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TERRITORIALITY AND INSTITUTIONAL CHANGE: WHAT CAN WE LEARN FROM THE TURKISH SHIPBREAKING INDUSTRY?

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Abstract

In economic geography, two different approaches have emerged since 1990s to explain the relationship between institutions and urban/regional economic development and also effects of institutions on industrial development: dominant and new. The dominant approach has considered the institutions sometimes as the formal and informal rules and sometimes organizations or untraded interdependencies (Storper, 1995). However, this view has received various criticism for failing to conceptualize institutional change and not produce a holistic theory of institutions. On the other hand, the new approach has claimed that criticisms can be eliminated by abandoning this plurality. The pioneers of this approach developed an alternative view specific to the discipline in which institutions are considered as behavioral patterns based on mutual expectations and sanctions (Bathelt and Glückler, 2014). Subsequently, institutional change has been explained through the typologies of interactions among the building blocks of the institutional context.

Adopting the approach of Bathelt and Glückler (2014), this study aims to understand how institutional change affects the development of Turkish shipbreaking industry. This industry was established in the 1920s in the Golden Horn (İstanbul) and moved to Aliağa shipbreaking industrial park in İzmir in the 1980s. Thus, unlike the contributions to the existing framework, this study assumes that institutional change begins with a bottom-up causality, based on the relocation history of the industry. To test this assumption, 30 interviews were conducted with different actors. According to the findings, temporary employment, subcontracting and succession were observed as three institutions that affect the development of industry. In addition, supporting the argument put forward, it has been found that organizational field-specific dynamics, that is, bottom-up causality, was effective in the transformation of the temporary employment institution into the subcontracting institution. Over time, it has been observed that outsourcing, one of the two sub-typologies of subcontracting, has died this time due to top-down causality triggered by the changes in regulations. The other sub-typology, insourcing, still exists in some firms today, but it is estimated to die in the future for the same reasons. Besides all these, introducing that institutions may die over time is another finding that constitutes the original value of study. Finally, no change has been observed in the succession directed by family logic and it still exists in Aliağa since the 1990s. In conclusion, this study contributes to the conceptualisation of institution and institutional change developed by Bathelt and Glückler (2014) in the field of institutional economic geography.

Keywords | Institutions, institutional change, shipbreaking industry, institutional economic geography, Turkey.

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