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Strategies for Promoting Entrepreneurship in Local Economic Development: Case of Ankara-Turkey

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ABSTRACT

Urban areas are complex and dynamic spaces. They reflect many processes of physical, social, environmental and economic transition. As they are the main sources of employment, negative changes in economic structure have direct impacts upon the rise of unemployment, impoverishment, thus social stress in cities. Not only the developing countries but also the advanced countries have been experiencing economic recession, thus the central or local governments try to develop different local economic development strategies considering the special potentials and the problems of the cities so as to get over the economic problems. Promotion of entrepreneurship emerges as one of the most effective ways for economic regeneration at the local level. In this paper from a bottom-up view, Ankara, the capital of Turkey, will be analysed pertaining to the potentials for entrepreneurial development, and probable development strategies with regard to economic regeneration will be stated.

Key Words: *Local economic development, Enterprise, Strategies, Ankara.*

1. INTRODUCTION

At the core of the new thought in the 1980s has been an attempt to consider the problem of depressing economic conditions from a view of bottom-up approach. Local level economic strategies for economic regeneration have become an influential policy concept within many countries with the help of the international organisations such as the World Bank, United Nations and OECD. Practicing local economic development is to build up the economic strength of a local area to improve its economic future and the quality of its inhabitants.

The response to sustained economic recession and rising unemployment has caused the emergence of a vast range of initiatives in cities. Besides using the funds, loans and grants provided by international organizations, a number of other initiatives like Urban Programme, Urban Development Corporations, Task Forces, City Action Teams and Enterprise Zones have been motivated by national and local actors aiming to alleviate the consequences of high unemployment and manage processes of economic restructuring at the local level. Within these efforts, the enterprise approach is seen as the driving force of reducing or eliminating

economic deprivation. In enterprise approach, governments pursue specific redevelopment strategies and establish institutions in order to encourage local individual enterprises and mobilize differentiated resources.

In Turkey, the economic situation has been marked by unpredictable changes for a long time. Although real GNP growth has exceeded 6% in many years, this strong expansion has been interrupted by sharp declines in 1994, 1999, and 2001 crises. Despite the relative economic success after the crises, unemployment has become Turkey's one of the most important economic and social problem. The rate of unemployment in the country has risen from 6,5 % in 2000 to 10,3 % in 2005. In cities, the unemployment rate is much more drastic like 8,8% in 2000 and 12,7% in 2005 [1].

In addition to economic situation, the privatisation process of a great number of public enterprises, and the new legislation for rising the retirement age in the country, where younger population dominates, have expanded the problem of unemployment mostly in urban areas. Public sector employment in the total labour force decreased from 15 % in 2003, to 13 % in 2004 [1] and the educated unemployed young people

have reached to a considerably high number. Reasons such as redundancies that have been increasing with privatization process and the decrease in public investments necessitate different strategies to overcome the problem before it gets more serious.

Considering these discussions on the economic restructuring and the problem of increasing unemployment in cities, the aim of this paper is to analyse the role of enterprises in economic regeneration in cities, thus their contribution to local economic development specifically in Ankara case. Within this point of view, the paper is organised into four major parts. In the first part, a brief explanation of local economic development and local economic initiatives are given. The second part analyses the development of enterprises in Turkey and emphasises the role of small and medium-sized enterprises (SMEs) in job creation. In this part, the institutional support mechanisms for enterprises in Turkey; including central and local public institutions, financial organisations, universities, business associations and NGOs, and the relationships among them are investigated. In the third part, Ankara, the capital, which is intensively faced with the economic restructuring due to the policies of reduction in size in administrative sector and the privatisation of public enterprises, is explored in details. As every locality has its own characteristics, it is crucial to make a specific local economy assessment. A combination of various methods and sources is important for allowing the broadest possible perspective on local potentials and economic development. Location quotient and SWOT analysis are used to define local assets where official statistics and local policy documentations are the primary sources. Finally in the last part, concluding remarks for building up enterprise strategies for economic regeneration in Ankara is given.

2. LOCAL ECONOMIC DEVELOPMENT (LED) AND LOCAL ECONOMIC INITIATIVES (LEIs)

Each community has unique local conditions that can help or hinder its economic development. In a general sense, local economic development (LED) can be defined as the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation [2]. In this context, "local" refers to one or more sub-national entities of analysis and interventions, which have a series of political, economic and social interests and skills in common [3]. Local is not restricted to the municipal level, but is analysed by a territorial approach based on economic links, social inter-relationships, administrative references / public institutions and cultural identity [4].

The principle goal of LED is to develop local employment opportunities in order to improve the community by utilising the existing human, natural and institutional resources to build a self-sustaining economic system [5, 6]. The central feature in locally based economic development is in the emphasis on "endogenous development policies" that includes local resources and local capacities to create new

employment opportunities and to stimulate new locally based economic activity [6]. The aim is to build up the economic capacity of a local area to improve the economic future and the quality of life for all [7].

LED approach has changed its focus throughout time [2]. It is seen that, while during the 1960s, LED was directly related with hard infrastructure investments to attract inward investments; in the late 1990s, its focus has been broadened with increased emphasis on labour supply issues, as well as the wider social, cultural and organisational context for development. Instead of public sector taking the lead, it begins to create the climate for private-sector investments and public-private partnerships. Soft infrastructure of human resource development has taken the place of sole hard infrastructures and growth of local firms; collaborative business relations and networking have become the basic tools supporting the local business environment.

The utilisation of the local resources and realisation of development require an initiative taking place in a locality. This initiative can either be realized by external forces such as inward investment or central government policy or by specific activities or enterprises which originate at the local level. Stöhr [8] defines four aspects of a local economic initiative (LEI); the origin of the initiative (internal or external), the resource inputs, the control mechanisms, and the destination of benefits. For local initiatives, ideally a majority of these factors should be predominantly local: a local initiative, using mainly local resources, under local control, for predominantly local benefit; in other words, local development by local forces and for local benefit.

When discussing LEIs, a useful distinction can be made between 'first order' LEIs which are productive enterprises, and 'second order' LEIs which are support organisations providing a range of advice, information, training, technical support and even financial assistance to sponsor local initiatives (e.g. local development agencies, business centres, small firm agencies, promotional activities by local authorities, etc.) [9].

First order LEIs are mainly oriented towards mobilisation of local entrepreneurial resources and within this orientation, SMEs appear as one of the most fruitful sources of economic and employment growth. Entrepreneurship has positive effects on local economies through raising employment, income and tax revenues, etc. [10].

The ability to set up entrepreneurial initiatives is very important but not enough for a successful development. The role of support organizations which appears as second order LEIs are also necessary in creating an enabling environment for enterprises. A locality can stimulate the growth and competitiveness of business organisations if it possesses elements that contribute to the 'institutional thickness' [11, 12] arising from local agglomerations. Thickness involves not just the presence of institutions including firms, financial institutions, local chambers of commerce, training agencies, trade associations, local authorities,

development agencies, innovation centres, clerical bodies, unions, government agencies, business service organizations, marketing boards, and so on, but also high levels of interaction among the institutions in a local area, development of sharply defined domination and coalitions through collective representation and development of mutual awareness.

The creation of an enabling environment is critical for successful enterprise restructuring. Firms often choose to locate or grow in urban areas because of agglomeration economies –the benefits of sharing markets, infrastructure, labour pools, supplier relationships and information with other firms. The advantage of economic growth of urban areas depend a great upon the quality of urban management and this management can be supported by a partnership between governments (central/local), business and community interests [2]. Central and local governments should assist in promoting an ‘enabling policy and regulatory environment’ where business and community interests operate in accordance.

3. DEVELOPMENT OF ENTERPRISES AND INSTITUTIONAL ENVIRONMENT FOR ENTERPRISES IN TURKEY

Turkish economy has been occasionally restructuring since the establishment of the Turkish Republic. This restructuring process has had different effects on the structure and development of enterprises, and has caused changes in the institutional environment of businesses as well.

In the economic and social fabric of Turkey, the general nationwide evaluations show that SMEs occupy an important place in the development of entrepreneurship. They are effective means for the utilization of resources and thus contribute to the creation of self-employed group [13, 14]. When some economic indicators concerning SMEs are examined, it is seen that the share of SMEs among the total number of enterprises reaches to 99.8% and its share in total employment reaches to 76,7 % in Turkey. The share of SME investments in total investments is 38% and it creates 26,5 % of total value added [15]. Since the importance of SMEs has been recognized in most of the developed or developing countries, appropriate policies by the government have been considered to foster such units and some special organizations have been established to increase their capabilities and therefore their effectiveness and competitiveness.

In Turkey, there are several institutions of central and local governments, public or semi-public business organizations, enterprise associations and non-governmental organizations (NGOs) which act as second order LEIs supporting the enterprises. The role of state is generally seen in determining policies and providing various incentives, tax exemptions, land provision, supplying infrastructure facilities. Besides central governments, municipal bodies generally take the role providing infrastructure facilities for enterprise development.

Ministry of Industry and Trade determines the objectives for the Turkish Industrial Policy and encourages the activities of various scale industries by supporting Enterprise Zones. Different Directorates of the Ministry give services to small industrialists to have their own modern workshops in Industrial Estates and allocate credits for infrastructure of Organized Zones. One of the most important institutions under the Ministry of Industry and Trade is the Organization for Supporting and Developing Small and Medium Sized Enterprises (KOSGEB) for filling the need for real services of SMEs in Turkey. In order to support SMEs, KOSGEB gives services in; training, supporting entrepreneurship and providing information about business opportunities, investment analysis, market research, export development, quality development, technology development, patent applications, laboratories and workshops for common-use machines and equipment, and accessibility to financial resources. KOSGEB has also projects in the field of regional planning, for development of entrepreneurship and cooperation, quality improvement, modernisation of machinery, and development of infrastructure [16].

There are also other public or semi-public organisations, which have direct or indirect affects on enterprise development and local economic development. For instance; MPM (National Productivity Centre) provides services in order to improve the productivity of industrial enterprises; TSE (Turkish Standards Institute) assists the standardization of industrial products by conducting quality control; IGEME (Export Promotion Centre) coordinates the business relations of national and foreign companies and organizes fairs; Undersecretaries of Treasury and Foreign Trade creates the means of applying state aids to SMEs [17]. For innovative SMEs; Scientific and Technical Research Council of Turkey (TUBITAK) conducts scientific research and provides technical advice, Technology Development Foundation of Turkey (TTGV) provides expert assistance on project basis, and universities provides research and development facilities and gives necessary assistance to the firms.

Besides public institutions, enterprise associations formed by local entrepreneurs have a crucial role in creating formal networks among the entrepreneurs. Chambers of Industry and Commerce are the organizations which have mostly been based on the extension of patronage relations with government authorities [18]. Chambers represent their members in the political arena and personal relations with bureaucrats are generally used to obtain incentives and credits. They inform their members in local/national or international business related issues and build partnerships with various public/private organisations for special projects.

Until the late 1960s, business association activity was limited to Chambers with compulsory membership and was under close government control in Turkey. The formation of voluntary associations began in the 1960s, but they became significant mainly in the 1980s [18]. Since the mid-1970s, “Association of Turkish

Industrialists and Businessmen (TUSIAD)” has acted as a dominant organisation representing the businessmen, and by the early 1990s, “The Association of Industrialists and Businessmen (SIAD)” has occurred as an alternative to TUSIAD. With the establishment of this regional-based industrialists and business organizations, the Turkish economic life witnessed the pluralisation of economic actors with different discourses and strategies, bringing together a large number of enterprises of different sizes located in different geographical regions of Turkey [19]. Their main characteristic is that they support local development by establishing networks among entrepreneurs. It is observed that entrepreneurs increasingly form local initiatives and active groups through these business organisations.

In addition to business associations, there are several NGOs supporting the enterprises. TOSYÖV (Turkish Foundation for Small and Medium Business) which was founded for the purpose of providing support and service to her members from SMEs in Turkey, has created an organization network of 1500 registered members, 17 support associations and two branches (İstanbul, İzmir) to provide support. It offers training not only for its members but also for other SMEs through conferences, panels and seminars. Turkish Tradesmen and Craftsmen Confederation (TESK); The Union of Chambers and Commodity Exchanges (TOBB), Foundation of Economic Development (IKV), Turkish Women Entrepreneurs Association (KAGIDER), Young Entrepreneurs Association (GEGİDER) appear as other NGOs.

Considering this institutional environment, a general evaluation of the actors involved at different levels in local economic policies and initiatives can be summarised as in Table 1.

From Table 1, it is observed that although there are different initiatives taking place in various levels, the central government and its institutions have still the leading roles in supporting the enterprises. The institutional framework has witnessed significant developments since the mid 1980s, but it is still limited. A major limitation in the development of local

economic policy is the lack of finance available to local authorities and a reliance on the central state to provide the majority of its financial resources. Further constraints on local authority arise from the lack of available technical resources, technical personnel and the highly bureaucratic central state. However, on the other hand, in the recent years both public and private sectors have taken important steps in establishing partnerships through special projects. We observe various initiatives realised by public/private participation, including NGOs also.

4. LOCAL ENTREPRENEURIAL CAPACITY FOR ECONOMIC DEVELOPMENT IN ANKARA CASE

For analyzing the local entrepreneurial capacity and identifying the strategic direction for the local economy; the sources, structures and trends in production and employment, skills and other resources have to be examined. Thus, for Ankara, firstly a detailed profile of enterprises and institutional environment supporting the enterprises will be described, and secondly this data will be analysed by SWOT to identify the strengths, weaknesses, opportunities and threats.

4.1. General Profile of Enterprises and Business Support Environment in Ankara

Ankara, with its 4 million population in 2000, is the second largest city of Turkey. Its annual population growth rate is 2%, which is not only related to the fertility rates but also to the continuing migration from rural areas. In contrast to the increasing population, creation of employment is quite limited. When the unemployment rate in Ankara is compared to Turkey, it is seen that while the rate is 10,3 in Turkey, it appears to be 14,8 in Ankara in 2005 [1].

As being the capital and the administrative centre, Ankara is specialized in service sector with its considerably high number of public institutions, universities, health centres and other service activities. As seen from Table 2, employment in services sector is relatively high in Ankara (69,2%), when compared to Turkey (45,8%).

Table 1: Policies and initiatives undertaken by selected actors in Turkey.

Policy / initiative	Actors										
	1	2	3	4	5	6	7	8	9	10	11
Aiding start-ups	■	▲	○	■	■	○	○	○	■	■	○
Helping existing enterprises	■	▲	○	■	■	○	■	○	■	○	○
Information supply	■	▲	■	○	■	■	■	■	▲	■	■
R&D facilities	■	▲	○	○	○	○	▲	○	▲	○	▲
Training	■	▲	■	○	▲	○	○	■	■	○	■
Subsidies/financial support	■	■	○	▲	○	○	■	○	○	○	○
Provision of land and buildings	■	■	■	○	○	○	○	○	■	○	○
Industrial zones	▲	■	■	○	○	■	○	○	▲	○	○
Improving public infrastructure	■	■	▲	○	○	○	○	○	○	○	○

1. Ministry of Industry & Trade	4. Banks	7. TUBITAK, TTGV	10. TUSIAD & SIADs
2. KOSGEB	5. TESK	8. TOSYÖV	11. Universities
3. Municipalities	6. TOBB	9. Chamber of Ind. & Commerce	

▲ Lead / highly involved ■ supportive or involved ○ not involved

Table 2: Distribution of economic activities in Ankara and Turkey in 2005 (thousand person, 15+ age).

		Agriculture	Industry	Services	Total
Ankara	Employment	94	303	839	1291
	%	7,3	23,5	69,2	100
Turkey	Employment	6493	5456	10097	22046
	%	29,5	24,7	45,8	100

Source: TURKSTAT (Turkish Statistics Institute) <http://www.turkstat.gov.tr>

In order to evaluate economic structure and specialty in Ankara, 'Location Quotient' (LQ) which is "a measure that compares the relative importance (in terms of output or employment) of a sector in a region to its relative importance in the nation" is used [20, 21]. A region showing greater than 1 of LQ for a sector is assumed to be producing more than its share of national output in this sector, and thus is defined as specialized in this sector. For Ankara the general characteristics of the enterprises are analysed considering the number of establishments and employment by economic activities.

Using this analysis, it is seen that, there is a concentration of firms and employment in the construction, financial intermediation, real estate, renting and business activities, education, health and social work, other community, social and personal service activities in Ankara (Table 3). The LQ scores show that in construction and real estate sectors Ankara has relatively an important position which means that the city is still under construction and growing in size. On the other side, since the mid-1980s there has been an increasing private sector participation in community services like education and health which are deemed as critical in the development of human resources. Ankara, with its 9 universities and several hospitals maintains its specialisation in these sectors which are not only important to increase the welfare of the population, but

also vital for increasing competitiveness in the global international economy.

In manufacturing sector; publishing and printing, manufacture of machinery and equipment, manufacture of electrical machinery and apparatus, manufacture of radio, television and communication equipment, manufacture of medical, precision and optical instruments, and manufacture of furniture branches appear as relatively specialised economic activities in Ankara (Table 4). More than traditional manufacturing branches like food products, textiles, and leather; it is important to observe the dominance of potential sectors open to high technology development in Ankara. In such sectors it is crucial to raise the number of well educated and skilled people and to improve capacity utilisation, product quality, efficiency and competitiveness.

Besides this general profile of enterprises, the business environment and the support institutions are also crucial in Ankara for enterprise development. As being the administrative centre, various institutions of central government as well as various local institutions related with business environment are located in Ankara. Thus, enterprises in Ankara have the greatest opportunity for reaching easily to such central and local government institutions.

Table 3: LQ analysis of economic activities in Ankara and Turkey, 2002.

Economic Activity	TURKEY		ANKARA		LQ	
	Firms	Empl.	Firms	Empl.	Firms	Empl.
Mining and quarrying	2 410	77 027	179	6457	1,06	0,96
Manufacturing	272 482	2 183 286	18674	115649	0,98	0,60
Electricity, gas and water supply	4 206	96 430	99	12958	0,34	1,53
Construction	35 749	224 874	6579	69092	2,63	3,50
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	867 890	1 876 525	55944	152252	0,92	0,92
Hotels and restaurants	174 199	545 167	8010	35799	0,66	0,75
Transport, storage and communication	270 517	612 814	17666	53893	0,93	1,00
Financial intermediation	14 303	183 169	1274	26247	1,27	1,63
Real estate, renting and business activities	95 971	339 502	12200	57533	1,82	1,93
Education	6 695	79 129	760	9815	1,62	1,41
Health and social work	33 383	101 193	2973	11940	1,27	1,34
Other community, social and personal service activities	80 386	177 924	5655	18399	1,01	1,18
Total	1858191	6497040	130013	570034	1,00	1,00

Source: TURKSTAT General Census of Industry and Establishments, 2002

Table 4: LQ analysis of manufacturing sector in Ankara and Turkey 2002.

Manufacturing	TURKEY		ANKARA		LQ	
	Firms	Empl.	Firms	Empl.	Firms	Empl.
Manufacture of food products and beverages	32.724	281.537	1.036	13.894	0,46	0,93
Manufacture of tobacco products	58	12.977			0,00	0,00
Manufacture of textiles	23.012	410.118	836	4.968	0,53	0,23
Manufacture of wearing apparel; dressing and dyeing of fur	34.298	311.105	1.419	6.077	0,60	0,37
Tanning and dressing of leather; etc	7.466	47.961	352	1.429	0,69	0,56
Manufacture of wood and of products of wood and cork, (except furniture)	29.056	79.959	932	3.362	0,47	0,79
Manufacture of pulp, paper and paper products	2.123	35.610	130	1.014	0,89	0,54
Publishing, printing and reproduction of recorded media	9.435	45.264	1.187	7.310	1,84	3,05
Manufacture of coke, refined petroleum products and nuclear fuel	173	4.116	10	n.a.	0,84	n.a.
Manufacture of chemicals and chemical products	4.156	85.578	396	3.785	1,39	0,83
Manufacture of rubber and plastic products	9.236	82.857	481	3.313	0,76	0,75
Manufacture of other non-metallic mineral products	12.311	132.665	860	6.807	1,02	0,97
Manufacture of basic metals	5.256	71.406	371	3.571	1,03	0,94
Manufacture of fabricated metal products (except machinery)	36.118	140.354	2.192	11.591	0,89	1,56
Manufacture of machinery and equipment n.e.c.	19.335	145.949	1.581	13.837	1,19	1,79
Manufacture of office machinery and computers	417	2.774	29	115	1,01	0,78
Manufacture of electrical machinery and apparatus n.e.c.	4.397	39.043	456	4.805	1,51	2,32
Manufacture of radio, television and communication equipment etc.	575	16.080	64	4271	1,62	5,01
Manufacture of medical, precision and optical instruments, watches and clocks	2.189	16.357	427	2.975	2,85	3,43
Manufacture of motor vehicles, trailers and semi-trailers	4.065	83.654	270	4.355	0,97	0,98
Manufacture of other transport equipment	942	18.566	24	2698	0,37	2,74
Manufacture of furniture, manufacturing n.e.c.	35.053	118.406	5.614	15.472	2,34	2,47
Recycling	87	950	7	n.a.	1,17	n.a.
Total	272.482	2.183.286	18.674	115.649	1,00	1,00

Source: TURKSTAT General Census of Industry and Establishments, 2002

The education infrastructure with important public and private universities raises the number of well educated and skilled people which are the basic components for a developed human capital. Related with the potential sectors open to high technology development, the establishment of technology development zones (TDZs) encourages R&D activities and supports the enterprises related to high-technology and new product development. There are three active and two newly established technology development zones all of which are located at the structure of the main universities of Ankara [22]. Besides, there are five Technology Development (Incubation) Centres of KOSGEB actively working in these universities. These initiatives of TDZs support the emphasis on regional innovation systems where the key component is collaboration among industry, universities and the state. Besides TDZs, Organized Industry Zones (OIZs) is another tool for supporting enterprises and contribute to employment creation in industrial and technological field. With the initiative of Ankara Chamber of Industry, Ministry of Industry and Trade and other local industrial associations several OIZs have been established for the development of planned industrial regions.

Despite these initiatives, the problem of lack of technical and financial knowledge of enterprises appears as a barrier for enterprise development. To overcome this problem and help entrepreneurs in catching up the opportunities, special entrepreneurship courses are organized for public and private sectors. KOSGEB Entrepreneurship Development Institute is the main agency responsible for such courses which are arranged as “business start-up training” and “business development training”. Besides KOSGEB; MPM, TESK, TOSYÖV and other organizations are undertaking works related to encouragement and development of entrepreneurial skills.

4.2. Local Enterprise Assessment and SWOT Analysis for Ankara

An OECD report [23] states that “The local initiatives approach encourages an assessment of an area’s real strengths and weaknesses followed by integrated efforts to promote economic development making maximum use of local resources, especially people.” Thus following the findings from the official statistics and documentations related to the general profile and business support environment, the local enterprise assessment of Ankara is realised by using SWOT analysis (Table 5).

SWOT analysis shows that beside some weaknesses, Ankara has a crucial potential for local economic development with its diversified enterprise structure and strong institutional tradition. The important thing for building local capability is to utilise this potential efficiently and to tackle with local problems for new business opportunities.

5. CONCLUDING REMARKS: BUILDING UP STRATEGIES FOR LOCAL ENTREPRENEURIAL DEVELOPMENT IN ANKARA

To build a strong local economy, each community can undertake a collaborative process to understand and act on its own strengths, weaknesses, opportunities and threats. These local attributes will form the basis for designing and implementing a local economic development strategy. When social, economic and spatial dimensions of Ankara are considered, some strategies for developing enterprises can be highlighted:

- *Human resource development - local capacity building strategy*

The most crucial aspect of enterprise creation is by human resource development which is mainly achieved by education and training. From the analyses, it is seen that Ankara has adequate infrastructure for developing this strategy, however, there is a need of defining priorities and supporting business start-up programs. In Ankara as in Turkey, general education is much more preferred by the young people when compared to vocational and technical education. Current situation shows that these young people, who compete for a university education, generally join the ranks of the unemployed after their graduation. Thus, raising qualified intermediary labour force in Ankara should be one of the priorities. As vocational training is an expensive type of education, public/private partnership projects can be realised more effectively in solving this problem.

Prevalent business support organisations provide training and counselling services to unemployed people and to people threatened by the unemployment. In addition to these, by the initiative of local governments and NGOs, short courses and business start-up programmes should be arranged for the unemployed young people for acquiring skills. Moreover, in order to employ the public enterprise workers who have lost their jobs within the privatization program or the ones who have lost their jobs during the reduction of state in size should be integrated to entrepreneur development and education projects.

- *Business clusters and innovation strategy*

Cluster approach is critical to understand business development opportunities. Clusters not only increase the productivity of companies based in the cluster area through increased access to inputs, employees, information, and institutions, but also drive innovation, stimulate new business formation, and allow for rapid diffusion of improvements, thus bring competitiveness of the region.

Table 5: SWOT Analysis for local enterprise assessment of Ankara.

STRENGTHS-local assets	WEAKNESSES- obstacles to growth
<ul style="list-style-type: none"> • Young labour force • Existing educational facilities and research institutions • Existing four state and several private universities • High accessibility to labour and markets • Strong transportation network • Good quality infrastructure facilities especially in organised business districts • Experience and concentration in potential high-tech sectors • Supportive institutional environment 	<ul style="list-style-type: none"> • Increasing unemployment and poverty • Inadequate physical infrastructure especially in the inner city areas requisite for new generation businesses • Negative image of hard core administrative centre • Unmotivated entrepreneurial capacity related with the public servant job opportunities • Inadequate intermediary labour force • Insufficient local government capacity in enterprise development
OPPORTUNITIES-favourable exogenous (external) conditions	THREATS-unfavourable exogenous (external) trends
<ul style="list-style-type: none"> • Candidate country for European Union • New international trade arrangements and expanding of foreign markets • Technological change • Stable macro economic / political developments • Strong central institutions for business support • Changes of regulations and laws considering development of small businesses 	<ul style="list-style-type: none"> • The more increasing population, the more increasing unemployment • Financial deficiencies • Problems occurring in the neighbour countries • Downsizing of global business and increasing unfair competition • Limited support to R&D activities • Complex regulatory and bureaucratic procedures

In the recent years, rather than traditional business clusters, high-tech clusters draw more attention. In these clusters partnerships between universities and industry are promoted by the central/local authorities via supporting the foundation and operation of TDZs, incubators and technology institutions. The target of these programs is to transfer the technical knowledge potential of universities to the manufacturing industry and to offer modern working environment that will foster the establishment of new high-tech companies.

In Ankara, there are several initiatives to stimulate innovative capabilities of enterprises. There are three active TDZs established in the leading universities of METU, Bilkent and Hacettepe, and two newly established TDZs of Ankara and Gazi University. Besides, five Technology Development/Incubation Centres of KOSGEB actively work in these universities. In cooperation with KOSGEB, Universities and Chamber of Industry offer proper working environments for SMEs to ensure exchange of information and service among each other. The existence of TDZs, Incubation Centres, as well as TUBITAK, TTGV and other organizations which encourage enterprises to increase their investments in R&D give the possibility of realising the innovative clusters strategy in Ankara.

• *Networking and Partnership Strategy*

Networks are the links of producers and clients that are necessary for assuring an economic capability and responsiveness. They are the mechanisms for exchange of information and services in support of business development. Extending network concept towards long-term structures brings partnerships. Partnerships are based on agreements by agents to work together and for economic development are identified as the need to integrate into flexible structures across the fields of human resource strategies, enterprise and business growth programmes, and physical redevelopment. Thus, partnerships must ensure both horizontal integration

between agents in different programmes and vertical coordination to ensure that each programme is focused on its outcomes in order to achieve a quality solution [24].

For Ankara case, establishing networks and partnerships among various actors of the business society needs a vertical coordination, in other words a leadership team of the key agents in the local economy. When the network structure begins to function properly with the help of the focal actor, horizontal integration may give successful results. In Ankara, various public institutions, like KOSGEB and some active NGOs, like Chamber of Commerce or Chamber of Industry act as leaders to coordinate several actors and stimulate different programmes related to enterprise development. Partnerships established in the leadership of these institutions have given successful results like in the example of TDZs. In local economic development the role of private-sector leaders is also critical. Business leaders will help to identify business opportunities and shape market-based strategies for investment. Bringing together the key leaders from various business, government, and non-profit sectors will help the development of business environment.

As a conclusion, for tackling the problems of unemployment there are different strategies that can totally work for enterprise creation. In order to realise such strategies all important local actors such as local governments, unions, employers, trade and commerce associations, education and training institutions, local politicians and parties and the employment services should work together towards a common framework. The local level should be coordinated with a coherent framework of the national and regional level policies. Such a motivation will increase the chance of creating jobs, increasing employment, and offering better quality jobs which accumulates wealth.

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