

## **The Relationship between Foreign Trade, East Border Gates and Entrepreneurship Culture in Tra2 Area: A Case of Turkey<sup>1</sup>**

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### **Abstract**

*The purpose of this research is to reveal the relationship between entrepreneurship culture, boarder gates and foreign trade dates in TRA2 area (Kars, Ağrı, Ardahan, Iğdır) in Turkey. Entrepreneurship values such as success need, focus of control, getting risk, tolerance to uncertain, trust and innovation were measured via questionnaire. Foreign trade datas were analyzed via Turkish Statistical Institution. The effects of border gates on entrepreneurship culture and foreign trade were disputed. Besides, the supports and the potential effect of SERKA, development agency in this area, on foreign trade and entrepreneurship were emphasized. In addition, the first ten goods regarding import and export in the area and the foreign trade volume and balance of foreign trade according to provinces were revealed.*

**Keywords:** Foreign Trade, Enterpreneurship, TRA2, Kars, Turkey.

### **1. Introduction**

Turkey has taken higher steps in world economy in respect of economical structure coming into prominence at international arena and important changes occurring during the recent years. However, she faces the risk of qualitatively uprising differences among regions. The differences in terms of regional development level has become evident when the proportion of foreign trade of Turkey among provinces and areas is examined deeply. Kars province seen as underdeveloped province could not catch the dynamism of opening its gates to external world by going round in circles because of lack of entrepreneurship culture, traditional structure in administrations, problems occurring in the tendency of institutionalization, lack of government promotion and since it is a eastern city located in the borderline and the foreign trade is restricted because of political issues. Since it is needed to overcome the obstacles for new entrepreneurship, a case study on Kars province is designed and relationship among its foreign trade, border gate and value of entrepreneurship is questioned.

### **2. Literature Review**

#### **2.1. Entrepreneurship Culture**

Entrepreneur is described as a person who is main driver of development and improvement, starts at the bottom of the ladder by taking risks in the aim of providing goods and services need of society (Yıldız et al, 2011), opens new gates even if the situation is ambiguous by following chances (Naktiyok, 2004: 9). There are some personal (internal) and environmental (external) factors triggering entrepreneurship actions. According to assumption accepted by social sciences, the higher success incentive motivates in a country the more industrialization occurs. Ultimately, character of entrepreneurship shall occur by the environmental factor's effects such as social, economic and cultural (Kahraman et al.2011: 349). There is also another approach in some surveys and studies related with entrepreneurship which is factors determining entrepreneurship is personal factors.

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<sup>1</sup> This article is extended and revised version of abstract declaration held on 4<sup>th</sup> International Congress on Entrepreneurship, May 2-4, 2012, Manisa/Turkey

In this context, as determiner of entrepreneurship, some entrepreneurship values come into prominence such as *need for success, focus of control, willingness to take risks, undertaking uncertainty, self-confidence and innovativeness* (Koh, 1996).

Culture can be briefly described as values shared by society. According to Morrison (2000), there is a close relationship between culture and entrepreneurship and culture determines the attitudes towards entrepreneurship, it starts entrepreneurship and it contains triggering powers that move the dynamics of entrepreneurship within itself. For instance, in democratic cultures personal failures and mistakes are accepted as normal and people gives high tolerance to them and this promotes people to try something new. In these societies (North America, Australia), promotion of doing and trying something new triggers constituting entrepreneurship culture (Morrison, 2000, page.62-66). McClelland emphasizes that cultures supporting entrepreneurship put forward three main behaviors 1.High level of taking responsibility, 2.Taking carefully planned risk, 3. Demanding feedback considering performance. As a result, one of the most important criteria promoting new entrepreneurship and SME is improving spirit and culture of entrepreneurship and supporting them (Aytaç and İlhan, 2007: 109).

## **2.2. Foreign Trade**

According to opinions held by international trade theorists, foreign trade has an effect on prosperity level. According to them, importing the goods which can not be manufactured domestically and exporting the goods prospers a country. In addition to classical economical theorists and J.Viner, G.Myrdal ve P.Krugman, this opinion comes forward in new foreign trade theories (Seyidoğlu, 2007). The fact remains that, extensive usage of technologies developed by the effect of globalisation has positive effects on foreign trade and national prosperity level (Grossman ve Helpman, 1990:517).

## **2.3. TRA2 Area Border Gates**

‘Decision concerning Reacting Border Trade numbered 2008/14451’ has been put into practice to attain trade dynamism for border provinces; this article allows the aforesaid border cities to import to ‘meet some needs lower cost from neighborhood countries’. Serhat Area covering Agri, Ardahan, Iğdir and Kars and bordering on 4 countries which are Iran, Nakhchivan, Georgia and Armenia is a gate that opens Central Asia and Caucasia and it is the first entrance point of Europe Customhouse. Foreign trade and logistic sector in Serhat area which is among the least improved area ranked among Level II Areas’ social-economic development; facilitating infrastructure investment, motivating the area’s economy and promoting entrepreneurship by its new employment areas shall have effect on prosperity and income level and so, it shall effect on development of the region (SERKA, 2011).

There are 7 border gates in Serhat Area, just 3 of them is open which are Iran, Nakhchivan and Georgia. Alican (Iğdir) and Dogukapi (Kars) border gates bordering on Armenia’s Erivan and Gumru province have been closed since 1993. Boralan (Iğdir) bordering on Iran has been also closed because of security problems of Iran and lack of transportation substructure. Aktas (Ardahan) bordering Georgia has been closed because of modernization works in the side of Turkey. As a result, the open border gates in TRA2 area are as follows (SERKA, 2011): Gurbulak Border Crossing (Agri), Dilucu Border Crossing (Iğdir), Turkgozu Border Crossing (Ardahan).

## **2.4. Serhat Development Agency (SERKA)**

Serka Development Agency is an institution serving sustainable development with effective usage of sources and serving local solutions to local problems and directing development by improving coordination and cooperation among nongovernmental organizations and private sector. In the frame of TRA2 Level II (Agri, Ardahan, Iğdir, Kars) 2010-2013 Area Plan, a new model shaping development in terms of investment and presentation opportunity, need for education, project financing supports has been designed. The supports of SERKA are as follows: Project offer, technical support, credit supports, controlled project support and directly activity support ([www.serka.org.tr](http://www.serka.org.tr)).

## **3. Methodology**

The aim of this study is to evaluate foreign trade and level of entrepreneurship of TRA2 area (Kars, Ardahan, Iğdir, Agri) in general terms, Kars province in private terms. This study is designed as descriptive quality and gathering data *method* is questionnaire and secondary data.

With the help of data gathered with the *method* of questionnaire from 35 of 41 firms in Kars Organized Industrial Site, the level of entrepreneurship culture, the problems of Organized Industrial Site, Opening of east gate, point of view on Governmental promotion are measured. Entrepreneurship value scale is adopted from Koh (1996)'s study. By using foreign trade data of TUIK 2012, TRA2 area's provinces' features are gathered. Additionally, by benefiting from website of Serhat Development Agency(SERKA) whose headquarters is in Kars, the supports given to entrepreneurs (projects, technical, credit, EU, Grants) are put forth and some suggestions are done to bring consciousness to potential entrepreneurs.

#### 4. Findings

##### 4.1. The Problems of Entrepreneurs Dwelling in Kars Province Organized Industrial Area

35 of 41 firms located in Kars Organized Industrial Area has been contacted. 42,9% of them are in the sector of food (milk and milk products etc.), 11,4% of them are in the sector of furniture and agriculture machines. The others are in the sector of paper, concrete etc.

**Table 1: Activity Areas of Entrepreneurs participated to Study**

Ranking	Activity Areas	N	(%)
1	Food	15	42,9
2	Furniture	4	11,4
3	Agriculture Tools	4	11,4
4	Concrete	3	8,6
5	Others	9	25,7
	<b>Total</b>	<b>35</b>	<b>100</b>

The most important factor hindering entrepreneurship in Kars province organized industrial area is high cost of raw material and energy. The second one is lack of substructure. Cost of workforce, high level of tax and marketing problems remain in the background.

**Table 2: The problems in the Organized Industrial Area**

Ranking	Problems	N	(%)
1	Raw material-energ costs	18	51,5
2	Infrastructure deficiency	6	17,1
3	Labour costs	4	11,4
4	High taxes	4	11,4
5	Marketing problems	3	8,6
	<b>Total</b>	<b>35</b>	<b>100</b>

##### 4.2. Supports Expected from Government by Entrepreneurs in Kars Province Organized Industrial Area

The most important support expected from government by entrepreneurs for themselves and potential entrepreneurs is lowering level of taxes and not to give tax for the first years. The second one is providing raw material including energy sources. Supplying credit and giving information is also expected from government.

**Table 3: Supports Expected from Government by Entrepreneurs**

Ranking	Government Supports	N	(%)
1	Lower or no Taxes	15	42,9
2	Helping raw material and energy	12	34,3
3	Giving lower credit	5	14,3
4	Giving informational seminary	2	5,7
5	Support of land	1	2,8
	<b>Total</b>	<b>35</b>	<b>100</b>

#### 4.3. Point of View of Entrepreneurs Towards Opening East Border Crossing (Kars Border Crossing) in Kars Province Organized Industrial Area

Almost all of the entrepreneurs (97,1%) participated to survey ask for the opening of East Border Crossing (Kars Border Crossing) which is still closed.

**Table 4: Point of View of Entrepreneurs towards Border Gate**

Ranking	Does Border Gate need to open?	N	(%)
1	Yes	34	97,1
2	No	1	2,9
<b>Total</b>		<b>35</b>	<b>100</b>

According to entrepreneurs in Kars province organized industrial area, the advantage of opening the gate would be increase in trade capacity.

**Table 5: The Advantage of Opening the East Gate**

Ranking	Advantages	N	(%)
1	Increase in trade capacity	19	54,3
2	Increase in production	13	37,1
3	Increase in employment	3	8,6
<b>Total</b>		<b>35</b>	<b>100</b>

A great majority of entrepreneurs in Kars province organized industrial area has declared that there is no negative aspect of opening the gate. But there is also some people saying that can lead underground economy.

**Table 6: Negative Aspects of Opening the East Gate**

Ranking	Disadvantages	N	(%)
1	No disadvantage	16	45,7
2	Increase in informal economy	13	37,1
3	Problems in relationship	6	17,2
<b>Total</b>		<b>35</b>	<b>100</b>

#### 4.4. Entrepreneurship Culture Values in Kars Province

To determine the values shared with entrepreneurs participated the survey, expert opinion has been received and lower dimension reliability is in desired level (Nunnally, 1978). The score of general entrepreneurship culture value of entrepreneurs in Kars is in medium level (3,34). Even if they are innovative and self-confident, it can be said that their need for success is low, they avoid enduring uncertain situations.

**Table 7: Entrepreneurship Culture Values in Kars Province**

Values	Mean	Standard deviation
Innovativeness	3,95	0,45
Self-Confident	3,86	0,48
Focus of Control	3,78	0,55
Need to achievement	3,23	0,45
Getting Risk	2,88	0,49
Tolerance of uncertainty	2,34	0,51
General Entrepreneurship	3,34	0,22

#### 4.5. The Share of TRA2 Area in Turkey's Foreign Trade

Turkey's foreign trade volume is as follows. According to Table 8, Turkey's foreign trade volume is constantly rising. But, the balance of foreign trade is constantly negative and has a deficit. Exportation coverage of importation is about 60%'s.

**Table 8: Year by Year Foreign Trade in Turkey**

Years	Export '000 \$	Import '000 \$	Foreign Trade Volume '000 \$	Balance of Foreign Trade '000 \$	Export / Import Ration %
1990	12 959 288	22 302 126	35 261 413	-9 342 838	58,1
1991	13 593 462	21 047 014	34 640 476	-7 453 552	64,6
1992	14 714 629	22 871 055	37 585 684	-8 156 426	64,3
1993	15 345 067	29 428 370	44 773 436	-14 083 303	52,1
1994	18 105 872	23 270 019	41 375 891	-5 164 147	77,8
1995	21 637 041	35 709 011	57 346 052	-14 071 970	60,6
1996	23 224 465	43 626 642	66 851 107	-20 402 178	53,2
1997	26 261 072	48 558 721	74 819 792	-22 297 649	54,1
1998	26 973 952	45 921 392	72 895 344	-18 947 440	58,7
1999	26 587 225	40 671 272	67 258 497	-14 084 047	65,4
2000	27 774 906	54 502 821	82 277 727	-26 727 914	51,0
2001	31 334 216	41 399 083	72 733 299	-10 064 867	75,7
2002	36 059 089	51 553 797	87 612 886	-15 494 708	69,9
2003	47 252 836	69 339 692	116 592 528	-22 086 856	68,1
2004	63 167 153	97 539 766	160 706 919	-34 372 613	64,8
2005	73 476 408	116 774 151	190 250 559	-43 297 743	62,9
2006	85 534 676	139 576 174	225 110 850	-54 041 498	61,3
2007	107 271 750	170 062 715	277 334 464	-62 790 965	63,1
2008	132 027 196	201 963 574	333 990770	-69 936 378	65,4
2009	102 142 613	140 928 421	243 071 034	-38 785 809	72,5
2010	113 883 219	185 544 332	299 427 551	- 71 661 113	61,4
2011	134 954 362	240 833 236	375 787 598	- 105 878 875	56,0

**Reference:** TÜİK; (2012), It is compiled from Turkish Statistical Institution. [http://www.tuik.gov.tr/VeriBilgi.do?tb\\_id=12&ust\\_id=4](http://www.tuik.gov.tr/VeriBilgi.do?tb_id=12&ust_id=4), (19.02.2012).

According to Table 9, foreign trade balance in TRA2 area between the years of 2002-2011 is always positive unlike general situation in Turkey. This means that there is foreign trade surplus. Additionally, the share of TRA2's foreign trade volume in Turkey is notably low and it varies 4-8 in ten thousand. **Table 9: Year by Year Foreign Trade in TRA2 (\$)**

Years	Area	Export	Import	Foreign Trade Volume (FDV)	Balance of Foreign Trade	TRA2 / TURKEY (FDV)
2002	TRA2	25.683.026	10.760.066	36.443.092	14.922.960	0,0004
2003	TRA2	37.390.812	13.966.378	51.357.190	23.424.434	0,0004
2004	TRA2	60.232.369	21.584.550	81.816.919	38.647.819	0,0005
2005	TRA2	72.600.333	45.218.973	117.819.306	27.381.360	0,0006
2006	TRA2	82.725.078	44.796.910	127.521.988	37.928.168	0,0005
2007	TRA2	154.046.617	60.318.938	214.365.555	93.727.679	0,0007
2008	TRA2	138.886.693	79.858.536	218.745.229	59.028.157	0,0006
2009	TRA2	126.098.800	48.571.676	174.670.476	77.527.124	0,0007
2010	TRA2	182.060.574	68.010.302	250.070.876	114.050.272	0,0008
2011	TRA2	178.466.666	81.583.786	260.050.452	96.882.880	0,0006

**Reference:** TÜİK; (2012), It is compiled from Turkish Statistical Institution [http://www.tuik.gov.tr/VeriBilgi.do?tb\\_id=12&ust\\_id=4](http://www.tuik.gov.tr/VeriBilgi.do?tb_id=12&ust_id=4), (19.02.2012).

According to Table 10, foreign trade volume is higher in Iğdir and Ağrı than Kars and Ardahan when foreign trade data of 4 provinces is examined year by year. Additionally, there is foreign trade deficit in Ağrı province (except for the last 2 years and 2004) and there is foreign trade surplus in Iğdir province. Exportation in Kars province is constantly in notably low level in last 4 years.

**Table 10: Foreign Trade According to Provinces in TRA2 (\$)**

Years	City	Export	Import	Foreign Trade Volume	Balance of Foreign Trade	Province / TURKEY (FDV)
2002	Ağrı	3.153.400	8.317.274	11.470.674	-5.163.874	0,00013
	Kars	806.912	556.290	1.363.202	250.622	0,00001
	Ardahan	217.655	217.931	435.586	-276	0,00001
	Iğdır	21.505.059	1.668.571	23.173.630	19.836.488	0,00026
	TOTAL	25.683.026	10.760.066	36.443.092	14.922.960	0,00041
2003	Ağrı	8.165.269	10.864.807	19.030.076	-2.699.538	0,00016
	Kars	2.358.249	1.342.420	3.700.669	1.015.829	0,00003
	Ardahan	177.914	18.160	196.074	159.754	0,00001
	Iğdır	26.689.380	1.740.991	28.430.371	24.948.389	0,00024
	TOTAL	37.390.812	13.966.378	51.357.190	23.424.434	0,00044
2004	Ağrı	21.072.519	14.743.041	35.815.560	6.329.478	0,00022
	Kars	3.276.902	1.117.050	4.393.952	2.159.852	0,00002
	Ardahan	255.363	165.496	420.859	89.867	0,00001
	Iğdır	35.627.585	5.558.963	41.186.548	30.068.622	0,00025
	TOTAL	60.232.369	21.584.550	81.816.919	38.647.819	0,00050
2005	Ağrı	28.218.717	41.408.700	69.627.417	-13.189.983	0,00036
	Kars	2.693.593	782.783	3.476.376	1.910.810	0,00001
	Ardahan	297.560	51.486	349.046	246.074	0,00001
	Iğdır	41.390.463	2.976.004	44.366.467	38.414.459	0,00023
	TOTAL	72.600.333	45.218.973	117.819.306	27.381.360	0,00061
2006	Ağrı	26.112.567	40.609.768	66.722.335	-14.497.201	0,00029
	Kars	1.944.859	1.081.857	3.026.716	863.002	0,00001
	Ardahan	167.781	18.880	186.661	148.901	0,00001
	Iğdır	54.499.871	3.086.405	57.586.276	51.413.466	0,00025
	TOTAL	82.725.078	44.796.910	127.521.988	37.928.168	0,00056
2007	Ağrı	28.101.463	56.590.428	84.691.891	-28.488.965	0,00030
	Kars	57.363.278	485.745	57.849.023	56.877.533	0,00021
	Ardahan	000	161.293	161.293	-161.293	0,00001
	Iğdır	68.581.876	3.081.472	71.663.348	65.500.404	0,00025
	TOTAL	154.046.617	60.318.938	214.365.555	93.727.679	0,00077
2008	Ağrı	50.687.048	77.074.365	127.761.413	-26.387.317	0,00038
	Kars	343.657	686.292	1.029.949	-342.635	0,00000
	Ardahan	1.358.555	000	1.358.555	1.358.555	0,00001
	Iğdır	86.497.433	2.097.879	88.595.312	84.399.554	0,00026
	TOTAL	138.886.693	79.858.536	218.745.229	59.028.157	0,00065
2009	Ağrı	44.339.430	45.226.910	89.566.340	-887.480	0,00036
	Kars	236.151	857.024	1.093.175	-620.873	0,00001
	Ardahan	1.881.647	2.772	1.884.419	1.878.875	0,00001
	Iğdır	79.641.572	2.484.970	82.126.542	77.156.602	0,00033
	TOTAL	126.098.800	48.571.676	174.670.476	77.527.124	0,00071
2010	Ağrı	76.903.824	58.973.059	135.876.883	17.930.765	0,00045
	Kars	158.694	3.048.936	3.207.630	-2.890.242	0,00001
	Ardahan	3.306.480	357.624	3.664.104	2.948.856	0,00002
	Iğdır	101.691.576	5.630.683	107.322.259	96.060.893	0,00035
	TOTAL	182.060.574	68.010.302	250.070.876	114.050.272	0,00083
2011	Ağrı	77.697.090	71.205.820	148.902.910	6.491.270	0,00039
	Kars	1.094.496	1.801.306	2.895.802	-706.810	0,00001
	Ardahan	1.595.237	248.099	1.843.336	1.347.138	0,00001
	Iğdır	98.079.843	8.328.561	106.408.404	89.751.282	0,00028
	TOTAL	178.466.666	81.583.786	260.050.452	96.882.880	0,00069

**Referance:** TÜİK; (2012), It is compiled from Turkish Statistical Institution, [http://www.tuik.gov.tr/VeriBilgi.do?tb\\_id=12&ust\\_id=4](http://www.tuik.gov.tr/VeriBilgi.do?tb_id=12&ust_id=4), (19.02.2012).

The first 10 goods in 2002 in exportation and importation in the area of TRA2 are examined. Accordingly, the first good in exportation is salt- sulphur and the first good in importation is glass and glassware.

**Table 11: The first 10 Goods in 2002 in Foreign Trade in TRA2 (\$)**

The First 10 Goods in Export	Export	The first 10 Goods in Import	Import
Salt: sulphur: earths & stone: plastering materials,lime & cement	3.126.261	'Glass and glassware	2.196.719
Preparations of cereals, flour or starch or milk	2.982.111	Raw hides, skins and leather	1.827.204
Glass and glassware	2.393.873	Fruit	1.609.648
Sugars and sugar confectionery	2.289.185	Oil seeds and oleaginous fruits	851.646
Cocoa and cocoa preparations	1.945.843	Cereals	810.089
Articles of iron and steel	1.767.087	Boilers, machinery and mechanical appliances: parts thereof	443.867
Products of the milling industry	1.353.081	Ceramic products	387.537
Preparations of vegetables and fruits	1.210.235	Coffee, tea, mate and spices	288.531
Soap	888.433	Carpets, mats matting and tapestries	230.833
Vehicles other than railway	851.367	Cotton. cotton yarn and cotton fabric	227.087

**Reference:** TÜİK; (2012), It is compiled from Turkish Statistical Institution, [http://www.tuik.gov.tr/VeriBilgi.do?tb\\_id=12&ust\\_id=4](http://www.tuik.gov.tr/VeriBilgi.do?tb_id=12&ust_id=4), (19.02.2012).

The first good in 2006 in TRA2 area is salt-sulphur in exportation and fruit in importation. Year of 2002 and 2006 are the same in terms of the first two lines in exportation. **Table 12: The first 10 Goods in 2006 in Foreign Trade in TRA2 (\$)**

The First 10 Goods in Export	Export	The first 10 Goods in Import	Import
Salt: sulphur: earths & stone: plastering materials,lime & cement	13.518.538	Fruit	12.338.745
Preparations of cereals, flour or starch or milk	6.750.953	Oil seeds and oleaginous fruits	9.309.106
Man-made filaments	5.104.117	Articles of leather	4.990.306
Paper and paperboard	5.057.979	'Glass and glassware	2.379.472
Vehicles other than railway	4.915.904	Vehicles other than railway	1.631.979
Vegetables	3.968.783	Ceramic products	1.541.370
Boilers, machinery and mechanical appliances: parts thereof	3.716.040	Machineries, mechanical appliances, boilers and ; parts thereof	1.405.900
Plastic and articles thereof	3.397.546	Vegetables	1.205.617
Cocoa and cocoa preparations	3.213.815	Wood and articles of wood	1.074.579
Products of the milling industry	3.053.529	Preparations of vegetables and fruits	782.610

**Reference:** TÜİK; (2012), It is compiled from Turkish Statistical Institution, [http://www.tuik.gov.tr/VeriBilgi.do?tb\\_id=12&ust\\_id=4](http://www.tuik.gov.tr/VeriBilgi.do?tb_id=12&ust_id=4), (19.02.2012).

The first exported good in TRA2 are in the year of 2011 is boiler-machine and the first imported good is fruit. Fruit is also takes the first line in the year of 2006. Cereal(Grain) takes the second line in the years of 2002 and 2006. It is sad state of affairs for the area that livestock is within top five in exportation.

**Table 13: The first 10 Goods in 2011 in Foreign Trade in TRA2 (\$)**

The First 10 Goods in Export	Export	The first 10 Goods in Import	Import
Boilers, machinery and mechanical appliances: parts thereof	14.937.277	Fruit	16.554.981
Preparations of cereals, flour or starch or milk	13.614.730	Raw hides, skins and leather	5.679.863
Electrical machinery and equipment: parts thereof	12.851.748	Articles of leather	5.348.242
Non knitted and crocheted goods and articles thereof	11.997.635	Toys, games and sports equipment	5.116.981
'Old clothing and other textile articles: rags	10.759.323	Live animals	4.672.480
Paper and paperboard	10.076.279	Glass and glassware	4.336.228
Salt: sulphur: earths & stone: plastering materials, lime & cement	9.862.432	Wood and articles of wood: wood charcoal	4.137.325
Articles of iron and steel	8.227.367	Miscellaneous manufactured articles (pens and brushes etc)	3.295.109
Vehicles other than railway	7.672.269	Plastic and articles thereof	2.775.446
Iron and steel	7.187.455	Articles of iron and steel	2.178.847

**Reference:** TÜİK; (2012), It is compiled from Turkish Statistical Institution, [http://www.tuik.gov.tr/VeriBilgi.do?tb\\_id=12&ust\\_id=4](http://www.tuik.gov.tr/VeriBilgi.do?tb_id=12&ust_id=4), (19.02.2012).

#### 4.6. Role of SERKA in Entrepreneurship Culture of TRA2 Area

Since it is known that competitiveness and entrepreneurship is under responsibility of Local Development Agencies, their effect on entrepreneurship potential in underdeveloped areas is notably important. So, it is expected that agencies should be constructed as stimulator of entrepreneurship potential in these areas (Özer, 2008, page.398). People who participate Entrepreneurship Training that lasts for 60 hours and dated December 2<sup>nd</sup> 2011 entitled to apply KOSGEB to get entrepreneurship support with cooperation of Serhat Development Agency (SERKA) and Directorate of Development and Support of Small and Medium Sized Enterprises (KOSGEB). The accepted applicants entitled to take interest free credit up to 70 thousand Turkish Lira and grant up to 27 thousand Turkish Lira ([www.serka.org.tr](http://www.serka.org.tr)). Serhat Development Agency has completed 243 projects in 2011 including 30 Small Sized Substructure Program, 33 Case Study of Financial Support Program of Development of Combine Cattle Enterprises, 82 Financial Support Program of Economical Development, 38 Support of Directly Activity, 60 Technical Support ([www.serka.org.tr](http://www.serka.org.tr)).

#### 5. Conclusion

The most important problem of enterprises in Kars Organized Industry Area is raw material and power. Enterprises ask for lowering tax rates and not gathering tax for the first years of them. It is understood from questionnaires that opening the border gates would help increasing foreign trade and production. Additionally, general entrepreneurship value scores of Kars province's entrepreneurs are in medium level. Innovation and self-confidence takes the top line but not sufficient and values of need for success, taking risk and enduring unclear situations is in notably low level. So, SERKA should show itself more and support more projects that motivate entrepreneurship potential. The balance of foreign trade in TRA2 area occasionally gives surpluses. But the share of TRA2 in Turkey's foreign trade volume is 4-8 in ten thousand and this ratio is very low. Additionally, foreign trade volume is higher in Iğdir and Ağrı provinces than Kars and Ardahan provinces. The problem in Kars is regarding east boarder gate which is closed. The area's problem is that the live animals are within top five in the table of importation goods of the years of 2011.



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