FACTSHEET

TURKEY

WOMEN ENTREPRENEURS

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From the People of Japan

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Overview of Women Entrepreneurs and Entrepreneurship

Before the COVID-19 pandemic, only

29%

of women above the age of 15 were part of the labour force,

while

66%

of men were in the labour market.

Women workers in informal sectors constituted about

42%

of women's employment, according to the UN Women Rapid Gender Assessment of COVID-19 implications in Turkey.

The Women Entrepreneurs Association of Turkey and its 2019 Women Entrepreneurship Index indicate that the leading barriers faced by women entrepreneurs include high costs, tax rates, and lack of access to finance.

High expectation of growth and job creation distinguishes Turkish entrepreneurs from those in other GEM countries.

The report shows that over

80%

of respondents think highly of entrepreneurship as a career.

However, only

30%

percent of adults (ages 18-64) believe it is easy to start a busines

The Women Entrepreneurs Association of Turkey issued a 2019 Women Entrepreneurship Index that indicates that women entrepreneurs are mainly represented in retail trade, scientific and technical services, and information and communication. The sectors with the fewest number of women entrepreneurs are electricity, gas and air-conditioning supply, real estate, and mining.

According to 2019/2020 Global Entrepreneurship Monitor (GEM) report, the main reason for discontinuing a business in Turkey is lack of profitability or capital, accounting for an average **45%** of exits.

Women continue to be excluded from top executive positions. Female CEOs account for only 4 percent, while women on boards account for 17 percent, according to a 2020 Women on Board report.

Approximately 45 percent of women entrepreneurs are between 25 – 34 years old, 61 percent of them are university or postgraduate graduates. According to the findings of the Women's Entrepreneurship Index Survey, most women entrepreneurs in Turkey are over the age of 40, married, well-educated and live in the larger cities.

Labour and business policies and support for entrepreneurs

A legislative and institutional framework on equality between men and women is in place in Turkey. However, discrimination against women and gender-based violence remains a concern, as does a wide gap in the employment rates of women and men, and a gender gap in all levels of educational attainment, according to the EBRD Turkey Country Strategy.

High costs and expenses are ranked high among the main difficulties that women entrepreneurs face, according to the Women Entrepreneurship Index study. Tax rates and access to finance are next on the list of challenges.

More than half of all companies do not take out loans at the start-up phase, while the rate of entrepreneurs benefiting from grant programs account for 8 percent of the total.

Access to economic opportunity and employment remains a key issue for women, young people, and those in poorer regions of Turkey. Notably, this gives rise to low participation rates, high informality and precarious and vulnerable employment, according to the EBRD Country Strategy.

Skills gaps remain an issue as well as insufficient policies for assessing and developing the skills for future jobs. At the same time, regional disparities and inequalities are high between Istanbul and Turkey's Western provinces.

Corporate governance is relatively advanced, but competition from the informal sector is a major issue. SMEs are mostly family businesses can give rise to weak corporate governance. Challenges are more significant in the sphere of political governance, and in recent years the independence and reliability of public institutions has declined.

Turkey's trade and FDI integration into global markets is low compared to middle-high income peers. While this can in part be attributed to the large domestic market, it is also due to tariff uncertainty and the impact of political and financial instability. Domestic transport and logistics infrastructure are good, as is cross-border integration. However, the ICT infrastructure lags EBRD and OECD levels, and quality of electricity supply is low.

The overarching goal of Turkey's growth strategy, as evidenced in the 11th Development Plan (2019-2023), is to achieve high, stable, sustainable, and inclusive economic growth by ensuring a competitive and business friendly economic environment and improving international competitiveness. These aims will be achieved through enhancing productivity in manufacturing; improving physical infrastructure; enhancing technology and innovation; increasing labour participation of female and youth; and improving domestic competition.

Some of the macro challenges facing entrepreneurs are insufficient corporate investment in innovation and weak integration in local and global value chains. Other challenges include lack of business skills and low corporate operating standards, as well as the absence of a comprehensive innovation ecosystem.

Another constraint is the limited access to finance for innovative entrepreneurs, especially in the scale-up phase, according to the EBRD Country Strategy. However, there are a significant number of mid-sized family firms with innovation and growth potential. Nevertheless, regional SMEs and women-led businesses face limited access to finance.

The Total Early-Stage Entrepreneurial Activity (TEA) rate in Turkey has shown a slow and steady decline since 2015. New entrepreneurial policies support more high and medium-technology entrepreneurship. The percentage of TEA entrepreneurs active in technology sectors increased significantly from 1.54 percent in 2016 to 5 percent in 2018. This is an encouraging sign for new high-tech startups.

Impact of COVID-19 on women entrepreneurs

KAGIDEM, a women's entrepreneur support center in Turkey, issued a report on Women Entrepreneurs during the Pandemic.

Its findings showed that

76% of women entrepreneurs have been negatively affected by the pandemic, with

68% showing a decline in business volume and

56% of them needed loans to sustain their enterprises.

55% of women entrepreneurs reported that they had to suspend their enterprises due to the pandemic.

COVID-19 has increased the fragility of businesses in Turkey, especially small businesses in sectors such as restaurants, hotels, coffee shops, performance and entertainment, and sports services. Those companies employ mostly low-paid and low-skilled staff, which means that the majority are women.

According to UN Women's Rapid Gender Assessment of COVID-19 implications in Turkey, the gender difference in job loss is high overall, for women (18.8 percent) compared to men (14.2 percent).

Analyzing the change in working hours, men started to work fewer hours, but they did not lose their jobs to the same extent as women.

Of women employers, 20% lost their businesses

while this ratio was only 8,7% for men.

A wide gap between self-employed men and women who lost their businesses is also clear, with 26.9 percent of women losing their businesses while the same is true for 16 percent of men.

Since the start of COVID-19, one third of women and one quarter of men took leave from their work. For half of the women who went on leave, the leave was unpaid (15.7 percent), exceeding the share for men (11.2 percent).

While the impact of COVID-19 has been severe for firms of all sizes it has caused investors to be more cautious about taking risks and funding startups. SMEs have been particularly hard hit by the downturn in supply and demand, due to their lower capacity to absorb shocks relative to their larger counterparts.