Building Markets

The Positive Economic Contributions of Refugees in Türkiye

Small Business. Big Impact.

Building Markets unleashes the transformational power of small businesses to address pressing social challenges by driving job creation and inclusive growth.

Global challenges—poverty, inequality, climate change, environmental degradation, and injustice—cannot be solved without the involvement of the private sector. Solutions require new business models, new innovation, and new technology. This opens up exciting opportunities for small businesses around the world, which represent 90% of all businesses and more than 50% of employment worldwide, to play an important role in creating positive social impact by driving job creation and inclusive growth, particularly for the economically vulnerable.

The Building Markets Model

Building Markets develops trusted relationships with entrepreneurs and uses a data-driven approach to strengthen the capacity of small businesses to contribute to local marketplaces through end-to-end services. Since 2004, Building Markets has leveraged this model to achieve impact in Afghanistan, Haiti, Jordan, Liberia, Mozambique, Myanmar, Timor-Leste, and Türkiye. Our primary model has three pillars: find, build, and connect.

Our Network & Impact in Türkiye

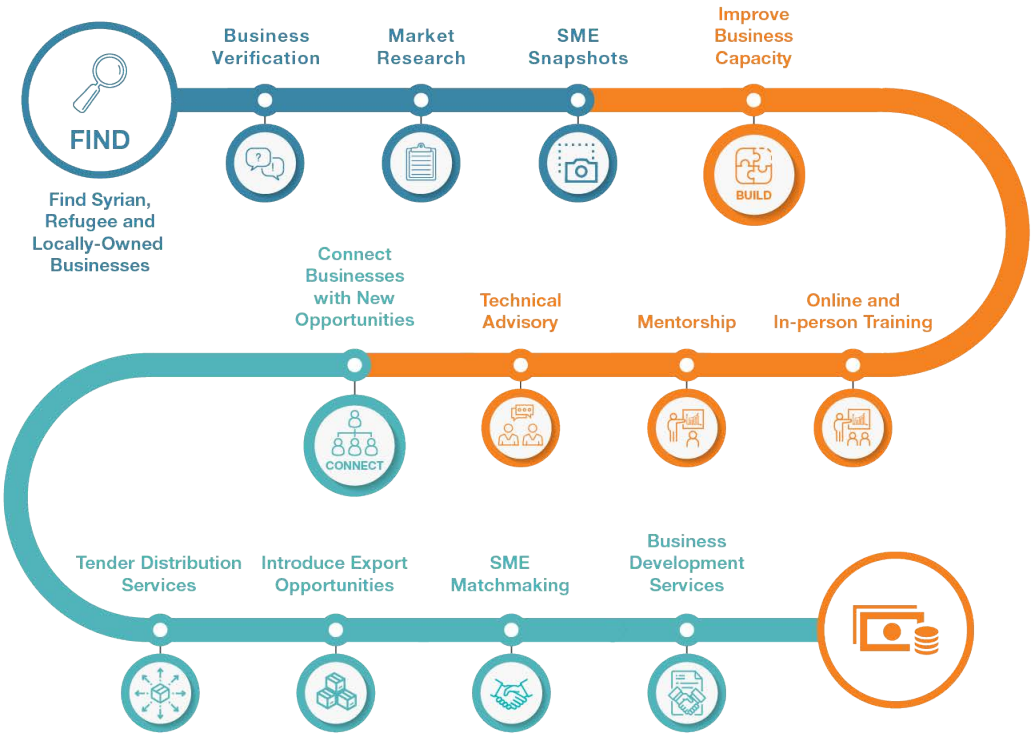
2,776 businesses
in our network

$24.7M
in business opportunities created for refugee-owned and refugee-employing businesses

1,000+ companies
trained or mentored

5,500+ jobs
created including 2,800 full-time equivalent jobs

Building Markets Services in Türkiye



FIND

Business Verification
Verification surveys collect operational data on SMEs, bringing more visibility to businesses and helping buyers, banks, and investors make procurement, loan, and investment decisions.

Businesses Receive

- Online business profile
- Free marketing
- Professional photos
- Access to market research
- Access to tenders

BUILD

Training
Training builds capacity and increases the competitive advantage of SMEs, allowing them to submit viable bids and win new contracts.

Training includes:

- Live online training sessions
- Virtual and on-demand courses via Building Markets' Online Learning Platform

Virtual and On-Demand Courses
Virtual training is available on tenders and digital transformation. On-demand training modules are available on key topics including banking and access to finance, digital marketing, sales management, and export development.

Mentorship
One-on-One Sessions
Companies with distinct growth potential have the opportunity to participate in one-on-one sessions with an expert on specific topics.

CONNECT

Matchmaking
Matchmaking activities connect SMEs to global and domestic supply chains, as well as investment opportunities, by increasing the flow of information between buyers and suppliers.

Export
Connecting SMEs with foreign buyers to develop their export sales.

Digital
Supporting SMEs to create accounts on popular e-commerce platforms to reinforce brand visibility of SMEs in Turkey.

Contracts
Using tender opportunities to develop businesses and livelihoods.

Access to Finance
Finding and evaluating eligible SMEs, building their investment and credit readiness capacity, and connecting them to investment and credit opportunities.

EVENTS

Live Digital Events

- Basic Tender Training 101
- Business Chat Webinars
- Corporate & Brand Webinars
- Procurement Webinar Series

Call Center
Supporting SMEs on direct calls related to their immediate issues.

Importance of Data and Research in Our Work

Building Markets has been working to bring visibility and opportunity to Syrian-owned small and medium-sized enterprises (SMEs) in Türkiye since 2016 as a core component of its work to create jobs and stability and localize the aid response to the Syrian crisis. We use data to better understand the economic impact and evolving needs of Syrian-led enterprises in Türkiye. We share market research on emerging trends and opportunities with our growing network of SMEs and partners.

We produce and share:

- Quarterly market research reports
- Frequent snapshots on segments of the network with recommendations for SMEs and buyers
- Robust data collection, collecting over 150 data points on each SME

Our research is actionable:

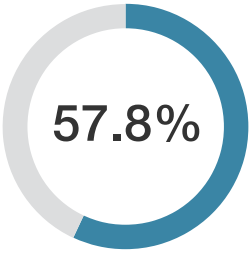
- Provides an evidence base for local private sector development
- Used to advocate for priorities such as supplier diversity, inclusive procurement, opportunities for host-refugee community partnerships, and job creation among both groups
- Complements research conducted by the public sector and other international organizations

Snapshot of Syrian Businesses in Türkiye

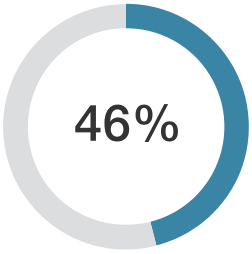
Türkiye has four million refugees and asylum seekers, of whom 3.6M (90%) are Syrian. Over the last decade, Syrians have become more integrated into economic life as consumers, job seekers, employees, and entrepreneurs. As Building Markets' research has found, Syrians have brought their entrepreneurial skills and capital to Türkiye, starting the vast majority of the 2,776 SMEs in our network. Since 2016, our organization has gathered valuable insights into these businesses' characteristics, capabilities, and challenges. Based on this data:

- On average, Syrian SMEs have been operating in Türkiye for 5 years. The majority of businesses operate in the Wholesale/Retail (34.2%), Manufacturing (26%), and Accommodation and Food Service (8.9%) sectors.
- These businesses employ 7.3 full-time employees and 8.6 employees on average.
- Among Syrian SMEs, 8.4% have at least one woman owner or manager.

IN THE PAST SIX MONTHS

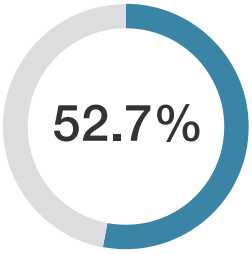


had an international client

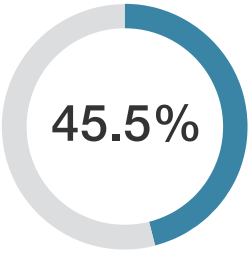


exported products or services

IN THE NEXT SIX MONTHS



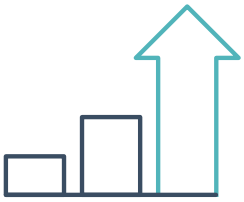
believe their profits will increase



believe their total number of staff will increase

Refugee Contributions to the Economy in Türkiye

In Türkiye, as in the rest of the region, Syrians have started businesses that create jobs, livelihoods, and independence for themselves and other refugees. Refugee-owned businesses have demonstrated their potential to be successful job creators. This includes providing jobs to individuals from vulnerable populations as well as the host community, which brings more people into the formal labor market and away from potentially illegal and exploitative or hazardous working conditions.[1]



Since 2011, Syrians have invested nearly $500M in capital into the country through the establishment of commercial activities.[2]

Syrian refugees[3]

- Create demand for goods and services
- Found companies
- Join the labor market
- Revitalize local industries
- Create signi icant export opportunities by penetrating Arabic-speaking markets
- Introduce new products to the Turkish market
- Bring sectoral expertise, including in stonemasonry, shoe manufacturing, textile production, and carpentry

"Clearly there are significant costs and risks shouldered by host countries, but there is another side to the story—the contributions made by refugees as they bring new businesses, markets, and skills to their host communities. To the extent that countries focus on an enabling business environment and a modicum of protection for refugees working illegally, the positive side of the ledger can only grow."

OMER M. KARASAPAN
WORLD BANK[4]

1 To read more about job creation among Syrian businesses in Türkiye, see: Building Markets. 2022. SME Snapshot: Job Creation Among Syrian Businesses in Turkey. https://buildingmarkets.org/wp-content/uploads/2022/01/SME-Snapshot_Job-Creation_EN_220125.pdf

2 Hardan, M. 2021, May 11. "How Syrian refugees contributed to Turkish economy." Al-Monitor. https://www.al-monitor.com/originals/2021/05/how-syrian-refugees-contributed-turkish-economy

3 Esen, O., & Oğuş Binatlı, A. (2017). The impact of Syrian refugees on the Turkish economy: Regional labour market effects. Social Sciences, 6(4), 129; Building Markets. 2018. One Year Later: Revisiting the Contributions of Syrian Entrepreneurs in Turkey. https://buildingmarkets.org/wp-content/uploads/2021/08/bm_syrian_sme_update_one_year_later_final_2_072518.pdf; Levkowitz, J. 2022, July 5. "Syrians adapt to tumultuous Turkish environment." Al-Monitor. https://www.al-monitor.com/originals/2022/06/syrians-adapt-tumultuous-turkish-environment

4 For more background, see: Building Markets. 2017. Another Side to the Story: A Market Asssessment of Syrian SMEs in Turkey. https://buildingmarkets.org/sites/default/files/pdm_reports/another_side_to_the_story_a_market_assessment_of_syrian_smes_in_turkey.pdf

Challenges Faced by Refugee and Host Community Businesses

Syrian SMEs possess both advantages (e.g., multiple languages, international networks, export capacity) and disadvantages (e.g., lack of local market experience, unfamiliarity with regulations, and low technology use) that affect their competitiveness in the Turkish market and attractiveness as partners to Turkish companies.[5]

Both Turkish and Syrian-owned businesses operating in Türkiye have experienced the effects of the COVID-19 pandemic and challenges given the country's economic crisis. However, Syrian-owned companies face additional challenges given that their competitive disadvantages are amplified during a crisis. This includes a lack of available capital, information gaps, and language barriers that limit access to support programs, trade and supply chain disruptions, and operational models that do not include digital resources. On the other hand, Syrian-owned SMEs are also demonstrating their resilience, continued capacity to overcome adversity, enduring economic participation, and extraordinary contributions they can continue to make to the Turkish economy.

Current Challenges

- Social prejudices against Syrians are exacerbated by current economic conditions and the political climate in Türkiye.
- Language barriers hinder access to the Turkish business world and prevent Syrian business owners from understanding local resources.
- Lack of experience in the local market can make it difficult for Syrian SMEs to access Turkish customers.
- Lack of technological infrastructure makes Syrian businesses digitally weaker than Turkish companies. This was problematic during the pandemic as Syrian companies had difficulties moving online and adapting their business models.
- Lack of knowledge of Turkish certificates, standards, regulations, and legislation.
- Lack of awareness about and difficulty accessing business incentives and SME support schemes.
- Limited financial inclusion and barriers to accessing financial services, especially as SMEs spent their savings to cover operational costs during the COVID-19 pandemic and are currently cash-constrained.[6]

5 Building Markets. 2020. Turkish-Syrian Business Partnerships, Part II. https://buildingmarkets.org/wp-content/uploads/2021/08/turkish_syrian_business_partnerships_part2-2.pdf

6 Building Markets. 2022. The Impact of COVID-19 on Syrian Businesses in Türkiye: Navigating Recovery. https://buildingmarkets.org/wp-content/uploads/2022/05/The-Impact-of-COVID-19-on-Syrian-Business-in-Turkey-Part-II_EN_2022.pdf

Opportunities for Greater Economic Contribution

At a time when Türkiye is facing significant economic difficulties, addressing challenges faced by these entrepreneurs and businesses can boost job creation. Building Markets recommends the following actions by public, private, and development partners to support further integration of refugee businesses into the Turkish commercial ecosystem and society, enhancing their economic contributions.

IDENTIFY AND ADDRESS GAPS IN THE POLICY & REGULATORY ENVIRONMENT

The public sector should:

- Focus on improving the enabling environment for all businesses to contribute to Türkiye's economy.
- Help ensure that all entrepreneurs in Türkiye can access support to start and operate a business and understand applicable regulations.
- Ease regulatory burdens and reduce uncertainties for refugee SMEs to encourage formalization, boost exports and job creation, and enable refugee entrepreneurs to deploy and retain their capital in Türkiye.

MARKET ACCESS AND INTEGRATION

Civil society organizations and business associations should:

- Promote the integration of refugee businesses in the Turkish economy by providing training and mentorship aligned with refugee SME growth constraints offered in Arabic and Turkish.
- Make resources available to support the digital capacity of SME operating models.
- Communicate refugee SMEs' contributions to the economy to counterbalance anti-refugee sentiment.

The private sector should:

- Benefit from new partnerships with refugee SMEs by engaging in networking opportunities between buyers and SME suppliers.
- Include refugee SMEs in supplier diversity strategies.

ACCESS TO CAPITAL

Private and public sector stakeholders should:

- Increase access to financing opportunities to support business growth.
- Encourage and incentivize banks and financiers to work with refugee SMEs.

Financiers should:

- Diversity their investment portfolio by working with refugee SMEs, giving them access to a group of businesses with a higher potential to export to Arabic-speaking countries than local SMEs.

Civil society organizations and business associations should:

- Support and improve SME investment readiness.

CONTRIBUTE TO THE EVIDENCE BASE TO SUPPORT SOCIAL AND ECONOMIC INTEGRATION

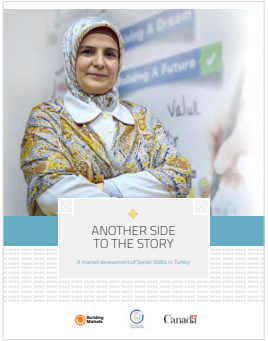
- Other organizations should join Building Markets in producing and publishing research that helps enable SME success and expansion in the Turkish economy to benefit all.

"Rarely have economists thought about refugees. The dominant assumption has been that they are a humanitarian matter, and so studies have been led by lawyers and anthropologists. However, the truth is that refugees around the world lead complex and diverse economic lives. They are consumers, producers, buyers, sellers, borrowers, lenders and entrepreneurs. Faced with new markets, regulatory contexts and social networks, they are often highly innovative, coming up with creative ways to support themselves."

ALEXANDER BETTS AND PAUL COLLIER, AUTHORS OF REFUGE: TRANSFORMING A BROKEN REFUGEE SYSTEM

Read more about the contributions of Syrian Entrepreneurs in Türkiye in our market research reports at buildingmarkets.org/reports-and-publications/

Reports available in Arabic, English, and Turkish



ANOTHER SIDE TO THE STORY

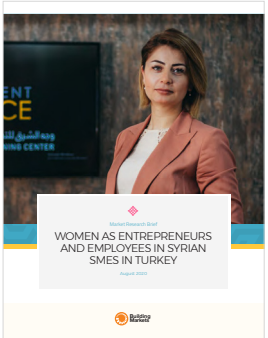
A market assessment of Syrian SMEs in Türkiye (2017)

ONE YEAR LATER

Revisiting the Contributions of Syrian Entrepreneurs in Türkiye (2018)

TURKISH-SYRIAN BUSINESS PARTNERSHIPS

(2018, 2020)

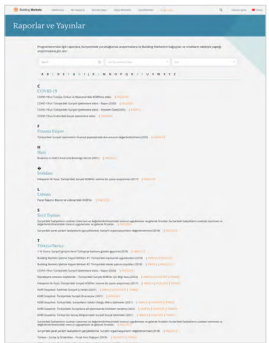


WOMEN AS ENTREPRENEURS AND EMPLOYEES IN SYRIAN SMES IN TÜRKIYE

(2020)

THE IMPACT OF COVID-19 ON SYRIAN BUSINESS IN TÜRKIYE

(2020, 2022)



ADDITIONAL REPORTS

Syrian Business Hubs, Job Creation, Exporters, Micro-Enterprises, Syrian Women Entrepreneurs, Digitalization, and more

buildingmarkets.org/reports-and-publications/

Building Markets
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Let's work together & connect with us for updates on our activities and research! **Contact us directly.**

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