THE RELATIONSHIP BETWEEN REGIONAL ECONOMIC DEVELOPMENT AND LOCAL CULTURE: A TALE OF TWO NEIGHBOURING TURKISH PROVINCES

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ABSTRACT

The aim of this paper is to compare and contrast two neighbouring provinces, Aydın and Denizli which are located in the western part of Turkey in terms of regional development criteria by utilizing a theoratical framework developed by authors. More specifically, the relationship between provincial economic development and socio-cultural factors and Networks are searched.   After conducting a 36 item survey among 118 businessmen in these provincies, it can be stated that, not only economic factors but also cultural values, networks and organizations (as it is in institutional theory) seem to explain success or failure of regions.

Keywords: *Economic Development, Culture, Protestant Work Ethic, Institutional Theory, Networks*

INTRODUCTION

Probably, parallel to the EU strategies, we have been witnessing an increasing amount of research in city and regional development fields. City development research is at in embrionic stage when compared to national and regional development studies. In October 2001, due to the European Union strategies, the European Union requested Turkey to prepare a preliminary National Development Plan (pNDP) like other candidate countries to form the basis for a more efficient implementation and analysis of regional and city development policies ensuring harmonization with European Union. The preparation activities for the pNDP started in January 2003 with State Planning Organization (SPO) as the coordinator. Turkey was divided into 26 NUTS II regions under this new pNDP. Each sub-region is composed of one or more provinces

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according to its size. The provinces which are the subjects of the paper are in the same sub- region Aydın (TR32) and located in the relatively more developed Western part of Anatolia. In order to have a better understanding of this new nomenclature the below table is given.

Table 1: Codes for the Classification of Territorial Units for Statistics

Code	Level 1	Level 2	Level 3
	Region	Sub-Region	Province
TR (Turkey)			
TR3	Âegean		
TR32		Aydın	
TR321			Aydın
TR322			Denizli
TR3223			Muğla

Source: Preliminary National Development Plan 2004-2006, 2004, State Planning Organization

According to SPO's report (2004), titled as "Survey on the Ranking of Provinces and Regions by Socio-Economic Development Levels" (which empoloyed 58 variables), Aydın (TR32) ranks 6th (after İstanbul, Kocaeli, İzmir, Bursa and Ankara) among 26 NUTS II regions (SPO, 2004).

The purpose of this study is to compare and contrast two neighboring provinces, Aydın TR321 and Denizli TR322 in terms of spatial (provincial) development criteria and attempt to explain the likely differences by utilizing a theoretical model (framework) developed by the authors. More specifically, our aim is to find out the relationship between cultural value (like Protestant Work Ethic (PWE)[1] and Networks that are developed by economic actors) and spatial economic development.

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[1] Although the word "Protestant" may seem odd in the context, we drive it directly from the Works of Max Weber, (1930) where he signifies 1) considering hard work as one's religious duty, 2) negative attitude towards wasting time, 3)being proud of the work done 4)Loyalty and faith to job and institution 5) Need for success 6) honesty. At the time these were thought to be confined to Protestant cultures but, of course, subsequently numerous non protestant cultures have developed rapidly.

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Map: Western Anatolia Region map where Aydın and Denizli provinces are located.

Aydın and Denizli are two relatively developed neighboring provinces. As can be seen in the following tables, although Aydın is richer and more advantageous with natural resources, (mines, forests, fishery), educated labor, tourism and spatial location, it is not as developed as Denizli. This is exactly the point that drew the attention of the authors. The economic performance of Denizli within the last 20 years is really striking (Eraydın 2002, Akgüngör 2006). We know through the works of Weber (1930) that the difference in economic development in neighbouring cities phenomenon is as old as history; for example, Java Moslems, Zooasterians, and some ascetic protestant denominations had superseded their neighbors. Endogenous factors such as economic structures, labour costs, property prices, natural resources do not fully explain the success or failure of regions (Danielzyk, Wood, 2001). Institutional theory, which pivots socio-economic factors in the discussions of economic geography and regional development seemed to be a better approach. This approach emphasises the impact of well established (institutionalized) social relations upon economic living (Swedberg, 1996). It would be unwise to regard economic actors and economic relations external to social relations (e.g. networks) or cultural values that are products of many centuries of social evolution inherited from generation to generation (Ülgener, 1981; Dahlgaard,

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Dahlgaard-Park & Edgeman, 1998). As social anthropologists stated, changes in social networks and cultural values are not radical and revolutionary but rather slow, incremental and evolutionary. Thus depending upon the works of several authors like Weber (1930), Arslan (2001), Blum and Dudley (2001), Ülgener (1981), we conclude that cultural values together with social networks have tremendous ability to ease and quicken economic development.

Max Weber (1930) is the first scholar who systematically analyzed the relationship between economic development and culture by tracing the spiritual impact of the ascetic ethics of some movements (e.g. Baptism, Pietism, Calvinism) within Protestanism upon the evolution of rational capitalism. His thesis attracted the attention of many development scholars, becoming the focus of several qualitative and quantitative studies especially from the 1990s (Jones, 1997; Arslan, 2001). A detailed list of both qualitative and quantitative research on Protestant Work Ethic is given in Arslan's work (2001). While in general, Weber's thesis about the positive relationship between culture (religious ascetic ethics) and economic development has been found to be valid (Blum & Dudley, 2001; Hickson & Pugh, 1995) some problems remain with the development of non protestant societies. Notably, religion is a less important explanation. For example Hofstede (1984) conducted an international study in 40 countries and showed the importance of the impact of culturally rooted management values on economic development. His findings, demonstrate a significant relationship between cultural values (like high individualism, low power distance, low uncertainty avoidance) and higher levels of economic development. Moreover, McClelland (1961) after conducting qualitative and quantitative research, suggested that countries which possess high achievement motivated individuals have prospered more. Franke et al. (1991), Nath and Sadhu (1988), Negandhi (1985), Farmer and Richman (1965), Shields (1999), Le Galés (1999), Ray and Sayer (1999), have directly or indirectly indicated the importance of the impact of cultural values upon both good, effective management and national economic development.

Based upon the above mentioned research, we hypothesized that the difference between the development levels of the two neighboring Turkish provinces could be explained by taking cultural values and social networks into account.

THEORATICAL FRAMEWORK

In order to see the role of culture and networks in economic development, one has to look at tangible economic factors first. The role and significance of non-economic factors came into picture when economic factors could not explain the developmental phenomenon alone. Thus a comprehensive model should take into account many variables as possible. Figure 1captures economic, physical and social

factors in its endeavour to explain the differences in key regional economic indicators.

Cell 1
Economic and Physical Factors
- Investments
- Resources
- Spatiality (proximity)
- Population
- Human capital

Cell 2
Social Factors
- Networks
- Cultural Values

Cell 3
Provincial Economic Development Indicators
- Growth Rate
- Provincial Net Domestic Income / capita
- Provincial Gross Domestic Income
- Savings
- Rate of Industrialization (growth rate of manufacturing sector)
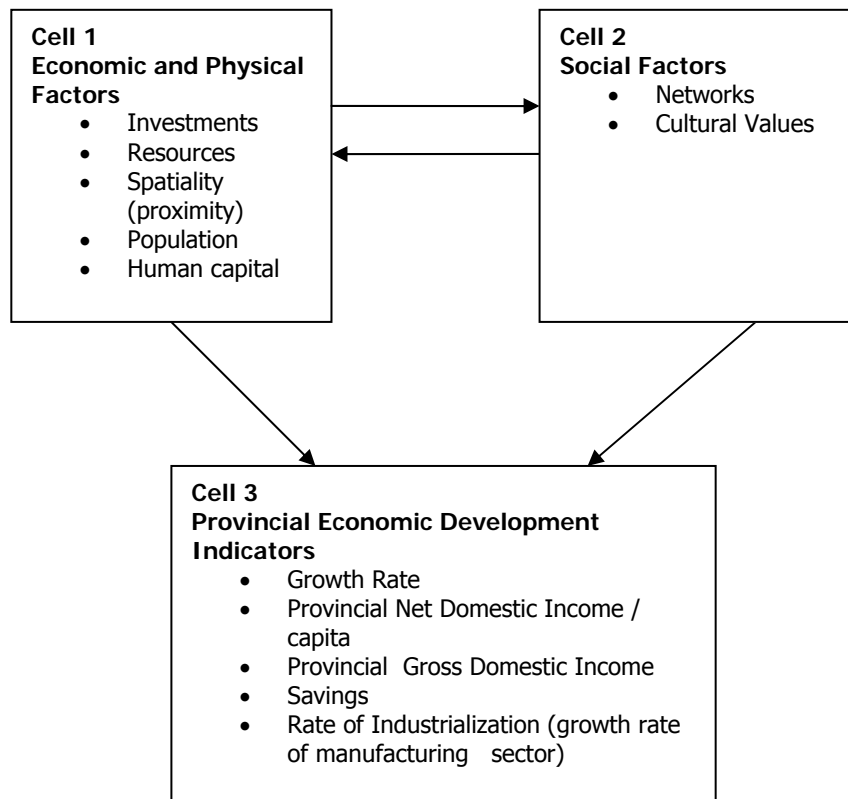
Figure 1: Factors Affecting Provincial Economic Development

In this study, economic-physical factors and social factors are regarded as independent variables. Doubtless, they interact with each other. However this relationship is not in the agenda of this paper. Our aim is to show the independent impact of each variable on provincial economic development indicators. As cited earlier in this paper, social factors are specified in terms of two independent variables as networks and cultural values.

In the light of literature reviewed, we adopt an institutional approach which relates established social institutions such as cultural values, networks and organizations to economic development. This promises greater explanatory power than purely economic approaches in understanding the differences between economic development levels of Aydın and Denizli provinces. The cultural values indicator which is one of the two social factors we deploy is measured by making use of the

Protestant Work Ethic (PWE) Scale of Mirels and Garrett (1971) it is composed of five dimensions, which are; 1) work as an end in itself, 2) saving in terms of money and time, 3) internal locus of control, 4) hard work, 5) negative attitude to leisure. In this was, Mirels and Garrett operationalized Weber's conception of PWE. Our first assumption is the more established (institutionalized) these values are in a society, the higher will be its economic development rate.

The second component of the social factors indicator is networks. From an institutional perspective, the networks developed by economic actors are as important as cultural values in economic development . All actors in such networks often weren't known every other. The binding bond in their relations is mutual trust. This is derived from associated membership whereby indirect as well as direct relational externalities increase commercial interactions and foster economic development (Weber, 1930; Blum & Dudley 2001). In this study networks are operationalized according to four criteria. These are; 1) the approximate extent of relations between an actor and others in a given year; 2) intensity of relations (i.e. how many hours an actor spends for these relations in a given day); 3) the amount of trust; and 4) the extent of conflict that an actor perceives in network relations. All of these criteria are measured at both internal (within the country) and external (relations with foreigners at abroad) levels. Hence the second assumption of this paper is stated as "Relationships (networks) which contain high levels of trust, low conflict and wider extent and maturity of relations will enhance economic development".

RESEARCH

Method and Sample

The sample in this research is comprised by the local economic actors living in Aydın and Denizli provinces. These people were largely born in these cities, grew up and expect to spend most of their lives in the respective locations. Thus they are familiar with institutionalized values in their regions. They are not only engaged in economic but also social activities. Theoretically, all are members of respectable voluntary business organizations. Members of these associations are hypothesized to be the prominent businessmen of their localities. Their opinions, values and practices are taken as a role model by other businessmen and business organizations. Denizli confirms to this profile and has an influential business and industrialist association with 157 members. Aydın on the other hand, does not possess such an organization. Thus the authors had to contact the governor of the city who provided a list of relatively influential businessmen and industrialists. This list is composed of 160 businessmen (no women). Besides statistics gathered from several institutions a 36 item questionnaire has been sent to all. The

response rate for Denizli was 48 (30%) whereas for Aydın it was 70 (43.7%). The first eight questions of the questionnaire tap the demographics of the respondents. Nine questions were designed to measure network characteristics. The remaining 19 questions were utilized to measure Protestant Work Ethic which can be used to search the values . Several univariate and bivariate statistics are used to analyze collected data.

Demographic properties of respondents are given in Table 2. In comparison to Denizli, respondents from Aydın are younger, slightly less educated, working mostly in services and agriculture sectors. The mean year of service is 15 years. Respondents of Denizli are older, slightly more educated, working in foreign trade, manufacturing and service industries. The mean year of service is 21 years. One of the interesting characteristics of the respondents is that respondents in Denizli are working in organizations with an average of 348 employees, whereas the same statistic for Aydın is only 81.

Table 2: Demographics of Respondents

	Aydın (n=70)	Denizli (n=48)
1. Gender	Male=57.1%	62.5%
	Female=42.9%	37.5%
2.Age	Min=24	27
	Max=51	63
	Mean=34	42
3. Education	Primary=10%	0%
	Secondary=5,5%	0%
	High School=29%	17%
	University=60%	70%
	Graduate=5.5%	13%
	Mean=3.75	Mean=3.95
4. Total Service Years (Seniority)	Min=5 years	12 years
	Max=30 years	35 years
	Mean=14.52 years	20.7 years
5. Sector	Manufacturing= 8.5%	25%
	Service= 44.5%	25%
	Commerce=8.5%	6.3%
	Agriculture=26%	12.5%
	Foreign Trade=9.5%	31.2%
	Total=100	Total 100
6.Size of the Organization Worked	Min=5	21
	Max=450	3000
	Mean=81.23	347.9

Findings

The findings concerning the dependent variable (i.e. Aydın and Denizli provinces' economic indicators) are given in Table 3.

Table 3: Economic Development Indicators of Aydın and Denizli Provinces

	Aydın	Denizli
1.GDP Growth Rate with 1987 prices	-13.4%	-2.0%
GDP/capita	$2.017	$2.133
Rank among 82 provinces	25	22
2. Savings/capita	496.7 (19)	647.2 (9)
credits/capita	243.1	912.3
3.Value Added in Manufacturing (2000)		
Total	98.952	450.687
Public Sector	2.196	581
Private Sector	96.756	450.105
4. Electricity consumed		
Total (Mwh)	912.600	1.457.827
Industry	209.232 (22.9 %)	907.478 (62.3%)
Per person	958	1.729
5. Exports	0	$ 247.184
Imports	0	$ 35.717

Sources: Various Indicators Related to Provinces and Regions, (2002), General Directorate of Regional Development and Structural Adjustment Aydın Province Report, (2003) Aegean Foundation Denizli Province Report, (2003) Aegean Foundation Annual Statistics of Turkey, (2001) State Statistical Institute

Depending upon the above statistics one can easily claim that Denizli's economic performance is better than Aydın's. Especially, statistics about savings, credits, value added in manufacturing and consumption of electricity of Denizli is well ahead of Aydın. According to the endogenous growth approach, the superiority of Denizli could be explained by its superior economic and physical factors. However, the statistics in Table 4 contrast with this understanding.

The figures in Table 4 clearly show that Aydın is superior to Denizli in proximity (to İzmir), agriculture, mining, tourism, population and population growth rate. If secondary education is used as a measure of human capital (Blum & Dudley, 2001: Benhabib & Spiegel, 1994), Aydın has slightly more human capital than Denizli. Normally speaking, Aydın with such superior indigenous properties would be expected to supersede Denizli in economic performance. However, statistics in Table 3 clearly conflict with this assumption. Before attempting to evaluate and discuss

this paradoxical phenomenon, it is appropriate to look at the findings concerning social factors. Once again, Denizli supersedes Aydın in terms of both cultural values and networks.

Table 4: Economic and Physical Properties of Aydın and Denizli Provinces

	Aydın	**Denizli**
1. Proximity to major port (i.e. İzmir)	120 km	246 km
2. Cultivated land Value of Agricultural Products	383.790 km2 TL 661.010.548	361.896 km 2 TL 399.523.223
3. Tourism Number of Beds	22.445	4.821
4.Investments Public (billion TL)	50.560	27.568
5. Investments with Incentives (2001) Total (billion TL) Agriculture Mining Manufacturing Services	108.249 2.050 37.898 40.218 17.283	436.017 527 20.573 186.346 228.571

6.Population Growth Rate (2000)%
   Net Migration Rate
   Population Density
   Population
	14-21
	27
	121
	959.000
		12-40
		15
		73
		848.000

7.Education
  Primary School
  Secondary School
  Secondary (Vocational) School
	96.7
	38.2
	23.8
		100.9
		36.2
		22.5

Source: Various Indicators Related to Provinces and Regions, (2002), General Directorate of Regional Development and Structural Adjustment Aydın Province Report, (2003) Aegean Foundation Denizli Province Report, (2003) Aegean Foundation Annual Statistics of Turkey, (2001) State Statistical Institute

Table 5: National Network Characteristics

Provinces	Amount	Intensity	Trust	Conflict Frequency
Aydın	Min.=28 Max.=225 Median=112.5	Min.=1 Max.=8 Mean=3.7	Min.=1 Max.=5 Mean=3.8	Min.=1 Max.=5 Mean=2.1
Denizli	Min.=35 Max.=450 Median=137.5	Min.=2 Max.=9 Mean=4.1	Min.=1 Max.=5 Mean=3.8	Min.=1 Max.=5 Mean=2.0

Table 6: External (International) Network Characteristic

Aydın	Median=16.1	Mean=1.6	Mean=3.9	Mean=2.1
Denizli	Median=25.2	Mean=1.9	Mean=3.9	Mean=2.0

Table 7 shows the correlation coefficients of the relationships between the four characteristics of network and their relation to demographics. Out of six demographic properties, only education is significantly related to some of the network characteristics.

Table 7: Correlation between Network Properties and Education
(N=118)

	1	2	3	4	5	6	7	8	9
1. Internal Amount	1.0	0.42		-0.36					
2. Internal Intensity		1.0							
3. Internal Trust			1.0	-0.62			0.87	0.62	
4. Internal Conflict				1.0			-0.74	0.85	-0.37
5. External Amount					1.0				
6.External Intensity						1.0			
7.External Trust							1.0	-0.74	
8. External Conflict								1.0	-0.39
9.Education									1.0

Before interpreting the above Table, it is appropriate to look at the findings concerning PWE. Table 8 provides mean values and t-test results. The results clearly indicate that locus of control is the only dimension which significantly differentiates the two samples.

High scores in locus of control indicate internal locus of control, low scores on the other hand, indicates external locus of control. Internal locus of control implies that the individual has a tendency to view the world as controllable. Statistically speaking the other value dimensions which composed Protestant Work Ethic do not differ. The relationship of these values to network characteristics, especially to intensity of contacts with foreigners (where the effect of externality is at its highest level), almost all value dimensions are related except work as an end itself.

Table 8: PWE Values in two Provinces

PWE Values	Aydın (N=70)	Denizli (N=48)
1. Work as an end itself	3.96	3.94
2. Saving money and time	4.06	3.98
3. Internal locus of control	3.71	3.89*
4. Hard work brings success	3.51	3.48
5. Negative attitude to leisure	2.02	2.0

*(t-test, 0.01 two tailed)

Table 9: Correlation between Intensity of External (foreign) Contacts and PWE (N=118)

PWE Values	Intensity of External Contacts
1. Work as an end itself.	0.15
2. Saving money and time	*0.35
3. Internal locus of control	*0.42
4. Hard work	*0.36
5. Negative attitude towards leisure	*-0.50

* $p < 0.05$

DISCUSSION

First of all, the above findings seem to support the general presumption of this paper. That is, the institutional approach explains the economic performances of Aydın and Denizli provinces. Figures pertaining to economic indicators in Table 3, clearly demonstrate that Denizli's economic performance is better than Aydın's. Statistics concerning economic growth rate within the last 15 years, GDP/capita, savings and credits/capita indicate Denizli's superiority. According to the Solow model (1956) which took the rates of saving and population growth as exogeneous, a country's richness is very much related to increasing saving rates and decreasing population growth. In the words of Mankiw et al. (1992) the higher the rate of saving, the richer the country (in this case provinces), the higher the rate of population growth, the poorer the country. Although Mankiw et al. (1992) proved that, the Solow model does not predict magnitude of saving and population growth, they did agree that the model correctly predicts the directions of the effects of savings and population growth on economic growth and provides the

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best framework for understanding a country's level of economic well-being, as long as it takes into consideration some other determinants like tax policies, education policies, political stability etc. Revisiting the findings of this research, the figures concerning savings and credits per capita are much higher in Denizli. Denizli's value added in manufacturing is five times more than Aydın's. Figures concerning electricity consumption further verify this developmental difference.

One should expect the province with more resources, human capital, transportation facilities and proximity to center of trade to be better off. However, this is not true in case of Denizli. Statistics in Table 4 clearly show that Denizli is well behind of Aydın with respect to the above factors. Briefly what Tables 3 and 4 tell to the reader is that although Aydın possesses all the fundamental elements necessary for economic growth, Denizli supersedes it. At first glance this paradoxical phenomenon can be explained by the different sectoral emphasis of both provinces. The common characteristic of Aydın is the predominance of the agricultural sector, characteristics of less developed regions, whereas Denizli specializes in manufacturing and services. The question that should be asked at this point is "how come Aydın did not industrialize, although it possesses superior physical resources and human capital?" Depending upon the observations and interviews of the authors with a group of Aydın's businessmen, a rather speculative answer is at hand. Businessmen in Aydın are reluctant to take new business opportunities. They do not exert effort to improve quality of life. Investment incentive scores in Table 4 clearly imply that individual businessman in Denizli work harder and invest more. Thus, although total public sector investment is slightly higher in Aydın, private sector investment is significantly more in Denizli. To be sure, no one can deny the significance of public expenditure and investment in economic growth. However, statistics in Table 3 and 4 tell us a different story. The most essential determinant of economic development is not government aid but rather the appropriate attitudes and behavior of individuals. Reasonably clear that businessmen in Denizli have the required values (internal locus of control, individualism etc.) necessary for economic well-being. Thus institutional approach with its emphasis upon well rooted cultural values and networks seems to be more explanatory.

As to the first hypothesis of this paper, which assumes a positive relationship between PWE values and economic development, Table 7 provides some clues. Denizli scores significantly higher than Aydın in internal locus of control. It means that an internal locus of control oriented person will blame himself/herself instead of others. Individual will hold himself/herself responsible for the consequences of his/her behavior. Thus one must blame himself or herself instead of others. This construct is related to self reliance and in some sense to individualism (Arslan, 2001). An internal locus of control oriented individual is expected to emphasize planning, systematic work and self discipline. There is no

room for the Turkish heresy "inşallah" which means "God will help us". The relationship of individualism (internal locus of control) to economic growth is well presented in Greif's (1994) historical work. Greif compares ancient individualist Geneoveans with Magribis in terms of economic achievement and states that individualist cultures performed better than collectivist cultures. Hofstede (1984) had found similar findings. Thus, the more individualist a society, the higher the rate of economic development. The psycho-social aspects of this argument are well documented in Kağıtçıbaşı (1997) and Fijneman et al (1996). Businessmen in Denizli are more planning oriented, more organized and more flexible (know how to take advantage of opportunity). Even though correlational analysis could not be conducted in this study the t-test results are in accordance with the works of Hajaud-Din (2003), Grief (1994), Weber (1930). Thus if not all, at least some dimensions of PWE seems to be associated with higher rates of economic development.

The second hypotheses assume that "networks between economic actors have a positive impact on development". It is hypothesized that networks characterized with high levels of trust, frequent and intensive contacts and minimal conflicts are powerful tools or mechanisms of economic development. Networks in this study are analyzed at two levels; 1) internal, 2) external. Internal networks are composed of relations of the indigeneous actors. This type of internal networks is very common in collectivist societies. Individuals in such societies know each other very well and are aware of the centuries old ways of rules which govern the relationships between individuals. As stated by Grief (1994) too, this type of networks may achieve economic development for a relatively short period of time. However, in the long run the story is totally different. Blum and Dudley (2001) in an historical study which mainly covered two 250 year periods (1500-1750, 1750-2000) compared North European Protestant countries with South European Catholic countries and found out that long term development depends upon the degree of establishing successful external networks. The important point is that although the Northwestern European merchants did not know each other, they did developed contracts depending upon mutual trust (Blum & Dudley, 2001).

Intuitively, the more the amount of external relations, the less is the probability of actors to get to know each other. Table 5 and 6 show the amount of both internal and external relations. Denizli sample has a higher score in both types of networks. It has 30 % more of external relations than Aydın. With increasing amount of relations, amount of hours spent for relations (intensity) increases. On the average while a Denizli businessman spent 4.1 hours for internal relations and 1.9 hours for external relations, a businessman in Aydın spent 3.7 hours for internal and 1.6 hours for external relations. In line with this argument, it can also be logically derived that, trust among the actors will increase

while conflict will decrease as the amount and intensity of relations increase. Findings in Table 6 support this view. Denizli's scores concerning both internal and external level of trust are higher than Aydın's whereas the level of conflict is slightly lower.

Table 7 shows the correlation coefficients between the components (characteristics) of networks. As internal amount of relations increase, the intensity level also increases ($r=0.42$). While internal trust level increases, the level of conflict decreases ($r=-0.62$). In the same manner as internal amount of relations increase, internal level of conflict decreases (-0.36). Those who have high levels of internal trust, also have high levels of external trust ($r= 0.87$). On the other hand, internal level of trust is negatively related to external level of conflict (-0.62). People who experience high levels of internal conflict do not tend to trust outsiders ($r=-0.74$). As it is expected internal and external levels of conflicts are positively correlated ($r=0.85$). A person experiencing high levels of internal conflict will experience high external conflict. The only factor which seems to decrease both internal and external levels of conflict is education. As the level of education increases, both internal and external levels of conflict decrease. (Respective coefficients are -0.37 and -0.39). This finding supports Blum and Dudley's study.

In the light of the above interpretation of the findings, any society with high scores in trust, intensity and amount of relations and low scores in conflict should be expected to score higher in economic development. This is exactly the case of Denizli. Internal locus of control oriented businessmen of Denizli, who established trustworthy relations with both internal and external economic actors seem to be the driving force behind superior economic performance of Denizli. It seems that Denizli's businessmen are taking advantage of small world networks. As Kay (2003) points rapid expansion of small world networks in market economies reinforce the development of social and economic organizations. This is also a valid argument in the case of Denizli which possesses more official, semi official and voluntary social and economic organizations than Aydın. Businessmen in Aydın could not establish their own voluntary associations, whereas there are 24 of them in Denizli. These findings and the discussions presented above clearly supports our second hypothesis.

Consequently it can be stated that institutional theory with its emphasis upon established cultural values, social networks, and organizations seems to explain the paradoxical phenomenon between Denizli and Aydın. However, the direction of cause and effect may not be the same as assumed in this paper's theoretical framework. In economic development as in all other social phenomenon, it is very difficult to precisely designate and define direction of cause and effect. Depending upon the literature cited in this paper, the authors presume that social factors (like religion, cultural values, small world networks) enhance and/or act as spiritual engines of economic activities. Thus, social factors

(cell 2 in figure 1) may activate economic factors (excluding physical ones, cell 1 in figure1) and economic factors in turn or together with social factors may affect economic development (cell 3 in figure1). One of the weaknesses of this research comes to the surface exactly at this point. The rather intriguing and highly intertwined and blurred relations between economic and social factors make it very difficult to determine the precise degree of each factor's independent impact on economic development. Hence further research with larger samples seems essential; a) to determine the direction and degree of each independent variable on economic development, b) to draw the boundaries and explore the relationships between economic- physical factors and social factors. In spite of these discrepancies, the findings of this research clearly indicate that officials or institutions responsible from developing regional/ provincial level of economic development strategies should take into account and pay due attention to the important role of well-established indigenous cultural values and social relations in their respective localities.

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