact, as Dilthey also nicely points out in the quotation, in the term “*paideia*” there are unity, identity, artifact, and the harmony, as well as action in the form of an art value. Here is still included the praising of the gods, the singing for the gods, the harmonizing with them. Here Plato’s

9 Original wording: Diese *paideia* ist so herrliches Gebilde des griechischen Gesamtgeistes als Kunst und Wissenschaft. Einmal als Erziehung selbst, dann aber in ihrer Verwebung mit der Bildung der Nation überhaupt, die in diesem umfassenden Sinn noch etwas anderes ist als wissenschaftliches oder künstlerisches Schaffen. Sie ist schliesslich die Gestaltung des Kunstwerks der Person oder der persönlichen Bildung, das Wesenhafte, was die Kultur eines Zeitalters hervorbringt und alle seine Einzelleistungen ermöglicht. Sie ist die Einheit derselben.

idea of a perfect, unified, unifying state is still preserved, but also the idea of a common identity not (only) on the basis of descent, but also through practical participation in common education and upbringing.

The Greek tradition of *paideia* was later specified by the Latin word *humanitas* from the morality of the gods back to man on earth, thus also acquiring a stronger reference to society. With this first disenchantment, pedagogy was now no longer solely about higher values such as morality, but also about concrete education and training of the next generation of statesmen, judges, teachers, craftsmen, soldiers, but also artists and/or slaves, for example, for the artful but also deadly battles in the colosseum. In this respect, it is not surprising that even today pedagogy is not only about higher values, about being human, about general education, but also, for example, about vocational training, competence acquisition and certificate or master of advanced studies, as Reichenbach points out (Reichenbach, 2013: 93 f).

From that point of view, professionalization is a concept that basically goes back not only to question of education, of boy-leading, but also to the question of the theory-practice relationship. But Talcott Parsons was transferred this question to the discourse about the types of action and the corresponding rationality. Accordingly, purposive, rational action based on a legitimate value not only takes place in religion, economics and law, as Weber has already worked out, but also in medicine. Professionals monopolize their actions by offering an essential service based on knowledge and technology. Science, art, sport, tourism etc. could be counted among these today. Accordingly, professions can arise in almost any area, provided that their knowledge and skills are reflected and monopolized as a service with appropriate fee. In view of the establishment of the professions, Parsons' concept of the profession and thus its explanatory power was variously discussed and further developed (Larson, 1977; Abbott, 1988; Stichweh, 2005b and 2006; Demir, 2022b).

In the more recent, but also primarily system-theoretical contributions, professions are not only seen as part of modern society, but also as a reflection of it. In the systems-theoretical approaches, professions also take on the function of communication and integration between the sub-systems of society. They either carry out the decision made according to the plan, or they oppose the plan and thus cause the opposite of the communicated intention. They are thus assigned the function of leading the decision to a questioning or exactly the opposite, namely the questioning to a decision. In this respect, they are the mediators who convert the communicated will into a yes or no decision depending on the idea and interests. In this understanding, professions have the function of an improbable possibility; not the success, but their inclusion in the sense of communication is at the center of the debate (Becker, 1962; Hartmann, 1968; Geison, 1983; Siegrist, 1988; Luhmann, 1990 and 1997; Kurtz, 2011 and 2022).

The end result today is systems and action-theoretical approaches, models and theories of professionalization (Lenzen, 1991; Oevermann, 1997; Kurtz, 2005 and 2006; Burawoy, 2021; Kurtz, 2022). Today, almost all professions are knowledge-based, both in training and in practice. In the spirit of Hughes interactionism, it is about ensuring a common understanding that is guided by a general principle (Hughes, 1958 and 1963). Mere knowledge would not be sufficient for successful communication between the professional and the person claiming the professional's service. Without the socially shared value base, pure knowledge would not explain either the existence of the profession or the need for the patient to seek out professionals. In this respect, today it is not about knowledge as such, but about a kind of knowledge that is accepted in the processes of the legitimate institutions of society and considered right, good and just. Classic professions such as lawyers, pastors, doctors and teachers have the advantage that society trusts them to interpret the knowledge anchored in society in their own interest but to the advantage of general interests.

Today's experts lack this advantage. Stichweh's contribution should be embedded in this moment of tension.

2. STICHWEH'S CONCEPT OF PROFESSION

In this contribution the main focus is on the approach of Rudolf Stichweh. What sets Stichweh apart from the other researchers that he was one of the first, writing about a connection between professions' research and theory of society (Stichweh, 1994). Based on Luhmanns concept of society, he stresses the fact that it needs to be explained that society at the transition from the old type of society i.e., ordered according to certain structures, to newly functionally differentiated societies has assumed a new form without discontinuities, i.e., without social revolutions (Luhmann, 1990; Kurtz, 2011). For this he operates with the concepts, namely of structure and function. The question remains unanswered, however, how this transition became possible? How were old structures assigned new functions? The concept of profession is a possible answer to that question. Stichweh consequently traces this transition in the "relationship between performance and complementary roles as a professional/client relationship" (Stichweh, 1996: 60). Here, it is not so much professionals, but functional systems that can and must meet the expectation of specialization and generalization at the same time.

Stichweh thesis will be discussed mainly with his two complementary contributions (1996; 1987). These deal with a communication that initiates the transition from concrete persons to abstract functional systems. Professionalism emerges here no longer as the functional interaction pattern of an integration at a structurally hierarchical society, but as the characteristic of inclusive organizations, of inclusive functional systems of modern societies. For this analysis, the transition from the "old" to modern societies will first be described. Then this transition will be explained with the example of science as a system by differentiating it into science and profession. Thereby, the question of functional equivalence of

this differentiation in its historical continuity will be raised; how was a property and capital based status of a citizen within a society as a whole transitioned to a belonging to a profession within in the system of science achieved through knowledge and its reflection?

2.1. Parson's theory of professionalization

However, to understand Stichweh we have to start the discourse on professionalization with Parsons. For that, we must first state that Parsons himself based on Max Weber's concept of action and rationality presents a theory of professionalization using physicians as an example (Weber, 1980). There he poses the question of how nursing practice has changed from a voluntary activity with a tendency to magi, pseudo-science to a full-time commitment under rational conditions (Parsons, 1951: 313-318). In this context, Parsons sees the distinguishing feature of professions in the fact that they offer something essential in return for payment, institutionalized, and bound by universal norms. Thus, within the health care system, physicians offer their service on the basis of a technical-scientific education according to their Oath of Hippocrates life.

„It is not only that the patient has a need to be helped, but that this need is institutionally categorized, that the nature and implications of this need are socially recognized, and the kind of help, the appropriate general pattern of action in relation to the source of help, are defined. It is not only the sick person's own condition and personal reactions to what should be done about it which are involved, but he is placed in an institutionally defined framework which mobilizes others in his situation in support of the same patterns which are imputed to him, which is such an important feature of his role. The fact that others than the patient himself often define that he is sick, or sick enough for certain measures to be taken, is significant.

On the other side of the relationship, the collectivity-orientation of the physician, and its universalism, neutrality and specificity, make it possible for the things he has to do to perform his function to be made acceptable to the patient and his family. These include validation of his professional authority and justification of the ‚privileges‘ he must be accorded.“ (Parsons, 1951: 319 f)

Parsons emphasizes, on the one hand, the role of the patient as the institutionally entitled recipient of the professionals’ service and, on the other hand, the rationalization of the conditions of service as well as the hidden resistances to these modernization efforts (Parsons, 1951: 291 f). In this context, he treats this system of expectations in terms of deviance and social control (Parsons, 1951: 33, 169-219).

„Deviance and the mechanisms of social control may be defined in two ways, according to whether the individual actor or the interactive system is taken as the point of reference. In the first context deviance is a motivated tendency for an actor to behave in contravention of one or more institutionalized normative patterns, while the mechanisms of social control are the motivated processes in the behavior of this actor, and of the others with whom he is in interaction, by which these tendencies to deviance tend in turn to be counteracted. In the second context, that of the interactive system, deviance is the tendency on the part of one or more of the component actors to behave in such a way as to disturb the equilibrium of the interactive process (whether a static or a moving equilibrium). Deviance therefore is defined by its tendency to result either in change in the state of the interactive system, or in re-equilibration by counteracting forces, the latter being the mechanisms of social control.“ (Parsons, 1951: 169 f)

In this context, Parsons lists the reasons, motives for deviation (170 f), relates them to the structures of the respective society (191

f), and then brings them into a relationship with social control (Parsons, 1951: 201-219). In this system of expectations, Parsons relates illness to a dysfunctionality of the system of expectations. This is because illness appears here as the state of an agent's inability to perform effectively (Parsons, 1951: 289). Illness is a deviation because it puts the given person in a dependency element. The incapacity of the diseased person is the basis for a leverage of social control (Parsons, 1951: 174, 193). This social control is in the hands of the physician as a representative of society. Therapy is used as an occasion to bring the patient to social control in the socially accepted manner. The patient and the doctor act during the therapy according to the principle of collective orientation. In return, the patient is absolved of certain social, societal responsibilities according to the element of permissiveness (Parsons, 1951: 201-217). For example, the patient does not have to work during this period. He is not legally prosecuted for his actions. On the other hand, the doctor treats him according to universal characteristics of his profession for specificity and the affective neutrality. Depending on the expectation, the patient is met within the social and professional value system either according to the reward or punishment element of social control (Parsons, 1951: 212).

2.2. The transition to functionally differentiated societies

Stichweh follows Parsons but generalizes the professionalization theory to society at large. Just as Parsons considered in patient-doctor relationship as an example of his theory of social systems, Stichweh sees in his theory of professionalization an example of the execution of systems theory. Niklas Luhmann had already attributed an independence to the functional systems of society in his book *Die Gesellschaft der Gesellschaft* (Society of Society). On the basis of Luhmann's explanations, Stichweh intends to verify the assumptions of this theory using the example of science (Kurtz, 2011). In the following, the approach of Stichweh will be discussed, who follows the assumption of system theory and

explains the question of the reasons for the emergence of the profession as well as its differentiation within the transition from structures to functions.

According to Stichweh, the transition to modern society was accompanied by a generalization of functional systems. No longer specific professions, but the respective functional systems became structure-forming. In this respect, professionalization would mean “a certain relationship between the establishment of the system/environment relationship of a functional system and the institutionalization of professionalism in this system” (Stichweh, 1996: 58). In doing so, Stichweh differentiates profession into performance and complementary roles. “Performance roles choose to specialize in the communications that the autopoiesis of the respective functional system accomplishes. Complementary roles institutionalize an audience status and thus introduce an asymmetry into the autopoiesis of the system.” (Stichweh, 1996: 59 f)

In modern, autopoietic societies and within their functional systems, the relationship between performance and complementary roles is institutionalized in the structures of professions as a professional-client relationship. Borrowing from Lange and Luhmann’s question (Lange and Luhmann, 1974) about “whether professionalism could still be an independent sociopolitical factor-like stratification and organization?” he assumes that professions concern “the form and degree of integration of modern society” (Stichweh, 1996: 49 f). “Professions are a phenomenon of the transition from the estates-based society of old Europe to the functionally differentiated society of modernity, and that they have their social significance primarily in this.” (Stichweh, 1996: 50)

With this thesis, Stichweh first deals in general with functional systems in terms of their generalization and differentiation; thus, economics can integrate a number of professions, such as entrepreneurs, managers, economists, MBAs, technicians, engineers, accountants, etc., in its functioning. Nevertheless, in

its generality, it remains structuring for a number of professions. Stichweh attributes similar capacity to politics, religion, law, health, mass communication, sports, and tourism (Stichweh, 1996: 57 ff).

“In all these systems, other professions exist besides that of the doctor, the clergyman, the teacher, the lawyer (lawyer, judge), and the professional soldier. In all these cases, however, it is true that a hierarchy of professional work has been established, which takes the form that the respective leading profession controls the work of the other professions in the system.” (Stichweh, 1996: 61)

Stichweh uses the example of the scientific enterprise, the universities as the unity of scientific disciplines and professional operations of action, to examine the differentiation of a functionally differentiated society (Stichweh, 1987: 278). In doing so, he ties in with the differentiation already made by Parsons between a rationality of action, using the example of the market economy, and that of an administrative execution of action, which for Parsons were in communication with each other via the cultural system (Stichweh, 1987: 281; Parsons, 1951). Stichweh conceives this differentiation in its own unity as a theory of inclusion under the aspect of generalization (Stichweh, 1987: 281). This differentiation takes place by replacing the vertical hierarchization of the old society with a new type of hierarchization, and from this, the old structure was then transformed into an internal asymmetry between science/discipline and profession:

“An asymmetry of university-institutionalized science and profession then lies in the fact that professors in ‘professional schools’ may be dispensable practical experience with professional work, but conversely not that elite and even professorial status in a profession would be attainable today without prior academic study. This asymmetry, however, is now resymmetrized by the professions by restoring the balance of academic-scientific and professional-client values

even at the top by creating dual elites almost without exception.” (Stichweh, 1987: 286)

There is a hierarchy in science today as well, but it is (a) functional and in this function it brings about inclusion (b), which in turn is a function that enables functional systems to couple to society as the unit of units. This is the core of this theory. Professions, according to this understanding, are the functional equivalence of the old structure of belonging, acquired on the basis of property and capital and integrated into estates (Stichweh, 1996: 55).

2.3. Genealogy of the profession

Stichweh reads the process of the emergence of professions from a genealogical perspective. According to this, this differentiation owes itself to an internal dissolution of the culture of scholarship, which was cultivated until the 19th century, itself leading to a decay of professional roles, which were dually specialized either in the address of the businessman to the goods and services in economic markets or in the person of the civil servant to the safeguarding of public order in the bureaucracy (Stichweh, 1987: 287 f). Both roles merge in the professions of modern society, each with its own specific characteristics. From this point of view, professions are a phenomenon of the transition from a hierarchically structured community of old Europe to a horizontally differentiated society of modern, autopoietic society. The choice of profession is carried out by differentiating from a normative, genetically determined *vocation* to an achievement acquired not only by talent but also by personal commitment. Instead of attributions and affiliations to statuses that are considered innate, skills such as willingness to perform, performance and organizational fit are becoming more important. The formation of structure is no longer ordered down by the king, but also experienced from below through individual decisions (51). Instead of attributions that are considered innate, choosing a career based on social skills and abilities and performance is becoming more important. Stichweh’s understanding is presented below.

Table 1: Old Europe and the new, modern society

	Old Europe	Modern Societies
Differentiation	Vertically hierarchized	Horizontally differentiated attained through personal achievement in society
Personality	Status attributed personality	Personality acquired through own achievement in society
Occupation	Stand and property (trade) as appointed vocation	performance earned thanks to talent as part of profession.
Knowledge	Religion as organization to personal knowledge and value	Pedagogy as organization of self-observation and observation by others
Communication	Communication about religiously legitimized office-holding through practical office-buying	Communication about instrumental disinterestedness through secularized corpus of knowledge

During this phase, professions with a monopoly potential are assigned the function of profanation, after which the knowledge acquired in them with an otherworldly orientation was rationalized as well as individuated according to a professional idea and the corresponding canonization, as well as their factual and social teachability.

“The outside observers conclude from external signs about inner predispositions, and from the handling of this competence the profession of the educator emerges as an activity that is no longer absorbed in a transmission of knowledge and values considered unproblematic, but rather presupposes the observation of individuality.” (Stichweh, 1996: 51)

The individuation of the profession corresponds to the phase of professional individualism on the market, which according to

Stichweh was initiated in Germany with *Allgemeine Landrecht* of 1794, in which the modern professional is prompted to activism and functional specification of his action (Stichweh, 1987: 300). Consequently, on the one hand, in place of diffuse attributions, more general and specific intrinsic performances about knowledge and possession become important, and on the other hand, in place of acting and not acting, reflection, the justifiability of choice become more important (Stichweh, 1987: 303 f).

In this transition, Stichweh sees a first specificity of professions in their role-formality, which can be experienced when certain expectations are communicated from alter to ego. If a profession accepts this communication even contrary to its objective, it is a profession. In contrast, according to Stichweh, its difference from science, from discipline, is that disciplines, as self-sufficient social systems, can ignore precisely these pre-determinations (Stichweh, 1987: 310). Accordingly, disciplines can react to attempts at hierarchization from the environment by withdrawing without suffering any damage from it. Conversely, they would assert their claims even if other functional systems do not adjust to them.

According to Stichweh discipline is claimed by theorists. Not action but non-acting is the main *modus vivendi* by theorists. Their communication would be directed inward to colleagues, in the form of abstract problems, used both for ensuring the creation, production, organization, training of next generation and for self-representation. The people with the role would be perceived as scholars without expectation of charisma, who also perform their job without an exhilaration mission, without an orientation to audience outside the discipline. On a personality level, scientists lead reclusive lives. This isolation of the scientist allows him or her an unconventional lifestyle and communicative informality, but also the strict rationality in working life and its reversal in private life.

Professions, on the other hand, are accordingly the specialists with a reference to action. Their generality consists in their practical relevance, which is why they, if anything, conduct applied research and have a close communication, and yes relationship to their clients. Communication with colleagues would be through practical referrals (of the client and the information), in which associations would be monitored. On the personality level, professionals are said to have, on the one hand, a certain marginality and, on the other hand, a trustworthiness vis-à-vis a critical audience, because of peculiarities of the cultivated contacts and the resulting relative intimacy with clients even outside of work. Structurally, professions are characterized by a monopoly claim with an inclusion function. As a rule, professionals cope with crises typical of action theory from their clients, which endanger an integrity of life. This inclusion function with a monopoly claim is duplicated in the respective knowledge systems (Stichweh, 1987: 310-319; Stichweh, 1996: 53 f).

The status assignments tied to status, land ownership and property are sought functional equivalents in the profession with the corresponding knowledge type (Stichweh, 1996: 51 f). According to Stichweh, the rationalization of the professional function not only marked the transition from structurally hierarchical estates to horizontally organized professional functions, but also “diversified” and “de-hierarchized” the existing professions (teachers, judges, and doctors) (52). In them, not only property and capital, but also knowledge and skill are established as the central condition of social belonging. The independence of the citizen based on his or her land ownership, property and capital and the corresponding right to vote was thus restructured by a right of co-determination of the professions. Thus, professors, physicians, and lawyers, as holders of state-guaranteed academic degrees, became politically, socially, and functionally equal to property and capital owners (Stichweh, 1996: 52).

“While commerce and landed property acquire their special position by the fact that they each come into question as representatives of a significant social interest, the special nature of professions lies precisely in the fact that they do not possess or embody an interest of their own and therefore are peculiar to themselves as the objects of trust of a not small number of citizens.” (Stichweh, 1996: 53)

Uninterest is thus the equivalent of incumbency, which, after all, could be transformed into office-buying. According to this, both in the case of a citizen's independence attained in land ownership, property and capital, that is, the one actor who belonged to the castle, and in the case of the professional's independence attained in knowledge and skill, the claim to generality was raised. In the first case by the interest and in the second case by its reversal, namely by a disinterest in the interests of the bourgeoisie (Stichweh, 1996: 55).

This showed its consequences according to Stichweh in the fact that these professionals claim a new type of knowledge with a high generality, specification and flexibility, which is also the reason for the fact that, for example, lawyers represent and act according to their own maxims in politics, science, economy, army, etc. (Stichweh, 1996: 54). In this new function, professions represent the new inclusion principle of social differentiation on the basis of the profane factual criteria and the corresponding secular corpus of knowledge. They, too, must demonstrate a general competence. And they do this by appearing as general practitioners, thus also evading certain trends (Stichweh, 1996: 54 f).

In the economic markets, this reorientation takes place through a communication of disinterest in the function of the professions in the new society in that it is no longer the customers themselves, but the professionals who provide an objectified justification in each case before and/or after the subjective demands of their customers. This would have the consequence first of all that

certain demands could be ignored despite the solvency of the customers and at the same time however other, risky services and products could be made available by the establishment of the insurance systems. In both cases, the professional would obtain a high autonomy, independence, which could be achieved especially through specializations in certain products and/or markets. The unitary system thus achieved their stability no longer from political power, but through the system's own type of communication of scarcity, signaled by the limitations of the number of professionals, practice times, waiting times, etc. (Stichweh, 1987: 289 f).

2.4. Structure of professional action

Professions are characterized not only by a specialization in a crisis-like constellation of a risky application of knowledge, but also by the uncertain control over the consequences of performed actions. The actions performed in professions are in fact inversely related in terms of complexity to the available knowledge and control, as already emphasized by Parsons. In this respect, professional action is a unit of action of contradictory components. In its positive interpretation, this would be reflected in the autonomy of the professionals' problem definition. In fact, in every profession there is a non-standardized, homogeneous role expectation, which is communicated by the fact that professionals and clients can react personally depending on the constellation, with the power of definition about when this is the case and when it is not completely in the hands of the professional (297). This is the structural prerequisite of the above-mentioned objectifiable aspects of need in the markets according to their own criteria. At the same time, it can also be seen as the reversal of the king's security in old society, which is now reproduced in the form of the professions' insecurity (Stichweh, 1987: 296-310).

Professionals consequently appear from this logic either as a response to the increase in contingency through science with the expectation of a reduction in complexity, or as a reaction to

uncertainty with an execution of action or its omission (Stichweh, 1987: 298; Demir, 2022a). In addition to this precondition of the emergence of professions, Stichweh lists two further reasons with which a difference from the preceding as well as from disciplinary science is determined. These are “differentiation of client orientation and the assertion of the primacy of action reference” (299). By differentiation of client orientation Stichweh means on the one hand the self-attributions that may be derived from a professional ethic, and at the same time so that not the client as a person, but his situation is represented or taken into the focus of consideration (299). According to this logic of argumentation, “the preference for a self-understanding, the partiality of commitment to a client” has been favored only since modernity and has become factually possible with the establishment of professions (Stichweh, 1987: 300). The significance of this reinterpretation lies in the fact that Stichweh sees in it a new type of organizational formation.

“Only when, in addition to persons as clients, organizations increasingly appear as clients, or when processes of internal differentiation in a profession (example: specialization of medical activity in the modern hospital) create a need for coordination, does the formation of organizations on the part of the professionals increase.” (Stichweh, 1996: 64)

One consequence of this, according to Stichweh, is the separation between the process of admission to the profession and internal control through professional association. New, free associations are formed, which also deal with questions of ethics, continuing education, scientific publication, patterns of specialization, advertising and profitability, etc., according to their functions. At the same time, this resulted in a destratification in society and a strengthening of the tendency towards the emergence of a functionally differentiated society (Stichweh, 1987: 291-296). The conversion of society from the vertical hierarchical pattern of action to horizontal relationships was thus reproduced in the structures of the profession and, in the case of lawyers, an internal

differentiation into barrister and solicitor was also made. In this structural formation, according to Stichweh, in addition to the old high/low duality, the internal differentiation of in/out (inside/outside) can now also be observed (Stichweh, 1987: 291-296).

2.5. Professions, semi-professions and disciplines

Stichweh analyzes this new hierarchy in the structures of professions with a distinction between professionals and professions mediating with clients and semi-professions (Stichweh, 1987: 320-324). According to this, semi-professions are characterized by a mechanization of work processes and diffusivity of competencies, so that “the result is a subordination under dominant professional and disciplinary groups”, as is the case with notaries and librarians (Stichweh, 1987: 321). For the description of mediating professions, that is, those that mediate between professional and client, Stichweh reconstructs the professionalization of orderlies (Krankenwärter) and nurses in Germany who were not nuns and deaconesses. In them, Stichweh sees the consequences of de-stratification of professions and de-professionalization of pre-modern occupational groups. Thus, pharmacist profession positions itself with high influence between natural science and medicine. In contrast, he sees the homogenization of physicians as an example of the dysfunctionality of pharmacists. Training length, specialization and client orientation are moments of that differentiation (Stichweh, 1987: 321).

Careers in disciplines and professions, according to Stichweh, have no structural connection with professional practice in the respective fields of action. This has two consequences; first, professions would not know an upward and/or downward progression in the distinction between technical to administrative functions, which is why administration is tied to professional personnel (322). Second, the recruitment of professional elites is not tied to the prerequisite of a research and/or practice. But

there is a mobility of profession between professions and semi-professions (Stichweh, 1987: 322 f).

He classifies the teaching profession and social work among the professions, although the teacher was counted as part of theology and although all almost subjects in school are “the subject of a system of disciplinary knowledge production” (Stichweh, 1987: 323). It was only in the new schools that the transition from religious to secular bodies of knowledge and the transmission of knowledge through the scientific disciplines was accomplished. Functionally, the teaching profession is a mediating profession, since in school not only knowledge is imparted, but also education (Stichweh, 1987: 323). According to Stichweh, social work is also a type of action without its own independence, neither in the definition of the problem, the determination of the object, nor in the method and its theorization. It is exposed to an instrumentalization against which it cannot defend itself (Stichweh, 1996: 63 f).

3. CONCLUSION

Two conclusions can be drawn from the discourse; firstly, professions are characterized by their type of knowledge, their unconditional structure and their type of organization. For example, in political consulting we can speak of a knowledge structure that, on the one hand, is distinguished from everyday knowledge by its high quality and density, and, on the other hand, differs from scientific knowledge in that it requires a purpose-rationally determined type of knowledge. From the consultation the advisor expects a knowledge type supporting the goal of the (re)choice. The advice should help to create the election atmosphere to own advantage before the election and to motivate the electorate to own course during the election. Any knowledge that approximates the actor to this objective is good. Conversely, all knowledge that distances the actor from this objective is bad. In this respect, knowledge is needed that contradicts neither everyday knowledge nor scientific knowledge.

Arrived at this insight, the question arises, by what the work of the consultant is to be measured. The answer can be derived from the type of knowledge, since it primarily serves the objectives of the person who uses the advice but not the self-purposes of the advising person. There is at least a tension between these two actors. In this respect, an orientation to the type of knowledge would lead to a tautology; knowledge is good if it serves the purpose, so success depends on the knowledge. In this form, there is causality between knowledge type and success, but no relationship between knowledge type and degree of success of the two different actors. Therefore, another variable is needed that not only distinguishes these two actors from each other, but also sets the difference between profession and experts: The experts in any profession can, may and must work according to a given objective. In contrast, the members of the professions must act according to a universalistic value that is reflected, regulated and accepted as well as agreed upon according to general principles within their own ranks, that is, within their own society. In contrast to experts, professions are oriented to this internal unconditionality structure; whoever the client is, with whatever objective, motive, value and consequences the person appeals to the professions, the professions act within the framework of this unconditionality structure. This framework consists, on the one hand, of these values, principles and theories and, on the other hand, of the type of organization in which the professions are located. Here, too, the contrast with experts can be helpful for clarification; while the organizational structure of experts requires a high, vertical hierarchy due to their orientation towards effectiveness and efficiency, professions organize themselves in horizontally dense structures. Monasteries, universities and parliaments are good examples of the professions' organizational type.

The second conclusion is: Stichweh presents an approach oriented to T. Parsons and N. Luhmann, which is not about the integration of a personality deviating from the norm, but about

the communication of inclusive functional systems without a socially predetermined normative target state. Stichweh deals with professionalization no longer as a form of rationalization of an inner logic of a subsystem of the society with a tendency to deviation, but as the transition from the old Europa to the new type of society, which in its function serves Stichweh a confirmation of his thesis, according to which professions can be worked out in its continuity at the transition to modern society. Professionalism is the functionally equivalent interaction pattern of a social transition from feudal-sacral to capitalist societies organized around the distribution of profane goods with the corresponding functional systems. Therefore, the question was how without a discontinuity from estates to professions, to a society of profession passed. Professions join the line of the businessman, the scholar and the civil servant thanks to a change in society. Stichweh treats professionalism no longer as a pattern of interaction between laymen and professionals (patient-doctor relationship), but as an inclusion mechanism of a functionally differentiated society using the example of organizations/functional systems. The structure-forming claim to integration of the old society is communicated within the new, functionally differentiated society in the inclusion function of its units.

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Effects of Conservative Reporting on Value Relevance: Evidence from Turkey

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1. INTRODUCTION

Accounting information disclosed by financial statements has an important role especially in the decision-making process and in the development of efficient capital markets. Importantly, major recent efforts in accounting have been to expand the concept of corporate governance and establish a single financial reporting standard to obtain comparable, useful, understandable and reliable accounting information.

Conservatism (prudence), which is one of the basic concepts of accounting practices, has an important place in development and efforts. Conservatism is defined by Watts (2003a) as the

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differential verifiability required for the recognition of profits versus losses. Penman and Zhang (2002) define it as a consistently applied accounting practice that keeps the book value of net assets relatively low. In its most extreme form, accountants traditionally define conservatism with the rule: “Do not expect profits but estimate all losses.” (Basu, 1997). Despite criticism from many quarters, including standard-setters, conservatism has not only existed in accounting for centuries but has grown in the last 30 years.

As an emerging capital market, Turkey has been strongly affected by the accounting reforms in the world, and thus, the accounting reform has been carried out with the mandatory implementation of International Financial Reporting Standards (IFRS) from publicly traded companies in 2005, after the regulatory agency. Capital Markets Board (CMB) has published the principle-based standard (Communiqué Serial: XI No: 25) called Turkish Accounting Standards in Capital Markets (Kocakulah et al., 2009). In addition, the CMB enacted new laws on corporate governance principles in order to harmonize Turkish legislation with international markets and created the Corporate Governance Index. One of the main pillars of institutional arrangements is to encourage companies to be more conservative (Acar and Aktürk, 2009). Regulations controlling prudence-related issues include the Tax Procedure Law enacted by the Ministry of Finance, the Turkish Accounting Standards (TMS) issued by the Turkish Accounting Standards Board (TMSK), and the Turkish Commercial Code by the Ministry of Justice.

The adoption of IFRS in Turkey has been an important step towards providing more relevant information for more financial statement users. The Conceptual Framework of IFRS does not explicitly address the prudent/conservatism principle. It expresses the idea that calculations should not reflect an overly optimistic or overly pessimistic view of reliability and objectivity, and therefore provisions should reflect reality. Due to the current view of events,

it cannot be increased and only “plus” profits (IFRS Workbooks-PWC). In general, the harmonization of IFRS may have changed the level of conservatism in financial reports, as valuation principles have changed from historical cost measurement to fair value measurement. However, current research studies on the impact of IFRS on the level of conservatism do not provide conclusive and consistent results due to the lack of cumulative data after the implementation of IFRS.

The purpose of this research is to examine the level of conservatism in the Turkish Accounting System before and after IFRS and to investigate the effects of prudent or non-prudent reporting on the value relevance of earnings in Turkey over two sub-periods of 2000 -2003 and 2006-2009. The motivation to undertake research stems from two reasons. The first reason is the incentive to test whether the level of conservatism has been affected after the transition to IFRS. Second, given the limited literature on the relation of earnings relevance and conservatism in accounting information, it is important to explore whether conservatism describe earnings for market prices. Thus, due to the results of two sub-periods, before and after the adoption of IFRS, it will be examined whether IFRS affects had any impact on the level of conservatism along with the value relevance of accounting information.

2. LITERATURE REVIEW

The academic literature about earnings conservatism and its relation with the relevance of accounting information has become controversial given two different research paths that are not independent of each other. First of all, it has been presented that the effects of conservatism has been increased in the United States and many other countries over the past four decades (Givoly and Hayn, 2000). ; Holthausen and Watts, 2001; Grambovas et al. 2006; Bushman and Piotroski, 2006). As another way of investigating the earnings quality, he revealed that the relationship

of earnings and book values shows a decreasing trend pattern over the same time period (Collins et al., 1997).

Regarding the different ways of evaluating the effect of conservative reporting on the value relevance of earnings, there are conflicting results on this subject. However, there is an observable approach that conservatism can be a possible reason for the decrease in the value of earnings (Kusenidis et al. 2009). Kusenidis et al. receive. (2009) observed a non-linear relationship between two figures and states that the information content of accounting earnings for stock returns decreases over time, while the level of conservatism showed a rising trend among firms after 2009, although it did not increase.

In addition, Sterling (1967) and Watts (2003a) underline the benefits of conservative accounting, such as providing reliable information to capital markets. Balachandran and Mohanram (2006) find that the value relevance of accounting information that involves conservative reported earnings is greater than for non-conservative earnings. However, they stress that the degree of conservatism is unlikely to be related primarily to the degree to which it relates to the value of accounting gains.

In addition, Watts (2003) argues that conservatism reduces some accounting measurement errors and thus increases the reliability of financial statements. Considering its importance for decision makers, reliability is one of the major characteristics of financial reports, and conservative reporting may then positively affect the value relevance of earnings and the accounting information.

3. ANALYTICAL FRAMEWORK AND METHODOLOGY

3.1. Measuring Conservatism

Basically, there are several models for measuring conservatism that stand out in the accounting literature. Basu (1997) defines

conservatism as the timelier recognition of bad news about future cash flows than good news about earnings, and states that stock returns in efficient markets reflect all publicly available news symmetrically and quickly. Therefore, he defines conservatism as an asymmetrical way in which good and bad news are accepted in earnings, and its methodology becomes one of the leading criteria for measuring conservatism in the literature (Kusenidis et al. 2009).

Givoly and Hayn (2000) derive alternative measures from the accrual-based approach. They examine the relationship between earnings and cash flows to identify structural changes in the accounting reporting system and investigate whether changes in the time series characteristics of earnings, cash flows, and accruals are consistent with increased discretion. For this reason, the precautionary criteria they use in their articles are based on the accumulation of NPLs, the actuality of earnings related to good and bad news, the characteristics of the earnings distribution, and the market/book ratio. Its results reveal an increasing conservatism in financial reporting over time. Penman and Zhang's (2002) conservatism measure focuses on accounting practices based on inventory, research and development, and advertising reserves and identifies poor-quality earnings from prudent accounting and investment changes.

This research paper will apply Basu's (1997) methodology to measure conservatism. Specifically, he argues, because accountants expect future losses, not future profits, conservatism results in gains that are more timely and also more sensitive to publicly available bad news than good news. Since earnings are expected to be strongly correlated with concurrent negative unexpected returns as a proxy for bad news and positive unexpected returns as a proxy for good news, his model uses stock returns to measure news.

$$\frac{EPS_{i,t}}{P_{i,t-1}} = \beta_0 + \beta_1 DV_{i,t} + \beta_2 R_{i,t} + \beta_3 RDV_{i,t} + \varepsilon_{i,t} \quad (1)$$

Where $EPS_{i,t}$ is the earnings per share of firm i at year t ; $P_{i,t-1}$ is the price per share at the end of the three months after the previous fiscal year; $DV_{i,t}$ is a dummy variable that takes the value 1 if returns of firms i at year t are negative and 0 if positive; $R_{i,t}$ is the annually compounded stock returns of firm i at year t ; and $RDV_{i,t}$ is the stock return of firm i at year t times the individual DV dummy variable. Thus, $RDV_{i,t}$ will be equal to $R_{i,t}$ if returns are negative and zero otherwise.

In particular, Basu model is inverse regression with Ordinary Least Squares standard errors as the dependent variable and the test statistics are better specified when the leading variable is specified as independent and the lagging variable as a dependent (Basu, 1997). According to Basu, the slope coefficient β_3 measures the increasing explanatory power of negative returns over positive returns for earnings and can be used as a measure of conditional conservatism. The higher the level of conservatism, the greater the asymmetry in the recognition of good versus bad news. Therefore, a higher level of conservatism leads to a higher value of the β_3 coefficient.

In addition, the article also uses the market-adjusted returns in the model (1) to eliminate the effect of independent market variables that could not observe from the first model. The regression model with abnormal returns is presented as follows:

$$\frac{EPS_{i,t}}{P_{i,t-1}} = \beta_0 + \beta_1 ADV_{i,t} + \beta_2 AR_{i,t} + \beta_3 ARDV_{i,t} + \varepsilon_{i,t} \quad (2)$$

where $ADV_{i,t}$ is a dummy variable that becomes 1 if abnormal returns of firms i at year t are negative and 0 if positive; $AR_{i,t}$ is the annual abnormal stock returns of firm i calculated to end three months after the fiscal year t and $ARDV_{i,t}$ is the abnormal stock return of firm i at year t times the individual ADV dummy variable.

3.2. Measuring the Value Relevance of Accounting Information

The widely used model to test for changes in the value relevance of accounting information under various reporting obligations is the valuation model developed by Ohlson (1995). The model obtains the value of a firm using a function of the firm's earnings per share and the book value per share of the firm's equity. To explore the impact of IFRS on the value relevance of accounting information, the following regression models developed from Ohlson's methodology will be used:

$$P_{i,t} = \gamma_0 + \gamma_1 BVS_{i,t} + \gamma_2 EPS_{i,t} + \varepsilon_{i,t} \quad (3)$$

$$\frac{P_{i,t}}{P_{i,t-1}} = \gamma_0 + \gamma_1 \frac{BVS_{i,t}}{P_{i,t-1}} + \gamma_2 \frac{EPS_{i,t}}{P_{i,t-1}} + \varepsilon_{i,t} \quad (4)$$

$$MC_{i,t} = \delta_0 + \delta_1 BV_{i,t} + \delta_2 NI_{i,t} + \varepsilon_{i,t} \quad (5)$$

$$\frac{MC_{i,t}}{MC_{i,t-1}} = \delta_0 + \delta_1 \frac{BV_{i,t}}{MC_{i,t-1}} + \delta_2 \frac{NI_{i,t}}{MC_{i,t-1}} + \varepsilon_{i,t} \quad (6)$$

where $P_{i,t}$ is the share price of firm i at the end of the third month after fiscal year t ; $BVS_{i,t}$ is the book value per share of firm i 's equity in year t ; $EPS_{i,t}$ is earnings per share of firm i in year t ; $MC_{i,t}$, the market value of firm i in year t , $BV_{i,t}$, the book value of firm i 's equity in year t , and $NI_{i,t}$, net income of firm i in year t . Here, equation (4) is developed to examine the change in the value relevance (R^2) with the price extinguished variables. Equation (5), on the other hand, is another version of the Ohlson model that regresses the book value of equity and the market capitalization (price times the number of shares) on net income. Finally, equation (6) is the normalized version of equation (5), similar to model (4). Value relevance for all four equations is assessed by the adjusted R^2 level of the regression results. The main reason for using four different variations of the Ohlson model is to perform robustness tests for empirical results in order to minimize possible violations in the assumptions of the actual model from which the data is generated.

In addition, Easton and Harris (1991) model, which similarly defines the value relevance of accounting information as its ability to explain the market returns of earnings, will also be used and the value relationship will still be measured by its magnitude. adjusted R^2 from the following earnings-return model:

$$R_{i,t} = \alpha_0 + \alpha_1 \frac{EPS_{i,t}}{P_{i,t-1}} + \alpha_2 \frac{\Delta EPS_{i,t}}{P_{i,t-1}} + \varepsilon_{i,t} \quad (7)$$

where $\Delta EPS_{i,t}$ is the change of EPS of firm i between the beginning and at the end of period t . The change in earnings variable captures the information content of earnings for stock prices while the coefficient of earnings defines the information content of book values for stock prices. The model of Easton and Harris (1991) is also employed for assessing the association between changes in conservatism and the value relevance of accounting information for each period. Accordingly, returns-earnings analyses will be run to examine the quality of historical-cost and IFRS-enforced earnings and also to find out whether there exists a significant difference between the two approaches.

3.3. Hypotheses

The first hypothesis of the research article is based on the view that the harmonization of IFRS and the change in valuation principles for fair value measurement affects the level of conservatism in the financial reports and will be assessed with the Basu model defined in the equation (1) and (2).

Hypothesis 1: H_0 : The degree of conservatism is not different after IFRS when compared for the pre-period of historical cost accounting between 2000 and 2003.

Since the data is separated into two sub-periods as pre- and post-IFRS, Basu's model for examining conservatism will be used for each period separately. Therefore, if the slope coefficients β_3 in equations (1) and (2) are found to be significantly positive for the

pre-IFRS period, the null hypothesis will be rejected due to the change in the post-IFRS level period.

The second hypothesis is related to the correlation between conservatism and value relevance and was established by Watts (2003b), who argued that conservative accounting reduces possible measurement errors and improves the reliability of accounting information. Similar to Watts (2003) the IASB states that the need for conservative behaviour increases credibility from relevance. Therefore, the article will examine whether there is a relationship between the level of conservatism and the value relationship of accounting earnings.

Hypothesis 2: H0: The presence of conservatism helps earnings to disclose better information content for stock prices.

If the value of R^2 and the related slope coefficients of the Ohlson, Easton, and Harris models are high and significant in a sub-period with greater conservatism, then the null hypothesis will be rejected for that period. A positive relationship between conservatism and value relevance.

4. DATA AND SAMPLE SELECTION

The sample data consists of 57 companies listed on the Istanbul Stock Exchange (ISE) for the 2000 – 2003 and 2006 – 2009 periods, thus creating data for four years before and four years after IFRS. The number of publicly traded companies between 2000 and 2009 according to the reporting method is given in Table 1 and in Table 2, the numbers of companies that made loss and profit from the data sample of 57 companies are given. Data for the year 2004 have been obtained due to the obligation of companies to report their financial statements, taking into account the high inflation in Turkey, which is mandated by the CMB. In addition, 2005 data were excluded because of concerns that they were considered as the transition period to IFRS in financial reports and were prepared incorrectly due to inconsistency in the financial

statements before 2005. The sample firms were selected based on the availability of relevant accounting data in both historical cost-based and IFRS-applied financial statements. They concentrate in manufacturing (33), finance-non-banking (19), wholesale-retail trade (2), technology and communication (2), and tourism (1) sectors. In addition, 94 companies listed on the stock exchange, which voluntarily started to implement IFRS in their 2003 financial reports, were excluded from the data sample and only companies that prepared unconsolidated financial statements for the post-IFRS period were included in the sample.

Table 1: Number of Listed Firms in ISE

Years	Total Number of Firms	Historical Cost	Inflation		Fair Value (IFRS)	
			Solo	Consolidated	Solo	Consolidated
2000	306	306				
2001	306	306				
2002	297	297				
2003	295	200	126	94	42	52
2004	306	9	125	96	35	54
2005	319			1	172	156
2006	324				172	166
2007	330				171	175
2008	322				160	176
2009	324				163	177

Table 2: Number of Loss and Profit Companies

	loss firms	profit firms
2000	24	33
2001	22	35
2002	19	38
2003	15	42
2004	23	34
2005	16	41
2006	17	40
2007	10	47
2008	34	23
2009	19	38

Daily stock price data were collected from Datastream and related accounting information from ISE database. At the end of each fiscal year, from the first trading day in April to the last trading day in March, daily stock price and yield data will be used to measure annual returns. Since the financial statements were announced at the end of March, annual returns are calculated to expire three months after the end of the financial year, in order to ensure that the market reaction is cleared of previous year's earnings. Earnings per share (EPS) is calculated by dividing net income by the book value of paid-in capital, which usually represents common stock outstanding. Finally, the analysis for hypothesis testing in the article will be done with the help of Eviews software.

5. ANALYSIS AND RESULTS

5.1. Descriptive Statistics

According to the descriptive analysis with the help of Eviews software, the results for the variables annual return (RET), earnings per share (EPS), book value per share (BVS), net income (NI), and book value of shareholder's equity (SHE) are presented in Table 3 for pre- and post-IFRS transition.

Table 3: Descriptive Statistics

	Before IFRS adoption (2000-2003)				After IFRS adoption (2006-2009)				Test for Equality of Means	
	Mean	Median	Maximum	Minimum	Mean	Median	Maximum	Minimum	t-statistics	p-value
RET	0.42	0.12	18.79	-0.89	0.35	-0.18	15.67	-0.77	0.46	0.65
EPS	4.33	0.26	499.59	-21.25	1.50	0.13	105.98	-11.14	1.15	0.25
BVS	16.74	2.71	690.01	-2.09	13.99	1.91	458.25	-0.77	0.45	0.65
NI	2,132,354	590,098	57,208,635	-85,383,142	6,412,571	1,485,981	150,000,000	-151,000,000	-2.04*	0.04*
SHF	33,253,202	9,700,455	875,000,000	-9,418,223	99,792,311	33,011,652	1,530,000,000	-10,260,063	-4.29**	0.00**

RET is the annual returns calculated to end three months after the fiscal year, EPS is the earnings per share, BVS is the book value per share, NI is the value of net income or net loss of each company and SHE is the value of shareholder's equity. *Significant at the 5% confidence level. **Significant at the 1% confidence level.

According to the results, significant differences are observed between historical cost-based and IFRS-based financial ratios. In general, historical cost-based annual returns, earnings per share, and book value per share is higher than values based on IFRS. On the other hand, balance sheet items such as net income and equity appear high after IFRS adjustments to the financial statements. Especially the annual returns show very wide ranges between 2000-2003 and 2006-2009, with an average of approximately 42% and 35%. This indicates that share prices fluctuated between 188% and -89% in one period and between 157% and -77% in the other period. It is observed that these abnormal increases especially in 2009 after the global financial crisis, which took effect in mid-2007, and in 2008 when all companies participating in this research showed high negative returns.

Results for earnings per share also indicate a decrease after the IFRS adjustment. This result may be due to the fact that companies have rearranged their income and expenses in accordance with the principles of international standards, which significantly affect their net profit values in the income statement. Also, similar to annual returns, earnings per share, book value per share, net income, and equity values show high scales both before and after the transition to IFRS.

Overall, the figures show that returns, earnings per share and book values per share decreased after the adoption of IFRS, while net income and equity increased significantly. However, when looking at the t-test analysis for equality of means between series before and after IFRS, it is seen that only the net profit and equity values for the period before and after IFRS show significant changes at the 1% confidence level.

5.2. Conservatism

Panel A in Table 4 presents the cross-sectional regression results for the historical cost accounting period and for the period of IFRS adjusted financial statements. To test the rationality of the first hypothesis regarding that there is a high level of conservatism before IFRS, the Basu model is estimated and the relevant conservative measure (β_3) is shown in a shaded area. The slope coefficient β_3 is positive and is estimated at 1.098. In addition, while it was found to be significant at the 1% significance level after the transition to IFRS for the period 2006 – 2009, it was found to be insignificant in the historical cost accounting period. These figures show the general view on the impact of IFRS implementation in reducing the level of conservatism in the financial statements, and therefore the initial null hypothesis will be rejected. Therefore, according to Basu's approach, it is said that the degree of conservatism for the post-2006-2009 IFRS period is higher than for the prehistoric cost accounting period between 2000-2003.

The second and third regressions in Panel A break down the company's annual observations into examples of good news and bad news, depending on whether the annual return is greater than or less than zero. Adjusted R2s from separate regressions for negative and positive returns for both historical cost accounting and the IFRS period show that the explanatory power of negative returns, which is 6.20%, especially for the post-IFRS period, is 1.45% more than positive returns. These findings are consistent with Basu's results, which indicate that earnings are timely or simultaneously more sensitive to publicly reporting bad news than good news. Thus, the implication is that only bad news or negative returns have an impact on reported earnings in the post-IFRS period. In addition, loss-making firms are conservative only after the application of IFRS, not in the pre-IFRS period.

Table 4: Regression Results for Conservatism of Historical Cost and IFRS-enforced data.

Panel
A: Basu
Model

Period	β_0	β_1	β_2	β_3	R ²	Adjusted R ²	N
2000-2003	3.616746 (0.0725)	-0.795422 (0.8706)	0.236753 (0.8072)	4.938245 (0.6317)	0.697	-0.633	228
2006-2009	0.144785 (0.0925)	0.245369 (0.0841)	-0.049276 (0.1396)	1.097961 (0.0008)*	5.3977	4.1307	228
Negative Returns							
2000-2003	2.821323 (0.1306)		5.174994 (0.2277)		1.5443	0.4968	96
2006-2009	0.390154 (0.0007)*		1.048686 (0.0014)*		6.8493	6.2024	146
Positive Returns							
2000-2003	3.616745 (0.1558)		0.236753 (0.847)		0.0287	-0.7403	132
2006-2009	0.144785 (0.0952)***		-0.049276 (0.1424)		2.6702	1.4536	82
Panel B: Basu Model with market-adjusted returns							
Period	β_0	β_1	β_2	β_3	R ²	Adjusted R ²	N
2000-2003	5.061542 (0.0152)**	-4.662352 (0.1774)	-0.043710 (0.9672)	0.460868 (0.9403)	1.4216	0.1013	228
2006-2009	0.046306 (0.5166)	0.182903 (0.0962)***	-0.054521 (0.1157)	0.491538 (0.0382)**	3.3169	2.0220	228

$EPS_{i,t}$ is the earnings per share of the firm i in fiscal year t ; $P_{i,t-1}$ is the price per share at the end of the three months after the previous fiscal year; $DV_{i,t}$ is a dummy variable that takes the value 1 if returns of firms i at year t are negative and 0 otherwise; $ADV_{i,t}$ is a dummy variable that takes the value 1 if abnormal returns of firms i at year t are negative and 0 otherwise; $R_{i,t}$ is the annual stock returns of firm i calculated to end three months after the fiscal year t ; $AR_{i,t}$ is the annual abnormal stock returns of firm i calculated to end three months after the fiscal year t ; $RDV_{i,t}$ is the stock return of firm i at year t times the individual DV dummy variable and $ARDV_{i,t}$ is the abnormal stock return of firm i at year t times the individual ADV dummy variable. Thus, $RDV_{i,t}$ and $ARDV_{i,t}$ will be equal to $R_{i,t}$ and $AR_{i,t}$ respectively if returns are negative and zero otherwise. *Significant at 1% confidence level. (P-values are shown in parentheses). **Significant at 5% confidence level. (P-values are shown in parentheses). ***Significant at 10% confidence level. (P-values are shown in parentheses).

In addition to the Basu model, a market-adapted return version of his model is made to control non-stationary time series in the return processes that may affect the explanatory power of the model. Returns are adjusted with ISE-100 Index values representing market variables. The results presented in Panel B in Table 4 show that the adjusted R² for post-IFRS regression was no higher than the adjusted R² in the first model; This suggests that the market is not effectively capturing the unobservable variables that affect firms' earnings. Was chosen as the research sample. However, it is observed that the model still confirms the significance of β_3 for the post-IFRS period at the 5% significance level and indicates higher conservatism after the application of IFRS to the financial statements.

5.3. Value Relevance of Accounting Information

Regarding the information content of historical cost and accounting information applied by IFRS, the coefficient estimates and R² values obtained from the estimation of cross-section regressions of prices on historical cost-based variables and the variables applied by IFRS are presented in Panel A in Table 5. The regression results of Ohlson's (3) model show that book values per share are statistically significant at the 1% level in both periods. However, while earnings are not particularly significant in the post-IFRS period, they show only conditional significance with a 10% confidence level in the pre-IFRS period. It is therefore said that book values are significantly correlated with stock price values, while earnings are relatively uncorrelated in post-IFRS years. These results are inconsistent with previous studies where both earnings and book values were significantly correlated with stock prices. In addition, adjusted R² measuring the information content of historical cost data is 3% and increases to 10% for accounting information applied by IFRS. Therefore, these figures indicate that IFRS adjusted accounting information is more relevant than historical cost accounting information.

Table 5: Regression Results for Value Relevance of Historical Cost and IFRS-enforced data.

Panel A: Ohlson Model						
Period	γ_0	γ_1	γ_2	R ²	Adjusted R ²	N
2000-2003	2.606901 (0)*	0.025118 (0.0035)*	-0.031193 (0.0699)***	3.8664	3.0119	228
2006-2009	6.868076 (0)*	0.13139 (0.0001)*	-0.097246 (0.6027)	11.0834	10.2931	228
Panel B: Ohlson Model with price deflated variables						
Period	γ_0	γ_1	γ_2	R ²	Adjusted R ²	N
2000-2003	1.388658 (0)*	0.006368 (0.6148)	-0.005223 (0.7821)	0.3369	-0.549	228
2006-2009	1.008078 (0)*	0.183031 (0.0001)*	-0.342491 (0.0094)*	7.2766	6.4524	228
Panel C: Ohlson Model with market capitalization (MC)						
Period	δ_0	δ_1	δ_2	R ²	Adjusted R ²	N
2000-2003	-11953025 (0.0064)*	1.502697 (0.0002)*	-1.525733 (0)*	86.7236	86.6056	228
2006-2009	-1851026 (0.8388)	0.99535 (0)*	2.383269 (0)*	79.5362	79.3543	228
Panel D: Ohlson Model with market capitalization (MC) normalized by MC_{t-1}						
Period	δ_0	δ_1	δ_2	R ²	Adjusted R ²	N
2000-2003	2.510099 (0.0001)*	0.030803 (0)*	-0.048173 (0.1427)	15.0848	14.33	228
2006-2009	0.617811 (0.0208)**	0.460916 (0)*	1.576294 (0)	38.1141	37.564	228
Panel E: Easton and Harris Model						
Period	α_0	α_1	α_2	R ²	Adjusted R ²	N
2000-2003	0.429902 (0.0001)*	-0.00592 (0.4913)	0.015457 (0.1564)	1.1443	0.2656	228
2006-2009	0.372427 (0.0003)*	-0.340639 (0.0772)***	0.250135 (0.064)***	1.855	0.9826	228

$P_{i,t}$ is the price per share at the beginning of the fourth month of the fiscal year, $BVS_{i,t}$ is the book value per share of equity of firm i at year t , $\Delta EPS_{i,t}$ is the difference of earnings per share of firm i between two points in time: at the beginning and at the end of period t , $MC_{i,t}$ is the market capitalization of firm i at year t , $BV_{i,t}$ is the book value of equity of firm i at year t and $NI_{i,t}$ is the net income of firm i at year t . *Significant at 1% confidence level. (P-values are shown in parentheses). **Significant at 5% confidence level. (P-values are shown in parentheses). ***Significant at 10% confidence level. (P-values are shown in parentheses).

In addition, Ohlson's model was run with discounted book values and earnings per share variables in the model (4). Results are shown in Table 5, Panel B. The first regression model for the pre-IFRS period has very low explanatory power due to its meaningless coefficient estimates and negatively adjusted R² values. On the other hand, It is observed that for the post-IFRS period, both earnings and book values are statistically significant at the 1% level and adjusted R² is 6.45%. These findings again imply that the data period applied by IFRS is more value-related than the historical cost data period.

In model (5) in Panel C of Table 5, another version of the Ohlson model, a regression of the market capitalization on the book value of equity and net income is performed to examine the difference in coefficient estimates and adjusted R²s. Using the original book values of the variables without normalizing with prices, It is found that relatively very high adjusted R²s and significant coefficients for both the pre-and post-IFRS periods. Unlike the fifth model, model (6) in Panel D uses the same variables normalized to the previous year's market capitalization values. The results show a more realistic picture with R² adjusted lower than the fifth model but higher than the third and fourth regression equations. They are similar to the third model in that, again, only the book values are statistically significant for both periods, but they are not similar, as earnings are now correlated only after the adoption period of IFRS. However, the adjusted R² of 37.56% is still higher than the adjusted R² of 14.33% for data applied by IFRS. for historical cost data. As a result, the overall picture shows that the post-IFRS period is relatively more value-related than the pre-IFRS period.

In Panel E in Table 5, Easton and Harris's model for the value relevance of accounting information offer very low explanatory power, especially when compared with other studies running the same model. Although it still reveals a higher adjusted R² for the post-IFRS period, model (7) is not viewed as a conclusion for the

information content of accounting information for both periods, as adjusted R²s are less than 1%.

In general, accounting data for the information content applied by IFRS is higher than historical cost information because the explanatory power of post-IFRS regressions in models (3), (4), and (6) is greater than pre-IFRS regressions in the same models. Specifically, Ohlson's price-discounted model implies that both book value and earnings per share capture the information in estimating stock returns in the 2006-2009 period. Therefore, accounting information in the post-IFRS period may be considered more valuable in Turkey.

5.3. Conservatism and Value Relevance

Considering the effect of conservatism on value relevance of earnings, the IFRS implementation period was found to be quite conservative and also highly value related. Unlike Kusenidis (2009) there is observable finding that conservative reporting cannot be a possible reason for the decrease of value relevance of earnings. This also means that extreme conservatism can have an increasing effect on the earnings-return relationship. Consistent with earlier work such as Balachandran and Mohanram (2006), the information content of earnings prudently reported for stock returns in 2006-2009 exceeds the information content of non-prudent earnings in 2000-2003.

Similar to Sterling (1967) and Watts (2003a), who emphasize the advantages of conservative accounting, such as providing reliable information to capital markets, the findings lead to the approval of the second hypothesis, which states that the presence of conservatism helps account gains to reveal higher value relevance for earnings. Furthermore, this interaction shows that investors are very cautiously concerned with earnings to be more relevant to value, especially during the existence of bad news or negative returns after the application of IFRS to financial statements. As a

result, it is suggested that IFRS affects not only the conservatism in the financial statements but also the value relevance of earnings and thus the accounting information in the Turkish accounting system.

6. CONCLUSION

In this study, main intention is to draw attention to the level of conservatism in the Turkish accounting system and the information content of earnings. The sample data consists of companies traded in the ISE, and the analyses were made on the basis of before and after the application of IFRS to the financial statements after 2005. For this reason, the research data is divided into two sub-periods, 2000-2003 and 2006-2009, that give a chance to compare the level of conservatism and its relation with the value relevance of data for pre- and post-IFRS sub periods.

The results show that conservatism in financial statements has increased as a result of the transition from a uniform accounting system to a system in which fair value measurement is a valuation principle in the 2006-2009 period in Turkey. financial statements will be referred to as IFRS-based accounting system. Therefore, consistent with the notion that compliance with IFRS may have changed the level of conservatism, it is concluded that the country's new international reporting system has increased the realization of bad news in earnings to present financial statements that are relevant and faithfully presented. The lower level of conservatism overview in the post-IFRS period only makes sense if considering the conservatism principle as estimating risk provisions based on valuation principles. However, the term conservatism is absent in IFRS, but it does indicate a direction for companies to be prudent when making judgments about probabilities and other estimates. Therefore, IFRS has more detailed conservative practices than the uniform accounting in Turkey and therefore provides a higher degree of conservatism in the financial statements.

The findings also show that book value and earnings information content has increased due to the adoption of IFRS in reporting. Because financial statements under IFRS need to be understandable, relevant, reliable and comparable, the increased information content of the data applied by IFRS is an expected pattern and therefore leads to an increase in the value relevance of accounting information.

However, unlike previous studies, the findings do not show that higher conservatism is associated with lower value interest in accounting information. Therefore, concluding that conservative financial reporting reduces possible measurement errors and increases the reliability of accounting data, it is undeniable that there is an observable connection between conservative and value relevant financial data.

The limitations of this study can be grouped into three categories. First, the presence of the scale effect in the data does not allow the cross-sectional regression results to reveal higher explanatory power. In particular, the scale effect on paid-in capital, net income and book values used in the calculation of earnings per share and book values per share is quite high. Second, the length of the subperiods precludes obtaining time series results that require more observation, especially compared to previous empirical results. Finally, the unobservable effects of the market do not allow the equations to yield better coefficient estimates and R_2 values.

The findings have several key implications for the Turkish accounting literature. Basically, the evidence presented in the study coincides with the possibility that IFRS has an impact on the level of conservatism in financial reporting. Also, unlike several previous studies, the results imply that there is no inverse relationship between conservatism and the value relevance of accounting information, especially in the data applied by IFRS. Therefore, this article recommends examining the consolidated financial statements listed on the ISE in terms of the conservatism level and

the information content of earnings in order to gain a broad view of the earnings quality in Turkey. By employing companies that report consolidated financial statements in addition to individual reports, the degree of conservatism, value relevance and the relationship structure between them can be compared according to different financial reporting structures in the Turkish accounting system.

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Euro and its Contribution to the European Integration

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1. INTRODUCTION

The full monetary union by 2000 was considered as a huge advancement in the European political and economic integration. Despite big oppositions to the ratification of common currency and to the monetary union in some countries, the “single currency and the monetary union” was finally ratified and enforced on 1 November 1993.

The effects of the Monetary Union on the European economy are reflected in many ways. First, we can say that there is no more exchange rate risks, and there is no more foreign exchange conversion nor transaction costs. The transparency of prices and

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the reliability of the financial markets is also important in terms of expanding the total economic and investment activities into the economic area.

This study first explains and defines economic unions, with emphasis on different types of economic integration models and on the theoretical perspective of “Optimal Currency Area”. It evaluates then the origins of the “Euro” and its different stages and examines the “Delors Report”. The two emerging entities, the “European Monetary System” (EMS) and the European Central Bank (ECB) are assessed and out of this evaluation, the study analyzes the economic and wider political benefits of the Euro and its contribution to the European integration.

2. EXPLAINING THE ECONOMIC AND MONETARY UNION

Monetary union is the formation that occurs when a number of countries unite among themselves in exchange rates and mutually abolish the restrictions placed on capital movements.

The European Union, as a supranational entity, worked and looked for further integration at the EU in many ways. The dynamics that have pushed the EU for more integration can be analyzed in two categories.

The first category includes the internal dynamics such as the pro-integrationist EU countries that have always supported and desired for greater economic and political integration. The second category covers changes and dynamics in the global political economy. Thus we can say that there were many reasons behind the will to form a wider economic union at the EU.

In a monetary union, products as well as the production factors are in free movement, and economic and fiscal policies are harmonized. Since the EMU aims a monetary and financial stability, the fiscal policies are strict.

There are indeed various forms of economic integration which can be seen in different regions worldwide.

Table 1. Forms of Economic Integration

	Free Trade Area	Customs Union	Common Market	Economic Union	Political Union
Reduction or abolition of customs duties or taxes with equivalent effect and quantity restrictions between member states	x	x	x	x	x
Application of a common customs tariff to third countries		x	x	x	x
Free Movement of Capital and Service Between Member States (Different national regulations)			x	x	x
Application of common commercial, economic and monetary policies between member states.				x	x
Common Government					x

Source: J.P Rodrigue (2020), The Geography of Transport Systems, Routledge

In a “Free Trade Area”, import tariffs between member countries are either very low or totally eliminated. However, they have their own national tariff for countries that are outside the free trade area.

In a “Customs Union”; members of the union apply a common external tariff for non-members.

In a “Common Market”; the circulation of capital and services is free, but member states have different market regulations based on their national standards.

In an “Economic Union” which is also called as a “Single Market”, there is no tariff standing between member states; all tariffs are abolished. There is no national boundaries as labor and workers are allowed to move within the union. Additionally, financial policies are converged, and this harmonization reflects a certain will of political integration. Another level of economic union covers a monetary union as in the case of the EU.

The last and highest level of integration can be seen in a “Political Union” where there is a common government and national sovereignty is delegated to the central authority. This type of integration is actually only present in federations. The EU could not reach a full political union yet as nation-states reject delegating their sovereignty in many sensitive areas including foreign and defense policy (Rodrigue, 2020). When there is greater economic integration, the regulations also become more complex due to harmonization of the regulations, the enforcement and monitoring of these regulations as well as setting mechanisms for arbitration.

According to Ballassa (1976:3), the EEC was the dominant integration model in developed economies. When EEC became operational:

- many quantitative restrictions on intra-area trade were abolished,
- tariffs on intra-EEC area trade were reduced and eliminated and
- a common tariff for third countries imports (extra-EEC area) was established.

The elimination of obstacles to trade brought a quick increase of trade between member countries. From 1959 to 1971, trade increased almost sixfold between EEC countries.

The EMS became operational in March 1979 and developed quite successfully in the 1980s (Verdun, 1999:3). The former European Commission President Delors, the former President of

France Mitterrand and the former Chancellor of Germany Kohl besides many leaders were supporting the EMU (Dinan, 1994: 158-160). The EMU was a huge step toward a deeper European integration as it marked the political and economic will in a concrete development and reflected the weight of politics beyond economics.

2.1 The Single European Act (SEA) and the Optimal Currency Area

The SEA was signed in 1986 to create an area without national frontiers where products, people, services and capital are in free movement: Monetary co-operation has also been added.

An Optimal Currency Area (OCA) is an area where the single currency's availability is optimal. To be more explicit; Mundell (1961) discussed the following criteria for OCA:

- labor mobility,
- similar inflation rates,
- product diversification,
- wage and price flexibility and
- high financial, monetary and trade integration.

The OCA theory suggests to fix exchange rates within the currency area and to flex exchange rates outside the currency area (Ata and Silahşör, 1999: 15). Mundell exposed the theoretical foundations of the Optimum Currency Area and discussed whether all countries should have their national currencies flexible or not; and whether fixed exchange rates would benefit more the EEC. Mundell defines first the "currency area" as a zone where exchange rates are fixed and discusses then the different scenarios for countries and regions with different levels of economic development (Mundell, 1961: 657).

2.2 The Look at the EMU in Germany

German policy makers were at the beginning skeptical toward the EMU and despite the initial public opinion, many politicians supported the process (Pond, 1996:4).

German unification brought many questions along, the first being whether Germany was willing to abandon the Deutschmark, for a new currency which might be a “softer currency” (Sloam, 2003:12).

On the other side, concerns about nationalistic identities following the unification of Germany led many European leaders to strengthen and deepen EC institutions. Their main idea was that a nationalistic Germany could be prevented by binding Germany to the European Community (Baun, 1995: 607-610).

French government officials and Delors presiding the European Commission were among the most active supporters, they considered a weak integration at the Union consisting only of a commercial bloc may carry the risk of being subject to German dominance. Therefore, France was trying to protect the French influence over EU issues.

Germany proposed a “double-speed approach” to EMU, where in the first step countries with strong economic convergence would join the EMU and other countries which would take part when ready. In conclusion, 3 stages were projected for the EMU, the first stage starting from January 1994 with the Single Market and providing independency to national central banks.

3. THE DELORS REPORT AND THE STAGES OF THE EURO

Following the “Hanover European Council” in 1988, under the presidency of J. Delors, the “Delors Committee” was established for studying and preparing the EMU. The “Delors Report” established a framework to present the EMU in three stages,

including the creation of “European System of Central Banks” (ESCB), that was designed to decide and execute the monetary policy and also manage foreign exchange rates and policy. The Delors Report was approved in mid -1989 and it was agreed to start the first EMU stage on 1st July 1990.

The three stages approved for the for EMU were as the following:

First Stage included:

- Enhanced collaboration between central banks for monetary policies,
- Elimination of obstructions to enhance financial integration,
- Monitoring national economic policies,
- collaboration in budgetary policy;

Second Stage covered:

- Preliminary phase for EMU,
- Foundation of ESCB and delegation of fiscal policy to the EU institutions,
- Reduction of change margins in the exchange rate mechanism;

The stage was started from 1st January 1994 and projected the foundation of the “European Monetary Institution” (EMI). However, monetary policies remained in national sovereignty within this phase of progress. The role of the EMI was to contribute to both national monetary policies and to EMU requirements. EMI was formally taken over by the ECB by the end of this second stage.

Third Stage covered:

- Entry and circulation of the Euro in the market ,
- Delegation of the financial policy to the ESCB.

An essential part of the principles introduced and presented in the Delors report were later used as EMU provisions in the Maastricht Treaty. Each EC member state that would reach the “economic convergence criteria” would access the EMU. However Great Britain used an opt-out preference which was a right given by the EU to assess and delay Britain’s final decision on it.

3.1 Treaty of Maastricht and Convergence Criteria

The Maastricht Treaty came into force in 1993 and was seen as the locomotive of both political and economic integration. It enforced the power of EU institutions and aimed an enhanced collaboration and policy cooperation in:

- social affairs,
- research and innovation,
- technology,
- immigration,
- border controls,
- foreign and security policy.

The Maastricht Treaty has set the schedule for the EMU by the beginning of the 2000. The completion of the EMU meant enhanced cooperation in strategic affairs (Grieco, 1995: 21). The Treaty is also considered as an expected outcome of the European integrationist theories and the continuation of economic integration policies.

The Maastricht Treaty set economic “Convergence Criteria” for Member States to access the EMU, regarding (European Commission, 2022)

- **Inflation Rates:** the annual average inflation rate should not be superior to the average of the 3 member countries with the lowest inflation rate in the EU by more than 1.5 %.

- **Public Finances:** (Polasek and Amplatz, 2003 :667):

There are here two important indicators here:

Government Deficit: Member state budget deficits should not be above 3 % of GDP.

Government Debt: The government debt should not exceed 60% of GDP.

- **Interest Rates:** should not exceed the average interest rate of the 3 member countries with the lowest inflation rate by more than 2 %.
- **Exchange Rates:** Member countries' currencies should be included in the European Monetary System Exchange Rate Mechanism.

3.2 The Launch of EMI and ECB: Second Stage of the EMU

At the European Council held in December 1995 the single currency was named “Euro” and the date of 1st January 1999 was accepted as the last phase of EMU. A three-year transition period was agreed (European Parliament, 1995). The EMI was constituted prior to the establishment of the ECB, in order to make sure that all the necessary preparations were performed. Eleven countries took part in the Euro in 1999. These countries were:

1. Austria,
2. Belgium,
3. France,
4. Finland
5. Germany,
6. Ireland,
7. Italy,

8. Luxembourg,
9. Netherlands,
10. Portugal and
11. Spain.

The European Central Bank (ECB) was established in 1998 and replaced the EMI. Its presidents are appointed by the European Council. The current president of the ECB is Christine Lagarde who was appointed in 2019.

3.3 Final Stage of EMU

Euro entered into force on the 1st of January 1999 and the ECB became operational by conducting the monetary policy on behalf of the EU. This marked the last phase of the EMU.

Euro zone financial markets started using the Euro in their foreign exchanges, shares and bond markets. Government financial balances and debts also started to be issued in the new currency, from 1 January 1999. Greece fulfilled the convergence criteria and joined the Euro from January 2001.

3.4 Launch and Circulation of Euro: 1st January 2002

Approximately 8 billion notes and 40 billion coins of Euro have been introduced within the 12 Euro member states which formed the Euro zone. Banks have delivered Euro notes through automatic cash machines to the general public and shops. In September 2003, there has been a referendum in Sweden regarding Swedish membership of the Euro however Swedish people voted against the Euro, just like the Danish public.

3.5 Accession of Ten New Member States to the EU and Their Membership of the Euro

The European Union had its largest enlargement with the ten new Member States in May 2004. This enlargement marked a

highly political motivation considering the wish of the EU to keep the Eastern European countries close to the EU. These new ten member states did not have a fixed timetable to join the Euro. They were expected to join the Euro after fulfilling the Maastricht convergence criteria for membership.

Out of this largest enlargement, the following countries adopted the new currency:

- Slovenia was the first country to use the Euro from these 10 countries, on 1 January 2007.
- Cyprus joined the Euro zone from 1 January 2008.
- Malta adopted the Euro on 1 January 2008.
- Slovakia adopted the euro on 1 January 2009.
- Estonia started using the common currency in 2011.
- Latvia adopted the Euro on 1 January 2014.
- Lithuania adopted the Euro on 1 January 2015.

Croatia is the latest country that joined the EU, in July 2013 and is officially accepted in the Euro area starting from January 2023 (European Central Bank, 2022). This adoption is considered as symbolic because of Croatia's desire to distant itself from its communist past and its will to overcome the economic struggles.

With this latest Euro zone membership, there are currently in total 20 countries in the Euro zone. Thus, the seven non-eurozone members of the EU are:

1. Bulgaria,
2. Czech Republic,
3. Denmark,
4. Hungary,
5. Poland,

6. Romania and
7. Sweden.

4. EUROPE'S ROLE IN THE WORLD

4.1 Advantages for Europe's International Role

Euro is currently the official currency of 20 EU member states and its impact goes beyond European borders. As Charles Michel, the President of the European Council indicated, 60 countries outside the EU use the Euro either as their currency or by pegging their currency to it (European Council, 2022).

This wide use of Euro helps to maintain and stabilize exchange rates between countries and thus allows long-term predictability in trade and business activities.

Euro is currently the second most important currency in the global payments. This means that the Euro is becoming an international investment and reserve currency. Besides, single currency and EMU also empowers Europe's role in international institutions.

There is no doubt that a single currency makes the Euro area more attractive for non-EU countries in their trade and business activities and thus trade and investment is promoted in Europe and worldwide.

The use of the Euro in international trade strengthens Europe's weight in global economy. A stronger Euro would also enhance Europe's geo-economic and geo-political decision-making.

An increased use and value of the Euro is expected to contribute to EU's sustainable development and innovation, through fundings and investments.

An attractive Euro provides wider access to international financial markets while a single currency makes Europe a strong

partner. With the single market, foreign companies can benefit from lower costs in their business activities in Europe.

Indeed, the European Single Market offered the four free movements and thus facilitates working, traveling, shopping, studying and even retiring anywhere in the EU. Therefore, the use of the Euro provides practical benefits along with the benefits of the Single Market.

Finally, the option of pricing goods and commodities in Euro will become more attractive over time (such as oil and metals for example)

4.2 Political and Wider Benefits

The Euro has widely contributed to the further integration in the EU by showing that common actions of Member States can generate widespread benefits to all those who take part. Common currency also marks a common identity. Besides, the Euro has also changed the “one nation/ one money” hypothesis. Money is used as a political and social tool to form collective identity among its users (Kaelberer, 2004: 1). Thus, we can say that Euro has facilitated the development of a European identity.

Euro has also helped to conform the French view by becoming an important rival and counterweight to the dollar in international transactions. It has thus changed the U.S economic prevalence and advantage of being the dominant global currency.

As it reached high records against the dollar, and the question of whether it can compete with the American Dollars as a global currency and limit America’s flexibility in economic policy is always on the agenda (Sullivan, 2003:3).

However, despite the rivalry between the European and American currency, the Clinton administration has indeed supported the Euro and President Bush said in Berlin in 2002, that European economic union allows collective growth which in return provides security to Europe and America (The Economist, 2003).

5. CONCLUSION

The single currency was not a mere economic project. It included many aspirations and objectives toward further European integration at monetary, fiscal, political, symbolic and psychological levels. The national currency is an important symbol of the national identity. It also provided economic benefits at the macro level for the EU such as:

- Eliminating exchange rate risks and costs
- Strengthening the single market
- Promoting investment and trade in the Euro area
- Converging member states' economies
- Facilitating price comparisons as well as travelling in member countries

The European integration process is a broad and wide process. It involves many different decisions in economic, political and social levels. The single market, the single currency, the common monetary policy and the European Central Bank reflect the biggest part of the economic integration.

The Euro definitely changed the structure and the operations in the European and global financial markets. Even though its evolution has been faster in some sectors, the overall adaptation and functioning has been successful in general. Finally, the economic benefits have also been followed by political benefits. The Euro zone which started with 11 members, gathers now 20 member states in total. A strong and widely used Euro would serve European businesses and citizens wealth which can also enhance EU's strategic impact in the world.

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A Philosophical Perspective on the Social Construction of Disability

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1. INTRODUCTION

The notion of disability, just like the notions such as gender and race, directly involves the ontological classification of human-related kinds through some observed or imagined characteristics which constitute the defining rationale behind the relevant classification. Accordingly, the locus of philosophical debates on the disability classification rests on this underlying rationale which enables us to mark someone as disabled. Hereby, the underlying question is whether this particular classification hinges on some biological characteristics or is socially constructed under the socio-hierarchical relations built into the very fabric of society. Although the above question reflects a sharp distinction between two

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alternative stances about the disability classification, the question might also compatibly allow us to ask to what extent disability is socially constructed or biological.

Any analysis of the above question indispensably falls under the fundamental considerations employed to define the very category of disability in the first place. According to the biologicalist camp, some biological variations and atypical bio-medical traits- imagined or factual- constitute disabilities entirely. Hence, the disability classification seems to stem from purely descriptive and objectively discernible facts about human beings in terms of their biological features. Thereby, the disability classification, according to this stance, exclusively emerges independently of social and political aspects of disability in the sense that merely biological facts ground disability regardless of thinking whatever people's decisions, thoughts, constraints, and constructs might be as to the disability classification. As this stance further implicates, some condition x is a disability if and only if x pairs with some observed or imagined biological impairment y relevant to x in a material constitution. In brief, this biologicalist stance generally portrays the disability category only with a reference to its allegedly constitutive category, i.e. the impairment category. So, every impairment always pairs with at least a single disability. As a result, aphasia, for example, always corresponds to a single or multiple disabilities related to speech and learning.¹³

On the other hand, social constructivism vehemently opposes biologicalism and it holds that conceptualization of disability solely relies on under what social discourse it emerges and persists. In this respect, the disability classification appears to be a social construct in the sense that a mark of disability follows from society's prevailing decisions, thoughts, constraints, and their

13 Aphasia is a neurological and often degenerative disorder caused by lesions in the areas of brain which are directly responsible from linguistic comprehension and well-formed articulation.

resultant constructs regardless of thinking what biological traits and conditions establish atypicalities or impairments in one's biological well-being. Therefore, there seems to be a principled reason for disambiguating disability from impairment to the effect that disability becomes a matter of social suitability in terms of given constructs. Instead of grounding disability by impairments on biological grounds, the social constructivist view holds that disability simply stands for one's particular state or level of social suitability in the face of the suitability conditions for the relevant social constructs. Thus, 'being disabled' means 'being unsuitable for some social constructs' regardless of whether these disabilities involve any observed or imagined impairment.

Hereafter, I will tentatively take for granted the social constructivist approach to disability although I refrain from the one extreme tenet that the notion of impairment is also a social construct. Rather than grounding disability as a social construct, I will hereby be seeking to scrutinize the philosophical grounds underlying how this notion of disability ought to be manifested and reproduced in social practices. Respectively, I will hold and defend the following tenets throughout the paper: (a) Disability is the social meaning of impairment; (b) the disability category is socially constructed based on its devised connection with the notion of 'normality'; (c) The disability category is often used to justify the discrimination of 'disabled' people and thereby we might come up with ethical and political reasons to construe some relevant policies to demolish such a construct in favor of social justice.

Regarding the first tenet, I will highlight the disability classification as a social construct whereas I separately recognize the biological variations and atypicalities that put human beings into states of discomfort, pain, and struggles in their current material conditions which are by no means socially oriented or determined. In doing so, I will follow a similar line of thought with the standard feminist conviction that the gender category

is the social exposition of the concept of sex. As to impairment (temporary or permanent), I believe no one can coherently appeal to the extreme claim that one's having borderline personality disorder, for instance, is a social construct.¹⁴ Unlike the disability classification, the impairment classification merely indulges with such and such biological capacities in accordance with their relevance to one's using and sustaining the ascribed functions of the relevant organs without any complication and discomfort. In the impairment classification, these ascribed functions cannot be socially determined, but they are discovered and projected as a result of scientific conjectures concerning with some statistical data and empirical means, which provide a general understanding of what capacities an average human being is conjectured to possess for the sake of physiological well-being. On the other hand, the disability classification pertains to how these ascribed dysfunctions become relevant to social discourse and practices.

Considering the second tenet above, I will further discuss how the disability classification occurs and persists in our social practices in reference to the notion of normality. In doing so, I will draw on Hacking (1990, 1999) and Baynton (2013) to show that the disability classification has been historically paired with the notion of 'normality' which strictly functioned to obscure the factual marks of impairment with the social validation of these marks. Based on this analysis, I will discuss how the disability notion is

14 Psychiatric disorders and psychological impairments might especially seem to be intricate subjects to refute as social constructs since each such condition evidently has a social aspect about how people with such conditions interact or connect with the others in their narrow or wide social environment. Yet, it does not mean that such impairments by themselves such as a chronic hormonal imbalance or neural damages are produced or formed by the social environment. It is worth noticing that impairments have different kinds of effects some or all of which are cashed out by society in terms of their relevant constructs. To illustrate, the cases of schizophrenia have such effects on social life because of our communicational and ontological constructs resting in a sensible linguistic exchange. Yet, our linguistic means and their embedded rules do not determine what biological dysfunctions result in this psychiatric disorder.

employed to justify the mistreatments and stigmas towards certain groups or individuals in a society. Relevantly, the final tenet which I defend will follow Haslanger's (2000) feminist project of social constructivism to define the concept of disability in terms of its socio-political status in the hierarchical orders of society. As far as I am concerned, this sort of definition is a good start to realize why it must be deconstructed since such a social construct entails social and political subordination.

2. IMPAIRMENT AND DISABILITY

Initially, any profound analysis of the disability classification must saliently discern the biological aspects from the social aspects. These aspects are generally introduced in a dichotomous manner depending on how biologicalism and social constructivism about disability discuss the legitimacy and the extension of the relevant category. These biological and social aspects in question are often embodied in the dichotomy between 'impairment' and 'disability'. In this vein, these categories can be stipulated as follows:

- “1.0 Impairment: an injury, illness, or congenital condition that causes or is likely to cause a loss or difference of physiological or psychological function.
- 2.0. Disability: the loss or limitation of opportunities to take part in society on an equal level with others due to social and environmental barriers.”¹⁵

Hence, disability is held to be the social meaning of impairment in as much as the given token of impairment is taken into account in terms of its relevant value in the given social discourse with some hierarchical structure, conditions, and factors. Hence, the status of a person with an impairment is socially constructed as disabled if she has an observed or imagined impairment recognized to be unfit for

15 <http://disability-studies.leeds.ac.uk/files/library/Northern-Officers-Group-defining-impairment-and-disability.pdf>

the requirements, expectations, and predicaments of a given social discourse. One upshot is that the disability category does not entail the entire extension of impairments. In other words, there might be some impairments that pass unnoticed or at least get relatively recognized due to the case that some impairments might simply be irrelevant to the given social discourse in terms of its embedded conditions and such. Again, it is apparent that society might not even be aware of the presence of some impairments and their observable effects to assign these impairments any import in terms of their social value or status. To illustrate, many impairments are not at noticeable degrees so that someone with a lower degree of scoliosis, for instance, does not seem to belong to the category of disabled in terms of her labor efficiency in a given society even if she might be labeled to be an inapt worker for certain tasks. Again, some impairments or biological variations do not have any noticeable hint of dysfunction to the effect that anyone with partial syndactyly in his toes is not taken to be disabled even if the aesthetic disfigurement in his toes can be seen as an imperfection in the value system of a given society. Thus, disability and impairment do not seem to share the same domain of discourse. To reinforce the dichotomy stipulated above, three distinguishing marks related to the notion of disability can be underlined: (1) social admissibility; (2) axiological prescriptivity, and (3) context sensitivity.

For one thing, impairment, as it is hinted before, covers diverse tangible conditions at varying degrees of noticeability in a community and it merely entails the medical conditions which are respectively associated with factually detectable atypicalities in the subjects with the relevant impairment. From a scientific point of view, impairment is not a matter of social admissibility in the sense that what a token of impairment factually entails does not depend on if any non-scientific community manages to perceive some facts or their effects concerning with some given token of impairment. To explicate it better, it is worth focusing on what the concept of treatment in a medical case normally indicates. Broadly speaking, a

medical treatment stands for a set of medical exercises to regulate, soothe or eradicate the factual conditions causing the impairment in question. In comparison with medical treatment, any social exercise about impairments or a set of shared beliefs about them cannot causally intervene on the very factual conditions construing these impairments in the sense that impairments and their factual effects are non-cancelable by any intervention derived from social percepts or commonly-shared beliefs about their appearances in a community. On the other hand, the disability category itself seems to heavily hinge on social admissibility in the sense that there can be no token of disability if it is impossible to cancel some instance of disability by socially intervening on some given social exercises, socio-economic conditions or cultural habits which surround the given disability. To illustrate, dyslexia would never be pinpointed as a sort of disability if the given community had the pedagogical and technological infrastructure which merely promotes auditory and visual learning.

Secondly, the category of disability stretches far beyond the domain of impairments since the limitations associated with impairments are charted out based on the social environment and its relevant requirements rather than being characterized by objective biological variations which result in physical or psychological dysfunctions or limitations accompanied by experiences of pain or discomfort. For instance; any ethnic, socio-economic, or gender-related class of people has nothing to do with the impairment category, however, it can be misleadingly characterized as a form of disability with respect to the ascribed inherent traits which are unfavorable in the given social context (Baynton, 2013; Wasserman, 2013). After all, each social construct prescribes its own norm or value system to demarcate the limitations for being a suitable candidate, and thereby each social construct decides on which people ought to go under those limitations. As we shall see in the next section, these norms and axiological systems could be realized and reinforced through the concept of normality. Thus, if disability

follows from some relevant loss or limitations defined in the face of a social suitability criterion, then this criterion might function as a prescription about how the given community –including the so-called disabled group of people- ought to succeed in the face of some supposed loss and limitations. Although disability becomes a matter of axiological prescriptivity, the impairment category only undergoes nomological laws and principles by which biological phenomena abide. In this respect, the impairment category does not entail how a subject with some impairment ought to endure some social exercises and conditions.

Finally, every social construction is contingent on what sort of social mechanisms and practices prevails behind using such and such constructs, and thus there is, by default, more than one viable way to construe the extension of the disability category depending on the distinct norms, social interests, and other socially oriented factors. This contingency might be most adequately captured by how Hacking (1999) depicts the implications of endorsing something as a social construction. As he articulates, “X [a token of disability] need not have existed, or need not be at all as it is...X, or X as it is at present, is not determined by the nature of things; it is not inevitable” (1999, p.6). Thereby, the disability classification as it is at present or the entire classification could not have existed in the social reality. Hence, the disability classification as it is now could have followed a different track in terms of what it covers as a disability. This contingency factor in a social construction makes the disability classification sensitive to the social context in which occurs, and it explains why the extension of the given classification can expand further. Briefly, how to construe the disability classification varies across the social context of communities which shifts by some varying parameters such as time, sex, race, political order, religion, and socioeconomic status. Thereby, it is purely a matter of contingency if someone with a certain degree of a particular impairment falls under the extension of the disability category. Hence, deducing disabilities

from some bio-medical atypicalities is not rigidly determined on factual grounds. Moreover, the extension of the disability category becomes almost ever-expanding since the disability classification varies across social contexts. At this point, it is worth noticing that the contingency of the disability classification indicates its modifiability and dispensability for changing our social settings in favor of socially disadvantaged groups in their current status. If the disability classification as it is present is a contingent construct based on the given social setting of our community, then it means that we are to re-construct and de-construct the given classification by adjusting our present social setting to eliminate the limitations associated with disabilities.

Reinforcing the distinguishing marks of the disability classification, the impairment category needs to be elaborated in terms of its domain of discourse. This category is generically redeemed to consist of such and such natural kinds that cause a loss or deviation of an ascribed physiological and psychological function. Hereby, it appears to provide what the world is like through the bio-medical facts which are not socially oriented. For instance, biological deviations, genetic mutations, and anatomic atypicalities do not concern with ascribing social values to phenomena based on some prescriptive category such as normality. Rather, such phenomena are defined based on the facts about the human body that stands for a bio-statistical category (e.g. average or mean) which provides an objective description of how most commonly observed formations of an organ, for instance, work without any discomfort, pain or any external intervention in a specific portion of the life cycle. In as much as the course of scientific inquiry allows, the impairment category can also expand or narrow in terms of its domain of discourse. After all, a scientific inquiry usually acquires new results about its subject matter while disconfirming previously obtained ones. In addition, the nature of conditions related to human anatomy has also progressive and dynamic aspects so that impairments might be undetectable

or dormant during one's life span, or else distinct bodies and metabolisms might manifest fluctuating bio-medical outcomes under the very same impairment condition.

Hence, neither disability nor impairment saliently yields a conclusively determinable domain of discourse. Although it is difficult to map out their extensions, the extensions of these categories can be qualitatively distinguished from one another based on the point that the impairment category consists of biological kinds whereas the disability category consists of socially constructed kinds. Nonetheless, it is worth discussing whether this qualitative difference adequately grounds the distinction between impairment and disability. In this regard, some theorists dismiss the idea that the impairment category is exhausted by biological kinds and they instead argue for the social construction of impairment based on the idea that social constructs- from social practices to institutions- causally and ontologically predetermine the factual aspects of impairments. In favor of the impairment category as a social construct, Wendell (1996) hereby offers a model of disability in which she roots factual aspects of impairments into social constructs. Thus, she includes impairments, which are biological kinds, into the domain of disability because she believes that social constructions prearrange the initiating grounds for impairments. In this vein, she argues:

“I see disability as *socially constructed in ways ranging from social conditions that straightforwardly create illnesses, injuries, and poor physical functioning*, to subtle cultural factors that determine standards of normality and exclude those who do not meet them from full participation in their societies... it is easy to recognize that social conditions affect people's bodies creating or failing to prevent sickness and injury... Many do in fact cause disability given the demands and lack of support in the environments of the people affected, In this direct sense of damaging people's bodies in ways that are disabling in their environments, much disability is

created by the violence of invasions, wars, civil wars, and terrorism, which cause disabilities not only through direct injuries to combatants and noncombatants, but also through the spread of disease and the deprivations of basic needs that result from the chaos they create...The availability and distribution of basic resources such as water, food, clothing, and shelter have major effects on disability, since much disabling physical damage results directly from malnutrition and indirectly from diseases that attack and do more lasting harm the malnourished and those weakened by exposure. Disabling diseases are also contracted from contaminated water when clean water is not available.” (pp.58-59)

I think Wendell’s picture of the disability-impairment distinction muddles a few things about being a social construction. First, the material conditions such as the lack of basic sources to sustain a healthy life can indeed be determined by social factors. Nonetheless, this situation only plays a causal role in determining the quantitative framework of impairment such as demographics. In other words, the material conditions affected by social factors do not construct what a token of impairment or disease formally is although they circumstantially contribute to how this impairment in question occurs. For another thing, causation is not the same thing as construction even if what is constructed brings out certain material conditions playing a causal role in occurrences of certain biological states. Hence, it can be said that Wendell fails to recognize impairments as purely biological and socially inactive kinds with their current dysfunctional effects on people’s average bodily states.

Recognizing impairments as biological kinds carries out a further point about Wendell’s argument. If we draw on Kripke’s notion of rigid designation in modal contexts, then it can be held that poliovirus refers to the very same being in the same composition even in a possible world where every host is immune

to poliovirus.¹⁶ In a scenario with no infected person, one might consider that what falls under the impairment category also seems to be contingent on some external conditions. However, it would be quite presumptuous to hold that the impairment category is contingent in the same sense as how the disability category hinges on the percepts and constructs varying across social contexts. On the one hand, a bio-medical state becomes an impairment only when it is causally and naturally connected with any bio-medical discomfort or dysfunction. Here, it is fair to say that one would not consider this given bio-medical state as an impairment if it does not inflict any discomforting effect at all. In this sense, impairments as biological kinds are only contingent on how people in these natural states manifest any medical discomfort or dysfunction. Nonetheless, this sort of contingency does not mean that the impairment category depends on social factors.

Another point indicating the ambiguity of the above categories concerns with medicalization and de-medicalization of certain social constructs (Hacking, 1990). According to this, one socially designated abnormality can be medicalized to the effect that it becomes a part of the impairment category. To illustrate, the rise of eugenics studies in the 19th century showed a clean-cut case of how to medicalize socially attached stigmas. In this respect, Douglas Baynton (2013) proposes a historical survey on how the concept of disability has functioned to justify political inequalities which cast away not only disabled people but also racial minorities, women, and immigrants. Moreover, Baynton covers a few ‘disability’ arguments against and for the inequalities derived from the medicalization of racial discrimination. According to one of

16 Kripke (1972) discusses that proper names including natural kind terms rigidly designates the very same being irrespective of how language users mean to use such terms. Although the descriptions or connotations which language users pair with these terms might vary, these terms always correspond to the same referents. Water, for instance, always corresponds to such and such molecular entity even if some uses the term to mean something entirely different as in the cases of calling things in liquid form as water.

these historical examples, Dr. Samuel Cartwright (1851) claimed there are two types of mental diseases to which are commonly African Americans subjected: (i) Drapetomania: one's running away from his natural or normal course of life as a result of mental alienation (e.g. run-away slaves); (ii) Dysaesthesia: one's lacking desire to work and causing mischief (e.g. 'free black people') (Bayton, 2013, pp.40-41). As these instances of the medicalized social constructs suggest, some tokens of the impairment category fallaciously collapse into the disability category when one stipulates some ad hoc medical assumptions to allegedly ground some folk percepts or social constructs which occur following the given socio-political interests under the relevant social context. Yet, I believe the medicalization process of disability cases ought to be eliminated to draw an unambiguous distinction between disability and impairment. In this respect, Hacking's distinction between "interactive kinds" and "indifferent kinds" might come in handy for offering a clean-cut distinction between the impairment category and the disability category. Hereby, we might fairly hold that the impairment category - excluding some mental conditions which emerge from looping effects (e.g. Hypochondria)- consists of a way of classifying indifferent kinds instead of interactive kinds.

Hacking (1999) points out that the classification of concepts or kinds can differ based on what sort of relation the classified kind has with the classification itself. Here, he portrays the distinction between indifferent kinds and interactive kinds. As to indifferent kinds, entities which are classified as such and such are indifferent to the relevant classification in the sense that these entities do not take any stance on the descriptions under which they are classified. On the other hand, the interactive kinds apply to the classifications under which beings can interact with how they are classified (1999, p.103). For instance, self-conscious agents are capable of taking stance on how they are classified and they can influence how they behave or how this classification applies under the descriptions provided by the relevant classification (1999, p.104).

Thus, the classification itself can be revised or replaced through these interactions since interactive kinds can impact the very course of the classifying process in question. Regarding Hacking's given distinction, the medicalization of social constructs might fairly be held as a possible outcome of interactive kinds. After all, people are apt to interact with how they are objectively classified in the impairment category to the effect that they can convert it into the category of disability. Again, their such and such interactions at the conscious level might transpire to justify one category by an objective one. Furthermore, even their interactions can unconsciously reinforce or acknowledge someone's being classified as such and such because these interactions can already have foundations in the institutions and the practices relevant to the given classification. Therefore, it is possible for the disability category to be medicalized or to rest on medical classifications although it does not change the fact that it is socially constructed no matter how it exploits the category of indifferent kinds.

3. THE CONSTRUCTION OF DISABILITY VIA 'NORMALITY'

Now, I would like to turn my focus on how the disability classification functions to discriminate against disabled people via the conception of 'normality'. Particularly, the provided analysis includes some historical misapplications of the impairment-disability distinction through the concept of 'normality'. As it has been discussed in the previous chapter, the disability category has been devised to justify systematical exclusions of people who do not fit into the relevant norms or expectations of the given community. As many authors such as Hacking, Wendell, and Baynton point out; justifications for excluding people as disabled rest on the concept of normality, and thereby this concept acquires a key role to legitimize certain groups while marginalizing others based on some implicitly or explicitly acknowledged interests, expectations and various accommodations in a particular social context.

In this respect, Baynton (2013), in a historical analysis of disability, suggests that the arguments for the exclusion of so-called disabled people often appeal to the seemingly inherent limitations of disabled people which consist of “physical, intellectual, and psychological flaws, deficits, and deviations” (pp.34-36). Furthermore, these so-called flaws and deviations, which are allegedly sufficient to disregard some people in such and such social rights, are not biologically defined atypicalities; instead, they are socially ascribed deviations grounded in social reality via the concept of ‘normality’. That is to say, “the normal is the center which deviation departs” and yet the normality is socially prescriptive rather than descriptive (Hacking, 1990, p.164). Hence, normality, as the historical examples have shown, works as a socially prescriptive means of measuring, categorizing, and managing populations. To clarify the social impacts of normality, we can draw an explanatory connection with social Darwinism which theoretically seeks to naturalize the decentralization of certain groups and becomes a catalyst for discriminative programs such as the Eugenics movements.¹⁷ Social Darwinism provides a vivid picture of such a misapplication of the normality concept in the sense that normality signifies the ideal progress bar of evolutionary hierarchy in social reality in which allegedly inept or unfit groups cannot survive through due to their allegedly inherent ineptitude about some so-called survival exigencies. Hence, the concept of normality marginalizes whatever disconfirms the supposed bar of expected progress. Hereby, the concept of abnormality, in a social Darwinist sense, further corresponds to whatever lags behind the alleged norm of evolutionary progress in some socially acknowledged respects such as physical or intellectual aptitudes. Thus, the concept of normality generally lurks into the

17 The Eugenics, as a set of pseudo-scientific beliefs and political practices, typically advocates to select and control human populations and their social status based on their psychical and mental fitness for improving the society in some allegedly significant respects. Such movements historically includes policies such as controlled-breeding or cleansing of certain groups for some planned improvement.

disability category to provide a pseudo-objective criterion for excluding certain groups. In this regard, Hacking provides a brief genealogical analysis of being 'normal' to show how this concept, which is supposed to describe the set of generic facts about a kind, also works to assign values to the relevant kind of entities. According to this genealogical picture, the term initially emerged as a geometrical term and it was taken to be synonymous with being orthogonal to a given reference or a plane. In this sense of the term 'normal', being normal only describes how something is positioned with a reference to some fixed point. Nevertheless, this initial use of the term, according to Hacking (1990), has evolved from its descriptive sense towards an evaluative sense to the effect that we ended up with the term to say how something ought to position with a reference to some socially endorsed norms.

Here, Baynton seems to provide more concrete examples to follow how normality becomes an evaluative means to justify exclusions of people passing under the progress bar drawn by this very concept. For example, in 1866, Down's syndrome was initially called Mongolism because the syndrome was believed to be the result of a biological reversion by Caucasians to the Mongol racial type which was taken to be an evolutionary throwback (pp.36). Again, he further points out that the scientists in the 19th century defended slavery based on the idea that the physical capacities of Africans are suitable for serving and overcoming heavy tasks. As their misconception implies, these enslaved people would suffer from various diseases if they abandoned living by their nature. Moreover, such a misconception rests on the normality criterion that those who do not live by their inherent aptitude ought to be regarded as 'disabled' (Baynton, 2013, pp.37-41).

Regarding the exploitive use of the term 'normality', Wendell (1996) offers some further insights into the practical consequences of how the notion of normality functions in society. According to her, this notion frequently and exclusively applies to those who cannot keep up with the expectations of performance relevant to a

particular social context. Thus, those who fail to keep up with these expectations are marked as abnormal. In this regard, she states:

“Societies that are physically constructed and socially organized with the unacknowledged assumption that everyone is healthy, non-disabled, young but adult, shaped according to cultural ideals, and, often, male, create a great deal of disability through sheer neglect of what most people need in order to participate fully in them.” (Wendell, 1996, p.60)

Hence, public transportation or sidewalks, for example, have been heavily designed for ‘normal’ pedestrians and not for elderly people or people with certain impairments. In other words, the normal as a means of exclusion has been built into every concrete and abstract aspect of the social environment since the term ‘normal’ corresponds to an evaluative criterion for assessing one’s performances of some socially ascribed tasks in a given social context.

4. HASLANGER’S DEFINITION OF ‘DISABILITY’

In this final section, I would like to revise the definition of disability since the disability classification must also be reckoned in terms of oppressions, exclusions, and subordinations which have been historically accompanied by this classification. In this regard, I will take Haslanger’s definition of gender into account to remodel the definition of disability. Hereby, it is worth mentioning how Sally Haslanger (2000) defines gender from a social constructivist point of view. Firstly, she offers an account of gender and race which mainly contends that both gender and race are socially real categories and these categories are constructed through social relations which systematically mark one group as subordinate or privileged in some dimensions of social hierarchy (economic, political, legal and so on) regarding presumptively physical features such as sex, reproductive capacities, skin color,

and ancestral links. Her stance seeks to characterize gender and race in terms of oppression which socially and historically emerges in various forms. Thereby, the gender question, for Haslanger, can be answered only by means of realizing and assessing the oppressive factors and practices which chart out these categories in social reality. That is to say, she defines these categories with reference to her feminist and anti-racist theory so that these oppression-laden categories are to be removed or refined to meet the prospect of her feminist and anti-racist political agenda. In this vein, she proposes the following definition for the gender category for women:

“S is a woman iff S is systematically subordinated along some dimension (economic, political, legal, social, etc.) and S is ‘marked’ as a target for this treatment by observed or imagined bodily features presumed to be evidence of a female’s biological role in reproduction” (Haslanger, 2000, p. 39).

Holding this definition, Haslanger mentions that the overall project is to relinquish this category by removing the relevant inequalities. This definition is of course sensitive to the regional and contextual differences of a society in which the given gender category occurs in the face of related oppressive factors and practices. It might seem to overlook some micro levels of gender conception in a society (e.g. being a trans-gender refugee with some auditory impairment) and some intertwined aspects of oppression (e.g. being a second-generation refugee woman with some permanent speech impairment). Recognizing such rarefied cases of gender, Haslanger states “someone functions as a woman in context C iff S is observed or imagined in C to have certain bodily features presumed to be evidence of a female’s biological role in reproduction” and this marks S “within the ideology of C as someone who ought to occupy certain kinds of social position that are in fact subordinate” (pp.42-43).

Drawing on Haslanger, I believe that the disability category can be defined in the following way: S is disabled if and only if S

is systematically subordinated along some dimension (economic, political, legal, social, etc.) and S is 'marked' as a target for this treatment by observed or imagined bodily impairment presumed to be evidence of a bodily role in evaluative expectations (e.g. performance, appearance, communication, and accommodation) of a given society.

In this vein, I hold that this definition makes two features of the category salient: being a social construct and being a source of exclusion. Although I prefer to hold the definition for the sake of these features, it is not difficult to imagine some cases of disability which do not fall into the definition. For instance, a person who suffered from a chronic illness can continue to experience being disabled even after her full recovery. Here, there is no time barrier for a society to evaluate one's state in terms of its expectations. She can still be evaluated to be a possible liability in society. Again, there is no apparent conceptual barrier for a society to hold someone to be disabled because the domain of discourse is quite dynamic and interactive to the extent that even seemingly irrelevant social features can bring out a disability. In this regard, the uses of the term 'disability' resemble the instances of figurative speech or metaphoric expressions which are taken to be literally by time.

Moreover, I share the same agenda with Haslanger in the sense that the overall goal is to eliminate the entire category by deconstructing the conditions behind this exclusion. Furthermore, the opponents of Haslanger's account often criticize her revisionary goal by indicating that people from such and such categories also share and create certain values which they do not want to relinquish. That is to say, Haslanger is criticized to undervalue 'gay pride' or 'black pride' in her account by offering to relinquish these categories. After all, the oppressed people often acquire some epistemic or social merits through their struggles against what subordinates them to the effect that the oppressed people cultivate group solidarity and shared lore in the face of subordinating conditions. So, one might fairly consider that relinquishing gender

or race categorically costs the oppressed people to lose their alt-culture which represents the merits and achievements of their struggles against the oppression.

The very same critique might be directed to the revised definition of disability since the elimination of the disability category can be regarded as underestimating the communal bounds among disabled people facing the same or highly similar limitations. However, I think the Haslangarian definition sets a possibility of wider communal bounds even if it undermines the communal bounds established under a particular category within a minor community. For one thing, endorsing and reinforcing the Haslangarian definition of disability prompts society to realize the social constructs and percepts which consequently subordinate people based on some imagined or real impairments. Hence, the Haslangarian definition of disability leads to more comprehensive lore or epistemic status about the constructed axes of oppression in society. For another thing, endorsing the Haslangarian definition sheds a strong light on how such categories are unjustly and falsely constructed for excluding some group or groups in a society so that a given society might justly use it for unifying their community based on ethically and politically righteous grounds.

Moreover, eliminating one oppression-laden category does not necessarily rule out nor undermine the communal culture shared by the people exposed to the same systematic oppressions. That is to say, the communal bounds which occur and subsist in the historical continuum of cultural memory do not necessarily pale into insignificance when the continuing oppressions cease to exclude the relevant community. After all, I think the significance of the communal bounds comes from what the community has so far lived through the relevant oppressions and what epistemic and normative commitments they commonly have pursued about these oppressions excluding them. Thus, the communal bounds would not simply fade away as a result of canceling out the ongoing oppressions. Since the community, even after canceling out the

oppressive category, would still share the same commitments and cultural memory about how the socially constructed category in its canceled form oppresses them. Briefly, such commitments and cultural memory are essential to distinctively construe such a community in the first place so that the very communal bounds accompanied by the cultural merits such as ‘black pride’ subsists only for the sake of these essential tenets of the community. Furthermore, the very reason why people ought to appeal to the Haslangarian definition already concerns with their normative commitment and their epistemic status about the oppressions to which they are systematically exposed in society. After all, such a social environment inherits disorderly and disadvantageous conditions for those who do not physically and psychologically fit into the non-substantially and even arbitrarily designated criterion for being a ‘normal’ candidate to exercise some social customs, public practices, or institutional duties and general tasks in this society in question.

5. CONCLUSION

As has been discussed thus far, a disability is merely a matter of one’s suitability for some social constructs whereas an impairment, observed or imagined, comes out as a matter of someone’s biological traits in terms of scientifically deliberated bio-medical typicality for humankind in general. In this context, demarcating the distinction between impairment and disability plays a crucial role in comprehending how disability is socially constructed by mediating it with some observed or imagined impairments based on their relevance to some given set of social norms, exercises, infrastructures, and institutions. At this point, it is indispensable to underline that an impairment does not necessarily entail a disability because a token of disability occurs only if some relevant impairment-observed or imagined- discords with some acknowledged sense of normality for some prevailing construct in a given society. From this constructivist perspective, everyone, with or without any

genuine or supposed impairment, is disabled to satisfy or cohere with some social construct regarding the fact that distinct social constructs in the different portions of different societies might enforce varying demands for physical or psychological norms of suitability. People with some inflammatory forms of visual impairments are considered to be disabled in the sense that they do not accord with certain tasks- in certain manners- which have only socially ascribed values about a particular level of visual capacity. Yet, such an individual can still manage to complete this task in an unacknowledged manner (e.g. self-taught practices for perceiving the surrounding) or she can replace it with any other equally beneficial task through her own biological condition determined by the relevant impairment. Better yet, society might collectively figure out how certain tasks can be adjusted, reset, transformed, or dropped out for certain groups by altering the current constructs regardless of jeopardizing the social utility of these tasks - if they have any essential utility for society at all. For instance, improving the medical know-how about treatments of such impairments or downsizing the social and practical disadvantages of being disabled for this task would be obvious initiations for adjusting people for these tasks.

In this respect, we ought to deconstruct this arbitrary category, i.e. disability, and its accompanying discourse instead of ossifying it together with the impairment category. Furthermore, this arbitrariness of the disability category not only implicates a theoretical incoherence about providing a substantial definition but also results in unjust criteria for systematically marking certain groups as subordinate in society. Hence, eliminating this arbitrary category further bears political and ethical significance in negating the subordination of people. In this respect, the Haslangarian definition of disability, as proposed in the previous section, adequately displays how oppression, which comes from the suitability norms of social constructs, becomes relevant to chart out disability to the effect that we vividly recognize our ethical

and political duties for abolishing people from such systematic oppression and its discourse in society.

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Sharing Economy, Perceived Risks and Tourism Nexus: A Re-Examination in the Case of Airbnb

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1. INTRODUCTION

This study aims to investigate the perceived risks associated with usage of places in sharing economy through Airbnb platform. Airbnb as the most recognized sharing company is a leading web based company that connects hosts with travelers. Hosts determine their own policies and rules for guests such as smoking, in house behavior, and price etc. And guests access Airbnb web platform through their mobile phones and computers. However, all these activities bring a question of perceived risks taken by travellers or guests. According to the report written by Queensland Tourism

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Industry Council (2014), unregulated sharing companies such as Airbnb has some pros and cons for their consumers when compared with regulated tourism businesses in terms of price, authenticity, environmental, communication, reliability, transparency, health, safety and quality. On the other hand, Airbnb provides lower costs for their users on average between 21.2 and 49.5% compared to hotel prices by creating more supply (Prieconomics, 2013). This price advantage provides win-win opportunity for both hosts by generating extra income and for travellers by booking accommodation at lower prices.

However, Airbnb or sharing economy users can face with some other concerns related to risks. Tseng and Wang (2016) emphasizes that, to understand the traveller's motivations and incentives to use Airbnb, researchers and web providers need to be aware of individual characteristics and their perceptions about the risk of possible uncertainties. To our knowledge, this study will be the first in analyzing the perceived risks and incentives of travellers or potential users of Airbnb as a leading company in this respect. With this, it will be possible to understand which variables affect the decisions of the users of sharing economy for both potential customers and marketing strategies of service providers. It also provides more comprehensive approach because of the model used in the study.

Most of the studies in the literature focus on the online booking on regulated business services, such as Hotels, and customer intentions to use Internet for this purpose (Amaro and Duarte, 2015; Liu and Zhang, 2014; Bigne et al., 2010). On these studies, researchers have mostly focused on online purchase intentions and its main determinants such as trust factors, price, quality of web site, online reviews etc. (Agag and Masry, 2016; Wang et al., 2015; Liu and Zhang, 2014; Jensen, 2012; Kim et al. 2009; Lin et al., 2009). However, there are very few studies examining the perceived risk associated with online purchase for travel industry (Lin et al. 2009; Yang et al., 2015; Hong, 2015). Here, perceived risk can be

defined as the potential risk perceived taken by the potential traveller in using the Airbnb as sharing economy company. While Dickson and Dolnicar (2004) and Chang (2010) defined the perceived risk as individual's subjective assessment of the real risk, some others like Fuchs and Reichel (2011) and Reisinger and Mavondo (2005) defined perceived risk as individual or customer's perception of the uncertainty or negativity of course of action. From these points of views, perceived risk has categorized by external and internal factors in one of the studies conducted by Ynag and Nair (2014). They reviewed research trend of risk in tourism by analyzing 46 articles and they classified the internal factors that can affect perceived risk of tourists within the four dimensions as i) socio demographic including age, gender, income and tourist role, ii) socio cultural including nationality and cultural orientation, iii) biological including personality and DNA, and iv) psychographic including past experience, lifestyle, motivation, novelty preference, attitude and value, while classifying the external factors include media, travel advisory, and image of tourism destination. They also pointed out that external factors are source of actual risk information, however, internal factors determine perceived risk or interpretations of risks. In the light of these studies, perceived risks are classified and examined as i) social risks, ii) service risks, iii) security risks, iv) environmental risks, v) economic and financial risks, vi) privacy risks, vii) psychological risks, and viii) time loss risks in this study.

Consistent with previous researchers, we defined the components of perceived risks as given here. Political risk is a loss such that the choice of using sharing economy may result in lack of safety conditions, personal freedom, laws and regulations and public health system in destination country (Sonmez and Graefe, 1998; Lepp and Gibson, 2003; Yang and Nair, 2014). Service risk is the risk occurred when service provided by host does not perform as expected or as promised or risk taken because of not knowing the personality of the host (Hong, 2015; Yang and Nair,

2014; Yang et al.,2015). Security risk is the risk incurred when the choice results in insecure conditions such as physical abuse, fire, theft, or other kinds of crime in general (Lepp and Gibson, 2003; Reisinger and Mavondo, 2005; Yang et al.,2015). Environmental risks were not considering in previous studies much (Lepp and Gibson, 2003). However we take it into account and it refers to the harm to guest in sharing economy that a bad choice produces due to air and water pollution, lack of clean environment etc. Economic and financial risks are loss to user of sharing economy due to lack of warranty and proper payment systems, payments without written agreements, overpriced service, unexpected expenses and hidden costs etc (Hong, 2015; Yang et al.,2015). Privacy risks are the perception that the sharing economy users, or host can make wrongful use of guests' financial or personal details (Yang and Nair, 2014; Yang et al.,2015). Psychological risks represents the sensation of anxiety by not knowing the other party, how to participate in social media, and the opinion of the other people whose opinion they consider as valued such as family and friends etc. This is expected to harm self- image and ego of the visitor using sharing economy (Sun, 2014; Kushwaha and Shankar, 2013; Hong, 2015). Time loss risks is the perception that the user of sharing economy has required an excessive amount of time for searching on web sites, sharing information and collecting information from host etc.

According to the studies conducted by Kolsaker et al (2004) and Kim et al. (2009), perceived risk affects purchase of online airline tickets negatively. Some other researchers has supported this results and additionally found that travel services has negatively related to customers' intention to purchase travel online through attitude (Jensen, 2012; Kolsaker et.al. 2004). In the literature, safety and security terms were sometimes used as a substitute terms for risk (Sonmez and Graefe, 1998). However, Reisinger and Mavondo (2005) considered security and safety as dimensions of risk and mentioned that lower level risks affects the travel intentions of

tourist in the future. However, some other group of studies, such as Plog (1974), suggested that risk could be a positive factor for risk seeker and risk taker tourists. Dickson and Dolnicar (2004) also pointed out a similar conclusion and mentioned that optimal level of perceived risk is essential for exciting travel, especially within the case of adventure tourism. Williams and Balaz (2013) defined the tourism product as intangible and heterogeneous and mentioned that purchasing a holiday is a risk in itself. They also indicate that sociodemographic factors are one of the main dimensions in analyzing the factors of risk perception in tourism. Sun (2014) analyzed perceived risk for hotel service in China, as an emerging market, by examining social, psychological, financial, and performance risks separately in both individual level and firm level, and found that social and psychological risks positively effects word of mouth, but not on switching intention. However, all these researches focus on the regulated businesses such as Hotels, travel agencies, and airlines rather than focusing on the businesses constructed under sharing economy, such as Airbnb.

To our knowledge, this is the first empirical study that measures the perceived risk of using Airbnb in the context of sharing economy. It also aims to understand user profiles in terms of their behavior attitude and intentions to use this service with perceived risks taken by them. Several practical implications can be drawn from this study. Outcome of this study provides information for both actual and potential sharing economy users through Airbnb platform and also for businesses operating within the sharing economy like Airbnb to expand their knowledge. It is expected that increase in knowledge will lead lower level risk of using these kinds of services. On the other hand, sharing economy businesses and their managers will be informed through highlighting users' perceived risk dimensions in the study as well. This may be helpful for managers to use different approaches and marketing strategies based on the level of perceived risk taken by its users.

2. DEVELOPMENT OF THEORETICAL FRAMEWORK

2.1. Technology Acceptance Model (TAM)

Nowadays, Information technology (IT) is one of the most important tools of effective marketing, advertisement and sales for the businesses. With growing needs for technology, even if the companies do not have physical places to sell their goods and services, they may design their web pages and selling their goods and services through Internet. However, in this respect, customer or user point of view and their willingness to use technology does not ignorable. Davis, in 1985, proposed a model named as Technology Acceptance Model (TAM), which explain and predict user behavior and motivation of using information technology. He defined perceived usefulness, attitude toward using, and perceived ease of use as determinants of users' motivation to use IT. Within this concept, attitude toward using has considered to be affected by both perceived ease of use and perceived usefulness as well, while perceived usefulness has directly affected by perceived ease of use. In turn, attitude toward using the IT has defined as main determinant of actual system use or rejecting it. Davis modified TAM in 1989 by introducing a new variable, behavioral intention to use, into model, and eliminate another variable, attitude toward using, because of obtaining direct impacts of perceived usefulness and perceived ease of use on behavioral intention to use.

Over time, TAM has applied on tourism and hospitality services by some researchers. For example, Bader et al. (2012) found that perceived usefulness, perceived ease of use, social influence and self-efficacy are main drivers of behavioral intention to use mobile tourism services by using 588 data for Switzerland. Some other studies related to tourism and hospitality (Law and Jogaratman, 2005; Wang and Qualls, 2007) explained the reasons of using technologies by hotels as decreasing cost, improving operational efficiencies and service quality. However, all these researches focus

on the regulated businesses such as Hotels rather than focusing on the businesses constructed under sharing economy, such as Airbnb. Some should keep in mind that the main concern of this paper is to analyze perceived risks taken by the potential customers of Airbnb. Technology here is taken into consideration just as tool affecting intention to use of Airbnb.

2.2. Theory of Planned Behaviour (TPB)

The theory of planned behavior was proposed by Ajzen (1985; 1991) and is based on three components to examine individual's decision to perform a behavior. These components are subjective norms (social influence and/or pressure or other's opinions in respect of the behavior), perceived behavioral control (beliefs regarding opportunities and resources such as money and time needed to perform a behavior), and general attitudes (as a measure the extend which an individual has positive or negative way evaluation of behavior). According to the Ajzen behaviors change through influencing intentions. According to the theory, individual's intention is affected by these three components and defined as willingness of an individual to perform certain behaviour. From this point of view, within the framework of this study, intention to use sharing economy such as Airbnb again or willingness to recommend it can be good indicators as a measure of behavioral intention. Perceived behavior control influences both intention and behavior of an individual.

The theory of TFP, as part of decision-making, has been applied in tourism and hospitality framework for predicting behavior to explain leisure participation (Ajzen and Driver, 1991), international travelling (Lam and Hsu, 2004), gambling behavior (Oh and Hsu, 2001), destination choices (Lam and Hsu, 2006), and convention participation (Lee and Back, 2009). In addition to these, a study using TPB to examine risks and uncertainties on travel decision-making and intentions to visit Australia, conducted by Quintal et al. (2010), found that perceived behavior control and subjective

norms influenced attitudes have significant impact on intentions in all country samples. And perceived risk has influenced attitudes toward visiting Australia, Japan and South Korea.

From this point of views, we proposed to analyze decisions of the users of sharing economy and their intentions by considering some forms of subjective norms. By combining the indicators from TAM and TPB will provide us more comprehensive approach because of the model used in the study as well.

3. METHODS

To measure the perceived risk of using Airbnb in the context of sharing economy, an online survey including 42 questions regarding risks, 8 questions regarding intention to use and attitudes, and additionally 10 questions regarding demographic features of respondent with 3 sub-sections was designed by using Google questionnaire tool. The first section consists of 8 categories of risk as components of overall perceived risk as social risks, service risks, security risks, environmental risks, economic and financial risks, privacy risks, psychological risks, and time loss risks with five point Likert scale (1= Extremely Low Risk, 2=Low Risk, 3=Moderately, 4= High Risk, 5= Extremely High Risk) in each item. The second section focuses on potential user's response on opinion about Airbnb experience. The last part of the questionnaire contains questions regarding respondent's demographic characteristics such as gender, education, income and region etc.

Table 1. Risk Categories Associated with Airbnb as a Platform of Sharing Economy

Risk Categories	Sub Categories
1. Political Risk	Socio-Political instability in the destination country
	Safety conditions in the destination country
	Personal freedom in the destination country
	Public Health in the destination country
	Laws and regulations in the destination country
2. Service Risks	Uncomfortable room(s)
	Unqualified/Inexperienced host(s)
	Lack of Home appliances
	Unsociable host(s)
	Lack of useful information (e.g. Map, transportation, and so on)
	Lack of independent access (key)
	Lack of contact information of host
	Mismatched services with the descriptions given on the website
3. Security Risks	Theft/fraud
	Fire
	Physical Abuse
	Crime in general
4. Environmental Risks	Air pollution
	Water pollution
	Hygiene/Clean environment
	Ignorance of environmental issues in the place

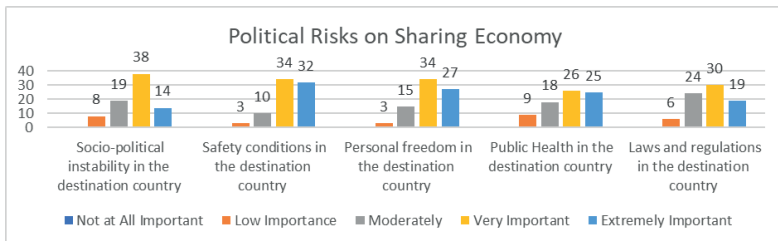
5. Economical/ Financial Risks	Currency fluctuations
	Lack of proper payment systems
	Higher prices compared to other places
	Unexpected extra payments
	No guarantee of refunds, in the case of error
	Payment without written agreements
	Occurrence of a mistake during the online payment system
6. Privacy Risks	Sharing the personal information in the web
	Wrongful use of personal details
	Ignoring the ethical values by service providers
	Privacy and quietness
7. Psychological Risks	Feeling of pressure if there is loss in payment
	Feeling of anxiety before meeting with the other party
	Feeling of anxiety if the service can not be provided timely and/or provided as promised
	Feeling of pressure from the family/friends/society because of choosing shared accommodation system
	Feeling of anxiety because of taking the risk of sharing same room or house with another person from opposite sex
	Feeling of anxiety due to cultural conflicts at accommodation
8. Time Loss Risks	Wasting too much time for searching activities
	Wasting too much time on tasks (reading, writing e-mail etc)
	Using too much time for finding good place in the webpage
	Using too much time for collecting information about host from their profile

4. RESULTS

Total number of the respondents are 79 with 34 females and 45 males. Age group of respondents are distributed as 3 (4%) for over 60, 14 (18%) for 50-60, 16 (20%) for 40-49, 18 (23%) for 30-39 and 20-29, and 10 (8%) for below 20. This results show that Airbnb is preferred by mainly the people between the age of 20 and 50. Preferences of respondents in terms of the sharing room are classified as shared room, entire apartment, private room and entire home, and only 3 of the respondents preferred shared room while 48 people choose private room. Entire room preference is selected by 16 people and entire apartment option has been chosen by 22 people. Regarding the income level of participants, most have income under \$24,999 and less (44%) or \$30,000-\$49,000 (25%). Most of the participants are from Europe with 48%, and 23% of them from Asia, 18% of them from Africa, 11% of them from America.

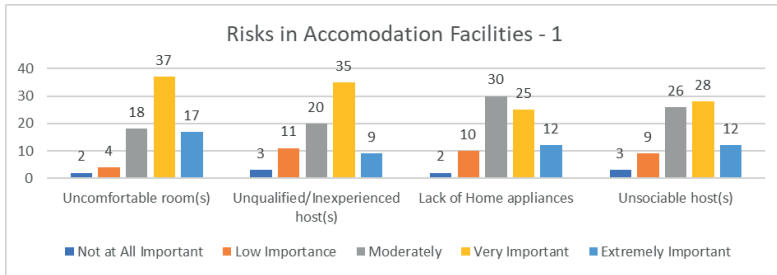
Figure 1 provides results on risks on using Airbnb as a case of sharing economy. It seems that almost all dimensions of the political risk are defined by the participants as very important. The results of the political risk are calculated as 4.20 for safety conditions in the destination country, 4.08 for personal freedom, 3.81 for public health, 3.78 for laws and regulations and 3.73 for socio-political instability in the destination country. As a result, the average score of political risk is 3.92 over 5.

Figure 1. Political Risks on Sharing Economy



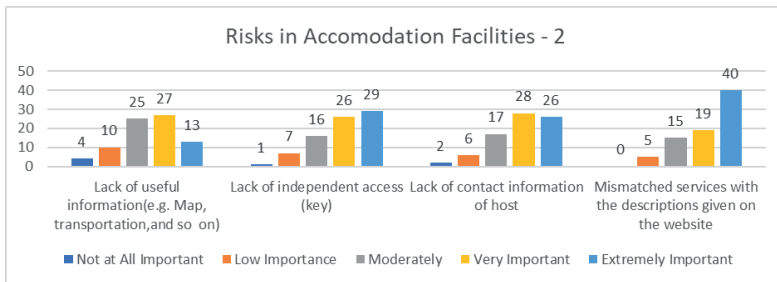
Other important dimension of the risk is related to accommodation facilities. Especially, uncomfortable rooms are seen by the majority of participants as one of the main risk of using Airbnb.

Figure 2. Risks in Accommodation Facilities-1



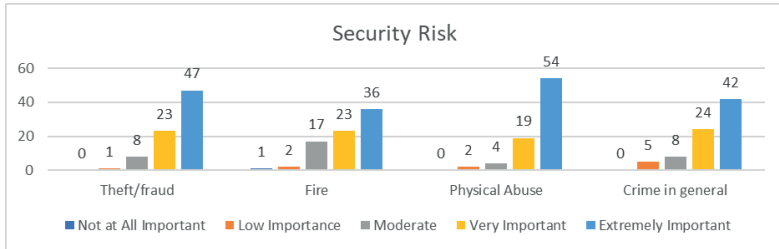
However, as can be seen from the figure 3, 40 people (51%) mentioned the mismatched services with the descriptions given on the website as extremely important. As a result of Figure 2 and Figure 3, the most important dimension of risk related to accommodation facilities is lack of independent access with the score of 3.94. Second risk has seen as lack of contact information of the host followed by uncomfortable rooms with the values of 3.89 and 3.76 respectively. Overall score of the risk in accommodation facilities is 3.56.

Figure 3. Risks in Accommodation Facilities-2



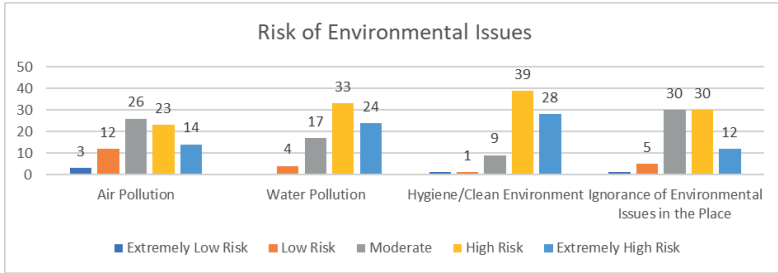
Another important dimension of using sharing economy is security risk classified as theft/fraud, fire, physical abuse and crime in general and the results are provided in Figure 4. As can be seen from the responds of participants, majority of the participants with 68% defines physical abuse as extremely important compared to theft/fraud, crime and fire. The most important dimension of the security risk is physical abuse with the value of 4.58. Secondly, theft risk score is calculated as 4.46. The scores of 4.30 and 4.15 belong to crime in general and fire respectively. Overall score of the risk of security is 4.37, which is the highest score compared to previous risk categories we described above.

Figure 4. Security Risk



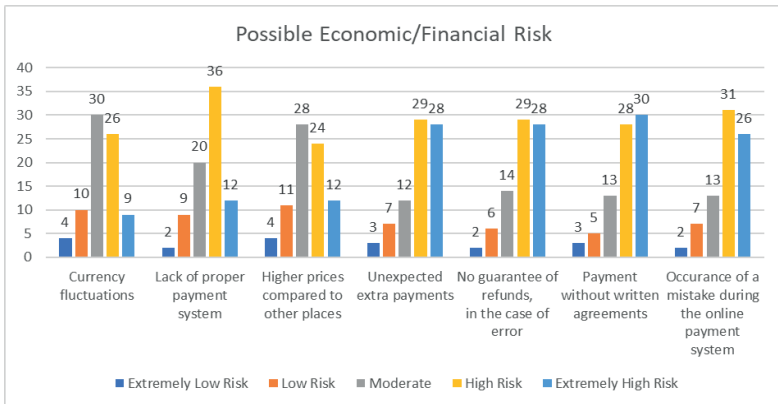
Risk of environment issues consisting air and water pollution, hygiene/clean environment and ignorance of environmental issues are given in Figure 5. Almost all of the dimensions of environmental risk is classified as high risk. Especially the clean environment with the score of 4.18 and water pollution with the score of 3.98 seem much more important than the other types of environmental issues. Risk of environmental issues is calculated as 3.80 on average.

Figure 5. Risk of Environmental Issues



Possible economic/financial risks are dominantly seen as high risk. Especially, the lack of proper payment system is classified by high risk by 36 participants (46%). The most important dimension of economic risk is payment without written agreement with the value of 3.97. No guarantee of refunds, in the case of agreement follows it with the value of 3.95. Calculated average value of economic/financial risk is 3.72.

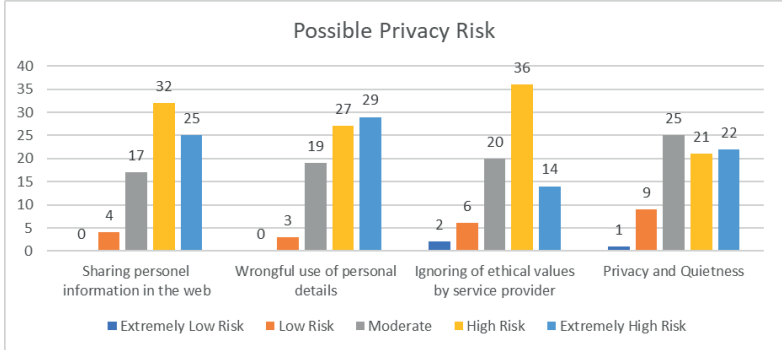
Figure 6. Possible Economic/Financial Risk



The results of possible privacy risk are given below. The risk of privacy and quietness, wrongful use of personal details, sharing personal information in the web and ignoring of ethical values

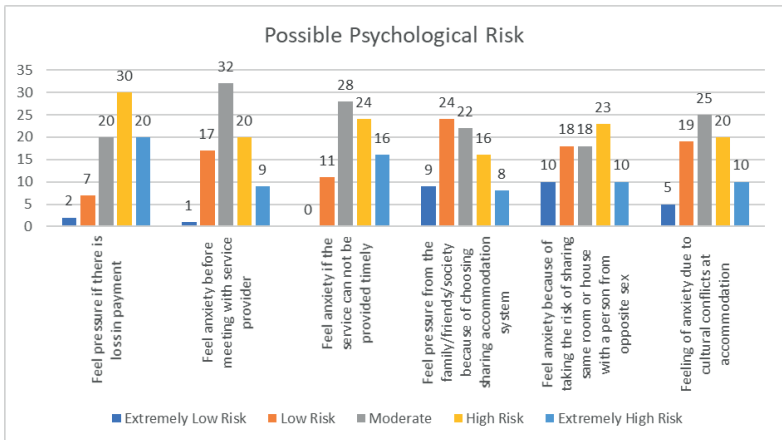
by the service provider are calculated as 4.08, 4.05, 4 and 3.69 respectively. The average value of the possible privacy risk is 3.96.

Figure 7. Privacy Risk



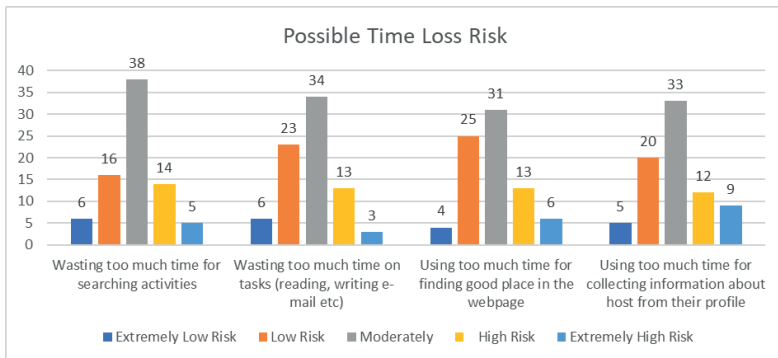
The participants feel pressure if there is loss in payment and this dimension seems very important for the respondents. Figure 8 shows the results obtained from the participants for the psychological risk. The average value of the psychological risk is calculated as 3.23.

Figure 8. Possible Psychological Risk



From the results, it is very clear that possible time loss risk is not that much important for the participants when we compared it with other risks and risk dimensions. Using too much time for collecting information about host from their profile has highest value that defines it moderately important with the value 3. The risk value of wasting too much time for searching activities is calculated as 2.95, and overall average of time loss risk is 2.91. Other dimensions are lower than the overall average of time loss risk. The results are provided in Figure 9.

Figure 9. Possible Time Loss Risk



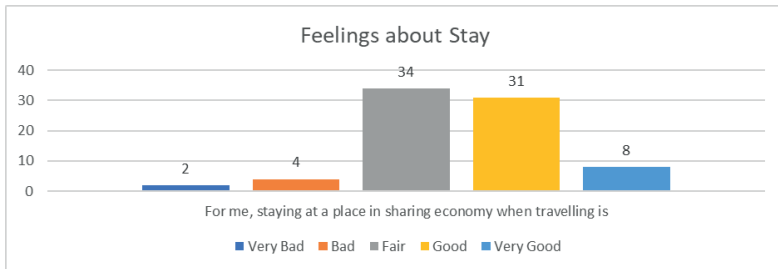
As a result, overall average of political risk is 3.92, accommodation facilities risk is 3.56, security risk is 4.37, environmental risk is 3.80, economic/financial risk is 3.72, privacy risk is 3.96, psychological risk is 3.23 and time loss risk is 2.91.

Simply, we can rank the priorities of risk in using Airbnb can be rank as follows with the calculated values;

Security risk (4.37) > privacy risk (3.96) > political risk (3.92) > environmental risk (3.80) > economic risk (3.72) > risk on accommodation facilities (3.56) > psychological risk (3.23) > time loss risk (2.91)

Security risk can be classified as extremely high risk while time loss risk has moderate value. Including all dimensions, the most important dimension for the participants is physical abuse under the security risk. Figure 10 shows the feelings of participants about staying at a place in sharing economy when travelling and 34 of them found this experience as fair.

Figure 10. Feelings about Stay



This study examines the possible risks of staying at a place in sharing economy. The finding indicates that the most important factor for the Airbnb hosts is security risk while the least important risk is time loss risk. However, this study does not focus on the association between risk and host satisfaction. Privacy risk and political risk are ranked as secondly and thirdly important risks. Here, laws and regulations and by laws should be improved by local authorities and Airbnb. They can also suggest insurance services to Airbnb users to ensure their safety and increase their satisfaction.

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Second Language Learning Process in Terms of Neurolinguistics

Zeynep Zeliba SONKAYA¹⁹

1. INTRODUCTION

As it is well known, language is central in our lives and this is the case not only of our native tongue, but also of other languages have been needed to communicate within the international community. Therefore, learning second language (L2) has become more important in recent years.

Learning a new language is a difficult feat for which people have to develop a complex set of linguistic skills, including encoding the words of the new language, learning syntactic structure, and integrating the resulting representations with existing language knowledge. Especially in adulthood, L2 learning process is

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notoriously difficult as opposed to first language (L1) acquisition or child L2 acquisition (Tagarelli, 2014). In the literature, a great deal of research has examined behavioral performance changes associated with L2 learning (Conklin & Pellicer-Sánchez, 2016; Orosco & Hoover, 2009; Roberts & Siyanova-Chanturia, 2013) but little is known about what changes are happening in the brain as L2 learning progress, when these changes occur during learning and how can we determine differences in brain changes that reflect successes of learning.

It is thought that although the research in L2 and cognitive neuroscience has got a long way in characterizing the process of adult L2 acquisition, methodological limitations have left important gaps in the literature. From this point of view current study takes to address the investigation of adult second language learning process that cannot be fully explored with behavioral methods alone. In accordance with this purpose, this review study takes an interdisciplinary perspective to present the neural activities associated with L2 learning process by combining behavioral and experimental approaches according to recent studies.

The determining of language localization in the brain has been a matter of debate since early postmortem data from patients suffering from language disturbances allowed speculation about specific regions responsible for certain linguistic capacities (Friederici and Wantenburger, 2010). Language localization studies were first made by physicians Broca and Wernicke who did autopsies on patients had several language difficulties before their deaths. Broca's area was found to be associated with speech production, and Wernicke's area was revealed to be related with processing the meaning of language.

In recent years, in particular within the last decades, neuroimaging techniques such as fMRI (Functional Magnetic Resonance Imaging), fNIRS (Functional Near Infrared Spectroscopy), and PET (Positron Emission Tomography) have

become a popular as an emerging monitoring technique for studying the human brain reply to linguistic impulse in healthy individuals. According to the results of neuroimaging studies, left hemisphere has a specific role in the language acquisition network (Lazar and Antonietto, 2008; Karunanayaka, 2008; Sonkaya; 2018), but still it is unclear whether one-to-one association between language and single determined brain areas as well. Besides, in some studies the complexity of language processing is related to be dispersed frontotemporal networks also consisting of regions in the right hemisphere (Friederici and Wantenburger, 2010).

Cumulated evidence obtained from previous neuroimaging and neurophysiological studies (Friederici and Wantenburger, 2010) suggests that anterior temporal, posterior middle and superior temporal cortex, angular gyrus and inferior frontal cortex have a significant role in the sentences processing system.

In a similar line with reviewed neurophysiological studies, also neuroimaging research are tried to determine the localization of the neural network by concentrating on specific linguistic systems and their interaction (Szaflarski et al, 2006; Kuhl and Rivera-Gaxiola, 2008, Vannest et al., 2009; Yang et. al, 2015). Lesional and neuroimaging studies, especially fMRI studies, have clearly shown a left-hemisphere dominance for first language acquisition (Vannest et al., 2009). Particularly, “left perisylvian areas in the frontal lobe, also temporal and parietal lobes help to networks promoting many constituents of language processing such as word recognition, syntax and semantics” (Friederici and Wantenburger, 2010). In other respects, in some research it has been emphasized, with increasing age, neuronal networks are changed vis-à-vis proficiency of language acquisition. In one longitudinal fMRI study, conducted by Szaflarski et al. (2006), it was investigated the language development of children between the age of 5 and 11. According to the study results, with increasing age, it was found to be progressive participation in language processing by the inferior/middle frontal, middle temporal, and angular gyri of the left

hemisphere. Also, authors highlighted the importance of lingual and inferior temporal gyri of the right hemisphere and regression of participation of the left posterior insula/extrastriate cortex, left superior frontal and right anterior cingulate gyri, and left thalamus (Szaflarski et al., 2006). Likewise, in a large cross-sectional group of typically developing children ages between 5 and 18, Holland et al. (2001) showed increasing specialization of language functions to the left hemisphere as age increases. However, researchers remarked that lateralization changes were more closely tied to the period of acquisition for language tasks than to general maturation (Holland et al.2001).

In the last decade, “brain and behavioral studies indicate a very complex set of interacting brain systems in the initial acquisition of language, many of which appear to reflect adult language processing, even early in infancy” (Kuhl,2011:3). In particular, while Brodmann area (BA) 44 (pars opercularis of the left hemisphere) which corresponds with Broca’s area was referred to as the neural seat of language production, neuroimaging findings demonstrate a distributed network for language comprehension process according to several neurolinguistic studies. This network includes “several frontal and temporal brain regions working in close connection both within and across the two hemispheres” (Friederici and Wantenburger, 2010).

Increased interest in the relationships between the brain and behavior over the past several decades has made neuroanatomical proofs of L2 learning process a topic of study in disciplines like neurology, psychiatry, neurolinguistics and neuroscience. Because language is the central in our lives and this is the case not only of our native tongue, but also of other languages have been needed to communicate within the international community.

“Learning a new language is a difficult feat for which people have to develop a complex set of linguistic skills, including encoding the words of the new language, learning syntactic structure, and

integrating the resulting representations with existing language knowledge. Especially in adulthood, L2 learning process is notoriously difficult as opposed to L1 or child L2 acquisition” (Tagarelli, 2014). Therefore, especially in recent years, many of studies focus the determine laterization and localization of L2 process in the brain (Paradis, 2001; Toentino and Tokowicz, 2011; Thomas and Backer, 2013; Li, Lagoult and Litcofsky, 2014). In one study results conducted by Tagerelli (2014) showed that the brain of adult L2 learners demonstrated highly dynamic activation, even during the early stages of L2 learning process. According to study findings brain activation was found in Broca and Wernicke associated with L1. Additional areas were engaged, suggesting that L1 mechanisms are not sufficient for L2 learning and processing. At early stages of learning, hippocampal activation was found for both vocabulary and grammar. At later stages, basal ganglia activation was observed for grammar, particularly in the caudate nucleus (Tagarelli, 2014). In same line with this study, Hirsch et al (2000) at Cornell University used fMRI to identify how multiple languages are represented in the human brain. They found that native and second languages are spatially separated in Broca’s area, which is a region in the frontal lobe of the brain that is responsible for the motor parts of language-movement of the mouth, tongue, and palate (Hirsch et al., 2000). Another fMRI study which was carried out by Wang et al (2009) showed very little separation in the activation of Wernicke’s area in two languages, an area of the brain in the posterior part of the temporal lobe, which is responsible for comprehension of language (Wang, et al, 2009).

According to several fMRI study findings, L2 learners show the involvement of neocortical areas typically activated in L1 processing, like the inferior parietal lobe and left inferior frontal gyrus, particularly BA44, and BA47 for lexical and semantics, and BA44 and BA6 for grammar (Tagarelli, 2014). In addition to L1-language areas, there were also brain regions activated in the L2 learners that are not typically activated in L1 processing,

which suggests that the L1 language areas, while engaged, are not sufficient for L2 learning and processing. First, activation was spied on regions that are thought to be involved in learning and memory consolidation, like the basal ganglia, hippocampus, mediotemporal lobe and possibly the middle occipital lobe. It makes sense that these brain regions would be comprised in an L2 learning paradigm, but not in L1, because L1 processing studies are generally performed on adults who have already learned their language (Skeide, Brauer, & Friederici, 2014). Second, although L1 activation is typically found in the left hemisphere, L2 learners show more extensive and bilateral activation, and actually demonstrate right hemisphere dominance for many of structures. In the literature many of studies were demonstrated greater activation in L2 relative to L1 is likely due to the increased effort involved in learning and processing an L2 (Abutalebi, 2008; Skeide et al., 2014; Tagarelli, 2014), but the reason for right hemisphere dominance is still unclear.

In conclusion, the results from neuroimaging studies like this one may help with the issue of operationalize proficiency. Recent neuroimaging research has showed that behavioral evidence alone might not be sufficient for determining proficiency, since different groups of speakers may perform similarly on language tests, but show different brain patterns (Tagarelli, 2014). Regarding learners who exhibit different levels of behavioral performance, findings from this study demonstrate that those learners who perform poorly on L2 tasks rely on different structures over the course of learning from those who perform well. In particular, for grammar, poorer learners show a greater reliance on structures related with more declarative memory, like the medio temporal lobe and hippocampus, whereas better learners show a shift to structures related with procedural memory and implicit processes, like the basal ganglia, BA44, and BA6. These suggestions that the profile of a highly proficient learner might go beyond high performance on behavioral tasks and consists of activation of certain neural regions that suggest the ability to automatize grammar. The goal of L2

teaching, then, might not only be to increase scores on language tests, but also to determine what sorts of training conditions and cognitive abilities can facilitate the involvement of these automatic processes in the brain.

CONCLUSION

In this study, neuroanatomical proofs of L1 and L2 was tried to investigate according to available neuroimaging studies. Different study results suggest activation of specific brain patterns is significantly correlated with highly effective learning of a L2. These results highlight the implications for neurocognitive theories of L2, and demonstrate the importance of integrating neural and behavioral methods in L2 research.

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Essential Factors for Brand Cities and the Effects of Digital Technologies Such as Artificial Intelligence on Brand Cities and City Marketing

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1. INTRODUCTION

A sign or symbol that assists in differentiating one person's products or services from those of another person's goods or services and that can be represented graphically is referred to as a

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brand. The brand may be a sign, its combination, and other visible representations of information, such as phrases, names, slogans, letters, numbers, drawings, and emblems; or spatial features of the product itself, such as its appearance, packaging, shape, color, or color combination. The appearance of a city is often considered throughout the planning and development stages. The common foundation for this is that a well-known toponym often creates events, investments, and other kinds of activity. Quite a few cities are concerted efforts to position themselves and promote their strategic objectives. Frequently, the reputation of a city is connected to its efforts to attract investment and tourists, as well as to the number of prosperous enterprises located there (Alperyté & Işoraité, 2019).

The significance of urban marketing is growing as a result of recent developments, such as the competition that has arisen between products and businesses based in cities as a result of the development of countries as a result of the assistance provided by globalization, and the adaptation of brand strategies that have traditionally been applied to products to cities to highlight cities. The economic, social, and cultural growth of countries is significantly impacted by the role cities play in these endeavors. It is preferable to build a brand, which entails being distinct in the eyes of the target mass, increasing one's likelihood of being recognized, and determining one's values. Being a brand implies enticing residents of the surrounding area and visitors from farther afield, luring businesses to set up shop there, elevating the living conditions of the local populace, and ultimately increasing the city's worth. The branding process aims to provide an identity unique to the location and the city. Even while a city has the potential to be a brand city with its values, the notion of "brand city" has rapidly become more relevant in today's world. This is especially true owing to the needs of global competition, which raises the issue that it should be professionally handled. The notion of a "brand city" is one of the words that originated in business administration

and has since found its way into urban literature (Tataroğlu et al., 2015).

For the last decade, there has been an explosion of interest in studying city branding as a field of inquiry. The body of knowledge consists of conceptual as well as practical information. At the level of practice, many cities have come to an understanding of the value of their brand and, to some degree, how it may be developed and managed. The stakeholder idea has been around for a longer time, but writers have only loosely begun to combine these two strands in recent years. In a related vein, one of the most important aspects of communications is having a comprehensive awareness of the many groups of people with a stake in the situation. Typical stakeholders include residents, companies, employees, investors, and the government. It is believed that city branding may help communications in various ways. First, it is a potential instrument for ensuring that messages are integrated and consistent across all levels. Second, city branding allows many stakeholder groups to engage with a single brand rather than communicating with several brands. Therefore, one of the most significant advantages of city branding is that it makes it possible for various groups to comprehend the overall city entity, interact with it, and connect to it (Merrilees et al., 2012).

Different global places inside cities include lasting identities and many more potentials to attract foreign visitors. Unfortunately, city administrators, designers, and planners continually remind people of a regular location. City planners must consider the basics of urban living, working, and playing. Housing, transportation, medical care, education and training, retail outlets, other public amenities, and social contact are crucial. If these functional conditions were realized in a single city, citizens might acquire a unique view of that city's qualities. They should pay attention to popular items, distinct from home or job. These things have different meanings, sensations, and sizes. Bilbao's Guggenheim Museum and the Berlin Wall are examples. Building a city brand

begins with a SWOT analysis to evaluate the city's strengths and weaknesses. The procedure should then concentrate on the city's forces (Rezvanpour & Bayat, 2017).

Research from the academic literature, including studies in which technologies on brand cities play a role, has been scrutinized. Sahin ve Baloglu (2014) integrated key brand associations (cognitive, affective, and personality) into a city brand advocacy model. They examined their differential effect on word-of-mouth (WOM) advocacy behavior for distinct visitor groups based on the purpose of travel. Polyorat (2016) wanted to look at how the idea of a brand's personality may be applied to the setting of a city. He used a quantitative technique and factor analysis to uncover personality characteristics and dimensions of a city in connection to the notion of brand personality.

Green et al. (2016) stated that city branding research and practice had various growth patterns. They analyzed municipal branding research and training under a microscope to uncover underlying ideas and beliefs changes. Zenker and Braun (2017) questioned a "one size fits all" city brand utilized internationally. They said municipal branding is more challenging than expected. They presented a strategy to aid urban policymakers, academics, and (place) marketers with city branding. Khan et al. (2018) used a simulation framework and valuable data sources to create AI in utilities. The scalable BluWave-ai framework for deep learning in the data center is also described. AI inference at edge computer nodes and IoT sensors are being investigated to improve microgrids at the home, neighborhood, campus, company, and community levels.

Batubara et al. (2018) conducted a comprehensive analysis of the relevant research to understand the current research issues, problems, and potential future directions for deploying blockchain technology for e-Government. Camero and Alba (2019) researched Smart Cities CS&IT publications. They presented the topic using

data analysis methodologies to highlight major patterns and provide a single entry point for newcomers. Cugurullo (2020) investigated, both in theory and in reality, how the advancement of AI overlaps with the promotion of urban planning and architecture. The article contributes in three different ways. The study presented a theoretical framework geared toward understanding AI in urban environments.

Nam et al. (2021) drew attention to the essential elements of blockchain technology in the smart city and tourism framework. They posed assumptions about how it would evolve and influence the industry. Ahmed et al. (2022) suggested using AI, blockchain, and digital technologies to construct intelligent and eco-friendly IoT apps. They emphasized blockchain's advantages, which may assist create smart city apps. They also proposed a conceptual architecture based on cloud computing, IoT devices, and AI for processing and receiving crucial information, providing digital analytics, and storing the findings in blockchain and distributed cloud repositories to support smart city applications.

City marketing is the focus of the second section of our investigation. Branding considerations crucial to cities are discussed in Chapter 3. The impact of the Covid-19 epidemic on brand cities is discussed in Chapter 4. The disadvantages and benefits of Brand City are discussed in Chapters 5 and 6. Branding strategies for cities using "Smart City" technology is the subject of the seventh chapter. Concluding remarks may be found in Section 8.

2. CITY MARKETING

City marketing improves the city's image to establish its brand. Nations cultivate photographs for many reasons. One motive is to better associate with the economy and acquire a position in the global market (Gaggiotti, 2008). Cities around Europe are incorporating marketing ideas and methods into their administration and governance procedures. Marketing skills

applied to city operations create issues and misalignments. This is due to the marketability of locales and cities (Kavaratzis, 2004).

Since the late 1980s, city marketing has been a significant policy for practitioners active in place management and development. These practitioners include both local government and nonprofit organizations. This new development not only represents a substantial change in the practice of regional economic development (LED), but it also has larger ramifications for how local government institutions administer cities and regions on a more general level. When we hear the word “city marketing,” for example, we instantly think of organizations that are entrepreneurial, business-like, and market-oriented (Millington, 2002).

Since the 1970s and 1980s, city marketing has become an increasingly significant subfield of marketing that stands on its own as an autonomous and vital field. Changes that happened during this period pushed towns to take advantage of marketing techniques that were available to them. The percentage of the economy contributed by industrial operations began to decrease in size in large cities. In contrast, the part contributed by the third sector, sometimes known as the service sector, began to expand. There is also a connection between that period and the beginning of the process of globalization, which brought with it more rivalry for visitors and investors. Cities and regions, in addition to nations, are engaged in a competition to woo business people, potential residents, tourists, and investors, as well as to persuade these groups that it would be beneficial for them to settle in their particular location. The role of cities has also changed as a result of globalization and the evolution of human needs. Leisure time and the pursuit of cultural and entertainment opportunities have received more attention, and it has become essential to consider what advantages a city can offer both in the short term (for tourists) (Ivanyi, & Biro-Szigeti, 2018).

The city's economic, social, cultural, and physical expansion is marketing cornerstones. The degree of a city's growth is determined by its capacity to interact and work with all key players, such as corporations, companies, local politicians, municipal administration, unions, associations, non-profit organizations, cultural and religious institutions, etc. Although the opinions and interests of the many players are often varied and troublesome, partial interests should be removed in favor of the city's flexibility and competitiveness, followed by implementing the remaining claims into the city's development plan. The city's marketing uses commodities, price, availability, place, promotion, and people. The city plans everything on paper. It then transmits them to municipal documents like a city plan, development strategies, and economic and social growth programs (Stefko et al., 2017).

The marketing of cities uses a variety of IT solutions, some of the most common of which will be discussed in more detail in the following paragraphs (Ivanyi, & Biro-Szigeti, 2018).

- Audio play for guided tours; - Wi-Fi connection; - Phone conversations; for example, contacting destinations directly; - Wi-Fi connection for downloading data.

- A connection to Bluetooth, which allows for the downloading of data. - Camera recordings may be used, for example, to scan QR codes or for augmented reality.

- Near Field Communication (NFC) detection and connection - for data transmission, much like QR codes

- Notifications are sent through "push," including alerts on a variety of events.

- Application Programming Interfaces, or APIs, include access to social networking websites and Google Maps.

- Simple Syndication (RSS) Feeds: for example, to download and show resource-related news and articles.

3. IMPORTANT FACTORS FOR CITY BRANDING

One of the most thorough lists ever created describes how people see tourism destinations. This list includes natural resources (such as climate, scenery, flora, and fauna), general infrastructure (such as health services, public and private transport, roads, airports, and commercial infrastructure), tourist infrastructure (such as hotels and self-catering accommodations, restaurants, tourist centers), and political and economic factors (such as political stability) (e.g., destination described as luxurious, fashionable, exotic, relaxing, stressful, attractive, interesting, enjoyable, pleasant, etc.) (Górska-Warsewicz, 2020; Beerli & Martin, 2004). Subheadings provide further context on factors contributing to a city's brand.

3.1. Tourism in the City

In recent years, creativity has emerged as a significant factor in developing tourism in urban areas. As the level of rivalry between cities continues to rise, more and more of them are looking for ways to differentiate themselves via innovative tactics. However, in the tourist industry, such techniques may be counter-productive because the race to generate uniqueness often leads towns to choose innovative development patterns that are identical to one another. In particular, many cities depend on the ideas of so-called "creativity gurus" like Richard Florida and Charles Landry to give imaginative answers to various cultural, social, and economic concerns. However, when cities adhere to such exogenous prescriptions, implement different types of "quick policy," and the same ideas from other "creative cities" via "policy tourism," the outcome is often a sort of serial replication that is unpleasant to the very visitors that cities want to attract (Richards, 2014).

One of the service industries that is now seeing the most rapid expansion is tourism. There is no longer a need for physical boundaries between nations due to the development of transportation and communication infrastructure. The number of

individuals who desire to travel all over the globe is growing. This is mainly because people's incomes are increasing, and we now live in an era when everything is more convenient. The ever-increasing competition in the tourist industry has made it necessary for nations to reinvent themselves continually and brand the cities in their own countries. Since the early years of the twenty-first century, "becoming a brand" has been a distinguishing characteristic for tangible objects purchased from store shelves and for plenty of other things that are more conceptual. Following the 1990s, several nations have prioritized realizing their city's brand positioning by conducting research and making various expenditures (Sütçü et al, 2020).

3.2. Transportation System

Without reliable transportation, a city can't be smart. ITS is crucial to a smart city because of this necessity. Legacy ITS systems are currently being deployed in smart cities throughout the globe, but the next generation will rely on linked and autonomous cars. Both technologies are being tested in cities throughout the world. Even though these two new technologies are necessary for establishing fully automated transportation systems, other parts of roads and transportation still require automation (Menouar et al., 2017).

3.3. Cultural Activities

One of the essential components of building a city's reputation is getting the population involved in various forms of artistic and intellectual expression. These measures must attempt to educate the typical person. In this atmosphere, academics considered universities as a city advantage. They questioned the function globalization of universities and the educational system may play in city branding ambitions. Also, global events are considered the cultural capital, which lives in people's minds long after the event ends. In the cultural part of city branding, including locals'

opinions is crucial. In the first phase, establish the city's identity and stress its physical signals such as cultural heritage, landmarks, historical figures, and significant architectural projects if none of these are accessible. The crucial stage in building a strong city brand is recognizing the location's strengths and engaging inhabitants in the process. This is highlighted in cultural events (Dastgerdi & De Luca, 2019).

3.4. Economic Performance

Numerous scientific investigations have shown that global cities compete for resources and facilities. Some scholars even alluded to nation-versus-town animosity. Urban economics may be a response to a new competitive culture among cities. This distinct milieu employs city branding to differentiate and increase cities' reputations. Therefore, urban economics talks are a response to it. This instrument connects the city to worldwide financial and credit organizations. It creates a unique image of the city and reduces investment risk. This move will improve the host city's global economy-related activities, including tourism. Economic growth in the host city may boost property values, employment, income, and taxes, all of which enhance the quality of life for local inhabitants (Dastgerdi & De Luca, 2019).

3.5. City Destination

Regarding place branding, determining brand equity based on visitors' views is of the utmost importance. This is because destinations are unique sorts of goods that exhibit several peculiarities compared to many other products. The one-of-a-kind experience tourists have when visiting a location, in which they get satisfaction from both the material and immaterial parts of the destination's offerings, contributes to the overall value that tourists place on the location. Because of this reason, it is vital to measure brand equity based on the views of tourists to build effective tactics to raise tourism demand for a specific place (Duman et al., 2018).

4. COVID-19 PANDEMIC

The COVID-19 worldwide pandemic has provided even more momentum for brand co-creation, which is very beneficial. These industries have been ravaged by widespread lockdowns throughout the country and a worldwide halt in tourism and hospitality, which has hurt their brands and produced significant shifts in the behavior of both customers and consumers. Some of these are substantial accelerations of already-present tendencies, while others are newly emerging trends. Two of the most important shifts appear to be here to stay, and two of these shifts seem to have a disproportionate amount of influence (Buhalis & Park, 2021).

The robot technology acts as a frontline fighter in the fight to prevent the COVID danger from spreading further. It benefits providing the necessary service, maintaining the lockdown, and other similar activities. A cloud-based operating system is used to implement this technology, which results in the creation of intelligent and digital hospitals. It is the most effective method for communicating with the physician in a virtual setting. The following is a list of many essential aspects of robot technology that may be used to reduce the danger of COVID (Jaiswal et al., 2020):

(i) It is used to supply critical services in the hospital, such as food, medication, medical equipment, and other services, to reduce the likelihood of coming in touch with an infected individual.

(ii) It is used to keep a social distance and monitor the affected region's residents.

(iii) It is used to determine the temperature of an infected individual's body.

(iv) It is put to use in the process of sanitation.

(v) It is utilized for thermal screening in public locations such as airports, train stations, shopping malls, and other entertainment venues.

(vi) It is put to use for cleaning.

(vii) It is used to assist individuals in preparation for the quarantine.

The danger of COVID is decreased with the use of technologies based on drones (Jaiswal et al., 2020):

(i) It is used for thermal screening with the assistance of artificial intelligence (AI)-based thermal camera to get an accurate temperature reading.

(ii) It is utilized to maintain the social distance near the affected region by using a drone system equipped with a loudspeaker to minimize the secondary danger.

(iii) It is used to assist in the process of quarantine.

(iv) It can be used to do facial recognition with the assistance of a camera-equipped for big data.

(v) It helps save time by delivering medical equipment and transporting patient samples to laboratories for analysis, which are necessary steps in the diagnostic process.

(vi) If you live in a remote region, having this ability to monitor public areas is essential.

(vii) It is utilized to maintain law and order in the vicinity of the affected region by connecting a camera and loudspeaker to the drone and flying it over the area.

Smart cities need a new organizational structure that incorporates several factors. Smart city administration and economics utilize resources more efficiently than in traditional cities. Innovative smart city business models have led to the establishment of smart enterprises or organizations that use cutting-edge software and computer programs. Both smart cities and smart companies integrate AI, web technologies, smart mobile platforms, telecommunications, e-commerce, and e-business. Application

areas include transportation, buildings, electronic health, utilities, etc. (Impedovo & Pirlo, 2020).

5. BRAND CITY ADVANTAGES

The advantages of brand cities are as follows (Alperytė & Išoraitė, 2019).

Employment: The proportion of the entire population that is of working age relative to the total population that is employed. When there is full employment, everyone looking for work can find a job. Employment only available at certain times of the year is known as seasonal work. It is of the utmost importance that the city has the most significant employment rate possible since this represents the community's general health.

Education: The process of transmitting information and skills not just to people but also to educational institutions, whether officially or informally, is what we mean when we talk about education. It is of the utmost significance that the city includes educational institutions like schools, colleges, and universities that contribute to its development.

Housing: It is of the utmost significance that housing be made available to the people who live in the city.

Mobility Throughout Society: "Social mobility" is the movement of people and groups within a society's social stratification system. There is potential for both upward and downward mobility within the social network. Mobility may be broken down into two categories: intergenerational and intragenerational, often known as career mobility. The term "intergenerational mobility" refers to the movement that occurs from one generation and the next within a family, regardless of the person's class or position.

Transportation: It is critical that there be no bottlenecks in the city's transportation systems and that operations run smoothly at all times.

Educated Labor Force: It is essential for companies to provide their staff in the city with educational opportunities.

6. BRAND CITY CHALLENGES

The hazards linked with cybersecurity and privacy are perhaps among the most generally acknowledged issues for the present state of digital technology. Although preserving security has been challenging for a while, the quick rise of public asset internet access is new. This increases cyberattack threats. The theft of digital information and other cybercrimes is on the increase. Thus smart cities must be ready to tackle any security concerns; otherwise, their benefits will quickly be swamped by their downsides. Recent “ransomware” attacks on government offices, schools, and businesses highlight the hazards cities confront as they grow increasingly automated. Already, organizations are hacking infrastructure systems to disrupt service and enrage the public against elected officials who can’t resolve problems. Several end-of-the-world scenarios are possible when malevolent actors take control of networked and automated systems (Law & Lynch, 2019).

7. BRAND CITY TECHNOLOGIES

There is also a lot of importance placed on “Smart City” features for city brands. For this reason, we will be discussing the technologies that are employed for smart cities in this section.

Similar to other sectors, marketing is changing due to advances in ICT. Alongside these advancements, the social media channels that manifest themselves as Web 2.0 apps offer a variety of benefits as compared to conventional media channels. Because of its many benefits, social media platforms have found a position in marketing efforts. The use of social media is being added to the arsenal of marketing tools that nations may profit from to increase the number of visitors they get, the amount of investment they receive, and their level of prominence compared to other cities.

Cities get a great deal of value from social media because of its characteristics of social media, which include the ability to reach significant populations at a cheap cost, connect with users, receive feedback quickly, and many other advantages (Gümüő, 2016). Indicators of a smart city are provided in Table 1, which may be seen below.

Table 1. The Smart City Indicators (Salamah & Yananda, 2019).

Characteristics	Indicators
Smart Economy (Competitiveness)	The ability to innovate, be entrepreneurial, have a positive economic image and brand, be productive, have a flexible labor market, be internationally integrated, and change are all critical.
Smart Governance (Participation)	Participation in decision-making, public and social service, open governance, and political methods and viewpoints are essential.
Smart People (Social & human capital)	Qualification level, commitment to continuous education, socioeconomic and cultural diversity, adaptability, creative potential, cosmopolitanism and open-mindedness, and involvement in public life are all factors to be considered.
Smart Mobility (Transportation & ICT)	Accessibility on a local level, accessibility on a national and international scale, the availability of information and communication technology infrastructures, and a transport system that is both innovative and sustainable.
Smart Environment (Natural Resources)	The attractiveness of natural state, pollution, environmental preservation, and sustainable resources management.
Smart Living (Quality of life)	Cultural amenities, health conditions, individual safety, the quality of housing, educational facilities, the attraction to tourists, and social cohesion are some of the factors that are taken into consideration.

This study examines in further detail a number of the digital technologies that contribute to creating city brands as part of the “Smart City” concept.

7.1. Artificial Intelligence

AI, a strong notion in its infancy, might support sustainable transitions to a more resource-efficient livable paradigm if utilized appropriately. AI's promise can only be exploited responsibly. AI's deep learning features may help computers solve problems. These problems may transform urban environments as we know them and usher in the "smart city" era. AI can rethink the transportation business. Intelligent transportation systems and automated transport may improve mobility and urban growth. Despite its concentration on machines, AI-based mobility must be user-centered and "understand" and "satisfy" humans, markets, and society (Nikitas et al., 2020).

The rapid proliferation of digital communication, infrastructure, and other frontier technology restructures social life. Production, consumption, and people's connections, labor, and behavior are included. Enormous technologies and the spread of ICTs provide new opportunities for enhancing municipal administration and quickening the transition to "smart cities." High-speed internet, 5G mobile networks, IoT, and big data are increasingly important in cities. Smart cities and automation are boosting the urban application of AI and robotics. AI applications are prevalent in healthcare (disease diagnosis, supported living for an older population), transportation (traffic management, advanced driver assistance systems), public safety and surveillance (facial recognition), manufacturing (process control), and online shopping. These features give AI a significant role in smart city planning (Golubchikov & Thornbush, 2020).

7.2. Internet of Things

The notion of a "smart city" enabled by IoT technology is being studied. Innovative city applications require IoT, security, software architecture, AI, image processing, etc. These algorithms allow municipal innovations. AI algorithms can operate buildings, cars,

and other things automatically. Security algorithms govern smart city app data. Software architectures are needed to incorporate IoT apps (Jeong & Park, 2019).

Automation relieves workers of tasks requiring too much human involvement, making products easier to use while lowering the effort needed to produce them. Half of the world's population lives in cities or 2 billion people. This number is growing, which poses significant challenges for an increasing population, including increased traffic and noise, increased energy and water consumption, land pollution, and waste. In smart cities, security and sustainability should be addressed. Internet of Things is an ordinary smart city method. Connectivity provided by the Internet of Things is at the center of what constitutes a smart city, such as sensor networks, wearables, mobile applications, and smart grids that have been developed to harness the city's most innovative connectivity technology to provide services and better control its citizens (Hassan et al., 2021).

7.3. Information And Communication Technology

ICT can drastically reduce risk. Intelligent technology may help manage crowds, quarantine, government guidelines, food and drug delivery, and social separation (Jaiswal et al., 2020).

8. CONCLUSION

Cities that have the necessary infrastructure are more likely to attract tourists from nearby areas as well as those from farther afield, including potential investors. This, in turn, causes an increase in both the quantity of money received by inhabitants of the city as well as the quality of life experienced by those who work in the city as well as those who visit the city.

Before a city can be recognized as a brand city, it has to fulfill a number of requirements first. It is important to give substantial weight to a number of different criteria when evaluating brand

cities. These criteria include those that pertain to tourism in the city, the city's transit system, cultural and artistic activities, economic performance, and the destination of the city. When evaluating brand cities, it is important to give substantial weight to all of these criteria.

Cities that want to become brands must devote a significant amount of resources to city marketing if they are to achieve this goal. It is essential to increase the number of communication activities in order to raise the value and appeal of cities, which will, in turn, attract visitors, new settlers, and investors. This will be accomplished by increasing the number of communication activities. As a consequence of this, both the value of cities and their allure to inhabitants and guests of such places will increase.

Brand cities are going to need to make investments in digital technologies such as artificial intelligence, the internet of things, and information and communication technology as a result of the acceleration of digital transformation brought on by the impact of the pandemic. This will be necessary in order for brand cities to remain competitive. The role of smart cities will ultimately replace that of brand cities in the future of the digital era. Brand cities will eventually become obsolete.

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