

# Social Enterprises and Turkey

*Needs Analysis Report*

**Executive Summary**

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# Introduction

Social Entrepreneurship in Turkey Project was conducted in cooperation with British Council and aimed to identify strengths and weaknesses of social enterprises in Turkey, while raising awareness on this new model with high social and economic benefits. Over 200 stakeholders, including social entrepreneurs, private and public sector representatives and civil society organizations were consulted through a series of meetings, seminars and field visits.

The project had two major outputs: the “Social Entrepreneurship in Turkey” report offers a detailed needs assessment and identifies future actions to strengthen social enterprises in Turkey, while the Social Enterprise Web Portal acts as a communication platform for all that want to learn, support or establish social enterprises. Both are available through [www.sosyalgirisim.org](http://www.sosyalgirisim.org) in Turkish.

Project outcomes show that social enterprise is a model with great promise and potential for Turkey. It gives civil society organizations and companies an opportunity to harmonize their social perspectives with commercial entrepreneurship and management principles. It is encouraging to see that there already are organizations that successfully operate along social entrepreneurship lines in Turkey.

# *What Is Social Enterprise?*

The term social enterprise contains two separate and seemingly contradictory terms: “social” and “enterprise”. The “entrepreneurship” side involves realizing problems and opportunities, taking risks and finding solutions through innovative methods. The “social” side involves adopting these market-economy approaches to solve social problems. In the most general sense, social enterprises are enterprises that tackle social problems through business/commercial approaches and aim for long term systematic change.

Social enterprises have developed into a global movement in the last decade, operating in diverse contexts from USA and United Kingdom to India and Africa. Although they show great diversity in their structures and contexts, it is possible to find some common characteristics. These common denominators are their social focus, entrepreneurial approach and the leadership of social entrepreneurs.<sup>01</sup>



<sup>01</sup> Social entrepreneurs are individuals who recognize social problems and use entrepreneurial approaches to organize, create and manage a venture to achieve social change. (Wikipedia entry “social entrepreneur”)

# *SWOT Analysis of Social Enterprises in Turkey*

## *Weaknesses and Threats*

There is a **conceptual confusion** between the concepts of social entrepreneurship, social enterprise, commercial enterprise, non-profit organization and civil society organization. This conceptual confusion poses an obstacle to social enterprises in expressing themselves clearly and increasing their numbers. Hence, it is imperative that a common definition and understanding be formed among these entities that operate closely with the social enterprises.

**Inadequacy of legal structures** is another impediment to social entrepreneurship in Turkey. The lack of any regulation in the legislation corresponding to social enterprises causes the establishment of social enterprises as associations/foundations, cooperatives or companies, which leads to social enterprises operating in structures that do not fully suit their functions or methods.

**Current fiscal regulations** also bring about unfavourable consequences in the operations of social enterprises. Non-profit economical entities that work for public benefit are treated the same as commercial ones by the tax regulations. As such, new tax regulations that treat organizations in accordance to their aims and social contributions are needed.

**Lack of an interlocutor in public institutions** is a common concern of all organizations in the third sector. Social enterprises are finding it hard to make their needs and demands heard in an environment where there is no institutional correspondent in the government. Hence, problems are evaluated individually and through different institutions. Additionally, social enterprises complain about **excessive bureaucratic procedures** at various stages of their operations.

## *Strengths and Opportunities*

**Presence of support infrastructures and communication networks** are significant opportunities for social enterprises. Social enterprises benefit from the knowledge sharing and supportive activities intended for civil society. Universities are also targeting them through awards, courses and studies. Introducing social entrepreneurship in universities and pre-university education institutions will contribute to the internalization of the concept by the youth and children. On the other hand, individuals within the lower segments of society should also be targeted. Lastly, the capacity of support organizations targeting social enterprises should also be enhanced.

**Existence of good examples** such as KAMER Foundation, Buğday Association for Supporting Ecological Living and Foundation for the Support of Women's Work (KEDV) also open up opportunities; as these examples encourage potential enterprises and are viewed as a chance for conveying reform and incentive demands.

With respect to **potential technological, financial and human resources**, social enterprises have some advantages. Enterprises state that there is a potential of financial and human resources available. Internet also has become a very important communication and cooperation tool in the field.

**Private sector** appears to be a potential funding source and a project partner for social entrepreneurship. However, private sector has a short-term, material contribution and a sponsorship focus in its interactions with civil society. Also, most private sector support focuses on commercial enterprises. Current and future support of private sector needs to be directed to social enterprises.

# *A Road Map for Social Enterprises in Turkey*

Project results show that social enterprises are a new model with great potential for Turkey. Yet, the SWOT analysis also shows that these enterprises need more incentives and support. The below roadmap proposes comprehensive, practical and feasible actions to strengthen social enterprises in Turkey.

## *Short-Term*

**Awareness raising activities on social enterprises are needed.** Many universities and institutions support social enterprises through trainings, awards and capacity enhancing activities, and they could easily add an awareness raising dimension to their endeavours.

**Programs that support commercial entrepreneurship should also include a social entrepreneurship dimension.** In recent years, commercial entrepreneurship has been supported by both the public and private sectors and universities in various ways. Adding social entrepreneurship to those special programs and tools would benefit the social enterprise sector greatly.

**Tax legislation should be reformed in order to encourage the financial sustainability of civil society organizations and social enterprises.** Currently financial enterprises of associations and foundations are taxed the same way for-profit companies are. Tax exemptions should be provided to the financial enterprises of associations and foundations. In addition, the public benefit status should be expanded both in terms of its scope and coverage.

**Commercial enterprises and private sector should assist social enterprises' development through knowledge and experience sharing, financial support etc.** It is imperative that financial institutions and investors supply financial support and credit to social enterprises, and companies, in addition to financing, give assistance through knowledge and experience sharing. Moreover, online and face to face communication needs to be enhanced through various programmes, platforms and means between private sector actors and social enterprises.

## Long-Term

**Existing support infrastructures and communication networks need to be further strengthened.** These networks have functions that no social enterprise can achieve individually and will act as a multiplier effect by acting as a bridge that connects social enterprises with private and public sector, raising public awareness and creating models out of good examples.

**“Public Benefit Company” or “Non-profit Company” should be recognized as separate legal entity.** A new legal entity model that is consistent with the social enterprise structure should be recognized and established in the related legislation. Otherwise, social enterprises which operate as associations, foundations, cooperatives or companies will continue to encounter problems in implementation.

**With regards to the lack of an interlocutor, a working group which will include all related stakeholders needs to be established.** This entity should create an action plan and oversee its implementation. Apart from the above mentioned social enterprise networks, public bodies such as Ministry of Finance, State Planning Organization, Small and Medium Enterprises Development Organization, this working group should include civil society organizations like TUSEV, STGM, social enterprises, NGOs that work with enterprises and, labour and trade bodies.

**Private sector should develop more long-term programmes to support the development of social enterprises.** A code of conduct among NGOs, social enterprises and companies is needed, as well as efforts towards lifting infrastructural barriers that companies face while transferring wealth to social enterprises and NGOs.