

ENTREPRENEURIAL ACTIVITIES IN URBAN AND RURAL AREAS IN
TURKEY



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PLAGIARISM

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

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ABSTRACT

This academic work explores the main factors of entrepreneurial process movements in urban and rural areas in Turkey using the Global Entrepreneurship Monitor (GEM)'s Adult Population Survey (APS) Data. We estimate that education level, having an entrepreneurial network, income level and being able to see entrepreneurship opportunities cause more entrepreneurial activities in urban areas in Turkey than in rural areas. Through our analysis, we noticed that urban areas in Turkey share a certain share of entrepreneurship level compared to rural areas, except for income level. We found that education level, entrepreneurship opportunities and having an entrepreneurial network affect entrepreneurship more in urban areas compared to rural areas. The results show that policy makers should start combining education programs to cultivate the concept of entrepreneurship from a younger age, as well as fostering an entrepreneurial culture to strengthen future entrepreneurial prospects in rural areas in Turkey.

KEYWORDS: *Entrepreneurial Activity, Rural Areas, Urban Areas, Global Entrepreneurship Monitor (GEM), Binary Logistic Regression.*

ÖZET

Bu çalışma, Küresel Girişimcilik İzleme (GEM)'in Yetişkin Nüfus Anketi (APS) verilerini kullanarak Türkiye'de kentsel ve kırsal alanlarda girişimcilik faaliyetinin temel belirleyicilerini araştırmaktadır. Eğitim düzeyinin, girişimcilik ağına sahip olmanın, gelir düzeyinin ve girişimcilik fırsatlarını görebilmenin Türkiye'de kentsel alanlarda kırsal alanlara göre daha fazla girişimcilik faaliyetine neden olduğunu tahmin ediyoruz. Analizimiz sayesinde, Türkiye'de kentsel alanların gelir düzeyi dışında kırsal alanlara göre daha yüksek bir girişimcilik payı paylaştığını gördük. Eğitim düzeyi, girişimcilik fırsatları ve girişimcilik ağına sahip olmanın girişimciliği kırsal alanlara göre kentsel alanlarda daha fazla etkilediğini bulduk. Sonuçlar, politika yapıcıların daha genç yaşlardan itibaren girişimcilik kavramını geliştirmek için eğitim programlarını birleştirmeye ve aynı zamanda Türkiye'nin kırsal bölgelerinde gelecekteki girişimcilik beklentilerini güçlendirmek için girişimcilik kültürünü teşvik etmeye başlamaları gerektiğini göstermektedir.

ANAHTAR KELİMELELER: *Girişimcilik Aktiviteleri, Kırsal Alanlar, Kentsel Alanlar, Küresel Girişimcilik İzleme (GEM), Lojistik Regresyon.*

Much can be written on more than one page, a person can exist only through love, and the power of love can make him successful. I am eternally grateful to everyone who has been by my side with their love to this day.

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CHAPTER 1

INTRODUCTION

1.1 Overview of Entrepreneurship

Entrepreneurship, by presenting a good or service in a new model, brings together the means of production (nature, labor, capital) with the resources it brings together with its capital, in a systematic and planned way, with the perspective of creating a new opportunity, and risking loss or profit. In general, an entrepreneur is the person who creates a new value by taking new opportunities someone who is willing to take more responsibility and risk and has a strong desire to differentiate from others, and is aware of the opportunities with developments in the market, can easily adapt to different conditions and conditions, and is a pioneer of change. Entrepreneurs are people who adapt the concepts of innovation and innovation to the business world and initiate the formation of a new system. It is very important for entrepreneurs to be able to adapt to changing conditions and conditions, to create a new added value, and to affect their regions, nations and the economy of the nation, starting with the family of individuals. Today, many developed countries have a high entrepreneurship rate and economic development is easier in countries with high entrepreneurship. Entrepreneurship, while tempting in many ways, must be an acceptable risk. Individuals risk their energies, time and capital to firmly establish their business and secure their market position, and the promise of reward often seems more severe than the risks. Therefore, it is not surprising that many people in developed countries turn to entrepreneurship, but not all of them can survive as successful entrepreneurs. Many of these individuals are role models in our research into the concept of entrepreneurship and how to achieve success.

While examining entrepreneurship, the data of The Global Entrepreneurship Monitor (GEM) is widely used in the world, data used these while talking about entrepreneurship in this thesis, GEM aims to provide data on entrepreneurship as its main purpose, has shed light on the world of entrepreneurship under different conditions in different countries in today's world, and has envisioned the different conditions of entrepreneurship in today's modern world. While investigating many reasons affecting entrepreneurship, GEM evaluated demographic and environmental factors as well as the effects of individuals such as the equipment they have in terms of human, economic and social capital. The data presented by GEM brings together elements that characterize the characters from many aspects such as their regions, education levels, genders, and offers a different perspective on the conditions under which individuals will succeed or fail, considering their competencies.

1.2 Objectives of the Study

There is a clear thing in the world we live in that rural and urban conditions are not equal and have different effects on each individual. Although developed countries have established their own entrepreneurship system in many respects, developing countries have not yet achieved the same success. Perhaps the biggest problem of developing countries like Turkey in development is that entrepreneurship cannot be systematized. Although there are many studies examining the entrepreneurial activities in Turkey and the reasons that affect individuals, knowing which reasons lead individuals to which options in terms of rural and urban will be a very important step for us Turkey differs from other countries by having the 2nd highest population in Europe. Also in terms of its geographical location and many different economic indicators in the history of the country. Turkey comes to the forefront as a country that has many differences and opportunities from other

countries in terms of culture and geography due to its structure. What drives us to do this research is to find out which opportunities, under which conditions, in which regions and why Turkey missed despite the opportunities it has. As a developing country, Turkey's economic differentiation from other developed countries such as Germany, U.S.A, Canada, also sheds light on how the fragile economy and structure of the country can be strengthened with comparison of the weaknesses. Considering how regular the entrepreneurial growth of Turkey, which has a fragile economy, is and how this may affect the economy, aims is the monitor the entrepreneurial activities in the country from urban and rural perspectives.

One thing is certain, people living in rural areas have a very low level of well-being compared to those living in urban areas in Turkey. Believing that, it is important to strengthen the private sector and enterprises if governments or policy makers want to save rural areas economically from this affluence, and if they want to build a strong economic order with a lasting entrepreneurial system. Trying to present a different perspective on the activities in Turkey by identifying the outputs of the initiatives in urban and rural areas.

1.3 Organization of the Study

In thesis, first considered the concept of entrepreneurship literature while examining the history of entrepreneurship and the concept of entrepreneurship by providing an overview of entrepreneurship. Examining the definition of the concept of entrepreneurship, its reasons, and the differences and similarities between entrepreneurial activities in developed countries and Turkey. Next, examining the rural and urban area in 6 conditions; Characteristics, Markets, Economic Policies, Government Expenditures and Taxes Policies, Education and Technology Level and

Geography. The four hypotheses have been finalized on the basis of the literature survey. Third, providing an overview of Turkey in terms of economic indicators and look at the effects of economic changes. By looking at the effects of urbanization and growth, drawing attention to the importance of entrepreneurship in the Turkish economy. In the fourth section, presenting data and methodology, include descriptive statistics and focus on the results of model. In the final section, concluding findings by briefly addressing what did in each section, developing recommendations and making inferences about policies, and stating the scope and limitations of our research with suggestions for future work.



CHAPTER 2

LITERATURE REVIEW

2.1. Definition and Development of Entrepreneurship

Although entrepreneurship has been defined in many different ways throughout history, the first definition of entrepreneurship, which is known and accepted by everyone, was made in the work of "Essai sur la nature du commerce en general" by Richard Cantillon at the beginning of the 18th century. Cantillon argued that entrepreneurs should have the capacity to take risks and manage production factors (Cantillon, 1755). Jean Baptiste Say further expanded this definition and addressed entrepreneurship in a different dimension in the early 1800s. "The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield. The agent who unites all means of production and who finds in the value of the products. The re-establishment of the entire capital he employs, and the value of the wages, the interest and the rent which he pays, as well as the profits belonging to himself" (Jose & Menudo, 2012). In the twentieth century, Joseph Schumpeter, on the other hand, defined entrepreneurship as people who try innovative and untested technologies and contribute to their development by leading innovative enterprises. He argued that it contributes to companies or enterprises in which entrepreneurs are involved in terms of growth. Schumpeter considered entrepreneurship as innovation and classified innovation under five categories;

- introduction of a new and high-end product
- the introduction of a new production process;
- creating a new market area;
- advancing by securing inputs or a new resource and

- creating or organizing a new structure depending on the industrial sector
(Joseph, 1934)

On the other hand, Frank Knight was looking from a completely different perspective in terms of the definition of entrepreneurship. According to Frank Knight, profit came from uncertainty and risk, not from innovation (Brouwer, 2000).

American economist Harvey Leibenstein, on the other hand, reduces the concept of efficiency to the intra-firm input-output relationship in his theory of “X Activity and Entrepreneurship”. Firms use many inputs at different levels in the production process. The higher the inputs, the higher the output rate will be. The loss that occurs when the inputs are not used effectively is called X ineffectiveness. Therefore, Leibenstein suggests that in the theory of X efficiency, the motivation of managers in enterprises influences the inputs and indirectly the outputs. In another perspective, the theory argues that there are always failures in the economy, however, there are always gaps in the market mechanism. According to Leibenstein, he argues that in this case there are economic opportunities that entrepreneurs can benefit from (Leibenstein, 1978). In this respect, it has created a different perspective to the previous entrepreneurship definitions. An economist from another Austrian school, Israel Kirzner, examined the theory of entrepreneurship in the chapter The Nature of Entrepreneurship in his book "Competition and Entrepreneurship". According to Kirzner, taking part in the market as an entrepreneur is a difficult activity. Also, the Neo-Classical economy ignores the entrepreneurial role (Kirzner, 1973).

According to Kirzner, either monopoly, perfect competition, or standard neoclassical market models; regardless of anyone, were all just models of equilibrium. Kirzner defines the most basic feature in entrepreneurship with the word "alertness", unlike the others. The entrepreneur should always be on the lookout for price

differences and changes those others may not notice. In this way, the entrepreneur will be able to make a profit. As an example, Kirzner argues that people who are aware that good is sold at an affordable price in another market than another, and who think that they can make a profit in this way can be entrepreneurs. This is why; according to Kirzner, the entrepreneur should always be vigilant and sensitive to prices. While Kirzner does not completely depart from those who defined entrepreneurship before him, they share a common opinion with Schumpeter. “*No factor services to production*”. Kirzner elaborates, entrepreneurship definition, with a new way, entrepreneurship has been defined for me as the ability to see where, how and under what conditions new production methods can be applied, which become more valuable for consumers and create added value, which cannot be seen or discovered by others, rather than the desire to present a new production technique or a new product. (Kirzner, 1973, s. 81).

Kirzner thought that the entrepreneur It naturally has the right to receive the profit it makes by acting accordingly (Kirzner, 1973). One of the most impressive entrepreneurial works after Kirzner was British economist Mark Casson. Mark Casson managed to do the most important work on entrepreneurship in British history. Mark Casson published his book *The Entrepreneur: An Economic Theory* in 1982. It has become a groundbreaking work in the field of entrepreneurship that creates different fields of study. He contributed to the concepts of reasoning, coordination of resources and market making for entrepreneurs (Landström, 2012). In the *Entrepreneur: An Economic Theory* the fundamental guideline of the modern field of entrepreneurship are all to be found. In an economy submitted to volatility and shocks, there is a steady requirement for market regulation. The frictionless world of mainstream economics exclusively assumes away any consolidated costs. But impermanent knowledge and

rationality, volatility also presents the concept of opportunities, which has been the catalyst for scientifically investigate entrepreneurial opportunities over the past 15 years. Mark Casson thought that entrepreneurs not only looked from a different perspective but also had a different conception of the world.

Reasoning ability is what an entrepreneur needs most. This quality of judgment is not a quality that can be possessed by everyone. By obtaining competitive, half-annuity, this feature, which cannot be owned by everyone, paves the way for high profits. Although the uncertainty is perhaps related to the fact that scattered information can have limited information -for everyone-, what is remarkable at this point is that different people define different levels of knowledge (Alvarez et al., 2014, s. 3).

Second, with respect to Casson, entrepreneurship; refers to taking risks, following opportunities, implementing plans and innovations. Entrepreneurs are intellectually different and can view the issue from dissimilar angles. In this way, they can see the different aspects of any organization and take action. In a way, this may be because entrepreneurs are more knowledgeable or 'cos they are more educable. While this situation enables the person to be reduced to the issue from different angles while making a decision, it also makes them privileged. According to Casson, the most major difference that distinguishes an entrepreneur from a normal individual is his willingness to make decisions even in situations of ambiguity. The biggest cause for this is that, as Casson aforementioned in his Entrepreneurship Theory, the perceptions of entrepreneurs are different from those who do not (Alvarez & Barney, 2005). In this context, Casson has developed historical modeling in the last 30 years by examining the work of people who defined entrepreneurship before him in a wider area. After Casson, in 1986, Peter Drucker handled and examined entrepreneurship through the

American economy with his book *Innovation and Entrepreneurship*. Peter Drucker had an argument against the rhetoric of the recession in the American economy: "the transition from a capital-intensive (managerial) economy to an entrepreneur-intensive economy" (Drucker, 1985). Drucker explains the rapid growth of the American economy since the 1970s not only with population but also with technology and innovation. Still, Casson does not link the growth of the American economy to technology alone. He thinks that the production system in the world has been changing since the Second World War, and that the 300-year-old template has evolved (Drucker P. , 2012).

We are in the early stages of a major technological transformation, even more, magnificent than Megatrends or Future Shock. Three hundred years of technology ended after World War II. It was a model mechanical model for technology for three hundred years: inside a star like the sun. This period began when the otherwise hardly known French physicist Denis Papin envisioned a steam engine in 1680. And it ended when we did a nuclear explosion similar to the events inside a star. However, since the end of World War II, the model of technology has been the biological process, the events within an organism. Provides high-tech excitement and headlines. It creates vision and receptivity regarding entrepreneurship and innovation in society. The desire to work from young, well-educated people to small and unrecognized employers rather than the giant bank or world-class electrical equipment maker — although the vast majority of these young people work for employers whose technologies are prosaic and commonplace — undoubtedly stems from the mysterious air of advanced technology (Drucker, 1985, s. 4).

For Drucker, entrepreneurship is an innovative movement. According to Drucker, who says "Innovation is a tool specific to entrepreneurship", innovation is a

risk, but not being innovative is a greater risk (Beatty, 1998). According to Drucker, innovation is enough to start a business, but if you want to grow in that area, you should have not only innovation but also an entrepreneurial management approach. According to Drucker, who criticized the entrepreneurship definitions before him, entrepreneurship is not innate; it is a process that can be achieved with an afterthought but requires effort. According to Drucker, innovation and initiative do not occur naturally. The existence of companies that are successful with innovation means that others can succeed. Companies that have achieved this have taken entrepreneurship as a discipline and have taken on a task. Therefore, it is inevitable that they will be successful. Companies have to help people to be close to entrepreneurship (Drucker, 2012). Determining the role of an entrepreneur is very important from Drucker's point of view.

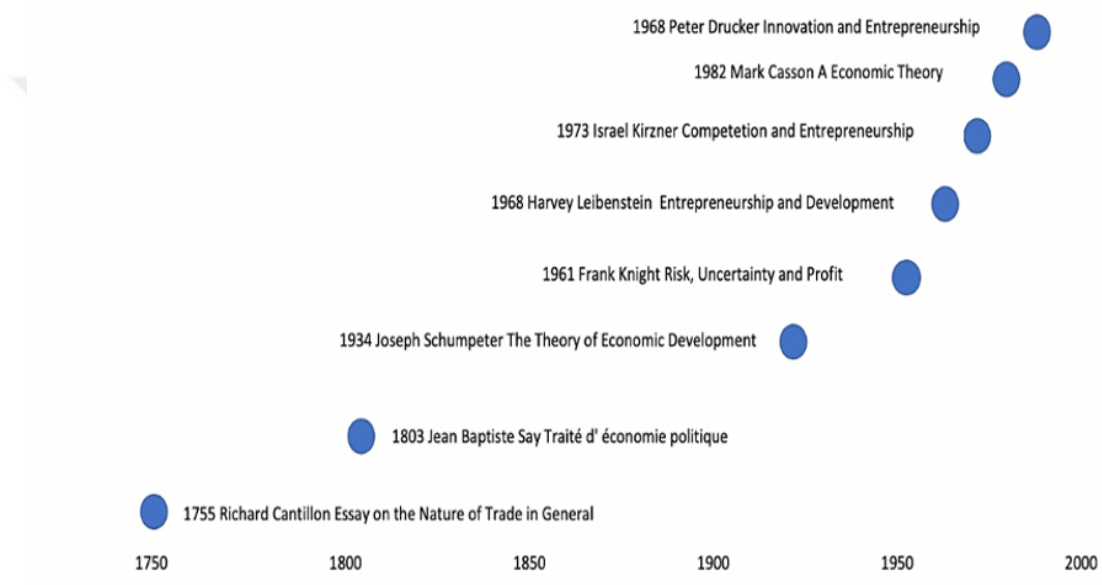
As the new venture grows, the roles of the entrepreneurs begin to change. If the founders do not accept this, they become the biggest obstacle to the growth of the venture. Therefore, when new ventures form the top management team, the entrepreneur must also think in detail about his future. Although the entrepreneur is not suitable for him, he is in management. If he insists on any position, then he both prepares his end and causes serious trouble for the enterprise, an independent and impartial person should also make recommendations in order to guide the future of the company from an objective point of view (Drucker, 2012).

A business that wants to innovate and develop as required should create an administrative structure related to entrepreneurship therein its system. It also needs to make innovation a routine. According to Peter Drucker, the business that is already in the market or that will make a new entry to the market should be managed with an entrepreneurial approach. In other words, an entrepreneurial management structure

should be created and it should be managed with entrepreneurial thinking. Innovation cannot exist without innovative management and this renders the business ineffective (Drucker, 1985).

Figure 1

Historical Development of the Concept of the Entrepreneurship



Note. This data driven from Wikipedia in 2021.

Consequently, entrepreneurs can also be people willing to take risks in exchange for returns (Knight, 1921). Entrepreneurship is not just about owning or being, entrepreneurs are variable and innovative in their own dynamics. Therefore, while entrepreneurs take risks, they build something new, and in doing so, they lead change or help change. With this view, entrepreneurs are seen as a different tool of change through innovation (Glaeser et al., 2009, s. 3). Thus, there are five facets of

entrepreneurship for Casson he argued: self-employment, small firms, mastership, entrance, and innovation.¹

Still, limiting entrepreneurship to these five aspects creates a rather shallow perspective. Entrepreneurship does not only take place in companies that are geared towards making a profit. Entrepreneurship can also position itself as non-profit organizations, boards, or market-based companies of the classic type. Therefore, it is very difficult to measure these aspects of entrepreneurship and does not have any measurement tool. An entrepreneur can not only be someone who starts a business but also takes a risk in the development of a new idea. However, some entrepreneurial concepts viewed the entrepreneur as more than a business owner. This view argued that entrepreneurs do more than open a shop and come up with something new (Glaeser & Rosenthal, 2009).

2.2. Entrepreneurial Activities in Urban Areas

Entrepreneurial activity in urban areas, in addition to creating profound effects, has many different economic aspects. One of them is that entrepreneurs run their own business. With respect, entrepreneurs are self-employed. Still, it would not be right to put entrepreneurship into a tiny mold.

¹ All of these aspects of entrepreneurship involve the entrepreneur exercising judgment, a point made by Casson. (1982)

Economists and policymakers frequently argued that urban success depends on a city's level of entrepreneurship. This is argued in Chinitz's (1961) comparison of New York and Pittsburgh (Edward & Sari, 2015, s. 498). Chinitz argued that the plenty of small, independent companies in New York created an entrepreneurial culture. Banks began to specialize in financing new entrepreneurs and startups. There were many independent supplier's assisted new companies. On the other hand, there was a steel industry in Pittsburgh that lacked financial support and was beginning to lag behind city facilities. Unable to benefit from external factors positively, Pittsburgh would fall behind New York in time (Chinitz, 1961). In the almost 50 years since Chinitz wrote his work, his thought has been evermore affirmed. Pittsburgh has continuously declined; New York has survived. Doubts about the importance of entrepreneurship's role in local success are cleared (Edward, 2009). In 2015, Edward L. Glaeser, and Sari Pekkala Kerr prepared another study to expand the scope of Chinitz's work and to see its current reflections. The results they found were quite striking. The correlation between entrepreneurship measures, such as the share of local employment in startups or average business size and subsequent urban employment growth in their study, was quite strong both within and within cities. Finally, they used variable techniques of numerical tools, determined that their impact existed in both cities and exceeded growth targets and underperformed depending on their starting traits. Based on this evidence, it was argued that entrepreneurs play a very important role in the growth of a city (Edward & Sari, 2015). Urban entrepreneurs' have a perception of themselves as promoters of economic development. Thus, institutionalization has an important place as a concept that determines the level of entrepreneurial activities in urban (Arturo & Banu, 2014).

2.2.1. Characteristics of urban

Scientific journals have sought answers to questions about urban throughout history. The questions were often very similar: Why are urban growing faster? Why is it easier for wealth to spread in big urban? How can people in the urban get richer more easily than others? The answers to these questions are not yet clear, but it was thought that the situation that emerged with the combination of the city's characteristics and the founding elements could be better understood by more studies by the journalists. Arthur O'Sullivan believed that the economy of the city was divided into different issues and thought it would be correct to address them separately (O'Sullivan, 2003).

2.2.2. Markets in urban

Many factors have a direct impact on market conditions, and households also consider many conditions when choosing a settle urban. Therefore, market conditions and urban settlement areas in a correlation. While the more homogeneous market is displayed in multitudinous areas, if a firm is located in a geographically isolated region, its market performance will be different from a firm located in a concentrated region. Location decisions of both firms and households create cities that differ in size and economic structure. When industries cluster like in Silicon Valley in California, they create urban areas with dominant firms and different economies (McCann, 2001, s. 1). Therefore, it is not possible to talk about a certain characteristic in cities, cities are shaped according to the characteristics of the market they create and enterprises generally combine with market conditions. Therefore, entrepreneurs may turn to more homogeneous and specific areas depending on the location and market condition.

2.2.3. Economic policies in urban

Although cities are similar in developed or underdeveloped countries with high population, they differ from each other in terms of policy. Liberalism is more prominent in today's economies and in the economic policies of cities, local market conditions, and world market conditions can be taken into consideration. Therefore, many large cities in poorer country contexts combine the challenges of promoting economic growth in a globalized economy context with the demands to meet basic service provision for the poor (Susan & Jenny, 2006). Therefore, when considering the economies of urban, we can make a distinction: richer urban and poorer urban. While poorer urban often adapt to development and globalization, richer urban is dealing with sustainability and fair distribution of services. Therefore, the World Bank encouraged the implementation of institutional strategies in order to improve the sustainability conditions of cities, competitiveness, good governance and governance and reliability dimensions in the local context (Worldbank, 2000, s. x). Focusing on the urban world of poorer countries can open new doors on forthcoming challenges for cities everywhere so that policy-makers of wealthier cities can learn from the experiences of urban development challenges in poorer contexts (Parnell & Robinson, 2006, s. 341). What's more, success is the result of a skilled and educated population. The talent will flock to successful regions and escape from those that fail. Because failure often has historical roots, it cannot be changed easily (Mario, 2013). For this reason, they thought that it would be a better initiative to produce the right economic policies for the city and wait for individuals to develop and adapt to market conditions (Cui, 1990). Individuals would increase their entrepreneurial activities and become more productive in economic life as their cities got richer. Policies that attach importance to the contribution of individuals to the economy in urban policies have

caused an increase in entrepreneurial activities in that region until today. Urban, by its very nature, has raised people's awareness of cultural and financial literacy and made them think from a wider context. To understand the role of city policies in the growth and economy of cities, a good example needs to be looked at: China.

China abandoned its introverted and narrow economic policy since the 1950s, and over time it adopted a liberalist economic policy. Along with this, urbanization increased, there was a serious migration from rural areas to cities.

According to the data put forward by Cui, the rate of urbanization was 0.8% per year in terms of non-agricultural urban population in the four years after 1982. However, this ratio exceeded 18% in 1988, and farmers and industrialists engaged in trade were added. Based on China's strong economic development policies and supporting rural growth, it was certain that cities had easier access to many facilities than rural areas (Cui, 1990).

2.2.4. Government expenditures and taxes policies in urban

Governments have from time to time used various taxation policies and support tools specific to urban as an economic policy. In this way, they started to take steps towards development by encouraging citizens to engage in entrepreneurship activities in urban (Joe, 2020). Some urban administration loan money directly to developers, and others guarantee loans from private lenders. Some cities subsidize the provision of land and public services for new development. The urban administration purchases a site, clears the land, builds roads and sewers, and then sells the site to a developer at a fraction of the cost of acquiring and developing the site. With this approach, while trying to increase the attractiveness of urban, a way was opened for

entrepreneurs who would enter the market (Arthur, 2012). A study of economic-development policies of municipalities in the Detroit area shows that the programs have a positive effect on business activity in only 5 of 16 cases (Wassmer, 1994).

2.2.5. Education and technology level in urban

Education has always been the biggest parameter in human development. Throughout history, one of the biggest advantages of cities is that they have been the gathering point for activities such as education, culture and art. It encouraged people to move to cities in terms of education, easy accessibility and quality. Throughout history, the quality of educational institutions in highly populated areas (nowadays called cities) has always been high. Educated people generally tend to take risk more than people with lower-education level (Ehsanollah et al., 2014). Policy makers also believe that increased levels of entrepreneurship can be reached through education (European Commission, 2006). Generally, entrepreneurs are well-educated people, so the share of skilled workers in the supply of workers can be seen as an increase in entrepreneurs' supply. A large number of qualified personnel can provide the return of entrepreneurship by providing the most necessary input of the skilled workforce (Edward & Sari, 2015). The results found in the study of Van Praag et al., approved the European Commission. Those who have education or have had education for many years have a much higher chance of survival, high earnings, growth probability than others, because these people have a high level of performance (Sluis et al., 2008).

Undoubtedly, technology has taken its place as one of the most important factors in the production phase. Machines produced by Henry Ford with the new production line dominated the century (Batchelor, 1994). With the production techniques that develop with technology, entrepreneurs can find their ideas in mind

easier. With the rapidly developing era and new production models, the demand for cities where technology is easily accessible has increased. In the current period, although technology benefits entrepreneurship in many ways, a criticism made by Parker on this issue argues that people are now independent of desks, but addicted to the blunting of smartphones (Parker, 2019).

2.2.6 Relationship between urban and geography

There is a direct link between the geography and economic development of every country in the world. In this concept, geography and urban entrepreneurship occupied an important place in the economic literature. Storper and Scott argued that people tend to move to places with high job opportunities rather than having jobs in their area, and the thought is "do people move to jobs or do jobs move to people?" deepened by the question (Storper & Scott, 2009). In this context, human beings have always chosen the areas where they can continue their life activities. Mesopotamia, one of the first civilization centers of humankind, is a preferred area because agricultural activities can be carried out easily, it has plenty of water resources, it has easy transportation and is not negatively affected by geographical factors (Kılıç & Eser, 2019). When policy makers prepare a policy considering the geographical conditions of the region, more successful results are obtained and more gains can be achieved with less resources, thus increasing the development of the region (Dwivedi & Arora, 2020).

2.3. Entrepreneurial Activity in Rural Areas

It started to be seen as very important to encourage and support entrepreneurship in rural areas as well as in cities. Studying entrepreneurship in specific settings has led to a new focus on rural entrepreneurship (Fredrick & Long, 1989). A lot of research has been done on how entrepreneurship in the rural area will provide development by developing and enlarging the region. Institutions and individuals seem to agree on the urgency of promoting rural development and rural businesses: while rural entrepreneurship is seen as enormous potential by development areas, rural development sees it as a tool for politicians to avoid unrest, while for farmers living in the area it is considered a win-win. women, on the other hand, see it as a safe space near their homes that provides economic independence and autonomy (Petrin, 1994). In addition, rural entrepreneurship plays a key role in fostering innovation, sustaining and developing communities, providing job opportunities, and controlling the relationship between farming, land use, community and economic development, according to Atterton (Newbery et al., 2017, s. 1).

2.3.1. Characteristics of rural area

The Health Resources and Services Administration of the United States Department of Health and Human Services described the rural as "...all population, housing, and territory not included within an urban area. Whatever is not urban is considered rural" (HRSA, 2021). Most of the rural areas have a much lower population than urban areas. Houses are few and far from each other, settlement is sparse. The rural areas are characterized by typical living conditions, life styles, and cultural patterns (Perpar, 2007). Agriculture is the primary industry in most rural

areas. Most people live or work on farms or ranches. Hamlets, villages, towns, and other small settlements are in or surrounded by rural areas (Rutledge, 2011). The biggest problem of the rural area is that it is poorer than urban. The rural poor are poor because they lack capital; because they lack adequate access to productive resources and new technology (Giffor, 1981).

2.3.2. Markets in rural area

Rural areas differ in terms of markets, as well as in many areas compared to urban. The mindset of the rural consumer is completely different from that of the urban consumer. Low per capita disposable incomes that are half the urban disposable income; a large number of daily wage earners, acute dependence on the vagaries of the monsoon; seasonal consumption linked to harvests and festivals and special occasions; poor roads; power problems; and inaccessibility to conventional advertising media (Singh & Barot, 2014, s. 8). In urban market, to buy an electronic item, the customer thinks of brand and its updated feature, whereas in rural market a buyer thinks of money, durability, buying capacity and so on. The bottom line is that the mindset makes a lot of difference in both the markets (TutorialsPoint, 2021, s. x). An accepted theory of success in rural markets was put forward: 4 'A's the key drivers of rural marketing. The authors evaluated these four key points as "Acceptability, Affordability, Availability, Awareness" (Rithvikaa & Anitha, 2018). Increasing rate of literacy, increase in longevity, economic development of rural areas and huge development in standard of living of the rural people, all provide marketing opportunities for companies to sell their products and services in rural areas (i-Explore International Research Journal Consortium, 2013, s. 12).

2.3.3. Economic policies in rural area

Economic policies have a high correlation with development in rural areas. In developing or underdeveloped countries, not only urban development is a determinant and the low rural development affects the general level considerably. The 1.3 billion world citizens whose incomes are less than one dollar a day live and live in rural areas as three quarters of the world (World Bank, 1997, s. x). If rural economic planning takes place with the right policies, it has an important place in terms of economic growth, creating new jobs and reaching a decent level not only in the rural area but also in the nation. (International Labour Organization). A series of studies have been carried out in order to ensure the sustainable development of the rural area, economy and environmental development. At the United Nations Sustainable Development Goals conference held in Johannesburg in 2002, the importance of water, energy, agriculture, health and biodiversity emphasized the development of rural areas (United Nations, 2002). The World Bank announced the "New Rural Development Strategy" in 2003 in order to reduce poverty in rural areas and ensure development. Within this policy, the World Bank emphasized the importance of rural residents to be at least as prosperous as those in the city, and the adaptation of rural areas to current economic, social, cultural and technological changes (World Bank, 2003). It has moved in a direction where the contribution of these policies carried out by the organizations to the member and neighboring countries affects the development in rural areas in an integrated and multi-functional way (Sevinç, 2016).

2.3.4. Government expenditures and taxes policies in rural area

Studies have shown that policies to prevent inequality and increase growth in urban areas cannot achieve the same success in rural areas (Wu & Perloff, 2006). Freeman (1996) observed that since the benefits and costs of minimum wage / other redistribution policies depend on the conditions of the labor market and the functioning of the social welfare system, the same assessment account could yield different results in different settings. This is why tax policies and government expenditures to be implemented in rural areas should be characterized differently from urban (Li, 2006). Another study, Ramón López showed, that government spending has a high impact and plays an important role in the development of rural areas (López, 2004). Thus, it would lead to the development of the region and high initiatives, and the development of the region was facilitated.

2.3.5. Education and technology level in rural area

Education is widely accepted as one of the basic dimensions of development, regardless of rural or urban areas. The education of the people living in rural areas will ensure the development of the region, and will also affect the segments involved in food production and food business, and will ensure food security in low-income countries and support their development (Pasquale & Francesco, 2007, s. 37). Ritesh Rawal said that the education and technology problem in rural areas is a big problem and that it is necessary to support free education worldwide, governments and organizations should increase publication by opening more schools, that the problems in the infrastructure of schools should be solved, and technology-computer literacy

should be increased by increasing technology-computer literacy. highlighted the need to be a guide for students to catch up with urban conditions (Ritesh, 2009). Education problems became chronic due to the inadequacy of the policies implemented by the states, states could only solve the education problem by developing an education model that is fully compatible with each other in socio-cultural and economic terms (Taş & Yenilmez, 2008).

2.3.6. Relationship between rural area and geography

Rural areas are generally regions with undeveloped production factors and extensive land uses such as agriculture or forestry (Johnson, 2000). Changes and developments in rural areas caused the emergence of different production factors and orientations of rural areas (Ilbery, 1998). Geography plays an effective role in the development of a rural area (Kan & Gülçubuk, 2008). Each rural region follows an economic development path according to the conditions of its own geography and entrepreneurship activities are shaped according to the conditions. Süheyla Balcı Akova defended the view that economic activities in rural areas are shaped by natural resources and geography (Akova, 2020). Chinitz argued that Pittsburgh specializes in steel production due to its natural resources and would fall behind New York without other diversity, and that development could not be achieved with a single sector (Chinitz, 1961).

2.4. Factors Determining the Levels of Entrepreneurial Activity Between Rural and Urban Areas

There is a gap between implemented to promote entrepreneurship in the rural and urban areas (Lugo, E, & I, 2014). Roberto Williams argued that rural entrepreneurs have a number of differences compared to urban entrepreneurs due to financial resources, ownership structure and financing, fear of loss of income from current business, lack of skills, and bureaucracy barriers (Williams, 2008). In low-growth and fragile economies, the need to innovate and find information is crucial to finding solutions to problems. Therefore, the need to innovate and find information is very important in order to find solutions to problems in economies with low growth rates and fragile economies, regardless of the region (George & Zahra, 2002). Therefore, the researchers (Petrin, 1994) highlighted the importance of developing entrepreneurial activities in rural areas as well as developing entrepreneurial activities in urban life. MacKenzie argued that it is vital not to personalize politics for the development of entrepreneurial activities in rural areas, to ensure long-term and sustainable education in schools, and to increase the willingness to pay taxes in order to improve public infrastructure (MacKenzie, 1998). Studies show that rural entrepreneurs lack certain requirements regarding *"low population density and therefore the low density of most markets and their distance from these markets as well as knowledge, labor and many other resources"* (Malecki, 2003, s. 202). The high level of entrepreneurship in cities (having a high access to technology, financial support and having a high market) was not sufficient in increasingly globalized and competitive world economies. Therefore, it was argued that it would be very common for the deficiencies in rural entrepreneurship to be overcome and to come to the

forefront as an economic power that should be realized (Petrin, 1994). Regardless of the region, forward and backward movements are very important for both new and active companies (Shapero, 1982). Therefore, in rural and urban areas, there are differences in the behavioral psychology of entrepreneurs as well as differences such as politics and natural conditions. In rural areas, the population is lower and since there will be a smaller market, low sales affect the motivation of production.

(Kharaishvili, 2016) If the economic conditions are good, their forward and backward movements vary by region. While rural people are more conservative, urban entrepreneurs tend to start a new business and expand their business (Nielsen & Freir, 2010). Urban entrepreneurs were more likely to communicate with old school friends, use professionals, and improve the network by communicating with other entrepreneurial friends, while rural entrepreneurs were more likely to choose the path of continuing with their families (Hyunjeong, 2011).

CHAPTER 3

OVERVIEW of the TURKEY RURAL and URBAN AREAS

3.1. Rural and Urban Population Distribution in Turkey:

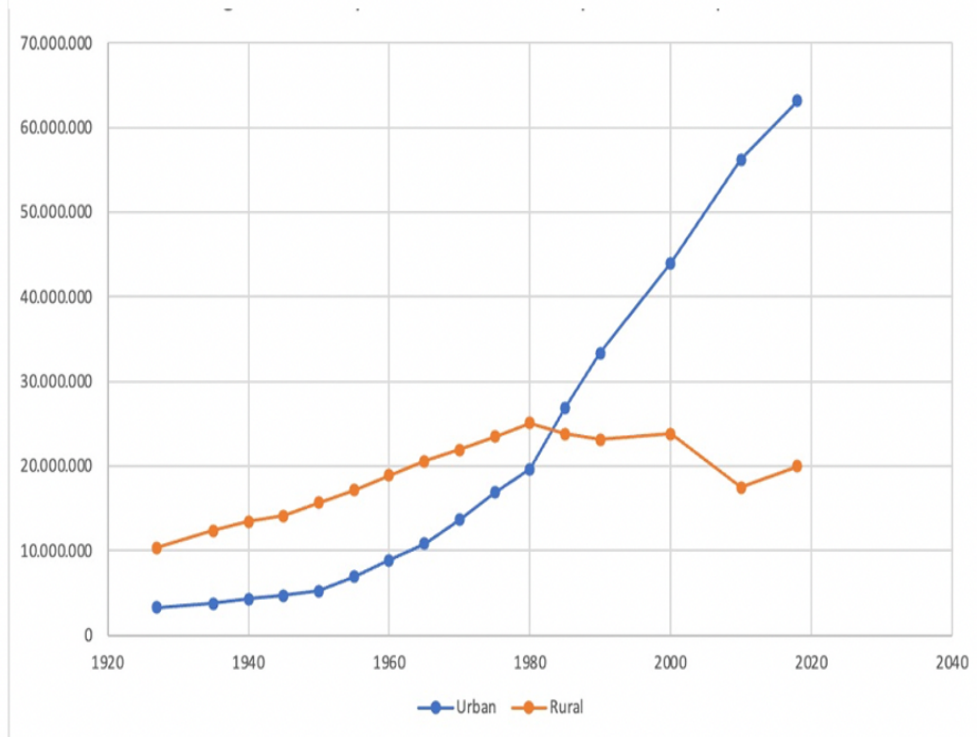
While defining the concepts of rural and urban areas, it varies from country to country. Just like in other countries, various definitions have been made in Turkey in terms of the criteria based on the concepts of rural and urban. Today, the concept of city is used by TÜİK as settlements with a population of 20,000 and above among all settlements within the borders of Turkey, while places less than 20,000 are used as rural settlements (TÜİK, 2021). According to the first census carried out in 1927, 75.8% of the population lived in rural and 24.2% of the population in Turkey, whose population was 13,648,270 according to the first census, after 1950, the population started to accumulate in urban areas. According to World Bank data; The rate of population living in urban areas in Turkey in 2018 was 75.63%. While the rate of urbanization in the world remained limited to 55%, Turkey left the world behind with 75.63%, this rate corresponds to 63 million citizens in the population of Turkey (World Bank, 2021).

Table 1*Turkey Urban and Rural Population Statistics*

Year ▼	Urban ▼	Rural ▼	Urban (%) ▼	Rural (%) ▼
1927	3.305.879	10.342.391	%24.2	%75.8
1935	3.802.642	12.355.376	%23.5	%76.5
1940	4.346.249	13.474.701	%24.4	%75.6
1945	4.687.102	14.103.072	%24.9	%75.1
1950	5.244.337	15.702.851	%25.0	%75.0
1955	6.927.343	17.137.420	%28.8	%71.2
1960	8.859.731	18.895.089	%31.9	%68.1
1965	10.805.817	20.585.604	%34.3	%65.6
1970	13.691.101	21.914.075	%38.5	%61.5
1975	16.869.068	23.478.651	%41.8	%58.2
1980	19.645.007	25.091.950	%43.7	%56.1
1985	26.865.757	23.798.701	%53.0	%47.0
1990	33.326.351	23.146.684	%59.0	%41.0
2000	44.006.274	23.797.653	%64.9	%35.1
2010	56.222.356	17.500.632	%76.2	%23.7
2018	63.151.280	20.003.717	%75.8	%24.2

Note. This data driven from TUIK in 2021.

With the decisions taken by Turkey on January 24, 1980, which started to direct the economy towards liberalism, migration to the cities in rural areas accelerated. Following the January 24 Decisions, for the first time in Turkey, the urban area has a larger population than the rural area. (Table 1)

Figure 2*Turkey's Rural and Urban Population Comprasion*

Note. This figure driven by World Bank data, latest information from 2018.

With the increasing rate of urbanization, certain regions came to the fore, while industrialization and growth turned to these regions. With these two conditions that triggered each other, the urban population in Turkey exploded with snowball effect. Even in the 12-year period between 2000 and 2012, the rural population has decreased rapidly, from approximately 24 million to 17 million. (Figure 2)

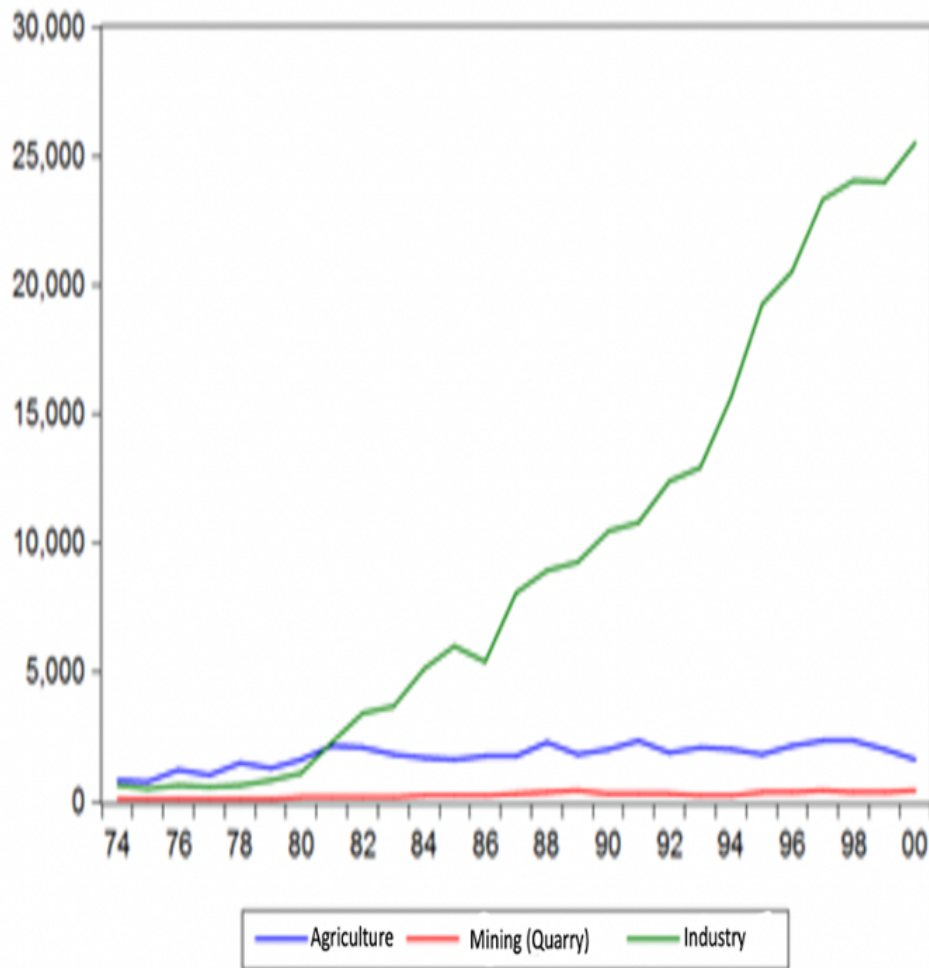
Among the provinces that are among the first 20 provinces in terms of rural population, the population in our provinces excluding major cities, mainly consists of the rural population. Another remarkable point is that while approximately 45% (19.6 million) of the total population in Turkey was composed of urban population in 1980, approximately 58% of this population (11.4 million) were collected in 20 provinces (Yılmaz, 2015).

3.2. Effect of Urbanization on Turkish Economy

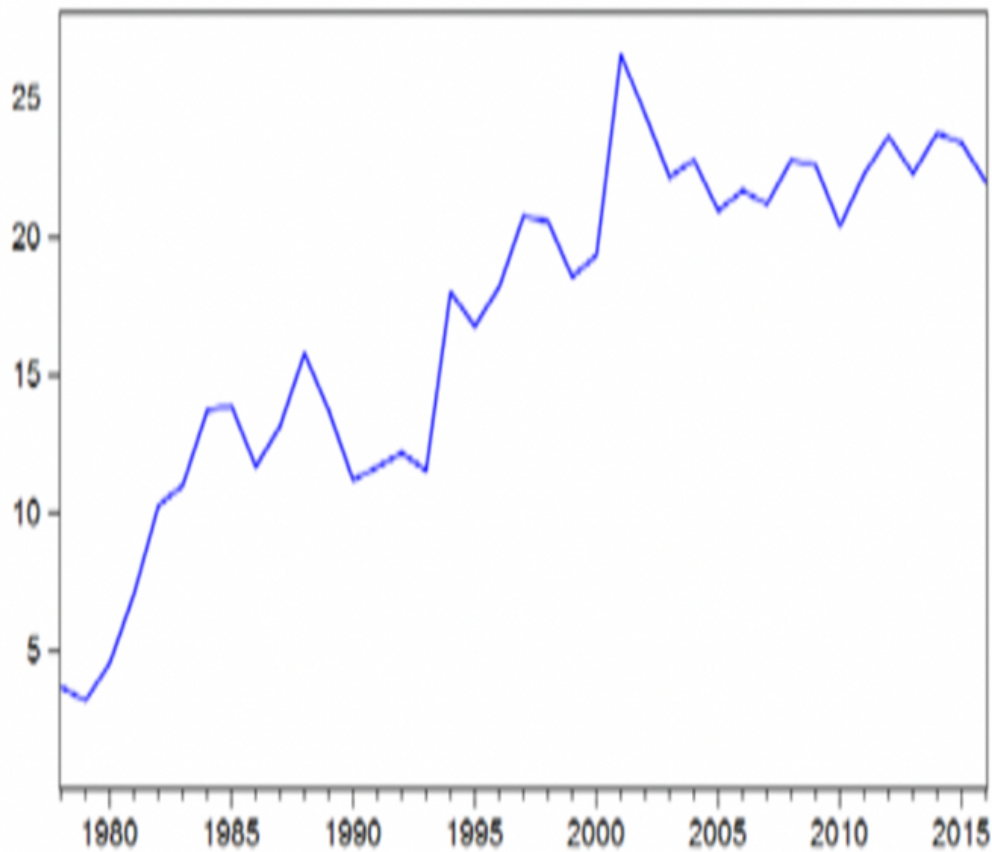
Urbanization is directly related to industrialization. Social transformation after the industrial revolution best summarizes the words industrialization, urbanization and globalization. These three dimensions are closely related to each other. The urbanization process, which accelerates with the industrialization, the specialization of the labor force and the development of non-agricultural sectors, especially in developing and newly industrializing countries, causes economic growth (Ertekin & Kırca, 2017). We have seen that urbanization in Turkey left the rural population behind, especially in 1980. (Table 2) Of course, there were various reasons behind this, the most important of which was the decisions taken in 1980, known as the 24 January decisions. After the January 24, 1980 decisions, many regulations were made. With the decisions of January 24, the import substitution growth strategy, which was implemented in the period before 1980, was abandoned, the outward-oriented growth strategy was put into practice, and the growth strategy basically aimed to increase productivity and increase the competitiveness of the economy. In this framework, steps have been taken towards the institutionalization of the market economy. Within the liberal policy approach, the effects of the public sector on foreign trade have been reduced, and radical changes in export, import and foreign exchange regimes have been included. Exports were encouraged by reducing the customs tax and corporate tax rates and by applying lower interest rates to export credits. (İntaş, 2016) Thus, while the share of industry in exports and production increased in the economy in Turkey, the share of agriculture decreased considerably. (Figure 3)

Figure 3

Export Shares According to Economic Activities Between 1974 - 2000 in Turkey



Note. Value type is given by (\$), and year is given by last two number type. Data taken from TUIK in 2021.

Figure 4*Turkey Exports 1980 - 2015*

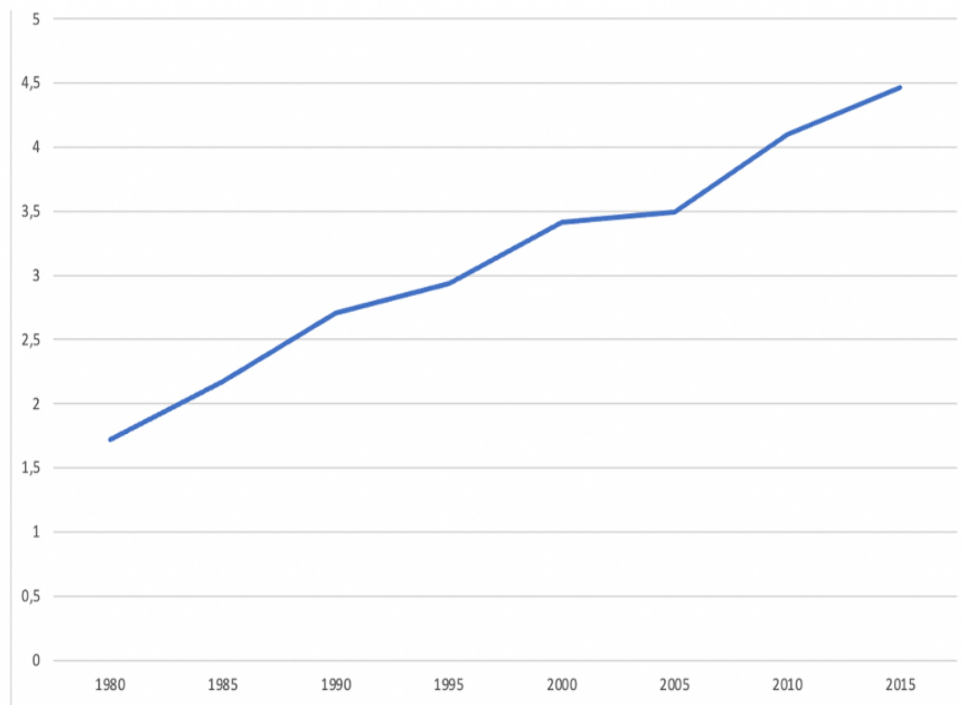
Note. Value is given by share (%) of year in Y side, this data driven from OECD in 2021.

With the increase of industrialization, an intense migration to cities began, which led to a shift in Turkey's population from rural areas to urban areas. The January 24 Decisions not only led to industrialization and urbanization, but also increased the share of exports in the economy. (Figure 4)

Another driving force of urbanization in Turkey is terrorism. Terror has found a wide range in Turkey with 1980's. After 1985, the direct or indirect effects of the terrorist attacks, which concentrated especially in the rural areas of the Eastern and Southeastern Anatolia regions, caused significant migration from the rural areas of

these regions to the cities of the region (Sevket, 2005). Some of the people who fled their country by escaping from terrorism and its damages migrated to the West, Mediterranean and Aegean coasts, while others settled in the Eastern and South eastern provinces (Çalışkan & Öztürk, 2019). It has been observed that the migration from Turkey to the developed Western regions, namely to the Aegean, Marmara and Mediterranean regions, displayed a different orientation after the 1990s (Sağlam, 2009).

The rise of urbanization in Turkey has negative effects as well as economic contributions and development of the region where it is located (Ulusoy, 2001). The largest of these impacts is undoubtedly the Carbon Emission rates that are seen to be rising in urbanized and urbanized countries all over the world.

Figure 5*Turkey Co-Emission 1980 - 2015*

Note. Value is given by Metric Tons per Capita in Turkey, data driven by World Bank in 2021.

Carbon emission has increased threefold from 1980 to 2015, with the increase in urbanization in Turkey. (Figure 5) This increase can be seen as an important indicator of industrialization and urbanization, but the cost it brings to the economy is quite high. In this context, in order to minimize the economic negative aspects of industrialization and urbanization, many policies are implemented in Turkey, as in the world countries. As an example of this, in order to minimize and prevent the high amount of wastewater created by the industry, the Ministry of Environment and

Urbanization of the Republic of Turkey covers half of the energy costs of wastewater companies.²

It is vital to implement a sustainable urbanization and industrialization model in order to get rid of the negative aspects while preserving the positive aspects of urbanization (Ulusoy, 2001). However, the urbanization process of Turkey, which started in the 1950s and gradually gained speed, followed a course of development that lacked financial resources. The urbanization process in Turkey has turned extremely fast and unplanned (Topal, 2004).

3.3. Rural Development Efforts in Turkey

Turkey is one of the few countries that carried out its social and economic development within a certain plan and program and implemented planned development in the 1930s. Especially the crisis that started with the 1929 economic crisis also affected the young Turkish economy and secreted the export of rural products³. In this direction in Turkey, the governments of the period thought that development should start with rural ways and enacted the Village Law. In the history of Turkey, besides the village law, the development of rural areas was aimed with the Development Plans (Güven, 2017). Along with the rural development plans, it is aimed to provide the rural areas with welfare and job opportunities similar to the urban areas. As a matter of fact, the village law, enacted in the early years of the

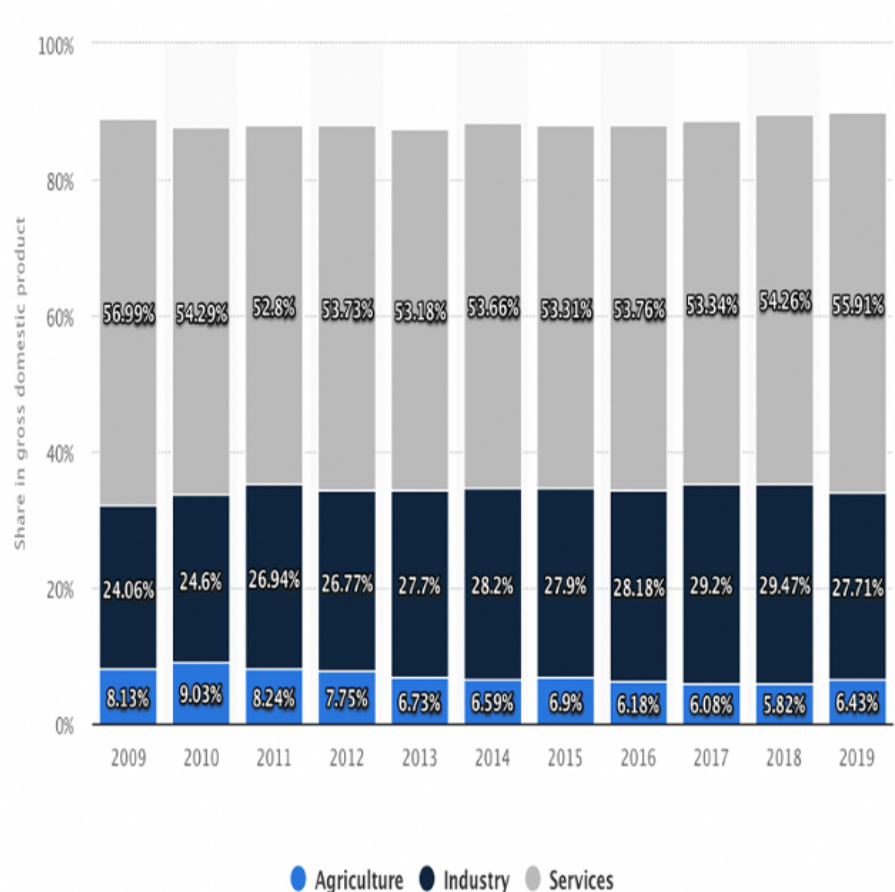
² Türkiye’de Atık Su Yönetimi, <https://webdosya.csb.gov.tr/db/tay/webmenu/webmenu13378.pdf>.

³ Türkiye ve AB’de Kırsal Kalkınma: Bir Mevzuat Derlemesi, <https://www.tarimorman.gov.tr/ABDGM/Belgeler/AB%20UYUM/Yayınlarımız/Kırsal%20Kalkınma%20Kitabı.pdf>.

Republic, is not functional in Turkey under today's conditions, and there have been no legal arrangements and land reforms to prevent the division of agricultural lands targeted in the development plans; studies on land consolidation were not sufficient (Çelik, 2005). Since development models have a political content, both discourses and practices become operational by certain staff, on the other hand, they are removed from the application with a change in management. (Başbüyük, 2004) With the impact of urbanization and industrialization, Turkey could not keep its studies on rural development sustainable and obtained insufficient results.

Figure 6

Turkey's Share of Economic Sectors in Gross Domestic Product (GDP) 2009 - 2019

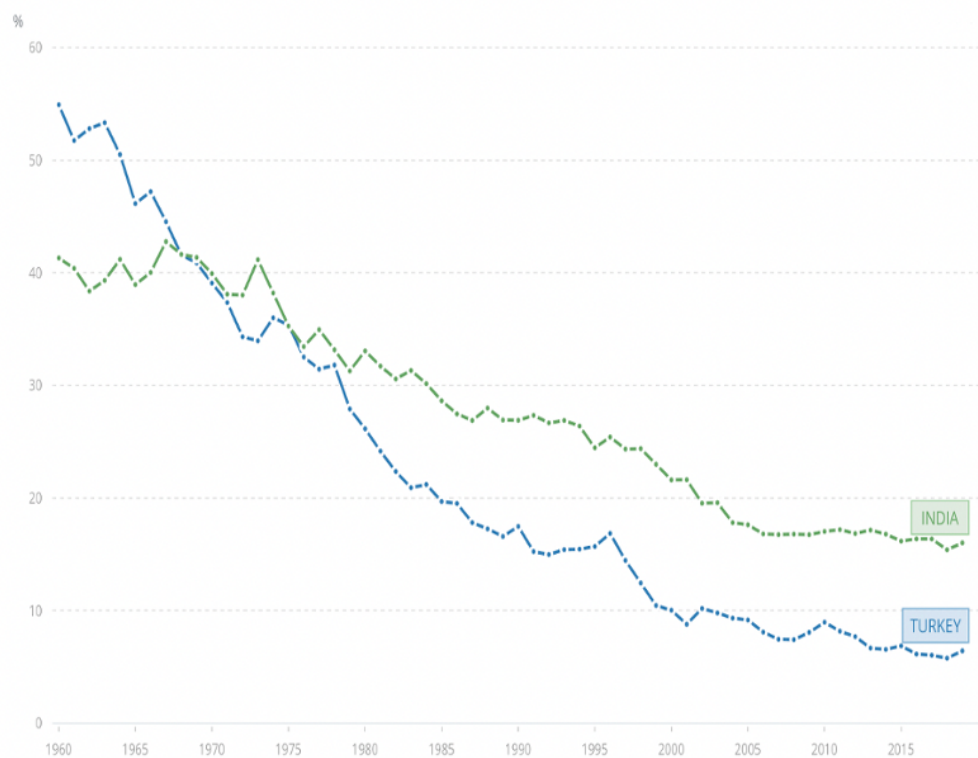


Note. This data driven from Statista in 2021.

The rural industry that will use the excess labor force in rural areas could not be created, the surplus labor force could not be withdrawn from agriculture. The gross national product per capita in rural areas is below the average of Turkey. (Figure 5) In order to ensure rural development in Turkey, studies in line with EU Policies and similar to the modern world are carried out (Yenigül, 2017). Policies implemented in a short period of time showed that rural policies in Turkey should be revised according to local needs and in this context, local policies should be brought to the fore (Başbüyük, 2004).

Figure 7

Rural Sectors in GDP Share (% of) Turkey and India Comparison 1960 to 2015



Note. This data is driven from World Bank Data in 2021.

Although the European Union and OECD countries always have a low share in terms of the share of rural sectors in the economy, a dramatic decline is observed in

terms of the share of the rural sector in the economy in Turkey and India, which has similar agricultural data. (Figure 6) The basic distinction in countries where the share of rural areas in the economy is low is made according to the production factors of the country. Since the European Union and OECD countries have generally completed their industrialization in the early period, the share of the rural area is low in the economy, but the countries that make up their economy with rural development (such as India) are also unplanned. indicates growth. Rural poverty has increased in recent years in Turkey and its per capita income has declined considerably, indicating a rather unhealthy growth (Başbüyük, 2004).



3.4. Hypothesis

We examined the literature from many perspectives and created a basis for establishing hypotheses. We will be able to deepen the literature by clearly supporting the divergence of urban and rural areas with many different views. Below is a look at the literature on education, access to technology, income and opportunities. The main purpose is to highlight their complex relationships and show their interactions. The fact that there are many studies on these determinants in the literature has been a source of inspiration with its high contribution to the formation of the literature. (Özcam & Karadeniz); (Joo); (Glaeser & Rosenthal).

Human Capital / Education: Adam Smith, who first addressed the effect of human capital on the economy in the 18th century, stated that the qualified and non-qualified personnel should be evaluated in different categories. In Smith's view, one's education, learning, or talent acquisition (through apprenticeships, etc.) exists as a realized capital (Smith, 1776). Following Smith, Becker expanded the sphere of education (human capital) in his work, focusing on its contribution to the economy and directly to production (Becker, 1964). According to him, education is an investment and has a great place in creating added value (Deutsche Bank, 2005). While human capital contributes to economic growth, it plays an active role in entrepreneurship activities by affecting individuals entering the market and decision-making mechanisms (Amaral & Baptista, 2011). With the effect of education, human capital with developed entrepreneurial characteristics is achieved (Özdemir, 2016). The higher the human capital and education level of individuals, the higher their entrepreneurship levels were (Davidsson et al., 2006). While those with higher education were more likely to become entrepreneurs, these people had a sustainable

structure as well as keeping their ventures alive by achieving success (Boldureanu, 2020). In the report of the Global Entrepreneurship Index (GEM, 2010), it is pointed out that the most important element in the entrepreneurship process is education and that education has a key role in the dissemination of entrepreneurship culture, attitudes and skills (GEM (Global Entrepreneurship Monitor), 2010). Hisrich and Peters (2005) revealed that entrepreneurial behaviors are not limited to talent, and success in entrepreneurship can be achieved by developing skills through education (Hisrich & Peter, 2005). From this point of view, it is thought that the environment of the entrepreneur can reveal an effective entrepreneurial behavior with the effect of educational institutions. In order to create a sustainable and sustainable entrepreneurship model for everyone, the quality of education comes to the fore. (Calvin, 1990) Jimenez et al. revealed in their studies that with education, not only a new level of entrepreneurship was formed, but also the rate of new added value creation of existing companies increased (Jimenez et al., 2015). In addition to Jimenez, Gurel and Ertuna (2011) showed that senior students were 1.5 times more likely to have entrepreneurial intentions than freshmen, and higher education students were more likely to become entrepreneurs (Ertuna & Gurel, 2011). Studies conducted in rural and urban areas in Nigeria found that when the existing enterprises were ranked by value, the highest ranking was found to be higher, regardless of the rural-urban area, when the value of the firm was measured by the year of education, accordingly, at least 4 Initiatives that had an average of people studying for a year were larger firms than others. In the same study, the profit rates of companies with high-education entrepreneurs were dropping dramatically due to the opportunity cost and other reasons (Nafziger, 1970). As an example of an urban area, according to a study conducted at a university in Istanbul, people with a high level of education have

higher rates of starting their own business - taking an initiative - and taking risks; It has been said to affect the direction (Arslan, 2002). Higher education level in urban areas means higher entrepreneurial activity. In rural areas, a different situation was determined, in rural areas, the level of education received by the person did not show a significant increase in entrepreneurship decisions (Pato & Teixeira, 2014).

Following these studies carried out in a similar direction requires quite detailed and good research. We thus advance our hypothesis:

Hypothesis 1: Educated individuals are more likely to engage in entrepreneurial activities in urban areas than rural areas.

Social Capital / Knowing an Entrepreneur: Turkina's study in 2018 proved that social networking is an incentive for the growth of a business and it creates new opportunities to get involved in entrepreneurship movements and can easily overcome entrepreneurship stages (Vodă & Butnaru, 2020). It has been proven that the existence of a strong social entrepreneur network leads to a great advantage in entrepreneurial movements to focus on the common goal and rise (Fraizer et al., 1989). Studies conducted in rural areas in the United States have also revealed that people with entrepreneurship examples and social networks around this issue have stronger economic orientations, their tendency to entrepreneurship increases and helps the development of rural areas (Ring & Peredo, 2010). A strong social network has been shown to help individuals compensate for resource constraints and discover innovations, as they have less access to new markets and opportunities in rural areas (Ferreira et al., 2017). In a study conducted in 2019, Udimal again revealed that people who know an entrepreneur in rural areas have a higher success rate and entrepreneurial activity rate, which increases the economic performance in the region

(Udimal, 2019) In the report published by the OECD (2003), they explained that they see social networks as the source of economic growth and that they aim to develop social networks in all regions as the main goal.⁴ Studies show that the situation in cities is slightly different, and in one study it was argued that the social network in the city had less effect on individuals starting entrepreneurial activities than in the rural ones. (Glaeser et al., 2010) Looking further, encouragement and support from family and friends has a high impact on the development of entrepreneurship in urban areas, but the impact of any entrepreneurial recognition and social network is very low.

(Freire-Gibb, 2014) We thus advance our hypothesis:

Hypothesis 2: Individuals who know an entrepreneur or have a social network in rural areas are more involved in entrepreneurial activities than those in urban areas.

Financial Capital / Income: As Doing Business Report published in 2019, entrepreneurship consists of many hidden costs: salaries, office rent, utilities, goods, etc. entrepreneurship is therefore a costly issue. Financial capital plays a very important role in the new venture, and past research reveals that the biggest challenge faced by enterprises is financial capital (Kim et al., 2006). The income and per capita share of households living in rural areas is much lower than in urban areas (USDA, 2002). Most rural entrepreneurs have difficulty finding loans and funds because they cannot provide sufficient collateral, and their incomes are often low, so their capacity to take risks is low (İrmiş et al., 2016). The report published on New York, one of the

⁴ The report was published in 2003 and a conference was held by the OECD in Rome.

largest urban areas in the world, on entrepreneurship activities in the city revealed that many low-income individuals throughout the city want to engage in entrepreneurship activities, but lack financial capital (NYC Future, 2013) Another research has revealed that the income level in rural areas affects entrepreneurship activities more than urban ones, and entrepreneurial activities of individuals living in rural areas with lower income levels are lower than those in urban areas (Kugler et al., 2017).

Therefore, we forward our hypothesis:

Hypothesis 3: Individuals with higher income level are more likely to engage in entrepreneurial activities in urban areas than rural areas.

Entrepreneurial Opportunities: The concept of entrepreneurial opportunity is a situation where a good or service is sold at a price higher than the cost of production and profit (Shane & Venkataraman, 2000). The discovery of a business or market opportunity is a mandatory condition for entrepreneurship, and while alertness to entrepreneurial opportunities is an individual process, the opportunities themselves are objective. (Vodă & Butnaru, 2020). Entrepreneurship opportunities have a linear link with education; As the years of education increase, entrepreneurship opportunities increase at the same rate. (Karadeniz & Özdemir, 2011) According to Iftikhar, entrepreneurship opportunities should be sustainable for the growth and development of cities, because entrepreneurship activities in cities grow with opportunities, so a planned sustainable entrepreneurship model is important for the region. (Iftikhar, 2020) Although rural entrepreneurs are generally disadvantageous compared to urban ones, they can take advantage of entrepreneurial opportunities in different ways. (Saxena, 2012) Studies have shown that individuals who are entrepreneurs are more likely to be successful in rural areas than urban areas due to their higher entrepreneurship opportunities, while rural areas attract individuals more

prone to entrepreneurship by nature. (Imedashvili, Ivchenko, & Kekua, 2013) Despite this, active utilization of entrepreneurial opportunities depends on prior knowledge of the markets, entrepreneur alertness, advanced and active social network, high knowledge about markets and high levels of creativity. (Vodă & Butnaru, 2020) Karadeniz and Özdemir, on the other hand, revealed that high level of entrepreneurship has a positive relationship with entrepreneur opportunities, and high level of entrepreneurship indicates high opportunity use. (Karadeniz & Özdemir, 2011) As we have examined in previous headings, entrepreneurs are more advantageous in conditions that keep entrepreneurial opportunities high in urban areas: they have more advantages in matters such as knowledge of their markets, education level, social network, high financial organization. In this way, we take our hypothesis one step further:

Hypothesis 4: In urban areas, individuals are motivated by opportunity than rural areas.

CHAPTER 4

DATA AND EMPIRICAL RESULTS

4.1 Introduction to the Data

This paper seeks to compare the determinants of entrepreneurial activity in Turkey with those of the world, highlight the differences between rural and urban areas, bring forth the areas that require the most recognition in order to improve entrepreneurial activity and involvement in the region.

The national adult population survey studies conducted by the Global Entrepreneurship Monitor (GEM) in Turkey were taken into account as the method of obtaining the data. The data of studies conducted with 11818 people in 81 provinces in Turkey were used. The method used was random sampling, conducted by CAPI (Computer Assisted Personal Interview). The data used is the pool data, taking from years 2013, 2014, 2016, 2018. Attention was paid to the fact that the data obtained were the most recent data.

It was necessary to classify the provinces in Turkey as rural and urban in order to determine more consistent results in the study and to find correct answers to the research questions. Although the most defining classification of rural and urban regions in Turkey is described by TUIK (Resmi İstatistik, 2021), as urban for regions with a population of over 20,000 and as rural for below, it is clear that this cannot answer the questions regarding rural or urban development when we look at it regionally. In this direction, in order to strengthen the results of our study and to achieve more successful results regionally, we have expanded and taken into account

the “Socio Economic Development Ranking Research of Provinces and Regions⁵” report published by the General Directorate of Development Agencies of the Republic of Turkey Ministry of Industry and Development. In this report, according to the researches and studies conducted on the basis of all provinces in Turkey, regions in Turkey achieved certain scores with the scoring system. Fifty-two variables, among which development indicators are predominant, were taken into account in the report. Scores obtained on the basis of 81 provinces range from -1788 to 4051. In this range, we classified the provinces with a score above zero as urban areas and classified these regions as "1", and those with a score below zero as rural areas and classified these regions as "2".

⁵ The report was published by official sources in 2017.

Table 2
Provincial Development Scores

Ranking	Province	Score	Ranking (-)	Province (-)	Score (-)
1	İstanbul	4,051	40	Nevşehir	-0,015
2	Ankara	2,718	41	Afyonkarahisar	-0,023
3	İzmir	1,926	42	Elazığ	-0,061
4	Kocaeli	1,787	43	Kırşehir	-0,085
5	Antalya	1,642	44	Malatya	-0,113
6	Bursa	1,336	45	Sivas	-0,137
7	Eskişehir	1,278	46	Bartın	-0,140
8	Muğla	1,175	47	Erzincan	-0,150
9	Tekirdağ	1,014	48	Kastamonu	-0,224
10	Denizli	0,923	49	Artvin	-0,235
11	Sakarya	0,832	50	Çorum	-0,262
12	Yalova	0,796	51	Aksaray	-0,271
13	Bolu	0,760	52	Sinop	-0,317
14	Konya	0,668	53	Giresun	-0,323
15	Aydın	0,599	54	Osmaniye	-0,367
16	Isparta	0,564	55	Çankırı	-0,379
17	Kayseri	0,560	56	Tokat	-0,381
18	Kırklareli	0,557	57	Niğde	-0,395
19	Çanakkale	0,556	58	Kahramanmaraş	-0,416
20	Bilecik	0,548	59	Tunceli	-0,439
21	Edirne	0,534	60	Ordu	-0,486
22	Karabük	0,513	61	Erzurum	-0,531
23	Manisa	0,490	62	Kilis	-0,570
24	Balıkesir	0,476	63	Yozgat	-0,589
25	Mersin	0,413	64	Gümüşhane	-0,623
26	Trabzon	0,389	65	Bayburt	-0,629
27	Adana	0,353	66	Adıyaman	-0,926
28	Zonguldak	0,333	67	Ardahan	-0,983
29	Uşak	0,278	68	Diyarbakır	-1,074
30	Gaziantep	0,250	69	Kars	-1,115
31	Samsun	0,242	70	Iğdır	-1,179
32	Burdur	0,211	71	Bingöl	-1,208
33	Kırıkkale	0,211	72	Batman	-1,324
34	Düzce	0,200	73	Şanlıurfa	-1,350
35	Karaman	0,177	74	Mardin	-1,396
36	Rize	0,174	75	Siirt	-1,405
37	Kütahya	0,170	76	Bitlis	-1,428
38	Amasya	0,054	77	Van	-1,452
39	Hatay	0,017	78	Hakkari	-1,518
			79	Muş	-1,704
			80	Ağrı	-1,752
			81	Şırnak	-1,788

Note. This data driven by Turkish Ministry of Industry and Development

Out of the 81 provinces shown in the table, 39 of them have a score above 0 and are classified as urban areas, while the remaining 42 have a score below 0 and are

classified as rural areas. Thus, in this study, we will more consistently examine the entrepreneurial behavior of people in rural and urban areas.

In gender (GENDER), which is one of its independent variables, we will number (1) if the person is male and (2) if female. In our second independent variable, age (AGE), participants are asked to indicate the time from their birth year to this day. Our third argument, education level (EDUC), Respondents are asked to state their highest degree of education as: No education (1), some secondary (2); Secondary degree (3); post-secondary degree (4); University and post graduate experience (0). Our fourth independent variable, indicated as household income level (HINC), and Household Income Level: Respondents are asked to state their household income as: Lower 33 % (1); Middle 33 % (2); Upper 33 % (0). Our fifth independent variable was based on the individual's employment status (WORK STATUS). People's employment status is classified as Work Status: Respondents are asked to state whether they are: working (1), retired/student (2), or not working (3). In our sixth independent variable, it was aimed to evaluate the environmental factors of the participants and Knowing entrepreneurs (NETWORKING): Respondents are asked whether they know a person who has started a business in the past 2 years. Based on yes and no. And in our last variant, Opportunity perception (OPPORT): Respondents are asked whether they see good opportunities for starting a business in the next 6 months. Based on yes no.

Our dependent variable is “becoming an entrepreneur in rural areas than urban areas” independent variables are “education”, “income”, work status; motivation of being entrepreneurs control variables are “age” and “gender”.

4.2 Analysis and Findings

Finally, in the light of all this information, we ran our model on SPSS using the logistic regression method. The fact that people with education level (1) have ($B = -0.477$, $p\text{-value} = 0.000$) values indicates that individuals not educated are less prone to entrepreneurship in rural areas than in urban areas. Although people with education level (2) ($B = -0.297$, $p\text{-value} = 0.000$) have a lower tendency to entrepreneurship with some secondary education than those in the city, their education level is higher than the previous level (1), shows that he is more prone. For people with education level (3), the value ($B = -0.252$, $p\text{-value} = 0.000$) indicates that people with some secondary education are still less inclined to entrepreneurship compared to those in the city, but with a higher level of entrepreneurship, it is higher than the previous level. reveals that they may be susceptible. Finally, it reveals that people with education level (4), with a value of ($B = -0.410$, $p\text{-value} = 0.000$), have less inclination towards entrepreneurship if they have post-secondary degree education and are almost as entrepreneurial as individuals with the lowest education level. We can say that they make less attempts than those in the urban areas. Regard to this we are pushing forward, we can see that our first hypothesis, "Educated individuals are more likely to engage in entrepreneurial activities in urban areas than rural areas", is correct, and this result leads us to accept *H1*. When we look at the second part of the results, we see that the values of people who know any entrepreneur or have the opportunity to communicate are included in the table ($B = 0.099$, $p\text{-value} = 0.000$). This leads us to the conclusion that those with an entrepreneurial environment in rural areas have higher entrepreneurship rates than those in urban areas. Thus, our second hypothesis, "Individuals who know an entrepreneur or have a social network in rural areas are more involved in entrepreneurial activities than those in urban areas." confirms the

hypothesis. Thus, this result leads us to accept *H2*. Thirdly, when we look at the effect of household income level on entrepreneurship, it is seen that while there is no effect in households with low-income level (1), this result is measured ($B = 0.369$, $p\text{-value} = 0.000$) in households with middle income level (2). We see that middle-income people in rural areas make more attempts than those with the lowest income level. We see that households with high income level (3) engage in less entrepreneurial activities with a value of ($B = 0.199$, $p\text{-value} = 0.000$) than households with income level (2), but still, entrepreneurial activities are higher compared to urban areas. and our third hypothesis, "Individuals with higher income level are more likely to engage in entrepreneurial activities in urban areas than rural areas." pushes the hypothesis to be rejected. Thus, we reject our hypothesis *H3*. When we look at it as an entrepreneurial opportunity, it is seen that people who have received any entrepreneurship opportunity in Turkey, with the value ($B = -0.131$ $p\text{-value} = 0.000$), make less attempts than those in the urban areas, and they find entrepreneurship motivation opportunity less in rural areas. With the value of people who do not working ($B = 0.275$ $p\text{-value} = 0.000$), we can say that entrepreneurs living in urban areas who do not have a job are less prone than those in rural areas. Similarly, with the value of students or retirees ($B = 0.103$ $p\text{-value} = 0.000$), we can say that students or retirees living in urban areas are less prone to entrepreneurship than those living in rural areas. Thus, fourth hypothesis, "In urban areas, individuals are motivated by opportunity than rural areas." This leads us to support our hypothesis and to support those urban individuals are more entrepreneurial than those in rural areas, considering opportunity factors. Thus, we accept our hypothesis *H4*.

Table 3

Results of binary logistic regression. Dependent variable: becoming an entrepreneur in rural areas than urban areas

	B	S.E.	Wald	df	Sig.	Exp(B)
EDUC			18,988	4	,001	
EDUC (1)	-,477	,163	8,509	1	,004	,621
EDUC (2)	-,297	,166	3,198	1	,074	,743
EDUC (3)	-,252	,159	2,515	1	,113	,778
EDUC (4)	-,410	,159	6,679	1	,010	,664
WORK STATUS			13,727	2	,001	
STUDENT/RETIRED	,103	,078	1,737	1	,188	1,109
NOT WORKING	,275	,085	10,366	1	,001	1,316
HINC			37,578	2	,000	
HINC (1)	,369	,061	36,379	1	,000	1,446
HINC (2)	,199	,059	11,277	1	,001	1,220
NETWORKING	,099	,050	3,877	1	,049	1,104
OPPORTUNITY	-,131	,050	6,913	1	,009	,877
gender(1)	,548	,058	88,553	1	,000	1,729
age	,003	,002	2,488	1	,115	1,003
Constant	-,577	,203	8,089	1	,004	,562

The fact that a country has a higher level of entrepreneurs plays a very important role in determining the development and economic level of that country. It is very important to develop entrepreneurship in rural and urban areas in terms of basic problems such as the underdevelopment of rural areas in Turkey, the high level of unplanned urbanization, and the decrease in the share of rural areas in GDP. Policies regarding the potential to create employment in rural areas as well as in urban areas and to create a strong-successful private sector should not be neglected. In this article, our aim is to determine why entrepreneurs in rural areas in Turkey make less attempts than those in urban areas. Our results showed us that Turkey has not concentrated on rural policies and has uneven private sector-entrepreneurship growth. According to our study, factors such as education and having knowledge on entrepreneurship play an important role in the proliferation of startups and in businesses to act with a strong plan. Therefore, the survival rate of enterprises with higher education level is higher (Sluis et al., 2008). Another point we see is that high income level has an important role in terms of entrepreneurial success in rural areas (Kugler et al., 2017). Thus, it is very important for the state to create capital for rural people through policies and to have sustainable capital other than the living conditions of rural people. Being actively involved in social networks and getting to know an entrepreneur has been an important component in terms of entrepreneurship and holding on to the market in the long run. Therefore, it is not surprising that the more established network an entrepreneur has in his or her business, the higher the probability of survival. There are many articles showing that individuals in rural areas are disadvantaged in many respects compared to those living in urban areas (Karadeniz & Özdemir, 2011), and there has not been much study of this in Turkey. It is very important to be able to question why rural areas are disadvantaged compared

to cities in Turkey. The fact that urban area people are more entrepreneurial than rural people, even under many equal conditions, indicates that there is little healthy private sector growth and entrepreneurial activity.

We applied the Omnibus test to check the significance level of our test, with a probability-ratio chi-square test of our current model against the null model. When we look at the results, it is seen that the chi-square value ($\chi^2=66,609$, $p<.05$) in all dimensions is significant. Thus, with our p value = 0, we can say that the model of our test is significant.

Table 4

Omnibus Test

		Chi-square	df	Sig.
Step 1	Step	66,609	11	,000
	Block	66,609	11	,000
	Model	66,609	11	,000

Table 5
Model Summary.

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	10333,536 ^a	,009	,012

a. Estimation terminated at iteration number 3 because parameter estimates changed by less than ,001.

The degree of relationship between the dependent variable and the independent variables in the logistic regression model was 0.9% according to Cox-Snell and 1.2% according to Nagelkerke. -2 Log: The peak value is 1033, the high value of this value proves the significance of our test, the value of 1033 is suitable for logistic regression as expected with the fitness function.

Table 6*Sample Size*

VAR00014			Frequency	Percent	Valid Percent	Cumulative Percent
1,00	Valid	URBAN	6216	41,3	52,6	52,6
		RURAL	5602	37,2	47,4	100,0
		Total	11818	78,5	100,0	

As can be seen from the table, 52.6% of those who are prone to entrepreneurship in urban areas and 47.4% of those who are prone to entrepreneurship in rural areas are predicted correctly.

According to these results, people living in rural areas tend to entrepreneurship less than people living in urban areas. As a possible reason, it can be said that government policies and the people in the region are under the influence of many factors such as education and opportunities. In previous studies, it was investigated which reasons related to entrepreneurship activities in Turkey were affected and it was revealed that the reasons that we consider as variables have an impact on entrepreneurship in Turkey in general terms (Karadeniz & Özdemir, 2011). Although the previous articles focused on the effects of education, gender, entrepreneurship opportunities, income and environmental factors, we can see in this study that rural areas are much more segregated than cities. This study will present a different perspective as cities differ from rural areas in many aspects and their conditions are completely different. With this study, the distinction between rural and urban area

entrepreneurship in Turkey is made for the first time and it is aimed to present a study that can be accepted as a guide.



CHAPTER 5

SUMMARY AND CONCLUSIONS

5.1 Summary and Conclusions

This study presents itself as the first study to differentiate rural and urban regions in Turkey in terms of entrepreneurial activities. To the best of our knowledge, we have not come across a similar study examining or providing insight into entrepreneurial activities and rural, urban differences and the effects of variables for Turkey. In this paper, we tried to find the main determinants of entrepreneurship in the world and compare them with the determinants of exit in rural and urban areas in Turkey in order to highlight the differences that Turkey will exhibit due to its unique political, economic and economic structure. In Chapter 1, we have provided an overview of entrepreneurship, pointing out how entrepreneurship changes according to factors and how it plays an important role in influencing economies and regions. In addition, we drew attention to our aim in this article, which is to shed light on the factors that determine entrepreneurship and subsequently to increase the interest in entrepreneurship in rural and urban areas in Turkey. In Chapter 2, we presented our literature review. We began by examining the emergence of entrepreneurship and the large number of definitions available in the literature. We then continued by presenting an in-depth literature review on the development of entrepreneurship and the factors affecting entrepreneurship. Meanwhile, we have prepared an infrastructure by evaluating the conditions from many different angles. Finally, by examining Turkey's structure in economic, regional and many different conditions, we drew attention to the fragility of the Turkish economy and the situation of the private sector among the factors that have an impact on the economy. We examined how

urbanization took place and its regularity in Turkey. Our data and model results are reviewed in Chapter 4. Here we clarified the structure of the data, examined our dependent and independent variables, and presented a different perspective with the results. We conclude by discussing our main findings by providing descriptive statistics on the data, evaluating it with different tests, and describing the regression results.

5.2 Policy Implications

The population of Turkey, has one of the youngest populations in Europe. It is in a structure that has the opportunity to increase entrepreneurial activities as a result of the young population. Differences in income level and access to capital in urban areas compared to rural areas can be reduced with the right policies and studies. Policy makers would do a good job if they stepped in to launch training programs focused on raising awareness of the risk/reward ratio, feasibility, capital management and direction of starting a business, either for college students or for new entrepreneurs. It seems that the current initiatives in rural and urban areas in Turkey are insufficient and irregular, therefore it is important for policy makers to consider the issue from different perspectives and to implement more consistent policies. These policies to be implemented can be considered as a long-term, state-supported initiative that serves to benefit a country's economy in the long run by influencing the perspectives of rural and urban populations. The consistency of the entrepreneurial activities in the country in line with the European Commission's "Entrepreneurship 2020 Action Plan" and the high entrepreneurial speed will increase the development of the country in both urban and rural areas. With the policies implemented in rural areas, the population in the city will be approached entrepreneurially and

economically, and many regions of the country will be able to develop at the same time.

Other priority recommendations should be made in order to promote an entrepreneurial culture (which can be done through training programs and curricula created by entrepreneurial education initiatives) and to create a different perspective towards entrepreneurship in all areas of the country, to encourage risk taking.

We have recommendations similar to those in 2015-2018 in GISEP (Turkish Entrepreneurship Strategy and Action Plan) of KOSGEB (Small and Medium-Sized Industry Development Organization) of Turkey and we underline that these policies should be implemented consistently and processed more systematically.

5.3 Limitations of the Study and Recommendations for Future Research

This study made a comparative analysis on the determinants of entrepreneurial activities in rural and urban areas in Turkey. As stated, this study stands out as the pioneer of this subject in terms of rural and urban entrepreneurship analysis in Turkey. Therefore, to provide an overview of rural and urban areas in Turkey, we have focused only on the main determinants of exit, which are summarized as education, financial capital, social capital and entrepreneurial opportunities. However, there are also more specific individual and contextual characteristics that entrepreneurs have. Future research should focus on providing a more specific view of exit determinants or business survival, taking into account Turkey's unique environment. In addition, it is recommended that researchers focus on the state of entrepreneurship and effective growth or recovery methods after variable economic policies and entrepreneurship reports in Turkey.

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