

# SMEs in Building Markets' Türkiye Network

SME Snapshot, August 2023



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## Highlights

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This Snapshot examines the current network of small and medium-sized enterprises (SMEs) operating in Türkiye. As of June 2023, the organization had verified 2,586 SMEs operating across 21 sectors in 8 provinces. The vast majority (96%) of which are owned by and employ Syrians. While Syrian business owners face unique challenges, they have the potential to be significant job creators and are more likely to employ vulnerable populations, which has far-reaching benefits for both the newcomer and host communities.

SME Snapshots are based on analyses of data collected through business verification and re-verification surveys conducted by the organization's team in Türkiye—one of the primary activities implemented as part of the organization's "Find, Build, Connect" model. These surveys gather information at regular intervals on business operations, including ownership, business size, import and export capacity, and challenges. Using this data, the organization is able to identify market trends and opportunities to share with the growing network of SMEs and partners, and better understand the evolving needs of entrepreneurs operating in the local market.

The following analysis was generated using the organization's unique data, insight, and access to these businesses. It provides an overview of the operational environment of SMEs in the network, the unique challenges they face, and their outlook for the future. While Syrian business owners face unique challenges, they have the potential to be significant job creators and are more likely to employ vulnerable populations, which has far-reaching benefits for both the newcomer and host communities.

Recommendations have been formulated for both businesses and buyers based on these challenges and the services and opportunities offered by the organization. With the growth of SMEs and the creation of more jobs, particularly among underrepresented groups, poverty can be reduced and social cohesion between refugees, other newcomer groups, and the host community can increase.

To learn more about our work in Türkiye and to read other publications, click [here](#).

We sincerely thank all the businesses that participated in these surveys and interviews.

*This Snapshot was researched and authored by Building Markets team, including Mohannad Altay (MEAL and Program Officer), Gamze Çubukçu (MEAL Assistant), Basel Hariri (Advisory Services & A2F Manager), and Nawar Maarri (Program Services Senior Coordinator). Data analysis was conducted by Zonglong Chen (Data Analysis Statistician).*

## Spotlight: SMEs in Building Markets' Türkiye Network

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Türkiye is the country that hosts the highest number of Syrian refugees in the world. As of February 2023, the number of Syrians under temporary protection exceeded 3.5 million.<sup>[1]</sup> Syrian refugees' experiences of living in Türkiye, the difficulties they encountered in this process and their improvement plans have been in the spotlight of relevant institutions and organizations.

Building Markets is building inclusive economies for small businesses in Türkiye through the development of an extensive network of suppliers and buyers, ground-breaking research, and services tailored to facilitate access to greater sales, contracts, and capital.

Within our network, we work with over 2,500 small businesses led by Syrian refugees who are actively contributing to the local Turkish economy, creating jobs, and giving back to the community. SMEs are the most important actors of not only economic development but also social balance and stability. It is open to change and transformation. Adapts quickly and easily to new market conditions. SMEs account for two of three jobs worldwide, making them the major jobs creators.<sup>[2]</sup> According to the latest data of the Turkish Statistical Institute, 99.7% of the enterprises in Türkiye are SMEs and they create 71% of the jobs in Türkiye.<sup>[3]</sup>

While Türkiye is facing significant economic challenges and the aftermath of the devastating earthquake of 6 February 2023, addressing the challenges faced by entrepreneurs and businesses can greatly boost job creation and bring more individuals of the refugee and host community into the formal economy, allowing them to improve their livelihoods and contribute to social and economic cohesion across the country. Building Markets has been working to address these challenges and bring visibility and opportunity to Syrian-owned SMEs in Türkiye since 2016 as a core component of its work to create jobs and localize the aid response to the Syrian crisis.

Please click on this [link](#) for Syrian SME owners' working experiences in Türkiye and our insights.

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<sup>1</sup> T.C Göç idaresi başkanlığı.2023. "Statistics" Available [here](#).

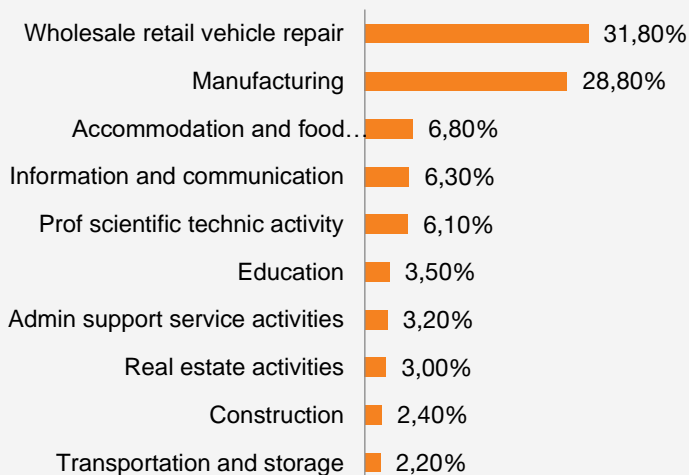
<sup>2</sup> ILO - Guide to Recommendation 189: [Job creation in small and medium sized enterprises Recommendation](#)

<sup>3</sup> TÜİK.2021. "Labor Force Statistics" Available [here](#).

# Türkiye SME Network Overview

Among the 2,586 SMEs in Building Markets' Türkiye network, 77% are categorized as micro-enterprises (employing less than 10 employees), while 20% are considered small enterprises (less than 50 employees), and 2% medium-sized (less than 250 employees). Businesses in the network primarily work in the wholesale/retail (31%), manufacturing (28%), and accommodation and food service (6%) sectors.

## TOP SECTORS OF SMEs IN THE TÜRKIYE NETWORK



Female employment among these businesses is relatively low. Around 36% of businesses employ at least one woman full-time, while only 3% employ at least one woman part-time. On the other hand, 211 (8.2% of the businesses) businesses reported having at least one female owner.

Over half of the businesses (58%) reported having an international client in the past six months. While the primary operating language for the businesses in the network is Arabic (92%), around one-third of the businesses (28%) employ a Turkish speaker and over half employ an English (55%). Among women-owned businesses, the proportion that employ an English speaker is higher than the rest of the network at 68%.

## TOP CHALLENGES IN THE NEXT 6 MONTHS



## Business Operations among SMEs in Türkiye



On average, businesses are looking for over \$136,000 US in loans.



Only 1.8 % of the businesses in the network have received a formal loan in the past, but 53% are interested in receiving one.



Around 41% are interested in an investor or business partner.



Around half of the businesses (49%) believe their profits will increase over the next 6 months. Only 2% of the businesses expect a decrease.



Most of the businesses believe their total number of staff will increase over the next 6 months (43%) or stay the same (47%).



Exchange rate and currency devaluation issues is the biggest challenge reported by 24% of the businesses, while difficulty accessing finance is the second biggest challenge reported by 18% of the businesses.



The majority of the businesses (69%) have a business plan for the next 12 months.



Businesses report that they are most interested in attending a training session related to sales/marketing and strategic marketing (20%), Sales Administration (9%), procurement or bidding (8%).



Interest in attending future training sessions is reported by the majority (53%) of the businesses.

According to OECD's latest inflation [report](#), inflation in Türkiye has become the highest in the world, reaching a year-on-year inflation rate of 79% in July 2023. The biggest problem that SMEs in our network predict to occur in the next six months is the exchange rate problem.

# SME Operational Indicators



On average, businesses in the network have 7.8 full-time employees and 0.8 part-time employees.



Around 36% of businesses employ at least one woman full-time.



The majority of the businesses (85%) do not have additional branches.



Most of the businesses (80%) pay their suppliers within 30-60 days.

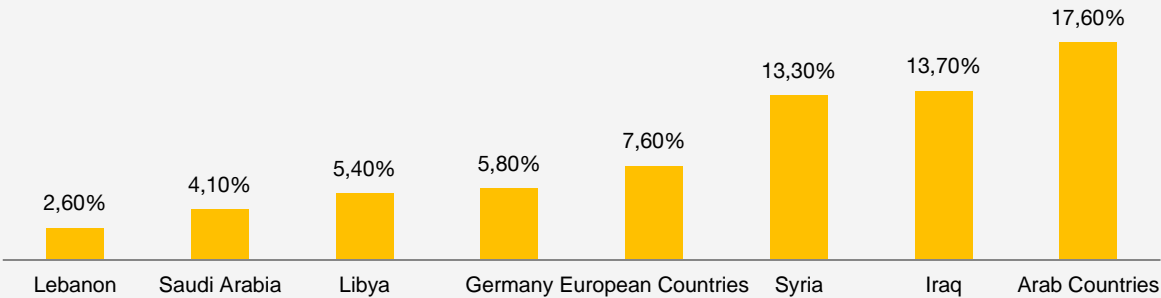


Over half of the businesses (52%) know what a tender is, but only 9% have ever submitted a bid.



Half of the businesses (50%) export products or services, and 12% directly import goods.

## TOP EXPORT DESTINATIONS IN THE LAST 6 MONTHS



## Case Study - Fansa Group

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Let's journey back to the roots of [Fansa Group](#), established by Mr. Hussam's father who was in the construction field in Syria during the vibrant 1990s. Today, under Mr. Hussam's leadership as the second-generation owner, the group's roots have transitioned to Izmir, Türkiye. Here, they've ventured into the manufacturing realm, heralding a new chapter in their journey marked by growth and innovation.



Fansa Group's reach extends over Türkiye, Saudi Arabia, and the United Arab Emirates. Their focal point in Türkiye is tissue paper production, while Saudi Arabia engages them in infrastructure and tissue conversion. In the dynamic UAE, they embrace creativity with the Pink Mood Beauty Clinic in Dubai. These ventures collectively generate around 300 employment opportunities, and make a meaningful contribution to economies.

Fansa Group's journey took an inspiring turn with Building Markets' support. Through business reviews and strategic planning, new doors opened for growth. Building Markets stood by, helping shape Fansa Group's development team into a force of progress.

Guided by expert insights, Fansa Group discovered untapped potential. This guidance extended to advisory services and investment promotion, paving the way for new initiatives in packaging paper manufacturing.

In Mr. Hussam's words "Sales soared by an impressive 25% adding up to over \$3 US million, this growth translated into new job opportunities for more than 12 individuals, creating a positive impact beyond the business."

One special project showcased the power of collaboration. By teaming up with Turkish partners, they ventured into gray cardboard production which is a type of packaging paper with high grammage used in many industries such as the catering industry and as filling material in several products such as leather products, underscoring how teamwork can fuel growth and open up new possibilities.

The restructuring of Fansa Group's business development unit played a pivotal role in this achievement. From customer segmentation to refining strategies, and crafting pricing and promotional approaches, the sales funnel broadened, embracing both local and export markets. In the manufacturing realm, challenges arise, especially in locating the right talents due to high demand for certain specialized skills.

## Case Study - Fansa Group

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While Türkiye has made commendable strides in adopting modern technology, Mr. Hussam opines that "Türkiye's progress is commendable, but there's always room for advancement. Certain manufacturers in the country continue to rely on outdated methods, which can present challenges in global competitiveness."

Understanding the supply chain can be like putting together a story. For many manufacturers, it's important to know where everything comes from and where it goes. This can be especially interesting when suppliers are small businesses that might not have fancy systems to track everything.

In the quest for future prosperity, Mr. Hussam envisions Fansa Group pioneering new technologies for productivity and diversifying investments for resilience. "Our aim is to be a top employer, nurturing growth while contributing to Turkish exports."

In his advice for fellow entrepreneurs, Mr. Hussam highlights the crucial qualities needed for success in the business world. Courage, enthusiasm, and hard work form the foundation, while a team of dedicated professionals brings collective expertise to the table.

Central to this journey is a clear and compelling vision. This vision not only guides the business's path but also fosters a sense of unity among the team, making them eager to contribute to its realization.

As for the daily routine, maintaining a healthy balance is key. Quality rest, self-awareness, and effective delegation keep the entrepreneur grounded. In reflection, Mr. Hussam's journey taught him the value of delegation and corporate governance, lessons learned with the support of Building Markets. He underscores the significance of setting goals, finding meaning in one's work, celebrating small wins, and nurturing a positive outlook.

Fansa Group is gearing up for the future. They're planning to introduce new technologies to boost productivity and exports. They're also diversifying investments to manage risks better. Their aim? Becoming a top employer in Türkiye and the region while contributing to increasing Turkish exports.

# Recommendations

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## Recommendations for Businesses

The role of businesses in the social and economic integration of refugees in Türkiye is significant. The creation of livelihoods, through wage employment for refugees and host community members, can be enhanced by addressing challenges cited by SMEs. Matters that inhibit the potential of SMEs include limited access to finance, instability and losses due to exchange rate/currency fluctuation, and market competition. With targeted support and capacity-building efforts, businesses can increase their competitiveness and identify new opportunities to grow their operations.

### Improve Investment Readiness and Access to Finance

- In order to diversify sources of external financing through credit lines, bank loans, leasing, and equity financing, SMEs must improve their compliance with all application criteria and regulatory requirements, and build their credit history. The SME scoring tool developed by the organization identifies gaps and areas for development, in order to enable businesses to meet application criteria and regulatory requirements, and thereby improve their readiness to access finance. Additionally, technical assistance is available to enhance credit and investment readiness.
- Some organizations and programs announce new grants to businesses on an annual basis. SMEs are typically required to prepare five-year business plans that can be used when applying to these grant schemes. Technical assistance can develop the capacity of businesses to prepare business plans.
- Training modules are available through the [Online Learning Platform](#) and are periodically hosted [in person](#) on a range of topics related to banking and access to finance.

### Build a Digital Presence and Digitalize Operations

- Developing an online presence helps to increase visibility. All verified businesses have a profile on Building Markets' [Online Business Directory](#). Business owners can claim the listing, add photos, edit the information, and use the page as a free marketing tool.
- E-commerce and digital marketing allow businesses to access larger and more diverse markets. Both [virtual](#) and [in-person](#) training can help businesses in the digital transformation.

# Recommendations

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## Participate in Mentorship, Information Sessions, and Tender Training

- Mentorship services partner entrepreneurs with technical experts for one-on-one sessions designed to meet the unique needs of each business.
- Webinars and information sessions take place on a regular basis with subject matter experts on a variety of topics, such as penetrating the Turkish market and managing projects virtually. Check the [events webpage](#) to learn more.
- Weekly tender training is available for SMEs interested in learning how to apply to tenders and make their bids more competitive. Direct guidance to facilitate tender applications is also available. Businesses can browse available [tender opportunities](#), which are updated daily.

## Engage in Networking Opportunities with Buyers

- Sector-specific in-person and virtual networking events are hosted with the goal of connecting buyers with qualified and relevant suppliers from the network. Events are regularly advertised on the organization's [website](#) and [social media](#) channels.
- In addition to events, SMEs can be connected with interested buyers through direct matchmaking and custom matchmaking reports. Contact the [call center](#) to learn more!

## Recommendations for Buyers

### Diversify Suppliers and Include Women-Owned Businesses

- SMEs in Building Markets' network offer a wide range of goods and services. Buyers can work with refugee-owned businesses, as part of their supplier diversity strategies. Through the [Online Business Directory](#), buyers can search for businesses based on ownership (e.g. woman-owned, refugee-owned) and by location. Custom matchmaking reports are available on request.
- NGOs, advocacy organizations, local chambers, and other entities that have close relationships with refugee and women-owned businesses can support supplier development and compliance through participation in Building Markets procurement webinars.

## How We Work:

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Building Markets addresses inequality around the world by advancing inclusive economies that work for all. We do this by opening opportunities for small business owners — who fuel more than 70% of the world's jobs — to transform their lives and communities. Since 2004, Building Markets has combined its deep local knowledge, comprehensive data, and global networks to build confidence and strength in more than 27,000 small business owners affected by marginalization. From securing \$1.4 billion in contracts or loans to creating more than 74,000 full-time jobs in places where they're needed most, Building Markets is elevating small businesses as engines of enduring social impact and economic growth.

In Türkiye, Building Markets has built a unique network of over 2,500 Syrian-owned SMEs. Verified businesses access services that increase their visibility, improve their performance, and connect them to new opportunities. Since 2017, our programs in Türkiye have led to SMEs winning over \$41 million in new contracts and capital.

### Are you a small business operating in Türkiye?

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#### 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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