



Governing Urban Diversity:

Creating Social Cohesion, Social Mobility and Economic Performance in Today's Hyper-diversified Cities

Report 2c Fieldwork Entrepreneurs, Istanbul (Turkey)

Work package 7 : Fieldwork entrepreneurship
Deliverable nr : D7.1
Lead partner : Partner 3 (METU)
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Nature : Draft 3 Report
Dissemination level: Internal
Status : Final Version
Date : 21 March 2016

This project is funded by the European Union under the 7th Framework Programme; Theme: SSH.2012.2.2.2-1; Governance of cohesion and diversity in urban contexts



This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no. 319970.

To be cited as: Eraydm, A., Yersen, Ö., Güngördü, N. and Demirdağ İ. (2016). Fieldwork Entrepreneurs. Ankara: METU.

This report has been put together by the authors, and revised on the basis of the valuable comments, suggestions, and contributions of all DIVERCITIES partners.

The views expressed in this report are the sole responsibility of the authors and do not necessarily reflect the views of the European Commission.

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1. Introduction

Achieving high levels of economic growth and increasing the well-being of citizens (Fainstein, 2005; Bodaar and Rath 2005), as the main objectives of urban policies, are related closely to the levels of entrepreneurship and the ability to create new enterprises. In the global era, cities compete for enterprises with high economic performance and talented entrepreneurs, while also creating the necessary conditions for new start-ups. Literature has emphasised that cities that are open to diversity are able to attract a wider range of entrepreneurs than those that are relatively closed (Fainstein, 2005; Florida, 2002; Taşan-Kok and Vranken, 2008; Eraydin et al., 2010). Empirical research on how economic competitiveness is connected to urban diversity, however, is quite limited, and has to date provided evidence only at a macro level. One of the aims of this project is to close this gap with empirical evidence collected at a neighbourhood level from 14 diverse cities in Europe.

In this project report, we focus on the economic performance of enterprises in deprived, dynamic and diverse neighbourhoods in selected cities, with the aim being to identify the conditions that support and sustain their competitiveness and long-term development. It is a further intention to demonstrate the role relationships that exist between urban diversity and the success of entrepreneurs, but more specifically, we want to explain and document the reasons why the conditions in some neighbourhoods are more supportive of individuals or groups in strengthening their creative forces and enhancing their economic performance.

The report begins with a study of entrepreneurs who have launched businesses in diversified neighbourhoods and identifying the factors that define their economic performance. It may be expected that factors such as the ethnic background of the entrepreneur, his/her age, family background, gender, education and previous experience would be important variables in determining the success of their enterprises, as these factors mediate the influence of diversity on the neighbourhood and city level. Second, the study explores the main motivations of entrepreneurs, and assesses whether neighbourhood diversity is an important driver of their decision to start a business in their location. Third, an evaluation is made of the market conditions that are significant for the economic performance of entrepreneurs; and fourth, the report evaluates the role of policies and measures at different levels and the institutionalisation of such policies.

Evidence on these issues is sought through the concrete research questions below, which will constitute the focus in the chapters of this report:

1. What are the main characteristics of the entrepreneurs and their businesses? What are the evolutionary paths and the fields of activity? What are the physical conditions and the ownership pattern of their offices/production sites/shops? (Chapter 2)
2. What were the main motivations for entrepreneurs in establishing a business? What is the importance of neighbourhood diversity for starting their business in its present location? Why did s/he select this line of business, and from whom has the entrepreneur received support of different forms to start this enterprise? (Chapter 3)
3. What are the factors defining the success or failure of the economic performance of enterprises? What is the current level of performance, and how has it changed? To what extent does the diversity of the neighbourhood play a role in economic performance? What are the long-term plans of entrepreneurs? Do they have any plans to change the size, market and business strategies of their businesses in order to reach higher levels of competitiveness? (Chapter 4)

4. Which policies, measures and organisations contribute to the performance of enterprises? How does membership of any initiatives affect the performance of enterprises? What do the entrepreneurs want from policy makers at different levels? (Chapter 5)

This report is based on an interview survey conducted to obtain feedback from 40 entrepreneurs in the Beyoğlu district of Istanbul. Beyoğlu, is one of the most distinctive residential and recreational areas in the historical centre of Istanbul, and is the most diversified area in the city. It has been one of the cores of commercial and service activities since the beginning of 19th century, throughout which it served also as a centre of recreation and specialised commercial activities (Tekeli, 2013). In 1863, Osmanlı Bank (the main bank of the Ottoman Empire) was relocated to Beyoğlu, attracting other financial institutions to the district, most predominantly to Bankacılar Street (Bankers' Street). In this period new arcades (passages) were built to host the new commercial and service activities, in addition to restaurants and cafes.

In the first years of the Republic, Beyoğlu lost many businesses after the minorities left Istanbul, and the vacant properties were occupied by different people and by entrepreneurs. In this period, Beyoğlu was still an elite centre, home to cinemas, restaurants, art galleries and luxurious shops (Dökmeci and Çıracı, 1990), but the rapid growth of Istanbul and the emergence of new sub-centres in the 1950s resulted in Beyoğlu losing popularity, and a subsequent deterioration of the existing high end facilities. The district was then taken over by small shops selling cheap retail goods and suppliers to the automotive industry, along with some service firms, with only a few well known retail brands remaining in Beyoğlu. What started out as Istanbul's most prestigious shopping and entertainment district in the 19th century turned into a low-quality shopping district in the 1960s and 1970s. The neighbourhood saw somewhat of a revival in the 1980s, recovering to become home to many cultural events, art exhibitions and entertainment venues that are enjoyed by the young population, while the 2000s have seen a reorganisation of the revival of the district, attracting more recreational facilities and art events. Also, some of the chain stores have opened up new branch retail shops. Nowadays, in some parts of the district the most dominant activities are traditional commercial and production activities, concentrated along the main thoroughfare, but in general, it is a place where diverse activities serving different groups exist side-by-side, and so is a prominent destination for people from different groups, including both domestic and international tourists. At present, Beyoğlu is undergoing a gradual change as a result of the urban renewal projects taking place in the more deprived areas and gentrification in certain neighbourhoods (Galata, Cihangir, Tarlabaşı, etc.), and is being affected also by such revitalisation and transformation processes as the pedestrianisation of Taksim Square and the widening of Tarlabaşı Street into Tarlabaşı Boulevard, (Aksoy and Robins, 2011).

According to the 2009 figures of the Istanbul Chamber of Trade, there are 294,786 registered companies in Istanbul, 13,021 of which are located in in Beyoğlu. Among these, the number of companies that started business between January 2013 and October 2015 was 3,656. The distribution of existing businesses by sectors are as follows: 37.3 percent – wholesale and retail trade; 15.3 – small manufacturing; 9.9 percent – occupational and technical services; 6.5 percent – accommodation and food; 6.0 percent – communication services; 5.5 percent – logistics sectors; 3.9 percent – financial services; 15.6 percent – other minor activities.

Beyoğlu offers a variety of economic opportunities for people looking to start new businesses. First, since Beyoğlu is one of main tourist destinations in the city there are many opportunities for service businesses to prosper in a market that includes hotels, restaurants, cafes and bars, as well as gift shops and ateliers serving both domestic and foreign tourists. Second, Beyoğlu is home to many creative enterprises, especially related to the arts, being host to many artistic events, festivals and exhibitions.

Enterprises seeking to be in close proximity to these activities and those with an interest in this field are strongly attracted to Beyoğlu. Third, Beyoğlu is a centre of retail, attracting customers from a broad range of income groups. As a result, the district today hosts many different types of small stores, including some specialised ones, mainly located on and around the main thoroughfare, namely Istiklal Street. Beyoğlu is also host to streets and neighbourhoods specialised in different kinds of retail and production, with different types of retail stores and production units concentrating in different parts of the district, such as small hardware goods and electrical appliances in Karaköy and lighting equipment in Şişhane. Fourth, the district attracts peddlers selling goods from stalls,¹⁹ and though most are temporary, they have specific “pitches” and pay fees to local governments in the form of *işgaliye parası* (location fee). Many of their wares, which are quite varied, are for tourists.

Obviously, there are substantial differences among enterprises not only in terms of goods and services they provide, but also with respect to their target customer groups. While creative enterprises and some services serve for special customer niches, others serve the entire Istanbul population, while a few have customers from the different regions of Turkey and abroad. The composition of enterprises is sensitive to the changing economic and market conditions; for example in recent years, the increasing numbers of Arab tourists in the city has brought about a substantial rise in the numbers of enterprises serving their specific needs and desires.

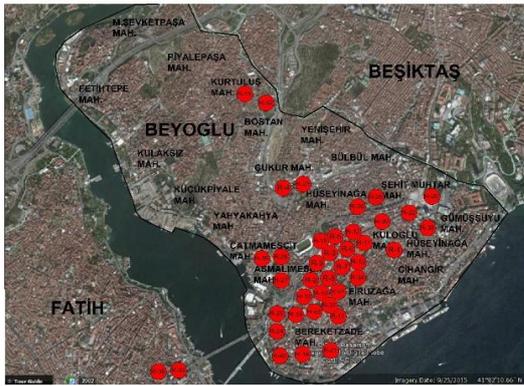


Figure 1: The location of enterprises in the sample

In order to capture the different types of enterprises and entrepreneurs operating in a broad diversity of businesses, a snowballing sample method was deemed appropriate for this research, in that the intention was to reach different types of entrepreneurs located in Beyoğlu. To reach different groups we used the following process:

- First, we communicated with the relevant associations related to our target groups, visiting three specific institutions, namely the Istanbul Union of Chambers of Tradesmen and Artisans; the Istanbul Chamber of Commerce; and the Istanbul Union of Chambers Metal Goods Tradesmen and Artisans, where we conducted in-depth interviews to gain information about the existing types of entrepreneurship and the changing composition of enterprises in recent years.
- Based on the collected information, we asked for the help of the institutions in identifying individuals that can represent the different types of enterprises, and they provided us with lists of appropriate enterprises, together with the addresses of enterprises operating in different categories.

¹⁹ Street stalls operating with the permission of the Beyoğlu Municipality.

- We approached these enterprises, and if they agreed to take part in the interview, we asked for their help in contacting any other entrepreneurs that s/he may know. This process continued until all contacts had been exhausted.

The fieldwork took place between 7 September and 23 September 2015, and involved three researchers.

2. The entrepreneurs and their businesses

Today, diversity is defined not only in socio-economic, socio-demographic and ethnic terms, but also with respect to lifestyles, attitudes and activities, contrary to the conventional approach of focusing on ethnic and demographic diversity. The changing context of diversity necessitates a new type of understanding when identifying the diversity of entrepreneurs. Recent entrepreneurship literature has attempted to broaden the concept of diversity and to define entrepreneurs accordingly. A review of existing literature, however, shows a strong emphasis on ethnic entrepreneurs (Chaganti and, 2002; Baycan-Levent and Nijkamp, 2009), with special focus on female ethnic (Baycan-Levent et al., 2003) and immigrant entrepreneurs (Rath, 2000; Eraydin et al., 2010; Labrianidis and Hatziprokopiou, 2010; Sepulveda, Syrett and Lyon, 2011; Kloosterman and Rath, 2001; Kloosterman Rath and van der Leun, 1999; Saxenian, 1999). Obviously, most of the ethnic entrepreneurs are at the same time immigrant entrepreneurs, although one cannot use these terms interchangeably (Rath, 2010). Recently, the focus of diversity has shifted from the ethnic origin of enterprises to their differences with respect to skills and talents. Creative class literature (Boschma and Fritsch, 2009; Clifton, 2008; Peck, 2005), which has come to the forefront in recent entrepreneurship works, is still connected to immigration, indicating that most of the creative entrepreneurs are also immigrant entrepreneurs (Florida, 2001 and 2005). The diversity of entrepreneurs grounded in cultural differences and lifestyles, however, has received only limited attention, except for in a few studies (Eraydin et al., 2010), in that entrepreneurship literature is dominated by a dualistic approach that introduces a distinction between native and immigrant entrepreneurs, and evaluates entrepreneurs with respect to their ethnic origin, and more recently, their talents and skills.

Why is existing literature so biased? First, as a result of the processes of globalisation, neoliberalisation and economic restructuring, most urban centres in advanced economies have faced significant increases in migration. In general, immigrants, who have different ethnic identities, are assumed to have little opportunity to participate actively in urban economies due to their low skills levels, language deficiencies, cultural gaps and stigmatisation (Nijkamp, 2003). It is widely accepted that immigrant entrepreneurship is a form of inclusion for different immigrants in the present society, and that their integration with society via entrepreneurship can make a positive contribution to the general economic vitality and social cohesion of the city. Indeed, there is growing interest in the positive contribution that immigrant and ethnic entrepreneurs can make to social cohesion and economic competitiveness (Waldinger et al., 1990; Waldinger, 1997; Rath, 2000; Barrett et al., 2001; Kloosterman and Rath, 2001; Ratcliffe, 2001; Kloosterman and Van der Leun, 1999).

Literature with an ethnic/immigrant entrepreneurship focus underlines that immigrants usually start with small enterprises that are able to create new job opportunities, mainly in the services or trade sectors, with the help of their ethno-cultural networks (Rath, 2002; Waldinger, 1986). According to this literature, they lack access both to significant capital and the appropriate educational qualifications, and can only establish themselves in markets with low barriers of entry in terms of capital outlay and educational qualification. Most of immigrant entrepreneurs are funnelled towards markets at the lower end (Kloosterman and Rath, 2003), where production is mainly small-scale, low

in added value and labour intensive. As a matter of fact, in the early stages of immigration, entrepreneurship is perceived by immigrants as a way of overcoming the obstacles in the way of inclusion in the formal labour markets and as a means of settling in an unfamiliar environment. Ethnic entrepreneurs from the second generation of immigrants, who are often better educated and more familiar with the living and working conditions of the society in which they live, however, are able to position themselves in more profitable fields of business (Rusinovic, 2006).

The second bias in existing literature is related to its strong emphasis on creative entrepreneurship, which underlines the increasing concern of competitiveness. Kunzmann (2005) argues that literature on competitiveness, while praising innovativeness and creativity (Florida, 2001; Landry, 2000; Fainstein, 2005), suggests that educated people are not solely responsible for fostering creativity, and that it would be fair to say that a diverse range of people are able to generate innovative enterprises, including immigrants. The creative class literature has actually changed the earlier perception that ethnic/immigrant entrepreneurs serve mainly ethnic groups by defining immigrants as a source of creative thinking and creative activities. Nowadays, there are some scholars that see the innovations of immigrants as a break from the existing patterns of production and productivity (Nijkamp, 2003).

The restricted interest in only certain characteristics of entrepreneurs defined above, although providing several insights, fails to take into account cultural, socio-demographic and socio-economic differences among entrepreneurs, which reflect greatly on their lifestyles. To address this issue, in this report we refrained from categorising entrepreneurs as immigrant, ethnic or native, since important ambiguities occur when defining them in this way. Coming up with a definition of an immigrant or ethnic entrepreneurs is no easy task. According to Rath (2010), firstly, the entrepreneurs in question are not always immigrants in a true sense, in that they were not always born in another country. Once s/he has acquired citizenship, can they still be considered immigrant or ethnic entrepreneurs? How immigrants or ethnic minorities are defined therefore depends on the specific national policy, and this differs from country to country (Soysal, 1994). Moreover, the adjective *ethnic* is rarely made theoretically explicit (Rath, 2000; Kloosterman and Rath, 2001), and in many countries it is used only to define migrants from less-developed countries. In Turkey, the issue is even more complicated²⁰. Instead of defining entrepreneurs according to classical categories, we have attempted to cover those with different individual characteristics, different positions in the market and different fields of interest, with the intention being to reach entrepreneurs of different statuses within groups with the same ethnic or cultural origins.

The research findings introduced in this section underline that a broadened framework that covers differences in lifestyles, attitudes and aspirations is necessary to understand entrepreneurship in diverse neighbourhoods.

2.1 Characteristics of the entrepreneurs

The key characteristics of the entrepreneurs of the 40 firms in our sample are presented here, representing the diversity of entrepreneurship in Beyoğlu.

Gender

Among the sample, only 18 percent of the total are female entrepreneurs, although this dominance of male entrepreneurs is not peculiar to Beyoğlu, as similar figures can be found in many cities and countries in the EU (Rath and Eurofund, 2011). What is interesting is the substantially different

²⁰ In Turkey, migration from different regions and rural areas to metropolitan areas is continuing, and while some of these migrants have different ethnic origins, those who belong to the dominant group have also substantial cultural differences, and so can also be defined as immigrants.

characteristics among the male and female entrepreneurs. First, the female entrepreneurs belong to lower age groups and most started their businesses quite recently. They are also more educated than their male counterparts: Among the seven female entrepreneurs, five are university graduates and two have secondary level education. Most are engaged in creative activities, such as design, art, creative advertisement and jewellery production, while only some provide professional services. The one female entrepreneur engaged in retail activity is specialised in a field that necessitates some technical knowledge, being the sale of optical goods. Among the seven female entrepreneurs, four say that they and their family were born in Istanbul, while the families of two migrated from different provinces and one is of a different ethnic origin.

These characteristics of the female entrepreneurs show that they represent a special segment of entrepreneurs, having considerable differences from the male entrepreneurs. They belong to different age groups, ranging from relatively older age groups to young ones, and from low to high levels of education, and include Istanbul-born people as well as high numbers of immigrants and people of different ethnic origins. The figures (see Table 1) show that while the share of different age groups are almost equal, the highest numbers of entrepreneurs have a secondary level of education. Among them, migrants from different regions constitute a majority and entrepreneurs with a different ethnic background account for 36 percent of the total. The above figures indicate the greater heterogeneity of male entrepreneurs when compared to female ones.

Age and education

Entrepreneurs in the sample belong to different age groups, with those in their 20s and 30s constituting almost half of the total. The younger groups are more engaged in creative activities and activities that target tourists, and among them, while those that are highly educated dominate, there are also some with the low levels of education. In general, the level of education of entrepreneurs is higher than the national average, with only 20 percent having low levels of education. Most of the entrepreneurs with secondary education have received only general rather than occupation-oriented education. Those who have attended occupation oriented programmes tend to specialise in activities related to their educational background.

Table 1: The main characteristics of entrepreneurs in the sample

ENTREPRENEURS							
		Female	%	Male	%	TOTAL	%
AGE	20-29	3	0.43	5	0.15	8	0.20
	30-39	2	0.29	11	0.33	13	0.33
	40-49	2	0.29	5	0.15	7	0.18
	50+ AGES		0.00	12	0.36	12	0.30
EDUCATION	LOW		0.00	8	0.24	8	0.20
	SECONDARY	2	0.29	16	0.48	18	0.45
	UNIVERSITY	5	0.71	9	0.27	14	0.35
ORIGIN*	ISTANBUL	4	0.57	4	0.12	8	0.20
	IMMIGRANTS	3	0.43	29	0.88	32	0.80
	ETHNIC BACKGROUND	1	0.14	12	0.36	13	0.33
ENTERPRISES							
JOBS	CREATIVE JOBS	3	0.43	2	0.06	5	0.13
	RETAIL	1	0.14	13	0.39	14	0.35
	SERVICES	3	0.43	10	0.30	13	0.33
	INFORMAL		0.00	6	0.18	6	0.15
	PRODUCTION		0.00	2	0.06	2	0.05
MARKET ORIENTATION	TOURIST ORIENTED	1	0.14	13	0.39	14	0.35
	ISTANBUL	3	0.43	14	0.42	17	0.43
	TURKEY	3	0.43	5	0.15	8	0.20
	ABROAD		0.00	1	0.03	1	0.03

*The sum is not equal to 1, since among both the people born in Istanbul and the migrants, there are people with a distinct ethnic background.

Ethnic background

Beyoğlu is an area that invites entrepreneurs not only from the different districts of Istanbul, but also from various other regions of Turkey and abroad. Considering the rapid population growth in Istanbul in recent years, it is not surprising that 80 percent of the entrepreneurs in the study migrated from different regions of Turkey, either individually or with their parents. Furthermore, one-third of them have a distinct ethnic background, of which the majority are Kurds, two are Armenian and one is from Senegal. The ones categorised as entrepreneurs from Istanbul are those whose families have lived in Istanbul for at least two generations, although only eight out of the 40 male entrepreneurs fall under this category.

Previous experience, former jobs

The previous experience of entrepreneurs is rather diverse, which indicates the different paths to starting a business in Beyoğlu.

First, there are significant numbers of entrepreneurs *with experience in different activities beginning from very young ages*. Most of them began work as an apprentice (*çırak*) in different fields of activity and later managed to establish their own enterprises. For example, R1 (38, male, hotel and gift shop owner, Kurdish) says: “*I began work as an apprentice in Mısır Çarşısı when I was 14. I worked there until I was 26 and then I started my gift shop business. I became an entrepreneur. At that time, I saw that there was not enough accommodation for tourists in Istanbul, and so I decided to become one of four shareholders in a hotel. I met many people when working in a tourism-related sector, and this helped me to find customers. Now my business is growing very fast.*” It is apparent that these types of entrepreneurs, most of which come from low- to middle-income families, learn their business when working as an employee, and then after a number of years they start their own business. Such people are referred to as *çekirdekten yetişme* (grown from the seed) in Turkish.

Having experience in a related sector is important, although some entrepreneurs change their fields of activity as new opportunities arise. Entrepreneurs engaged in retail commerce in particular change their products and fields of activity as market conditions change. Since a change from one field of activity to another does not necessitate the learning of new skills, it can be rather easy. R4 (27, male, university graduate, Kurdish descent) says: “*I am marketing Turkish products at different international fairs, especially those organised on the Arabian Peninsula. I previously worked in a gift shop, and before that I was helping my brother in the Fish Market.*” The type of enterprises in which they are engaged may well be unrelated to their former activities. R6 (56, male, secondary education, stall owner) says: “*I was working in the flower business as a worker; then I started working with my father marketing shoes. Since 2005 I have had a stall selling bijouterie.*”

In recent years there has been a tendency among small producers to close down their production units and to engage in the marketing of the same products that they import mainly from China. The second trend among people specialised in construction management is to start accommodation and restaurant businesses. They want to own a hotel or restaurant after constructing a building, and usually want to run it themselves rather than joining a specialised hotel management chain. R13 (45, male, low level of education, restaurant owner) says that: “*Our former business was construction. We first entered the multi-storey retail trade sector and then started to run a restaurant, since we had a building in Nevîzade Street that was full of eating and drinking places.*”

While some of the existing entrepreneurs have changed their fields of activity, there are also others who *began work in a sector as an employee and became entrepreneurs in the same sector after some time*. One such example is R5 (52, male, secondary education, jewellery designer), who explains: “*I began to work in Kapalıcaşı (Covered Bazaar) as an apprentice and then started my own company after some years*”. Most entrepreneurs of this type are the children of migrant families, and some come from a different

ethnic background. During the fieldwork in Istanbul it became apparent in the interviews that there was a higher motivation among immigrants to become entrepreneurs than those already living in Istanbul, since they were under pressure to earn more to support their families. Some entrepreneurs started their own business just after migrating to Istanbul, and have been in business for many years, and can be found engaged in a diversity of activities, such as dried fruit trade (*kuruyemişçi*) (R12, 47, Kurdish origin, migrated from Van) and old book sales (*sahaf*) (R34: 38, male Kurdish origin, university graduate).

Being an entrepreneur is not always a deliberate action, as some of the respondents became entrepreneurs in their fields by accident. R3 (48, female, jewellery producer and seller, stall owner), for example, started out in jewellery production when she was a student in order to earn money, and it was later that she opened a small place to sell her goods. Since she loved to design and produce jewellery, she decided to continue working in the field. She said: *“I was designing silver and leather jewellery, but now I am only designing and producing leather goods. Designing jewellery is what I like to do.”*

While many of the entrepreneurs established their own enterprises, a few of them came to own family enterprises. Some of these entrepreneurs who run family business are native Istanbul residents, such as the two Armenian entrepreneurs in the sample, whereas others belong to immigrant families. R15 (55, secondary school, Armenian, producer) says: *“I was working in a jewellery shop when I was a child, but when I graduated from secondary school I began to work with my father, who was producing different spare parts for machines. Now I am in charge of the business.”* The entrepreneurs in the sample are involved in a diversity of fields, such as R31 (59, male, Armenian, producing kitchen equipment), who was a teacher who took over the family business after his father had a heart attack. Running a family business is accepted by many entrepreneurs a favourable situation, since there are fewer problems faced when taking over an already established business. This is not always the case, however, as sometimes the partners may have different plans and strategies for the future of the enterprise. R8 (31, male, low education, restaurant owner) clarifies this situation: *“My father and uncle were working at Ülker (one of the largest food production company in Turkey), but decided to open their own business. They opened this restaurant and worked together from 1979 up to 2009, but their conflicting ideas about enlarging the company led to my uncle leaving the business. I am now in charge of the restaurant.”*

In contrast, there are several entrepreneurs who used their educational background when starting their business, having a professional education in the same field of their activity and a strong commitment to their work. Most of them are specialised in the arts and related fields; for example R2 (45, female, puppet designer) is makes puppets and provides courses for those interested in learning her skills. She complains about the small number of people engaged in this business, and the limited support provided by local government for puppet shows and existing puppet festivals. Similarly, R18 (35, secondary school graduate, born in Istanbul), who is a member of a music group and has an interest in sound technology, is now running a store that sells musical instruments and provides training to young people. A number of other entrepreneurs draw upon their talents for their businesses, such R19 (32, university graduate), who is specialised in web design, and R26 (26, female, university graduate) who is involved in e-commerce. The common characteristics of all those falling under this category are a high level of education and family living in the Istanbul metropolitan area.

The final group of entrepreneurs fits the classical definition of entrepreneurship, being those that *started their business after identifying a market opportunity.* R24 (34, female, owner of a design company) was a graduate of fine arts who observed that the available mementoes for foreign tourists were of poor quality. *“Tourists were having difficulty in buying special gifts for their loved ones from Istanbul, and we decided to enter to the market to fill this gap. We designed products and used different manufacturers to create a large portfolio of products that received increasing attention not only among foreign tourists, but also local people”.* R26 (26, female, university graduate, owner of an e-trade business) also saw the difficulty faced by consumers in

finding designer products, and so initiated an e-business specialised in the marketing of designer goods.

2.2 Characteristics of the businesses, their evolutionary paths and core fields of activity

Beyoğlu is home to a broad range of business types. The sample of this research covers five different types of enterprise that come close to representing the existing businesses in Beyoğlu (see Table 1).

In general, Beyoğlu is a centre of retail and service activities. Most businesses do not serve specifically local residents, as their customers come from different parts of Istanbul. While the retail and services targeting high-income groups have already moved to different centres of Istanbul and to the city's shopping centres, Beyoğlu serves mainly the medium- to low-income groups, although it still hosts some specialised services aimed at different niches of the population, such as intellectuals interested in the arts, and cultural services and products. The fieldwork revealed that some retail products are produced specifically for tourists, along with such service facilities as hotels, restaurants, cafes and recreational places that serve also those who live in Istanbul. Besides classical retail and trade activities, there are also creative enterprises specialised in designer products, as well as other creative businesses that use new technologies in such fields as web design, design consultancy, editorial facilities, etc. These enterprises prefer to locate in Beyoğlu, since many artistic and cultural events take place nearby. Beyoğlu also features neighbourhoods and streets where small production firms are clustered, specialised in the production of small items of hardware, electrical supplies, kitchenware and chandeliers, existing alongside antique shops and other such businesses. Some of the businesses located in places of agglomeration produce and sell their own products. Beyoğlu is also a point of attraction for peddlers selling different products, some of whom have working permits from the Beyoğlu municipality, and others (stall owners) who are part of the informal economy. As literature suggests, sometimes street peddling is the only way of earning a living for disadvantaged immigrants.

Among all of the enterprises in the sample, one-third aim to serve tourists. Those defining their market as Istanbul constitute 43 percent, while those who claim Turkey as their market constitute 20 percent of the total. Some specialised shops say that they have customers from all over Turkey, for example R33 (female entrepreneur, 38, optical goods retailer) claims: *"I have customers from different cities who ask for an appointment to come here. I even have a customer who is now in prison in Erzurum."* Only one of the sample businesses claims to work for the foreign market. The companies engaged in small production activities also work as suppliers to different shops, most of which are gift shops.

The interviews show that customer demand is the most of important factor in defining the product composition. R2 (45, woman, puppet designer) says: *"The puppet festival organised in Istanbul increased interest in puppets. It became a new trend to give a puppet as a gift, especially one that looks like the recipient. I am now producing these kinds of puppets."* For the service sector in particular, customer satisfaction is defined as essential, and many enterprises emphasise its crucial role in the success of their enterprises. In order to increase customer satisfaction, some businesses offer additional extra services. For example, R1 (38, hotel owner) says: *"While other hotels provide breakfast for free, we also offer a snack buffet from 5 p.m. to 10 p.m. When hotel guests are hungry, we provide them with drinks and snacks so that they do not have to buy anything outside. This service increases customer satisfaction, and we have received positive responses."*

Serving a niche market is also emphasised by many entrepreneurs as key to sustained growth in their business. R22 (44, rock bar owner and manager) says: *"What makes us different from others is that we serve customers who shun popular culture and music, those who we call "old school". This is our main customer group."* Most of the entrepreneurs claim that they have to adapt to changing market conditions as well as

changing demand structures, and so *change their products in response to the changing demand*. According to them, providing state-of-the-art technology products is essential. R40 (36, university, electrical appliances retail) says: *“In our business it is necessary to keep up-to-date. Products are always changing, and so we have to follow technology and sell new technological products. If we don’t, we will not be able to attract new customers.”*

Several enterprises endeavour to introduce new aspects that differentiate them from their competitors, although this is obviously easier for design-oriented products. R3 (48, jewellery designer) claims that she has designed many products that have later been imitated by large companies. She says: *“One of my designs is even imitated by Mango, who sell it at a high price.”* For these types of entrepreneurs, creating original designs is quite important, and is a source of pride. R25 (21, producing accessories for hotels) says: *“We are the only producer that combines china (çini) and wood. That is what makes us competitive and distinct.”*

Most of the existing enterprises are rather small, and there many self-employed and co-owner enterprises employing small numbers of workers. In general, the service sector provides more jobs than retail activities, with the largest enterprises in terms of employees being hotels, which have different numbers of employees depending on the number of available beds. Furthermore, some of the enterprises employ part-time rather than full-time workers to reduce costs, and in family enterprises it is common to find a sharing of responsibilities and working hours among family members. R25 (21, producing accessories for hotels) says that since she is at university she works only at weekends, and her sister looks after the business during the week.

The changing market conditions are also important in employment generation. In general, a decrease of employees is occurring, due mainly to increases in technology and decreases in total sales. Several small production firms explain that the addition of new machines to their production processes have enabled them to employ fewer people, although most entrepreneurs agree that decreasing sales is the main reason behind their staff reductions. R3, a jewellery designer, says: *“When we started this business we were three partners; one of us was tanning leather, one was designing and the third was responsible for the production process. We were employing 15 employees. In those years we were marketing our products southern Anatolia. Now we are only marketing in Istanbul and only have two employees.”* Many entrepreneurs complain about the low growth rates in the national economy and the decreasing demand for their products, and this situation is more pronounced for the producers of specialist goods. Wig producer R39 says, *“While we were employing 15–20 employees in the past, now we are only 3.”*

The skill levels of employees vary substantially. While retail businesses and some service firms employ some people with medium to low skill and education levels, most look for workers experienced in their fields of activity. The hotels in Beyoğlu employ both experienced and young people with high levels of education, and also take on trainees, some of which are employed after graduation. A number of firms also employ part-time workers, especially university students, such as the Pizza Restaurant owned by R38, which employs 25–30 students on a part-time basis. Creative enterprises and some specialised services necessitate skilled labour, with R26 (26, female, E-commerce firm) in particular emphasising the importance of highly skilled people specialised in multimedia and communication design issues. R19 (32, male, advertising company owner) underlines their need for skilled and talented employees, which can be difficult to find.

Interestingly, most employees live outside Beyoğlu, aside from those in the entertainment sector who need to be close by due to the late operating hours of the establishments in which they are employed. In this regard, entrepreneurs prefer employees who live within walking distance of the workplace. For other Beyoğlu workers there is no specific neighbourhood in which they are concentrated, being rather dispersed all over Istanbul. R20 (58, male, hotel owner and manager) says that they have no

employees living in the surrounding areas, since the rents are not affordable for employees. In general, employees prefer to live somewhere where there is access to buses or the metro. R24 (34, female, co-founder of a designer product company) says that there are 22 employees working at their main office, and all of them come from different neighbourhoods of Istanbul. For this reason, it is not possible for the company to provide a transport service for them.

2.3. The location and site/s of the enterprise

Most of the enterprises have no other locations or branches, being confined to their workshop, bureau or production facility in Beyoğlu. Moreover, 30 of those interviewed have no plans or aspirations to open new facilities or branch offices.

Those currently with branch offices are few in number. R22 (44, male, rock bar owner and manager) says that due to the demands of his customers, he opened a rock cafe on the Anatolian side of the city in Kadıköy called namely Dorock XL to cater not only for old customers, but also new ones. On the other hand, some enterprises have their main offices in Beyoğlu, but have other offices specialised in different activities in various locations in Istanbul. For example, R19 (32, male, advertisement company) has its main office in Beyoğlu, but has an RandD and software department in Avcılar (a district quite far from the centre), which according to the owners is to take advantage of the lower rents in the less-central districts. Similarly, some enterprises have showrooms and sales offices in Beyoğlu, where the visibility of their activities is higher, but carry out production in different districts around the district.

Recently, the Beyoğlu Municipality took the decision to move existing production facilities to locations outside the district in line with the regulations that came into force in 2006 (Law No. 5366) giving Beyoğlu Municipality the right to implement projects in historical areas and circumvent conservation and zoning regulations, although an operational plan has yet to be prepared. This has been a source of worry among local enterprises, who are happy with their location in the city centre and are afraid of losing custom if they are forced to move to more remote areas. Although they complain about the deterioration of certain neighbourhoods in Beyoğlu and the dilapidation within the district, many production firms that have been located in Beyoğlu for a long time are anxious of the redevelopment and renewal projects taking place in the district.

2.4. Conclusions

Entrepreneurship in Beyoğlu has many interesting features. First, it can be said that the diversity of the entrepreneurs in Beyoğlu does not overlap with the diversity of the residents in Beyoğlu. Several of the social groups who have settled in Beyoğlu, especially the poor migrants, are not represented at all among the existing entrepreneurs, and this mismatch can be clearly understood from the places of residence of the interviewees (entrepreneurs). This is obviously due to the main characteristic of Beyoğlu, being an important retail and small manufacturing centre of Istanbul, and the fact that, according to the findings of the research, only a limited number of employees also live in Beyoğlu.

While the diversity of entrepreneurs does not correspond to the diversity of residents, Beyoğlu is still embedded with different types of entrepreneurs. Immigration to Istanbul from different regions in Turkey is continuing, and most of the immigrants have different characteristics, lifestyles, attitudes and beliefs, although their ethnic descent may or may not be the same. Almost 80 percent of the surveyed entrepreneurs are immigrants from different places, and around one-third are of a distinct ethnic descent. In fact, who is an immigrant and who is of a distinct ethnic descent is also a

complicated issue in Turkey, since the country has more than 20 defined ethnicities²¹ that down through the centuries have become quite mixed. In this study, the people we define as being from Istanbul are those whose families have lived in Istanbul for more than two generations.

An assessment of all the characteristics of the entrepreneurs and their fields of activity make it possible to define certain profiles.

- Entrepreneurs with high levels of education, engaged in creative jobs, mostly young and born in Istanbul (although some are of Kurdish descent). Most of the female entrepreneurs fall under this category.
- Entrepreneurs engaged in small production activities are relatively older, have secondary levels of education and run family businesses. Most are native Istanbulites and have a distinct ethnic identity as minority groups.
- Entrepreneurs with relatively lower levels of education, engaged in the service sector and tourism related activities. They are mostly immigrants from different parts of Turkey
- Street peddlers, with different levels of education, running businesses in tourism-related goods. They come from different backgrounds and have different ethnicities.

These entrepreneurs have also quite different work experience and businesses with different evolutionary paths and fields of activity. Although most have distinct careers, it can be said that previous experience, skills and talents are important factors among those who start a new business. In contrast, ethnic background and immigrant status contribute little to career. That said, the interviews indicate that immigrant entrepreneurs from less developed regions are more determined to sustain their businesses, although they tend to have a relatively lower education. In this respect, it is possible to observe a shift from one activity type to another in the event of changing market conditions. What is obvious from the fieldwork is the importance of market conditions, and the identification of market opportunities was important for almost all participants, being a melting pot for entrepreneurs that makes their diverse characteristics and backgrounds unimportant.

3. Motivations to start a business and the role of urban diversity

This chapter focuses on the most influential factors leading to the starting of a business, aiming to highlight the motivations of entrepreneurs, and explaining the influence of the diversity of a neighbourhood in the decision to start or move a business to the present neighbourhood.

3.1 Introduction

What are the leading motivations leading one to start a business? The body of existing literature contains a number of different views related to the focus of different types of entrepreneur. First, literature on immigrant and ethnic entrepreneurship suggests that the motives for ethnic entrepreneurship are to be found largely in the challenges imposed by their less favoured position. According to Baycan-Levent et al. (2003), social exclusion, discrimination, a lack of education and skills, high levels of unemployment and cultural factors push an increasing number of immigrants towards entrepreneurship. Such studies go on to explain that ethnic enterprises start their businesses to serve their own ethnic groups with traditional products and basic services. The use of existing networks is also highlighted in this literature, as a way of facilitating access to customers (Johnson, 1990; Kloosterman et al., 1998; Masurel et al. 2002; Baycan-Levent et al., 2003), and also the initial

²¹ Twelve main ethnic groups have been defined, but there have been studies identifying many more. The largest group constitute people who assume themselves Turkish with respect to language, history and culture (80–85% of the total population).

capital to start their business (Basu, 2004; Kloosterman et al., 1998; Rettab, 2001). Family and ethnicity may turn into competitive advantages, as relevant ties may be sources of social capital, and in this regard, crucial resources for entrepreneurial activities among migrants (Smallbone et al. 2010). Networks can provide start-up capital, information and knowledge, cheap (and even free) family or co-ethnic labour, a first customer base or supply chain (Ram and Jones 1998). According to different authors,²² traditional business strategies, including internal orientation, traditional sectors, ethnic employees and ethnic customers, may provide a 'safe haven' for immigrant entrepreneurs (see Baycan-Levent et al., 2003).

Such emphasis on ethnicity and discrimination in the labour market and the concentration of ethnic entrepreneurs in neighbourhoods dominated by an ethnic population could explain the earlier phases of immigration of distinct ethnic groups, although it may be less relevant now due to changing conditions. As Tasan-Kok and Vranken (2008) emphasise, over time, ethnic businesses can spread throughout the city as they become more entrepreneurial and better integrated into the urban economy. Under such conditions, the classical factors of entrepreneurship can be expected to better explain the motivations of such entrepreneurs, who now aim to serve the different socio-economic groups in the city, not only a certain ethnic group. Three aspects of entrepreneurship can support discussions of the different motivations for entrepreneurship (Carlsson et al., 2013; Shane, 2003; Demirdağ, 2015). Firstly, entrepreneurs have been defined as *uncertainty and risk bearers*; secondly, entrepreneurs have been identified as *innovators and creative destructors*; and thirdly, entrepreneurs have been described as *opportunity seekers*. In other words, accessing a better income and increasing opportunities for advancement, perceived opportunities and filling a gap in the market are the main motivations, all of which are connected closely to the definitions of entrepreneurship. According to Shane and Venkataraman (2000: 218), entrepreneurs are concerned with 'the sources of opportunities; the process of discovery, evaluation, and exploitation of opportunities, thus, entrepreneurship scholarship is focused on the recognition of opportunities and the cognitive process of deciding to act upon those opportunities'. These issues can be considered more useful in a discussion of the motivations of entrepreneurs in Beyoğlu than literature on immigrant and ethnic entrepreneurs.

Recent literature has also directed focus to the role of creativity and innovation as new motivations of entrepreneurship, making a genuine contribution to the understanding of the dynamics of entrepreneurship (Florida, 2001, 2005; Landry, 2000; Fainstein, 2005; Lee et al., 2004). As Fainstein (2005) argues, different forms of social, cultural, ethnic and spatial diversity attract multiple forms of human capital, and undoubtedly encourage cultural and artistic creativity, along with technological and scientific innovation. The Beyoğlu case study supports this view, and provides evidence of the motivations and aspirations of creative entrepreneurs.

Although the theoretical discussions above are of great importance, there remains a need to understand why the propensity for entrepreneurship varies across people, the answer to which involves the differences between individuals, such as education and training, and in particular, the characteristics specific to those individuals, namely self-efficacy (the individual's sense of competence), collective efficacy, prior experience and social norms. According to Audretsch Keilbach (2004), all been found to be influential on the ability of an individual to perceive an entrepreneurial opportunity, and to subsequently act upon that opportunity.

²² Labrianidis and Hatziprokopiou (2010:195) underline that Kloosterman and Rath (2003) counted over 1,700 publications on immigrant entrepreneurs, most of which are focused on supply side issues related to ethnicity.

3.2 Motivations for establishing a business

The interviews with different types of entrepreneurs clarified that the main motivation among them was to earn more than they get as an employee, in other words, to improve their opportunity for financial advancement, whoever they are, and regardless of the culture or ethnicity to which they belong. R4 (27, male, university graduate, organising and participating at fairs) says that before starting his business he worked in different places that were paying good salaries, but that his current enterprise, formed by four shareholders, allows him to earn more than he was as a wage earner.

There is common belief in Turkey that even if you own a small enterprise, you earn more than you would as an employee. In this regard, in Istanbul and in Turkey as a whole it is possible to see high numbers of small business start-ups, either as a self-employed individual, or companies with one or two employees. Among these are companies that grow fast and initiate new businesses, however, the closure rate of small firms is also high. In general, the follower effect is an important factor for those starting a business in Turkey (Eraydin, 2009), in which an entrepreneur tries to imitate the path of growth of a successful firm, or chooses an activity that has become popular as a result of a successful firm. The main motivation behind such an attitude lies in the perceived reduction of risk in starting a new enterprise. Obviously, this low risk-taking attitude works against the emergence of new types of businesses.

Many entrepreneurs who have started businesses in Beyoğlu emphasise the increasing opportunities in tourism related activities, accommodation, eating and drinking facilities, and gift shops, since Istanbul has been attracting more and more tourists in recent years. For this reason, a number of entrepreneurs, predicting that tourism related activities will become even more attractive in the coming years, have started businesses in tourism and related sectors. R36 (51, male, hotel manager) underlines the importance of tourism not only under the current conditions, but also in the future, but says that this sector is also very sensitive to international conditions, being affected by both political and economic upheavals at a global level.

Obviously, previous experience in related jobs was one of the motivating factors among entrepreneurs that motivated them to start a business. For example, working in the retail of food products as a wage earner for many years motivated a restaurant owner to start a business, while a coiffeur working with his uncle for five years started his own business producing and marketing wigs for ladies. These entrepreneurs are convinced that their experience and knowledge helped them to expand their businesses successfully. R23 (50, male, university graduate, restaurant manager) says: *"I worked in the food sector before with my wife. My wife is even more experienced than I am. She started the business, and after a few years I became a partner."*

Filling a gap in the market as a motivation for entrepreneurship is exemplified by the experience of two female entrepreneurs in the study. The first of these, R24 (34, university graduate, producing new types of gift products), saw as market opportunity in high-quality gift products for tourists and upper middle-income groups, while the second, R26 (26, female, university graduate, e-commerce-design products), markets designer products through an e-commerce enterprise. During the fieldwork we also came across a number of entrepreneurs that declared that they started their business in order to earn money, but came to really like their business after becoming more involved. Among these are those dealing with the arts and music are the predominant ones, although for all in this category, earning money is now not their main motivation.

Literature underlines that the motives of ethnic entrepreneurs are to be found largely in the challenges imposed by their less favoured position. Entrepreneurs participating in the field study did not highlight the availability of existing networks, which can provide start-up capital, information

and knowledge, cheap family or co-ethnic labour or ethnic customers, as a source of motivation for starting a business. In fact, most of the ethnic entrepreneurs seem to be more insistent and determined to increase their income than those born in Istanbul or with families living in Istanbul for more than two generations.

3.3. The importance of location and place diversity

When the entrepreneurs were asked about the factors motivating them to choose their current business location, they emphasised that Beyoğlu is the best place for their present activities, indicating the locational advantages as well as its liveliness and easier access to different types of people. According to most of them, *the agglomeration of the similar shops and companies* is vital in attracting more people to shop and use the service and entertainment facilities in this district. In this regard, the high customer potential of Istiklal Street is very important in the choice of Beyoğlu as a location, although rents are quite high on the main streets. R30 (35, male, sales representative of Arabic perfume OUD) says that it took him two years to find his current location. *“Although its rent is very high, it is worth it, because this is the place with the highest customer potential in Istanbul. Everyone who visits Istanbul stops off in Beyoğlu if he or she has time.”*

Entrepreneurs producing or marketing specific goods underline that “Taksim is the place for specialised goods”, including R39 (34, male, wig producer and seller) and R29 (a50, male, antiques shop owner). *“For an antique shop, Beyoğlu is the best place, there is no alternative. Even people from the Grand Bazaar come here to buy antiques since it became full of shops selling jeans etc. and lost its atmosphere and soul. When the Galataport project is finalised, Beyoğlu will be even more attractive for specialised high value products”* (R29: 50, male, secondary school graduate, antiques shop owner).

Similarly, the entrepreneurs targeting a special customer profile, especially those engaged in entertainment activities, define Beyoğlu as the centre of entertainment. A shopkeeper specialised in old books (R34: 38, male, university graduate, Kurdish origin) says that people who are interested in old books come to Beyoğlu, since they know that they can find any book they like there, while the rock bar owner (R22: 44, male, university graduate) claims that an entertainment company specialised in rock and heavy metal music can only survive in Beyoğlu, since it has a special niche of customers.

The high numbers of tourists visiting Beyoğlu is obviously very important for tourism-related services and products. Most of the entrepreneurs agree that if you want to find customers for tourist related businesses, there are two attractive districts – according to R20 (58, male, hotel manager) *“either you have start your [tourism] business in Sultanahmet or Beyoğlu”*. However, tourism is highly sensitive to economic and political conditions, both in Turkey and around the world. During economic crises, the decreasing numbers of tourists has a detrimental effect on entrepreneurs, which pushes them to adapt to the changes by engaging in new types of activities. Moreover, the change in the composition of tourists in recent years has led to changes in demand for tourism-related products. As R36 (51, male, hotel manager) explains: *“It was European tourists that mostly visited Beyoğlu in previous years. Especially visitors from Greece come to Beyoğlu and do not stay in any other place in Istanbul. In recent years, however, Arabs have discovered Beyoğlu. Now there are increasing numbers of tourists from Arabic countries, and so some of the shops and entertainment venues have revised their menus and products according to the demands of this niche group of tourists.”*

Besides the above customer-oriented factors, for some enterprises, it is their proximity to designers and creative activities that compelled them to locate in Beyoğlu. R24 (34, female entrepreneur), specialised in gifts and accessories, underlines the importance of proximity to the designers and design companies located in the certain neighbourhoods of Beyoğlu, namely Çukurcuma and Galata. She says that being close to designers feeds her continuously. R19 (32, male, university graduate)

shares the same opinion, claiming that in innovative and creative sectors it is necessary to be at the centre of the districts where all companies and skilled people are located. One particular sub-district of Beyoğlu, namely Cihangir, has attracted increasing numbers of people engaged in the arts and creative activities.

There are also individual factors encouraging entrepreneurs to start a business in Beyoğlu, with living in the neighbourhood being among the most important. Some entrepreneurs want to both live and work in Beyoğlu, since it is a very lively place and provides a non-monotonous lifestyle. R3 (27, female, jewellery designer, Kurdish-Alevi origin) emphasises the many exhibitions, theatres, cinemas and art events in the area as the most attractive character of the district. In fact, Beyoğlu has been hosting increasing numbers of artistic events over the last decade, and many deteriorated buildings in Beyoğlu have been transformed into high-quality dining venues, art galleries, ateliers and exhibition halls. These new activities have changed the cultural landscape of Beyoğlu, while also attracting new groups to this district, resulting in it regaining the prestige that it lost in the 1960s. There are some entrepreneurs that are not happy at being located in Beyoğlu, although their numbers are few. R31 (28, male, marketing accessories and jewellery) says *“economic conditions made me locate here. Frankly, I do not want to be here, but in Eminönü, where most of the wholesalers are located”*.

Among the leading factors compelling entrepreneurs to choose Beyoğlu as the location for their enterprise, only a few of the participants made an explicit reference to the diversity of people living in the district. R26 (26, female, university graduate) says: *“The people living in Beyoğlu tend to experience different things and buy special products. Being located nearby these people is an advantage.”* However, what she refers to here as more important is not the people living in the deprived parts of Beyoğlu, but rather those living in the gentrified areas, most of whom are people engaged in arts and crafts, as well as professionals engaged in new types of businesses. In fact, it is possible to observe a limited interaction between the residents and the enterprises in the district, aside from the higher income groups that have settled in Cihangir and its surroundings.

In contrast, there are a number of entrepreneurs who are happy to be located in this multi-cultural district. R12 (47, male, dried fruit retailer - *Kuruyemişçi*) says: *“One of the main reasons why I have been in this district for so many years is its multi-cultural structure. It is possible to see many people and to chat to people who have different lifestyles and habits. This makes our work highly varied.”* It should be noted that the different cultural groups to which he refers are not only people living in the district, but people visiting Beyoğlu, including the large numbers of tourists. For most of the entrepreneurs, diversity is defined simply as a *diversity of customers*, the importance of which is highlighted mainly by shopkeepers engaged in the sale of different types of consumer goods.

These entrepreneurs emphasise the ability of their product diversity to reach different types of customers, especially those producing and selling non-standard products; and those producing or marketing products that serve distinctive different tastes. R24 (34, female, university graduate) underlines that visitors to Beyoğlu are part of different groups with different tastes and lifestyles, and so it is advantageous for her to create and design different products in order to attract larger numbers of customers. R25 (21, female, producing wooden and metal accessories for hotels and tourism related activities, besides a retail shop) emphasises the importance of a diversity of customers, since some visitors are not interested in their products, while other groups, mainly those over middle age, are really looking for special products and cultural artefacts. Even street peddlers emphasise the importance of a diversity of customers, such as R28 (40, male, Senegalese, peddler, selling watches), who explains that although he has local customers, most are tourists from Iran, Iraq, Morocco and Azerbaijan.

The diversity of existing businesses is also defined as one of the assets of this district. Some of the entrepreneurs underlined the presence of different types of enterprises as a positive asset in attracting different customers. This is particularly the case for small producers, who say that the existence of different entrepreneurs enhances the exchange of information and collaboration. R9 (52, male, producer of metal accessories) says that a diversity of enterprises is very important for him: *“Last week one of the entrepreneurs in this neighbourhood who is working with Dutch importers came to my workplace asked whether I would be able to produce keyrings. He had several prototypes which I had never seen. I said I would be able reproduce them. Now I am producing very nice keyrings and I am making more money. As you see, you can come across different people here who may have a positive impact on your business.”* R15 (55, male, small equipment producer), also extols the benefits of being in close proximity to different kinds of enterprises engaged in different activities, saying that he can find anything he needs nearby. According to him, this is a significant advantage in Istanbul, being a city where traffic is a real problem.

Among the entrepreneurs, especially those who are relatively long for old Istanbul. R32 (59, male, Armenian, kitchen utilities producer) says: *“Beyoğlu was different in several years ago. There were thousands of different people. There were Greeks, Armenians and many others. Later, people from İnebolu and Kastamonu came here as craftsmen and shopkeepers, and people from the east followed them. Now most of the workers and craftsmen are from Eastern Anatolia.”*

In contrast, some of the entrepreneurs claim that diversity is not important for them at all, saying that they have customers from all over Istanbul and from different regions in Turkey. In this regard they are interested neither in the diversity of the neighbourhood nor the diversity of the people visiting. Among these entrepreneurs are shopkeepers selling small metal items and electrical goods etc., who are agglomerated in particular streets of the district.

3.4. Selecting the line of business

The entrepreneurs in the sample raised several reasons for selecting their particular line of business, with experience in the particular sector being the most common. As underlined earlier, many entrepreneurs started their business after working as an apprentice in a workplace, in that learning the details of a business and gaining experience are without any doubt an important factor when starting a business. R4 (27, male, Kurdish descent) says that he began working in his brother's shop and learned how to market products not only in Turkey, but abroad. Now he is participating at international exhibitions and is marketing his brother's products and those of other producers. He says he would be afraid of starting a business in a completely different field.

This is especially important for entrepreneurs with low levels of education. Several entrepreneurs, who started a business and became successful in their field selected a related field of activity for their new businesses. R10 (26, male, engaged in import-export, Kurdish descent) started in the import-export sector since it was related to a field that he already knew. Similarly, R25 (21, female, working in her father's company), who is a graduate of a Hospitality and Tourism Department, says that their company was producing certain products for hotels and touristic places, but that they now also retail these products, as well as supplying the different types of products for tourism-related companies.

A few entrepreneurs think that the activities in which they are engaged are not so complicated and are easy to manage, such as R38, is a part owner of a fast food (pizza) chain. Opening eating and drinking places has become a popular pursuit in Turkey's larger cities in recent years due to the changing lifestyles of families and the increasing numbers of women and university students seeking work. Over the last three decades, fast food chains have become very popular, but also exclusive restaurants and cafes. Moreover, the expanding tourism sector has meant an increase in the number

of customers in the main tourism centres. This rise in demand has triggered the opening of many new places and food businesses, while there is a common belief that there is little risk of not finding customers in the food and drink sector, coupled with a high profit margin.

Some of the study participants with a special interest in a subject started a business in their field, whether or not it was connected to their profession. R22 (44, male, co-owner and manager of a rock bar-café) says that he loves music, and was a member of a music group when he was younger. After he quit music, he wanted to maintain a connection, and so initiated this business with his friends. Similarly, R24 (34, female, co-founder of a design/gift shop chain) had difficulty in finding good quality gifts for her friends, and seeing a market opportunity, started a business producing high quality gifts.

Coming from a family business is also a dominant factor in entrepreneurship. Some of the entrepreneurs wanted to continue the family tradition and use the advantages of an established family business, believing that an existing workplace and loyal customers provided them certain advantages. R29 (50, male, antiques seller) says that his father and grandfather sold second-hand goods in what is now his shop, but that when he started to manage the business, he turned it into an antiques shop, although there were other opportunities. According to him, this type of business gives a great satisfaction.

The numbers of entrepreneurs who says that they came into their field of activity by coincidence are not few in number. For example, R31 (28, male, accessories and jewellery seller) was a graduate of a technical school specialised in the automotive sector. After graduating, he attended Istanbul Technical University for two years, but was unable to find a well-paid job. It was by coincidence that he began working in accessory and jewellery production, and later started his own business. Another entrepreneur, R34 (38, male, seller of the second-hand books) is specialised in old books, but is a graduate of Astronomy at Istanbul University. When he was a student he was very fond of books, and a friend of his uncle, who was an old book seller, asked him to become a partner, and he became the sole owner of this business after the original owner left.

3.5. The availability of advice, start-up support, and finance

Capital is a very important factor when initiating a business. In this section we discuss the sources of capital of the entrepreneurs for initiating their business. Interestingly, the interviews showed that most of the entrepreneurs did not receive any financial support from their families, relatives or friends, which goes against existing knowledge on the critical role of families in initiating a business in Turkey. What the entrepreneurs in our sample emphasised was the importance of their own savings, in that most declared that they had received no financial support or other forms of assistance from others. R4 (27, male, marketing goods at fairs) says: *“I did not receive any help from others. In our business, since we borrow goods from other firms and pay them back when we have sold their goods, I do not need any financial resources. For the marketing of products, I use the Internet to find customers. I can say that I receive no support from others.”*

This was not the case for all, as financial support from the family was important for some entrepreneurs. Those from low-income families in particular declared that since their families had no savings, they were unable to obtain support from them, and two out of the forty entrepreneurs used credits from a bank to establish their businesses, and in some cases, their personal savings. One entrepreneur took credit from a commercial bank and also used monetary support provided by The Directorate of Developing Small and Medium Enterprises (KOSGEB) (R26, 26, female, e-commerce), while R24 (34, female, designs gift products for chain stores) used the Scientific and Technical Research Council of Turkey (TUBITAK) support scheme and credits from a commercial

bank. One interesting case is the young entrepreneur who is a part owner of a pizza delivery chain, who used the money won from horserace, along with some financial support from his family and friends, to start his business.

3.6. Conclusions

Diversity, an important factor in urban economic performance, is reflected in the social capacity of a city. Jacobs (1979) argues that people from different backgrounds and with different experiences will evaluate any given information and market opportunities in different ways. In this regard, entrepreneurial activity should be greater in regions with a more diverse population, since more entrepreneurial opportunities would be identified because of diversity. As literature suggests, such diversity is not only based on ethnicity, being grounded also in cultural differences and different lifestyles, which is related to not only the entrepreneurs' origins, but also such characteristics as their level of education (Audretsch and Keilbach, 2007).

In Beyoğlu, as the composition of the entrepreneurs in our sample shows, there is a high level of diversity among the existing entrepreneurs, who are motivated mainly by economic concerns and try to use opportunities to exploit the changing market conditions. Accordingly, even those with a distinct ethnic background do not see themselves as an "ethnic entrepreneurs". There is little evidence of discriminatory market conditions related to their ethnic origin, as literature suggests. The spatial agglomeration of activities facilitates the flow of ideas, as underlined by Audretsch et al. (2010), and entrepreneurial activity should be greater in agglomerations and in the more densely populated areas of the city. Districts that are attractive to people may also be more conducive to entrepreneurial activity, which is the case for Beyoğlu, although this situation obscures the influence on entrepreneurship of the diversity of the residents of the district.

4. Economic performance and the role of urban diversity

4.1. Introduction

The aim of this section is to define how entrepreneurs assess the performance of their enterprises, and to define the factors playing a major role in company performance. One of the most important issues addressed in this section is the level of importance of diversity in the performance of enterprises, with the major assumption being that this will be high.

Debates into the performance of enterprises have had a distinctive emphasis on businesses started by immigrants, many of which have underlined the migrants' disadvantaged position and limited opportunities available to them in the labour market (Ward and Jenkins, 1984; Jones et al., 2000). Unemployment or underemployment, low wages, a lack of effective language skills, non-recognition of qualifications, discrimination, etc. all reduce the alternatives open to immigrant entrepreneurs, and so in general it is accepted that most firms started by immigrants are rather marginal in character, are labour-intensive and are dependent on family and ethnic networks, with small market shares, limited profitability and expansion potential (Waldinger et al., 1990a; Jones et al., 2000), and have high failure rates. According to Kloosterman and Rath (2003), limited access to mainstream sources of capital and difficulties in fulfilling institutional requirements lead many of them into the informal economy where social support mechanisms are available. Pichler and Wallace (2007) argue that social support mechanisms are a concrete indication of the strength of informal social relations, social networks and supportive family relations, all of which can play an important role in the development of social capital. Self-help and help from the family can compensate for the absence of welfare provisions, while social relationships can function as a compensation mechanism for the processes

of social integration. According to many studies, family and ethnicity may result in a competitive advantage, as relevant ties may be the sources of social capital and crucial resources for the entrepreneurial activities of migrants (Smallbone et al., 2005). Networks are important not only for starting business, but also for the ongoing performance of enterprises.

Obviously, these supply side factors do not explain completely the performance of the companies of immigrants, as for a deeper understanding it is necessary to consider such demand factors as the economic environment determining the development of entrepreneurial activity and the type, size, activity and potential of migrants' firms. Scott (2006) notes that entrepreneurs do not exist in a vacuum, and emphasises the importance of the environment for entrepreneurship as a critical part of the entrepreneurial process itself.

The above arguments explaining factors of supply and demand in the performance of enterprises are quite useful, although they are based mainly on a static form of analysis that has significant limitations. It is obvious that the evolution of such enterprises is important when discussing their performance. Waldinger et al. (1990) defines the stages and spatial scales of ethnic/immigrant business development, claiming that areas with high concentrations of same-group migrants become entry markets with relatively low specialisation, preparing the ground for more specialised ethnic niche markets. In other words, when companies surpass the borders of their enclave, middlemen markets begin to address the wider public. Economic assimilation can be achieved through entry into the mainstream economy, and so it can be said that while ethnic diversity may be important in the initial stages of an enterprise, after a certain stage of development, dependency on the ethnic markets decreases and it becomes more worthwhile to assess the economic performance of an enterprise either through classical performance measures, or such recent performance measures as creativity and innovation. Obviously, this hypothesis refutes the suggestion that social, cultural, ethnic and spatial diversity attract multiple forms of human capital, and undoubtedly encourages cultural and artistic creativity (Fainstein, 2005).

In fact, the hypothesis emphasising a mixture of different cultures within a given geographic area promoting entrepreneurship is related closely to the idea discussed by Cowen (2002), who claims that globalisation leads to a merging of cultures which expands the menu of choices available to consumers. As people from different cultures interact with each other, they come up with new and innovative ideas, from which it can be understood that entrepreneurial initiatives expand and broaden their horizons in the presence of greater cultural diversity. Furthermore, immigration and the resulting cultural diversity help to increase the types of new and heterogeneous local cultural knowledge available in an area, which helps to the emergence of new business activities.

4.2. Economic performance of the enterprises

The level of satisfaction among the entrepreneurs related to their current performance of his/her enterprise is examined in this section. In the fieldwork we tried to find answers to this question and to explore the factors explaining issues or failures that influence their performance.

According to the findings of the interviews, most of the entrepreneurs, who are engaged in tourism related activities, are satisfied with their performance, putting forward their increasing turnover and profit levels as proof. R10 (26, male, low level of education, imports of gift goods) claims that he has been quite successful in expanding his business, which is engaged mainly in marketing the decorative products he designs. He explains: *“Although my company is rather new, its sales are increasing rapidly. In the last two years, total sales and profits, have almost doubled. The profit margin is about 45 percent, and previous year total profit reached 300,000 TL (about 100,000 euros)”*. R20 (Hotel, mainly serving foreign tourists) shares the same view, *“We are very successful; our hotel is full both in summer and winter. We have a good profit. Our customers return to our hotel every time they visit Istanbul.”*

However, the entrepreneurs engaged in tourism-related businesses underline that their economic performance is connected firmly to the numbers of tourists. R16 (49, male, selling copper products) says, *“if there are tourists, there is business, if not, there is no business”*. R1 (38, male, Kurdish descent, hotel owner and manager) says that *“profit rates are highly sensitive to the numbers of tourists. Protests and terrorist attacks in Beyoğlu are sometimes detrimental to the tourism sector, and so our performance and profits are unpredictable and change substantially. On the average our profit levels constitute 28 percent of our total revenues”*.

The enterprises specialised in food and drink also claim that their performance is increasing, although in recent years market conditions and instability in the economy has been influential in the falls of the profit levels. R13 (45, male, restaurant owner), *“Our economic performance is rising and I think that I am quite successful, although the profit margins are not so high, at 20-25 percent. We sell our goods at relatively lower prices as we want to attract more customers,”* Similarly, R17 (59, male, owner and manager of a cafe bar) says that he had managed to increase his sales and profits over the last two years. According to him, his reorganisation of the management structure and changes to the decoration and menu had a positive effect on the performance of the enterprise and the increasing wages of the employees, although he commented on the negative attitude of the Beyoğlu municipality towards the entertainment sector in the district, which is based upon differences in viewpoints and lifestyles.

Some retail shops also claim that their performance in the last two years is satisfactory, saying that serving mainly middle-income people and retailing goods with inexpensive products enables them to reach more people. Some of them underline the friendly relationships they maintain with their customers as a success factor. R35 (39, male, secondary school graduate, optician) defines his relationship with his customers as family-like: *“Our relationship with our customers is quite different to what can be seen in shopping malls. They can come here for a chat, eat their breakfast and lunch, like a member of my family. These types of relations have a positive affect the performance of this enterprise.”* R12 (47, male, graduate of secondary school, Kurdish descent, managing a dried fruit shops [*kuruyemişçi*]) underlines that their income has been satisfactory over the last five years as a result of increasing profit levels. The only problem, according to him, is his long working hours.

Another group of entrepreneurs who are finding success are those launching new types of activities in Beyoğlu. R26 (26, female, e-commerce manager) is one such entrepreneur, having created new business opportunities with many design firms. *“I, together with my partners, got involved in designer products through an e-commerce venture. This boosted the sales of many small firms, and so my company, Shopthedesign, grew rapidly, triggering the growth of many other small firms.”* R19 (32, male, university graduate, running an advertisement agency-tailor made website), is proud of the enterprise of which he is a partner. *“We are reaping the rewards of being a leader in our field. We are investing a large share of our profit into RandD and still have 350,000 TL (120,000 euro) profit left over. Although we are rather new (5 years), we have seen increasing performance.”*

How did the enterprises reach a high level of performance? What factors were important in their success? There several answers to these questions.

Firstly, several entrepreneurs underlined that their loyal and committed customers have been important for their economic success. This is especially important for places that serve certain market niches. R22 (44, male, co-owner and manager, rock café-bar) says that his unit in Beyoğlu has very loyal customers. According to him, although it took time to generate this market niche, it provides confidence for the future of his enterprise. In order to have committed customers, the company asks lower prices and does not charge for entrance. *“If the customer is happy about the music he or she listened, he or she will become a permanent customer,”* he said. Similarly, R18 (35, male, selling music instruments and equipment) claimed that had taken many steps towards hard to build good and friendly customer relations, which brought him success.

Secondly, as R15 (55, Male, Armenian, spare parts to different sectors) emphasises, the delivery of ordered goods on time and in good quality is the most important factor in his success. His small workplace, in which he produces spare parts for different sectors, has been growing fast and is generating 25 percent profit rates. Most of the enterprises in the service sector claim that good service and reasonable prices are the key to reaching high performance levels.

While most of the entrepreneurs seem satisfied with their current performance, there are others who are rather pessimistic. Firstly, some of the old enterprises say that they have suffered under the changing technologies, norms and values in society. The old book-seller and antique shop owner are rather distrustful of the current conditions. R 29 (50, male, antique shop owner) complains about the cultural deprivation in the society and the decreasing numbers of people who are fond of antiques. According to him, the cultural deprivation experienced in recent years has had a negative effect on his field of business. R 34 (38, male, university graduate, old book seller), on the other hand, grumbles about the use of Internet. He says *“When someone who likes to read comes to Istanbul, it is the bookshops and old book sellers that he would. Now, people go to a cafe either to download a book or buy it from the internet. Our business is becoming outdated”*. Also, the reorganisation of the retail sector and the emergence of supermarkets have had a negative consequence on certain types of retail shops, such as grocery stores and greengrocers. R37 (37, male, primary school education, Kurdish descent, greengrocer) says that the increase in the numbers of supermarkets over the last six to seven years have had a negative effect on his total sales, and complains that while his income has been decreasing, the rent he pays for his shop has increased very fast.

Besides the changes in market conditions and technology, many other issues that have a negative effect on performance are raised by the entrepreneurs, and number more than the factors related to success. However, it should be underlined that most of these listed here were raised by the entrepreneurs who consider themselves quite successful.

- *Volatilities in the market and uncertainties in the national economy are defined as the significant factors affecting the performances of businesses.*

Economic volatilities can be detrimental to the performance of enterprises. Even those among the entrepreneurs who are happy with their performance and profit levels underline that their performance has been hit by economic recessions not only in Turkey, but also elsewhere, since the sales of goods to domestic market and to visitors are highly sensitive to changing economic conditions. R25 (21, woman, working in her father’s business, producing and marketing wooden touristic goods) says: *“There are substantial fluctuations in our sales. The economic problems in the different countries, especially in Europe and Russia, have a negative effect on our turnover and profit rates.”* R24 (34, female, designer gift products company) also underlines the importance of market conditions, claiming that from time to time they experience falls in sales, especially in periods of economic uncertainty. Recessional periods, according to her, are difficult to forecast, which is why they try to develop a financial system to tackle any unexpected changes in the economy. R31 (28, male, peddler, retailing women accessories) also underlines uncertainties in the market as a problem affecting sales. He says, *“Although every entrepreneur has been affected by the market conditions, it is us in the lowest segment in the market that experience negative situations the most.”*

- *Decreasing sales due to increasing prices is also an issue that was raised by most of the entrepreneurs.* The entrepreneurs declare that their profit margins reduce substantially due to increases in the prices of inputs. R8 (31, male, restaurant owner and manager) clarifies his situation in this regard: *“The increases in food prices negatively affected our profits, and we are unable to increase the prices of our products due to the low purchasing power of our customers. As a result, since 2009 onwards my profits have not been very high”*.

- *Declining profits due to the increasing number of enterprises and the increasing (unfair) competition*
Easy entry to the market, limited restrictions on the establishment of small businesses and inadequate controls on existing companies lead to high birth rates of small businesses in Istanbul and consequently, increasing competition. People with limited capital and knowledge in certain fields launch retail or service businesses, and in order to attract customers, may ask lower prices for their products. Although large numbers of such businesses have to close their doors after some time, the uncontrolled increase in the numbers of firms has a negative effect on the performance of all existing firms. Commenting on this issue, R11(52, selling electrical appliances) says: *“There should be a control mechanism related to business start-ups that takes into consideration the numbers of existing firms and the existing demand. If there are enough businesses operating in a particular field, starting permits should not be issued for new ones.”* He says that while the profit margins were high in the past, now they are reduced by between 5 and 10 percent due to the increasing competition. Some entrepreneurs say that fierce competition related to price leads to a decrease in quality. In order to lower prices, some entrepreneurs may use lower quality inputs, which works against the artisans and tradesmen who want to produce high quality products. R39 (wig producer) says that one of the reasons for such a situation is the rise of the Euro against the Turkish Lira: *“Since we are importing hair, the rise in Euro parity means that we have had to increase prices. As a result, many entrepreneurs have been forced to use low quality hair in wig production.”* According to him, his profit margins have reduced from 100 percent to 40 percent due to the negative market conditions. What many of the entrepreneurs explain is a vicious circle, in that since their customers are from the low- to middle-income groups, they do not reflect the increases in the cost of production to the prices of their products. The new entrants to the market and the increasing cost of production leads to a loss of profit, and in most cases, in order to survive in the market, they have to downgrade the quality of their products.

The low margin-products imported from China are also defined as a serious problem according to the many producers of small items. They claim that customers looking for high quality prefer their products, but that the lower income segments of the population buy Chinese goods. This has been the main reason behind the decline of sales in the domestic market in recent years; however there is one producer who spoke about the positive impact of this situation. R3 (female, peddler, designing, producing and retailing bijouterie) says that Chinese products introduce her to different designs. *“I am getting inspired by these designs and producing bijouterie of a better quality”*. Although she complains about the decline in profits, she says, *“When I wholesale my products, my profit is 50 percent; but if I sell directly to the customers or shops outside Istanbul, I reach a 100 percent profit rate”*. Replica products are also a problem for the entrepreneurs who sell the originals of such products. They indicate that the availability of replicas has a negative effect on their volume of sales.

- *Existing rules and regulations and bureaucratic procedures*
The entrepreneurs were uncomfortable with the different regulations related to their businesses. R29 (50, secondary school graduate, antique shop owner) is concerned with the regulations related to selling antiques in Turkey and obtaining permission to sell products to foreigners and to buy antiques from abroad. R10 (26, low level of education, Kurdish origin) complains about the problems he faces when importing products from abroad, especially from China (regulations related to the cancer risk of certain products). Moreover, high taxation rates and the stoppage of tax at source were also cited as problematic. The restriction upon smoking in restaurants and bars is another source of complaint. R13 (45, low education, Kurdish origin, restaurant owner) says *“Our profit rates have declined over the last five years due to restrictions on smoking in closed places. It has had a negative effect on our customer numbers.”*

- *High office and workplace rents*
Although Beyoğlu hosts many low-income immigrants, some neighbourhoods, especially the districts main shopping thoroughfare Istiklal Street is an attractive place for shopping and

entertainment for all people. While the new shopping malls that have sprung up all over Istanbul have attracted higher income groups, for middle-to low-income groups, young people and foreign tourists, Beyoğlu is still one of the main attractions in the city. This attractiveness translates into high rents for shops and workplaces, and most of the shopkeepers are unhappy about this situation, saying that the boom in rents over the last few years is one of the reasons for the decline in their profits.

- *Finding qualified labour is a problem*

Although there are many people seeking work in Beyoğlu, according to the entrepreneurs engaged in creative activities, finding qualified labour is a real problem. The problem has improved following the gentrification projects in certain Beyoğlu neighbourhoods, with the numbers of people opting to live in Beyoğlu having increased substantially, however, R26 (26, university graduate, female, e-commerce) says that not many people in Beyoğlu, or in Istanbul as a whole, have the necessary experience and expertise in their field, making it difficult to find qualified labour.

- *Social unrest, e.g. protests, terrorism etc., that have a negative effect on tourist and customer numbers*

The Gezi movement that emerged in May 2013 in Gezi Park-Taksim was an important protest, calling for the protection of public spaces and preventing the use of open spaces for commercial purposes. The movement grew into a protest against restrictions on human rights and the authoritative attitude of the government, and had a deep influence on the perceptions of people related to the existing democratic conditions in Turkey, becoming a symbol of unrest related to the actions of the existing local and central governments. The interview study showed that the protests that have been taking place since 2013 have had a negative effect on the performance of the enterprises located close to Taksim and in different neighbourhoods of Beyoğlu. Both managers of touristic facilities and the tradesmen running their businesses in Beyoğlu said that they suffered considerably during the Gezi movement and in the continuing protests that take place in Taksim and İstiklal Street. They explain that during the protests no customers come to Beyoğlu for shopping, eating or drinking. Interestingly, even the entrepreneurs with sympathy for the Gezi Movement criticise the numerous protests that take place in this district.

There are also problems related to the changing environment, both in terms of the composition of activities and the physical conditions. The shortfall of cultural and art related facilities and events is defined as a problem especially among the entrepreneurs engaged in design-oriented businesses. R2 (45, female, designing and producing puppets) underlines the importance of the *Atatürk Kültür Merkezi* (AKM - Atatürk Convention Centre), which has been closed since 2008. As the focal point of Taksim Square, the multi-purpose cultural centre and opera house hosted many cultural events in Istanbul. According to R2, closing the AKM impacted upon the cultural and art events taking place in Beyoğlu and led to the degradation of the area with the loss of such facilities. She says that the declining attraction of Beyoğlu for people engaged in arts and crafts has had a negative effect also on her business.

The quality of the working environment and the lack of municipal services are also among the complaints of the businessmen. Moreover, some of them, especially those engaged in the provision of food and drink, also criticised the attitude of the municipal government, whose attitude, they say, to the places that serve alcohol is deleterious and the restrictions imposed upon them, such as limitations on tables in front of their restaurants and cafes, have had a negative effect on customer numbers. The street peddlers are also worried about the arrogance of the local government.

4.3. Markets, customers and suppliers

One of the aims in this section is to identify the main markets of existing enterprises, as well as their customers and suppliers, in order to evaluate the role of diversity in the economic performance of different types of businesses. The intention is also to understand whether the entrepreneurs in the study have been able to capitalise on their ethnic origin, skills and/or local or transnational networks, etc.

In fact, the findings show that networks between suppliers and customers are more important for entrepreneurs than their ability to exploit their ethnic origin, with some of them having a low number of customers in the neighbourhood. R25 (21, female, wooden touristic goods producer and retailer) says that their company has foreign customers, mainly from the Middle East, Germany and the United States, along with customers from different parts of Turkey, since they are producing accessories to hotels and other touristic facilities. She says, *“I have limited customers living in this neighbourhood”*. R35 (39, male, selling optical goods) explains that his customers are from not only Istanbul, but also from other cities in Turkey. The reason why he has so few customers from Beyoğlu due to the limited numbers of people who can afford expensive brand-name products. It is also possible to see the different compositions of customers. R12 (47, selling dried fruit) says that before Tarlabası Boulevard was opened, most of his customers were domestic, but foreign customers have since become dominant. As discussed earlier, the customers of some retail shops are not only from within the district, but from all over Istanbul, besides foreign and domestic tourists. One of the interviewees, who is engaged in e-commerce, says that they do not serve only local people, but the entire country, and even abroad. Interestingly, according to her (R26, female entrepreneur, e-commerce) some of the design goods she is marketing are bought by people living close by from the Internet. It is noteworthy that e-commerce has been defined as a new trade outlet by different entrepreneurs, who claim that the increasing Internet use will be a negative factor to their businesses in the near future. In order to cope with the new conditions, they ask several companies to prepare web pages and e-commerce infrastructures for them, and as a result, the new companies engaged in the preparation of digital e-commerce bases for commercial activities are witnessing rapid growth.

On the other hand, for eating and drinking and entertainment places local residents are the most important group of customers, with young professionals and intellectuals constituting the main customers. R22 (44, male, owner and manager of a rock bar) says that his customers are mainly young people with an interest in alternative music. *“Although I have customers from all over Istanbul, our main customers are those living in Beyoğlu and the surrounding areas. The people who are still here at 3 a.m. are naturally people living in this district.”* R18 (35, male, selling music instruments) serves almost the same group, although he sells products to foreign tourists as well, given the location of his business in a highly touristic area, namely Galata. In Galata there is a concentration of shops selling different instruments, with musicians living in Beyoğlu being the main customer base. In fact, Beyoğlu is home to many people in the music sector, and is where shops selling music instruments can be found. In this respect, one of the areas of specialisation of Beyoğlu is the music sector.

Obviously, some of the eating and drinking establishments serve local tradesmen and artisans, although they have also foreign and domestic customers looking for real Turkish food. R8 (restaurant) says: *“We serve real Turkish food that is different to food in the kebab houses or fast food places. As a result, we attract both foreign and domestic tourists.”*

For some of the entrepreneurs, proximity to their customers who are the retailers in Beyoğlu is important. R10 (47, male, Kurdish origin, engaged in import-export activities) says that he distributes the goods he imports to different shops and stalls in Beyoğlu. According to many entrepreneurs, in trade, nationalities, ethnicities, gender, etc. are not important at all. R24 (34, female, producing,

wholesaling and retailing design goods) underlines that her target group is the upper-middle income class, with no distinction between nationalities, ethnicities or cultural backgrounds, and adds that the companies she works with are also quite diverse. On the other hand, some small producers and tradesmen have no relationship with local residents or local businesses, as their markets are Turkey as a whole and abroad. The markets of enterprises specialised in market hardware and small metal gifts sell their products to European countries, as well as to countries on the Arab peninsula.

While most of the enterprises have the diversity of customers, some serve special niches, such as the entrepreneur who sells old books. R34 (38, male, university graduate) has customers who are highly educated, and from old to young ages. He says, “*Although there are young customers, I serve a small niche of people over 40 years old, and many of them are doing research in different fields.*” R2 (45, female, puppet maker) has also a specific niche of customers who are interested in paintings and sculpture. She also gives lessons to those interested in learning how to make puppets.

The importance of proximity to customers varies significantly between different types of firms. While some of the enterprises specialised in the food sector, especially the smaller businesses, buy their products from their neighbours, while larger enterprises get their supplies from different districts of Istanbul or from the nearby provinces through well-established supplier networks. For different supplies, there are different specialised companies dealing with specific items in Istanbul that the entrepreneurs prefer to use for their input materials. Some of the enterprises use imported products that they market from wholesale or retail outlets. The country of origin may be quite different, such as Spain for some small hardware items, or Germany for electrical goods and appliances, etc.; although China seems one of the most important supplier of low-cost consumer products.

4.4. Relationships amongst entrepreneurs: Evidence of competition or cooperation?

Having businesses in the same neighbourhood can lead to a positive entrepreneurship network. In this section of the report we explore the nature of such relations, if any exist.

Most of the entrepreneurs who participated the interview study claim that they have very positive relationships with each other that are not affected by the differences in ethnic, cultural or religious backgrounds. According to them, *close cooperation, but at the same time, competition* defines the nature of their relationships, with two forms of cooperation standing out as prominent: First, directing customers to other businesses when they do not have the products sought, or when they have no free place (in the accommodation sector) is defined as an important indication of cooperation that is referred to as *paslamak*, meaning passing the business on to others. R39 (34, male, wig producer and retailer) says: “*I have good friends among the other entrepreneurs. When someone asks me for the location of a certain product, I direct them to my friends, or when they ask me a product that I don’t have, again I send them to others.*” R33 (38, female, running an optical goods shop) indicates that many of her customers are directed to her by her colleagues, while R14 (30, male, high education, from Black Sea Region, hardware dealer) says that he met his main customer through a neighbour while they were having lunch.

Second, obtaining help or borrowing goods or materials from others when an urgent situation arises is defined as another means of cooperation. Although there is tough competition among the entrepreneurs working in the same fields, the interviewees say that it is important to help their neighbours when the need arises, stating that such actions are reciprocal. Moreover, if one them has a serious problem, or needs urgent help, R20 (58, male, manager of a hotel) says, “*we drop everything and run to help*”. On this issue, R25 (21, female, university graduate, working with his father) says:

“Sometimes we get a big order that we cannot fulfil, and in such cases we get both input materials and help from other workshops, and we do the same when anyone else needs help. That is the way we cooperate.”

Some of the entrepreneurs maintain close social relations; for example R8 (31, male, immigrant from Macedonia, restaurant manager) expresses that he knows most of the entrepreneurs in his neighbourhood and goes to the *hamam*, football matches and to the seaside with entrepreneurs from the same district, underlining the benefits of these types of social relations on his business. Another entrepreneur says that his relations with other entrepreneurs in the district are rather formal and are restricted to greeting each other, while R19 (32, male, university graduate, web and e-commerce consultant) says that although he chats with his neighbours, he has no idea about them, such as from where they are, their ethnic background, personal characteristics, etc.

On the other hand, some entrepreneurs are reluctant to form close relations with others. R27 (29, female, university graduate, editor of a magazine and manager of a café) recognises the cooperation and generosity among entrepreneurs, but also the conservatism related to people engaging in new types of activities, saying *“I want to wait to understand their real feelings about me.”* Female entrepreneurs tend to avoid having friendship types of relations with male entrepreneurs. R5 (52, female, jewellery designer) explains: *“It is sometimes difficult to establish friendly relations with male tradesmen, since they use slang with each other, make dirty jokes or gestures. It used to be even more difficult, but now the existing shopkeepers have started to become accustomed to working with female entrepreneurs. For many years I faced some personal problems, and they helped me a lot.”*

Some of the entrepreneurs complain about relationship patterns. R33 (38, female, owner of an optical goods shop) indicates that although there are good relations, when she started her business, none of the tradesmen would give her products (optical goods) on credit. According to her, this was an indication of a lack of confidence in her ability.

The older entrepreneurs are more sceptical about the current relationships among entrepreneurs, and long for the good old days. R29 (50, male, antique shop owner) says that although there are still good social relations among the entrepreneurs of Beyoğlu in terms of helping out whenever necessary and going to each other's weddings and funerals, the friendship as it existed before no longer exists. R40 (36, male, electrical goods retailer) says that the cooperative relations in the district have still important merits in the performance of the enterprises, although he says that in previous years it was possible to borrow products without any official documents, receipts etc., but that this is no longer the case: *“All relationships were established on the basis of promises and one's word among entrepreneurs. Now this has changed.”*

4.5 Long-term plans and expectations of the entrepreneurs

Studies of entrepreneurship have emphasised that the motivations to increase profits and competitive power are among the long-term plans of entrepreneurs, which can be achieved by changing size, market and or business strategies. The interviews with the entrepreneurs showed that most of them consider expanding their businesses, while others aim to open new branch offices or shops. The owner of one of the enterprises, which has grown by branching out in its retail activities (R24, 34, female, graduate of fine arts, founding partner of a design products company), is determined to open new shops in different cities. She says that there is important demand for her products in the cities in the eastern regions of Turkey, and wants to create a chain of retail stores all over Turkey.

Those planning to open branch offices or new shops are involved in different sectors, including retail, but also small-scale producers looking to open retail outlets. R25 (21, female, working with her

father, producing wooden touristic goods) says that she and her father are interested in increasing their product composition by working together with other small enterprises located in different regions in Turkey, and opening new shops in order to display their products in different tourism areas of Istanbul. On the other hand, R38 (24, male, owner of a pizza restaurant) plans to open a chain of pizza shops across Turkey in the near future, with branches in Ankara, Eskişehir, Denizli and Bursa. Similar to this entrepreneur, R1 (38, male, owner of a hotel and a gift shop) says that when he opened his hotel in Beyoğlu he had a vision to open three more hotels in the district in the following five years, and that he thinks that it will be possible in a few years.

There are a few entrepreneurs that want to upgrade their technologies. R15 (55, male, Armenian, producing spare parts for different sectors) says that he wants to buy new multi-functional machinery and make the move to mass production. He considers his production method to be outdated, as computer controlled machines can today ensure the production of more precise products. Some of the interviewees stated their desire to introduce new products to their range, believing that in order to keep up with the changing market conditions they must be innovative and create new products. R3 (48, female, Kurd-Alevi origin) wants to open an atelier so as to produce her designs in a more professional way. She says: *“Non, big enterprises are imitating my designs and producing in large quantities, and so I am a bit sceptical about introducing my new designs. Once I start my atelier I will be able to compete with them.”*

It is worthy of note that several shopkeepers have come to take an interest in e-commerce and are now making plans to expand into e-business. R18 (35, male, retailing music instruments) claims that reaching the entire country can only be possible by having an e-commerce company, and is planning to look for technical consultancy support. On the other hand, the founder of an e-commerce company specialised in designer goods aims to open a shop and increase the number designers she works with. Among the retailers who want to keep their shops and businesses as they are, still many of them want to use the Internet and websites to increase their visibility among potential customers.

There are also a number of entrepreneurs who want to upgrade their current operating spaces. R40 (36, male, electrical goods seller) aims to expand his business by buying the shop next door and introducing new products, although entrepreneurs are concerned with the ongoing changes in the district. *Renewal and redevelopment projects* worry most of the entrepreneurs specialised in certain market niches, such as the company producing small hardware components and the one producing and selling spare parts. These enterprises have limited customer or supplier relations with people living or working in Beyoğlu, as their customers come rather from all over Istanbul, and even from other cities. However, Beyoğlu offers localisation economies for these firms, since these activities have been concentrated there for many years. The small scale producers located in different parts of the district are not happy about the physical conditions of the district and the supplied municipal services, and uncertainties related to the future of their workplaces is very important for them. Although they say that they do not have any official information about the future of the district, there are rumours that the streets on which they are located will be repurposed for tourism activities. This would force them to move to distant parts of the city, such as İkitelli, which would be quite far away from their existing customers.

There are a considerable number of entrepreneurs who have no plans to expand their businesses, although for different reasons. Some think that it is difficult to find or save the capital needed for such a step, while others think that it will be difficult to change their organisational set up, besides many other factors.

4.6 Conclusions

Our study in Beyoğlu revealed the importance of opportunity structures in explaining the performance and advancement of the entrepreneurs in our sample. Although many entrepreneurs seem quite satisfied with their economic performance, there are obviously some differences.

- First, the enterprises that have adapted to changing demand and have detected new opportunities in the market have witnessed higher economic performance, underlining the importance of adaptive capacity. As literature suggests, changing market conditions, changes in the composition of customers and the adoption of communication technologies provide an important advantage to the companies with the high levels of adaptive capacity. The volatile economic conditions necessitate also transformative capacity if the business is to survive and grow under the recessionary conditions that are experienced all too often in Turkey and around the world.

Second, the entrepreneurs that initiated new businesses to bring new ideas, new technologies and new products into their business grew very fast, in line with the main arguments on creativity and creative class literature. Ethnic market enclaves are found to be less significant in economic performance when compared to the increasing importance of niche markets.

In general, the findings of the interviews with the entrepreneurs show that changes in demand are more important than supply, which necessitates changes in the structure and the product composition of both production and service businesses. In this regard, earlier debates of economic performance that mention ethnic enterprises, female enterprises, creative enterprises, community base enterprises, etc. as distinct categories become less relevant, as the main criteria for success is the ability to adapt to changing conditions, whether through creativity, innovation or knowledge, or by shifting from one activity to another.

Satisfying customers' tastes and lifestyles is very important, and a review of the findings shows that enterprises serving niche markets are becoming more important and have higher economic performance than others. What should be underlined is that although socio-economic, ethnic and cultural differences are still important in social interaction patterns, they are less important in entrepreneurship, contrary to the emphasis of earlier literature.

5. Institutional support and government policies

This chapter explores the importance of NGOs and other initiatives in the economic performance of entrepreneurs, and also highlights the attitude of local and central governments towards diverse forms of entrepreneurship and the types of support provided by local and central governments.

5.1 Introduction

The major focal points of entrepreneurship literature suggest that existing policies are shaped around ethnic/immigrant entrepreneurs as well as those with a high capacity for innovation in many countries. Despite criticisms of ethnic and immigrant enterprises with respect to their exploitation of co-ethnic, family and illegal immigrant labour, the significance of the employment and services generated by immigrant entrepreneurs explains why different policies are designed to increase the rate of birth, survival and success of immigrant enterprises (Collins, 2003). Moreover, debates related to the creative enterprises formed by immigrants of different ethnicities and cultures with

different skills and talents have not only increased the interests of local and central governments in these type of enterprises, but have also led them to introduce new types of measures.

However, according to the study by CLIP (Cities for Local Integration Policy Network) by Rath (2011) the measures promoting ethnic entrepreneurship, for example, the development and implementation of active support measures at a local level, are not self-evident in European countries. Attention, if any, is given to wage labour, and regardless of the extent ethnic entrepreneurship is actually promoted, it rarely forms part of a greater economic agenda. One of the basic reasons for this limited interest lies in the principle, “measures should be colour-blind, should not give preferential treatment to one group over another, and should not discriminate against other groups” (Rath, 2011:37). Another assumption is that entrepreneurs operate only in the private sector, outside the reach of the government, and that this is the way it should be. In this respect, one of the current ways of supporting ethnic and immigrant enterprises is to provide assistance to specific business associations catering to the needs of ethnic entrepreneurs. Policymakers believe that this approach can initiate dialogue between ethnic entrepreneurs and other relevant actors.

In principle, ethnic entrepreneurs are treated similar to native entrepreneurs, in that they must register with chambers of commerce and trade or other agencies in order to obtain the necessary permits, they must comply with zoning laws and safety and hygiene standards, etc. The existing bureaucratic rules and regulations usually act as a barrier for entrepreneurs looking to launch a business, especially those who lack proficiency in the host country’s language and those with poor educational qualifications. The same is true for obtaining credit loans or other forms of financial capital. Banks and other financial institutions tend to be reluctant to give credit loans to small start-ups, meaning that enterprises initiated by immigrants or other disadvantaged groups are usually reliant on informal credit systems or family support. Marketing is considered to be the responsibility of the entrepreneur, and therefore little support is given in this area. In other words, ethnic entrepreneurs face an array of challenges that exploit their general lack of business management skills and competencies. In most cases, ethnic entrepreneurs have insufficient information on the local business culture, limited access to business networks and little understanding of governmental and non-governmental business-support schemes.

On the other hand, policies related to the performance of ethnic entrepreneurs have focused on strengthening their professional skills through training, and have featured other forms of support in the fields of entrepreneurial skills, finance and networking (Rath, 2011). There have also been steps to remove obstructions in the regulatory framework for such enterprises, including lowering licence requirements necessary for starting a business, providing preferential access to credit systems, etc., and support is given related to many practical issues around the entrepreneurial process in different countries, such as the provision of business locations, access to finance, advice on the right position in the market, help in building local and international business connections, as well as support with the day-to-day management of personnel. The aim is to improve the managerial skills of ethnic entrepreneurs to help them establish and run a sustainable and profitable business, and in return, governments can look forward to increasing contributions from immigrant and ethnic entrepreneurs to the local economy. According to the OECD, migrants are slightly more entrepreneurial than native citizens and foreign-born self-employed people who own small- or medium-sized firms, can create between 1.4 and 2.1 times more additional jobs than the native entrepreneurs (EU Business, 2016).

There are various schemes designed to support creative and innovative entrepreneurs that are also usually open to entrepreneurs with diverse characteristics. Qualified migrant populations often face legal difficulties in the form of restricted access to labour markets and career opportunities that push them into self-employment, and the same is true for young entrepreneurs who want to initiate a

business. In this regard, supporting networks of creative entrepreneurs is an important measure in creative industries, since they tend to suffer from especially high failure rates. About 50 percent of new businesses fail during their first five years, in that businesses often lack an appropriate ecosystem to help them to grow. Given their limited resources and experience, small and newly created businesses suffer more than large corporations from high compliance costs arising from complex tax legislation and cumbersome tax reporting procedures (EU Business, 2016). In an attempt to address this issue, support is provided to cooperation between clusters and business networks to encourage the spread information among creative entrepreneurs, increasing the sources of finance and support schemes for innovation, which, it is believed, can bolster the investment readiness of entrepreneurs. Recently, support schemes for social and community-based entrepreneurs pursuing social issues and making meaningful social contributions have become quite popular in some countries; and similarly, several schemes have been introduced to support networking among small firms and the forming of associations.

Besides the financial and institutional instruments, urban regeneration projects can make deprived areas more attractive for new enterprises. Obviously, some such regeneration and renewal projects have been quite successful, although many of them have worked against the existing enterprises, especially those with only limited capacity to pay increasing rents.

5.2. Views on the effectiveness of business support provided by local and central governments

In general, policies aimed at enhancing different types of enterprises and existing legislation, as well as pecuniary and non-pecuniary measures provided to entrepreneurs, provide an understanding of under what conditions entrepreneurs initiate their businesses and carry out their operations. In Turkey there are a number of different support schemes to help new entrepreneurs that usually do not differentiate ethnic and immigrant entrepreneurs. Recent years have also seen the launch of specific support schemes for innovative entrepreneurs in the field of technology. The major point in all of these measures is to provide support to new entrepreneurs so that they can make a positive contribution to economic development and employment generation. Local governments, on the other hand, are less interested in providing pecuniary support, being involved mainly in improving the physical conditions of the urban areas where in which enterprises are located.

The Ministry of Science, Industry and Technology has launched the Entrepreneurship Support Programme for small- and medium-sized enterprises that entrepreneurs can benefit from after participating in Applied Entrepreneurship Training and obtaining a certificate. These entrepreneurs have to provide the Small- and Medium-Size Development Directorate of the Ministry in their province with a work programme, and if their plan is approved, they will be able to gain access to financial support. Moreover, in 2003, the SMEs Credit Support System was initiated by the Ministry to provide credits to SMEs at low or zero interest rates through intermediary banks.

The Ministry also provides entrepreneurs who are graduates of universities and who submit a business proposal in technology and innovation fields with support and direct financial resources without any back payment, and there are specific schemes for disabled entrepreneurs and women, since they are accepted as disadvantaged groups. Besides the Ministry of Science, Industry and Technology, it is possible to obtain help from the Scientific and Technological Research Council of Turkey (TUBITAK) and some other public departments. Recently, the government also gave help to private companies called SME Entrepreneurship Investment Cooperates, which are specialised in providing help to new start-ups, providing especially risk capital to new enterprises, and there also increasing numbers of Business Angels engaged in the provision of risk capital.

The final issue in which the government has recently taken an interest is the improvement of digital communication services. There are several support schemes enabling entrepreneurs to gain access to better digital network services, and in general, entrepreneurs appreciate the measures and infrastructure provided for online trade. They say that the cooperation between the public and private sectors has increased the quality and security of online trade and has increased their volume of sales.

Most of these schemes are open to ethnic or disadvantaged entrepreneurs, however the participants in the study stated a reluctance to ask for support or apply for public help, and some were not aware of the support schemes run by different central government departments. In short, the findings of the interview study underline the limited use of the central government support schemes.

With respect to local governments, the entrepreneurs in our sample see municipalities as the responsible bodies for the provision of infrastructure and different facilities, such as garbage collection and street cleaning. Accordingly, almost none spoke about the direct contribution of local governments to their business, being focused instead on activities that affect the performance of their business in either negative or positive ways.

Some of entrepreneurs declared their satisfaction with the activities of the Beyoğlu municipality, mentioning in particular the pavements on their streets, the cleaning services, the garbage collection, etc. One entrepreneur in particular said that the restoration of buildings and the control of the number of signboards, advertising boards and air conditioning equipment on the facades of buildings had increased the neighbourhood quality and made their street more attractive for their customers. R31 (28, male, peddler, selling women's accessories) says that Beyoğlu municipality is doing its best, but complained about the amount of construction in the district, which negatively affects the performance of her business.

On the negative side, many tradesmen complain about the car parking problem and traffic density in the district, indicating that these problems negatively affect their customer potential. In certain parts of Beyoğlu, shopkeepers complain about the municipal services, suggesting that municipal services are not provided on an equal basis. The number of large vehicles parking in the narrow streets is also defined as a major problem, causing a nuisance for both customers and suppliers. The lack of control of informal production activities is another issue raised by entrepreneurs.

5.3 Wider awareness of organisations, programmes, and initiatives to support entrepreneurs

The entrepreneurs who are participated in the study have limited information on the specific local and city-wide organisations, programmes and initiatives that are designed to support entrepreneurs, and so most have no experience in getting help from them. Among the entrepreneurs, only one had obtained technical and financial help from TUBITAK, and one other, specialised in touristic accommodation, had obtained technical help from Beyoğlu municipality. R36 (51, manager) spoke about his membership of a support scheme initiated by Beyoğlu known as *Beyaz Zambak* (White Lilly), for which the municipality make hygiene controls and define a certain programme to be implemented, and if enterprises reach the defined standards, they are permitted to hang a White Lilly flag in their premises as an indication of good quality.

While those that have benefitted from existing programmes are very limited, some entrepreneurs complain about the lack of these schemes. For example, R38 (24, family is from Istanbul, the partner of a pizza delivery chain) says that when he and his partners looked for support in initiating e-business, they were unable to find any scheme or institution that could help. R31 (28, male, women's

accessories) says that he learned about a programme providing support to artisans engaged in especially art and craft products, but found that he was unable to apply.

The roles of NGOs and semi-public organisations are also quite limited, both in starting a business and in increasing performance. The interviews with the entrepreneurs reveal that they are only members of professional organisations where membership is compulsory for doing business. Most entrepreneurs are registered with the Istanbul Chamber of Commerce, while some entrepreneurs are members of such occupational organisations as the Chamber of Electrical Engineers, and organisations formed in specific fields, such as the Metal Works Foundation. While they had to become members of these organisations to initiate their business, the organisations in which memberships are voluntary receive only limited attention. NGOs engaged in different fields seem not be of only limited interest to the entrepreneurs. Many refrain from joining such organisations, being sceptical about the benefits they supposedly bring. R16 (producing copper products) says that none of the NGOs are really interested in their problems, and that none of the heads of these organisations visit them to ask about their problems. In fact, the respondents were, on the whole, critical of the activities of NGOs with respect how they approach their problems, and some even said, “*These NGOs are working for themselves; they want to raise money for themselves.*” Some of the entrepreneurs believe that NGOs have political agendas, such as R20 (58, male, hotel manager), which is why many entrepreneurs are reluctant to develop contacts with them. As the fieldwork related to the residents showed, people in Turkey, whether belonging to one social group or another, are quite unwilling to become members of NGOs unless they can gain real benefit from them.

The interviews show that especially entrepreneurs with lower levels of education and those from lower socio-economic groups are less convinced about the role of NGOs. Only two of the 40 entrepreneurs are involved in the activities of NGOs. The first one, R17 (cafe bar manager), was a member of DEVGENÇ (which was an important leftist movement in the late 1960s and 1970s), is R17. He says that now he now follows the activities of many NGOs and supports some of them, although he is not a full member of any of them. Another respondent with a completely different background is R40 (36, male, immigrant from Giresun-Alucra), who, he explains, was a member of *Ülkü Ocakları* (a nationalist group in the 1970s) and Chaired the Beyoğlu branch. He also worked for disabled people, since his wife was disabled, and he now works for several institutions, such as the *Beyoğlu Geliştirme Vakfı* (Foundation for the Development of Beyoğlu), and sports clubs.

As this brief review shows, entrepreneurs have little contact with such formal institutions as business associations or NGOs, nor do they take part in any governance arrangements working to provide benefits to entrepreneurs; and some say that they are not aware of the existence of such organisations. Moreover, the interview findings also underline the limited efforts of entrepreneurs to support NGOs specialised in the social issues of Beyoğlu, and those focused on improving the environmental quality of the district.

5.4 Policy priorities for entrepreneurship

The demands from the local government among the interviewees can be grouped under different headings, some of which are related directly to business, while others can make rather indirect contributions.

The short-term and business-specific demands are as follows:

- *New financial regulations*

Several of the tradesmen defined a number of petitions that had been put forward, one of which is related to a decrease in the existing levels of VAT. They claim that high taxes force them to increase

their prices, which has a negative effect on their total sales volumes. Second, entrepreneurs seek changes in the procedures related to imports and exports, as an additional burden on their businesses, and complain also about high custom taxes. From the interviews it could be understood that the high taxes were the major cause of concern for all entrepreneurs, with those in the food and drink and entertainment sectors in particular complaining about the 18 percent tax applied to them for serving alcohol, compared to the standard 8 percent, which they claim is unfair. In fact, what entrepreneurs ask for most are more related to financial measures and regulations related to fair competition.

- *Support for innovative businesses*

Existing creative and innovative enterprises ask for more support in the area of new technologies and technological infrastructure to help grow their businesses. According to them, providing small credits are not a good solution, as governments should rather provide the appropriate technical infrastructure. R19 (32, university graduate, consultancy in web design, advertising and e-commerce) says: *“In Turkey, governments say “start your business and we will help you”. This is not enough to promote innovative activities. In the end we become the enterprises that follow new technologies rather than creating new technologies. This vicious circle needs to be broken.”*

- *Equal conditions, fair competition*

Unequal and unfair competitive conditions are raised as an issue by many entrepreneurs, emphasising the large amounts of informal enterprises and the high levels of tax on the wages of employees. According to them, those employing large numbers of people are at a big disadvantage since they must pay large amounts of taxes and social security premiums for their employees.

- *Entrepreneurship centres, incubation zones*

A small group of entrepreneurs underlined the need for incubation centres and different schemes to support new and creative businesses. They say that in London and New York such entrepreneurship centres have important functions in local economic development, and are important not only gaining knowledge, but also for meeting with potential customers. R26 (26, female, university graduate, e-commerce) says: *“In Kadıköy Istanbul, there is a successful model called TAAK (Design Atelier of Kadıköy), which brings solutions for the upgrading of the existing urban environment and provides support for new initiatives. There are many active and wise people devoting time to finding new solutions, and such an initiative would be suitable also in Beyoğlu.”*

The indirect measures put forward by the entrepreneurs are as follows:

- *Organising festivals, fairs and more cultural events in Beyoğlu*

Firstly, several entrepreneurs think that Beyoğlu needs more events and cultural activities to attract people to the area. According to them, the history of this district and its existing monuments do much to attract tourists and customers, but these are not enough, in that there is a need for different kinds of events that will support entrepreneurs. R29 (50, secondary school graduate, antique retailer) says that he would like to see well-organised antique festivals that are more professional than the existing ones. On the other hand, R2 (45, female, producing and retailing puppets) says: *“There is a puppet festival organised in Beyoğlu for which many puppet producers come from the different parts of the world. This festival should be promoted and supported with new display areas. Although we made an offer in this respect, the Beyoğlu Municipality did not approach it positively.”*

- *Physical upgrading and amenities*

The third main mandate of the interviewees is related to environmental quality. Although Beyoğlu is an important historical centre and a tourist attraction in itself, the loss of environmental quality of certain areas and the deterioration of historical buildings is continuing. In recent years there have

been several projects initiated to upgrade some areas, but still the areas defined as *transformation zones* are in a very poor condition, and there are further problems related to street cleaning and other municipal services. Moreover, according to the entrepreneurs some projects and regulations related to entertainment venues have a negative effect on their businesses, and so they seek more collaborative relations. One of the basic needs of the existing enterprises is car parks. R8 (31, male, immigrant from Macedonia, owner and manager of a restaurant) claims deliveries of their necessary goods are impossible due to problems related to car parking. An interviewee has also specific proposal related to one of the existing projects of the Municipality “*The municipality opened the top of the Fish Market, which had a negative effect on customer numbers, and so there is a need to replace the cover to make it attractive again.*”

- *Tolerance of protestors*

The last request to the central government is quite different. Not all, but a few entrepreneurs asked for more tolerance of the protestors who use Taksim and Beyoğlu as a meeting place. They complain about the attitude of the central government in deploying large numbers of police in the event of protests and their liberal use of tear gas. R17 (cafe bar) says: “*The police should be tolerant of protestors since I believe that they are using against force to them not due to their actions, which are rather peaceful, but their ideological stances, which are quite different to those of the ruling party.*” This view is not shared by all entrepreneurs, as there are also some who strongly oppose protests taking place in Beyoğlu.

5.5 Conclusions

Regardless of the ethnic origin of the entrepreneur, or any other disadvantages they may face, most have limited information on specific local/city-wide organisations, programmes, initiatives, etc. that support entrepreneurs. Only a few have taken advantage of the special support schemes provided to entrepreneurs engaged in specific activities. It is not only entrepreneurs who are considered to be disadvantaged in starting business that depend on their own financial resources or support provided from their families, although it is interesting to note that neither family nor ethnic networks are as important as the personal savings of the entrepreneurs. The limited reference given to family members, relatives and compatriots is an interesting finding of this fieldwork, and goes against most of the studies into small entrepreneurship in Turkey. (Eraydin, 2009).

The level of institutionalisation of disadvantaged entrepreneurs, including those with an immigrant and ethnic background, is very low in Turkey, which is the same for the native ones. The respondents tend to be quite sceptical of the different types of NGOs, and become members only of business associations that are compulsory for the operation of their businesses. In general, the interviews showed that their sensitivity to social concerns are quite limited, with only a few of the entrepreneurs being members of NGOs and/or political parties. Some even believe that it is not wise for an entrepreneur to be a member of a political party.

Another important point that should underlined within the findings of this research is the politicisation of the relationship between entrepreneurs and local government. The negative attitude of the local government to certain sub-districts where entertainment venues, restaurants and cafes serving alcohol congregate was the main complaint of some enterprises. The owners of such enterprises feel they have less access to municipal services, and the ideological differences between them and the government are strongly reflected in the relationship between the two.

The respondents were very clear and realistic about what they want from both the central and local governments, and much of what they ask for would not be difficult to be put into practice.

6. Conclusion

Europe's immigrant population is witnessing rapid growth and is also becoming more diverse in terms of countries of origin, length of stay and socioeconomic position. Immigrants have in time turned into entrepreneurs and started their own businesses in many cities (Shane and Venkataraman, 2000). It is expected that this rise in immigrant entrepreneurship will contribute significantly to the integration of immigrants into society and become key actors in local economic development.

6.1 Summary of the key findings

The main features of the entrepreneurship in Beyoğlu

- First, it is possible to say that the diversity of the entrepreneurs in Beyoğlu does not overlap with the diversity of the residents in Beyoğlu. A number of social groups, especially poor migrants, that have settled in Beyoğlu are not represented at all among the existing entrepreneurs, which it is apparent is due to the main characteristic of Beyoğlu as an important centre of retail and, to a lesser extent, small manufacturing activities in Istanbul.
- Beyoğlu still hosts different types of entrepreneurs. Immigration to Istanbul from different regions in Turkey is continuing, and most of the immigrants have different characteristics, lifestyles, attitudes and beliefs, although their ethnic descent may be or may not be the same. In Turkey, defining who is an immigrant and who has a distinct ethnic descent is also a complicated issue, since the population has become mixed down through the centuries. In this study refer to people from Istanbul as those whose families have lived in Istanbul for more than two generations. There are increasing numbers of foreign immigrants in recent years, with Syrians being the largest group over the last decade.
- In Beyoğlu, as the composition of our sample shows, there is a high level of diversity among the existing entrepreneurs in terms of their ethnicity or their immigrant status, but also with respect to socio-economic and socio-cultural factors and individual characteristics. They are motivated mainly by economic concerns, and seek opportunities that they can exploit under the changing market conditions. In this regard, even those with a distinct ethnic background do not see themselves as "ethnic entrepreneurs". Literature contains few references to discriminatory market conditions based on their ethnic origin.
- The entrepreneurs have different profiles that can be grouped as follows. 1) Entrepreneurs with high levels of education, engaged in creative jobs, mostly young and born in Istanbul. 2) Entrepreneurs engaged in small production activities, relatively in older age groups, secondary levels of education and running a family business. Most of them are native Istanbul people and have a distinct ethnic identity, namely minority groups. 3) Entrepreneurs with relatively lower levels of education engaged in services and tourism related activities, mostly immigrants from different parts of Turkey. 4) Street peddlers, with different levels of education, running a business selling tourism related goods. All of the above have different backgrounds and different ethnic descents.
- These entrepreneurs also have quite different levels of work experience, and create businesses with different evolutionary paths and fields of activity. Although most of them have distinct careers, it is possible to say that previous experience and skills and talents are also important when starting a new business. In fact, an ethnic background and immigrant status does not seem to make a big contribution to, and obstacle for, their career.

- Immigrant entrepreneurs from less developed regions more determined to sustain their businesses, although have relatively less education. In this respect, it is apparent that they shift from one type of activity to another to take advantage of the changing market conditions. What is obvious from the fieldwork is the importance of market conditions and the identification of market opportunities for almost all involved in the study.

In general, the findings of the interviews with entrepreneurs show that changing the conditions of demand is deemed more important than that of supply, and that this necessitates changes in the structure and the product composition of both production and service businesses. In this regard, the earlier debates of economic performance that list ethnic, female, creative and community-based enterprises, among others, as distinct categories become less relevant. The main criteria is instead the ability to adapt to the changing conditions, whether through creativity, innovation or knowledge, or by shifting from one activity to another. In the study of Beyoğlu, we found that opportunity structures had a strong influence on the performance and advancement of the entrepreneurs in our sample. Although many entrepreneurs seem quite satisfied with their economic performance, there are obviously some differences.

- The enterprises that adapted themselves to changing demand conditions and were able to identify new opportunities in the market had a higher economic performance, underlining the importance of adaptive capacity. Changing market conditions, changes in the composition of customers and the adoption of communication technologies provide an important advantage to companies with high levels of adaptive capacity.
- Entrepreneurs with new ideas, new technologies and products tend to grow faster than existing traditional enterprises.
- Ethnic market enclaves are found to be a less important factor in economic performance when compared to the increasing importance of niche markets.
- Customers' tastes and lifestyles are, accordingly, very important in the economic performance of existing enterprises. Those serving niche markets are becoming more important and have a higher economic performance those serving other markets. Although socio-economic, ethnic and cultural differences are important in social interaction patterns, they are less important in entrepreneurship.

The findings on the importance of institutional support from local and central governments indicate a low impact of existing measures, both in new start-ups and in the performance of existing enterprises.

- Most of the entrepreneurs had limited information on specific local/city-wide organisations, programmes, initiatives, etc. aimed at supporting entrepreneurs. Only a few of them used the special support schemes provided to entrepreneurs.
- The level of institutionalisation of disadvantaged entrepreneurs, including those with an immigrant and ethnic background, is very low. The entrepreneurs are quite sceptical of the different types of NGOs, but become members of business associations that are compulsory for the operation of their business.
- The findings show a politicisation of the relationship between entrepreneurs and local governments. The negative attitude of the local government to some entrepreneurs can be attributed to ideological differences.
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6.2 Policy recommendations: Which kinds of policies may be helpful according to entrepreneurs for stimulating entrepreneurship in diverse urban areas?

The increasing immigration, the increasing diversity associated with this migration and the different socio-economic characteristics and lifestyles within and between groups lead to a diversity of opportunities for different groups. Within a specific group, women may have very different attitudes and be involved in different activities to men, which is true also for people with different ethnic and cultural backgrounds. People belonging to from the same population or ethnic group may display quite different attitudes, and may have very different daily and lifetime routines, just as some adolescents and adults may exhibit similar daily mobility patters, while others may be more locally oriented. While the sphere of daily interaction of a native resident may be restricted to his immediate surroundings, his foreign-born immigrant neighbour may be more mobile, possibly in both social and professional relations. Therefore, in defining new policy recommendations defining policies that should serve the needs of different groups should be essential.

The entrepreneurs who participated in this fieldwork were very clear and realistic about what they wanted from both central and local government, and many of their demands would not be difficult to put them into practice. Examining the experiences of other countries allows the definition of a number of potential policies and measures that can be applied:

- Raising awareness among immigrants and young creative people of the benefits of becoming more entrepreneurial
- Improving the human capital of entrepreneurs, in other words their skills and professional expertise
- Improving the entrepreneurs' social and cultural capital, and the support networks among them
- Providing financial capital, especially risk capital, within a system of low bureaucracy
- Introducing favourable regulations at local, national and supranational levels, and removing barriers to entrepreneurship
- Strengthening intermediary organisations, such as training bureaus, consultancies and business associations.

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Appendix 1: List of the interviewed entrepreneurs

	Age	Gender	Origin/City of Birth	Education	Business	Size of Enterprise
R1	38	Male	Ağrı	Low education	Hotel and a gift shop	14
R2	45	Female	İstanbul	Undergraduate degree	Puppet designer	1
R3	48	Female	Kayseri	Secondary School	Jewellery producer and seller	5
R4	27	Male	İstanbul	Undergraduate degree	Organising and participating fairs	4
R5	52	Male	İstanbul	Secondary School	Jewellery designer	3
R6	56	Male	Antalya	Secondary School	Jewellery (Street Vendors)	1
R7	27	Male	Malatya	Secondary School	Tourist Goods (Street Vendors)	4
R8	31	Male	İstanbul	Low education	Restaurant	6
R9	52	Male	Bursa	Low education	Manufacturer of metal accessories	2
R10	26	Male	Ağrı	Low education	Import-Export (Wholesalers of giftware)	3
R11	52	Male	Erzincan	Secondary School	Electrical Products Dealer	10
R12	47	Male	Van	Secondary School	Dried Nuts Seller	4
R13	45	Male	Diyarbakır	Low education	Restaurant owner	15
R14	30	Male	Bolu	Undergraduate degree	Hardware dealer	4
R15	55	Male	Armenian/İstanbul	Secondary School	Producer	5
R16	49	Male	Mardin	Dropout (primary school)	Copper Goods (Street Vendors)	1
R17	59	Male	Istanbul	Undergraduate degree	Café-Bar Manager	9
R18	35	Male	Istanbul	Secondary school	Owner (Music instruments)	2
R19	32	Male	Malatya	Undergraduate degree	Co-founder (Web design)	3
R20	58	Male	Giresun	Secondary school	Director (Food and Drink) in Hotel	50
R21	67	Male	Erzincan	Primary school	Co-owner (Hardware store)	2
R22	44	Male	Kastamonu	Undergraduate Degree	Co-owner (Café, Bar)	9
R23	50-55	Male	Malatya	Undergraduate Degree	Co-owner (Café)	15
R24	34	Female	Istanbul	Graduate degree	Former Co-owner (Finance director in Design and marketing sector)	22 (main office) 74 (whole country)
R25	21	Female	Istanbul	Undergraduate degree	Manager (Wood products)	3
R26	26	Female	Ankara	Undergraduate degree	Founder (e-commerce)	2 (permanent)
R27	29	Female	Hannover	Undergraduate degree	Editor and Manager (journal and coffee shop)	2
R28	40	Male	Senegal	Secondary school	Watch seller (street vendor)	1
R29	50	Male	Niğde	Secondary school	Antique dealer	3
R30	35	Male	İstanbul	Secondary school	Perfume shop (Arabian firm)	5
R31	28	Male	Trabzon	Undergraduate degree	Jewellery (Street Vendor)	2
R32	59	Male	İstanbul (Armenian)	Undergraduate degree	Kitchen utensil manufacturer and seller	3
R33	38	Female	İstanbul	Secondary school	Sunglasses shop	1

R34	38	Male	Şırnak	Undergraduate degree	Second-hand bookseller	2
R35	39	Male	İstanbul	Secondary school	Optician	3
R36	51	Male	İstanbul	Secondary school	Hotel restaurant	21
R37	37	Male	Siirt	Low education	Greengrocer	2
R38	24	Male	İstanbul	Secondary school	Pizza shop	30
R39	34	Male	Kırşehir	Secondary school	Wig shop	3
R40	36	Male	Giresun	Secondary school	Electrical Lighting Equipment	7