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The Key Areas Turkey Needs to Work on Due to Improve Entrepreneurship

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THE KEY AREAS TURKEY NEEDS TO WORK ON DUE TO IMPROVE ENTREPRENEURSHIP

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Abstract

Even though Turkey is frequently regarded as an emerging market and actually has many advantages to be considered as an attractive place to invest and do business, it is not that much attractive for international economy world. Despite Turkey's capacity, such as being 16th largest market with its young population as well as approximately 8% gross domestic product increase, varied industry base with a wide talent pool, according to various international independent research institutes, the global market does not view Turkey as a beneficial place for entrepreneurship. Moreover there are a large number of barriers to attract investment and to make successful investment and entrepreneurship opportunities in Turkey. Besides the entrepreneurship indicators in Turkey demonstrate similar point. One of the most conspicuous is that just about six tenth of Turkish people regard their local environment to be a good one for fostering entrepreneurs and entrepreneurship. The very little number of female entrepreneurs (while compared with the man-dominant market) are also a barrier to Turkey becoming a positive and inclusive environment for continued entrepreneurial growth. With consideration paid to given statistics in recent years, Turkey generally remains in the last quarter while compared with the overall countries having possibility to attract entrepreneurs.

After analyzing the present circumstances, this paper focuses on the obstacles of entrepreneurship in Turkey. Within the light of the researches of statistics and secondary documents; it is obvious that Turkey should take into account such the following issues: chaos in Turkish bureaucracy, counterworks in protecting intellectual property and drawbacks to break monopolies in the marketplace are the first significant points to worth stressing. To support entrepreneurship, strategies and regulations need to be developed in order to create an inviting and successful atmosphere for potential entrepreneurs even from local level and from international market.

In order to deal with the problems of enlargement the capacity of Turkish entrepreneurship, commitment to fostering a positive environment for entrepreneurship should have done over and above launching a series of programs designed to foster growth and support entrepreneurship. The main purpose of this paper is to evaluate the key points that Turkey needs to work on due to improve entrepreneurship.

Key words: entrepreneurship, development, Turkey

JEL Codes: L26

Introduction

It is widely common issue that there is a strong relation between entrepreneurship and economic development. Taking into account the gap between economic achievement and failure is progressively determined by the presence and utilisation of technology and innovation. The literature survey shows that for the most part of researches focus on developed country models such as USA and EU countries as being decent industrialised countries. Studies done by the frontiers¹ state that there is a close correlation between economic development and entrepreneurship².

One of the contributions of this paper is evaluating the literature and focusing on entrepreneurship in Turkey. On the occasion of significance in economic growth, policies focus on the importance of government in entrepreneurship. Hence, this paper is policy oriented and plans to evaluate the problems of Turkish entrepreneurs. In this way, policy suggestions would help to the researchers and policy makers. Another side of the coin is that Turkey is a typical example for the developing countries so the other country researchers would also take into account as well.

The paper is consisted of two basic parts. The first part of the paper refers to the importance of entrepreneurship in terms of economic practices. The theoretical back round and the effects of entrepreneurship over economy is argued in this part. The second part of the paper focuses on Turkey. The basic characteristic of entrepreneurs and enterprises in Turkey are mentioned. Unfortunately most of the issues discussed are inadequacies of Turkey thus as conclusion some of the strategy proposals are mentioned.

1. The Importance of Entrepreneurship in Economic Practices

Entrepreneurship drives economic development because it generates income, fosters profits, increases employment, and promotes social responsibility³. Although underlie of technological development is breakthrough and new technology, these two are not enough to be a part of the market without a succeeding marketing. Anticipating the opportunities offered by emerging technologies, entrepreneurs act upon them by doing everything they can

¹ Drucker 1985, Westhead and Wright 2000, Bruyat and Julien 2001

² Wennkers and Thurik, 1999, Audretsch and Keilbach 2003

³ Friedman, 2011, Cox, Friedman, Tribunella, 2011, Acs, Desai, Klapper 2008

turn those new technologies into commercial success stories. They do this by taking risks⁴. It is the success of entrepreneurs, the economic actors in converting technologies into economic assess.

OECD is one of the most interested institutions regarding with entrepreneurship. The idea of OECD depends on entrepreneurship due to its providing new ideas, and innovation, both of which are positive sources of economic growth and development. The OECD defines the entrepreneurship “is the ability to marshal resources to seize new business opportunities. Entrepreneurship defined in this broad sense, is central to economic growth”⁵. The increasing role of entrepreneurs in economic growth encourages governments to promote entrepreneurship via reducing the financial constraints that entrepreneurs face; either through preferential loans to new businesses, or preferential tax treatment for new or small businesses. Among other polices, the OECD (2003) recommends stable economy, deregulation of monopoly sectors, establishing property rights and political stability, better education, investment in human capital, efficient capital and financial markets, avoiding excessive red tape.

In other respects, Wenneker and Thurik (1999) suggest a model regarding with the role of entrepreneurship and effects to economic development. Entrepreneurs have two basic roles regarding the linkage between economic development and business life. The first is related to “start up”. The start-up can be accomplished by entering new business and a firm start-up is a major form of new entry. The second is related to innovation role of entrepreneurs. An innovation could be accomplished by a firm start-up. Start-ups and innovations as well as competition are the most relevant factors linking entrepreneurship to economic growth.

According to Global Entrepreneurship Monitor (GEM), economic growth depends on two parallel sets of interrelated activities: those (national framework conditions) associated with established firms and those (entrepreneurial framework conditions) related to the entrepreneurial opportunities. GEM model identifies national framework conditions and entrepreneurial framework conditions with related the social, cultural and political context or each country. General national framework conditions encompass the role of government, the level of research and development, the quality and strength of the physical infrastructure, the

⁴ Casson, 1995, Foss and Klein 2002

⁵ OECD, 1998

efficiency of the labour market, and the efficiency of legal and social institutions. The national framework conditions affect the competitiveness of the major established firms. The increased competitiveness causes increase of demand, and this increases opportunities for micro, small, and medium firms. Entrepreneurial framework conditions determine the decision of potential entrepreneurs to start a business. The entrepreneurial framework conditions include financial support, government's programs, and policies, education and training, barriers to entry, or market openness, infrastructure, and cultural and social norms⁶.

The contribution of entrepreneurship to economic welfare is accomplished in three major ways⁷:

- By increasing employment
- By creating and diffusing new technologies
- By developing new and different business models, processes and techniques that form the basis of the structural transformation in an economy

For sure every creativity is essential in terms of economy. Getting higher level of development and innovation, the level of economic consequence increases. The biggest contributions to economy are done by the type given above subjecting to new techniques of production (the third option) that causes the emergence of new technologies and production technics. It also helps to develop the efficiency both in new technic applying and enhancing industries. This way of thinking arises from Schumpeterian entrepreneurs⁸. He explains how the innovating entrepreneur confronts incumbent firms by introducing new inventions that make current technologies and products obsolete. Schumpeter refers to routine and imitator entrepreneurs as well who are in generally do not present innovations. But these two kind of entrepreneurs might also contribute significant value addition to the economy⁹. Kirzner (1973) states that entrepreneurial alertness is not limited to the exploration of opportunities but consists of exploitation of opportunities. Yu (2000) gives Hong Kong as a lucid example where an economic development model based on initiative entrepreneurship has shown a great success. This study highlighted the importance of the entrepreneurial approach to economic problems. It argues that the dynamics of Hong Kong's economy were attributed to

⁶ Karadeniz, 2006

⁷ OECD, 2001, Acs et al, 2008, Swedberg, 2000

⁸ Schumpeter, 1934

⁹ Yu, 2000

adaptive entrepreneurs who were alert to opportunities, maintain a high degree of flexibility in their production and react rapidly to change.

Minniti (1999) stated the importance of entrepreneurs as actors of economic development due to the fact that they create a network that endorse the generation of new thoughts. Henderson (2002) had another view that entrepreneurs affect economic activity considerably through increasing job creation, wealth and local income, and linking domestic economies to larger, global economy.

Even though Schumpeterian entrepreneurship, based as it is on innovations and scientific breakthroughs, might contribute to economic development more than any other start up activity. Developing countries do not have the luxury of investing in or supporting only this type of entrepreneurship. This is mainly due to a limited availability of human and financial resources. Developing countries should follow policies that will create an economic development utilising all sorts of entrepreneurship namely routine, imitator and Schumpeterian entrepreneurs¹⁰. Another model might be a stage based model where developing countries start with routine entrepreneurship then move to imitative entrepreneurship and over time become Schumpeterian. Self-employment and focusing on the exploitation of opportunities might be a first step in transforming an economy into an entrepreneurial one since the accumulation of experience, networks and resources might help developing countries to move along the development path¹¹. But anyhow, entrepreneurship contributes a developing country. Also important are the productivity gains experienced as a result of entrepreneurs areas. Entrepreneurs do this in three basic way¹² They are:

- Combine the existing production resources in such a way that the old redundant resources are used
- Increase the production by new and/or different uses of resources and inputs
- Accelerate the implementation and diffusion of new ideas.

From the view of developing countries even the least developments can ensure cost reductions and increase productivity that cause to enlarge the competitiveness.

¹⁰ Yu, 1998

¹¹ Schmits, 1989

¹² Acs et, at, 2008, Schumpeter, 1934

Baumol (1993) states the important role of entrepreneurs role related with the “new entry” and “newness” in general. Due to this role, entrepreneurs are frontiers of a new business, but also has also an innovative actor in economy. Shane (1995) also mentions the relationship between this relationships. He focuses on the effects of organisational formation on economic growth. Kreft and Sobel (2005) refer that entrepreneurship is a main component in economic development and research the relation between entrepreneurship and the amount of investment done.

2. The Analysis of Entrepreneurship in Turkey

State-owned companies are playing a pivotal role in of Turkey’s economy; however, there are attempts to increase the ascendance of the state. Although large family institutions dominate the private sector in Turkey, small businesses play an outstanding role in generating employment. Turkey has a considerably stable economic and political environment, well-educated youth, and strong domestic market and underserved markets of neighbor nations. Bureaucracy, difficulty in the protecting of intellectual property rights, lack of capital and monopolistic marketplace are among the obstacles that impede entrepreneurship in Turkey. Some authors believe that Turkey nonetheless has a reasonable environment to nurture entrepreneurship¹³. The Turkish government recognizes the importance of entrepreneurship and it tries to form entrepreneur-friendly environment in order to encourage people to start their businesses by decreasing paper work, lowering taxes and providing incentives.

The Global Entrepreneurship Monitor (GEM) classifies countries in means of entrepreneurship according to Porter’s typology of “**factor-driven economies**”, “**efficiency-driven economies**” and “**innovationdriven economies**”. Turkey is currently at the efficiency-driven stage of economic development. The other countries included in this group are as follows: Argentina, Bosnia and Herzegovina, Brazil, Chile, China, Colombia, Costa Rica, Croatia, Ecuador, Hungary, Latvia, Macedonia, Malaysia, Mexico, Montenegro, Peru, Romania, Russia, South Africa, Taiwan, Trinidad and Tobago, Tunisia, and Uruguay. Efficiency-driven countries produce standard products and services. Productivity is improved through increased investment in infrastructure and a business-friendly environment. Enterprises move up the value chain beyond basic manufacturing toward product design, distribution, and marketing. Financial crises and external, sector-specific demand shocks can

¹³ Ortman, 2014

still impact the economy. As countries develop economically, they tend to shift from one phase to the next. Turkey is currently at the efficiency-driven stage of economic development. Various dimensional components occur Turkey's entrepreneurship structures. Prominent indicators of Turkey's entrepreneurship are given below.

Summary of Social Structure of Turkey's Entrepreneurs

The gender of a business owner may influence the problems he/she faces in Turkey. Turkish women entrepreneurs experience many difficulties in starting and running a business. A majority of these problems are derived mostly from the community's view of a woman's place in society¹⁴. With regard to the problems encountered during the start-up phase, Ufuk and Ozgen found that 88 percent of women entrepreneurs consider an inability to obtain capital the most important obstacle. Bureaucratic procedures and a lack of prior experience are also critical barriers to their success. Within this information and with regards to the general view of gender distribution into employment status by gender (see table 1) indicate that female are employed in regular or casual works. Being an unpaid family worker is the second probability for female in general. While compared within the men, female are far more unpaid family workers. Besides this comparison, it is clear that the ratio of employer women compared with men is almost 5 times less with around 1% of all. This percentage is the least of the all possible employment and sex combinations. Even though just two years comparison is not enough to generalise the status of women is progressing positively. In conformity with the own account workers, the percentage of man are two times more in the sub-title: "own account worker". The total value of the own account worker is around 20%.

Table 1. Employment by Status in Employment and Sex Ratio , 2011-2012 (15+ age)

Years	Total %		% Regular employee/ Casual employe		Employer %		Own account worker %		Unpaid family worker %	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Total	100,0	100,0	61,7	62,9	5,2	5,0	19,4	18,9	13,7	13,2
Male	100,0	100,0	65,8	66,5	6,8	6,5	22,6	22,3	4,9	4,6
Female	100,0	100,0	51,6	54,3	1,2	1,3	11,7	10,8	35,4	33,7

Source: TurkStat, Household Labour Force Survey
TurkStat, Entrepreneurship in Statistics, 2012

¹⁴ Ufuk and Özgen, 2001

One of the subsequent issue is the age distribution of the entrepreneur group. Although the agricultural entrepreneurs are given in the statistics, this research is based on non-agricultural sector entrepreneurs. Non-agricultural entrepreneur group's age distribution sprawls in between 30 to 49 ages. These ages are grouped in three levels: 30-34, 35-39, 40-44 and 45-49. While agricultural group is taken into account, the average far amount switches on behalf of older ages (see Table 2). Furthermore, the business activities of the 18-24 age group is stable. These trends may be due to an increase in the share of the 35-44 and the 45-54 age groups. In 2012, the popularity of entrepreneurship among a middle age population (35-44 and 45-54) increased, and older persons were involved in early stage entrepreneurial activities. No significant changes are found for the 64 + age group. According to the statistics given by GEM (2012) , most parts of the world, the largest group of entrepreneurs is between 25 and 34 years old. But Turkey's statistics reveal somewhat different results. It is comprehensible that employment status in terms of ages is high in Turkey while a comparison is done with other efficiency-driven stage of economies. The lower employer age is, the more entrepreneurship possibility would be developed.

Increasing the educational level of entrepreneurs might help to explain the change seen with regard to age distribution in Turkey. Individuals have tended to spend longer periods of time period devoted to their education. In addition, data show that Turks prefer to work for established companies or in public companies before becoming entrepreneurs. According to figures from the Turkstat, half of the Turkish population is under 29 years old, and the unemployment rate among Turkish youth is 21.6 percent. In other words, one out of every five young persons in Turkey is unemployed. This indicates that much more effort needs to be made on behalf of young people who might contemplate becoming entrepreneurs; we should encourage our young people to choose entrepreneurship as a career path.

Table 2. Proportion of Employment as Employer by Age Group and Sector, (15+ age)

Age group	Total %		Agricultural %		Non-agricul. %	
	2011	2012	2011	2012	2011	2012
Total	100,0	100,0	100,0	100,0	100,0	100,0
15 - 19	0,1	0,1	0,0	0,0	0,1	0,1
20 - 24	2,3	2,1	0,4	0,8	2,5	2,2
25 - 29	9,5	9,2	2,6	2,4	10,1	9,6
30 - 34	17,0	16,8	6,6	6,5	18,0	17,5
35 - 39	17,0	18,1	9,3	10,2	17,7	18,7
40 - 44	17,0	17,7	11,5	10,2	17,4	18,2
45 - 49	13,2	12,9	12,9	11,1	13,3	13,0
50 - 54	10,1	9,7	12,1	14,2	9,9	9,4
55 - 59	6,8	6,3	14,8	13,5	6,1	5,8
60 - 64	3,5	4,0	9,9	11,2	2,9	3,5
65 +	3,5	3,2	19,8	19,9	2,0	2,0

Source: TurkStat, Household Labour Force Survey, TurkStat, Entrepreneurship Statistics, 2012

Figures in table may not add up to totals due to rounding

The educational status is quite critical to analyse the entrepreneurs' social structure and education is vital to the successful development of entrepreneurship within society. In Turkey, wide range of group has possibility to achieve only primary school education. The percentage is around one third while agricultural group is taken into account as well. Two thirds of non-agricultural group has education of primary, junior high school or equivalent vocational school and high school. The higher education level in non-agricultural group is approximately 23%. This level is one the foremost issue for Turkey due to its vision towards high tech technology based industry objectives (Table 3).

Table3. Proportion of Employment as Employer by Educational Status and Sector, 2011-12

Educational status	Total		Agricultural		Non-agricultural	
	2011	2012	2011	2012	2011	2012
Total	100,0	100,0	100,0	100,0	100,0	100,0
Illiterate	0,6	0,5	4,9	4,9	0,2	0,3
Literate but no school completed	1,7	1,2	6,4	4,5	1,3	1,0
Primary school	37,5	36,5	59,3	60,2	35,6	34,9
Primary education, junior high school or equivalent vocational school	15,0	15,4	10,7	11,7	15,4	15,6
High school	14,7	14,0	8,3	7,6	15,3	14,4
Vocational school at high school level	10,4	10,7	4,4	4,2	10,9	11,1
Higher education	20,0	21,8	6,1	7,0	21,3	22,8

Source: TurkStat, Household Labour Force Survey, TurkStat, Entrepreneurship Statistics, 2012

Figures in table may not add up to totals due to rounding (figures for 15+age)

The proportion of higher education degree entrepreneurs increased compared to the past. It is known that those people attaining higher levels of education tend to be opportunity-driven entrepreneurs. On the other hand, the data show an increase in the proportion of entrepreneurs who have less education. Again it is known that Turkish people who have received comparatively lower levels of education start their own businesses because they have less of a choice regarding suitable employment. Such entrepreneurs are driven by necessity to try to improve their economic circumstances.

Birth and Survival Indicators of Entreprises and Contributions to Economy

In most of the countries, entrepreneurial activities dominated in the consumer-oriented services (*such as wholesale and retail trade, accommodation and food service...*). As an economy becomes more developed, the share of consumer-oriented services becomes less prevalent and the share of business-oriented services (*such as professional, scientific and tech. activities...*) becomes more important. Figure 1 shows that the most entrepreneurial activity in Turkey took place in wholesale and retail trade sectors. However, there was a significant increase in the consumer-oriented sector from 2008 to 2010 and a decrease in the other sectors, especially with regard to the (manufacturing, and construction sectors, where the percentage of entrepreneurial activity dropped from 34% to 20%. In fact, according to TurkStat data, there was a decrease trending in the manufacturing and construction industry. Possibly this decrease came about because of unfavorable global conditions, in general. In 2012, the most start-ups were focused on end users of the goods and services provided, for which the businesses concerned do not need as much startup capital.

By the year 2012, birth rate of entrepreneurs realised as 26,4%. This ratio expresses the number of births of employer enterprises as a percentage of the population of active enterprises with at least one employee. Survival rate of entrepreneur enterprises refers around 86% in 2012. The employment creation by births is measured as the employment share of employer enterprise births. The ratio of creation of employment is approximately 10%. This ratio has been decreasing by years according to the statistics.

The distribution of newly born enterprises by sectors in 2012 has achieved the leadership of wholesale and retail, by the one third entrepreneurs overall. After this leader sector, the following two sectors are so close to each other in means of ratio by transportation/storage and manufacturing; within the ratios 3,4% and 14,8% respectively. Then the third group

follows these first two by slightly under level of 10%; which are: accommodation and food service activities 9,6%, professional, scientific and technical activities 7,4% and construction with 6,8%. The rest are totally %14 but the rest are distributed to a highly diversified manner (see Figure 1).

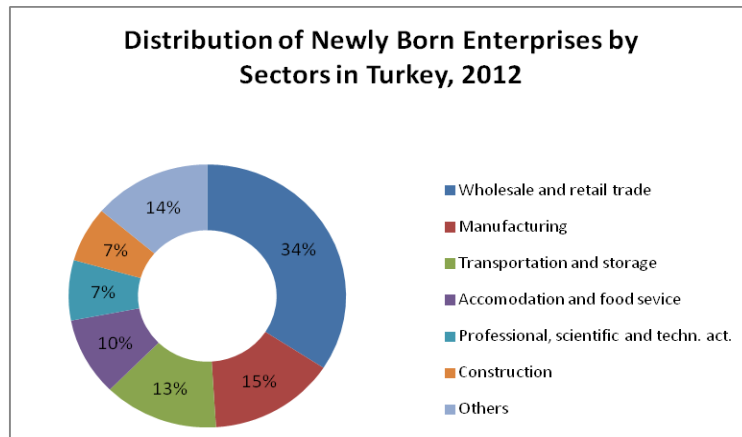


Figure 1. The distribution of newly born enterprises by sectors in Turkey (2012)

Source: TurkStat, Business Registers, TurkStat, Entrepreneurship Statistics, 2013

It is in nature of economic sectors being sold or closed their businesses. The total number selling and closing their businesses is considered an death rate. Turkey recorded 4.64% of entrepreneurs who exited their businesses in 2012. Entrepreneurial activity should be assessed not only by the number of new entries into the market but also by the number of those exiting the market. The new born entrepreneurs who were involved in creating new business, equating with 3.7%, are fewer than those equating with the exit rate. The number of entrepreneurs who exit the market exceeded the number of entrepreneurs who entered the market in Turkey in 2012, which may show that the expansion of entrepreneurship is insignificant. Understanding the reasons for business discontinuation is important for entrepreneurship. It may help policymakers deal with problems that entrepreneurs face in order to achieve entrepreneurial sustainability.

The reasons for business discontinuation are various: unprofitability, difficulties with access to finance and personal factors are important reasons for discounting business in Turkey. “The business was not profitable” was the main reason indicated for exiting the market in 2008; a full 47% of respondents cited this as the reason. However, “problem getting finance” was the main reason to exit the market in 2010. Most likely, attracting additional financing after the recession and problems securing finance were important for the viability of businesses in 2010 (GEM, 2012).

As within direct proportion to the mentioned data given above; the first, second and the following sectors are so coherent with the new born statistics. By the year 2012, wholesale and retail trade sector was the first to exit by the ratio of 38,5%. Manufacturing 16,1% and transportation and storage 10,9% are the respective numbers of ratios. In this stage, it is observed that the numbers and distribution of newly born and death sectors show quite similarities. The sector distribution and the ratios quite resemble to each other for both newly born and death enterprises sectors.

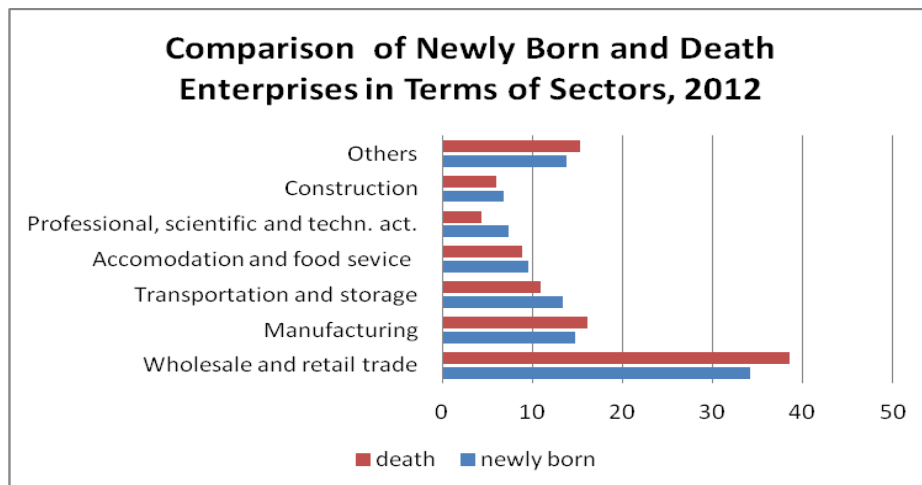
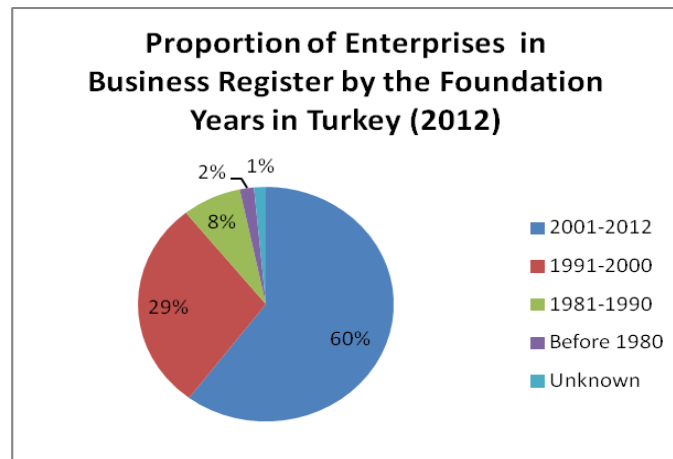


Figure 2. The comparison of newly born and death enterprises in terms of sectors in Turkey
Source: TurkStat, Business Registers, TurkStat, Entrepreneurship Statistics, 2012

Pursuant to the legal status of enterprises over 85% of entrepreneurs are "sole proprietorship" and quite far leader while compared with the other types of legal status in enterprises. It is the same that sole proprietorship is in far more leader status but not as much as newly born situation but with the ratio of 55%. Limited liability is the second frequently observed legal status. Another significant subject to evaluate in this framework is employment creation rate by employer enterprise deaths and employment destruction rate by employer enterprise deaths. There are two fore standing legal status that are: sole proprietorship and limited liability respectively by 65% and 15% in means of employment rate by employer enterprise births. The resembling observation is possible for the employment destruction rate by employer enterprise deaths that both sole proprietorship and limited liability are becoming prominent. Only in this case, limited liability is a little bit achieved more than sole proprietorship, %44 and 33% respectively. This analyse gives a strong impress that in Turkey entrepreneurs are the lonely actors of economy. In some circumstances limited liability is preferred as well. This again refers to the entrepreneur him/herself because generally limited firms are set down with family members.



Shape3. Proportion of Enterprises in Business Register by the Foundation Years in Turkey
Source: TurkStat, Business Register, TurkStat, Entrepreneurship Statistics, 2012

The foundation years of enterprises refer researches that the entrepreneurship do not have a history to go into more depth. A clear majority of registration as enterprises are realised in last 14 years at most. The percentage is approximately 60% level. The following establishment date refers to the beginning of nineties to 2000. The oldest enterprise dates are classified as "before 1980" and merely 2% were established in this category. All these setting up dates indicate that in Turkey very less firms could manage to survive for a long-termed economic activity.

According to TurkStat Statistics, the numbers of employees are the highest group for the number of worker is in between 1-19. Small and medium sized entrepreneurship is highly developed in Turkey in all sectors. But the only differentiating sector is manufacturing that do not surprise the researchers who are aware that manufacturing industry requires more employer than any other industries but even this knowledge or assumption, 1 to19 employee is the second frequent number in terms of employment for manufacturing sector.

Discussion and Conclusion

This paper should be regarded as a forefront evaluation of entrepreneurs of Turkey. For sure the analysis outlined in this paper is just a summary of a comprehensive research for the overall entrepreneurs in Turkey. Therefore while not only given analysis have taken into account, but also in detail secondary researches have kept in mind, the following results come through:

➤ **The women labor force and youth do not take part deservedly as entrepreneurs.**

To ensure the contribution of women and youth to entrepreneurship mechanism, policies should focus on encouragement strategies that will help to remain opportunities for these groups. Some institutions such as OECD establish specific programs to be followed and applied for their own economic and social structure. Turkish entrepreneurs can profit from policies oriented to start-up phase. In addition, in Turkey, more women unemployed than men. In addition, women have higher tendencies than men to be in self-employment. Whether out of necessity or preference, women would still benefit from the scope of entrepreneurial opportunities widening.

One of the other problems, entrepreneurs face in Turkey regarding with this issue, is that these enterprises can not attract and retain reliable employees. It is difficult for employers in Turkey to find workers who will contribute a productive value in excess of their wage and the payroll taxes related to their employment.

A grow in Turkey's labor force must be accompanied by an improvement in the level of worker education and skills. According to the World Bank reports, Turkey's workforce is severely deficient in its level of education and skills. Besides, female rates of participation are far below the European Community norm as mentioned above.

➤ **Participation and representation mechanism has problems especially at the beginning level of entrepreneurship.**

The starting-up level is not an easy case by reason of entrepreneurs needy situation. As it is observed, Turkish entrepreneurs require the following experiences and information as a need at their start-up: market and demand research, technological support, qualified human resources and marketing and advertising. Due to the fact that entrepreneurs are lack of awareness of the formal sources and types of help, forming programs oriented in increasing awareness of available resources to entrepreneurs is possible. One of the other policies might refer to increase both the number local centers and institutions as well as the connectivity between them. These platforms might be the available platforms in order to bring all level of experienced entrepreneurs together. It is clear that in Turkey, governmental programs are required.

It is important to make entrepreneurs aware of the availability of business training by appropriate outreach activities. The Turkish government should undertake a public relations strategy to ensure that small business owners are knowledgeable about training courses and other initiatives.

Entrepreneurs in Turkey can affect the economy. Business associations support the structure and ensure for successful lobbying activities. Business owners, willing to influence Turkey's economic future should seek active membership in organizations such as the Chamber of Commerce, Chamber of Industry, TUSIAD, and/or a sector-based association. These organizations also have the ability to provide business training through various outreach activities.

➤ **Almost every step of being entrepreneurship require high order bureaucracy and unstable strategies made by governmental institutions.**

The benefits of entrepreneurship to economic development are becoming clearer and important and due to this reason entrepreneurship must be supported by the government. Turkish small and medium sized businesses have problems regarding with the lack of financial support, a high burden of taxes and regulations and very less government programs. In Turkey, entrepreneurs generally have trouble with uncertainty in the economic and political environment that corresponds to change in state policies, volatility in foreign exchange prices, high cost of financing and change in inflation rates. Thus; "**simplification of bureaucracy in state organisations**", "**the establishment of modern and stable state policies**" and "**availability of financial possibilities**" are among the most important issues for entrepreneurs in Turkey.

One of the most serious problem facing entrepreneurs is Turkey's confusing and complex tax system. Turkey has recognized this problem in its Ninth Development Plan. According to the Plan, ". . . due to the complexity of the tax system and the large number of taxes, the cost of tax transactions remains high". Turkey has already made some improvements in its tax system. In 2006, Turkey began a process of improving the collection, service and administration of the tax system. For instance, Turkey improved the technological infrastructure of the Revenue Administration and began an e-Tax Department automation project to allow for electronic filing. Turkey needs to work toward this goal with urgency to insure a broadening of the tax base, lower tax rates, and greater compliance. By further

automating and simplifying the tax system, Turkey will reduce the burden on small businesses, reduce the size of the unregistered economy, and promote macroeconomic stability.

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