

BUSINESS SURVIVAL
ANALYSIS OF
SYRIAN-OWNED
ENTERPRISES **IN TÜRKİYE**

What Works Best?

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PREFACE AND ACKNOWLEDGEMENTS

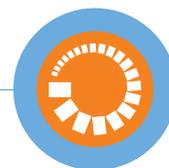
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Building Markets addresses inequality around the world by advancing inclusive economies that work for all. We do this by opening opportunities for small business owners — who fuel more than 70% of the world’s jobs — to transform their lives and communities. 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 are needed most, Building Markets is elevating small businesses as engines of enduring social impact and economic growth. To learn more about Building Markets, visit buildingmarkets.org.



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TUYGAR is a research center established in 1994 to act as a platform for supporting scientific, multidisciplinary research, building a bridge between research and practice, and creating an integrative space for researchers and organizations in the field of tourism. BU TUYGAR is an affiliate member of the United Nations World Tourism Organization (UNWTO) and a member of the UNWTO Knowledge Network. Conducting national and international comparative research, providing tourism sector professionals with education programs, organizing and coordinating conferences, seminars, meetings, and workshops on hospitality and tourism topics, and providing national and international consultancy services for the sector are the activities of the Center.

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List of Abbreviations

CIP	Competitive Industrial Performance Index	NGO	Nongovernmental Organization
EFTPOS	Electronic Funds Transfer at Point of Sale	NPO	Nonprofit Organization
EU	European Union	SMEs	Small and Medium-sized Enterprises
GCR	Global Compact on Refugees	SuTPs	Syrians Under Temporary Protection
IT	Information Technologies	TPS	Temporary Protection Status
LHCs	Local Host Community Members	UNHCR	The United Nations Refugee Agency
MENA	Middle East and North African Countries		

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EXECUTIVE SUMMARY

1

This report is the product of the Building Markets contracted research project, “Refugee Entrepreneurship Research Excellence Program-2023,” between Building Markets and BU TUYGAR. The primary objective of this report is to examine the Syrian-owned small and medium enterprises (SMEs) in Türkiye, uncover their success and failure factors, and make recommendations for future business founders. The report has relied on mixed methods research that consisted of desk research, interviews with Syrian business owners between May and July 2023, and survival analysis conducted on the data collected from 1,158 verified SMEs by Building Markets during 2017-2023. The research covers eight provinces (Gaziantep, İstanbul, Mersin, Hatay, Şanlıurfa, Adana, İzmir, and Ankara) with a highly dense Syrian population.

2

This report utilized an existing dataset derived from SME surveys conducted by Building Markets between 2017 and 2023. This dataset encompassed responses from 1,158 SMEs owned by at least one Syrian individual. The survey comprehensively examined various aspects, including enterprise and owner demographics, management strategies, barriers, challenges, and plans. In addition to this dataset analysis, the report incorporated various research methods, including interviews with business owners (both successful and closed businesses) and desk research on migrant entrepreneurship.

3

The demographic analysis results reveal a gradual upward trajectory in entrepreneurial endeavors among Syrians in our dataset between 2011 and 2019 but slowing onwards. The rise in the number of Syrians choosing to be self-employed point to their dissatisfaction with the jobs available in the labor markets and their entrepreneurial orientation. On the other hand, the steep fall in new enterprises after 2020 may result from the pandemic negatively affecting the Syrians more than the local populations, the nature of the sectors they engage in, and the supply chain disruptions in their industries. Eighty percent of the SMEs fall within the micro-sized category, employing fewer than ten individuals, and are predominantly active within the services sector. Wholesale and retail trade, accommodation and food services, and professional scientific and technical activities are the most common within the services sector. More than sixty-five percent of the SMEs are family-owned companies that often employ family members or acquaintances.

4

The survival analysis reveals the number of languages an SME owner speaks, the SME's exporting status, the number of marketing strategies employed, and having a bank account to have a significant and positive impact on business survival, whereas having a business plan or the number of local employees did not have any significant impact. "Business survival" is the likelihood of the time it takes for a business to stay in operation (as opposed to closure) from the commencement of its operations. Of the 1,158 SMEs, 115 had closed their business for one reason or another. As 50 percent of new ventures may fail in their first three years (Morris et al., 2015), a 10 percent failure rate in our case can be considered low. All the SMEs interviewed noted that the first three years were the most challenging, as they would not know if they would break even and stay in business. The results emphasize the significance of international operations, as SMEs express challenges when integrating into domestic supply chains in Türkiye, particularly in sourcing from suppliers and securing customers. Possessing proficiency in the local language and potentially in additional languages enhances the involvement of Syrian business owners with local institutions and various stakeholders while creating new business prospects from international contacts.

5

SMEs encounter a unique array of obstacles that hold substantial consequences for their economic prosperity and business survival, as well as for their integration and wellbeing. A competitive local market, laws and regulations, taxes, access to the banking system, economic instability, and rising operational costs are concerns for SMEs. Despite residing in Türkiye for an extended period under temporary protection and owning a business, the Syrian business owners often face challenges in obtaining a bank account, making them ineligible to secure a formal loan from a financial institution. Their reliance on cash payments (or the hawala system) instead of long-term checks that the local enterprises prefer limits Syrian business owners' integration into the local supply chains. Likewise, the lack of loans restricts them from investing in machinery and capacity improvements, risking their competitiveness.

6

Despite its challenges, the competitive business environment in Türkiye created opportunities for the SMEs. Competition encouraged SMEs to innovate and differentiate themselves from their rivals. Saturation of the ethnic markets is a risk for all the Syrian-owned enterprises that do not diversify their markets. To stand out, they improved their product and service quality and developed new products and strategies to gain a competitive edge. They learned how to customize their products through market research and customer testing to enter the local markets. Furthermore, having an enterprise in Türkiye opened new export markets besides the MENA region countries.

The participation of Syrian women in the Turkish economy, both as employees and entrepreneurs, is noticeably restricted. Women employees constituted fourteen percent of the total workforce in our sample (a total of 7,523 employees), which suggested that Syrian-owned SMEs preferred male employees. Furthermore, of all the SMEs in the sample, only six percent had a woman as a partner. However, these numbers are higher than Syrian women's involvement in the economy before they moved to Türkiye, as many of them have now become the main breadwinners in their families. While they entered easy entry and traditional sectors like wholesale and retail and education, they also operated in manufacturing, professional, and technical services. Notably, over 40 percent of their enterprises engaged in export activities. Despite their potential, they suffer from double discrimination and are the most ignored group for entrepreneurial support.

Aligning with the outcomes of our research, we propose the following recommendations for the Syrian SME founders in Türkiye:

- a Gain insights by working in your chosen sector, and invest where you have knowledge and relevant education, as research shows this firsthand experience helps entrepreneurs make informed investments, anticipate challenges, and adapt their strategies effectively.
- b Employ a capable accountant and lawyer, as findings indicate that navigating through the regulatory framework of Türkiye and the corresponding financial complexities demands expert assistance, and support saves time and money.
- c Engage in partnerships with locals who are experienced in the same sector and can provide invaluable insights, helping localize the products and services concerning the Turkish context and tackle new challenges.
- d Get proficient in the local language and diversify linguistic skills, including a third language alongside Arabic and Turkish, as it is necessary for expanding globally.
- e Leveraging this initial growth phase, build a reputation for excellence through multifaceted marketing approaches. Word-of-mouth, direct sales calls, and social media channels enhance brand visibility, cementing the business as a provider of quality products and services.

- f** As business grows internationally, expansion requires a diversification of customer base and geographical reach. Restricting the customer base to a single market, like the Arabs in Türkiye or the MENA region, increases the chances for failure during a crisis. Hire sales representatives and participate in local and international trade fairs, as these would facilitate networking and exposure to global markets. Adhering to quality certifications and export regulations is crucial to build legitimacy in international markets. Ensure compliance with country-specific requirements and obtain relevant certificates that will demonstrate credibility in the international arena.
- g** Engage with institutions, chambers of commerce, local Arab networks, and organizations like Building Markets. Adopt a proactive approach to skill enhancement, particularly in business planning and soft skills in management for future growth.

Our research has its limitations. As our sample is driven by those SMEs who agree to complete the Building Markets survey, the dataset can possess a degree of volunteer bias. Considering the lack of empirical data of this size in previous studies and the geographical distribution of the SMEs, this potential sample bias is disregarded. A volunteer bias is also possible for the qualitative interviews. To triangulate the qualitative analysis, the findings were cross-checked with the quantitative analysis and other research conducted in the same context. Furthermore, interviews were structured to include successful and unsuccessful businesses.

1

INTRODUCTION, PURPOSE AND SCOPE

Global migration continues to challenge nations, organizations, and individuals.

The well-being of displaced people is a concern for modern societies, and no straightforward roadmap exists or can guarantee their inclusion and cohesion with the host communities. Besides providing humanitarian aid, supporting displaced people's economic and social integration is a key goal for intergovernmental organizations and nations. Multiple parties recommend entrepreneurship and self-employment as one way for them to start over and rebuild their lives (Heilbrunn & Iannone, 2020; OECD/European Commission, 2021; Sinkovics & Reuber, 2021). As the Global Compact on Refugees (GCR) suggests, self-employment can ease pressures on host communities and enhance their self-reliance (UNHCR, 2018).

The primary objective of this report is to uncover the Syrian-owned businesses' success and failure factors and make recommendations for future investors. It closes a gap in the literature for mixed methods research based on large datasets. GCR suggests a multistakeholder approach to improving the integration and well-being of refugees (UNHCR, 2018). This research exemplifies a collaboration between a nonprofit organization (NPO) and academia. The results and recommendations will interest Syrians, local host community members (LHCs), policymakers, NGOs, and other research studies.



The primary objective of this report is to uncover the Syrian-owned business' success and failure factors and make recommendations for future business founders.

Displaced people from different nationalities may share similarities in their entrepreneurial experiences in the host country, such as in their interactions with the institutional system (Rottmann, 2020). However, they may also face different challenges in setting up and managing their businesses, depending on the time and the conditions under which they arrived, as well as the legal and cultural differences between the host country and their home countries. Although Türkiye has received various groups of migrants in recent years (e.g., Iraqis, Afghans, or Ukrainians), there is a stark contrast in numbers, as the count of other migrants is significantly lower than the substantial figure of 3.3 million Syrians. Thus, considering these factors, this report focuses only on Syrian-owned formal businesses that are part of the Building Markets database in Türkiye.

CONTEXT: MACROECONOMIC ENVIRONMENT AND GOVERNMENT POLICIES

The influx of people escaping the civil war in Syria in 2011 has occurred within an economic environment experiencing transitions and challenges.



Although the Turkish economy displayed high growth rates and achieved a transition to the higher middle-income category, its performance, which was once denoted in the international community as an example to be adopted by other emerging countries, has stagnated after 2011 (World Bank, 2014). Moreover, economic performance has been uneven and contradictory in various economic and social development dimensions. For instance, while the economy achieved high growth rates, it failed to generate sufficient productive employment.

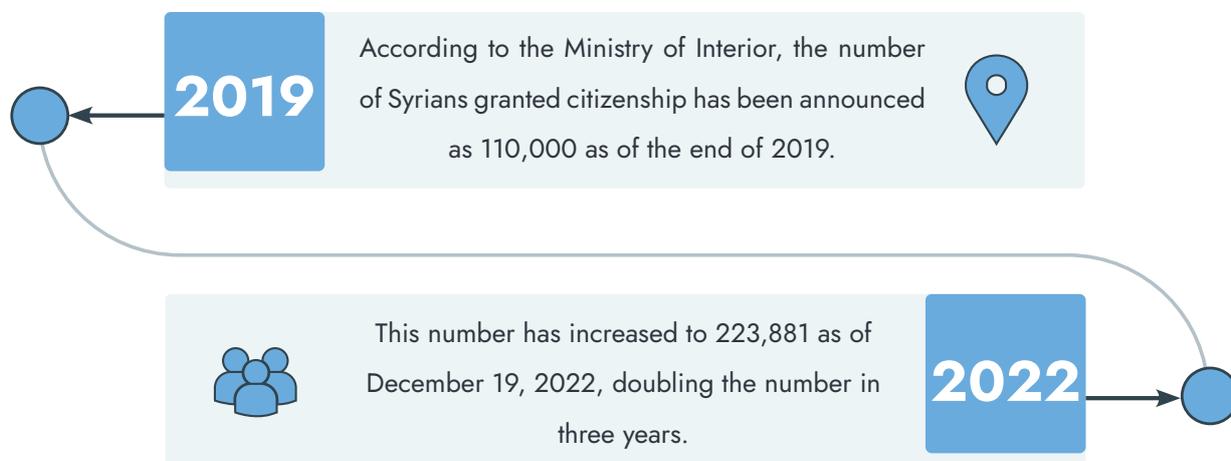
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Economic policy is generally pro-business and market-oriented; however, protectionist policies continue to exist (OECD, 2022).

There are still concerns over the rule of law, discretionary implementation of regulations, and governance in the public sector. Economic policy is generally pro-business and market-oriented; however, protectionist policies continue to exist (OECD, 2022). Despite an improving ecosystem for entrepreneurship in the country between 2010 and 2019 (i.e., the number of start-up accelerators), access to finance continues to be an obstacle for new business development (i.e., unavailability of venture capital and low market capitalization scores) (World Economic Forum, 2019). Thus, the economic environment that the Syrians encountered as entrepreneurs included opportunities and challenges while trying to establish their businesses and create livelihoods for their families.

The 2018 economic crisis in the country, the COVID-19 pandemic, the currency crisis, sharply increasing inflation after 2021, the earthquakes in February 2023, and the accompanying unemployment have all exacerbated the challenges and intensified the problems for the most vulnerable groups, including the Syrians in Türkiye (Building Markets, 2021, 2023). Increasing economic challenges have also contributed to rising anti-immigrant sentiments in public opinion (Karasapan, 2021).

As of July 13, 2023, Türkiye hosts 3.33 million Syrians, making it the largest refugee-hosting country globally (Refugee Association, 2023). The legal status of Syrians is temporary protection status (TPS) within the “Temporary Protection Regulation” framework. Some of these Syrians have received Turkish citizenship. According to the Ministry of Interior, the number of Syrians granted citizenship has been announced as 110,000 as of the end of 2019, while this number has increased to 223,881 as of December 19, 2022, doubling the number in three years.





The number of Syrians who studied in Turkish universities in the 2021-2022 academic year has been 48,192.

The education of Syrian children has been a priority for the Turkish Government to achieve social cohesion and peaceful coexistence (Erdoğan, 2019). Despite the challenges introduced to its education capacity, Türkiye has realized significant achievement in providing access to education for 938,138 children in kindergarten, primary, secondary, and high school levels as of June 8, 2022 (Refugee Association, 2023). In addition, Türkiye has also provided higher education to Syrian students completing their high school education or those who resumed their higher education in Syria in public and private universities. The number of Syrians who studied in Turkish universities in the 2021-2022 academic year has been 48,192 (Refugee Association, 2023).

Challenges posed by Syrians on the labor market are another topic for government policy and intervention, as unemployment is an issue in the country. Syrians are considered a source of cheap labor that might cause the locals to lose their jobs. As the number of Syrian workers in the informal sector increased, the government issued the right to work to the Syrians in 2016. As of March 2019, the number of Syrians who have been given a work permit was 31,185 (Refugee Association, 2023). The number is relatively low considering the number of Syrians under TPS, indicating that most work informally.

According to the Code of Commerce, Syrians can establish businesses in Türkiye, and owners can apply for work permits.

Entrepreneurship has been denoted as one of the tools for Syrians' integration. According to the Code of Commerce, Syrians can establish businesses in Türkiye, and owners can apply for work permits. With the legal system encouraging formal entrepreneurship, there has been a progressive rise in the prevalence of businesses owned by Syrians throughout the years, reaching a peak in 2018. As of 2019, the number of businesses with at least one Syrian partner is 15,159 (Refugee Association, 2023). Most Syrian-owned businesses are micro and small enterprises, and the main sectors of operation are wholesale, real estate, and construction (Erdogan, 2019).

As of March 2019, the number of Syrians who have been given a work permit was

31,185



As of 2019, the number of businesses with at least one Syrian partner is 15,159.

METHODOLOGY

A three-step research design was administered in the report.

To start with, the desk research helped to establish a foundational understanding of migrant businesses and to build context and theoretical background. Incorporating a mix of desk research, quantitative analysis, and semi-structured interviews provided a robust approach to gathering comprehensive insights into Syrian-owned businesses' survival. The report's strength comes from the scientific analysis of a large-scale survey combined with an in-depth analysis of successful businesses.

● Sample Dataset

The researchers worked with the dataset provided by Building Markets. Every SME is owned by at least one Syrian individual in the dataset. SMEs were interviewed by Building Markets field officers between 2017-2023 using a verification survey. A representative sample of the 150 questions included in the survey is provided in Appendix B.

The initial dataset had information on 1,700 Syrian-owned businesses, some of which have been surveyed and verified by Building Markets multiple times. As our focus revolved around companies founded after the war in Syria started, we removed those founded before the war began in 2011. We then removed companies for which we needed information on the start of operations. Since we were interested in certain factors that might affect firm survival (please see next section for details), we dropped 425 instances from analyses for which we did not have data on these variables. We were left with **1,158** businesses for which data can be used to run survival analyses. The breakdown of closure dates for these businesses is as follows:

N:25	businesses for which we know the formal closure date
N:59	businesses that we know have closed, but we do not know the exact closure date (these businesses seem to be active and operational in official records)
N:31	sole proprietorship businesses which we know have closed but for which it is not possible to know the exact closing date
N:1,043	businesses that are known to be operational
N:1,158	total number of businesses included in the analysis (115+1,043)



Figure 1 Location of SMEs in Survey Sample (by province)

Much of our data was collected from SMEs in İstanbul, followed by Gaziantep, two cities with the highest number of Syrian-originated individuals (Refugee Association, 2023). Most SMEs (80%) were micro-sized, smaller than ten employees (Figure 2). 18% of the SMEs were small-sized (i.e., 10-49 employees), and only 2% were medium-sized (i.e., 49-249 employees).

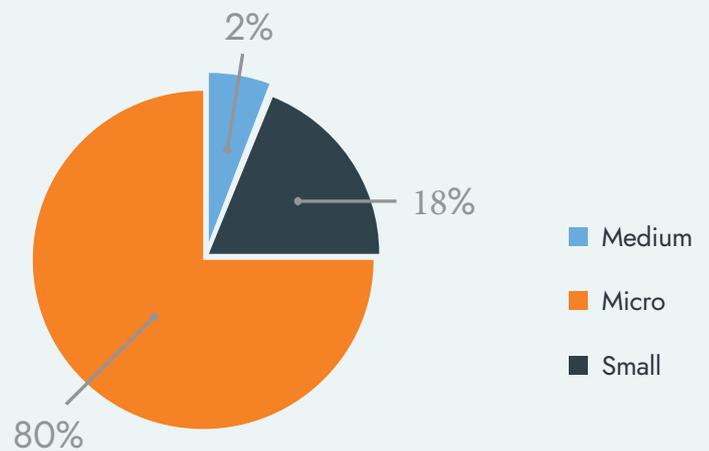


Figure 2 Breakdown of SMEs Based on Size (the number of full-time employees, %)

As shown in Figure 3, there is a general increase in newly founded Syrian SMEs from 2011 to 2019. The change in these numbers after 2019 is striking. Covid-19 likely had an impact on the founding of new ventures. Although at first sight, this can be reminiscent of the global trend, the founding of limited liability companies generally made a dip only for a short period at the outset of the pandemic and caught up with previous figures after a few months (World Bank Blogs, 2022). In contrast, newly founded Syrian SMEs show a steep decline trend in 2020 and 2021. While our data shows a striking difference from the general trends, it is difficult to make causal claims. This finding could be due to challenges associated with accessing new SMEs and collecting new data from them.

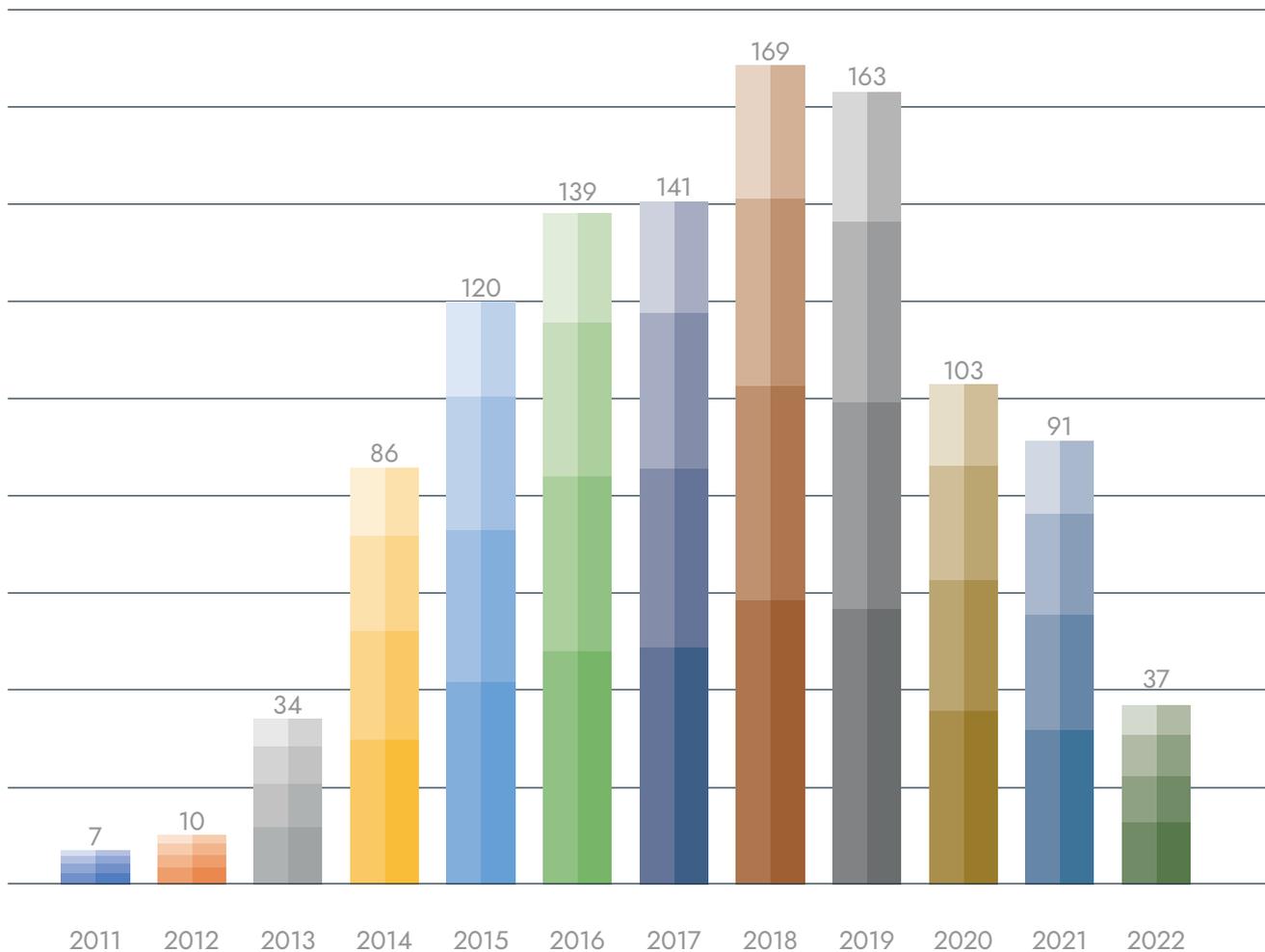


Figure 3 Number of SMEs that started operations each year

● Quantitative Data Analysis

We define business survival as the likelihood of the time it takes for a business to stay in operation (as opposed to closure) from the commencement of its operations (Kalleberg & Leicht, 1991). As we are interested in which factors increase or decrease this likelihood, we ran a survival analysis to understand which relevant factors have a significant impact. To that end, we focused on six such factors:

i	whether the company exports or not	ii	the number of local employees
iii	the number of languages the owner speaks	iv	the number of marketing strategies utilized
v	whether the company had a business plan or not	vi	having a bank account or not

We knew the exact closure dates of only certain companies. There were cases for which we did not know the exact closure date (but only the interval in which they were closed) and some cases for which the date of commencement of operations was not available. Furthermore, many businesses in our dataset were operational during data collection. To accommodate an analysis with all these cases, we ran a Cox proportional hazards model on interval-censored survival-time data (Finkelstein, 1986). The Cox proportional hazards model is a statistical method for analyzing the relationship between various predictor variables (e.g., the five factors mentioned above) and the “time-to-event” (e.g., the time it takes from a business to commence its operations to end its operations).

Since some businesses were surveyed multiple times, our report is based on findings from when businesses indicated the maximum level of the six factors mentioned above. We note that running our analyses using the first survey time point leads to convergence issues of the Cox proportional hazards model.

● Sample and Data Collection for Qualitative Analysis

The qualitative part of the study aimed to supplement the quantitative analysis and provide insights into the Syrian-owned businesses' success and failure through in-depth analysis. Thus, the quantitative analysis results were considered when designing the interview questions. We investigated how they overcame institutional and structural barriers, such as information asymmetry and the lack of access to financial markets. We were also keen to learn what skills they employed for establishing their enterprises and whether they had to learn new ways of doing business in Türkiye. There were 24 open-ended questions, of which 12 were demographic; the interview guidelines can be found in Appendix C.

To generate a sample for best cases, the findings of the quantitative analysis were used together with the literature. Criteria such as export status, industry, owner's gender, company size, and location were used for selection. The SMEs were contacted, the purpose of the study was explained, and those who consented to the interview were included in the study. During June and July 2023, 21 interviews were conducted, of which 16 were surviving cases and five failed ones. A list of participants of the surviving businesses can be found in Appendix A. As a result of space limitations, we could only include six out of the 16 best cases in the report. The list of businesses that closed is not shared to keep their identities anonymous.

CRITERIA FOR SELECTING A SAMPLE FOR BEST CASE ANALYSIS

EXPORT
STATUS

INDUSTRY

OWNER'S
GENDER

COMPANY
SIZE

LOCATION

Face-to-face interviews took place in the SME facilities. Visiting the owners of their businesses allowed the researchers to conduct ethnographic observations of human interaction in their social setting. In eight interviews, an Arabic/Turkish translator was present; the rest of the interviews were conducted in Turkish and English. The participants received an ethics consent form in Arabic, which the Bogazici University Ethics Board approved. After their voluntary and well-informed consent, all the interviews were voice-recorded. Face-to-face interviews lasted between 38 and 90 minutes, and telephone interviews lasted between 25 and 35 minutes.

● Qualitative Data Analysis

All the interviews were transcribed verbatim to Microsoft Word and later reviewed and edited for correctness. These transcripts were used to analyze and write the best-case synopsis in this report.

Researchers immersed themselves in the data to gain a deep understanding of the content, and they systematically assigned codes to data segments that represent specific concepts and themes (e.g., self-determination and community orientation). This process involved inductive coding, where new themes emerged directly from the data, and deductive coding, where predefined categories from the existing literature were used (e.g., export orientation). Similar codes were grouped to form themes (Gioia et al., 2013). The researchers discussed and refined the themes through constant comparison and data validation. Finally, they crafted a summary that contextualized the identified themes within the research objectives, offering a narrative that synthesized the data and drew meaningful conclusions.



THE RESULTS OF SURVIVAL ANALYSIS

The study's primary objective was to reveal the key factors contributing to the success and failure of Syrian-owned businesses and to provide suggestions for prospective investors. To achieve this aim, we incorporated a mix of desk research, quantitative analysis, and semi-structured interviews with business owners.

The findings of the survival analysis indicate that the following factors have a significant and positive impact on business survival (i.e., decrease the likelihood of the time it takes for a business to close):

- Number of languages that a business owner speaks
- Number of marketing strategies that the business employs
- Exporting (as opposed to not exporting)
- Having a bank account (as opposed to not having a bank account)

We also observe that the following factors do not have a significant impact on business survival:

- Having a business plan (as opposed to not having one)
- Number of local employees

Overall, the survival and qualitative analysis highlight the importance of exports, as the Syrian businesses state a general difficulty in entering local supply chains in Türkiye regarding finding suppliers and customers. Exporting acts as a proxy for overcoming the barriers to entering the local market through self-sustaining networks and connections from their home markets, most of which are facilitated by previous partners, family, and friends from Syria. It is important to note that these are primarily previous connections; the respondents report a general lack of a network with other Syrian businesses, especially in Istanbul, for sharing experiences and resolving problems.

The lack of local language proficiency can have significant effects on Syrian business owners in various aspects of their lives. Language barriers impede effective communication, constraining networking and customer engagement. It slows down navigating legal systems, filling out paperwork, and understanding their rights and responsibilities, leading them to rely on others to follow these processes. Knowing the local language and even a third or fourth language fosters SuTP's engagement with local institutions and other actors and generates new business opportunities abroad.

As most SMEs are in a mode of survival and struggle with bureaucratic procedures and unknowns beyond their control, they cannot plan and merely focus mostly on daily operations. The current policy and economic environment are also not encouraging them to engage in long-term planning. Although having a business plan would enable these owners to evaluate future risks and challenges (economic and political risks as well as disasters), most of them have not started with a long-term business plan. In fact, most of them changed the course of their operations many times after establishing their businesses due to external factors such as high rents, taxes, bureaucratic requirements, local communities, etc. In summary, having a business plan does not facilitate survival in our sample; however, utilizing a diverse range of marketing plans proves significant.

The survival and qualitative analysis highlight the importance of exports.

Difficulties in integrating with the local market, gaining acceptance from the local community, and tight labor regulations cause the Syrian owners to work mostly alone and only with family members, without significant involvement of the local workforce. While local employees are a factor that is expected to facilitate integration, the current situation, which was frequently mentioned in the interviews, supports the insignificant influence of the number of local employees on business survival.

The *qualitative analysis* points to the following themes as vital in understanding displaced people's entrepreneurship and the survival of their businesses.

INDIVIDUAL MOTIVES FOR ENGAGING IN ENTREPRENEURSHIP



- Motive to improve work conditions (higher earnings, independence, and flexibility)
- Entrepreneurial experience and education
- Recognition for contribution to society (not relying on welfare)

CONTEXTUAL MOTIVES FOR ENGAGING IN ENTREPRENEURSHIP



- Precarious employment conditions
- Conducive legal system for migrant entrepreneurship
- Opportunities for penetrating the local ethnic market
- An extensive migrant network locally for finding suppliers, workforce, and partners.

FACTORS THAT SUPPORT SMEs



- Availability of a vast international network (previous customers, family, and friends) that enables exporting of products and services
- Knowledge of the Arabic language (MENA region countries and Arabs globally)
- Family support in providing financial, human, and social capital

FACTORS THAT HINDER SMEs



- Legal status (TPS) preventing them from traveling in and out of the country
- Lack of access to local customers and often local suppliers
- A competitive local market
- Lack of access to finance
- Information asymmetry (challenges in accessing and following information about regulations, opportunities, and market conditions for specific industries)
- Lack of language acting as a barrier to business development and integration
- Gender roles and lack of social and institutional support for female entrepreneurs

The factors contributing to the success and failure of Syrian-owned businesses and what works best are explained further in the following sections.

4. THE RESULTS OF SURVIVAL ANALYSIS

4.1. Industry as an Environmental Factor

The local market size in Türkiye is large and lively, where 99% of all firms are SMEs, creating 52.6% of overall value added in the 'non-financial business economy' (OECD, 2022). The country is globally competitive ranked 61st out of 141 countries in 2019 (World Economic Forum, 2019). Although classified as a services economy, it also has strong manufacturing, wholesale, and retail trade industries (OECD, 2022). According to the Competitive Industrial Performance Index (CIP), Türkiye achieved 27th place out of 152 nations in the 'Manufacturing Competitive Industrial Performance' category in 2021, above the average of 'World and Emerging Industrial Economies' (UNIDO, 2021).

Displaced people commonly concentrate on industries with minimal entry prerequisites and qualifications, enabling them to contribute based on their cultural heritage, skills, or prior experience (Impact Hub, 2022). The Building Markets' survey results indicate that 63% of the SMEs investigated operate in three broad categories: wholesale and retail trade, manufacturing and accommodation, and food service (Figure 4). Leaving out the manufacturing sector (22,88%), overall, SMEs are found in the service sectors. Of the manufacturers, most SMEs are in apparel and textiles (64%) and food production (15.5%).

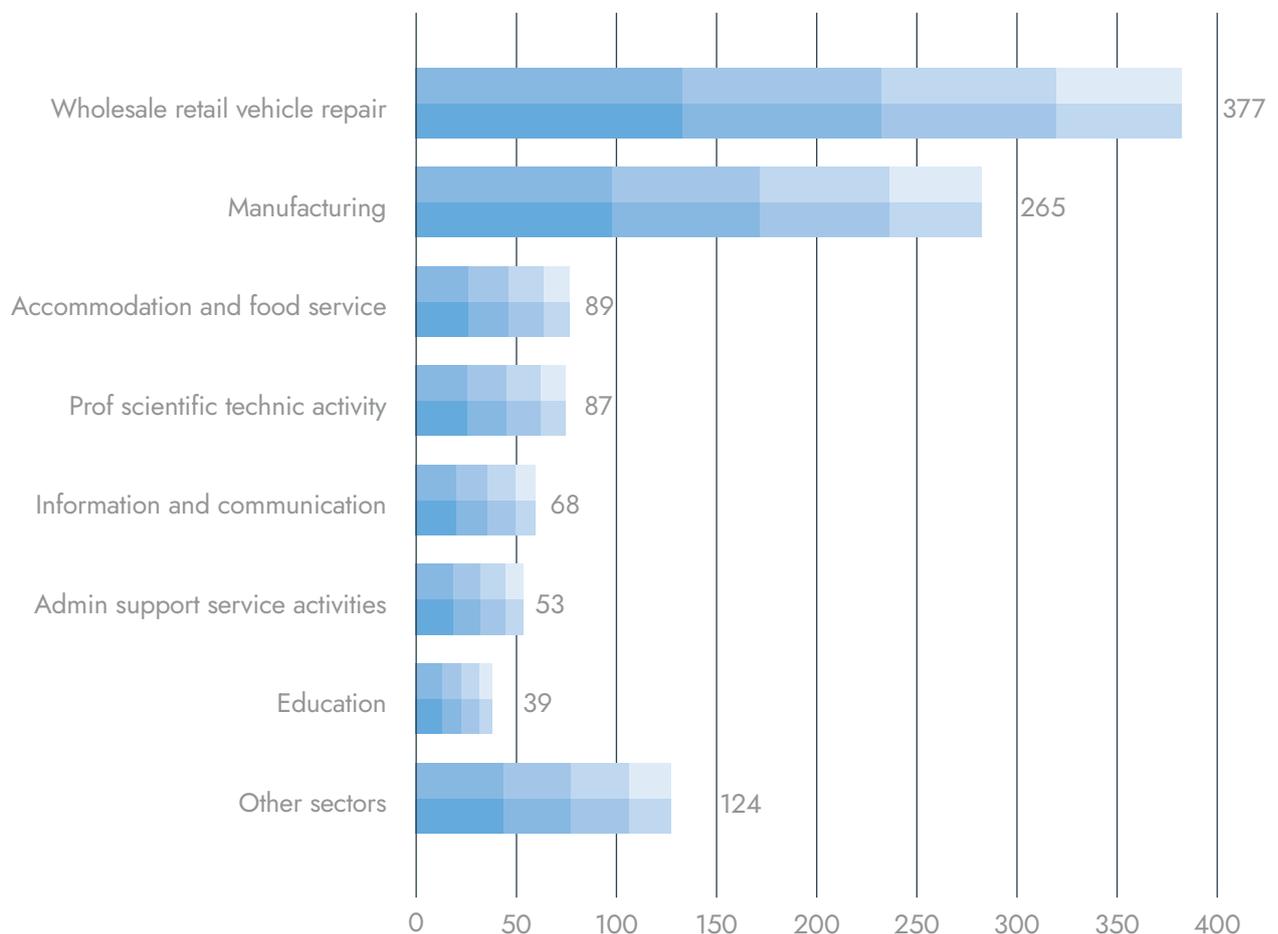


Figure 4 Number of SMEs in Each Sector

Considering their weight in the sample, we interviewed five SMEs from the food services and manufacturers. All the owners had prior experience in their relative sub-sectors and continued to work in the same business area they knew. The interviews confirmed an ethnic market nested within the local market, with minimum exchange among the suppliers, SMEs, and customers (See section 4.4 for specific barriers and challenges).

SMEs often could not source from local suppliers to the extent that they could not do business without a Syrian supplier. For example, only after a Syrian friend started beekeeping in Hatay could Batun (Batun Almahl Honey) supply honey and start his business. Haitham (Shamnou Trade) shared that he cannot sell his dates to locally owned supermarket chains

because of the smallness of his business and lack of capital. Yet, differentiation and customization of the products to local tastes are proven effective. For example, the customers of Izzaldin Sweets are mostly Arabs, but the locals prefer their deserts during Ramadan, as their baklava is lighter than its local version.

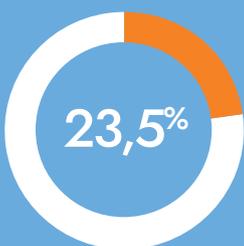


Hatiham - Shamnou Trade

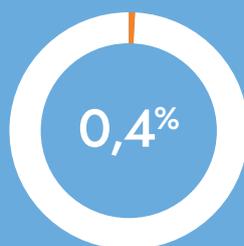
4. THE RESULTS OF SURVIVAL ANALYSIS

4.2. Enterprise Structure and Owner Characteristics

The primary owners in the SMEs are mostly Syrians who have TPS (23,5%), resident permits (0,4%), tourist visas (3,3%) or citizenship (12,4%), n.a (49%). Only a few SMEs have Turkish citizens as primary owners (2%).



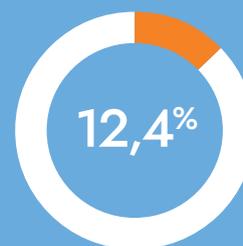
TPS



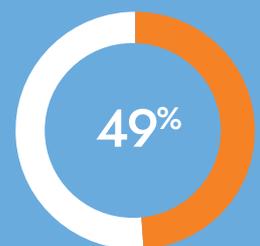
Resident permits



Tourist visas



Citizenship



n.a

Having a local partner could be resourceful in overcoming many of the barriers to entry into the local market (See section 4.4. for barriers). The local partner can help familiarize with the institutional environment (e.g., taxation), provide access to professional services (e.g., legal and financial advice), suppliers, shop space, and financing. They can be efficient in the localization of the products and enable access to local buyers, which can help the migrant business to expand beyond their ethnic markets. The partner can also find local employees and manage them. Overall, the migrants can overcome the liability of newness with the support of a partner and adjust to the business environment much quicker (see Box 1). One-tenth of our sample have more than one partner, but over 40% have stated they would be interested in receiving an investor or engaging in partnerships. Thus, building partnerships and attracting investments through various mechanisms (e.g., business plans and networking) is one area to be developed for SMEs.

The results suggest a high percentage of family ownership (67.8%), unsurprising as many migrants arrive in the host country with their families. Furthermore, family support is essential for migrants to engage in entrepreneurship (Dabić et al., 2020; Sinkovics & Reuber, 2021). Family members can provide the seed money, are trustable in a foreign environment, and provide the first workforce while starting a business. It is an appropriate business strategy if the SME aims to continue as a small, livelihood-sustaining enterprise. On the other hand, in the long run, family businesses can slow down SMEs' progress because of a lack of professionalism, conflicts of interest, and limited perspective and innovation. Continuing in a competitive environment like Türkiye will necessitate the SMEs to consider these factors for growth and sustaining their business in the long run.



Having a local partner could be resourceful in overcoming many of the barriers to entry into the local market.

BOX 1

Ahmad Karkas

ELMÜTTEHİD PLASTİK

Manufacturer of plastic packaging



After arriving in 2012, Ahmad worked in a business owned by acquaintances, and his time spent there enabled him to gain a local market. He speaks Turkish very well as he is of Türkmén origin, which was advantageous for him to integrate. While his brother stayed at his full-time job, Ahmad chose to be self-employed. After 2014, he started selling plastic packaging to local shops in Istanbul. To build up his customer base, he visited every food retailer in the Fatih area. The Syrians looked after one another and provided him with his first sales. After a year, the supplier factory offered Ahmad a sales partnership, and a year later, they formed a joint company for production and sales. As the business grew, so did their partnership, and in 2018, they moved from Merter into their new facilities in Beylikdüzü, with increased production capacity. Like many other Syrian business owners, Ahmad also experienced difficulties with the financial system, which he overcame through having local partners.

Their group of companies work at full capacity, undertake local tenders, and export to several countries besides the MENA region. Ahmad suggests that the trust they built with their customers and interpersonal relationships complement their high-quality products.



4.2. Enterprise structure and owner characteristics

4.2.1. SME Workforce

The SMEs in our sample employ 7,523 full-time and 799 part-time employees. After converting part-time to full-time employees, the average employee size for our sample stands at 7.9 employees, which corresponds to the high number of micro-enterprises in our sample (Figure 3) and the findings of other studies from Türkiye (Kadkoy, 2020).

A striking fact is the low local employee numbers (9.2 %) in the workforce. SMEs prefer to employ migrants instead of locals because of their language and cultural similarities. However, it could also be that some migrants are informally working and are cheaper to employ for the SMEs at their establishment stage. Nevertheless, the local regulation does not allow people under temporary protection (TPS) to exceed 10% of the workforce. During our company visits, we observed more local employees in the workforce as the size of the enterprise increased, which may suggest that larger SMEs comply with the regulations better than smaller ones.

Based on the researchers' observations in the retail shops visited in Istanbul, it is not uncommon to find older children working as shopkeepers or assistants in Syrian-owned businesses (light work and after school hours). Many business owners also shared that they learned their trade by working early with their families or others in Syria.

In summary, Syrian-owned businesses are livelihood sustaining enterprises to "maintain an income for an individual family" (Impact Hub, 2022, p. 7). They are micro or small-sized establishments trying to keep their labor costs down by employing a minimum number of employees and preferring low-cost labor such as family members, other migrants, and children.

7523

full time

799

part time



After converting part-time to full-time employees, the average employee size for our sample stands at 7.9 employees.

SMEs prefer to employ migrants instead of locals because of their language and cultural similarities.

4.2. Enterprise structure and owner characteristics

● 4.2.2. Individual characteristics of the owners

Frequently in the literature, displaced people are discovered to engage in entrepreneurship due to difficulties in accessing the labor market, where self-employment becomes the only viable solution to unemployment (Bizri, 2017). However, recent research from the field shows that there are varieties of necessity entrepreneurship (Weber et al., 2023), and self-determination and autonomy can be important motivators beyond sustenance (Cetin et al., 2022; de la Chaux & Haugh, 2020). The life stories shared by the successful business owners we interviewed point to some commonalities regarding their motivations (pull factors) beyond economic gains and labor market accessibility issues (push factors).

Most participants indicated that they found jobs shortly after coming to Türkiye through their social network; therefore, contrary to the literature (Bizri, 2017), they could enter the labor market (formal and informal). However, they were unsatisfied with their employment arrangements. Once they were confident enough (e.g., local market knowledge, customers, and some financial capital), self-employment was a way to improve their work conditions. Based on our interviews, it took them one to three years to establish their business after arriving in the country. Independence, higher earnings, and flexibility were listed as desirable work conditions.

They all had started working at an early age in Syria, learning the trade from their parents or other business owners. Some were also formally educated in the same profession. Thus, entrepreneurship runs in their blood, an important motivator for starting their business. They all have strong willpower to rebuild their lives (and their families), determine their destiny, and be perceived as contributors to the local economy. Maya Albabbili (Amwaj Kozmatik) shared, *“We do not like to be called refugees: We are contributing to the society here.”* This view was shared by most of the participants.



“We do not like to be called refugees: We are contributing to the society here.”

Maya Albabbili
Amwaj Kozmatik

Only half of all the participants had the fluency to hold the interviews in Turkish. Their low-level language skills are a combined result of the limited number of language courses, staying and working in ethnic enclaves, and feeling no urgency to learn.

The children's Turkish language capabilities and academic accomplishments are a source of pride for the business owners. Those participants who were schooled in Türkiye, even if at a later age or only a short vocational course, were much more fluent than those who were not. For example, the son of Rima Al Habbal (Lamasat Fashion), who was attending university and worked as a translator, and the brother of Mohammed Al Sabagh (Googel Advertising), who came to Istanbul at the age of thirteen and schooled there, was competent enough to lead the interview using fluent Turkish. Please refer to our findings regarding the importance of the number of languages spoken in an enterprise for survival in section 4.2.4.

For the participants, after maintaining their economic sustenance, giving back to their communities was deemed important. Besides offering employment or business to other Syrians, they were helping them by organizing networking events, finding work, or mentoring the youth. It would be advisable to connect SMEs with local and international social entrepreneurship networks and intermediaries that support social goals to fulfill their social responsibility aims.

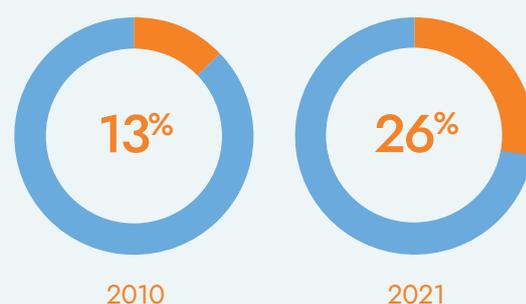
4.2. Enterprise structure and owner characteristics

4.2.3. Female SME Owners

Building Markets' survey results indicate that Syrian women's involvement in the Turkish economy as employees and entrepreneurs is notably limited. Yet, it is higher than what it used to be in Syria.

Of the total number of full-time employees in the dataset (7,523), 13.9% are female employees (1,048). Even though this number is much lower than the Turkish women's labor force participation (38.5%), it is still higher than Syrian women's employment in Syria before the unrest (World Economic Forum, 2021). After 2011, more than before, Syrian women have become the main breadwinners in their families. According to a recent report, Syrian women's workforce participation doubled from 13% in 2010 to 26% in 2021 in Syria (Zhao et al., 2022).

AFTER 2011, MORE THAN BEFORE,
SYRIAN WOMEN HAVE BECOME
THE MAIN BREADWINNERS IN THEIR
FAMILIES.





Building Markets' survey results indicate that Syrian women's involvement in the Turkish economy as employees and entrepreneurs is notably limited.

Double discrimination or intersectionality (gender and migrant status), as noted by Knappert et al. (2018), refers to the discrimination women migrants experience in finding decent jobs in the formal markets. The female business owners experienced precarious employment conditions (e.g., informal work, not being paid on time, or extended working hours) after they arrived in Türkiye. For some, these difficulties have been a necessity factor for self-employment. Women tend to become necessity entrepreneurs in countries with high unemployment and informality rates (OECD/European Commission, 2021).

Gendered roles in the Syrian and host communities are a significant factor in Syrian women's comparatively low contribution to the workforce. The Syrian population in Türkiye is considerably young (Mean age of 22.4 years), and women and girls stay home to take care of the children (29,97% of the population under the age of 10) and other household duties (Refugee Association, 2023).

The total number of businesses with a primary owner as a female Syrian partner is 5,6% in our database. Compared to other countries, the gaps in women's entrepreneurship are more apparent in Türkiye, both for the local (new business ownership is 5% for women and 10% for men) and the Syrian population (OECD/European Commission, 2021). Despite the flexibility entrepreneurship can offer, females who are held back because of cultural norms do not choose self-employment as much as other females in Western countries.

Self-efficacy (self-assessment of possessing the necessary qualifications to run a business), fear of failure, and fewer and different types of networks are reasons women may start fewer businesses (Brieger & Gielnik, 2021). However, these obstacles are felt more intensely by the migrant women. For example, in our study, while the male owners mentioned suppliers, customers, and competitors as part of their network (vertical networking), female owners often mentioned friends and neighbors. Even in successful female-owned SMEs, institutional relations are handled by a male partner or employee. This points to the inward-looking nature of female entrepreneurs and suggests that they should reconsider their networking strategies. For example, one failed female business owner we interviewed was desperate to find employment or a way to restart her business. She had to be informed that another female Syrian entrepreneur was in the same business line with a shop nearby. Local and regional networking events and activating informal networks could be advisable for these groups.

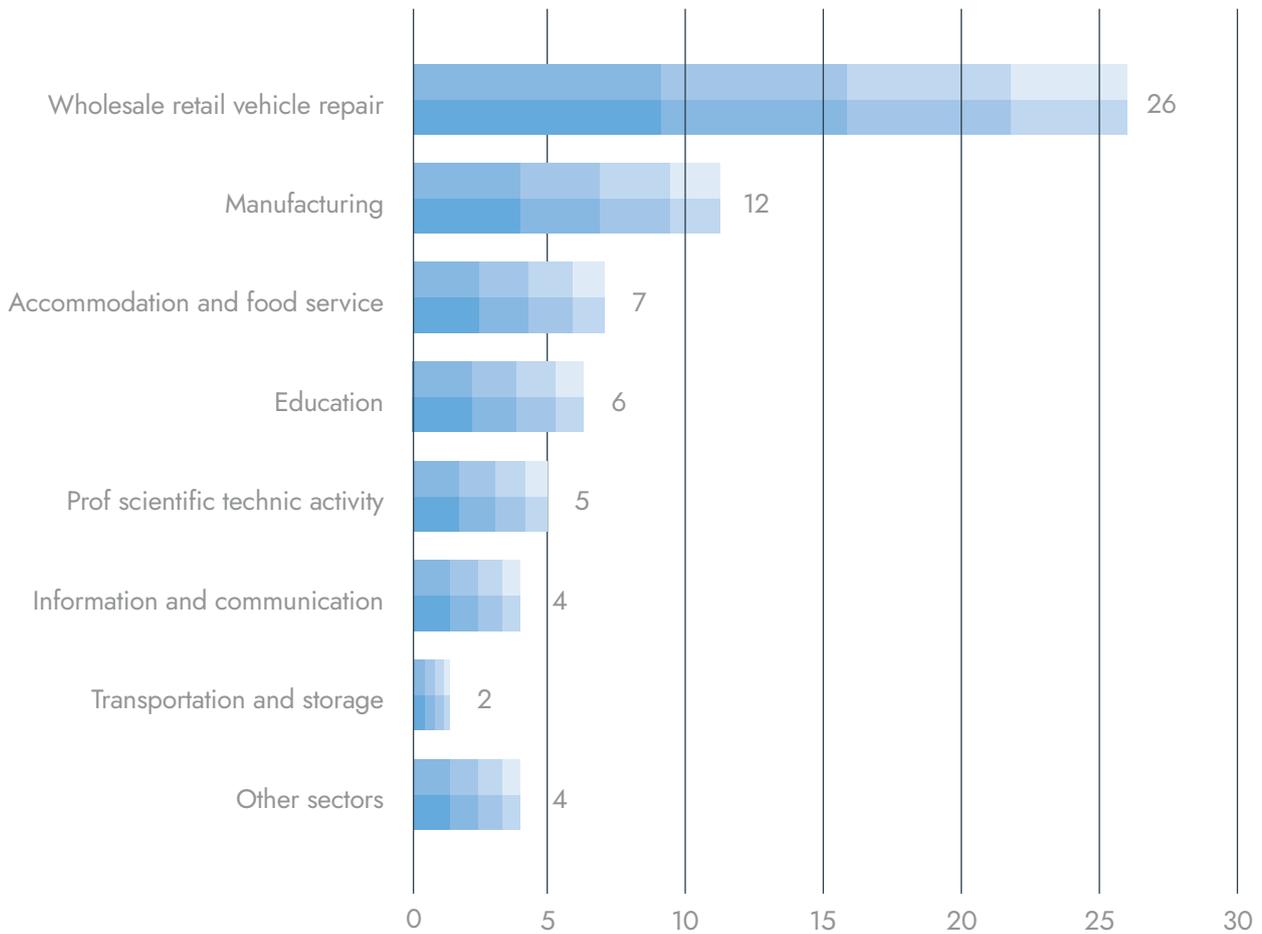


Figure 5 Number of women-owned SMEs in each sector.

Women-owned businesses are reported to be more vulnerable under crisis (e.g., as witnessed during the pandemic) because of the sectors of their business (e.g., food services) (OECD/European Commission, 2021). Although SMEs in our sample were involved in easy-entry and traditional sectors like wholesale and retail and education, they also existed in manufacturing and professional and technical services (Figure 5). Furthermore, there are also examples where women are leading the way and engaging in entrepreneurship within unconventional sectors (e.g., software engineering). More importantly, over 42% of the female-owned enterprises were involved in export business.



Gendered roles in the Syrian and host communities are a significant factor in Syrian women's comparatively low contribution to the workforce.

We interviewed five of these female-owned and exporting SMEs as part of the qualitative part of our research (Box 2 and Box 3). Despite operating in different sectors, they shared some commonalities which may have played a role in their success.

They had strong willpower to succeed and entered sectors that either they were educated in or had experience in. In the case of no experience, knowledge was gained through observing the family members in the trade. During their life in Syria, they had traveled abroad, either to the Gulf countries or to Europe, and some knew a second language, which helped them in their exporting business. Another study conducted in Türkiye reported that one-third of displaced people families rely on the earnings of the women (Kivilcim, 2016), and correspondingly, the women in our sample are the main income providers in their families; therefore, the survival of their business is essential for their wellbeing.

The women SME owners receive considerable support from their family members in their business (e.g., shop space, financing, and labor). However, they also face many challenges, the most important being difficulty accessing finance (16,67%). A global study covering 51 countries has shown that more significantly than many other factors, a supportive economic, institutional, and social environment enhances entrepreneurial activity for immigrant women (Brieger & Gielnik, 2021). Even women helping other women can be considered part of this support system. For example, the Building Markets (2020) report suggested that female entrepreneurs tend to create more jobs for women. Thus, by contributing to job creation, innovation, and exporting, migrant women can contribute to economic progress and harmonization with the local people.

BOX 2

Maya Albabbili

AMWAJ KOZMATİK

Manufacturer of skin care products



In Syria, Maya had a small home-based cosmetics business. She has a two-year degree from the university, and she also self-educated herself on natural ingredients. When she moved to Jordan in 2013, she continued with her business, but the legal requirement to have a local partner in Jordan challenged Maya. After 2019, she moved to Istanbul with her family and established her business.

Starting a business in Türkiye as a migrant entrepreneur was challenging. Initially, the business struggled with understanding policies and regulations as they needed to learn the language and could not find a reliable consultant. Despite these challenges, her reputation in Jordan, her willpower, and her quality products helped her find new customers locally and abroad. Her soaps and skin products are exported to more than 15 countries. Maya notes that quality certifications are essential for expanding abroad despite its costs.

Compared to Syria, the Turkish market is highly competitive. Amwaj Kozmatik differentiates itself by using local ingredients and slow production methods. Maya and an employee oversee this process, while her husband manages the supplier relations, and her daughter helps them with customers. Her strategies include taking calculated risks, not overexpanding the business, and balancing the price-to-value ratio. Maya researched and market-tested the products to cater to the local taste. She reminds us of the importance of tailoring the products to the local market, learning the local language, and attending fairs and networking events.

BOX3

Sima Al Kanawati

MORE DESIGN

Manufacturing of furniture and house accessories



Sima worked as an architect in Syria, and her husband sold imported furniture in his store. After staying in Jordan for two years, they moved to Istanbul in 2015. They find doing business easier in Türkiye; however, learning the language and working with a decent accountant and lawyer is a must for starting a business. Initially, the couple agreed to use the showroom of a furniture store to establish themselves in the local market. They brought Arabic customers to the store and were able to use the space for their design business. Despite many challenges, their perseverance, design experience, and service quality helped to establish a steady customer base. One by one, the couple learned how to do business locally (e.g., taxes) and finally opened their workshop and store.

Their customized furniture products are sold locally and exported to Romania, Russia, Qatar, and the USA. Sima notes that certification is essential for export. By attending the local fairs, visiting the local suppliers, and attending training, they continue to learn, innovate, and grow.



4.2. Enterprise structure and owner characteristics

4.2.4. Exporting enterprises

The results from the Building Markets survey indicate that almost half of the SMEs (41.53%) are exporting their products and services abroad. Our findings show that exporting is a significant factor in business survival. Figure 6 suggests that exporting (as opposed to not exporting) significantly increases the likelihood of the survival of a business. The main destinations for their exports are the Middle East and North Africa (MENA) countries, but a diversity of countries is also reported (e.g., EU, Russia, UK, USA).

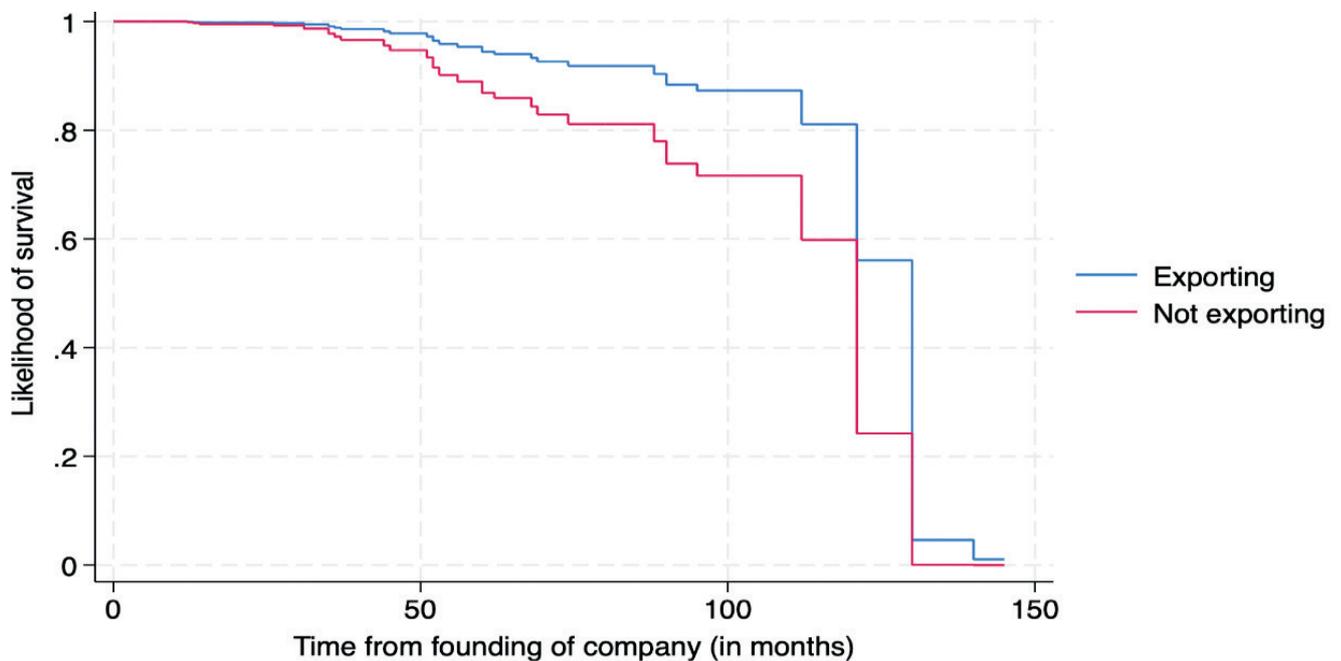


Figure 6 SME survival likelihood of exporting or not

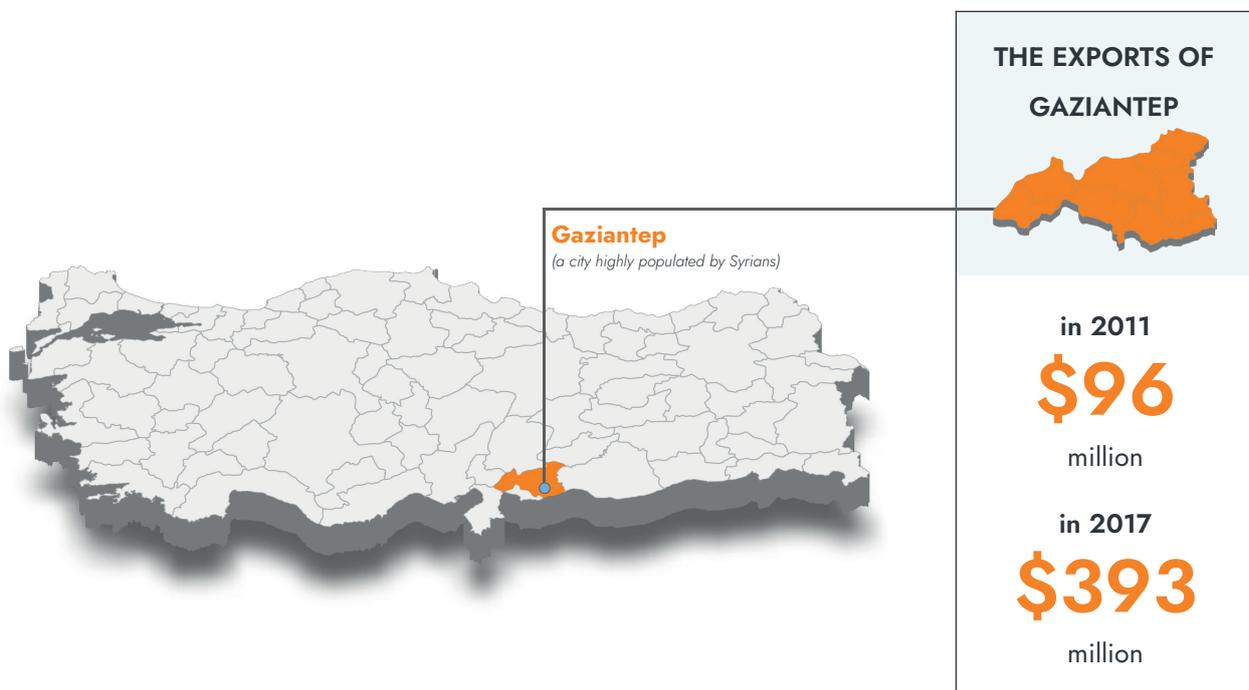
The above finding contradicts the belief that these groups mainly serve local markets (Impact Hub, 2022). Therefore, it is a notable contribution of this research, which needs further examination. A study by Chavan and colleagues (2022) explored the family immigrant businesses in Australia and typified four stages of going from family-owned to global expansion. We will use these stages to explain our qualitative findings regarding SMEs' export business journeys.

In the early years of the unrest, the Syrian-owned SMEs in Türkiye continued to trade with their counterparts in Syria (arrival stage). However, as the unrest continued, these opportunities became scarce. Many served Arab customers in Türkiye (establishing stage) but struggled to enter the local markets. Therefore, seeking opportunities abroad was part of their survival strategy. Many enterprises had already traded with the MENA region in Syria, so they carried their networks to their new country. Some also had sales representatives in countries like Jordan and Dubai. After their relocation, they used their international family ties in other parts of the world to find export markets (e.g., Uzbekistan, Germany, or the USA).



The respondents suggested that “Made in Türkiye” is considered high quality and designer products in the MENA region, which reflects positively on their international sales. For example, Mhd Qutaiba (Blue Star) and Wedad Haded (Dado Fashion) source various garment products from two thousand Turkish manufacturers and export them to the MENA region (opportunity recognition and local partnerships). Utilizing their Arabic language skills and knowledge of the MENA region, SMEs expanded their trade with these markets

(expanding stage). Furthermore, they contributed to an increase in the total trade volume of Türkiye to these countries (Building Markets, 2020). For example, the exports of Gaziantep (a city highly populated by Syrians) quadrupled from \$96 million in 2011 to \$393 million in 2017 (Kadkoy, 2020).



Moving to Türkiye has also opened other opportunities for Syrian-owned businesses. Firstly, because of the customs union agreement with Europe (1995), they have entered new markets, such as Germany, which is Türkiye's primary trading partner. Secondly, the high competition in the local market has compelled them to increase their product quality to stay afloat. Moreover, their access to various quality raw materials and supplies positively reflected their products' innovativeness. For example, according to Sima Al Kanawati (More Design), the availability of furniture accessories in Türkiye enabled them to customize their furniture to the needs of their Arab customers, who needed to fit their large families into their two-bedroom apartments in Istanbul. Mohammed Al Sabagh (Googel Advertising) can print labels on many types of food packaging for his high-end local and overseas customers using the latest technologies.

***Mohammed Al Sabagh
(Googel Advertising)
can print labels on
many types of food
packaging for his high-
end local and overseas
customers using the
latest technologies.***



As much as exporting is a viable business survival strategy, overreliance on one market or ignoring the local market can pose a risk for SMEs.

For example, a business owner lost all his business during the pandemic, as he relied on his trade with Saudi Arabia, restricted during border closures and the political crisis between the two countries.

Only a fraction of SMEs in our sample reached the stage of global embeddedness (thriving stage). To exploit international opportunities, find partners, and open offices abroad, it will be essential to diversify the markets served, increase production capacity, have business plans, and speak languages other than Turkish and Arabic (See Box 4). Figure 7 suggests that the likelihood of the survival of an SME significantly increases by the number of languages spoken by the owner.

Lastly, integration into global value chains requires adherence to specific quality, environmental, and social standards. For example, large buyer companies demand compliance with local and international labor laws, which is an obstacle for migrant SMEs that are not in compliance. One of the SMEs' shipments was rejected because it did not meet Germany's packaging standards. These kinds of occasions can be avoided by closely following the changing compliance requirements in Western countries (e.g., product traceability requirements in the EU). Certifications that demonstrate compliance with international standards have been taken by successful businesses (e.g., ISO 9001 for quality and ISO14001 for environmental performance).

BOX4



Adnan Al Kheder

AMERICAN COSMETICS

Manufacturing of Cosmetics

Adnan and his family have been in the cosmetic products business for over 40 years. After arriving in Türkiye, the family established themselves in Mersin and later opened their factory in Hadimkoy, Istanbul. They employ more than 70 employees and produce and export the products under the brand name American Cosmetics globally. They also produce for private labels. They have an office in Chicago, sales representatives around the Gulf, a factory in Algeria, and a new office in Dusseldorf. To develop its customer base and follow the trends in the industry, Adnan visits global fairs, as well as customer visits. After establishing their business in Istanbul, their export sales grew from 12 countries to 38 countries, and their production capacity and factory size also expanded (e.g., in 2016-750 sqm, in 2019-2800 sqm, and in 2024 an additional warehouse and production capacity to be added). He recommends that other migrants invest in sectors that they are experienced in and grow horizontally.

4.3. Resources and Management Capabilities

4.3.1. Human Capital

Diverse forms of accumulated capital, i.e., financial, human, and social capital, that a migrant entrepreneur possesses can grant access to various resources and help generate new business ideas (Williams & Krasniqi, 2018). For example, the entrepreneur's knowledge and skills (human capital) can enable the recognition of new business opportunities in the market, hence playing a critical role in new business survival (Linder et al., 2020). The business and managerial skills of the entrepreneur will facilitate effective decision-making and strategic planning, resource optimization, risk assessment, and legal and regulatory compliance.

Learning the host country's language helps migrants integrate more effectively into their new community. It allows them to understand and be understood, essential for building relationships, finding employment, accessing services, and participating in daily activities. It is even more essential for entrepreneurs as business operations involve adhering to various legal and regulatory requirements and hiring and managing local employees. For example, Haitham's lack of local language knowledge (Shamnou Trade) prevented him from employing a local driver for his business, whom he urgently needed.

Our research confirms the importance of local language knowledge for migrants and links language as a critical human capital component to business survival. Figure 7 suggests that the likelihood of the survival of an SME significantly increases by the number of languages spoken by the owner. Besides Arabic and Turkish, the knowledge of English is the third language the owners know.

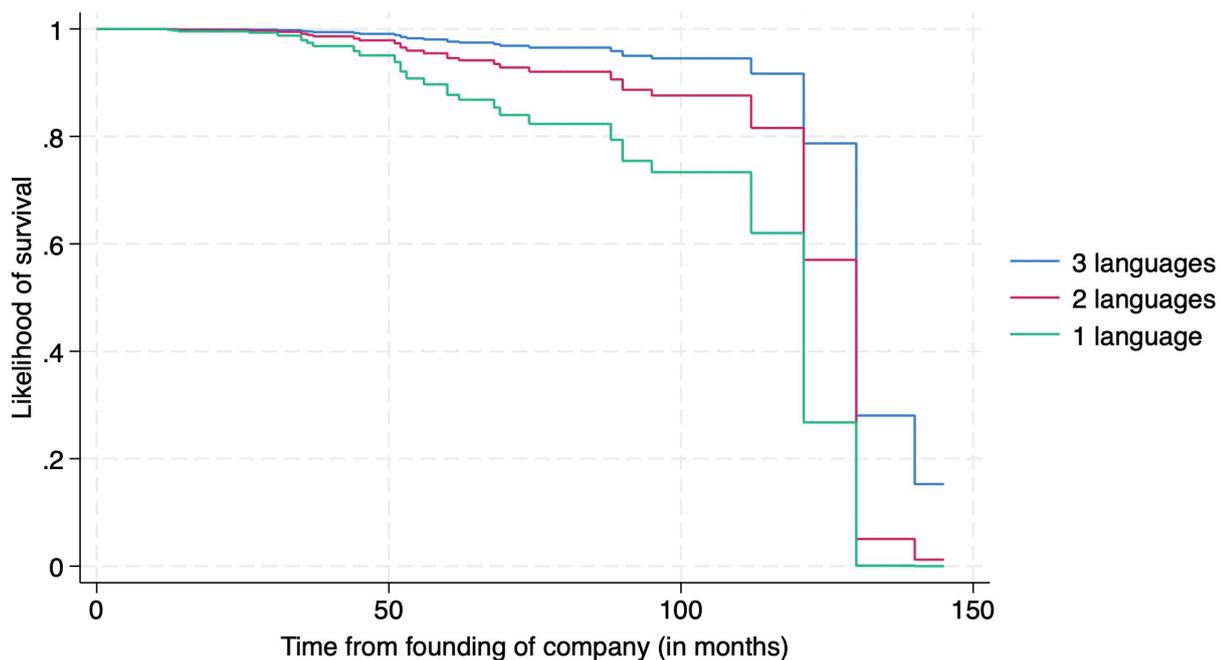


Figure 7 SME survival likelihood based on the number of languages spoken

4.3. Resources and Management Capabilities

4.3.2. Marketing Plans

Having short and long-term marketing and financial business plans will be considered part of managing the enterprise efficiently and effectively. Although our analysis did not show concrete evidence for the effect of business plans on the survival of the SMEs, one in five SMEs answered the survey as having no business plan. Furthermore, during our interviews with the successful SMEs, we were surprised that only a few owners could present quantifiable objectives for the near future (e.g., production or sales volume). While informal plans are acceptable for micro- and livelihood sustaining enterprises, formal business planning should become a focus management area for SMEs seeking growth.

The SMEs used various marketing strategies to promote their products and services and reach customers. Among them, word of mouth (previous customers), digital marketing channels (social media and e-mails), websites, and hiring professional services were the most popular. More strikingly, utilizing various marketing strategies positively contributed to enterprise survival (Figure 8). In other words, the likelihood of the survival of an SME significantly increases with the number of marketing strategies used.

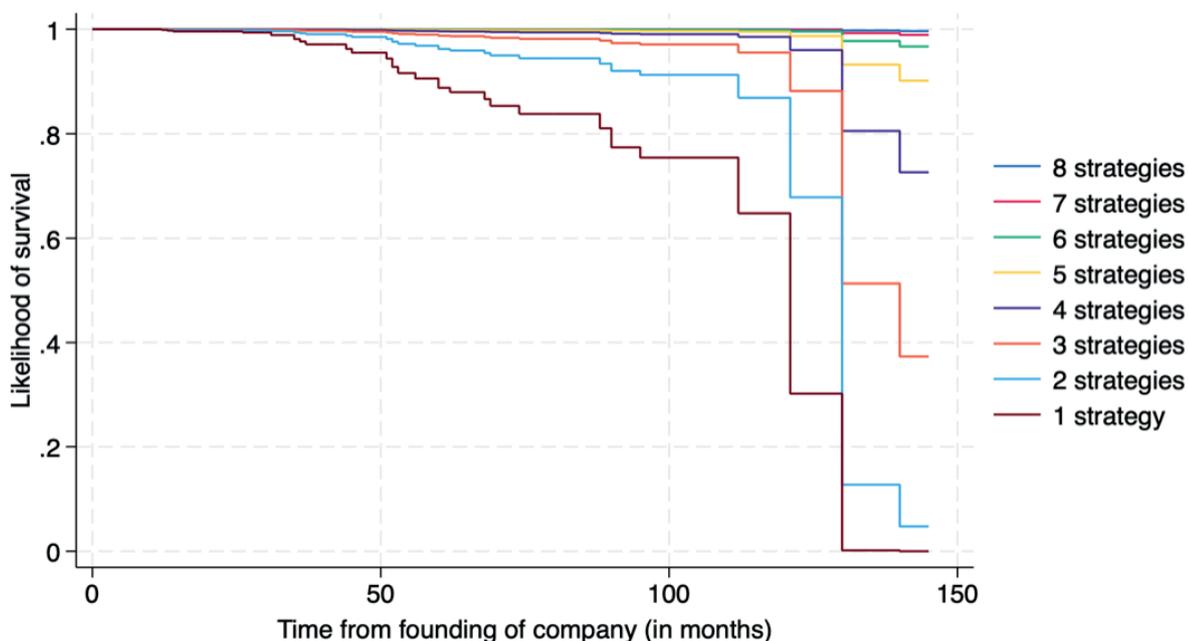
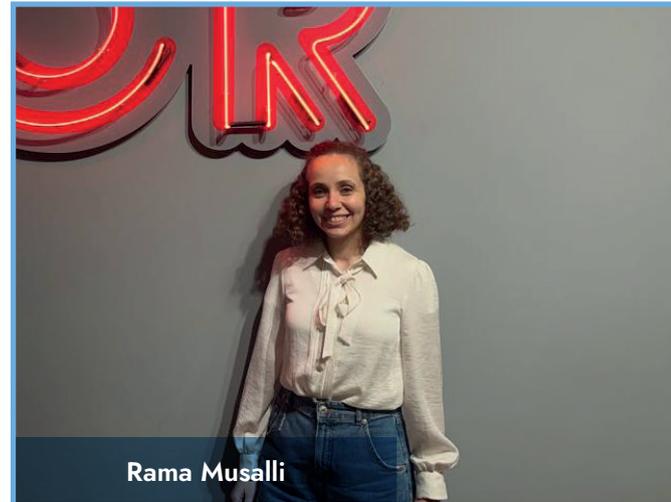


Figure 8 SME survival likelihood based on the number of marketing strategies

Successful business owners confirmed the importance of using different marketing strategies depending on the stage of their business and customer types. For example, when they were starting their business, cold customer calls and e-mails helped reach customers and make their services known. Rasheed Hamwi (Nexo Agency) and Rama Musalli (Information and Communication Company) both used cold messaging (e.g., LinkedIn and E-mails) to promote their services to potential clients. Promoting the products to family and friends and visiting migrant-populated neighborhoods were used by the retailers. However, as the SMEs were better known in the market, word of mouth, websites, walk-ins, and hiring professional services were used more effectively. They hired photographers and digital media specialists to promote their products on digital media and abroad. When they could not meet with customers in other cities because of their residency status, they visited local fairs and trade shows to grow their networks.



4.3. Resources and Management Capabilities

● 4.3.3. Access to Finance

Managing the financial side of the business will be of importance for the SME business performance. Despite residing in their host country for an extended period, displaced people often face challenges obtaining a bank account, rendering them ineligible to secure a formal loan from a financial institution (Lyon et al., 2007). Their legal status, lack of documentation or their documents not being accepted by the bank, lack of credit history in the host country, the sectors migrants enter, the lack of capital guarantee, and not knowing the bank manager can hinder the owners' access to the financial system (Lehmann et al., 2022; Maalaoui et al., 2019; Wauters & Lambrecht, 2008).

Our analysis of the survey data has proven that having a bank account positively contributes to enterprise survival (Figure 9). This finding confirms the studies from other contexts about the migrant owner's access to finance as a strong indicator of business survival (Saridakis et al., 2022).

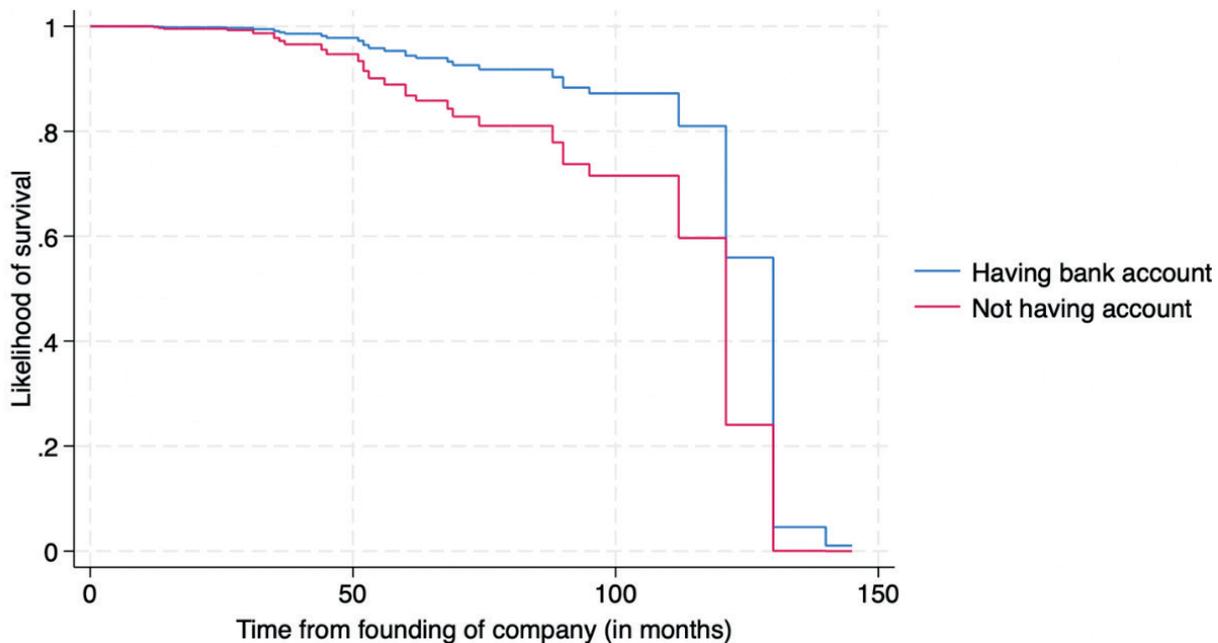


Figure 9 SME survival likelihood based on having a bank account

The interviews confirm their difficulties with the local financial system in each stage of their business establishment. Almost all participants mentioned access to finance as one of the most critical barriers to setting up, continuing, and growing their businesses. A lack of citizenship status aggravates this, as many state that they cannot open a bank account in a commercial bank in Türkiye with their TPS.

The lack of a bank EFTPOS account also restricts SMEs' in-person or online sales, and the lack of a credit line limits them from investing in new machinery and capacity improvements. The necessity to rely on cash sales and receivables also keeps them out of the local supply chains as the local enterprises use long-term bank checks. If the owner has dual citizenship or a local partner, access to the financial system becomes possible. Nevertheless, Syrian owners must use practical measures to overcome these challenges. For example, cargo logistics companies are instrumental in transferring money for goods sold abroad. Rasheed Hamwi (Nexo Agency) suggests attracting investors from abroad to overcome the need for venture capital, as they have done at CORE Business Center (Box 5).

BOX5

Rasheed Hamwi

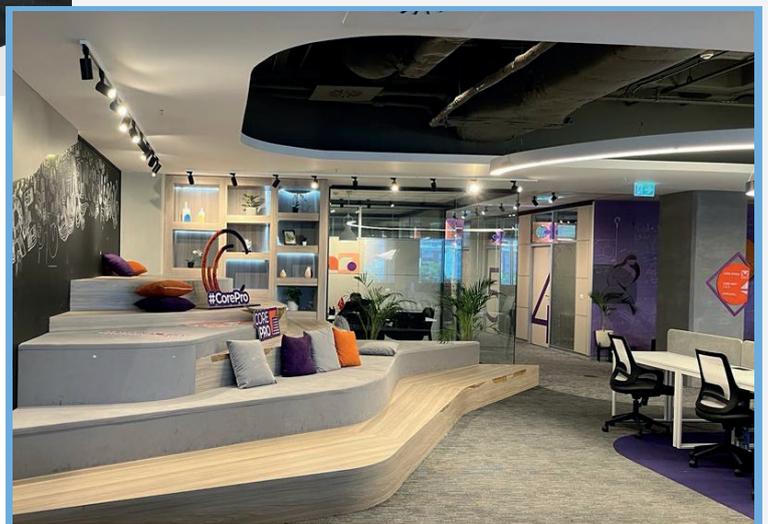
NEXO AJANS AND CORE CENTER

Digital Marketing



Rasheed had a degree in information technologies (IT) from Syria and had studied marketing in the UK. He had his own web development company before coming to Türkiye. His options for employment were limited after arriving in 2012, so he decided to continue to do what he knew. He found an opportunity in the local market to provide web services to Arab customers, which many local firms ignored. He contacted many companies in the Gulf area until he found his first customers. In 2014, he established a digital marketing company. After 2015, he also started to have a role in the Syrian community by giving back what he has learned as an entrepreneur through lectures in digital marketing and organizing networking events.

Besides managing his company, he helps bring investors from the Gulf area to Türkiye and supports young Syrian entrepreneurs at the CORE Business Center. He emphasizes the importance of learning, adaptability, and networking.



4. THE RESULTS OF SURVIVAL ANALYSIS

4.4 Barriers and Challenges in Setting up and Managing the Business

Displaced people businesses face distinct challenges with significant implications for their success, broader social fabric, and economic vitality. Competition is one of the biggest challenges, pushing these businesses to innovate and differentiate themselves in unfamiliar territory, potentially fostering resilience and adaptability (Figure 10). Navigating intricate government processes and bureaucratic hurdles is another challenge, as these hurdles can hinder integrating Syrian-owned businesses into local economies.

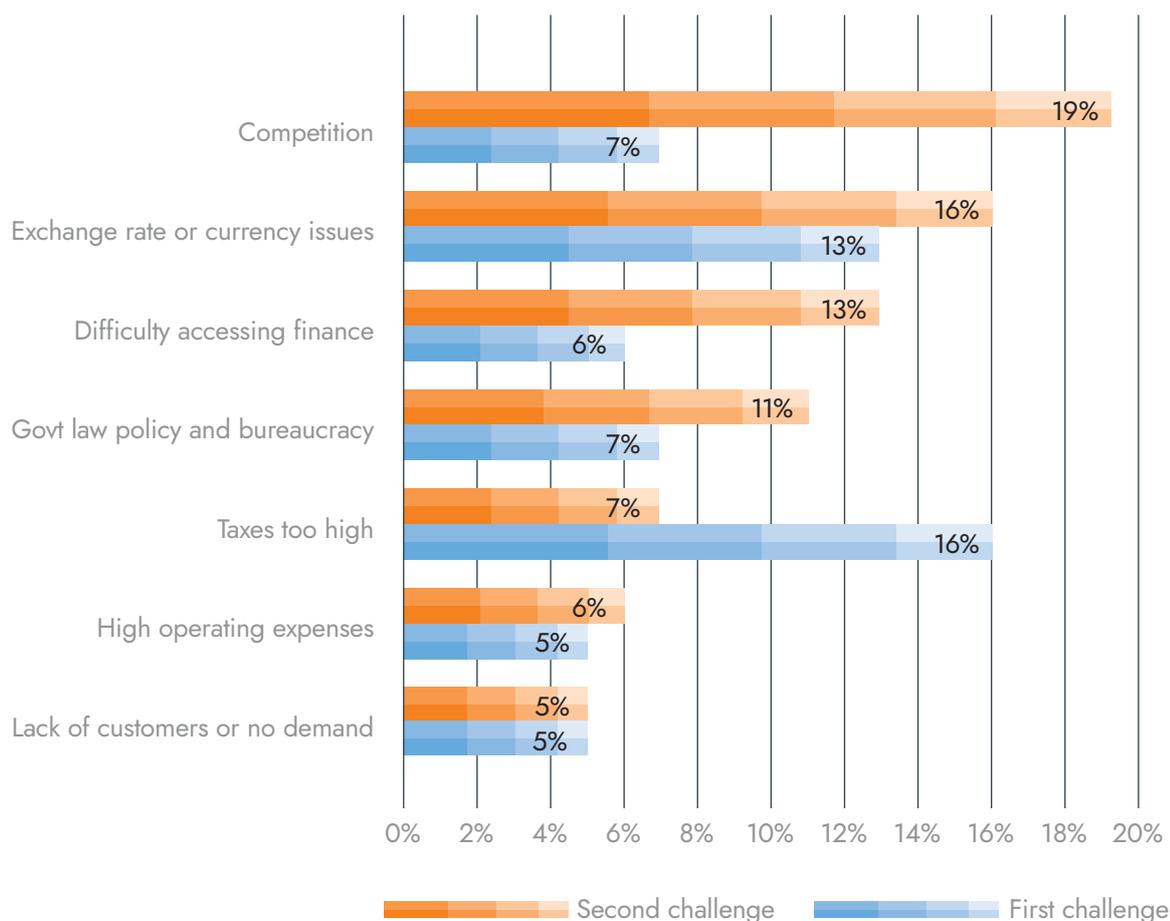


Figure 10 Most Severe Challenges Mentioned by the SMEs (%)

In the interviews with the owners of closed Syrian businesses, the inability to find a store to rent, high rents, and taxes are the common reasons for failure. High business costs and decreasing operations volume, especially during the COVID-19 pandemic, have caused SMEs to stop their operations. In addition, limited access to finance is one of the factors inhibiting the continuity of operations, especially when sales revenues fluctuate and collections from customers become difficult. Exporting contributes to the stability of revenues; however, when political problems are encountered with the exporting country (such as political tensions with Saudi Arabia) or when there are logistics and bureaucratic issues with exporting, businesses fail. After closure, the owners work from home or seek new partners to start new enterprises.

In summary, rising operational costs threaten profitability and demand meticulous financial planning and operational efficiency to survive such economic difficulties.

Low purchasing power within the migrant and the host community necessitates agile strategies to provide value while adapting to constrained budgets. As attitudes towards Syrian businesses change, this trend may influence their social acceptance and customer base, underscoring the need for positive engagement to deal with biases and foster a more welcoming environment. Furthermore, the saturation of ethnic markets poses a significant hurdle, prompting these businesses to innovate and expand their customer base to stand out in a very competitive landscape.

BOX 6

Ali Ez Eddin

İZZALDIN SWEETS

Manufacturing and Sales of Sweets



Ali and his family owned three pastry shops (e.g., baklava and varieties) in Damascus. After arriving in Istanbul in 2018, Ali worked as a pastry chef at a similar shop. There, he gained local market knowledge as others (e.g., where to buy the supplies). His uncle financially supported him in establishing the shop in Esenyurt with his brother. In their first year, they could only break even. He notes that the competition is fiercer in Istanbul compared to Damascus. They have to offer higher quality products to differentiate themselves. To survive, he even partnered with his competitor from Syria in their shop. Over time, they built their reputation for quality and high-end products and exported their sweets globally.



RECOMMENDATIONS FOR ENTREPRENEURS AND CONCLUSIONS

After our in-depth analysis, we have identified crucial recommendations for Syrian SME founders that can significantly increase their chances of survival in their highly competitive business landscape.

- a** Embarking on a new business venture requires a thorough understanding of the local market dynamics and industry practices. To this end, gaining insights through formal employment within the chosen sector and having the right educational background can prove invaluable. Such experience provides firsthand exposure to the nuances of the local business landscape, enabling entrepreneurs to invest wisely, anticipate challenges, and tailor their strategies accordingly.
- b** In addition, in the early stages, obtaining local support and fostering skill development is crucial for building essential capabilities. Navigating legal and financial intricacies in the local context necessitates expert guidance. Thus, using the services of a competent accountant and lawyer fosters a stable operational foundation, ensuring compliance with regulations and optimal financial management. Similarly, partnerships ingrained in the local business culture can provide invaluable insights, helping to cope with the challenges posed by the novelty of the business. Moreover, local language skills are essential, achieved through short courses and practice with peers, clients, and neighbors. Additionally, diversifying linguistic skills, particularly a third language besides Arabic and Turkish, is pivotal for export businesses to broaden their global outreach.
- c** Leveraging this initial growth phase, ventures must build a reputation for excellence through multifaceted marketing approaches. Word-of-mouth, direct sales calls, and social media channels enhance brand visibility, cementing the business as a provider of quality products and services.

APPENDICES

A: List of businesses that took part in the report

SME NAME	BUSINESS OWNER (Female/Male)	PRIMARY INDUSTRY
Anway Cosmetics	Maya Albabbili (F)	Manufacturing
Blue Stay	Mhd Qutaiba Alhawari (M)	Wholesale and retail sales
Rama Musalli	Rama Musalli (F)	Professional, scientific-technical activity
More Design	Sima Al Kanawati (F)	Wholesale and retail sales
Nexo Agency	Rasheed Hamwi (M)	Professional scientific-technical activity
Dado Fashion	Wedad Haded (F)	Wholesale and retail sales
Kulluk Tapan	Hasan El Hac Hidir (M)	Manufacturing
Lamasat Fashion	Rima Al Habbal (F)	Manufacturing
Elmüttehîd Plastik	Ahmad Karkaj (M)	Manufacturing
American Cosmetics	Adnan Al Kheder (M)	Manufacturing
Velvet Mod	Ibrahim Mehdi (M)	Manufacturing
Batun Almahl Honey	Mahdi Rashed (M)	Wholesale and retail sales
İzzaldin Sweets	Ali Ez Eddin (M)	Food and beverage service
Ramzy Food	Moaz Bayrakdar (M)	Manufacturing of food products
Googel Advertising	Mohammed Al Sabagh (M)	Manufacturing
Shamnou Trade	Haitham Shammou (M)	Wholesale and retail sales

B: A selection of the survey questions

VARIABLE	ITEM	SURVEY QUESTION
Performance	SME Survival	Registration Date Closure Date
Environmental Factors	Industry	Primary Sector
	Location	Main Office
Enterprise Structure and Owner Characteristics	Owners	Primary Owner Nationality
	Size	Current # Of Employees
	Markets	Exports Products or Services
	Employees	# Of Local Staff (Full/Part Time)
	Owners	# Of Female Owners
Resources & Management Capabilities	Human Capital	# Of Languages Owner Speaks
	Management	Marketing Strategy Business Plan Next 6 Months
	Financial Management	Bank Account
Barriers and Challenges		Biggest Challenge Next 6 Months

C: Interview guidelines

PART 1	OPEN ENDED QUESTIONS
1	Can you tell us about your migration story? (e.g., countries visited, or cities settled; the jobs that are undertaken)
2	a. What was your profession before moving to Türkiye? b. Did you own a business before moving here? What was the sector of the business? c. Were you trained in this profession at school, or did you learn this in practice?
3	a. What were some challenges you faced when establishing your business in Türkiye? b. Did these challenges continue when operating your business?
4	What is the importance of this business for you as a refugee?
5	a. How do you develop yourself in your profession? b. Did you take training/workshops/any education after arriving? (Besides language) Who supplied these training modules?
6	In Türkiye, have you learned/tried new business ways? (Production, creativity, marketing, management)
7	a. How do you find suppliers? b. How do you reach your customers? (Local vs. Syrian or other nationality)
8	a. Can you define what business success means for you? b. What would happen if your business does not make profits? c. What would happen if you closed your business?
9	What were some of the factors that contributed to your enterprises' survival/success/growth?
10	What are the goals of your business in the short and long term? (e.g., innovativeness, stability vs. growth)
11	What is needed to achieve these goals (Legal et al., or Human Capital based)?
12	What is your advice for a successful business?

C: Interview guidelines

SME NAME	BUSINESS OWNER (Female/Male)
1	Name of the enterprise
2	Business sector (Services or Manufacturing)
3	Primary Enterprise city, borough, number of subsidiaries (cities, if any)
4	Name of the participant
5	The year arrived; the year temporary protection status (TPS) taken (ID)
6	The profession (including education)
7	Position of the participant (Owner, Partner, Manager)
8	Establishment year of enterprise
9	Ownership structure, Partners as local/TPS or from overseas?
10	Number and breakdown of employees (Local vs. TPS)
11	Local language proficiency (Low, moderate, high)
12	Exporting of products and imported materials. Any Patents?

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