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THE IMPACT OF MICROFINANCE BANKS ON THE DEVELOPMENT OF ENTREPRENEURSHIP

Ahmed Tawfeeq ALOMAR

Master's Thesis

Supervisor

Prof. Dr. Mustafa Hayri KOZANOĞLU

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ABSTRACT

THE IMPACT OF MICROFINANCE BANKS ON THE DEVELOPMENT OF ENTREPRENEURSHIP

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This thesis investigates the impact of microfinance institutions in Istanbul, Turkey, on the growth of entrepreneurship. There were three main aims of the dissertation: to examine the impact of microfinance banks on the growth of entrepreneurship; to look at NGOs' impact on this growth; and to look at cooperative societies' influence on business growth. The linked literature has been comprehensively explored, with conceptual concerns thoroughly reviewed, the theoretical framework adequately covered and presented, and a recapitulation of theoretical and empirical findings correctly explained. We came up with the following hypothesis: There is a significant and positive association between microfinance banks in the entrepreneurship development. The researcher used a validated questionnaire as a key data collection technique. A cross-sectional design and a sample size of 200 were used in the investigation. A total of 149 people completed the survey, and SPSS statistical software was used to examine the results. The majority of the poll participants (60%) were men, while the remaining 40% were women. With regard to their age, majority of participants fell between the 3-39-years and are postgraduate. The test applied to analyse the data include descriptive statistics, correlation analysis, reliability analysis, factor analysis and regression analysis.

The outcome of regression shows that the association between the entrepreneurial development and micro finance us positive and significant. Thus. The study discusses valuable implications.

Keywords: Microfinance, Microcredit, Microfinance Institutions, Entrepreneurship, SMEs.

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ABBREVIATIONS

SME	:	Small and Medium-sized Enterprises
MFI	:	Microfinance Institutions
TGMP	:	Turkish Grameen Microfinance Program
OECD	:	Organization for Economic Development and Cooperation
COOPs	:	Cooperatives
NGO’s	:	Non-Governmental Organizations

1. INTRODUCTION

Popularized as an "emerging economy", the Republic of Turkey is the world's 17th largest economy and has strived for decades to achieve a level of economic development comparable to that of industrialized nations. Nevertheless, Turkey must extend its economic base by addressing the productive capacity of its low-income population, while refining its economic policies and improving its global competitiveness. This would help to reduce unemployment, alleviate poverty, and improve the country's ability to meet EU membership standards.

In 2014, Jim O'Neill of Goldman Sachs popularized Turkey as one of the emerging economic giants alongside Mexico, Indonesia, and Nigeria. With a population of over 84 million and a growth rate of 0.83%, Turkey is predicted to be one of the world's most powerful developing markets. (The World Bank, 2020). This is due to a large population with a sizable youth workforce, a strategic location for international trade, and demographics that are favorable for at least the next 20 years. (Osinubi & Olomol, 2020). Nevertheless, Turkey still faces immense economic challenges with poverty on the forefront with approximately 18 million impoverished people who are residing in rural areas. (Turkish Statistical Institute, 2020).

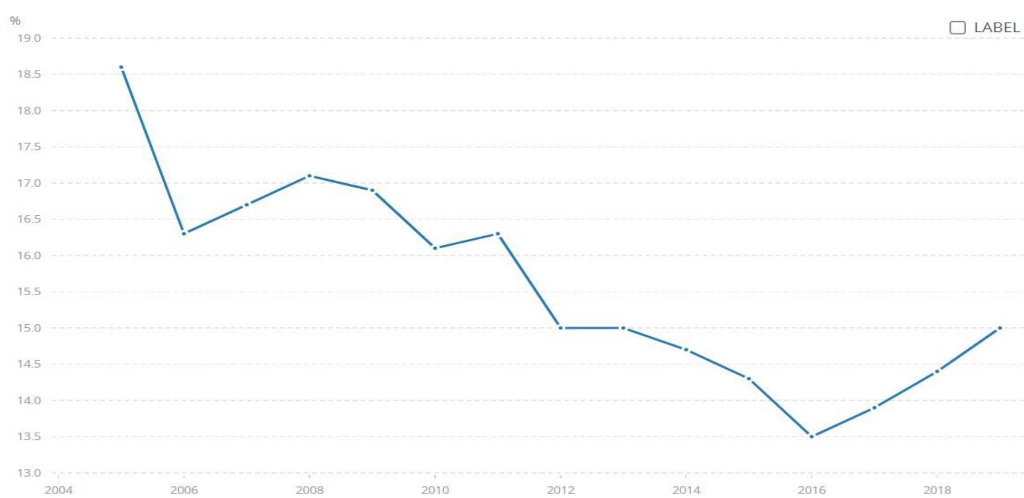

Figure 1.1: Poverty ratio at national poverty lines (% of population) in Turkey (The World Bank, 2019).

As per Figure 1.1, between 2004 and 2016, Turkey saw substantial reductions in poverty, with earnings and job growth being the key drivers. According to recent data, the poverty rate, which is defined as the percentage of persons living below the poverty line of $5.5 per day in 2011 PPP, has been stable at roughly 9% for the past three years. Between 2018 and 2019, the economic crisis and inflation led to a considerable increase in unemployment and a decrease in real wages. While average real salaries fell 2.6% between 2017 and 2018, unemployment increased from 12.9% in December 2018 to 14.2% in July 2019, before decreasing to 13.1% in December 2019. (The World Bank, 2020)

Turkey had made significant strides in economic development and social indicators over the last two decades. However, there have been major regional and gender discrepancies, and the country's income distribution is very imbalanced. As a result of neoliberal policies established in the 1980s, the effects of economic crises, and the globalisation methods, new types of social inequality, urbanised patterns, and cultural dynamics have evolved. A major change away from labor-focused agriculture and toward industrialization and services industries is happening, and it is occurring at the same time as the country's rapidly growing working-age population. Consequent to these changes, poverty has increased and has become a lot more apparent in the country. To top all of it, the COVID-19 pandemic posed serious threats to Turkey's population, particularly the impoverished and disadvantaged. The retail, lodging and food, transportation, and construction industries, which employ a large number of low-income workers, were the hardest hit.

For low-income households, job loss and income loss are the key transmission channels of the crisis. To mitigate the negative implications in the short term, the government pledged pay support for formal employees as well as more targeted social aid to existing beneficiaries. These initiatives, however, were unsuccessful to guarantee protection to the 5.6 million individuals who are currently not insured by the current social protection system, as well as the 4 million refugees who rely on the informal sector. Inequality has risen in Turkey over the last decade. The Gini index fell from 42.2 in 2003 to 39.0 before the 2008 financial crisis, but it climbed to 41.9 in 2018. (The World Bank, 2020). Because of its influence on labour market returns, the economic crisis of 2008 triggered a reversal in inequality trends.

In the aftermath of the crisis, labour market returns at the bottom of the distribution rebounded more slowly than those at the top.

The findings discussed above are summarized in Table 1.1 below:

Table 1.1: Poverty Statistics of Turkey and Other Key Measures (The World Bank, 2020).

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	11,163.5	13.9	2017
International Poverty Line 4.2 in Turkish lira (2018) or US$1.90 (2011 PPP) per day per capita	65.7	0.1	2018
Lower Middle Income Class Poverty Line 7.1 in Turkish lira (2018) or US$3.20 (2011 PPP) per day per capita	1,181.9	1.4	2018
Upper Middle Income Class Poverty Line 12.2 in Turkish lira (2018) or US$5.50 (2011 PPP) per day per capita	7,535.1	9.2	2018
Multidimentional Poverty Measure		0.4	2018
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		2.14	2013-2018
INEQUALITY			
Gini Index		41.9	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.53	2013-2018
GROWTH			
Annualized GDP per capita growth		3.25	2013-2018
Annualized Consumption Growth per capita from Household Survey		2.67	2013-2018
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.79	2013-2018

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.

WORLD BANK GROUP Poverty & Equity

Poverty Economist: Facundo Cuevas

Microcredit has paved a way for countries to improve their employment rates and reduce poverty without relying on donor aid from national or international organizations. The microfinance sector in Turkey, which comprises of only two firms, has an immense potential for growth and development. If this industry can contribute to poverty reduction, then there is a strong case to be made for the policy makers to support the growth of microfinance institutions. Microfinance was traditionally referred to as Microcredit, a practice to loan small amounts without no additional services attached. However, the practice of microcredit evolved to also include a wide range of services, the term was replaced by “microfinance”.

Throughout this thesis, these 2 terms – microcredit and microfinance- will be utilized interchangeably to describe services offered by microfinance institutions.

1.1 MICROFINANCE

According to the World Bank, around 2.5 billion individuals do not have access to formal financial institutions, accounting for most of the world's impoverished. 59 % in emerging economies are "unbanked," as opposed to 11% in affluent nations. (Asli & Klapper, 2012). Non-bank agents must serve the demand for money in the absence of access to formal financial markets, especially in the developing countries. Low-income people all over the world frequently borrow from family and friends, but quite obviously these sources are insufficient for substantial loans. Furthermore, informal money lenders have a reputation for charging exorbitant interest rates, ranging from 50% to 200% on an annual basis. (Collins, Morduch, Rutherford, & Ruthven , 2009). Obtaining loans from commercial banks is sometimes impossible for the world's poor, who have inconsistent revenue sources and little to offer as collateral wealth. As a result, many say that the poor are caught in a "poverty trap".

Microcredit is providing of small-scale banking services to individuals who frequently lack access to formal financial institutions and have no collateral. Microfinance encompasses a substantial number of financial services, including loan, savings, insurance, and remittances. (Zainuddin & Yasin, 2020). In 1990, the word "microfinance" was coined to describe the provision of microfinance services to the poorer sectors of the society, including microcredit and microsavings. (Lumianski, 2019) . Since then, there has been a strong impact of microfinance institutions on the overall development of entrepreneurs and entrepreneurship in any country in the world. Especially, entrepreneurs belonging or serving rural areas obtain the monetary and non-monetary benefits from these banking institutions. The concept is that microfinance institutions (MFIs) provide financing to aspiring entrepreneurs in impoverished areas in small amounts for income-generating activities. They will then invest microloans in microbusinesses, repay in installments from profits, and eventually be empowered to escape poverty. (Zainuddin & Yasin, 2020).

In the 1980s, Professor Muhammad Yunus of Bangladesh formally established microfinance when he used an action-research program to address the banking problem faced by the poor. He devised an experimental credit program to assist the community in 1976 with the help of his graduate students at Chittagong University in a small village called Jobra. After the experiment yielded positive results, it was replicated in hundreds of villages. He disbursed and recovered large quantity of loans after reaching an arrangement with rural banks. (Zainuddin & Yasin, 2020) (Kabasakal & Malik , 2019) . Despite the favorable results of microfinance, the bankers refused to move further with the initiative when the pilot phase ended, fearing that it would be too risky and costly to keep afloat. As a result, the Grameen Bank was established in 1983 with the help of donors. Since then, the total income of the bank has risen by 381% and the investments by 582%. (Bin Amin & Uddin, 2018). Following Grameen Bank's success, other specialist microfinance organizations arose, and many traditional banks followed Grameen Bank's lead and began to specialize in microfinance, with the goal of meeting the requirements of those who could not access conventional financial services.

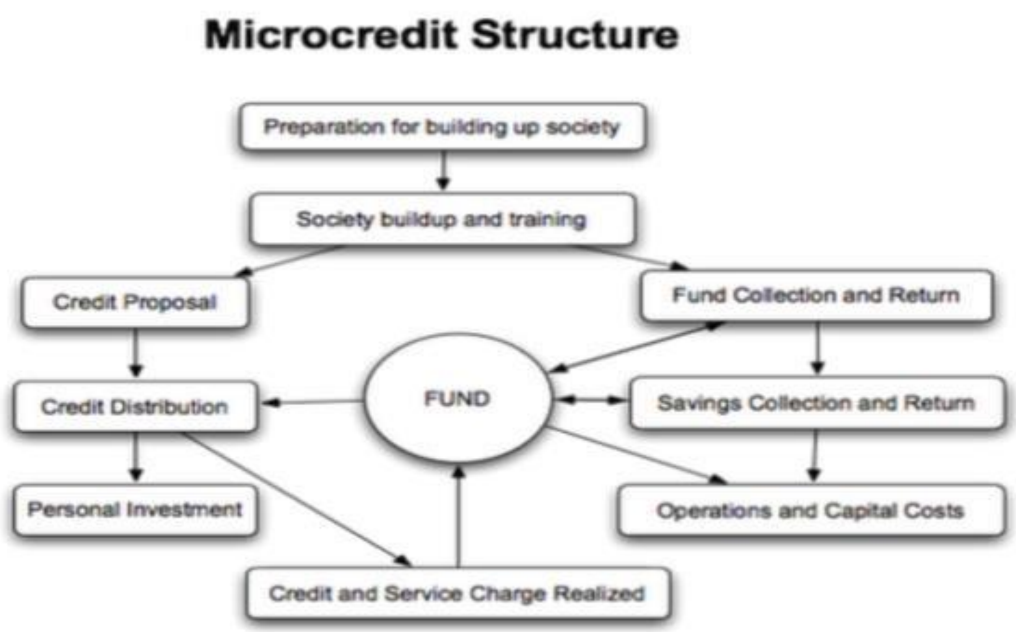

Figure 1.2: Microfinance Structure of Grameen Bank (Shukran & Rahman, 2011).

Microfinance is widely used in most countries and certain nations have even developed expertise. For example, the Indonesian government has created favorable conditions for microfinance lenders and borrowers.

Special village-based microfinance organizations have been formed in Indonesia which greatly benefit small-scale farmers. (Kabasakal & Malik , 2019). Figure 2 below illustrates the microfinance model of Grameen Bank. The first stage is to motivate people so that they can persist to do what they want. The second step is to set up a society and establish training program. The third phase is to make a credit proposal, after which funds will be distributed for personal investment. The rest of the labour, such as fund collection, returns, operations, and credit cost, occurs eventually. (Shukran & Rahman, 2011) Figure 2 demonstrates the Microfinance Structure of Grameen Bank. (Shukran & Rahman, 2011).

Microfinance became a worldwide phenomenon when Grameen Bank set the example. ACCION International, India's Self-Employed Women's Association Bank, Indonesia's Bank Rakayat, and Morocco's FONDEP are just a handful of the thousands of microcredit programs currently in operation. Although most MFIs began as non-profits, they must charge interest to fund operating costs. Many MFIs, such as Peru's BancoSol, became licensed commercial banks in the 1990s.

Furthermore, the commercial banking industry, notably among state-owned banks, began downscaling to accommodate low-income borrowers. Private retail banks have also ventured into microfinance; however, the commercial microfinance sector has a lot more potential for growth. Today, the World Bank, national development agencies, the G20, and global financial standard-setting groups such as the Basel Committee on Banking Supervision promote the concept of inclusive financial systems. (Carter, 2013).

In Turkey, poverty and unemployment remain major development issues. According to the Turkish Statistical Institute, approximately 22% of the country’s population is impoverished and around 17.9 million people in Turkey are classified as poor and primarily residing in rural regions. (Turkish Statistical Institute, 2020). Despite the urgency and high demand, Turkey's microfinance business is stuck in its infancy. Maya Enterprise and Turkish Grameen

Microfinance Program (TGMP) are the only two microfinance organization operating in the country.

Established in 2002, Maya Enterprise serves low-income borrowers in northwestern Turkey. The Foundation for the Support of Women's Work (KEDV) founded Maya Enterprise for Microfinance in June 2002 as a private NGO. Turkish Grameen Microfinance Program (TGMP) was established in 2003 and now operates in nearly all the country's regions. TGMP is a field partner of Grameen Trust and one of the major microcredit institutions in the Middle East and North Africa (MENA). TGMP currently has 95 branches in 64 regions in Turkey. According to TGMP's credit disbursement data, the total amount of microcredit distributed surpassed 840 million TRY. (Malik, Orhan, Akgul, & Elcin, 2019).

1.2 ENTREPRENEURSHIP AND SMALL AND MEDIUM ENTERPRISES (SME'S)

There is no way to disentangle the contribution of entrepreneurial activity to economic growth. Schumpeter argues that entrepreneurial activity is vital to the process of economic growth and that the function of the entrepreneur as a motor of economic advancement is indispensable. There is no correlation between a nation's economic and political structure and the significance of entrepreneurial activity for economic progress. Entrepreneurship is a form of company management that is applicable to both newly established and established businesses. The increased interest in establishing a company has coincided with a growing interest in how the roles of smaller firms are being redefined. In Turkey, there is a substantial amount of untapped potential in the sphere of entrepreneurship. A leader who has the entrepreneurial spirit is one who actively seeks out new ideas and strives to implement them in order to promote economic growth and development. By virtue of the actions he takes in his business, an entrepreneur functions as a "trigger head," kicking off a domino effect of economic activity. He is essential not just for the growth of a nation's industrial sector but also for the extension of its agricultural and service sectors. For there to be manufacturing, company owners must have the financial means to combine the many production inputs. Included in these inputs are land, labor, and capital. Any firm, regardless of size, is required to have immediate access to cash in order to make new financial investments immediately and sustain effective business operations.

As a direct result, a substantial number of distinct microfinance banks have devised their own techniques of giving assistance to encourage the growth of entrepreneurial enterprises. This sector includes the supply of financial resources, extension and consulting services, coaching, and the creation of infrastructural facilities. It is not inconceivable for any country to have a decline in its overall poverty rate. Real data has been gathered and evaluated, demonstrating that Indonesia has achieved significant strides in its fight against poverty and that more development is both achievable and expected. (Sussan & Obamuyi, 2018).

Numerous elements impact an individual's inclination to participate in entrepreneurial endeavors. Commonly, these motives for going into business for oneself are divided into two basic categories: opportunity entrepreneurship and necessity entrepreneurship. Opportunity entrepreneurs are those who are drawn to the notion of starting their own business owing to its benefits, such as the freedom to determine their own destiny, the pursuit of an idea or opportunity, autonomy, financial rewards, and notoriety. Those that are interested in starting their own business are referred to as opportunity entrepreneurs. As a direct result, establishing a company has become an attractive choice for getting employment. Necessity entrepreneurs are those who are driven into entrepreneurship as a last alternative due to negative conditions such as the loss of a job, the incapacity to shift between occupations, or marginalization by the major employment market. (Shinnar & Nayr, 2019).

During the 1980s, when unemployment rates hit an all-time high, the government focused primarily on small and medium-sized firms, also known as SMEs. It was expected that these measures would assuage the problems major companies had over their productivity, employment, and investment. After 1990, every economic arrangement, incentive program, and piece of legislation was developed with small and medium-sized enterprises in mind. This pattern persisted far into the twenty-first century. (Erdin & Ozkaya, 2020). Every four years, a fresh pool of grant money has been gathered as part of the European Research Area framework program (ERA). While the budget for the seventh Framework Program was around €7.0 billion, the budget for the eighth Framework Program was approximately €9.5 billion, and so on. The sixth Framework Program had a budget of €3.6 billion. (ERA, 2018).

In addition, each European nation has its own assistance and incentive programs that are targeted expressly for small and medium-sized businesses (SMEs) (Erdin & Ozkaya, 2020).

Due to the substantial roles that small and medium-sized firms (also known as SMEs) play in the creation of new employment, the development of current businesses, and innovation, these businesses are crucial to both growing and established economies. More than fifty percent of all private sector employment is held by workers of small and medium-sized firms (SMEs), which account for more than ninety-five percent of all OECD-registered businesses. (Karadag, 2015). Small and medium-sized enterprises (SMEs) account for 98 percent of all companies, 67 percent of total employment, and more than half of the Eurozone's gross domestic output. (Union of European Countries, Commission, 2012). In Turkey, the great majority of organizations needed to register with the government are small and medium-sized businesses. Almost every business in the nation is obliged to comply. As a result, their significance to the economy cannot be contested. Despite this, small and medium-sized enterprises (SMEs) continue to struggle to compete in Turkey's fragile economy. The nation has struggled economically for most of the previous three decades, and this is essentially the result of those difficulties. These crises have had a disastrous effect on the economy, and as a consequence, the Turkish government has been compelled to take drastic steps to ensure more constant and sustainable economic development. Small and medium-sized firms (often referred to as SMEs) in Turkey have rapidly become a vital component of the nation's social and macroeconomic development plans. This is partly attributed to the resilience and flexibility shown by small and medium-sized enterprises (SMEs) in the face of an uncertain and always changing market. (Karadag, 2015).

It is conceivable for the definition of small and medium-sized enterprises (SMEs) to vary from nation to nation and even within firms. (Yurttadur & Kaya, 2012). There are as many as thirty distinct definitions of SME cited in the literature. (Sannajust, 2014). In the past, a modest market share and independence were seen as two of the most essential characteristics of a small or medium-sized corporation (SME). In contrast, the great majority of modern definitions of SMEs incorporate labor-related characteristics as a more appropriate description. To be deemed a small or medium-sized firm (SME) by the Organization for Economic Cooperation and Development (OECD), a company must have "fewer than a country-specific specified number of workers."

In Turkey, the Eurozone, and a vast number of other nations, a small or medium-sized firm (SME) may have no more than 250 workers.

In the United States and Canada, however, the maximum number of workers that a small or medium-sized business is permitted to have is 500. (Karadag, 2017). Despite the fact that they can be classified in a variety of ways, small and medium-sized businesses (also known as SMEs) are extremely important to the economy of the country and are globally recognized for their contributions to the growth of the GDP, the creation of new employment opportunities, and the reduction of poverty. (OECD, 2014). Considering that the commercial sector in emerging nations is not as established as it is in wealthy nations, this perspective is even more crucial. (Narteh, 2013). Small and medium-sized firms (also known as SMEs) play a crucial role in the economies of industrialized countries since they account for fifty percent of the gross domestic product. The term "backbone of the European economy" refers to small and medium-sized enterprises (SMEs), which account for 99.8 percent of all non-financial firms, 58 percent of GDP, and 67 percent of total employment in the Eurozone. The Japanese economy is dominated by small and medium-sized enterprises (SMEs), which account for 99.7 percent of all companies and employ 70 percent of the labor force. (Karadag, 2017).

1.3 MICROFINANCING INSTITUTIONS (MFI'S)

As compared to conventional banks, MFIs are more inclined to lend money to people in need who lack tangible assets. In certain instances, this might be achieved through the employment of a joint-liability repayment agreement. The Grameen Bank, for instance, arranges borrowers into five-person clusters prior to arranging individual loans inside these clusters. Borrowers in the same cluster as another borrower are liable for the repayment of that borrower's debts. In contrast to the commonly held belief that poorly managed microfinance institutions (MFIs) have low loan recovery rates, Grameen Bank has a loan recovery rate of 96.6%. In addition, unlike traditional banking institutions, the great majority of microfinance organizations are quick to dispatch loan representatives to the communities and places of residence of their clients. The great majority of microfinance institutions (MFIs) do not require borrowers to sign a written agreement since uneducated individuals may find it difficult to do so.

Numerous microfinance institutions (MFIs) also track the long-term socioeconomic progress of borrowers and their families. Borrowers are also eligible to enroll in business training programs offered by local community groups. (Carter, 2013).

The microcredit business has acquired over $70 billion in assets and serves over 200 million clients worldwide (Carter, 2013). The great majority of microfinance institutions are located in South Asia, including India, Latin America, and Sub-Saharan Africa (MFIs). In many regions of the world, including the Middle East, Eastern Europe, and Central Asia, microfinance is still in its infancy. In Turkey, only two microfinance institutions may be regarded as independent from one another. Despite the fact that millions of people in Turkey live below the poverty line, the great majority of whom are women, these two MFIs have a combined total of around 65,000 borrowers. This new enterprise contains a substantial amount of untapped development potential, which has the potential to raise millions of Turks out of poverty and contribute to the country's ascension to high-income status. To achieve this objective, it is essential to get an understanding of microfinancing and the organizations that provide it.

MFIs are the principal suppliers of microfinance services such as savings accounts, credit lines, and insurance policies. The majority of microfinance institutions (MFIs) provide additional services that are normally unavailable to regular banking institutions. These services include outreach to less fortunate sections of society and monitoring the extension of their clients' financial viability. Microfinance institutions (MFIs) in both developing and wealthy nations have brought about a revolution in banking practices as a result of the decrease in poverty and the economic growth that microfinance has facilitated.

However, the fact that a major section of the poor population does not have access to microfinancing comes as a huge surprise. This is especially evident when considering the situation in Turkey, where only two MFIs service around 65,000 customers out of a total population of 84 million. This might be because there are not enough robust MFIs and their development is constrained by governance issues, agency concerns, and ownership problems.

This article will make a brief mention of corporate governance but will not go too deeply into the subject or provide unnecessary details. Corporate governance is a strongly discussed subject in academic circles. Corporate governance refers to a set of rules that demand senior executives to exhibit openness, responsibility, and great performance. At the crux of the continuing dispute is the question of whether or not the fragmentation of ownership will eventually result in the separation of control and ownership. If there are differences between the stakeholders who "own" the firm and the stakeholders who "manage" the organization, the performance of any corporation might be badly influenced by this separation. When one party predicts that the other will act in the first party's best interests, this circumstance is known as the principal-agent issue or the agency dilemma in the academic community. In order to solve these issues, getting a greater understanding of the "ownership structure" might aid in resolving the agency problem.

The ownership structure is thought to be heavily impacted by other factors of nation-level corporate governance, such as the expansion of the stock market and the way the government supervises enterprises. Consequently, the ownership structure is one of the most crucial parts of corporate governance. Variations in the arrangements of corporate ownership have two very distinct effects on corporate governance. The majority of shareholders not only have the legal right but also the impetus to demand responsibility from management. Conversely, if the interests of dominant shareholders and those of minority shareholders are not consistent, concentrated ownership may give birth to a new challenge. There are two main ownership models for microfinance institutions (MFIs): socially oriented MFIs, like non-governmental organizations (NGOs) and cooperatives; and commercially focused MFIs, like non-bank financial institutions (NBFIs) and banks. These two forms of ownership are known as community development financial institutions (CDFIs). The next sections give an in-depth examination of both of these ownership systems. This dissertation will focus mostly on cooperatives, nongovernmental organizations (NGOs), and banks that fall under the category of financial institutions. Regarding microfinance ownership, there are a vast number of things to consider, including the multiple legal and regulatory processes; the concerns of various authorities; the distinct governance frameworks; and the differing comfort levels with taking risks.

For instance, because banks and other non-bank financial institutions (NBFIs) are owned by a varied set of shareholders, these organizations place a greater emphasis on financial or commercial returns. In contrast, NGOs and cooperatives are subject to fewer laws and place a greater focus on community service. In contrast to ownership kinds that are not subject to regulation, banks and other non-bank financial institutions (NBFIs) are regulated. As a result of this regulation, banks may provide a greater variety of services and products than other types of ownership. (Gupta & Mirchandani, 2019). This study aims to examine the impact of microfinance institutions on the expansion of small and medium-sized enterprises (SMEs) and, by extension, on entrepreneurial initiatives in general.

Nongovernmental organizations (NGOs) and cooperatives (COOPS) are both prevalent forms of organizations that operate in a range of industries. Humanitarian and healthcare organizations are often administered by non-governmental organizations (NGOs), whereas agricultural organizations are typically administered by cooperatives. The non-profit and cooperative sectors have collaborated with non-governmental organizations (NGOs) in the financial services sector for many years (COOPS). In established banking markets such as those in the United States, Canada, and Germany, institutions with an organizational structure akin to that of NGOs and cooperatives hold substantial market shares and stocks.

COOPs are member-owned organizations governed according to the democratic concept of "one member, one vote." The ownership structure of non-governmental organizations (NGOs) is considerably different from that of cooperatives. The members retain the right to earn a share of any additional income generated by the cooperative's operations. Nongovernmental organizations (NGOs) have no controlling owners or property rights. On the other hand, stakeholders who represent contributors typically have considerable influence. In addition, it is illegal for non-governmental organizations (NGOs) anywhere in the world to pay dividends to their members, even if the funds are utilized to finance the provision of charity activities by the organization.

In the sphere of microfinance, it is feasible that cooperatives and non-governmental organizations (NGOs) are subject to the same rules, regulations, and operational requirements.

The amount of taxes that these two types of organizations are required to pay, the method in which they are governed, and the vast array of services they are authorized to provide differ per nation.

Non-governmental organizations (NGOs) are often motivated by non-financial goals, whereas cooperatives (COOPs) are motivated by both financial and non-financial goals. Compared to NGOs, cooperatives are far more likely to employ a stricter governance approach. Despite this, directors and management of non-profit organizations, such as microfinance-focused NGOs, are required to act in the stakeholders' best interests. In addition to microlending, the majority of cooperatives are required by government regulations to operate as intermediaries for customer deposits. This is in addition to the need for cooperatives to supply services and goods. In contrast, non-governmental organizations (NGOs) are frequently exempt from regulation and have greater flexibility in terms of product and service distribution, despite the fact that the law prevents them from using demand deposits. (Djan & Mersland, 2021).

In Turkey, just two non-governmental organizations (NGOs) actively operate in the sector of microfinance, making it a relatively new concept in the nation. It appears that the two government-owned banks, Halk Bank, which lends to small and medium-sized enterprises, and Ziraat Bank, which lends to farmers for agricultural purposes, will adhere to their objective and will not enter the microfinance sector in the near future. Halk Bank lends to small and medium-sized enterprises, whereas Ziraat Bank provides agricultural loans to farmers. Without any financial support or guarantee, the two organizations began providing microfinance services to economically disadvantaged individuals. In 2002, the Foundation for the Support of Women's Work began the formation of the Maya Enterprise for Microfinancing (KEDV). The Turkish Grameen Microfinance Project (TGMP) was created in June 2003 with the objective of adopting and implementing GB microcredit banking practices in southeast Turkey. It is not a coincidence that both groups began their operations shortly after the 2001 financial crisis, when the economy sank into a deep recession and unemployment and poverty rates soared drastically.

According to a 2003 report compiled by the company, Maya had two hundred clients in the city of Kocaeli. The firm focuses on women who currently own a small business but have limited financial resources.

Primarily, economic activity consisted of modest commerce in marketplaces and businesses, as well as the production of items at home, especially textiles, candles, and lace. The annual interest rate is 4.9%, and it is charged monthly at a decreasing pace. This interest rate is equivalent to that charged by private banks. In order to achieve profitability in 2005, four years after the company's inception, Maya was compelled to utilize this baseline interest rate.

Depending on the size of the loan, the amount of time between loan rounds might range from four to six months. Maya is now operational in Istanbul, Kocaeli, Sakarya, and Eskisehir's low-income neighborhoods. As of December 31, 2007, the organization has given a total of 6,227 microcredits totaling $4 million. All of the individuals who took out loans were female, and of these women, 74% worked from home while 17% operated a small business. The majority of women had completed primary school, at 43 percent of the total, and those women were followed by those with a high school diploma (28 percent). Maya is able to recover ninety percent of its expenses using funds already accessible within the company. Despite this, Maya's journey was not an easy one, and the organization's first year of existence was marked by a tremendous amount of struggle.

Women were hesitant to utilize microfinancing due to their lack of financial knowledge and their mistrust of the organization providing the service. When attempting to communicate with women from certain parts of Turkey's population, Maya authorities encountered several barriers. Due to cultural limitations and the typically conservative nature of tiny villages, women were actively discouraged from participating in commercial life, and in certain circumstances were prohibited from doing so. In addition, since the majority of women worked in the informal sector, they believed that accepting salary from a formal institution would harm their reputation in the community. Consequently, they were unwilling to take the money. However, Maya is currently only granting loans to women who have been running their business for at least six months.

Maya plans to give microcredit to businesswomen who have a strategic plan in the future. Before growing its client base, Maya is adopting a deliberate approach by only lending money to women who already own their own businesses.

The firm wants to guarantee that it can continue to be successful as a financial institution. This strategy does not account for women, who are among the "poorest of the poor" and are in dire need of assistance. (Gurses, 2009).

In 2003, TGMP activities were launched in Diyarbakir, a city located in the southeast of Turkey. This is one of the country's least developed districts, with unemployment and poverty rates well above the national average. In July of 2003, the TGMP commenced its regular operations. As a token of appreciation for the endeavor, the governorship of Diyarbakir presented the group with free office space. Additionally, the assets of the project are placed into government-established accounts. As of January 2006, over three thousand women had received loans totaling close to three thousand dollars through this campaign. The funds were utilized in several industries, including manufacturing, processing, agriculture, retail and wholesale commerce, and retail trade.

TGMP offers service in Turkey's Ergani, Diyarbakir, and Bismil provinces, all of which are situated in the southeast region of the nation. The technique and basic concept of the Bangladeshi GB Project and the Turkish GB Project are very similar. Grameen Bank is responsible for supplying the TGBP branch in Diyarbakir with qualified management personnel. As of December 2005, the TGMP is formally recognized as a self-sustaining organization and has already covered all of its expenditures. Credits ranging from 200 to 500 YTL (150-280 USD) with a 20% interest rate are distributed through the TGBP to groups of 5-8 women.

Members of the same family are prohibited from belonging to the same group, as they are assumed to have comparable socioeconomic origins. The formation of groups and the execution of their various duties are comparable to Bangladesh's GB. In Bangladesh, social collateral is substituted for physical collateral as a form of security. Each loan group consists of five individuals.

However, only two of these individuals will be eligible for credit in the first round. After a two-month period during which the bank staff monitors the group's procedure for loan repayment, and if the group's members have settled their loans, further members of the group are permitted to obtain credit. As a result of this regulation, the members of the organization are frequently subjected to substantial peer pressure. To obtain credit, each person must feel a sense of communal responsibility; hence, the group members are subjected to a substantial level of peer pressure. Peer pressure and institutional constraints on bank employees to complete their responsibilities as part of their positions enable the microcredit program to reach extraordinarily high payback rates, such as 98%.

The TGBP must comply with the same requirements. In a way similar to that of Bangladesh, two members of the group are first provided credit; if they repay on time for four consecutive weeks, the remaining members are also awarded credit. Peer and social pressure among the team members motivates each team member to consistently complete her assigned work. There are regular weekly group meetings between field staff and the manager of the group. During these meetings, members are trained and disciplined on microfinancing methods and reminded of the need to keep a solid financial status for their families. The meetings are conducted at the residence of the organization's leader, with both the members and the branch manager in attendance. The Bangladeshi model served as the foundation for the TGBP's operational processes and ceremonial traditions, which were almost identical. The members of the group recite the Grameen creed in Turkish after the group's leader. The creed is "Discipline, Unity, Bravery, and Hard Work." Following a courteous salute to the staff, the group members kneel in rows while the group leader stands to the side. Consistent attendance at these meetings is another criteria for getting additional credit. At each meeting, the field worker records the total amount of earned or repaid credit. (Gurses, 2009).

Despite the benefits and microfinancing system stated above, a lack of awareness and access to information may be hindering the growth and development of the Turkish microfinance business. For the Turkish microfinance system to be effective, both awareness and education must be increased.

In order to develop the microfinance business and attract substantial new investments, it is crucial to increase knowledge of the microfinance sector's existence as well as its capacity demands and requirements.

The majority of microfinance loans are distributed to state-owned banks by way of official operators. However, there are some individuals who choose to provide informal loans to their family and friends, typically in a foreign currency.

Moreover, customers obtain credit with the aid of local pawnbrokers and moneylenders. This might bring temporary alleviation at the very least.

1.4 SIGNIFICANCE OF THE STUDY

This research study will be very important for researchers, entrepreneurs, small and medium size enterprises, academicians, businesses, and the financial industry. This research study will explain that how microfinance institutions are playing their positive role in uplifting entrepreneurial activities within the country. This financial contribution of these microfinance institutions has been documented to have an effect on reducing poverty, reducing unemployment and the overall economic development and growth of the country. Thus, this research study is very important for all the researchers and academicians. The recent research study is conducted in turkey to study critical role and influence of these financial institutions on the entrepreneurial growth within the country.

This study will add to research and knowledge on how Turkish policy makers can aid economic growth through their support on entrepreneurship development, which has been identified as the key driver for economic growth. Banks, NGOs, and COOPs will benefit from this study because it will offer a viable reference point for the effective and efficient functioning of MFIs and the development of entrepreneurial activities. Additionally, students pursuing higher education in the subjects of finance and management will benefit from this study because it will serve as a guide to the role microfinance and microfinance institutions play in the development of entrepreneurship.

1.5 RESEARCH QUESTIONS

To set the focus of our study, we need to develop a research question which would be the common concern of not only the following study that needs to be conducted but of the potential audience as well. With the help of data collected and existing studies, our research will be concentrated in answering the following research question drawn for the current research study:

What is the impact of microfinance banks on the development of entrepreneurship?

1.6 RESEARCH OBJECTIVES

The study aims at finding out the impact of microfinancing activities on entrepreneurial activities. An overall picture will be presented and will be further narrowed down to how this is applied to the Turkish context. Following are the main objectives of the research:

To see the impact of microfinance banks on the development of entrepreneurship.

1.7 HYPOTHESIS DEVELOPMENT

The proposed hypothesis is as follows:

H1: There is a significant and positive association between microfinance banks in the entrepreneurship development.

1.8 RESEARCH CONTRIBUTION

This current research study will contribute to highlighting the importance of microfinance and the significant role it can play to improve the Turkish economy. Since only two microfinance institutes exist within the country, this paper will study the influence of MFI's on entrepreneurship development. Moreover, limited research has been conducted in this field as is evident by the limited number of MFI's in Turkey and the little growth and attention they have received.

Further, the self-employed, owners and entrepreneurs of small and medium size enterprises will take benefits from this research study.

The research study is also very important because it will explore the economic development and growth through the development of enterprises. Hence, it will be covering the research gap and contributing positively to the existing literature.

2. LITERATURE REVIEW

Numerous studies have been conducted about microfinance and how it impacts entrepreneurship development. Significant literature also exists demonstrating the effects of microfinance on poverty alleviation and economic development. The following section will review existing international and national literature about microfinance and entrepreneurial development to put this study in an appropriate framework and to analyze the association more accurately.

Even though microcredit services have increased exponentially in the past decades, the effect of these services on the entrepreneurial development is still not that well explored. Overall, the microcredit business is estimated to be worth USD eighty billion and more in outstanding loans to over ninety million borrowers. These estimates are based on unsecured, small microcredit loans supplied to disadvantaged persons and households (Newman, Ahlstrom, & Shwarz, 2017).

The concept of microfinance has widened to encompass a wide variety of services such as mortgages, savings, insurance, retirement plans, and money transfers for those who are overlooked by traditional commercial banks, mainly in developing nations (Khavul, 2010). However, it is still not clear if this amount of capital is helping the less fortunate, many of whom survive on less than $2 per day, to establish or develop their enterprises (Newman, Ahlstrom, & Shwarz, 2017).

This thesis attempts to improve the understanding of how microfinance promotes entrepreneurship development in developing markets as a way of stimulating economic growth and alleviating poverty (McCloskey, 2016). Even though the literature review on entrepreneurship and microfinance is growing, and a small amount of research articles have started to investigate if and how microcredit helps the establishment and growth of new companies, expertise in this field remains restricted (Banerjee, Duflo , & Glennerster, 2015) (Shahriar, Schwarz S, & Newman , 2016).

Existing research has largely focused at how microcredit financing impacts overall development goals like poverty reduction, instead of main entrepreneurial results like new venture creation, survival, growth, and performance (Chliova, Brinckmann, & Rosenbusch, 2015).

This study is an initial step in addressing this significant issue, with the objective of laying the platform for upcoming research in this crucial field.

2.1 MICROFINANCE, ENTREPRENEURSHIP, AND POVERTY

Since its revolutionary conceptualization in Bangladesh, microfinance has largely been touted as a solution to absolute poverty. Microfinance strives to put savings, credit, and other banking services within easy access of individuals who are too poor to be entertained by traditional banks, as they typically lack adequate collateral or simply cannot easily access banking services. Microfinance can therefore provide a small amount of investment for start-ups and for the growth of small and medium enterprises, mostly to low-income households and individuals in developing nations (Karlan & Valdivia, 2011).

In the 1970s, a Bangladeshi economist named Mohammad Yunus was unhappy with the way in which his country reacted to recurring famines. He began exploring the nearby region and saw a group of 42 women who were making bamboo chairs. They were trapped in a debt cycle with local merchants who borrowed money for supplies in exchange for selling the footstools at rates just marginally over the cost of materials. This maintained their cycle of debt. He was surprised to find that the total amount of money the 42 ladies needed was $27. The members of the organization were able to sell their goods at a greater price and escape the vicious cycle of debt since he loaned them money from his own pocket without charging them interest. Yunus founded Grameen Bank in 1983, which specializes in providing microcredit based on this concept. Microfinance institutions (MFIs) situated across the world expanded proportionally to Grameen's rising impact and success. The 2006 Nobel Peace Prize was awarded to Grameen Bank and Muhammad Yunus for their contributions to the microcredit sector. (Karlan & Valdivia, 2011).

Formerly, microfinance was viewed as an efficient method for assisting millions of people to leave poverty and develop economically. This long-held belief is no longer valid, thankfully. In recent years, however, this viewpoint has shifted significantly. Over the next three decades, loans totaling more than $100 million were available for microfinance lending.

While these loans may have reduced the amount of poverty experienced by the borrowers, there is still a question to be answered (Karlan & Valdivia, 2011).

According to a lexicon of economic concepts, an entrepreneur is defined as "the one who collects work; capital; nature; planning; planning; organizing; and embracing all risks." At the beginning of the 18th century, Richard Cantillon, an Irish economist, was one of the first to evaluate entrepreneurship within a theoretical framework. This was his creation. Cantillon classifies economic agents as landowners, entrepreneurs, and employees. In Cantillon's universe, an entrepreneur is someone who engages in business and combines production components despite uncertainty. According to DEERMEN and AK (2015), the absence of risk would render entrepreneurs useless.

Jean Baptiste Say, an additional economist, added to and enlarged Cantillon's initial concept of entrepreneurship. In addition to being risk-taking, an entrepreneur must be able to plan and oversee several production components. Cantillon, who provided the term's original meaning, is credited with coining the term "entrepreneur" (DEMIREL & Akbyk, 2009). The entrepreneurial perspective of Cantillon is innovative and forward-thinking. In recent years, a growing number of individuals throughout the globe have established their own businesses. Since economic growth and social advancement are interwoven, entrepreneurship is essential to both. In recent years, the focus of key social players such as governments, colleges, companies, and practitioners has shifted to smaller, more controllable projects that are more directly under their control.

However, the effect of microfinance on poverty and entrepreneurial activity has only been investigated in a small number of randomized comparative studies (Newman, Ahlstrom, & Shwarz, 2017). Microloan beneficiaries have not been put through a study to determine if they are less likely to be poor than those who do not get microloans. This is because no research has been conducted. This is due to the fact that the control group did not obtain any microloan approvals. According to a noteworthy study, the use of microloans by established enterprises increased both investment and profitability. Despite this, the total amount of money spent throughout this period did not grow significantly (Banerjee, Duflo, & Glennerster, 2015).

According to the study's findings, there were no noticeable increases in health, education, or women's empowerment. Access to microfinance has been found to help low-income individuals save more money, improving their quality of life. When individuals have access to microloans, they do more commerce, but this does not translate to an increase in entrepreneurship (Karlan & Ratan, 2014). According to recent research, microfinance institutions (MFIs), which are widespread and distribute billions of dollars, may not always have a favorable effect on those who borrow money from them or on startups. The study's findings (Bruton, Khavul, & Siegel, 2015)

The emphasis on entrepreneurship and microfinance is significant and exciting for a variety of reasons. According to a recent study by Reuters, both financial experts and the general public have recently paid considerable attention to microfinance. As a result of public outrage, there has been a rise in interest in this subject. Both groups have contributed to this concentration's creation. A change of economic and social power from industrialized to developing nations demands the significance of microfinance in these nations. States undergoing transition (Lewin, Kenney, & Murmann, 2016). Two things are obvious: First, economists and business leaders concur that innovation and entrepreneurship are essential to the growth and long-term success of a healthy economy (Siegel, 2016).

Microfinance organizations, or MFIs, on the other hand, hardly ever give financial assistance for ventures that may be classified as particularly entrepreneurial or innovative. In reality, the great majority of Grameen Bank loans are utilized to fund the growth of small firms involved in agricultural or retail commerce. It is very rare for enterprises of this kind to create enough revenue and profit to pull their owners out of poverty or to promote economic development in the communities around them (Newman, Ahlstrom, & Shwarz, 2017).

What criteria contribute to the success of microfinance borrowers' businesses has been determined via a small amount of research conducted by firm owners and microfinance institutions (MFIs). Because microfinance banks do not provide assistance for entrepreneurial activities, which are often associated with economic growth and wealth creation, this is a serious problem that must be addressed (Alvarez & Barney, 2014).

Microcredit loans, on the other hand, may act as revolving credit, similar to a credit card, and may be used in the same way. This allows people who are economically disadvantaged to receive the basics they need, after which the little loan may be repaid and further necessities purchased. Despite the fact that this is a noble ideal, it is seldom achieved in the areas of innovation or the establishment of new businesses, which are the foundations of economic development (McCloskey, 2016).

Microfinance in its current form is incapable of alleviating poverty on a global scale. The lack of clear data on the ability of microfinance to decrease poverty and boost entrepreneurial activity demonstrates this. Microfinance, for example, is founded on the assumption that the most significant obstacle to people living in poverty exploiting the opportunity given by entrepreneurship is a lack of access to adequate financial resources. This notion underscores the concept of microfinance since it is founded on the premise that the most significant obstacle is a lack of adequate financial resources.

Management and economic experts have suggested that this kind of capital is essential but insufficient for the promotion of innovation and the creation of enterprises capable of attaining long-term sustainable growth (Alvarez & Barney, 2014). That is, those who wish to create firms in low-income areas have more challenges than just a lack of finance; they also need other resources such as human capital, social capital, and well-functioning institutions (Liu, Serger, & Tagscherer, 2017). [An additional citation is necessary]. [An additional citation is necessary]. [An additional citation is necessary]. [An additional citation is necessary]. [An additional citation is necessary]. [An additional citation is necessary]. [C] (Karlan & Valdivia, 2011). Some people from less fortunate backgrounds are better suited than others to perceiving and exploring potential business opportunities. These folks come from lower-income families. It is also a leap of logic to assume that all economically challenged people have the same desire to start their own businesses (Alvarez, Barney, & Anderson, 2013).

Despite the fact that previous research has produced contradictory results, it would be incorrect to claim that microfinance has no effect on absolute poverty.

It is apparent that the success of microfinance lenders and the massive amount of loans issued over the preceding 30 years fulfill a significant unmet consumer need. The sheer volume of loans given demonstrates this. However, it has yet to be determined if microfinance institutions (MFIs) and the loans they provide genuinely help to foster the establishment of new businesses and employment. This is something that should be looked at more (Newman, Ahlstrom, & Shwarz, 2017).

Microfinance was first promoted as a means of decreasing poverty, and it gained a lot of attention and endorsement from the global community, notably following the accomplishments of Muhammad Yunus' Grameen Bank, which began as a way to decrease poverty in Bangladesh's rural poor by fostering entrepreneurship, particularly among women. Dr. Yunus founded Grameen Bank in 1976 in the rural Jobra, and it was established as an autonomous bank in 1983, with 60% of the capital supplied by the government and borrowers supplying 40% (Islam, Mohajan, & Datta, 2012).

Microfinance was expressly connected to development and economic growth when it was listed in the Millennium Development Goals, even though it was not originally meant to produce economic development (Nair & Njolomole, 2020). One line of evidence in the microfinance literature suggests that access to credit has resulted in moderate improvements, but the effects are not transformational, are frequently confined to certain markets, and are constrained by regional organizational constraints (Mader, 2016). In studies done in Bosnia, Mongolia, India, Mexico, Herzegovina, and Morocco, it was observed that a rise in small company profits and investments, but no significant increase in overall family consumption or income (Banerjee, Karlan, & Zinman, 2015). Individuals who are already well-suited for entrepreneurship, as well as people with pre-existing enterprises and long-term borrowers, have been proven to benefit from microfinance in India (Banerjee et al., 2017).

Microcredit initiatives have also resulted in poverty reduction and increased income among severely poor customers in Malaysia (Al-Mamun, Malarvizhi, Hossan, & Tan, 2012), as well as increased self-employment and profits in Bosnia (Augusburg, De Haas, Harmgart, & Meghir, 2015).

Microfinance is shown to influence poverty and short-term growth in Nigeria (Murrad & Ebosetale, 2017) (Kasali, Ahmad, & Lim, 2015). While a few studies have found no impact of increased lending on socioeconomic variables such as income or women's entrepreneurship development (Tarozzi, Desai, & Johnson, 2015), there were important positive effects of microcredit on the increase in the development of entrepreneurship (Ojo, 2009), particularly when microfinancing was combined with additional services such as careful client screening and business training (Karlan & Valdivia, 2010), or concentrated on already established companies and entrepreneurs (Banerjee, et al., 2017). Increased women's entrepreneurship helped Malawi's Foundation for International Community Assistance initiative, which is built on the village bank idea (Nair & Njolomole, 2020).

Microfinance has also been proven to perform better in areas other than poverty alleviation, such as the development of dynamic enterprises that provide essentially beneficial services to millions of impoverished people (Nair & Njolomole, 2020). However, in many nations, the less successful examples of microfinance as they relate to entrepreneurship have been more popular. Microfinance has frequently resulted in the establishment of a survival or necessity entrepreneurial environment, which tends to trap individuals into poverty (Bruton G., Khavul, Siegel, & Wright, 2015), and several microfinance firms have struggled to thrive owing to exorbitant expenses (Kanayo, Jumare, & Nancy, 2013).

Microenterprise funding, particularly for startups, has been demonstrated to outperform other initiatives in most markets, particularly in non-conducive circumstances (Nair & Njolomole, 2020). As a result, microfinance is defined as a panacea for the poor and has typically failed to serve the economically disadvantaged, who were their target clientele (Mader, 2016). The impoverished were shown to mostly use loans for personal household expenditures (Lard & Barres, 2007).

Various issues have been identified in microfinance research as contributing to microfinance's failure to stimulate economic development and growth. According to Bateman (2010), the current microfinance wave is a poverty trap that undermines long-term economic and social growth.

Microfinance, according to Bateman, has no effect or negatively impacts development triggers such as economies of scale, industrialization, social capital, and trade. Other problems cited include microenterprise owners' minimal business experience and training; nonexistent market demand for products related to microenterprises (Bateman, 2012); high interest rates encountered by microfinance entrepreneurs; and low payback rates (Bellman & Chang, 2010).

According to Banerjee and Jameel, the failure of MFIs to alleviate poverty is because microfinance hype led to aggressive lending practices by MFIs, resulting in over-indebtedness among the borrowers. Furthermore, corruption was common, particularly by politicians attempting to seize some of the rental incomes. The exceedingly poor became the targets of excessive lending, particularly in India, where lenders were expanding too quickly and had to accept many loans to repay (Polgreen & Bajaj, 2010). The success stories about the influence of microfinance on income or profits do not match up to the hype created about microfinance during the early growth phases; instead, they serve to undercut its potential revolutionary power. Microfinance has been utilized by the poor in both developed and low-income nations for cash flow smoothing and spending (Mader, 2016). Furthermore, the microfinance sector has failed to help the poorest of the poor, and their entrepreneurship capability has been harmed.

The assumption that the poor want to be entrepreneurs and that microfinance entrepreneurship is the only way out of poverty resulted in capital being pushed down on individuals who, at best, had very little knowledge of profitable businesses, limited specialized skills, and minimal desire to competitively operate businesses in a low-demand environment. As a result, entrepreneurship among the impoverished has become a large percentage of self-employed people with small businesses that are not designed to expand, undercutting each other in the market (Nair & Njolomole, 2020).

A study of randomized trials in the Philippines and India discovered that traditional microcredit leads to the formation of microfinancing enterprises that do not expand into SME's, the drivers of growth (Canales, Karlan, & Sheldon, 2013). Even with the existence of finance, both startups and current enterprises have a limit beyond which they do not flourish.

The poor are simply coerced into starting businesses when microfinance institutions believe they are creditworthy (Canales, Karlan, & Sheldon, 2013), and many microenterprises are started due to minimal alternate options for employment for the owners in the formal sector, who also have no plan for expansion because they seek a formal job (Beck, 2016). As a result, entrepreneurship generates microfinance enterprises that cannot scale up and moves resources away from other (perhaps more successful) activities (Nega & Schneider, 2014).

Microfinance has been shown to aid community development (Nega & Schneider, 2014), which can serve as a steppingstone to entrepreneurship. Microfinance institutions' capacity to give business help and information, on the other hand, is based on how they manage their operational expenses, and the effectiveness of microfinance to encourage successful entrepreneurship is ultimately determined by the socioeconomic realities of the country. (Lahimer, Soumendra, & Mahjomba, 2013).

2.2 MICROFINANCE AND WOMEN ENTREPRENEURSHIP

Due to the fact that microfinance organizations offer microloans to individuals who wish to establish their own businesses or continue operating their existing ones, these organizations assist individuals who lack access to financial services but who possess entrepreneurial skills to gain a foothold in the market. This is referred to as "outreach," and the percentage of female borrowers is often used to gauge women's outreach (Hermes & Lensink, 2011).

To alleviate poverty, microfinance encourages entrepreneurship, which in turn expands the economic opportunities available to women (Chliova, Brinckmann, & Rosenbusch, 2015). Women are members of groups that are not in the public eye, yet they have a significant effect in many circumstances. The degree of development in a society may be used to assess how much women's productivity and effectiveness have increased over time. According to Cetin and Keser, achieving sustainable economic growth demands women's effective engagement in the development process and increased worker participation and employment (2018). These characteristics are necessary for economically and socially sustainable development.

By launching their own businesses, women generate employment opportunities for themselves and others they employ. According to Can and Karataş (2007), women's work participation improves women's status in society, has a positive impact on a society's development, and helps to lessen income disparity within that society (2007). A woman entrepreneur can be defined as "a woman who has established an enterprise under her own name, who works alone or with the people she employs or forms a partnership due to being the owner, who contacts various public and private institutions related to her business, who makes plans for the future of her business, and who is dominant in investment and entrepreneurship." [Reference necessary] Numerous research demonstrates that

Their efforts have a substantial impact on the rate of economic expansion in nations where women entrepreneurs are active. Entrepreneurial women are crucial to the expansion and prosperity of the economy. It is estimated that more than 10 million of Europe's sixteen million businesswomen are self-employed. In contrast, nearly 6.4 million of the approximately 9 million employers in the United States are self-employed women (etin & Keser, 2018). Today, women make up more than fifty percent of the world's population (49.7 percent). However, the degree to which women may enjoy the fruits of social and economic advancement is not inversely proportional to their economic participation. Despite the fact that a country's degree of development plays a role in this, women continue to lag behind males in all nations, especially in developing nations (etin & Keser, 2018). This is a well acknowledged fact.

Microfinance initiatives for women, such as savings and loan services, training, and access to a network of social capital, have been shown to encourage women to launch their own enterprises (Hermes & Lensink, 2011). In regions where women confront financial exclusion, microfinance may make a difference, as shown by a study of microfinance's effect on Nigerian women business owners (Ekpe, Mat, & Razak, 2010). Women constitute a significant proportion of microfinance customers since they are more likely to be poor than men and hence have fewer financial resources (Aterido, Beck, & Iacovone, 2013).

A lack of social capital and social duties may explain why women are less inclined to join the labor force. These two entities are interdependent.

The first element is the difference in entrepreneurial ability between men and women, as well as the social and cultural backdrop that restrict women's engagement in public life. Both of these factors must be taken into account. However, these same males may have an androcentric entrepreneurial perspective, which might make them more receptive to the concept of women establishing their own businesses (Drori, Manos, Santacreu-Vasut, Shenkar, & Shoham, 2018).

Obtaining financial backing is a significant barrier, in addition to a lack of contacts and experience (Drori, Manos, Santacreu-Vasut, Shenkar, & Shoham, 2018). In 2007, in Bulgaria, researchers examined the experiences of male and female company owners. Due to disparities in their social capital or networks of contacts, it was determined that males possessed more outside financial resources than women (Manolova, Carter, Manev, & Gyoshev, 2007). Women's lack of access to education and training, which limits their entrepreneurial potential and infrastructural access, is frequently highlighted in the literature. As a result, women are underrepresented in the entrepreneurial community as a result.

Through the provision of financial services, microfinance contributes to the empowerment of women. Due to the fact that women have proven themselves to be capable company owners and managers on their own, these services are essential for broadening the business opportunities available to women. When microfinance institutions play a role in providing the social and economic circumstances that allow entrepreneurs, particularly women, to overcome outmoded gender stereotypes and earn resources and/or credibility, it is feasible for women to achieve control over their finances, homes, and communities. For female entrepreneurs, this is of the utmost importance. In societies where women's underrepresentation in economic matters is considered the norm, it is crucial to inspire support. Microfinance was created due to institutional hurdles that prohibit women from accessing regular financial services. This provided women with equal opportunities for success. Depending on a range of institutional elements, socioeconomic and cultural obstacles can be overcome or not (Drori, Manos, Santacreu-Vasut, Shenkar, & Shoham, 2018).

In Turkey, women's participation in commercial activities is declining more rapidly than men's.Despite a considerable transition from unpaid family work to steady employment and self-employment for both men and women between 1988 and 2012, Turkey's men-to-women entrepreneur ratio remains one of the most unequal and highest among efficiency-driven nations. This is because women in Turkey are less likely than men to start their own businesses (Maden, 2015). According to the 2012 GEM report on women in business, there are fewer than two women for every 10 men in the workforce. According to estimates, just 7 percent of adults engage in total entrepreneurial activity (TEA) (Maden, 2015). Recent research indicates that despite efforts to promote entrepreneurship in Turkey, men have profited more than women.

Due to a lack of education, traditional gender roles, patriarchal values, and limited training opportunities, women in Turkey are prevented from pursuing entrepreneurial endeavors, according to Karatas-Ozkan and colleagues' (2010) critical literature review on the development of female business owners in Turkey (Karatas-Ozkan, Inal, & Ozbilgin, 2010).

According to existing studies on entrepreneurship, entrepreneurs contemplating the launch of a new firm may be inspired by a variety of variables. Some people establish a firm in order to take advantage of fresh chances (opportunity entrepreneurship), whilst others do so due to a dearth of other options (desperation entrepreneurship) (Jennings & Brush, 2013). According to the findings, women entrepreneurs are more likely than men to exhibit a necessity-driven "push" drive. Multiple U.S.-based studies have indicated that women entrepreneurs are less motivated than males by the desire to be financially independent, to possess wealth, and to produce revenue (Maden, 2015). On the other hand, female business owners are typically motivated by their financial exigency (Maden, 2015).

According to a growing body of research, women entrepreneurs in developing and transitional economies are particularly sensitive to the necessity-based incentive effect. Female entrepreneurs in Turkey are more likely to launch businesses out of a desire to succeed than out of financial need. Those who have a need or opportunity to do so make up 30% and 68% of the population, respectively.

This indicates that Turkish female entrepreneurs receive incentives comparable to those in wealthy nations (Maden, 2015). According to Turkish research, women's entrepreneurial goals are impacted by both push and pull forces.

According to Ozdemir, mobbing, gender-based discrimination, constant surveillance, and working with incompetent management were among the causes that encouraged women in Eskisehir, Turkey, to enter the corporate world (2010). (Ozdemir , 2010). According to a survey, women were attracted to entrepreneurship because they desired independence, self-actualization, and business ownership. According to a study of Turkish businesswomen in Ankara (Yagci & Bener, 2005), the urge to "engage oneself in something, independence, the drive for achievement, and contributing to the household income" was a strong motivation for many of the sampled women to become entrepreneurs.

Researchers discovered that the success of a Turkish entrepreneur's family business and his or her educational background have a significant effect in determining whether he or she would establish his or her own business. Furthermore, more women than men said in the same poll that they had taken over family-owned businesses and made professional decisions to improve their own financial circumstances.

According to previous research, numerous push and pull variables impact the business decisions of Turkish women. These include working independently and autonomously (Kutanis & Bayraktaroglu, 2003), increasing productivity and creating jobs (Cetindamar, 2005), gaining societal status (Yimaz, Ozdemir & Oraman, 2012), meeting family needs and earning more money (Nayir, 2008), moving, housewife-associated boredom and frustration with household chores (Nayir, 2008), and housewife-associated boredom and frustration with occupa (Maden, 2015). However, the majority of Turkish women who participated in this research claim that independence and personal accomplishment are the most important elements in their choice to establish their own business (Maden, 2015).

2.3 MICROFINANCE IN TURKEY

Due to microfinance, economically disadvantaged people have been able to achieve economic independence. This has had a significant impact on the economic life of our society. Utilizing microcredit may decrease poverty and other impediments to a nation's growth toward prosperity. According to Malik, Orhan, Akgül, and Elcin, microcredit is one of the best strategies to meet one of the Sustainable Development Goals of the United Nations, which is the eradication of poverty (2019). According to Malik, Orhan, Akgül, and Elcin (2019), microcredit has enhanced the financial well-being of over 139 million individuals worldwide and disbursed over $114 billion.

The Turkish Grameen Microfinance Program, the most well-known microcredit organization in Turkey, is impossible to ignore (also known as TGMP). TISVA and the Grameen Trust established the Turkish Grameen Microfinance Program, a microcredit venture, in 2003. An independent, non-profit organization directs its operations. It has, for the first time, made financial services accessible to low-income women throughout the country. Through its 95 offices, the TGMP has provided over 39,000 small business loans to women in 64 Turkish districts.

Until far, TGMP's microcredit projects have significantly improved the lives of almost 180.000 formerly impoverished individuals. The TGMP provided microcredits worth over 845 million Turkish Lira (TL), according to official estimates. Having less expertise and experience, less control over financial resources and earnings, poorer productivity in industries where women have historically held occupations, and less access to money and financial services are among the greatest obstacles women face when attempting to establish their own enterprises (International Labour Organization, n.d.). In general, refugee crises and other tough solutions exacerbate these issues (Nourse). According to Malik, Orhan, Akgül, and Elcin, the number of Turkish refugees has reached around 4 million (2019). In the last decade, Turkey has seen a significant inflow of immigrants. Consequently, the purpose of this study is to determine whether or not microcredit may be a useful instrument for the integration of immigrants into Turkish culture.

The first of the 17 Sustainable Development Goals (SDGs) of the United Nations is to eradicate worldwide poverty by 2030. The Organization for the United Nations (n.d.). Microfinance is one of the suggested approaches for achieving this objective. For seven more SDGs, microfinance is advocated as a method of promoting gender equality and women's financial empowerment, fostering economic development and job creation, and narrowing the gap between the affluent and the poor (UNCDF, n.d.). Professor Dr. Muhammad Yunus has been asked to serve on the boards of the UN Foundation and the UN Millennium Development Goals Advocacy Group due to his Nobel Peace Prize and founding of Grameen Bank, a global microfinance organization with a Turkish branch in TGMP (Malik, Orhan, Akgül, & Elcin, 2019). TGMP is the Turkish branch of the international microfinance institution Grameen Bank.

PricewaterhouseCoopers (PwC) believes that more than a quarter of the one billion women who are anticipated to join the workforce by 2020 will do so by launching their own companies. Therefore, empowering women via business ownership is a leading objective of the women's movement (The Third Billion, n.d.). The demand for microcredit services is mostly driven by micro and small businesses as well as those living in poverty who desire access to insurance, deposits, savings, and other financial services. Despite the fact that microfinance is necessary in Turkey, it is still in its infancy.

There are currently just two microcredit organizations in Turkey. When it was founded in 2002, one of the first was named Maya, and it only covers portions of the country's north. In June 2002, the Foundation for the Support of Women's Work founded an independent non-governmental organization called Maya Enterprise for Microfinance (KEDV). Maya is a corporation that provides financial aid to those with low income. The 2003-established Turkish Grameen Microfinance Program (TGMP) is the second. As a consequence, it is currently present in all Canadian provinces save one. Grameen Trust has selected TGMP as one of its field partners since it is one of the largest microfinance institutions in the MENA region. The TGMP has 95 branches throughout Turkey's 64 provinces as of the present day.

According to TGMP's statistics on loan distribution, microcredit worth more than 840 million Turkish Lira was distributed.

This impacted almost 180,000 Turkish women who were suffering financially (Turkish Grameen Microfinance Program, n.d.). Despite the fact that there are only two microfinance firms in Turkey and millions of women live in poverty, these statistics indicate that there is still a significant need for microfinance.

In addition, there is a need to adapt services to particular markets and include non-loan commodities such as savings accounts, insurance, remittance goods, and even pension funds owing to the expanding economic gaps across distinct geographic regions and demographic subgroups. Access to finance and financial services, as well as a lack of financial expertise, restricted financial resources and profits, lower productivity in industries where women have historically worked, and limited control over financial resources, are among the most significant obstacles to female entrepreneurship (Nourse). In general, refugee crises and other tough solutions exacerbate these issues (Nourse).

The Turkish government has registered approximately 3,646,889 Syrian refugees, including men, women, and children, as of March 14, 2019. Turkey has the world's greatest number of Syrian refugees (UNHCR, 2019). According to Malik, Orhan, Akgül, and Elcin (2019), this comprises 4.4% of Turkey's total population, or 82,003,882 individuals. Just over a third of these people, or 352,491, live in urban zones of Turkey, while the remaining 141,851 stay in refugee camps around the nation.

Many of the nation's refugees are self-sufficient, living outside of camps (87 percent in Kilis, 100 percent in Istanbul, and 99.12 percent in Gaziantep) and paying for their own housing, food, water, and clothing (Malik, Orhan, Akgül, and Elcin, 2019). Kilis, while having the tenth-largest population in Turkey, has the highest proportion of non-Turkish residents.

81.79 percent of the province's population is comprised of Syrian refugees, with 116,589 Syrians living in the province alone. According to Malik, Orhan, Akgül, and Elcin, a considerable chunk of Kilis' original population of 95,502 has been displaced as a result of the Syrian civil conflict (2019). Hatay has the largest population of refugees with 1,609,856 inhabitants (27.82 percent).

There are 2,028,563 people living in Gaziantep, which has a 21.06 percent refugee population, and 2,035,809 people living in Anlurfa, which has a 22.19 percent refugee population (22.19 percent).

The Turkish economy has lately suffered due to high unemployment, rising inflation, and a decline in the value of the country's official currency, the Turkish Lira. The Turkish economy ranks in the top 20 in the world (TL). In September of last year, the Turkish lira reached a monthly low of 6.5 TL per $1. The Turkish currency fell dramatically against the U.S. dollar in 2017. As of March 28, 2019, one dollar was worth 5.47 Turkish lira, down from 3.78 Turkish lira in March of the previous year. Turkey's inflation rate on March 4, 2018 was 19.67 percent, the highest amount ever recorded in the nation (Trading Economics, n.d.). The number of jobless Americans climbed by 1,011,000 in January, bringing the unemployment rate to 13.5%, up from 10.4% in December 2017. The 2018 Workers' Compensation and Benefits Survey

Compared to the rest of Turkey, the unemployment rate in the southern areas of Turkey is much higher. These cities' high unemployment rates make it difficult for refugees to obtain employment: Hatay has a 15 percent unemployment rate, Gaziantep has a 17.1 percent unemployment rate, Anlurfa has a 15.8 percent unemployment rate, and Kilis has an 18.1 percent unemployment rate. This makes it more difficult for refugees to obtain employment in these places (Turkish Statistical Institute, 2019).

When this approach was published, the 2018 unemployment rate in Istanbul was 5 percent higher than the national average in Turkey, but fresh statistics had not yet been disclosed. Inflation-driven price increases may render even essentials such as food, water, and clothing inaccessible. Since 2011, the Turkish government has only issued 41,919 work licenses to Syrian refugees, representing a proportion of the population of working age. The high unemployment rate is another problem that Syrian refugees must contend with. A negligible proportion of Syrians in Turkey have valid work authorization. In many societies, the potential of the female population is often underused. Incorporating them into the labor force might help governments produce more income in the future.

According to 2016 data from the World Bank, estimates of the global labor force participation rate vary considerably. Just 27 percent of Turkish women are employed, as opposed to 73 percent of Turkish men. The predicament of Syrian refugees is far direr than that of other refugees. According to a poll conducted by "UN Women" in June 2018, the absence of economic opportunities puts Syrian women at risk of starvation and poverty. According to the statistics collected, just 15% of women are employed in jobs that pay their expenses. Approximately $160 per month is adequate for over half of widowed women, about a third of divorced women, and about a third of women who have never been married (700 TRY).

Due to these factors, they are driven to take job in the informal sector, where they are subjected to excessive working hours, exploitation, and little pay. This implies that men and women in Syria are required to labor in the informal economy. Even if they are skilled in other fields, many Syrians are unable to find secure, long-term employment. The fact that Syrians and Turks speak different languages makes this scenario far more difficult to manage. As a consequence of their isolation and the escalation of societal tensions, refugees leaving Syria, especially women, suffer from feelings of unease and anxiety.

Because women are seen as the keepers of their families' honor, they endure the weight of isolation and lack of inclusion in Turkish society. The language barrier is one of the greatest obstacles Syrians face while attempting to assimilate into society or exercise their rights. In 2018, a study conducted by ASAM and UN Women revealed that 70% of Syrian women do not understand Turkish.

The working conditions for Syrian women are abhorrent. A lack of Turkish competence is another reason why women are compelled to labor in these conditions, where they are obliged to work 12-hour hours or longer and are separated from their families. At the local, regional, and national levels, high inflation, poor employment, and low wages impact both men and women. Instead of being obliged to do "typically gendered" household tasks, women are encouraged to assist their families in earning enough money to survive. High inflation, bad employment, and low income are all as damaging to men, though.

As a result of the Syrian crisis, the population has doubled, resulting in a lack of money and opportunity, which may result in desperate measures such as forcing children to work or early marriage, as well as "competition" that may lead to mistrust and even murder.

As a cultural norm, males are expected to work to 'provide for' their families, while women are responsible for housekeeping, including child care and household finance. As a consequence of this cultural belief, Syrian women interpret their place in society differently. Some men may not be bothered by the fact that women, and maybe even their own wives, work. In contrast, males often expect women to have both a "traditional" home life and an outside work. As a direct consequence, women encounter a variety of challenges.

Despite the fact that their economic situation requires them to work in order to contribute to the family's income and help provide water, food, and clothing, customary gender standards provide Syrian women with an additional hurdle. Women are still expected to care for children, prepare food, and clean the home according to conventional gender stereotypes. As a result, they find themselves in an even more precarious position, driven to accept "piecemeal" day jobs that demand them to do arduous duties in harsh circumstances for little or no money.

When they are unable to earn enough money to cover their basic necessities, some refugees are forced to resort to negative defense strategies, such as early marriage, child labor, and food restriction. There is abundant evidence from all throughout the world. They are unable to satisfy their most basic demands due to a lack of revenue. The security of Turkey is threatened by this inflow. In Turkey, Syrian women face several obstacles that prevent them from entering the workforce and earning a living wage once they do. The economy is sluggish and deteriorating by some metrics. Our strategy, which is founded on research and analysis, is centered on the economic empowerment of these women. In fact, there are organizations like Hatay that provide individuals with training in technical skills in order to assist them in entering the workforce. However, this training does not address the challenges that individuals face when attempting to enter the workforce during periods of high unemployment or when attempting to obtain an adequate salary despite lacking proper documentation.

Syrian women are given the opportunity to form their own businesses via the TGMP program, allowing them to earn money, contribute to the economies of the countries in which they now reside, and make their own economic choices. In 2003, when the TGMP initially came to Turkey, the unemployment rate was rising and the poverty rate was twenty percent. It has remained unchanged since yesterday (Ashrafi, 2011). Today, the bank's 95 TGMP offices have assisted more than 180,000 women in launching small businesses. The bank has a reputation for lending to underrepresented businesses. More than 700,000 individuals have benefited directly or indirectly from the efforts of the TGMP. It is now present in 64 Turkish cities. TGMP is founded on the principle that everyone, regardless of their financial status, has the right to get credit. Priority is given in the program to women who are economically challenged and have no assets. Women who fled violence and strife in Syria are among the thousands who are now attempting to reconstruct their lives in Turkey. According to Malik, Orhan, Akgül, and Elcin (2019), TGMP will assist women, their families, and the economy. The TGMP will assist them in becoming more engaged members of society.

3. METHODOLOGY

3.1 PURPOSE

The purpose of this study is to investigate how the supply of microfinancing services and the formation of microfinancing institutions have helped to the expansion of the Turkish entrepreneurial sector. This study's secondary purpose is to uncover other correlations between the development of entrepreneurship and microfinancing institutions. These relationships are significant because they can assist assess the microfinance program's effectiveness in alleviating poverty. The following should be regarded as the key objective of this research:

To determine the impact of microfinance banks on the development of entrepreneurship.

Nevertheless, it is imperative to point out that there are only 2 microfinancing institutions in Turkey serving the north-western region primarily. This first one, TGMP, can be classified as a cooperative society and the second one, Maya Enterprise, can be defined as a NGO.

The data will answer the following research questions:

The following are the research questions drawn for the current research study:

What is the impact of microfinance banks on the development of entrepreneurship?

Consequently, the hypothesis drawn is:

H1: There is a significant association between microfinance banks in the entrepreneurship development.

3.2 RESEARCH DESIGN

The purpose of the present quantitative study is to examine the impact of microcredit organizations and their involvement in the development of entrepreneurial initiatives. In this specific piece of research, a descriptive study design was employed in order to collect data in line with the research objectives and the proposed hypothesis.

The responses were collected using a Likert scale questionnaire, which was distributed to the individuals selected for this study.

The following theoretical model depicts the effect of the three independent variables on entrepreneurial development, which is the dependent variable in this context.

Figure 3.1: Research Methodology.

3.3 METHODOLOGY

This part discusses the research methodology of the current research study such as the procedures for gathering data, the tools and techniques employed, and the methodologies and statistics that were utilized to analyze the data. Entrepreneurial development

3.3.1 Unit of Analysis

The unit of analysis will be individual not group for the collection of data.

3.3.2 Sampling Technique

This is a cross-sectional, questionnaire-based study that will employ a purposive sampling technique to collect responses from small and medium sized business' entrepreneurs who are currently availing financial support from these microfinance institutions

3.3.3 Population and Sample Size

The target population of the study is the entrepreneurs from both rural and urban areas who are running their business on small and medium scales in the country. The sample size is 149 of those entrepreneurs who are easily available and accessible.

3.3.4 Data Collection Tool and Method

To collect the essential data for analysis, a questionnaire based on earlier research projects and an examination of pertinent literature will be employed. In addition, data was collected from a number of offline and online sources.

Individuals selected for this study were asked to complete a Likert scale-based questionnaire. The primary goal of using a Likert scale in a survey is to determine the extent to which respondents agree or disagree with a given question or statement. In the present study, a five-point rating scale was used to determine the opinions of participants on the impact of microfinance banks on the expansion of entrepreneurial efforts. Strongly Disagree (DA) (1) was the highest possible score on the five-point scale, followed by Disagree (D) (2), Neutral (N) (3), Agree (A) (4), and Strongly Agree (SA) (5). The 3 items of entrepreneurial development and five items of micro financing are adopted from the study of Sussan and Obamuyi (2018).

The survey clearly stated that participation was voluntary, and the responses were confidential. There were two sections. Section A inquired about the socio-demographic characteristics of the participants, while Section B constituted of the Likert-scale based questions that addressed the research objectives and the hypotheses.

Data collected was analysed by through the IBM SPSS statistics software, which enabled the synthesis and summary the collected quantitative data.

3.3.5 Exclusion Criteria

Incomplete questionnaires were excluded from the data.

3.3.6 Validity of questionnaire

The questionnaire employed was already validated as it had been used in another study done previously Invalid source specified. In that study, the questionnaire was evaluated and examined by the supervisor who then offered his recommendations and suggestions to amend and update the survey tool.

For this study, the questionnaire was further modified to adapt to the requirements of the Turkish context for it to accurately measure the coverage of each research question and objective.

3.3.7 Reliability of Questionnaire

In the previous study which developed and employed this survey questionnaire, an internal consistency trial test of the instrument was carried out through the Cronbach's Alpha.

4. ANALYSIS

A Total of 200 questionnaires, from both online and offline sources, were distributed to various entrepreneurs who had availed microfinancing services through microfinancing institutions. These services included either borrowing, Savings, or trainings. Out of the 200 questionnaires, the usable sample was 149 which were coded, entered, and analysed through SPSS.

4.1 DEMOGRAPHIC PROFILE

The demographic information of the research respondents who took part in the survey is described in the following paragraph. As seen from table 4.1, 89 of the respondents of the survey were males while females are 40. Regarding the age, most of the participants were in the age range on 30-39 which were 60, followed by the age bracket of 20-29 which were 44. The participants' educational levels were as follows: Approximately 67% had a post graduate degree, 38% had an others, 24 were graduate and 20 were undergraduate. The experience shows that most of the respondents falls in the experience level of 5-10 years. Lastly, most of the respondents hold managers positions.

Table 4.1: Participants' Demographic Profile.

Profile	Category	Frequency	Percent
Gender	Male	89	60
	Female	60	40
	Total	**149**	**100**
Age	below 20 years	28	18
	20-29	44	30
	30-39	60	40
	Above 40	17	12
	Total	**149**	**100**
Education	Undergraduate	20	13
	Graduate	24	16
	Post Graduate	67	45
	Others	38	26
	Total	**149**	**100.0**
Experience	below 5 years	44	30
	5-10 years	71	48
	Above 10 years	34	22
	Total	**149**	**100.0**
Position	Operators	54	36
	Manager	66	44
	Managing Director	29	20
	Total	**149**	**100.0**

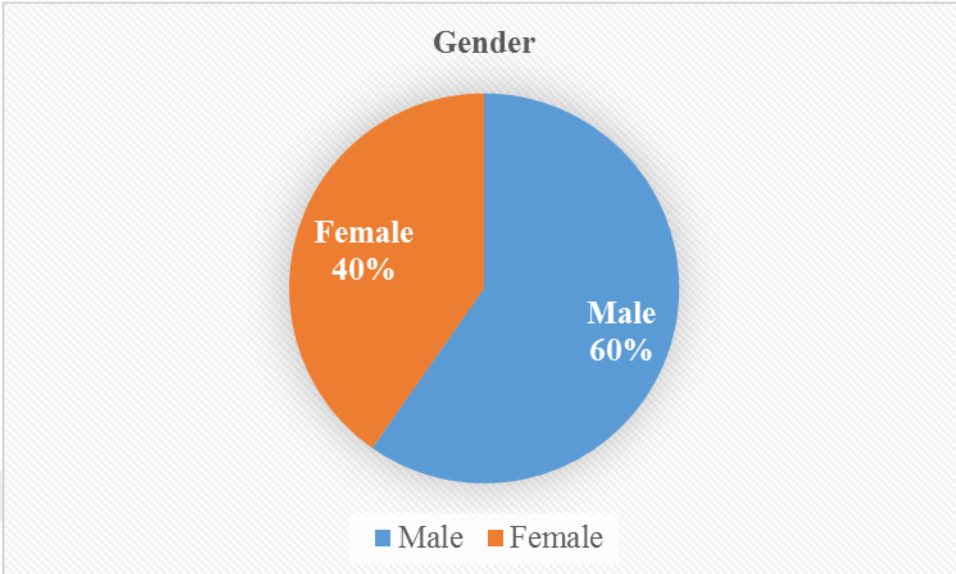

Figure 4.1: Graphical Representation of Demographics-Gender.

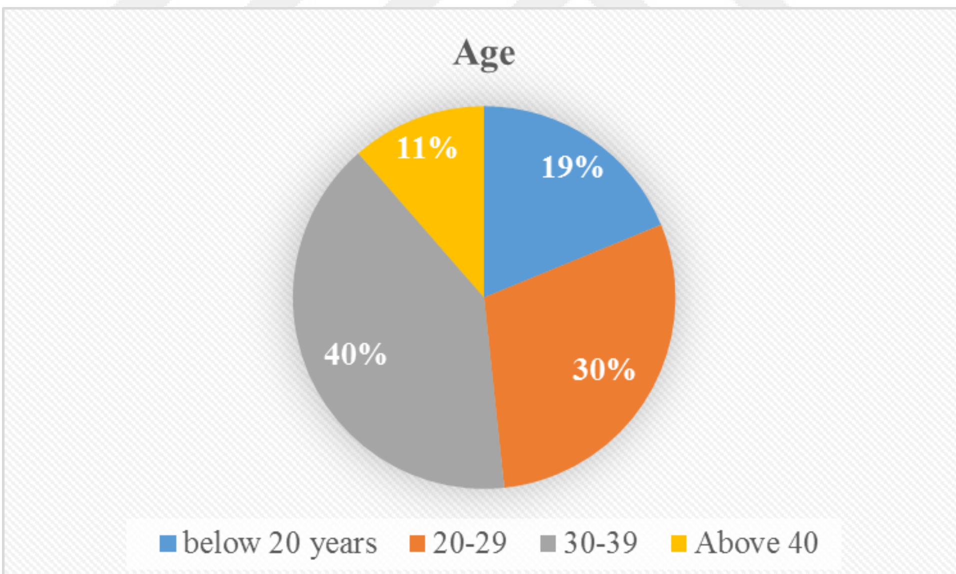

Figure 4.2: Graphical Representation of Demographics-Age.

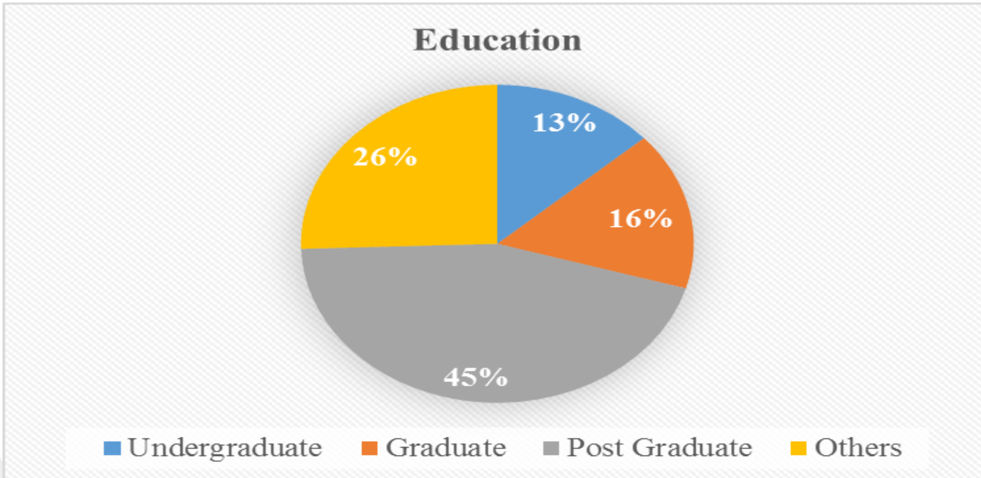

Figure 4.3: Graphical Representation of Demographics-Education.

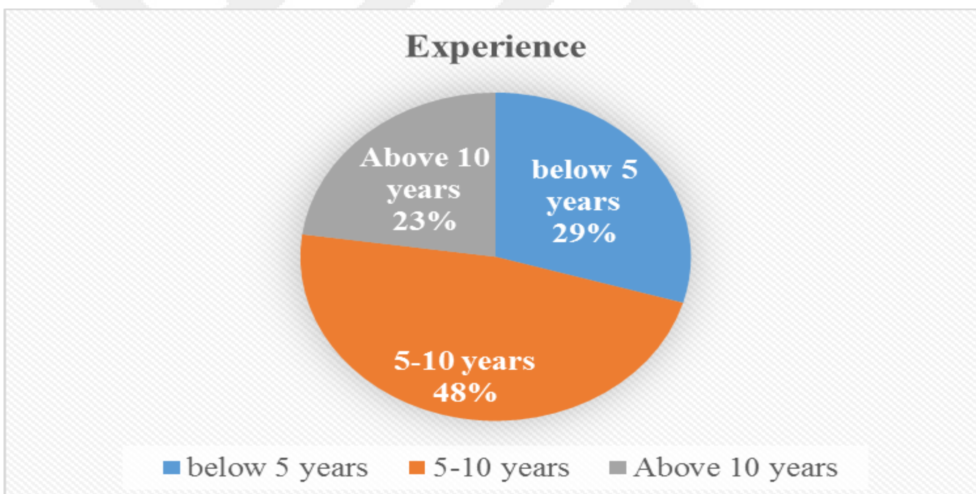

Figure 4.4: Graphical Representation of Demographics-Experience.

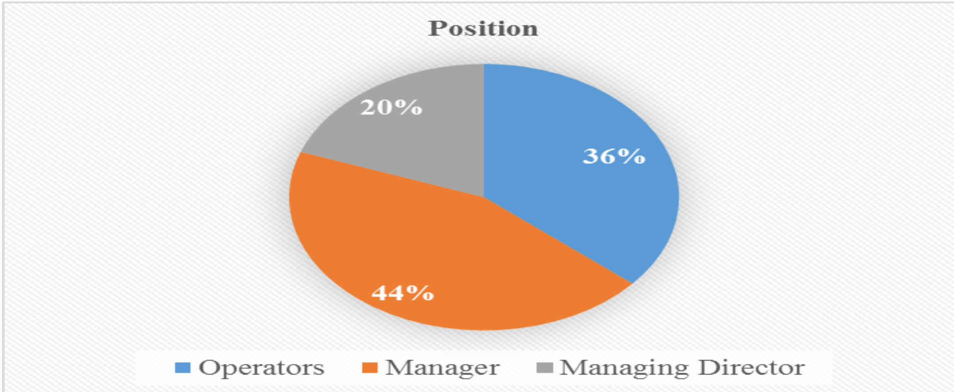

Figure 4.5: Graphical Representation of Demographics-Position**.**

4.2 DESCRPTIVE STATISTICS

After demographic, the descriptive statistics is also performed on the 149 responses. As seen from table 2, the lowest value obtained was 1 and the maximum value obtained was 5. The lowest mean value obtained was 3.36 while the highest mean value obtained was 3.73.

Table 4.2: Descriptive Statistics.

Items	N	Minimum	Maximum	Mean	Std. Deviation	Variance
ED1	149	1.00	5.00	3.5302	.85073	.724
ED2	149	1.00	5.00	3.5772	.86353	.746
ED3	149	1.00	5.00	3.4832	.96285	.927
MFN1	149	1.00	5.00	3.5705	1.05430	1.112
MFN2	149	1.00	5.00	3.6174	.96280	.927
MFN3	149	1.00	5.00	3.3691	1.08646	1.180
MFN4	149	1.00	5.00	3.5235	1.03051	1.062
MFN5	149	1.00	5.00	3.7383	.93285	.870

4.3 CORRELATION ANALYSIS

The outcome of the correlation between the variables is given in Table 4.2. The result shows that the items are positively correlated and the strong correlation is found with its own construct.

Table 4.3: Correlation Analysis.

	ED1	ED2	ED3	MFN1	MFN2	MFN3	MFN4	MFN5
ED1	1.000							
ED2	0.454	1.000						
ED3	0.213	0.434	1.000					
MFN1	0.195	0.244	0.259	1.000				
MFN2	0.216	0.210	0.062	0.463	1.000			
MFN3	0.138	0.333	0.203	0.334	0.465	1.000		
MFN4	0.097	0.304	0.274	0.140	0.353	0.502	1.000	
MFN5	0.202	0.222	0.202	0.483	0.347	0.309	0.347	1.000

4.4 RELIABILITY ANALYSIS

The reliability test is applied to check the data reliability and the outcome depicted in table 4 shows the strong reliability, as the value is greater 0.6 meeting the criteria of 0.55 given by Tabachnick and Fidell (2007). The individual item's reliability and combined item's reliability both shows that the values are in acceptable range.

Table 4.4: Reliability Analysis.

Variables	Cronbach's Alpha	N of Items
Entrepreneurial Development	.631	3
Microfinance	.748	5
Combined Reliability	.763	8

4.5 FACTOR ANALYSIS

Before applying the factor analysis, the sample adequacy is checked by applying the KMO (Kaiser-Meyer-Olkin) and Bartlett test.

The result is depicted in table 5 and as seen from the table it is evident that value of KMO was greater than 0.7 and the value of Bartlett is less than 0.5 indicating the sample is enough for further analysis.

Table 4.5: KMO and Bartlett's Test.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.713
Bartlett's Test of Sphericity	Approx. Chi-Square	283.080
	df	28
	Sig.	<.001

The result of factor analysis is depicted in table 6 and as seen from the table all the items are loaded in their relevant constructs.

Table 4.6: Rotated Component Matrix.

Items	1	2
ED1		.700
ED2		.813
ED3		.712
MFN1	.661	
MFN2	.784	
MFN3	.728	
MFN4	.610	
MFN5	.671	

4.6 REGRESSION ANALYSIS

The last test which we applied in this study is regression analysis. The result is applied to analyse the link between the variables. The table 7 presents the regression result and as seen from the table the beta value is positive and p value is less than 0.1. This indicates that the association between the two variables is positive and significant. Thus, the developed hypothesis is accepted.

Table 4.7: Regression.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.200	.261		8.440	<.001
	MFN	.373	.072	.394	5.202	<.001

a. Dependent Variable: ED

5. DISCUSSION AND FINDINGS

The primary objective of the study was to evaluate the influence of microfinancing programs on the expansion of small business entrepreneurship in Turkey. According to the data, these initiatives have a substantial influence on the increase of entrepreneurial activity in smaller enterprises, which is a favourable trend. The findings indicate that these strategies have helped small enterprises grow their operations and increase their profitability. Microfinance financing programs are favorable to the growth and success of small enterprises, consistent with the findings of previous research in this area (Kumah, 2017).

5.1 DEMOGRAPHIC CHARACTERISTICS

The demographic profile of the respondents who partook in the survey can be summed up as follows:

i. More males than females responded to the survey i.e. 60 and 40 respectively.
ii. Most participants were in the 30-39 age groups.
iii. Most of the respondents had a post graduate degree.
iv. Regarding the years of experience in business, majority participants have 5-10 years' experience and working in managerial role.

Concerning the gender gap and its involvement in the influence of microfinance institutions and services on the growth of entrepreneurship, there was no statistically significant correlation between males and females and a greater impact on entrepreneurship. When the data were evaluated, this was discovered to be the case. This is similar with the findings of earlier studies conducted in Turkey, such as the one conducted by Bayramolu and Dokmen (2017), which revealed that the availability of microfinance had no significant impact on women's employment opportunities. In a similar spirit, Balkiz (2015) argues that when women's spouses utilize the women's microfinance services, it hinders the empowerment of women and does not alter their social status. Due to the fact that meaningful transformation requires the eradication of all kinds of gender inequality in society, this is the case. She continues by claiming that few microfinance groups attempt to engage women in politics or increase their grasp of political concerns.

This is a reference to the absence of an accompanying internal capability reinforcement of microcredit; however, external capabilities, such as the steps required to improve women's status in society and economy alongside the provision of microloans, must also be highlighted in order to discuss microcredit within the context of combined capabilities (Balkz, 2015).

Microcredit is often regarded to have a significant role in traditional home manufacturing in Turkey. This is one of the reasons why its effect on the shift in the status of women as entrepreneurs has been rather restricted. The majority of the time, microcredit is used to maintain an existing firm, according to study done by Balkz and Oztürk (2013). However, microcredit does not provide consistent revenue, and when it does, it is quite limited. These companies are associated with traditional home-based manufacturing (Balkz & Oztürk, 2013).

(Balkz & Oztürk, 2013) The majority of studies indicate that microcredit has a limited impact and that providing microservices (and earning a certain amount of income from them) does not improve women's standing in the family or society. A few research indicate that microcredit enhances women's social position (Bayramolu & Dokmen, 2017). Nevertheless, the bulk of research demonstrate that microcredit has a modest impact. According to Selekoglu and Olakoglu (2014), the practice does not adequately promote the social and cultural elements of women's business. (Oren, Negiz, & Akman, 2012) Oren et al. highlight the need of short-term training on women's legal and political rights as well as how to generate economic value as a supplement to microcredit, especially for women with low levels of education (Oren, Negiz, & Akman, 2012). These classes should emphasize the legal and political rights of women as well as how to create economic value. Despite the fact that this would definitely increase women's internal capacities, it is still vital to have a suitable external framework in place, in which gender equality is strengthened not just in the company ecosystem or broader labor market, but also in society.

Existing research reveals prejudice in business loans around the world (Muravyev, Talavera, & Schafer, 2009), while Labie, Méon, Mersland, and Szafarz (2015) discovered that discrimination and poverty commonly go hand in hand. Consequently, a significant research problem entails examining how different types of bias function in the microfinance market.

In the early phases of the loan approval process, the industry has regularly participated in gender-based discrimination in favor of women by especially targeting women; nevertheless, the findings are less favorable on the terms and circumstances of lending.

According to the results of a number of studies, the distribution of credit is more rigorously restricted for women, meaning that women are only eligible for smaller loans than men (Brana, 2012). According to the conclusions of a research study, a Brazilian microfinance firm practices this type of discrimination against women who request for loans (Agier & Szafarz, 2013). The research hypothesizes, using the phrase "glass ceiling on loan size," that this result is linked to loan officers' prevalent gender preconceptions towards female businesswomen. The findings of the investigation support this idea (Agier & Szafarz, 2013). It is often considered that differences in organizational structure are responsible for inequalities in loan terms between men and women. However, research indicates that these disparities may be resistant to structural explanations (Garikipati, Johnson, Guerin , & Szafarz, 2017).

Another study in this compilation explores gender discrepancies in terms of loan amounts within the setting of a smaller Ugandan microfinance institution. This group is affiliated with the bigger Centenary Bank, which has also contributed to this book (Corsi & De Angelis, 2016). It is really encouraging to learn that the maximum loan quantity is not a universal requirement. They employ a technique called the two-step partial-least-square estimate that Agier and Szafarz devised (2013). This strategy recognizes that men and women may not always require the same loan amount. (Corsi & De Angelis, 2016) conclude that there is no evidence of prejudice in lending to women; nonetheless, they reaffirm the results that male and female loan officers evaluate credit circumstances differently.

This may be related to female police officers' poorer self-esteem or greater hesitation to take risks (Bellucci, Borisov, & Zazzaro, 2010). As the company expands and becomes more integrated into the mainstream formal banking sector, the question of whether or not its ostensibly beneficial discriminatory policies against women are compatible with those of the current more mainstream formal sector and whether or not they will survive in these novel environments arises.

Researchers have a crucial obligation to continue examining whether or not these features of discriminatory employment exist and how they operate (Garikipati, Johnson, Guerin, & Szafarz, 2017).

The iconic impact route that brought microfinance into the limelight promised to lead females from the basic act of financial borrowing to liberation and, as a result, positive effects on children's health and education, thereby combining women's agency with poverty alleviation and human development. Microfinance is the practice of giving individuals in underdeveloped nations modest sums of money to assist them satisfy their basic requirements (White & Waddington, 2012). This widely held belief was mostly supported by research and anecdotal evidence that were susceptible to selection bias; however, these two categories of evidence were relied upon (Roodman, 2011). However, when the relationship between women and credit was thoroughly examined, it caused a heated controversy, with evidence of counter statements that were vigorously discussed because the business had a great stake in perpetuating this simple story. Despite this, a considerable association exists between women and credit (Garikipati, Johnson, Guerin, & Szafarz, 2017).

In the past five years, a number of systematic evaluations have confirmed that outcomes are inconsistent and that the efficacy of micro finance and micro savings on a variety of income and welfare metrics is, at best, moderate, and that micro finance and micro savings reduced poverty for some clients under certain circumstances and at times (Brody, et al., 2016; Vaessen, et al., 2015). (Brody, et al., 2016; Vaessen, et al., 2015) During the previous five years, various (Stewart, van Rooyen, & de Wet, 2011). It appears that 'context, commitment, and capacity' are the three most critical criteria in deciding whether or not microfinance can effect good change (Garikipati, Johnson, Guerin, & Szafarz, 2017).

Despite the fact that these consequences were, in many respects, to be expected, given the earlier arguments and the fact that development interventions are rarely magic cures, they provide a welcome chance to shift the emphasis of the argument to the numerous processes and experiences involved.

As the microcredit business makes way for monetary inclusion and the appeal of novel technological solutions, the challenge at hand is ensuring that the information created is disseminated in a way that highlights its lessons for addressing gender equality in this new terrain (Garikipati, Johnson, Guerin, & Szafarz, 2017).

The distribution methods for microfinance and their impact on emancipation are another important area of research covered by the extant literature. The supply of microfinance can occur through a range of channels, ranging from the provision of plain loans by profit-driven financial institutions to programs administered by non-governmental organizations (NGOs) that may offer interactions beyond the simple providing of credit. According to Holvoet (2005), it is likely that the parts of microcredit that contribute to empowerment are not the financial aspects of the plan, but rather the microcredit's characteristics (Bali Swain & Wallentin, 2016).

If it is anticipated that women's agency will increase as a result of better access to loans through NGOs and banks, then a crucial issue to examine is whether or not widely accessible informal sources have the same impact. This problem has been disregarded since it has traditionally been assumed that informal sources are repressive and exploitative, and that the only good sources are those formed specifically for women and geared toward them. In their addition to this collection, (Garikipati, Johnson, Guerin, & Szafarz, 2017) break the silence by leveraging a unique set of data that thoroughly tracks family debt from a number of sources. In addition, the researchers identified a social hierarchy among debt sources. According to this hierarchy, loans from organizations were viewed as more prestigious than smaller loans collected from grocers and doorstep lenders on the spot.

Because borrowing from these sources is usually accompanied by verbal abuse from the lender, it is typically reserved for Dalits and women, especially in cases where women are responsible for providing for the household (Guérin, Kumar, & Agier, 2013). (2004) Harris-White and Colatei. Despite this complex method of conceptualizing informal borrowing, their study indicates that 'immediate' borrowing is helpful to female participation in the family financial decision-making process, whereas organizational borrowing is not.

According to them, the fact that the loan is immediately accessible makes it more practical for women, since this flexibility is not possible with traditional loans.

They argue that this is not always a sign of enhanced agency, but rather a concession by the male to the female's role in securing these loans to keep the family functioning. This assumption derives from the fact that women are more likely to comprehend their families' financial requirements. This is akin to the processes of individual empowerment that microfinance institutions have facilitated. In addition, it is advantageous for women to be able to utilize conveniently accessible and adaptable loans in order to satisfy their domestic spending demands, and not just for the growth of their enterprises. This is especially true for the most recent generation of mobile credit and savings technologies.

5.2 MICROFINANCE AND ENTREPRENEURIAL DEVELOPMENT

For the poor, microfinance has already established itself as a viable alternative to official banking institutions, and it has been able to fulfill some of the aims, such as alleviating poverty and empowering women, by supporting small-sized enterprises through simple credit access. With a number of creative tactics, such as group lending, collateral-free loans, fast repayment plans, collateral substitutes, and regular repayment schedules, it separates itself from traditional credit (Quayes, 2015).

MFIs, or microfinance organizations, provide small loans to low-income individuals so they may establish their own businesses or trades and earn extra money. Small farmers, seasonal employees, self-employed women, and small farm households are among the rural sector's potential borrowers, while small shops, vendors, transportation workers, and craftsmen are among the urban sector's. Instead of relying on deposits as their primary source of funding, microfinance institutions are different from traditional banks in that they provide their clients with a variety of non-credit services, such as training in a specific skill set, product marketing, capacity building, and nutritional counseling (Quayes, 2015).

On the other hand, MFIs are different from traditional banks in that they take a market-based approach to credit rather than depending only on the volume of credit disbursed in a certain sector of the economy.

MFIs may play an important role in developing countries by giving financial assistance to the poor who do not have access to government credit, which usually requires security.

For MFIs, the distribution of credit to low-income households is a basic responsibility, and the amount of credit delivered to the poor is a critical gauge of success. Giving credit to the poor can increase their well-being, according to donors who support charities that they believe can provide the most extensive outreach to the needy (Quayes, 2015).

Small-scale business development and expansion has been stymied by a lack of access to acceptable funding options throughout the world (Hermes, Lensink, & Meesters, 2011) (Isola, 2012). Findings from a recent research study have revealed three significant factors that contribute to small business bankruptcy: insufficient financial resources; lack of crucial business skills; and an adverse macroeconomic climate. More than two-thirds of the world's population lacks access to financial services offered by the organized formal financial system because of a lack of savings and lending mechanisms, particularly in developing nations (Pedzinski & Odomenam, 2012).

Furthermore, in another advancement, another study employed an empirical analytic technique to examine the socioeconomic situation of impoverished people in developing countries and the long-term sustainability of MFI facilities on micro company prospering and survival (Isola, 2016). They found that microfinance organizations have a favorable impact on the economic well-being of the poor as well as the businesses they own.

As a result of this, financial sector development is considered vital (King & Levine, 1993). Although the causal relationship between the two has been contested (Levine, 2004), several studies have found that the lack of financial services in developing countries is a major roadblock for people who want to improve their lives (Kono & Takahashi, 2010).

As a development policy, MFI promotion has been seen as a method for overcoming market deficiencies in the traditional banking system, and it has gained increasing attention as a means of alleviating poverty (Barr, 2005). While most MFIs originated as NGOs, they have steadily transformed into for-profit corporations. As a result, the aims of MFIs have changed as a result.

Financial institutions (MFIs) occur in a wide range of styles and sizes. Non-profit organizations, or NGOs, are the most common category for MFIs. In the absence of a bank license, non-profit organizations cannot receive voluntary deposits.

Donors, investors, staff, and customers can all own equity in these microfinance institutions. The second kind of MFI includes for-profit shareholders, such as commercial banks and non-banking financial institutions. Finally, MFIs include credit and savings cooperatives owned by their members. The kind of organization may have an effect on the success of MFIs. NGOs are held to a higher standard of performance than profit-driven commercial enterprises because of their primary focus on social good (Morduch, 1999). Similarities may be drawn between cooperatives, which are owned by their members. On the flip side, non-profits will have lower financial performance than businesses (Hermes, 2018).

Turkey's northern area is well-served by two microfinance institutions: Maya Enterprise and TGMP. Maya is a cooperative society, whereas TGMP is a non-profit. Several studies investigate the impact of this kind of organization on productivity. There is a widespread belief that NGOs underperform for-profit enterprises when it comes to financial success, but outperform for-profit corporations when it comes to social performance (Gutierrez-Goiria, San-Jose, & Retolaza, 2016). According to a number of national studies, for-profit MFIs have lower social performance than non-profit MFIs. However, (Louis & Baesens, 2013) and (Mersland & Strm, 2009) found no significant differences in financial performance between the two MFIs. Tchakoute-Tchuigoua (2010) found that for-profit financial institutions outperform non-profit organizations in terms of their social performance. Data from MFIs in several countries in Southern Africa (Barry & Tacneng, 2014) is used to demonstrate that non-profits perform better financially and socially.

In the late 1970s and early 1980s, non-financial services were widely combined with financial services to benefit microentrepreneurs (Goldmark, 2006). Customer welfare was the primary focus of the social services, while financial management skills were the focus of the company development services. MFI credit quality was expected to improve as a result of the increased success of its clients. This concept was disproved by early studies (Kilby & D'Zmura, 1985) and boomgard, 1989). Many MFIs have been providing non-financial services since the late 1990s, and some have continued to do so in recent years (Goldmark, 2006). The lack of impact of training programs and the drive to commercialize microfinance may be some of the reasons for the focus on basic financial services (the minimalist approach).

Ineffective training programs are often due to low quality or a lack of attention to poorer populations (Lensink, Mersland, Hung Vu, & Zamore, 2017).

Supporters of the minimalist approach argue that the poor may earn their way out of poverty by having access to credit. Microfinance pioneer Dr. Muhammad Yunus states, "Rather than spending our time teaching people new talents, we aim to make the most of their current capabilities." Providing the disadvantaged with financial resources enables them to put their abilities to use immediately' (Lensink, Mersland, Hung Vu, & Zamore, 2017). An further argument in favor of a limited strategy is that MFIs' financial survival will be harmed by offering "plus" services. There appears to be a trade-off between social goals and business viability in this matter (Hermes, Lensink, & Meesters, 2011). Customers and MFIs both lose in this circumstance (Lensink, Mersland, Hung Vu, & Zamore, 2017).

It's now widely accepted that "microcredit alone is rarely enough," reversing the previous consensus that it was "rarely adequate" (Reed, 2011). Microfinance institutions still utilize the credit-plus model (also known as microfinance "plus"), which bundles financial and non-financial services for clients, in order to achieve this goal. In the United States, a village-based financial group called Freedom from Hunger is a typical proponent of this approach to poverty alleviation. Proponents claim that the MFIs' social impact is maximized by the credit-plus method (Dunford, 2001).

The two microfinance institutions in Turkey adopt a credit-plus approach to limit the consequences of risk. For example, TGMP has faced special risks from its start as a non-profit organization, and TGMP is engaged in a microcredit effort with refugees as the target beneficiaries. Because these hazards are anticipated, TGMP has implemented processes to minimize them (Malik, Orhan, Akgül, & Elçin 2019, p.

Beneficiaries of microfinance face a number of hazards, one of which is ensuring that microentrepreneurs utilize their microcredit appropriately. A disbursement of microcredit may be used by microentrepreneurs for everyday expenses or to pay off personal debts. As previously said, one of the primary goals of microcredit is to empower women by providing them with the financial resources they need to work and earn a living.

Microcredit should be used to start a business, not for other purposes, because doing so goes against the stated aims of microcredit, which are to ensure female empowerment in society and active involvement in entrepreneurship.

As a result, TGMP has implemented the necessary controls to guarantee that microcredit is used for the specified purposes following payment. It is because of these precautions that branch authorities often visit microentrepreneurs' businesses or homes. Micro-entrepreneurs' shops or homes are visited by branch officials in addition to center meetings to determine if microcredit is being used to develop income-generating companies.

Tensions between refugees and the local population can also rise when dealing with migrants, as previously mentioned. This is a risk that should not be ignored, as there are many prejudices and misunderstandings that exist between the two cultures. Despite this, TGMP has found that the majority of its current microentrepreneurs are willing to help Syrian refugee women use TGMP's microfinance services once the project was introduced in conjunction with CARE. All of them know how difficult it is for refugee families to make ends meet, and this is true for women in particular. As a result, the majority of microfinance businesses promoted the TGMP system to their Syrian refugee neighbors. Immigrant and local women's associations are strengthened via the creation of common activities. There was no need for past biases and misconceptions, as TGMP branch workers would help them realize.

Furthermore, it is because of this that the most efficient way to bring Syrian and Turkish women together in a single effort that encourages participation is through microcredit.

Organizations are concerned about the inability of refugees to make timely instalment payments since they frequently migrate from one region to another. A failure by a few microentrepreneurs to collect installment payments might lead to the reluctance of other microentrepreneurs to refund. These companies' reputations might be tarnished if this happens in the targeted cities and the country as a whole. For this reason, prospective micro-enterprises must be carefully scrutinized.

A long-term relationship with TGMP's current microentrepreneurs is taken into consideration during this process.

In addition, microfinance businesses should do additional research on refugees' eligibility by examining their level of social integration, past experiences, and the industry in which they intend to launch a company. For microfinance groups, contacting government officials and acquiring information about their citizenship status or criminal history, and other official information like their identity number, address, and so on might be helpful.

The TGMP, for example, contacts the corresponding offices in specific cities of the Ministry of Interior Directorate General Migration Management to acquire information on potential refugee micro-entrepreneurs. If they leave the city where they are presently staying, we will be alerted. It has been shown that men pay back loans at a considerably lower rate than women, according to a Grameen Bank survey. Women have a 97% repayment rate, whilst men only have a 70% repayment rate. The main reason for this is that the majority of financially challenged women do not have the appropriate collateral to borrow money from traditional, brick-and-mortar banks. It is projected that if the risk of refugee movement is eliminated, they will be a much better credit risk.

At every step of the program, TGMP takes into account the feedback provided by businesses, ensuring that they play an important part in the future of Syrian refugee aid in Turkey.

Female entrepreneurs are encouraged to come to the centers at any time to speak with staff and other business owners about their concerns and ideas, in addition to participating in focus groups, surveys, interviews, and other regular gatherings. A telephone feedback and information service is also given by TGMP as part of its services. Her advice and involvement are critical to the program's success in assisting women entrepreneurs (Malik, Orhan, Akgül & Elçin, 2019).

Microcredit is a critical service given by MFIs, and microcredit is described as a small loan made to low-income households, particularly those headed by women, at a low rate of interest. Using these loans, people are able to engage in income-generating activities while also empowering them (Haile, Bock, & Folmer, 2012). Microfinance institutions (MFIs) give small loans to persons in need in order to alleviate their financial plight and make a better life for themselves (Al-Shami, Majid , Rashid, & Hamid, 2014).

People who are unable to fulfill the credit requirements for their income-generating endeavors can get small loans from microfinance institutions, according to a research (Hossain , 2012).

Both obligatory and voluntary savings are available to customers of microfinance institutions. Customers who must save to fulfill MFI requirements and get a new loan must do so. MFI continues to provide a variety of savings options to encourage customers to save on their own initiative. In the case of a financial crisis, the loan might be repaid using mandatory and voluntary savings (Robinson, 2001).

Clients of microfinance organizations can expect training and business consultation services such as enterprise development training, social capital services, and other relevant consulting services from their organizations. When it comes to getting the most out of clients' tiny credits, services like training and consultancy may be invaluable. Credit-plus financial services in rural areas are being offered by microfinance institutions to their customers' business consultants and trainers. With the help of these solutions, you can make full use of the resources and talents you already have (Lensink, Mersland, Hung Vu, & Zamore, 2017).

In a number of studies, it has been found that individuals' inability to obtain money is a major hindrance to their efforts to battle poverty and reduce income disparity (McKenzie & Woodruff, 2008).

Investments made by the underprivileged are more likely to succeed when they have better access to banking. Together, moral hazard and adverse selection in financial markets, together with a lack of credit history or appropriate collateral, are all factors that contribute to the poor often having limited or no access to capital at all. Increased financial inclusion might help alleviate poverty in two ways: through increased economic growth and a more equitable distribution of wealth (Bourguignon, 2004).

According to the economic growth effect, all incomes rise in an economy at the same rate, yet income inequality remains unchanged. The distributional impact happens when the distribution of relative earnings changes without affecting the average amount of income. Reduced income inequality may be achieved in one of two ways: by increasing average household income or by altering how money is distributed (Hermes, N., 2014).

For example, a better developed banking sector may be capable of providing more monetary services such as pay-out methods; credit; savings; insurance; and other things that may help reduce income disparity. More and more people will be able to take advantage of the expanding availability of these financial services, which will mostly benefit the poor. An increase in finance will allow the poor to invest in money-making endeavors previously unavailable to them. Poor people may also gain disproportionally from monetary development's ability to increase sales revenue and markets while also creating employment and raising wages, all of which are advantages for the rich as well (Saad-Filho, 2004). Income convergence following macroeconomic expansion is a notion that emerges from the concept of financial development's impact on income equality.

Financial aid has been studied as a factor in poverty reduction and income distribution in several studies.

Even if income inequality within countries is rather stable over time, it varies substantially between nations, and one of the reasons for these differences may be explained by capital market defects, according to Li and colleagues (1998). Capital market faults lead to increased income inequality in countries with more capital market problems (Hermes, N., 2014).

According to research conducted by Clarke et al. (2006), an increase of 1 percent in financial development reduces income disparity by 0.31 percent. (Clarke, Colin Xu, & Zou, 2006). Impartial people's salaries rise faster than those of the general population because of better financial development (Beck, Demirgüç-Kunt, & Levine, Finance, Inequality, and the Poor, 2007). 40 percent of the increase is a result of decreasing income disparity, while 60 percent of the increase is a result of economic development's impact on aggregate economic growth. Economic progress, according to Honohan (2003), reduces poverty by 3% for every 10% increase in the level of development (Honohan, 2003).

Most individuals in developing countries do not have access to basic monetary services because formal financial institutions are still undeveloped and inadequate, according to Li et al. (Li, Squire, & Zou, 1998). These cases might benefit greatly from microfinance.

There are many different types of microfinance, including savings, collateral-free loans (which are typically used to fund enterprises or other productive activities), money transfers, insurance, and deposits (Armendáriz & Morduch, 2010). In the eyes of conventional financial institutions, these low-income households are too hazardous to serve since they lack appropriate collateral and a banking history.

That is why it is possible that the official monetary system and microfinance may coexist. Microcredit can help the poor build up their assets and income, which could then make them eligible for loans from traditional financial institutions (Barr, 2005).

Due to microcredit's concentration on helping the underserved, it may have a greater impact on the disadvantaged than development in the regular banking sector. Since microcredit raises the incomes of the poor disproportionately more than those of the wealthy, it can have a stronger influence on diminishing income inequality (Quayes, 2015).

Self-employment and other revenue-generating activities can help people get out of poverty with the help of microfinance. According to Ahlin and Jiang (2008), there is a theoretical basis for this claim. According to their article, they define three different kinds of technologies based on their productivity and size: self-employment, subsistence, and business (in increasing efficiency) (Ahlin & Jiang, 2008). A significant quantity of capital and work are required for business operations, but self-employment requires only a little amount of capital and one's own labor. Many microfinance-financed enterprises can be characterized as self-employment.

As a result, microcredit enhances the options for self-employment; nevertheless, Ahlin and Jiang's approach defines entrepreneurial activity differently (2008). As a consequence, microfinance can help individuals migrate from subsistence to self-employment, while those involved in economic operations remain unaffected. When a sufficient number of people who are living below the poverty line shift to self-employment, businesses must pay a market salary comparable to the self-employment certainty equivalent payout in order to retain their workforce. Again, the lower end of the economic pyramid sees an increase in income, while the upper end remains stagnant or even declines.

Another benefit of having money is that it allows the poor to get better education and health care, which in turn increases their productivity at work. Program participants' salaries and poverty levels can be improved, but microfinance programs can also aid others outside the local economy who do not have access to microcredit. Since microcredit increases the number of private firms, which in turn creates new job opportunities for the poor, it may be a good technique for providing them with a path out of poverty. They disclose that Uzbekistan's microfinance institutions (MFIs) serve more than 70,000 clients and provide work for another 200,000 Uzbeks (Bikbaeva & Gaibnazarova, 2009).

In recent years, several studies have sought to demonstrate a connection between microfinance and the reduction of poverty. When evaluating the impact of microcredit on individual consumers, randomized control trials (RCTs) are frequently employed (Ashraf, Karlan, & Yin, 2006). Microfinance has been hailed as a game-changer, but mixed results from various studies have raised doubts about its effectiveness.

Research on the relationship between microfinance and income inequality is scarce. According to Khandker's (2005) research, microfinance can help reduce income inequality. A study conducted by Khandker using data from the Bangladeshi National Household Survey reveals that while the number of people living in extreme poverty continues to fall, the number of people living in moderate poverty continues to rise (1.6 percent). There is a yearly decrease of 1.3 percent for non-participants who live in extreme poverty, and an annual reduction of 1.0 percent for non-participants who live in moderate poverty (Khandker S., 2005). Using data from Bangladesh from 1999–2000, Mahjabeen (2008) constructs a general equilibrium model and concludes that implementing microfinance programs significantly reduces income inequality (Mahjabeen, 2008).

Micro-level data is used in all of the above studies, and as a result, the findings are very contextual. This complicates attempts to draw broad conclusions about the impact of microfinance on income disparity and poverty. A cross-national approach to studying these challenges might be very fruitful.

According to Imai et al. (2012), a study looking at the relationship between poverty alleviation and microfinance institutions found that countries with larger gross MFI loan portfolios had lower poverty rates (Imai, Gaiha, & Gaiha, 2012). Researchers Kai and Hamori (2009) looked at the link between income equality and microfinance in Japan, finding evidence that the two were not connected in any way (Kai & Hamori, 2009).

Conclusions drawn from this thesis show that microfinance, microfinance institutions, and entrepreneurial growth go hand in hand.

6. CONCLUSION AND RECOMMENDATION

6.1 CONCLUSION

Banks, governments, and nongovernmental organizations (NGOs) are increasingly turning to microcredit as a critical tool for addressing poverty among the 700 million people who live on less than $2.00 per day (Chen & Ravallion, 2013). It is founded on the premise that microcredit promotes new enterprises and economic development in low-income regions (Bruton, Khavul, & Siegel, 2015). Microfinance organizations have proliferated globally, assisting tens of millions of impoverished households that lack regular access to financial services (Bhanot, Bapat, & Bera, 2012).

Microfinance has serviced around 139 million low-income and underserved consumers and disbursed approximately US $114 billion in loans (Nogueira, Duarte, & Gama, 2020). According to the writers, the Catholic Church established pawnshops as an alternative to usurious lenders in the fourteenth century (Helms, 2006). In the eighteenth century, cooperative financing took the form of informal lending (Armendariz de Aghion & Morduch, 2010). With Professor Muhammad Yunus' modest loans to Bangladeshi farmers in the 1970s, Grameen Bank was founded to alleviate rural poverty, and rising scientific interest in microfinance gave it its current form (Nogueira, Duarte, & Gama, 2020). In 2006, Yunus was given the Nobel Peace Prize for his efforts. Microfinance services have risen in popularity due to their increasing use in developing and developing nations (Nogueira, Duarte, & Gama, 2020).

Microfinance may be utilized in a variety of ways to alleviate poverty, provide employment, enhance economic growth and social inclusion, and contribute to economic development (Vaessen, Leeuw, Bonilla, Lukach, and Bastiaensen, 2009). (de Koker & Jentzsch, 2013). It has the potential to increase the number of individuals working for themselves and to boost the formation of small enterprises in more developed nations. Microfinance was formerly exclusively connected with microcredit, but it has now extended to encompass a broader variety of services, such as guarantees for small loans, savings, remittances, and insurance (Armendariz de Aghion & Morduch, 2010).

Therefore, the provision of financial services to economically engage disadvantaged individuals who lacked access to traditional financial services has been one of the world's most significant development policy accomplishments (Armendariz de Aghion & Morduch, 2010).

Despite the rising interest of commercial banks in this industry, the bulk of microfinance services are still provided by non-profit organizations and governments (Gonzales & Rosenberg, 2006). In order to justify government funding, the efficacy of microfinance institutions (MFIs) has been the topic of various studies. The social, economic, and financial worth of relying on government subsidies is still the subject of discussion among academics (Nogueira, Duarte, & Gama, 2020).

Microcredit encompasses a variety of financial services, including loans for the establishment and growth of small businesses. For people who are underserved by conventional banks, microcredit comprises savings, mortgages, funds, retirement plans, and insurance (Khavul, 2010). Despite the fact that microfinance loans may be utilized for a number of objectives, this thesis focuses on their capacity to aid the growth and success of small and medium-sized businesses.

Researchers in the field of microfinance have spent the past decade attempting to determine if and how microfinance may help entrepreneurs prosper while also eliminating poverty (Milanov, Justo, & Bradley, 2015). Microfinance institutions were compared to the performance of both entrepreneurs and microfinance organizations as lenders and borrowers. Scholars emphasize the significance of women entrepreneurs as the key players in microfinance due to the characteristics of microfinance-supported women's small businesses (Kato MP & Kratzer, 2013).

In microcredit studies, debtor outcomes are seen as crucial (Bruton, Khavul, & Siegel, 2015). In a rising economy, disadvantaged entrepreneurs face several obstacles in getting the cash necessary to launch new enterprises (Ahlstrom & Ding, 2014). They turn to microfinance loans due to a lack of alternative sources of funds, such as loans from family or conventional bank loans (Chliova, Brinckmann, & Rosenbusch, 2015).

Due to the start-up capital and support services provided by microfinance institutions, the poor are able to launch and expand their own enterprises. The greater the influence of a new enterprise on society, the more employment possibilities the poor eventually create for the larger societies in which their firms operate (Chliova, Brinckmann, & Rosenbusch, 2015).

The impact of microfinance on poverty in other developing nations has been thoroughly documented since the phenomenon's rise in popularity. The effect of microfinance varies by environment and demography, according to the research. The utility of microfinance is impacted by local circumstances (Khandker, 1998). The average annual income of microfinance participants in India increased by 46 percent, while that of nonparticipants increased by 24 percent. Microfinance increased the income of both borrowers and non-borrowers in Sri Lanka by 15.6 percent, which had a comparable effect on the poor. Beneficiaries in Indonesia had an average yearly income growth of 12.9%, while non-beneficiaries saw just a 3% increase (Remenyi, 2000). According to the conclusions of this study, the in-and-out mobility of the poor has had a substantial influence on the microfinance business. Moreover, it appears that microfinance is essential to the continuance of poverty in developing nations (Prasansha Kumari, Ferdous Azam, & Khalidah, 2019).

It is hardly surprising that several accounts of microfinance emphasize the function of strengthening female entrepreneurs and opening possibilities for women professionally (Khavul, 2010). While gender differences set women at a disadvantage when it comes to acquiring resources, research demonstrates that once they acquire microcredit, they are typically outstanding at maintaining relationships and social networks while demonstrating a clearer growth orientation (Milanov, Justo, & Bradley, 2015). In poor areas, entrepreneurship relies largely on social networks since they provide budding entrepreneurs with a plethora of knowledge, role models, and referrals from satisfied customers (Gao, Liu, & Qian, 2016). Increasing data indicates that microfinance has a favorable impact on the entrepreneurial outcomes of women. Targeting women as consumers is a justification for microfinance firms to do so.

Despite microfinance's favorable effects, several experts question its feasibility over the long run (Karlan & Zinman, 2012). Due to a lack of resources, poor persons in impoverished regions may lack the knowledge, expertise, and crucial development skills necessary to establish firms or overcome innovation barriers (Radhakrishnan, 2015). (Nguimkeu, 2014). (Bradley, McMullen , & Artz, 2012). Subsidizing for meals rather than launching a business may indicate a lack of abilities. Many microfinance borrowers use their loans for immediate consumption rather than for value-added companies (Karlan & Zinman, 2012).

Individuals who are unable to acquire financial services from banks rely on microfinance institutions, whose primary objective is to meet and supply the financial needs of poor or low-income groups (Shu & Oney, 2014).

To secure their long-term existence, the focus has changed from decreasing poverty on the one hand to raising revenues on the other (Khan, Shaorong, and Ullah, 2017).

Donors financed and encouraged MFIs in the past, which has accelerated the present move from social to business goals. Due to a decline in donations, many organizations struggle to sustain and provide services because they lack the financial resources to do so. Thus, MFIs must assume responsibility for poverty reduction and economic growth on their own and design a strategy to achieve both objectives (Hussain, Kot, Kamarudin, & Lee, 2020).

MFIs are the only financial institutions with a beneficial impact on both the bottom line and the larger community (Widiarto & Emrouznejad, 2015). The efficiency of an MFI is a measurement of how efficiently inputs are distributed to produce optimal outputs (Bassem, 2008). Social and financial efficiency are two separate dimensions of microfinance programs' efficacy. "Social efficiency" is an organization's capacity to reach out to the community and relieve poverty by providing loan portfolios. Financial efficiency refers to how well a microfinance organization (MFI) finances its activities (Hussain, Kot, Kamarudin, & Lee, 2020).

Some feel that MFIs should strive for the highest levels of efficacy and efficiency in their daily operations. The presence of other institutions subjects MFIs to intense rivalry and creates formidable obstacles.

Customers will place a premium on a variety of options, superior performance, and premium services. In order to flourish in competition with commercial banks, MFIs must be both financially and socially competent. Contributions are also the most important asset source for MFIs. Due to a shortage of funds, microfinance institutions will be unable to service as many customers as they would want. Therefore, MFIs must be financially self-sufficient in order to ensure their long-term viability. Financial sustainability and social goals are inextricably intertwined since organizations must be financially and socially efficient in order to flourish (Hussain, Kot, Kamarudin, & Lee, 2020).

Current issues with the country's economic freedom index include a variety of elements that can have a substantial influence on the country's social and economic well-being. This will facilitate an indirect connection between MFI operations and societal activities. The basic objective of MFIs, which is to alleviate poverty, is advanced by more economic freedom, which not only contributes to but also lowers poverty. Therefore, the relationship between MFIs and economic autonomy will be unique (Hussain, Kot, Kamarudin, & Lee, 2020).

The success of MFIs and microfinance institutions will also be influenced by additional elements. Numerous studies employ economic and institutional characteristics, such as MFI regulation, corporate governance, and legal standing, to explain the efficacy of microfinance institutions (Cull, Demirguc-Kunt, & Morduch, 2011). Researchers discovered that MFIs may be impacted by a variety of variables, such as the efficiency with which they manage their loan portfolios (e.g., staff motivation), their management systems (e.g., risk assessment and mitigation), and the rules and regulations that govern their business operations. Economic independence has several consequences for MFIs in numerous ways (Akhter, 2018).

The rule of law is essential to a nation's capacity to contribute to global economic progress. Government regulations and policies may have an effect on several companies, including microfinance institutions (MFIs). To ensure the success of microcredit institutions, regulators must support their expansion (Boateng & Agyei, 2013). According to reports, the fast rise of MFIs has prompted regulatory demands (Cull, Demirguc-Kunt, & Morduch, 2011).

It is likely that regulation may allow MFIs to accept deposits similarly to commercial banks and grow their banking operations. MFIs view the cost of complying with regulations as being greater (Hussain, Kot, Kamarudin, & Lee, 2020).

According to Afonso & Jalle & Kmecova (2020), for instance, governments can effect economic progress (Bilan, Mishchuk & Roshchyk, & Kmecova, 2020). There are several ways to estimate the size of the government, including government expenditure and tax burden (Ginevicius, 2019). Government actions may have a significant impact on the economic development of a nation. The negative consequences of a large government can be mitigated by economic openness and competent economic policies. Some financial corporations will suffer if the government imposes taxes on them (Hussain, Kot, Kamarudin, & Lee, 2020).

Many things must be addressed for microfinance institutions (MFIs) to be effective. The proper operation of MFIs may be impeded by a variety of possible issues. Few studies have examined the effect of microfinance institutions' economic autonomy on their effectiveness. Despite its limitations, it is intended that this study would provide light on the performance of microfinance institutions (MFIs) in chosen countries such as Cambodia, Thailand, and Indonesia. Philippines, as well as Malaysia (Hussain, Kot, Kamarudin, & Lee, 2020).

According to studies, microfinance firms are entrusted with aiding the poor in alleviating poverty by providing them with a financial services platform (Rauf & Mahmood, 2009).

Researchers in Malaysia, Cambodia, Thailand, the Philippines, and Indonesia investigated the financial and social efficacy of microfinance organizations from 2011 to 2017. (Hussain et al., 2020; Kot, Kamarudin, & Lee, 2020). The data indicate that, with the exception of Thailand, the total social efficiency of microfinance firms is much lower than their financial efficiency. When management inefficiency is solely judged based on technical efficiency, it harms both the financial and social efficiency of MFIs. It suggests that MFI administration is squandering resources by not maximizing their potential.

When researchers assessed the efficacy of 168 microfinance organizations in Southeast Asian countries, they discovered that financial regulation and oversight had a substantial impact on social and economic performance.

They discovered that MFIs are more concerned with monetary stability than social stability, indicating that microfinance institutions prefer and prioritize the pursuit of monetary stability (Zainal, Nassir, Kamarudin, & Law, 2020). Due to management inefficiency, the social efficiency of MFIs is poor, and improving performance will require a larger emphasis on management.

Offering banking services to people with the lowest financial standing through the use of microcredit may assist the economy and expand the country's financial markets. Microcredit has been beneficial to thousands of Turkish households (Dincer, 2014).

As compared to other nations in the area, the Republic of Turkey underutilizes its microfinance potential. Despite Turkey's position as the largest and most active economy in the Middle East, a disproportionate number of individuals lack access to formal banking or credit services (Burritt, 2003). A modest number of studies have examined microcredit programs in Turkey.

Currently, the State Planning Agency is in charge of microcredit in Turkey in order to support beneficiaries of financial aid who were intended to become service producers and providers but failed (Hes, Neradová, & Srnec, 2014). This group represents the key income distribution and employment policies of the nation. According to OECD data, Turkey had the lowest income equality of any OECD member in 2010 and the highest poverty rate, with 18.08 percent of the population living below the poverty line.

Despite the ongoing urbanization trend, income gaps exist between rural and urban regions, with issues such as labor availability, infrastructure, and education exacerbating the situation. Urbanization in Turkey generates a distinct market type devoid of formal property rights, characterized by influxes of jobless labor from the countryside into metropolitan centers without other subsystems.

Microfinance may have a considerable effect on this issue by reducing migration pressures, boosting economic growth, and creating jobs in both urban and rural regions.

Given the lengthy history of agricultural credit cooperatives, which are controlled by a 1929 statute that permitted towns with more than 100 families to form credit cooperatives, the sector's modest growth is all the more unexpected. These cooperatives may have been the forerunners of the current village bank concept (Okan & Okan, 2013). Microfinance in Turkey is still in its infancy, both in terms of client base and the variety of financial services and products (Grossman, 2006). TAC2 estimates that there are 4 million small and medium-sized enterprises (SMEs) in Turkey, which account for 35 percent of all exports and employ at least 40 percent of the labor force. Microcredit is anticipated to reduce the vulnerability of microbusinesses by enabling them to capitalize on opportunities, diversify their revenue streams, and expand their operations (Kovstedt, 2009).

Microcredit has the potential to be an effective tool for female empowerment in a country where the participation rate of women in the labor force is somewhat puzzling, given that recent social changes have not resulted in more women entering the labor force, despite their high levels of education, late marriage, and shifting attitudes toward marriage in light of the country's declining fertility rates. In addition to these problems, women's labor force participation declined from 34% in 1988 to 22% in 2008, a trend contrary to that observed in OECD nations (World Bank, 2009). Hes, Neradová, and Srnec (2014) found that Turkey's lack of microcredit development is attributable to an insufficient legal framework, a paucity of help from government agencies, civil society, and industry, and an insufficient legal framework (Hes, Neradová, and Srnec, 2014). These are the primary causes of the Turkish industry's stagnation.

A substantial portion of the Turkish economy consists of micro and small businesses. 99 percent of businesses in Turkey are small- and medium-sized firms (SMEs). Over forty percent of the country's workforce is engaged by non-agricultural SMEs, which account for thirty-five percent of the nation's overall exports. TESK, or The Trade & Artisans, which represents service providers, tradesmen, and artisans, estimates that there are over four million Turkish firms with one to ten employees.

According to TESK, the vast majority of these businesses are privately held. The Chamber of Commerce acknowledges 700,000 additional small and medium-sized businesses with their own legal standing (Burritt, 2003).

Despite this, Turkey's vulnerability is increased by its extreme poverty. In addition, there is a significant imbalance in the manner in which money is allocated among the countries many regions and demographic groupings. These efforts significantly contribute to the protection of vulnerable demographic groups. By allowing people to take advantage of entrepreneurial possibilities that allow them to develop and diversify their sources of income, vulnerability can be decreased (Karatas & Helvacioglu, 2008).

The microcredit market in Turkey is severely limited in terms of both the number of individuals it can serve and the kind of services it can provide. State-owned banks, Ziraat Bank and Halk Bank, are now the leaders in microfinance. In the past, credit distribution was allotted through these channels, resulting in goods and services that are supply-driven yet do not meet customers' financial service demands. In contrast to other startups in the microfinance market, NGOs are essentially nonexistent in the Turkish sector. Karatas & Helvacioglu (2008) note that Maya Enterprise for Microfinance is now experimenting with the provision of microcredit (Karatas & Helvacioglu, 2008).

Therefore, it is challenging to assist the great majority of Americans and small companies that lack bank accounts. Government policy on microfinance services is still unclear, and governmental, non-profit, and private sector organizations do not have a unified view of microfinance. In Turkey, microfinance operations are often employed as a source of income or to earn government subsidies. State-owned financial institutions like Ziraat Bank and Halk Bank dominate microfinance. These state-owned banks supply the vast majority of the microloans to formal enterprises. TESK finances around 130,000 micro, small, and medium-sized businesses through TESK. There are around 1,600 lans outstanding (Karatas & Helvacioglu, 2008).

It is anticipated that these borrowers would be among the most successful on the target market, given that they are registered and recognized in the official sector and can meet the collateral requirements. The great bulk of these loans will probably be granted to men.

Maya, on the other hand, supplies 200 female microentrepreneurs with informal banking loans. In contrast to the current client base of Halk Bank, the average loan amount is about $350. It is estimated that 2 million individuals need non-agricultural microfinance services. The existing supply, which is expected to reach 130,000 users by the end of June, satisfies just a minute percentage of the total demand. Despite serving almost two million farmers, more than half of Ziraat Bank's loan portfolio consists of restructured or non-performing loans (Karatas & Helvacioglu , 2008).

Due to the high number of non-performing loans and the low number of new loans, it appears that just a small percentage of the agricultural market is now being served. Due to their financial status, consumers and firms in the informal sector, particularly those owned by women, are unable to obtain loans from the official sector (Burritt, 2003). While the area of microfinance is unregulated, there is a rising movement in Turkey to give new microfinance options, mostly via the efforts of international organizations such as the World Bank and UNDP, to enhance loan availability as a method of raising the income of the poor (Burritt, 2003).

The United Nations Development Initiative (UNDP) and the Turkish Economy Bank fund the Golden Bracelet program, sponsored by GYAD, or the Young Businessmen Association of Turkey (TEB). As part of the scheme, microfinance is provided to entrepreneurs between the ages of 18 and 35. The program is distinctive in that it targets exclusively children and adolescents. The Golden Bracelet, or Altn Bilezik initiative, will provide $10 million in investment to 500 young entrepreneurs over the next three years. The initiative will favor vocational high school students, women entrepreneurs, and college graduates. TEB will provide project money and administration, while UNDP is responsible for technical people and GYAD instructional support (Karatas & Helvacioglu, 2008).

Significant rules and regulations govern the banking industry. The banking industry in Turkey is governed by these rules. The Microfinance Institutions Draft Law is the most current development in microcredit regulation in Turkey.

If adopted by Parliament, the proposed measure is anticipated to establish a specific legislative framework that authorizes associations, foundations, non-governmental organizations (NGOs), and other non-bank entities to offer microlending services. Today, the lending activities of non-governmental organizations are conducted solely by for-profit corporations created in compliance with banking norms (Karatas & Helvacioglu, 2008).

The proposed law permits organizations and other charitable institutions to participate in lending operations but does not specify the parts of secondary legislation that would serve as the legal foundation for execution. Financial ratios such as financial solvency are comparable to those used by conventional banks but more cautious. While minimum capital requirements are reduced, adequate capital levels are increased. Laws can control a bank's products and services, which is analogous to traditional banking law in this aspect (Burritt, 2003).

The demand for microcredit services among small and medium-sized firms can be regarded from the standpoint of gaining access to operating capital. Another perspective is that of households with limited financial resources seeking a wide range of banking services, such as the capacity to save and deposit funds for use in business initiatives or home repair projects. When obtaining capital for both fixed and operating expenditures, small companies, whether freshly started or well-established, generally encounter particular hurdles. Due to the shortage of microloans, entrepreneurs, particularly those who are unemployed, women, or members of racial or ethnic minorities, face a significant obstacle. Entrepreneurship, economic development, and social inclusion are dependent on the availability of microloans (Karatas & Helvacioglu, 2008).

Based on global experience, microcredit may be employed to provide a variety of financial services to those who would otherwise be excluded from the standard banking system. However, policymakers and leaders in Turkey acknowledge that there is a paucity of information regarding microcredit and the potential microfinance offers for alleviating poverty by expanding access to financial services for the poor and unbanked. Due to a lack of knowledge, the business sector, government sectors, and non-governmental groups in Turkey have engaged in little debate or discussion on microfinance as an efficient way of tackling poverty (NGOs).

Concerns exist over the application and significance of microfinance in Turkey. Microfinance is a hazardous and low-return alternative for conventional banks due to the high failure rates and high administrative expenses associated with microcredit loans. To add insult to injury, Turkey and other EU candidate states suffer from disparities in information (Karatas & Helvacioglu, 2008).

The EU harmonization procedure is vital to the execution of the European microfinance policy. The EU's microfinance initiatives, which are intended to promote access to finance, may be implemented in the candidate countries despite the absence of a unified regulatory framework in the EU legal framework and microfinance legislation that is left to the discretion of the candidate countries' legislative bodies. Therefore, as an EU wannabe, Turkey must quickly match its policies with those of the EU (Karatas & Helvacioglu, 2008).

The microfinance environment in Turkey may be broken down into three categories: the EU harmonization process, the need for more research, and the establishment of a microfinance regulatory framework. Microcredit research is required in Turkey, with an emphasis on understanding which policy areas should be supported by microfinance efforts. In Turkey, there is a genuine need for a microcredit scheme database, as the only significant sources of information on microcredit efforts are the researchers themselves. To ensure that EU microfinance policies can be changed efficiently and sustainably, it is essential to evaluate EU best practices. This is due to the fact that the EU harmonization process directly affects Turkey. Taking into account all of the aforementioned political ramifications, Turkish policymakers should establish a dynamic, contemporary legislative framework that fits the current environment while also finding opportunities and anticipating the needs of Turkey's microcredit system (Karatas & Helvacioglu, 2008).

6.2 RECOMMENDATIONS

In order for the Turkish MFI business to flourish, authorities must reevaluate the present legal and institutional environment in which MFIs operate. He asserts that microfinance institutions that are permitted to operate in the banking sector may have a higher social impact than those that operate in the nonprofit sector (Yunus, 2012).

Microfinance is currently absent from Turkey's banking industry. As a result, market participants are unable to advance due to the resulting uncertainty. To add insult to injury, the Turkish government has prohibited the two MFIs in the nation from accepting public deposits. This renders them incapable of supporting themselves. In order to develop its lending portfolio, TGMP relies mostly on philanthropic contributions and subsidized loans (Carter, 2013).

The present pause allows regulators to consider how the formal microfinance industry in Turkey should work. A well-designed legislative framework must provide savings deposits and other avenues to support MFI operations forever. This technique should also be subject to fair government scrutiny. After an MFI is granted bank status, the BRSA, Turkey's banking regulatory institution, has the ability to reduce consumer and business risk. Customers with low incomes may be more susceptible to poor management in the microfinance business (Carter, 2013).

Policymakers in Turkey should examine the following recommendations.

The regulation of microfinance must retain and safeguard microfinance's humanitarian objective while also ensuring that MFIs are handled appropriately financially. • As an illustration, the Islamic banking business in Turkey, which is governed by different regulations than conventional banks, might be relevant (Carter, 2013).

i. Regulatory requirements should not be so onerous that MFIs choose non-profit status over formal sector registration (Brunnermeier, et al., 2009).

ii. There should be no wriggle space for MFIs when it comes to complying with legislation. Microfinance institutions (MFIs) must adhere to strong financial discipline and reporting standards, while the industry's legal framework should reflect its social goals.

iii. The administration of an MFI should conduct a gradual transition from non-profit to commercial bank. To compete with enterprises in the private sector, professionals can create a new operational system and earn the required equity. BancoSol need two years to complete the transition.

iv. Larger MFIs may necessitate stricter controls because to the greater number of at-risk assets (Brunnermeier, et al., 2009).

v. The system rewards competent financial organizations for their risk-based control. The Bank of Zambia proposed risk-based supervision in 2010. (Chiumya, 2010).

vi. Microfinance consumers are more likely to be ignorant and unfamiliar with banking rules, reducing the efficacy of judicial involvement. As a result, anti-discrimination measures must be priority.

vii. The regulatory frameworks must be adaptable enough to handle microfinance sector developments and new products. For instance, Turkish MFIs have the potential to receive more than $1 billion in expat remittances annually (Carter, 2013)

viii. The newly constituted bank's governance structure must be autonomous and answerable to its board of directors. No one should ever be elevated to the position of bank president from a non-profit parent organization. Colombia's Finansol42 fiasco offers a valuable lesson (Carter, 2013).

ix. In order to maintain pace with the sector's expansion, it may be necessary to progressively raise the stringency of regulations. In Zambia, microfinance regulation has moved from a looser, more ad hoc set of rules to a more clear one (Carter, 2013).

x. The financial architecture of microfinance institutions should align with their social aim. Despite the fact that interest rate control is not recommended, laws should promote market competition so that MFIs can reduce their costs and boost their efficiency.

xi. The optimal strategy for Turkish MFIs to fulfill their social objectives will require more research.

According to the report, there is a serious deficit of microcredit services in the country, both in terms of the number of persons serviced and the kind of services provided. Ziraat Bank and Halk Bank, both controlled by the government, are the primary providers of microfinance services in Afghanistan.

On the other hand, the history of subsidized and directed credit programs has limited credit distribution through these channels, resulting in supply-driven goods and services that do not meet the financial service demands of customers. In contrast to other microfinance startups, non-governmental organizations (NGOs) are almost nonexistent in the Turkish market. Despite the efforts of others to test this model, Maya Enterprise for Microfinance appears to be on a viable route to microcredit distribution at this time. However, the challenges created by the legal and operational frameworks render profitability and, thus, a broad reach implausible goals. When determining eligibility for the credit, TGMP does not discriminate against members based on income level. However, microcredit may not increase the earnings of all individuals, but it can present them with a variety of choices for dealing with financial difficulties (Malik, 2016).

As a result of changes in the regulatory and legal climate, new microcredit service providers may enter the market. A clear regulatory framework for non-licensed microfinance institutions and NGOs, as well as a completed statute allowing the formation of specialist Microfinance Banks, are among the recommended modifications to the industry's present regulatory structures as part of the proposed reforms. Strong competition generates customer benefits such as decreased costs and enhanced service profitability, which in turn contributes to the long-term objective of expanding access to microfinance services (Malik, 2016).

Microcredit may help financial markets by allowing low-income individuals and families to utilize financial services and integrate into the economy, so contributing to Turkey's economic progress. Microfinance has assisted tens of thousands of Turkish households. Financially disadvantaged women have access to a number of financial services, including credit loans, savings, money transfers, and insurance, which they would not otherwise be able to get. Access to trustworthy financial services is a basic human right for people who cannot afford them. Microcredit aids the poor by enabling them to earn their own income rather than relying on government assistance. It assists persons who are unable to find employment due to a lack of education to rejoin the workforce (Malik, 2016).

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APPENDIX A

Demographics

Gender

Male

Female

Age

Below 20 years

20-29

30-39

Above 40

Education

Undergraduate

Graduate

Post graduate

Others

Experience

Below 5 years

5-10 years

Above 10 years

Position

Operators

Manager

Managing Director

Rate the following on a five-point Likert Scale where 1 is strongly Disagree, 2 is Disagree, 3 is Neutral, 4 is Agree and 5 is strongly Agree

	Entrepreneurial development	**1**	**2**	**3**	**4**	**5**
1.	Entrepreneurship development in Nigeria is increasingly gaining ground.					
2.	Many entrepreneurial outlet/SMEs have gain their ground through the support of microfinance bank					
3.	Microfinance bank provides entrepreneurs with facilities like short term loans and other resources					
	MICROFINANCE					
1.	Microfinance bank has impacted on entrepreneurship development through provision of financial advice to young entrepreneurs					
2.	Microfinance bank has impacted on the development of entrepreneurship through acting as government agent					
3.	Microfinance bank has impacted on development of entrepreneurship through the reduction of interest rate and loan					
4.	Lack of trust has necessitated the effective financing of entrepreneurs by microfinance bank					
5.	High level of corruption has affected the effective financing of entrepreneurs.					