

Women Entrepreneurs in Turkey: Obstacles, Potentials and Future Prospects

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Table of Contents

- I. Introduction**
 - II. Research objectives and methodology**
 - III. Literature review**
 - IV. Employment status of women in Turkey**
 - V. Profile of women entrepreneurs**
 - VI. Work Environment**
 - VII. Profile of the Enterprise**
 - VIII. Policy recommendations**
- References**

I. Introduction

Gender inequality that exists in almost all areas of work and business life in Turkey is even more pronounced in the area of entrepreneurship. Turkey is the country with the lowest rate of women entrepreneurs within the OECD and European countries. This situation clearly indicates that women in Turkey face significant gender based barriers on their way to entrepreneurship.

In recent years, the issue of women's entrepreneurship has increasingly dominated the agenda of international as well as national public/non-governmental organizations. Programs and policies proposed by these organizations to promote women's entrepreneurship attributed various roles to women's participation in business life such as securing gender equity, increasing women's contribution to market production, alleviating poverty and contributing to national economic growth. The compatibility of the objectives and the programs proposed to achieve these objectives, however, is an issue that remains to be investigated.

The recent widespread rhetoric of promoting women's entrepreneurship, on the other hand, still remains on paper. It has not yet found its way into the daily practices, plans and strategies of male-dominated public agencies and semi-public professional and vocational organizations responsible for advancing entrepreneurship in Turkey. The entrepreneurial support provided by these agencies and organizations mostly lacks a gender dimension.

The outcomes of recent studies on MSEs (micro and small enterprises) in Turkey revealed several important results regarding the gender of the entrepreneurs, the most important of which are:

1. There are very few women entrepreneurs in Turkey.
2. Men's MSEs enterprises are relatively more evenly distributed over a wider range of activities whereas women's MSEs are usually confined to a narrow range of activities such as knitting, sewing, catering and retail trading.

3. Women prefer businesses that are extensions of their domestic work because they offer easy entry and does not require extensive capital or business background, neither of which they possess.
4. Most of the time women enter into the business world due to economic necessities or mainly because they cannot find a paid job.
5. Women's access to formal credit organizations as well as to informal financial services has always been limited.
6. The male dominated social structure of the society is a serious barrier to women's entrepreneurship.
7. Male oriented structure of professional and vocational associations leaves women out of formal and informal networks of such associations, which tends to pose an important problem for women in developing their businesses.

The recent economic crises of 1994 and 2001 and the consequent rise in unemployment might, to some extent, explain the growing interest in the MSEs in general and women entrepreneurship in particular, as an alternative to rising unemployment and poverty. Following the crisis of 2001, unemployment has grown rapidly reaching to 9.9% in total and 12.2% in the urban areas in 2006. Furthermore, the total labor force participation rate has fallen to 47.7%, indicating a high share of discouraged workers. The unemployment numbers for women have been even more discouraging. The female unemployment figures in 2006 in the urban areas reached to 16.4%.

With this study, we aim to analyze the data collected in the ERF (Economic Research Forum for the Arab countries, Iran and Turkey) Research Program for Promoting Competitiveness in the Micro and Small Enterprise Sector in MENA (from now on ERF-MSE)¹ and establish a knowledge base regarding the status of women entrepreneurs in comparison to their male counterparts. Additionally, the objective of

¹ ERF Research Program for Promoting Competitiveness in the Micro and Small Enterprise Sector in MENA has been conducted in Egypt, Lebanon, Morocco and Turkey between 2001-2005. The author of this report was the principal investigator for the case of Turkey (Ozar, 2006).

the study is to investigate the nature and scope of constraints and barriers women entrepreneurs face while starting and/or expanding their business as well as the determinants of their success and failure. Furthermore, this study also aims to propose policies for encouraging women's entrepreneurship and for supporting women establishing new businesses or developing their existing businesses and thus, increasing the number of successful women entrepreneurs in Turkey. Our policy suggestions will not only target "poor" women entrepreneurs, but also those with higher opportunities but with some "missing" factors that impede the success of their endeavor. This study will also seek to identify not only the inhibiting but also facilitating factors faced by woman entrepreneurs.

Section II is divided into two parts: first, it presents the overall objective of the research project, and secondly it introduces the data and methodology used in the study. Section III presents a literature review on women entrepreneurship in Turkey. Section IV summarizes the current status of female employment in Turkey so as to examine the current status of women's entrepreneurship in Turkey within a larger framework. Section V presents a detailed analysis of the main problem areas faced in promoting women's entrepreneurship in Turkey. In the last section, under the light of the whole study, the need for a holistic approach to the encouragement and support activities for women's entrepreneurship is highlighted and proposals on the contribution of different actors related to the subject are made.

II. Research objectives and methodology

A. Objectives:

The study intends to analyze:

- (a) the socio-demographic profile of women entrepreneurs in comparison to their men counterparts,
- (b) social circumstances faced by women entrepreneurs while starting and running their business,
- (c) business circumstances in which women entrepreneurs perform their business in comparison to men entrepreneurs,
- (d) the extent of business support services women entrepreneurs (financial and non-financial) receive relative to men entrepreneurs,
- (e) the types of barriers faced by female entrepreneurs in running their business and their suggestions in order to improve their business circumstances,
- (e) policy suggestions to improve the conditions of female entrepreneurs.

B. Research Hypotheses:

Women entrepreneurs are few in number and they are concentrated in micro size enterprises and in limited number of economic activities. They face additional and specific difficulties while starting up new business and/or performing their business relative to their male counterparts. Our aim here is to investigate the difficulties women face. Are these difficulties related to the social background, the level of education and experience of women and/or are they related to the discriminatory financial and institutional circumstances and practices against women?

Social circumstances matter

New Household Economics assumes labor supply decision as an individual decision of economic agents, that is the outcome of free choices of men and women living in a household. This study, however, assumes that women's lives are constrained by social and cultural relations. In general, traditional gender division of roles within the household still prevails. Housework and child-rearing almost completely falls on the

shoulders of women. Furthermore, in most of the cases, fathers or husbands are in a position of granting permission to women who wish to start a business.

Educational attainment and experience matter:

The higher educational attainment and experience of the entrepreneur is expected to affect the performance of the enterprise positively. However, we also know that in all the four countries in this study women in general have less education compared to men. Thus, women are in disadvantageous position in terms of education.

Do educational attainment and accumulation of experience and knowledge really affect the performance of MSEs?

Business circumstances matter

The disadvantageous position of women in all spheres of the society can also be traced in the business sector. The external constraints women face do not only stem from the existing social relations practiced in their community and family but also exist in the practices of business and financial institutions. Women face specific problems in pursuing their business interests resulting from the male-dominated structure of public and private agencies and organizations.

C. Methodology

This study draws upon data compiled by the ERF-MSE research project. Additionally, two base studies have been prepared in order to accumulate knowledge about the financial and institutional framework in which female-owned MSEs operate.²

The fieldwork of the ERF-MSE study consisted of successive stages of main survey in the year 2001 and the follow-up survey in the year 2002. The main survey which this study will draw upon is national in scope and is based on a complete enumeration of all enterprises including those performing in the households located in the sampling areas chosen by stratified random sampling technique. The universe of enterprises covered in the survey includes all enterprises engaging up to 50 people. A number of

² See Appendix 2.

activities are excluded from the investigation because they are of lower priority in relation to the focus of the research project. The rules of exclusion cover the following activities: agricultural and non-market activities, illegal activities, production for own-use, mobile vendors, domestic services, professional services (except ICT) and enterprises with 50 and more persons engaged. This means that the definition of the MSEs encompassed enterprises consisting of a person producing accessories for sale in an open market as well as of factories with 30 or 40 workers. Both formal and informal enterprises falling within the MSE universe were the subject of investigation.

The interviews were made by the entrepreneurs of the MSEs. For the purpose of this study, the entrepreneur is the principal owner or the manager of the MSE, that is, the person who makes the main decisions regarding the affairs of the enterprise.

The sample consisted of 4776 MSEs operating in the urban areas.³ Thus the weighted results of the survey is able to capture the actual distribution of MSEs across sectors of activity, size, location and gender representative of Turkey during 2001.

In addition to this, interviews with the local officials of relevant professional organizations, public and NGO representatives were carried out during the main survey and the follow-up in order to achieve a better understanding of the extent of supportive services provided to the MSEs as well as the institutional, legal and financial environment in which they operate.

3 The sample is chosen by stratified, multi-stage systematic sampling method by the State Institute of Statistics. However, while the selection of sampling units in the rural areas was carried out without a reliable stratification process due to lack of a nation-wide survey of establishments as a basis for rural areas, rural enterprises were excluded from the sample prior to the weighting and extrapolating process. Thus, from here on, the findings of the research will cover only the weighted and extrapolated results of 4,776 urban MSEs which constitute a representative sample of MSEs only for the urban areas (settlements with a population over 20 001).

III. Literature Review

First studies on women entrepreneurs in Turkey have been published in the beginning of 1990s. While studies on MSEs and SMEs (small and medium enterprises) without a gender perspective⁴ concentrated on the issues related to the performance of the business, the early studies on women entrepreneurs focused primarily on the descriptive characteristics of the entrepreneur, particularly on their role attitudes in the enterprise and in the family, that is, their relations with their employees, business colleagues and with their family members (Çelebi, 1997; Çelebi et al, 1993; KOSGEB, 2000). An important deficiency of these studies is that they draw on field studies based on small samples (Çelebi et al, 1993; DGSPW, 1996; Hisrich and Öztürk, 1999; DGSPW, 2000; Ufuk and Özgen, 2001). Very few studies published in the 1990s intended to identify the problems faced by women entrepreneurs and to provide proposals and programs to facilitate and promote entrepreneurship among women (Çelebi et al, 1993). The recent studies, on the other hand, seem to lay more emphasis on the barriers women face while starting or running their enterprise (Ozar, 2002 and 2005; Ecevit, 2007).

The professional organizations active in the field of entrepreneurship do not publish data on gender basis which makes it impossible to make any kind of analysis with a gender perspective and regarding women's enterprises representative of the country or a specific region. The only study and data base available on women and men entrepreneurs of MSEs in Turkey representative of all MSEs in the urban areas of the country is carried out by the author of this report (Ozar, 2006).⁵

In the following sections we attempt to review the literature on women entrepreneurs and their enterprises.

Access to credit

⁴ Most of the studies on MSEs and SMEs in Turkey have concentrated specifically on the manufacturing sector and on the role of enterprises in the industrialization process and economic growth. As a result, the focus has been on technologies, productivity, research and development, marketing and competitiveness (Çınar et al, 1987; Kaytaç, 1995; Taymaz, 1997 and 2005; Erzan and Filiztekin, 1997 and 2005; Aktan 1998; Kuruüzüm 1998).

⁵ See footnote 1.

Throughout the world access to credit is identified as a major barrier to entry into business both for women and men. In Turkey women's access to formal credit organizations as well as to informal financial services has always been limited (Çelebi et al, 1993; DGSPW, 1993 and 1996; Ozar, 2002 and 2005).

Broadly speaking, the formal credit organizations serve only a small fraction of the population. Banks primarily favor lending to larger and more successful enterprises or to large family holding companies to which they are affiliated. Non-bank financial credit institutions are still immature and those such as brokerages, leasing and factoring firms are mainly bank subsidiaries. The share of small and medium sized enterprises, estimated as being only 3-5% of the total volume of bank credits in Turkey, is an extremely small amount (Cindoglu 2003). There is no information provided on the gender of the debtor within these estimates. Consequently, majority of the Turkish MSEs are usually self-financed, with family, social network, religious and ethnic solidarity being the only other appreciable source of funds. In Turkey as in other countries, men have more choices in terms of accessing formal or informal financial resources than women, regardless of their social class background. Theoretically, banks do not discriminate between women and men regarding the delivery of credit. Anecdotal evidence, however, suggests that it is not uncommon for women who apply for credit to be asked by the bankers to provide proof of their husbands' approval before their applications are considered by the bank.

Most of the studies on women entrepreneurs indicate that women use significantly less amount of external financing both at start-up and in the later phases compared to their male counterparts (KSSGM, 2000). This situation could be attributed to ownership of fewer assets by women that can be used as collateral compared to men, and the problems faced by women with low level of education to overcome the complex procedures required by the banking system (OECD, 1998). That is why women often choose to establish businesses in the service and commerce sectors that require less capital.

Banks advance credit only to businesses which could fulfill the established legal requirements, especially those regarding the collateral. They require either property

collateral, usually about twice the value of the loan, or letter of guarantee by a civil servant. Moreover, they analyze the balance sheet of the enterprise and thus are usually reluctant to extend credit to start-ups. Since it is estimated that only 9% of the assets in Turkey are owned by women, they are less likely to fulfill the collateral requirements of the banks. In addition to this, women's ability to use household savings and property is very limited. Household assets are mainly put into the use of male members of the household. Consequently, women usually tend to businesses for which a low level of start-up capital is sufficient.

Two state-owned banks, *Halk Bankası* and *Ziraat Bankası* have been providing subsidized credit to artisans and tradesmen and small farmers for decades. Special credit facilities have been offered by *Halk Bankası* to women entrepreneurs and housewives who have wanted to start a new business in order to promote women entrepreneurship. The outreach of those credits had been rather limited. Moreover, as a result of the structural adjustment programs in 2001 both banks have undergone a process of restructuring and consequently their activities have been seriously limited (UNDP, 2003). This new shift of policy towards commercialization of lending to the poor implies a new perception of the poor as the sole bearers of their own survival (Ozer, 2004).

Ozar's (2002b) findings show that very few entrepreneurs relied on bank loans at the start-up. Both women and men seem to depend heavily on personal savings. The same study demonstrates the fact that most of the women entrepreneurs were either unwilling (usually because of high risks) or were not allowed to use family assets as collateral. They have also reported that lack of adequate financing is a problem for their business, however applying for loans has never been their number one priority. High interest rates, need for little funding, lack of knowledge about application procedures were cited as the most important reasons for not applying for a loan. Another research shows that most of the women entrepreneurs received help to attain the necessary financial resources and that majority of those that received credit were high school and university graduates, and were married (Ozen and Hancı, 2004).

The last three decades witnessed a radical change in economic policies for promoting entrepreneurship among the poor, in line with the strategy to alleviate poverty and

generate employment in developing countries. As a result of this new strategy, micro finance institutions mainly targeting women proliferated in almost all major parts of the developing world. There is an extensive debate on the success of these programs and their role in increasing women's income levels and control over income (Mayoux, 1995; UNIFEM, 2000).

For some programs the major goal has been the financial sustainability and as such, the assessment of the programs has been centered on "repayment rate". Others have focused more on social impacts and empowerment of women rather than economic outcomes. That is why Kabeer (2001:83) warns about "...the danger of overloading microfinance organization with empowerment-related goals to the extent that their ability to deliver effective and sustainable financial services is likely to be seriously undermined. This point is made more generally by Rutherford (2000) who suggests that many NGOs promoting micro credit in the South Asian context have failed to develop effective financial services for the poor "because they are not primarily interested in financial services but in much wider social issues" (p.9)".

In Turkey micro finance sector was absent before the late 1990s (Ozer, 2004; Ecevit 2007). The devastating impact of the earthquake in 1999 and the economic crisis of February 2001 have most severely felt by the poor. These two disasters seem to have determined the context that has given rise to NGO activities in the field of microfinance services.

In June 2002, Foundation for the Support of Women's Work (*Kadın Emeğini Değerlendirme Vakfı, KEDV*) launched the Maya Enterprise for Microfinance in the earthquake region as well as Istanbul.⁶ The initiative was followed by the Turkish Grameen Microcredit Project introduced in Southeastern provinces of Diyarbakır and Bismil in partnership with the Grameen Bank and the Turkish Foundation for Waste Reduction in June 2003. The microfinance initiatives still lack an appropriate legal

⁶ See the website of KEDV for further information on the microcredit activities of the organization, www.kedv.org

framework. The Banking Regulation and Supervision Agency (*Bankacılık Düzenleme ve Denetleme Kurulu, BDDK*) has recently prepared a draft act concerning microfinance institutions in Turkey. But, the draft act has not been ratified yet and remains subject to deliberation.

Following the statement of the draft act, an international conference on microfinance entitled “Microfinance: Global Experience and Prospects for Turkey,” was held in Istanbul on 2-3 October 2003 by the IFC and KfW with the support of the BDDK. It was an important attempt to attract market actors to operate in the microfinance sector; however, private commercial banks have not shown any interest in microcredit or any other form of microfinance until now.

The draft act provides microfinance banks with exemptions from stamp duties, taxes on banking transactions and banking insurance and sets lower limits for capital requirements in comparison to those required for commercial banks. It also allows microfinance banks to receive funds from local and global donors.

On the other hand, the draft act limits the range of activities associations and foundations could perform and prohibits them from receiving deposits. In addition, the draft act renders it impossible for a NGO to be transformed into a licensed microfinance bank. These restrictions have received criticism both from Maya and the Turkish Grameen Microcredit Project, that have demanded a more flexible regulatory and legal framework with reference to their current and future needs. The UNDP report on microfinance in Turkey claims that prohibiting NGOs from acting as licensed microfinance institutions would inevitably lead to the impediment of the growth of the microcredit sector (UNDP, 2003).

Thus far, little information is available on the outcome of the existing micro credit programs in Turkey. The only information provided by the micro credit programs concerns their high repayment rates. Although high repayment rates are essential for the sustainability of the micro credit from a financial point of view, they do not reveal the effects of the micro credit on women’s lives, that is, whether participation in micro credit programs is sufficient to provide an escape from poverty or could they improve the position of women in the family and the society at large. Current investigations

point to the fact that in Turkey, particularly in the southeastern region where poverty is prevalent and the male and female unemployment rates are above the national average, male members of the family frequently make use of loans given to women, and as a result micro credit programs do not seem to be able to fulfill their stated objective of empowering women.

On the other hand, shortage of cash seems to have revived the tradition of *bohçacı kadınlar* (women vendors), who in the past used to provide particular goods for *çeyiz (trousseau)* for unmarried daughters of the household. A similar practice is also in evidence at present. In this case usually mobile male vendors, small neighborhood retail shopkeepers and open market stall-keepers try to sell their products to women by weekly or monthly installments without asking for any legal contract. The relative immobility and reliability of women to repay their debts play an important role in the perpetuation of these transactions.

Regulatory framework and institutional support

Many MSE entrepreneurs, men and women, would like to expand their business but were reluctant to do so because of the restrictive legal and regulatory frameworks operated by the governments.

The existing structure of bureaucracy negatively affects the MSEs operations since their entrance into the market. Even to by-pass legal and regulatory procedures requires relations with informal networks. However, while women are more likely to have primary responsibility for domestic responsibilities, women's social networks are frequently a function of their children and they are often excluded from informal business networks. On the other hand, social networks among women often provide opportunities to set up a business, particularly in areas where women dominate. For example, in relatively conservative neighborhoods and cities hair dressers for women are exclusively owned by women (Ozar, 2006).

Public and professional organizations that are engaged in the promotion of MSEs explicitly target male entrepreneurs, better-off firms and certain sectors like manufacturing where men predominate. Most of these organizations recognize the

importance of increasing women's share in entrepreneurship, however there is a huge gap between rhetoric and action. They have a limited understanding of women's position in the labor market in general and in business in particular. Women entrepreneurs report that they receive no support from the business association they belong and their relationship with these organizations is generally limited to the payment of regular membership fees (Ozar, 2002b).

Male oriented structure of professional trade associations leaves women out of formal and informal networks of such associations, which tends to pose another problem for women in developing their businesses. The number of public and non-governmental organizations working on women's entrepreneurship is very limited. The existing projects of the public organizations related to entrepreneurship development are not specifically designed for the development of women entrepreneurship. Furthermore, it has been observed that the few public and non-governmental organizations working on promoting women's entrepreneurship are not acting with the necessary level of coordination and cooperation (Ozar, 2005; Ecevit, 2007).

Çelebi (1997) also found that women entrepreneurs of small enterprises in the tourism sector in Turkey have not received any support from governmental or non-governmental institutions of any kind. She argues that the governmental institutions give support, if any, to those women that are in production like weaving rugs or making embroidery, and ignore the problems of women working in the trade and the service sector.

The role of women's organizations

Many studies on women's employment in general and women's entrepreneurship in particular emphasize the fact that the inclusion of women's organizations in the design and implementation of employment generation and promotion of women entrepreneurship programs is vital for the success of the programs since women's organizations accumulated significant experience in reaching and organizing local women (DGSPW, 1996; Ozar, 2002 and 2005; Ecevit, 2007).

Cultural and social environment

Evidence suggests that family environment plays an important role in women's decision to become an entrepreneur. Jones (1993:33) finds that "[d]aughters' perception of what they can do or achieve relates to what they see parents doing and to what they themselves have been allowed or encouraged to do in their family of origin". Women entrepreneurs in Turkey also often reported that role models in the family and/or encouragement by the family members have played a significant role in their decision to enter the business life (Ozar, 2002b).

The male dominated social structure of the society is a serious barrier to women's entrepreneurship. Gender discrimination experienced by women in the private as well as the public sphere significantly limits their visible participation in the economic life outside their houses. Majority of women can participate in the working life out of their homes only in their older ages and intermittently due to their family responsibilities (Ozar, 2005).

Social discrimination against women has its roots not only in the patriarchal relations within the family or in the social environment, but also in the functioning of the labor market (Özar, 2000). Refusal of permission to work outside the home should not be seen merely as the result of a cultural conservatism independent of the structure of the labor market, since in such decisions the discriminatory nature of the labor market (such as employer's discrimination, organization of working hours and places without taking into consideration the specific needs of women and their social role in the society) itself plays an important part (Eyuboglu, Ozar and Tufan-Tanriover, 2000; Ozar, 2002b).

Research shows that while some aspects of local culture are constraining for women's activities others can be enabling. Some women entrepreneurs report that familial support has been very important for their success in business. Mothers usually care for children whereas fathers and husbands provide help in the business activities. Small shop owners and home-based workers often receive help from their children (Ozar, 2002b).

Another research exploring the interaction between business and family lives of women entrepreneurs based on a survey of 220 married women entrepreneurs in

Ankara shows that women entrepreneurs suffer from role conflict stemming from being both an entrepreneur and a female family member with responsibilities (Ufuk and Ozen, 2001).

On the other hand, the findings of a research that explore the role codes of women entrepreneurs active in diverse range of entrepreneurial activities including family pension management, petty souvenir production, laundry management, vegetable shops, and small contract production reveal that women have an egalitarian attitude towards men more strongly than expected (Celebi, 1997).

Regional and sector specific differences

Some studies point to the fact that regional differences and sector specific needs need to be taken into consideration in policy formulations for promoting women entrepreneurs (Doganay, 1993; Ozar, 2005).

It is well-documented, both as employees and employers, women and men tend to concentrate in different sectors. Mead and Liedholm (1998: 64) points out that in the developing countries while men's enterprises are more evenly distributed and over a wider range of activities, women's MSEs are usually confined to a narrow range of activities such as knitting, sewing, catering and retail trading.

Women's NGOs often complain about women tending to choose professions that are usually extensions of their domestic work. This tendency helps to reproduce the existing occupational segregation in the labor market. There appears to be few women who prefer non-traditional businesses.

Ozar (2002b) shows that women prefer businesses that are extensions of their domestic work because they offer easy entry and do not require extensive capital or business background, neither of which they possess. Even with higher education and additional marketable skills women are more likely than men to engage in activities that are extension of their domestic roles. Particularly in small city environments where it is further difficult to find other income earning opportunities, handicrafts, such as sewing, embroidery which are normally considered as being female activities and usually performed in the home are a way of earning incomes.

Other studies also demonstrate the fact that women prefer service and retail trade sectors more often than the manufacturing sector. One of the most important reasons for this choice is the significantly less amount of experience, knowledge and capital required for the establishment of businesses in those two sectors. (Celebi et al, 1993; KSSGM, 1996; Ufuk and Özgen, 2001).

Motivations for starting a business

ERF-MSE findings point out to a significant difference between female and male entrepreneurs regarding their employment status prior to the establishment of their businesses. While 80% of the male entrepreneurs are observed to be working in a job before establishing their businesses, this rate falls down to only 53% for women (Özar, 2006). For some, the loss or absence of male members of the family to presume the breadwinner role is also an important factor that triggers entrance to business. For others making a living after a divorce appears to be an essential reason to enter business. These results seem to validate the proposition claiming that most of the time women enter into the business world due to economic necessities, and that they have to establish their own businesses mainly because they cannot find a paid job (DGSPW, 2000; Ozar 2006).

Some women switch to self-employment to avoid strict and long-working hours in waged work. Their intention is usually to create businesses that allow flexibility to balance work and family (Ozar, 2002b).

Some other women resort to self-employment as a reaction to continuing discrimination in the labor market. For others, limited employment opportunities in wage employment provide additional incentives for starting their own business. Some women cited that lack of necessary education and skills for formal sector jobs forced them into business (Ozar, 2002b).

Some women intend to choose self-employment although their earnings are higher in wage employment. Educated women were most likely to cite desire for personal autonomy, a greater degree of independence or self-fulfillment as non-pecuniary benefits of self-employment (Ozar, 2002b).

IV. Employment status of women in Turkey

There are several reasons for providing statistical information on employment by gender in a report on promoting women's entrepreneurship. Participation of women in the labor force as paid employees strengthens their position within their families and in the society at large. As the number of women in employment increases, people increasingly get accustomed to the image of working women outside their houses. Consequently, the higher the female labor force participation in a country, the easier it would be to overcome social constraints women face entering business. Additionally, while working as employees women accumulate experience and capital (particularly important in an environment where the opportunities for MSE entrepreneurs receiving financing from the banking sector are very small) during their employment time. This process of accumulation of capital and experience play an important role in making the decision for starting a business. We think that at this point it would be helpful to look at the status of women in employment compared to men in order to better understand the barriers faced by women in starting a business.

Table 1. Labor force participation by gender, 2006

	Rural	Urban
Total labor force	9,894	14,882
Female labor force	3,237	3,243
Male labor force	6,657	11,640
Labor force participation rate (%)	52.2	45.5
Female labor force participation rate (%)	33.0	19.9
Male labor force participation rate (%)	72.2	70.8

Source: TUIK, HLFS 2006, www.tuik.gov.tr

According to the 2006 Household Labor Force Survey published by the Turkish Statistical Institute, female labor force participation is 33% in rural areas and 19.9% in urban areas whereas the same figures exceed 70% for men (Table 1). This information alone indicates to the fact that there are significant social and economic impediments

for women participating in the labor force in general.⁷

Table 2. Distribution of female employment by status at work 2006 (thousands)

	Total	Employee	Casual	Employer	Own-account	Unpaid family labor
Non-agricultural employment	2,994	2,378	153	58	234	172
%	100	79.4	5.1	1.9	7.8	5.7

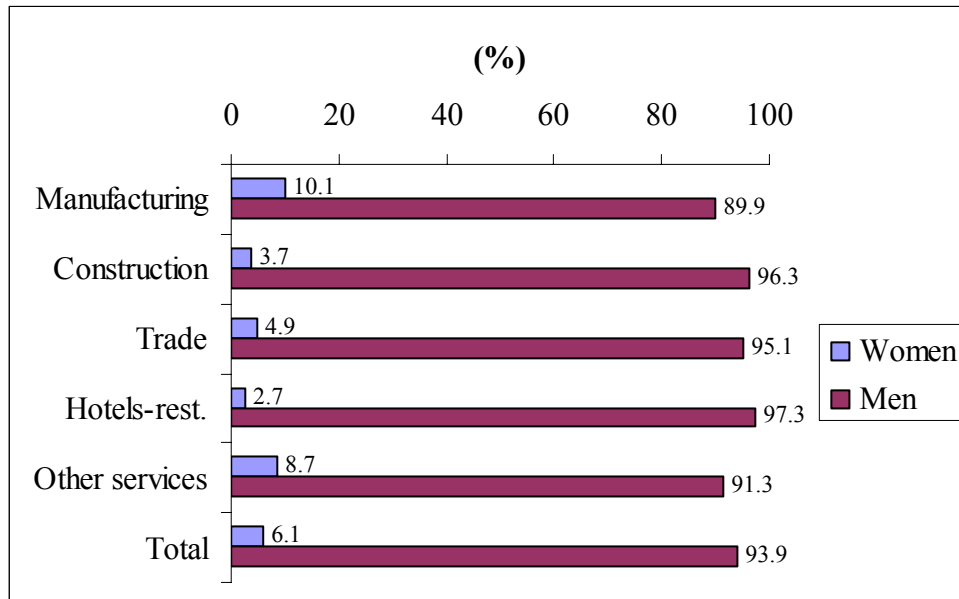
Source: TUIK, HLFS 2006, www.tuik.gov.tr

Table 2 shows the distribution of total female employment by status. Only 1.9% and 7.8% of employed women are employers and own account workers respectively.

The findings of the ERF-MSE research project also show that there is a huge gender difference among the entrepreneurs of the MSEs in favor of men. Contrary to the situation in other developing countries of Africa and Latin America where large numbers of MSEs are owned and operated by women, our results show that, in urban Turkey, only 6.1% of the MSE entrepreneurs are women (Graph 1). The share of women entrepreneurs is proportionately higher in manufacturing (10.1%) and service sector (8.7%) than in other sectors.

⁷ See Eyuboglu et al (2000) for a detailed analysis of women's participation in the labor force in Turkey.

Distribution of enterprises by gender of the entrepreneur and economic activity



V. Profile of women entrepreneurs

Age structure

Women are in average younger than men entrepreneurs. The average age of women entrepreneurs is 32.9 years, whereas among the men entrepreneurs, average age is 37.1 years. The reason underlying the difference in age between men and women entrepreneurs is likely to be an outcome of higher share of managers rather than owners among the women entrepreneurs compared to men entrepreneurs.⁸ The findings indicate that 34.6% of women entrepreneurs are not owners but professional managers of the enterprises they operate. This outcome shows that although women are capable of managing enterprises it is less likely that they own them. It seems that the comparatively low number of women entrepreneurs could not be attributed to their ability to manage the enterprise.

Table 3. Distribution of age categories by gender (%)

		GENDER	
		MALE	FEMALE
AGE	<18 YEARS	0.4	0.3
	18 TO < 21 YEARS	3.0	4.4
	21 TO <25 YEARS	6.4	16.3
	25 TO < 30 YEARS	16.1	14.5
	30 TO < 40 YEARS	32.9	22.6
	40 YEARS OR MORE	41.2	41.9
Total		100.0	100.0

Marital status

Survey results reflect the fact that there are substantial gender differences in marital status of the entrepreneurs. Only 53.6% of women were married whereas this figure reaches to 79.4% for men (Table 4). 14.6% per cent of women were divorced or widowed compared to only 2.1% of men. It is likely that divorced and widowed women are forced into business in order to earn a living for their family. The high percentage of never married women may be interpreted in two ways: One interpretation would be that it is likely that when these single women get married they

⁸ See Appendix 1.

would leave their business and acquire the role of housewife. Another interpretation would be that more and more younger and unmarried women are becoming managers or/and owners of their business compared to older generations that in the future we would see more married women among women entrepreneurs.

Table 4. Marital status bu gender

		GENDER	
		MALE	FEMALE
MARITAL STATUS	NEVER MARRIED	18.5	31.8
	MARRIED	79.4	53.6
	WIDOWED	1.1	6.1
	DIVORCED	1.0	8.5
Total		100.0	100.0

Level of education

Women entrepreneurs are in average more educated than men entrepreneurs (Table 5). This finding together with the results of the survey that indicate that women entrepreneurs are in average younger than men entrepreneurs and is likely to be the manager of an MSE rather than the owner, shows that women could become entrepreneurs at a younger age than men but with higher formal education than men. Only in the manufacturing sector women entrepreneurs fall behind men entrepreneurs in terms of educational attainment. Home-based women entrepreneurs who perform their business usually in the manufacturing sector are significantly less educated than men in the same sector.

Table 5. Average number of years of education of the entrepreneurs by economic activity and gender

ECONOMIC ACTIVITY	YEARS OF EDUCATION		
	FEMALE	MALE	Total
MANUFACTURING	7.8	8.8	8.7
CONSTRUCTION	12.6	8.8	9.0
TRADE	10.1	8.8	8.9
HOTELS-RESTAURANTS	12.5	7.9	8.0
OTHER SERVICES	11.8	8.7	8.9
Total	9.8	8.7	8.8

On the basis of results derived from studies conducted in various countries, Liedholm (2002) argues that formal education does not have a strong positive effect on the growth of the enterprise. The studies on the subject demonstrate that secondary school or higher level of education has a weak but positive effect on the performance. On the other hand, it is considered that there is no significant difference with regard to performance between the entrepreneurs with a primary school education and those with no formal education at all. In these studies, professional training rather than the duration of formal education explains the influence of the “human capital” on the performance of the enterprises more effectively. Liedholm (2002) referring to McPherson’s survey (1992) argues that the enterprises run by entrepreneurs with professional training have shown a 9% higher rate of growth compared to the ones run by entrepreneurs with no education at all.

Learning models of Jovanovic (1982), Pakes and Ericson (1998), and McPherson (1996) conclude that experience, education, and training are determining factors of employment growth. It is noteworthy that the estimations of the econometric study, carried out by using ERF-MSE database, indicates that human capital does not have a positive impact on the growth performance of the enterprise. The human capital is represented by the following three variables: first, education defined as grades completed in all types of formal education, second, formal technical or vocational education related to the current activity of the entrepreneur and third, training and apprenticeship experience related to the current activity of the entrepreneur. The first two variables proved to be insignificant for the performance of the MSE and contrary to expectations, the third variable was found to affect the growth of the MSE in terms of persons engaged negatively (Ozar, 2006).

Table 6 shows that very few women and men entrepreneurs have received formal technical and vocational educational. As mentioned before, very few public and professional organizations in Turkey provide training programs for entrepreneurs. Moreover, those programs are, in general, not only inadequate in quantity but also not fully compatible with the needs of the enterprises (Ozar, 2006). Entrepreneurs improve their skills mainly through on-the-job training (Kaytaz, 1995). Thus, most entrepreneurs lack innovative and managerial skills and do not have the necessary

knowledge and experience to develop their enterprises. Mostly, entrepreneurs are not aware of the significance of management skills, and their understanding of growth is limited to quantitative growth rather than qualitative changes that could be made in the enterprise to promote growth. Furthermore, MSE entrepreneurs do not even have any information on the available supportive programs for MSEs or on the existence of centers for training and guidance.

Table 6. Received formal technical or vocational education (%)

		GENDER		Total
		MALE	FEMALE	
FORMAL TECHNICAL OR VOCATIONAL EDUC.	NO	92.5	88.9	92.3
	YES	7.5	11.1	7.7
Total		100.0	100.0	100.0

The previous work status and the reasons behind the decision to become an entrepreneur

The following tables show the employment characteristics of women and men entrepreneurs prior to their position as an entrepreneur. While 80.2% of the male entrepreneurs are observed to be working in a job before establishing their businesses, this rate falls down to only 53% for women (Table 7 and 8).

Table 7. Previous status in labor force participation (%)

		GENDER		TOTAL
		MALE	FEMALE	
Labor force participation	Employed	80.2	53.0	78.6
	Unemployed	5.8	8.7	6.0
	Student (out of labor force)	11.7	13.7	11.8
	Housewife (out of labor force)	0.0	23.8	1.4
	Did not desire to work (out of labor force)	0.5	0.8	0.5
	Disabled (out of labor force)	0.0	0.0	0.0

	Military service (out of labor force)	1.8	0.0	1.7
TOTAL		100.0	100.0	100.0

23.8% of women entrepreneurs stated that they were housewives before they became entrepreneurs (Table 7). These findings indicate that men usually enter entrepreneurship after accumulating skills and capital whereas women have less market connections from previous status. This situation obviously affects the choices of women entrepreneurs. They usually tend to draw on existing knowledge and skills such as food processing, weaving, making embroidery, knitting and sewing. Trading is also an important activity preferred by women particularly if it is performed usually at a place close to home. Furthermore, this outcome also points to the fact that women often enter business because of economic necessity to escape from poverty. For some, the loss or absence of male members of the family to presume the breadwinner role is also an important factor that triggers entrance to business. For others making a living after a divorce appears to be an essential reason to enter business. Some resort to self-employment as a reaction to continuing discrimination in the labor market. For others, limited employment opportunities in wage employment provide additional incentives for starting their own business. Some women cited that lack of necessary education and skills for formal sector jobs forced them into business.

Table 8 shows the employment status of those entrepreneurs that were employed before setting/managing their enterprise during the survey time. Most of the entrepreneurs had previous job experience as an employee (74%) and only 10.7% were employers and 11.3% worked on their own account. Family workers are less likely to become entrepreneurs, both women and men. It seems that experience required to become an entrepreneur was acquired by working as an employee in somebody else's enterprise. Relatively the same percentage of women and men entrepreneurs (10.7%) was running a business before starting their new business.

Table 8. Previous status in employment (%)

		GENDER		Total
		MALE	FEMALE	
Previous status in employment	EMPLOYEE	73.6	82.5	74.0
	EMPLOYER	10.7	10.7	10.7

	OWN-ACCOUNT	11.6	4.7	11.3
	MEMBER OF CO-OPERATIVE	0.0	0.0	0.0
	FAMILY WORKER	3.5	2.0	3.5
	OTHER	0.6	0.1	0.5
	Total	100.0	100.0	100.0

Table 9 shows the reasons that entrepreneurs cited for choosing their present job. It seems that, both for women and men entrepreneurs, overtaking the family business and the qualifications and experience they possess played an important role in choosing their present job. Compared to men entrepreneurs, relatively more women have cited that they have overtaken family business and the job suited their qualifications. Additionally, relatively more women than men chose their present jobs to improve their living condition. Although there are slight differences behind the motivation of choosing their jobs, both men and women entrepreneurs seems to be risk averse in establishing a new business. They seem to be hesitant in entering business in which they are not qualified or do not have any experience.

Table 9. Reasons for choosing present job (%)

		GENDER		Total
		MALE	FEMALE	
Reasons for choosing present job	Suits qualifications	23.9	27.5	24.1
	Has experience in business	22.6	14.9	22.2
	Capital requirements reasonable	5.1	5.1	5.1
	Family business	16.6	19.5	16.8
	Desire to set up a new enterprise	8.8	4.6	8.6
	To improve living conditions	9.6	12.1	9.7
	Only option available	7.5	9.3	7.6
	Other	5.9	7.0	6.0
Total		100.0	100.0	100.0

The influence of society on the decision to become an entrepreneur

Women entrepreneurs face diverse responses from their families while attempting to start a business. While some families strongly oppose the idea of women setting up an enterprise, others lent significant support.

Some aspects of culture may be constraining while others can be enabling. Many women reported that familial support has been very important for their success in business. Mothers usually care for children whereas fathers and husbands provide help in the business activities. Small shop owners and home-based workers often receive help from their children.

Our findings indicate that majority of the women entrepreneurs (73.1%) did not need to take any permission from their families to start up an enterprise (Table 10). However, this outcome should be interpreted with caution since we do not know the number of women that were not able to start a business only because they were not given permission, particularly by the male members of their families.

Table 10. Needs permission from household to work? (%)

NEEDS PERMISSION FROM HOUSEHOLD TO WORK?	Women
NO	73.1
YES	26.9
Total	100.0

Table 11 shows that 94.1% of those that need to take permission before they started a business took it from the male members of their families, namely from their husbands or fathers, indicating the male dominated structure of the society.

Table 11. Needs permission from whom? (%)

NEEDS PERMISSION FROM WHOM?	Women
HUSBAND	64.1
FATHER	30.0
BROTHER	0.2
FATHER IN LAW	0.0

MOTHER	4.9
MOTHER IN LAW	0.0
OTHER	0.8
Total	100.0

Very few women need approval from the community they live in (Table 12). It seems that the role of the male members of the family as grantees of permission is more pronounced in the social structure of the society than the role of the community at large.

Table 12. Needs permission from community to work? (%)

NEEDS PERMISSION FROM COMMUNITY TO WORK?	Women
NO	95.5
YES	4.5
Total	100.0

On the other hand, although women entrepreneurs cited that they did not need to take the approval of their community, 15.4% of them feel that their community poses a constraint on their business (Table 13). Additionally, 22.7% of the women entrepreneurs feel that their family is the worst constraint on their business.

Table 13. The worst constraints on business come from whom? (%)

THE WORST CONSTRAINTS ON BUSINESS COME FROM	Women
FAMILY	22.7
COMMUNITY	15.4
NOBODY	61.9
Total	100.0

More than half of the women entrepreneurs cited that they suffer from role conflicts stemming from being both an entrepreneur and a female family member with responsibilities (Table 14).

Table 14. Suffer from conflicts between home and work duties? (%)

SUFFER FROM CONFLICTS BETWEEN HOME AND WORK DUTIES?	Women
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NO	48.6
YES	51.4
Total	100.0

A recent study drawing on focus group discussions with women entrepreneurs discusses extensively the conflicts they face between home and work duties (Ozar, 2002b). It seems that, although in varying degrees, all women entrepreneurs fulfill their traditional roles at home. Some of the married women with children stated that conflicts between home and work were partially resolved by the support they received from their mothers especially in child caring. Some women switched to self-employment to avoid strict and long-working hours in waged work. Their intention was to create businesses that allow flexibility to balance work and family. On the other hand, our findings show that while almost half of the women entrepreneurs experience no conflict between home and work duties the other half suffers from conflicts (Table 14).

Empowerment

Majority of women entrepreneurs (76.7%) consider that they are empowered by managing their own business (Table 15). As expected, the percentage of women that experiences empowerment increase with the size of the enterprise they own/manage. 98.1% of the women entrepreneurs managing/owning enterprises with 20-49 persons engaged believe that their work has an empowering effect on their status. This ratio falls to 67.1% among the sole proprietors.

Table 15. Feels empowered by earnings? (%)

SIZE	EMPOWERMENT		
	NO	YES	Total
1	32.9	67.1	100.0
2	21.3	78.7	100.0
3-5	20.9	79.1	100.0
6-9	13.7	86.3	100.0
10-19	3.2	96.8	100.0
20-49	1.9	98.1	100.0
Total	23.3	76.7	100.0

Child care

Family household is the dominant social unit in the Turkish society and there is widespread acknowledgment that housework and caring for children is the responsibility of women. Even in cases where women decide or are obliged to participate in the labor market, the overall responsibility for children still rests largely with them. A time-use survey (Zehra Kasnaoğlu et al, 1997) conducted in Ankara shows that women did far more housework than their husbands. Women spent in average 2 hours 46 minutes per day on household tasks whereas the corresponding figure for men is only 48 minutes. Another study on female labor force participation shows that for child care, employed women usually rely on other family members' help, particularly that of grandmothers, due to lack of affordable alternative child care facilities. The findings of the same study shows that only 8% of the mothers have sent their children, between the ages 4-6, to a kindergarten or a pre-school (Eyuboglu et al, 2000). Although there is no reliable statistics on public and private child care centers, it is common knowledge that provision of child care in Turkey, particularly those that can be afforded by low income households, are extremely inadequate. Our study, however, shows that relatively higher percentage of women (%46.9) had access to day care centers while raising their children (Table 16).

Table 16. Access to day care center (%)

ACCESS TO DAY CARE CENTER	FEMALE
NO	53.1
YES	46.9
Total	100.0

VI. Profile of the Enterprise

Size of the enterprise

Women entrepreneurs are proportionately more concentrated in sole proprietorship compared to men entrepreneurs (Table 17). Majority of these women sole proprietors perform subsistence activities in the manufacturing sector.

Table 17. Distribution of enterprises by size and gender (%)

Number of persons engaged	GENDER		Total
	MALE	FEMALE	
1	23.7	34.7	24.3
2	26.2	20.5	25.8
3-5	32.8	28.0	32.5
6-9	8.8	10.5	8.9
10-19	5.9	3.1	5.7
20-49	2.7	3.2	2.7
Total	100.0	100.0	100.0

Type of economic activity

The distribution of economic activity by gender does not reflect a significant difference between women and men entrepreneurs. However, this finding should be interpreted with caution since sub sectors of broad categories such as industry, trade and services may demonstrate an entirely different picture in terms of gender.

Table 18. Economic activity by gender (%)

ECONOMIC ACTIVITY		GENDER		Total
		MALE	FEMALE	
ECONOMIC ACTIVITY	INDUSTRY	21.0	33.7	21.8
	TRADE	57.1	45.6	56.4
	SERVICES	21.9	20.7	21.8
Total		100.0	100.0	100.0

Permanency of work

Majority of the MSEs in Turkey, independent of the gender of their entrepreneurs, perform their activities on a permanent basis (98.4%) (Table 19).

Table 19. Permanency of Enterprise (%)

		Q16: GENDER		Total
		MALE	FEMALE	
PERMANENCY OF ENTERPRISE	PERMANENT	98.6	94.3	98.4
	SEASONAL	1.2	0.0	1.1
	TEMPORARY	0.2	5.7	0.5
	DO NOT KNOW	0.0	0.0	0.0
Total		100.0	100.0	100.0

Ownership of the workplace

The findings relating to the ownership of the workplace does not reflect a significant difference in terms of the gender of the entrepreneur.

Table 20. Ownership of workplace (%)

		GENDER		Total
		MALE	FEMALE	
OWNERSHIP OF WORK PLACE	OWNED	21.5	26.0	21.7
	SHARED OWNERSHIP	1.6	0.8	1.5
	RENTED	76.1	72.2	75.8
	SHARED RENT	0.3	0.8	0.3
	SQUATTER	0.0	0.0	0.0
	FREE	0.5	0.2	0.5
	OTHER	0.1	0.0	0.1
Total		100.0	100.0	100.0

Legal Status

Table 21 shows that men entrepreneurs are more inclined to establish simple partnerships relative to women entrepreneurs. 12% of the enterprises run by women entrepreneurs have no legal status, whereas this figure is only 0.1% among the men

entrepreneurs. Women entrepreneurs are more likely to perform activities, particularly those from home, without any legal status.

Table 21. Legal form (%)

		GENDER		Total
		MALE	FEMALE	
LEGAL FORM	SOLE PROPRIETORSHIP	67.3	62.8	67.1
	SIMPLE PARTNERSHIP	11.8	7.5	11.5
	LIMITED LIABILITY	18.7	17.1	18.6
	LIMITED LIABILITY BY SHARES	0.0	0.0	0.0
	JOINT STOCK	2.0	0.6	1.9
	OTHER	0.1	0.0	0.1
	NO LEGAL STATUS	0.1	12.0	0.8
Total		100.0	100.0	100.0

Relatively more women than men entrepreneurs found it useless to acquire a license. Also relatively more women entrepreneurs cited that they were not aware that a license is required when they first started their business (Table 22). Relatively more men entrepreneurs have more difficulties in dealing with the procedures and they also find it too expensive compared to women entrepreneurs.

Table 22. Reasons for not acquiring a license

		GENDER		Total
		MALE	FEMALE	
REASONS FOR NOT ACQUIRING A LICENSE	TOO EXPENSIVE	11.8	5.2	11.2
	TEDIOUS (TIME CENSORING/ COMPLICATED)	10.9	4.0	10.3
	USELESS	64.1	72.2	64.9
	NEWLY ESTABLISHED	8.4	0.9	7.7
	NOT AWARE OF	0.3	15.4	1.7
	OTHER	4.4	2.3	4.2
Total		100.0	100.0	100.0

Location of the enterprise

None of the men entrepreneurs work at home or in anybody else's home whereas 15.1% of women entrepreneurs perform their business in their own homes.

Table 23. Work at home? (%)

		GENDER		Total
		MALE	FEMALE	
WORK AT HOME?	NO	100.0	84.9	99.1
	OWN HOME	0.0	15.1	0.9
	ANOTHER HOME	0.0	0.0	0.0
Total		100.0	100.0	100.0

As was expected, due to the high share of trade sector in the total number of MSEs in Turkey, the majority of the enterprises perform their activities in shops (68.6%), whereas 19.5% of the enterprises operate in workshops or factories (Table 24). Relatively a higher percentage of women entrepreneurs perform their business in a room or apartment compared to their male counterparts.

Table 24. Description of workplace (%)

		GENDER		Total
		MALE	FEMALE	
DESCRIPTION OF WORK PLACE	WORKSHOP / FACTORY	20.1	10.0	19.5
	SHOP	69.1	60.0	68.6
	OFFICE	5.8	12.3	6.2
	ROOM	1.1	2.7	1.2
	APARTMENT	0.2	9.9	0.8
	SEPARATE BUILDING	0.9	2.5	1.0
	VEHICLE	0.0	0.0	0.0
	OPEN SPACE	0.7	0.0	0.7
	KIOSK	1.9	2.6	1.9
	OTHER	0.1	0.0	0.1
Total		100.0	100.0	100.0

68.4% women entrepreneurs have enterprises in places where neighboring enterprises are engaged in related activities whereas the same figure is 80.4% for men (Table 25). The findings of the study also show that very few enterprises perform their activities in industrial estates (9.3%) and clusters (4.0%) (Table 26). Almost the same percentage of enterprises run by women and men entrepreneurs is located in clusters. On the other hand, 9.8% of men entrepreneurs perform their activities in industrial estates while only 0.7% of the enterprises owned/managed by women entrepreneurs are located in industrial estates. Industrial estates⁹ are formal agglomeration of enterprises with rules and regulations whereas clusters are rather informal gatherings of enterprises. It seems that women face serious obstacles in entering industrial estates.

Table 25. Neighboring enterprises engaged in activities related (%)

		GENDER		Total
		MALE	FEMALE	
NEIGHBOURING ENTERPRISES ENGAGED IN ACTIVITIES RELATED	NO	19.6	31.6	20.3
	YES	80.4	68.4	79.7
Total		100.0	100.0	100.0

Table 26. Type (%)

	GENDER		Total
	MALE	FEMALE	
CLUSTER	4.0	4.2	4.0
INDUSTRIAL ESTATE	9.8	0.7	9.3
NONE	86.2	95.1	86.6
Total	100.0	100.0	100.0

⁹ In Turkey, various concessions and incentives are available at the industrial estates provided by governmental authorities. Industrial estates are established according to legislation and the incentives and other provisions for the enterprises in the industrial estates are determined by laws. For this reason, relations among the enterprises and with the administration of the industrial estate are established on a more formal basis in the industrial estates compared to the clusters.

More women entrepreneurs (91.5%) relative to men entrepreneurs (69.5%) find clusters and industrial estates useful for their business. This finding should be interpreted cautiously since very few MSEs perform their activities in clusters and industrial estates.

Table 28. Is the cluster or industrial estate useful to your business? (%)

		GENDER		Total
		MALE	FEMALE	
IS THE CLUSTER OR ESTATE USEFUL TO YOUR BUSINESS?	NO	30.5	8.5	30.1
	YES	69.5	91.5	69.9
Total		100.0	100.0	100.0

VII. Work Environment

Access to credit

Our findings show that very few MSEs relied on bank loans at the start-up stage. Only 0.6% of women and 1.6% of men entrepreneurs reported that they had obtained credit from formal sources while establishing their enterprises (Table 29). Majority of the entrepreneurs used their own savings. Others relied on informal loans or inheritance. Women entrepreneurs were less likely to use formal loans, inheritance money and liquidation of assets as a source of initial capital and more likely to use their own savings and informal loan as start-up capital compared to men entrepreneurs. Many women reported that either they were unwilling (usually because of high risks) or were not allowed to use family assets as collateral. Many women during the interviews mentioned that lack of adequate financing is a problem for their business, however applying for loans has never been their number one priority. High interest rates, need for little funding, lack of knowledge about application procedures were cited as the most important reasons for not applying for a loan.

Table 29. Distribution of enterprises by main source of initial capital and by gender (%)

GENDER	INHERITANCE	OWN SAVINGS	LIQUIDATION OF ASSETS	FORMAL LOAN	INFORMAL LOAN	OTHER	Total
FEMALE	5.3	78.9	1.9	0.6	8.8	4.6	100.0
MALE	8.1	74.5	5.4	1.6	8.5	1.9	100.0

Availability of infrastructure

The findings of the study show that most of the MSEs, be they are run by women or men entrepreneurs, have access to basic infrastructure needed for performing their business. It seems that both for women and men entrepreneurs, access to sewage and water is relatively lower quality than access to electricity and phone.

Table 30. Access to infrastructure (%)

Access of	Water				Electricity			
	Access	Adequacy			Access	Adequacy		
	Yes	Bad	Accepted	Good	Yes	Bad	Accepted	Good
MALE	94.2	9.1	7.1	83.8	99.7	3.0	6.3	90.7
FEMALE	99.4	8.9	4.2	86.9	100.0	0.2	3.8	96.1
Access of	Telephone				Sewage			
	Access	Adequacy			Access	Adequacy		
	Yes	Bad	Accepted	Good	Yes	Bad	Accepted	Good
MALE	98.1	1.9	3.0	95.1	94.2	9.8	8.0	82.2
FEMALE	99.7	1.6	1.2	97.2	98.7	8.2	4.8	87.0

Availability of support services

Although the MSEs occupy a great share in terms of number of enterprises, employment and value added in the economy, there is a striking dearth of institutionalized support for the MSEs in Turkey. The situation is worse for the group of micro enterprises which make up 96% of the total number of enterprises in the non-agricultural sector. In general, the programs targeting the micro enterprises are designed on the basis of fighting against poverty and as such, the notion of development of the enterprises is underemphasized.

There are very few consulting agencies in Turkey that offer administrative, financial, marketing and industrial information that is required to start and run a business. There is a regional organization (GAP-GIDEM, Entrepreneur Support and Guidance Center) established in 1997 as a joint project of GAP Administration (Southeastern Anatolia Project) with the UNDP to provide business development services in the southeastern region of Turkey. Consulting and training services are provided at a very limited scale by TESK (Turkish Confederation of Tradesmen and Craftsmen). KOSGEB (Small and Medium Industry Development Organization) has a wider spectrum of services and support programs for the SMEs operating in the manufacturing sector. However, all organizations that target the promotion of MSEs in Turkey as an appropriate strategy for national development almost invariably target larger SMEs, better-off firms and certain sectors like manufacturing.

Several women's organizations aiming at defending and enhancing the rights of women have recently entered the field of entrepreneurship as a result of pressing

demands from women without any profession and with insufficient levels of education required for paid jobs. Most of these organizations are located either in the earthquake region or in the Southeastern Turkey. The initiation of women's entrepreneurship support activities in Southeastern Turkey and Izmit-Kocaeli earthquake zone is no coincidence. The disasters leading to high rate of casualties and loss of property in both of the regions experienced in the recent past, in addition to the poverty and unemployment augmented by the economic crisis of 2001 are among the most important factors in the formation of this pressure. These organizations have faced many problems when they first started promoting women's entrepreneurship, as they lacked the experience needed for establishing businesses and the preparation of training and support programs for women entrepreneurs. The representative of KADAV, which has established a candle workshop, explains the situation in the "Women's Entrepreneurship" meeting held with the collaboration of KAMER and GAP-GİDEM, in November 2001, in Diyarbakır as follows: "I can tell you that we had a hard time formulating the business ideas, establishing the workshop order and the organization. If we had some experience, or if someone had revealed their experiences to us, we would not be facing such hardships" (KG, 2001). These complaints also show that, women's entrepreneurship support centers and organizations active in this field have started to share information and experience only in the 2000's. Although a lot of steps have been taken in this direction, it is still too early to say that sufficient inter-organizational relations have been established to share knowledge and experience.

Tables 31, 33, 35, 39, 40 and 42 show that business support services provided by public agencies or private associations reach only a very small fraction of the MSEs. For example, only 2.1% of the MSEs received management services and 0.5% exporting services. Differences in terms of gender are minimal.¹⁰

Table 31. Did you get information – knowhow, technology – services? (%)

¹⁰ Tables 32, 34, 36, 37, 38 and 41 show the distribution of source of support services and whether the entrepreneurs were satisfied from the services received. Since the total number of MSEs that received support services are very few, the interpretation of their distribution in terms of source and gender is not carried out here with the consideration not to make firm interpretations from statistically insignificant numbers of MSEs.

		GENDER		Total
		MALE	FEMALE	
DID YOU GET INFORMATION -KNOWHOW, TECHNOLOGY-SERVICES	NO	93.8	94.9	93.9
	YES	6.2	5.1	6.1
Total		100.0	100.0	100.0

Table 32. Source of information services (%)

		GENDER		Total
		MALE	FEMALE	
SOURCE OF INFORMATION SERVICES	DOMESTIC FIRM	63.0	21.4	60.9
	FOREIGN FIRM	7.2	5.7	7.1
	GOVERNMENT AGENCY	2.3	18.8	3.1
	BUSINESS ASSOCIATES	12.0	4.0	11.6
	OTHER	10.0	48.1	11.9
Total		100.0	5.5	2.0

Table 33. Did you get management services during the last 12 months (%)

		GENDER		Total
		MALE	FEMALE	
DID YOU GET MANAGEMENT SERVICES DURING THE LAST 12 MONTHS?	NO	98.0	95.4	97.9
	YES	2.0	4.6	2.1
Total		100.0	100.0	100.0

Table 34. Source of management services (%)

		GENDER		Total
		MALE	FEMALE	
SOURCE OF MANAGEMENT SERVICES	DOMESTIC FIRM	53.3	46.2	52.4
	FOREIGN FIRM	7.8	7.7	7.8
	DOMESTIC NGO	14.4	0.0	12.6
	GOVERNMENT AGENCY	4.4	7.7	4.9
	BUSINESS ASSOCIATES	12.2	38.5	15.5
	OTHER	7.8	0.0	6.8
Total		100.0	100.0	100.0

Table 35. Got training of workers services in the last 12 months (%)

		GENDER		Total
		MALE	FEMALE	
GOT TRAINING OF WORKERS SERVICES IN THE LAST 12 MONTHS	NO	95.3	97.0	95.4
	YES	4.7	3.0	4.6

Total	100.0	100.0	100.0
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Table 36. Source of training services (%)

SOURCE OF TRAINING SERVICES	GENDER		Total
	MALE	FEMALE	
DOMESTIC FIRM	26.3	53.4	27.4
FOREIGN FIRM	5.6	0.0	5.4
DOMESTIC NGO	12.1	0.0	11.6
GOVERNMENT AGENCY	25.8	22.7	25.7
BUSINESS ASSOCIATES	18.9	23.8	19.1
APPRENTICE SCHOOL	7.0	0.0	6.7
OTHERS	4.3	0.0	4.1
Total	100.0	100.0	100.0

Table 37. Satisfied with training services? (%)

SATISFIED WITH TRAINING SERVICES	GENDER		Total
	MALE	FEMALE	
NO	10.5	16.6	10.7
YES	89.5	83.4	89.3
Total	100.0	100.0	100.0

Table 38. Source of production services (%)

		GENDER		Total
		MALE	FEMALE	
SOURCE OF PRODUCTION SERVICES	DOMESTIC FIRM	65.3	12.7	56.2
	FOREIGN FIRM	2.0	41.3	8.7
	DOMESTIC NGO	3.7	0.0	3.1
	GOVERNMENT AGENCY	0.3	0.0	0.2
	BUSINESS ASSOCIATES	19.6	3.9	16.9
	OTHERS	9.1	42.2	14.8
Total		100.0	100.0	100.0

Table 39. Did you get promoting inter-firm linkages services (%)

	GENDER		Total
	MALE	FEMALE	

DID YOU GET PROMOTING INTER-FIRM LINKAGES SERVICES DUR	NO	97.5	98.2	97.6
	YES	2.5	1.8	2.4
Total		100.0	100.0	100.0

Table 40. Did you get domestic marketing services during the last 12 months? (%)

		Q16: GENDER		Total
		MALE	FEMALE	
DID YOU GET DOMESTIC MARKETING SERVICES DURING THE LAST 12 MONTHS	NO	97.9	99.2	98.0
	YES	2.1	0.8	2.0
Total		100.0	100.0	100.0

Table 41. Source of domestic marketing services (%)

		Q16: GENDER		Total
		MALE	FEMALE	
SOURCE OF DOMESTIC MARKETING SERVICES	Domestic firm	68.1	42.8	67.5
	Foreign firm	7.8	0.0	7.6
	Domestic NGO	14.0	0.0	13.7
	Government agency	6.5	54.2	7.7
	Business associates	3.5	0.0	3.4
	Other	0.1	3.0	0.2
Total		100.0	100.0	100.0

Table 42. Did you get exporting services during the last 12 months (%)

		GENDER		Total
		MALE	FEMALE	
DID YOU GET EXPORTING SERVICES DURING THE LAST 12 MONTHS	NO	99.5	99.5	99.5
	YES	0.5	0.5	0.5
Total		100.0	100.0	100.0

Problems faced by the entrepreneurs

Tax rates, dealing with tax administration, unutilized capacity, low demand and securing initial capital were cited as the most difficult problems both by women and men entrepreneurs.

Table 43. Severity of several problems faced

SEVERITY OF	MALE				FEMALE			
	Easy	Moderate	Difficult	Not applicable	Easy	Moderate	Difficult	Not applicable
SECURING INITIAL CAPITAL	27.0	25.7	46.8	0.5	40.4	12.9	43.6	3.1
LICENSING AND REGISTRATION PROCEDURES	50.5	24.8	23.4	1.2	52.5	17.7	19.9	9.9
LABOR LAW	58.9	18.9	19.7	2.5	47.6	25.5	14.3	12.6
LABOR INSPECTION	67.5	13.4	11.3	7.9	63.0	10.8	7.3	18.9
MEETING ENVIRONMENTAL REQUIREMENTS	66.5	18.0	11.7	3.7	66.6	16.9	8.3	8.2
TAX RATES	4.4	9.2	85.0	1.4	5.3	8.7	73.3	12.6
CUSTOMS DUTIES	7.1	1.1	3.0	88.8	3.0	0.0	4.6	92.3
TAX ADMINISTRATION	8.7	14.4	74.9	2.1	10.1	10.7	66.0	13.2
LABOUR COST	39.1	24.0	28.7	8.1	41.1	20.6	19.5	18.8
FINDING QUALIFIED WORKERS	44.5	20.2	29.3	6.0	43.6	19.5	20.4	16.5
RETAINING QUALIFIED WORKERS	36.9	20.8	36.2	6.0	41.6	14.0	27.3	17.1
RAW MATERIALS AVAILABILITY	58.9	9.7	6.4	25.0	68.0	6.6	4.0	21.3
RAW MATERIALS COST	24.0	14.4	36.1	25.5	27.3	20.3	28.4	23.9
UNUTILISED CAPACITY	16.0	20.5	61.6	1.9	29.7	15.7	52.1	2.5
LOW DEMAND FOR OUTPUT	18.4	26.6	53.8	1.2	25.1	19.6	51.8	3.5
STRONG DOMESTIC COMPETITION FROM MICRO ENT	47.3	23.0	27.0	2.7	46.5	16.5	30.1	6.9

STRONG DOMESTIC COMPETITION FROM SMALL ENT	57.1	17.5	19.4	6.1	54.6	15.2	20.7	9.5
STRONG DOMESTIC COMPETITION FROM LARGE ENT	63.5	7.5	21.4	7.7	63.8	5.9	16.6	13.7
STRONG COMPETITION FROM IMPORTS	56.5	12.5	14.4	16.5	58.3	11.2	12.1	18.4
FINANCIAL SERVICES	44.3	18.4	34.9	2.3	45.9	20.3	26.2	7.6
OTHER BUSINESS SUPPORT SERVICES	58.0	19.4	18.8	3.9	62.8	13.9	11.5	11.8

Financial and non-financial services most needed

Both over half of the women and men entrepreneurs cite “savings” as the most needed financial service. Additionally, 33.5% of the men entrepreneurs and 24.1% of the women entrepreneurs declared that “credit” is the number one financial service they need. The higher percentage of entrepreneurs preferring “savings” rather than “credit” can be interpreted both as a sign of problems faced by entrepreneurs in receiving credit and the high interest rates charged by the banking system in Turkey.

Table 44. Financial service most needed (%)

		GENDER		Total
		MALE	FEMALE	
FINANCIAL SERVICE MOST NEEDED	CREDIT	33.5	24.1	33.0
	SAVINGS	52.7	50.8	52.5
	LEASING	0.5	2.5	0.6
	VENTURE CAPITAL	1.2	5.7	1.5
	OTHER	0.3	0.0	0.3
	NONE	11.0	16.2	11.3
	NO ANSWER	0.8	0.7	0.8
Total		100.0	100.0	100.0

Table 45 shows that women entrepreneurs need business support services particularly in the areas of domestic marketing, communication and information services whereas men entrepreneurs need domestic marketing, communication services and production.

Table 45. Other business support services most needed (%)

OTHER BUSINESS SUPPORT SERVICES	GENDER		Total
	MALE	FEMALE	
COMMUNICATION SERVICES	5.9	16.3	6.5
INFORMATION (KNOWHOW, TECHNOLOGY)	13.2	13.9	13.3
TRAINING OF WORKERS	6.1	1.3	5.8
PRODUCTION	7.9	6.4	7.8
PROMOTING INTER-FIRM LINKAGES	6.3	6.3	6.3
DOMESTIC MARKETING	41.1	38.4	40.9
IMPORTING	0.8	4.3	1.0
EXPORTING	2.3	1.0	2.3
OTHER	0.8	0.0	0.7
NONE	13.2	9.3	13.0
NO RESPONSE	2.4	2.8	2.4
Total	100.0	100.0	100.0

VIII. Policy recommendations

The promotion of women's entrepreneurship is a multifaceted process and should be considered by taking into account its diverse economic, social, political, cultural and legal aspects. This means that necessary steps should be taken to provide women, not only with an appropriate economic environment within which they can establish successful enterprises, but also with an appropriate social, political, cultural and legal environment in which they will feel free and willing to go into business.

Although Table 47 shows that both women and men entrepreneurs suggest that the most important requirement to improve their business is financial support or credit with low interest rate, promotion of women's entrepreneurship cannot be simply explained by a process of receiving credit - making profit. It would be misleading to believe that accessibility to credit alone is sufficient to increase the number of successful women entrepreneurs within a society.

Table 47. The most important suggestions to improve business (%)

	MALE	FEMALE
Capital, financial support, credit, credit with low interest rate	275.5	135.6
Economic stability, decrease of inflation, stability in currency rates, improvement of income distribution	104.3	68.9
Increase of demand , recovery of domestic market, to find new markets, economic stability	100.0	100.0
Increase production, improve technology, improve equipment/ machinery, increase quality	133.3	57.8
To modernize/enlarge the workplace, increase capacity	90.6	93.3
Tax inspection, change in tax regulations, decrease of taxes	73.4	53.3
Educate personnel, improve service quality	63.6	55.6
Clean politics, political stability, end of corruption	50.9	17.8
Cheap raw material, decrease costs, saving	43.6	44.4
Increase number of varieties, broaden service range	37.8	46.7
Other	134.1	82.2
Total	1107.0	755.6

Women face gender discrimination both inside and outside their homes. Support mechanisms for women's entrepreneurship should be designed in full awareness of

this fact. Consequently, a program aiming at supporting and promoting women's entrepreneurship should first support policies directed to transforming women's status within the society.

Many countries believing in the importance of supporting women's entrepreneurship for the national economy and gender equality have initiated programmes at the ministerial level. For example in Canada, where women own 45% of the SMEs, a unit is established directly under the Prime Ministry. The role of this unit is to communicate with women entrepreneurs and secure an increase in their contribution to the economy. The formulation of a long term national strategy that will support women entrepreneurs, enable their development and full integration to the Canadian economy is among the proposals submitted to the Prime Ministry of Canada for the development of women's entrepreneurship. The establishment of a specialized centre specifically to prepare and execute this strategic plan is proposed. Furthermore, another mission of this unit is to initiate measures for the prevention of the activities of the other governmental units which would constitute barriers for women (PMTFWE 2003).

The activities carried out by the governments of USA, Finland, Israel, Canada, Poland and Slovenia, in cooperation with the women's business associations, other private initiatives, municipalities and local administrations have been successful in developing new methods for supporting women's entrepreneurship.¹¹

However, in Turkey, it was observed that the institutions supporting women's entrepreneurship were carrying out their activities by using funds provided by the international associations in an isolated fashion. They keep their relations with organizations and institutions that work in the area of women's entrepreneurship at a minimum level. However, the experiences in Turkey and other countries point out the fact that developing women's entrepreneurship cannot be realized by an organization providing training and offering credit in an isolated manner. Therefore, there is an urgent need for a central organization that would implement the activities related to the removal of barriers to women's entrepreneurship and secure the contribution of women entrepreneurs to the national economy in a programmed and coordinated

¹¹ Speech made by Ewa Ruminska-Zimny (UNECE), (OECD, 2004c).

manner. The establishment of a *Women's Entrepreneurship Centre* is recommended for the realization of this objective.

Women's Entrepreneurship Centre

The envisaged responsibilities of the Centre are as follows:

1. Taking actions that will serve as a basis for the preparation of women's entrepreneurship development policies at the governmental level,
2. Collecting basic data on women's entrepreneurship and the standardization of these data in order to increase the efficiency of women's entrepreneurship development policies (basic data such as the sectors, size and number of businesses established by women; and the special features of the businesses that have flourished in time are very important in the policy formulation phase),
3. Undertaking a coordinator role through communication with women's entrepreneurship associations in different regions of Turkey,
4. Ensuring the coordination of the proposed activities to be carried out by the relevant associations and organizations for the promotion of women's entrepreneurship,
5. Establishing a network across Turkey in order to provide training programmes for women who want to establish an enterprise,
6. Establishing a network to help women who want to establish their first business by communicating with successful women entrepreneurs,
7. Establishing a network that will provide information on marketing and will allow small enterprises to make sales outside their regions. Establishing a bridge between women entrepreneurs and the marketing organizations or companies that will enable businesses working especially in the handicrafts sector to sell their products in the national and international markets,
8. Enabling sharing of experience and benefiting from different marketing channels through communication with international women's entrepreneurship associations,
9. Preparing an "Establish-a-Business" manual, written in a clearly understandable language. Explaining issues such as sector, product and location selection as well as the legal procedures to be followed for the establishment of a business in this manual,

10. Coordinating the activities carried out by the EU funds and evaluating their results,
11. Formulating the assessment criteria for women's entrepreneurship support programmes and making a written assessment at the end of each phase of these programmes and announcing and discussing the results in meetings that the stakeholders would participate.

The proposed activities to be undertaken for the promotion of women's entrepreneurship by the relevant institutions and associations are listed as follows:

Central Government and Public Institutions:

1. Taking the necessary measures for achieving economic stability,
2. Formulating long term employment policies,
3. Reducing the bureaucratic procedures required for the establishment of businesses and making them easier to understand,
4. Setting regulations to ensure that banks extend credits that have low interest rates and require little collateral deposits, to MSEs,
5. Making the necessary legislative amendments to ensure gender equity,
6. Ensuring that ISKUR (Turkish Employment Office) designs specialized programmes in order to increase women's employment,
7. Taking necessary actions in order to support women's employment in various business areas,
8. Providing necessary opportunities for the establishment of a Women's Entrepreneurship Centre,
9. Ensuring the coordinated operation of public institutions related to entrepreneurship, and the Women's Entrepreneurship Centre,
10. Encouraging the participation of women entrepreneurs in the procurement tenders of the public institutions¹²,
11. Increasing the level of information on women's entrepreneurship and

¹² For example, this kind of incentives is being used in USA for more than 20 years (OECD, 1998:43).

collection and publication of the official statistics on a gender basis,

12. Carrying out awareness raising training and activities that will prevent discrimination against women in public institutions,
13. In rural areas, supporting the business activities related to agriculture carried out by women,
14. Carrying out training activities directed to public employees on prevention of discrimination against women,
15. Expanding the scope of authority of KOSGEB (Small and Medium Sized Industry Development Organization), which basically operates in the manufacturing sector, to sectors with more women entrepreneurs such as the service and commerce sectors and consequently, making KOSGEB and association open to women entrepreneurs.

Local Administrations:

1. Organizing training activities directed to public employees in order to prevent discrimination against women,
2. Providing nurseries and kindergartens,
3. Establishing places where women can get together.

Professional Organizations, Chambers of Trade and Industry:

1. Organizing training activities directed to their members and employees to prevent discrimination against women,
2. Increasing the information level on women's entrepreneurship and collection and publication of the official statistics in a gender differentiated manner,
3. Helping women members to contact Women's Entrepreneurship Centre,
4. Working in coordination with Women's Entrepreneurship Centre on the subjects related to women members,
5. Working in cooperation with Women's Entrepreneurship Centre in order to increase the number of women entrepreneurs in male dominated occupations,
6. Taking action for women entrepreneurs to take place in male dominated business areas such as industrial estates, clusters and bazaars.

Schools and Vocational Schools:

1. Organizing training activities for public employees to prevent discrimination against women,
2. Organizing awareness raising activities on gender equity for students,
3. Organization of activities and training courses on developing occupational skills according to the demands of women and the emerging needs of the economy,
4. Working in cooperation with Women's Entrepreneurship Centre for courses to be held on developing women's entrepreneurship.

Banks and Other Financial Institutions:

1. Organizing training activities directed to their employees to prevent discrimination against women,
2. Making the necessary arrangements that will enable the extension of credits with low interest rates and suitable collateral deposit conditions to MSEs; establishing a credit system that will offer credits specifically to women with lower interest rates and better collateral deposit conditions,
3. Ensuring extension of credits to new MSEs founded by women,
4. Working in coordination with Women's Entrepreneurship Centre, while regulating the banking services for women entrepreneurs,
5. Simplifying legislation and procedures pertaining to the credits offered to small and micro enterprises,
6. Considering the demand of the entrepreneurs while determining the credit terms,
7. Establishing sanctions against the use of credits by male members of the family that are requested by and released for women entrepreneurs.

Women's Organizations:

1. Carrying out activities that will increase the awareness of women on women rights,
2. Carrying out activities that will increase self-esteem,
3. Directing women wanting to establish businesses to Women's Entrepreneurship Centre,
4. Coordinating the activities to be organized for women entrepreneurs with the Women's Entrepreneurship Centre,

5. Participating in the preparation of any kind of training programmes for women,
6. Participating in the preparation of training activities aiming at preventing discrimination against women in public institutions and in the non-governmental organizations.

Other Non-Governmental Organizations:

1. Carrying out training activities directed to its members and employees to prevent discrimination against women,
2. Directing women wanting to establish business to Women's Entrepreneurship Centre,

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Appendix 1.

Distribution of of entrepreneurs by status at work and gender (%)

Economic activity	FEMALE		MALE		Total		
	Owner	Manager	Owner	Manager	Owner	Manager	Total
Manufacturing	71.5	28.5	81.1	18.9	80.1	19.9	100.0
Construction	7.5	92.5	91.8	8.2	88.7	11.3	100.0
Trade	68.6	31.4	80.5	19.5	79.9	20.1	100.0
Hotels- restaurants	16.8	83.2	78.4	21.6	76.7	23.3	100.0
Other services	64.2	35.8	88.8	11.2	86.6	13.4	100.0
Total	65.4	34.6	81.6	18.4	80.6	19.4	100.0

Appendix 2.

BACKGROUND PAPER ON CREDIT OPPORTUNITIES FOR WOMEN ENTREPRENEURS

1.CREDITS PROVIDED BY THE BANKS

Banks in Turkey advance credit only to businesses which could fulfil the established legal requirements, especially those regarding the collateral. But majority of MSE entrepreneurs lack assets necessary for collateral requirements. Usually MSEs start up with very little assets. Banks generally offer credits only to larger and more successful enterprises or to large family holding companies to which they are affiliated. Consequently, MSEs are almost entirely self-financed, with friends and relatives being the only other appreciable source of funds.

It was further seen that inflexible repayment conditions, a distinguishing feature of formal credits in contrast to informal credits, have a direct effect on the decisions and choices made by the entrepreneurs. The entrepreneurs state that delays in repayment date may occur resulting from irregular cash flow in the enterprise. The irregular character of the MSEs stems from their limited market options as well as their high vulnerability to macro economic fluctuations. Consequently, these entrepreneurs usually shy away from signing a regular repayment schedule in order to receive credit.

The cumbersome bureaucratic processes in the state institutions and public or private banks prepared to advance credits and similar financial services to the MSEs also add to the existing difficulties. The entrepreneurs stated that these bureaucratic processes can only be accessed by enterprises with regular and professional management.

Guarantee schemes operate on the principle of shared risk between the bank and the guarantee association, thereby significantly reducing the level of risk for the bank. But, the existing guarantee schemes in Turkey favour larger SMEs.

Some public sector banks have an important role in supporting small-medium size enterprises through their subsidized loan services.

Vakifbank

Vakifbank is a public sector bank offering loans in diverse schemes for small and medium sized enterprises in every stage of operation from start-up finance to expansion-aimed investment credits. The Bank does not have special credit schemes for women entrepreneurs and its collateral requirements and guarantee criteria are far from making it easier for women to benefit from the loans offered by the bank.

Ziraat Bank

Ziraat Bank was founded to support the agricultural sector. It prefers to give credit to the cooperatives in the agricultural sector which, in turn, transmit the credit to their members. When the weak position of women in the agricultural sector and, even worse, the status of women in terms of ownership of assets in rural areas are considered, it is reasonable to claim that quite a small number of these credits reach women.

Halkbank

Halkbank primarily channels its loans to MSEs through subsidized credits programmes. The Bank have a credit program entitled ‘Women Entrepreneur Credits and Credits for Young Entrepreneurs’ supported by the Treasury. However the number of beneficiaries using these credits is not made public. It is estimated that the women beneficiaries of this program is rather limited since they are offered only to the members of Confederation for Tradesmen and Craftsmen in Turkey (TESK) that has only a small number of women members.

2. CREDITS PROVIDED BY THE TRADESMEN AND CRAFTSMEN GUARANTEE COOPERATIVES

Craftsmen and tradesmen cooperatives provide the necessary credit for the activities

of their partners, or they act as guarantors for obtaining the credit and letter of guarantee from the bank. The number of credit and guarantee cooperatives which play an important role in the provision of credits to the tradesmen and craftsmen is around 970.

32 Regional Unions were established in order to establish the cooperation and linkage among those cooperatives, and those unions were united under the framework of Union of Credit and Guarantee Cooperatives for Tradesmen and Craftsmen of Turkey (TESKOMB).

Halkbank cooperative loans are being provided to the craftsmen and tradesmen, under the guarantee of the Union of Credit and Guarantee Cooperatives for Tradesmen and Craftsmen. The tradesmen wishing to benefit from this credit opportunity must apply to the Craftsmen and Tradesmen Cooperative (TESK) operating in their field of business. In order to use cooperative credits, they must be a member of these cooperatives.

HALKBANK provides TESK's with discount credits, operation credits, operation credits with regular monthly repayments, establishment credits, employment support credits, vehicle purchase credits for drivers, vehicle maintenance credits for professional drivers, service vehicle-lorry renewal credits.

3. THE UNION OF CHAMBERS AND COMMODITY EXCHANGES OF TURKEY (TOBB) – HALKBANK CREDIT PROTOCOL FOR SMEs

TOBB started a comprehensive financing initiative with Halkbank for SMEs in February 29, 2004. TOBB was to transfer financial resources amounting to 100 trillion TL to Halkbank within the scope of the said protocol. This resources would be extended by Halkbank to SMEs, in line with the principles of supporting the real sector, diversifying the credit portfolio, wide spreading the utilization of credits under favorable conditions and dissemination of the risks to the base level, with an annual cost of 16,9%. Since the principal amount and interest repayments related to the credits will again be distributed as credits, the credit volume generated with this resource would be reaching 156 trillion TL within a year. In order to ensure the distribution of the resource in the widest manner possible, the credit to be provided to

each enterprise is limited to a maximum of 50 billion TL. Consequently, around 5 thousand members are expected to benefit from this opportunity.

HALKBANK SME CREDITS

Credits are being distributed under the following headings:

- Halk Transaction Credit
- SME Industry Credit
- Tourism Credit
- Greenhouse Credit
- SME High Technology Credit
- Work Machines Credit
- Maintenance Credit
- Large Scale Industry Credit
- ISO 9000 Quality Standards Certificate and CE Logo Credit
- Credit for Participation in Exhibitions and Fairs
- Spot Credit
- Product Development Credit
- Computer Software Credit
- Workplace Renewal and Acquisition Credit
- Free-Lance Credit
- Young and Women Entrepreneurs Credit
- SME Incentive Fund Credit
- Industrialization Fund Foreign Exchange Credit
- Medium Term Exchange Credits II
- Small Industrial Sites Fund
- Organized Industrial Estate Fund
- Support Fund for Regions Subject to Natural Disasters

4. SMALL AND MEDIUM SIZED ENTERPRISE (KOBİ) CREDITS

These credits are provided with the collaboration of Small and Medium Sized Industry

Development Organization (KOSGEB) and Vakifbank.

Those credits could be obtained by:

- Enterprises employing less than 150 employees and operating in various sectors of the manufacturing industry,

- Enterprises that possess real or legal entities, that are independent or having at most 25% of their shares belonging to large organizations (holdings, groups etc.).

Credits could be extended for the following uses:

- Procurement of new machinery within the county or importing them from abroad,

- Procurement of raw materials required for the fulfillment of a local or foreign connection or order,

- Purchasing raw materials to meet the needs of the usual production activities or satisfying the other needs of the enterprise,

- Meeting the investment expenditures that will complete the integration related to production fields for increasing the competitive power and levels of SME's,

- Financing the investments of SME's aiming at the development of products that are marketable within or outside the country, that are employment generating and that are increasing the quality and standards,

- Financing other uses related to manufacturing industry to be determined by the bank.

Credit Limits:

A maximum amount of Turkish Lira equivalent of 200.000 US \$ could be extended as credit.

Credit Term:

The credits will have to be repaid within 18 months in general, reaching to a maximum of 24 months.

Interest/Commission Rate of the Credit:

An interest rate that equals the Wholesale Price Index for the last 12 months, announced by Turkish Statistical Institute (TUIK), at the date of credit acquisition, plus 5 points will be applied to the credits extended, and these interest rates will

remain constant until the end of credit term.

Collateral for the Credit:

Real estate mortgages, guarantees, customer checks and bonds resulting from commercial transactions, guarantee of Credit Guarantee Fund (KGF).

Credit Guarantee Fund (KGF)

Credit Guarantee Fund was established in 1991 aiming at providing guarantees for credits given to SME's by Halkbank, Vakifbank, Sekerbank, and Garanti Bank. It was founded by TESK (Turkish Confederation of Tradesmen and Craftsmen), TOBB (Turkish Union of Chambers and Stock Exchanges), TOSYOY (Turkish Foundation for Small and Medium Enterprises), MESKSA (Vocational Training and Small Industry Support Foundation) and Halkbank. Credit Guarantee Fund considers SMEs as enterprises employing up to 250 employees.

Guarantee conditions: Credit Guarantee Fund evaluates the feasibility of the projects submitted by those banks that it has reached agreements. Amount of the guarantee provided is dependent on the size of the credit. The Credit Guarantee Fund provides guarantees for credits up to a maximum amount of EUR 400.000. It provides guarantees for 80% of credits up to an amount of EUR 200,000. 70% of credits between EUR 200.000 and EUR 400.000 are provided with guarantee.

Credit Guarantee Fund receives 3% commission for the cash credits it guarantees; this amount is 2% for non-cash credits.

Actions towards increasing the funds of the Credit Guarantee Fund which presently amounts to EUR 4.7 million is still in progress.

5. NON-GOVERNMENTAL ORGANIZATIONS

The majority of the non-governmental organizations offering credits in Turkey target the microenterprises and women entrepreneurs in general. The credits offered by these organizations are generally in small amounts and they are similar to micro-credits in nature.

The Turkish Grameen Microcredit Project (TGMP)

TGMP as a microcredit project for the poor in Diyarbakır was officially launched through an agreement between Grameen Trust and the Turkish Foundation for Waste Reduction and with the approval of the Governor of Diyarbakır. The project was brought about as part of the Grameen Bank Replication Program (GBRP) initiated under Grameen Trust for the purpose of providing financial and technical assistance to Grameen Bank Replications worldwide. TGMP launched the first loans in Diyarbakır on 18 July 2003.

In addition to the legal and institutional support provided by the government, the contributions were received from the Open Society Institute (Turkey) and from commercial banks such as Finansbank, Vakıf Bank and from Chambers of Commerce, and several businessmen and members of the parliament.

Three experts from the Grameen Bank and a local staff of nine persons have been working in the implementation of the project. Loans of 200 to 500 million Turkish Liras distributed in Diyarbakır were extended to a total of 2 244 women as of September 24, 2005. The Bismil branch of the project has been established after Diyarbakır, and new branches are being planned in the Çınar sub province of Diyarbakır and the provinces of Batman and Siirt.

This project targets the economic groups which are considered to be the poorest of the poor. The main target group of the project is women. 90% of those that have received credits are women. Generally groups of 5 are formed at the time of credit acquisition. Guarantor problem of the project was solved by creditors being guarantors for each other within “solidarity groups”. The term “service charge” is used instead of interest within this system. Credit term consists of 3, 6, 9 and 12 months options. Repayments start from the first week of credit acquisition. A minimum 1YTL saving per week is required.

The solidarity group meetings at which repayments are made are held on a weekly basis usually in the house of the group leader with the participation of field workers.

These meetings are conducted in the disciplinary manner replicated from Grameen Bank.

The activities performed by the women are mostly limited to home-based activities such as raising livestock, laundering, sewing and retail trade in their neighborhood. Ozer (2004) states: “as one of the field workers reports, it is usually men who retain control over the use of the credits. Aware of the social impediments to women’s active participation in economic life, he says that they at least try to insist that women take a part in the activities to which the credits are applied”.

Although TGMP claims that the microcredit is an efficient tool in fighting against poverty and instrumental in empowerment of women, the assessment of the program as a whole is centered on the repayment rates of the credits rather than the social and economic outcomes of the businesses set up by the microcredits.

Social Risk Reduction Project (SRAP)

The project which is executed by the Social Solidarity Fund, and supported by the World Bank, targets the poor segments of the society. Entrepreneurs that form groups are given priority and each individual is provided with a loan of 3,000 US \$ in the rural areas and 5,000 US \$ in the urban areas. In order to benefit from this credit, a project prepared according to the pre-determined format should be submitted. The credit obtained is to be repaid in three installments without any interest. The first installment is to be paid at the end of the two years of grace period. The repayment of the credit is based on the YTL exchange rate prevailing at the date the credit was issued (total credit term is 4 years).

ASSESSMENT

One of the main barriers women entrepreneurs face is the lack of credit opportunities. Credits targeted only at women entrepreneurs by banks are extremely limited and those that offered are far from satisfying the present needs.

Bank credits usually target entrepreneurs without a reference to their gender and

women can receive such credits if they can meet the required criteria. One of the important criteria for receiving such loans is provision of 6-monthly balance sheets of the enterprise. The entrepreneur is provided with credits only after she/he found to be eligible in the end of the examination of the financial statements of the enterprise. Banks generally do not offer credits to new businesses. Furthermore, the collateral deposits required by banks reach almost to double the amount of the loan to be received. This fact indicates the meager chances of women, particularly at the stage of setting an enterprise to receive such credits considering the amount of assets they own in general.

When the credit programmes are examined, we see that credit opportunities for MSEs are very limited and that these opportunities are mostly designed for medium and large scale enterprises. This situation points out to the fact that women who mostly aim at establishing MSEs have little chance of receiving such loans.

BACKGROUND PAPER ON ORGANIZATIONS SUPPORTING WOMEN'S ENTREPRENEURSHIP

1. ABIGEM (European Union Business Development Centers)

ABIGEM is supported by the European Commission, TOBB and the local professional chambers and has established Business Development Centers in Gaziantep, Kocaeli and Izmir. These centers are also providing training on women's entrepreneurship.

2. AB-TESK (Women's Entrepreneurship Development Project)

This project is supported financially and technically by the European Union within the scope of MEDA Programme. It has been initiated by the Framework Agreement between Turkey and European Union in June 2002. Information centers provide women with services they may need in order to establish and develop their own businesses. The centers are established in the provinces of Ankara, Bursa, Denizli, Mersin, and Çorum. Around 1 500 women have been trained on entrepreneurship in these centers.

3. GAP-GIDEM (Southeast Anatolia Project, Entrepreneur Support and Guidance Centers)

GAP-GIDEM offices have been established in five provinces, namely Adiyaman, Diyarbakır, Gaziantep, Mardin and Şanlıurfa in 1997 in Southeastern Turkey by the GAP Administration and UNDP, in order to enhance the international and national competitiveness of the GAP-Region by promoting and supporting entrepreneurship. After the termination of the first term in 2002, the project was extended for another 5 years with EU financing, due to its benefits for entrepreneurship. This second term of the project is being implemented in 4 remaining provinces after the transfer of Gaziantep to another EU project. GAP-GIDEM offices provide training, information and consultancy services for micro, small and medium sized enterprises in the GAP-Region.

GAP-GIDEM allocated an opportunity window to women's entrepreneurship in order to develop and implement specific models in a programmatic way.

Women's entrepreneurship project

This project aimed to enhance women's entrepreneurship in the region. In other words, to increase the number of women-owned enterprises, employment generation for women, ensuring women's access to financial services, and increase in household income levels were targeted.

The Project was designed in two phases:

Research Phase: Several researches have been conducted for delineation of the capabilities and needs of women, sector labour needs, credit mechanisms, international funding for women's entrepreneurship and the opportunities they presented. Some studies in order to set up a coordination platform between the organizations working in the field were carried out, and a meeting was held concerning them. In March 2005, a study carried out by the author of this report titled "Women's Entrepreneurship in the GAP Region" was published, compiling findings of the research conducted (See Ozar, 2005).

Implementation Phase: drawing upon the findings of the research project, a road-map for promotion of women's employment was prepared. In this framework GAP-

GIDEMs have drawn up entrepreneurship plans for each province.

Diyarbakır : Ceramic workshop, clothing shop, handicraft workshop, yogurt production

Mardin : Restaurants (3), cleaning company, jam production facility, dry goods and millinery shop

Şanlıurfa : Hair dresser and beauty saloon

Adıyaman : Food studio, jewelry (wood-plastic) shop, sewing studio, food production facility, souvenir shop, boutique, center for food marketing (with association legal status).

KADAV (Women's Solidarity Foundation)

KADAV which was established after the 1999 earthquake in order to support women in the disaster zone has established a center in November 2003, called "New Step Women Education and Culture Center" where occupational training courses and programmes are provided in addition to psychological, health and legal consultancy services. In this center in 2005, a work and employment unit was also established to evaluate the situation of the women's workforce in Kocaeli and prepare them for paid employment. The unit aimed to devise and diversify vocational training programs in accordance with employers' needs. A study has been carried out to determine employers' demand for the women's labour in Kocaeli towards these objectives (Kocaeli Demand Analysis for Women's Labour). Research results show in which sectors and sub-sectors vocational training is most needed for women. Another aim of the study is to create a portfolio of employable women and employers to use for job-placement.

4. KAGIDER (Women Entrepreneurs Foundation)

KAGIDER which was founded in 2002 by 37 women entrepreneurs aims at promoting women entrepreneurs that would be effective in constructing the future business world. In this regard, it provides managerial, financial and legal support to prospective women entrepreneurs. Moreover, it aims at increasing the number of women entrepreneurs and empowering the existing ones, as well as contributing to the economic development of Turkey through enabling women entrepreneurs to integrate

with the world by means of cooperation with other associations.

Within the context of the European Union Active Labour Market Program, KAGIDER has opened a business development center with the support of the Turkish Employment Exchange. The mission of this center is described as being to serve as an incubator in order to consolidate technical, technological and business bases of micro and small enterprises.

This center has provided entrepreneurship training for 60 women out of 1400 applicants, and selected 5 business projects -out of 32- of women entrepreneurs to open their businesses in the KAGIDER office. These five businesses projects, maturing through strategic partnership with KAGIDER member businesses, are reported to be showing progress in turning into independent enterprises.

5. KAMER (Women Center)

KAMER is a center for women founded in 1997 in Diyarbakır, for defending the human rights of women. The Women's Entrepreneurship Project implemented during the first term of GAP-GIDEM was carried out in collaboration with this organization. Women's groups were formed and supported in establishing new businesses in Kiziltepe, Batman and Diyarbakır provinces. 6 enterprises, which were managed by women, were founded (1 workshop for producing boxes, several stands in a district bazaar, 2 restaurants and 2 kindergartens) within the scope of this project. As a result of this cooperation, KAMER has founded a women's entrepreneurship unit which provides information and consultancy services.

It organizes business idea development sessions moderated by specialists, and directs enthusiastic women to TKV "Start Your Business" training. These women are required to take consciousness raising courses for 14 weeks.

Due to the increasing demand from women, the organization acknowledges that it will develop a model for supporting women entrepreneurs.

6. KEDV (Foundation for the Support of Women's Work)

KEDV was established in 1986 as a non-profit, non-governmental organization. It aims to support low income women in improving the quality of their lives, their roles in communities and their leadership. It has an initiative called MAYA (Micro Economic Support Association) which provides micro-credits to women in the Marmara region.

KEDV builds partnerships and works in collaboration with many public, private and civil society organizations to strengthen women's participation in local development. It currently provides support for 35 local women's groups as a funding organization.

KEDV's empowerment approach is based upon the following objectives:

- Organizing women on the basis of their practical needs in order to bolster their capacity to initiate enterprises aiming to fulfill their strategic needs,
- Providing advocacy and communication support in collaboration with public institutions for recognition of and resource transfer to women,
- Creating participatory processes in every sector of life.

In line with these objectives the principle strategies of KEDV are counted as:

- Providing common public places for women and children through Women and Children Centers,
- Providing support for women's social and economic enterprises and their building capacity to participate in local administrative processes,
- Creating dialogue and negotiation platforms for poor women to present their social and economic enterprises and efforts to local administration authorities and make them recognize and support them,
- Creation of dissemination tools such as guide books, handbooks and video films.

KEDV adopted five activity areas to carry out its missions:

- Expansion of early child care facilities to poor women,
- Individual and collective capacity development activities,

- Business/product/new production skills development activities,
- Marketing,
- Finance services
 - Micro credit program,
 - Saving groups,
 - Grant program targeting women's initiatives to offer child care and education services.

As a non-profit enterprise of the Foundation, a shop was opened in Istanbul in order to help women from every part of the country to sell their products. The shop takes orders for women's products and works as a marketing channel. In addition, on the internet site of the shop, the women's products are exhibited.

Micro credit program (MAYA)

MAYA enterprise for microfinance was established in June 2002 as an independent for-profit NGO by KEDV to provide low-income women entrepreneurs, especially in the earthquake region, with financial services. Following a market research on microcredit in 1995, KEDV introduced a pilot project in Istanbul between 1995 and 1997 as its first experimentation with microcredit.

KEDV launched a second market research in the earthquake region in November 2000 in order to measure the level of demand for microfinance services. The results of the research indicated that women from low-income households dealing with retail trade, handicraft production and sewing and knitting, mainly in their homes, were in need of finance for developing their business. Since most of their husbands were working in seasonal jobs or in the informal sector, the women's small income-generating activities were mostly served as the principal household income. The available credit resources with collateral requirements for the formal business were not attainable for these women, who were mostly involved in informal activities. Therefore, the results of the market research in 2000 encouraged KEDV to start a microcredit project. However, the economic crisis in February 2001 led KEDV to conduct another market research in the earthquake region in order to determine whether there was a need to revise the project. The results showed that there was a definite decrease in the level of trust in banks and

increase in fear of borrowing by women even from their relatives since they had no guarantee to repay. However, as a consequence of the crisis it was noted that there was an increase in the number of women operating their own businesses (Ozer, 2004).

In the absence of a clear legal and regulatory framework in Turkey concerning microcredit activities by the NGOs, KEDV tried hard to receive permission from the appropriate governing authorities to operate MAYA. MAYA is registered as a formal financial institution with an unclear legal status. Although it does not have a status of a bank, it is obliged to pay banking insurance and adhere to bank tax laws including payment of appropriate transactional and stamp taxes.

Maya started its operations in the earthquake region in August 2002 with a vision to become a nationwide microfinance institution.

The distribution of sectors that microcredit recipient women are active in are as follows: production (40%), services (4%), and commerce (56%). When their workplaces are considered, it is seen that 3% of them perform their activities on stalls (market places, special sale streets), 72% in the home and 25% in shops. Women that receive credits mostly deal with handicrafts/lacework, drapery products, beauty and cleaning products and tailoring.¹³ It seems that MAYA's microcredit program mainly maintains itself on the basis of the reproduction of the home-based survival strategies of women.

Although MAYA plans to lend microcredit to women entrepreneurs who are at the stage of starting up their business, for the time being it only lends to women who have been involved in the same business at least for six months. This reflects the fact that MAYA gives priority to maintain its financial viability rather than reaching women who are really poor and in need of urgent help.

Five to ten women are expected to form solidarity groups among themselves in order to receive credit without any collateral requirements. Ozer (2004) states that one of the field workers of MAYA reported that "women are mostly unwilling to participate in

¹³ See KEDV's web site: www.kedv.org.

solidarity groups, as they do not feel secure if their relatives are not involved... once a solidarity group is formed, they assume liability for each other's debts due to the fear of the feeling ashamed of not being able to pay their debt" (Ozer, 2004:80). In this sense, Ozer argues that, in contrast to expectations, it is usually the case that solidarity groups are not formed on the basis of existing communal relations, but rather to meet the conditions necessary for receiving credits.

MAYA developed various means and ways to publicize the program by paying visits to the houses and workplaces of potential customers and by receiving help from women's centers, other NGOs and public institutions that have programs targeting the poor. MAYA also organized meetings in several neighborhoods with the help of the local governors, to reach potential clients. MAYA is providing services in Istanbul, Kocaeli, Adapazarı, and Düzce. By the end of 2005, it had given more than 3 000 credits and the total amount of these credits is reported to be \$ 1,181,727. The financial self sustainability rate of the organization was 112% by January-March 2005. The average amount of credit is \$600, and credit life varies between 1-12 months, depending upon the type of business supported.

As a consequence of slow growth in the number of clients and limited demand for microcredit MAYA decided to restructure "the strict rules dictated by the funding institution" and hence diversified its products in terms of serving various purposes and targeting different groups. One of the substantial changes that were pursued was to provide women by individual loans without forming solidarity groups. It seems that mobilization of social capital as a substitute for financial collateral was not proving successful. "Women resist participating in solidarity groups due to their lack of trust in both themselves and other women, and prefer individual credits" (Ozer, 2004:85).

7. KOSGEB (The Ministry of Industry and Trade, Small and Medium Industry Development Organization)

KOSGEB was established on 20th April 1990 by a special Government Act (No: 3624) as a non-profit, semi-autonomous organization, in affiliation with the Ministry of Industry and Trade. Its mission is to develop the efficiency of SMEs, ensure their adaptation to technological advancements, strengthen their competitive capacity, and

increase their contribution to the domestic economy. In accordance with this mission, KOSGEB tries to develop skill base, financial and informational bases and human resources of small and medium sized enterprises through diverse policy tools and support mechanisms.

KOSGEB gives services in production, marketing, quality control, machinery and equipment support, technology development, training and information supply; it realizes diverse projects and supports the individual projects. In addition, SMEs are supported in their marketing efforts and financially encouraged to participate at important international fairs abroad. Also, international business trips are organized and supported for selected branches of industry in group organizations in order to provide better marketing opportunities to SMEs.

KOSGEB, which is one of the shareholders of Credit Guarantee Fund Management and Research Corporation, added new funds and gave additional financial support to be used for guarantee by Halkbank for SME credits.

On the other hand, the operation regulation of KOSGEB is restricted after start-up services only to manufacturing sector enterprises. In the service sector, aside from business establishment, management training and other establishment process supports, KOSGEB does not provide services. This restriction adversely affects the extent and effect KOSGEB services create in the women's SMEs.

KOSGEB, although not designed specifically for women, provides support to women as well as men entrepreneurs in its Business Development Centers.

KOSGEB represents Turkey in the The European Network to promote Women's Entrepreneurship Support (EU WES) since 2004.

8. TESK (The Confederation of Tradesmen and Craftsmen in Turkey)

TESK implemented a women's entrepreneurship project between 2002 and 2004, entitled 'Supporting Women Entrepreneurship'. "As of June 2004, 1 630 women were given

business start-up training, and 359 of them have already become self employed. Five Training and Consultancy Centers were established after the completion of the project in five different provinces (Ankara, Bursa, Denizli, Mersin ve Çorum) to provide services to women entrepreneurs. TESK personnel have been trained in order to secure the continuity of training services at a certain quality level and to enable the opening of new centers.

9. TKV (Development Foundation of Turkey)

Development Foundation of Turkey provides various credits for rural activities and offers training activities to small producers. Although, “Establish Your Own Business” (EYOB) trainings aiming at women are still being provided by this foundation, TKV is increasingly limiting its activities in this field.

10. TOBB (Union of Chambers and Commodity Exchanges in Turkey)

European Union Business Development Centers (EUBDC)

After the Customs Union with the EU, three centers under the name of EU Business Development Centers were established in the provinces of Gaziantep, Kocaeli and Izmir in order to support SMEs in their process of adaptation to international standards. These centers were opened as part of a TOBB project funded by the EU MEDA Fund. They started to provide service in 2003. EU funding was planned to end in 2006 and EU BDCs were projected to be turned over to an enterprise, namely EUBDC Corporation.

Project activities can be classified as follows:

- Support for start-ups and microenterprises,
- Business development,
- Special projects.

Detailed information about the services provided by European Union Business Development Centers is as follows:

- Business Consultancy Services: Comprehensive services on export

development, marketing, finance and human resources management have been offered. They are provided in a wide spectrum ranging from two to three day business consultancy services to 30-40 people/days business development supports taking the needs of enterprises into consideration.

- Training Services: Centers organize training sessions open to on-will participation, and others are designed according to the needs of particular enterprises on marketing, human resources, finance, business development and internationalization.

Until now, 397 training programmes have been organized for 2713 enterprises and 9081 people.

- Special Projects: apart from training and consultancy services special projects have been developed and implemented although not particularly for women, in response to the needs of the regions where the centers are located.

Within the period of 2004-2005, 27 women entrepreneurs started their businesses and 1643 women entrepreneur candidates participated in training programs.

ASSESSMENT

Some of the organizations and associations mentioned above were established as entrepreneurship support centers. Others are women's organizations aiming at defending and enhancing the rights of women. Almost all of these women's organizations have entered the field of entrepreneurship due to demands arising from women without any profession and with insufficient levels of education required for paid jobs. Most of these organizations are located either in the earthquake region or in the Southeastern Turkey. The initiation of women's entrepreneurship support activities in Southeastern Turkey and Izmit-Kocaeli earthquake zone is no coincidence. The disasters leading to high rate of casualties and loss of property in both of the regions experienced in the recent past, in addition to the poverty and unemployment augmented by the economic crisis of 2001 are among the most important factors in the formation of this pressure. However these organizations have faced many problems at the beginning, as they lacked the experience needed for establishing businesses and

the preparation of training and support programmes for women entrepreneurs. The representative of KADAV, which has established a candle workshop, explains the situation in the “Women’s Entrepreneurship” meeting held with the collaboration of KAMER and GAP-GİDEM, in November 2001, in Diyarbakır as follows: “I can tell you that we had a hard time formulating the business ideas, establishing the workshop order and the organization. If we had some experience, or if someone had revealed their experiences to us, we would not be facing such hardships" (KG, 2001). These complaints also show that, women’s entrepreneurship support centers and organizations active in this field have started to share information and experience only in the 2000's. Although a lot of steps have been taken in this direction, it is still too early to say that sufficient inter-organizational relations have been established.