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Turks Knock on Europe's Door With Evidence That Islam and Capitalism Can Coexist

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KAYSERI, Turkey — As the muezzin heralded the noon prayers on a recent Friday, a small army of workers fanned out from an industrial park to take their places on mats in a nearby mosque. Fifteen minutes later, the prayers were over and the teachings of the Koran gave way to the demands of the factory floor.

“In European countries, workers take a 15-minute smoking break; here we take a 15-minute prayer break,” said Ahmet Herdem, the mayor of Hacilar, a town of 20,000 people in central Anatolia, a deeply religious and socially conservative region which has produced some of the best-known Turkish companies. “During this time, you are in front of God, and you can ask him to help improve business and this is good for morale.”

Many Europeans and secular Turks have dismissed this poor, largely agricultural region as the “other” Turkey, a non-European backwater where women in head scarves are more prevalent than businessmen in pinstripes. Islam, they argue, never went through its own Reformation and so is not receptive to capitalism and innovation.

Yet Kayseri and surrounding towns like Hacilar have produced so many successful Muslim entrepreneurs that the area has earned the title of “Anatolian tiger.”

Carpet weavers are being supplanted by textile companies that produce clothing for fashion houses in Paris and Milan, while sheep farmers now share land with giant furniture manufacturers. Companies that have started here include Orta Anadolu, which makes 1 percent of the world's denim; Boydak Holding, a giant conglomerate that includes a bank, a transport arm and the largest Turkish cable factory; and Istikbal, a furniture company whose yellow and blue label can be found in stores across Turkey.

The region's mix of Muslim values, hard work and raging capitalism has even prompted sociologists to coin a new term to describe the phenomenon: Calvinist Islam.

As Turkey seeks to join the European Union amid growing skepticism in Europe about the prospect of integrating a large agrarian Muslim country into one of the world's biggest trading blocs, the case of Kayseri presents one of the strongest arguments that Islam, capitalism and globalization can be compatible.

Along with its work ethic and a general pro-business bias within Turkish Islam, Kayseri has also found an edge by building one of the largest Turkish industrial zones, analysts say. In 2004, the region applied to the Guinness Book of World Records for starting the construction of 139 new businesses in a single day.

But the region also is experiencing tensions between Turkey's official secularism and its religious fervor, suggesting that reconciling Islam and business can create challenges.

“If you're not a good Muslim, don't pray five times a day and don't have a wife who wears a head scarf, it can be difficult to do business here,” said Halil Karacavus, the managing director of the Kayseri sugar factory, one of the biggest Turkish businesses, which expects revenues this year of 500 million euros, or about \$640 million.

Even so, business is thriving, a fact that local business leaders attribute to an entrepreneurial spirit that they say is also part of Islam.

Mr. Herdem said the secret behind the city's business prowess could be traced to the Prophet Muhammad, himself a trader, who preached merchant honor and commanded that 90 percent of a Muslim's life be devoted to work in order to put food on the table.

“It is good for a religious person to work hard, to save, to invest in the community,” he continued, noting proudly that while bustling cafes are a prominent feature of Turkish life, there is only one cafe in Hacilar, and it is usually empty because people are often elsewhere completing deals.

Framed by rugged mountains and on the old Ottoman silk route, Kayseri, a city of one million people, remains steeped in Islamic culture and centered on the quiet rhythms of village life. Most companies set aside rooms for prayer, and most of the older businessmen have been to Mecca on the hajj, the pilgrimage that all Muslims are enjoined to make once in a lifetime. Unlike elsewhere in Turkey, few of the city's restaurants serve alcohol, which is prohibited by Islam.

At the Kayseri sugar factory, one of the most profitable businesses in the region, Rifat Herdem, an adviser to the managing director, said Islam had played an important role in buttressing profit. He said that in the early 1990's, the factory was suffering from low capacity while paying steep prices to buy sugar beets because prices were set by the state and a handful of sugar beet producers held a monopoly.

But because Islam commands equal opportunity in business, he said, the factory was pushed to expand its sourcing from one sugar-beet grower to 20,000 producers. That, in turn, brought the price of sugar down and helped lift profits. “Because of Islam we were pushed to diversify our supply chain, and this was good for business,” he said.

Not everyone at the factory, however, views Islam as a benevolent influence. Halil Karacavus, managing director of the company, complains that the region is too much under the influence of the governing Justice and Development Party, or AK Party, of Prime Minister Recep Tayyip Erdogan. It is a traditionalist party with Muslim roots that won 70 percent of seats here in municipal elections in 2004.

Mr. Karacavus said the party too often had tried to mix religion with business. He said that because he was known as a secularist in a region dominated by Islam, government auditors have audited the sugar factory at least five times this year, and the government had tried to install religious-minded people on its management board. The effort did not succeed, Mr. Karacavus said, because the company was successful and that insulated it from interference.

“For me, Islam doesn’t come first, which can bring problems because the best contracts, land and tax breaks are given to people who share the AK Party’s religious beliefs,” he said.

Ahmet Herdem, the mayor of Hacilar and a member of the governing party, argued that the party’s mix of democratic conservatism and free-market ideals had been a large factor in Kayseri’s success. Rather than hampering business, he said, the stability and economic reform that the governing party has brought have been good for business by encouraging investment.

For other business people, it is globalization rather than Islam that has transformed the region. Saffet Arslan, managing director of Ipek, a large furniture producer in Kayseri that exports to 30 countries, said that in the past 30 years, local Muslims, who previously eschewed making money in favor of religion, are now making business a priority.

“In the past people gave up trade to focus on making Islam the center of their lives,” said Mr. Arslan, a practicing Muslim who has built a mosque in the basement of Ipek’s headquarters building where workers can pray.

“People in Anatolia today view the Western world as a model, not Islam, and because of globalization, they want to be successful.”

Mr. Arslan, who apprenticed in a small furniture workshop that he transformed into an international company with more than \$100 million in annual sales, lamented that the stereotype of Turkey as an agricultural backwater driven by Islam was hampering business by keeping away much-needed investment.

He said that Ipek would double its profit if it were based in a country viewed as more Westernized.

“All the pictures of Turkey show a donkey and an old man picking his nose,” he said. “We have to overcome this unfortunate prejudice.”

One person who is helping to overcome such clichés is Ikbal Cardaroglu, a successful chartered accountant in Kayseri. She is also active in the governing party, in which powerful women are scarce.

Ms. Cardaroglu, who wears chic black suits and drapes her white silk designer scarf around her shoulders as a fashion accessory, said she had encountered few hurdles on the way to being a successful Muslim businesswoman, though she said that when she began working in the 1980’s, people pointed at her on the street, and women in her neighborhood expressed pity.

“When I first told my friends I wanted to go into business, they were surprised, since most women here are teachers or bank tellers,” she said. “I did not wear a head scarf at that time, and when I got married, my husband complained that his friends’ wives wore head scarves and that I should do so, too.”

Experts here argue that, owing in part to traditional Islam’s view of the role of women, the participation of women in the Central Anatolian economy was too low and could be a drag on the region’s success.

According to the European Stability Initiative, an institute in Berlin that conducted a study of Kayseri, the employment rate of women is 37 percent, compared with 74 percent for men, with a majority of women still employed as agricultural laborers.

“This may yet prove to be the Achilles’ heel of Central Anatolia’s ambitions to catch up economically with the European Union,” noted a report by the European group on the region entitled “Islamic Calvinists.”

Ms. Cardaroglu, who has been active in the women’s branch of the governing party in Kayseri, said that the party had many women members, but that there was a glass ceiling she would like to break.

She said the reality in Kayseri was that the boardroom was more inviting for women than the political sphere, because in business results were what mattered.

“Women like me can’t succeed in the party, we can’t reach the top,” she said. “I am too outspoken, and they tell me to shut up.”