

Table of contents

1. Introduction
2. What is social entrepreneurship
3. Policy and legal framework
4. Public support and initiatives
5. Networks and mutual support mechanisms
6. Social investment markets
7. Spectrum of social enterprise
8. Scale and characteristics
9. Factors constraining the start-up and development of social enterprise

1. Introduction

Social Entrepreneurship has been garnering a lot of attraction and interest all over the world in the recent years. Developed countries and developing countries alike are promoting the idea of social entrepreneurship within their state to boost their economy simultaneously benefitting the environment and the society. Despite its popularity in Europe, Social entrepreneurship is a relatively nascent concept in Turkey, Europe's neighbor. The concept of social entrepreneurship might be the necessary tool or mechanism to eradicate the growing challenges of economic crisis faced by Turkey (Türker, Özerim, Yıldız, 2014). Furthermore, there is a strong need to provide deeper understanding on how this concept is perceived in Turkey and how this perception can be improved within the structural boundaries of Turkey (Türker, Özerim, Yıldız, 2014). This report aims to provide some description of the various facets and perceptions impacting the growth of social entrepreneurship in Turkey.

Turkey began its process of modernization and industrialization after the declaration of its Republic in 1923 which was considerably late compared to Europe. Turkey is considered as a developing country among the OECD countries. The country has privatized and deregulated its state run models in the last two decades and made its economy a liberal policy since the 1980s. This transformation has led to the fast growth of Turkish economy but also has caused problems of inflation and unemployment while simultaneously affecting the entire political sphere. As a result of this sudden change of a state led government to a more privatized economy, corruption became dispersed and started to grow exponentially. In the midst of all of this, social entrepreneurship remained hidden behind a dark cloud which has come into perspective in the Turkish business system quite recently and is growing slowly. In the goal for becoming modernized state, Turkey has new problems to face such as that of environmental degradation, poverty, gender equality in work place and fair employment. A comprehensive collaboration is required between the public, non-governmental and private sectors to solve these social problems. Social entrepreneurship as a concept that aims to work for the benefit of society whilst making a profitable business seems to fit perfectly into the needs of corporal structural reorganization of Turkey.

2. What is social entrepreneurship?

According to the Ashoka institute which is a world renowned organization committed to social innovation ship, “social entrepreneurs are individuals with innovative solutions to society’s most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change”. Thus social entrepreneurship is a social entrepreneur’s domain where possibilities are turned into realities that are beneficial to the society. Though, much is talked about this newly debated field of entrepreneurship, there seems to be no widely accepted definition of social entrepreneurship due to its huge magnitude. “Although the potential benefits offered by social entrepreneurship are clear to many of those promoting and funding these activities, the actual definition of what social entrepreneurs do to produce this order of magnitude return is less clear. In fact, we would argue that the definition of social entrepreneurship today is anything but clear. As a result, social entrepreneurship has become so inclusive that it now has an immense tent into which all manner of socially beneficial activities fit.” (Roger L. Martin & Sally Osberg, 2007, Stanford Social Innovation Review). Though in its nascent stage, social entrepreneurship gives the hope of solving social problems around the world through the corporate organizations that work or will work simultaneously towards social development and social innovation. Social entrepreneurship gives an impetus to create change and what makes it tick in the entrepreneurial field is that it promises to make a profit making business along with imparting benefits to the society. This is the reason why social entrepreneurship is rapidly gaining attention all over the world. In the times of socio economic crisis, social entrepreneurship paves the way to help the society against market failures, unemployment, environmental problems, business ethics etc. There is no well-defined meaning of social entrepreneurship but the positive aim of social entrepreneurship as a means of improving the society through sustainable growth is known to all.

3. Policy and legal framework

The role of social enterprises and similar organizations in sustaining social inclusion and developing employment is crucial and a fact to the common knowledge since they work pursue the general interest and to benefit communities (OECD, 1999). The benefits of social enterprises are increased when they are supported by public policies.

According to a research by Sosyal Girişim, in Turkey, people mistake social entrepreneurship for social enterprise or commercial enterprise, non-profit organization or else civil society organization. Legally, there needs to be a demarcation line between the entities abovementioned. The current legal structure enforces social enterprises to start in the form of associations, foundations, cooperatives or companies (Kırılmaz, 2012). As a result social enterprises have to struggle to fit in a position of a legal entity in which they cannot function soundly.

Also, Turkish fiscal regulations which were designed for profit based legal entities are another major problem which requires structural transformation for social enterprises (Biber, 2006).

Although it is known that not for profit entities function their roles for social purposes to serve the public, they are taxed the same way for-profit companies are. Tax exemption and public benefit statuses are highly bureaucratic processes and the privileges which are granted to a very limited number of Civil Society Organizations (CSOs) by the Council of Ministers in Turkey (TACSO, 2012). Hence, it could be strongly advised that tax exemptions be provided to all social enterprises to enable them to have a coverage for the public benefit status (Ersen, Kaya, Meydanoğlu, 2010). Therefore, social enterprises will be able to survive and become financially sustainable.

In present day, Turkish CSOs are more active thanks to the Foundations Law that was adopted in 2008 to improve the legal environment and also they are more aware of the

deficiencies in the laws that still restrict their activities. It is evident that future reforms are both necessary and inevitable in the legal framework (ICNL, 2016).

4. Public support and initiatives

Entrepreneurship in Turkey has gone through a major transformation dating back to 1920s. However, the government support programs started almost three decades ago when Small and Medium Business Development and Support Administration or KOSGEB was established in 1990 (Cansız, 2014).

Although there are regulations related issues which concern social entrepreneurship or social enterprises Turkish entrepreneurial support system which is run by KOSGEB that provides individuals training programs and startup capitals as grants or loans. In the same support system, entrepreneurs, who are legal persons, are also supported to establish incubators which welcome startups to develop their businesses.

KOSGEB, with its headquarters located in Ankara operates its services through 55 local offices located in 44 provinces. Entrepreneurship development is one of the most important concerns of KOSGEB. The instruments of support to entrepreneurs, coordinated by the Directorate of Entrepreneurship are categorized as follows (Haliloğlu, 2011):

1. Entrepreneurship training
2. Business incubators
3. Start-up capital
4. Business plan awards

1. ENTREPRENEURSHIP TRAINING

In non-formal entrepreneurship education sector, KOSGEB has implemented numerous entrepreneurship training programs since 2000 in Turkey. Extra-curricular training programs on university campuses were arranged in cooperation with university managements; also similar programs were held free of charge to the general participant groups.

2. START-UP CAPITAL

The support is comprised of two components:

- 1) Start-up grant (in an amount of maximum TL 27,000, approximately €13,500)
- 2) Start-up loan with no interest (in an amount of maximum TL 70.000, approximately € 35,000)

The following entrepreneurs are eligible to apply for this support within the first two years after establishing their businesses.

- Graduates of training programs implemented by KOSGEB
- Graduates of training programs arranged by the local partners
- Incubator tenant companies

Support ratios vary between 60-80% depending on the geographical location of the business and whether the beneficiary is from a special target group such as women or disabled

3. BUSINESS INCUBATORS

KOSGEB has developed a model to provide funds during the establishment and development phases of the incubators which are set up as local initiatives and operated as companies on a not-for-profit basis. Through this approach in promoting the concept of business incubators, 16 incubators which generated approximately 2500 jobs with a job creation cost of less than 4000 USD.

KOSGEB has established some good practice standards and benchmarks for operating the incubators and it evaluates the incubators against these criteria. Those incubators which pass these criteria are allowed to use KOSGEB Logo which entitles the tenant companies to the start-up capital support of KOSGEB. The following diagram summarizes KOSGEB's model for supporting incubators.

4. BUSINESS PLAN AWARD

The annual award program accepts the universities which have entrepreneurship courses in their curricula. The awards are given on a university based fashion; for example, the prizes are TL15, 000, TL10, 000 and TL 5,000 respectively for the 1st, 2nd and 3rd winners. A reward can be claimed only by the winners who have set up their businesses within 24 months of announcement of the winners

As is seen, there are no specific supports or initiatives for only social enterprises in Turkey due to the fact there is a lack of policy and legal issues concerning social entrepreneurship or social enterprises.

5. Networks and mutual support mechanisms

Although there is not a formal umbrella organization which represents the social enterprises in Turkey, TUSEV, as being the leading civil society organizations and has had a network of over 100 associations and foundations in Turkey since 1993. TUSEV's main objectives are non-profit law reform, research on civil society and philanthropy, promoting social investment and social justice philanthropy, and facilitating partnerships across sectors, as well as across borders.

Social entrepreneurship idea in Turkey is mostly perceived as an element of growing democratic society. At this level, there are not social economy chambers in Turkey but institutions like TUSEV are becoming more and more involved in social investment laws and networking.

6. Social investment markets

In as much as the perception of social enterprise in turkey is vague, state based funding opportunities are limited to the associations and foundations. In other words, if the legal entity is association or foundation, Department of Associations within the organization of the Ministry of Interior helps them through project based grants.

On the other hand, there are private foundations established by big corporates in Turkey give support social enterprises. Most of them prioritize their grants for non-profit organizations. There are also quite a few organizations which can be defined as angel funds to support businesses with a social benefit aspect.

Many social entrepreneurs are young, inexperienced university students who lack the necessary business skills as well as the equity.

Table 1.1 gives details concerning the funding opportunities in the form of equity or grants by foundations and angel investing organization for the social enterprise/social economy sector

Table 1.1 Organizations supplying finance to social economy organizations/social enterprises in Turkey

Organization	Remarks
KOSGEB	Small and Medium Business Development and Support Administration. KOSGEB supports all legal entities which are in the form of kinds of companies and firms but not associations or foundations
Regional Development	At the NUTS-II level, Regional Development Agencies are authority to give out funds through sponsored projects. All legal entities including associations and foundations are supported.

Organization	Remarks
Ministry of Interior, Department of Associations	Throughout Turkey, carries out operations concerning such as monitoring, recording and archiving establishment procedures. Also supports them through sponsored projects
The GAP Regional Development Administration	Supports project development and implementation activities for social development and activities in GAP Investment and Entrepreneur Support Centers (GAP-GIDEM).
ABIGEM/EU-Turkey Business Center	ABIGEMs provide professional trainings and consultancy service in order to help SMEs to improve their competitiveness within the national and international markets and increase SMEs' contribution to the local and national economy. ABIGEM services such as training, consultancy services and sectoral projects design according to regions' properties and needs of SMEs in the region.
Girişim Fabrikası/ Fit Startup Factory	Fit Startup Factory is an ICT-focused accelerator program designed to enable tech entrepreneurs in Turkey to create high potential, sustainable businesses, taking them from the idea stage to launch. The Fit Startup Factory is a non-profit venture founded under the auspices of Özyeğin University,
UNDP Turkey	Works for progress in three core areas: inclusive and sustainable growth; inclusive and democratic governance; and climate change and environment. Emphasizes the role of women, private sector, capacity development, and information and communication technologies in its policies and programs.
E-tohum	An accelerator and seed investor that aims to bring entrepreneurs well versed in the new economy, who want to establish their own internet company with companies, investors and professionals.
Galata Business Angels	Operates as a not-for-profit organization and acts as a platform to exchange ideas about startups and discuss opportunities and provides access to active national and international networks.

Organization	Remarks
Individual And Social Creativity Centre	The Anna Lindh Foundation (ALF) is an organization shared by the 44 countries of the Union for the Mediterranean. The purpose ALF is to bring people together from across the Mediterranean to improve mutual respect between cultures and to support civil society working for a common future of the Region.
Lab-X	Launched in 2006 with the aim to enhance the underdeveloped entrepreneurship culture in Turkey by incubating promising business ideas and launching new initiatives. Raised nationwide awareness for entrepreneurship with successful and made-it-all start-ups, bring ideas to life with through its business angel network and foster on-going projects.
Ashoka Turkey	Searches the world for leading social entrepreneurs and at the launch stage, provide these entrepreneurs a living stipend for an average of three years, allowing them to focus full-time on building their institutions and spreading their ideas. Also tackles with the issues of the next generation such as social, environmental and economic development.

7. Spectrum of social enterprise.

According to the report by Tracy (2013), titled “The state of entrepreneurship in Turkey”, the fundamental understanding of what a social enterprise stands for is still bleak in Turkey. In her own words, “There is lack of awareness by the public and lack of recognition by the government.” She further adds, “The tax regulations are the same of social endeavors as they are for commercial enterprises.” Technology, media, universities and startup events have so far created a rising interest in this field and made starting social venture easier for social entrepreneurs. Some of the social enterprises and organizations that have emerged as a result in Turkey are as follows:

The KAMER Foundation

This foundation was formed in 2005 and works to cater for the special needs of families and women to showcase women as valuable workforce to the country by working with local communities. Services of the foundation include mentoring and providing employment opportunities amongst others.

Kadın Emeğini Değerlendirme Vakfı (KEDV)

This Foundation for the Support of Women's Work has a mission to aid and support initiatives under women leadership from the bottom to top approach. This organization provides microcredit and training programs to its women members who wish to start their own business or also provide childcare services for the children of women who are working.

Buğday

It is an association that supports ecological living, production and consumption in Turkey. It has its own magazine, organic farms and health food stores. This organization promotes the consumption and production of organic and wholesome food products.

Third Sector Foundation of Turkey (TÜSEV)

This foundation was established in 1993 by Turkey's leading civil society officers. The foundation is the umbrella of over 100 foundations share the same vision to raise awareness on social entrepreneurship, strengthen the legal and operational infrastructure of not for profit organizations in Turkey.

b-fit

b-fit's founder, Hülya Bedriya won the social entrepreneur of the year award in 2013 by the Schwab Foundation for establishing an all-women fitness club franchise in 2006. Bedriya saw the need for gyms for women as 80% of the gyms in Turkey catered for men only and it is

considered culturally inappropriate for men and women to gym together. Her idea of social innovation led her to create a huge and successful brand with over 160,000 gym members and 220 gyms across Turkey. Bedirya enabled a lot of women to become business owners by allowing only women to own her franchises.

8. Scale and characteristics

It is pretty much straightforward, that social entrepreneurship is currently in its infancy in Turkey. Social organizations like Gençtur, Cöp(m)adam (offers opportunities to women who have never worked for pay before, utilizing their hand-craft skills), Eşya Kütüphanesi (website wherein customers can borrow or lend furniture) are examples of a slow but growing start for social entrepreneurs in Turkey (Hurriyet Daily News, 2010). Although the number of social enterprises is rising in Turkey, the numbers are still quite small. The reasons for this is lack of awareness about the benefits of social entrepreneurship to society amongst the Turkish public and various challenges faced by social entrepreneurs to set up a healthy organization that works towards rendering services and products beneficial to the society. Some foundations, however, have worked to eradicate this lack of awareness towards social entrepreneurship in Turkey. For example, The Third Sector Foundation of Turkey (TÜSEV) has contributed in trying to educate and raise awareness on social investment, venture philosophy and social entrepreneurship around Turkey by encouraging cooperation and dialogue between the private and public sectors.

9. Factors constraining the start-up and development of social enterprise

Before everything, how social enterprise is perceived determines the conditions of this type of entrepreneurship. Let alone the law makers, even the private sector should be made aware the fact and importance of social development at least for the sake of sustainability. Next, finance is an unneglectable issue for social businesses as well as other business in general.

The reason for the lack of social enterprises is that social entrepreneurs have to face a lot of problems before making it to be a profitable business. A survey which was conducted in a consortium of Sabancı University and IIPC Impact Investing Policy Innovation Fellow (König, 2014) suggests that social entrepreneurs face many challenges in Turkey. One of the social entrepreneurs mentioned in the survey that Turkey does not have any rules differing social

enterprises from private enterprises and thus they fall under the same category of entrepreneurial as private enterprises and pay the same taxes. This also means that same codes for credit from banks and funds are applied to social enterprises which make it even more difficult for them to acquire credit in the current economy. One more challenge that arises is the availability of lack of dedicated individuals to the cause of social entrepreneurship and the lack of awareness on the subject. These kind of challenges are faced by social entrepreneurs in Turkey before starting to even think to build a social enterprise. The factors which affect the development of social enterprises in Turkey can be group under these categories concisely: Lack of governmental support and initiatives, Lack of private funding agencies, and need for decentralized policies, lack of public awareness, and lack of dedicated individuals.

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