Syrian Micro-Enterprises in Turkey
SME Snapshot, September 2021
This edition of the Building Markets Small and Medium-Sized Enterprise (SME) Snapshot takes a look at micro-businesses, defined as those with less than ten employees, in our network in Turkey. The vast majority (98%) of the 2,300+ verified businesses in this network are owned by and employ Syrians. While Syrian business owners face unique challenges, they have the potential to be significant job creators and are likely to employ individuals from vulnerable populations.

This SME Snapshot is designed to increase the visibility of micro-enterprises owned by Syrians in Turkey, highlighting their potential for growth, partnerships, and job creation. The following analysis provides an overview of constraints and opportunities generated by Building Markets’ unique insight into this market. This data is used to create recommendations for businesses, civil society, and governments to support the growth of Syrian micro-businesses in Turkey with the goal of creating jobs, reducing poverty, and increasing social cohesion between refugees, individuals experiencing forced migration, and host communities.

This snapshot is based on regularly updated surveys from over 1,800 micro-businesses operating in Turkey. It also benefits from a specialized business survey conducted by Building Markets in July 2020 to determine the effects of the COVID-19 pandemic and related restrictions.

While the economy had largely re-opened at the time of our survey, nearly 9 in 10 businesses reported lower sales in the past 30 days compared to the same month the year before. Most industries did not report having a lower total number of employees compared to pre-pandemic levels, suggesting that micro-businesses have remained stable.

For additional information on the impact of Syrian entrepreneurs in Turkey, visit our extensive list of reports and resources here.
Micro-enterprises are diverse, and the businesses categorized as such can shift dramatically from one month to another as seasonal revenues result in changes to employment. However, 4 out of 5 businesses in Building Markets’ Turkey network are categorized as micro-businesses, and more than half of these businesses have been formally registered in Turkey for more than four years. This, in addition to data from Building Markets’ COVID-19 survey that shows little to no decrease in total employment for most industries after the pandemic restrictions were lifted, suggests that operating with less than ten employees is the norm for most businesses in the sample.

The reason for keeping employment below ten people varies – for those operating with a business-to-consumer service model, such as a restaurant or travel agency, scaling significantly without a major increase in employment is feasible. Additionally, businesses in construction could scale up and down frequently and rely on temporary employment for large jobs without ever shifting to a small or medium-size company. Nearly half of the micro-businesses in this sample work in wholesale or retail. While innovations to the industry, such as e-commerce and automation, have been credited with lowering job creation, the sheer size and importance of the wholesale and retail sectors remain influential to employment in the country.

Regardless of the main cause behind their employment count, operating as a micro-enterprise can create barriers due to resource constraints. Key innovations and interventions for scaling businesses, such as accessing new capital, digitalizing operations, and expanding products and services often require dedicated and specialized full-time staff to implement. For micro-businesses, this can be seen as a costly undertaking.

Support for micro-businesses must take these resource constraints into account when designing capacity building programs. For example, while digital transformation is becoming an increasingly crucial step for businesses to remain competitive and resilient, micro-enterprises require feasible entry points that are within their capacity to implement. Smalls steps, like piggybacking on already existing e-commerce platforms, encourage future investments in larger transformations as digital literacy increases and returns on previous technological investments become evident.

For more information on resources that can support access to new business opportunities, see Recommendations below.
Eighty percent of Building Markets’ network of over 2,300 Syrian-owned businesses in Turkey are categorized as micro-enterprises (less than 10 employees). Micro-businesses in our survey sample are largely concentrated in three sectors: wholesale/retail, manufacturing, and accommodation/food service. They are predominately located in Istanbul (42%) and Gaziantep (23%).

Micro-enterprises are slightly younger than their small and medium-sized counterparts. While 49% of SMEs have been formally registered for more than five years, only 27% of micro-enterprises have been registered for that long.

Female employment among these micro-businesses is low. Of the 5,390 people employed by this business sample, less than 12% are women. Just under 3% of the businesses reported being majority-owned by women. This follows broader trends on female business ownership and employment in the Building Markets Syrian business network in Turkey.

One in three businesses reported having an international client in the past six months. However, micro-businesses are much less likely to have employees that speak Turkish or English compared to their small and medium counterparts. Half (50%) of small/medium-businesses employ a Turkish speaker and 59% employ an English speaker.
Micro-Enterprise Challenges and Future Plans

Less than 1% have received a formal loan in the past, but 42% are interested in receiving one.

On average, businesses are looking for 43,542 USD in loans.

36% are interested in an investor or business partner.

53% have a business plan for at least the next 6 months.

46% believe their profits will increase over the next 6 months. Only 2% expect a decrease.

30% believe their total number of staff will increase over the next 6 months. Less than 1% expect a decrease.

Two in five businesses express interest in receiving training. Of those, nearly half report that they are most interested in attending a training session related to sales and strategic marketing. The next most cited training topic is procurement and bidding, with 12% of responses.

Given this focus on finding more clients, it is not surprising that the most frequently cited business challenge for this survey sample is competition. Exchange rate issues, followed by difficulty accessing finance, are also the top challenges cited by SMEs.

![Image](https://www.buildingmarkets.org)

**TOP CHALLENGES, NEXT SIX MONTHS**

- Competition: 23%
- Exchange rates/ currency: 15%
- Difficulty accessing finance: 15%
- No challenges: 9%
- Taxes too high: 8%
- Govt law/policy/ bureaucracy: 8%
- Lack of customers/no demand: 5%
- High operating expenses: 5%
- Unsafe/political instability: 3%
- Language barriers: 3%
Applying to tenders can be difficult for micro-businesses, as the preparation for submitting bids, especially bids to new buyers, can take significant time. Many micro-businesses are also worried about the time it takes to receive payments from large buyers that offer tenders. While tenders do come with some challenges, they represent a key opportunity to scale business. See the recommendations page for more information on how tenders can be incorporated into the plans of micro-businesses.

More than one-third of businesses that import buy their goods from China, 6% from Syria, and another 6% from Egypt. For those that export goods, the Middle East is the most common destination of their products and services. Additionally, 10% of businesses export to Germany.
Micro-businesses represent a huge majority of the enterprises in Building Markets’ Turkey network. While some businesses have grown over time to become small or medium-sized, many remain categorized as a micro-business, even five years after becoming officially registered in Turkey.

For those businesses that want to scale, having less than ten employees can present significant challenges. Bidding for large tenders, applying for formal loans, or digitalizing operations are just some of the examples of business opportunities that are difficult to execute when staff are limited. Given that most businesses in the sample do not employ any managers and rely on the business owner to handle all finances, it is unlikely that many of these businesses have the senior level staff to take on initiatives designed to scale operations.

However, with targeted support, micro-businesses can grow and remain competitive. The following recommendations have been identified for Syrian micro-businesses in Turkey that are interested in expanding and finding new business opportunities that can be managed by a team of any size:

- **Attend networking events to meet new buyers** – The Building Markets business development team works with buyers to host events with the goal of increasing their supplier diversity and facilitating contracts with businesses in our verified network.

- **Develop an online presence to boost visibility** – Businesses need exposure in order to grow. Building Markets’ online matchmaking platform ([entrepreneurs.buildingmarkets.org](http://entrepreneurs.buildingmarkets.org)) offers verified companies the opportunity to appear in a searchable directory.

- **Access training on sales and strategic marketing** – Building Markets offers classroom-style and self-paced online learning courses on a range of topics, including digital marketing and E-commerce.

- **Attend webinars to understand the tender process** – These regular events will help businesses become experts in bidding for tenders and are a great way to learn the key tricks and tips for making sure your bids are competitive.

- **Sign up for mentorship to refine your business plan** – Mentorship partners entrepreneurs with technical experts for one-on-one sessions designed to meet the unique needs of each business, such as adapting a business plan to incorporate exporting.

- **Get introduced to new buyer** – Use the Building Markets matchmaking services to match your business with interested buyers via events, an online matchmaking platform and matchmaking requests direct from buyers.
How We Work

Founded in 2004 and headquartered in New York City, Building Markets creates jobs and encourages economic growth by finding, building and connecting competitive local SMEs to supply chains and investment. Through its model, the organization has supported more than 26,000 SMEs, assisted those businesses in winning USD 1.35 billion in contracts, $21 million in loans, and helped create 70,000 full-time equivalent jobs.

In Turkey, Building Markets has built a unique network of more than 2,000 Syrian-owned SMEs. Verified businesses can access services that increase their visibility, improve their performance, and connect them to new opportunities. Since 2017, our programs in Turkey have led to SMEs winning over USD $3 million in new contracts and capital.

Are you a small business operating in Turkey?

INCREASE VISIBILITY
Get verified and create a unique profile on our business directory

ACCESS TRAINING
Enroll in online and in-person courses that target your company’s growth

CONNECT TO OPPORTUNITIES
Locate tenders in your sector and win new contracts and capital

Interested in Learning More?
Contact our supply chain and finance experts:

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