**Current Status of Olive Facilities in the District of Akhisar, Province of Manisa, Republic of Turkey**

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**Abstract:** In Akhisar district, olive culture dates back to many years; however, olives for consumption have been produced in small workshops for long years. It is observed that the workshops located in this region are converted into bigger and more modern constructions inclined towards industrialization approximately for the last 10 years. In this frame, a questionnaire study has been performed using the face-to-face interview method as addressed to establishments in order to determine the current status of olive facilities in the district of Akhisar and selected villages thereof. Questionnaire results have been evaluated with the help of the SPSS program. As a result of evaluation, it is observed that there have been an increase in the number of establishments founded, especially in 1998; the establishments were small size, family owned establishments; the administrators and employees needed training especially on technical and marketing issues; the establishments predominantly produced periodically; their rates of capacity used increased; the causes for their inability to operate in full capacity included firstly the problems with regards to raw materials. It is also determined that the problems they encountered included chiefly the insufficiency of equity capital; their technology were up-to-date and presented advantage for competition but such technology should be renewed in parallel to the developments in the world.

**Key words:** Olive, olive management, management problems

**INTRODUCTION**

Turkey is one of the leading olive and olive oil producers in the world as a result of its geographical position and the characteristics of Mediterranean climate, together with the other Mediterranean countries such as Italy, Spain, Greece and Tunisia. Olive has a very important place in our country with regards to trade, industry, preservation of soil, employment, human health and nourishment. Olive agriculture has a share of 2.3% with a planting area of 650 thousand hectares among our whole agricultural areas (Anonymous, 2001a). More than 400,000 families are earning their living from olives in Turkey. Olives are produced in 36 of our total 81 provinces (Duran, 2006).

Turkey is located on the east of the Mediterranean river basin, which is the center of olive production; olives are raised in all our shorelines, mainly in the Aegean and Mediterranean Regions. The homeland of olives is the Anatolia. Some of the olives raised in Turkey are for oil production; some of are for consumption as for their features. Our varieties for consumption are accumulated in the Aegean and Marmara Regions. Turkey is the first in black olive production and the second in olive
production for consumption throughout the world. Turkey directs most of its production towards consumption and cannot show the same success in exportation due to the differences in processing techniques. The marketing volume of olives for consumption is expanding in the recent years in a steady way. This expansion is getting strong with the contributions of the producers’ associations and the private sector. Green and black olives are processed and exported or exported as unprocessed immediately after the harvest due to reasons such as the quality and standard of product in Turkey, the condition of production industry. This condition is also in question for bulk olive oil and it causes added value losses (Tunaloğlu et al., 2003). The history of brine production in our country dates back to the very old days; however, it has been realized in small and insufficient family owned establishments far from technical features until the end of 1950s. The bigger and modern administration understanding has arisen as of the 1980s. The sector of olives for consumption has been formed with domestic capital in general. This sector is composed of the public (Foundations), semi-public (Marmanbirdlik, Taris, Rural Development Cooperatives) and the private sector. Olive establishments in Turkey use 40-50% of their total established capacities (Fidan et al., 2000). Large part of olive and olive oil establishments in Turkey has a scattered and fragmented structure. In accordance with the general agricultural enumeration in 1991, the largest establishment group consists of those between 2 and 10 ha. There has been a greater increase in the number of small size establishments having olive groves in 1990s compared to those having olive groves more than 100 ha. This situation shows that the olive groves are separated and increased in number. The olive groves having a large and scattered structure in Turkey prevent them from having a strong economical structure. However, most of such establishments can reduce their costs by being family owned companies and by providing workmanship within their bodies and therefore the olive business can be continued (Göksu, 2006). In Turkey, the olive producers generally make their products pressed at oil mills against a specific charge or against oil and then they reserve some portion of oil for their needs and they market the remaining locally or sell the same to intermediaries because the transportation of olive oil is difficult and the marketing costs are high (Anonymous, 2006b). The province and districts of Manisa has a significant place in the Aegean Region in Turkey as for their olive capacities. Total olive production for consumption and oil production in the province of Manisa is realized on an area of 61,476 ha. It is anticipated that 136,639 tons of olive grains will be purchased in the districts of Manisa province at the end of season 2006-2007; 104,941 thereof will be reserved for consumption and 31,697 tons for olive production (Anonymous, 2007). The area for olive production in the district of Akhisar, Manisa is 30,500 ha. Approximately 50% of the olive production of Manisa is realized in the province of Akhisar. (Anonymous, 2005a). Manisa has a significant place among the provinces where olives for consumption are produced in Turkey; it is determined that the establishments in this province use 99% of their total capacity (Fidan et al., 2000).

The fact that small and medium scaled establishments gained importance in economical, social and political dimensions is a result of the change in quality as arisen in those establishments in recent years. Today the small scaled establishments should not be deemed anymore as establishments non-grown because of failure to be successful, convincted to remain in small scales; the hunchback of economy and dependent on constant assistance. Quite the contrary, small establishments of today should be perceived as dynamic establishments adapting rapidly to changing conditions because of being flexible as well as establishments that are creative, innovative by the help of their non-democratic structures and able to catch the demand gaps and to utilize the opportunities (Müftüoğlu, 1997).

The sector of olives for consumption in Turkey has structure of very small scaled family owned establishments. Therefore, uniformity is in question in production and a specific order can not be maintained in marketing. Processed products are utilized more in the domestic market (Tunaloğlu, 2003). However, such problems would be overcome by the help of advantages of small establishments and the olives sector will be provided with dynamism.
Twenty four thousand six hundred and eight tons black olives and 39,605 tons green olives were traded at Commercial Exchange of Akhisar in 2004. The share of black olives is 25.66% and the share of green olives is 30.73% within the total market transactions (Anonymous, 2005c). Olives are included in the most important 5 agricultural products in Akhisar market and is in the front rank as for the transactions in stock market. The olives raised in Akhisar are known for its quality and rich varieties throughout Turkey and in various locations in the world. Approximately 15,000 families earn their living from olive production in Akhisar. Approximately 30,000 ha of totally 82,000 ha agricultural lands in Akhisar are covered with olive trees. There are about 10 million olive trees in Akhisar, 35% of black olives of Turkey are produced in Akhisar, whereas about 80% of green olives for consumption are also produced in this district and olives have become the most important economic value of the district. As the productivity of olive trees increased due to incentive agricultural practices, the number of investing establishments increases every day (Anonymous, 2005b). Those establishments are constituted of medium scaled establishments operating with a capacity of at least 20 tons and over in 2006 and their number reached 186.

Almost all of processing facilities of olives for consumption in the region of Akhisar have been established with the accumulation of capital stock obtained in time olive producers growing olives for a long time. There has been a change in structure in small scaled family owned establishments, especially after 1980. It is a remarkable development that modern and big capacity plants have been established as of 1990s (Akay and Tetik, 1999).

MATERIALS AND METHODS

The data, being obtained by means of questionnaires by performing face-to-face interviews with the owners and administrators of establishments active in the olive sector in Akhisar, form the original materials of the study. In addition, various resources were also used; such as researches, reports, statistics and web pages published in this respect. The site research has been executed in the district and villages of Akhisar within 2005.

In the study, the issues such as the establishments’ legal structures, establishment years, number of personnel employed, education levels of administrators, physical structure types, production types, capacity usage rates, production and marketing problems, production technologies were included in the scope of evaluation. In this scope, totally 44 questionnaires were applied in 22 establishments active in the center of Akhisar and in 22 establishments located in 9 villages of Akhisar and the data were collected (Table 1). Occasional sampling method was used in the site search. The data were evaluated in accordance with the SPSS 11.0 (Statistical Package for Social Sciences) Statistics Program. Within the scope of this program, frequency distributions of questions in the questionnaire and their percentages were calculated and a status determination was conducted about the establishments where the questionnaires were applied.

In the questionnaire study, the villages having relatively intensive olive production areas in the district of Akhisar were selected. The olive production areas in 2005 of the villages, where the questionnaires were performed, are provided in Table 1.

Table 1: Villages of the District of Akhisar, where questionnaires were applied, 2005

<table>
<thead>
<tr>
<th>Name of village</th>
<th>No. of questionnaires</th>
<th>Shares (%)</th>
<th>Areas*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bekirler</td>
<td>1</td>
<td>2.3</td>
<td>3821</td>
</tr>
<tr>
<td>Çobanhasan</td>
<td>1</td>
<td>2.3</td>
<td>3384</td>
</tr>
<tr>
<td>Deryayolu</td>
<td>1</td>
<td>2.3</td>
<td>1206</td>
</tr>
<tr>
<td>Erdelli</td>
<td>1</td>
<td>2.3</td>
<td>4730</td>
</tr>
<tr>
<td>Kapaklı</td>
<td>1</td>
<td>2.3</td>
<td>4742</td>
</tr>
<tr>
<td>Medar</td>
<td>3</td>
<td>6.8</td>
<td>4405</td>
</tr>
<tr>
<td>Merkez</td>
<td>22</td>
<td>50.0</td>
<td>9349</td>
</tr>
<tr>
<td>Sàleymanli</td>
<td>4</td>
<td>9.1</td>
<td>7976</td>
</tr>
<tr>
<td>Yeşilköyva</td>
<td>10</td>
<td>22.7</td>
<td>17015</td>
</tr>
</tbody>
</table>

*: Source: Anonymous, 2005a
RESULTS

The data obtained from the questionnaire study were evaluated and following results were provided.

**Legal Structure of Establishments**

44.4% of establishments answering our questionnaires are Ordinary Companies; 38.9% thereof are Limited Liability Companies; 11.1% thereof are Joint Stock Companies; 5.6% thereof are Open Companies.

**Establishment Years**

It has been determined that 17.1% of establishments included in the scope of research were established in 1998; 12.2% thereof were established in 2004; 12.2% thereof were established in 2005; 7.3% thereof were established in 2001; whereas, the other organizations answering the questionnaires were established in different years in small percentages. In consideration of the recent years, its determined that there has been an onset in the sector especially in 1998.

**Causes of Establishment**

The causes of establishment of organizations answering to our questionnaire include firstly the advantages of being producers at a proportion of 52%; the spirit of entrepreneurship at a proportion of 47.6%; being a family owned company at 47.6%; being a profitable business as for the region at 27.8%. In this respect, it is observed that more than half of the olive facilities active in Akhisar utilize primarily the advantages of being producers.

**Factors influencing the Selection of Place of Establishment**

68.8% of the establishments active in Akhisar stated that they determine the place of employment considering the advantage of being close to raw materials 39.3% of those establishments expressed that the related industry being intensified in this region; 17.4% thereof expressed that the eligibility of infrastructural conditions are the most important factor in determining the location of establishment. The facts that the region is suitable for olive growth; that the establishments are also producers have brought to the foreground the criterion of being close to raw material as the most important factor in determining the place of establishment.

**Number of Personnel Employed in the Establishment**

The share of establishments employing totally 1-5 persons is 37.2%; the share of those employing 6-10 persons is 34.9%; the share of those employing 11-29 shares is 18.6%. As the establishments where the questionnaires have been applied were mostly very small scaled and family owned companies; therefore, it is observed that the number of personnel employed varied between 1 and 10 predominantly. It is determined that the number of male employees was 34.4%; the number of female employees was approximately 16%. In this respect, it is ascertained that the employees were composed of mostly males.

**Knowledge Levels of Employees**

45.5% of establishment owners and administrators stated that knowledge level of their employees was partially satisfactory; whereas 34.1% thereof found their level of knowledge unsatisfactory. The rate of establishments providing their employees with internal training constantly by the company personnel is approximately 32%; the rate of establishments providing internal training programs infrequently is approximately 25%.
Need of Establishments for Qualified Personnel

It is observed that the establishments, where the questionnaires were applied, had difficulties mostly in finding intermediary personnel qualified at technical level at a proportion of 20.3%; this proportion was followed by the need for personnel trained in marketing at a proportion of 18.2%.

Education Levels of Superior and Medium Level Administrators

29.5% of superior level administrators composed of establishment owners and associates are primary school graduates; 18.2% of middle level administrators are secondary education graduates. 53.3% of superior level professional administrators are faculty graduates; whereas only 4.9% of middle level professional administrators are faculty graduates. It is determined that the owners and associates of those establishments, which are small scaled establishments, were primary and secondary education graduates; however, superior level professional administrators are specialized in their majors and faculty graduates. Top level administrators stated that they needed to be trained mostly in marketing and foreign languages. It is determined that, with respect to legislation, there was a deficiency in education regarding the standards and food regulations.

Type of Production-Term of Activity-Capacity Usage Rate

Sixty percent of establishments perform constant production; 40% thereof perform periodic production. 56.4% of establishments performing periodic production are active for 4-10 months within 1 year. With regards to capacity usage rates, 8.5% of establishments operated at a capacity of 40-59% in 2001; 37% thereof operated at a capacity of 60-70% in 2002; 37% thereof operated at a capacity of 60-79% in 2003; 37.9% thereof operated at a capacity of 60-79% in 2004.

Causes of Failure to Operate at Full Capacity

The causes of failure to operate at full capacity by the establishments include the following problems at the front ranks as listed in accordance with the level of importance: Problems regarding raw materials at 38.5%; financial deficiencies 33.3%; lack of demands 26.1%; marketing deficiencies 16.7%; problems regarding the employees 14.3%; lack of energy 10.5%; competency of imported goods 7.1%; whereas 5.3% of establishments show technological deficiencies as the most important cause. The establishments determined their problems regarding raw materials as follows in accordance with the level of importance: 62.5% poor quality raw materials; 27.8% high raw material prices; 15.6% high storing and shipment costs; 13.7% lack of continuity; 6.5% lack of raw material quantities. The establishments face a problem in quantity with regards to supplying products especially during the periodicity term. 40.9% of facilities supply products by storing the product of previous year in wells; 27.3% thereof supply products by making regular trims.

Status of Technology in Production

When the status of technology in production for the establishments is evaluated with respect to today’s conditions, the European Union and the domestic and foreign competency, the share of establishments stating that the technology was up-to-date but should be changed in the near future is 59.1%; the share of establishments having advanced new technology and able to maintain its power to compete for at least 5 years is 18.2%, whereas the share of establishments having old technology is 4.5%. Approximately 39% of establishments having old technology stated that they could not change technology because of financing difficulties. In this respect, the olive facilities, where questionnaires were applied, have the advantage to compete as for technology; however, the fact that this technology should be changed in the near future requires the establishments to take precautions in a short time.
Distribution Channels in the Domestic Market and Problems in Distribution

It is observed that the establishments mainly preferred wholesalers as a distribution channel in domestic market. The share of channels taking part in distribution was determined as follows: Distribution through wholesalers 22.7%; distribution through retailers 15.9%; distribution through branch offices 4.5%; individual sales 4.5%. Problems in the distribution of products are listed as problems in shipment at a rate of 57.7%, problems in storing at a rate of 35%, problems in on-time delivery 13.6%.

Problems Regarding the Employees

The problems incurred by establishments regarding the employees may be listed as follows in accordance with the level of importance: Unqualified employees at a rate of 86.2%; low working force productivity 16%; lack of working force continuity 11.5%.

Problems Regarding Financial Deficiencies

The problems regarding financial deficiencies for the establishments are as follows in accordance with the degree of importance: capital stock deficiencies at a rate of 50%, difficulty in collecting sales on account 42.9%, difficulty in providing goods on trust 18.8%. As evident in this respect, one of the basic problems incurred by small scaled establishments, the capital stock deficiencies, is in the front rank among the most important financial problems of olive facilities.

DISCUSSION

As a result of the research, it is observed that approximately half of establishments active in the olive sector in Akhisar, where the questionnaires were applied are family owned ordinary companies. When the years of establishment of those companies are examined, it is observed that the number of administrating companies has increased especially as of the end of 1990s. The most significant proportion with regards to the causes of establishment for the organizations answering the questionnaires includes the advantage of being an olive producer, being a family owned company, the spirit of entrepreneurship and it being a profitable business with regards to the region. The owners of small scaled establishments, who are also the founders of such establishments are experienced in olive production in general and the fact of being traditionally family owned companies takes the most significant place within the establishment policies of establishments.

It is observed that the total number of personnel employed by the establishments varies between 1 to 10 persons. It is determined that the knowledge level of employees is partially satisfactory; however, the problems regarding the employees include primarily the fact that employees are not qualified and constant internal training in order to increase the level of knowledge is about 32%; the proportion of establishments providing training even so infrequently is approximately 25%. It is required to focus on external training in addition to the internal training programs in order to make the employees of establishment more qualified and to increase the working power productivity. In consideration of the fact that the establishments have difficulties especially in finding qualified intermediary employees trained in technical level and on marketing, it is of great importance to intensify training programs in those respects. It is considered that it would be useful to provide such training in collaboration with the District Directorate of Agriculture, the Universities and the associations on olive production.

It is determined that the education level of establishment owners and associates are at primary education level and there is a need for training on foreign languages, the standards of legislation and the food regulations. One of the qualitative properties of small scaled establishments is the failure to be qualified at superior level and the fact that all the administration policies are determined by the owner.
of establishment. The owner of establishment owner should be experienced in olive production and should be successful in other administrative functions such as marketing, financing, management and supply. Therefore, education deficiencies of superior level administrators, including the establishment owner and associates, must be remedied anyhow. It is observed that the establishments, where the questionnaires were applied, sought to supply such deficiency by employing superior and medium level professional administrators. It is determined especially that approximately 54% of superior level professional administrators are faculty graduates.

Sixty percent of establishments, active in Akhisar and answering the questionnaires, perform constant production. Large majority of establishments, performing periodic production at a rate of 40%, are active during terms varying between 4 to 10 months within a year. A continuous development was observed as of 2001 in capacity usage rates of establishments; this rate has increased from 40-59 to 60-79%. In consideration of the fact that olive facilities in Turkey use approximately 40-50% of their total capacities, the increase in this rate is a rather important development and it is believed that the increase in capacity usage rates would be continued. The causes of such establishments failing to operate at full capacity include, in the first three ranks, the problems regarding the raw materials, financial and demand deficiencies and the marketing deficiencies. The problems regarding raw materials such as poor quality raw materials, high raw material prices, high storing and shipment costs and deficiency in raw material quantities, should be resolved in priority. The quality of raw materials can be improved by training the producers and applying scientific agricultural techniques.

The reasons why establishments prefer predominantly the wholesalers in domestic distribution are marketing difficulties and problems in shipment and storing. In order to overcome such problems, the owners and employees of establishments should be trained on marketing. And for the problems in marketing as arising from financial deficiencies, the producers and establishments should be organized and it should be ensured to make them expand their distribution networks. Thus, the establishments will be able to address not only to local markets but also to larger markets.

The olives show periodicity (productivity within 1 year; low or no productivity the other year) because of their genetic features as well as failure to apply cultural processes completely. In recent years, periodicity tendencies of products are being eliminated gradually in Turkey due to incentive agriculture practices. It is observed that incentive agriculture practices become widespread gradually also in the district of Akhisar. It is foreseen that the problems regarding raw materials would be eliminated in parallel to those developments and the capacity usage rates would increase.

The principal problem incurred by establishments regarding the financial deficiencies is the lack of capital stock. The fact that the establishments in Akhisar are micro scaled makes it difficult to overcome the financial problems. The small scaled establishments in Akhisar should cooperate and unite their powers in order to overcome the financial and economical problems.

CONCLUSIONS

The data obtained as a result of the questionnaire study show that large majority of facilities in Akhisar for processing olives for consumption are formed with capital stock accumulations of olive producers; more modern and larger capacity facilities were started to be established especially after 1990s when small scaled family owned establishments were prevalent. It is determined that the personnel employed in establishments and the administrators need to be trained especially in marketing and technical issues. Sixty percent of establishments in Akhisar perform constant production. The precautions should be taken regarding the elimination of problems with respect to raw materials and to capital stock deficiencies in order to enable the establishments performing periodic production to perform constant production and to increase the capacity usage rates of establishments. Within the scope of targets and supporting policies determined by the Ministry of Agriculture and Rural Affairs
of Republic of Turkey, it is of great importance that small establishments come together as producer organizations and combine their powers in order to reduce the periodicity in production and increase exportation. In this framework, the olive processing establishments should be modernized and oil losses should be reduced and also oil mills meeting the technical and hygienic conditions should be established.

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