

# Sustainable Development- International Development Thesis Research

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University of Utrecht



## Time to Restart: The experience of Syrian refugees in establishing a business in Istanbul

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**Time to Restart: The experience of Syrian refugees in establishing a business in Istanbul**

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Cover photo: Aymans' restaurant in Beyoğlu district, Istanbul. Photo by Sunday's Zaman

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Supervisors: Annelies Zoomers & Griet Steel

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## Preface

This thesis is part of a group project developed in collaboration with four other students of Utrecht University, Claire Pursey, Jolinde Dermaux, Tamara van der Sar and Teun Smorenburg. The aim of the project is to provide information and insights about different aspects of the Syrian refugee experience along the borders of Europe.

Each group member worked independently on a theme. However, we made sure that our thesis would develop independent but complementary researches. Together with Jolinde Dermaux, Tamara van der Sar and Teun Smorenburg, I conducted fieldwork in Istanbul, Turkey, for three months (between February and May 2015). This thesis focuses on the experience of Syrian refugees in establishing a business in Istanbul, giving especial attention to the main obstacles to open and run a business, besides the main strategies to overcome these obstacles; Jolinde Dermaux focused on the use of social networks on the resettlement process of Syrian refugees; Tamara van der Sar focused on housing pathways and the construction of home among Syrian refugees; and Teun Smorenburg focused on labor market situation of Syrians and their occupational mobility. A fifth member, Claire Prusey, conducted research in Athens, Greece, where she focused on the mobility and aspirations of Syrian refugees once they are in Europe. The group work was supervised by prof. dr. Annelies Zoomers and dr. Griet Steel.



## Acknowledgments

This dissertation is the final result of a research master in Sustainable Development, in the track International Development, at Utrecht University. The whole process to plan and conduct this research was hard, but enjoyable, taking eleven months to be concluded. During this process the obstacles to be overcome were many and I would not be able to overcome them without the help of a special group of people, who I would like to express my gratitude now.

First of all, I would like to thank my supervisors, prof. dr. Annelies Zoomers and dr. Griet Steel for believing in the idea behind the thesis and join this project with enthusiasm. Their guidance and feedback were crucial to write and finish this thesis. I would like to thank Joris Schapendonk as well, for his involvement with this project, by sharing ideas and showing great enthusiasm about the research.

Second, I would like to thank all the respondents of this research for their willingness to share their stories with me. Their stories and kindness motivated me to do my best on this research. A special thanks goes for Kafeel, Talhah, Aban and Mujab for their volunteer work as translators. They embraced this research as if it was their own. I could not have seen this research happening without their support to find respondents and their translation.

Third, I would like to thank Tamara van der Sar, Claire Pursey, Jolinde Dermaux and Teun Smorenburg for the long and inspiring discussions and useful feedback along the entire process. The group meetings were always important to keep me motivated, besides being essential to find solutions to problems that seemed unsolvable. Sometimes, all that I needed after a day of hearing tragic stories, was to arrive at home and have a talk with these guys to feel energised again and ready for the day after.

Fourth, I could not forget to thank my parents and my brother. Starting and finishing this master at Utrecht University was possible because they were supporting me all the time and in different ways. This thesis is the result of all your support and believe in me.

Finally, I would like to thank Anna to be by my side not just on the moments when I was enthusiastic about this research, but in moments where I was pessimistic and demotivated as well. She was always willing to give me suggestions on how to improve my work and helping me to think critically about my decisions.

I'm glad that this group of people were part of this thesis. I learned a lot with them and I hope that this thesis corresponds to their expectations.

Pedro Valarini, Utrecht, 2015





## Executive Summary

Since the start of the conflict in Syria in March 2011, almost 4 million Syrians left the country in search for asylum, mainly in Egypt, Lebanon, Jordan, Iraq and Turkey. The escalation of the conflict in 2012, aggravated by ISIS presence in North Syria in 2014 just increased the influx of refugees in those countries. In this context, Turkey was one of the countries that adopted an “open door” policy, receiving over 1.8 million refugees since 2011. Of these, 278 thousand Syrian are accommodated in 25 camps mainly along the Turkish/Syrian border, while the other 1.6 million are considered self-settled refugees, spread among the Turkish provinces, where 330 thousand are just in Istanbul. The aim of this research was to bring more information about those Syrians who now have a business in Istanbul. Not much is known about their motivations to open a business in Istanbul, in the same way that the obstacles faced by them and their strategies to overcome them are not known.

The lack of information about Syrian refugees who own an enterprise reinforces the position of authors such as Wauters and Lambrecht (2006) and Fong et al (2007). They defend that there is not much literature about refugee entrepreneurship. This debate mostly takes place within the literature on immigrant entrepreneurship and ethnic entrepreneurship. However, there are some differences between refugees and immigrants that need to be explored, such as: lack of social network and financial resources and lack of time to plan the displacement (Wauters and Lambrecht, 2006; Fong et al, 2007). These are all aspects that were explored during this research.

This research found out that the main obstacles for Syrians to start an enterprise in Istanbul are mainly four: insufficient information about the local economy; lack of knowledge of the Turkish language; limited financial resources and restricted experience on the area in which they wanted to open a business. These obstacles can be related with their situation as refugees and the characteristics of their displacement. Since they don't have time to plan their departure, have to leaving suddenly and they bring family members, their financial capital is compromised.

Syrian refugees are motivated to start a business mainly because of past experience with entrepreneurship. However there are a few cases of Syrians who start a business due to the lack of opportunities on the local Turkish labour market.

It was demonstrated in this research as well that co-ethnic networks play an important role when it is time to open a business. These networks are crucial to form partnerships, find qualified employees and attract a fist group of clients. Even though not all enterprises depend on Syrian clients, they still are depended of these networks in order to create partnerships and find employees. In this way Syrian enterprises assume characteristics of ethnic enterprises. This fact raises the concern regarding

the possibilities for these companies to develop and grow, since they rely on a limited group of clients. Furthermore, it was proved that the legal situation of Syrian refugees in Turkey is fragile and they could be sent back to Syria at any moment. Mainly for those entrepreneurs who are registering their business and are planning to stay in Turkey, relying just in other Syrians to run the business represents a risk and limitation to the development of their enterprises.

Even though it is still early to draw conclusions about the future of these enterprises in Istanbul, based on my observations it seems that Syrian entrepreneurs are having a good restart in Istanbul. They managed to establish a business and are already making plans to open more branches or expand the business. The plans, of most of the respondents, to stay in Turkey even if the war in Syria stops, plays an important role on this decision to invest and expand their business. However, to know if they will succeed, more research is needed.

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## Abbreviations

AFAD – Disaster and Emergency Management Presidency

CBSSYR – Central Bureau of Statistics of the Syrian Arab Republic

CIA – Central Intelligence Agency

FMSE - Family, Micro and Small-sized enterprises

GDMM – General Directorate of Migration Management

GDP – Gross Domestic Product

GEM – Global Entrepreneurship Monitor

ITO – İstanbul Ticaret Odası (Istanbul Chamber of Commerce)

NGO – Non-Governmental Organisation

OECD – Organisation for Economic Co-operation and Development

SCPR – Syrian Centre for Policy Research

SPI – Small Projects Istanbul

SEF – Syrian Economic Forum

TOBB – Türkiye Odalar ve Borsalar Birliği (The Union of Chambers and Commodity Exchanges of Turkey)

TPR – Temporary Protection Regulation

UN – United Nations

UNHCR – United Nations High Commissioner for Refugees

UNOCHA – United Nations Office for the Coordination of Humanitarian Affairs





# Map of Turkey



Map 1: Administrative division of Turkey (source: CIA)

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# Map of Syria



Map 2: Administrative division of Syria (source: CIA)

## 1. Introduction

“I’m a businessman<sup>1</sup>”, that is how Aamil, 29 years old, defines his profession. He started his own business in Istanbul, Turkey, in August 2014 by renting houses and transferring money. He could be like any other businessman in Istanbul, but he is not. Aamil is one of the 4 million Syrian refugees that had to leave their country because of the war that started four years ago (UNHCR, 2014). Until his arrival in Istanbul he faced many difficulties and his restart in Istanbul was not easy. He had to find his way around and finally risk all the money that he had to start a business in the city. In Istanbul he found a vast number of Syrian refugees spread around the city and this high number is what made possible for him to start his own business. His clients are other Syrians who need housing and help to receive or transfer money to Syria.

Since the start of the conflict in Syria in March 2011, Syrian refugees found shelter mainly in Egypt, Lebanon, Jordan, Iraq and Turkey (UNHCR, 2014). The escalation of the conflict in 2012, aggravated by ISIS presence in North Syria in 2014 just increased the influx of refugees in those countries (UNHCR, 2014). In this context, Turkey was one of the countries that adopted an “open door” policy, receiving, since 2011, over 1.8 million refugees. Of these, 278 thousand Syrian are accommodated in 25 camps mainly along the Turkish/Syrian border, while the other 1.6 million are considered self-settled refugees, spread among the Turkish provinces. In this scenario Istanbul is currently home for more than 330 thousand Syrian refugees (AFAD, 2013; HUGO, 2014; UNHCR, 2015). However, still not much is known about Syrian refugees’ strategies to survive in this city.

In Istanbul, Syrians like Aamil found a good environment to start their own business and in this way restart their lives. In fact, information given by the Union of Chambers and Commodity Exchanges of Turkey indicates that since 2011 the number of registered Syrian enterprises had grown significantly, from 28 in 2011 up to 1131 in 2014 (TOBB, 2013 and 2014). These are just the registered companies, many others are still working in the informality. In fact, in neighbourhoods with a high concentration of Syrian refugees (in Istanbul for instance) it is possible to observe dynamic economic activities taking place, with bakeries, businesses, travel agencies and restaurants run by Syrians (Kirisci, 2014). However, not much is known about the contribution of these formal and informal enterprises to the settlement and local integration of Syrian refugees (Kirisci, 2014). It is a matter of fact that on the few reports concerning the socio-economic situation of Syrians in Turkey released so far (AFAD, 2013; HUGO, 2014; UNHCR, 2014, Cagaptay, 2014) no attention was given to self-employment and entrepreneurship among Syrian refugees. It is possible to observe in these documents that no one knows about the difficulties faced by Syrian entrepreneurs to open and run their business and what

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<sup>1</sup> Aamil, 09-03-2015, Istanbul

are the main characteristics of these companies. Furthermore, it is neglected the role of co-ethnic networks on the process to establish and run a business. There is no analysis of possible consequences and influence that the presence of Syrian refugees play on the decision of Syrian entrepreneurs to open a business and the consequence role of this business on the resettlement of other Syrian refugees.

The lack of information about Syrian refugees who own an enterprise reinforces the position of authors such as Wauters and Lambrecht (2006) and Fong et al (2007). They defend that there is not much literature about refugee entrepreneurship. This debate mostly takes place within the literature on immigrant entrepreneurship and ethnic entrepreneurship. However, there are some differences between refugees and immigrants that need to be explored, such as: lack of social network and financial resources and lack of time to plan the displacement (Wauters and Lambrecht, 2006; Fong et al, 2007).

Based on this information the following research question was elaborated in order to bring more information about the situation of Syrian owned enterprises in Istanbul and fulfil the knowledge gap:

**What are the experiences of Syrian refugees in starting a business in Istanbul? What is the role of co-ethnic networks in this process?**

With this question this thesis aims to give a face to the group of Syrian refugees who decided to establish a business in Istanbul. It is important to understand the experiences of Syrian refugees in Turkey, including their motivation to open a business, the problems faced during this process and how they overcame it, besides trying to understand the role played by these enterprises on the restart of live of Syrian refugees.

Other aspects considered during the research are the relation between these Syrian-owned enterprises and other group of Syrians, such as employees and clients. The aim will be to understand how the huge presence of Syrians in Istanbul influences the start of an enterprise and the possible consequences of this interaction. In this way it will be possible to understand as well if Syrian refugees lack the social networks, as it happens with other groups of refugees, as explained by Wauters and Lambrecht (2006) and Fong et al (2007).

In fact, this research gains even more relevance in a context in which the livelihood conditions of Syrian refugees has been a matter of concern for the Turkish Government and NGOs, since the situation of Syrian refugees is no longer 'temporary' and starts to be portrayed as 'permanent' due to the prolonged conflict in Syria. Syrians themselves agree that, despite their will to return home, peace in Syria is not going to be established soon, so they will have to stay in Turkey (HUGO, 2014). For this

reason it is important to investigate the experiences and situation of Syrian refugees in Turkey. In fact, with the aim to fulfil this gap and bring more information about how Syrians experience resettlement in Turkey, this research was developed as part of a project with four other students of Utrecht University. Each one focused in a different aspect of the Syrian life in Istanbul. Teun Smorenburg focused on the job mobility, Tamara van der Sar wrote about home and feeling of belonging and Jolinde Dermaux studied the use of Social Networks by Syrian refugees in order to settle. A fourth member, Claire Pursey, aimed to gain insight into the aspirations of Syrian refugees once they arrive in Greece.

## 1.1 Structure of the thesis

The thesis is structured in nine chapters. First the main theories about entrepreneurship among refugees will be explored. The main concepts of this research will be introduced as well important aspects of the establishment of a business and the importance of entrepreneurship among refugees. After that the methodology used in this research will be explained and the limitations of the study. Before starting the analysis of the information collected during the field work, the background information about the economic environment for entrepreneurs in Syria and how it was transformed with the outbreak of the war, will be given. In the same chapter the situation of Syrians in Turkey will be explored. Finally, the empirical analysis is divided in four chapters. The chapters are organized chronologically. It starts exploring the life of the respondents before the war and it evolves until the moment when they start to establish a business in Istanbul. In conclusion, the final chapter is dedicated to the discussion of the main findings of this research and final considerations.



## 2. Theoretical Framework

This chapter gives an overview of the main theories on refugee entrepreneurship and the role of co-ethnic networks on the establishment of a business. It will give the basis for the analysis of the empirical information collected during fieldwork. The chapter starts defining “refugees” and “entrepreneurship”, two of the core themes of this dissertation. In the sequence the heterogeneity of the refugee group is highlighted and the concept of “self-settled refugees” and “urban refugees” will be briefly introduced. Finally the main theories on refugee entrepreneurship will be presented, giving particular attention to what is seen as main reasons for refugees to start an enterprise and what are important aspects to establish and start an enterprise. Furthermore, the main benefits that refugee owned enterprises can offer to the refugee group will be discussed.

### 2.1 Definition of Refugee and Entrepreneur

Before elaborating on the main theories on refugee entrepreneurship it is important to define “refugees” and “entrepreneurs”. It is not my intention to bring a new definition or contrast different concepts and show how complete or incomplete the current theories and definitions are, but just to delineate the group that is central to this research.

The definition of “refugee” itself is a matter of debate and analysis. The most accepted definition, and the one used in this thesis, was introduced by the UN in the 1951 Convention relating to the status of Refugees. It defines a refugee as someone who:

*“... owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it” (UNCHR, 2010, pp. 14 ).*

This definition fails to include environmental refugees and economic refugees as discussed by Bakewell (2000). However, it gives the necessary elements to identify refugees among Syrian entrepreneurs in Istanbul, because it defines refugees as those who flee his/her country of nationality or residence to save his/her life or keep his/her freedom (UNHCR, 2010). Working with this definition keeps the focus on the reasons for the displacement, rather than the legal status of those who flee the county. In Turkey, as we will see in the next chapter, Syrians are not recognized as refugees, but as ‘guests’, even though they perfectly fit the UN definition of refugees. In addition, some of the Syrians interviewed don’t recognize themselves as refugees. For them a refugee is someone who lives

in Europe or North America, receives money from the government and is not allowed to work. Even though the idea is not completely wrong, they still meet the definition of “refugees” provided by UN, since they left their country for security reasons. In conclusion, for this research, respondents are considered “refugees” not based on their legal status or their personal consideration, but based on the reasons that make them flee Syria.

The definition of “entrepreneur” can be another source of controversy and debate, since there is no common definition (Naudé & Havenga, 2005). Some would argue that entrepreneurs are agents of innovation. This idea is not completely wrong, but ignores for instance those entrepreneurs called survivalist, who are defined as *“individuals who run and manage enterprises due to being unable to secure employment in the formal sector, but who have to find alternative ways to survive”* (Jesselyn, 2006 in Choto et al, 2014, pp.94 ). However, a well-accepted definition of “entrepreneur” derive from the definition of “entrepreneurship” elaborated by Reynolds in the 1999 Global Entrepreneurship Monitor (GEM) report, saying that entrepreneurship is:

*“...any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business.”* (Reynolds et al., 1999, pp. 3)

As a consequence, “entrepreneurs” are those who own this new business or ventures. Aldrich and Waldinger (1990) include on this definition self-employed and employers, independently if they hire family members or other employees. The only difference between self-employed and employers is that employers hire other people to work at the company, while self-employed work alone or have other business partners, but not employees.

## 2.2 Refugees, Self-settled refugees and Urban Refugees

The first image that comes to mind when talking about refugees is a group of poor people in refugee camps in some arid place, struggling to survive and dependent of international assistance (Jacobsen, 2005). Even though this image is not completely wrong, it is just a small part of the full picture. Refugees are a heterogeneous group, not just when it comes to cultural background and wealth, but also in strategies of settlement. In 2001, UNHCR estimated that about 26 percent of refugees live in camps or centres, 18 percent live in urban areas, while 56 percent are self-settled in rural areas or other locations (Jacobsen, 2001 and 2006). In this context, urban refugees gained prominence on the debate about refugees, since not much is known about them. They are defined as self-settled refugees (including, recognized refugees, asylum seekers, those with temporary protection and those that, even though not being recognized as refugees, fits on the definition introduced on the previous section) who are living in urban areas (Jacobsen, 2001/2006).



This concept urban refugee and their situation assume particular importance in the Turkish context, where more than three quarters of the 2 million Syrian refugees are not in camps, but are self-settled refugees in urban areas (UNHCR, 2015), as we are going to explore on the next chapters

Kok (1989) already observed that the majority of refugees are not in camps but self-settled in urban and rural areas, and the reasons for that are diverse: first of all, it would be impossible to fit all refugees worldwide (currently there are 19.5 million refugees according to UNHCR) in refugee camps because of insufficient funds (Kok, 1989). Secondly, the economic opportunities offered by refugee camps or other forms of settlement organized by governments or organizations are limited, in this way refugees would be reluctant to stay in those camps (Jacobsen, 2006; Kok, 1989, Hovil, 2007). Access to services, such as education and health, is an additional factor. However, some refugees believe that cities may offer them anonymity (protecting them from persecution) or that the access to humanitarian assistance or the possibilities to get accepted to resettlement programmes are bigger. In addition, Macchiavello (2003), highlights the role of education, skills and background of refugees as important factors that may influence their decision to move to urban areas, since those with more skills and experience see opportunities in urban areas to find jobs, start a business and restart life.

Despite the impressive proportion of self-settled refugees, not much research has been done about this particular group and even less is known about those settled in urban areas. The main reason is the difficulties to identify who is a refugee in urban areas, since they are usually not registered and as consequence are missing from statistics (Sommers, 2001). Refugees may not want to be identified because of many reasons, such as their fear of persecution or the fear to be sent back to camps or the country of origin (Macchiavello, 2003). As consequence, not much is known about their situation and needs.

### 2.3 Refugees and Entrepreneurship

Once refugees arrive to urban centres, they use different strategies in order to rebuild their livelihoods, usually without the help of government or organizations (Kuhlman, 1991; Jacobsen, 2006). Searching for a job is one of the priorities and one of the main strategies to rebuild their livelihoods. Even though there has been scientific interest in the employment status of refugees, not much attention is given to refugees who choose self-employment (Wauters and Lambrecht, 2008).

Lyon et al (2007) argue that small-scale enterprises provide a source of income for those who were unemployed (employers and employees), it develops specific skills (financial and technical skills) and experience that can lead to more employment opportunities in the future or/and the development of the company. In addition it offers local services that helps on the development of the community and the local social capital. All these advantages offered by refugee enterprises could be part of wider

development objectives of governments, related to social inclusion and community cohesion. An additional benefit of refugee enterprises is the increase of income generation and improved integration between owner and members of the local community (other business owners, clients and public workers). As a main result, through time, this integration help refugees to “*break out from the co-ethnic or refugee circles to which they often felt tied*” (Lyon et al, 2007).

Furthermore, refugee enterprises work as “community centres” and information points for members of the refugee community. In this way the businesses contribute to the formation of social capital, which leads to the construction of community identity (Lyon et al, 2007).

As we can see refugee entrepreneurship can be very beneficial to refugees (owners, employees and clients), therefore it is important to understand how these businesses start and which obstacles they face.

## 2.4 Motivations and strategies to start an enterprise

In literature there are just a few documents dedicated exclusively to the study of refugee entrepreneurship and self-employment. Usually the studies of refugee entrepreneurship are included in the broader context of immigrant entrepreneurship studies (Wauters & Lambrecht, 2006). Elements of refugee entrepreneurship can be found as well in the studies of ethnic enterprises. Both fields of research are well-developed and have a lot to offer on the debate of refugee entrepreneurship. For that reasons the three main sources of information for this research is literature regarding “ethnic entrepreneurship”, “immigrant entrepreneurship” and some other articles regarding “refugee entrepreneurship”.

There is a variety of reasons for refugees to choose self-employment. Some of them are pushed towards entrepreneurship since they are not able to find alternative options (Wauters & Lambrecht, 2006), which can be caused by discrimination for instance. Others have the desire to have a business for their family members to inherit; while many of them have the simple desire to work independently (Fong et al, 2008). Lack of networks or ability to speak the local language can be an additional factor that push refugees towards self-employment, since these are important obstacles to find an employment. Sommers (2001) on the other hand tends to point to the fact that some refugees are risk-takers and that if they have a chance, they become entrepreneurs. Past experience with entrepreneurship may be a factor that influences such a decision as well. From these reasons to start an enterprise it can be concluded that the decision to open an enterprise is a combination of structural constraint and individual agency, as explored as well by Walton-Roberts and Hiebert (1997). The reason to start a business may have a relevant impact on the development of the business. People motivated by previous experience, for instance, may be better prepared to open and run a

business. On the other hand, people who decided to open a business because of difficulties to find an employment, may lack the motivation and experience to open and develop a business (Fong et al, 2008).

In literature many factors are identified that may contribute to the establishment and success of a business. Social and Human capital for instance are two of the most mentioned assets to start an enterprise (Potocky-Tripodi, 2004; Wauters and Lambrecht, 2008; Volery, 2007; Hein, 1993; Fong et al, 2007; Marger 2001).

Social capital is considered to be an important source of information, so it can be a starting point for entrepreneurs. Frequently, social capital is referred to as participation within social networks. Sometimes, such networks take form of ethnic networks, since it usually involves people with the same ethnicity or same background. Mostly in the case of immigrants and refugees, these networks are composed mainly by family members and friends (Marger, 2001). However it is common that these networks are expanded or renewed once immigrants (including refugees) arrive to urban areas (Marger, 2001). Such networks can be used at the arrival to urban areas in order acquire information about the business environment, besides being used to attract clients, find suppliers and possible employees (Wauters and Lambrecht, 2008). Moreover, the use of co-ethnic networks can help ethnic minorities to overcome disadvantages, such as blocked mobility, discrimination and access to financial and human capital (Katila and Wahlbeck, 2011). However, Potocky-Tripodi (2004) highlight the downside of social capital, which can *“prevent access to opportunities for outsiders and prevent insiders with external opportunities”* (Potocky-Tripodi, 2004, pp. 63). It means, for instance, that people who are not part of the network may not have access to employment positions in enterprises from the network. On the other hand people from the network may have difficulties to identify and get access to opportunities outside their network. This situation is the result of different natures that social capital can assume (Katila and Wahlbeck, 2011). In one hand there is bonding social capital, which refers to resources in social networks inside social groups. On the other hand there is bridging social capital, which refers to networks between groups and linkages to external assets. Usually ethnic minority businesses lack bridging social capital, which is crucial for sharing of information (Katila and Wahlbeck, 2011).

Marger (2001) and Potocky-Tripodi (2004) argue that the role of human capital (such as education, skills and work experience) on establishing and running a business is much more important than that of social capital. Potocky-Tripodi (2004) found in her study on Latin American and Asian migrants in USA that high education level, citizenship and good knowledge of English were crucial factors for the success of an enterprise. Fong et al (2007), pointed out that personal characteristics, such as self-

confidence, creativity, flexibility and resilience are crucial to those who are about to start or just started a business. Immigrants and refugees must be able to adapt to changing conditions and needs and to be able to start over when the plan fails (Fong et al, 2007).

Two other important factors of human capital are prior experience of the entrepreneur and language skills. Prior business knowledge can provide refugees with an important base to build the business, including financial literacy, capacity to make a business plan and working long hours (Fong et al, 2007). Language skills are usually a big barrier on establishing and running a business for many reasons. First of all, those without language proficiency have limited possibilities of interaction with suppliers and mainly with clients. As a result, those entrepreneurs end up working in fields with limited public interaction or working with just a group of clients, which is usually composed by people from their own country. Furthermore, some authors show that refugee or immigrant owned businesses are frequently not registered, because of the difficulties that this group has to understand the legal procedures to officialise the business due to language constraints (Fong et al, 2007)

An additional asset that is important to start a business is financial capital. The amount of capital available may determine the strategies and sectors that refugees use to set up and run a business. Immigrants and refugees usually demonstrate strong reliance on personal savings, besides acquiring loans with family and friends as a source of capital (Lyon et al, 2007; Volery, 2007; Pécoud, 2004). Those entrepreneurs lacking financial capital and social networks (in order to get access to capital) may choose a sector of the economy to open a business where huge investments are not necessary. Usually refugees lack the access to more institutionalized sources of financing, such as credit cards, longer term loans or overdraft facilities, since they don't qualify for credit applications (Lyon et al, 2007).

One last factor of great importance is the institutional context. It is argued in literature that refugees usually operate in illegality due to barriers imposed by laws and regulations of the host country, which doesn't give labour rights to refugees, including the possibility to be self-employed (Volery, 2007). There are cases as well where refugees can establish a business, however the conditions imposed by the legislation present a great barrier for refugees, since it may require documents which refugees do not have due to the condition of their displacement or fees that are not possible to pay (Lyon et al, 2007).

## 2.5 Obstacles to business creation and its development

Volery (2007) sees some refugee enterprises as ethnic enterprises, because of their strategies to establish and run a business, besides structural characteristics that we are about to see. Ethnic entrepreneurship is defined by Waldinger et al, as *'a set of connections and regular patterns of*

*interaction among people sharing common national background or migration experiences'* (Waldinger et al., 1990:112). Immigrants and refugees may use these connections as a solution for possible initial barriers that they encounter in the host community, such as cultural differences; language skills, lack of knowledge of local legislation and economic opportunities. Ethnic entrepreneurs make extensive use of their social networks (an important source of social capital) in order to overcome these initial barriers. Advantages of such networks are the reduction of economic risks related to the establishment of a new business, the availability of cheap and loyal workforce within the community and possible suppliers as well, a sufficient number of clients from the same ethnic background, besides acquiring information with members of the community who are settled for more years (Volery, 2007; Chaganti et al, 2002). Ethnic enterprises emerge with the presence and expansion of ethnic communities and usually include businesses such as fast-food restaurants, tourism agencies, specialized grocery shops and clothing shops (Volery, 2007). The geographical location of these businesses is usually defined according to the location and concentration of the ethnic communities (Pécoud,2004). In addition these enterprises usually simply reproduce old forms of business without bringing any innovation. That is why most of the ethnic enterprises are working on the retail and services sector, due the easiness to copy the structure of the business and the low investment necessary to start (Aldrich and Waldinger, 1990).

However, where on one hand these ethnic connections present an entry point to the local economy, making the startup of a business possible, on the other hand they can represent significant limitations to the growth and development of the enterprise. The first reason for this regards the kind of products commercialized. Enterprises which focus their activities based in one ethnic community are *"potentially bounded by a niche market demand"* (Chaganti et al, 2002). They end up commercializing products that people from the host society don't consume, making the expansion of the business difficult. Keeping the focus on a co-ethnic group makes it difficult to break through into other markets, since the understanding of the specific preferences of different group of clients is limited, besides preventing the entrepreneurs and employees to develop their language skills, what would make possible for them to interact with clients of other nationalities (Lyon et al, 2007; Chaganti et al, 2002). In addition, those entrepreneurs who rely heavily on their own community clients end up opening similar businesses. A possible consequence is the over representativeness of some kind of business and a high competition between those enterprises, what may result in a decreasing on the capacity to grow of some of those companies (Lyon et al, 2007; Pécoud, 2004).

Pécoud (2004), defends that the reliance on co-ethnic and non co-ethnic resources is important for a business to survive. It is argued that it is a crucial process to bring together the co-ethnic networks that have enabled the establishment of the business with the much larger non co-ethnic clientele that

will guarantee its survival. However, breaking through these ethnic ties is not an easy task and depends of a combination of mental disposition (entrepreneurs must be aware of their cultural specificity) and concrete skills (entrepreneurs needs the right tools to handle this multi-cultural environment). This situation in which entrepreneurs consciously use in-group resources, while trying to reshape the cultural dimension of their business and target a non-ethnic clientele is defined by Pécoud (2004) as cosmopolitanism. Cosmopolitanism is not always a matter of entrepreneurs will or pleasure, but it can be seeing as a business strategy to get diversify the clientele and develop the business.

In addition, Lyon et al (2007) found that the uncertainty related to the temporary leave to remain, given to refugees in London, represented a barrier to the development of refugee owned enterprises. The situation of uncertainty prevented those refugees to invest in the growth of the companies, since they were afraid to be sent back home and lose all their investment.

Walters and Lambrecht (2006) argue that refugees may face constrains linked to the characteristics of their resettlement. They affirm that refugees may not have an extensive social network at the host country (as other immigrants), because usually refugees flee their country on individual basis. The lack of social network may result in less opportunities and support to stablish a business, for instance. An additional limitation is the nature of their displacement. Because refugees have to leave their country unexpectedly, they don't have the opportunity to take financial means with them and are not able to plan they settlement in the host country in advance. As a consequence, refugees lack the financial means to start an enterprise and time to plan the start-up of a business. One last barrier mentioned by authors are traumatic events experienced by refugees in their country of origin or during the flight. These events may cause psychological problems which can affect their self-reliance and their ability to find a job. Walters and Lambrecht (2006) conclude as well that these barriers are the main differences between refugees and immigrants in the refugee/immigrant entrepreneurship studies.

In conclusion, the theories mentioned above will give us support to the analysis of the data collected during the fieldwork. However, just theory is not enough to understand the situation of Syrian refugees in Istanbul. Before proceeding with the analysis, the next chapters will elaborate on methodology used during this research and the contextual framework, where I will present the main facts about the displacement of Syrians and how Turkey is dealing with the huge influx of Syrian refugees on the past four years. Particular attention was given to the legal framework for Syrian refugees in Turkey, because of the relevance of the legislation on the decisions of self-employment and on the establishment of a business. In addition, legislation can partially explain refugee strategies to operate on the illegality or not.

### 3. Methodology

In this chapter I will explain the methodology used to carry out this research. First, the research question and sub-questions on which this research is based will be introduced. After that, I will present the operationalization followed by the preparation for the field work. In the sequence, I will discuss the different methods used to collect data. Finally, limitations of the research will be presented.

#### 3.1 Questions and sub-questions

The following main question was formulated in order to understand the experiences of Syrian entrepreneurs and the role of co-ethnic networks on this process:

**What are the experiences of Syrian refugees in starting a business in Istanbul? What is the role of co-ethnic networks in this process?**

The following sub-questions were formulated in order to help answering the main question:

- What are the characteristics of Syrian refugees who start a business in Istanbul?
- What are their motivations to start an enterprise?
- How did the conflict in Syria affect their capacity to start a business in Istanbul?
- What are the challenges faced by Syrian refugees to start a business in Istanbul and how are they overcoming it?
- What is the relation of these enterprises with other groups of Syrian refugees? How does this relation shape the business strategies of Syrian entrepreneurs?
- Which factors shape the future plans of Syrian entrepreneurs?

#### 3.2 Operationalization of variables

Based on the Theoretical Framework the follow operationalization was formulated in order to analyze the information collected during the fieldwork in order to answer the main question:

*Table 1: Important variables to be operationalized*

Reasons to start a business	
The reasons to start an enterprise may differ among refugees. It may have a direct impact on how they experience the establishment of a business and its performance later on.	
Social Capital	
<b>Use of Family and/or Friends</b>	The presence of family and friends (from the country of origin or not) may play an important role on the establishment of a business, by

	offering suppliers, clients and employees.
<b>Use of New Connections</b>	The expansion of the personal network is crucial, mainly for those lacking connections on the host society.
<b>Human Capital</b>	
<b>Education Background</b>	Refugee's education level and area of expertise may directly influence their possibilities on the host-country.
<b>Previous Experiences</b>	Previous experience with enterprises is considered one of the most important factors on creating a new business.
<b>Other Skills</b>	Additional skills, such as language, flexibility and self-reliance play an important to overcome problems during and after the establishment of enterprises.
<b>Financial Capital</b>	
<b>Personal Savings</b>	Considered one of the main sources of capital, personal savings can be a problem for refugees, since they left the country unexpectedly.
<b>Access to loans</b>	Limitation of credit may jeopardize not just the growth of an enterprise, but the growth as well. Different strategies may be used to overcome it.
<b>Legislation</b>	
<b>Refugee legislation</b>	Legislation regarding the rights of refugees direct influence their employment choices and the legal situation of their businesses.
<b>Entrepreneurship legislation</b>	Bureaucratic and expensive processes to establish an enterprise can directly influence the legal situation of refugee owned enterprises.

During this research these were important aspects taken into consideration. However, It is going to be analyzed not just the use and presence of these factors on the establishment of a business in Istanbul, but the interaction between them as well and the influence that they play in each other. Moreover, not just the advantages of each one of these aspects on establishing an enterprise will be investigated, but the limitations that this aspect may represent as well.



### 3.3 Elaboration of the research and preparation for Fieldwork

The preparations for the fieldwork already started in November 2014, when I teamed up with four other students from Utrecht University, who were interested in doing research about the same theme: refugees and their challenge to restart life elsewhere. Of course each one of us chose different topics, but the aim was, once all the theses were done, to put the main results together in order to have a deeper understanding of the situation of Syrian refugees on the borders of Europe. We decided to focus on Syrian refugees for two main reasons. First, the conflict in Syria is ongoing, thus the arrival of refugees to neighbouring countries is still happening on daily basis. Because of that, the consequences of such a mass influx of refugees to neighbouring countries is not clear. Second, even though more documents and reports regarding the socio-economic situation of Syrian refugees are being produced, many gaps can still be found in those documents that could be fulfilled through this research.

The group chose two countries to conduct this research: Greece and Turkey. Greece is of crucial relevance due the constant influx of refugees from the Middle-East (including those from Syria) and as a consequence one of the starting points in Europe for those refugees aiming for other countries in the continent. One of our team members, Claire Pursey, went to Greece, where she studied the trajectories of those refugees who are in Greece, but are aiming to go to other countries in Europe.

Turkey, on the other hand, was chosen for the fieldwork for three main reasons. First, the number of Syrian refugees in Turkey is bigger than in any other country (and it is still growing). Second, Turkey is one of the only countries in the region which offers a good level of safety to conduct this research. Finally, Turkey represents a bridge between the Middle-East east and Europe, thus it is interesting to investigate if Syrians who are in Turkey intend to go to Europe and how it interferes on their current situation in Turkey.

For similar reasons Istanbul was the city chosen for this research. The big concentration of Syrian refugees in the city, its economic importance and being one of the entrance doors to Europe, offered the necessary environment to conduct this research. In fact, according to AFAD (2013), more than 330.000 Syrian refugees are living in Istanbul.

I conducted research in Istanbul together with three other team members, namely: Jolinde Dermaux, Tamara van der Sar and Teun Smorenburg. The focus of each research is as follows: Jolinde Dermaux focused on the use of social networks on the resettlement process of Syrian refugees; Tamara van der Sar focused on housing pathways and the construction of home among Syrian refugees; and Teun Smorenburg focused on labor market situation of Syrians and their occupational mobility. Finally, I

focused on the experience of Syrian entrepreneurs on establishing a business in Istanbul and the role of co-ethnic networks in this process.

### 3.4 Methods and Techniques

The fieldwork was conducted between 13 February 2015 and 13 May 2015. Before the departure to Istanbul, I was already trying to make contact with Syrian communities which I found on internet (Facebook). My intention was to find possible respondents or people that could help me with translation from Arabic during the interviews. In the Facebook community “Syrian Students at Istanbul University” I left a message searching for people to help me with the interviews. Fortunately one student, Kafeel<sup>2</sup>, replied to my message. Once in Istanbul I met with Kafeel and after explaining my research to him he agreed to join me (and my colleagues) and introduced me to two of his friends who could help us with translation for the research. Later on, through the same Facebook community, I found the help of two more translators, who were of fundamental help for the translation of the interviews in Arabic.

#### 3.4.1 Data collection

The main tool used during the interviews to collect information was semi-structured interviews. Bernard (2006) explains that semi-structured interviews make use of a valuable interview guide that provides a guideline of topics and questions that should be covered during the interview, following a certain order. A topic list (Appendix I) was elaborated in order to conduct these interviews. Small adjustments were necessary during the first interviews in order to acquire more in-depth information. On average each interview took 2 hours, but there were cases in which the interview took 4 hours. Besides that, I kept contact with a few respondents during the fieldwork, which allowed me to keep the transcripts updated and to make additional questions if necessary.

Furthermore, I used participatory observation as a tool to add information to the interviews, as suggested by Bernard (2006). I did this in two different ways. The first one was using internet. It turns out that many of my respondents created a Facebook page for their businesses in Turkey. For all those who have a Facebook page, I’m now following them to keep track of the current situation of the business (if they are still open or if they closed, promotion events, announcements of new branches) and have an idea of their main business strategies. For some others, I keep personal contact using Facebook, Whatsapp and email. They keep me updated about how the business is evolving and how they are doing. The second way to do participatory observation was in a more traditional way. I constantly visited the Syrian business and the neighbourhoods where the businesses are located. It

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<sup>2</sup> In order to protect the identity of the respondents and translators, all names mentioned along this dissertation are pseudonyms.

gave me important insights about the dynamics between the enterprises and the surrounding environment and mainly about the relation of Syrian-owned companies with their clients and employees.

An additional source of information was the analysis of documents published by authorities. They gave me a better understanding of the current Turkish laws for foreigners' investment and opening of enterprises in Turkey. Furthermore, it gave me an overview of the current situation of Syrians in Turkey and how it evolved since 2011.

Finally, during the entire research I kept a logbook. This helped me to keep track of people that I spoke, thoughts based on observations from the field and informal conversations that I had with people. Most of the data collected for this research is qualitative data. To help me to analyse all information I made use of NVivo. The software assisted me in structuring the data and categorising different text fragments. It allowed me to distinguish broad categories and trends. In addition, for a general overview of the data collected, I used an Excel table. It helped me to access more general information and trends on answers from the respondents.

### 3.4.2 Location

Since the identification of self-settled refugees through data sets or from official records is difficult, because access to these information is restricted and not all the refugees are registered. Therefore, snowball sample was the first tool used to find Syrian entrepreneurs in Istanbul. Bloch (1999)

*Figure 1: Signs in Arabic in Aksaray, Istanbul.*

elaborated on the importance of this method to identify groups of respondents. In this first approach the help of Kafeel (the first translator) was of fundamental importance (the networks of all the translators was used). Besides introducing me to other friends that could help with the translation he searched in his personal network for Syrians who are the owner of a business in Istanbul. At the end of each interview I would ask the respondent if he/she knew other Syrians (owner of a company) who could give me an interview. This was a fruitful method which gave me the opportunity to interview 13 Syrian entrepreneurs. However, it had a limit and I had to explore other ways to find new respondents.



Following the news about Syrians in Istanbul on internet (on websites in English), I found out that in Fatih District, more specifically Aksaray, is a neighbourhood in Istanbul with a high concentration of Syrian. It is known now, by locals and the media, as “little Syria”, due the number of Syrians living in the area. With the help of the translators I visited the neighbourhood. Because of the massive presence of Arabs (from Egypt, Iraq, Syria and other places) in the area, many signs and advertisement are in Arabic. Even though Arabic is one language, the translator explained to me that there are significant differences on how Arabs, from different countries, use it. As consequence, the translator could identify, among a variety of signs, which enterprises were Syrian-owned. Together we visited those businesses and in a few of them we managed to make appointments for interviews. In addition, Syrians are using each other companies to advertise their business. In one of the restaurants that I visited I found business cards of Syrian electricians and dentists. I got those cards and later on, with the help of the translator, we called them and tried to make appointments for interviews.



Map 3: City map of the metropolitan area of Istanbul (Source: Maximilian Dörrbecker)

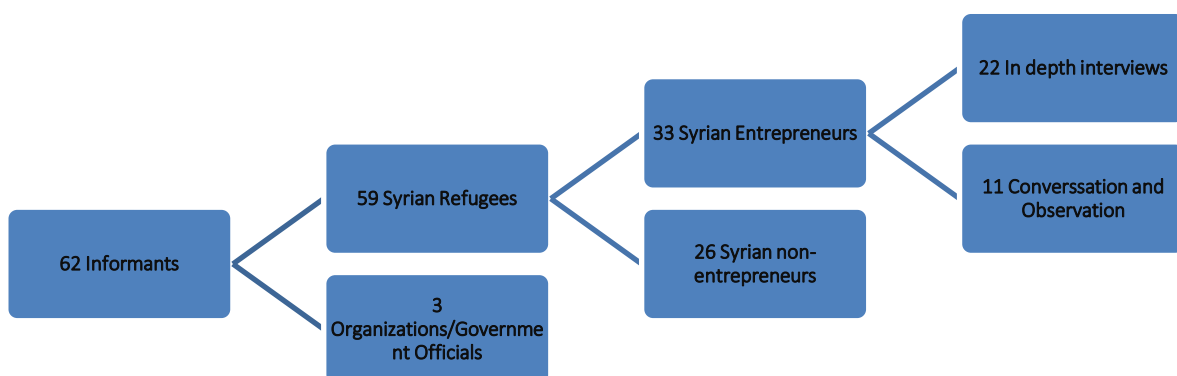
The main result of these two strategies to find respondents was that my research ended up focused in two districts of Istanbul: Fatih and Avicilar (see Map 3). Fatih was one of the locations due to its high concentration of Syrians. Avicilar was one of the mains districts because the snowball sample method. It is the district where three (out of four) translators are living, and because of that it is the region where they have most connections.

### 3.4.3 Respondents

One of the main advantages of working in a group during fieldwork was the possibility to share information about the respondents. As a consequence, this research is based on the interviews with 62 informants, of which 59 were Syrians, 2 organizations and a government official. However, because my research focus was on Syrians who are entrepreneurs, from the total of 59 Syrians, 33 were entrepreneurs. From this number I conducted semi-structured interviews with 22 Syrian entrepreneurs. As a consequence the core part of the analysis is based on these 22 interviews. The remaining 11 Syrian entrepreneurs didn't agree to give me a full interview, but I had the opportunity to visit their business and to have short conversations with them, in which I would cover different points of my research. Furthermore, some of them have Facebook pages that I'm current following. These pages were of crucial importance to analyze their business strategies and their relation with clients.

Moreover, the information collected with the 26 Syrians who are not entrepreneurs is still of great importance, mainly regarding the background information of Syrian refugees as a group, allowing me to make some comparisons between the group of entrepreneurs and non-entrepreneurs (gender, age, education level and reasons to leave Syria, for instance). Semi-structured interview was the method used to collect data with this group. The 2 non-governmental organizations and the government official gave important insights regarding the background information of Syrians in Istanbul. For a schematic explanation of the composition of the respondents see Figure 2.

Figure 2: Composition of respondents of this research



An additional benefit of the group work was the possibility to conduct interviews with two members of the group. This strategy had two outcomes. First of all, it allowed the members of the group to compare the transcripts of the interview and try to find possible parts that were missing in each other's transcription. As a consequence we had more complete data. The second benefit was the possibility to go more in-depth about the experience of respondents in Istanbul, since we would cover more topics during the interviews.

I also conducted an interview with the Syrian Economic Forum. This is a gathering of Syrian entrepreneurs, currently based in Gaziantep (southeast region of Turkey), who try to do some lobbying and protect the interest of Syrian entrepreneurs on that region. I had a Skype interview with them, in which they gave me important information regarding the current situation of Syrian entrepreneurs in Turkey. Two other interviews (with an international organization and a government staff) were important for the background information. However, they asked to remain anonymous.

Finally, wherever it is relevant, my research will make reference to my colleagues' findings regarding other aspects of the Syrian refugee lives in Istanbul. Appropriate references will be made in these parts.

### 3.5 Limitations and risks of the research

The first big limitation of this research is the language. 14 of the respondents didn't speak English and the help of translators was necessary to do the interviews. This specific need of an interpreter presented a big limit to action and interaction during the interviews. In addition, it is possible that I lost important information because of the wrong translation or because the interpreters considered part of the answer useless and did not translate everything that the respondent said.

The second significant limitation to conduct this research was the time available for fieldwork. Three months was quite a limited time to identify the refugees, gain their trust, build a network, organize and conduct interviews and process the data. I have the impression that I left in a moment when I finally started to build a strong network and gain their trust. One or two more months in the field could have brought much more information to this research.

An additional limitation of this research regards the information about Syrian entrepreneurs who opened a business and failed. I think that it would be important to have insights into the main reasons for these entrepreneurs to close their business and its direct consequences for the (re)settlement of these entrepreneurs. It was not possible to find those entrepreneurs since the businesses doesn't exist anymore. By coincidence I found one Syrian who opened a restaurant in Istanbul, but closed it a few months later. But it is not enough to make generalizations.

Finally, the size of the sample is small, thus any generalization of the information found is not going to be possible. However, the research brings important indications on the role of co-ethnic networks in the establishment of enterprises. In addition it shows the main obstacles faced by Syrian refugees to start a business and their main strategies to overcome it.



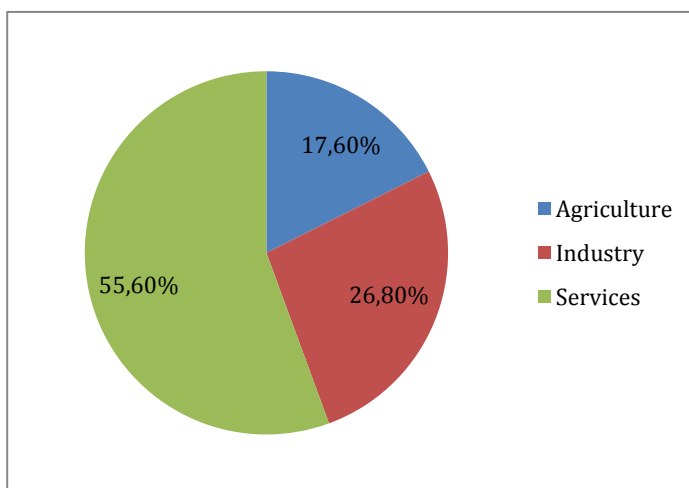


## 4. Regional Framework

This chapter is dedicated to give an overview of the regional framework in Syria and in Turkey. First of all, the main characteristics of the Syrians economy before the start of the war in 2011 will be explored, with particular attention to the private sector. After that, the start of the conflict in Syria in 2011 and the consequences of the war to its society and economy will be discussed. In the last part of the chapter I will show in which ways the Turkish government is managing the influx of Syrian refugees in the country. In addition, what is known so far about Syrian entrepreneurs in Turkey will be discussed. This overview helps us later on to understand choices and the current situation of Syrian refugees in Istanbul, besides giving some indications of their future choices, as we will see later on.

### 4.1 Syrian Economy

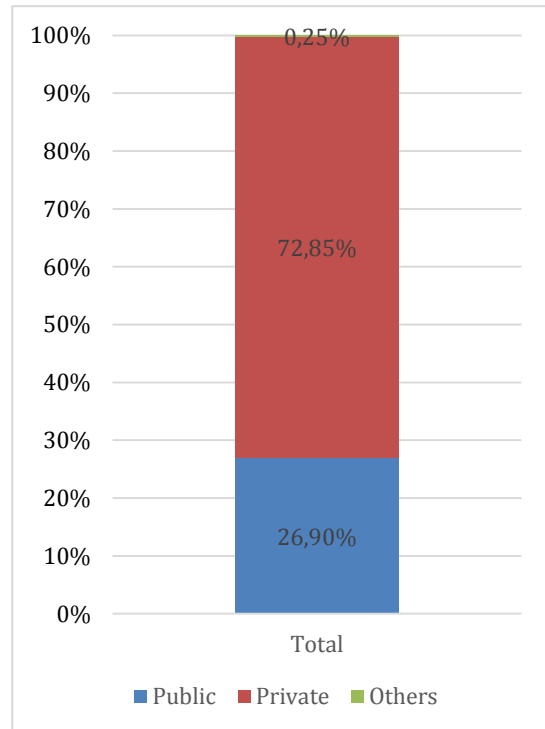
The Syrian economy, in the few years before the war (2005-2010), was showing signs of stability and growth. Between 2005 and 2009 unemployment rates were stable around 8 percent and the average annual GDP growth was 5.3 percent (Haddad et al, 2009). In 2010 services accounted for more than 50 percent of the GDP (See Graph 1). Services provided by the government, transport and communication, and internal trade were the main components of the services sector. Industry had a bit more than one quarter of the GDP and it was mainly composed of mining and manufacturing (SCPR, 2014).



Graph 1: Composition of GDP, 2010 (source: SCPR, 2014)

This this situation was a consequence of the economic reforms approved by the government in 2005. These reforms aimed at the creation of new labour opportunities and the economic growth and development of the country. In order to achieve these objectives, the private sector assumed an important and central role for the Syrian government (Haddad et al, 2009). To increase the participation of the private sector in the development of the Syrian economy, a series of laws, decrees and measures was released to improve the business environment. Licensing regulations, investment decrees, free trade zones, tax reforms and a strategy to promote small and medium sized enterprises were among the tools used (Haddad et al, 2009).

These reforms seemed to be effective. The participation of the private sector on the total GDP increased from 59% in 2004 to 65% in 2009, mainly on the sectors of tourism, telecommunications, finance and real estate (Haddad et al, 2009). Furthermore, the private sector played a crucial role in the labour market. It is estimated that in 2010 almost 73% of the employment positions was generated by the private sector in Syria (see Graph. 2) (CBSSYR, 2010).

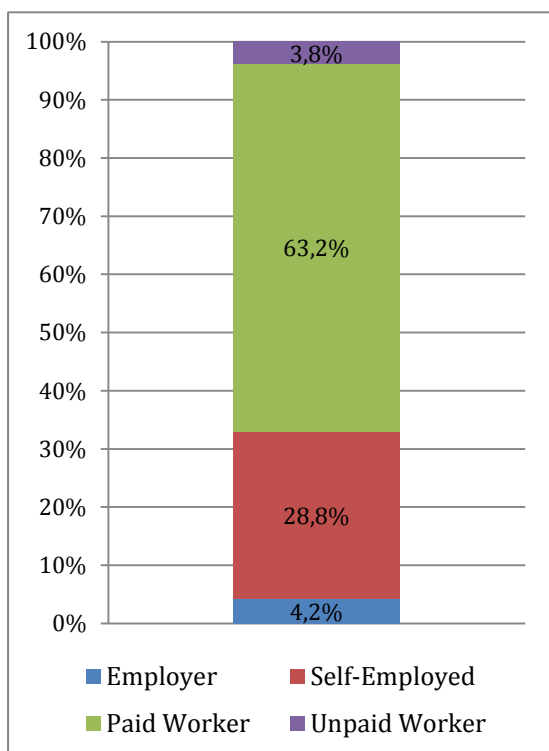


Graph 2: Distribution of employment by sector (source: CBSSYR, 2010)

More recent statistics with details of the private sector in Syria are lacking. However, documents from 2005 present some of the general characteristics of

the sector, giving particular attention to Family, Micro and Small-sized enterprises (FMSE). In 2005 most of

the Syrian private sector enterprises (96%) were individual projects and just 4% are in the form of companies. In addition 63% of the establishments had only 1 employee. Just 0.04% of the

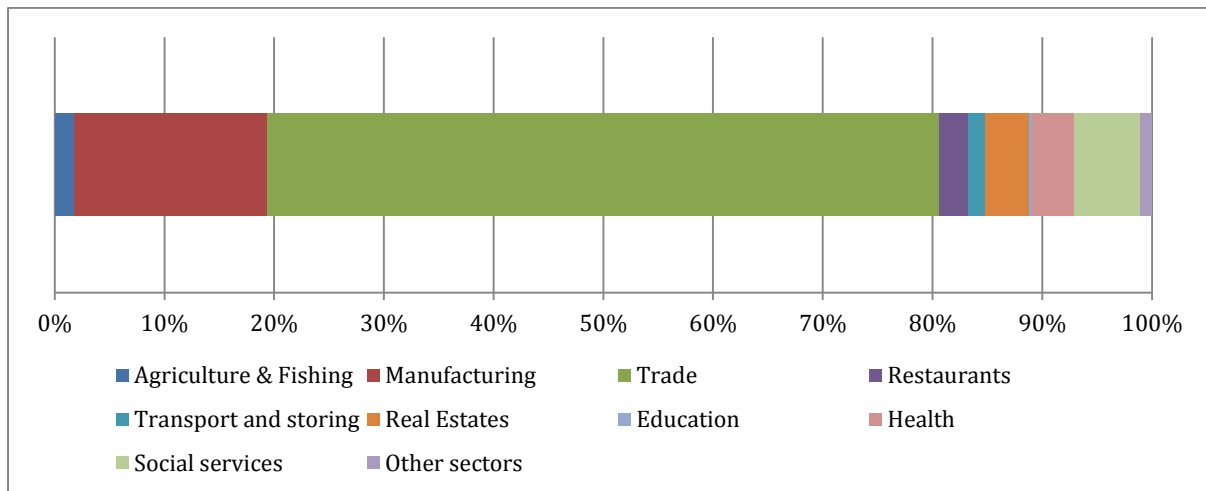


Graph 3: Distribution of employment by employment status source: CBSSYR, 2010)

establishments had more than 50 employees. Basically, the private sector in Syria was composed of Micro and Small enterprises of individual nature (belonging to a single owner) (Damiane et al, 2007; Seifan, 2011). In addition, the high level of establishments with just one worker is reflected as well on the distribution of employees by employment status; 28.8% of employees is self-employed (see Graph 3). One of the possible explanations to this significant rate of self-employment can be the lack of employment opportunities in Syria. It is reported that the workforce increased 4% per year, while the labour market grew in a lower path, just 1% per year (Damiane et al, 2007; Seifan, 2011).

Graph 4 presents the composition of the FMSE in Syria in 2004. The most representative sectors were

Trade and Manufacturing, representing almost 79% of the total number of enterprises (CBSSYR, 2010).

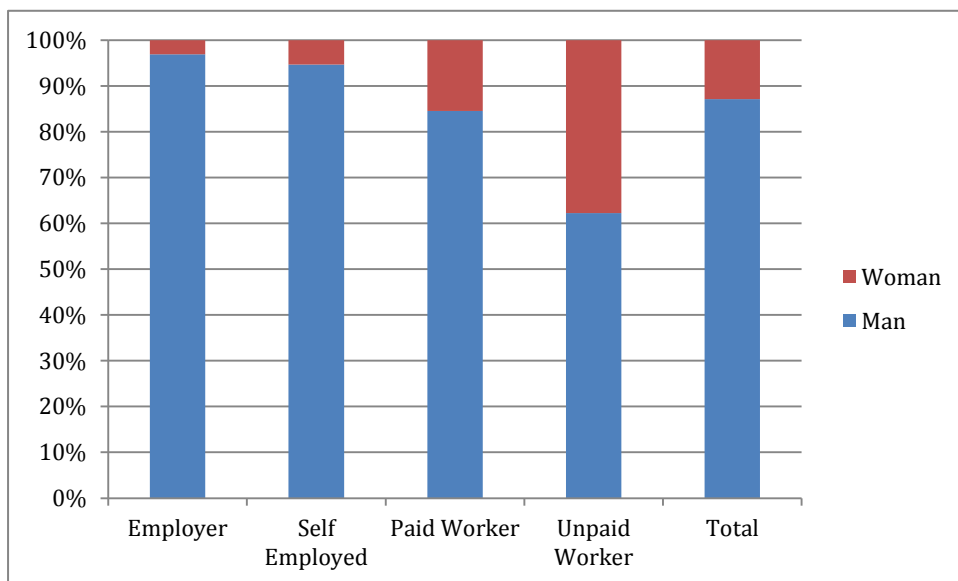


Graph 4: Distribution of micro and small enterprises by economic activity - 2004 (source: CBSSYR, 2010)

Furthermore, there is a high concentration of FMSE in Damascus and in Aleppo. Both cities concentrate 49.85% of all the micro and small enterprises in Syria (Seifan, 2011).

## 4.2 Obstacles to development

Even though the participation of the private sector in the development of the economy was increasing, following up the reforms of 2005, the Global Entrepreneurship Monitor pointed out a series of barriers to the development of the private sector in Syria. The first one was a large informal sector, estimated in 35% of the GDP and 32% of employment (statistics for 2008). Statistics from 2005



Graph 5: Distribution of employment per gender and employment status - 2004 (source: GEM, 2009)

pointed that between 40% and 60% of the enterprises were not registered, in Syria (Damiane et al, 2007).

Additional challenges to do business in Syria included limited access to credit, bureaucracy,

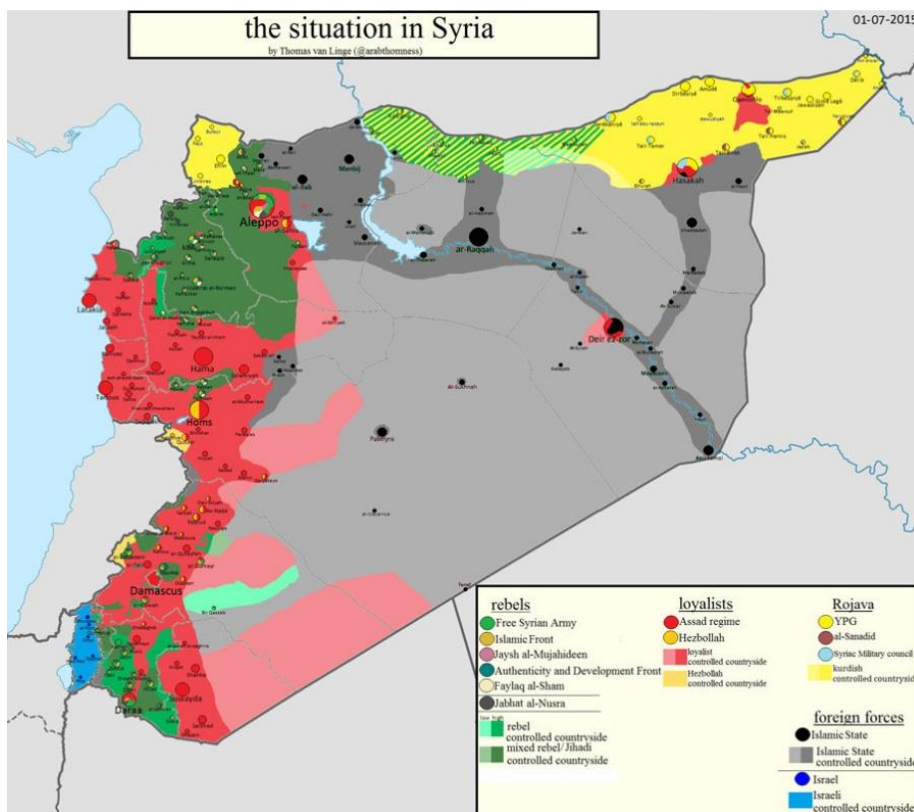
inadequate educated workforce and weak infrastructure (GEM, 2009).

According to the Global Entrepreneurship Monitor (2010) the rate of entrepreneurial activity could be higher if the share of employment in the public sector (almost 27% in 2010) was lower. Syrians would prefer public sectors jobs, once it may provide them more stability, besides attractive compensation packages (GEM, 2009). This advantages of working on the public sector would deviate Syrians from opportunities on the private sector, including the possibility of starting a business.

Another limitation for the establishment of new enterprises in Syria was the low participation of women in the private sector. According to Haddad et al (2009), the participation of women in the private sector was less than 10% of the total (see Graph 5). The reason behind this low number is not completely clear. However, Kamla (2014), justifies the low participation of women in the labour market by explaining that *“the Syrian context is still adversely impacting women in the context of globalisation, factors of class, alienation, tradition, patriarchy and economic difficulties are contributing to the subordinated role of women in society in general”* (Kamla, 2014, pp. 622). This structure of the Syrian society, where men have a central role, presents a huge limitation to the participation of women in the labour market, including the possibilities to start a business.

### 4.3 Start of the conflict

Pro-democratic protests erupted in Syria in March 2011, in the context of the Arab spring, in the



Map 4: Political Division of the Syrian territory (source: Thomas van Linge)

southern city of Dera'a. What first was considered to be pacific protests, asking for a more democratic system, quickly transformed itself in an armed conflict after security forces fired on demonstrators, killing many civilians. The armed opposition is composed by many groups, which were formed mainly during the course of the

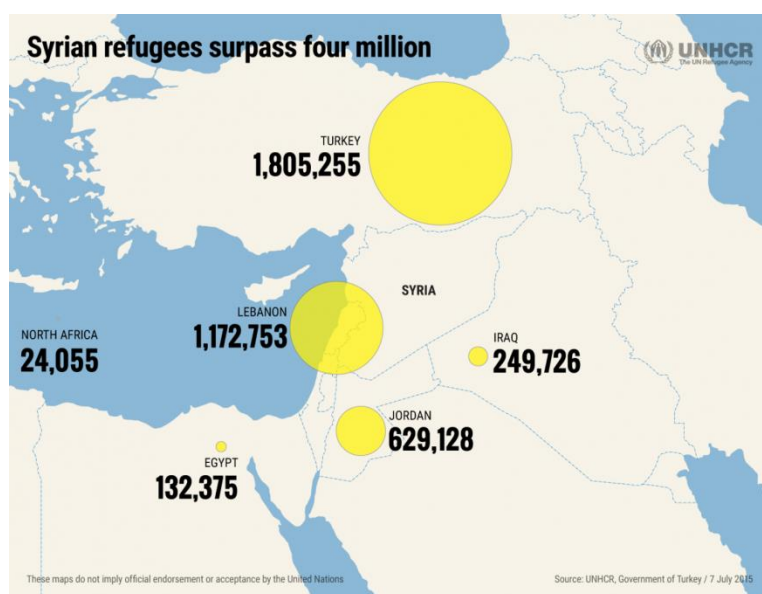
conflict. However, the main opposition group is the Free Syrian Army, formed by defected Syrian Armed Forces officers and soldiers (ISW, 2011).

Ceasefire attempts failed one after the other and since May 2012 the escalation of the war got out of control. In 2013, different actors starts to get involved with the Syrian conflict, transforming it into an even more complex scenario. Hezbollah entered the war in support of the regime in this year (BBC, 2015). At the same time, in the east, the Islamic State of Iraq and the Levant (ISIL), a jihadist militant group, made rapid military gains. By July 2014, ISIL controlled one third of Syria's territory and most of its oil and gas production (Ballout, 2014), as represented on the map above (Map. 4). The current geopolitical division of the Syrian territory is chaotic. The opposition is divided in many armed groups, Assad's regime has the control of the main cities (or what remains of it), the Kurds forces are trying to keep the control of the northeast region, while ISIL expands its territory in all directions (Aljazeera, 2014).

In the political arena, political groups are deeply divided, making difficult to picture what would be a possible future post-Assad.

The current situation of Syria is catastrophic. According to the Syrian Centre for Policy Research, 80% of the population lives into poverty, the life expectancy was reduced by 20 years, and the economic losses are estimated in more than \$200 billion since 2011 (SCPR, 2015).

Almost 3 million Syrians lost their jobs because of the conflict, which means that more than 2012 million people lost their primary source of income. The unemployment rate increased from 14.9% in 2011 to 57.7% at the end of 2014 (SCPR, 2015).



Map 5: Distribution of Syrian refugees in neighbouring countries, including North Africa (source: UNHCR)

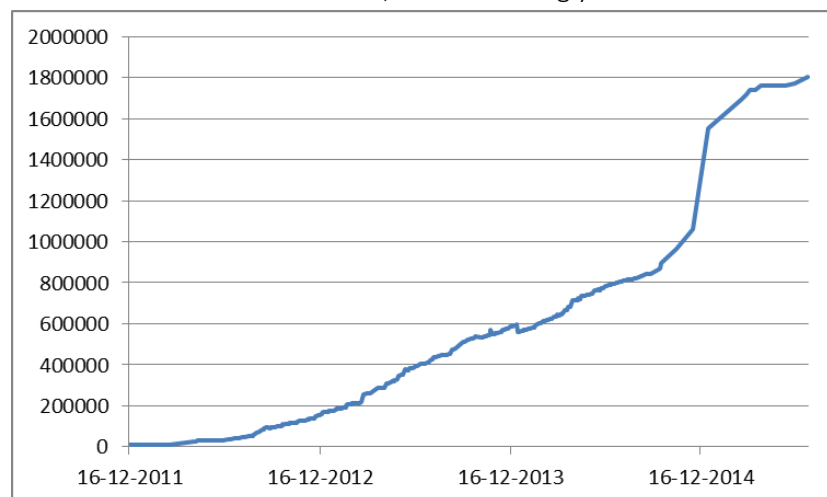
According to the UN (UNOCHA, 2015), over 200 thousand people were killed and over a million are injured. The conflict has now driven almost 12 million people out of their homes (almost half the country's people are either refugees or internally displaced), transforming it in the largest refugee crisis in the last 25 years. From this number, approximately 7.6 million people are internally

displaced and another 4 million are refugees in Egypt, Iraq, Jordan, Lebanon, Turkey and North Africa (see Map 5) and it may reach 4.27 million in the region by the end of the year (UNHCR, 2015b).

#### 4.4 Syrian refugees in Turkey

Even though four years have passed since the beginning of the conflict in Syria, Turkey maintains the implementation of its open door policy towards Syrian refugees, still making it possible for Syrians to find refuge in Turkey. This open door policy guarantees Syrians access to the Turkish territory without the need of a visa, up to three months. After this period they must apply for a residence permit or the temporary protection status, as we are about to see. However, it is increasingly difficult to maintain

this position, since refugees are still arriving (just in May 2015, twenty thousand Syrian refugees tried to cross the border due to fights between IS and Kurds forces) (Pitarakis and Sameer, 2015). Graph 6 shows the influx of Syrian refugees in Turkey since December 2011 until July 2015 according to UNHCR. By



Graph 6: Influx of Syrian refugees in Turkey since December 2011 until July 2015 (source: UNHCR)

the end of 2011 the presence of just 8000 Syrian refugees in Turkey was officially registered, a number that kept increasing and now is considered to be around 1.8 million (UNHCR, 2015a). In fact, the capacity of Turkey to absorb the influx of refugees is reaching its limit and it is not clear how long they will be able to keep the “open door” policy (Dinçer, 2013). The 22 camps along the border are currently at full capacity, with 220,000 Syrian refugees. Approximately, 1.6 million refugees are in urban refugees in cities all over Turkey (Orhan and Gündoğar, 2015). In the southeastern cities of Gaziantep, Kilis, Hatay, and Adana (Map 1), where most of the refugees are, the presence of so many urban refugees is changing the faces of neighborhoods throughout those cities. In Kilis for instance, the population has almost doubled since 2011 (Kirişci and Salooja, 2014). In the first two years of the conflict in Syria, Syrian refugees could count on the support of the Turkish local population, who found different ways to help, if not with free lodging it would be offering employment or in more simple ways by providing food and clothes. Nevertheless, with the uncertainties around the stay of the refugees in Turkey, the situation is slowly changing. The local population is increasingly complaining about the rise of renting prices, the lack of employment and the increase on the number of unregistered Syrian businesses. Syrians are being accused of undercutting wages by accepting work

for salaries below the minimum wage, while Syrian entrepreneurs are being accused of unwelcome and sometimes untaxed competition (Letsch, 2014).

Dissatisfaction is being translated into social tensions and violent protests against the presence of Syrians are more and more frequent. In the southeastern city of Gaziantep, in July 2014, a driver of a vehicle bearing a Syrian license plate was beaten by a group of Turkish citizens after he hit a family of four, letting two of them slightly injured. The same group later attacked other vehicles with Syrian plates (Idiz, 2014). And after a Turkish landlord was stabbed by his Syrian tenant in Gaziantep, more protests erupted against the presence of Syrians (Al-Monitor, 2014). According to reports, Syrian families left the city fearing the protests. Already in early August of that same year the authorities in Gaziantep moved hundreds of Syrian refugees into the camps on trying to “calm tensions” (Williams, 2014). In the city of Iskenderun, in the Hatay province, similar protests took place after claims that a Syrian abused a Turkish child (Toda’s Zaman, 2014). In Adana a group of masked men, bearing cleavers attacked shops owned by Syrians (Idiz, 2014). Similar events were reported along 2015 in local newspapers (Idiz, 2015)

Such demonstrations were not only limited to the cities along the Turkish-Syrian border. In August 2014 in Istanbul, it was reported that a group of some 300 people started a protest claiming that a young Syrian man has sexually harassed a teenager. Armed with knives and sticks the group attacked cars and shops belonging to Syrians. The intervention of the police was necessary, after cars were turned upside down and the vitrines of Syrian shops broken (Hurriyet Daily News, 2014).

#### 4.4.1 The Turkish answer to the Syrian crisis

Kirişci and Salooja (2014) affirm that *“Turkey is no stranger to asylum seekers and refugees”*. In fact, Turkey has a long history of refugees arriving to its territory. The arrival of flows of refugees from all over the region has been reported throughout the XX century. From half a million Muslims and ethnic Turks who left Greece in the early 1920s, Bulgarian Turks who fled Bulgaria in 1989 and Iraqi Kurds escaping Saddam Hussein’s massacres in the early 1990’s. However, the flow of Syrian refugees is considered unprecedented for two main reasons. First, the huge influx of refugees in such a short period of time exceeds that of any other crisis. Second, Turkey has never held its “door open” for refugees from outside Europe for such a long time (Kirişci and Salooja 2014).

Already in 2011 the Turkish government adopted an “Open Door” policy. In this way any Syrian, who has a passport or equivalent identification document, can enter the country without a visa. This policy was a short-term response from the Turkish government to the huge influx of Syrians entering the country, aiming to legalize the presence of Syrians in the territory. However, it was based on short-

term emergency planning, which had to be constantly adjusted to the prospective of permanent stay of Syrians in Turkey (Kirişci, 2014).

#### 4.4.2 Guests or Refugees?

When Syrians entered Turkey in 2011, they were considered “guests” and not refugees. The Turkish government believed that by labeling Syrian refugees as “guests” it would not be obligated to apply the international standards of protection to refugees, as defined by the Convention relating to the Status of Refugees (CSR51) and to the 1967 Protocol relating to the Status of Refugees (PSR67) (Kirişci, 2014). In this case the government of Turkey would have to provide Syrians with shelter and the possibility to apply for job positions, besides protecting refugees against repatriation. Even though Turkey has acceded these documents, it retained the “geographical limitation”. This means that Turkey grants the refugee status just for those persons seeking asylum from Europe, persons fleeing conflicts from other areas do not have the right to have such status. In fact, until the beginning of 2012, the only piece of law concerning the presence and rights of non-European refugees in Turkey was the 1994 Regulation on Asylum. This regulation offered some elements of temporary protection, but the legislation was too vague, not informing what the rights of refugees were (Binderger et al, 2014).

In November 2011, 8 months after the arrival of the first Syrian refugees, the Turkish government granted the temporary protection status to Syrian refugees and Palestinian refugees from Syria. The new status guaranteed more rights to Syrian refugees, who theoretically could search for jobs and have access to healthcare, different from the “guest” status, which was just a legal mechanism to guarantee a legal stay in the country for refugees. In April 2012 the government issued a Directive explaining the substance and application of the Temporary Protection regime, however the directive was never promulgated as actual law and temporary protection was provided on an informal basis (Binderger et al, 2014).

Finally, in April 2013, Turkey’s Parliament ratified the Law on Foreigners and International Protections (LFIP). Even though non-governmental organizations consider the new law as a model of how to protect refugee rights, the law still leaves many Syrians in limbo, without knowing what their rights are. Kirişci and Salooja (2014) argue that the implementation remains uneven: *“The legal reforms don’t address the invisibility of Turkey’s urban refugees, whose exact needs, from food to shelter and education, are unknown, what’s more, temporary protection status does not allow Syrians to work easily in Turkey”*. (Kirişci and Salooja 2014)

As part of the LFIP, there is the Temporary Protection Directive. If fully implemented the directive will provide a consistent legal status for Syrian refugees, including the right to remain in Turkey and



access to free healthcare. Furthermore, it prohibits people from being punished for irregular entry and stay; prohibits refoulement and regulates the creation of an identity card (which guarantees access to schools and the possibility to apply for work permits). In addition, the Directive sets out the terms under which temporary protection can be extinguished. (Amnesty International, 2014)

#### 4.4.3 ID registration and Residence permit

Even though Syrians do not need a visa to enter Turkey, they do need to follow one of three different procedures to stay in Turkey, up to three months after their arrival to the country. The first option is to get out of the country before the 90 days stay expires and enter again for another 90 days of stay. The second option is to register for one of the special identity cards (Figure 3) mentioned in the previous section. It is a process free of charge and those who register have to provide basic biographical details, such as name, place and date of birth. The main aim of this process is to collect information regarding the immediate humanitarian needs of the Syrian population in Turkey. The ID guarantees free health care and may guarantee access to other services in the near future, such as

Figure 3: Example of ID card provided to Syrian refugees, by the Turkish government (source: onedio.com)



education and the right to work formally (Göç ,2014). The registration is supposed to be an easy process, offered in all Turkish cities. However, more than one of the respondents of this research complained about the difficulties to register. Ammar for instance, was lost in one of the districts of Istanbul, that they were not registering Syrians anymore and that he should try to register in other districts of Istanbul. Mohammad, one of the translators during the field research, jokes about the longtime of waiting to get one of the IDs and says that the fastest way to get one of it is to get arrested. *“The police register you and make you an ID in just a few minutes”*.

Finally, the third option is the registration for a residence permit. This is a standard process for all “normal” foreigners who want to live in Turkey. The new LFIP law specifies six main types of residence permits, namely the short-term residence permit; Family residence permit; Student Residence permit; Long-term residence permit; humanitarian residence permit; and residence permits for victims of Human Trafficking. Syrians who apply for the residence permit qualify just for the Short-Stay residence, which is valid for one year and has to be renewed after this period. In this category there are 11 different situations in which Syrians are able to apply (Göç ,2014; Bindinger et al, 2014). Among those options the most used by the respondents of this research are the business and tourism residence (Figure 4).

The Residence Permit is costly and implies that the person that requests it must have at least \$6000 in a bank account, a rent contract and a private health insurance. The main reason for Syrians to apply for this document is to be able to register their business, a process that currently can't be done by just using the ID card provided to Syrian refugees, by the government. More information about the procedure of opening a business in Turkey can be found in Appendix II (Invest in Turkey, 2015).

Figure 4: Example residence permit card (source: yellali.com)



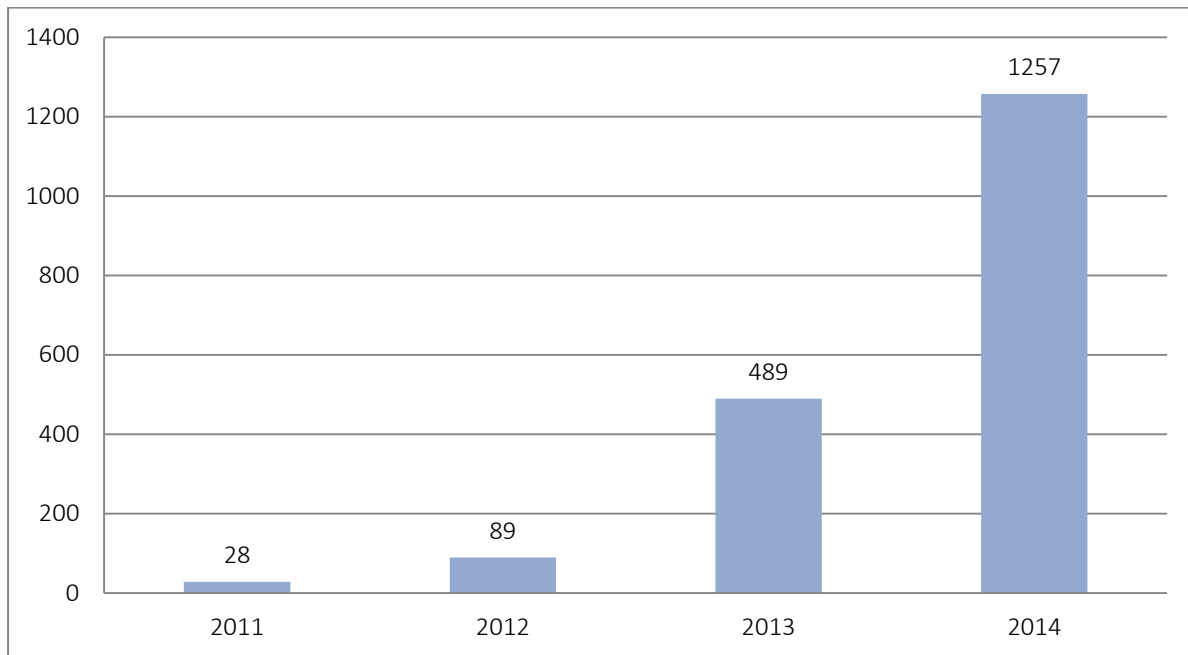
A fourth option is possible, but not legal, namely staying in the country illegally. Usually this is an option for those who entered the country without a passport or any other identification document. Even though, according with the new temporary protection directive, Syrians would not be punished in any way if they enter illegally and they could register to the ID card, Syrians are still not registering, because they are afraid to be sent back to Syria.

#### 4.5 Entrepreneurship in Turkey

As already mentioned, it still not clear on the currently legislation in which sectors of the economy Syrian can search for work and what their labor rights are. However, in a document from 2013, the Turkish government said that three quarters of Syrian refugees outside of the camps were currently searching for a job (AFAD, 2013). The main consequence of this situation is the increasing number of Syrian refugees working in informally, with a salary below the minimum wage imposed by the government, without a health insurance and with working long hours (Amnesty International, 2014). However, searching for employment is not the only option for some of the Syrian refugees in Turkey. In fact, an increasing number of Syrian-owned enterprises has been reported by Turkish institutions and newspapers.

Already in 2012, the Hurriyet Daily News (a Turkish newspaper), wrote an article titled “Wealthy Syrians founding businesses in Istanbul”, in which she sharp increase of 218 percent of Syrian owned businesses in Istanbul is shown, compared to the previous year (Hurriyet Daily News, 2012). In 2013 it was possible to read in Today’s Zaman (one of the main Turkish newspaper) another article titled “Syrian refugees emerge as Turkey’s newest entrepreneurs” (Today's Zaman, 2013). The article brings the story of a few Syrian refugees who decided to start a business in Turkey and shows how it is a growing tendency among Syrian refugees. Other online newspapers (Daily Sabah, 2015 and Today’s Zaman, 2015), bring the same kind of articles, exploring the boom of Syrian enterprises in Turkey. In

fact, recently the Turkey's Union of Chambers and Commodity Exchanges (TOBB) and the Istanbul Chamber of Commerce (ITO) released similar documents reporting the significant increase in the number of Syrian owned enterprises in Turkey (Hurriyet Daily News, 2012; TOBB, 2013 and 2014).



*Graph 7: Number of Syrian new registered enterprises in Turkey since 2011 (source: TOBB)*

From 2011 until 2014 there was a significant increase of newly registered Syrian companies at the Istanbul Chamber of Commerce. From just 28 companies in 2011 to 1257 companies in 2014 (see Graph 7) (TOBB, 2013 and 2014). According to the ITO, in 2014 the total number of foreign companies registered amounted in 4.487 firms, with a total capital of 1.22 billion Turkish Lira (€420 million). It means that one out of every four foreign entrepreneurs was Syrian. Even though Syrians scored first when it comes to number of enterprises, it came in the sixth place on the capital commitment list with TL 85 million (€29 million) (Daily Sabah, 2015).

Now in 2015, Syrian enterprises are about to repeat the results from 2013 and 2014, topping the list of foreigner owned enterprises. In the first 6 months of the year, Syrians registered 750 companies, while Germans, who are in the second place, opened just 184 enterprises. This big difference between the number of Syrian and German owned enterprises already gives us some insight into how significant the number of Syrian companies is in Turkey (TOBB, 2015). Still according with TOBB, since 2013 the number of Syrian enterprises amount in more than 2500 companies. From this number 371 were construction firms, 295 wholesale operations, 120 garment workshops, 99 restaurants, 92 pastry shops and the rest in many different other companies (Today's Zaman, 2015).

In addition, these are statistics of just the registered companies, there are still a thousand of other small and medium sized Syrian-owned enterprises that are not registered, but still are active enterprises in the local economy. There are no official statistics about the number of informal Syrian-owned companies but the informal economy in Turkey (and in Istanbul) is a great problem that the government is trying to overcome (Yildiz, 2013).

Finally, after introducing the theoretical framework, the methodology and the regional framework, it is time to start the analysis of the data collected during the fieldwork. In the moments in which it is necessary the data will be contrasted and compared with the information reported on the theory and on the regional framework in order to have a more in-depth analysis of the situation of Syrian refugees who have a business in Istanbul. In addition, whenever it is pertinent, Syrian entrepreneurs will be compared with Syrian non-entrepreneurs, in order to understand which are specific characteristics of Syrian entrepreneurs and how it influences their experience in Istanbul.

## 5. Life Before Istanbul

In this chapter the life of the respondents before their arrival to Istanbul is described and analysed. First of all it an overview of the main characteristics of the respondents is presented, including age, level of education, city of residence and their job experience back in Syria. The second part of this chapter will discuss the reasons why these Syrians had to leave the country and their displacement process. The motivations of refugees to choose Turkey and mainly Istanbul as the place of destination is given particular attention. This information will help us to better understand the choices made by refugees once they arrived to Istanbul and their current situation in the city.

### 5.1 Background information of the Syrian respondents

As we can see on Table 2, among the 22 Syrians interviewed, 17 are from the Damascus<sup>3</sup>. Three other respondents came from Aleppo and one from Homs. One of the respondents (Azado) was born in Jordan. His father left Syria in the '80s, during a similar repression to the one that is happening now in Syria. However he went back to Syria as soon as the conflict started in 2011, with the intention to support the protests against the president Bashar al-Assad. The high number of respondents from Damascus reflects the high number of entrepreneurs in Damascus before 2011, as presented in the previous chapter. A possible explanation to the low presence of entrepreneurs from Aleppo on the sample can be the preference of these entrepreneurs to Turkish cities closer to the border, such as Gaziantep (see Map 1), where organizations such as the Syrian Economic Forum, a gathering of Syrian entrepreneurs mainly from Aleppo, are currently working in order to create a good business environment to Syrian entrepreneurs.

*Table 2: Demographic and occupational overview of respondents*

Name	Age	Education Level <sup>4</sup>	City of Birth <sup>5</sup>	History as entrepreneur	Employment Status <sup>6</sup>	Employment in Syria
<b>Aamil</b>	29	TS	Damascus	None	Self-Employed	Owner of a Cellphone shop
<b>Abbas</b>	25	Uni	Homs	Shoes Shop	Student/ Paid worker	Student/Employee as Programmer
<b>Abu</b>	50	Uni	Damascus	None	Paid Worker	Employee as a Doctor

<sup>3</sup> Some of the respondents are from Damascus suburbs. However, this distinction is not relevant for this research. therefore, Damascus suburbs will be considered Damascus

<sup>4</sup> TS – Technical School; HS – High School; Uni – University Degree

<sup>5</sup> For most of the respondents it corresponds to the city of residence. The only two exceptions are Azado and Bulus, who were living in a different places.

<sup>6</sup> Self-Employed are those who own an enterprise, but don't hire any employee. They are responsible for all the work in the company. Employers are those who own an enterprise and hire one or more employees. Paid workers are those who work for someone else.

Majid						
Ahmad	29	Uni	Damascus	Translator	Self-employed/ Paid worker	Owner of a stationery Shop and employee as a teacher
Ammar	50	TS	Aleppo	None	Paid Worker	Electrician in a Hotel
Ayman	32	HS	Damascus	None	Employer	Owner of a clothing shop
Azado	28	HS	Jordan	Restaurant and services	Employer	Owner of a restaurant
Barad	22	HS	Damascus	None	Employer	Owner of a plastic factory
Bayhas	51	Uni	Damascus	None	Employer	Owner of a clothing factory
Bulus	43	HS	Aleppo	Construction company	Employer	Owner of a clothing shop
Duraid	26	Uni	Aleppo	None	Self-Employed	Owner of a games Shop
Falah	31	HS	Damascus	None	Employer	Owner of a printer Shop
Farid	45	Uni	Damascus	None	Employer	Café/Coffee supply <sup>7</sup>
Firas	43	HS	Damascus	Seeds Shop	Employer	Doner Distributor
Halil	40	HS	Damascus	Food distribution	Employer	Owner of a construction company
Hassan	21	HS	Damascus	None	Self-employed	Graphic Designer
Jamal	36	HS	Damascus	None	Employer	Owner of a clothing wholesale shop
Mansur	33	Uni	Damascus	None	Paid Worker	Translator and administrator
Moham mad	23	HS	Damascus	None	Self-Employed	Hairdresser
Mona	27	Uni	Damascus	None	Employer	Owner of a restaurant
Nizar	49	Uni	Damascus	Mosaic Factory	Employer	Owner of a restaurant
Tahir	27	TS	Damascus	None	Self-Employed	Taxi driver/ Owner of a cellphone shop

<sup>7</sup> Farids family has a company that works with the supply of coffee. It is owned by his father and uncles. Nevertheless Farid and his cousins work together in the business.

It is interesting to observe that before the start of the war in 2011, all the 22 people interviewed were working. From the total of respondents, 17 had their own business in Syria or other countries, such as Libya, Jordan and Egypt. Furthermore, some of these respondents have experience in more than one type of business. This is the case for Nizar, for instance, who worked in different areas, such as construction, restaurants and factories. This shows that there is a group of Syrian entrepreneurs, among the respondents, who are experienced on doing business in different areas and some of these are experienced in starting business all over again. Even though the number of Syrians who were an employee or a student is small, it is important to realise that not all Syrians who are entrepreneurs now in Istanbul, where entrepreneurs back in Syria and the implications of this difference will be explained in the next chapters.

For those that had a business in Syria, there are several explanations for the choice of the type of business. Some of them chose the business based on the profitability of the business, others started a business based on their personal interest, some of them started already in early ages working in a family business, so later on they kept doing the same kind of business and some others started a the business based on their necessity to diversify the source of income. In fact, 9 of the respondents were working in Syria in the same kind of business in which one of the family member was already working at the time they started. One of the respondents was an employee for the government, but because the income was not enough to pay the monthly expenses he opened a stationary shop. Just 4 respondents were working to someone else as employees.

However, the economic activities of the entrepreneurs in the sample were mainly on the area of Restaurants, Trade and Manufacturing. It partially reflects the main economic activities of Syrian entrepreneurs in general, as presented in the last chapter.

The group is composed by men between 21 and 50 years old. The average age of the respondents is 35 years. Even though the research did not focus on a specific gender, there was only one female Syrian entrepreneur among the respondents. It is remarkable that Mona was the only female respondent and it may be explained by the low rate of participation of women in the private sector in Syria, as shown in the previous chapter. Even after 3 months of research in Avicilar and Aksaray I couldn't find any other female respondents. In fact I could observe that the Syrian enterprises in Istanbul were predominately composed by male workers. This can be an indication of the patriarchal structure of the Syrian society (as explored by Kamla, 2014) that still prevails in the Turkish context. Smorenburg (2015) arrived to the same conclusion on justifying the low number of women who are working as employees in Istanbul.

Furthermore, as we can see on table 2, from this 22 entrepreneurs, 9 have a university degree, but just 4 of them were working with something related to what they studied at university. The rest of the respondents stopped studying after they completed or during high school or the technical school. The decision to stop was based on different reasons, but most of them didn't see the necessity to keep studying and wanted to start working as soon as possible. Those who did technical school were already aiming to start working at the end of the studies and had no intention to go to university.

Even though precise numbers about profit of the enterprises and income in Syria is missing, the overall situation of the businesses was reported as good. The respondents were able to live comfortably and independently (without any help of family members), the business was stable and giving profit. It brings me to the conclusion that for most of the respondents of this research the level of formal education was not as crucial to the success of their enterprises as the experience that they had in managing and administrating a business. This relation will be more evident more ahead when the use of financial and human capital on the resettlement of businesses in Istanbul will be discussed. However, before starting the discussion and analysis of the resettlement of these Syrian refugees in Istanbul, the reasons for the respondents to leave Syria and why they chose Istanbul as place to restart their lives will be discussed.

## 5.2 Reasons to leave or stay in Syria

According to most of the respondents of this research, in the beginning of the conflict in 2011 and 2012 it was still possible to have a "normal" life in the city center of the main cities of the country. Nevertheless, with the escalation of the conflict, living and business conditions started to deteriorate quickly and more and more Syrians started to flee the country. Mona explains how the situation in Syria was before she left to Istanbul:

*"In the first two years of war I was not even considering leaving the country. Apart from the war, Damascus was still a good place to live".* Mona, who was working at her family restaurant in Damascus, says that everyone in her family thought that the conflict would finish fast and that it would be just like Libya. NATO or UN would stipulate a no-fly zone and the conflict would finish quickly after that. *"We kept repeating that, day after day, even after the bombing started to get close to our restaurant and later to our house".* However, the conflict didn't end and one night Mona woke up with a huge explosion outside her house. *"It made the walls of the house shake and I couldn't hear for a few minutes. When I looked outside my neighbor's house was completely destroyed".* At the same time the number of clients in the restaurant dropped drastically. The supply of water, energy and products for the restaurant was completely affected. To keep the restaurant working, they used a generator,



but the price of the fuel was really high by that time. When the bombing started to get close to their house and the number of clients at the restaurant decreased drastically, her family started to discuss the possibilities for Mona and her brother to move to another country. (Mona, 05/05/2015, Istanbul)

Mona’s story illustrates well the reasons mentioned by the respondents to leave Syria. Mainly for those living in Damascus, the living and entrepreneurial conditions in the beginning of the war were not a problem. The city was well protected, but with time the army started to lose force and the fights started to get more and more inside the city. Furthermore, Inflation and the impossibility to keep a business open pushed Syrian entrepreneurs to leave the country. The Syrian pound started to lose value and the costs of life started to rise. It is estimated by the World Bank that the inflation rate in Syria was 36.7% in 2012 (World Bank, 2015). Ammar explains how it affected his life in Aleppo:

*“It reached a point where one job was not enough to pay the expenses and I needed to search for a second job to keep life going (...). Still, two jobs were not enough to cover all the expenses and at a certain moment it was necessary to choose between buying food or paying for medical costs”.* (Ammar, 03/05/15, Istanbul)

Inflation directly and indirectly affected the business. It started to get more and more difficult to supply restaurants, factories and shops with products. Besides that, the number of clients dropped drastically, not just because the products started to get expensive, but in certain neighborhoods there was no one living anymore. Furthermore, for those living far away from their firm, the checkpoints of the army would make it difficult, if not impossible, for them to arrive to the shops or to go back home after work. Eleven of the respondents mentioned the impossibility to keep running a business as a direct or indirect reason (but not the only one) to leave Syria. Seven of them had the business completely destroyed during the fights.

*Table 3: Reasons to leave Istanbul*

Economic	2
Safety	10
Safety and Economic	9
Safety and Education	1

However, safety was one of the biggest concerns among the respondents, as we can see on Table 3. Reports of bombing and fights during day and night were a constant in many of the conversations. Violence and abuse by the police and/or army were mentioned as well, some of the respondents

were even arrested for a few days or weeks and torture in prison seems to be a routine. In addition, military service is mandatory for men older than 18, who are the not the only son of the family, so two of the respondents left the country because they were in the age to join the army.

In addition, the lack of government control in some regions opened space for organized crime. Firas, who was living in the suburbs of Damascus, explains how armed groups would pass by his company every month to collect money:

*“Around middle 2012 I started to feel threatened. People knew that I was rich, so one day men with guns came to my company and asked for money. It kept happening for a few months, until I left the city”* (Firas, 20/03/2015, Istanbul)

However, Firas didn't leave the place until his company got bombarded for the second time, in 2013. The first time he still managed to save equipment and move to a smaller building where he could keep working, but the second attack destroyed everything.

Jamal has a similar story. An armed group kidnapped one of his friends and he had to pay a rescue of 18 thousand dollars. Once he arrived to the place to pay the rescue, they kidnaped him as well for a few hours and tried to get more money from him. After a few hours of torture they realized that he had no more money, so both Jamal and his friend were released. Jamal's store house got bombarded around the same time and he lost all his products. Both events motivated him to leave Syria in June 2012.

It is interesting to observe how some of the respondents stayed in the country, in spite of all the violence and abuse. The final reason to leave the country was a mix of violent events and the loss of their companies. In fact, the possession of companies seems to delay the departure from Syria, as illustrated by the stories of Jamal and Firas. Going back to Mona's story, it is important to understand that, even though she and her brother are now in Istanbul, their parents are still in Damascus. They are reluctant in leaving the city because there they have a good house and the restaurant.

### 5.3 Turkey, “the only place to go”

With the aggravation of the conflict in Syria, the number of refugees started to increase, mainly in neighboring countries, as explained in the beginning of this chapter. As a consequence the number of countries accepting Syrian refugees decreased drastically. Slowly, policies changed and Syrians started to face difficulties to leave the country, as explained by Duraid:

In March 2013, after taking the decision to leave Syria, Duraid prepared the documents to apply for a visa for Saudi Arabia. One of his brothers lives there, and he was trying to help Duraid with the application. Unfortunately, right before he managed to apply, Saudi Arabia

changed the regulations for Syrians and Duraid was not able to get a visa anymore. Another brother, who is living in Morocco, said that it was not a problem and that they would arrange a visa for Morocco. Once again Duraid prepared all the documents, but when the moment arrived to apply for a visa, it was Morocco's turn to change the rules and close the country for Syrians. For Duraid and his brother, Morocco was still an option, but only if he tried in illegal ways. The plan was to apply for a visa for Algeria and from there be smuggled to Morocco. That plan failed as well, since the application for a visa was denied (partially because he had no one in Algeria to write him an invitation letter). *"After that my brother told me that I should go to Turkey as soon as possible, before they would change the regulations as well"*. (Duraid, 30/04/2015, Istanbul)

In fact, Duraid was not the only one planning to leave to go to other countries and not Turkey (see Table 4). Hassan has a similar story:

*"I came to Istanbul in March 2014 (...) I got accepted at an Institute of education in Japan and I came to Turkey just to apply for a visa at the Japanese consulate in Istanbul"*. Unfortunately his visa request was denied by the embassy, according to him the Japanese consulate said that: *"it is better for you to stay in Turkey. The law here is better for you"*. Now there were not many options of places where he could go (legally). Going back to Syria is not an option, since he is in age to join the army, *"If I go back they will kill me"*. (Hassan,29/04/2015, Istanbul)

Out of the entrepreneurs interviewed, 13 said that they tried or went to other places before moving to Turkey. Jordan, Lebanon, Egypt and Saudi Arabia were the most common places mentioned.

Table 4: Was Turkey the first option?

Yes	9
No	13

Smorenburg (2015) reported similar stories regarding Syrians who first moved to other countries than Turkey. The presence of relatives in the country, language, cost of living, legal framework for Syrians and economic opportunities were the most important factors considered by Syrians when the moment came to leave Syria and they had to decide where to go. Nevertheless, with the continuation of the war, the options for Syrians started to reduce and Turkey remained one of the only options in the region where Syrians still could go, as the story of Duraid showed. Even among those who answered the opposite, they emphasized that Turkey was not the first option, but "the only option".

Slowly, Syrians found themselves in a situation where Turkey was the only possible place to go. Nevertheless, once they realized that Turkey was the only option, they chose Istanbul as a city to settle for two main reasons. The first one was the presence of friends and family members in Istanbul, who could help them on the first weeks or months in the city and provide them with information about the city. The second reason is the economic opportunities that they could have in Istanbul, since it is the economic center in Turkey. In fact, 17 of the respondents moved to Istanbul already considering the possibility to open a business. The other 5 respondents moved thinking about employment possibilities. Smorenburg (2015) and van der Sar (2015) found similar motivations for Syrian refugees to move to Istanbul. Furthermore, the research of these two authors highlights that the social network of these refugees in Istanbul, was crucial on the decision of the place of settlement, as it will be demonstrated by this research.

#### 5.4 Costs of the displacement

Most of the respondents of this research were not alone when they left Syria. A total of 17 respondents were moving with at least one family member (usually four or five members). The costs of the travel were usually covered by personal savings accumulated over the past months, plus the money from the sale of personal belongings and their companies. Those living in Damascus would usually go to Lebanon, because of its proximity, where they would take a flight to other countries or stay in a hotel for a few days until they had a plan of where to go. The displacement was a costly process, not just because of the number of family members involved, but because of the constant change on the policies of neighboring countries towards Syrians as well. Six respondents first left to other countries apart from Turkey. However, unsafe or unwelcome conditions in the new host countries, mostly Lebanon and Egypt, forced them to resettle again.

In addition, not all the respondents had a valid passport to cross borders, which presented extra costs as well, from paying bribes to police officers to buying a fake passport in Turkey, which cost a good share of the savings of a few Syrians.

#### 5.5 Comparison with other groups of Syrians

At this point it is interesting to compare the general characteristics of Syrian who are currently entrepreneurs in Istanbul with the group of informants of this research who are not entrepreneurs. Such a comparison can give us important insights about what are important factors that motivates Syrians to open a business in Istanbul later on. A detailed table with an overview of this second group, which is composed by 28 Syrians, can be found on Appendix III.

A first important difference between Syrian entrepreneurs and non-entrepreneurs is the age. On average, non-entrepreneurs are 25 years old. This is a significant difference compared to the average

age of entrepreneurs that is 35. The young age of this group indicates that most of them were in the age to go to school or university when they left Syria. In fact, 18 of the informants were attending primary and secondary school or university. An additional explanatory factor of the difference of age can be their city of origin (Smorenburg, 2015). Just like the group of entrepreneurs, most of the Syrians non-entrepreneurs come from big cities (Damascus, Homs and Aleppo), where most of the Syrian universities are. As a result this group has a high education (Smorenburg, 2015). Seven of these respondents who were studying had a part-time job in the service sector. However, most of them were living with their families and didn't have many responsibilities since the parents were paying the expenses of the house. As a result the group of non-entrepreneurs were having a comfortable life in Syria. This is not much different from the group of Syrian entrepreneurs (Smorenburg, 2015).

The young age of this second group of Syrians played an important role as well on their decision to leave Syria once the war started. As already explained the military service is obligatory for the first son of the family. This was the case for 9 of these respondents and it was their main motivation to leave the country. Safety was one of the main reasons for Syrian entrepreneurs to leave Syria as well, but as shown, economic reasons played an important role in the decision to move as well. Moreover, Smorenburg (2015) found on his research an interesting additional reason for Syrians to leave the country. For female respondents the war in Syria gave them the chance to run away from a patriarchal society, where the possibilities for personal development and freedom were limited. However, for Mona, the only female respondent of this research, this was not the reason to leave, as demonstrated before.

Just like the group of entrepreneurs, for not all respondents of this group Turkey was the first option. Because of the unwelcome policies in other neighboring countries, Syrians ended up in Turkey. However, Istanbul was the first option for two reasons: the first one was the network of this Syrians in Istanbul. The second reason is the fact that Istanbul is the economic center of Turkey and there they could search for employment.

As we can see, the main difference between Syrians who are entrepreneurs now in Istanbul and those who are not entrepreneurs is the age and their occupation in Syria. Later on this difference can justify the capital available for Syrians to open a business in Istanbul, since most of the entrepreneurs were working already a few years, so they had time to save money and when it was the moment to leave they had assets to sell. This difference in occupation and age is reflected as well on the experience with entrepreneurship. A half of the non-entrepreneurs were studying and had no experience with entrepreneurship.

Nevertheless, when it arrived the moment to leave Syria, both groups shared similar experiences (Smorenburg, 20015). The fact that Syrians have family members or family in Istanbul was crucial to make them chose from this city. In addition, the fact that they were planning to search for a job in order to sustain themselves and family members play a role on the choice for Istanbul, since it is the economic center of the country, just like the Syrian entrepreneurs. However, some of them were planning to keep studying and the fact that the main Turkish universities are in Istanbul motivated them to move to Istanbul as well.

## 5.6 Conclusion

As we saw in this chapter, the two main reasons for Syrians to leave the country were safety and economic conditions. However, Syrian owners of a business were reluctant in leaving the country in the beginning of the war. On the one hand there was always the hope that the conflict would stop any minute soon, on the other hand they were afraid to leave everything behind. They delayed the departure until the last minute, the companies of some respondents got completely destroyed.

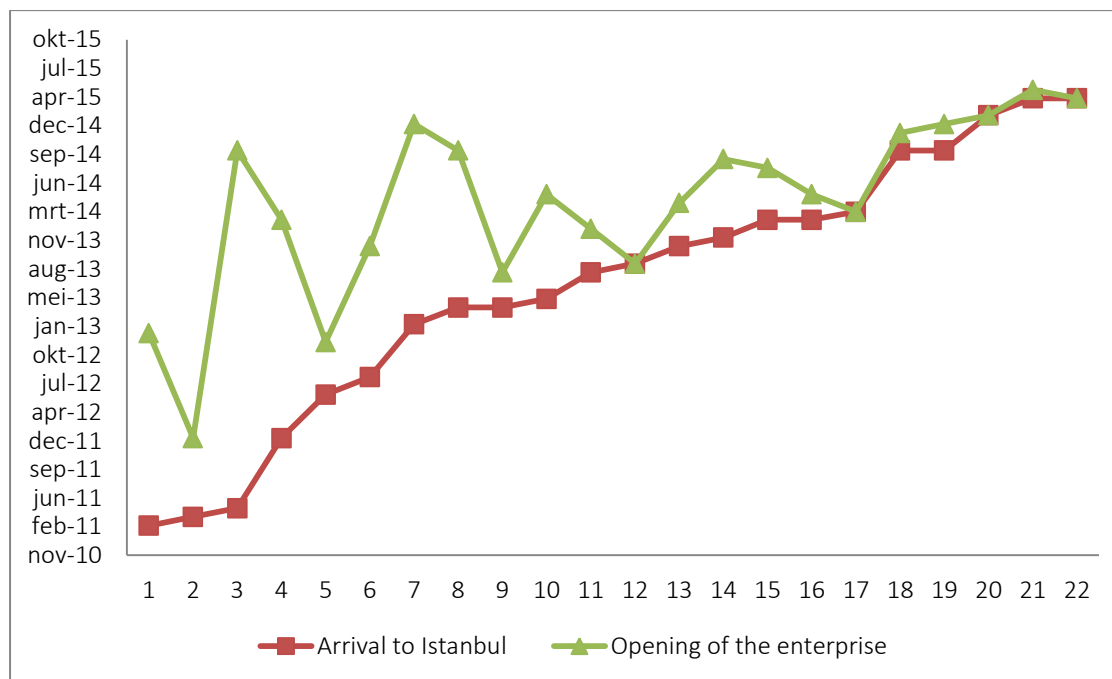
Once Syrians decided to move, their personal network was important when they had to choose a country of destination. Usually they would prefer to move to places where they family or friends were living. The respondents moved along with their family members, which presented a big burden on their financial resources. Some of them went to other countries before arriving to Turkey, which presented an additional loss of money, since they had to move again later due unsafe and unwelcome conditions on neighboring countries. The costs of the travel were paid with personal savings, accumulated through the years.

## 6. Entrepreneurship and resettlement

In this chapter the experiences of Syrian refugees in starting a business in Istanbul will be analysed and described. It starts by giving an overview of the time of arrival of the respondents in Istanbul and the time in which they opened the current business. After that, the main obstacles faced by Syrians to start a business and their strategies to establish a business will be explored. In addition, an overview of the businesses owned by the respondents in Istanbul will be presented and analyzed.

### 6.1 Time to restart

As explained in the previous chapter, almost all respondents already had aspirations to open a business when they arrived in Istanbul. In fact, this was one of the main reasons for the respondents to choose Istanbul, since it is the economic center of Turkey. However, it took them some time before they could open their business. Graph 8 helps us to see the difference in time between the arrival of the respondents and the time they opened a business. The red line represents the time of arrival of the respondents. As it is possible to see the graph is organized in a chronologic order. The green line represents the time when the entrepreneurs opened their current business in Istanbul. The numbers in the bottom of the graph represents each of the respondents<sup>8</sup>. As can be seen in Graph 8, mainly for those Syrians who arrived first in Istanbul, the moment of arrival and the moment in which they established the current business was significantly different. On the other hand those who arrived more recently had a quicker start.



Graph 8: Time of arrival and time when the respondents established a business in Istanbul

<sup>8</sup> On table 6 it is possible to relate the numbers of the Graph with each respondent.

The decision that it was time to start came together with one idea, namely that the war is not going to stop soon. The realization that it was time to leave Syria and the idea that it was time to restart came in different moments for some of the entrepreneurs. Mainly for Syrians who left their country right in the beginning of the war, there was still a hope that the conflict would stop soon. For them, moving abroad was just a temporary solution to wait for the end of the conflict and as soon as the country was safe again, they would be able to return and continue the same life as before. It is interesting to note how Syrians of this group didn't search for a job or didn't try to start a business immediately after leaving Syria. Nevertheless, reality hit each of the entrepreneurs in a different moment in time. Some of them took a few months to realize that it would take time to reach peace, for some others it took more than a year. Bayhas (number 1 in the Graph 8) is one of those who left Syria quite in the beginning of the conflict, hoping that he would be able to go back soon:

*'I came to Istanbul right in the beginning of the conflict in March 2011. Something similar happened when Assad's father was controlling Syria, so I knew the risk that was to stay there. Initially I thought that I would not stay in Turkey for too long, I thought that the conflict would take 2 or 3 months. In the beginning I did not formally work in Turkey. During this time my (clothing) factory in Syria was still open and managed by my partner. But when the situation got worse, my partner left the country as well and the factory was destroyed later on.'*  
(Bayhas, 06/05/2015, Istanbul)

Farid (number 5 in the Graph 8) did the same as Bayhas. Owner of a chain of cafés in Syria, he left to Turkey quite early (in the beginning of 2012). He left his business to be administrated by his employees. In one hand it was the opportunity to keep the business working and in case the conflict would come to an end, it would be easier to restart life in Syria. On the other hand he felt responsible for his employees, since many of them could not leave the country and had no other source of income. According to Farid the cafés are still open, however he has no participation in the little profit that the cafés are still giving. Furthermore, his employees have full responsibility over the expenses and administration of the shop. He has no hopes that the war will stop soon and he and his family already restarted their life in Turkey, where they opened cafés and a café supply company. It is important to note that those who arrived first, had more financial means. This allowed them to delay the opening of their businesses.

On the other hand, Syrians who arrived more recently, mainly those who arrived in the end of 2014 and beginning of 2015, had a faster start. Mona, Ammar, Bulus, Abbas and Duraid already left Syria with the certainty that the war was not going to stop and that they had to restart their lives as soon as possible in Istanbul. An additional reason for a fast start of this group is the fact that they arrived to



Istanbul in a moment when many Syrians were already in the city. They took advantage of the huge presence of Syrians in the city to have a quick start, by using the Syrians that were already in Istanbul to get information and to expand their network. Furthermore, they had more time to plan their arrival to Istanbul. The fact that people only started a business when they realized that they would have to stay in Istanbul for a longer time, is already an indication that opening a business for them is a way to restart life and settle in a new place.

Smorenburg (2015) reported a different situation for Syrian non-entrepreneurs. Mainly because of economic reasons, most Syrians in this group had to search for jobs as soon as they arrived to Istanbul. Those who didn't search for a job immediately were mainly those counting on the financial support of family members. Independently of whether they view their situation as temporary or permanent, finding a job was essential to pay their life expenses. It created a situation in which Syrians started working in bad conditions and in places where they were overqualified for their job tasks. However, this initial job gave them time to search for better jobs.

## 6.2 Obstacles to open a business

During the interviews it became clear that all of the respondents had a difficult time in settling an enterprise in Istanbul. Four main obstacles were mentioned: insufficient information about the local economy; lack of knowledge of the Turkish language; limited financial resources and restricted experience on the area in which they wanted to open a business.

Insufficient information about the local economy affected all the respondents. Almost all of them were in Istanbul for the first time. As a result, they didn't know much about the city, what were the best places to open a business, which kind of products or services were more required and which areas of the economy were overrepresented, who were possible suppliers, and the procedures to register a business. Wauters and Lambrecht (2006 & 2008) explain that this lack of information is a consequence of the process of displacement of refugees. Since they have to flee quickly from their country of origin, they don't have time to plan ahead how to restart their business abroad. For Syrian refugees the situation is not different and most of them decided just days before the departure that they would move to Istanbul and had just a few days to plan the travel and contact friends and family in order to find a place to stay.

Lack of information is closely linked to the limited knowledge of the local language. Bayhas and Nizar are the only ones among the respondents who speak Turkish fluently. The knowledge of Turkish influences their capacity to interact with local people directly and, in this way, their understanding of the local economy. Furthermore, it puts a huge limitation on their interaction with possible Turkish customers and employees once the business is open. During an interview with the Syrian Economic

Forum<sup>9</sup>, the organization confirmed that in Turkey, language is one of the main barriers for Syrians, not just those who want to establish a business, but as well for those who want to search for an employment. Smorenburg (2015), confirmed these finding in his research about job mobility among Syrian refugees in Istanbul. However, he found out that speaking Arabic can be an advantage for Syrian refugees mainly in the sector of trade and tourism, since there is a strong presence of Arabic speaking tourists in Istanbul. A language barrier is mentioned as well in the work of Fong et al (2007) as one of the main limitations to the interaction of immigrant enterprises and the local community.

An additional obstacle was the limited financial resources available to Syrians. As discussed previously in chapter five, the process of displacement of Syrians was costly, since they moved with their family and in some specific cases, they moved first to other countries before going to Turkey. Furthermore, some of them had their business bombarded in Syria, which represented an additional loss of their capital. It is interesting to see that Wauters and Lambrechts (2006) and Lyon et al (2007), mention the lack of capital as an important obstacle among refugees to start a business as well. However, the situation of some of the respondents of this research is different from what these authors have reported on their studies. In fact, "lack of capital" is relative to which kind of business these refugees want to start. For those refugees who are providing services (see Table 6), the business didn't require huge amounts of money, as is the case for Hassan for instance. As a graphic designer he has all the tools that he needs on his computer. This reduces the costs of doing business for him to almost to zero, since he just needs internet to find and keep in touch with clients. On the other hand some of the enterprises owned by Syrians in Istanbul required considerable amounts of investment. Jamal for instance, needed 150.000US\$ to open his clothing shop. However, he had just one third of this amount and needed to find a way to gather the rest of the money. Other respondents of this research faced the same problem as Jamal. On the next section the strategies used to overcome this obstacle will be explained.

Finally, some of Syrians were quickly in identifying businesses that were lacking in different areas of Istanbul. As we could see in the previous chapter, most of the respondents of this research have some background experience with entrepreneurship. However, the identified opportunities were not always in sectors in which they had experience. As a result, they delayed the decision to open a business in order to acquire more experience in this specific sector.

The research of Smorenburg (2015) shows that these four obstacles are not only faced by Syrians starting an enterprise in Istanbul, but also by Syrian refugees who are trying to find employment on

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<sup>9</sup> The Syrian Economic Forum is a gathering of Syrian entrepreneurs based on the Southeastern city of Gaziantep, which makes lobby to protect the interest of Syrian entrepreneurs in Turkey.

the Turkish labor market. Furthermore, Smorenburg pointed out that Syrians who were searching for employment suffer from psychological problems. After experiencing traumatizing events and being forced to flee their country Syrians faced depression, which resulted in an inactivity of Syrians to find employment. This was a factor mentioned by Wauters and Lambrecht (2006) as an obstacle for refugees to start a business as well. However, even though Syrian entrepreneurs faced traumatizing events, as any other Syrian, it didn't seem that such events were able to stop them to search for business opportunities.

An additional obstacle for Syrian non-entrepreneurs to find employment was the restrictive Turkish laws, which limits the labor opportunities for Syrian refugees (Smorenburg, 2015). This is not the case for Syrian entrepreneurs, who are free to open a businesses. However, the process to open a business can be costly and bureaucratic, making it difficult for Syrian with restricted capital and knowhow to start an enterprise. Moreover, for those who want to register the enterprise, additional costs must be added, making it even more difficult to have a business and operate legally. Chapter 8 will elaborate on the legalization of the businesses.

### 6.3 "I'm a business man": Starting an enterprise

Once Syrians faced obstacles and difficulties to open a business, they were flexible and creative in order to overcome these obstacles. Based on the stories of these 22 entrepreneurs, three main strategies were identified in order to start a business in Istanbul. First of all, creating partnerships was the main strategy to overcome a lack of financial resources or lack of knowhow. The second strategy involves the choice of employees with information about the local economy. Finally, there is a group of entrepreneurs who chose to acquire information about the local economy and develop their skills in certain areas by first working as employees for someone else. Once they are experienced they quit their jobs and open their own enterprises. All these three strategies will be further explored in the next sections.

#### 6.3.1 Partnerships

The social capital of the respondents in Istanbul was crucial to restart their life. Friends and family gave them support in the first weeks, mainly with housing and information about the city. Those who didn't have many acquaintances stayed in hotels or rented a daily paid apartment during the first few days. Nevertheless, they were quick in searching for people who could help them. Even though not much can be said about the concentration of Syrian refugees in Istanbul (van der Sar, 2015) the presence of Syrians are stronger in some areas of Istanbul, such as Aksaray. This concentration makes it possible for Syrians to build and expand their networks quite fast. Friends and family were of great importance not just in searching for housing and support on the first moments in Istanbul, but as well

when the moment to open a business arrived. Their co-ethnic network was the starting point in the formation of partnerships.

In fact, 16 of the respondents interviewed have business partners (see Table 5), which are people that they knew from Syria, family members or people that they got to know in Istanbul. Syrians who want to open a business are forming partnerships in order to overcome a lack of financial capital or human capital. In fact, a partnership is one of the key factors in the formation and success of an enterprise, since it is used to fulfil the lack of important assets, as pointed out by Fong et al. (2007).

*Table 5: Nationality of business partners*

Who is the business partner?	Number of entrepreneurs
Syrian	13
Syrian and Turkish	1
Turkish	2

Jamal’s story is a good example of how Syrians are using their social capital to form partnerships in order to overcome a lack of financial capital:

*“My first thought was to open a restaurant in Aksaray, but a friend from Damascus told me that he was coming to Istanbul and that he would open a factory for children clothes. I already knew how to work with clothing-shops, I knew how the market works, so it was an opportunity to keep working in this area, since he would supply my store with clothes (...) Since the money that I had was not enough to start something by myself, I suggested a partnership to two friends from Damascus, who joined me. After asking around we found out that Laleli is the best place to open a Clothing shop, since this is the area in Istanbul where all the clothing shops are located.” (Jamal, 02/05/2015, Istanbul)*

Jamal’s network was useful for him in different moments. First it was important for him to decide what kind of business he would open in Istanbul. Later it was important for him to have the necessary capital to open the business, since he didn’t have enough money to open a company alone. Furthermore, it helped him to decide where he would open the business, based on the experience of friends who were already living in Istanbul for a longer time. Other Syrian entrepreneur followed the same strategy. Creating partnerships was the rule for those who want to open a business and didn’t have enough money to start.

Bayhas is another good example of Syrians who were lacking financial capital and found in partnerships the opportunity to restart a business. In 2013 two of his former competitors decided to move from Syria to Turkey. Bayhas helped them to bring the equipment of the factory to Turkey and later to resettle the factory in Istanbul. They formed a quite interesting partnership, where his business partners offers the equipment for the factory and Bayhas offers his big network to connect the products of the factory with international clients.

It is interesting to observe that the business itself is a place to build and expand the network. Ahmad didn't have money to start a business on his own as well. A Syrian friend in Istanbul had some savings and wanted to invest in a second business, so he suggested to Ahmad to open a restaurant together. This friend didn't have the time to work in this restaurant so he would give money and Ahmad would invest his time and knowledge working at the restaurant.

*"My part of the agreement was to use my "knowledge" to cook and administrate the business. In the beginning it was quite hard. I had to ask the help of my wife and mother to learn how to cook, but after a few months it got easier. Unfortunately after 5 months I had to close the restaurant, it was too much work and the profit was not good enough." (Ahmad, 19/03/2015, Istanbul)*

Even though Ahmad had to close the restaurant, his time there was fruitful, because this is where he met Bulus, who was a regular client and now is his boss in the restaurant where he works.

The most emblematic example of how Syrians are using their business to form and expand their network is from Nizar, who has now 5 restaurants and 2 bakeries in Istanbul. He is not alone in this business. He has 22 business partners, including family members, old friends and people that he got to know in Istanbul. 18 of them are Syrians.

*"Some of my partners were my clients here in Istanbul. They approached me asking if I was not interested in opening more restaurants". (Nizar, 30/04/2015, Istanbul)*

In some cases both partners don't have much money but they have complementary knowledge. Abbas for instance is a programmer. Together with two other friends they opened a website where tourists can rent daily apartments. Abbas and one of his partners is responsible for developing the website and the third partner is the one who has the network with the owners of apartments in Istanbul. He explains that currently they are searching for someone with money who is interested in becoming a partner.

*"We need 10.000US\$ to start our own company. We are negotiating with one client and maybe he will hire us to develop a system to his company. That would be great, so we would*

*have the money to start a business (...) The difficult part is that we are new and they don't know us. We have to build a trust relation with them". (Abbas, 20/03/2015, Istanbul)*

One last form of partnership is one where family members run a company together. This is the case for Falah, Mona and Farid. Falah and Mona were already working with their family in Syria and now they are doing the same kind of business in Istanbul. Falah teamed up with his brother in Istanbul to open a cellphone shop. They both invested 1.500US\$. Bayhas partners are brothers as well (who were already working together in Syria) and Nizar has a brother among his partners. Aamil is planning to open a Tourism agency with his uncle and Duraïd is about to open a clothing shop in partnership with his brother. Family members offer the trust relation necessary to start a business and sometimes the financial means to start a business.

An additional and interesting fact that comes out of these partnerships is the fact that Syrian entrepreneurs are not relying on banks or other financial institutions to gather the capital necessary to open their businesses. It is not new in the studies of entrepreneurship among migrants and refugees that the access to capital to this group is limited (Lyon et al, 2007; Volery, 2007; Font et al, 2007). However, it is true as well that none of the respondents tried to get a loan with a bank. This fact can be explained in two different ways in the Syrian case. Farid, for instance, explains that it is part of the Syrian culture to not ask loans in banks. According to him Syrians invest in their business using the money that they manage to save from the profit of the company that they had previously or even counting on the help of family. The fact that there is a big Syrian community in Istanbul and a group of Syrians with the same interest (starting an enterprise) allows them to find alternative ways to finance the establishment of a business. Another reason is that Syrians don't have the necessary economic conditions to fulfil the requirements of a bank to give a loan, such as properties or other businesses. The awareness of the complexity of the process to ask for a loan discourages Syrians to try to ask a loan, making them choose informal ways of credit, with family and friend, as was explained by Abbas.

### 6.3.2 Hire experienced employees

There are the cases of entrepreneurs who had enough money to open a business on their own and didn't want to have business partners. However, they still had a lack of information about the local market. The solution found by these entrepreneurs was to hire employees who had experience in the local market and could help them mainly with connections with suppliers. This is the case for Mona and Bulus. Both are owners of restaurants in Istanbul and they hired different people who could help them to settle their business. Mona decided to hire a Turkish employee with experience with

restaurants. After asking around she found someone who could help her. This person is now the one responsible to get in touch with suppliers and negotiate prices, since Mona doesn't speak Turkish.

Going back to the story of Ahmad, as soon as Bulus heard that the Ahmad restaurant was closed, he called him and asked his help to start a business in Istanbul. After a few conversations they decided to start a restaurant together. This time Ahmad is an employee, but in a bigger restaurant. He is now manager of Bulus restaurant. Ahmad's experience was an important asset to Bulus, not just regarding suppliers, but also regarding possible places to open, besides the administration of the restaurant.

### 6.3.3 Work as an employee

There are cases of Syrians who used more than one strategy in order to overcome difficulties. This is the case of Falah and Aamil, who decided to find employment before they started to work alone. Falah decided with his brother that he would open a cellphone shop. However, he didn't know who the suppliers are, what prices to put on his products or how to fix possible problems on cellphones. In order to acquire more information and develop specific skills to work with cellphones, he decided to search for a job in cellphone shops, as he explains:

*"My brother and I decided to open a cellphone shop together, but we didn't know much about prices that we could ask, who are good suppliers or how to fix a phone. So I asked a friend to work on his shop for a few months. After 3 months I decided to work in a different shop because I had no days free. In the end of the third month I saw that I knew enough to open my own shop, so I quit."* (Falah, 23/04/2015, Istanbul)

Pécoud (2004) highlighted that such strategy is possible due to co-ethnic networks. Newcomers work temporarily in companies of co-nationals that they want to "copy" in order to acquire knowledge and skills. Besides that they have the opportunity to expand their personal network during the time that they work in these establishments.

Aamil followed two different strategies to start his business as well. Before forming a partnership with his uncle, he started working as an employee in a clothing shop for two main reasons: he needed time to gather information about the local economy and to expand his personal network in Istanbul before he was able to start his own business with money transfer and sub-renting of rooms. The employment gave him the safety of a fixed income per month, while he was trying to settle his business. After 3 months he started renting rooms and within 6 months he was already sub-renting rooms in 4 apartments and making money transfers from Turkey to Syria. At this point his businesses was taking more and more of his time, besides giving him enough profit to survive, so he decided to quit his job.

Barad, who had almost no experience as an electrician, used the same tactic. He worked for two months as an employee for another electrician before he could start to work alone. His brother, who was already in Istanbul for a few months, found this job for him.

#### 6.4 Overview of new businesses

The overview of the enterprises of the respondents in Istanbul is presented below in Table 6. As it is possible to see, Syrians are working in a variety of different businesses. It is interesting to see that the new business is not always related with their previous experience in Syria. However, partners or employees can be the ones who have the experience to run the business, as explained before. The change in the sector of business shows the flexibility of Syrians who are now working in different sectors, compared with the ones where they had experience. They had to adapt to the circumstances, since they didn't have money to start a new business alone or to start the same kind of business as they had in Syria since it would require huge amounts of money.

Persistence was another important asset in order to succeed in Istanbul. Jamal for instance is changing for the third time the location of his business. The first two were badly located so he was not having enough profit. Now his business is in one of the busiest streets of Aksaray. He was preparing to re-open and believes that now things are going to work. Even though Aamil had already experience owning a cell-phone shop in Syrian, he faced the same problem as Jamal. Because he was not familiar with the local economy in Istanbul, he chose to open a cell-phone shop in a neighbourhood where there was not much request for this kind of business, as consequence he had to close doors after one month working, due to a lack of clients.

However, persistence was important mainly in a context where just four entrepreneurs (Farid, Azado, Bayhas and Nizar) made an actual business plan. In such a document they would list every step of the process to open a business and would carefully elaborate an overview of the money spent and how long it will take for them to have it back. It is a curious fact that most of them didn't elaborate a business plan, mainly because most of the respondent have experience in starting and running enterprises. The consequences of lacking a clear plan results in poor choices of location to open a business, as it happened with Jamal and Aamil. Furthermore, it can lead to an underestimation of the obstacles to be faced, the numbers of employees needed and the possible profit that the company is going to have in the near future. As we can see from graph 8, the enterprises owned by Syrians are young, the oldest enterprise have two year and a half, because of that it is difficult to identify the consequences of a lack of a clear planning before they open. However it is good to keep in mind that it may reflect on their economic performance in a near future.



Table 6: Occupational overview of respondents after arriving to Istanbul

Name	Number in Graph 8	Employment history in Syria	Current Business in Istanbul	Employment history in Istanbul	Employment Status	Number of enterprises in Istanbul
<b>Aamil</b>	15	Cellphone shop	Money transfer/Real Estate/Tourism agency	Employee at a clothing shop and owner of cellphone shop	Self-employed	3
<b>Abbas</b>	19	Student/Programmer	Programmer	Employee in a tourism agency	Self-employed	1
<b>Abu Majid</b>	10	Doctor	Real Estate	None	Self-employed	1
<b>Ahmad</b>	9	Stationery Shop and Teacher	Manager at Bulus Restaurant	Owner of a restaurant	Employee	0
<b>Ammar</b>	20	Electrician in a Hotel	Electrician	None	Self-employed	1
<b>Ayman</b>	3	Clothing shop	Restaurant	Clothing shop	Employer	1
<b>Azado</b>	6	Restaurant	Restaurant/Tourism agency	None	Employer	2
<b>Barad</b>	16	Plastic Factory	Electrician	Employee as Electrician	Self-employed	1
<b>Bayhas</b>	1	Clothing factory	Clothing factory/Export Office	Agent at a clothing factory	Employer	2
<b>Bulus</b>	18	Clothing shop/Construction Company	Restaurant	None	Employer	1
<b>Duraid</b>	21	Games Shop	Clothing wholesale shop	None	Self-employed	1
<b>Falah</b>	7	Printer Shop	Cellphone shop	Employee in two different cellphone shops	Self-employed	1

<b>Farid</b>	4	Café/Coffee supply <sup>10</sup>	Café/Coffee supply	None	Employer	2
<b>Firas</b>	8	Doner Distributor	Seeds Shop	None	Self-employed	1
<b>Halil</b>	14	Construction company	Restaurant	Fabric dealer	Employer	1
<b>Hassan</b>	17	Graphic Design	Graphic Design	None	Self-employed	1
<b>Jamal</b>	5	Clothing wholesale shop	Clothing wholesale shop	None	Employer	1
<b>Mansur</b>	13	Translator and administrator	Super market and Real Estate (employee)	Employee in a factory	Self-employed/Employee	1
<b>Mohamad</b>	12	Hairdresser	Hairdresser	None	Self-employed	1
<b>Mona</b>	22	Restaurant	Restaurant	None	Employer	1
<b>Nizar</b>	2	Restaurant	Restaurant and Bakeries	Bakery supply	Employer	8
<b>Tahir</b>	11	Taxi driver/Cellphone shop	Second hand furniture and Real Estate	Employee in a secondhand shop	Self-employed	1

#### 6.4.1 Diversification of business

Another important fact that can be observed in the table is that in some cases Syrians have more than one business and there are different reasons for this. Bayhas, Farid and Nizar started working in the same areas as they were working back in Syria, but on a smaller scale. Bayhas and Nizar didn't have money to start the same kind of business that they had in Syria. They had to adapt and open businesses which required less investment. Nizar opened a small bakery that would supply local restaurants, while Bayhas open an export office specialized in clothing. These businesses gave them enough profit to survive in Istanbul and time to plan better how to open their original business idea. Once they manage to open the businesses that they first planned, they saw that they could integrate the work of their first enterprises with the second. Azado has a similar story. He opened a Tourism agency because one of his friends from Syria had an extensive network in Istanbul that could help them to open this kind of business. Now with the business settled and growing, Azado was invited by

<sup>10</sup> Farids family has a company that works with the supply of coffee. It is owned by his father and uncles. Nevertheless Farid and his cousins work together in the business.

another friend to use his knowledge to open a restaurant. Now he is dividing his time between the tourism agency and the restaurant.

Farid, on the other hand, who was a first partner of uncles and cousins in a coffee supply company, saw opportunities to open a café in Istanbul alone. It would give him more freedom to take decisions, besides giving him the opportunity to explore the Istanbul market. The last case is that of Aamil, who decided to start a different kind of business just to diversify the source of income, besides spreading the risk of failure.

These stories show again the flexibility of Syrian entrepreneurs. Since they don't have the money or the right persons in their personal network to restart the business that they had before in Syria, they start a smaller version of their original business. With time they are able to reopen their original business and integrate the work of the enterprises. For some others a second enterprise presents the opportunity to work alone, having more freedom to take decisions and run a business.

Fong et al (2007) already mentioned that an important factor for the success of entrepreneurship among refugees is flexibility. In fact, Syrian refugees are being flexible in many different ways. First of all some of them are working in areas in which they don't have much experience, trusting on the experience of partners or employees. Second, they are accepting the fact that they must start from scratch and they are not able to have the same company as they had before in Syria, at least in the same size. In this way they are starting smaller versions of the companies that they had back in Syria and investing their time and energy to make this companies grow. It still too early to talk about the role of flexibility in the success of these enterprises. However, we can see that flexibility is an important factor on establishing these new businesses.

#### 6.4.2 Transferable skills

As demonstrated on Table 7, not all respondents are doing the same kind of business as they were doing back in Syria.

*Table 7: Business sector compared with Syria*

Same kind of business	10
Working in new areas	9
New experience with entrepreneurship	3

As already explained for some of them the shortage on capital was the main reason to change business. That was the case of Firas, Falah and Barad. Some other respondents changed their business based on the opportunities that they found in Istanbul (Tahir and Bulus) or even the profitability of the business (that is the case of Ayman for instance). However, something important to realise is that for those 19 Syrians who were already entrepreneurs back in Syria, their financial literacy was crucial to their new start in Istanbul. They are now using this skill to keep track of the cash flow, find solutions for negative results and deciding for the price of the products. Fong et al (2007) mentioned financial literacy as an important factor for the success of refugee enterprises, independently of the formal education of the refugees. In addition, 10 of the respondents managed to keep the same business that they had back in Syria. It is interesting to see how this group is using their previous knowledge to run the business now in Istanbul. Nizar, for instance, is using his experience from his restaurant back in Syria, not just to administrate his restaurants in Istanbul, but to create menu for his restaurant, calculate the quantities of products that he has to buy to supply his business and understand how many employees it was necessary for him to run a restaurant. Mainly for these 10 entrepreneurs, their past experience with a business gave them the confidence to try to open the same enterprise in Istanbul and now it is helping them to invest on their business and make it grow. Nizar for instance have 5 other restaurants in Istanbul and he is planning to open more restaurants in different areas of the city.

In addition, the three Syrians who didn't have an enterprise back in Syria are facing difficulties to run a business due to lack of experience with entrepreneurship. They are facing a situation in which they have to learn while working. It creates a stressful situation, where they are insecure about the steps to take and are not motivated to invest in their business. More characteristics of this group will be explored on the next section.

#### 6.4.3 Entrepreneurship as last option

Finally, one last observation regarding the information found on Table 6. From this sample special attention must be given to Abu Majid, Abbas, Ammar and Mansur. These are the respondents who were not planning to have an enterprise, but were pushed towards this choice for different reasons. Abu Majid was a doctor back in Syria. Now in Turkey he can't work as a doctor because of restrictive policies which demand doctors to be graduated in a Turkish university, as explained before. In addition, his age (50) makes it difficult for him to find any other kind of job. Having no other choice, he started to sub-rent rooms in his house. Ammar is facing the same problem, he is having difficulties to find jobs not just because of his age, but because he doesn't know Turkish. The only possible solution that he found was to start to offer his services around the neighbourhood of Fatih. However he is having difficulties to find clients, since his network is limited.

Mansur opened his supermarket because he was unemployed, after the factory where he was working closed. After two months unemployed he decided to open a small supermarket with a Syrian friend. Once the supermarket was open one of his clients offered him a job position because he speaks Arabic. Now he is working in a real estate agency and has a small participation on the profit of the supermarket, that still open.

It is interesting to observe how three Syrians of this group (Abu Majid, Ammar and Mansur) were pushed towards entrepreneurship, different from the other respondents of this research, who had as first option start an enterprise. This situation of restrictive choice directly reflects on their current situation and their difficulties to establish a business. Their lack of experience and capital is greater compared to the other respondents. As we could see, knowhow and capital are essential as well to form partnership, where people with different assets team up to open a business. As a consequence, for those who have lack of these assets it is difficult to form partnerships or to join other Syrians in businesses that are already active. Once they finally managed to start a business, the motivation that these three Syrians have to keep it running and make it grow is low and they are still searching for employment. In these three cases having a business is just a matter of survival. They intend to make just enough money to pay their expenses until they find employment, since they are still searching for a job. The reasons to not be motivated to be self-employed are mainly two. The first one is quite evident in Table 6. The lack of previous experience with entrepreneurship creates doubts about every step that they would take on running a business. This situation creates a stressful work environment where all the decisions to run a business are put in doubt, due to the fear of “lose everything”. The second reason (applicable just for Abu Majid and Mansur) is the fact that they are not working in an area that they like. It creates a situation in which they are constantly looking for a way to find a job related to what they like. In this scenario entrepreneurship is just a temporary solution, until they can find an employment related to their profession.

The only one who is in a different situation is Abbas. He had a bad experience with his employment in Istanbul. He felt exploited at his work, where he was working without any contract, for long hours. It motivated him to quit his job. Even though he could search for another employment in Istanbul he thought that he could earn more if he would work by himself. In this way he started a company together with two friends. Now they opened a website where they rent apartments in daily basis for tourists. He aims for Arabic speaking tourists. He says that there are many Arabic speaking tourists in Istanbul, but not many Turkish people know the language, so he has an advantage. The fact that he owned a business before in Syria (as demonstrated in Table 6) plays an important role on giving him the confidence that he will be able to succeed with his new company.

Entrepreneurship as a way out of unemployment is a well-known strategy in the literature about immigration and refugee entrepreneurship. Wauters and Lambrecht (2006) and Fong et al (2007) already explored this aspect, while trying to explain the high rates of self-employment among refugees. However, on the Syrian case, just a small group was motivated to start a business due to a lack of opportunities on the labour market. The explanation for this fact can be found in the work of Smorenburg (2015). Even though Syrians are having difficulties to find jobs that fits their professional qualifications, it is still possible to find employment, mainly on the informal labour market. The working conditions are usually bad, due to low wages, conflict with colleagues and employers and long working hours. Nevertheless, they are still managing to find employment, a fact that reduces their inclination towards self-employment (Smorenbug, 2015). On the particular case of Abu Majid and Ammar, an additional factor plays a role on their difficulties to find employment and it is their ages. They are the oldest among the 59 Syrian informants of this research. Both are 50 year old and had difficulties to find non-manual labour positions. Aamil mentioned during the interview that his father, who is over 50, was facing the same difficulties and that was the reason why he opened a small market for his father. The fact that they were pushed towards entrepreneurship is reflected not just on their motivation to invest on their current business, but it will reflect on the legal situation of their business, as we are going to see on the next two chapters.

## 6.5 Conclusion

As demonstrated in this chapter, Syrian refugees took the decision to start a business in Istanbul just once they realized that the war would not stop in Syria. The idea that their situation living abroad was no longer temporary, but that it was a permanent situation made them take the decision to start all over, by establishing a business.

The list of obstacles found (lack of capital, limited information about the local market, lack of knowledge of the Turkish language and restricted knowhow on the area in which they want to open the business) are close related with their situation as refugees. Because they didn't have time enough to plan where to go, they didn't get information about the Istanbul market or time to plan which business to open and learn the local language. Furthermore, as explained in the previous chapter, some of the Syrians lost their business during the conflict and had to flee the country with their families, what led to a reduction of their financial capital.

A crucial element to overcome these obstacles and establish a business was the social capital of Syrian refugees. Through the use of social capital they were able to overcome the lack of experience (human capital) or the lack of financial capital, by creating partnerships. In fact partnerships is the main strategy used to establish a business. However, another important factor on establishing a

business is the previous experience with entrepreneurship of Syrians. It is one of the main criteria when Syrians try to form partnerships or when they hire employees. Most of the partnerships are formed among Syrians who knew each other from Syrian or Syrians who met each other with the help of friends or family. This factor just reinforces the fact that social networks of Syrians play an important role on the establishment of businesses.

In addition, Syrians are showing an incredible flexibility and creativity when the moment comes to establish a business in Istanbul. Syrians are working in a different sector compared with their previous experience in Syria, they are creating partnerships (different from a situation where they would work alone, back in Syria) and they are finding new ways to overcome their inexperience in the sectors where they have an enterprise now in Istanbul. Flexibility and persistency is showed as well by those who were trying to find employment and found on self-employment the way out of unemployment.

Two other important factors that influences the establishment and running of an enterprise, namely employees and customers, will be explored on the next chapter.





## 7. A small Syria inside Istanbul

This chapter will explore the relation of the Syrian owned enterprises and the local Syrian population in Istanbul. On the one hand the focus will be on the way in which the concentration of Syrians in Istanbul helps Syrian entrepreneurs to start over their businesses, on the other hand the chapter will explore in which ways these enterprises are supporting these same Syrians. Finally the consequences of these relations for the development of the enterprises will be analyzed.

### 7.1 Syrian employees: the exception to the law

The enterprises owned by Syrians in Istanbul have a great potential to create job opportunities for other Syrians. As already discussed in the previous chapter, the 22 respondents of this research own 32 enterprises. Those companies create about 481 jobs, from what 469 employment positions are just for Syrians, including the respondents, their business partners and employees. This is a significant number, considering the small number of enterprises. In addition, just 9 respondents are employers, while the rest are considered to be self-employed. It is interesting to note that most of this job opportunities are created by restaurants (see Table 8).

*Table 8: Overview number of Syrian employees*

Name	Current Business in Istanbul	Employment Status	Number of enterprises in Istanbul	Job positions created by the enterprise <sup>11</sup>	Percentage of Syrians on these positions
<b>Aamil</b>	Money transfer/Real Estate	Self-employed	2	1	100%
<b>Abbas</b>	Programmer	Self-employed	1	3	100%
<b>Abu Majid</b>	Real Estate	Self-employed	1	1	100%
<b>Ahmad</b>	Manager at Bulus Restaurant	Employee	0	0	0%
<b>Ammar</b>	Electrician	Self-employed	1	1	100%
<b>Ayman</b>	Restaurant	Employer	1	38	97,3%
<b>Azado</b>	Restaurant <sup>12/</sup>	Employer	2	9 <sup>13</sup>	100%

<sup>11</sup> Here I'm considering the job position created to the owners of the establishment as well.

<sup>12</sup> Just the employees of the restaurant are being considered, because of lack of data regarding the tourism agency

<sup>13</sup> Estimation based on observation.

Tourism agency					
<b>Barad</b>	Electrician	Self-employed	1	1	100%
<b>Bayhas</b>	Clothing factory/Export Office	Employer	2	53	96.2%
<b>Bulus</b>	Restaurant	Employer	1	13 <sup>14</sup>	100%
<b>Duraid</b>	Clothing wholesale shop	Self-employed	1	1	100%
<b>Falah</b>	Cellphone shop	Self-employed	1	2	100%
<b>Farid</b>	Café <sup>15</sup> /Coffee supply	Employer	2	7	71,4%
<b>Firas</b>	Seeds Shop	Self-employed	1	3	100%
<b>Halil</b>	Restaurant	Employer	1	8	100%
<b>Hassan</b>	Graphic Design	Self-employed	1	1	100%
<b>Jamal</b>	Clothing wholesale shop	Employer	1	5	80%
<b>Mansur</b>	Super market and Real Estate (employee)	Self-employed/Employee	1	3	100%
<b>Mohammad</b>	Hairdresser	Self-employed	1	1	100%
<b>Mona</b>	Restaurant	Employer	1	7	71,4%
<b>Nizar</b>	Restaurant and Bakeries	Employer	8	322 <sup>16</sup>	98,75%
<b>Tahir</b>	Second hand furniture and Real Estate	Self-employed	1	1	100%

The main reasons to hire just Syrians are basically three: language barrier, cheap labor force and humanitarian reasons (reasons that were identified by Smorenburg (2015) as well). First of all, a lack of knowledge of the Turkish language is one of the main reasons for Syrian entrepreneurs to hire just

<sup>14</sup> Estimation based on observation.

<sup>15</sup> Just the employees of the café are being considered, because the other company is not based in Istanbul.

<sup>16</sup> Estimation of the owner of the restaurant.

other Syrians as employees. Communication is important for them in order to give instructions, participate in discussions and understand possible needs and requests of their employees. Bulus is one of the entrepreneurs who prefers to hire just Syrians because of the language barrier. In this quote he explains the importance of communication in his work:

*“I must be able to give orders and to be understood. Communication is everything to solve problems and improve the quality of my restaurant. How would it work if I’m not able to explain to the people who work for me what they are doing right or wrong”. (Bulus, 19/03/2015, Istanbul)*

The communication between employer and employee is easier since both speak the same language. Most of the respondents are not fluent in Turkish, having just the basic level of the language. The same goes for most of the employees, who don’t have a high level of Turkish. These enterprises owned by Syrians offer job opportunities to Syrians who don’t speak Turkish. In some of these companies the owner understand the importance of the Turkish language to keep communication with suppliers and Turkish clients. Nizar, for instance give financial incentives to his employees to learn Turkish. He explains that the salary of his employees (almost all of them Syrians) increases not just with experience and time working at his restaurants, but as well with the level of Turkish mastered by his employees.

Secondly, cost-efficiency is another important factor motivates Syrian entrepreneurs to hire other Syrians. Syrian employers say that Turkish employees are more expensive. Registration of the employees and health insurance are costly and compulsory for those who want to officially hire an employee. Syrian employees offer a cheaper option, since they are not officially registered due to the restrictive legislation regarding Syrian refugees, as we saw in chapter 4. In the end it helps employers to cut costs to open or run a business. In this point Syrian entrepreneurs count on the “help” of the Turkish government, who close an eye for those enterprises who hire Syrians and don’t register them. Azado explains that when the municipality comes to check his restaurant they ignore the fact that many of his employees are Syrians without a work permit or a contract. He says that they understand the fragile situation in which Syrians are now. This was confirmed by Nizar.

*“The Turkish government knows the situation of Syrians. They know that I’m hiring just Syrians, but they are ignoring it. They are helping us”. (Nizar, 30/04/2015, Istanbul)*

Besides that, Syrian employees work longer hours compared to Turkish employees. Research by Smorenburg (2015) demonstrated that Syrian employees are working more than the maximum amount of hours stipulated by law. An important factor that contributes to this situation is the lack of

labour rights for Syrian refugees, since they cannot work in Turkey (Smorenburg, 2015). It creates a situation in which Syrian employers pay less for each employee, who work more than any other employee in a legal situation.

A third reason mentioned by Syrian entrepreneurs to hire just Syrians is the will to help others. Syrian entrepreneurs declared that they want to help other Syrians who are passing through difficulties and the way that they found to do this is hiring them. Aymnan is a good example for this. 15 employees would be enough to run his restaurant, but now he is working with 37. He explain his reasons:

*“The main purpose of the restaurant is not to make profit, but to help Syrians. I have 37 employees. Under normal circumstances I would need much less employees, maybe a half of it, but I want to help other Syrians (...) In the end we are sons of one country”.* (Ayman, 11/05/2015, Istanbul)

Nizar and Bayhas, besides having a successful businesses in Turkey, have an extensive network and they make use of it not just to open and run a business, but to find employment for other Syrians as well. They say that when they can't hire these Syrians searching for a job, they try to link them to other Syrians who are searching for employees.

During my interview with Bayhas, he received a call from a friend who is opening a clothing factory in Turkey (not in Istanbul). This friend was searching for a Syrian with technical skills able to work with his machines. Bayhas keeps a database of all the Syrians who came to him searching for a job and he would check on his database if he had someone with the necessary qualifications. Nizar does the same thing. He says that everyday there are Syrians searching for jobs at his restaurants. Currently he employs more people than necessary, so he is not hiring anyone anymore. However, he sends the people who are searching for jobs to a friend who works with money transfer and who has more connections. Together they always try to find a position for unemployed Syrians.

However, the labor conditions of Syrians working at Syrian enterprises is a matter of concern and debate. In Turkey, the rights for Syrians to work are not completely clear. According to the new Temporary Protection regime Syrians are allowed to work in Turkey. Nevertheless, the sectors in which they can work and the rights that they have are not defined yet. Therefore, there is a chance that they are exploited, because they rights are not clear. Syrians working in the enterprises of this research, are not registered. Some employers justify saying that it is too expensive to register employees or that it is impossible to give work permits to all the employees, since the government doesn't allow them to work in Turkey. Bayhas, for instance, explains his reasons to not register his employees:

*“We have a verbal agreement. Not all the employees are permanent and the work permit is a long and expensive process, so I don’t do it to everyone. You have to take and give rights. At the textile factory, for instance, the employees are registered just after one year working. Some employees are working just to have money to go to Europe. I want to be sure that they are going to stay. Now I’m waiting for the elections results to start to apply for work permits for my ‘fixed’ employees”. (Bayhas, 06/05/2015, Istanbul)*

It is difficult to understand until which point Syrians are hired by other Syrians because they want to help each other from the point where it is more convenient to hire them because of the cheap labour. However, it is a fact that Syrians have not just economic reasons to hire other Syrians, but cultural reasons as well. Co-ethnic ties make Syrian entrepreneurs feel responsible to offer job positions for other Syrians when they must decide between hiring co-nationals or Turkish citizens. As a consequence they are helping each other and unemployed Syrians can find in these enterprise a starting point for their life in Turkey, as pointed out by Smorenburg (2015) as well.

It is important to realize as well, how employers and employees find each other. There are basically two ways in which it happens (Smorenburg, 2015). The first one is through a common social network. Syrians who are already working in the shops recommend family members or friends to possible vacancies. A social network is not just important for Syrians to find employment in Syrian-owned business, but to find employment in other enterprises as well (Smorenburg, 2015). The second way is through active searching from both sides. Syrian entrepreneurs use different strategies to find employees, including advertising on internet or announcing vacancies in the windows of their business. Syrians who are actively searching for jobs see these advertisements (usually in Arabic) and apply for the vacancies. It is evident that co-ethnic networks still playing an important role not just to find business partners, but employees as well.

## 7.2 Entrepreneurship and Syrian clients

Even though Syrians are spread all over Istanbul, there are regions where they are more concentrated. Walking around Aksaray, for instance, can make you forget that you are in Istanbul. Arabic signs are almost everywhere; on outdoors, flyers, signs, advertisements and menus in restaurants (see Figures in page 86). On the streets or inside the shops the main spoken language is Arabic and it is not rare to find places where people can barely speak Turkish. Among the many different nationalities Syrians have a strong presence in the neighbourhood that is now known as “Little Syria”. Markets, restaurants and bakeries run by Syrians are in each corner and in all sizes. In fact, there are many Syrians living in the district of Fatih (where Aksaray neighbourhood is). In this

way Syrian enterprises are not just a place where Syrians can find employment, but it is a place where Syrians can find specific products or people who can understand their particular requests.

Figure 5: Menu in Arabic and Turkish

<b>SANDVIÇLER</b>	<b>السندويش</b>	<b>PİZZA</b>	<b>بيتزا 22</b>
Meksika Tavuk 5,90	دجاج مكسيكي ٥,٩٠	Margarita 6,50	مرغريتا ٦,٥٠
Francisco 5,90	فرانسيسكو ٥,٩٠	Sebzeli 7,00	فصول اربعة ٧,٠٠
Fajita 5,90	دجاج فاهيتا ٥,٩٠	Tavuklu 7,90	دجاج ٧,٩٠
Tavuk şiş 5,90	شيش طاووق ٥,٩٠	Salamli 7,90	سلامي ٧,٩٠
Twister Tavuk 5,90	تشكن تويستر ٥,٩٠	Sucuklu 7,90	بيروني ٧,٩٠
Iskalop (Şinitzel) 5,90	اسكالوب ٥,٩٠	<b>KAHVALTİ</b>	<b>فطور</b>
Hamburger 6,90	همبرغر ٦,٩٠	Kaşarlı Pide 6,90	فطيرة بالجبنة ٦,٩٠
<b>ANA YEMEKLER</b>	<b>الوجبات</b>	Sucuklu pide 7,90	فطيرة بالسدق ٧,٩٠
Kaşar Peynirli Tavuk 9,90	تشكن رول ٩,٩٠	Kıymalı Pide 7,90	فطيرة لحمة ٧,٩٠
Nugget 9,90	تشكن ناغيت ٩,٩٠	Kıymalı Yumurtalı 7,90	فطيرة البيض واللحمة ٧,٩٠
Tavuk şiş 9,90	شيش طاووق ٩,٩٠	Tabağı Kahvaltı 9,90	وجبة فطور ٩,٩٠
Fajita Tavuk 9,90	دجاج فاهيتا ٩,٩٠	(Yumurta - Domates - Salatalık yeşil ve Siyah Zeytini-Reçel Beyaz Peynir - Çay)	(بيض- خبز- پنچورة- زيتون الخضري- فاني- واسبور- قريش- جبنة بيضاء- شاي)
cordon Blue 10,90	كورون بلو دجاج ١٠,٩٠	<b>ÇORBALAR</b>	<b>شوربات</b>
Twister Porsiyon 9,90	وجبة تويستر ٩,٩٠	Mercimek 3,00	عدس ٣,٠٠
Iskalop (Şinitzel) 9,90	اسكالوب دجاج ٩,٩٠	Mantar Krema 3,90	كريم الفطر ٣,٩٠
<b>MAKARNALAR</b>	<b>باستا</b>	Tavuk Krema 3,90	كريم دجاج ٣,٩٠
Napolitana 6,90	نابوليتانا ٦,٩٠	<b>مشروبات ساخنة</b>	<b>مشروبات باردة</b>
Milanese 5,90	ميلانيز ٥,٩٠	Capuccino 3,50	كابوتشينو ٣,٥٠
<b>SOĞUK İÇECEKLER</b>	<b>مشروبات باردة</b>	Cafe latte 3,00	كافيه لاتييه ٣,٠٠
Polo 3,00	بولو ٣,٠٠	Cafe Mocca 4,00	كافيه موكا ٤,٠٠
İce Late 3,00	ايس لاتييه ٣,٠٠	Sıcak Çikolata 2,90	هوت شوكليت ٢,٩٠
Slash 3,00	سلاش ٣,٠٠	Türk kahvesi 2,50	قهوة تركيه ٢,٥٠
Jamaika 3,50	جامايكا ٣,٥٠	Çay 1,00	شاي ١,٠٠
Soğuk Çay 3,00	ايس تي دراق ٣,٠٠	<b>TATLILAR</b>	<b>كريب</b>
bisküvi ve Krem 4,50	كوكيز آند كريم ٤,٥٠	Crep (Çikolatalı) 3,50	كريب شوكلا ٣,٥٠
<b>DONDURMALAR</b>	<b>بوظة</b>	Crep (Çikolata ve Muz) 4,50	شوكولا مع موز ٤,٥٠
Banana Split 5,50	بنانا سبليت ٥,٥٠	Crep (Çikolata ve Dondurma) 4,50	كريب مع بوظة ٤,٥٠
Çikolata Sos 5,50	كوب شوكولا موص ٥,٥٠	<b>MEYVE SALATALARI</b>	<b>سلطات الفواكة</b>
Çilek 5,50	كوب فريز ٥,٥٠	Meyve Salatası 7,90	سلطة فواكة ٧,٩٠
<b>MEYVE KOKTEYLLERİ</b>	<b>كوكتيل</b>	Meyve Salata Nutellalı 7,90	سلطة نوتيلا ٧,٩٠
Muz, Süt 4,50	موز حليب ٤,٥٠	Meyve Salata Kit kat 7,90	سلطة كيت كات ٧,٩٠
Muz, Süt, Bal 4,90	موز وحليب وعسل ٤,٩٠		
Karışık Meyve 4,90	كوكتيل فواكة ٤,٩٠		

Figure 9: Business card of an Electrician (Arabic version)

**الكهربائي الصناعي**  
**غسان عبيد**  
لبلوم كهرباء صناعي  
لوحات صناعية - إصلاحات منزلية - تجهيزات مطاعم  
أرمانت - لوحات مضيقية - طباعة كروت  
بيع أجهزة موبيلات

LED TABELA YAPILIR

Figure 6: Business card of a Perfume shop

Kobunuz En Güzel Hatıranız...  
**مرکز ياسمين الشام للعبور**  
**Yasmin El Şam parfüm**  
Ahmet  
تورع كافة أنواع الازوت العطرة بالجملة والصفرة  
تجهيز كافة المحلات بمستلزمات العطور  
Toptan ve Perakende  
Fatih - İstanbul - Gsm: [Redacted]

Figure 7: Business card of a Syrian Dentist

**عيادة الفاتح السنينة**  
مداداة - نيجان وحسور - معالجات لثوية - معالجات لبية  
اطفال - تبيض اسنان - رقع اسنان  
الفاتح - خلف جامع الفاتح

Figure 8: Business card of a supermarket

**غذائيات وطن**  
مواد غذائية  
معلبات  
بهارات  
أجبان  
بضاعة سورية جملة ومفرق

Figure 10: Turkish version

**Endüstriyel Elektrik**  
**Ghassan Obeid**  
LED TABELA YAPILIR  
Endüstriyel elektrik Diploma  
Tabaklar, Endüstriyel, evimi tamir  
Ekipman Resoranlar  
Led Tabela - Tabela - Kartvizit  
استنبول - باعجلار

### 7.2.1 Following the clients

Among the respondents there is a clear division between those who focus their marketing strategies on Syrians and those who focus their attention on clients of other nationalities. An overview of the client base is presented on Table 9.

*Table 9: Composition of the Clients according with the Entrepreneurs*

Most Syrians	10
Syrians and other nationalities	5
Other nationalities	6

The group that is focused mostly on Syrians as clients is working mainly on the catering sector (restaurant, bakeries and cafes). Others in this group are owners of second-hand furniture shops, small super markets, informal real estate and other service providers (such as electricians and money transfer). The variety of businesses shows how the huge presence of Syrians in Istanbul created a demand for different kind of services. This situation made it possible for Syrian entrepreneurs to settle a business in the city. By choosing a specific location and language of interaction, they consciously aim their activities on other Syrians. Farid, owner of a cafe in Aksaray, explains how he sees the choices made by Syrians and how it influences his decisions of where to settle a business:

*“In Aksaray you have Syrian restaurants, Syrian bakeries and Syrian markets, because Syrians want Syrian products, so they want Syrian coffee as well. I came to Aksaray because Syrians are here, I have to follow my clients”.* (Farid, 05/05/2015, Istanbul)

Farid was already a big coffee producer back in Syria. Now in Turkey, he has to adapt to the circumstances. He has to be creative in finding ways to introduce his product in the local market, since he works with quite a specific product and he has the “strong Turkish coffee” as a main competitor, which is a strong brand. If he wants to get access to the Turkish market, he must start with Syrians. They can be the ambassadors of his product. His family is following this strategy all around Turkey, so far they opened 5 cafes around the country, most of them in the southeastern region (Mersin, Gaziantep and Kilis), a region with a high concentration of Syrian refugees.

Farid and his family are not the only ones to follow this strategy. The entrepreneurs who have Syrian restaurants or super markets selling Syrian products aim to be in areas where other Syrians are living. Those areas are an attractive place for these entrepreneurs with specific products. In such an environment, with numerous Syrian enterprises selling Syrian products, there are opportunities of interaction between the businesses as well. During one of my interviews with an owner of a Syrian

market, for more than once the interview had to be interrupted because employees from Syrian restaurants around the area would come to buy products that were missing in the restaurants.

It is interesting to observe that Bulus, *Figure 11: Millet Street, in Aksaray, Istanbul*

Halil and Azado who have businesses in Avicilar, are currently planning to open branches of their restaurants in the district of Fatih, because of the high concentration of Syrians. Based on observations during the field research it was possible to see that there is already a considerable number of Syrian restaurants in the area. Along Millet Street (Figure 11), one of the main



streets of Aksaray (in Fatih), it was possible to count eight Syrian restaurants along a small part of the street (700m), besides six other restaurants in other parts of the neighborhood. After interviewing a few of these restaurants, it became clear that one of the main motivations for Syrian entrepreneurs to be there was the concentration of other Syrians in the area. These restaurants are working mostly with Syrian clients according to their owners. They explain that in the beginning it was just other Syrians coming to their restaurant. However, there are trying now to diversify their clients and are trying to get the attention of other Arabic speaking clients and the Turkish population. Some of the restaurants have menus in Turkish and Arabic (Figure 5). However, as explained in the previous section, almost all the employees are Syrians with limited knowledge of the Turkish language, what makes the interaction with Turkish clients difficult. As a consequence they are still depending mostly on other Syrians as clients.

Farid and Mona went further on their strategy to call the attention of Syrians. Both are using the same name of their business back in Syria. They explain that it is a way to show that they are Syrians, since they were well-known (Mona at least in Damascus, while Farid had a coffee company famous in all the country). In this way Syrians see that they *“are offering a product of quality”* (Farid, 05/05/2015, Istanbul).

Mona expressed other non-economic reason to choose Aksaray. She mentioned that she could have chosen other areas of Istanbul to open her business, such as Taksim square (one of the main tourist areas of Istanbul and an economic center). However, she believes that Taksim was an area where people want to party and drink and it would go against her religious believes. Because of that she



chose Aksaray, where according to her the clients are more Muslim families and people don't care if she sells alcohol or not. In addition, she feels comfortable to be around other Muslim, mainly Syrians. She uses the relation that she has with a family of Syrians who own a restaurant on the other side of the street as an example. She says that they are treating her and her brother as part of their family and helping them with whatever they need.

As we can see, the geographical location plays an important role on the strategies of Syrian entrepreneurs when they settle their business. The presence of co-nationals was an important factor on the decision of the location. Syrian entrepreneurs believe that they can understand better the preferences and needs of other Syrians, as exemplified by the stories of Farid and Mona, since they have the same cultural background. In addition, being surrounded by co-nationals creates a feeling of familiarity with the place and the people, as illustrated by the story of Mona. In fact, van der Sar (2015) highlights that a fact that the conservative Islamic character of Fatih makes it an attractive neighborhood for Syrians, which makes them feel more at home in this part of the city, compared with other areas of Istanbul. In addition, Syrians can find a variety of services offered by co-nationals or other entrepreneurs who adapt their business to the presence of Syrians in Fatih. From hairdressers, to shops, dentists, schools and a hospital managed by Syrian doctors. Furthermore, Syrian entrepreneurs and non-entrepreneurs are attracted to this area because they believe that there they would experience less discrimination (van der Sar, 2015).

The fact that there is a group of Syrian entrepreneurs clustering in certain areas of Istanbul is not just based on economic, but cultural reasons as well, raises concerns about the capacity of these entrepreneurs to diversify their group of clients and expand their business. Pécoud (2004), for instance, pointed out the importance of adaptation and openness of entrepreneurs to other cultures in order to diversify the client base, by understanding different needs from different groups and adapting the business to it, making it possible for the business to survive and grow. Even though it was common to hear during the interviews that the respondents were willing to expand the group of clients, Syrians don't have a clear strategy to do that.

However, there are entrepreneurs who are trying to break out of these co-ethnic ties by changing the location of their business and using the Turkish language more in their everyday work. A good example is Nizar, who started his restaurant chain in Aksaray and now has restaurants in other areas of Istanbul, such as Taksim square. He explains that by moving to more touristic areas of Istanbul he can introduce the Syrian food to tourists and even Turkish nationals. Ayman, who has his restaurant just a few meters from Nizar, in Taksim, had the same idea. He says that the Syrian food is good and that not just Syrians enjoy it, so he is confident that in Taksim not just Syrians will come to his

restaurant, but Turkish people as well. Nevertheless, the location alone does not seem to be enough to attract another group of clients. Ayman has his menus just in Arabic and his employees have a limited knowledge of Turkish, as consequence he doesn't have many Turkish clients. In this regard Pécoud (2004) makes an interesting analysis, by affirming that the language spoken in the business contributes in an important way to the more or less "ethnic" image of an enterprise. In this way, being able to speak more languages than Arabic is important for those Syrians who are targeting a different group of clients. Nizar realized the importance of the Turkish language for instance. On his restaurants he has menus in Turkish, besides giving financial incentives for his employees to learn Turkish, as already mentioned.

### 7.2.2 Working with other clients

Even though most of the respondents focus on Syrian clients, there are 6 respondents who open businesses which do not depend on Syrians clients. They are focused on international clients. Jamal for instance, is working with other Arabic speaking clients as well as clients of other nationalities, such as Ukrainians and Russians. He explains that he has two employees: a Syrian to work with Arabic speaking clients and a Russian, who can communicate with other clients. Because of his good international connections, Bayhas is able to export all the products of his factory to other countries. The tourism agency of Azado works mainly with Americans. Abbas is in the same situation, since he works with Arabic speaking tourists who want to rent apartments in Istanbul. Hassan has a variety of clients, but none of them are Syrians, because he doesn't like to work with other Syrians due to bad past experiences. Duraid on the other hand, who still has to open his clothing shop, is already aiming for international clients, but because of his lack of network he hopes that the location of his shop is going to help him to find good clients.

The situation of this group is similar to those entrepreneurs who most with Syrians in one point: their interaction with Turkish people is quite limited. Bayhas and Jamal show some interest on start working with Turkish people. However, they want to focus on their international clients for now. If the business starts to grow they would start to work with the local market. The reasons to avoid working with Turkish clients are not totally clear, but Bayhas for instance justifies his choices by saying that Turkish people work with credit, but he needs the money as soon as he sells, because he just started his business. Azado and Abbas on the other hand have businesses which depends tourists, so it is logical that they are not working with Turkish nationals.

The current situation of this group is not much different compared to enterprises working with Syrians. They are facing the same difficulties to establish a business and it brings me to conclude that in the beginning, the group of clients Syrians are working with don't influence their situation. More

important factors are the skills of entrepreneurs to run a business and their social network, to find employees and a first group of clients. However, it still a matter of concern how people who work most with Syrians will manage to diversify their group of clients and grow since, the number of Syrians is limited compared with Turkish nationals for instance and their economic situation is fragile.

### 7.2.3 Use of Internet

An additional tool used by Syrian entrepreneurs to find other Syrians and to advertise is Internet. Most of the entrepreneurs interviewed make intense use of social networks. Facebook is one of the most important tools used to keep in touch with clients, find new costumers and keep clients updated about events and new products. The restaurants for instance, make an intense use of Facebook, to keep clients updated about

Figure 12: Advertisement of one of the Syrian restaurants in Arabic



events and new dishes in the menus, besides promotions (see Figures 12 and 13). Some other enterprises interviewed have Facebook pages as well. For instance, a secondhand furniture shop keeps the list of new products that they have constantly updated and a tourism agency does the same. In Facebook pages such as “Syrian Community in Turkey” a series of services is offered for Syrians, including dentists and schools, besides the advertisement of new shops in different areas of

Figure 13: Advertisement in Arabic of one of the Syrian supermarkets in Istanbul



the city (See Figure 7). Moreover, in these same pages it is possible to see job offers for those with specific skills.

This kind of business strategy can say more about the kind of clients that Syrian entrepreneurs are aiming. The pages used were all in Arabic. It shows a limitation on interaction between possible Turkish clients and these enterprises. If Syrian entrepreneurs really want to diversify their group of clients, they must adapt their advertisement tools such as

Facebook and use more Turkish language, for instance.

### 7.3 Conclusion

Social capital still plays an important role when the moment comes to find employees or the first group of clients. As a result, from the current 21 entrepreneurs, 9 are employers and almost all their employees are Syrians. It seems to be a good strategy mainly in order to overcome language barriers and avoid expensive labor costs, since Syrians are not registered. However, working just with Arabic speaking people is restricting their number of clients, which may compromise the potential of the enterprises to grow, since they work with a limited number of Syrian clients. The focus on Syrians is reflected on their choice of locations to open the business as well, since they are trying to start their business on places where Syrians are more concentrated.

Even though the concentration of Syrians are helping Syrian entrepreneurs to start over in Istanbul, there are a few considerations to be taken into account. For now the strategy of working with Syrians seems to be working and the reason is the demand for products and services created by the huge influx of Syrians in Istanbul and the consequent concentration of Syrians in a few areas of the city. As explained before not much can be said about the concentration of Syrians in Istanbul. However, it is unquestionable that there are many Syrians living in Fatih, for instance. This concentration attracted the attention of Syrian entrepreneurs who saw the lack of interaction between Syrians and Turkish entrepreneurs, mainly due to language barriers, as an opportunity to start a company. Mohammad, who is hairdresser, explains how the fact that he speaks Arabic makes a difference in order to understand what the clients want. His Turkish business partner is responsible to cut the hair of Turkish people, while Mohammad is responsible to work with Arabic speaking clients (most of them are Syrians). Little by little, there is a "little Syria" growing inside the neighborhood. Where the most different kinds of services are offered by Syrians to Syrians. Including, hairdressers, restaurants, bakeries, electricians, supermarkets, dentists, doctors, butcher shops, cellphone shops, perfume shops, cafes and computer shops.

Syrian employers are trying to increase the interaction with the Turkish population by incentivizing their employees to learn Turkish. Those who are self-employed and do not have employees are trying to learn the language by themselves. However, by analyzing their main marketing strategies (Facebook, Business cards and Flyers) it is possible to see that they are still focused on Syrians.

Nevertheless, there is another (smaller) group of Syrian entrepreneurs who are working with international clients and found in Istanbul a good place to settle their business. Those working with a clothing factory and tourism agency have their focus on international clients. Nevertheless, they are still employing Syrian employees because they are cheaper or because they have Arabic speaking clients. It shows again that language can still be a barrier to the access to the local market.

## 8. Important decisions ahead

There are still two important factors to be analysed before concluding this thesis. First of all the reasons that make Syrian entrepreneurs to register their enterprises or not will be discussed and how it influences their current situation. As explained in the theoretical framework, the possibility and the decision to register an enterprise plays a role on the possible outcomes of an enterprise. For this reason it will be important to take it into consideration. Finally, the plans of the respondents for the future will be discussed and how the success of their enterprises plays a role in their plans to stay in Turkey if eventually the war in Syria ends.

### 8.1 Registering an enterprise in Turkey

Together with the decision to open a business comes the decision to register the business at the municipality. As explained before, Syrian refugees in Turkey are guaranteed with the Temporary Protection Status. Even though this status (in theory) guarantees refugees access to a variety of services (such as education and health care), this document is not accepted to register a business in Turkey. In the eyes of the Turkish Government, Syrian refugees who want to register a business are seen as any other foreign entrepreneur. Therefore there is no special procedure for Syrians, and they have to follow the same steps as any other foreign entrepreneur. According to the World Bank Group the process to register a business in Turkey takes 7 steps and it takes a maximum of 6 days (including the request of documents) to finish the process. If all documents are ready it can take just one day. The full procedure to open a business is explained in Appendix II. Nevertheless, I want to highlight the necessity of one particular document: the Residence permit. This permit is an essential document in order to register a business in Turkey and it puts Syrians in the same legal status as any other foreigner.

As explained in chapter 4, there are many kinds of residence permits in Turkey. Each of these permits are used for a different purposes for staying in Turkey (study, research, tourism, business, etc). However, Syrians who want to open a business in Turkey use two permits: the tourism residence and the business residence. Both guarantee one year of residence for the entrepreneur and both give the right to register the business. According to the respondents the main difference between the business residence and the tourism residence is that those who want to ask for the business residence, must have a business already settled to ask for this kind of permit. The procedure for the business residence is a bit longer, requiring more documents. Some of the respondents mentioned the difference in price for these two kind of permits. However, I didn't find information regarding different prices for this two kinds of residences. Both permits require a rental contract, passport and a Turkish bank account with a deposit of 6000US\$ (500US\$ per month of residence).

Table 10: Legal situation of Syrian owned enterprises

Legal Situation	Number of Entrepreneurs	Number of Businesses <sup>17</sup>
Registered	10	20
Want to Register	3	3
Not going to register	8	9

In Table 10 the legal situation of the enterprises of the respondents is summarized<sup>18</sup>. The legal situation was divided into three different categories according to the information given by the respondents: ‘Registered’, ‘Want to register’ and ‘Not going to register’. On the next sections the explanation of the reasons for Syrian entrepreneurs to register their businesses or not will be given and how it influences the current situation of the enterprises.

#### 8.1.1 “Registered” and “Want to register”

First of all there are those who already registered the business. It is interesting to observe that the majority of the respondents decided to register the business or are planning to register (13 in total). The respondents justified their decision to register the business in two different ways. First of all, some of the entrepreneurs were afraid of fines or to get the business closed. Falah explains that before he had a shop, he was an employee at a cell-phone shop, where the owner got a fine of 15.000TL (5.100 euros).

*“One day a man entered the shop and saw his phone (that got stolen a few weeks before) for sale. The guy went to the police and the owner had to answer an official process because of it. He paid 15000TL just to get out of the court. If you are legal you don’t have to pay this fine. (...) I don’t want to give excuses for the government to give me fines or worse, close my shop”.*  
(Falah, 23/04/2015, Istanbul)

In fact, as mentioned already, the capital available for Syrian to open an enterprise is limited and depends on partnerships to a certain extent. As a consequence, Syrian entrepreneurs are investing everything that they have to start this new businesses and they don’t want to lose money on fines or even lose everything because they are not registered. Their position as refugees puts them in a delicate situation where they have to follow all the laws to avoid problems. This is what Duraid says as well when he mentioned that he wants to avoid “trouble”. Duraid is still planning to open his clothing

<sup>17</sup> As summarized in Chapter 5, some of the respondents have more than one enterprise in Istanbul.

<sup>18</sup> For this analysis I’m not considering Ahmed situation. He was owner of a restaurant, but as explained before he closed his business and now is manager at Bulus restaurant.

shop, but his first thought was to not register the business. He believes that many Turkish shops don't do it. However his brother told him that they should do everything legal. They were already in a delicate situation, where there were not many options of where to go. They should not waste the only opportunity that they have.

However, the registration process can be costly to entrepreneurs who don't have much money to invest. This is the situation of Farid. As an owner of a shop where he sells seeds, he is currently operating illegally. He says that the residence permit (a necessary document to register the business) is too expensive and for now he used all the money that he has to open the shop. Nevertheless, he affirms that if the business goes well he will expand it and legalize. Abbas is in the same situation. Even though he has the Tourism residence, he wants to apply for the Business residence, so he can open his business. For now it is not possible because of the costs to ask for this document, but as soon he has the money he will do it. Abbas doesn't have other Syrian entrepreneurs in his network who could advise him about the different ways in which it is possible for him to legalize a business, as a consequence he doesn't know that he could use the tourism residence to do it. It shows the importance of the composition of the networks and the sharing of information between its members.

The second reason that motivates Syrian refugees to register their enterprises regards the possibility to acquire the Turkish citizenship. Syrian refugees have the opportunity to apply for a Turkish citizenship after 5 consecutive years of residence in Turkey. In fact, four of the entrepreneurs interviewed currently have this kind of residence with the intention to apply for the Turkish citizenship. This is the case for Bayhas, who needs to wait just one more year to apply for the citizenship. He is sure that the Turkish citizenship will give him more rights. It will give him the certainty that he will not be sent back to Syria if the war ends and that he would be able to travel abroad.

For Azado and Abbas, the citizenship means much more than acquiring more rights. This would be the first official document affirming their citizenship. Azado was born in Jordan because his father left Syria in the 80's because of the repression of Assad's father. As the son of a refugee in Jordan he had no rights of documents. Abbas, on the other hand, is the son of a Palestinian and because of that he had no right for a citizenship in Syria. Both bought fake passports on the black market in Turkey. Azado already has the business residence and now is counting down the days to have his citizenship. Abbas on the other hand just got the Tourism residence. The business residence is too expensive to apply now, so he is waiting for his online business to work in order to apply for the other kind of residence.

### 8.1.2 “Not going to register”

The number of Syrian entrepreneurs who don't want to register their business is not small. In the end 8 of them are working illegally. They are motivated in different ways their decision to not register. First of all, two of them are not planning to stay in Turkey. Mohammad, the hairdresser, and Hassan, who is a graphic designer, have plans to move to Europe. Hassan is currently trying to cross to Greece. He never had the plan to stay in Turkey and he already tried in many different ways to move to other countries, but he didn't succeed. The fact that he doesn't speak Turkish seems to play a big influence on his decision, since his interaction with people is limited. Mohammad on the other hand applied for the resettlement program of UNHCR. Mohammad justifies his choice saying:

*“Life in Turkey is too hard. I paid too high commission to be able to use the salon. I earn barely enough to pay for my rent and the bills at my house. I registered at UNHCR and I hope I will be able to go to Europe. They (friends) told me that there I will have financial help and maybe I can work”.* (Mohammad, 23/04/2015, Istanbul)

Two other respondents, Abu Majid and Aamil, have a type of business that is illegal. They sub-rent rooms in apartments to other Syrians that would not have the conditions to pay a rent for a house alone. This kind of business is not allowed in Turkey. However this is the way that they found to have an income per month. Aamil also has a second business. He transfers money from Turkey to Syria and vice-versa. Because he operates illegally he can make better prices to people that want to send or receive money and because of that he is not considering to register his business. An additional reason for Abu Majid to not register is his constant hope that the war will stop in Syrian. During the interview he says that the war should stop by the end of the year. This was, of course, just a guess without any basis, but it shows that the feeling of temporality influences the decision to register or not a business.

Mansur, Ammar and Barad are not planning to register as well. Mansur currently found a job in real estate, so he is focusing on his job. It seems that the shop is no longer a priority for him and I would not be surprised if he would abandon the shop. Ammar just arrived to Istanbul. He has limited capital and still doesn't know if his work as an electrician will survive. Furthermore, he has no idea of what procedures he should take to work legally in Turkey. Barad is not registering trying to avoid taxes. He explains that he have barely enough to survive per month and he could not afford to lose money with taxes.

It is true as well that this group is taking advantage of the position of the Turkish government towards Syrians for now. It is constantly mentioned by the respondents that the government closes an eye to irregularities when they see that it is a Syrian owned business (as already mentioned in the previous



chapter). This relaxation of the rules seems to be an extra incentive. Furthermore, because most of them work independently and not in an office, it makes it difficult for authorities to find them.

It is interesting to observe as well that most of the Syrians who started a business because of a lack of opportunities on the labour market are not registering their business (the case of Abu Majid, Mansur and Ammar). In one aspect it is related to the lack of capital that they have. However for Abu Majid and Mansur it is related as well to the fact that they saw the enterprise as a temporary solution to unemployment. Mansur managed to find job, while Abu Majid is hoping to go back to Syria.

## 8.2 Plans for the Future

With a business in Istanbul the priorities and plans for most of these Syrian entrepreneurs is clear: stay in Istanbul, be sure that the business is going to be a success and grow. They are investing time, energy and money in order to make things work for the best in Istanbul. Even though many of the businesses are still young and the owners don't have a clear overview of the profit yet (or they didn't want to say), it seems that the businesses are going well and many of the respondents are making plans to invest in more branches sometime soon in the future. Bulus for instance doesn't know when he is going to have his investment back, but he is already planning on opening more branches of his restaurant in Istanbul:

*“As soon as I'm sure that the restaurant is going well and that I'm having a good profit, I'm planning to open a new branch of my restaurant in Fatih. There are many Arabs there, so it is a good location for a Syrian restaurant (...) I think that summer will be good for the restaurant”.* (Bulus, 19/03/2015, Istanbul)

Even though these entrepreneurs have ambitions plans, they are conscious that they must focus on the business now and make sure that it will work. Some of them are facing difficulties due to the location of the business, the lack of network and lack of capital. Jamal for instance, plans to have a clothing shop in Istanbul, but he needs to focus his energy to his wholesale shop, he is struggling to find a good location for it and is moving it now to its third location.

*“My plan is to stay in Istanbul. Now I'm focused on preparing the new shop and make it work. The investment is too high to fail now. Too much money went to this business. If everything goes well I'm planning on opening a small clothing shop, this time to sell to the normal public (small quantities). But this is just a vague idea, too many things have to happen before I invest in other things.”* (Jamal, 02/05/2015, Istanbul)

Even though the tendency among the respondents is to settle in Istanbul, they are still cautious and sometimes in doubt about their future. It is not a matter of what they want for the future, but if

Turkey will keep on the side of Syrians. From their personal experience they know that countries may change the law regarding refugees or Syrians from a moment to another. It is exactly what happened in other countries since 2011. Falah explains how he deals with this setting of uncertainty:

*“As a Syrian you know that things can change from one moment to another. I’m open to whatever may happen with me (...) For now my home is Istanbul and I’m focused on my shop. If it goes well I may open another (mobile phone) shop in another part of Istanbul with my brother, but that we will see more ahead.”* (Falah, 23/04/2015, Istanbul)

Mona shares the same spirit as Falah:

*“After all my experience in Syria I stopped to make plans. I have to go with the flow. Everything can change quickly. The idea now is make sure that this restaurant is going to work and bring my parents here, who still living in Damascus.”* (Mona, 05/05/2015, Istanbul)

However, these uncertainties don’t prevent the respondents to invest in a business in Istanbul. They want to stay in Turkey, but to be able to have a business is an important condition to stay. That is what Duraid is emphasizing:

*“My plans for the clothing shop have to work out within 6 months. I promised myself that if it will not work out, I will go to Europe in an illegal way. If I manage to make my business successful, I will stay in Istanbul and build up my life again. (...) I do not like the idea that if I go to Europe I have to be a refugee. Refugees cannot do anything. They cannot work”.* (Duraid, 30/04/2015, Istanbul)

It is interesting to observe how Duraid sees life of a refugee in Europe. The idea that by going to Europe Syrians could not work, because of the refugee status is the same for other people. Aamil have the same idea and says that Europe is not a goal for him. The refugee status in Europe is not attractive for those who want to have a business. They enjoy the “freedom” to do business in the only country where they can go.

Two other respondents are planning on staying in Istanbul but they are not planning to do investments in their business. Barad is currently working as an electrician, the job is going relatively well. But he is vague with his plans.

*“I don’t know myself. When I was in Egypt I decided suddenly to move to Istanbul, without consulting anyone in my family. Even though I started to rebuild my life in Egypt, (job, house and friends) I decided to move. I’m used to restarting (..) maybe Europe is an option in the future, but I’m not planning anything now”.* (Barad, 02/05/2015, Istanbul)

Abu Majid is currently sub-renting an apartment for other Syrians. He was pushed to do this kind of work because he cannot carry out his original profession in Turkey. Back in Syria he was a doctor, but people who acquired this diploma abroad cannot work in Turkey.

*“It does not matter how long I will stay in Istanbul, it will always be temporary, because I cannot do what I want to do and what I am good in. Assad took this from me, he took my happiness.”* (Abu Majid, 10/05/2015, Istanbul)

Investing in another house to sub-rent would cost at least 5000US\$ and he doesn't have this money right now. However, he says that that for now the house is giving him enough money to pay his and his family expenses.

Although the tendency of the Syrians interviewed is to stay in Istanbul and start over, there are those who are planning to move to Europe. Three of my respondents are planning to go to Europe. Each one has a different reason for this. Hassan for instance, never had the intention to stay in Turkey. He went there when he was trying to get a visa for Japan, which was denied. So he had no choice but to stay in Turkey. He doesn't like the country and now he is planning to move to Europe<sup>19</sup> in illegal ways.

Mohammad on the other hand chose a different way to go to Europe. Recently he applied for the UNHCR resettlement program and hopes that he and his family will be chosen soon. He says that life in Turkey is too hard and that he hopes that in Europe he will have more opportunities to grow.

Ayman has a different motivation. He is the owner of a restaurant and according to him the business is going well. He is planning on working with franchises in Turkey. Ayman has ambitious plans. Going to Europe is an option for him, because he sees business opportunities there. A cousin, who is in Austria, told him that a Syrian restaurant could work there, so he is considering in going in illegal ways to Austria.

*“I'm not going to close my restaurant in Istanbul. Someone from my family would take care of the business here and we would keep in touch using internet. Turkey is a good place to do business, but I see opportunities in other places as well”.* (Ayman, 11/05/2015, Istanbul)

The prospective of an end of the conflicts in Syria is not realistic for most of the respondents. And that's why they decided to open a business now. Mansur position summarizes the view of the Syrians who now have a business in Istanbul.

*“I cannot depend on what is happening in Syria. The current situation might last for another 10 years and I do not want to wait during all of this time. Even after the current conflict ends,*

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<sup>19</sup> The last time that I spoke with him, Hassan was already in Greece.

*it will still be unsafe because of all the different armed groups and the different mentality”.*  
(Mansur, 02/05/2015, Istanbul)

However there are several respondents that consider a future scenario where the conflict would stop and a return to Syria would be possible. Abu Majid for instance says that he expects the conflict to stop by the end of the year in Syria. He says that he would go back to help to rebuild the county. His main reason is the impossibility to work in Turkey. Nevertheless, other Syrian entrepreneurs say the same, regardless the current situation of their business. For example, Firas, Halil and Farid feel attached to their homeland and want to go back if possible. They say that if the business is going well in Turkey they don't plan to close it. They would keep a life in two countries and would arrange ways to keep the business going. Maybe some family member would stay in Turkey or they would stay part of the year in Syria and the other part in Turkey. This is still a quite vague plan, but these respondents are considering different scenarios.

Other factors play a role on their decision to stay in Turkey or return to Syria if the war stops. Some of the respondents said that when the war stops Syria has to be rebuilt, almost from scratch. Now in Turkey their children are going to school, they are learning Turkish and they are making friends. In Turkey they are rebuilding their lives and they have opportunities that maybe they would not have in a post-conflict Syria. Firas jokes by saying that his daughter now knows better Turkish than Arabic, but this is already an indication of how involved with the Turkish society these people are.

### 8.3 Conclusion

The registration of the business represents an important step on the establishment of a business for Syrian refugees for two main reasons: first of all it gives to Syrians the safety to invest on their business and make it grow. The second reason is the fact that registration of business redefines the status of Syrian refugees who are no longer refugees, but are foreigner investors. The rights for them are extended and they can ask for the Turkish citizenship. Since most of the respondents are planning to stay in Turkey in the future, this is an important factor, because the citizenship would guarantee them the possibility to stay in Turkey.

It is important to observe as well that those who register have more financial resources available, compared with those who don't. However, limited financial resources is not the only explanation for not registering. More important than that is the fact that part of the Syrians working in the informality see their stay in Turkey as temporary. Two respondents are planning to go to Europe, while people like Abu Majid are hoping that the war is going to stop soon in Syria.

As discussed before, the realization that the settlement in Turkey is not temporary, but it is a permanent situation is what moved Syrian refugees to start a business in Istanbul. The fact that they are investing in the business and making plans to expand the business, including new branches in different areas of the city, already gives an indication of the future of these entrepreneurs in Istanbul. Their plans to return or not to Syria if the war stops is closely linked to the success of their business. Other factors that help to understand the possibility of Syrians to stay in Turkey is the fact that some of these refugees left Syria not just because of safety reasons, but because of economic reason as well. If the war stops, the country will be destroyed. So the economic reason to leave the country is still valid. Furthermore, if they are successful in Istanbul, they don't see reason to exchange a safe position where they have a successful business to a scenario of uncertainty back to Syria. The situation is different for those like Abu Majid, who are not allowed to work with his former profession, or those who are planning to leave to Europe. Their situation is more instable and their plans to the future not very concrete.



## 9. Discussion and Conclusion

Syrian refugees in Turkey will reach the incredible number of 2 million by the end of 2015 according to UNHCR (2015). Even though the number of reports trying to inform about the situation and experience of these Syrians is growing, these documents are still too little to fully understand the complex situation of Syrian refugees in Turkey. One of the main ignored themes is the conditions of Syrians who now have a business in Turkey and their experience. With the aim to expand the knowledge and bring more information about those Syrians refugees with a business in Istanbul, the following research question was posed: **“What are the experiences of Syrian refugees in starting a business in Istanbul? What is the role of co-ethnic networks in this process?”**. Istanbul was the city where the research was conducted because of the high concentration of Syrians, who amount to 330.000 people, according to the Turkish government. In addition, this research tried to understand what is the importance and role of this concentration of Syrians on the settlement of Syrian owned businesses.

As demonstrated by this research, the majority of the respondents who left Syria because of the conflict, are men, with past experience in entrepreneurship. The presence of just one woman among the interviews may be justified by the patriarchal characteristics of Syrian society (Kamla, 2014). On average they are 35 years old and the level of education is not high, with most of them stopping to study after high school. The respondents started a business in Syria for different reasons. Among the most mentioned ones there was diversification of the income, being their own boss, independency and because the family was already doing this business for years, so they kept the profession.

Once the conflicts started in 2011, not many of the respondents left the country immediately. Even though safety and economic conditions were not favorable, Syrians who owned a business were reluctant to leave everything behind. The delay on the moment of departure from Syria caused them the loss of financial capital. The loss of capital was aggravated as well by the displacement process, since most of the respondents were traveling with their family members.

It is interesting to observe that in literature the most mentioned reasons for refugees to start a business is the lack of opportunities or the lack of qualification of refugees for the labor market positions (Wauters & Lambrecht, 2006). However, the respondents of this research were motivated by past experience to open a business. Their past experience with entrepreneurship motivated and gave them the confidence to try to have a business in Istanbul. This shows that entrepreneurship is not a last resort, but the main strategy to restart life elsewhere by people with an entrepreneurial background. However, a few of them had different motivations that deserved to be mentioned. Bad experience on the local labor market, impossibility to keep practicing their former job and difficulties

to find a job due to age were the reasons mentioned by four of the respondents. Due their lack of experience with entrepreneurship and lack of financial capital, they are facing more difficulties in administrating the business.

It was found that once the respondents arrived to Istanbul, the main difficulties to start a business were four: insufficient information about the local economy; lack of knowledge of the Turkish language; limited financial resources and restricted experience on the area in which they wanted to open a business. In order to overcome this obstacles, their social capital was crucial.

Even though the importance of social and human capital for immigrants and refugees in establishing a business is a matter of debate in literature (Fong et al, 2007; Volery, 2007; Marger, 2001, Potocky-Tripodi, 2004; Wauters and Lambrecht, 2006), this research found that both forms of capital, together with financial capital, play a crucial role for Syrians to start a business in Istanbul. The social capital of Syrian refugees are basically formed by co-ethnic networks (family and friends) and through this networks Syrians are able to make partnerships with co-nationals in order to fulfil gaps in financial resources or experience in running specific kinds of business. Turkey is basically the only country that still applying an “open doors” policy which resulted in a huge number of Syrians in the country. In addition, it was observed he in a few neighborhoods of Istanbul there is a concentration of Syrians. This situation creates an environment where Syrians can rely on co-national on the establishment of their business.

In addition, the high reliance on co-ethnic networks is giving to Syrian businesses the characteristics of ethnic enterprises, as defined by Volery (2007). In fact, co-ethnic networks and ties assume great importance, not just on the formation of partnerships, but as well when it is the moment to find employees and clients. As a consequence most of the interaction between the Syrian businesses and clients and employees is developed within the Syrian community. This finding is reinforced by the fact that most of the advertisement of this businesses on internet are in Arabic, besides the fact that some of the companies are using the same name as the ones used back in Syria. Even though there are cases of Syrians who are working with non-Syrian clients, co-ethnic networks still playing a big role in finding partners or employees.

As argued by Lyon et al (2007) the consequence of such strategies is the fact that Syrians are finding in this enterprises a place to restart. These companies understand the needs of Syrians and the communication between them is not a problem. These companies offer labour opportunities for Syrians, who may face difficulties to find employment in Turkish companies. In general it seems that the reliance on co-ethnic networks to establish enterprises is working. However, I share the concerns of Lyon et al. (2007) and Chaganti et al. (2002) regarding the difficulties faced by ethnic entrepreneurs



to get access to the local market, since they don't know much about the preferences of the host-population and have restricted knowledge of the local language. Pécoud (2004) defended on his work the importance for immigrant and refugee entrepreneurs to be able to conciliate co-ethnic and non-co-ethnic resources to enable their business to survive. Syrians who are working mainly with co-nationals are aware of the restricted market that they are working with. However they miss the practical skills, mainly language skills and geographical location of the shop, to diversify their group of clients.

Diversifying the group of clients assumes particular relevance for two main reasons: the first one regards the future plans of Syrian entrepreneurs. The future plans of the respondents indicates that in the next few years they intend to invest on their business and make it grow. In addition, by registering their business and applying for the Turkish citizenship they show their will to stay in Turkey and invest in their business. In this context reaching other groups of clients is important to increase the resilience of the businesses. The second reason regards the Turkish policies towards Syrian refugees. Since Syrian refugees are only granted temporary protection in the country, Turkey may decide to repatriate Syrian refugees, leaving the question: can these businesses survive without the Syrian community of Istanbul? Syrian entrepreneurs must be aware of the fragile situation in which they are if they rely just on other Syrians. Thus, this is the reason to search for other clients.

The findings of this research helped to give a face to a few of the Syrians who decided to start a business in Istanbul, besides helping to understand the experience of these entrepreneurs and demonstrated that the high concentration of Syrians in Istanbul is playing an important role on the settlement of these new businesses. Syrians are managing to overcome the difficulties imposed by their status of refugees and start a business in Istanbul, mainly by using co-ethnic networks to find partners, employees and clients. These business are helping Syrians in general to settle in Istanbul, by offering a source of income, for owners and employees, besides offering services to other Syrians, who would face great difficulties to overcome language barriers. In addition, the overall situation of Syrian entrepreneurs was reported as good. They are managing to grow and they start to have profits. However, it still too soon to say if they will prosper or not. This study concludes that more research is necessary in order to understand particular needs of Syrian enterprises to grow and how to help them to get access to the Turkish local market.



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## Appendix I - Topic List

### General Information

- Name
- Age
- Place of Birth
- Date of Birth
- Education level

### Background information

#### Life in Syria

- Where were you living in Syria? Who was living with you?
- Did you have access to healthcare? Did you have access to education?
- What was your economic activity back in Syria? Why this activity? Did you receive any training in order to develop this job?
- Which other jobs/companies did you have back in Syria?

#### Decision and process of 'migration'

- Why did you leave Syria?
- Why did you choose Istanbul to live? Were there other options?
- How did you arrive to Istanbul? When did you arrive to Istanbul?

### Resettlement in Istanbul

- Where do you live in Istanbul? Who lives with you? Where is your family now?
- Do you or your family have access to services, such as education and healthcare?
- On your arrival to Istanbul, did you have any kind of support from Friends, NGOs, Government and/or Locals?

#### Labor opportunities

- Before you decided to open a firm (be self-employed), did you search for a job? If yes, how was this experience? If not, why not?
- What were the main difficulties that you faced searching for a job?
- Why did you decide to open a business in Istanbul?
- When did you open the firm?
- Did you register this firm? (if yes, how was the process? – if no, why not?)
- Do you have partners on this business? Where are they from?
- Why did you choose this kind of business?
- Where did the money to open the business come from?

### Entrepreneur characteristics

- Did you have previous experience with Self-employment? Was it on the same sector in which the enterprise is working now?
- Did you have any specific training to work in this sector or start this business?
- Do you speak Turkish, or do you want to learn it? Why?

### **Enterprise characteristics**

- Who are your clients? (More Turkish? Syrians? Other?)
- Who are your suppliers? Where the products that you buy come from?

### **Entrepreneur perceptions**

- What is your relation with the people that lives and works around you?
- Are you glad with your job? What do you like about it? What you don't like about it?
- What were the challenges to open your business? What are the challenges to keep business open? How do you overcome it?
- Is your income enough to provide you with the basic needs (food, housing, electricity, healthcare, etc)?
- Do you have access to credit (Bank, Friends, others)?

### **Future plans**

- Do you intend to stay in Istanbul? Why?
- What are your plans for the next few years?
- Do you intend to expand your business?



## Appendix II - Establishing a Business in Turkey<sup>20</sup>

No.	Procedure	Time to Complete	Associated Costs
1	<p><b>Submit the memorandum and articles of association online at MERSIS</b></p> <p><i>Agency: MERSIS</i></p> <p>According to the Article 13 of the Regulation of Trade Registry published on the Official Gazette dated 27 January 2013 and numbered 28541, trade registration transactions shall be fulfilled through MERSIS (Central Registration Recording System).</p>	Less than one day (online procedure)	no charge
2	<p><b>Execute and notarize company documents</b></p> <p><i>Agency: Notary</i></p> <p>According to Article 586 of the Turkish Commercial Code numbered 6102 and Article 90 of the Trade Registry Regulation, the following documents are required for the application of registration:</p> <ul style="list-style-type: none"> <li>- Notarized articles of association (4 copies and 1 original).</li> <li>- Notarized signature declarations (2 copies).</li> <li>- Notarized copy of the founders declaration (1 original copy).</li> <li>- Notarization of commercial books (6 books), including the resolution of the board of directors or other appropriate corporate body of the legal entity concerning the decision to become a shareholder in the company to be established (1 copy).</li> <li>- Notarized copy of a power of attorney authorizing the attorneys who will follow-up the application before the competent Trade Registry and other official authorities in order to proceed with the application (where applicable).</li> <li>- Notarized copy of the identity cards of the managers and shareholders (1 copy).</li> </ul> <p>The incorporation documents are exempt from the stamp tax: there are no fees to be paid for the articles of association and the signature declarations. However, fees are still applicable for notary services and for the valuable papers.</p>	1 day	<p>Paper cost: TL 120</p> <p>Notarization of the Articles of Association (5 copies): TL 1,200</p> <p>Notarization of the signature declaration of the manager: TL 51 per manager</p> <p>Total = TL 1,371</p>
3	<p><b>Deposit a percentage of capital to the account of the Competition Authority</b></p> <p><i>Agency: Halk Bankası (Ankara corporate branch)</i></p> <p>To register with the Commercial Registry, founders must obtain the original receipt from Halk Bankası. This receipt shows that 0.04% of the company's capital has been paid to the Competition Authority at the central bank or a public bank.</p>	1 day	0.04% of capital
4	<p><b>Deposit at least 25% of the startup capital in a bank and Obtain proof thereof</b></p> <p><i>Agency: Bank</i></p> <p>According to Articles 585 and 344 of the new Turkish Commercial Code, 25% of the share capital must be paid in prior to the new company registration. The remaining 75% of the subscribed share capital must be paid within 2 years. Alternatively, the capital can be fully paid prior to registration.</p>	1 day	no charge
5	<p><b>Apply for registration at the Trade Registry Office</b></p> <p><i>Agency: Commercial Registry</i></p>	2 days	see procedure details

<sup>20</sup> Source: copied from <http://www.doingbusiness.org/data/exploreeconomies/turkey/starting-a-business/>

The formation of a limited liability company does not require a court application. Thus, upon gathering the following documents, founders may apply for registration:

- Petition requesting registration
- 3 copies of an incorporation notification form (kurulus bildirim formu).
- 4 copies of the notarized articles of association (1 original).
- Bank deposit receipt with respect to the payment made to the bank account of the Competition Authority (0.04% of the company's share capital).
- An undertaking (taahhutname) signed by the authorized company representatives. Signature declaration of the directors.
- For each person authorized to represent the founders of the limited liability company, 2 copies of the signature declarations.
- Notarized copy of the founders' declaration (1 original).
- Bank certificate of the paid-in minimum capital deposit (at least 25% of the subscribed capital).
- Chamber of Commerce registration form.
- 3 passport-sized photos of the founders.

Following the completion of the registration phase before the Commercial Registry, the Commercial Registry notifies the relevant tax office and the Social Security Administration ex-officio regarding the incorporation of the company. The Commercial Registry arranges for an announcement in the Commercial Registry Gazette within approximately 10 days as of the company registration.

A tax registration certificate must be obtained from the local tax office soon after the Commercial Registry Office notifies the local tax office.

A social security number for the company must be obtained from the relevant Social Security Administration. For the employees, a separate application has to be made following the registration of the company with the Social Security Administration.

According to the official fees of 2014 published in the Official Gazette No. 28867 published on 31 December 2013, the following fees are applicable as of January 1, 2014:

- The registration fee for a limited liability company is: TL 615
- Initial registration fee of Chamber of Commerce is: TL 175
- Publication or announcement fee is: TL 0.33 per word
- Startup notice is: TL 55
- Commercial Registry Gazette fee is: TL 2
- Registration fee for manager's signature
- First manager's signature is: TL 440
- Each additional manager's signature is: TL 294.20

Fee schedule for annual membership in the Istanbul Chamber of Commerce (based on capital):

- TL 1 - 999 (capital): TL 110
- TL 1,000 - 24,999 (capital): TL 125
- TL 25,000 - 249,999 (capital): TL 175

	<ul style="list-style-type: none"> <li>- TL 250,000 - 999,999 (capital): TL 230</li> <li>- TL 1,000,000 and up (capital): TL 260</li> </ul>		
* 6	<p><b>Certify the legal books by a Notary Public</b></p> <p><i>Agency: Notary</i></p> <p>The founders must certify the legal books (6 documents: share ledger, manager's meeting minutes book, general assembly meeting minutes book, journal, general ledger and inventory book) the day they register the company with the trade registry. The notary public must notify the Tax Office about the commercial book certification.</p> <p>Approximate fee schedule for legal book certification:</p> <ul style="list-style-type: none"> <li>- Certification up to 100 pages: 61</li> <li>- Certification up to 200 pages: 71</li> </ul> <p>Fees include:</p> <ul style="list-style-type: none"> <li>- TL 345 (6 books)</li> <li>- Yevmiye Defteri (100 sheets) : TL 61.2</li> <li>- Defter-i Kebir (100 sheets) : TL 61.2</li> <li>- Envanter Defteri (100 sheets) : TL 61.2</li> <li>- Ortaklar Pay Defteri (100 sheets) : TL 61.2</li> <li>- Karar Defteri (78 sheets): TL 50.34</li> <li>- Genel Kurul Toplantı Ve Müzakere Defteri: (78 sheets): TL 50.34</li> </ul>	1 day (simultaneous with previous procedure)	see procedure details
7	<p><b>Follow up with the tax office on the Commercial Registry's company establishment notification</b></p> <p><i>Agency: Tax Office</i></p> <p>The Trade Registry Office notifies the Tax Office and the Social Security Administration of the company's incorporation. In practice, to expedite the registration process, company representatives follow up on whether the notification has been received. A tax officer comes to the company headquarters to prepare a determination report. There must be at least one authorized signature in the determination report. Trade Registry Officers send company establishment form which includes tax number notification to Tax Office.</p>	1 day	no charge



## Appendix III – Overview Syrian Informants

Syrians who are not entrepreneurs in Istanbul						
Pseudonym	M/F	Age	City of residence	In Istanbul since	Education Level	Occupation in Syria
Adib	M	25	Amman, Jordan	Oct-14	UNI	Pharmacist in Jordan
Anwar	M	24	Damascus	May-13	HS	Student Translation
Aatif	M	29	Homs	Aug-13	HS	Construction work
Azmina	F	27	Homs	Aug-14	COL	Primary school teacher
Abdul-Hakeem	M	25	Damascus	Apr-14	UNI	Employed at medical Laboratory
Amilah	F	24	Damascus	Oct-14	HS	Student Medicine
Areeb	M	28	Homs	Nov-13	HS	Student Engineering
Aftaab	M	29	Latakya	Nov-13	UNI	Translator
Baber	M	26	Aleppo	Feb-14	UNI	Student Mechanical Engineering
Basimah	F	14	Idlib	May-14	PS	Primary School student
Aziza	F	30	Damascus	Oct-13	UNI	Unemployed
Fidyan	M	30	Damascus	Oct-14	UNI	Student graphic design
Jasim	M	29	Homs	Nov-13	UNI	Student Arabic Literature
Kafeel	M	22	Homs	Aug-13	HS	Student Geology
Karim	M	25	Damascus	Apr-13	UNI	Student Tourism
Kalila	F	14	Iraq border	Apr-13	PS	Primary School student
Latif	M	23	Homs	Jul-14	HS	Student Telecommunication and engineering
Murad	M	21	Damascus suburbs	Sep-14	NO	Surgeon Assistant
Munsif	M	19	Damascus	Jul-14	HS	High School Student
Mujab	M	21	Aleppo	Oct-13	HS	Student Engineering
Jamila	F	27	Damascus	Sep-13	UNI	Student Law
Nawaz	M	25	Aleppo	Dec-13	UNI	Student Business Administration
Nimerah	F	22	Yarmouk	Jul-13	HS	Student Engineering
Shaista	F	26	Damascus	Sep-13	UNI	Student Civil Engineering
Omar	M	32	Damascus		UNI	Lawyer
Talhah	M	27	Homs	Nov-13	UNI	Student Computer Engineering

Syrians who are entrepreneurs in Istanbul						
Pseudonym	M/F	Age	City of Residence	In Istanbul since	Education Level	Occupation in Syria
Firas	M	43	Damascus	Apr-13	HS	Doner distributor and owner of a seeds shop
Abu Majid	M	50	Damascus	May-13	UNI	Doctor
Aamil	M	29	Damascus	Feb-14	HS	Owner cell phone shop
Ammar	M	50	Aleppo	Feb-15	HS	Electrician in a hotel
Ayman	M	32	Damascus	May-11	HS	Owner wholesale clothing shop
Bayhas	M	51	Damascus	Mar-11	UNI	Owner of a textile factory
Barad	M	22	Damascus	Feb-14	HS	Manager at plastic factory (family owned)
Falah	M	31	Damascus	Feb-13	HS	Owner of a print shop
Farid	M	45	Damascus	Jan-12	UNI	Working at a family Coffee company
Hassan	M	21	Damascus	Mar-14	HS	Self-Employed Graphic Designer
Halil	M	40	Damascus	Dec-13	HS	Owner of a construction company
Jamal	M	36	Damascus	Jun-12	HS	Owner of a clothing wholesale shop
Tahir	M	27	Damascus	Aug-13	HS	Taxi Driver and owner of a cell phone shop
Duraid	M	26	Aleppo	Apr-15	UNI	Owner of a games shop
Mona	F	27	Damascus	Apr-15	UNI	Owner of a restaurant
Mr. Ahmad	M	29	Damascus suburbs	Apr-13	UNI	Stationery shop and English teacher
Mr. Bulus	M	43	Aleppo	Oct-14	HS	Owner Clothing Shop
Mansur	M	33	Homs	Nov-13	UNI	Translation and administration at research centre
Nizar	M	49	Damascus	Apr-11	UNI	Owner of a restaurant
Abbas	M	25	Homs	Oct-14	UNI	Student computer engineering and programmer
Azado	M	28	Jordan	Aug-12	HS	Owner of a restaurant
Mohammed	M	23	Damascus	Sep-13	HS	Hairdresser