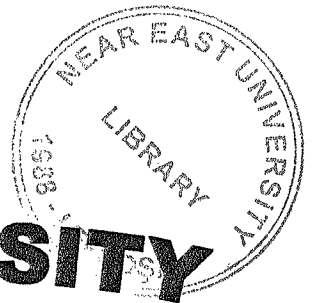


NEAR EAST UNIVERSITY



DEPARTMENT OF BUSINESS

ADMINISTRATION

GRADUATION PROJECT

**Funding of Small and Medium size Enterprises in
European Union and for Turkey**

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INTRODUCTION

Small and medium size enterprises (SME) are important because they are like the main supporter for any country.

So by interesting in small or medium size enterprise you are giving support to the big enterprises because they have either giving support indirectly by providing some parts of the big enterprise products or directly by providing money to the parent enterprise which is the big enterprise in this case.

However we are going to show how small and Medium size enterprises had a big positive effect in improving and flowering the big enterprises in European Union.

More ever we are going to obtain the information from internet and to practice our knowledge over that information to show it more clearly.

Every way or project faces some limitations and in our project small and medium enterprises in European Union funding is the limitation.

So in the first chapter we covered the future of SME enterprise's places and its politics in EU economy also we covered the dispersion of EU SMES's sectors.

In the second chapter we taked about the finance of the SME are in EU. And situation.

In thrith chapter we taked about the situations of the small and medium size enterprises in Turkey.

CHAPTER 1

SMALL AND MEDIUM SIZE ENTERPRISE IN ECONOMY

1.1. Peculiarities

Providing more production & difference of product by small investment, Creating possibility of employment by small cost of investment, Not to be influenced from economical crisis , Showing harmony with demands, Susceptible for newness in technology, Developing between zones, Lowering crookedness to minimum wage in dispersion of income, Encouraging in individual disposition, Supporting & complementary in big industries , Element of stability and balance in political & social items , Main insurance in democratic society & liberal economy.

1.2. Problems

Small and Medium size of enterprises problems

- 1-) They have problems in procurement of credit they can take credit from banks about 4% share
- 2-) They can't benefit from encouragements
- 3-) They can't benefit from other financials
- 4-) Level of technology is usually low
- 5-) They can't follow technique and commercial development outside & inside of country
- 6-) They don't have enough qualified workers *

* <http://www.kobinet.org.tr/hizmetler/bilgibankasi/ekonomi/001.html>

CHAPTER 2

2. SME in Economy & Their Importance

Supporting and helping for SME's economy was made by EU's commission. But in number of enterprises to constitute from 99% , 8 in specially sectors 2/3 of sum of employment and endorsement a which consist SME for politics decisions but they didn't convert to concrete.

Out of EU's agriculture activity there is 16 million of enterprises. These enterprises are creating employmen for 106.5 million and 12.374 million for one endorsement. The most famous activities of SME are in business, hotels, restaurants. EU ' s enterprises 40 % are attending these activities. Banking Finansman insurancing a other enterprises are devded on two parts. Big firms service internationally where small works regional. Small size of enterprises own 16 % of share but big size of enterprises own 45 % . For ex : Small enterprises produce steel, clothes, ruvver, plastic.

In EU enterprises are different because of the country. In south of Europe (Italy, Greese, Spain, Portuqal) countries, enterprises are working in retail commerce. In Germany, Luxemburg, Holland, Austria enterprises are big and produce more products In Belgium, Denmark, France, Irland, Finland, Sweeden and England economy of enterprises maunts to be changed. *

* <http://www.kobinet.org.tr/kosgebabm/hizmetler/dokumantasyon/001.html>

2.1. Dispersion of EU's SME's Sectors

Table 2.1

share of SME	Enterprise	employment	endorsement
Energy 20.9	0.3	2.7	5.9
Manufactures industry 55.5	13.0	29.4	28.9
Building 85.7	12.7	9.5	6.3
Trade&HRC 83.3	40.3	28.0	43.1
Finance&service of work 61.6	15.3	13.3	8.9
Other services 56.7	18.4	17.1	6.9

Resources: European information center

2.2. Structural Compositions of SME

2.2.1. Very Small Enterprises

If enter prise has less than 10 workers,total of employment 32% , 5 and total of endorsement 25 % ,4 it calls SE.It's activities are usually retail commerce restaurants hotels buildings.also there is small enterprises which activities are with hand made skills.

2.2.2. Pointing & Dispersion of SSE's Sectors

Table 2.2

endorsemen	Enterprise	employment	
Energy	0.3	0.1	0.2
Manufactures industry	10.8	4.7	2.8
Building	11.8	4.1	2.1
Trade&HoReCa	38.1	13.8	1.8
Transport&communication	4.8	1.5	1.2
Banking,insuring	14.5	4.6	3.9
Other services	12.6	3.7	1.4
All sectors	92.9	32.5	28.4

Resources: European information center

2.3. Business Small Enterprises

in EU average 1.1 million business 19 million people employment and the sum of endorsment about 20% , 4 and they have 10-49 people in their work this king of business is small size of enterprise.

This enterprise has service trade about 50% and 45% of energy,manufactured industry and building sectors activity. Usualay it works industrial subjects

2.3.1. Dispersion of Business Small Enterprises Sectors

Table 2.3 Dispersion of Business Small Enterprises Sectors

endorsemen	Enterprise	employment	
Energy	0.1	0.2	0.2
Manufactures industry	1.8	5.8	4.2
Building	0.9	2.6	1.7
Trade&HoReCa	1.9	5.9	11.1
Transport&communication	0.3	1.0	0.9
Banking,insuring	0.7	1.9	1.8
Other services	0.5	1.5	0.5
All sectors	6.2	18.9	20.4

Resources: European information center

2.4. Middle Small Enterprises

It has about 50-249 workers total of endorsement 1/5 usually it produce metal products textile glastic help of these enterpriser are in Germany & England in Italy just is 8 % of these enterprises.

2.4.1. Dispersion Of Midle Small Enterprises's Sectors

Table 2.4 Dispersion Of Midle Small Enterprises's Sectors

endorsemen	Enterprise	employment	
Energy	0.0	0.3	0.6
Manufactures industry 5.6	0.4	5.9	
Building	0.9	0.1	1.1
Trade&HoReCa	0.2	5.9	9.1
Transport&communication	0.2	1.0	0.8
Banking,insuring	0.1	1.9	1.6
Other services	0.1	1.2	0.4
All sectors	1.0	15.0	19.2

Resources: European information center

2.5. Big - Small Enterprises

In EU total of enterprises % 2 , there is 31.000 big enterprises they have total of employment & endorsement 1/3. Business usually used two different economic parts. First is capital industry such as energy irrigation,chemical and thread industry and metal products and other one is big services such as air transport banking and insuring.

2.5.1. Dispersion Of Big Small Enterprises's Sectors

Table 2.5 Dispersion Of Big Small Enterprises's Sectors

endorsemen	Enterprise	employment	
Energy	0.01	2.2	4.9
Manufactures industry 16.3	0.09	13.1	
Building	0.01	1.3	1.3
Trade&HoReCa	0.04	4.7	9.2
Transport&communication	0.01	4.2	1.0
Banking,insuring	0.03	5.1	1.7
Other services	0.02	3.2	0.6
All sectors	0.21	33.8	35.0

Resources: European information center

2.6. Future of European SME's Politics

In june 1997, EU concil increase all quality and European business thincs to more easier law for decreasing administrative and wants to make a group with EU commission. In September 1997 was formal group which consist public organization. Worked life is developed.best rapor was made by this group. EU's politcs for SME was densened by these paints.

Making easier bureaucracy & lessening official behaviour

For small & big size of enterprises

- Lessening bureaucracy & tax payment
- Supporting entrepreneurs
- More better legal judgements
- Making easier to arrive to financial source
- Weeding of know-how transfers

2.6.1. Politics of Active Market

In developing EU integration needs to harmony between politics of economy. because of this

- Developing SME's standards for one marketing to make it deeper
- Growing up and employment by creating tax standards.

2.6.2. Struggle Of Out Economy

In EU commission in community out of economy national result is becoming 17%. The kind of activities are directing rivalry SME and craftsman for SME's opportunist, this subject is more than hard punishment. Investigation is consited

2.6.3. Ideal Conditions for Finansman

SME & craftsman supporting finansman but this supporting is very expensive in order to develop SME's finansman it needs guaranty & providing dail system. *

* <http://www.kobinet.org.tr/kosgebabm/hizmetler/dokumantasyon/001.html>

CHAPTER 3

3. FUNDING OPPORTUNITISTS OF SME IN EUROPEAN UNION

3.1. Knowledge About Small and Medium size Enterprises of European Union

European Union developed a new common definition to work on both notional basis and thought the union for small and medium sized enterprises base. Council's decision included size of enterprise number of workers balance and degree of independence. According to the new definition firm is accepted to be SMEs (small and medium enterprises) if it employs less than 250 workers. Enterprise with the middle measure has between 50 and 250 workers and it has 27 million ECU for year. Enterprise with the small measure has less than 50 works and 7 million ECU for year and has endorsement less than 5 million ECU per 1 year. If the firm has less then 10 workers it is culled a very small business. Small or medium size of enterprise also has a different measure because of their independence. By size of enterprise of business which acts in a common conditions with anew big companies has less than 25 % SMEs (small and medium enterprises) it was recommended by commission that if firm works internationally or with European Union that firm works what can damage business because of these things a lot of programs are going to be developed which support the SMEs (small and medium enterprises)

3.2 Table About Knowledge Small and Medium size Enterprises of EU

SME	Number of workers	Endorsement per year	independence
Medium	Less than 250	27 million ECU	It doesn't belong to any big companies
Small	Less than 50	7 million ECU	
Smallest	Less than 10		

Resources: European information center *

* <http://www.kobinet.org.tr/kosgebabm/hizmetler/dokumantasyon/001.html>

CHAPTER 4

4. FUNDING OPPORTUNITIES OF SME IN CANDIDATE COUNTRIES AND TURKEY BY EUROPEAN UNION

4.1. Financier's Program

4.1.1. Speed Capital

a-) **Aim:** In addition that a lot of enterprises are encouragement in the European Union, there is aim to make exist and to support a new SMEs (small and medium size enterprises)

b-) **Action:** 24 beginning capital's funds were organized by commissions initiative. SMEs (small and medium size enterprises) during for 5 years support enterprise's removes 50% per and it benefits from back necessary payment. European Union provide 15 funds from 25 funds by contract and in these places capital contribution is taken by work and newness centers from commission. These funds only for who is going to work new or what is provided new management which needs help such as these things investment is possible.

Who is going to benefit from funds usually uses new technology and under a big risk, but partial he can create a new big project.

--> projects of enterprise's needs less than 350

-> Equities which just has opened ECU.

Must to be independent, not from law and financial. Existing capital's investment has to be less than 1.500.00 ECU

Selling per year less than 100.000 ECU number of workers less than 10 person total of the capital less than 1.500.000 ECU.*

* <http://www.kobinet.org.tr/kosgebabm/hizmetler/dokumantasyon/001.html>

4.1.2. Information for Public Awarding:

a-) **Aim:** it explains which difficulty has SMEs (small and medium size enterprises)

And commission

b-) **Action:** Supporting programmers for SMEs (small and medium size enterprises) and for public awarding deployment international or in EU special means. Because of these things actions which written dawn has to be used.

Information develops

→ Wordings announce list of standard.

→ Suitable and ad quaky are going to be easier.

→ Helping to European company's cooperation which is just opened how

→ Encouraging about that mutual quarter's fund is going to organization

→ Education and information are provided.

4.1.3. Euro Marketing

a-) **Aim:** teaching about selling and buying to the SMEs (small and medium size enterprises) management or director

b-) **Action:** it was taken decision is order to make marketing; Europeam marketing is giving opportunities for any SMEs (small and medium enterprises) in order to make marketing

- developing European products
- praises have to be fame
- it has to be chosen suitable distribution coals
- connecting has to be very cultural

Ending of this work shows what SMEs (small and medium enterprises) needs to develop

4.1.4. Beginning Capital's Funds and It Members

Which is choused by commission are brought together by European network. EVCH fund is going to coordinate this network

C-) **METHOD:** you have to appeal to the beginning capital project will be appreciated by commission. Decision of finansman only up to fund's appreciation. Fund is going to buy share from enterprise's committee

4.1.5. Eurotech Capital

a-) **Aim:** For SMEs (small and medium enterprises) with high technology is being target and out of border projects with high technology and developed enterprises paid attention.

b-) **Action:** out of border projects with high technology are encouraged by finansman.

c-) **Sources:** at the present 13 European risk capital's company is made network these companies are making investments about 190 million ECU in projects with high technology

d-) **Projects:** it is about high technology

- in EU or in European discovery program has to be EVREKA
- it has to be from international program
- it is about quality which is out of border
- it has to be from EU or from European discovery program
- it has to be in same countries industrial olegra.

e-) **Method:** if enterprise belongs to the European Union's country it can communicate eighth Evro teach Capital's network

4.1.6. Cooperation's Programs Between Enterprises

Enterprise: industry in Europe or service organizations is paid attention to cooperation's

a-) **Aim:** Aim of enterprises is supporting SME's managers. There is developed plan about cooperations. this plan contain at least three regions from state of members for ex. East and middle European countries EFTA countries countries are on the Mediterranean sea and other countries an the world .European union's structure is to arrange one or two enterprises in months

b-) **Action :**

Projects of Enterprises.

1-) Determined and selecting enterprises which are going to set up cooperation between two enterprises in the some region.

2-) Preparing cataloged about enterprise's profiles and projects about cooperation's in interested regions.

3-) Arranging lectures, meetings, and symposions arranging meetings in order to provide contact between styled enterprises. In order to make possible these different compositions and approaches they have to fit to these craterous *

- Program has to contain cooperation between enterprises
- Program joined from every regions or countering at least has to be arranged from one organization
- These organizations directly to the program or by settled one another organization in any countries or regions have to support financially.

4.1.7. Sectors and Regions Which Can Be Selected

Enterprises programs contain all EU or every kind of regions countries. Program can be about economical sectors technology financial topics. It must contain at least three regions or state of members

Enterprise is opened for countries which are not members but they have to fit to these conditions

- Project must be with one Mediterranean country which is not member, at least two countries which are not members of state.
- In order project can be realized at least it has to be three members of states and one Mediterranean country which is not member

4.1.8. DGXXM – B 2 Provides Help

Helps which are in application in the Mediterranean programs

\$ Common funnyman in frame of subvention it must be more than 50.000 ECU and organization plans about budget must not be more than 50%

\$ Organization has to support DGXXIII corporation's programs

\$ By words like it is approved by corporation like this expression it can be the name of commission

\$ Representative of commission has to attend activities.

4.1.9. How You Can Present Offers

Application to subvention it has to be at least 6 month before. You have to have these documents in application

- a-) It has to be application which is signature by organizer
- b-) Name of the project places of the activities and date
- c-) Name of organization in beery regions who is responsible of the organization their names phone numbers and addresses. Who is responsible of the project their biography *

d-) Aim of the projects and working calendar which is defining all usages with project in every degree.

e-) It has to be contract by clear stated declaration which main organizer is going to realize from joined organizations

* <http://www.kobinet.org.tr/kosgebabm/hizmetler/dokumantasyon/001.html>

CHAPTER 5

5. EDUCATION & INFORMATION'S PROGRAMMS

5.1. Euro Management

a-) **Aim:** its aim to support and help to provide education for members. it is planning to provide education for workers by building one information office and organization of education.

b-) **Applications:** in 1989 and 1991 commission started making a program which name was SME's 1992 preparation for Europe. Forming new education's programmers and preparing SME's company politics for new Euromarketing, it was provided by document which was prepared by education and information offices.

Besides, advisers network were formed for preparing KOBİ for marketing. This service is familiar to the European Union's level. Reference center was formed by chosen file's foundation in order to help about shopping between information's organizations.

5.2. Euro Management Standard Document Quality Safety

a-) **Aim:** SME can provide from one marketing benefit with highest level but for it KOBİ has to understand standard & document with European level.

In this scope

→ SME's interests, especially about products or standards or documents, information about these things has to be increased.

→ SME's needed help about their activities, new standards and documents in order to analyze them.

→ SME have to be toughest about management's problems and about high quality.

→ SME have to be controlled about safety and health for their workers.

b-) **Action:** internal marketing with European standard is necessitude to accept European Union's standards specially SME have to fit to this standard. In this harmony SME with their limited works have some problems about person's sources and financial sources. Procurement of quality orders or demands from builders consequently in SME's rivalry power it's becoming one factor. Because of these things SME's need supporting in order to fit to

marketing with high standard and supporting about documents and health and safety of workers.

From selected member's state, advisers of technique benefited pilot application were starting since 1993. 63 advisers help to resolve SME's problems by common method.

5.3. Business Innovation Centers.

a-) Aim: there is aim helping to organization and develop SME's by new projects and services

b-) Action: in application, BIC activities for SME's presented complete services by local or regional one common organization. It helps to determine existing SME's and help to new company which is going to set up work. Besides BIC helps to SME's enter to the internationally BIC are helping to KOBIs in developing strategy and by regional politics programs, like global subventions and in other actions they have very important role. BIC's action area first which is developed with low level or in depressed industry zone and rural zone which is going to develop. Products, manufactured processes marketing method from the point rivalry saving strength. BIC helps to SME's in products, manufactured, marketing and its saving rivalry's strength. For ex SME's which is making subcontractor or KOBIs which is going to develop own products.

5.4. Encouraging Activities for Regional Politics.

Some countries which is signature Roma pact, any types of area behind some furniture and economies, they wanted to develop better. of EU. With its area politics. Area balance politics foundation EU document attend to them EU's economies and social cohesion seems important rolls. Europe is seems add Voucher in Maastricht pact, members of states have different confirmation.

Before Odd Voucher activities:

In 1975

→ EU's regional politics first only disadvantage areas develop with extend. Europe Regional Developing Fund's (ERDF) to set up.

→ In member countries regional politics responsible upper level autocrats and Communicant's representation consist regional politics committee.

→ Integer Mediterranean programmers are started between 1986 and 1992 opposite to the Spanish and Portugal products and for Greek, France economy and for some Italian regions was given 6.6 milliard ECU

ii) In 1998 consist of reform in artificially funds in February 1988 reforms have got 3 important 60 less

→ Helping was increased for two times more.

→ Helping want to disadvantages areas

→ First give targets was defined

Targets about these makes

→ Places which have undeveloped Areas, they will be developed and structured will be encouraged

→ Struggle eighth someone who is hat working since a long time.

→ Helping to final jobs for young people

→ Developing rural areas, helping to produce products of wood by common agriculture politics reforms

Regional politics' revision (1993)

European Union's regional politics is one tool in order to develop SME. EU ministers counsel EU structural funds 1994-1999 accepted to manage dependent 6 revisions. In this period for 6 years EU's 191 milliard ECU from all budgets from three parts one part was separated for structural funds. Countries which are members will benefit from these funds productivity.

Table 5.1 Education & Information's Programs

First comparing old and new conditions. Valid, old regulations in 1989-1993	new regulations in 1994-1999
Target1 countries which are developing And structural harpooning	revision's regulations will not change target funds
Target2 regression in industry and Which areas are influenced?	-----
Target3 unemployment is lessened Which was since a long time	helping to people who has hot job.
Target 4 young people who is younger than 25 years old. they are starting to work boy fin	new target4 by Maastricht's agreement for ESF for young people girl or Ding job is eased
Target50 improvement in product agricultural	improvement in agricultural product and helping for developing fishing Marketing
Target56 developing rural fields	making easier to develop rural areas and Structural harmony
Target1,2 and 5 are carrying specially Regional quality it can be selected for some areas. From other sight 3, 4, 5 are containing all EU's quality. Because of these targets 2 and 5 will be changed.	besides in 1992 was meeting in Edinburgh and it was decided that revision's equal ting destroyed development of fishing

Resources: European information center

EU including in EU performs & about common forgets are supported by econommiassion & E investment bank. These things are developing regional economies.

These are financial Mechanism are separating a two parts subventions & credit.

5.5. Subventions

Generally subventions are formed by three funds and by fishing sectors.

→ E regional developing fund is organist for lessee living Ev's internal unbalanced

→ E social fund is moving cashier employment for works

→ Common ago culture politics reforms are responsible for developing rural areas. European agricultural guidebook. quaranty funds are contusing it also (1989 assignment was 1.5 milliard ECU)

Supporting credit programs. commingsion these intuitions & by these tools

EU gives credit

→ E investment bank

→ New community's tool

→ Credit's interest subvention contain

EU coal & steel community

→ E investment found

5.6. Europe Investment Bank

Reinvest B is giving credit for all sectors investment's projects & developing EU2s balanced economics.

EINB (Europe Investment Bank) is shaving all activities. It is helping to develop to areas with low level & helping modernize enterpriser.

In last year EINB in foeman for mediterranaouca & east European countries is increased. EINB is moving business not just by subvetion&also by credits. When we spears about SME for enterprises funnyman can not be directly but by other financial organizatiouns it gives creditor SME. In level opting regions for in underpin. SME here is financial interstment. Lost generally ushered is SME & between them special organization, public organizations & local reference. If company has 500 less than wormers& budget less then 75 million.Ecu it colls SME. I last 5 years for SME 32.500 contribution for EU's disadvantageons areas was 2.500 contribution 5.6 milord ECU & in other investments 1200 was 2.3 Millard ECU.

EINB in order to support SME gives European global credits. EINB also is financing not only EU's organization but also others.

→ Agreement of home includes Africa, pacific countries.

→ In financial Protocols third mediterranean countries.

→ East middle European countries

New community of tool. It was opened in 1978&it works line EINB. *

5.7. European Investment Fund

European investment's fund. This fund was organized by 2 milliard capital. It gives credit for Trans European networks and for SME's projects 16 milliard ECU and it completes European initiative.

5.8. Table for Pointing for Credits Possibilities

	European investment bank	NCI	
Contained area's	Substructure of this disadvantages area's removing structural difficulty containing project's which are in common interest	SME' s investment project's Industry application of new technology usage of energy	Project's about Coal and steels
Supporting which can be given	Separate credits which are contain this peculiarity. Half of totals investment can be compensated. Minimum amount is seven milliard or if there isn't global credit 20000 ECU there isn't upper limit. Global credits can be given just by mediation at least 20000 ECU minimum 20 million ECU	For other materials beings credit patent expertness. Financial contribution. Project's about disadvantage areas.	Founds which are supporting employment helping for education of workers in coal and steels sectors.
SME' s interests	For global credits mediator list can be taken from European documents center		Gradually new funds canalize SME's

* <http://www.kobinet.org.tr/kosgebabm/hizmetler/dokumantasyon/001.html>

CHAPTER 6

6.IMPORTANCE AND PLACE SME IN TURKEY

When we look to Turkey and pay attention to number of workers number of place of works we can understand that small and medium size of enterprises take important place in this country

Small and medium size of industry in manufactured industry it forms enterprises which chow activities from 99%,5.

In manufactured industry employment's from 61% 1& S and M size of enterprises take place.

In creativity added value S and M size of enterprises

-have place from 27% , 3%

Table 6.1 Small And Madium Size Enterprises Skiles Distraition

Measure of industry	Number of enterprises	Share of enterprises (%)	Number of workers	Share of workers (%)	Added value trillion	Added value share (%)
Small size of industry (1-49)	194.546	98.4	721.469	47.1	37.9	14.1
Medium size of industry(50-199)	2.247	1.1	213.676	14.0	35.6	13.2
KOS(1-199)	196.793	99.5	935.144	61.1	73.5	27.3
Big industry (200+)	982	0.5	595.601	38.9	194.9	72.7
Total of the manufactured industry	197.775	100.00	1.530.745	100.00	268.4	100.00

Resources: DIE (Source institute of state & statistics)

* <http://www.kobinet.org.tr/hizmetler/bilgibankasi/ekonomi/001.html>

Table 6.2 Small And Medium Size Enterprises Skills Distribution

		1-9	10-24	25-49	50-99	100-150	151-200	201-250	251-500	501+	Total
1992	Number of place of workers	94,35	2,07	1,96	0,71	0,29	0,14	0,09	0,23	0,17	100,00
	Employment	34,69	3,60	8,05	6,45	4,55	3,21	2,78	10,55	26,13	100,00
	Added value	7,37	1,61	4,82	5,46	4,49	3,45	3,80	18,00	51,02	100,00
1993	Number of place of worker	94,71	1,75	1,89	0,70	0,29	0,15	0,09	0,24	0,16	100,00
	Employment	34,20	3,16	8,11	6,56	4,78	3,53	2,84	11,25	25,57	100,00
	Added value	6,94	1,57	4,69	5,46	4,87	4,23	3,98	18,71	49,54	100,00
1994	İşnumber of place of works	94,89	1,63	1,86	0,69	0,30	0,15	0,09	0,22	0,17	100,00
	Employment	35,20	3,02	8,07	6,58	4,98	3,56	2,88	10,53	25,17	100,00
	Added value	5,71	1,47	5,07	6,18	5,25	4,32	3,83	20,01	48,16	100,00
1995	Number of place of works	94,88	1,76	1,80	0,67	0,29	0,14	0,08	0,22	0,16	100,00
	Employment	35,10	3,10	8,05	6,60	4,98	3,55	2,87	10,55	25,20	100,00
	Added value	7,20	1,46	5,03	6,10	5,10	4,30	3,81	20,00	47,00	100,00
1996	Number of place of works	94,75	1,91	1,75	0,66	0,32	0,13	0,07	0,24	0,17	100,00
	Employment	33,75	3,91	8,06	6,70	5,01	3,58	2,88	10,54	25,57	100,00
	Added value	6,60	1,50	5,05	6,20	5,20	4,20	3,82	19,00	48,43	100,00
1997	Number of place of works	94,41	1,89	1,87	0,83	0,32	0,18	0,09	0,23	0,18	100,00
	Employment	32,40	3,90	8,10	6,90	4,99	3,59	2,89	10,59	26,64	100,00
	Added value	6,50	1,49	5,03	6,10	5,20	4,28	3,80	19,60	48,00	100,00

Resources: DIE (Source institute of state & statistics)

Table 6.3 Economical indicators about S and M size of enterprises in different countries

	U.S	Germany	India	Japan	England	South Korea	France	Italy	Turkey
Total of the proportional the SS of enterer.	97.2	99.8	98.6	99.4	96.0	97.8	99.9	97.0	98.8
Employment of SS of enterpr. (%)	50.4	64.0	63.2	81.4	36.0	61.9	49.4	56.0	45.6
Investment share of SS of enterers. (%)	38.0	44.0	27.8	40.0	29.5	35.7	45.0	36.9	6.5
Production share of is of enterers. (%)	36.2	49.0	50.0	52.0	25.1	34.5	54.0	53.0	37.7
Employment share of SS os enterprs. (%)	32.0	31.1	40.0	38.0	22.2	20.2	23.0	-	8
Credit share which is given to SS of enterprs. (%)	42.7	35	15.3	50.0	27.2	46.8	48.0	-	3-4

Resources: DIE (Source institute of state & statistics)

CHAPTER 7

7 . SMALL AND MEDIUM SIZE ENTERPRISE IN TURKEY

7.1. PECULIARITIES

Providing more production & difference of product by small investment

Creating possibility of employment by small cost of investment

Not to be influenced from economical crisis.

Showing harmony with demands

Susceptible for newness in technology

Developing between zones

Lowering crookedness to minimum wage in dispersion of income

Encouraging in individual disposition

Supporting & complementary in big industries.

Element of stability and balance in political & social items

Main insurance in democratic society & liberal economy.*

7.2. Problems

S&M size of enterprises problems

1-) They have problems in procurement of credit they can take credit from banks about 4% share

2-) They can't benefit from encouragements

3-) They can't benefit from other financials

4-) Level of technology is usually low

5-) They can't follow technique and commercial development outside & inside of country

6-) They don't have enough qualified workers

* <http://www.kobinet.org.tr/hizmetler/bilgibankasi/ekonomi/001.html>

8. CONCLUSIONS

In this project; I tried to explain the meaning of the small and medium size enterprise in the economy and the importance of the small and medium size enterprises.

According to the small and medium size enterprises explanation of European Union that; it is the firms that has number of workers but less than 250. Small and medium size enterprises or these establishments include medium size business, small size business and very small size business. As mentioned in the project; these businesses has different number of workers and workers and different size enterprises, they have also different role in the economy. These all business are called small and medium size enterprises.

Generally; small and medium size enterprises has functions on the commercial, hotels restaurant, and building sector. And these sectors also has important role in European Union and also in Turkey. To understand the importance of the small and medium enterprises; I want to give same examples about the functions and the main features of the small and medium size enterprises.

They can ensure more production and product diversity by using less capital and with less finance.

They can create employment opportunities with low costs.

They are also important for the democracy and liberal economy of the country.

They are also affected by economic changes in the sector but; less than the other establishments.

Small and medium size enterprises stabilize the politic and social systems in the country.

They support the big industrial enterprises.

They ensure economic balance between the regions and also help the interregional economic growth and they are more closer and more suitable to the technological changes than the big enterprises.

Addition to these features; in the European Union; small and medium size enterprises occurs 3/2 of the employment and the endorsement. I think that this number is very important for a country. And also in Turkey; The small and medium size enterprises has important role in the economy because they have many functions with low costs as mentioned before.

I think that importance of the small and medium size enterprises couldn't understand by the private sector and bureaucracy in the European Union and in Turkey. Small and medium size enterprises should grow and improve. But there are some necessities to become bigger. Of course, in spite of necessities; there are problems as an obstacle to improvement of small and medium size enterprises. Shortly; I want to maintain issues

- Credit problems
- They can't sufficiently use the encouragements and the other financial tools.
- Generally the technological levels of the small and medium size enterprises are low.
- The bureaucracy has played important role over the small and medium size enterprises. It controls the small and medium size enterprises; this situation is an important obstacle for the small and medium size enterprises.
- There are also many difficulties to achieve financial resources.
- And on the other hand; the tax policies is a big problem.

In spite of these problems; the European commission has prepared the best report to improve the small and medium size enterprises and to preserve them from the obstacles. They create some policies about the small and medium size enterprises. They specially focused on the main problems that; bureaucracy, tax policies, statistics, improving the support to the small and medium size enterprises, the better rules about these enterprises, greater know-how transfers and the ensurement of the financial support to the small and medium size enterprises. But these improvement plans still try to become functional in the country.

Finally; small and medium size enterprises may seems to be small businesses but they have totally big and important role in the country and economy. The sector should focuses on the this issue to improve the economy and growth the employment opportunities there are also many ways to achieve to this success, therefore the businesses and the public sector should make the necessary responsibility.

9. RECOMMENDATION

According to my opinion; firstly the importance of the small and medium size enterprises should be understood by the private sectors and the public sectors. The important area of the small and medium size enterprises should teach to the new entrepreneurs in the beginning. The encouragement has big importance at this issue. The freedom and the free-market conditions of the small and medium size enterprises is the other important issue. The small and medium size enterprises and the workers who work in the businesses should have knowledge about the technological changes to become bigger and to have big capacity, professional capacity in the economical sector. The ideal conditions should be ensured by the public sector and private sector. The bureaucratic problems have to be minimizing to the success of the small and medium size enterprises.

I think that the other important problem is the illegal economic activities. In this sector; the illegal economic activities gradually to be large and become more. This kind of economic activities are also big competition to the small and medium size enterprises. Because of these reason; the small and medium size enterprises is face to face with the many problems about its interests. In my opinion; the legal investigations should growth and the people should know which one is the illegal and which one is the legal activities. For example; the sectors can start the companies to give information the people and to the firms.

I can advice that; the successful entrepreneurs in the small and medium size enterprises; should be award by the big businesses and give financial support to them to improve and motivate their functions.

10. REFERENCE

<http://www.kobinet.org.tr/hizmetler/bilgibankasi/ekonomi/001.html>

<http://www.kobinet.org.tr/kosgebabm/hizmetler/dokumantasyon/001.html>

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