Syrian Entrepreneurs

A Buried Treasure

Syrian Economic Forum
Studies and Research Department

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**Executive summary:**

This policy paper presents the most important challenges faced by Syrian entrepreneurs in all countries around the world in general and specially in Turkey, which is considered the most welcoming country for Syrian immigrants, trying to draw the necessary recommendations to solve these challenges and to develop the work of Syrian entrepreneurs by integrating them faster in the host communities. This will reflect positively on both sides - Syrian entrepreneurs and their host communities - by carefully defining the concept of entrepreneurship, identifying entrepreneurs, and their qualities, as well as analyzing the impact of entrepreneurs on host communities. Entrepreneurship is seen as a vital aspect of the macro-economy. Entrepreneurs are innovative individuals either by offering new products and goods or marketing and sales plans. Entrepreneurial companies would generate new jobs more than their large counterparts, making them the strongest weapon against unemployment, in addition to their big role in promoting overall economic growth and therefore increasing the GDP in the economies in which it operates. It also increases the competitiveness of domestic products both locally and internationally. Encouraging entrepreneurship also limits the immigration of talents and brain drain.

But the Syrian entrepreneurs in the diaspora face many difficulties when starting their activities and setting up their businesses. The legal environment is the biggest challenge for them, since the laws in their home country are completely different from in the countries of residence. The language barrier is also a real challenge for them, as well as the difficulty of being accepted by the host communities. In Lebanon, for example, they continue to suffer from a social war by the locals who reject the idea of their existence. In Jordan, Jordanians accuse them of stealing their jobs by agreeing to low wages. Other challenges facing entrepreneurs include competition with local firms, access to the necessary financial resources, as well as routine and bureaucracy in some of the countries they reside in.

In our policy paper, we also discussed the 6 * 6 model presented by the famous economist Steven Koltai in his book * Peace Through Entrepreneurship*, which provides a model for entrepreneurial development that can be followed by governments and stakeholders through identifying six activities and six players that can contribute to increasing Entrepreneurship.

The paper also presents some of the success stories of Syrian entrepreneurs in Turkey, and identifies the lessons learned from their experiences, hoping to be an example that could benefit Syrian entrepreneurs wishing to enter the world of investment and business.
The problem covered by the paper:

This paper presents the most important challenges facing Syrian entrepreneurs in Turkey by attempting to draw the necessary recommendations to solve these challenges and to develop the work of Syrian pioneers and integrate them faster in their host communities. This will positively affect the two parties ... Syrian entrepreneurs and their Turkish host community.

Introduction:

This is how the story began after the Syrians found themselves in this difficult situation: a war that displaced them and destroyed their country, unstable conditions in the diaspora countries, and a fast-growing world that continues to grow, develop, and leaps in all areas of business, technology, and sciences. At first the Syrian people had only limited opportunities at home and abroad that prevented them from doing anything. But as the war in Syria continued and Syrians began to settle in countries of displacement, they felt a great need to secure their future and the future of their children to reach a good level of financial stability. We cannot forget the fact that the Syrian people are basically creative, with the testimony of all the people around the world who had experienced and socially interacted with Syrians. All of those previous factors, gave Syrians a great push - unintentionally - to the broad world of entrepreneurship. On this basis, the exceptional circumstances experienced by the Syrians in the past seven years were not entirely a curse as the astonishing truth is that, thanks to their perseverance and creativity at all levels, Syrians had to adopt entrepreneurship as a lifestyle, which is proven everyday that it is the distinguished print of the new era of economy, and it accompanies the technological revolution, which made it meaningful and attractive.

According to figures published by the Federation of Turkish Chambers of Commerce, the number of Syrian companies registered in Turkey is more than 6000 companies, mostly small and medium. These figures occupy the second place in terms of the number of foreign companies operating in Turkey.

These figures point to the story of entrepreneurship and the growing idea of integrating refugees into their host communities by encouraging entrepreneurship, as well as the constant scientific truth that shows how the best fruit grows when planting the seed in fertile soil! The creative spirit of the Syrian people has been combined with the flexible, open, and dynamic economic environment of the Turkish market, as the governments of the countries receiving the most Syrian migrants face
great problems in the growth of unemployment rates, which may lead to many social problems that are reflected in widespread poverty and the widening gap between host communities and new immigrants, making the Turkish government focus on achieving overall growth instead of focusing on raising economic indicators such as GDP. Comprehensive economic growth means that growth include various sectors in the society as well as all the labor force. This applies to entrepreneurship, which is the most effective tool for achieving comprehensive economic growth in society in all its components, and represents an instrument of creating new jobs in the community, which is reflected positively on the Turkish domestic economy.

According to the research and studies of one of the most important research centers in the United States, «Ewing Marion Kauffman», small and emerging companies are considered the most important places to create jobs, unlike major companies. Between 2005-1958, startups were responsible for hiring two-thirds of US jobs according to the same source.

This study leads us to the great role that entrepreneurs can play to fight unemployment and poverty, thus contributing more effectively to the achievement of macroeconomic growth, and this is indeed what happened in Turkey, the Turkish economy hit the record in 2017, achieving the highest growth in the world At %11.1. Therefore, Turkey - as the most welcoming country for Syrian refugees - has to create a suitable environment to the development and sustainability of entrepreneurship. We mean by the appropriate environment: legislative structure, legal protection, fair competition with major companies, infrastructure, providing the necessary financial support, as well as incentives.
Definition of Entrepreneurship:
Entrepreneurship was first introduced in 1800 when French economist Jean Baptiste defined entrepreneurship as (a business entrepreneur that transfers economic resources from low to higher productivity). Harvard University in the United States of America defined entrepreneurship as (The pursuit of opportunities without owning or controlling resources).
Entrepreneurship is also defined as a special set of skills possessed by a businessman. Which include the tendency to take risks above the natural level and the desire to create wealth.
Entrepreneurship in political economy is defined as the process of identifying and starting a business, providing resources, and organizing the necessary resources taking into account the risks and rewards associated with the project.
Based on the above, the concept of entrepreneurship is the initiation of a person to start a project of his own after choosing an appropriate idea that balances between his passion and his ability to implement, and then study the market to assure that there is a demand for this idea and then funded by either his own money or by investors. The person who crated the idea of the project would be called (the entrepreneur).

Types of Entrepreneurship:
We can distinguish between two main types of entrepreneurship:
1. Innovative projects: bring new processes, products, and services to the market.
2. Cloned projects: They provide pre-existing services and products but with innovative sales services.

The importance of entrepreneurship:
Entrepreneurship in modern economies is the first engine of overall economic growth. SMEs are a vital aspect of the macro economy, as they attract employment more than other economic sectors, providing innovative ideas and products, SMEs make more than 75% of all companies in the formal sector in many of the G20 countries.
In the United States of America which is considered a pioneer in entrepreneurial experience, in 2014, SME projects accounted for more than %47 of total sales, employing %53 of the workforce and contributing %50 of GDP. These projects are considered the basis for the development of the country, the growth of its economy, and the competitiveness of its global position.
On this basis, entrepreneurship is an appropriate opportunity for the Turkish government to fight unemployment and poverty, increase the vitality of its economy, raise the efficiency of its workforce,
and prevent the migration of talent and expertise.

Moreover, the idea of supporting Syrian entrepreneurs to create their own entrepreneurial ideas and translate them into real projects will create many positive effects on the Turkish economy in a short period of time. We can recall the most important of these effects, as compared to similar experiences in other countries that received refugees, such as the United States of America, where refugees and immigrants founded (Silicon Valley), which is considered the capital of global technology.

These effects are:

1. Creating new markets: Entrepreneurs are creative people who create innovative ideas to create new customers and sellers, which makes them different from ordinary businessmen who perform only traditional administrative tasks such as planning, organizing, controlling, or other tasks entrusted to them.

2. Fighting unemployment: The advantage of business leaders lies in their ability to generate new jobs for themselves and others. Some facts in Europe or even in some Arabic countries have shown that small and medium-sized enterprises attract the largest proportion of available labor in society.

3. Development of industries, especially technological ones: Most of the major global companies such as «Google» and «Facebook» started as an idea and then turned into a small pilot project, then found local success and later international. Most of the world's leading companies are technology companies. Most of the deals on the global stock exchange are technology companies, so the economic world is on the way to becoming a technological economy.

4. Increasing income and economic growth. In the United States of America, for example, SMEs contribute %50 of their GDP. Since most of the projects in developed and developing countries are small and medium, most of the commercial transactions are carried out by these companies.

5. Reduce the migration of talent and expertise abroad by giving them opportunities to establish their own businesses in their country and provide the necessary assistance to them. As well as assisting them to develop their ideas and their work.

6. Increasing the competitiveness of local goods: When entrepreneurs find the right environment for their business, this environment will attract more entrepreneurs to establish new businesses, which will create competitiveness between each other, that would reflect on the quality of services provided and encourage innovation to attract more customers for these businesses in the prevailing competitive environment.
Challenges faced by the Syrian entrepreneurs:

1. Being accepted by the host community. It is normal for Syrian entrepreneurs to face some reluctance and a relatively long period of adaptation to the new works and ideas they bring to a new society that is different in many intellectual, social, and economic aspects, let alone their interests collide with the interests of many groups of the host society.

2. Competition from large companies that hold the biggest share in the local economy, which will not accept the entry of new business that might be a competing business. The Turkish economic community is that known to be a society of lobbies, as those who share a single interest automatically meet in an economic bloc that completely controls the rules of labor within this interest. Thus, Syrian entrepreneurs will face a severe confrontation not only by a single party, but a lobby with all its capabilities, potentials, and influence.

3. Financial support, the huge difference in exchange and the devaluation of the Syrian pound against other currencies made the Syrian entrepreneurs suffer from severe financial deficiency if they wanted to continue the same field that they practiced inside Syria before the war, not to mention that they lost all or most of what they had, which led them to Turkey and other countries of asylum are almost financially broke.

4. Routine and bureaucracy. The different legal environment between Turkey and Syria has created enormous difficulties for Syrian entrepreneurs to adapt to the Turkish economic community and to legalize their business that could make them a vital part of the Turkish economy. There have also been many problems of dealing between Turkish officials and Syrian business leaders, the language of which has been a major factor in the aggravation and the lack of a smooth solutions.

5. Fear of loss. The economic and societal culture of the Syrian people makes the loss morally
unacceptable before it is financially rejected. This is because of the absence of the catalytic awareness that dominated the general climate in Syria for decades, which made the loser - even temporarily - an easy prey for everyone around him, and a heavy material for seduction and destruction of morale.

6. Language challenge, which is one of the biggest barriers to the Syrians in general with Turkish society, and to Syrian entrepreneurs in particular, which deprived them of the excellent chances of success they would have had without language differences and the difficulty of learning.

**Model 6 * 6 to develop entrepreneurship:**

The book “Peace through Entrepreneurship” has dealt with six activities and six players that can contribute to increased entrepreneurial activity.

For the six stakeholders who can help or participate in the development of entrepreneurship are:

1. Companies
2. Institutions.
3. Universities.
5. Investors.
6. Government

The six activities that can contribute to the development of entrepreneurship are

1. Determine who are the required entrepreneurs by conducting competitions or announcing incentives, etc.
2. Training of Entrepreneurs.
3. Communicate continuously with entrepreneurs.
4. Establishment of a fund to finance entrepreneurs.
5. Developing the legal structure for doing business and protecting the rights of entrepreneurs.
6. Documenting the success stories and stories of entrepreneurs for generations to come.
Pilot Experiments:
Mrs. Shukran Darwish is a community activist who began in 2012 by helping displaced families in Aleppo, she provided financial and moral support to them after the war reached the densely populated city of Aleppo. She is a married woman with nine children, who have successful pilot experiences, and her husband, the doctor, offered two hours of his time daily to provide medical services to the displaced.

Ms. Shukran began her experiment with the idea of transforming the relief conditions of the displaced into positive productive conditions. She began to train displaced women on yarn and crocheted textiles, but she was hit by the difficult circumstances of the war that enveloped the entire country, forcing her to move to Turkey with her husband. She settled in the Turkish city of Gaziantep in 2013 and began her pioneering training of displaced Syrian women, in cooperation with Bulbul Zada organization and the religious Wakif in Turkey.

Believing in the importance of work and production, Ms. Shukran was able to establish Ulfa Kitchen, a central kitchen set up in a building that accommodates seven refugee families. Which was a center to train refugee women to prepare different meals, transforming them from consumers to producers, And from a heavy economic burden to positive economic activists.

Shukran believes in the need to train women and transform them into productive actors in the society, to give them the physical and moral independence that protects them from the need and dependency under the harsh conditions of the displaced Syrian families in general. Through her pioneering experience, she was able to be a very important element of the integration of the community displaced. She has also succeeded not only in achieving alone, but in making many women entrepreneurs succeed un their entrepreneurships.

(Mohammed Kawsara) a young Syrian, could not complete his university degree in the field of electronic engineering because of the war circumstances in Syria. Although his plans were full of dreams and projects that were not successful because of the bad circumstances, but that did not stop his ambitions and dreams, he moved to Istanbul to pursue his studies and specialization, and then continued his studies at Pasadena University in California, USA.

Meanwhile, Mohammed worked with many companies with a variety of technological solutions and developed his creative reputation in each of them until he was able to establish his own company and started his entrepreneurship journey with his own team.
Through his start-up company he managed to program many platforms to serve all Syrians with different interests in Turkey, the most important of which are (Ijad) and (jenni).

Mohammed’s obsession since settling in Turkey has been to bridge the social and economic ties between the Syrian refugee society and the Turkish community, to merge them together and establish bonds of interdependence. He was concerned to see how the owners of Syrian certificates and expertise were not able to find their suitable places in the various Turkish companies and institutions, which harms both sides and cause enormous loss of expertise and skills. He used his software and technical expertise to provide electronic solutions to connect the Syrians with Turks to help each side to benefit from the other.
**Recommendations:**

1. Government agencies, non-governmental organizations, and the private sector with its institutions and companies should take the initiative and pay attention to entrepreneurs, empower them and support them not only financially, but also develop and refine their ideas as well as develop and enhance their competitive spirit.

2. Building an electronic platform that brings together entrepreneurs with new ideas, but who still need specific support that may be financial, professional, or moral to turn their ideas into projects, and gather them with businessmen, NGOs, and others interested in entrepreneurs.

3. Entrepreneurs should take into consideration the host country's economic policies, try to keep up with their ideas when they implement their entrepreneurial ideas, which will make them equal to the local entrepreneurs and reduce the gap that may arise between foreigners and locals.

4. Breaking the language barrier by translating the Turkish laws into Arabic, and the government appointing an Arabic-speaking staff in each area in direct contact with the entrepreneurs. Private sector institutions such as banks should also take this initiative. Note that some banks in Turkey have established an Arabic-speaking department, as well as some government institutions such as the Chamber of Commerce of Gaziantep and the GOC directorate.

**Conclusion:**

Supporting Syrian entrepreneurs, and even empowering the Syrians to enter the world of entrepreneurship, is the biggest gain and the key to any community hosting Syrians during their ordeal. Utilizing the enormous energy and creative vitality of all Syrian entrepreneurs will bring them and their hosts to unprecedented levels of economic growth.

This is not utopian or theoretical but is supported by all the theories of entrepreneurship and its scientific applications. This support is combined with the fact that creativity and activity are deeply rooted in the Syrian people's existence, in addition to its outstanding practical experiences and success stories. It is a hidden treasure long gone from this world, and it is time to discover it, and give it the spark that deserves.
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