Strengthening Refugee Entrepreneurship in Turkey "…On the Road of Development"

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… ON THE ROAD OF DEVELOPMENT

FOREWORD

Turkey hosts world's largest number of refugees and asylum seekers. Vast majority of refugees live together with host community making the livelihood sector critical. More importantly, key objective of the livelihood sector is to improve job opportunities. Strategic resilience plan targets to enhance local market expansion, job creation and employability of refugees and host communities. Companies established by refugees, in this sense, play an important role for livelihood targets as well as cohesion.

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Executive Summary

Syrian capital investment in Turkey have been increasing ever since the Syrian War Crisis began in 2011. Currently, estimated number of companies established by Syrians in Turkey exceeds 10.000, including official and unregistered businesses. The Syrians have invested about USD 334 million in 6589 new official companies between 2011 and 2017; ranked first among the founders of new companies established in Turkey by foreigners in 2013.

The total number of companies established in Turkey was 117.109 in 2017, increasing by 10,8 percent vs. prior year. 5,7 percent of these companies were established with foreign capital. Kilis with 20,4 percent leads the highest number of these companies, which is followed by Hatay (17,7%), Gaziantep (14,1%) Mersin and Yalova (13,8%). In 2017, number of companies established by Syrians amounted to more than 1.200, with a capital of about USD 90 million. Most of the companies established by Syrians operated in wholesale trade sector during 2017; they were established with joint capital. In overall, the wholesale trade sector comes first in terms of Syrian capital investment.

Different problems may rise for entrepreneurs including working conditions, employment, networking, legal frame and financial inclusion. As refugees coming into Turkey, they are not aware of the Turkish laws, language, culture, and markets. It is vital that they learn about the Turkish culture and markets. It is important to identify the needs, capacities, challenges for small and medium enterprises (SMEs) by refugees operating in Turkey to analyze opportunities and facilitate capacity building and entrepreneurship growth.

This report discusses and suggests for the potential enhancement for SMEs established by refugees in Turkey from the perspectives of legal, financial, and operational startup processes of these companies. The report also reflects on different experiences of the entrepreneurs who have established these companies, the barriers they encountered, opinions and suggestions used to overcome these barriers. Lastly, it focuses on the positive experiences of the entrepreneurs during the startup of their businesses, recommendations to future entrepreneurs and messages to local companies, businessmen, relevant government bodies and officials.

These companies not only ensured the self-reliance and enhanced the livelihood of their refugee owners, but also added clear marks to the Turkey's economy that hosted and encouraged them. Entrepreneurship has been successful in transferring refugees from the category of dependent to productive, and even positively influencing the host environment.

1. Introduction

As for the most active companies established by Syrians in Turkey, the Union of Chambers and Commodity Exchanges of Turkey (TOBB) evaluates the data of companies with foreign capital and companies with Syrian capital. The Economic Policy Research Foundation of Turkey (TEPAV) publishes the data of companies established by Syrians every month. In addition to the public sector assessments published by TEPAV regarding the data of Syrian capital companies, they also conduct some studies on the status and statistics of companies established by Syrians in Turkey.

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The total number of companies established in Turkey was 117.109 in 2017, increasing by 10,8 percent vs. prior year. 5,7 percent of these companies were established with foreign capital. Kilis with 20,4 percent leads the highest number of these companies, which is followed by Hatay (17,7%), Gaziantep (14,1%) Mersin and Yalova (13,8%).

The number of companies with foreign capital in 2017 amounted to about 6731, of which 1202 are companies established by Syrians. The Syrian capital, with about USD 90 million, is about 3.2% of the foreign capital in Turkey. Most of the companies established by Syrians operated in wholesale trade sector during 2017; they were established with joint capital. In overall, the wholesale trade sector comes first in terms of Syrian capital investment. The total capital in this sector is about 8.4 billion Turkish liras, which constitutes 50.1% of the capital of the foreign companies in Turkey.

As of December 2017, the number of companies with Syrian capital reached a peak in Istanbul followed by Mersin and Hatay, respectively. More than half of the companies established in Kilis and Mersin were joint capital Syrian companies. The share of companies established by Syrians within foreign companies with joint capital in Kilis reached 78,6 percent and in Mersin 64,7 percent.

In overall;

- 74 percent of the companies established by Syrians in Turkey fall under the micro projects category as 24 percent fall under the small sized and 2 percent into the medium-sized category.
- SMEs in Turkey have been operating on average for two and a half years.
- Average yearly income is USD 463.200.
- Wholesale and retail trade is dominated by small and medium-sized enterprises, followed by manufacturing and catering services.

- Syrian entrepreneurs are well educated as 67 percent have a university degree or higher, compared to only 10 percent of the overall Syrian population in Turkey.

2. Objective of the study

Key objectives of the “Strengthening Refugee Entrepreneurship in Turkey” study were to:

- analyze the SMEs established by refugees in Turkey, reviewing from the perspectives of legal, financial, and operational startup processes of these companies.
- reflect on different experiences of the entrepreneurs who have established these companies, the barriers they encountered, opinions and suggestions used to overcome these difficulties.
- Explore the positive experiences of the entrepreneurs during the startup of businesses, their recommendations to future entrepreneurs and messages to local companies, businessmen, relevant government bodies and officials.
- Discuss and suggest for the potential enhancement areas for companies established by refugees, as they play an important role for livelihood targets.

3. Methodology Overview

Qualitative research methodology is chosen for conducting a comprehensive assessment of Syrian entrepreneurs, which incorporate 37 Key Informant Interviews (KII) and analysis of data from 7 different cities, including İstanbul, Gaziantep, Mersin, Adana, Hatay, Kilis, Bursa (35 interviews were planned; 37 are accomplished). İngev benefited from and analyzed the findings of a recent research conducted by Building Markets on the assessment of Syrian SMEs in Turkey, titled “Another Side to the Story” in the preparation of the interview guide.

Main sections of the interview guide included the following sections:

- General information (company name, sector, size, age, registration number, number of employees, past experience)
- Policy and regulatory environment
    - Top 3 barriers and solutions on starting a business, positive aspects
    - Top 3 areas of support from the Public / Government, Business Community / Associations, Institutions, Non-Governmental Organizations
    - Most effective ways of disseminate information on Turkish legislation and laws
- Employment

    - Priority issues regarding employment and experienced / suggested solutions
- Financial access
    - Support of the banking system, barriers and solutions for foreign trade activities, advantages available
- Trade
    - Markets already sell to & plan to sell, origin of the companies procured from, origin of the companies sell to
- Other information (how to attract more refugee investors to Turkey, recommendations for the upcoming refugee entrepreneurs)

Key informant interviews were scheduled by appointments and face-to-face interviews were administered by Syrian Economic Forum (SEF) by following the guidance of İngev on sample selection and interview guide briefing. The selected sample included three main sectors: manufacturing, trade and services. The average size of the SMEs interviewed in terms of number of employees was 19,6 and the average year was 4,5.

Table 1. List of Key Informant Interviews

City	Company	Sector	Size (no. of employees)	Age (yrs)
İstanbul	1. Albacha Gıda	Manufacturing-Food	52	5
	2. Alsamah Tekstil	Manufacturing-Stockings	50	3
	3. Sasila Tekstil	Trade-Clothing	12	3
	4. Itırhane Parfüm	Trade-Parfumery	10	3
	5. Greenora Travel	Service-Tourism	5	1
Bursa	1. Al Zahraa Textile	Manufacturing-Textile	20	3
	2. MBK Group	Manufacturing-Textile	40	3
	3. Jodi Gıda	Trade-Food	10	2
	4. Al Waha Food Stuff Trading	General Trading	5	1
	5. Futura Cargo	Service-Cargo	6	4
	6. Şevket Davudoğlu	Service-Retail	2	2
Gaziantep	1. Erva Ayakkabıcılık Deri ve Aksesuarları İthalat ve İhracat	Manufacturing-Shoes	200	5
	2. Canlateks Tekstil Mobilya Sanayi	Manufacturing-Furniture	5	3
	3. Elhamwi Coffee Baharat ve Tarım Ürünleri Sanayi Ticaret	Trade-Food	13	3

	4. Smartway Bilişim Sanayi ve Ticaret Limited Şirketi	Trade-IT	14	2
	5. Karkeen for Trade	Trade-Textile	8	4
	6. Dunia Al Khayal Nursery	Service-Nursery	7	2
Hatay	1. Yabrud Kalıp	Manufacturing-Plastic	14	3
	2. Al Raed Shoes	Manufacturing-Shoes	13	2
	3. Alsafa Gıda	General Trade	14	3
	4. Tiggernet	Export & Import	5	4
	5. Gerbetna	Service-Media	4	2
Kilis	1. Olabi Miri	Manufacturing-Textile	70	4
	2. Abilo for Trade	Trade-Food	9	3
	3. Alfakhir	General Trade	5	2
	4. Kahwetna	Service-Food	2	2
	5. Al Weesam for Legal Advice	Service-Legal Advice	2	2
Adana	1. Alyeser	Manufacturing	25	3
	2. Abdullah Trading	Trade-Food	4	4
	3. Jawhert Al Madenah	Trade-Goldsmith	3	2
Mersin	1. Kh Company	Manufacturing-Paper Tissue	9	5
	2. Andalus Gıda	Manufacturing-Food	10	10
	3. Al Shahiya Gıda	Manufacturing-Food	60	60
	4. Business Buy	Import & Export	2	2
	5. Al Ereyaf Company	Import & Export	6	2
	6. Daleel Mersin	Service-Advertising	5	2
	7. Jannaty	Trade-Food	6	1
Total	**37 interviews**			

4. Research Findings

4.1. At a Glance: Syrian SMEs

Most of the companies in the survey started operating in the period between 2013 - 2015, the period that witnessed the massive migration from most of the countries of conflict near Turkey. As most of these companies were registered immediately or not exceeding one year, others took longer to license.

With regard to the size of the companies, the number of staff in small ones ranged from 4 to 18 employees, while mid-sized companies included an average of 20 employees; only in the manufacturing sector some companies had more than 50 employees due to the nature of the business. Of course, the nationalities of the staff working in these companies varied among Turks and refugees of various nationalities (often Syrians). The legal status of these refugee employees varies among these companies, some have a work permit, some do not, and more importantly, some have residency; but the ratios are fairly close.

As for the founders of these companies, the survey shows that vast majority of them were entrepreneurs in their countries of origin prior to displacement. They continued their entrepreneurship in Turkey to complement their previous entrepreneurial projects, which were affected by wars and conflicts in their countries. They were motivated by the desire to improve their living conditions and get out of the difficult refugee situation to become positive productive entities in the host community rather than being dependent on it.

Mr. Mahmoud Abdul Karim, the owner of Tiggernet in Hatay, said the following on his request from the Turkish business community: "*We hope that they will accept the Syrian companies and have faith in the Syrians who should also show goodwill.*" Yasser Aboud, the owner of Canlateks in Gaziantep believes that they can support the Turkish economy "*in production and export, as well as employment*" which was agreed on by most of the other entrepreneurs.

The entrepreneurs involved in the study are encouraging other to come to Turkey and take advantage of its booming economy. "*The most important thing is the sustainability of the Turkish economy and the new business opportunities*" said Mr. Ahmed Al Boushi, the owner of Dunia Al Khayal Nursery in Gaziantep, offering advice to future entrepreneurs. "*Investment in Turkey can be seen as a nice response to the Turkish government's great services that were provided to the Syrian people.*" Mr. Yasser Abboud said that the Turkish government should provide more incentives to investors to tempt them to come and invest in Turkey.

Findings from the survey, some reflected with their own words, outline the story of becoming an entrepreneur in Turkey by highlighting their views, struggles, suggestions, and visions for the near future.

4.2. Policy and Regulatory Environment

First three barriers in terms of the policy and regulatory environment were mentioned as;

- Lack of knowledge about Turkish legislation & law
- Turkish language
- Taxation system

Lack of knowledge about Turkish legislation and law was mentioned by most of the entrepreneurs as the most important barrier during the start-up and also for the following period. Even if they have known Turkish they said, it would have been very hard for them to read and understand legal language. Some also complain that new refugee laws are not well distributed to all public officials, creating problems between the refugees and the staff members hampering their work.

As a durable solution to overcome this barrier, most of the entrepreneurs agreed on refugee assistance officers in various official institutions such as Chamber of Commerce, who knows Turkish laws and legislations and can explain in Arabic, in cities with higher number of potential refugee entrepreneurs. *S*ome felt that it was necessary to separate the concept of "refugee" from the concept of "entrepreneur" and to find services that were appropriate to each category. In addition to refugee assistance in some public offices, some supported the publication of booklets in Arabic to explain Turkish laws. Only few supported the creation of online digital platforms to explain laws and to publish new or amended laws first and foremost.

The survey showed that most SME founders had problems with the Turkish language. "*We need courses in the Turkish language*" said Mr. Mohammed Hammami, owner and founder of Jannaty food trading company in Mersin; vast majority of the refugee pioneers agreed on this point; which has shown the language barrier as one of the most important difficulties faced by the refugee entrepreneurs to start-up a business and keep up with the Turkish society. This leads to many problems such as not being able to understand the official staff, inadequacy explaining their problems and needs, as well as their lack of understanding Turkish laws to protect them from any breaches. As a durable solution to the language barrier and the problem of understanding laws and the officials they face with, most of the entrepreneurs resorted to the use of translators or Turkish friends. Some suggested enrolling in Turkish language courses for entrepreneurs after official working hours.

Some of the owners of these companies also spoke about difficulties in competing with local Turkish companies, which often control the labor market and operate mainly in accordance with all legal conditions, compared to companies established by refugees such as in paying taxes and establishment fees.

Table 2. Top 3 important barriers and solutions when starting a company in Turkey

	Barriers	Solutions
1	**Lack of knowledge about Turkish legislation & law** *"I should understand the Turkish laws better, but just translating it to Arabic will not be enough. There are too many to read and understand".* *"We have to depend on an accountant; understanding the law would be good".*	*"If Chamber of Commerce can employ a person who knows Turkish laws and legislations and can explain in Arabic would be the best durable solution".* *"Of course publishing a booklet on Turkish legislation and law in Arabic would help".*
2	**Turkish language** *"As usual, Turkish language… but, it is not as important as knowing the Turkish laws, because we can hire a translator or have somebody speaking Turkish".* *"After establishing the company, Turkish becomes less important because we mostly do business with the Syrians in Turkey and with Arab countries outside. We hire somebody who can speak Turkish and Arabic, take care of purchasing etc. through him".*	*"Turkish language training courses especially for entrepreneurs would be good, but it is important to have them in suitable time, specifically after work hours".*
3	**Taxation System** "*We are refugees, we have to take care of our families in a foreign country. Tax rates for us should be lower".* *"The population of refugees in Turkey is 3.5 million; but Turkish population is 80 million. We should pay less taxes".*	*"In Syria, we were not paying [getting away without paying] taxes. In Turkey we will, we have to. At least, we wish it could have been lower".*

The positive aspects experienced by the founders of SMEs were identified as;

- Strategic positioning of Turkey in marketing and sales
- Domestic market opportunities
- Government Support

As for the import and export, which is a very important source of business for the companies established by refugees in Turkey, the open economy, geographical positioning of Turkey, as well as the strength of “made in Turkey” tag in terms of perceived high quality by Arab countries are the most positive aspects of business creation in Turkey. Availability of services, the quality of infrastructure, and the availability of raw materials and equipment were also mentioned among the positive aspects by the entrepreneurs. Specifically for the domestic market, high population of refugees in Turkey offers great advantage in sales. Most entrepreneurs also spoke about the great facilitations offered by the Turkish government to refugees to establish their own businesses and the encouraging economic incentives in this regard.

The owner and founder of the company Shahia in Mersin stated that "*There are significant economic incentives in Turkey,*" which was agreed by the vast majority of refugee entrepreneurs including Ahmad Bouchi in Gaziantep. "*The process of incorporation is easy in itself, and there is always more to be expanded,*" he said.

Table 3. Top 3 positive aspects when starting a company in Turkey

1	**Strategic positioning of Turkey in marketing and sales** “*The ecosystem climate is so encouraging in Turkey*”. “*It is easy to import and export geographically [except for transferring the money]”.* *““Made in Turkey” tag makes exporting especially easier for textile goods. Turkish brands are known with their quality in Arab countries, where most of the exporting activities of Syrians occur”.* *“Turkey is close to Europe geographically and also it has an agreement with European countries on exporting without any taxes”.* *“Most of the companies which are working in the area of import & export have branches in Arab countries like Qatar, Egypt etc. They want to import from Turkey”.*
2	**Domestic market opportunities** “*The market is big and variant*”. “ *Economy is stable in Turkey, market is growing”* *“Syrian companies in Turkey mostly sell to Syrians in Turkey and to Arab countries. Lots of Syrian people in Turkey”.*

3	**Government support** *"The government is facilitating establishment for the refugee entrepreneurs".* *"Economic incentives from the Turkish Government is big. In Hatay, for the entrepreneurs entering manufacturing sector 70 percent of the investment capital is paid by the government if 20 Turkish people are employed".*

Most of the owners of SMEs by refugees stated that offering high quality services or products and their experiences in the field which they have worked in previously as one of the most important reasons for their success. In addition to offering products or services that are demanded by a large number of refugees living in Turkey, Turkish population is also interested. On the other hand, they considered that the sharp competition by Turkish companies and their less focus on the requirements of the local Turkish market were the main reasons for their decline or failure in some cases.

Top 3 important areas that refugee entrepreneurs expect to receive support from the government are;

- Ease the regulations and costs related with company set-ups such as employment quota, reduction of taxes, establishment costs and insurance fees
- More Support in trade with the Arab markets, import and export
- Help to increase the integration between Turkish and Syrian businesses

Most mentioned supports under these three areas were decrease in taxes, establishment fees and insurance fees, as well as greater support for trade, import and export and facilitation of financial transactions and remittances. They also called for facilitating the issuance of work permits and travel between the Turkish states. Another important and urgent requirement mentioned was the translation of Turkish laws into Arabic and publishing brochures and leaflets in Arabic to be made available to the business community of refugees.

Table 4. Top 3 important areas to receive support from Public/Government

1	**Ease the regulations and costs related with company set-ups such as employment quota, reduction of taxes, establishment costs and insurance fees** *"Government can place an Arabic speaking person in Chamber of Commerce's of the cities where entrepreneurial activity is more common. Gaziantep is a good example of this. Number of registered Syrian businesses have increased by 22 percent as a result of having an Syrian desk there".* *"Translating Turkish laws into Arabic and issuing brochures and booklets in Arabic would also help".* *"Government to issue working permit without any employment quota like 5 or 10 Turkish employees for 1 Syrian employees"* *"We cannot find 5 or 10 Turkish people who can speak Arabic and also have the experience in our business".* *"In Syria, we were not paying taxes. In Turkey we will, we have to. It should be lower for refugees as we are trying to set-up a new life".*
2	**More Support in trade with the Arab markets, import and export** *"We need a free travelling inside Turkey and outside to Turkey. It got even worse since start of the Afrin War, we cannot get a permission to travel; they give permission only to students and refugees in emergency situation. Before the Afrin War it took sometimes even only 1 day to get the permit, usually one week or 2 weeks at the latest".* *"Money transfer is one of the most important issues in import and export. We cannot benefit from the banks services and have to use Turkish companies. They charge high rates".*
3	**Help to increase the integration between Turkish and Syrian businesses** *"Government to organize events between the Turkish and Syrian businesses".*

Requirements from the Turkish business community are focused on domestic and regional networking, as almost all refugee companies sell their products either to refugees in Turkey and / or people in the Arab countries. Trainings in internal and external trade, connections with local networks and business associations, facilitations to participate in economic exhibitions and events in Turkey, highlighting the companies of the refugees, their products and services and supporting their access to Turkish markets are all important points made by the refugee entrepreneurs.

Table 5. Most important areas to receive support from Business Community / Associations

1	**Domestic Networking** *"Connecting the refugee entrepreneurs with local networks and bodies of Turkish businessmen and industrialists (like business associations) would be good".* *"Invitations from associations like TÜSİAD, MÜSİAD to the Syrian businessman who are listed in Chamber of Commerce, TOBB would also fasten the integration of Syrian entrepreneurs to the Turkish business life. I am not talking about the unregistered companies, but the ones registered and listed".* *"Invitations to local exhibitions, fairs and organizations for refugee companies to present themselves, their businesses, products, services, experiences with local companies".*
2	**Regional Networking** *"Providing facilities and incentives to participate in exhibitions and economic events also out of Turkey, especially in Arab countries where most of the import and export activities of Syrian refugees happen".* *"Organization of trainings for the entrepreneurs on local and international trade for rules and regulations, financial aspects and incentives, to share experiences when dealing businesses from other countries".*

Entrepreneurs also suggested that institutions like EU, UN, World Bank and such to provide financial and moral support, marketing and networking support to announce the availability of refugee products and services by placing informative materials in their sources all around the world and especially in Arab countries.

Table 6. Most important areas to receive support from Institutions

1	**Financial and moral support for emerging companies** *"Paying for the work permit cost of the refugees hired by the Syrian companies can ease the financial burden on employment quota of 5 or 10 to 1".* *"Training and capacity building in Turkish legislation and laws, import & export, and incentives scheme for SMEs in Turkey".*
2	**Marketing and Networking support** *"Highlighting the availability of refugee companies, introduce their products and services by placing informative materials in their sources all around the world and especially in Arab countries".*

Support demanded from the Non-Governmental Organizations include similar with the ones from the institutions: providing managerial capacity building courses for the entrepreneurs and skill development courses for their employees, explain Turkish laws periodically through the media and social networking platforms, and help them network with Turkish companies.

Table 7. Top 3 important areas to receive support from Non-Governmental Organizations

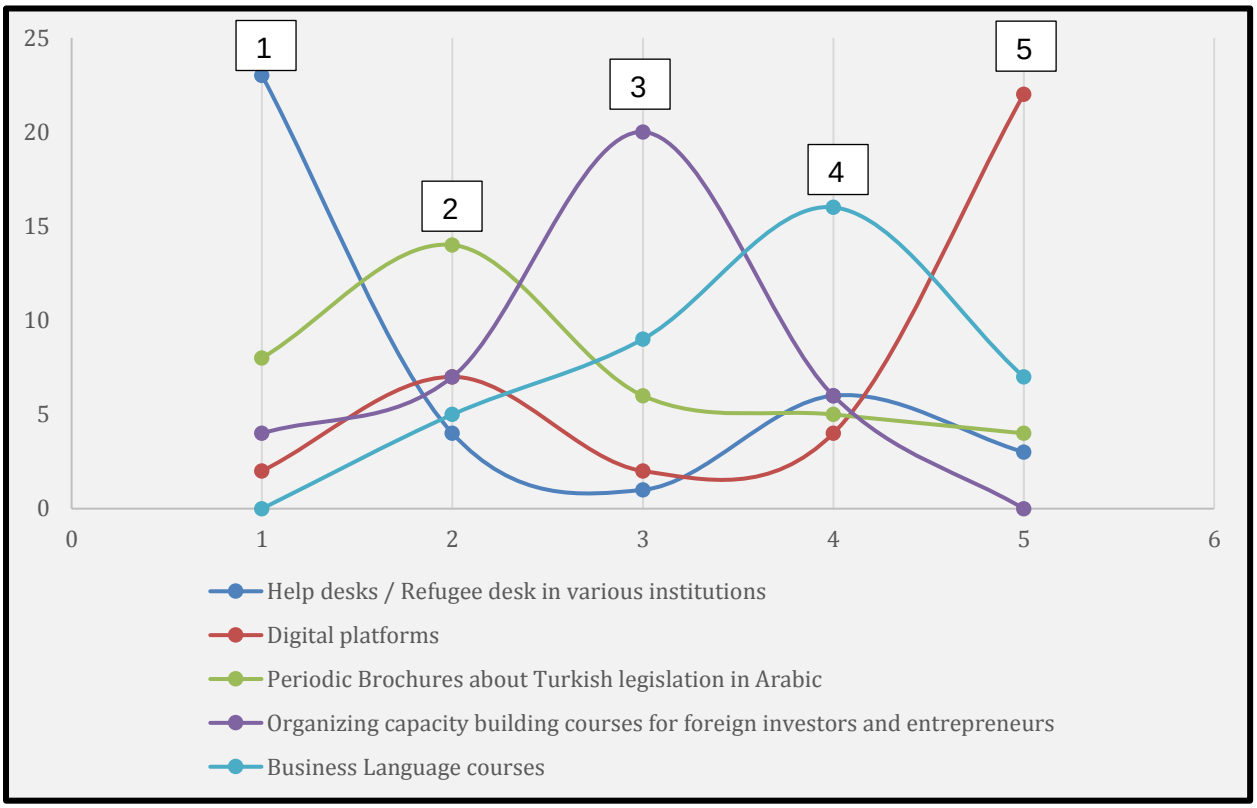
1	**Providing capacity building and development courses for employees and workers** *"Training courses for entrepreneurs on how to run their business in the areas of regulations, finance and human resources, and training courses for employees on skills development including Turkish and occupation related expertise".*
2	**Explain Turkish laws periodically through the media and social networking platforms** *"Hotline or a helpdesk for newly emerging Syrian company owners to ask questions on start-up needs, regulations, legal issues serviced by Arabic speaking consultants who can actually also know the business law and regulations, especially applying to refugees with different status".*

3	**Provide help in networking with Turkish companies and people** *"Mobilize Syrian SMEs in Turkey by increasing advocacy on entrepreneurship".* *"Help to organize a media campaign for refugee entrepreneurship in Turkish TV and radio channels to inform Turkish people".* *"Help and support to open a TV and radio channel in Arabic to market their products to access Arabic people in Turkey".* *"Develop projects to take care of female entrepreneurs and female employees".*

As for the most effective ways of disseminating information on Turkish legislation and laws, ranking was made by the entrepreneurs as;

1. Help desk / refugee desk in various institutions (stated the most - by 23 entrepreneurs - for the 1st rank)
2. Periodic brochures about Turkish legislation in Arabic (stated the most - by 14 entrepreneurs - for the 2nd rank)
3. Organizing capacity building courses for foreign investors and entrepreneurs (stated the most - by 20 entrepreneurs - for the 3rd rank)
4. Business language courses (stated the most - by 16 entrepreneurs - for the 4th rank)
5. Digital platforms (stated the most - by 22 entrepreneurs - for the 5th rank)

Graph 1. Priority ranking of most effective ways of information dissemination



As for the proposed and durable solutions to help refugee entrepreneurs understand the Turkish laws, Mr. Ahmad Najjari in Mersin thinks that the help desks within the institutions is a good idea and said, "*They are effective because they help companies and familiarize them with laws.*" He felt that digital platforms were not as effective, because society does not necessarily use these platforms.

Table 8. Most effective ways of disseminating information on Turkish legislation and laws

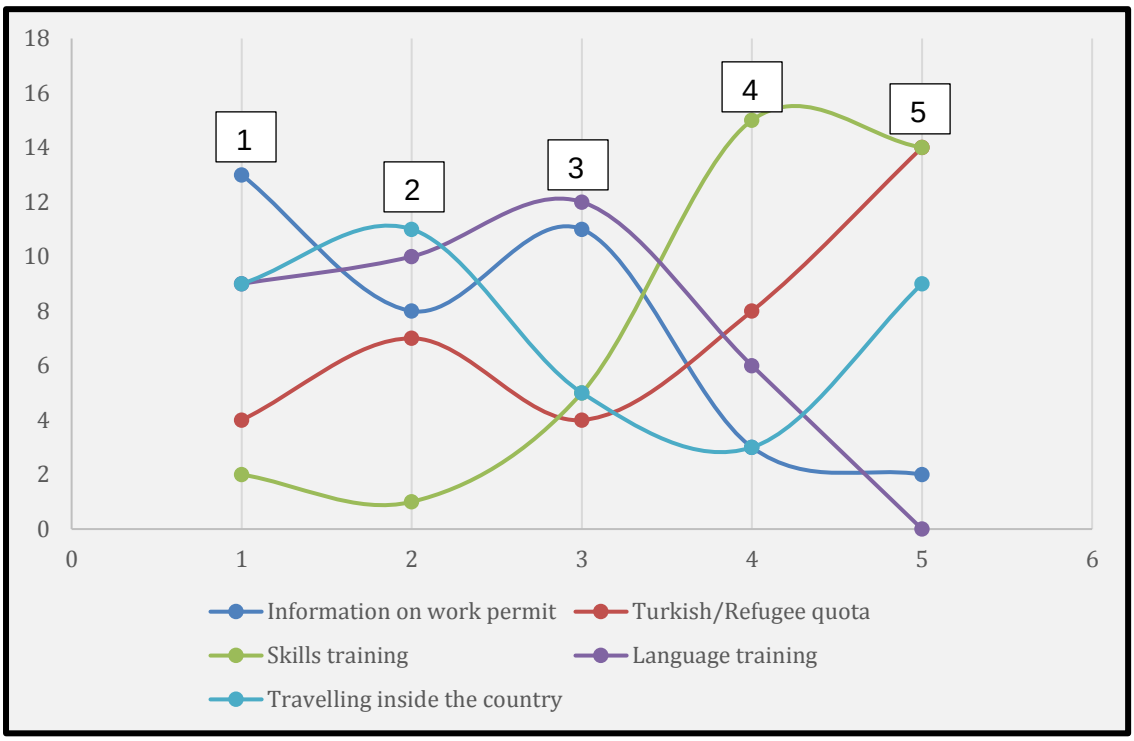
Help desks / Refugee desk in various institutions	*"Through this method, the services offered by the Turkish government and its institutions can be further defined. So Syrian entrepreneurs will know their rights and duties".* *"It will also increase the interaction among the refugee entrepreneurs, sector and the Turkish government. So, the government will be able to better understand and solve their problems, which will positively impact the performance of these businesses, which will play a more active role in increasing Turkey's economic growth".*
Digital platforms	*"Through this initiative, it is possible to move to more effective networking of Syrian companies".*
Periodic Brochures about Turkish legislation in Arabic	*"The lack of understanding of Turkish laws for refugee entrepreneurs is the biggest challenge for them to practice their business".* "*It is an effective way and you can add service phone numbers as references"*
Organizing capacity building courses for foreign investors and entrepreneurs	*"Many of the projects established by the refugee entrepreneurs are doomed to fail after a short period of time, as a result of not having adequate qualifications to help them manage their business more effectively and productively".* *"Through this method, we can ensure the sustainability of these companies for a longer period of time and their development, so enabling them to employ more workers and be more effective in local economic growth".*
Business Language courses	*"As refugee entrepreneurs are new to their host Turkish community, many of the problems they faced are due to managerial misunderstandings between their companies and other companies".* *"They have to be training to learn the language of business recognized in the local economy in which they work".*
Any other thoughts	*"Networking with the Turkish company and establish TV channel for the purposes of supporting and highlighting the refugees businesses would be good to make aware".*

4.3. Employment

As for the most important employment issues for start-ups, ranking was made by the refugee entrepreneurs as;

1. Information on work permit (stated the most - by 13 entrepreneurs - for the 1st rank)
2. Traveling inside country (stated the most - by 11 entrepreneurs - for the 2nd rank)
3. Language training (stated the most - by 12 entrepreneurs - for the 3rd rank)
4. Skills training (stated the most - by 15 entrepreneurs - for the 4th rank)
5. Turkish / refugee quota (stated the most - by 14 entrepreneurs - for the 5th rank)

Graph 2. Priority ranking of employment issues



Vast majority of the refugees who set up small or medium-sized companies suggested that the proportion of Turkish workers in their companies should be tolerated or reduced.

They stated as more facilities to be provided for Turkish language learning and free courses to be available at appropriate times after working hours. With regard to other problems, they called for further facilitation of work permits, support for capacity building, and training courses; they also requested for facilitating travel between different Turkish cities by simplifying travelling conditions and reducing official documentation.

Table 9. Potential solutions / ideas on solving lack of information on employment

Information on work permit	*"Increase the issuance of work permits for longer periods, as the duration is only one year now".* *"Work permit with longer time than one year is the most important, so the entrepreneur can be more courageous and enthusiastic about his project".*
Turkish/Refugee quota	*"It should be kept in mind that more than 3.5 million Syrian refugees in Turkey are a major burden on the state. They should be given more freedom in employment quotas to contribute to the business".* *"By giving them freedom of action, unemployment can be alleviated within society and their integration with the Turkish host community will be easier as well".* "*There has to be facilitations on this, and at a lower cost*," "*This percentage should be reduced because it is unfair to the Syrian companies, especially the emerging ones.*" "*We hope that the percentage of Turkish workers will be tolerated or decreased*,"
Skills training	*"There is a lot of skilled hands in the local Turkish market, but these hand needs to organize more and increase its administrative capabilities even more".* "*Former skills must be developed for refugees in line with the Turkish labor market needs.*"
Language training	*"Language is one of the most important obstacles facing the refugee entrepreneurs to integrate into the Turkish host community".*
Travelling inside the country	"*While all of the refugee entrepreneurs have a national number under the Temporary Protection System, they can be treated like Turks here. It is easy to track their movements and actions".* "*We want travel documents, because we cannot do business without travel documents that allow us the freedom to travel inside and outside Turkey,*"
Any other issues	"*Combating the exploitation of refugees labor is important".*

4.4. Financial Access

The survey showed a clear discomfort among the refugee entrepreneurs about the banking system in Turkey. With a total consensus, that stated that they did not need any loans from the Turkish banks; they only demand some flexibility in financial transactions and comprehensive financial services. They believe Turkish banks do not provide all of their services to refugees even if they have companies. They say that receiving and sending remittances is restricted by many difficult restrictions that need to be reconsidered for at least corporate owners. They believe, although there is no difference between the Turkish companies and the companies owned by refugees - at least legally - the banks still distinguish in their dealings between the two categories and do not give the refugee companies the same financial and legal consideration.

There is a distinction of banking practice between the companies established by Syrians and individuals. Companies are set up according to the regulation of foreign capital investment. Banks approach those companies similar to any other company while communication due to the language barriers and knowledge of banking services remain key issues. On the other hand, there are varying practices of banks for the individuals having Syrian passports and temporary protection identity. Private banks usually do not let opening of individual accounts for both status due to various reasons. Some may do it for passport owners. It is common by the private banks not to let individual accounts for those who only own temporary protection identification while only some public owned banks may. Overall exception is to have a salary account if the company employs and pays for those without allowing to other financial tools such as credit cards. In some cases company owners may not get benefit of company performance such as profit distribution due to the lack of individual accounts which may prevent them to invest other areas individually. In order to enhance business environment and financial inclusion, it is important to address financial system for the refugees in general.

Table 10. How can the banking system in Turkey provide more support for investors?

Overall financial services	*"We can open up a bank account, but cannot benefit from the other basic financial services like having a credit card or money transfer easily".* *"Money transfer is the most important issue for the financial services since import and export is one of the top sectors for Syrian companies. We go to Turkish companies to transfer money but they take high fees. If we have to do it ourselves, to transfer USD 5.000 we have to show all the invoices. Sometimes we do not have an invoice for the transaction".* *"We need more flexibility for refugee entrepreneurs".* *"Most of the Syrian Entrepreneurs work with İş Bank, because they have more services than the other banks. Other than İş Bank, we work with Ziraat Bank and Kuwait Turk. Kuwait Turk is preferred due to language and also making most of the business with Arab countries".* "*Restrictions on the financial transactions of refugee entrepreneurs should be lifted* "
Providing loans	*"Loan is not a big issue, because in our religious belief interest is "haram", as long as we cannot have a loan without banks getting an interest".* "*We hope to facilitate the provision of loans to refugee entrepreneurs as well as Islamic loans*".
Offering advisory services	*"Good but must be in Arabic language".*

4.5. Trade

Most of the surveyed companies sell their products and services to the host community in the same city they are registered or located in; others were able to enter the entire Turkish market in several cities as well as Arab markets. Rest of the companies showed their desire to expand in the future to Arab and even to the European countries and other international markets. In terms of purchases and sales, the survey showed that most companies buy their needs from the Turkish market, while selling their products to Turkey's large refugee community market. There were only few exceptions due to the nature of its business.

Top 3 barriers and solutions to ease foreign trade activities are listed as;

- Financial transfers
- Domestic and international travel
- Integration with the local and global market

Despite of all the barriers, entrepreneurs believe Turkish economy has a prominent and strong role among the global economies and the investment climate in Turkey is very positive. They think, by telling more about their success stories they can encourage and attract the investors outside of Turkey.

Table 11. Barriers and suggested solutions to ease foreign trade activities

	Barriers & Suggested Solutions
1	**Financial transfers** *"Overview and facilitation of financial transfer procedures"* *"Money transfer is the most important issue for the financial services since import and export is one of the top sectors for Syrian companies. We go to Turkish companies to transfer money but they take high fees".*
2	**Domestic and international travel** *"Facilitating travel permits and visa issue to support current refugee investors in Turkey and to attract more from the outside of Turkey with a good capital investment".* *"We need a free travelling inside Turkey and outside to Turkey. It got even worse since start of the Afrin War, we cannot get a permission to travel; they give permission only to students and refugees in emergency situation".*
3	**Integration with the Turkish and global market** *"Organizing internal exhibitions for refugee companies to introduce their products and services and encourage dealing with them".* *"Connecting the refugee entrepreneurs with local networks and business associations would be good".* *"Local and global institutions to highlight the availability of refugee companies, introduce their products and services by placing informative materials in their sources all around the world and especially in Arab countries"* *"Government to organize events between the Turkish and Syrian businesses".*

5. Conclusions and Recommendations

Entrepreneurs and owners of SMEs believe that they can provide substantial support to the Turkish economy by contributing significantly to production, export and fighting unemployment by creating new jobs through new markets and the introduction of new products to the Turkish market, both domestic and external.

Entrepreneurs and business owners would provide tips and advices to the investors outside of Turkey, particularly in the presence of Syrian investors residing in Jordan, Egypt, some Gulf countries, and Sudan to start their businesses in Turkey.

They believe that, among the global economies, Turkey has a very positive investment climate, domestic market is idle for opportunities and has a good positioning in terms of export activities. These are the reasons for success of the companies established by refugees and the support from the refugee entrepreneurs to set successful examples for those who are interested to come. On the other hand, the refugee entrepreneurs recommend creating economic units to protect their interests and communicate their voices.

Top 3 ideas on how to attract the refugees outside of Turkey to invest in Turkey are;

- Making it easier to get a visa
- Government to guarantee long term residency
- Increase the awareness on government incentives

They also called for fighting the exploitation of refugee labor and the law to be applied to everyone, since there are still many foreign companies operating without a license.

Table 12. Ideas / suggestions on how to attract refugees outside of Turkey to invest in Turkey

1	**Making it easier to get a visa** *"Countries like Egypt, Jordan… they do not ask for Visa. For example, if you invest USD 300.000 in Jordan you get it".* *"It is probably one of the most important reasons for refugee entrepreneurs not investing in Turkey. They do not have a flexibility to travel. But other countries like Egypt etc.gives them this opportunity".* *"Turkey is stronger economically and offers more potential for refugees in business sense, only if there were more flexibility in getting Visa".*
2	**Government to guarantee long term residency** *"Work permit can be given for one year only. So, if you have already invested in a business and your work permit is not renewed for some reason, what will you do with the company? How will you run it? "*
3	**Increase the awareness on Government Incentives** *"Sometimes inside Turkey, but most of the time outside of Turkey incentives provided for entrepreneurs are not known."* *"Especially for the outside investors, Embassies can organize events, workshops and other informative activities. Giving examples of successful investors, presenting success stories can attract more investors to Turkey".*

These companies not only ensured the self-reliance and empowered the livelihood of their refugee owners, but also added clear marks to the Turkey's economy that hosted and encouraged them. Entrepreneurship has been successful in transferring refugees from the category of dependent to productive, and even positively influencing the host environment.

Despite the facilitation and incentives provided by the Turkish government to the refugee entrepreneurs, there is still a need for more facilitations by different stakeholders, especially in the areas of increasing the knowledge on Turkish legislation, sufficiency in Turkish language, flexibility in travelling and visa, financial transfers, work permits, networking with local business associations, CSOs and global institutions.

Success Stories

Mr.Yasser Abboud – Canlateks Tekstil Mobilya

Mr. Yasser Abboud began his career as a clothing accessories dealer in the Syrian city of Aleppo, and the circumstances of the war - like many others - forced him to move to Turkey in 2013. An old dream began to play in Yasser's imagination again. The idea of presenting a unique product was an old dream he had always wanted to achieve.The idea of establishing a factory for pillows and bedding, a new or rare product in the Middle East. This material is (natural rubber). In order to overcome the financial and legal difficulties he encountered as an emerging Syrian entrepreneur in Turkey, he established a joint company with a Turkish friend. Then, he contacted some of the Malaysian companies that supplied him with raw materials and machines to manufacture his products. His business has grown exponentially in the Turkish market. Today, he plans to go into the world of foreign trade and set his first steps on the export path, which will benefit both his ambitious company and the host country's economy.

Mr. Ahmad Al Boushi – Dunia Al Khayal Nursery

After starting his career as a communications engineer, Mr.Ahmad Al Boushi found himself forced to move to Turkey to escape from the suffocating circumstances of Syria. He couldn't work in Turkey because of many legal and linguistic obstacles. He did not give up, so he helped his wife to establish Dunia Al Khayal kindergarten; insisted from the first moment to make it with the highest degree of excellence. He set up the right place, the means of education and the ideal care. He chose his staff carefully on difficult terms and tested to ensure they would give the best care to children. His good reputation soon spread among the Syrians in Gaziantep. Now the school has Syrian children and Turkish children together, thanks to the high standards he insisted on.

Mr. Yaman Can – Greenora Travel

Yaman is a Syrian young man who was studying Communications Engineering at the University of Aleppo. The war and the difficult security situation forced him to leave the university and his homeland and moved to Turkey in 2012, where he started to learn Turkish as a first step in his new life and career in Turkey. He worked as a volunteer in some Turkish companies in order to improve his Turkish language. He soon found a job in a tourism company in Istanbul where he worked in ticketing and booking during the day hours and in one of the hotels for the same company in the evening. The number of hotels he was responsible for has increased after he succeeded in proving himself to the management of the company. Also, by working with big tourism companies in Istanbul, his experience in this sector has been developed more and more. However, Yaman's ambition did not stop there. After acquiring Turkish citizenship, he established a personal company on his name to start his own business in tourism, and soon developed that company to become a limited one after a partner joined the company. Today, Yaman's company continues to grow. This shows a determination of a young man who overcame the hard circumstances and the difficulties of displacement.

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ingev/ İNSANİ GELİŞME VAKFI