

**Review Article/Derleme Makale****Entrepreneurship in Turkey: Present Situation and Sector's Strengths, Weaknesses Opportunities and Threats (SWOT) Analysis**Enver AYDOĞAN<sup>1</sup>, Elhadj Boubacar DIALLO<sup>2</sup><sup>1</sup> Prof. Dr. Ankara Hacı Bayram Veli Üniversitesi İİBF, İşletme Bölümü, e-posta:enveraydogan@gmail.com,<sup>2</sup> Yüksek Lisans Öğrencisi, Ankara Hacı Bayram Veli Üniversitesi, Lisansüstü Eğitim Enstitüsü, Yönetim ve Organizasyon Bilim Dalı, E-posta:eboubacar907@gmail.com,**Anahtar Kelimeleri**

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**Key Words**

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**Abstract**

Since 1980s entrepreneurship has been at the heart of public debates involving both governments and people. Entrepreneurship is perceived by the policymakers as a tool for take-off and sustained economic growth, a tool for combating poverty, unemployment, poor distribution of wealth. People see entrepreneurship as a means of social and economic integration, an alternative to employment and unemployment, a guarantee of freedom and autonomy... in brief as a social ladder for climbing Maslow's pyramid. Our article focuses on the concept of entrepreneurship and business creation in the Republic of Turkey. Starting from an observation of collective awareness around these concepts, our study questions the reality, on the one hand, the initiatives putting in place by the government and, on the other hand, Turkey's place in a world where entrepreneurial dynamism has become the main factor of social and economical growth and prosperity. In this work we were led to perform a survey on the entrepreneurial situation of the 10 countries considered by the GEI as the first in the ranking. So we plunged into Turkey data to touch the issues and realities of the domain of entrepreneurship. Through a SWOT analysis Turkey's entrepreneurship's strengths, weaknesses as well as opportunities and threats have been highlighted. It is clear that in recent years Turkey has paid particular attention to entrepreneurship and devotes a lot of resources to it. However, even if the repercussions of these efforts are felt through significant economic results, efforts still need to be made to boost innovation, and entrepreneurship in new Technologies, guarantees of independence and sustainable development.

***Türkiye'de Girişimcilik: Alanın Mevcüt Durumu ve Güçlü Yönler Zayıf Yönler Fırsatlar ve Tehditler (GZFT) Analizi*****Öz**

1980'lerden beri girişimcilik hem hükümetleri hem de halkları içeren kamuoyu tartışmalarının merkezinde yer almıştır. 1980'lerden bu yana girişimcilik hem hükümetleri hem de insanları içeren kamuoyu tartışmalarının merkezinde yer almaktadır. Girişimcilik, politika yapıcılar tarafından, ekonomik kalkınmanın ve sürdürülebilir ekonomik büyümenin bir aracı, yoksullukla ve işsizlikle mücadelede kaçınılmaz bir silah olarak algılanırken, insanlar ise girişimciliği, sosyal ve ekonomik entegrasyon aracı, istihdama ve işsizliğe alternatif, özgürlük ve özerklik garantisi... Maslow'un piramidine tırmanmak için sosyal bir merdiven olarak görmektedir. Bu çalışmada

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Türkiye Cumhuriyeti'nde girişimcilik ve iş kurma kavramı üzerinde durulmaktadır. Bu kavramların etrafındaki toplu farkındalığın gözleminden yola çıkarak, çalışmamız bir yandan, girişimciliğe yönelik devletin yerine getirdiđi eylemler, bir yandan da girişimcilik dinamiğinin sosyal, toplumsal ve ekonomik büyüme, gelişme ve refahın ana faktörü haline geldiđi bu dünyadaki Türkiye'nin yerini sorgulamaktadır. Bu çalışmada GEI tarafından ilk sırada yer alan 10 ülkenin girişimcilik durumu hakkında bir bilgilendirme yapılmıştır. GZFT analizi aracılığıyla Türkiye'nin girişimcilik alanındaki güçlü ve zayıf yönleri, fırsatları ve tehditleri ortaya konulmuştur. Türkiye'nin son yıllarda girişimciliğe özel önem verdiđi ve girişimciler için ayrılan kaynakları zaman gittikçe attırdığını açıklar. Bununla birlikte, bu çabaların sonuçları önemli ekonomik sonuçlarla hissedilse bile, yenilikçiliđi ve bağımsızlığın ve sürdürülebilir gelişmenin garantisini olarak değerlendirilen yeni teknolojiler sektöründeki girişimciliđi artırmak için hala çaba sarf edilmesi gerekmektedir.

## 1. INTRODUCTION

Nowaday, entrepreneurship is a theme that attracts more and more researchers in the fields of economics and management.

Entrepreneurship is a complex phenomenon that over time has taken on many meanings. Several authors and researchers in this field have tried to provide a definition for this concept. Among these authors, Thierry Verstraete who defined entrepreneurship as a phenomenon combining an individual and an organization. The entrepreneur is the one who combines labor, capital, land and technology; takes risks, innovates and finds opportunities. Entrepreneurs create new ideas, disseminate and implement them, leading to new industries and therefore new employment poles.

While the term entrepreneurship revolves around a character and an organization, it begins with the individual will of a person called the entrepreneur.

Today, business creation has become the watchword for development. Faced with the challenges of globalization, entrepreneurship has become the engine of economic development and growth. It is the source of innovation competitiveness, wealth and economic prosperity. Private entrepreneurship plays a major role in the economic growth and prosperity of nations. Entrepreneurship is considered as the solution to all the ills that society and the economy are facing.

This explains the interest of governments and local authorities to take measures to stimulate entrepreneurship. Entrepreneurship not only increases employment and productivity, accelerates economic growth and development, but also increases the well-being of society and strengthens the middle class. In addition, it makes it possible to eliminate or effectively reduce differences in the level of development between regions

Since the mid-2000s, organizations such as the Global Entrepreneurs Index (GEI), the Global Entrepreneurship Monitor (GEM) and OECD / EUROSTAT have started research to measure the performance and quality of entrepreneurial ecosystem and thus allow comparison between entrepreneurial ecosystems of different economic jurisdictions. The Entrepreneurship Indicators Program (GGP), launched by the OECD and EUROSTAT in 2006, aims to create a globally recognized set of entrepreneurial performance indicators. The determinants of entrepreneurial performance are grouped into six main axes: regulatory framework, access to financing, market conditions, entrepreneurial capacities, training and dissemination of entrepreneurship and information culture.

In this study, after a light on concepts related to entrepreneurship, a literary review of the field is carried out. Then before proceeding to a briefing on the entrepreneurial situation in Turkey, a glance is thrown on the entrepreneurship around the world. The study concludes with a SWOT analysis of Turkey's entrepreneurial ecosystem.

## 2. CONCEPTUAL FRAMEWORK

The theme of entrepreneurship has been on the agenda of economic theory since the 18<sup>th</sup> century and has always gained an important place in the open economies. The concept of entrepreneur, derived from the French words " *Entreprendre*" (undertaking) , an entity that creates a new business by taking risks corresponding to profit and growth objectives, looking for opportunities in the market and bringing together resources necessary to transform them into value (Cođurc, 2016, P.66).

The concept of entrepreneurship was defined for the first time by Cantillon, one of the pioneers of French mercantilism in the early eighteenth century. According to this definition, an entrepreneur is a person who combines resources of production and services to produce and create added value. JB. Say meanwhile emphasizes risk as a factor characterizing entrepreneurship and therefore the propensity to risk taking as one of the characters of the entrepreneur. In addition to Cantillon and Say, the words " *innovative and dynamic* " are introduced and designated as two other characters of the entrepreneur by Joseph A. Schumpeter (Gerni and al, 2013, P.762). In his work, Schumpeter focused on innovation as well as creating new resources to create new products, find new markets and new processes. According to Joseph Schumpeter, the entrepreneur is the person who develops a new technology through a process of revolution called innovation (Snmez, 2014,P. 13). From Schumpeter's point of view, entrepreneurs are defined as individuals and institutions that will bring about change in society. Following Schumpeter's emphasis on the importance of entrepreneurship, many researchers and academics discussed the link between entrepreneurship and economic development in a variety of ways and made observations and statements.

There are various definitions in the literature on entrepreneurs and entrepreneurship. Some definitions focus on factors such as supply and demand orientation, the combination of resources, while others focusing on the innovation the transformation and marketing of the products and services. The OECD defines entrepreneurs as the person who shapes new business opportunities and is able to evaluate resources effectively. According to the GEM, the entrepreneur is a person who has started a new business and is seeking to develop or re-establish a new work organization, individually or in teams (Kalkınma Bakanlıđı, 2014; P.3). Therefore, it will not be wrong to say that concepts related to entrepreneurship are defined in different ways and underlining different aspects of the subject. On the one hand, various definitions focus on processes such as the creation and growth of a business, and on the other hand, they include features such as innovation, risk-taking, identification of opportunities and the realization of these opportunities.

Wennekers and Thurik (1999) consider entrepreneurs as people aware of new economic opportunities and presenting new ideas in the market, while Lundstrom and Stevenson (2005) define entrepreneurs as people at the Start-up phase of their own business (Gerni and al., 2013 P.762). In addition, entrepreneurship can be defined as an effort to start or develop an economic activity in order to identify new market opportunities, products and processes and take advantage of these opportunities. In keeping with the concept of entrepreneurship in this definition, the entrepreneur is simply the person who makes the effort mentioned above (Er, 2015, P.32).

Entrepreneurship is not synonymous with small and medium-sized enterprises (SMEs). Of course, small businesses are an extraordinary tool for regulating the entrepreneurial ambitions of individuals. Entrepreneurship, however, is not limited to those who have created or run an SME. Actors from large companies may also engage in so-called entrepreneurial actions (Carree and Thurik, 2002, P.5).

While it is important to discuss conceptual issues around entrepreneurship, it is also important that this concept includes economic, social and cultural dimensions. Therefore, it is not possible to discuss entrepreneurship, without mentioning cultural and social issues. The entrepreneur is influenced and influences the economic, social and cultural environment in which he lives. There is a strong link and interaction between the spirit of entrepreneurship and the social structure in which the individual lives and grows (Türkiye Kalkınma Bakanlığı 2014, P.4).

### 3. LITERATURE REVIEW

In the 1990s, entrepreneurship became increasingly important in achieving economic growth and physical capital. The disintegration of production processes by large firms has led to the creation of new, successful small businesses (Gerni et al., 2013, p.763). Entrepreneurship and entrepreneurs play an important role in the development of national economies by creating added value and jobs, by strengthening cross-sectoral links, by helping to maintain the balance between social benefits, income distribution and fight against poverty.

Çöğürçü (2016) emphasized the importance of entrepreneurship in the process from the classical Greek period to the information age, also called the new economy, by highlighting the process, evolution and importance of entrepreneurship in the history of economic doctrines. In the economic literature, the importance of the entrepreneur, its effects and its roles on the economy are listed in chronological order and it is emphasized that entrepreneurship is one of the most important solutions to prevent economic growth and unemployment. Cala and al. (2015) sought the answer to the question: do the determinants of entrepreneurship have the same effect in developed and developing countries? Thus, it was intended to reduce the risk of implementing policies that may not be appropriate. A regression analysis was performed using various entrepreneurial criteria. This has resulted in the need to reduce bureaucracy, one of the barriers to entrepreneurship in developing countries, and to ensure that policy makers take steps to encourage entrepreneurship. Also Eser ve Yıldız (2015) examined the role and importance of entrepreneurship in economic growth, socio-economic development and the development of a nation under various parameters such as innovation, competitiveness and employment rates, unemployment. In light of these parameters, it has been observed that entrepreneurship activities have a positive effect on economic development and that the unemployment rate is decreasing in countries with a high rate of entrepreneurship, and it has become apparent that countries should attach great importance to entrepreneurship economic growth.

Topkaya (2013) briefly reviewed the concepts of economic development and entrepreneurship, highlighting the role of entrepreneurship in economic development using a theoretical model, and highlighted some of the main factors involved in the relationship between entrepreneurship and economic development. He emphasized that entrepreneurship is a fundamental factor in economic development around the world, and that laws and policy decisions can have a positive or negative impact on entrepreneurs.

Yıldız and Alp (2012) aimed to examine the importance of entrepreneurship in economic theory and to highlight the potential factors that influence competitive conditions and the contribution of SMEs that appear as a natural results of entrepreneurship for national economies. As a result, the main characteristics of the entrepreneurs and their roles have been revealed. Here again, the effects of SMEs on the economy through criteria such as investment, employment, value added, exports and the distribution of credit among all firms were examined. In addition, factors such as competitive strategies, collaborations, business management approaches, public policies and clusters were considered as factors that allowed SMEs to gain a sustainable competitive advantage. Also all entrepreneurs were characterized by factors such as: risk-taking, decision-

maker, innovator, resource dispatcher, industry leader, arbitrator, business owner and factor manager.

#### 4. A BRIEF OVERVIEW OF ENTREPRENEURSHIP SITUATION IN THE WORLD

In this section, various data on the major nations of the world are examined. The ranking is done by The Global Entrepreneurship Index (GEI). The GEI is an index of economic activity established by the Institute of Global Entrepreneurship and Development (GEDI) based in USA. It examines how each country in the world allocates resources to promoting entrepreneurship. To date, GEI measures the quality of entrepreneurship in 132 countries around the world.

The ranking carried out by the GEI is based on the GEM's datas developed to analyze the impact of the economic growth process by analyzing the entrepreneurial ecosystem.

GEI is an index that links countries 'entrepreneurship ecosystems to entrepreneurs' attitudes, capacities and aspirations, helping policymakers to understand their country's strengths and weaknesses in entrepreneurship, and implementing policies that encourage entrepreneurship. In brief, GEI is created to help governments leverage the power of productive entrepreneurship for sustainable economic development.

Table 1 shows the ranking of entrepreneurship in the World. The United States of America (USA) appears to be the world leader in entrepreneurship. As can be seen here, the United States offers more opportunities to individuals and regulates the conditions of entrepreneurship for entrepreneurs. At the same time, American entrepreneurs are embarking on economic activities by taking advantage of the opportunities offered to them. It is also understood that European countries are more advanced in entrepreneurship. Europe and North America lead, while Far East, Taiwan, is sixth. The United States, Canada and Australia retained their top three places, while the United Kingdom lost five places to ninth place in 2015.

**Table 1. Global Entrepreneurship Ranking (Top 10 Countries)**

Countries	GEI 2016	Ranking 2016	GEI 2015	Ranking 2015
USA	86,2	1	85,0	1
Canada	79,5	2	81,5	2
Australia	78,0	3	77,6	3
Danmark	76,0	4	71,4	6
Sweden	75,9	5	71,8	5
Taywan	69,7	6	69,1	8
Island	68,9	7	70,4	7
Switzerland	67,8	8	68,6	9
UK	67,7	9	72,7	4
France	66,4	10	67,3	12

**Source:** Global Entrepreneurship Index, 2016

Table 2 presents the regional leaders in the ranking of the global entrepreneurship index, based on regions of the world. As a result, GEI ranks first in North America (USA and Canada). However, the entrepreneurial performance of Australia, Chile and the United Arab

Emirates(UAE) does not accurately reflect the entrepreneurial performance of their respective regions. Australia's GEI score is 86.2 while the Pacific Asia's average is 36.7. Chile's GEI score was 31.2, despite 62.1 for Central and South America. While the average GEI of the Middle East and North Africa countries is 41.2, the UAE score is 61.4. African countries, by contrast, are far behind in terms of entrepreneurship with an average of 19.8 points.

**Table 2. Global Ranking of Entrepreneurship by Region**

Ranking	Countries	Region	GEI
1	USA	North America	86,2
3	Australia	Pacific-Asia	78,0
4	Danmark	Europe	76,0
16	Chile	South and central America	62,1
19	UAE	Middle East	61,4
52	South Africa	Sun-saharan Africa	38,5

**Source:** Global Entrepreneurship Index, 2016

Table 3 shows the per capita national income of the top 10 countries in the GEI ranking. The countries in the list are among the countries with the highest national income per capita. This shows that entrepreneurship activities are increasing in high-income countries. However, this situation can show that per capita income is high in countries with strong entrepreneurial activity. In 2015, the average national per capita income of OECD countries was \$ 40,098. Among the countries listed, only France is slightly below average. The average national per capita income of other countries is higher than the OECD average.

**Table 3. National Income Per Capita (USD)**

Countries	2015
USA	56.066
Canada	44.375
Australia	45.768
Danmark	47.555
Sweden	46.708
Taywan	46.800
Island	47.056
Switzerland	61.041
UAE	41.467
France	39.813

**Source:** <https://data.oecd.org/gdp/gross-domestic-product-gdp.htm>

Table 4 shows the level of higher education in the range of 25- 64 years old group of the top 10 countries in the GEI ranking. The 25 to 64 years old's group is important to overlap with the entrepreneurs. As can be understood, entrepreneurship activities increase as the level of education in countries increases. In 2015, the OECD average was 34.97%. As can be seen in

the table, only France is below the OECD average. As in the previous two years, Canada has the highest level of higher education in 2015 with an average of 55.17%. Canada is followed by the United States with 44.63% and the United Kingdom (UK) with 43.50%. It should be noted that the level of education of all countries in the table increases continuously. It will not be wrong to say that this continuity is effective in increasing the entrepreneurial performance of these countries.

**Table 4. Higher Education Level 2013-2015 (25-64% of age)**

Countries	2013	2014	2015
USA	43.91	44.22	44.63
Canada	52.97	53.61	55.17
Australia	39.54	41.90	42.89
Danmark	35.43	35.80	37.10
Sweden	37.03	38.70	39.79
Island	36.08	37.09	38.84
SWitzerland	38.91	40.20	41.67
UK	41.89	42.22	43.50
France	30.86	32.11	33.54

Source: <https://data.oecd.org/eduatt/adult-education-level.htm>

Country development depends on the strength and quality of the entrepreneurship ecosystem that the country has. Innovation is one of the main role of entrepreneurship. The development of innovation in a country depends on R&D (Research and Development) expenses. Table 4 shows the ratio of R&D expenses of the top 10 countries to GDP in the GEI ranking. According to World Bank data, the world average in 2013 is 2.12%. As shown in the table, the ratio of R&D expenses to GDP is above the world average in most successful entrepreneurship countries. Taiwan has the highest ratio at 5.60%, followed by Sweden at 3.26% and Denmark at 3.05%. However, while countries like Canada, Australia and the United Kingdom appear to have a ratio, R&D spending is still high thanks to the volume of their economy.

**Table 4. Research and Development Expenses (2015)**

Countries	%PIB
USA	2.74
Canada	1.61
Australia	2.11
Denmark	3.05
Sweden	3.26
Taiwan	5.60
Island	1.89
Switzerland	2.97
UK.	1.70
France	2.25

Source: <https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>

#### 4. ENTREPRENEURSHIP IN TURKEY

This section focuses on the analysis of entrepreneurship. GEM statistics and some macroeconomic indicators are also used to determine Turkey's place in the world.

According to the ranking established in the GEI report for the year 2015/2016, with 52.7 points Turkey is 28th out of 132 countries. This place can be considered relatively good. However, if we consider that Turkey is one of the 20 largest economies in the world, we could say that Turkey's performance is lower than that of other countries. In 2015, GDP per capita at current prices in Turkey was USD11,014. This figure is well below the top 10 countries in the GEI ranking.

Also, the level of higher education of the 25-64 years old range in Turkey in 2015 was 18,2%. This rate is also well below the rates of the top 10 countries in the GEI ranking. Considering that these data are directly proportional to the spirit of entrepreneurship as mentioned in the previous section; Low levels of income and education are therefore among the causes of the drop in the rate of entrepreneurship in Turkey compared to these countries. With regard to R&D expenses, in 2015 Turkey registered an increase of 17,1% compared to the previous year and these expenses are estimated at 20 billion 615 million Turkish Lire (LT). The share of R&D expenses in gross domestic product, which was 1.01% the previous year, increased to 1.06% in 2015.

Although R & D expenses has increased and half of this expense has been done by the commercial sector, R&D expense is still not sufficient. Compared to the GEI rankings in the top 10 countries, more is needed to increase innovative entrepreneurship.

The determinants of entrepreneurial performance of some of the world's leading economies in the Global Entrepreneurship Monitor Report 2015/16 are presented in Table 5 according to the level of performance of the framework conditions of entrepreneurship. According to this ranking the highest level is determined by the transition to an economy based on a number of factors characterizing the framework of entrepreneurship.

In terms of obtaining financing by the entrepreneur, with an average of 3.8 Turkey is one of the countries with the lowest average. In terms of taxes and public bureaucracy, with an average of 3.4 Turkey is among those with the lowest average. Regarding to the average level **of education on** entrepreneurship at the school level, with an average of 2.2, the Turkey surpass only Brazil.

**Table 5. Framework Conditions for Entrepreneurship, 2015 (1 = completely inadequate 9 = quite adequate)**

	level	1	2a	2b	3	4a	4b	5	6	7a	7b	8	9
<b>GEM</b>		4.2	4.2	3.9	4.3	3.1	4.5	3.8	4.9	5.1	4.1	6.3	4.7
<b>Africa</b>		3.8	3.9	3.7	3.8	2.4	4.0	3.1	4.9	4.7	3.7	5.9	4.1
<b>Asia</b>		4.6	4.6	4.0	4.1	3.4	4.7	4.1	4.7	5.9	4.1	6.3	5.3
<b>Europe</b>		4.4	4.2	4.0	4.5	3.5	4.6	4.1	5.3	4.9	4.5	6.4	4.4
<b>South and central America</b>		3.4	3.7	3.3	4.1	2.5	4.8	3.4	4.5	4.2	3.8	6.2	4.7
<b>Australia</b>	5	4.0	3.7	4.2	4.2	3.7	4.2	3.7	5.1	4.7	4.7	6.5	4.8
<b>China</b>	3	4.9	5.8	4.4	4.4	2.6	5.0	4.1	4.3	7.2	4.3	6.9	5.0
<b>Taiwan</b>	5	4.7	4.4	4.5	4.1	2.9	4.2	4.1	4.4	5.8	4.2	7.3	4.8



<b>India</b>	1	5.7	5.5	3.9	4.5	4.1	5.1	4.3	5.0	5.7	4.8	6.2	5.5
<b>Brazil</b>	4	3.9	3.7	2.2	3.4	2.1	3.8	2.9	4.2	5.0	3.5	4.7	3.9
<b>Chile</b>	4	3.5	4.6	5.4	5.4	2.4	4.9	3.5	4.7	3.4	3.8	7.5	5.1
<b>Germany</b>	5	4.3	4.3	3.9	5.6	2.7	4.1	4.0	5.9	4.5	5.2	6.4	4.2
<b>Japan</b>	5	4.2	5.0	3.7	4.1	2.3	4.2	4.5	3.5	6.5	4.3	6.9	3.8
<b>Sweden</b>	5	4.7	4.0	3.9	4.6	3.8	3.9	4.0	5.1	5.7	4.5	7.5	5.0
<b>Switzerland</b>	5	5.3	5.7	5.8	5.9	4.9	6.2	6.2	6.3	4.5	5.7	7.9	5.8
<b>UK</b>	5	5.4	4.6	4.4	4.5	4.0	5.0	4.2	5.0	5.0	4.7	5.9	5.3
<b>Canada</b>	5	5.2	4.7	5.2	5.0	4.1	5.3	4.3	6.3	3.8	4.9	7.0	5.9
<b>USA</b>	5	5.4	4.4	4.6	4.1	3.5	4.4	4.2	5.4	5.6	4.4	7.1	6.8
<b>Turkey</b>	<b>4</b>	<b>3.8</b>	<b>4.4</b>	<b>3.4</b>	<b>4.1</b>	<b>2.2</b>	<b>5.2</b>	<b>4.2</b>	<b>5.1</b>	<b>5.6</b>	<b>3.9</b>	<b>6.5</b>	<b>5.3</b>

Source: Global Entrepreneurship Monitor 2015/16 Global Report

1: financing entrepreneurship

2a: Government Policies: Support and Compliance

2b: Government Policies: Taxes and Bureaucracy

3: Government Entrepreneurship Programs

4a: Entrepreneurship education at the school stage

4b: training

5: Transfer of R&D

6: Commercial and legal infrastructure

7a: dynamics of the internal market

7b: Internal market charges or entry regulations

8: physical infrastructure

9: Cultural and social norms

### **Levels of development**

1: Basic factor

2: Productivity oriented transition

3: Efficiency oriented

4: Transition to innovation

5: Based on innovation

The level of physical infrastructure available to entrepreneurs is the factor for which Turkey ranks among the best average in the world (6.5). The number of organized industrial zones (OIZs), technological development zones (ZDTs) and technology development centers can be considered effective in this regard. Another decisive element is the dynamics of the Turkish domestic market. Turkey's score is lower than the average for emerging

countries with an average of 5.6 in this zone. Turkey's 80 million population and the proportion of young people in this population constitute a considerable advantage in the Turkish domestic market. However, the weak demand for innovative products in the internal market does not send positive signals for innovative initiatives. It should also be noted that according to this ranking the perspective of Turkish society's Outlook on entrepreneurs is positive in terms of cultural and social norms. In addition, the government should increase support for entrepreneurs and R&D activities.

In Table 6 illustrates the patent registrations in Turkey. In 2015, 5,512 national patent applications and 8,446 foreign patent applications were registered. In 2015, the number of applications at the national level increased by 13% compared to 2014. The total number of patent applications increased by 12.61% over the previous year to 13 958. In 2015, the number of patent certificates issued was 10,100. 1730 of these documents are national and 8,370 are foreign. The number of national entrepreneurs patent registrations is considerably lower than that of foreigners.

Examining the distribution of patent registrations according to the categories of the International Patent Classification (IPC); In 2015, the highest number of registrations (2,393) was recorded in the A-Human needs category: agriculture and livestock, fruit and vegetable processing, bakery, transport and patient accommodation. The second category is the chemistry and metallurgy (C) class with 1,547 records, and thirdly, the B- classe, Transactions and Transport 1,545 records (<http://www.tpe.gov.tr>).

**Table 6. Patent Application and Registration**

Year	Application for registration			Enregistered Patents		
	Domestic	Foreign	Total	Domestic	Foreign	Total
2013	4.528	7.525	12.053	1.244	7.681	8.925
2014	4.875	7.519	12.394	1.251	7.279	8.530
2015	5.512	8.446	13.958	1.730	8.370	10.100

**Source:** Türkiye Patent Enstitüsü 2015 faaliyet raporu.

In table 7 are established data on the number of new companies created or liquidated in Turkey. According to these data on average it was created 60,000 companies for 2014 and 2015 years, with between 12,000-13,000 company liquidated over the same period. About 20% of established companies can not continue their journey. Mismanagement, inability to institutionalize, inability to compete, failure to keep pace with innovations and purchases, etc. as well as the insufficiency of the entrepreneurial ecosystem are some reasons for the defeat. When we examine the business lines of well-established companies; most of them operate in areas that do not require innovation, such as retailing, repairing motor vehicles and motorcycles, construction and manufacturing.

**Table 7. Number of established and closed businesses**

Years	Companies Newly Created	Companies Liquidated
2014	58,716	15,822
2015	67,622	13,701
2016 (Jan.-Octob.)	54,004	9,265

**Source:** Türkiye Odalar ve Borsalar Birliđi, [www.tobb.org.tr](http://www.tobb.org.tr)

The KOSGEB, the Turkish Institution responsible for facilitating the development of SMEs and strengthening their role and effectiveness, was created with the aim of increasing the SMEs competitiveness and achieving economic integration. It contributes to the creation and development of small and medium-sized enterprises (SMEs) with the support it provides them. Table 8 shows the assistance provided by KOSGEB to companies in the first half of 2016.

On average, the amount of aid received per company is 7,730 Turkish Lira. The number of companies receiving this support, relatively limited and the number is low if we take into account the fact that about 60,000 companies are created each year in Turkey.

**Table 8. KOSGEB aid for the period January to June 2016**

Assistance Program	Total (Turkish Lira)	Number of Beneficiary
R&D and Innovation	21.840.478	607
General	79.575.009	16.364
Support to SMEs	7.005.154	329
Support to the partnerships	2.708.281	26
Support to entrepreneurship	87.519.497	9.134
Support to the thematical projects	275.554	13
Support to the Growing(emerging)SMEs	41.962	2
<b>Total</b>	<b>198.965.935</b>	<b>25.742</b>

Source: KOSGEB 2016

Foreign trade data from the Turkish Statistical Institute (TUIK) released in October 2016 shown that Turkey's exports in 2015 amount to 143.8 billion dollars, a decrease of 8.7% compared to in the previous year. At \$ 134.40 billion, the manufacturing industry holds the largest share of this figure. Food and textiles, motor vehicles and trailers, as well as products of the metal industry counting for the largest share of the manufacturing industry. In 2016, exports reached \$ 104.2 billion for the January-September period. During this period, the share of manufacturing industry in total exports was 94%, and 3.40 for high-tech products.

The low proportion of high-tech products in the export figures shows that the level of innovative entrepreneurship is low.

According to the same statistics data in 2015, 41.7% of the companies were evolving into the service sector and 38.8% into the commercial sector. In terms of employment, the services sector provides 36.8% of total employment; the industrial sector 28.8% and the trade sector 41.7%.

**Table 9. Enterprises, and employment by sectors, 2015 (in percentage)**

Sector	Business Creaion (%)	Employ (%)
Industry( manufacturing)	12,8	28,8
Construction	6,7	11,8
Commmercial	38,8	22,6
Services	41,7	36,8

Source: TUIK, 2016

## 5. SWOT ANALYSIS AND AVALUATION OF COMPETITIVENESS

The term SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) means prior to the implementation of a project or initiative; the analysis of the strengths and weaknesses, external threats and opportunities that may arise from the project. The analysis ensures that strong or weak points, advantages or disadvantages can be seen together in the decision-making process. The purpose of the SWOT analysis and to help identify: the strenghts to maximize them; existing opportunities to take advantage of them; weaknesses and threats. In this section, the ecosystem of entrepreneurship as a SWOT analysis unit; is referenced by GEI and GEM data. The determination of the unit of analysis allowed us to determine which elements are internal and which elements are external and the reference data also allow to establish a comparative analysis.

### Strengths

- High rate of youth in the population of Turkey
- Large domestic market
- Ease in business creation
- Proximity to European and Asian markets and strong transportation network
- Government financial support for entrepreneurship development
- Growing share of R & D allocated by the government in recent years
- Diversified economic activities
- The existence of physical infrastructure for the development of entrepreneurship
- High business adaptability (flexibility)
- Generally positive attitude towards globalization

### Weaknesses

- Challenges in protecting intellectual property rights
- Bureaucratic heaviness
- Frequent legislative changes and complication of follow-up
- High tax rates and complexity of tax regulations
- Inadequate legal provisions to facilitate and encourage social entrepreneurship
- Insufficient demand for innovative and sophisticated products
- The loan and credit guarantee is obtained only after creation of the legal entity of the company
- Lack of coordination between public aid agencies
- Difficulties for entrepreneurs to access financial resources
- Underdeveloped venture capital system
- The private sector does not allocate sufficient resources to R & D activities
- Inadequacies between R & D activities in universities and the real needs of the Turkish economy
- Bad cooperation between entrepreneurs, SMEs and large companies

## **Threats**

Using all the public energies in defense rather than boosting entrepreneurship.

- Low interest in Innovative products
- The macroeconomic environment is deteriorating and inflation is rising
- Threats resulting from increased political and economic risks in the region.

## **Opportunities**

- Possible expansion in the Middle East, Africa and Asia markets
- The "new and growing middle class in the world"
- Opportunities for young people to generate new ideas and be a source of labor.

## **6. CONCLUSION**

The development of the entrepreneurship ecosystem in developed countries is not a coincidence. Entrepreneurship contributes to: job creation, acceleration economic growth, the emergence of new industries, the level of well-being and the strengthening of the middle class.

Despite the obvious linkage " entrepreneurship - economic development " entrepreneurship needs to be developed in quality and quantity.

Turkey, with a population of 80 million, in addition to being a good bargain considering the size of its population, is a big market for entrepreneurs because of the high proportion of young people in the total population as well as the level development infrastructure. By providing the necessary training and support to young people, they can become successful entrepreneurs. Due to the ever-increasing importance of its geographical position, Turkey has become a magnet for economic activities thanks to its transport links between Asia and Europe, as well as an energy corridor between energy exporting countries and Europe.

In addition, bureaucratic obstacles, difficulties in protecting intellectual property rights, high tax rates, and very frequent changes in legislation are factors that impede the development of entrepreneurship. In addition, the difficulties of access to bank loans and the lack of coordination in the implementation of public support prevent entrepreneurs from obtaining capital. Inadequate R & D activities, weak domestic demand for innovative products, and shortcomings in entrepreneurship education are also obstacles to the explosion of entrepreneurship.

In addition, regional economic, political and military threats (Iraq, Iran, Syria, etc.) could affect Turkey's exports and indirectly the development of entrepreneurship. On the other hand, the markets of the Middle East countries, Africa and Asia, offer important opportunities to Turkish entrepreneurs.

In order to boost entrepreneurship in the country, the government must tackle: the spread of entrepreneurship education, the reduction of bureaucratic procedures, the revival of domestic demand and the encouragement of innovation through Adequate R & D activities. From a macroeconomic point of view, the development of entrepreneurship is essential for the prosperity of all nations. IF Turkey want to join the club of developed countries, it would be essential also to encourage entrepreneurship in the high technology sector.

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