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RESEARCH PROJECT

**Stakeholder Action to support the development
of Small and Medium size Enterprises
in the northern part of Cyprus**

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ABSTRACT

The overall aims of the research are to identify the actions needed for supporting the development of SMEs to encourage private sector development in the northern part of Cyprus and to contribute to national debate on SME policy. These will also contribute to the work based learning aims of the researcher to develop consultancy capacity of his employer organization, to develop a resource for further SME research, to provide data and recommendations for the efforts of international bodies, local authorities and civil society organizations and to provide a Report for donors and implementing organizations.

Therefore, this research study sets out to examine the actions for stakeholders in order to support the development of small and medium size enterprises (SMEs) in the northern part of Cyprus. The research aims to provide analysis of results and recommendations in the report so that the researcher and the stakeholders, such as business support organizations, other third party international organizations, non-governmental organizations and relevant authorities, shall benefit from it especially in their action design and policy-making processes.

The vast majority of enterprises in the northern part of Cyprus are under small and medium size classification and are the main driving force of the northern side's private sector in trade, industry and tourism sectors. Trade, industry and tourism sectors are the main economic sectors of GDP, with a total share of 23% (DPO, 2007, p.8), that are mostly led by private initiatives in imports-exports, manufacturing and touristic accommodation sectors in the northern part of Cyprus. After the literature review, the methodological approach of the research is threefold; first qualitative data is collected from representatives through interviews, and the second is to gather data form representative sample of SMEs in trade,

manufacturing and touristic accommodation sectors through a telephone survey. The last stage is to triangulate the results of these two processes together with a desktop study in order to reach comprehensive conclusions and recommendations.

So, ideas of SMEs in these three particular sectors are measured through a survey study in order to establish assessment on the actions of relevant stakeholders for SMEs. The results of this assessment are compared with the ideas of interviewees from important stakeholders in order to suggest some actions needed in policies for SMEs in the northern part of Cyprus. The Study provides a report in order to contribute both to methods of data gathering and to action design and policy generation for the SMEs in trade, manufacturing and touristic accommodation sectors by international and local support organizations including all other stakeholders. Dissemination of this research study to relevant authorities, business support organizations, business related NGOs and international support organizations is also provided within the Summary Report. Besides organizational dissemination, the Summary Report is also presented through a conference to be held at the Turkish Cypriot Chamber of Commerce. Additionally, the outcome of the research study improves the knowledge and ability of the researcher to develop and provide effective and efficient services at work for the benefit of SME development in the northern part of Cyprus by, also, producing the Lists of Stakeholder Actions and Policies as well as the the Guide for Supporting the Turkish Cypriot SMEs, which were also disseminated to the key stakeholders. Positive feedback for the above mentioned outputs has been received during dissemination and this has encouraged the impact of the whole research study.

While conducting the study, discussion within literature is examined to establish an analysis of the policies and actions undertaken for the development of small and medium size enterprises by some major international organizations at international

level, such as the EU and OECD. Furthermore, literature in the northern part of Cyprus is also examined in order to understand more about the situation of small and medium size enterprises at the local level. In addition to this, emerging issues from the literature review are discussed in order to understand more about the areas emphasized in supporting the development of SMEs. These emerging areas also guide and shape the semi-structured interviews, which are the first step in the pilot research study. In the second step, an analysis of interviews is linked to questionnaire design during the survey process in order to test and establish comparison between the findings of the survey and the stakeholder interviews.

For the first time, this study conducts a questionnaire survey with 215 SMEs and reflects the feedback from the demand side, which are the local small and medium size enterprises within the context of the study, and establishes a comparison of the feedback from the demand side with the feedback from the key stakeholders. This two way approach makes it possible to compare the results of the survey and interviews with an additional desktop research and allows the research process to achieve outcome with actionable conclusions and recommendations for the actions and policies to support the development of SMEs in the trade, manufacturing and touristic accommodation sectors as the real players of the private sector within the northern part of Cyprus.

The overall conclusions of these research actions are led by the **Short term Actions** in:

- Human Resources, Financing and Policy Generation for Investment

followed by **Medium term Policies** in:

- Taxes, Business Constraints, Regulation and Entrepreneurship areas.

The concluding action and policy areas are explained in List of Stakeholder Actions and List of Stakeholder Policies in turkish with additional recommendations. What is more, the research concludes with a proposition of a SME Development Strategy and additional recommendations by the researcher which are reflected in the Summary Report. All of these processes have also contributed to the development of knowledge, cognitive and practical skills of the researcher whose reflection on research process shows the impact of the gained knowledge and abilities on the professional work as well.

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TABLE OF CONTENTS

ABSTRACT	2
ACKNOWLEDGEMENTS	6
LIST OF TABLES	10
LIST OF GRAPHS	14
CHAPTER 1	15
INTRODUCTION	15
1.1. BACKGROUND TO THE STUDY	15
1.1.1. Brief History of Cyprus.....	22
1.1.2. Current situation in Cyprus	24
1.2. MOTIVATION FOR THE STUDY	27
1.3. AIMS OF THE STUDY	28
1.4. SIGNIFICANCE OF THE STUDY	29
1.5. LIMITATIONS OF THE STUDY	31
CHAPTER 2	33
OBJECTIVES AND LITERATURE REVIEW	33
2.1. INTRODUCTION	33
2.2. AIMS OF THE STUDY	33
2.3. OBJECTIVES OF THE STUDY	34
2.4. THE LITERATURE REVIEW	36
2.4.1. The Criteria of Selection for the Literature Review	36
2.4.2. Definitions of Small and Medium Size Enterprises	37
2.4.3. SME Policy.....	39
2.4.3.1. UNIDO	41
2.4.3.2. OECD	45
2.4.3.3. The European Union.....	50
2.4.3.4. The northern part of Cyprus	59
2.4.4. Emerging Areas in SME Policies.....	75
CHAPTER 3	78
METHODOLOGY	78
3.1. METHODOLOGY	78
3.1.1. Approach	79
3.1.2. Pilot study.....	80
3.1.2.1. Preliminary interviews with representative organizations:	80
3.1.2.2. Interviews with representative sample of SMEs:.....	82

3.1.3.	Survey	84
3.1.3.1.	Questionnaire Design	86
3.1.3.2.	Sampling	87
3.1.3.3.	Distribution	88
3.1.3.4.	Conducting the survey	91
3.1.3.5.	Analysis of survey	91
3.1.4.	Comparison of the Survey Results with the Interviews' Results	92
3.2.	RANGE OF DESIRED IMPACT	93
3.3.	ROLE OF THE RESEARCHER	94
3.4.	CONSTRAINTS	95
3.5.	ETHICAL ISSUES	97
3.6.	STRENGTHS AND WEAKNESSES OF THE APPROACH	98
CHAPTER 4	100	
PROJECT ACTIVITY	100	
4.1. PILOT STUDY	101	
4.1.1.	Preliminary Interviews with representative organizations	101
4.1.2.	Interviews with representative sample of SMEs	103
4.2. UNPLANNED INTERVIEWS AND FOCUS GROUP STUDIES DURING THE CDP PROJECT	106	
4.3. SME SURVEY	108	
CHAPTER 5	113	
FINDINGS AND RESULTS.....	113	
5.1. ANALYSIS OF THE PILOT STUDY.....	113	
5.1.1.	Pilot Study- First Part: Analysis of preliminary interviews with representative organizations 114	
5.1.2.	Pilot Study- Second Part: Analysis of interviews with representative SMEs.....	117
5.1.2.1.	Findings according to the codes.....	118
5.1.3.	Pilot Study- Third Part: Table of Interview Findings.....	127
5.2. ANALYSIS OF THE SME SURVEY	129	
5.2.1.	Demographic Distribution	129
5.2.2.	Analysis of the Main Questions	142
5.2.3.	Additional Questions Reflecting the Tendency in short term	157
5.2.4.	Cross Tabulation Analyses	160
5.2.4.1.	First Tabulation: The Most Needed Action	160
5.2.4.2.	Second Tabulation: The Biggest Obstacle	164
5.3. BRIEF SUMMARY OF RESULTS.....	170	
CHAPTER 6	173	
CONCLUSIONS AND RECOMMENDATIONS	173	
6.1. SUMMARY OUTPUTS OF THE PROJECT	173	
6.2. SUMMARY OF OUTPUTS FROM THE PROGRAMME.....	174	

6.3.	SUMMARY OF CONCLUSIONS	176
6.3.1.	Stakeholder Actions for the development of SMEs in the northern part of Cyprus	176
6.3.2.	Stakeholder Policies for the development of SMEs in the northern part of Cyprus	177
6.4.	RECOMMENDATIONS	179
6.5.	SUGGESTIONS FOR FURTHER RESEARCH	182
	REFERENCES	183
	APPENDICES	200
1.	Abbreviations	200
2.	Main Economic and Social Indicators for the northern part of Cyprus	201
3.	Semi-structured Interview with the representative organizations	202
4.	Coding and analysis of preliminary interviews with the representative organizations	205
5.	Semi-structured interview with the SMEs	223
6.	Coding and analysis of interviews with the representative sample of SMEs	226
6.1.	Scoring of the Findings.....	265
7.	Questionnaire for survey with 215 sample of SMEs	272
8.	Tables of the survey with 215 SMEs	278
9.	Summary results of the SME Survey	308
10.	Triangulation of the Survey Results with the Interviews and desktop research	314
1.	Actions.....	314
2.	Policies	318
11.	SME Development Strategy	323
12.	Research Objectives and Suggestions	332
1.	Research Objectives Revisited.....	332
2.	Suggestions.....	336
13.	Critical Commentary	340
1.	General.....	340
2.	Impact on the Employer Organization	340
3.	Key Accomplishments in the work field	345
	Relevant Projects along the research:	347
4.	Summary of the learning areas	349
5.	Learning process and level 5 descriptors.....	352
14.	Supporting documents for reflection on progress	357

LIST OF TABLES

TABLE 1. EU THRESHOLDS FOR SME CATEGORIZATION	38
TABLE 2. UNIDO'S TARGET ORIENTED SUPPORT STRATEGY	44
TABLE 3. RESULTS OF THE SURVEY "WHICH WOULD BEST ASSURE THE DEVELOPMENT OF YOUR SME?"	58
TABLE 4. EU EMERGING AREAS VS. ACTIONS	59
TABLE 5. EMERGING AREAS VS. ACTIONS IN NORTHERN PART OF CYPRUS	75
TABLE 6. EMERGING AREAS VS. ACTIONS IN SME POLICIES	76
TABLE 7. IDEAL SAMPLE DISTRIBUTION TABLE	89
TABLE 8. DISTRIBUTION OF SAMPLES FOR THE SURVEY	90
TABLE 9. PILOT TESTS FOR SURVEY.....	90
TABLE 10. ANALYSIS OF PRELIMINARY INTERVIEWS WITH REPRESENTATIVE ORGANIZATIONS FOR SHORT TERM ACTIONS. N=8.....	115
TABLE 11. ANALYSIS OF PRELIMINARY INTERVIEWS WITH REPRESENTATIVE ORGANIZATIONS FOR MEDIUM TERM POLICIES. N=8	116
TABLE 12. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES AS THE MOST NEEDED ACTIONS. N=11	122
TABLE 13. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES AS THE MOST NEEDED POLICIES. N=11.....	124
TABLE 14. AREAS VERSUS CODES TABLE.....	128
TABLE 15. SECTORS VS. REGIONS	129
TABLE 16. IDEAL DISTRIBUTION IN THE SAMPLING.....	130
TABLE 17. STATISTICAL DIFFERENTIATION ACCORDING TO THE REGIONS	131
TABLE 18. BUSINESS TYPES VS. REGIONS.....	131
TABLE 19. BUSINESS TYPE VS. SECTORS	132
TABLE 20. NUMBER OF EMPLOYEES VS. REGION	133
TABLE 21. NUMBER OF EMPLOYEES VS. SECTOR	133
TABLE 22. STATISTICAL DIFFERENTIATION ACCORDING TO THE NUMBER OF EMPLOYEES	134
TABLE 23. MANAGEMENT TYPE VS. SECTOR.....	135
TABLE 24. NUMBER OF EMPLOYEES AND THE MANAGEMENT TYPE	136

TABLE 25. CROSS TABULATION OF BUSINESS TYPE WITH MANAGEMENT TYPE	138
TABLE 26. SECTOR VS. POSITION	139
TABLE 27. STATISTICAL DIFFERENTIATION ACCORDING TO THE POSITION	140
TABLE 28. MAIN AREA OF THE BUSINESS ACTIVITY VS. SECTOR.....	140
TABLE 29. STATISTICAL DIFFERENTIATION ACCORDING TO THE MAIN AREA OF THE BUSINESS ACTIVITY	141
TABLE 30. WHICH ONE OF THESE BEST ASSURE THE DEVELOPMENT OF YOUR SME	142
TABLE 31. WHICH ONE IS THE MOST IMPORTANT FOR YOU IN ORDER TO UNDERTAKE NEW VENTURES?	143
TABLE 32. WHICH ONE OF THESE IS THE BIGGEST OBSTACLE YOU FACE DURING YOUR EFFORTS TO OBTAIN FINANCE FOR YOUR ORGANIZATION ?	144
TABLE 33. HAVE YOU EVER APPLIED FOR FINANCING FROM THE DEVELOPMENT BANK?.....	146
TABLE 34. HAVE YOU SUCCEED TO OBTAIN FINANCE BY THIS ATTEMPT? 146	
TABLE 35. WHICH OF THE FOLLOWING CRITERIA OF THE DEVELOPMENT BANK CONSTITUTE THE BIGGEST OBSTACLE TO OBTAIN FINANCE FOR YOUR ORGANIZATION?	147
TABLE 36. HAVE YOU HAD ANY APPLICATION TO ANY PLACE FOR FINANCING RENOVATION OR ADDITIONAL INVESTMENT WITHIN THE PAST 3 YEARS?.....	148
TABLE 37.HOW MANY APPLICATIONS?.....	148
TABLE 38. HOW MANY SUCCEED WITH FINANCE ?	149
TABLE 39. WHICH ONE OF THESE IS THE BIGGEST OBSTACLE YOU FACE AT PERSONNEL REGARDING THE DEVELOPMENT OF YOUR ORGANIZATION?	149
TABLE 40. WHICH ONE OF THESE IS THE BIGGEST OBSTACLE YOU FACE IN TAXATION ISSUES REGARDING THE DEVELOPMENT OF YOUR ORGANIZATION ?	151
TABLE 41. WHICH ONE OF THESE IS THE BIGGEST OBSTACLE YOU FACE LEGAL AND REGULATORY ISSUES REGARDING THE DEVELOPMENT OF YOUR ORGANIZATION?.....	152
TABLE 42. WHICH ONE OF THESE IS THE BIGGEST OBSTACLE YOU FACE IN DEALING WITH COSTS ?	153

TABLE 43. WHICH OF ONE THESE IS THE BIGGEST OBSTACLE YOU FACE IN CARRYING OUT YOUR OPERATIONS IN AN EFFICIENT MANNER ?	154
TABLE 44. WHICH ONE OF THESE IS THE BIGGEST OBSTACLE YOU FACE FOR SUSTAINING THE DEVELOPMENT OF YOUR ORGANIZATION ?	156
TABLE 45. BUSINESS VOLUME EXPECTATION VS. THE MOST NEEDED ACTION	161
TABLE 46. THE NEED FOR GRANT AND CREDIT VS. THE MOST NEEDED ACTION	162
TABLE 47. THE BIGGEST OBSTACLE IN TAXATION VS. THE MOST NEEDED ACTION AND SECTOR	163
TABLE 48. THE BIGGEST OBSTACLE FOR THE DEVELOPMENT OF BUSINESS VS. REGION AND SECTOR	165
TABLE 49. THE BIGGEST OBSTACLE FOR THE DEVELOPMENT OF BUSINESS VS. NUMBER OF EMPLOYEE AND SECTOR	166
TABLE 50. THE BIGGEST OBSTACLE FOR THE DEVELOPMENT OF BUSINESS VS. MANAGEMENT TYPE AND SECTOR	167
TABLE 51. THE BIGGEST OBSTACLE FOR THE DEVELOPMENT OF BUSINESS VS. NEED FOR GRANT AND CREDITS	169
TABLE 52. STAKEHOLDER ACTIONS FOR THE DEVELOPMENT OF SMES IN THE NORTHERN PART OF CYPRUS	176
TABLE 53. STAKEHOLDER POLICIES FOR THE DEVELOPMENT OF SMES IN THE NORTHERN PART OF CYPRUS	177
TABLE 54. MAIN ECONOMIC AND SOCIAL INDICATORS	201
TABLE 55. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES FOR CODE 1	265
TABLE 56. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES FOR CODE 2	265
TABLE 57. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES FOR CODE 3	266
TABLE 58. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES FOR CODE 4	266
TABLE 59. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES FOR CODE 5	267
TABLE 60. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES FOR CODE 6	267

TABLE 61. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES FOR CODE 7	268
TABLE 62 ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES FOR CODE 8	269
TABLE 63. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES FOR CODE 9	269
TABLE 64. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES FOR CODE 10	269
TABLE 65. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES AS THE MOST NEEDED ACTIONS	270
TABLE 66. ANALYSIS OF INTERVIEWS WITH REPRESENTATIVE SAMPLE OF SMES AS THE MOST NEEDED POLICIES	271

LIST OF GRAPHS

GRAPH 1. TOTAL INVESTMENT IN MANUFACTURING.....	17
GRAPH 2. FIXED CAPITAL INVESTMENT IN INDUSTRY	17
GRAPH 3. NET TOURISM REVENUE VS. OTHERS.....	19
GRAPH 4. GROWTH PATTERNS IN TOURISM.....	20
GRAPH 5. PROJECT ACTIVITY.....	100
GRAPH 6. SME DEVELOPMENT STRATEGY	325
GRAPH 7. FLOWCHART OF THE LEARNING PROCESS.....	352

CHAPTER 1

INTRODUCTION

1.1. BACKGROUND TO THE STUDY

This research project is undertaken in the the northern part of Cyprus, where the vast majority of Turkish Cypriot SMEs are based, and which is a country that is not politically recognized within the international community except for Turkey. In 2006 (DPO, 2007), the northern part of Cyprus had an economy of around 2.845 m\$ GNP and -1.308 m\$ trade balance and an inflation rate of 19%. The following year, (DPO 2009) GNP was 3.598 m\$, trade balance -1.455 m\$ and inflation was at 9.4% in 2007 where estimations for GNP in 2008 and 2009 are around 3.220m\$. The project includes business support organizations as well as other third party authorities such as chambers of commerce and industry and artisans, departments for economics, hoteliers and businessmen associations, private and development banks and outside funding organizations in the northern part of Cyprus. However, in terms of the project aims, it has a special focus on the existing companies that are classified as Small and Medium Size Enterprises (SMEs) by the EU, which have less than 250 employees and an annual turnover of less than 50m euro, according to the European Commission definition (Commission, 2003, p.39).

The vast majority of incorporated enterprises in the northern part of Cyprus are under this classification. Donmezer (2005) explains that in practice employment of 1-5 workers comprises a micro, 6-9 workers a small and 10-49 a medium size enterprises in the northern part of Cyprus. Considering the scale of the economy

and of the enterprises, the classification of the European Commission for SMEs shall need to be narrowed in the northern part of Cyprus because of the 1998 business census which shows that (Lisaniler, F., 2004, p.7) 88.5% of business establishments employ less than 5 people, 6.9% employ 5-9 people, 3.9% employ 10-49 people and 0.7% employ more than 50 people. Of these SMEs, which are the main driving force of the northern side's private sector, sectoral distribution compared to the total number of enterprises is; 15.16% in industry, 49.5% in trade, 17.8% in hotel-restaurant sectors (Lisaniler, F., 2004, p.14). Therefore, the total share of more than 82% reveals that the private sector is lead by trade, industry and tourism sectors in the the northern part of Cyprus. Concerning the World Bank (2006, p.94), it advices that the dynamisms in the private sector should be increased for the benefit of the economy in the northern part of Cyprus and expresses that;

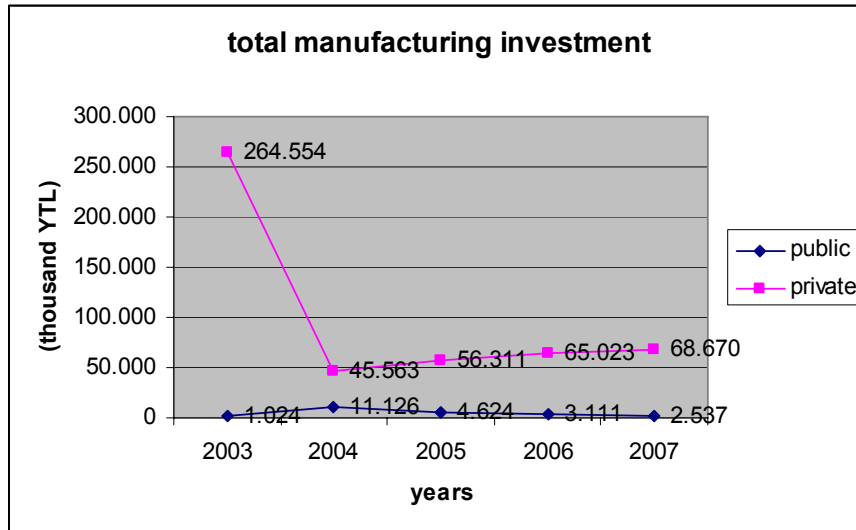
for any kind of convergence to take place, the northern part of Cyprus will have to foster much higher rates of sustained private sector growth.

This shows the value of the study and the importance of the development of the SMEs in these three particular areas of the private sector for the benefit of both economic and political prospects in the northern part of Cyprus.

Regarding the composition of sectors, statistics (DPO, 2007, table 2) show that the industry sector is composed of mining-quarrying, manufacturing and electricity-water. According to 2005 data (DPO, 2007), there are 38 establishments in quarrying and there are 896 businesses in manufacturing in 2004. However, the Cyprus Turkish Chamber of Industry (KIBSO, 2005) states that it has around 300 members as industrial businesses that are incorporated as enterprises, which means that two thirds of the industry sector players are micro sole-traders and public businesses. Since electricity and water are run by public enterprises, and in

2007 the manufacturing sector had a share of 39% of exports and 9% of GDP, this research focuses on the SMEs in manufacturing.

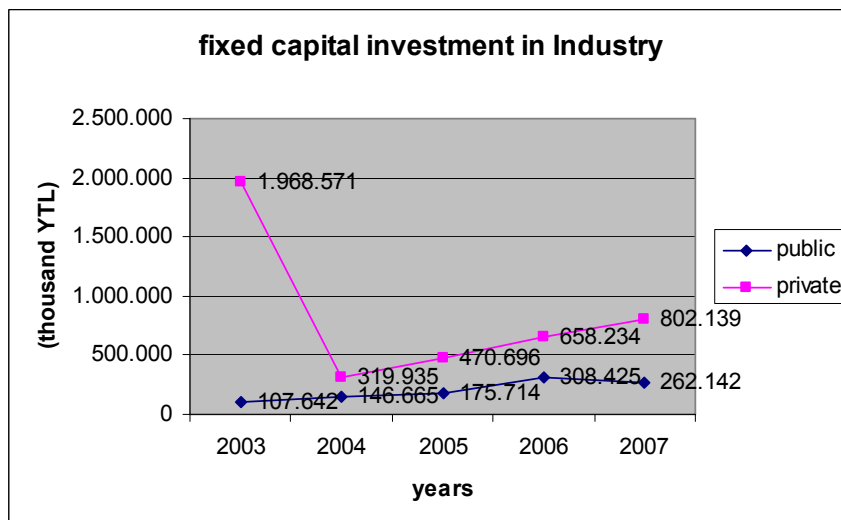
Looking deeper into the manufacturing sector (DPO, 2007);



Graph 1. Total Investment in Manufacturing

There is a huge difference between private sector and public sector investment, where in 2007, the private sector investment share is 96% of total investment.

Regarding the fixed capital investment in the industry sector;



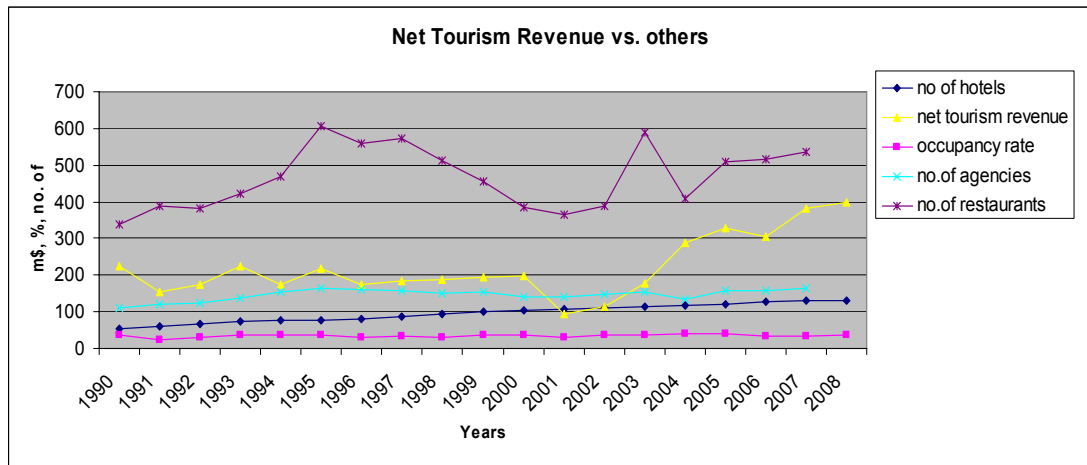
Graph 2. Fixed Capital Investment in Industry

Again, it can be clearly seen in the graph that there is a considerable difference between the private sector and the public sector investment, the latter being mainly electricity and water organizations. Apart from the boom in 2003, fixed capital

investment of the private sector in industry was 75% of total investment in 2007. Therefore, the SMEs in manufacturing and quarrying are not only important for the private sector development but also for the industry sector in the economy of the northern part of Cyprus.

Another point revealed by the statistics (DPO, 2007) is that, according to 2005 figures, there are 121 touristic accommodation establishments, mainly hotels and the like etc., with a total bed capacity of 12,839. Tourism statistics (Turizm Planlama Dairesi, 2004, p.24) show that in 2004 a total of 306,000 tourists had stayed in the following accommodation categories: 1-star - 8.2%, 2-star - 10.1%, 3-star - 30.4%, 4-star - 21.3% and 5-star - 30%. Comparing this with 2008, (Turizm Planlama Dairesi, 2009) we see that 440,937 tourists had stayed as: 1-star - 2.5%, 2-star - 3%, 3-star - 9.6%, 4-star - 12.4% and 5-star - 72.5%; and the total number of these tourists in 2004 and 2008 comprised of approximately two thirds of the total touristic arrivals in the country.

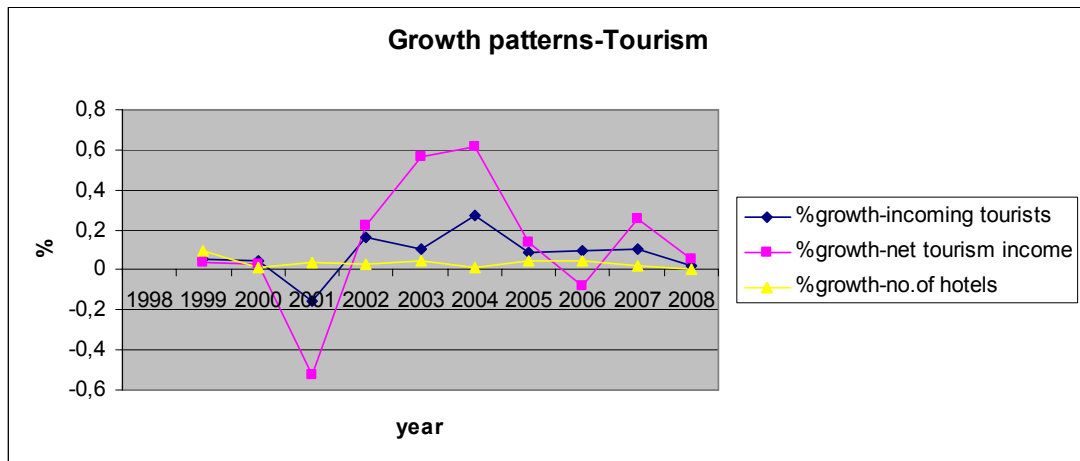
In addition, between 1998 and 2007, (DPO, 2009) touristic bed capacity increased by 80% and the number of touristic accommodation has increased by 100%. This shows the close relation and parallel interaction between the increase in tourists and the increase in touristic accommodation establishments in the northern part of Cyprus. Also, the bed capacity of these touristic accommodations (DPO, 2009) has shown an average increase of 100% from 1994 to 2007 and the net tourism revenue has shown an average increase of 120% within the same period.



Graph 3. Net Tourism Revenue vs. others

As seen in the graph, touristic accommodation establishments, which are the hotels, have shown a consistent increase in number and the net tourism revenue echoes this same increase regarding occupancy rates. The exception to this was in 2001 when there was a dramatic decrease as a result of the banking crisis. However, in general the net tourism revenue shows a similar trend to that of the occupancy rate of the hotels. In contrast, agencies and restaurants do not show this similarity with tourism revenue. In fact it can be seen that it is the opposite for some periods, such as the period from 1996 to 2000 when their number decreased whilst the net tourism revenue and number of hotels had increased. Furthermore, between 2002 and 2005 agencies and restaurants have zig-zagged against years in reverse to the net tourism revenue, which showed a consistent increase as the occupancy rate increased very slightly in parallel to the increase in the number of hotels.

Therefore, concerning the above indicators it is understood that the performance of the tourism sector and hosting is mainly undertaken by the above mentioned SME hotels as the accommodation establishments in the northern part of Cyprus.



Graph 4. Growth patterns in Tourism

Again, when we look deeper into the relation between the number of incoming tourists, hotels and growth of income, we see that the tourism income tends to behave similar to the changes in the number of incoming tourists until 2005 when the number of hotels stayed stable throughout the period. However, in 2006 there is an interesting finding and this is that even though there is slight increase in the number of hotels and incoming tourists, the income shows a reverse behaviour and goes negative for the first time. This result strengthens the argument made by some critics that the incoming tourists have started to prefer villa-accommodation rather than hotels in the northern part of Cyprus, and this finding should also be considered by the SMEs in the hoteliers industry. In 2008, there is a recap to average trend due to high occupancy in 5-star hotels as explained on page 18 where the net tourism income trend is similar to the number of hotels and incoming tourists, all of which reflect a parallel slow down in terms of growth rate.

Concerning the trade sector, (DPO, 2007) in 2005, 2006 and 2007, agricultural products had a share of 36%, 35% and 36% respectively, whilst industrial products, mainly processed agri-goods and clothing, had a share of 60%, 57% and 54% in exports for the same period. Concerning the fact that agricultural products are mostly exported by public enterprises, the research focuses on processed industrial

product producer SMEs in the industry sector. For imports in 2005, 2006 and 2007, machinery-transport equipment had a share of 30.7%, 27.9% and 25.5%, manufactured goods had 24.7%, 24.9% and 23.4%, mineral fuels-lubricants and related materials had 13.8%, 16.9% and 17.1% and others below 10% respectively. Concerning the scale of the trade sector (DPO, 2007) it was at 12.1% in 2005, 11.4% in 2006, and 9.5% of the total GDP in 2007, and recalling the fact that import duties had a share of around 9% of GDP in these years, the research has focussed upon both importing and exporting SMEs in the northern part of Cyprus.

I am actively taking part in business support services for the private sector development by working as the Co-ordinator of Organizational and Economic Development Programme at The Management Centre of the Mediterranean. This is a non-profit organization that provides consulting, training and research services. The Management Centre is based in the northern part of Cyprus but the activities conducted cover a wide range of work, from economic development to civil society support, through to several local, bi-communal, european and international level projects.

I have more than 7 years experience in delivering consultancy and training services to the SMEs in the northern part of Cyprus and, thus, is capable of enhancing the effectiveness of the study and outcome of the research in order to provide productive impact on the working medium as well. I have established more than 20 ISO management systems within distinguished enterprises in the trade, industry and tourism sectors and have undertaken more than 40 feasibility studies for the incentivization of investment purposes of several SMEs including business plans for EU grants in the northern part of Cyprus. Apart from these services, I have also organized more than 20 different kind of generic and in-house trainings for SME employees. I am also responsible for co-ordinating sustainable development

projects in terms of economic research and capacity building projects in the northern part of Cyprus by participation of local and international academics and practitioners. Thus, both the Centre and I have relevant background knowledge and experience in economic studies conducted for the use of international organizations.

This study produces conclusions and recommendations about the actions for the SMEs to be used by other business support organizations and implementing agencies. Besides dissemination, the conference for the Summary Report of the study aims to attract attention to the outcome so that other implementation bodies (local authorities, the EU, USAID etc.) shall have a stand-alone resource which they can utilize during the design of their own programmes. I also aim to produce a list of short-run and medium-run actions to be taken by the relevant stakeholders as well as a guide for SME support for the overall aim of the study, which is to contribute to private sector development in the northern part of Cyprus. All of the stakeholders, including chambers, associations, bureaucrats, professionals and advisors, shall benefit from the Summary Report of the research study and also, they can make use of data in order to discuss and decide about policies during their negotiation process for the joint support actions as well. Additionally, I aim to define tools and services for the SME support in training, consulting and research needs of SMEs by proposing a Guide for the SME support in the northern part of Cyprus.

1.1.1. Brief History of Cyprus

Considering that historical developments have an influence on the shaping of politics and economics throughout the world, it is important to understand the influence of the past history on the island, especially about the physical and political situation in Cyprus, in order to comprehend the circumstances that may have a direct and indirect influence on SMEs in the northern part of Cyprus.

The island of Cyprus has been ruled by numerous empires and states throughout history. Cyprus (Office of the President, 2006) is the third largest island, after Sicily and Sardinia, in the Mediterranean Sea with an area of 3,572 square miles. It is 40 miles from the south of Turkey and 600 miles from the south-east coast of Greece. In 1571 the island was conquered by the Ottoman Empire and then in 1878 it was leased to Great Britain, however, legally the island still belonged to the Turks. During World War 1, Cyprus was unilaterally invaded by Great Britain in response to the Ottoman Empire's alliance with Germany. The island was colonized by Great Britain after the 1923 Lausanne Conference and it became a Crown Colony of Great Britain in 1925. Cyprus remained a British colony until 1960.

British control over the island lasted until 1960, which is the year when the Republic of Cyprus was established as an independent state. However, partnership administration within the state collapsed when repercussions between the two communities turned into fighting, which in turn led to the conflict of 1963. Today, talks and negotiations are still continuing between the two communities and within the international community in order to solve the political conflict.

The outbreak of the physical split mainly occurred when there had been a coup by Greek Cypriots in 1974 against the government of the Republic, (Office of the President, 2006). Following the coup, in 1974, Turkey used her rights as one of the guarantor states and undertook a military operation in Cyprus to fulfill her responsibilities .

This intervention was followed by the establishment of a ceasefire along a path through the island known as the Green Line and an exchange of people took place - the Turkish Cypriots to north of the Green Line and Greek Cypriots to south - and this remains to this day. After establishing the Cyprus Turkish Federal State in 1975 (Office of the President, 2006), in 1983 the Turkish Republic of Northern Cyprus

was proclaimed by the Turkish side but the entity still remains unrecognized by the UN and the international community with the exception of Turkey.

Since 1968 there have been numerous attempts and meetings between the communities in order to undertake negotiations and settle the political problem but the issue still remains unsolved. One of the considerable attempts in the recent years was by Kofi Annan, Secretary General, United Nations. The Secretary General proposed a comprehensive settlement plan for the Cyprus problem by asking the communities to negotiate on a pre-documented plan, which was called the 'Annan Plan'. Unfortunately, during the referenda on 24 April 2004, this great chance was missed when Greek Cypriots rejected the Plan by 75% of voting against whilst Turkish Cypriots accepted it by 65% of voting in favour of the plan.

1.1.2. Current situation in Cyprus

Separation of the economies of the two communities occurred mainly after the physical and political split in 1974. Each side re-shaped its economic structure according to the conditions on the island. At this time, the Turkish Cypriot community in the northern part focused on revitalization of economic activity in refugee regions and the economic use of industrial sectors that remained in the northern part.

It is crucial to understand the parallel interaction of development of the economy with the changes in the political atmosphere in order to be able to better comment on the socio-economic fluctuations happening within the Turkish Cypriot community. This also has an abundant impact on private sector development, the vast majority of which is composed of small and medium sized enterprises in the northern part of Cyprus. The self proclaimed "TRNC" is only recognized by Turkey and Turkish

Cypriot SMEs therefore only have official business transport interactions with or via Turkey. This is very much obvious in flight and sea transportation facilities. Statistics (DPO, 2007) that show the Turkish Cypriot economy has developed by an average annual growth rate of 5.03% since 1997 and the amount of exports has never exceeded 70.5m\$, where imports reached the highest of 1,579m\$ in 2007. The economic crisis in Turkey in 2000 affected the banking sector in the northern part of Cyprus by diminishing GNP below 1b\$ during the years 2001 and 2002, this was recovered in 2003 and reached 2,845m\$ in 2006, which increased to 3,598m\$ in 2007. Mainly after the Annan Plan referendum, the construction has showed an increasing trend and reached to the highest annual growth rate of 68% in 2006 which showed dramatic decrease to 4% in 2007 and estimation for 2008 is -0.7%. The net tourism revenue had its highest annual amount by 380m\$ in 2007, which was 300m\$ in 2006. These findings indicate the importance of sustainable private sector development for the northern part of Cyprus, this will be further discussed in Chapter 2.

Following the referendum of 2004, however, both UN Secretary General and the EU Council provided suggestions on economic development of the Turkish Cypriot community. In addition to this, as mentioned in the report of UN Secretary General (United Nations, 2004, p.2,21) and in the European Council conclusions in April 2004 (Council Meeting, 2004, p.9), *the way forward to establish settlement to the Cyprus problem should include economic convergence in order to sustain better and harmonic transition of economies in case of solution*. This means that, special care should be taken for the northern part of Cyprus where there is a need to accelerate economic development in order to raise it to the level of the southern part of the island so that convergence between the economies of the two parts can be achieved smoothly and with less cost in case of a solution. For this, it is obvious that the private sector in the northern part of the country needs special and well

designed contributory programmes in order to develop and reach the south part's standards under the given circumstances. Concerning the private sector composition mentioned in 1.1, this again leads us to the point of support for the development of SMEs in the northern part of Cyprus. The approved Green Line Regulation and Financial Aid Regulation of the EU for the Turkish Cypriot Community, and currently discussed Direct Trade Regulation, are the outcome of this understanding and they all aim to contribute to the development of the private sector and thus of SMEs. Similar programmes of the US through USAID also acknowledge the same principle and aims at the development of the private sector in the northern part of Cyprus. Considering that Turkish Cypriot SMEs have faced several economic and political fluctuations since 1963, the mentioned rationale behind these activities is important in providing a new level of international approach to Turkish Cypriot SMEs in the northern part of Cyprus.

Mumbula and Sawyer (Mumbula, J., C. And Sawyer, E., F., 2004, p.49-50) explain this phenomenon by saying that entrepreneurs create a survivalist culture for sustaining business activities in a constraining business environment. They also express that "there are no fixed set of obstacles, constraints or a set of factors that can be said to influence growth and development of all small firms while some are almost universal like poor infrastructure and lack of external credit". This view suits the conditions for SMEs in the northern part of Cyprus. It is important to know that the private sector is facing many barriers due to existing political problems on the island and this puts an additional burden on the actions taken for the development of SMEs in the northern part. Recognition of transactions, especially during transportation, exports, property issues on land other than pre-74 Turkish deeds, investment risks, market size, use of Turkish Lira currency and similar other factors, creates a unique case in the northern part of Cyprus which makes both the survival and development of SMEs very difficult.

Donor Committee on Small Enterprise Development (1997, p.5) explains the importance of the SME development as “promotion of national and regional development, alleviating poverty, transition to a market economy, promoting democracy and civil society and promoting a more flexible, innovative and competitive economic structure” and these overall benefits of supporting SME development contributes to achieving the overall aim of the European Council and UN as to accelerate economic development in the northern part of Cyprus and sustain economic convergence in case of a solution of the political problem in the island.

1.2. MOTIVATION FOR THE STUDY

I am actively taking part in one of the support organizations in the northern part of Cyprus. I am a management consultant professional for the private sector working for a non-profit organization, namely The Management Centre of the Mediterranean in Nicosia.

The Centre is unique and is a leading organization in the management field in the northern part. It has already realized some projects with EU support programme for SMEs as the subcontractor for some consultancy and training activities, and has close co-operation with the United Nations Development Program (UNDP) and the United States Agency for the International Development Program (USAID). The Centre also collaborates with multiple programme advisers subcontracted by the USAID that undertakes SME support programmes in the northern part of Cyprus. In general, programmes like the above lack the needed background information on Turkish Cypriot SMEs, and they conduct consulting and interview activities before designing their support activities within their limited capacity. This again shows the

importance and the need of this report and its research, so it may be effectively used by other relevant stakeholders.

What is more, I am undertaking consultancy services similar to the existing international support programmes on behalf of The Management Centre. These services are provided in terms of establishing management systems, project development and business plans, feasibility studies, research and training, which give the researcher the opportunity to observe and comprehend more about the SMEs in the northern part of the island.

Thus, the overall professional background together with its career pathway and the intention in personal development with the employer organization The Management Centre, lead me to further deepen my knowledge and abilities in SMEs in the northern part of Cyprus in order to be able to advise, design, provide, implement and recommend support actions and policies for the development of SMEs.

1.3. AIMS OF THE STUDY

The research project aims to identify the actions needed for supporting the development of SMEs to encourage private sector development in the northern part of Cyprus. It is also intended to recommend relevant stakeholders, such as the state planning authority and department of economics, chambers and international organizations like the EU and USAID, about policies concerning the development of SMEs. For this aim *Summary Report* and *List of Stakeholder Actions* will be used as publications of the research. All these aim to contribute to national debate on SME Policy and to develop a resource for further SME research.

The other aim is to develop the consultancy capacity of the employer organization, The Management Centre. Additionally, I aim to gain a deeper knowledge of SMEs in order to increase the effectiveness and the expertise of the services provided by my employer organization, The Management Centre, and of the research outcome for the benefit of different support organizations targeting the SMEs in the northern part of the island. The other publication of the research, which is *The Guide for supporting Turkish Cypriot SMEs*, will be used for this aim.

Concerning the motivation for the study in 1.2., I am also undertaking considerable professional development in regard to the work based learning spirit. This puts special emphasis on this research study as being complementary to the development of knowledge and abilities at work and in the SME support field. The *Research Report* itself will reflect the knowledge and experience gained by myself.

1.4. SIGNIFICANCE OF THE STUDY

The results of the research contribute to the attempts undertaken by several organizations that aim to support SMEs in the northern part of Cyprus by providing them with data about the actions needed for the development of SMEs and recommendations for policy making. The European Union, USAID and their implementation bodies on the island, relevant authorities and potential funding organizations are in the process of designing and implementing some programmes that aim to support SME development as well. However, most of the time, they lack adequate data on SMEs. This is due to the low level of statistical information in the country, which is also emphasized by Lisaniler (Lisaniler, F., 2004, p.2) who says that “SMEs have never been scientifically studied, there is no systematic data gathered or numerical outputs produced”.

Therefore, such organizations may make use of the outcome of the research in their design processes for the SME programmes. EU and USAID agencies shall focus more on the needs of enterprises in trade, manufacturing and touristic accommodation sectors with enhanced analysis of action oriented results and the local authorities shall make use of the conclusions for policy making in developing their approaches to SME policies and thus to the private sector in the northern part of Cyprus. Additionally, the research provides quantitative data for the business support organizations and professionals that are crucial in implementing the support measures for the SMEs in terms of consultancy, training, research and other kind of support activities.

The stand-alone use of the research is possible both for business support organizations and other implementation bodies (EU, USAID etc.) but, more importantly, the outcome of the research will link donors of aid with the recipients through a pool of relevant and accurate information. Both sides will be provided with a pool of reliable data and information (rather than each side's own subjective evaluations) and there will be a reliable basis to provide a foundation for discussions in negotiating the common or partnering activities for the SMEs in the northern part of Cyprus. It is intended that this will be important in contributing to sustain mutual understanding and co-operation between these parties. Therefore, both business support organizations and the other implementation bodies shall benefit at the same time and will be provided with a Report, which they can use to access reliable and accurate data in order to discuss and determine the required policies during their negotiation process for the joint support programmes.

1.5. LIMITATIONS OF THE STUDY

One of the limitations of the Study is that not all of the SMEs existing in northern part of Cyprus are represented in the survey. A stratified random sampling method is used during the survey for total of 869 SMEs. The response performance of the sample list is 37%, that amounts to a total of 215 SMEs providing feedback. This puts 5% +ve deviation from the ideal sample size (Survey Design, 2005), which is a total of 204 SMEs.

The research is limited to the capacity of the single researcher. Regarding the SMEs research, Lewis, Massey and Harris (2005) suggest that: "even if small firms seem to be easily accessible this doesn't necessarily mean that they are simple targets to be investigated". They explain this by saying that "the boundaries between the person and the firm is permeable, if not non-existent", in owner-managed business.

Gilmore and Carson (2000, p.114) explain that the interviewer should speak the same language as the director/owner of the business in order to achieve better correlation between the question and reply. For this reason, special care is taken for the uniqueness of the Turkish Cypriot language, which is a different vernacular of the Turkish language. Questions will be re-formulated after the pilot test of the questionnaire and, if necessary, the wording will be amended. Karasar (1994, p.182) argues that all respondents shall not answer questionnaires in a common way because they don't assign the same meaning to questions and it is also critical that respondents may not be candid in reflecting actual situation. The other point argued by Karasar (1994, p.183) is that the response rate shall be low and if it is below 70% of the sample size then the survey may be open to issues about its validity as a scientific research. Regarding these behavioural aspects, and taking into consideration the SME operators may not have full access to information about

the issues they face, the study will take extra care in delivering a message about the significance, relevance and independent nature of the research during the initial calls to director/owners of the companies.

CHAPTER 2

OBJECTIVES and LITERATURE REVIEW

2.1. INTRODUCTION

This section describes the aims and specific objectives of the research and summarizes the literature on Small and Medium Size Enterprises. This is achieved through examining the SME policies undertaken by the European Union (EU), United Nations Industrial Development Organization (UNIDO), and Organization for Economic Co-operation and Development (OECD) and through investigating the economic situation in the northern part of Cyprus. The overall aim of the literature review is to understand the common areas of policy contexts developed for SMEs, by the above mentioned international organizations, in order to synthesize these approaches and use them for the aims of this study.

2.2. AIMS OF THE STUDY

The research project aims to identify the actions needed for supporting the development of SMEs to encourage private sector development in the northern part of Cyprus. It is also intended to recommend relevant stakeholders, such as the state planning authority and department of economics, chambers and international organizations like the EU and USAID, about policies concerning the development of SMEs. For this aim the *Summary Report* and *List of Stakeholder Actions* will be used as publications of the research. All these aim to contribute to national debate on SME Policy and to develop a resource for further SME research.

The other aim is to develop the consultancy capacity of the employer organization, The Management Centre. Additionally, I aim to gain deeper knowledge of SMEs in order to increase the effectiveness and expertise of the services provided by my employer organization, The Management Centre, and of the research outcome for the benefit of different support organizations targeting the SMEs in the northern part of the island. The other publication of the research, which is *The Guide for supporting Turkish Cypriot SMEs*, will be used for this aim.

Concerning the motivation for the study in 1.2., I am also undertaking considerable professional development in regard to the work based learning spirit. This puts special emphasis on this research study as being complementary to the development of knowledge and abilities at work and in the SME support field. The *Research Report* itself will reflect the knowledge and experience gained by myself.

2.3. OBJECTIVES OF THE STUDY

The research objectives are to;

- Propose actions needed to support the development of SMEs to increase competitiveness and organizational capacities in industry (quarrying and manufacturing), trade (importing and exporting) and tourism (accommodation establishments) sectors in the northern part of Cyprus through identifying the needs from the demand side for:
 - Producing the *List of Stakeholder Actions*, which includes short-run and medium-run actions to be taken by relevant stakeholders, i.e. local departments and authorities, representatives and civil society, external support agencies, business support organizations, in the emerging key areas of SME support literature

- Designing tools and appropriate support services for the SME support in training, consulting and research needs of SMEs, i.e. proposing the *Guide for Supporting the Turkish Cypriot SMEs*, which includes support design, training approaches and support needs in the management consultancy, and a list of the currently non-existent research needs required by the SMEs
- Offer recommendations concerning strategic policy making in SME development that can be undertaken by the local authorities, service providers and international organizations as the stakeholders, which target the development of the SMEs in these sectors in the northern part of Cyprus
- Produce an additional and useful *Summary Report* of the research to be printed and disseminated by The Management Centre and organize a national conference to introduce it to local authorities, service providers and international organizations
- Make a significant addition to the currently limited knowledge and data available to help the development of the private sector in the northern part of Cyprus.

The publications which will emerge from the report will be disseminated locally as well as internationally to the relevant parties who are undertaking activities that aim to support development of SMEs such as business support organizations, USAID, EU bodies and relevant authorities of the Turkish Cypriot community. As indicated, a national conference will be convened targeting the major, local and international stakeholders to share the results and provide conclusions publicly so that these will impact on policy makers. The national conference will be organized by The Management Centre which is the employer. Over the years, the Centre has built up a reputation and has considerable impact on stakeholders regarding past economic research output and conferences since 2001. The *Summary Report* of the research is also provided for the use of representative organizations mentioned in 3.3.2.

Additionally, articles will be produced to be published in relevant papers and magazines in Cyprus. Lastly, a copy of the *Summary Report* is provided to Kibris Newspaper in order to make the results of the study to be printed and disseminated publicly with a broad spectrum so that columnists and other researchers shall also contribute to the outcome for further studies.

2.4. THE LITERATURE REVIEW

2.4.1. The Criteria of Selection for the Literature Review

Concerning the facts mentioned in Chapter 1 and the current situation in Cyprus, section 1.1.2., the literature review focuses on examining strategic policies developed for SMEs in the European Union. Regarding the political and economic atmosphere around Cyprus and the acqui of the EU, whilst taking into account the provisional integration of the Turkish Cypriot economy as part of the EU, it is becoming more important to investigate the SME policies within the EU. UNIDO and OECD have a track record on promoting SME research and have impacted on strategic policy making for the SMEs in an international context. Therefore, they are relevant in any discussion of SME research and policy formulation as well as implementation.

SME literature from UNIDO and OECD are also relevant because of the design and implementation experience of methods and tools, such as SME action programmes and measures, which they develop as a part of their brief in encouraging SME development. These international organizations have also contributed to literature on the role of SMEs in economic development.

In this way, this literature review aims to shed light on common areas in both policies design and its implementation. Insights gathered from these discussions will be used and developed during design stage of the semi-structured interviews and other forms of data collection and analysis.

2.4.2. Definitions of Small and Medium Size Enterprises

There are different definitions of small and medium size enterprises in different countries. The definitions basically vary according to the number of employees, which is important to reflect the size of enterprises as a scale for small businesses.

The University of Strathclyde (2008) explains that in the United Kingdom a small company has a turnover of no more than 5.6 million sterling and no more than 50 employees, whereas a medium size company has a turnover of not more than 22.8 million sterling with no more than 250 employees. The university further explains that in the USA there are different definitions for small businesses according to the sectors, which are 500 employees for most manufacturing and mining industries, 100 employees for wholesale trade, \$ 6 million of annual receipts for most retail and service industries, \$ 28.5 million of annual receipts for most general and heavy construction, \$ 12 million of receipts for all special trade contractors and \$ 0.75 million of receipts for most agricultural industries. In addition, it is important to note that there are differences in the definition preferences by the countries regarding the sectors of the businesses as well.

Therefore, we need to investigate more about the SME definitions in different countries in order to better understand the spectrum for definitions.

Lauder, D., Boocock, G., and Presley, J., (1994) explains that there are no universal standards for defining SMEs and expresses that the European Commission used the definition; 1-9 employee as Micro, 10-99 employees as Small and 100-499 employees as Medium during some of its previous studies for SMEs.

However, later we see a decrease of headcount numbers for small and medium sizes and today the European Union thresholds for the categorization of enterprises as SMEs (Commission, 2003, p.14) are as follows;

Enterprise Category	Headcount	Annual turnover	Annual Balance Sheet total
Medium	< 250	<50 m euro	< 43 m euro
Small	< 50	< 10 m euro	< 10 m euro
Micro	< 10	< 2 m euro	< 2 m euro

Table 1. EU Thresholds for SME categorization

Another report by World Bank (2003) indicates that there might be differences in defining the SMEs according to the employment number and suggests that there should be a cut-off available for employment between 200 to 300 people.

Looking deeper into other countries, Mahgoub H. (2007, p.4) explains that in the United Arab Emirates small businesses have a size of labour of less than 100 workers and with less than 30 million AED annual turnover, in Thailand small businesses have less than 50 people and 20 million fixed assets, whereas medium businesses have 50-200 people and 20-100 million fixed assets, in Canada small businesses for goods and producing business have less than 100 employees and medium businesses have employees of between 100-500 people where in the services sector small businesses have less than 50 employees and medium businesses have employees in between 50-500. Mahgoub adds that small

businesses have workers of between 21-200 in Australia, less than 50 in Malaysia and less than 200 in Singapore. The Ministry of Economic Development (New Zealand, 2008) explains that SMEs are defined as enterprises with 19 and fewer employees in New Zealand. In Japan, small scale enterprises are considered to have less than 300 million yen capital and less than 300 employees in manufacturing, less than 100 million yen capital and less than 100 employees in wholesale, less than 50 million yen capital and less than 50 employees in retail, less than 50 million yen capital and less than 100 employees in the services sector. TOBB (2008) explains that Turkey uses the same headcount amounts as the EU where the annual turnover and annual balance sheet amounts to micro are less than 1 million ytl, for small are less than 5 million ytl, and for medium are less than 25 million ytl.

It is clear that each of the countries prefer to establish definitions for SMEs according to their economic structure and needs. So, considering that (Lisaniler, F., 2004, p.7) 88.5% of business establishments in the northern part of Cyprus employ less than 5 people, and 99.3% employ less than 50 people, there is a need to further develop a tailor-made definition for the case of the Turkish Cypriot SMEs. It is concluded that the definition of small and medium size enterprises varies according to the number of employees, annual turnover and balance sheet as well as to the sector.

2.4.3 SME Policy

Before mentioning the importance of actions and policies for supporting SMEs, there is a need to understand the role of SMEs. According to a recent paper by Szabo (2003), SMEs are the focal element in terms of “achieving economic growth” where

they form the basis of entrepreneurship and innovative start-up and are considered to be one of the core “elements in the development of a market economy”. Also, it is clearly stated by Szabo (2003) that they are “the tools to be supported in case of regional and local development” and are the “significant actors of diversifying economic activity and they make considerable contribution to trade” as well. This is very crucial to reflect the importance of SME development for the sustainable private sector development in the northern part of Cyprus regarding the common regional and international political expectations in the island. More importantly, considering the prospects of political solution and the need for an economic convergence of the sides as discussed in Chapter 1, Szabo explains the characteristics of SMEs that they:

stimulate entrepreneurial skills, are flexible and can adapt quickly to changing market situations, generate employment, contribute to alleviation of poverty, make contribution to export and trade, contribute to regional development and contribute to the development of the border areas and facilitate to understand cross-cultural differences in the neighbouring countries (Szabo, 2003).

These are highly important concepts for the benefit of the economic and political development of Cyprus as well.

The role of SMEs for economic development is also acknowledged and investigated by the EU. The Lisbon Strategy of the EU has been the most important decision made at the highest level of the EU council in order to set goals for economic growth to increase the competitiveness of the European economy in the world. The importance of SMEs was also emphasized in the Lisbon Strategy of European Union (European Council, 2000, p.3) where it established the goal;

of becoming the most competitive and knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion
(http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm).

The above mentioned realities show how important it is to support SME development for the private sector growth in the northern part of Cyprus by recalling the facts mentioned in Chapter 1. Therefore, in addition to the general acceptance of the roles of SMEs for dynamic economic growth it is also needed to look deeper for the SME support policies and actions undertaken by leading organizations in the world in order to see how the support for SME development is provided.

2.4.3.1. UNIDO

One of the leading organizations working for encouraging the SME development is United Nations Industrial Development Organization. Specifically, UNIDO (UNIDO, 1999) is;

the specialized agency of the United Nations dedicated to improving the lives of people in developing countries and in countries with economies in transition through industrial development. Acknowledging private sector leadership in business matters, the promotion of private sector development is a key principle of the Organization's work.

Concerning the facts mentioned in Chapter 1, the aim of the research and the importance of the private sector development in the northern part of Cyprus visa-vis SMEs, it is beneficial to further learn about the UNIDO activities and experiences as an organization that acknowledges the same aim at its organizational mission.

Past efforts to support private sector development have taught many lessons to both bilateral and multilateral donor and technical co-operation agencies including UNIDO. From these, UNIDO (UNIDO, 1999) has distilled a set of guiding principles aimed at maximizing the impact of the assistance it provides. These are as follows:

- Design support programmes on the basis of sound preparatory work
- Promote networking
- Give a key role to, and bring together, national stakeholders

- Focus on capacity building
- Use national expertise and work with existing institutions whenever possible
- Promote decentralized access to support services
- Contribute to closing the gender gap
- Introduce a commercial orientation in the delivery of support services
- Work through institutions to reach groups of enterprises rather than providing one-to-one support to individual enterprises
- Monitor progress in line with performance indicators
- Seek co-operation and co-ordination with related assistance
- Promote socially and environmentally sustainable approaches to industrial development

These guidelines provide a frame of support design actions to the existing and potential international donors of Turkey, the EU and USAID for the Turkish Cypriot SMEs under the unique circumstances that exist in the northern part of Cyprus.

Looking to another set of guidelines for SME development intervention, Donor Committee on Small Enterprise Development (1997, p.6) advises to:

- Examine different types of constraints commonly faced by SME
- Address good practices
- Break down broad heading of Business Development Service into specific activities at:
 - Micro level (at the level of SMEs)
 - Meso level (at the level of business development institutions)
 - Macro level (at the level of policy and regulation)

Emphases of UNIDO and Donor Committee on designing support for SME development reflects the importance of meso and macro level structure of activities

apart from micro level support especially for the sustainability and integrity of the efforts made for developing SMEs as mentioned earlier by Szabo in 2.4.3.

Another Report (UNIDO, Private Sector Development Branch, 1999) by UNIDO describes lessons learned in SME Cluster and Network development as one of the other key areas of the organization, which is targeted during SME development actions. UNIDO puts emphases on private and public sector collaboration to encourage cluster development for the benefit of SMEs as well as establishment of networks of SMEs.

The approach of UNIDO is more focused on clustering and network development as well as capacity building and internationalization. The reason for this may be that the SMEs focused by the UNIDIO are in developing economies in the world.

Therefore, it is beneficial to understand more about UNIDO actions for the benefit of Turkish Cypriot SMEs, which are also in a developing small island economy with regard to the facts mentioned in Chapter 1.

UNIDO establishes its support strategies according to a logic developed on a matrix model in order to undertake clearer and smart targets from its support programmes aiming at the development of SMEs.

UNIDO's Target-Oriented Support Strategy (UNIDO, 2005.) is as follows;

Target Group	Primary Development Objective	Key Challenge	Main Market Orientation	UNIDO Support Programmes	
Medium	"Fair Globalization"	Competitive insertion into national and global value chains	Regional and Global Export markets	Promotion of CSR&Business Partnerships SME Export Consortia	SME Enabling Framework & Institutional Support
Small	Sustainable Local Development	Creating the "missing middle"	National markets and first attempts in export markets	Cluster and Network Development	Information Services
Micro	Poverty Reduction	Moving from survivalist into growth mode	Local Markets	Rural and Women Entrepreneurship and Human Security	

Table 2. UNIDO's target oriented support strategy

It is clear that UNIDO has experienced more about the SME development issues in developing countries where it reflects the key challenge for micro as survivalist to growth, mentioned in 1.1.2., small as missing middle which is true considering the ratio of 7% in the EU and 3.9% in the northern part of Cyprus, and medium as competitive insertion into national and global values, mentioned as internationalization. Considering the facts mentioned in Chapter 1, this strategy reflects the role of small and medium size enterprises for the challenges of creating a missing middle and competitive insertion into national and global value chains which are very important challenges of the private sector in the northern part of Cyprus.

Coming back to support programmes from the strategies SME Branch of the UNIDO (UNIDO, 2005) lists key programme areas as:

- Cluster and Network Development
- SME Export Consortia
- Promotion of Corporate Social Responsibility and Business Partnerships
- Rural and Women Entrepreneurship Development and Human Security

- Information Services
- Enabling Framework and Institutional Support

These areas again show the focus areas of UNIDO as clustering, exports, internationalization, entrepreneurship and institutional support for supporting the development of SMEs in developing countries, which are consistent with the strategic approach as explained above.

Therefore, it is very relevant and important to note the strategic approach and the programme areas for the implementation of the support to SMEs acknowledged by the UNIDO in order to better comment on the situation for the SMEs in the northern part of Cyprus.

In addition to UNIDO, it is beneficial to investigate more about other world organizations in order to better see the spectrum of SME policies in the world.

2.4.3.2. OECD

The OECD (OECD, 2004) is a unique forum where the governments of 30 democracies work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

OECD Publishing disseminates widely the results of the Organisation's statistics gathering and research on economic, social and environmental issues, as well as the conventions, guidelines and standards agreed by its members.

Like the European Union, which acknowledged the European Charter for SMEs mentioned in 2.4.3.3, OECD also defines its views for SME development by its Bologna Charter and OECD Bologna Charter on SMEs (OECD, 2005) puts emphasis on concerns for SMEs such as;

SME competitiveness would benefit from:

- A regulatory environment which does not impose undue burdens on SMEs and is conducive to entrepreneurship, innovation and growth through,
- Education and human resource management policies that: foster an innovative and entrepreneurial culture
- Effective access to financial services
- An environment that supports the development and diffusion of new technologies for and by SMEs to take advantage of the knowledge-based economy.
- Strengthening public-private partnerships and political and social dialogue involving territorial and institutional actors as a tool for exchange of information
- Ensuring the cost-effectiveness of SME policies and their consistency with other national policies, as well as with existing international programmes

Other issues determined by the Bologna Charter are that;

- SMEs' ability to manage innovation be improved
- Financial barriers to innovation in SMEs be reduced by:
- SME access to national and global innovation networks be facilitated

It is seen that OECD has developed broader and generic principles for SME development similar to the EU perspective. This may be because the OECD mostly includes big economies of the world as member countries and tends to form a common approach for all areas relative to the UNIDO, which focuses on developing economies.

However, looking deeper at the OECD Bologna Charter, it is seen that there are some more issues similar to the ones in UNIDO's approach. One of the other interesting recommendations made by the Bologna Charter is about the Clusters where it says that;

- the private sector lead cluster initiatives, where the public sector play a catalytic role according to national and local priorities
- Public and private sector bodies foster the growth of clusters (existing and embryonic) (OECD, 2005).

Concerning the World Bank, which is one of the other international organizations in the world for the SME development, The World Bank (2003, p15) has similar findings in explaining SME growth obstacles as financing, infrastructure, political instability, inflation, exchange rates, street crime, organized crime, taxes, regulation, corruption, judiciary and anti-competitive practices.

In addition to the Charter, it is important to investigate more about the OECD actions, which reflect experiences for supporting SME development.

Looking to recent developments for SMEs within OECD, it is important to pay attention to the Istanbul meeting held in 2004. This declaration (OECD, Istanbul, 2004) shows increasing importance of SMEs for OECD and states that the themes to be discussed in policy recommendations should include:

- Training and education in entrepreneurship,
- Encouraging more women to become entrepreneurs,
- Encouraging SMEs to grow internationally,
- Taking full advantage of information and communication technology and e-commerce,
- Improving links with large firms and developing "clusters" of companies,

- Improving international statistics on SMEs,
- In developing countries, implementing small business strategies within broader poverty reduction programmes.

Therefore, it is seen that, in addition to UNIDO, OECD acknowledges more generic approaches for SME development, which include the issues already accepted by UNIDO as well. Regarding the structure of the literature review of the study, and concerning the input of the literature review for the coming research stage, it would be beneficial to elaborate a little more about SME development policies by APEC as well. Concerning the development of industrial clusters, another study (APEC, 2005) by Asia Pacific Economic Cooperation (APEC) indicates that the following strategies shall be followed to promote the development of industrial clusters for innovative SMEs;

- Industrial Park Policy
- Promoting Collaboration among SMEs to establish Enterprise Networks
- Business Incubation Policy
- Promoting Supply Chain Linkage for SMEs

APEC also provides information concerning Cluster based Policies as;

- Infrastructure
- Sources of Technologies
- Human Resource Development
- Cross-border linkage
- Facilitation of E-Commerce
- Division of Labour
- Entry of new firms

To summarize, it can be seen in the previous sections that the OECD puts special emphases on the areas for SMEs such as entrepreneurship, innovation, financial services, regulation and human resources. However, OECD feels the need to stress more about political and social dialogue including public and private partnerships. Another area focused on by OECD, and similarly by UNIDO, is on cluster development and training. OECD puts it forward that cluster building is important for the development of SMEs as catalyzors, communication, specialization and networking. UNIDO and OECD are also keen particularly on capacity building within the SMEs with training and other forms of support. The other point raised by OECD is that internationalization and small business strategies are important elements of actions for the SMEs in developing countries, which have relatively low competence compared to European SMEs. This phenomenon is more importantly developed by APEC in as far as APEC puts additional concerns on SME policies in developing countries by indicating the importance and use of incubation, which is providing and assisting the early birth of new business, collaboration of networks of SMEs and promotion of supply chain process, which are very crucial for the SMEs in small developing economies. To this end, APEC also highlights conditions of cluster building for SMEs with the aim of the above mentioned phenomenon. These are very important concepts that should be taken into consideration for the SME policies in the northern part of Cyprus.

Considering the facts mentioned in the Introduction part, it is inevitable that the EU has more relevant and determinant impact on the northern part of Cyprus. Therefore, regarding the political situation and possible future prospects of the island, EU policies on SMEs should be investigated deeper than UNIDO, OECD and APEC.

2.4.3.3. The European Union

As mentioned in 2.4.1., the European Union has a crucial and dominating role in the island of Cyprus concerning the following facts;

- Considering the full membership of Cyprus in the European Union,
- Acknowledging that the whole of the Cyprus, including the northern part, will be a part of the European Union upon settlement of the political problem on the island,
- Taking into consideration that EU law (acqui) and policies are above national law,
- Considering that political and economic development processes have the vision of the EU in the northern part of the island;

It is, thereby, highly

- important to understand the policies of the EU in regard to SMEs and,
- needed to investigate about actions and strategies being implemented by the Union in order to be able to have a parallel commentary and understanding of SME issues, which have potential influence and prospects on the island's economy.

As mentioned before, the importance of SMEs for economic development was emphasized in Lisbon Strategy of European Union (European Council, 2000, p.3). For this strategy, the Council emphasized the importance and role of SMEs within its decisions as well. However, it is not only the SMEs emphasized in strategy (European Council, 2000, p.8) but it is also the encouragement of key interfaces in innovation such as the ones between companies and financial markets, R&D and training institutions, advisory services and technological markets. Here, it can be seen that the importance of the interface or support organizations for SMEs at meso level is strongly acknowledged by the European Council as well.

Considering the programmes established for the SMEs (European Commission, 2003), many consequences of this decision have realized in four types of assistance as the funding opportunities by the Commision, structural funds at regional level, multi-annual programme 2000-2005 and internationalisation activites. Also, the European Commission formed an association named European Business and Innovation Centres Network (EBN, 2004, p.3) in order to provide services to business centres who are dealing with innovation, incubation and internationalisation services for European SMEs.

Before mentioning about the strategic support for the development of SMEs, it is also important to develop and use a general policy framework which is accepted by all relevant parties as an umberella policy of actions for SMEs.

Like the guidelines by UNIDO and the charter by OECD, the European Charter for Small Enterprises (Enterprise Directorate-General, 2000) acknowledges the importance of SMEs as the backbone of the European economy and drives lines for actions as;

- a. education and training for entrepreneurship,
- b. cheaper and faster start-up,
- c. better legislation and regulation,
- d. availability of skills,
- e. improving online access,
- f. more out of single market,
- g. taxation and financial matters,
- h. strenghten the technological capacity of small enterprises,
- i. successful e-business models and top-class small business support,

- j. develop stronger, more effective representation of small enterprises' interests at Union and national level,

It can be understood that the actions for SMEs in the EU somehow cover the above mentioned principles. We see a similar and coherent list of actions with the OECD and UNIDO, that is to say the focus areas for SME development is mostly the same and similar to each other in the world. This is important to note that these areas are all well accepted by the key organizations that provides knowledge for SME development literature as well.

Coming back to the EU, the commitment and continuing effort for the Lisbon Strategy can easily be observed from the 2004 Brussels' summit (European Council, 2004, articles 41-46). Meanwhile, however comments on low performance of the Lisbon strategy arose in the progress reports of the Union and European Union experienced that determination of providing support for the development of SMEs at highest level is not enough where there is more work and need to design and shape actions on regional and sectoral levels.

For this reason, the EU re-evaluated its actions for the Lisbon strategy and took actions accordingly;

Considering the articles of 13,14,18,22 and 25 of the decisions during the 2005 European summit in Brussels in March (European Council, 2005, II), there is more emphasis on the support for SMEs within the re-launch concept of the Lisbon strategy;

- establishing support mechanisms for innovative SMEs, including high-tech start-ups, promoting joint research between undertakings and universities, improving access to risk capital, refocusing public procurement on innovative

and products and services, developing partnerships for innovation and innovation centre at regional and local level (article 13).

- Competitiveness and Innovation Programme should lend great impetus to innovation throughout the European Union by establishing new mechanisms for financing innovative SMEs with a high growth potential, by streamlining and strengthening the technical support network for innovation in undertakings, and by supporting the development of regional centres and European networks for innovation (article 14).
- It is essential to build a fully inclusive information society, based on widespread use of information and communication technologies (ICTs) in public services, SMEs and households. (article 18).
- In order to promote growth and employment and to strengthen competitiveness, the internal market of services has to be fully operational while preserving the European social model. (article 22).
- Small and medium sized enterprises play a key role for growth and employment and participate in developing the industrial fabric. Member States should therefore continue with their policies to cut red tape, introduce one-stop contact points and provide access to credit, micro-loans, other forms of financing and accompanying services. (article 25).

In March 2006, it is seen that European Council stayed focused on re-launching the Lisbon Strategy in a coherent way. This can easily be understood by the presidency conclusions (European Council, 2006, articles 4 – 15). What is more, the specific role of SMEs is also emphasized in the presidency conclusions by saying;

Specific areas of priority actions concerning investment in knowledge and innovation, business potential, especially for SMEs and employment of priority categories. (European Council, 2004, article 16)

This shows us that even if a set of guidelines or charter is acknowledged at macro level as done by UNCTAD, OECD and the EU, it may not be adequate to foster expected outcome for the SME development actions. Therefore, as discussed earlier by Donor Committee on Small Enterprise Development, monitoring and evaluation of actions as well as the continuous improvement and upgrades at meso level also play a critical role in sustaining SME development and expected outputs. For this, in the 2006 Brussels summit, the European Council (2006, part one) agrees on the following specific areas for priority action;

- a. Investing more in knowledge and innovation
- b. Unblocking business potential, especially for SMEs as its prioritized target areas for SME development.

One of the other important characteristics of small business theory, in general, is entrepreneurship and this can easily be followed by European policies where the entrepreneurship issue decided by the European Council (2006, article 30-31) is that “Member States should take adequate measures to considerably reduce the average time for setting up a business, especially an SME and it is a need to create an overall positive entrepreneurial climate and appropriate framework conditions that facilitate and encourage entrepreneurship”.

Most of the concerns arising whilst supporting the development of SMEs are on finance. SMEs are mostly limited in capital capacity and often feel the need of co-finance for investments. This is also acknowledged by the European Union in as far as the other two areas conducted during the European Council (2006, articles 32-33) are that; “a fully integrated financial market and sufficient access to finance is crucial for the growth of SMEs. If not properly addressed, the lack of finances will continue hindering innovation in SMEs” and “European Council welcomes the Commission intention, to take fully into account the need to give consideration to

amending existing state aid rules relevant to SMEs and to simplifying administrative procedures, inter alia by providing for wider block exemptions while maintaining the aim less and better targeted state aid”.

These three issues of entrepreneurship, finance and state aid shall also be appropriate in investigating literature for SMEs in the northern part of Cyprus. Because of limited resources in such a developing, small scale island economy and concerning the small volume of the market, businesses shall need efficient implementation of financial support and state aids. Also, concerning the high transportation process and costs and the loss of time in small island economies, businesses often feel the need of simple and fast administrative procedures as well.

Commitment of the European Union to its Council Decisions and Small Enterprises Charter can be observed from the Financial Perspective of the EU for the period 2007-2013 as follows;

EU plans to undertake five objectives for the competitiveness for growth and employment (European Council, Presidency, 2005, article 8) as “research and technological development, connecting Europe through EU Networks, education and training, promoting competitiveness in a fully-integrated single market, and the social policy agenda”.

As mentioned earlier, the EU has reviewed the performance of the actions undertaken for SME development and has recently generated an Act for small businesses in Europe. The EU Small Business Act (European Commission, 2008) sets out 10 principles to guide the conception and implementation of policies as;

1. create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded

2. ensure the honest entrepreneurs who have faced bankruptcy quickly get a second chance
3. design rules according to the “think small first” principle
4. make public administrations responsive to SMEs’ needs
5. adapt public policy tools to SME needs: facilitate SMEs’ participation in public procurement and better use State Aid possibilities for SMEs
6. facilitate SMEs’ access to finance and develop a legal and business environment supportive to timely payments in commercial transactions
7. help SMEs to benefit more from the opportunities offered by the single market
8. promote the upgrading of skills in SMEs and all forms of innovation
9. enable SMEs to turn environmental challenges into opportunities
10. encourage and support SMEs to benefit from the growth of markets

The role of SMEs in research and innovation capacities is also acknowledged in the seventh framework programme of the EU (European Council, General Secretariat, 2006, p.53) as “strengthening innovative capacities of SMEs and their ability to benefit from research” as one element of the capacities of the programme and by saying that “The Competitiveness and Innovation Programme will encourage and facilitate the participation of SMEs in the Framework Programme through its horizontal services in support of business and innovation” (European Council, General Secretariat, 2006, p.57).

Concerning the tools and support for the development of European SMEs, it is essential to understand the role of the European Union Enterprise Directorate General in designing, developing and promoting the programmes for the

development of SMEs as the responsible Directorate within the European Commission. Enterprise Directorate General works under three broad headings of; competitiveness and sustainable development, regulatory framework and access to Markets and promoting entrepreneurship and innovation (Enterprise Directorate General, 2004, p.8).

Considering the economic scale of the European Union and its scale in administrative tools, Enterprise Directorate General needs to divide above mentioned policy areas into categories where the Policy Areas of the Enterprise Directorate General (Enterprise and Industry, 2006) are;

Enterprise Policy, Industrial Policy, Enlargement and Enterprise Policy, Promoting Entrepreneurship and SMEs, Crafts and Social Economy, Access to Finance, Innovation Policy, Tourism, E-business, Corporate Social Responsibility, Single Market, Free Movement of Goods, Better Regulation, Environment and Sustainable Development, Space Policy, IDABC
(http://ec.europa.eu/enterprise/policy_en.htm)

These policy areas give us an idea about the areas of actions taken to harmonize the development of a regional economy and, therefore, their concerns on SMEs as well.

Enterprise and Industry Commissioner, Mr. Gunter Verheugen, expresses his concerns for European SMEs in the official SME Policy (European Commission, SME Policy Guide, 2006) as;

Small and Medium sized Enterprises are the backbone of European economy, and the best potential source of jobs and growth. That is why the Commission has shifted Europe's SME Policy into a higher gear, putting the needs of small business in the heart of everything we do and acting to improve the regulatory and financial environment for them. (ec.europa.eu/enterprise/entrepreneurship/docs/facts_en.pdf)

One of the principles in SME Policy is "Think Small First" which is pushed by European Commission for the integration into all EU and national policies, which

means assessing initiatives from the point of view of smaller businesses and ensuring SME needs are prioritised (European Commission, SME Policy Guide, 2006, p.2).

So, looking from the demand side of SME development, which is the main aim of this research study, the European Commission provides some findings from the data collected from SMEs. One survey's results (European Commission, SME Policy Guide, 2006, p.5) give light to the question "which would best assure the development of your SME?" as;

Which would best assure the development of your SME ?	Response rate
Social and Fiscal regulations more suited to your sector of activity	31 %
Better qualified people available in the market	16 %
Easy access to means of financing	14 %
Other or no reply	14 %
Stricter regulation regarding competition from outside of the EU	11 %
Greater Production capacity	9 %
An advice and support service for the development of your company	6 %

Table 3. Results of the survey "which would best assure the development of your SME?"

This table provides a useful reference in terms of arising topics for assuring SME development reflected by the demand side, the European SMEs, in order to create arising policies for SMEs in the European Union.

Considering all these actions of the European Union and revisiting the areas highlighted in the previous sections, the following Areas emerge as the key policy areas influencing the development of SMEs in Europe;

Emerging Areas vs. Actions	Action							
	Financing	Legislation	Standardization	Tax	Business Support	Human Resource	Policy Generation	State Aid
Access to Finance	X	X					X	
Better Regulation		X	X					
Entrepreneurship	X	X		X	X			
Industrial							X	
ICT	X		X					
Innovation	X	X		X	X	X	X	X
Single Market		X	X					
Budget	X						X	
Tourism	X				X		X	

Table 4. EU Emerging Areas vs. Actions

2.4.3.4. The northern part of Cyprus

This section of the literature review aims to investigate the literature for SMEs in the northern part of Cyprus. This section forms the third part of the literature review of the study as complementary to the literature in the EU, UNIDO and OECD. Areas emerging in the actions for SMEs within the policies of these organizations are investigated in the previous sections where this section has purpose of undertaking an investigation in particular to the northern part of Cyprus.

Therefore, the emerging areas of this section, which is particularly for the SMEs in the northern part of Cyprus, will be combined with areas in the EU, UNIDO and OECD sections in order to reach the final section of the literature review for the study, which forms the table of policy areas as input material for the semi-structured interviews.

Since there has not been scientific studies undertaken for the SMEs (Lisaniler, F., 2004) in the northern part of Cyprus until today, this section aims to investigate the development of the literature by looking at the economic statistics, which is limited to the resources of State Planning Department, and some other stand-alone research undertaken by relevant organizations. Donmezer (2005) adds that, in practice, employment of 1-5 workers comprises to micro, 6-9 workers to small and 10-49 to medium size enterprises in the northern part of Cyprus, however the work on establishing national definition for SMEs is still in progress by the Ministry of Economics and Tourism. So, it is more beneficial to investigate the needs and the medium of the SMEs rather than trying to reach quantitative analysis.

Also, due to the fact that the influence of socio-economic fluctuations have greater influence on the SMEs in small and developing economies, this section aims to provide investigation into the most recent information for the northern part of Cyprus. It is important to remember the findings mentioned in Chapter 1 and acknowledge the impact of external factors for the SME development as well. Mumbula, J., C. and Sawyer, E., F. (2004) explains this by saying that “rather than just seeing external and internal factors as being independent of one or the other for the growth and development of SMEs at all times, they should also be viewed as interdependent. The critical linkage between internal and external factors for SMEs to perform favorably in terms of performance, growth and development is therefore a necessity”. This linkage is also very relevant for the case of the SMEs and the private sector in the northern part of Cyprus and the issues related to this phenomenon need to be discussed as followed.

Before looking to the needs of Turkish Cypriot SMEs, we have to understand more about the economy in the northern part of Cyprus. Since 1975, Turkish Cypriot (DPO, 2007) economy has experienced considerable growth pattern from 209 m\$ of

GNP in 1977 to 3,598 m\$ in 2007. The average growth rate of 4% in GNI remained almost stable with slight changes in between 1996 and 1997 but became minus during the banking crisis in late 2000 and 2001 when (World Bank, 2006) there had been a financial crisis in 2001 caused by the collapse of the banking system and currency in Turkey. However, after settlement of the banking crisis, growth trend was recaptured almost with a tripled growth rate in 2003 and 2004 at the same time as the Annan Plan was aiming for the settlement of the Cyprus problem and was introduced and referenda were held on the island. Also, there (State Planning Office, 2006) has not been dramatic changes observed in social indicators up until today.

One of the main discrepancies in the economy is explained by a recent Study by World Bank (2006) that the public sector has grown too big, overstaffed and inefficient and many areas of the private sector have become uncompetitive. This situation needs to be corrected and private sector dynamisms need to be increased. This is important to note for the necessesity of sustaining SME development in the northern part of Cyprus.

Another issue, relevant to the current situation of the island and to the aim of the study as mentioned in the Introduction part, raised by the World Bank (2006) is that the;

timing and conditions of reunification of the island may well rest on progress in reducing the income gap between Turkish Cypriot and the Greek Cypriot communities. Progress in this area will require substantial improvement in conditions for entrepreneurship, investment, and innovation. For any kind of convergence to take place, the northern part of Cyprus will have to foster much higher rates of sustained private sector growth.

Recalling that the private sector is mainly driven by hoteliers, trade and manufacturing sectors, which involves 82% of SMEs in the northern part of Cyprus as mentioned in Chapter 1, the development of SMEs is very important to achieve

sustainable and competitive private sector and thus to provide improvement to a better convergence of Greek Cypriot and Turkish Cypriot economies, and also for an easier and smooth convergence of the communities in case of political solution as well. Therefore, supporting the development of SMEs in the northern part of Cyprus has also consistent contribution to regional and international economic and political expectations at macro level as well.

Returning to the situation in the northern part of Cyprus, other important issues raised by the report (World Bank, 2006) is that a boom in construction and rising receipts in trade and tourism boosted the economy to an annual increase in real GNI of more than 15% in 2004. The World Bank (2006) states that the sources of private sector growth in the northern part of Cyprus, as in other economies, have been capital accumulation, growth in the quantity and quality of the labour, and productivity growth and real private fixed capital investment grew at a rate of 3.5 % between 1990-2004. However, the World Bank Report explains that there are reasons to believe that these high growth rates may be difficult to sustain in the future, since signs in the housing industry indicate that the latest construction boom may be begin to slow, which showed to have 68% growth in 2006 but 4% and -0.7% in 2007 and 2008 respectively. It is very important to note this suspicion on sustainable economic growth and development in the northern part of Cyprus, which has direct impact on the performance of SMEs as well. It is beneficial to look more at the investment rates as an indicator from a different angle. Looking back to the World Bank's indication on investment, the private sector development argument shall be strengthened by considering (World Bank, 2006) the composition of Real Public and Private Fixed Investment in between 2000-2003 where ownership of dwellings has 32%, public services has 17%, transportation-communication has 14%, industry has 12%, trade-tourism has 10%, and all others have below 7% each as share of the total investments.

Again from the investment side;

- considering that the ownership of dwellings, which has started to slow down, is a result of a boom in construction sector especially after Annan Plan referendum,
- public-transport-communication services are heavily controlled by the “government” in the northern part of Cyprus,

It can be highlighted that,

- industry, trade and tourism sectors appear to be the consistent and important part of the real private sector in the northern part of Cyprus as explained in Chapter 1.

Thus, as to relate the existing economic situation to the actions undertaken by the EU, which can also have impact on the SMEs in industry, trade and tourism sectors, it is seen that the first initiative for economic issues came as the Green Line Regulation after the referendum in 2004. This Regulation (Council of EU, 2005) regulates the persons crossing and trade actions undertaken in between the areas of northern and southern parts of the island. Looking to the performance of the Green Line Regulation (European Commission, 2008) the total volume of trade issued by the Turkish Cypriot Chamber of Commerce amounts to 8,575,190 Euro in 2008. Composition of products are vegetables by 40%, wooden products/furniture by 9%, building/articles of stone by 12.5%, plastic products by 9%, raw metal by 12.5% and others by 17%. This volume of 714,000 euro monthly trade is considerably lower and indicates that there has been only minimal benefits produced for the SMEs through the trade based on the Green Line Regulation. It can be argued that half of the products traded are industrial products and concerning the relatively lower costs in northern part of Cyprus, it is convenient to indicate that the overall beneficiary of the Green Line Regulation is some portion of the industry sector in the northern part of Cyprus.

Considering the low performance on Green Line trade, EU has already re-proposed one of its proposals decided by the EU Council just after the referenda on 26 April 2004, which is the Direct Trade Regulation, but this regulation is still in the negotiation process between the parties. Direct Trade Regulation (European Commission, COM 466, 2004) sets out reference to the statement made by UN Secretary General to UN Security Council which explains that "*members can give a strong lead to all States to cooperate both bilaterally and in international bodies to eliminate unnecessary restrictions and barriers that have the effect of isolating Turkish Cypriots and impeding their development*". The Regulation (European Commission, COM 466, 2004) aims that goods originating from the northern part of Cyprus or transported directly there from may be released for free circulation into the customs territory of the European Community with exemption from customs duties and charges. This, of course, may bring additional impetus on exports from the northern part of Cyprus considering that (DPO, 2007) almost half of the exports from this part of the island is to European countries and, upon adoption and realization of the Regulation, it may have positive impact on the development of the private sector as well as exporting SMEs in the northern part of Cyprus. This issue is very important for the strategy of medium size enterprises as explained by UNIDO. The other proposal decided by the European Council right after the referenda in 2004, which has been realized recently, is the Council Regulation on an instrument of financial support for encouraging the economic development of the Turkish Cypriot community. EU financial assistance of 139 mEuro (Council of EU, 2006) aims at the promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development as well as infrastructure and reconciliation and civil society actions. One of the other aims of the financial assistance is to bring the Turkish Cypriot community closer to the European Union, through inter alia information on the European Union's political and legal order, promotion of people to

people contacts and Community scholarships. These actions are expected to provide service contract and grant programmes for the SMEs which shall be important in delivering financial and upgrading contributions. Regarding this aim, Alain Bothorel, Head of Support Office of Turkish Cypriot Task Force of the EU, has stated in one of his speeches during a press conference in Famagusta Municipality on 16 October 2006 that some small portion of the financial assistance will also be provided to support the development of SMEs in the northern part of the island.

To summarize about the atmosphere, the economic growth is skeptical in terms of sustainable development as emphasized by the World Bank, and the EU is undertaking some activities through its financial support programme which can also provide some opportunities for the SMEs in the northern part of Cyprus. Adding the political prospects to the economic situation by considering all of these recent developments organized by the EU and some minimal efforts developed by the USAID for the northern part Cyprus and through analyzing the other reports of relevant international bodies, in fact, we face with a common aim for all parties as:

- Encouraging the development of the Turkish Cypriot community up to a level where there shall be easier and smoother integration with the Greek Cypriot community in case of political settlement of the Cyprus problem.

Therefore, while considering the development of the private sector, particularly the SMEs in the northern part of Cyprus, it is important to remember the prospect of economic integration with the southern side and with the EU in line with the above mentioned principles and the facts mentioned in the sections Chapter 1. This concern should follow in all of the research process in interviews and in questionnaire surveys, while testing and verifying the findings of literature and interviews so that the harmony and scope of the study shall also be sustained with the realities in all stages.

It is clear that, apart from some actions being undertaken by other international support organizations, such as Europeaid, USAID and UNDP, with narrow focused lines of actions on supporting the development of SMEs, Direct Trade Regulation, if will be possible, Green Line Regulation and Regulation on Instrument of Financial Assistance of the European Union shall also have a considerable trigger effect on the development of SMEs and on expansion of private sector activities in the northern part of Cyprus. These areas mainly form the macro level situation for the SME development.

Coming back to meso and micro level areas we have to look deeper into the actions. It is nowadays observed that the USAID and EU programmes are focused more on technical support rather than direct financial subsidies for SMEs in the northern part of Cyprus in order to establish required measures for sustainability and enhanced competitiveness. This phenomenon is explained by Mughan, T., Reason, L. L., Zimmerman, C. (2004) such that 'Consulting and Training services undoubtedly represent one of the most dynamic sectors in Europe, however, the literature of management consulting is not very well stocked as regards small and medium-sized enterprises (SMEs)'. They also arrange the type of services for SMEs in order of importance as:

advice, consultancy, finance, information, networking, training and others.

Khan, Z., Bali, R., and Wickramasinghe, N., (2007) are inspired by total quality management and kaizen approaches for SMEs and they identify SME resource constraints as finance, time, people and understanding of improvement philosophies for business process improvement within SMEs. These concepts in the literature are also very relevant to the activities carried out by myself in The Management Centre as ISO management system consultancy services, training and research for SMEs.

However, as mentioned earlier, Reason, L., Sear, L., and Mughan, L., stresses that there is a need for support to be targeted and segmented according to the level of experience of the business and develop mechanisms which encourage learning and experience exchange across the boundaries of different communities of practice. These arguments should be considered in designing support programmes for SMEs particularly by international donors such as the EU and USAID in the northern part of Cyprus. Here, it is also important to remember the argument made by Devins, D., and Gold, J., (2002) on social constructionism in bridging new learning to small organizations while supporting SME development by outside intervention. Additionally the point raised by Bennett, R., Robson, P., and Bratton, W., (2001) is the influence of locations on the use by SMEs of external advice and collaboration and they explain that whilst location has relatively little influence on market penetration, distance and location from clusters of similar businesses and specific types of local economy, do influence the effectiveness of advice. Concerning the conditions in the northern part of Cyprus this point becomes critical on supporting the SMEs by external agencies such as the EU and USAID as well. One of the main views expressed by Bennett, R., Robson, P., and Bratton, W., (2001) with regard to this is that it is the scale and diversity of local market conditions that are important to the level of use and particularly the impact of private sector external advice. Here, it is understood that, even if a framework is generated at macro level, it is needed to establish strategies and tools at meso and micro level taking into consideration local market conditions in the northern part of Cyprus so that the focus areas, as well as the implementation of support actions, shall provide expected outputs. This is very relevant to the discussions made previously in the literature for UNIDO, OECD and particularly for the EU.

Looking to one of the recent surveys undertaken by my employer organization, The Management Centre, which was administered for 167 workers in different sectors of the private sector, some findings on consultancy needs of SMEs are identified as: Middle management staff, where the majority have worked for less than five years, of small and medium size enterprises in trade, manufacturing and services sectors expresses that their organization needs consultancy services for establishing corporate governance in family businesses by 94.1%, for strategic marketing and sales by 28.1%, for organizational development and performance by 27.5%, for evaluating employee satisfaction by 26.9%, for performance appraisals by 26.3%, for customer satisfaction surveys by 31.7%, and for human resources by 25.1%. This is important to note because the above mentioned findings provide concerns both at meso and micro levels reflected by the SME employees in the northern part of Cyprus.

Coming back to the productivity and competitiveness concerns on the SMEs in the private sector, World Bank (2006) explains that the northern part of Cyprus has a serious competitive disadvantage in manufacturing because of low productivity due to the facts that;

- Home market is small and trade restrictions and difficulties with Green Line trade that hamper exports constrain access to global markets. As a result, firms have small scale plants and operate these plants at relatively low levels of capacity utilization.
- Machinery in use in many companies is older than competitors and new investment and technical upgrading is low.
- Transportation costs are high because of
 - the need to tranship through Turkey due to trade restrictions
 - small volume of imports and exports cost more to transport
 - relatively less efficient internal transport

- Infrastructure costs are higher (although utility rates are not full cost recovery rates) and quality of services lower than competitors.
- IT use is extremely low compared to competitors and the larger companies that do use computers make limited use of IT potential to manage production, inventories and finance. The share of companies with access to the internet is less than half that in the southern part of Cyprus. Only about 1% of companies have ever engaged in B2B e-commerce transactions.
- Quality standards are relatively low and few firms have quality certifications (ISO).
- Food processing is the largest sub-sector in manufacturing; hence it is very important in determining average manufacturing productivity. Productivity of farms in the northern part of Cyprus is low compared with the southern part and recent EU entrants. Public marketing boards that stand in between farmers and processors have low efficiency and do not operate with the modern technologies required to provide high quality inputs to processors.

Considering the above mentioned problems it is important to note the crucial strategy needs for the above, which are summarized by Reason, L., and Mughan, T., (2002) who explains the strategies for internationalization within SMEs as;

- Pre-selection of SMEs for export support on the basis of their willingness
- Export support may be directed as much at marketing or IT training of staff as it is at market information services
- Language training support to entail the adoption of cross-national placements
- Measures should call for the creation of cross-national partnerships of enterprises, business support services, training organizations and universities

which shall also guide to the solution of the problems of the SMEs raised by the World Bank as a ground for the challenge of “Competitive insertion into national and global value chains” mainly for medium size enterprises as discussed in UNDIIO’s strategic approach.

Concerning tourism and trade sectors, which have the biggest share of GDP, World Bank (2006) explains that tourism in the northern part of Cyprus is not highly competitive in its product, promotion capability or distribution systems and wholesale and retail trading is also not competitive with larger retail chains operating in the southern part of Cyprus and with retailing in the new EU countries.

In addition to these findings, World Bank (2006) gives reference to a survey of 272 enterprises conducted by UNOPS with EU support in 2004 in order to explain the following commercial problems as constraints to doing business in the northern part of Cyprus;

- Credit (loans, working capital)
- Market development (access to new markets, marketing techniques)
- Compliance with EU legislation and standards
- Product and process improvement (compliance with industrial standards, certification, quality control, procurement, packaging)
- Human resource development in IT (e-commerce, IT application training, hardware upgrading)
- Foreign language development (Greek, English)

After identifying the core problems, we should look more for the propositions in solving problems for the SME development that are made by other researchers in the northern part of Cyprus. Tumer, M., (2002, p.31) expresses that the the ‘government’ should have an effective information policy for the SMEs and adds that

the strengthening of SMEs shall also be supported by consulting and training services. Tumer suggests that there should be a small business support system established in the northern part of Cyprus especially for young entrepreneurs. More importantly, Tumer, M., (2002, p.32) emphasizes the establishment of a SME Board at the highest level in order to co-ordinate the activities in the northern part of Cyprus. Tumer also suggests Export Consortia Companies in order to improve exports of the manufacturing SMEs. Suggestions of Tumer are similar to the approach of UNIDO and the EU where he focuses more on structural and operational problems of SMEs at meso level in the northern part of Cyprus.

On the other hand, another researcher, Safakli, O. (2006) expresses the finance situation of SMEs by saying that "SMEs in the northern part of Cyprus have more problems in terms of financing since the northern part of Cyprus is not recognized politically". Safakli adds that, "there are not any state incentive systems unique to SMEs in addition to the case that SMEs cannot apply to the international resources like EU primarily". Safakli explains the main external financing resources of the SMEs, whose main financing resource is equity, as the commercial banks. Safakli argues the efficiency of this funding by saying that "due to the high interest rates and necessity of collateral, SMEs face great difficulties in taking up loans and therefore have to rely on borrowing business loans rather than taking up investment credits". Considering the idea of the World Bank (2006), which has already provided mentioned obstacles on SMEs' development, it explains that there has been minimal growth in loans to small and medium enterprises (SMEs), which, as a percentage of total bank exposure, have grown from 2.4 to 5.0 percent of total lending during the period 2001 to 2004. Therefore, both of the findings by Safakli and the World Bank reveals a sincere problem on financing for SMEs in the northern part of Cyprus. The similar concerns for finance and mainly as access to finance are raised by the EU as well.

However, concerning other factors for SME development, which are not mentioned by the above, it can be added that the most critical success factors for lean implementation within SMEs (Achanga, P., Shehab, E., Roy, R. and Nelder, G., 2005) include leadership and management commitment, funding, organizational culture, skills and expertise, people and soft issues as well. Therefore, it is also important to remember the internal factors within the SMEs as one of the important factors for the SME development at micro level in the northern part of Cyprus.

Similarly to my role at work and to the role of my employer organization, The Management Centre, Keller, N., and Scheff, J., (1999) put emphasis on knowledge management for co-operation between SMEs and training, consulting and research institutions and they explain that SMEs usually depend on collaboration with external know-how experts (training, consulting, research, universities) because of their limited personnel and know-how capabilities. So, it is important to establish a good level of co-operation between SMEs and such support institutions, as well as in providing external support in order to help SMEs to develop for the key approaches proposed by the World Bank. This support at meso level is also encouraged by Tumer and this is one of the important stages where I take critical role as well.

Considering other factors on SMEs' performance, apart from this knowledge, there is an additional report produced by the Turkish Cypriot Chamber of Commerce (TCCO, 2005, p.17) where the Commerce has special emphases on the issues effecting transportation cost, lack of adequate regulatory atmosphere, taxes and energy usage. The last medium-term measure proposed by the Chamber is on qualified personnel issue, which can be observed as highly deviated from the economic needs by looking at preferences in university education. This is one of the issues as the internal factor within the SMEs. This is a situation that shall lead

crucial discrepancies in the labour market equilibrium as well. Therefore, apart from above mentioned technical difficulties, it can be argued that the SMEs face problems in required qualified personnel as well. Considering the high university graduation from undergraduate studies in the northern part of Cyprus, it can be argued that the most middle and higher management personnel of SMEs are also graduate or higher level educated and their development needs shall also be comprising to the above mentioned findings. And, a reflection of one such middle management staff is seen in the survey conducted by The Management Centre where they emphasized the need of corporate governance in SMEs by 95%, as mentioned earlier.

An important official report prepared by the Yorel & Kinis (2005) reveals the concerns of the “Development Bank” in the northern part of Cyprus that, according to the census held in 1998, 95% of businesses employ less than 10 people. This report summarizes the problems faced by the SMEs as;

- lack of establishing corporate governance
- lack of feasibility and project development
- lack of capital expansion due to family business characteristic
- lack of awareness in standards
- old technology
- raw material and stock costs
- lack of qualified personnel due to unfair competition in labour market
- education system not involving developing technical and middle management staff
- isolation and political problems
- lack of market research
- collateral problem in financing
- lack of necessary expertise and experience in financial management

- SME finance limited to banks and state aid
- interest rate in crediting
- legal and bureaucratic issues

Uretim (2006), which is the official publication of the Chamber of Shopkeepers and Artisans has stated in its latest version in December 2006 that the Association is in the process of developing a businesses and occupations catalogue, where it faces problems with registry taxes of municipality and drafted a law for Apprenticeship Education to be presented to the parliament and concerns on the working permission law of foreigners.

The described conditions and problems by relevant resources, in fact, reveals the need for the strategic approach for the SME development in macro, meso and micro levels in the northern part of Cyprus. Here, we can conclude with the prementioned knowledge in the literature that the linkage between internal and external factors for SMEs, as well as strategic level approach, should all be considered as interdependent in the northern part of Cyprus.

Combining all of the information mentioned above, the following table summarizes the cross connection of emerging areas with actions for the SMEs in the northern part of Cyprus;

Cross connection of Areas with Actions	TAX and TARIFF	REGULATION	SUBSIDY	QUALIFIED HR	ICT	NETWORKING	MARKETING	STANDARDIZATION	INNOVATION	LANGUAGE	INFRASTRUCTURE	FINANCE
EU adaptation	X	X						X				
Internationalization				X	X	X	X					
Business constraints		X		X				X	X	X		X
Tourism				X	X		X	X	X		X	X
Industry	X			X	X		X	X	X		X	X
Trade	X	X					X	X		X		
Transportation	X		X							X		

Table 5. Emerging Areas vs. Actions in northern part of Cyprus

2.4.4. Emerging Areas in SME Policies

This section of the literature review aims at providing a basis for combining Areas emerging from the investigated policies in the European Union, other world organizations and the northern part of Cyprus.

Areas arising in EU policies has been summarized earlier whereas this section takes into consideration the emerging areas from all sections. As mentioned in the Abstract and Introduction, the following combination of emerging Areas in SME Policies aims to shed light on and set out guidance for further research through semi-structured interviews in Chapter 4.

Emerging Areas vs. Actions	Action											
Policy Area	MARKETING	INFRASTRUCTURE	CLUSTER & NETWORKING	FINANCING	REGULATION	STANDARDIZATION	TAX	CAPACITY BUILDING & SUPPORT	IT	HUMAN RESOURCE	POLICY GENERATION	STATE AID & SUBSIDY
Access to Finance				X	X						X	
Better Regulation					X	X					X	
Entrepreneurship				X	X		X	X			X	
Industry	X	X		X		X	X		X	X	X	
ICT				X	X	X		X	X			
Innovation			X	X	X		X	X		X	X	X
Single Market					X	X					X	
Budget				X	X						X	
Tourism	X	X		X		X		X	X	X	X	
EU adaptation					X	X	X				X	
Internationalization	X		X						X	X		
Business Constraints				X	X	X		X		X		
Trade	X				X	X	X	X				
Transportation							X	X				X

Table 6. Emerging Areas vs. Actions in SME Policies

These emerging areas, however, need to be structured as the list of key areas as guiding topics to the study from the view of a single SME in the northern economy of Cyprus. This way, the next research phases shall be interpreted from the angle of small or medium sized enterprises.

Therefore, it is needed to reorganize the above mentioned emerging areas in the literature review in a coherent and themelined way in order to produce the needed framework as an input to the semi-structured interviews. The themes of areas of actions for SMEs are;

8 Themes that are directly influential on supporting the development of SMEs:

Finance, Legislation, Entrepreneurship, Networks, Industrial Policy, IT, Innovation, Single Market

Sub-Themes that are indirectly influential on supporting the development of SMEs:

EU Adaptation, Internationalization, Transportation, Business Constraints and Trading

These 9 themelines, including their sub-themes, provide input in designing the semi-structured interview accordingly in the next section in order to establish parallel linkage with the literature review and research design process.

CHAPTER 3

METHODOLOGY

3.1. METHODOLOGY

It is beneficial to consider different research approaches before setting a methodology for the study. I have managed to review five different approaches for research studies.

Action research is applied on particular issue in everyday life and attempts to provide change and monitor results. Looking to Case study approach, there is a need to focus on just one or two examples of the area for investigation, i.e. one or two SMEs for this research study. Another approach is to experiment which suits more in material and non-human life forms and needs a control group to test and measure certain variables. An usual approach in management consultancy is ethnography where the researcher can be insider as a part of a group. Participant observation is undertaken and data are collected as an ongoing activity. The last approach is survey which is associated with the idea of asking groups of people questions. The main advantage of survey is the ability to gather data from wide range of representative respondents both as qualitative and quantitative data.

Considering the overall aims of the research, such as to identify actions for the development of SMEs from the demand side and contribute to national debate on SME Policy, together with the expected results in the impact I decided to undertake survey approach under the following structure.

3.1.1. Approach

The methodological approach for the research is twofold;

Pilot study

The aim of the pilot study is to receive feedback from the representative sample of organizations and of SMEs for the areas in SME development which are defined in the end of the Literature Review section on page 77. The results of this study will form the basis for developing the questions of the questionnaire survey. First, qualitative data about the views and concerns of representatives for the SME support is collected by a pilot study through semi-structured interviews with the selected representative organizations. The outcome of the first series of interviews with representative organizations becomes the input to the second series of interviews with representative sample of SMEs as described in 3.1.2.2.

Survey

For the third and the last comprehensive stage, the outcome of the interviews with representative sample of SMEs becomes the input to the survey, which is undertaken with the selected SMEs through a questionnaire in order to gather macro-economic data for quantitative analysis as described in 3.1.3.

Afterwards, the results of the survey are triangulated with the interviews' results and the results are further tested with representative interviewee as described in 3.1.4.

In the final stage, conclusions and recommendations are made and the *Summary Report* is produced with the *List of Stakeholder Actions* and *Guide for Supporting Turkish Cypriot SMEs*.

I am already taking part in the context of the research as the Co-ordinator of Organizational and Economic Development Programme in The Management

Centre, which is a unique business support organizations in the northern part of Cyprus. I have reasonable knowledge and experience about the support activities for the development of SMEs in the northern part of the island and also have a good level of observation of SME actions as described in DPS 4520 of the study. Therefore, I aim to further improve my knowledge and ability to support SMEs by undertaking this research project.

3.1.2. Pilot study

The research aims to undertake pilot interviews with relevant representative organizations and representative SMEs in order to produce the questions of the survey questionnaire through analysing the interview results.

Nigel Gilbert (Gilbert, N., 2001, p.124) explains that semi-standardized interviews allows the interviewer to ask major questions the same way each time, but is free to alter their sequence and to probe for more information. Gilbert further stresses that “the interviewer can adapt the research instrument to the level of comprehension and articulacy of the respondent and handle the fact that in responding to a question, people often also provide answers to questions the interviewer asks later”.

3.1.2.1. Preliminary interviews with representative organizations:

Interviews with the representative organizations are conducted face-to-face by semi-structured questions so that respondents have the flexibility to raise interesting and useful emerging issues during the interview.

Before starting the design of the questionnaire, I will conduct semi-structured interviews with the relevant representative organizations with at least 8 persons.

The selected organizations include;

1. President of the Turkish Cypriot Chamber of Commerce, which is a representative organization recognized by the international community and involves all trading businesses as members,
2. Secretary of the Turkish Cypriot Chamber of Industry, the organization that represents the manufacturing sector and the businesses as the members,
3. President of the Young Businessmen Association, which involves younger entrepreneurs and ambitious businessmen,
4. President of the Hoteliers Association, which is the organization that involves touristic accommodation places as members,
5. General Manager of Asbank and President of Banks Union, who is the representative of a well established local bank and the banks union,
6. President of the Chamber of Shopkeepers and Artisans, who represents sole traders and artisans,
7. Senior Consultant, Bearing Point (US Consulting firm), which undertakes private sector support programmes under USAID projects,
8. Deputy General Manager of the State Development Bank, which is responsible of crediting local investments and loans to private sector

The combination of above mentioned organizations is carefully selected in order to represent the parallel to the emerging areas indicated in the final table during the literature review part of the study on page 76. The analysis and useful outcome of the preliminary interviews are included as the input in the next stage in order to design the interview with representative SMEs.

3.1.2.2. Interviews with representative sample of SMEs:

There is self-complete structured interview for the representative sample of SMEs that is designed from the output of interviews with representative organizations in order to collect qualitative data mainly about their tendencies towards SME support and business support actions. Analysis of these interviews will help to identify the bias existing within the SMEs in order to minimize the “skew” of respondents during the survey for macro-economic data gathering. It will also contribute to the outcome of preliminary interviews with representative organizations in order to undertake a well established questionnaire for the survey. Results of these interviews should show what kind of macro economic data is hard to gather from SMEs so that I take into account these concerns in SMEs questionnaire design as well. This enables the questionnaire survey to be designed in a way that the answers of different kinds of questions shall also give an idea about the honesty of the interviewee, so that they will form a check and balance answers in these particular questions.

Representative sample of SMEs for interviews:

The representative sample of each sector comprise to the 5% of each sector's sample size that is calculated in the Sampling section 3.1.3.2.

Initial interviews will be conducted with random sample of:

Trading: 9 representative sample SMEs from the member list of the Turkish Cypriot Chamber of Commerce

Manufacturing: 2 representative sample SMEs from the member list of Turkish Cypriot Chamber of Industry

Hotels: 1 representative sample SMEs from the member list of the Hoteliers Association

Interviews with representative sample of SMEs also bring out concerns about the actions needed for the support actions for SMEs. This qualitative data will also be contributory to the analysis of survey results both in making comparison and comprehending the results for achieving better and sustainable conclusions.

The interviews with representative organizations are tape recorded and the self complete ones with the SMEs are in written reports. All of the information is scripted for the report. The technique of categorizing and coding (Evaluation Handbook, 1998, p.89) is used for the analysis of preliminary interviews with representative organizations and initial interviews with representative sample of SMEs. Graham Gibbs (How and What to Code, 2005, p.1) explains that the codes can be based on topics, ideas, terms and keywords and grounded codes can emerge from the data as well. This is very relevant due to the fact that the semi-structured interviews are designed according to the emerging areas from the literature, and the analysis of these provide other ground codes for the design of interviews with the SMEs. These analysis results of the interviews with SMEs shall be improved by the consultant's views as well.

As stated by Karasar (1994, p.175) it is important to protect individuality in answers, which is the opportunity to answer without consulting other persons, and to keep response rate high during interviews. Interviews are also time consuming and costly. For this reason, they need good planning and administration and these factors are considered in the time planning of this research as well.

The results of the pilot study provide contributory data for the survey in order to pass the second stage of the research project. Analysis of interviews guide on what kind of topics can be mentioned in the survey questionnaire and they also bring out data about the expectations and tendencies of the SMEs so that I will try to minimize any misleading of the respondents in answering the questions in the questionnaire. This

is taken into consideration during designing the questionnaire because it is important to encourage SMEs to give frank answers to the questions in order to reach better results.

3.1.3. Survey

Considering the issues of telephone surveys mentioned by the Flash Eurobarometer (2007), I will use the resources and expertise of The Management Centre's research team whilst being a member during designing, testing and implementation of the survey. Computer Aided Telephony Survey system is integrated with the SPSS programme through a software which provides opportunities for different kinds of analysis as well as re-listening to the calls for particular interviews in case the need arises. Contribution of organizational research expertise increases the effectiveness and the beneficiary of the survey as well.

Regarding the questionnaire, the approach of Flash Eurobarometer (2007, p.4) is acknowledged, this is the Directorate-General Economic and Financial Affairs of European Commission the organization responsible for the research studies on the European SMEs,. According to this research, a telephone survey method is used and there is a distribution of sample SMEs according to sectors and geography. In this way, the Response Rate is expected to be high. However, there may be a tendency that smaller and less educated businesses may not come up with high response rates and special concern in communication is considered for this kind of SME during the survey. If the interviewee is reluctant or incapable to respond to the survey, the interviewer passes to the next sample in order to guarantee the sampling ratio described below.

The survey is conducted on the formal sector by the SMEs that exist in the member lists of the Turkish Cypriot Chamber of Commerce, Turkish Cypriot Chamber of Industry and Hoteliers Association.

According to the recent business survey (Chamber of Shopkeepers and Artisans, 2007), there are a total of around 15000-16000 businesses in the northern part of Cyprus and considering the ratios of the 1998 census where (Lisaniler, F., 2004, p.7) 88.5% of business establishments employ less than 5 people and around 6,000 (77%) businesses are individual ownerships, it can be estimated that, at most, around ½ of these 15,000 businesses are incorporated as small and medium size (5-49 people) liability enterprises where others can be only micro enterprises mostly with individual ownerships.

The calculated survey population, in Sampling section on page 87, for the sampling of the research study is 2,437 Small and Medium size enterprises and, therefore, regarding the estimation of the above, the target SMEs in the 3 target sectors of the research study represents 34.8% of the total SMEs established in the northern part of Cyprus, which is also highly satisfactory sample for representing the enterprises of the private sector as well. Therefore, considering the facts mentioned in Chapter 1 and acknowledging the driving sectors of the private sector as manufacturing, trade and touristic accommodation which represents the 35% of SMEs, the outcome of this research will contribute not only in supporting the SMEs in these three sectors but also supporting private sector development with the realities mentioned in Chapter 1 and literature review sections.

3.1.3.1. Questionnaire Design

Questions:

Questions are grouped into two types (Industry Canada, 2005);

The first section consists of filter questions for demographical characteristics such as Family Owned Business, Owner Operated Business, Micro-Small-Medium Sized, Place, Annual Turnover, Age, Employment, Resources, Market etc. The second section consists of the questions related to the Emerging Areas in SME Policies mentioned in literature review, which are designed according to the analysis of interviews with representative sample of SMEs.

Norman Blaikie (Blaikie, N., 2000, p.60) explains that what type of research questions require a descriptive answer; they are directed towards discovering and describing characteristics and this approach shall be used in developing research questions for the survey to be able to reach clear findings in the questionnaire analysis.

So, questions are based on KISS (Survey Design, 2005) approach that is “to keep it short and simple”. Closed-end questions are used in the questionnaire in order to collect quantitative data. Multiple-choice questions are designed including the following structures:

Rating scale: very high, high, moderate, low, very low

Agreement scale: yes, undecided, no

3.1.3.2. Sampling

Vice Barnett (Barnett, V., 1991, p.136) explains that stratified simple random sampling shall be used in the sub-populations (strata) in the own rights; or to represent sub-populations fairly.

Considering the scope and objectives of the research, there is stratified sampling of SMEs which are grouped according to the sectors (touristic accommodation, trade and manufacturing) and locations (Nicosia, Famagusta, Kyrenia, Morphou and Karpaz) in the northern part of Cyprus. Simple, random sampling is then followed within each group during gathering required number of sample SMEs, which is calculated as following:

According to the records of the Turkish Cypriot Chamber of Commerce (KTTO,2005) there are 2,061 businesses registered in the chamber. The Cyprus Turkish Chamber of Industry (KIBSO, 2005) says that they have around 400 members. According to the State Planning Organization (DPO, 2003) there are around 120 touristic accommodation establishments in the country. So, there is around 2,581 SMEs in manufacturing, trading and accommodation sectors. Concerning that the manufacturing enterprises also exist in the member list of the Turkish Cypriot Chamber of Commerce, the actual number of businesses for the Chamber of Commerce is around 1,660. Regarding the increase in sectoral volumes (DPO, 2003) with reference to annual average rates, it can roughly be estimated that the growth in manufacturing is around 5%, in trade around 7% and in accommodation around 4%. So, it can be assumed that up-to-date we would have 420 quarrying-manufacturing, 1,776 trading and 125 accommodation businesses. In total there is 2,320 SMEs in these particular sectors. In addition to this, an additional

5% of contingency is added to the total number that indicates that there is around 2,437 SMEs in these particular sectors in the northern part of Cyprus.

According to the formula (Survey Design, 2005):

Sample size: $266 = \frac{(1.96)^2 * 0.5 * (1-0.5)}{(.06)^2}$ where 0.5 is percentage picking a choice and 0.4 is confidence interval

Correction for finite population:

New sample size: $266/[1 + ((266-1)/2,437)] = 240$ number of SMEs

3.1.3.3. Distribution

Distribution of sample SMEs are conducted according to the sector ratios in total survey population which is approximately 2,437. According to Chamber of Commerce (KTTO,2005) there are 1,152 (55.1%) trading SMEs in Nicosia, 409 (19.6%) in Famagusta, 394 (18.9%) in Kyrenia, 109 (5.2%) in Morphou and 25 (1.1%) in Karpaz. The Chamber of Industry (KIBSO, 2005) says that there are 217 (73%) members in Nicosia, 41 (13.8%) in Famagusta, 28 (9.4%) in Kyrenia, 4 (1.4%) in Morphou and 7 (2.4%) in Karpaz. Also, the Cyprus Turkish Hoteliers Association (KITOB, 2005) says that there are 2 (2.2%) touristic businesses in Nicosia, 7 (7.6%) in Famagusta, 77 (83.6%) in Kyrenia, 3 (3.3%) in Morphou and 3 (3.3%) in Karpaz. Sectoral Sample Size:

Trade 76.5% of total sample size 240- 183 sample SMEs for trade sector:

183 samples of SMEs are distributed according to the ratios in geographic distribution of trading SMEs meaning that there is 100 in Nicosia, 36 in Famagusta, 35 in Kyrenia, 10 in Morphou and 2 in Karpaz. It is also important to select among these SMEs in regard to

different business sectors so that harmonious distribution can be achieved within each city group.

Industry 18.1% of total sample size 240 - 43 sample SMEs for industry sector:

According to the distribution ratio in geographic figures of the industry sector, there will be 31 samples in Nicosia, 6 in Famagusta, 4 in Kyrenia, 1 in Morphou and 1 in Karpaz.

Touristic accommdation 5.4% of total sample size 240 - 13 sample SMEs

According to the distribution ratio in geographic figures of accommodation sector, there is 2 sample business in Nicosia, 1 in Famagusta, 10 in Kyrenia, 1 in Moprhou and 1 in Karpaz.

Ideal Sample Distribution Table

	Nicosia	Famagusta	Kyrenia	Morphou	Karpaz	Total
Trading	100	36	35	10	2	183
Quarrying- Manufacturing	31	6	4	1	1	43
Accommodation	2	1	10	1	1	15
Total	133	43	49	12	4	241

Table 7. Ideal Sample Distribution Table

There is simple random selection of SMEs in each group, which is shaped according to the sectors and location as shown in Ideal Sample Distribution Table. However, due to the fact that the response rate in the survey with SMEs is around 60% and number of samples as 1 in some of the cities is not acceptable, the following distribution is undertaken in practical administration of the survey.

240 number of samples = %60 of sample SMEs that are called during the survey

Therefore, 410 SMEs should be listed to call in order to reach sustainable ideal sample number of SMEs, which is 240 in this study.

Distribution of samples for the Survey

	Nicosia	Famagusta	Kyrenia	Morphou	Karpaz	Total
Trading	166	60	60	16	4	306
Quarrying- Manufacturing	51	10	7	3	3	74
Accommodation	3	5	16	3	3	30
Total	220	75	83	22	10	410

Table 8. Distribution of samples for the Survey

Total of 410 SMEs is sampled to be contacted in order to undertake the questionnaire. Random selection of SMEs is done by using Microsoft random selection counter in the computer, which chooses randomly among each of the member lists of Turkish Cypriot Chamber of Commerce, Turkish Cypriot Chamber of Industry and Cyprus Turkish Hoteliers Association.

Fieldwork

Pilot test:

The questionnaire is tested as a pilot study with 10 companies, as follows:

	Nicosia	Famagusta	Kyrenia	Morphou	Karpaz	Total
Trade	1	1	1	1	1	5
Industry	1	1	1	-	-	3
Tourism	-	1	1	-	-	2
Total	2	3	3	1	1	10

Table 9. Pilot tests for Survey

Questions will be revised accordingly considering the feedback from the clients in case of misunderstood questions, meanings, timing problems and any other views.

3.1.3.4. Conducting the survey

Before starting to conduct the survey, the experienced operators are trained by myself. I will explain the aim of the survey, the meaning of the questions and the way of essential communication with the interviewee, so that the questionnaire is administered in a smooth and efficient manner. The Director/owner/general manager of the company selected in the sampling list is called in order to be informed with some brief information about the research. If he/she gives consent to conduct the research then he/she starts answering the questions or gives an appropriate time to be called again by the interviewer. If there is a rejection by the Director/owner/general manager of the company, then another company is selected within the list. The questionnaires are automatically stored and backed-up by the IT infrastructure of the Management Centre, which has high security and accessibility control tools.

3.1.3.5. Analysis of survey

Editing and Coding of the data: Answers to closed questions are coded and categorized meaningfully in the SPSS Software.

Feeding the data: All data is fed automatically to SPSS Software from the Computer Aided Telephone Survey system in The Management Centre.

After completion of data entry, standard tables are produced. Each question is analyzed in a single-dimensional table. After this, multi-dimensional tables by using

cross-tabulation of tables is produced in order to further analyze the data. Cross tabulations are analyzed according to 95% confidence level of pearson chi-square. These shall be designed according to the policy areas and actions as indicated in the literature review as well. Lastly, ANOVA (analysis of variance) testing is applied in order to investigate the dimensions by analyzing inter-connected questions and produce meaningful findings with standard deviation adequacy and significance level greater than 0.05. This will prove to reach meaningful results and commentary for the case of SMEs specifically in the northern part of Cyprus.

3.1.4. Comparison of the Survey Results with the Interviews' Results

I will compare the results acquired from the survey with the analysis of the interviews with the representative sample of SMEs and representative organizations. This is done through content analysis in order to reflect on the topics that consistently coincides and the topics that highly differ from the initial findings during interviews. Results form the ANOVA test will also contribute to this. Concerning the essence of the research study, which investigates the needs for SME support actions from the demand side, in case of need, I will further test the differing results with the relevant desktop research for the sectors.

Analysis of the comparison as well as the survey, is undertaken by adding the consultant's view where the consultant and I will co-operate to establish the conclusions, the list of actions for the stakeholders and the Guide for SME support according to the objectives of the study.

The results of the literature review, interviews and the survey are harmonized as independent components by myself and reviewed by the consultant in order to develop policy recommendations and suggestions.

3.2. RANGE OF DESIRED IMPACT

The results of the research will contribute to the attempts undertaken by several organizations that aim to support SMEs in the northern part of Cyprus by providing them data about the needs of SMEs and recommendations for policy making at macro level. The European Union, USAID and their implementation bodies on the island, relevant authorities and potential funding organizations may make use of the outcome in their design processes for the SME programmes. Additionally, the research will provide quantitative data for the business support organizations and professionals that are crucial in implementing the support measures for the SMEs in terms of consultancy, training, research and other kinds of activities at meso level.

The stand-alone use of the research is possible both for business support organizations and other implementation bodies but, more importantly, the outcome of the research will bring a link of information for both sides. Both business support organizations and the other implementation bodies will benefit at the same time and they will be provided with a report from which they can make use of data in order to discuss and decide upon the policies during their negotiation process for the joint support programmes as well.

The research will provide additional data for the statistical information of the private sector in the northern part of Cyprus particularly in trade, tourism and industry sectors. It will also provide analysis from the demand side about the needs of SMEs

for the support services of the business support organizations aiming at the development of SMEs.

The research objectives will be revisited in the concluding part of the research and there will be separate conclusions for each of the objectives. Quantitative data analysis of the questionnaire results will make it easier to make macro-economic models and come up with ground in analyzing the support needs of SMEs. Analysis of the qualitative data from the interviews will be combined with quantitative results in order to elaborate more about policy making recommendations, which puts additional value to this research project.

Regarding the overall impact of the research, there will be additional information about the SMEs support needs in the northern part of Cyprus. Relevant parties, such as UNDP, EU, and US implementation bodies, business support organizations, civil society organizations and relevant authorities will make use of the this research results in their design and policy making processes.

3.3. ROLE OF THE RESEARCHER

I am actively taking part in one of the support organizations in the northern part of Cyprus. I am a management consultant professional for the private sector in The Management Centre of the Mediterranean in Nicosia. The Centre has already realized some projects with EU support programme for SMEs as the subcontractor for some consultancy and training activities and has close contact with the USAID programme advisers as the subcontractor of the US consulting firm, which is undertaking SME support programme in the northern Cyprus. What is more, I am undertaking consultancy services similar to existing international support programmes on behalf of The Management Centre. These services are provided in

terms of establishing management systems, project development and training, which provides the opportunity to observe more about the SMEs in the northern part of the island.

3.4. CONSTRAINTS

Gilmore and Carson (2000, p.114) explain that the interviewer should speak the same language as the director/owner of the business in order to achieve better correlation between the question and reply. For this reason, care is taken for the uniqueness of the Turkish Cypriot language, which is a relatively different vernacular of the Turkish language. Questions will be re-designed after the pilot test of the questionnaire and, if necessary, additional wording will be used in the questions. Karasar (1994, p.182) argues that all respondents shall not answer questionnaires in a common way because they don't assign the same meaning to questions and it is also critical that respondents may not be honest in reflecting actual situations. The other point argued by Karasar (1994, p.183) is that response rates shall be low and if it is below 70% then the survey may be open to discussion about its validity as a scientific research. Maximum amount of SMEs are calculated in the distribution section in order to guarantee full response according to the sampling size.

Looking to a recent OECD report (OECD, 2004, p.13) we see that respondents face difficulty in answering the questionnaire due to specialised/statistical vocabulary. OECD lists concerns in data collection (OECD, 2004, p.32) as; difficulties in interpreting terms, duplication of collections, efficiency of collection tools and confidential data. OECD (2004, p.34) also suggests that the volume of data, response rate and quality of data are important concerns regarding data compilation. As in the methodology alternative, collection tools will be administered in the survey and preliminary interviews will contribute to the terms and language of

the questionnaire together with the revisions which will be made after pilot testing of the questionnaire. Regarding the response rate, special attention will be paid as mentioned above and the volume needed during data collection will again be regarded during design stage in order to overcome the difficulties that may be faced during conducting the survey study.

In addition, adequate time is definitely required in order to undertake all these activities. Therefore, time frames in all of the works and stages of data collection can sometimes be a constraint for the study. Another constraint may arise due to economic fluctuations due to global or local political issues in the atmosphere in the northern market, which may be open to rapid changes by external influences such as inclusion of the northern part to the *acqui communautaire* of the European Union, lifting of isolations in trade by international community or liberalization of trade with the southern part of the island. However, the vast majority of SMEs in the northern side have no flexibility to have change in their business characteristics all at once. In case of any change in the business climate, they will surely need transition periods in order to adapt to new conditions if they can, and even smaller businesses may not be that flexible to change at all in the short time. This may bring a limited constraint but regarding the overall aim of the research, it would not provide drastic changes in the conditions being analyzed causing an alteration of the whole study. So, attention is paid to this especially during design process of the questionnaire by identifying possible developments in support services for the SMEs concerning the feedback of preliminary interviews and political advancements. Surely, the flux of the markets is part of the 'conjuncture' of SMEs.

In terms of capacity, availability and opportunity, I will not experience any limitation because I am an active worker within the frame of concepts of the research topic.

3.5. ETHICAL ISSUES

Regarding the overall aim, it is worthwhile to give energy to this research project because the outcome will bring benefits not only to my professional work and to my work place but also to others who are in business support services aiming to support the development of SMEs. Results will be provided to relevant parties in order to contribute to the efforts made on developing the SMEs in the northern part of Cyprus. I would also be thankful for my employer organization, The Management Centre, for its sponsorship and support for the research study.

It is a must to have consent of each respondent before undertaking any questionnaire. Therefore, Interview and SME survey questionnaires will include a cover letter to be communicated to the respondents beforehand in order to explain the status of this study as an independent research, anonymity to all SMEs and respectful to confidentiality principle. Regarding the organizational data about the sample companies collected during the survey, guarantee will be given before conducting the questionnaire that no any information about any company will be provided to the public. It is going to be clearly explained that the research is going to be undertaken independent of any organization and will reflect only macro-economic data analysis and conclusions to other third party individuals or organizations. This is an important issue in terms of sustaining reliable data collection and keeping business information or secrets confidential. In this way, I will try to overcome some of the fears of sample SMEs so that they may be open whilst responding to the questionnaire. As mentioned, cover letter is also attached in the self complete interview in order to explain all of these issues and addresses the sensitivities of SMEs by explaining the aims of the project.

Also, there will be a fair distribution of SMEs during simple random sampling of the groups of each sector so that I will not intentionally let any particular companies show up in the sample list. What is more, there will not be any force on any company selected to respond to the questionnaire because they will be asked for their consent during an initial briefing call before the questionnaire administration. All of the sample SMEs receiving the self complete interview will also receive a letter indicating confidentiality and independent issues signed by myself.

I will do my best to apply to the code of standards and ethics for the survey research of Casro (2004), which is the Council of American Survey Research Organizations. In summary, the information collected about participating companies will remain confidential to other parties.

3.6. STRENGTHS AND WEAKNESSES OF THE APPROACH

Strengths of the research lies in its methodology. I am actively taking part in business support facilities and have much experience with the the Turkish Cypriot SMEs. I have the capacity and availability in order to undertake the research efficiently. I also have adequate knowledge of the SMEs' businesses in the country and experience in conducting surveys.

The impact and beneficiaries of the research are other points of strength and adds to the validity of the research. Support organizations will benefit in the short run and they will make use of the report and of this research in formulating their services for the SMEs. Regarding the government side, they can use this report as additional data to their statistics and can benefit from it, especially in designing measures aiming to encourage and assist the development of SMEs in the northern part of the island. All these shall contribute to the development of the northern economy that

will bring enormous advantages in case of political advancements or internationalisation of economic interactions in the long run, which will help private sector development and economic convergence in case of political solution.

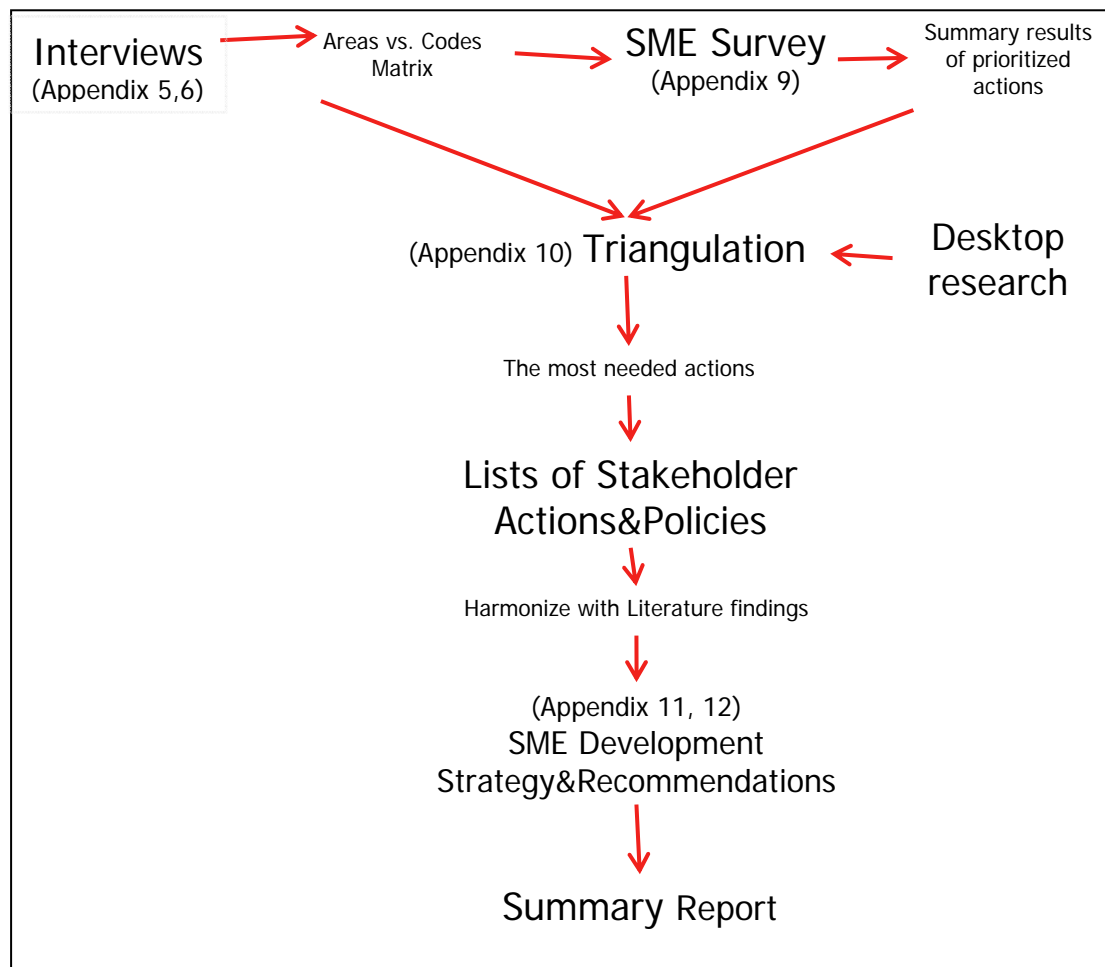
In terms of weaknesses, the research may face the following:

Respondents may try to skew their real situation during the survey according to their expectations and they may even try to underpin some issues. They may try to escape answering questions, which have relevant points in tax regulation and also they may want to keep something secret as confidential information. Another difficulty shall be that the company may be operating without completing its legal requirements in terms of registration or audits/reporting. Accuracy of the data collected shall also bring weakness if the respondent intends to reflect on his wishes rather than the existing business of the SME. Regarding the data collection, even if the director/owner of the SME is willing to conduct the questionnaire he/she may not pay necessary attention to the questions and may skip some answers by answering the questionnaire in a quick manner. These may become the weakness points of the research study.

CHAPTER 4

PROJECT ACTIVITY

The activities planned in the methodology section were undertaken in sequential order with discrete sensitivity and attention. The following figure explains the structure of the project activities:



Graph 5. Project Activity

There has been an unplanned action during needs assessment phase of CDP project (page 106) at work with numerous interviews and focus groups whose relevant results were reflected in the summary results in 5.3.

4.1. PILOT STUDY

Considering the initial stage in the methodology section, the I started data collection by administering the pilot study. I have managed to undertake the interviews with representative organizations as designed in the pilot study. The details about the interviews are given below.

4.1.1. Preliminary Interviews with representative organizations

I have managed to undertake all of the planned interviews in the Methodology section on page 81. The following preliminary interviews¹ with the representative organizations were undertaken:

Sunat Atun, President, Young Businessmen Association, 22.12.2006

Erdil Nami, President, Turkish Cypriot Chamber of Commerce, 25.12.2006

Ayse Donmezer, Senior Consultant, EDGE Project, Bearing Point, 26.12.2006

Turhan Beydagli, President, Turkish Cypriot Hoteliers Association, 26.12.2006

Hurrem Tulga, President, Turkish Cypriot Chamber of Shopkeepers and Artisans, 17.01.2007

Tastan Altuner, General Manager, Asbank, Head of Banks Union, 17.01.2007

Fatma Kinis, Deputy General Manager, State Development Bank, 22.01.2007

Mustafa Gunduz, General Secretary, Cyprus Turkish Chamber of Industry, 29.03.2007

I have also managed to undertake all interviews with the target people planned in Chapter 3. Semi-structured interview questions were prepared by myself and the interview questions were developed from the outcome of the Actions vs. Policies Table of the Literature Review section on page 76.

¹ As explained in pages 78,79 and 80

I administered face-to-face interviews at the work places of the respondents. All of the interviewees provided their contribution to the interviews in a productive manner for approximately one and half hours and all of them expressed their interest in receiving the findings of the study. The Young Businessmen Association offered to release the published version of findings of the interviews.

One of the significant resources developed through the research is the records of the interviews. All of the interviews are digitally voice recorded, transcribed, photographed and stored by the researcher. Coding and analysis of the transcripts are explained in Appendix 4 and 6. These records are also archived at the work place of the researcher, The Management Centre, and they can also provide additional information for developing projects for the SME grant programmes of the international the funders.

As indicated in Chapter 3, Nigel Gilbert (Gilbert, N., 2001, p.124) explains that semi-standardized interviews allow the interviewer to ask major questions the same way each time, but is free to alter their sequence and to probe for more information. I have experienced this during the interviews and I used the interview questionnaire both for recording in writing and voice recording, taking into consideration the fact that in responding to a question, people often provide answers to questions interviewers ask later. In this way, the responses given for each question were not obscure and I had the chance to record the responses under appropriate questions.

It took more time than expected to organize appointments with the selected above mentioned representative organizations. However, all of the interviews were conducted in an efficient and productive manner where I established mutual understanding with the interviewee and the discussion followed. All of the interviewees were contributory for my questions in answering and commenting

about the issues being asked. Some of the representatives reflected their enthusiasm about the research and they expressed their interest at seeing the results, even before the survey was at intermediate report.

4.1.2. Interviews with representative sample of SMEs

The second stage of the pilot study was the interviews with the representative sample of SMEs and I managed to undertake interviews with representative SMEs as designed in the Methodology section on page 82. Although the calculated number of SMEs is nine for trade, two for manufacturing and one for touristic accommodation sectors in the Sampling part, I have undertaken three interviews with SMEs in touristic accommodation, eight with trading enterprises and four with manufacturers as they expressed that they have trading activity as well. This is because most of the manufacturing SMEs undertake trading activities as well as their production lines and having only one SME from the touristic accommodation sector is very inappropriate to protect objective balance in the interviews. The overall aim of this final stage in the pilot study was to produce results in order to provide input for the questions of the survey.

Preliminary interviews with the representative sample of SMEs² have been undertaken as following;

Mehmet Dolmaci, Director, Manolya Resort Hotel (Hotel Accommodation)

Salahi Uçkan, Director, Asena Hotel (Hotel Accommodation)

Ali Mirillo, Director, Exotic Hotel (Hotel Accommodation)

Mehmet Barut, Director, Barut Cosmetics (Pharmaceutical Trade)

Coşkun Bundak, Director, IFC Trading (Imports Trade)

² As explained in pages 79, 80 and 81

Yucel Dolmaci, General Manager, Sofu-Sonmezler Group (Imports Trade)
Taner Yolcu, Director, Taner Yolcu Group (Construction Manufacturing&Trade)
Ergun Sever, Magusa Cooperative and Enterprises (Imports Trade)
Turgay Ergun, Director, Pekur Ltd. (Fire Extinguishers Manufacturing&Trade)
Salih Özler, Director, Dortozler Ltd (Confectionery Manufacturing&Trade)
Senay Eyupoglu, Director, Handmade Centre Ltd (Handicraft Manufacturing)

Unfortunately, another two SMEs which were provided with the self-complete interview form didn't respond to the interview appointment. It is important to note that, the methodology with representative SMEs is self-complete structured interviews designed according to the outcome of the interview analysis with representative organizations. However, (even though this technique is very practical and efficient for organizations like small and medium size enterprises, which are under heavy, daily routines with limited time), I had difficulty in urging the SME representatives to fill-in the forms in their free time and collection of the forms took more time than expected.

A self-complete interview form was designed by myself in order to maximize the efficiency of the interviews and overcome the problems in making appointments from the SMEs. The questions on the interview form were based on the actions emerging from the analyses of the interviews with the representative organizations which was the first stage of the pilot study. Therefore, the self-complete interview forms were, indeed, exploring more about the actions, which were highlighted by the representatives, in the SMEs in order to deepen the topics and be able to prioritize the most demanded activities.

The technique of categorizing and coding (Evaluation Handbook, 1998, p.89) has been used for the analysis of preliminary interviews with representative

organizations and initial interviews with representative sample of SMEs as described in Chapter 3. The codes were based on the questions, which are the topics revealed in the Literature Review section for the representative organizations. For the SME interviews, the grounded codes emerged from the analyses of interviews with representative organizations in terms of actions and policy categories.

During the analyses for both interviews, I decided to use a scoring technique for the responses in order to be able to rate the most demanded action and policy areas, which is in fact the overall aim of the research. Therefore, the responses provided by the interviewees are grouped under each code, which is part of each question during interviews, and the same and/or similar topics in each response are recorded as action areas and scored according to the repetition provided by the interviewee responses. This technique helped me to objectively verify and diagnose the action areas in a competitive manner. I faced difficulty during this process because in the analysis of interviews with SMEs there had been too many actions described by the interviewees. Therefore, I decided to take into account the actions with at least 3 and higher scores so that the convergence in diagnosing the most demanded activities according to action and policy areas is reached. In this way, I managed to develop Areas vs. Codes Table in a matrix format in order to reflect the most demanded activities in action and policy areas interconnected to the predefined codes of the interviews.

Overall, the information and responses provided by the interviewees were beneficial and efficient so that I managed to develop the final Areas vs. Codes Table on page 128 as threshed input for designing the questionnaire for the SME survey.

4.2. UNPLANNED INTERVIEWS AND FOCUS GROUP STUDIES DURING THE CDP PROJECT

I was appointed to Capacity Development Program of the USAID as local private sector consultant in early September 2009. The program aimed to analyse the needs in capacity development in order to design interventions to support the economic development in the northern part of Cyprus. The Needs Analysis part of this 4 million Euro project provided me the opportunity to lead and administer several interview and focus group studies that were not planned in the methodology section.

The following interviews were proposed by myself and agreed by the international expert during the needs assessment phase of the Capacity Development Program:

1. Board Members, Turkish Cypriot Chamber of Commerce, 03.12.2008
2. Salih Tunar, President, Cyprus Turkish Chamber of Industry, 01.12.2008
3. Hurrem Tulga, President, Shopkeepers and Artisans Association, 01.12.2008
4. Taner Akcan, Head, Vocational Education Department, Ministry of Education, 05.12.2008
5. Ozbek Dedekorkut, President, Turkish Cypriot Tourism and Travel Agencies Association, 01.12.2008
6. Board Members, Turkish Cypriot Restaurateurs Association, 02.12.2008
7. Hasan Karlıtaş, President, Cyprus Turkish Tour Guides Association, 02.12.2008
8. Erdem Oskar, Vice President, Turkish Cypriot Hoteliers Association, 01.12.2008
9. Hasan Kılıç, Undersecretary, Ministry of Tourism and Economics, 04.12.2008

10. Mustafa Cemal, President, Mountaineers Association, 03.12.2008
11. Canan Avunduk, President, Milk Products Producers Association, 03.12.2008
12. Sunat Atun, President, Young Businessmen Association, 04.12.2008
13. Fatma Kinis, Vice President, Development Bank, 28.11.2008
14. Emete Baylan, Coordinator EU Aid, Ministry of Finance, 28.11.2008
15. Mahmut Ozcinar, Vice President, Union of Municipalities, 02.12.2008
16. Munir Mehmet, Coordinator, EU Program Support Office, 28.11.2008

In addition to the interviews, I proposed to undertake the following Focus Group studies:

1. Family owned business directors – 08.01.2009 with 10 people and on 28.01.2009 with 7 people
2. Eco-tourism activists – 06.01.2009 with 8 people
3. Restaureteurs – 07.01.2009 with 5 people
4. Vocational Training representatives – 09.01.2009 with 6 people
5. Advisors – 08.01.2009 with 5 people

Therefore analysis of these interviews and focus group studies was undertaken by myself and reported to USAID. The data acquired during the development of Needs Assessment and Intervention Design Report³ for the USAID has not only contributed to the design of the survey but also provided comprehensive knowledge for the design of the *Guidelines for Supporting Turkish Cypriot SMEs*. The relevant findings during this study has contributed to the conclusions in Chapter 6 as well.

³ Report for Recommendations, Capacity Development Program, World Learning Cyprus, February 2009

4.3. SME SURVEY

The SME Questionnaire for the survey was designed according to the Areas vs. Codes Table reached in 5.1.2. Topics of the closed ended questions were grouped according to the findings in the table in 5.1.2, which shows codes versus action and policy areas emerging from the analysis of interviews with representative samples of SMEs. I further discussed the questions with the Research Specialist at The Management Centre and revised the wording of the questions to increase the efficiency of the questionnaire.

Sampling for the survey was described in 3.1.3.2 and 3.1.3.3. However, I had undertaken an additional study for the calculation of the sampling before the start of the survey and managed to receive the data from the database of Social Insurance Department (Social Insurance Department, 2008) as Database Lists of Organizations with sectors, locations and registered employee numbers. In this way, I aimed to use the most current data available for the SMEs in the northern part of Cyprus.

Before calculation for the sample size, it was necessary to note the definition for small and medium size enterprises. Recalling that 10-49 employees is small and 50-249 employees is medium enterprises in the EU, while in the northern part of Cyprus it is accepted that 6-9 employees is small and 10-49 employees is medium, I decided to include all enterprises with employees between 6-249 in order to satisfy both of the above mentioned definitions. For this purpose, and according to the Social Insurance Department (2008), it is calculated that there are a total of 869 enterprises of which 54 are in touristic accommodation, 271 are in industry and 544 are in import-export trade sectors. Therefore, by using the same formula as in Chapter 3 the new sample size became:

$$\text{New sample size} = 266 / (1 + ((266 - 1) / 869)) = 204 \text{ SMEs}$$

Following this, I revisited the sector distribution table to use the same percentages in developing the overall sample into stratified random samples and by this way produced a list of sample SMEs according to sectors and locations. These lists were provided to the operators by myself before administration of the survey through computerized telephone system.

Manual re-calculation and re-listing of samples according to the data of Social Insurance Department (2008) took more time than expected, and I undertook additional activities that were not planned during the methodology section.

It was planned in Chapter 3 that the KISS approach was to be used for closed end questions in the questionnaire. However, I had difficulty in designing the questions according to the Lickert scale (from very high to very low) because the number of questions, which stem from the activities in Areas vs. Codes Table, appeared to be too high for the telephone survey. Additionally, concerning the overall aim of the survey, which was to reach the most demanded actions by the SMEs through asking pre-defined activity needs, I decided to ask questions according to the action and policy areas in Areas vs. Codes Table with multiple choice answers that represented the activities of the codes in Areas vs. Codes Table. In this way, the number of questions decreased to 28 and included all the findings in Areas vs. Codes Table. The Research Specialist at The Management Centre was consulted during this process.

Administration of the telephone survey started on 16.12.2008 and ended on 26.03.2009. again, the time for the telephone surveys took more than anticipated, which was forecasted as 1 month. Three questions and additional choice of answers

were added after the pilot test of 15 surveys, which were aimed to provide the respondent the choice of “none” as the answer.

A total of 1,219 calls were made during the survey, 616 had no response, 318 were not eligible respondents for the survey, 24 released the questionnaire, 36 rejected and 215 were successfully completed.

Having 53% of ineligible respondents reflects the difficulty to reach the responsible managers or directors at SMEs, who are mostly owners and under heavy workload in daily routines as described in Chapter 2 and 3.

Considering surveys, 6% reject rate was very low which reflects high success performance of the operators upon reaching the appropriate respondent during the survey.

215 SMEs were surveyed and this shows +5% positive deviation from the previously calculated sample size of 204.

Coming back to the original sampling calculation in Chapter 3, I undertook comparison of the ideal distribution of samples with the realized distribution in the survey and found a 90% match between the two tables. It is important to note that even if the original calculation of samples (without 6-249 employee range) are to be considered, including micro enterprises in the three sectors, again, the realized survey reflects 90% of the ideal distribution of this sample as well.

Overall, the survey was successful and provided a considerable amount of data which was aimed by the research.

For the analysis of the survey, all of the questions and answers were fed into SPSS software as described in Chapter 3. Computer Aided Telephone Survey System provided raw data in the SPSS format so that I did not have difficulty in feeding the responses to the software. However, coming to the analysis part, it was difficult to decide about the types of tables to be produced from the SPSS. I decided to divide the analysis into two parts. First there were frequency tables of all of the questions and cross tabulation of the first seven demographic questions according to locations and sectors. The second was to undertake cross tabulation of all of the remaining main questions with demographics and with each other with pearson chi square level of 95%. In this way, I managed to eliminate any statistically unmeaningful tables during the analysis of the survey.

After this process, I started to produce translations of the tables into a Powerpoint Presentation in order to make the findings simple to understand by using graphs. I decided to use Anova Tamhane with significance level 0.05 in further analysis of the cross tabulations of the demographic questions and of the main questions in order to verify statistically meaningful differentiation within the answers according to the sectors. This helped the analysis to become more coherent with the response tables of the SPSS. It took around three months to undertake the above mentioned analysis, which was not expected and I had to postpone the public conference from March to July 2009.

The public conference took place in 24th July 2009 and Guidelines for supporting Turkish Cypriot SMEs and the Summary Report of the research were produced in addition to the List of Stakeholder Actions and Policies that were disseminated to relevant stakeholder as explained in Chapter 6.

The experience in data collection part reveals the importance of having sustainable and detailed statistics of the SMEs in the northern part of Cyprus. Unfortunately, this

research has once again shows the lack of capacity for statistics in representative civil society organizations such as Chambers of Commerce and Industry as well as Companies Registrar Office and National Statistics Department. Therefore, the research would have focused more on gathering statistical information if this knowledge had been gained beforehand.

The other crucial factor revealed by this experience is about timeplan where the interviews and the survey took much more time than the envisaged duration. If this had been known at the beginning, I would have given more time for the interviews and survey during the overall research.

CHAPTER 5

FINDINGS AND RESULTS

As stated in Chapter 2 above, the research aims to identify the actions needed for supporting the development of SMEs to encourage private sector development in the northern part of Cyprus. Therefore, this sections provides the analysis of the data collected during the research in order to propose actions needed to support the development of SMEs to increase their competitiveness and organizational capacities in manufacturing, trade and touristic accommodation sectors. The short term actions and medium term policy recommendations will be explained in detail in the List of Stakeholder Actions and List of Stakeholder Policies.

The analysis is undertaken in two parts. The first part explains the results of the pilot study which was conducted through interviews to provide input for the survey as explained in Chapter 3. The second part explains the results of the SME Survey and provides the conclusions for the action and policy needs of the SMEs in the northern part of Cyprus.

5.1. ANALYSIS OF THE PILOT STUDY

The aim of the pilot study was to receive feedback from the representative sample of organizations and of SMEs for the areas in SME development which are defined at the end of the Literature Review section on page 76. The results of this study form the basis for developing the input of the SME Survey. Pilot study was designed to be undertaken through two parts of interviews as explained in Chapter 3. First

part of the study is interviews with the representative organizations and the second part is the interviews with representative sample of SMEs as explained in 3.1.2. of the methodology section. Therefore, the pilot study aims to provide the results of the interviews with the representative organizations and representative SMEs.

The overall results of the interviews are combined as matrix diagram in Table 24 in 5.1.3. which forms the input for developing the questions in the questionnaire survey which will be evaluated below in the section 5.2.

5.1.1. Pilot Study- First Part: Analysis of preliminary interviews with representative organizations

The first part of the pilot study was the semi-structured interview displayed in Appendix 3 that was designed according to the *Actions vs. Policies Table of the Literature Review* section which provides the concluding summary of the literature for the SME policies. This interview format was administered during the interviews with the key 8 representative organizations as stated in 4.1.1. The analysis of the interviews is based on the findings of *Coding and Analysis of Preliminary Interviews with Representative Organizations* in Appendix 4 which lists the responses of each interviewee on the basis of interview questions organized as codes for areas.

The analysis is undertaken through scoring approach where the common views of the respondents are scored in terms of adding the number of interviewees giving the same answer to each questions. Following this approach, it is also beneficial to divide the subjects into two themes, such as “short term actions” and “medium term policies” so that any recurring and overlapping topics can also be minimized in the findings of the interviews. Therefore, the following summarizes the findings as

proposed action categories by the interviewee according to the responses of the interviewees for short term actions in prioritized order as:

Areas	Findings: Proposed Action Categories by the interviewee	Score: Number of interviewee
Code 2: Finance Code 3: Legislation	-Developing financial instruments and regulations -Including systems for incentives, guarantees, legislation upgrade -Incentive law and state development bank law	7 interviewees
Code 1: General view Code 3: Legislation	-SME Policy and SME Board -Including tourism organization and -One stop agency	5 interviewees
Code 3: Legislation Code 5: Clustering and networks Code 6: Industrial policy, marketing and infrastructure	-Social tax allowances for employment, social security reform, -Export freights, -Industrial zones and electricity	4 interviewees
Code 3: Legislation Code 7: Human Resources	-Education system and -Trainings for sectors and vocations	2 interviewees
Code 1: Genereal view Code 3: Legislation Code 4: Entrepreneurship	-Easing of bureaucracy -Investment climate	2 interviewees

Table 10. Analysis of preliminary interviews with representative organizations for short term actions. N=8

The same analysis is undertaken for the policy recommendations and the following summarizes the responses of the interviewees for medium term policies in prioritized order as:

Areas	Findings: Proposed Policy Categories by the interviewee	Score: Number of interviewee
Code 1: General view Code 3: Legislation	-SME Policy, -SME Board, as one stop agency -including definitions, management and announcement /acceptance	5 interviewee
Code 1: General view Code 3: Legislation Code 6: Industrial policy, marketing and infrastructure	-Transparency, -Long term implementation and -Proper organizing of all of these activities	3 interviewee
Code 1: General view Code 3: Legislation Code 5: Clustering and networks Code 6: Industrial policy, marketing and infrastructure Code 9: Innovation	-Stop incentivizing uncompetitive sectors, -Increase quality and niche products and -Allow work division within businesses	3 interviewee
Code 1: General view Code 3: Legislation	-Revise taxation policy, -Allowances for new employment and -Decrease in costs of basic needs	3 interviewee
Code 1: General view Code 3: Legislation Code 7: Human Resources	-Shrink government by leaving production and employment, -Abolish public preference over private sector	2 interviewee
Code 2: Finance Code 3: Legislation Code 5: Clustering and networks Code 6: Industrial policy, marketing and infrastructure	-Cheap loans for ageing hotels and -Credits according to work division between businesses	2 interviewee
Code 1: General view Code 3: Legislation Code 5: Clustering and networks Code 6: Industrial policy, marketing and infrastructure	-Direct flights and -Openness to overseas trade and activities	2 interviewee

Table 11. Analysis of preliminary interviews with representative organizations for medium term policies. N=8

Proposed Action and Policy Categories in the previous two tables provides the results of the first part of the pilot study. These categories are used to develop the structured interview for the representative SMEs in the second part of the study.

5.1.2. Pilot Study- Second Part: Analysis of interviews with representative SMEs

The structured interview shown in Appendix 5 was designed according to the Findings for short term actions and medium term policies in the aforementioned analysis for the interviews with the representative organizations in the first part of the pilot study. The interview was administered for a sample of 11 representative SMEs as planned in the Methodology section. The analysis of the interviews is based on the findings of *Coding and Analysis of Interviews with Representative Sample of SMEs* in Appendix 6 which lists the responses of each interviewee on the basis of interview questions organized as codes for emerging areas.

The analysis is undertaken through scoring approach as explained in the first part and the subjects are divided into two themes as “short term actions” and “medium term policies” similar to the analysis of interviews with representative organizations in order to sustain the consistency between the analysis of the two interview studies.

This section is explained in two parts as *codes* in 5.1.2.1 and as *top 3 actions* in 5.1.2.2 in order to summarize the findings as proposed action categories by the interviewee according to the responses of the interviewees.

5.1.2.1. Findings according to the codes

The following part aims to explain the findings in terms of action areas proposed by the respondents as a response to each of the interview questions according to the scoring results as shown in Appendix 6. The findings are provided with a threshold of minimum 3 scores in each of the table.

Code 1 – *Developing financial instruments and regulations (Table 55):*

For Code 1, finding banking collateral and minimization of bureaucracy is the first ranked problem, which was also emphasized by the results of the interviews with representative organizations. The Development Bank and its procedures is the second, finance policy for work division is the third, and business plan finances is the fourth ranked need in code 1. The credit guarantee system is ranked as fifth but this subject can be associated with the collateral problem. Need for SME support organization, costs of commercial banks and transparent policies are the other three fifth ranked areas for code 1.

Code 2 - *Areas for different kind of finance (Table 56):*

For Code 2, SME respondents showed convergence on subjects and they emphasized financing over feasibility projects and balance sheet systems for true feasibilities as the first ranked area for code 2. The second ranked area is given as examples in the table, but, is in fact on efficient identification of areas to be supported.

Code 3 - *SME Policy and SME Board (Table 57):*

For code 3, SMEs showed high convergence on the need to have consultancy and training services by SME Board and therefore ranked this as the first subject. The following four subjects that are ranked as the second areas are clear, as such

understanding that the SME Board is needed and should be legally represented, policies should be long lasting and transparent and currently there is no SME policy. The two subjects that follow are the SME Board should act like a one-stop agency and should involve expert staff. The following subjects for the SME Board are that the board should be independent of politics, assist investors in project development and relevant stakeholders, and should work on designing SME policy.

Code 4 - *Revise taxation policy (Table 58):*

For code 4, SMEs express high costs in personnel taxes and the need for exemptions on certain issues as the first ranked subject. The second ranked subject is interesting because they mention state aid tools due to existing macro level limitations. The other second ranked subject is exemptions during investments and technological purchases. The third subject is on income, corporate and investment taxes, which should be considered to encourage registration of unofficial economy. The fourth subjects are 'Resen' tax, which is mainly for sole traders where government calculates a certain amount according to registered sales of the trader, too many indirect taxes that should be rearranged to be simplified and revision of the whole tax system for proper and efficient working.

Code 5 - *Infrastructure and industrial zones (Table 59):*

The first ranked subject for code 5 is electricity and its cost. The second ranked subject is on identifying and planning zones for sectors considering limited resources of the northern part of Cyprus. The third ranked subject is on water and its shortage and the fourth ranked problem is environmental pollution.

Code 6 - *Education system and training for sectors and vocations (Table 60):*

For code 6, vocational/technical education is given as the first ranked subject. The second subject is linked to the first one and is on the lack of qualified middle

management personnel. The third subject is also linked with the first, where SMEs indicate the need for encouraging people in vocational education and the fifth subject mentions policy generation for vocational education.

Code 7 - *Easing of bureaucracy and investment climate (Table 61):*

The first ranked subject for code 7 is about the bureaucracy and inefficient working of the departments of the government where SMEs criticize the disconnection between authorities, time wasting and complicated procedures. The second ranked subject is on regulating the investments where authorities have no common vision for co-ordination and there is no systematically arranged tools. The third subject includes human resource development of the civil servants, simplified documentation and gathering of transactions under one umbrella through the SME Board.

Code 8 - *Stop incentivizing uncompetitive sectors, increase quality and niche products and allow work division within businesses (Table 62):*

Although the first ranked subject for code 8 involves different kinds of themes, it is in general about identification of sectors that should be incentivized nationally. This is an important issue in regard to SME policy that is dealt at macro level. The second ranked area is about research in order to evaluate the potential of sectors for competitiveness, which is also linked to the first subject. The third ranked subjects demand withdrawal of incentives to uncompetitive sectors and communication of the benefits of clustering to the sectors.

Code 9 - *Shrink government by leaving production and employment (Table 63):*

The first ranked subject for code 9 explains that SMEs see government as the big competitor in the economy and the second subject explains that the labour market is deviated for the benefit of government against SMEs in the private sector. The third

ranked subjects criticize publicly owned enterprises that are run by the government and the legal benefits that the government provides to its employees.

Code 10 - *Direct flights and openness to overseas trade and activities (Table 64):*

The first ranked subject for code 10 is the need for direct transportation and direct flights for cost minimization. One of the second ranked subjects demands the need for state aid due to the limitations arising from transportation problems. The other emphasizes on producing niche products to better reach outside markets. The last subject reveals the need to have a political solution in order to eliminate these macro level limitations.

5.1.2.2 Top 3 prioritized actions by the interviewees

Following the aforementioned 10 codes, the respondents were also asked to list the most needed top 3 actions and policies during the interviews. Therefore, concerning the actions needed to support the development of SMEs in the northern part of Cyprus, the following tables summarize the results of the top 3 actions reflected in the structured interviews with representative sample of SMEs as mentioned in Appendix 6.

The following table explains the responses to the 3 most needed actions in prioritized rank as:

Actions - Emerging Areas	Score by interviewee	Action Area
Training / Well trained employees are needed / Training to adapt auditors to new economic conditions / Importance for in-house training / Qualified labour	5	Trainings for Human Resource
Quick decision making and not heavy conditions on financial support / Cheap finance / Root revisions in the finance sector / Interest free foreign currency credits for renovation and investments	4	Financing
Informative and protective actions for the investors / New investment areas / Resentment and psychological demotivation in local investors should be eliminated	3	Policy Generation for Investment
Cyprus Problem should be solved and we should have consistent atmosphere / Political solution on the island	2	Political Problem
Consumer potential should be increased by improving tourism and direct transportation of tourists / Permissions to foreign airlines to improve tourist arrivals	2	Transportation
Attraction for government employment should be abolished / Elimination of improper competition	2	Human Resources
Established infrastructure / road, water, electricity should be immediately prepared /	2	Infrastructure
Effective marketing / Promotion and marketing activities needed to increase number of tourists and thus of the market size	2	Marketing
Exemption of indirect taxes / Fixed expenses should be consistent without increases /	2	Tax
Competition law to prevent improper competition created by big overseas investors in tourism should be enforced / Criminal events should be decreased	2	Regulation
Opportunities for ICT usage	1	ICT
Establishment and announcement of crystal clear criteria for SMEs	1	Policy Generation

Table 12. Analysis of interviews with representative sample of SMEs as the most needed actions. N=11

It is interesting that the respondents reflected training for human resources as the most needed action in the short term. This indicates the concerns on micro level as the most preferred area for actions mainly to support development of staff competence with meso level tools as well. In second place, it is seen that the financing issue is ranked as the area for action. It can be understood that the respondents mainly focus on regulations and alternative mechanisms for finance, mostly for operational and physical investments. This becomes more clear when we investigate the third ranked action which is policy generation for investment. Here,

the respondents emphasized encouragement of local investors as well as the new investment sectors that can be interconnected at the second action area of financing. To summarize, the respondents clearly emphasized training as the first needed action at micro level and financing and investment policies as second and third actions in a logically consistent way.

Coming to other areas, political problems and transportation follows, which are the two inevitable subjects as mentioned in the literature review at macro level. The problem with human resources is mostly associated with improper competition with government employment, the SMEs explain that government employment of the labour market is very attractive in the northern part of Cyprus. The needs in infrastructure, tax and regulation are also ranked as the fourth prioritized actions for the short term, together with support for marketing. ICT and policy generation for SMEs are ranked as fifth prioritized actions. It is understood that the SMEs are focused on micro and some meso level needs as the areas of actions in the short term and ranked the others that are related more with the macro level actions at low ranks. This is natural and understandable because it is a common behaviour where they tend to solve their micro level problems first, meso level needs and relations second and macro level expectation third in short-run activities. This is also an expected approach for SMEs which focus heavily on daily operational work; this is another finding about the SMEs in the northern part of Cyprus that should be considered during this study.

Concerning the policies needed to support the development of SMEs in the northern part of Cyprus, the following table explains the responses to the 3 most needed policies in prioritized rank as:

Policies - Emerging Areas	Score by interviewee	Policy Area
Decision directly affecting costs should not be instantly made (worker expenses, electricity, gas prices and vat, customs charges) / Tax rates should be developed on sectoral basis with incentives / Taxation / Taxation system / Policies to decrease costs	5	Taxes for Better Regulation
Ambiguity in regulations developed by the government should be abolished / Effective two-way working of the Greenline Regulation / Establishing Business Ethics / Incentives for existing businesses up to a level of 60% occupancy in the country which should be a minimum for starting incentives for new bed capacities / Incentive policies for existing local hotels to bring them at feasible situation	4	Better Regulation
Chambers of Commerce and Industry should provide consulting services to businesses / Marketing assistance / Marketing efforts / Marketing activities to increase market size	4	Business Constraints
Investigation of potential need in sectors before approving new investments / Transit Trade and new investment areas (services, tourism etc.) / Incentives for project development of investments and partnerships	3	Investment for Entrepreneurship
Finance / Finance system	2	Access to Finance
Political solution and elimination of instability / Political stability should be set up in order to bring tourists	2	Political Problem
Training of qualified personnel / Training and producing knowledgeable personnel	2	Human Resource
Ease transportation / Transportation should be competitive	2	Transportation
Conservation of biodiversity and environmental beauties / Touristic potential (history, nature, sea etc.) should be under conservation for tourism vision	2	Environment for Tourism
Elimination of improper competition / Precautions to prevent improper competition	1	Single Market

Table 13. Analysis of interviews with representative sample of SMEs as the most needed policies. N=11

Taxes for better regulation is the first ranked policy area that needs to be developed in the long run. SMEs explain the problem with taxes is that they increase their direct costs, rates are changed in very short time periods, there is no sectoral incentives and the system as a whole needs to be reconsidered. This subject is very important to note considering that it is not only ranked as the first policy area but is also playing a systematic role on the operations of SMEs, which are organizations focused on cost and profit purposes in order to achieve financial sustainability in a flexible manner. Concerning the experience of the researcher during his management consultancy services, overhead expenses on personnel and other taxes plus the increase in cost of products due to direct taxes is a common

phenomena for SMEs, this narrows their flexibility and strategic planning process. Therefore, it is clear that SMEs need to have a new approach for the taxation system.

One of the second prioritized policy areas is better regulation. SMEs complain about the ambiguity existing in the law and regulations and effective two-way working of the Green Line Regulation⁴. It can be argued that these issues are mostly raised by trading and manufacturing SMEs, which face problems and/or delays for their daily transactions and operations. The disappointment for Greenline Regulation is again revealed by the SMEs as it is explained in the literature review section. One of the other focus areas for regulations is on the tourism sector where SMEs in touristic accommodation see that continuation of the incentives for new investments is threatening the existing ones which are already in a problematic atmosphere. Business ethics is in fact an issue that can be developed by market conditions and reflections on this show that there are problems with proper trading relations between SMEs.

The other second prioritized area is business constraints. SMEs explain this by meso level support in terms of consultancy and training but mostly focusing on marketing and increasing market size. This subject is understandable, because as mentioned in the literature review, the northern part of Cyprus is a very small island economy which has political problems and the conditions in the market are relatively unique for SMEs. In addition to this, as experienced by the researcher as well, SMEs are focussed on sales performance in daily operations and thus this finding reveals the need for marketing in order to increase the potential for sales, which is crucial for the survival of SMEs.

The third ranked prioritized policy is investment for entrepreneurship. Considering the third action in the previous table, which focuses more on existing investors, the

⁴ Regulation adopted by the EU Commission in 2006 that sets the rules of the cross-border trade between the northern and the southern part of Cyprus.

investment in policy section is focused more on new entrepreneurships. This is explained by saying investigation of potential need in sectors before approving new investments, which means identification of feasible investment areas that is expressed more clearly as Transit Trade and new investment areas (services, tourism etc.). Also, SMEs need incentives for project development of investments and partnerships in order to support efficient implementation of this policy. This policy area, in fact, reveals a concern where SMEs are not sure of the investment policies and see a disconnection between macro and meso level approaches for encouraging entrepreneurship in investments.

One of the fourth ranked areas is access to finance, which is normal to be ranked as fourth because it was ranked as the second in short term actions. The other fourth ranked areas are the same as the fourth ranked actions, these are political problems, transportation and human resources but, here, the human resources need is explained as training rather than improper competition for employment. Therefore, training for human resources is expressed as the first action in short term but is further explained in policies as to reveal the expectation for long term policy as well. The other fourth ranked policy area is the environment for tourism, which can again be associated with the fourth ranked action of infrastructure. It is true that in infrastructure action, SMEs are focused more on supplies such as electricity, water and roads but these are interconnected with the policy area of environment for tourism, which is explained as conservation of biodiversity, natural, historical and environmental values.

The fifth ranked policy area of single market can be associated with the fourth ranked action area of regulation where both SMEs mention improper competition conditions and competition law. This is another important subject, which is also one

of the key policy areas of the EU, and seeing it both in actions and policies reveals that SMEs face improper competition in the northern part of Cyprus.

5.1.3. Pilot Study- Third Part: Table of Interview Findings

The last part of the pilot study is to combine the results of the interviews in a matrix table. Considering the first three ranked areas in the Actions and Policies part, we need to comprehend these areas with the findings stated in the codes. Therefore, the first three ranked actions and policies are interconnected with the subjects with minimum 3 scores in each of the codes in order to see the most prioritized subjects raised by the SMEs relevant to the emerging actions and policies reflected during the interview analysis.

Table 24 shows below the codes versus areas so that the subjects listed under codes in 5.1.2.1. are all embedded in the analysis under the first three ranked Actions and Policies areas. Therefore, Table 24 is the overall result of the Pilot Study and forms the basis for the questionnaire in the SME Survey.

Subjects: Areas vs. Codes		ACTIONS			POLICIES			
Areas	Training for HR	Financing	Policy Generation for Investment	Taxes for Better Regulation	Better Regulation	Business Constraints	Investment for Entrepreneurship	
Codes								
Code 1: Developing financial instruments and regulations including systems for incentives, guarantees, legislation upgrade, incentive law and state development bank law		1. Collateral problem 2. Bureaucracy/Quick decision making 3. Role of Development Bank 4. Support work division 5. Cheap finance/credit guar.						
Code 2: Areas for different kinds of finance methods as cheap loans, short term credits, business plan, venture etc		1. Financing Business Plan and feasibilities 2. Identification of support areas						
Code 3: SME Policy, SME Board, as one stop agency including definitions, management and announcement/acceptance	1. consultancy and training services by SME Board / family business support	1. SME Board should guide and support for financing 2. Commercial banks credit cost and maturities 3. Transparent policies and of Development Bank as well	1. There is no SME Policy 2. Policies should be long lasting and transparent 3. Informative and protective actions for investors	1. Tax policies to decrease costs	1. SME Board needed 2. SME Board should have legal representative management 3. One stop agency 4. Establish Business Ethics	1. Consultancy Services to businesses 2. Marketing support	1. Incentives for project development and partnership 2. Stakeholders work to design SME Policy 3. Assist investors in project development	
Code 4: Revise taxation policy, allowances for new employment and decrease in costs of basic needs/Social tax allowances for employment, social security reform, export freights, industrial zones and electricity				1. Exemptions for social tax payments 2. State aid for macro limitations 3. Technology exemptions 4. Income, corporate taxes and taxes on investments 5. Taxation system	1. People discouraged by "Resen" Tax 2. Too many indirect taxes need to simplify			
Code 5: Infrastructure and industrial zones				1. Electricity cost	1. Sectoral zones 2. Water problem	1. Environmental pollution		
Code 6: Education system and trainings for sectors and vocations					1. Vocational education system	1. Lack of qualified personnel	1. Encourage vocational education	
Code 7: Easing of bureaucracy and investment climate	1. Training of civil servants 2. Training of auditors		1. Common vision for co-ordination	1. Instant change of taxes	1. Inefficient working and bureaucracy 2. Simplified documentation 3. SME Board as umbrella 4. Ambiguity in regulations			
Code 8: Stop incentivizing uncompetitive sectors, increase quality and niche products and allow work division within businesses		1. credits for renovation and investments	1. Identification of sectors for incentives 2. New investment areas 3. Resentment in local investors	1. Sectoral base taxes	1. Withdraw incentives for uncompetitive sectors 2. Effective Greenline Regulation 3. Incentives for existing hotels	1. Communicate benefits of clustering	1. Research Competitiveness of sectors 2. New Investment Areas	
Code 9: Shrink government by leaving production and employment, abolish public preference over private sector			1. Government is big competitor in the economy		1. Labour market conditions benefiting government employment 2. Legal benefits of government employment		1. Publicly owned enterprises	
Code 10: Direct flights and openness to overseas trade and activities					1. State aid for transportation	1. Cost of transportation 2. Political solution	1. Niche Products for outside markets	

Table 14. Areas versus Codes Table

5.2. ANALYSIS OF THE SME SURVEY

The survey questionnaire shown in Appendix 7 was developed according to the findings in the *Areas versus Codes Table* that was produced as a result of the interviews with the representative sample of SMEs. The questionnaire was administered through a computer aided telephone survey with 215 SMEs in the northern part of Cyprus. Sampling and the data collection processes are explained in Chapters 3 and 4.

The following analysis is based on the tables listed in Appendix 8 that were through the SPSS analyses.

5.2.1. Demographic Distribution

Demographic factors mostly form the basis for producing statistical data during the analysis of social research studies. Factors such as the location, sector, business type, size etc. are important factors in SME development. Therefore, it is beneficial to investigate the meaningful demographic findings of the survey which can shed light for the SMEs in the northern part of Cyprus.

Distribution of the SMEs according to the region and sector is as follows:

SECTOR VS. REGION

		Sector			Total
		Touristic Acc.	Manufacturing	Trade	
Region	Lefkoşa	4	34	77	115
	Mağusa	6	10	26	42
	Girne	12	5	29	46
	Güzelyurt	1	2	3	6
	İskele	3	1	2	6
Total		26	52	137	215

Table 15. Sectors vs. Regions

It is seen that 67% of the respondent SMEs are in trade, 30% are in manufacturing and 3% are in the touristic accommodation sectors.

Comparing the distribution in Table 25 with the pre-planned distribution in sampling part of the methodology:

Ideal Distribution according to the Sampling Section in Chapter 3

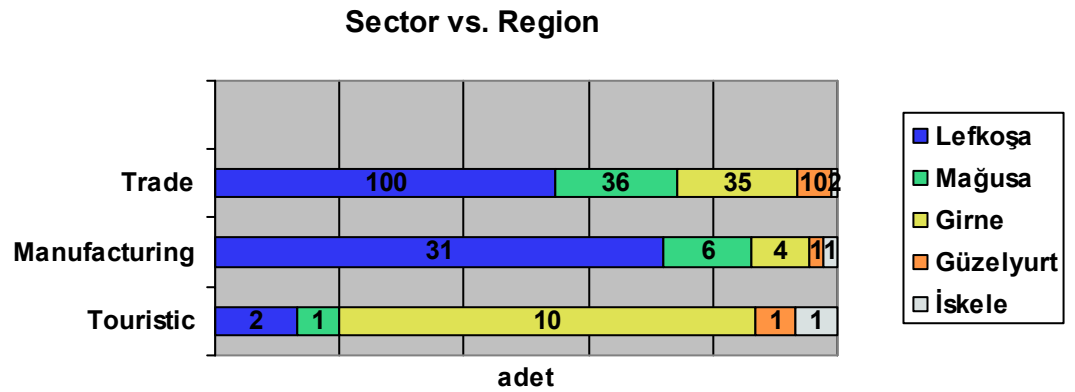


Table 16. Ideal Distribution in the Sampling

It is seen that the survey study has covered the ideal distribution planned in the initial methodology by 90%. This is highly satisfactory rate regarding the correction made for the universe of the survey during the implementation as explained in Chapter 4 on pages 108 and 109, where the sample size was re-calculated according to the number of SMEs having more than 5 employees depending on the database of the Social Insurance Department.

It is also beneficial to look deeper for the differentiation of sectors according to the regions in order to have better understanding about the distribution of SMEs across the country. The Anova test reveals that:

STATISTICAL DIFFERENTIATION OF SECTORS ACCORDING TO REGION

(I) Sector	(J) Sector	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Touristic accommodation	Manufacturing	1,15(*)	,262	,000	,50	1,80
	Trade	,99(*)	,240	,001	,39	1,60
Manufacturing	Touristic accommodation	-1,15(*)	,262	,000	-1,80	-,50
	Trade	-,16	,156	,668	-,54	,22
Trade	Touristic accommodation	-,99(*)	,240	,001	-1,60	-,39
	Manufacturing	,16	,156	,668	-,22	,54

Table 17. Statistical differentiation according to the regions
Dependent Variable: Bölge, Anova Tamhane

Enterprises in the *touristic accommodation* sector show statistically meaningful (significance level <0.05) differentiation according to the region whereas the SMEs in *trade* and *manufacturing* do not show any differentiation. This finding is important to note because it is a well known fact that most of the touristic accommodation enterprises are located in Girne region, which is the main touristic city in the northern part of Cyprus.

The other important factor is the type of the businesses. Looking to the business types of the SMEs:

BUSINESS TYPE and REGION

		Which one is your business type ?				Total
		Limited company	Sole proprietorship	Individual partnership	Branch or franchise business	
Region	Lefkoşa	101	7	7	0	115
	Mağusa	28	10	4	0	42
	Girne	38	5	2	1	46
	Güzelyurt	1	4	1	0	6
	İskele	5	1	0	0	6
Total		173	27	14	1	215

Table 18. Business types vs. Regions

It is seen that 80% of the SMEs are limited liability companies. Limited companies are dominant in Lefkosa, Magusa, Girne and Iskele regions where sole proprietorship is dominant in Guzelyurt region. In addition to the regional distribution, it is also needed to investigate the different business types according to the sectors in order to be able to find any differentiation that may depend on the sector.

Looking to the business types according to the sectors:

BUSINESS TYPE and SECTOR

		Which one is your business type ?				Total
		Limited company	Sole proprietorship	Individual partnership	Branch or franchise business	
Sector	Touristic accommodation	15	8	3	0	26
	Manufacturing	48	3	1	0	52
	Trade	110	16	10	1	137
Total		173	27	14	1	215

Table 19. Business type vs. Sectors

It is seen that 57% of the *touristic accommodation* businesses are limited company and 31% of them are sole proprietorships and 92% of the businesses in *manufacturing* are limited company. 80% of the businesses in *trade* are limited company and 12% are sole proprietorships. This indicates that there are major differences in the institutional development of the touristic accommodation businesses whilst the majority of the businesses in manufacturing and trade are open for establishing corporate governance due to their business type which is limited liability company.

Another important factor that influences the definition of SMEs, which was also discussed in the Literature Review section, is the number of employees in the businesses. So, looking to the number of employees:

NUMBER OF EMPLOYEES and REGION

		What is the number of your employees?								Total
		1-5	6-9	10-19	20-29	30-49	50-79	80-99	100+	
Region	Lefkoşa	17	21	27	16	16	11	1	6	115
	Mağusa	12	3	16	3	3	0	1	4	42
	Girne	9	6	12	7	4	3	0	5	46
	Güzelyurt	3	1	2	0	0	0	0	0	6
	İskele	1	0	1	3	1	0	0	0	6
Total		42	31	58	29	24	14	2	15	215

Table 20. Number of Employees vs. Region

It is seen that the biggest group of employment is in 10-19 employee range with a share of 27%.

Despite the fact that 1-5 employee SMEs were not included in the final sampling during the survey, 1-5 employee range is the second biggest group by 20%. This shows that the enterprises having more than 5 employees when the sampling lists were prepared in 2008, had decrease in the number of their employees in 2009.

Another interesting finding is that there has not been any SME above 19 employees in Guzelyurt and not above 49 in the Iskele regions which shows that the size of SMEs in these particular regions are relatively smaller.

Looking to the number of employees according to the sectors:

NUMBER OF EMPLOYEES and SECTOR

		What is the number of your employees?								Total
		1-5	6-9	10-19	20-29	30-49	50-79	80-99	100+	
Sector	Touristic accommodation	3	1	3	3	6	1	2	7	26
	Manufacturing	10	10	9	5	10	4	0	4	52
	Trade	29	20	46	21	8	9	0	4	137
Total		42	31	58	29	24	14	2	15	215

Table 21. Number of Employees vs. Sector

The biggest portion (26%) in *touristic accommodation* sector has 100 and more employees whereas the second biggest group (22%) has employees between 30 and 49. This can further be explained that the distribution of SMEs in touristic

accommodation is either large businesses as hotels of chain groups or relatively small businesses as local family businesses.

Coming to the *manufacturing* sector, the biggest portion is evenly distributed by 19% between the groups of 30-49, 6-9 ve 1-5 employees. It is seen that the distribution of employee groups is wide spread in the manufacturing sector.

For the *trade* sector, the biggest portion (33%) has employees between 10-19 and the second biggest group (21%) has employees between 1-5. There are different numbers of employees within the sizes of the SMEs in the trade sector and the majority (69.3%) of the businesses in trade have employees between 1-19.

Regarding the differences in the employee numbers it is beneficial to look deeper to see if any statistically meaningful differentiation between the sectors exists:

STATISTICAL DIFFERENTIATION OF SECTORS ACCORDING TO THE NUMBER OF EMPLOYEE

(I) Sector	(J) Sector	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Touristic accommodation	Manufacturing	1,56(*)	,551	,021	,19	2,92
	Trade	2,03(*)	,491	,001	,79	3,28
Manufacturing	Touristic accommodation	-1,56(*)	,551	,021	-2,92	-,19
	Trade	,48	,319	,364	-,30	1,25
Trade	Touristic accommodation	-2,03(*)	,491	,001	-3,28	-,79
	Manufacturing	-,48	,319	,364	-1,25	,30

Table 22. Statistical differentiation according to the number of employees
Dependent Variable: number of employees, Anova Tamhane

Anova test reveals that only the *touristic accommodation* sector shows statistically meaningful (significance level <0.05) differentiation according to the number of employees where manufacturing and trade sectors do not.

The characteristics of the top management in SMEs is one of the other important factors that influences the performance of the small businesses as mentioned in OECD Bologna Charter on SMEs (2005) and highlighted by others (Achanga, P.,

Shehab, E., Roy, R. and Nelder, G., 2005) as an internal issue in the Literature Review section. Looking to the type of management in SMEs:

MANAGEMENT TYPE

		Which management type do you have in your business?				
		Family Business	Single owner managed business	Partners managed business (apart from family)	Board appointed externally	Total
Sector	Touristic accommodation	15	4	5	2	26
	Manufacturing	29	7	16	0	52
	Trade	82	27	25	3	137
Total		126	38	46	5	215

Table 23. Management type vs. Sector

It is seen that the majority (59%) of the SMEs are managed as family businesses. The second biggest portion in *touristic accommodation* (19%) and *manufacturing* (30%) are partners managed businesses (apart from family). Looking to the *trade* sector, the second biggest portion (20%) is single owner managed businesses.

It is a common characteristic in SMEs that the size of enterprises are influenced by the type of the top management, thus, comparing the number of employees with the management type:

MANAGEMENT TYPE and THE NUMBER OF EMPLOYEE

Sector			What is the number of your employees?								Total
			1-5	6-9	10-19	20-29	30-49	50-79	80-99	100+	
Touristic accommodation	Which management type do you have in your business?	family business	3	0	3	1	4	1	0	3	15
		Single owner managed business	0	1	0	1	0	0	0	2	4
		Partners managed business (apart from family)	0	0	0	1	1	0	1	2	5
		Board appointed externally	0	0	0	0	1	0	1	0	2
		Total		3	1	3	3	6	1	2	7
Manufacturing	Which management type do you have in your business?	family business	7	5	6	3	6	2		0	29
		Single owner managed business	2	2	3	0	0	0		0	7
		Partners managed business (apart from family)	1	3	0	2	4	2		4	16
		Total		10	10	9	5	10	4		4
Trade	Which management type do you have in your business?	family business	10	13	31	14	5	6		3	82
		Single owner managed business	14	3	5	4	0	1		0	27
		Partners managed business (apart from family)	4	4	9	3	3	1		1	25
		Board appointed externally	1	0	1	0	0	1		0	3
		Total		29	20	46	21	8	9		4

Touristic accommodation	Pearson Chi-Square	22,781(a)	21	,356
Manufacturing	Pearson Chi-Square	20,589(b)	12	,057
Trade	Pearson Chi-Square	27,995(c)	18	,062

Table 24. Number of employees and the management type

The statistical confidence level (chi-square) in the *touristic accommodation* sector is too low to comment on the distribution according to the number of employees. Coming to the *manufacturing*; family businesses have maximum 79 employees, partners managed businesses (except the family business) have employees 30 and more and single owner managed businesses have maximum 19 employees. It is also interesting to note that there are no businesses with employees in between 80-99 people in the manufacturing sector.

Looking to the *trade*; management types are distributed wide spread in all of the employee groups but it is again interesting that there are no businesses that have employees in between 80-99 people similar to the manufacturing sector.

Comparing the business type with the management type:

MANAGEMENT TYPE and BUSINESS TYPE

Sector			Which one is your business type?				Total
			Limited company	Sole proprietorship	Individual partnership	Branch or franchise business	
Touristic accommodation	Which management type do you have in your business?	family business	9	6	0		15
		single boss owned business	3	1	0		4
		Partners business (except family)	2	0	3		5
		Externally appointed board of directors	1	1	0		2
	Total		15	8	3		26
Manufacturing	Which management type do you have in your business?	family business	28	1	0		29
		single boss owned business	5	2	0		7
		Partners business (except family)	15	0	1		16
	Total		48	3	1		52
Trade	Which management type do you have in your business?	family business	75	3	3	1	82
		single boss owned business	12	12	3	0	27
		Partners business (except family)	20	1	4	0	25
		Externally appointed board of directors	3	0	0	0	3
	Total		110	16	10	1	137

Table 25. Cross tabulation of business type with management type

It is seen that the majority (65%) of the Limited enterprises are managed as family businesses. It is also important to note that 35% of SMEs in touristic accommodation, 54% in manufacturing and 55% in trade are family businesses with limited company structure. This finding is not only important for the analysis of the

results of the survey but also for understanding the overall structure of the SMEs in the northern part of Cyprus.

Another demographic characteristic of the survey is about the position of the respondents in the businesses. Looking to the positions:

POSITION IN THE BUSINESS

		What is your position in the business?						Total
		Director	General Manager	Deputy GM/Coordinator	Sales/Marketing Manager	Admin/Finance Manager	Production/Technical Manager	
Sector	Touristic accommodation	4	6	6	1	8	1	26
	Manufacturing	35	7	1	2	5	2	52
	Trade	75	24	8	12	14	4	137
Total		114	37	15	15	27	7	215

Table 26. Sector vs. Position

Majority (53%) of the respondents are directors, which can highlight that at least half of the SMEs are indeed owner managed businesses, which is one of the common characteristics in the SME literature as highlighted by Lewis, Massey and Harris (2005) in Chapter 2. Professional managers apart from the directors are relatively more in touristic accommodation enterprises due to the fact that larger organizations such as big hotels need to employ professional managers more than the businesses in other two sectors.

Therefore, investigating more about the sectoral differentiation according to the position:

STATISTICAL DIFFERENTIATION OF SECTORS ACCORDING TO THE POSITION

(I) Sector	(J) Sector	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Touristic accommodation	Manufacturing	1,37(*)	,376	,002	,43	2,30
	Trade	1,12(*)	,337	,006	,28	1,97
Manufacturing	Touristic accommodation	-1,37(*)	,376	,002	-2,30	-,43
	Trade	-,24	,250	,701	-,85	,36
Trade	Touristic accommodation	-1,12(*)	,337	,006	-1,97	-,28
	Manufacturing	,24	,250	,701	-,36	,85

Table 27. Statistical differentiation according to the position
Dependent Variable: Position, Anova Tamhane

It is clearly seen that only the touristic accommodation sector shows statistically meaningful (significance level <0.05) differentiation according to the position of the respondents.

The other demographic information included in the survey is about the main activity area of the operations in SMEs. Looking to the main activity area:

MAIN AREA OF THE BUSINESS ACTIVITY

Table 28. Main area of the business activity vs. Sector

		What is your main area in business activities ?						Total	
		Manufacturing	Trade Imports	Trade Exports	Manufacturing and trade imports	Manufacturing and trade exports	All		None
Sector	Touristic accommodation	0	0	0	0	0	0	24	24
	Manufacturing	32	3	0	8	4	4	1	52
	Trade	21	72	12	12	3	10	7	137
Total		53	75	12	20	7	14	32	213

It is very interesting to see that some of the SMEs in the manufacturing and trade sectors are undertaking activities that overlap with the scope of the other sectors. For instance, 37% of SMEs in manufacturing are undertaking trading imports, and 33% of SMEs in the trade sector have manufacturing activity as well. This finding indicates that it is very difficult to distinguish between trading and manufacturing

SMEs in the northern part of Cyprus. The reason for this shall stem from the constraints of the small island economy and limitations in the country both in terms of political and economical inconsistency where SMEs need to undertake alternative business activities to stay sustainable in the market. Therefore, looking deeper to investigate more about meaningful differentiation according to the sector:

STATISTICAL DIFFERENTIATION OF SECTORS ACCORDING TO THE MAIN BUSINESS AREA

(I) Sector	(J) Sector	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Touristic accommodation	Manufacturing	4,67(*)	,263	,000	4,02	5,32
	Trade	4,28(*)	,141	,000	3,94	4,62
Manufacturing	Touristic accommodation	-4,67(*)	,263	,000	-5,32	-4,02
	Trade	-,40	,299	,466	-1,12	,33
Trade	Touristic accommodation	-4,28(*)	,141	,000	-4,62	-3,94
	Manufacturing	,40	,299	,466	-,33	1,12

Table 29. Statistical differentiation according to the main area of the business activity
Dependent Variable: Main area of business activity, Anova Tamhane

Anova test again (significance level > 0.05) justifies that the SMEs in trade and manufacturing sectors are indeed indifferent according to the main business activity area. This makes it very difficult to distinguish between the businesses in these two sectors which provides a need to develop strategic approach for the development of SMEs in the northern part of Cyprus.

5.2.2. Analysis of the Main Questions

This part aims to analyse the findings of the main questions of the questionnaire administered during the computer aided telephone survey. The main questions after the demographic issues were arranged according to the emerging areas of the interview results as shown in Table 24 in 5.1.3. Therefore, each of the following questions aims to reveal the most important actions demanded by the SMEs according to pre-described areas in Table 24.

The survey starts with a general question that aims to identify the most needed action for the development of the SMEs:

THE MOST NEEDED ACTION

		Which one of these best assure the development of your SME ?					Total
		Cheap finance and grant opportunities for the sector	Regulations more suited to your sector activities	Better qualified people available	Better developed incentive system for the sector	More coherent and Long lasting policies for SMEs	
Region	Touristic accommodation	4	3	5	10	4	26
	Manufacturing	22	4	3	10	13	52
	Trade	34	13	27	30	33	137
Total		60	20	35	50	50	215

Table 30. Which one of these best assure the development of your SME

The most needed action for the development of SMEs in the three sectors are expressed as:

Touristic accommodation sector needs

- better incentive system to be developed for the sector by 39%,
- qualified employees by 19%,
- long lasting and comprehensive policies for SMEs and cheap finance and grant opportunities by 19%.

Looking to the Manufacturing sector it is seen that

- cheap finance and grant opportunities are needed by 40%,
- long lasting and comprehensive policies by 25%,
- better incentive systems by 19%.

Coming to the Trade sector,

- cheap finance and grant opportunities for the sector are needed by 25%,
- long lasting and comprehensive policies by 24%, and
- better incentive systems by 22%.

It very important to note that the SMEs in manufacturing and trade sectors expressed the same needs to assure the development of SMEs with the same priority. Similarly, the touristic accommodation sectors expresses the same needs with an addition of a need for qualified employees.

The second question is about undertaking entrepreneurship in SMEs and investigating the most important factor for new entrepreneurship:

THE MOST IMPORTANT FOR ENTREPRENEURSHIP

		Which one is the most important for you in order to undertake new ventures?							Total
		incentivizing new type of businesses that can be carried out through different kind of partnerships	Identification of new investment areas through sectoral competitiveness analyses	Developing niche products for different customer segments	Support for project development for investments	Having grant or cheap credit programmes	Establishing a SME Board which can serve SMEs	Creation of well accpeted SME Policy by participation of stakeholders	
Sector	Touristic accommodation	3	4	4	6	7	1	1	26
	Manufacturing	3	10	2	12	17	7	1	52
	Trade	8	23	12	26	49	15	4	137
Total		14	37	18	44	73	23	6	215

Table 31. Which one is the most important for you in order to undertake new ventures?

It is seen that there is no statistically meaningful (significance level>0.05) differentiation between sectors. However, looking to the overall response in general:

- cheap finance and grant opportunities is 34%,
- project development and project development support for the investments is 20%, determination of new investment areas through competitive analyses of the sectors is 17%,
- SME Board to serve SMEs is 11%,
- developing niche products is 8%,
- incentives for different kinds of partnerships for new business models is 7%,
- SME Policy developed by participation of all stakeholders is 3%.

It is important to explain that project development, determination of new investment areas and incentives for different kind of partnerships are inter-connected actions that lead to an strategic approach with a total share of 44% that leaves cheap finance and credit need as the second priority.

The following part is about the finance for SMEs. Looking to the biggest obstacle in financing:

THE BIGGEST OBSTACLE FOR FINANCE

		Which one of these is the biggest obstacle you face during your efforts to obtain finance for your organization ?						Total
		Collateral and guarantee	Speed of decision making and bureaucratic process	Interest rate and maturity conditions in trade banks	Uncertainty of the sectors that is provided with finance	Insufficient transparency in the finance policies of the state	Not having supportive organization to guide for financing	
Sector	Touristic accommodation	6	11	3	0	1	5	26
	Manufacturing	19	15	8	0	3	7	52
	Trade	37	27	43	8	8	14	137
Total		62	53	54	8	12	26	215

Table 32. Which one of these is the biggest obstacle you face during your efforts to obtain finance for your organization ?

It is seen that the biggest obstacle for SMEs in touristic accommodation sector is:

- Speed of the bureaucracy 42%,
- collateral and guarantee 23%,
- no guiding organization for financing 19%

In manufacturing:

- Collateral and guarantee is 37%,
- speed of the bureaucracy is 29%,
- interest rate and maturity conditions is 15%

In Trade:

- interest rate and maturity conditions is 31%,
- collateral and guarantee is 27%,
- speed of the bureaucracy is 20%

It is interesting to see that the SMEs in manufacturing and trade sectors expresses the same factors in different priority. This is because SMEs in the trade sector needs more frequent finance for operations than the ones in the manufacturing sector which are more concerned on collateral and bureaucracy during financing their investments. Touristic accommodation sector agrees with the two sectors with an exception of collateral which is replaced by having no guiding organization for financing due to the fact that hotels in this sector can be provided as collateral for the financing purposes.

Looking to the case of Development Bank, the application for financing from the Development Bank:

FINANCING FROM THE DEVELOPMENT BANK

		Have you ever applied for financing from the Development Bank?		Total
		Yes	No	
Sector	Touristic accommodation	17	9	26
	Manufacturing	29	23	52
	Trade	29	108	137
Total		75	140	215

Table 33. Have you ever applied for financing from the Development Bank?

It is seen that only 35% of the total SMEs applied for financing from the Development Bank. Looking to the sectors, 65% of SMEs in touristic accommodation, 55% in manufacturing and 21% in trade have expressed that they applied for financing from the Development Bank.

Looking to the success rate in receiving funds from the Development Bank:

SUCCESS IN FINANCE FROM THE DEVELOPMENT BANK

		Have you succeed to obtain finance by this attempt?		Total
		Yes	No	
Sector	Touristic accommodation	15	2	17
	Manufacturing	16	13	29
	Trade	17	12	29
Total		48	27	75

Table 34. Have you succeed to obtain finance by this attempt?

It is seen that 88% of the SMEs in touristic accommodation, 55% in manufacturing and 58% in trade have succeeded to receive funds from the Development Bank.

These rates indicate that SMEs in the touristic accommodation sector have relatively benefited more from the funding opportunities of the Development Bank.

Looking to the criteria of the Development Bank that pose the biggest obstacle for financing:

THE BIGGEST OBSTACLE FOR FINANCE FROM THE DEVELOPMENT BANK

		Which of the following criteria of the Development Bank constitute the biggest obstacle to obtain finance for your organization?							Total
		Collateral	Amount of the fund	Maturity	Interest rate	Repayment time	Bureaucratic transactions	Lack of quick decision making	
Sector	Touristic accommodation	2	0	1	1	4	7	2	17
	Manufacturing	7	2	0	2	0	16	2	29
	Trade	10	2	1	2	1	12	1	29
Total		19	4	2	5	5	35	5	75

Table 35. Which of the following criteria of the Development Bank constitute the biggest obstacle to obtain finance for your organization?

It is seen that sectors find the following factors as the obstacle for financing from the Development Bank:

Touristic accommodation: Bureaucracy by 41% and repayment time by 24%

Manufacturing: Bureaucracy by 55% and collateral by 24%

Trade: Bureaucracy 41% and collateral by 34%

Again, SMEs in the manufacturing and trade sectors express the same factors as the obstacles where the issue of bureaucracy is the common obstacle for all of the three sectors.

Looking to the issue of financing from a different point of view, the following table shows the number of applications for funds in order to undertake renovation or additional investment during the past 3 years:

APPLYING FOR FINANCE IN THE PAST 3 YEARS

		Have you had any application to any place for financing renovation or additional investment within the past 3 years?		Total
		Yes	No	
Sector	Touristic accommodation	8	18	26
	Manufacturing	21	31	52
	Trade	41	96	137
Total		70	145	215

Table 36. Have you had any application to any place for financing renovation or additional investment within the past 3 years?

Application for financing any additional and/or new investment (renovation) in past 3 years:

Touristic accommodation: 31%

Manufacturing: 40%

Trade: 30%

It is clearly seen that around one third of the SMEs in all of the three sectors need to undertake renovation or additional investment in their businesses within three years period.

Similar to the Development Bank, it is beneficial to investigate more about the success rate of the applications for financing the renovation and/or additional investment:

NUMBER OF APPLICATIONS

		How many applications?						Total
		1	2	3	4	6	7 and above	
Sector	Touristic accommodation	3	1	1	0	0	0	5
	Manufacturing	10	6	1	2	1	1	21
	Trade	14	18	6	2	1	1	42
Total		27	25	8	4	2	2	68

Table 37. How many applications?

It is seen that 40% of SMEs had only one, 37% had two, and 12% had three applications. This indicates that existing opportunities for financing urge SMEs to undertake mostly one or two applications for financing the renovation and additional investments within their businesses. Looking to the success rate for financing:

SUCCESS IN THE APPLICATION FOR FINANCE

		How many succeed with finance ?							Total
		1	2	3	4	5	All	None	
Sector	Touristic accommodation	4	1	0	0	0	0	0	5
	Manufacturing	12	6	0	1	1	1	0	21
	Trade	25	12	1	0	1	1	2	42
Total		41	19	1	1	2	2	2	68

Table 38. How many succeed with finance ?

60% of SMEs managed to receive funds from one, 28% managed to receive from two of the applications made for financing the renovation and/or additional investment in the business which, again, explains why SMEs tend to make one or two applications as in the previous paragraph, Table 46.1.

Coming to another area in SME development apart from the finance, the following table shows the biggest obstacle faced in Human Resources:

THE BIGGEST OBSTACLE IN HUMAN RESOURCES

		Which one of these is the biggest obstacle you face at personnel regarding the development of your organization?					Total
		Vocational education state of your staff	Lack of knowledge and experience of your personnel	Lack of qualified middle workers	Lack of qualified middle managers	Don't face any obstacle	
Sector	Touristic accommodation	3	3	15	4	1	26
	Manufacturing	2	6	22	10	12	52
	Trade	12	18	64	19	24	137
Total		17	27	101	33	37	215

Table 39. Which one of these is the biggest obstacle you face at personnel regarding the development of your organization?

The obstacles in Human Resources is expressed as:

Touristic accommodation:

- Lack of qualified middle workers by 57%
- Lack of qualified middle managers by 15%
- Lack of knowledge and experience of your personnel by 12%,
Vocational education state of your staff by 12%

Manufacturing:

- Lack of qualified middle workers by 42%
- Don't face any obstacle by 23%
- Lack of qualified middle managers by 19%

Trade:

- Lack of qualified middle workers by 46%
- Don't face any obstacle by 18%
- Lack of qualified middle managers by 14%

All of the three sectors expressed the same problem as the biggest obstacle in Human Resource as lack of qualified middle workers and managers. Touristic accommodation sector has also put emphasis on lack of knowledge and experience of personnel and vocational education of staff which are also root cause of the above mentioned obstacle that is common for the three sectors.

One of the other main concern area of SMEs is Taxation. In investigating the factors in taxation that create obstacles for the development of SMEs:

THE BIGGEST OBSTACLE IN TAXATION

		Which one of these is the biggest obstacle you face in taxation issues regarding the development of your organization ?						Total
		Social benefit taxes in Wages	Frequent change of tax rates	Not having tax exemptions for technological equipment and investments	Number of taxes in imports and transportation	Not having sectoral taxation system	Increase in costs due to taxation policies	
Sector	Touristic accommodation	5	3	0	2	5	11	26
	Manufacturing	13	5	7	7	5	15	52
	Trade	23	15	8	30	17	44	137
Total		41	23	15	39	27	70	215

Table 40. Which one of these is the biggest obstacle you face in taxation issues regarding the development of your organization ?

Anova test (significance level > 0.05) shows that there is no statistically meaningful differentiation according to the sector. Therefore, listing the obstacles in general:

- Increase in costs due to taxation policies is 33%
- Social benefit taxes in wages is 19%
- Number of taxes in imports and transportation is 18%
- Not having sectoral taxation system is 13%
- Frequent change of tax rates is 11%
- No exemption for technological equipment and investments is 7%

It is seen that taxation policies increase costs in SMEs and adding number of taxes in imports and transportation to this makes 51% in total which is a relatively high rate compared to other factors listed above. One of the important areas in SME development which is also related to the taxation issue is Regulation. The following table shows the biggest obstacle in legal and regulatory issues as:

THE BIGGEST OBSTACLE IN REGULATION

		Which one of these is the biggest obstacle you face legal and regulatory issues regarding the development of your organization?							Total
		Having several different departments for undertaking bureaucratic process	Formalities and documentation in bureaucratic transactions	Workers preference for government employment	Type and number of indirect taxes	Duration of having decision in courts	Not identifying investment zones for different kind of sectors	Not having incentives for the development of existing businesses	
Sector	Touristic accommodation	12	3	4	2	1	2	2	26
	Manufacturing	22	5	6	1	13	1	4	52
	Trade	57	19	29	9	7	7	9	137
Total		91	27	39	12	21	10	15	215

Table 41. which one of these is the biggest obstacle you face legal and regulatory issues regarding the development of your organization?

The obstacles in Legislation and Regulation is expressed as:

Touristic accommodation:

- Having several different departments for undertaking bureaucratic process by 45%
- Workers preference for government employment by 15%
- Formalities and documentation in bureaucratic transactions by 12%

Manufacturing:

- Having several different departments for undertaking bureaucratic process by 41%
- Duration of having decision in courts by 25%
- Workers preference for government employment by 15%

Trade:

- Having several different departments for undertaking bureaucratic process by 41%
- Workers preference for government employment by 21%

- Formalities and documentation in bureaucratic transactions by 14%

Most of the SMEs in all of the three sectors expressed having several different departments for undertaking bureaucratic process as the biggest obstacle by highest percentage rates (41%-45%). Again, workers preference for government employment is the biggest obstacle for some of the SMEs (15%-21%) in all of the three sectors. Additionally, duration of having decision in courts is an obstacle for some of the SMEs in the manufacturing sector. This is because, there are more tools such as credit cards for cash transactions in the trade and touristic accommodation sectors that minimize the risk of collection where the SMEs in manufacturing sector depend more on business to business relations.

Looking to the factors that influence the costs in SMEs:

THE BIGGEST OBSTACLE IN COSTS

		Which one of these is the biggest obstacle you face in dealing with costs ?					Total
		Electricity cost	Poor vocational education system	Additional costs in transportation and access	Lack of independent umbrella organization to carry out transactions for SMEs	Additional costs arising due political conditions	
Sector	Touristic accommodation	17	1	2	0	6	26
	Manufacturing	21	0	9	4	18	52
	Trade	38	5	25	10	59	137
Total		76	6	36	14	83	215

Table 42. Which one of these is the biggest obstacle you face in dealing with costs ?

The obstacles affecting Costs is expressed as:

Touristic accommodation:

- Electricity cost is 65%
- Additional costs arising due political conditions is 23%
- Additional costs in transportation and access is 8%

Manufacturing:

- Electricity cost is 40%
- Additional costs arising due political conditions is 35%
- Additional costs in transportation and access is 17%

Trade:

- Additional costs arising due political conditions is 43%
- Electricity cost is 28%
- Additional costs in transportation and access is 17%

It is seen that all of the three sectors express the same factors as cost creating issues. Electricity cost is seen as one of the biggest obstacles in decreasing the costs of the operations. Costs in transportation and access, which is connected to the political conditions, are expressed as external cost creating factors for the SMEs in the northern part of Cyprus.

Therefore, in addition to cost factors, it is also needed to investigate the other factors that influence the overall efficiency of the SMEs:

THE BIGGEST OBSTACLE FOR EFFICIENCY

		Which of one these is the biggest obstacle you face in carrying out your operations in an efficient manner ?						total
		Lack of support for the Marketing subjects	Lack of cooperation understanding in businesses	Inadequate knowledge and experience in several subjects	Problems in overseas transportation	Existing political situation about the Cyprus problem	Environmental pollution	
Sector	Touristic accommodation	9	1	3	7	5	1	26
	Manufacturing	11	11	3	8	18	1	52
	Trade	18	48	8	19	42	2	137
Total		38	60	14	34	65	4	215

Table 43. Which of one these is the biggest obstacle you face in carrying out your operations in an efficient manner ?

The obstacles preventing the SMEs to run efficient operations is expressed as:

Touristic accommodation:

- Lack of support for the Marketing subjects is 34%
- Problems in overseas transportation is 27%
- Existing political situation about the Cyprus problem is 19%

Manufacturing:

- Existing political situation about the Cyprus problem is 35%
- Lack of support for the Marketing subjects is 21%, Lack of cooperation understanding in businesses is 21%
- Problems in overseas transportation is 15%

Trade:

- Lack of cooperation understanding in businesses is 35%
- Existing political situation about the Cyprus problem is 31%
- Problems in overseas transportation is 14%

There is convergence in responses of the SMEs where existing political situation about the Cyprus problem and problems in overseas transportation are the two common obstacles for the three sectors. Lack of marketing support is also emphasized by the touristic accommodation sector. Lack of cooperation understanding in businesses is another interesting finding expressed by the manufacturing and trade sectors which reminds the finding in the Demographic Analysis part on page 131 where Tables 38, 39 explain that there is major overlap of the main business activity areas of the SMEs in these two sectors. Therefore, it is natural that some of the SMEs in trade and manufacturing sectors find themselves as competitors in a small market and they express their restness as lack of cooperation understanding in businesses.

Coming to one of the important question which is about the biggest obstacle against sustaining the development of SMEs:

THE BIGGEST OBSTACLE FOR THE DEVELOPMENT OF BUSINESS

		Which one of these is the biggest obstacle you face for sustaining the development of your organization ?						Total
		Not developing long term and transparent policies for SMEs	The sectors to be incentivized for investments are not identified	Local investors are not protected	Bureaucracy in the government departments	Coordination and cooperation between ministries	State owned businesses in some sectors	
Sector	Touristic accommodation	3	2	12	3	3	3	26
	Manufacturing	5	4	32	6	2	3	52
	Trade	16	12	69	21	6	13	137
Total		24	18	113	30	11	19	215

Table 44. Which one of these is the biggest obstacle you face for sustaining the development of your organization ?

There is no statistically meaningful (significance level > 0.05) differentiation according to the sector. Therefore, looking at the biggest obstacle preventing the development of businesses in general:

- Local investors are not protected is 53%
- Bureaucracy in the government departments is 14%
- Not developing long term and transparent policies for SMEs is 11%
- State owned businesses in some sectors is 9%
- The sectors to be incentivized for investments are not identified is 8%
- Lack of co-ordination and co-operation between ministries is 5%

There is an interesting finding by 53% that the local investors are not protected which is expressed as an obstacle against sustaining the development of SMEs. It is also important to note that all other factors have marginal percentages compared to the one mentioned above. Therefore, this finding needs to be discussed further in the cross tabulation analyses part. Considering the high percentage of the protection for local investors, it is understood that most of the SMEs find it difficult to

compete with the foreign enterprises due to capacity, limited market size, cost creating factors as discussed before, and external factors such as economic and political conditions in the northern part of Cyprus.

5.2.3. Additional Questions Reflecting the Tendency in short term

The following part provides additional findings to the aforementioned *obstacles* questions by asking SMEs about their short term plans in the future:

Looking to the need to undertake vocational training for personnel in the coming year:

Yes: 57%, No: 37%, Undecided: 10%

It is seen that half of the SMEs need to undertake vocational trainings for their employees. Considering the findings in the Human Resource question in Table 47, we see consistent result where around half of the SMEs expressed that they lack qualified middle workers in the businesses.

The results of the need for low cost credit or grant in the coming year:

Yes: 64%, No: 29%, Undecided: 7%

reveals that around two third of the SMEs need to have cheap credit or grants. This rate is more than the percent of the SMEs who have applied for finance from the Development Bank (35%, Table 43) and who have applied for renovation or additional investment (30%, Table 46) in the past years. Therefore, in general, it is understood that around one third of the SMEs in need for cheap finance or grants do not apply for any financing opportunities.

Following this, it is beneficial to investigate for the need to undertake additional or new investment in the coming year:

Yes: 66%, No: 26%, Undecided: 8%

Again, we see very similar results (66%) with the need for cheap credits or grants that reflects the consistency of the findings as well. Recalling the finding in Table 36 on page 138, which shows that around one third of the SMEs in the three sectors applied for financing additional and/or new investment in the past three years, again it is understood that the other one third of the SMEs do not attempt to apply for financing even if they need to undertake additional or new investment in their businesses.

The other important factor for the development of the SMEs is the support they receive from the representative organizations. Looking to the adequacy of support for Marketing efforts from the Chambers:

Yes: 67%, No: 17%, Undecided: 16%

Most of the SMEs express that they receive adequate support from the chambers. This may be due to recent developments taking place in the chambers in terms of capacity building and networking efforts that are supported by international funding organizations such as USAID.

One of the critical factors in the short term is about the expectation of the SMEs for the forecasted volume in business in the coming year:

Touristic accommodation:

Growth: 35%, Same: 15%, Shrink:46%, Don't know: 4%

Almost half of the SMEs in the touristic accommodation sector express that there will be decrease in the volume of business where one third are expecting growth. The reason for this deviation shall be the finding in Table 31 which shows that the distribution of SMEs in touristic accommodation is either large businesses as hotels

of chain groups, which can opt for growth, or relatively small businesses as local family businesses, which are more vulnerable than the bigger ones.

Looking to the Manufacturing sector:

Growth: 27%, Same: 31%, Shrink:30%, Don't know: 12%

We see a relatively propotional distribution for the expectation in the business volume where the number of undecided SMEs increased compared to the ones in the touristic accommodation sector.

For the trade sector:

Growth: 23%, Same: 33%, Shrink: 26%, Don't know: 18%

We see decrease in the growth expectation relative to other sectors where the number of undecided SMEs are much higher compared to the ones in the manufacturing and touristic accommodation sectors.

As seen above, it is interesting to note that the number of SMEs expecting growth decreases and of the undecided ones increases as we go along in written order from touristic accommodation, to manufacturing and to trade sectors. Having different expectations provides the need to undertake further analysis in the cross tabulation part.

5.2.4. Cross Tabulation Analyses

This part aims to present cross-tabulation analysis of the selected findings that can provide further information on the results of the survey. It is beneficial to look the analyses of the findings deeper so that the relation between different results can substantially be established according to chi-square 95% confidence level and Anova Tamhane 95% significance level.

The following analysis is twofold:

- First Tabulation is to see statistically meaningful connection between the results of *the most needed action* and other relevant questions, and the
- Second Tabulation is to investigate the relation between *the biggest obstacle* for the development of SMEs and other relevant questions.

5.2.4.1. First Tabulation: The Most Needed Action

The first tabulations are undertaken according to the findings of the question about the *most needed action*.

One of the important analyses is to investigate the relation between the expectation for the business volume and the most needed action for the development of SMEs:

BUSINESS VOLUME EXPECTATION vs. THE MOST NEEDED ACTION

		What is your expectation for the business volume in the coming one year period?				Total
		Shrink	Same	Growth	Don't know	
Which one of these best assure the development of your SME ?	Cheap finance and grant opportunities for the sector	21	17	14	8	60
	Regulations more suited to your sector activities	7	9	3	1	20
	Better qualified people available	8	7	18	2	35
	Better developed incentive system for the sector	12	19	12	7	50
	More coherent and Long lasting policies for SMEs	15	14	8	13	50
Total		63	66	55	31	215
Pearson Chi-Square	25,358(a)	12	,013			

Table 45. Business volume expectation vs. the most needed action

Comparing the most needed action with the forecasted volume in business:

Growth: 33% finding qualified employee,

25% cheap credits and grants for the sector

SMEs expecting growth are in need of qualified employees and cheap credits or grants. This is natural for any organization pursuing growth due to the fact that growth can be sustained by good human resources and sufficient financial capacity.

Same: 29% better developed incentive system for the sector,

26% cheap credits and grants for the sector

SMEs expecting to preserve the same volume in business need better developed incentive systems and cheap credits or grants in order to catch competitive edge for establishing growth in their businesses. Here, we again see a very logical tendency for the enterprises expecting the same business volume in the coming year.

Shrink: 33% cheap credits and grants for the sector,

24% long lasting and comprehensive policies for SMEs

SMEs expecting decrease in business volume express their need for cheap credits or grants as the first priority. Such organizations may need funds in order to undertake improvement or investment in their business to be able to stay competitive in the market. The second priority for long lasting and comprehensive policies is also a natural reflex of such SMEs because they tend to have new policies and support from the government to escape from the shrink phase to competitive phase.

Comparing the results for the most needed action and the need for credits or grant:

NEED FOR GRANT AND CREDIT vs. THE MOST NEEDED ACTION

		Do you need to obtain any grant or cheap credit for your organization in the coming one year period?				Total
		Yes	No	Undecided	Not related with me	
Which one of these best assure the development of your SME ?	Cheap finance and grant opportunities for the sector	47	11	1	1	60
	Regulations more suited to your sector activities	9	10	1	0	20
	Better qualified people available	18	11	4	2	35
	Better developed incentive system for the sector	30	11	7	2	50
	More coherent and Long lasting policies for SMEs	30	17	2	1	50
Total		134	60	15	6	215
Pearson Chi-Square		21,075(a)	12	,049		

Table 46. The need for grant and credit vs. the most needed action

SMEs in need for cheap credits or grants for the coming year express that they also need:

- Cheap finance and grant opportunities for the sector by 35%.
- Better developed incentive system for the sector by 22%
- More coherent and Long lasting policies for SMEs by 22%

It should be noted that 63% of the total SMEs said that they need cheap credit or grants. However, only 35% of these express cheap credit or grants as the most needed action to assure the development of the business. Here, we see that although most SMEs need cheap credits or grants, most of them are concerned more about other generic factors such as better developed incentive systems and more coherent and long lasting policies as the most needed action. This shows that there is a need to establish a strategic approach in developing policies for the SMEs in the northern part of Cyprus.

Looking to the biggest obstacle in taxation:

THE BIGGEST OBSTACLE IN TAXATION vs. THE MOST NEEDED ACTION AND SECTOR

which one of these is the biggest obstacle you face in taxation issues regarding the development of your organization?			Sector			Total
			Touristic Acc.	Manufacturing	Trade	
Increase in costs due to taxation policies	which one of these best assure the development of your SME ?	Cheap finance and grant opportunities for the sector	2	8	5	15
		Regulations more suited to your sector activities	0	3	5	8
		Better qualified people available	3	0	8	11
		Better developed incentive system for the sector	5	0	13	18
		More coherent and Long lasting policies for SMEs	1	4	13	18
	Total		11	15	44	70
Increase in costs due to taxation policies	Pearson Chi-Square		Value: 22,158(f)	Df: 8	Asymp. Sig.: ,005	

Table 47. The biggest obstacle in taxation vs. the most needed action and sector

SMEs which express increase in costs due to taxation policies as the obstacle also provide the following responses:

Trade:

- Better developed incentive system for the sector by 27%
- More coherent and Long lasting policies for SMEs by 27%

Manufacturing:

- Cheap finance and grant opportunities for the sector by 53%

Touristic accommodation

- Better developed incentive system for the sector by 46%

Trade and touristic accommodation sectors express better incentive systems because it can be argued that the existing incentive system is *production* and *new investment* oriented that do not cover trading SMEs and existing touristic accommodation enterprises. The manufacturing sector highlights cheap credits and grants because there are relatively more incentives for this sector but not adequate finance opportunities as alternative to commercial banks that use market interest rates.

5.2.4.2. Second Tabulation: The Biggest Obstacle

Coming to the second tabulation, which is the biggest obstacle against the development of SMEs, we see the following distribution according to the sectors and regions:

THE BIGGEST OBSTACLE AGAINST THE DEVELOPMENT OF BUSINESS vs. REGION AND SECTOR

Which one of these is the biggest obstacle you face for sustaining the development of your organization ?						Total
			Touristic acc.	Sector Manufacturing	Trade	
Local investors are not protected	Region	Lefkoşa	2	21	41	64
		Mağusa	2	8	12	22
		Girne	7	2	13	22
		Güzelyurt	0	0	2	2
		İskele	1	1	1	3
		Total		12	32	69
Bureaucracy in the government departments	Region	Lefkoşa	1	2	13	16
		Mağusa	0	1	4	5
		Girne	1	2	4	7
		Güzelyurt	0	1	0	1
		İskele	1	0	0	1
		Total		3	6	21
Local investors are not protected		Pearson Chi-Square	19,973(c)	8	,010	
Bureaucracy in the government departments		Pearson Chi-Square	15,087(d)	8	,057	

Table 48. The biggest obstacle for the development of business vs. region and sector

In general, 50% of SMEs in trade, 61.5% in manufacturing and 46.2% in touristic accommodation sectors express the need for protection of the local investors. It is seen that there is no major concern focused on particular region for protection of the local investors which indicates that protection issue is a common factor for native SMEs from all over the regions in the northern part of Cyprus. Looking to the sectors, again, we see a wide spread distribution according to the sectors that supports the above mentioned argument.

Regarding the bureaucracy, there are lower percentages where 15.3% of the SMEs in trade, 12% in manufacturing and 12% in touristic accommodation find bureaucracy in the government departments as the biggest obstacle against sustaining the development of businesses. Again, there is no major concern focused on a

particular region and the bureaucracy in the government departments is seen as the second priority obstacle by the SMEs from all over the regions.

Coming to the number of employees in the SMEs listing the two obstacles against their development:

THE BIGGEST OBSTACLE AGAINST THE DEVELOPMENT OF BUSINESS vs. NUMBER OF EMPLOYEE AND SECTOR

Which one of these is the biggest obstacle you face for sustaining the development of your organization ?			Sector			Total
			Touristic acc.	Manufacturing	Trade	
Local investors are not protected	What is the number of your employees?	1-5	3	8	17	28
		6-9	0	5	13	18
		10-19	2	5	20	27
		20-29	0	3	9	12
		30-49	4	6	5	15
		50-79	1	3	3	7
		100+	2	2	2	6
		Total		12	32	69
Bureaucracy in the government departments	What is the number of your employees?	1-5	0	1	4	5
		6-9	0	1	4	5
		10-19	0	4	7	11
		20-29	1	0	3	4
		30-49	0	0	1	1
		50-79	0	0	1	1
		80-99	1	0	0	1
		100+	1	0	1	2
	Total		3	6	21	30

Table 49. The biggest obstacle for the development of business vs. number of employee and sector

SMEs saying that the local investors are not protected:

73% of SMEs in Trade and between 1-19 employees

56% of SMEs in Manufacturing and between 1-19 employees

42% of SMEs in Touristic accommodation and between 1-19 employees

SMEs saying bureaucracy in the government departments are:

71.5% of SMEs in Trade and between 1-19 employees

83% of SMEs in Manufacturing and between 1-19 employees

0% of SMEs in Touristic accommodation and between 1-19 employees

These findings indicate that there is strong emphasis on these two obstacles mainly from relatively smaller SMEs that have employees up to 19 people. Therefore, it is a need to consider this result in developing strategies for the SMEs in the northern part of Cyprus.

Management type of the businesses is another factor that needs to be investigated according to the biggest obstacle against the development of SMEs. Looking to the management type of the SMEs listing the above mentioned two obstacles:

THE BIGGEST OBSTACLE AGAINST THE DEVELOPMENT OF BUSINESS vs. MANAGEMENT TYPE AND SECTOR

Which one of these is the biggest obstacle you face for sustaining the development of your organization ?			Sector			Total
			Touristic acc.	Manufacturing	Trade	
Local investors are not protected	Which management type do you have in your business?	Family business	10	15	45	70
		Single owner managed business	0	5	14	19
		Partners managed business (apart from family)	1	12	9	22
		Board appointed externally	1	0	1	2
	Total		12	32	69	113
Local investors are not protected	Pearson Chi-Square	15,817(c)	6	,015		

Table 50. The biggest obstacle for the development of business vs. management type and sector

Combining the findings according to the number of employees in the Table 56 and to the management type in Table 36, it is seen that the following factors are dependent on the SMEs saying that local investors are not protected as the biggest obstacle:

50% of the total SMEs in the trade sector that are:

- 1-19 employee by 73%
- Family business by 65%

61.5% of the total SMEs in the manufacturing sector that are:

- 1-19 employee by 56%
- Family business by 48%

47% of of the total SMEs in the touristic accommodation sector that are:

- 1-19 employee by 43%
- Family business by 83%

Therefore, it is a dominant factor that SMEs with 1-19 employees and which are family businesses have a strong concern about protection of local investors. This should be noted as one of the important results that needs to be considered in developing strategies for the SMEs in the northern part of Cyprus.

Comparing the biggest obstacle against the development of SMEs with the need for credit or grants:

THE BIGGEST OBSTACLE AGAINST THE DEVELOPMENT OF BUSINESS vs. NEED FOR GRANT AND CREDIT

		Do you need to obtain any grant or cheap credit for your organization in the coming one year period?				Total
		Yes	No	Undecided	Not relevant to me	
Which one of these is the biggest obstacle you face for sustaining the development of your organization ?	Not developing long term and transparent policies for SMEs	18	4	1	1	24
	Sectors to be incentivized for investments are not identified	13	2	3	0	18
	Local investors are not protected	78	26	6	3	113
	Bureaucracy in the government departments	15	14	1	0	30
	Coordination and cooperation between ministries	5	6	0	0	11
	State owned businesses in some sectors	5	8	4	2	19
Total		134	60	15	6	215
Pearson Chi-Square		34,502(a)	15	,003		

Table 51. The biggest obstacle for the development of business vs. need for grant and credits

It is seen that:

SMEs having the need for credit or grant also express:

- Local investors are not protected by 58%
- Not developing long term and transparent policies for SMEs by 14%

SMEs that do not have need for credit or grant express:

- Local investors are not protected by 43%
- Bureaucracy in the government departments by 23%

SMEs without any decision express:

- Local investors are not protected by 40%
- State owned businesses in some sectors by 26%

Again, we see a strong emphasis on protection of local investors independent from the need for credit or grants. Additionally, SMEs that are undecided about the need for credit or grant are also concentrated on state owned businesses which means that some of the conditions they face in the market are not related to finance but to public enterprises.

Overall, the survey provided reliable and comprehensive findings about the SMEs in the touristic accommodation, manufacturing and trade sectors. These findings are elaborated more by the researcher in Appendix 9 and 10.

5.3. BRIEF SUMMARY OF RESULTS

This part aims to provide summary of the results together with the discussions made in Appendix 9 and 10 and the findings of the needs assessment phase of the Capacity Development Program mentioned in section 4.2:

- Analysis and discussion of definitions for SMEs, and the usage of these in policy formulation in the northern part of Cyprus.
- Family business support and trainings for qualified personnel need;
 - Focus group studies with family businesses during the CDP project list the top 4 crucial elements in family businesses as:
 - *written long term plans,*
 - *education,*
 - *operations control,*
 - *roles and responsibilities.*
 - And for personnel training as:
 - *direct contact to SMEs to identify needs,*
 - *on job trainings and workshops,*
 - *practical trainings.*

- Need to decrease the cost of financing and alternative systems for collateral;
 - One of the findings in the interview with the Development Bank during the CDP project indicates the following as musts for financing:
 - *new capital investments mostly,*
 - *no machinery collateral,*
 - *mortgage property or factory is collateral OR bank guarantee instead.*
- Role of Development Bank should be improved
- Political support with long lasting and comprehensive policies
- Encouragement of local investors
 - The interview with Chamber of Industry during the CDP project urges that:
 - *Only the producer SMEs, which have value added activities, should be considered for capacity building.*
- Need to decrease electricity cost and number of taxes in transportation and incentives for the social payments of employees in incentivized sectors;
 - The interview with Hoteliers Association during the CDP project indicates that:
 - *Electricity is also costly,*
 - *We depend on Cyprus Turkish Airlines for transportation.*
- Costs due to political conditions and macro limitations should be considered;
 - The interview with Undersecretary of Ministry of Tourism and Economics during the CDP project emphasizes that:
 - *Isolation barriers should be eliminated.*
- Easing of of bureaucratic regulation in several departments and less red-tape and faster processes in court cases needed
- Elimination of preference for public employment;

- The interview with Young Businessmen Association during the CDP project indicates government employment as the number 1 problem in the private sector.
- Apart from the regulatory factors, one of the findings in the focus group study with vocational education representatives during the CDP project was that:

- *The bad image of vocational schools within the community*

is also another cause for lack of finding qualified middle employee in SMEs.

- Focus on 1-19 employee enterprises and encouragement of limited company structure
- Support to minimize the burden of external business constraints such as political condition, transportation, providing marketing support for hotels and manufacturers and clustering

Focus group studies with eco-tourism entrepreneurs during the CDP project list the top 2 crucial elements for tourism as:

- *Marketing and strategies for the target markets,*
- *Widespread training, in the sense of Sustainability.*

- Support for project development and determination of new investment areas through competitiveness analyses of sectors
- Cheap finance and grant opportunities for entrepreneurships
- Integration of different partnerships (joint venture) for innovative businesses to the incentive systems

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1. SUMMARY OUTPUTS OF THE PROJECT

- List of Stakeholder Actions to support the development of SMEs:
Two detailed reports in terms of *List of Stakeholder Actions* and *List of Stakeholder Policies* were separately prepared in Turkish as explained in Appendix 12.
- A Guide for supporting Turkish Cypriot SMEs to provide a manual for the business support actions:
Guidelines for Supporting Turkish Cypriot SMEs based on the knowledge acquired by this research, which was further contributed by the experience and learning gained from the professional work and expertise was successfully developed as explained in Appendix 12.
- National Conference:
The Conference took place on 24th July, 2009 at the Turkish Cypriot Chamber of Commerce with a considerable attendance from different organizations and media agencies as explained in Appendix 12.
- Summary Report:
Summary Report, total of 36 pages, was developed at the end of the process and is used for the dissemination of the key results and conclusions of the research to executive people relevant to the SME development in the northern part of Cyprus.
- Recommendations concerning strategic policy making:

In addition to the List of Stakeholder Policies, I have managed to synthesize the results to propose a SME Development Strategy in Appendix 11 that was developed together with general recommendations in Appendix 12. The Strategy, together with the recommendations, were also explained in the Summary Report of the research which was disseminated to the key 19 stakeholders mentioned in Appendix 12.

6.2. SUMMARY OF OUTPUTS FROM THE PROGRAMME

The following part highlights the main outputs gained from the programme at work place as explained in detail in Reflection on Process in Appendix 13:

- I was a project coordinator in 2004 but now I am titled as senior consultant in the SME related projects for the private sector.
- Promoted as Quality Manager and Secretary General to the Board at the work place, The Management Centre.
- Gained knowledge through the research increased abilities to provide customized ISO (over 20 SMEs) and continuous management consultancy services to the SMEs.
- Establishment of Organizational and Economic Development Programme at The Management Centre which was formerly a private sector department.
- Became Co-ordinator for the preparation and implementation of the 3-year Strategic Plan of the Management Centre in cooperation with the Executive Director.
- Managed to educate a junior consultant for The Management Centre in one year for the Organizational and Economic Development Programme.

- Gained knowledge has led to develop a project for training for middle level managers in SMEs in the northern part of Cyprus which was granted a fund by the EU.
- Gained experience and skills through the research process is used during the market research activities to assist the Research Specialist in The Management Centre.
- Appointed as local consultant to the Needs Analysis part of the Capacity Development Program of the USAID and managed to realize two of the proposed interventions as project manager on behalf of The Management Centre.
- 41 Business Plans developed for the SMEs in the northern part of Cyprus through gained knowledge and expertise; 15 succeeded for incentives (above 100m\$), 16 succeeded for EU grants(1,280,000 euro) and 4 were for private purposes.
- Coordination of 3 Bi-communal economic research and conferences where the gained knowledge and experience have led to provide input to the last research report in Executive Summary part in 2009. Successful implementation and trainings for the bi-communal business plan competition project for the young entrepreneurs in Cyprus.
- Competence developed in briefing and guidance for foreign institutions and individuals in volunteer activities. Acting as consultant in needs assessment activities of international donors.
- Articles produced for media and interested parties as shown in Appendix 14.

6.3. SUMMARY OF CONCLUSIONS

This section aims to provide the conclusions of the research. Triangulation of the SME Survey results (Appendix 9) with the interview results and desktop research is discussed in Appendix 10, and I have managed to develop the following conclusions as:

6.3.1. Stakeholder Actions for the development of SMEs in the northern part of Cyprus

The following table summarizes the short term actions for stakeholders in order to support the development of SMEs as:

Stakeholder Actions for the Development of SMEs

ACTIONS	
Human Resources and training	Policy Generation for investment
1. Support for family business and corporate governance topics	1. Comprehensive and long lasting policies for the sectors
2. Personnel education system according to the needs of the touristic accommodation sector	2. Better incentive systems developed
3. Qualified personnel education by taking into account the vocational education system	3. Improvement of protection of local investors:
4. Training programs for qualified middle managers	3.1. First priority on Manufacturing and second priority on trade and touristic accommodation
Financing	3.2. Focus on 1-19 employee SMEs in all sectors
1. Cheap finance and grant opportunities	
2. Simpler and faster bureaucratic working	
3. Alternative formulas for collateral and guarantee	
4. Guiding organization for touristic accommodation sector	
5. Better interest and maturity conditions for manufacturing and trade sectors	

Table 52. Stakeholder Actions for the development of SMEs in the northern part of Cyprus

The action areas listed in the table are further explained in detail with my professional contribution in the *List for Stakeholder Actions* in Turkish.

6.3.2. Stakeholder Policies for the development of SMEs in the northern part of Cyprus

The following table summarizes the medium term policies for stakeholders in order to support the development of SMEs as:

Stakeholder Policies for the Development of SMEs

POLICIES	
Taxes for better regulation	Business Constraints
1. Revised to become sectoral and cost creating at minimum level	1. Additional costs occurring due to political conditions and not by the sectors should be minimized by creating formulas
2. Incentives for the social payments of employees in incentivized sectors	2. Additional costs occurring in transportation and freights due to existing situation should be minimized by developing methods
3. Less number of taxes on imports and transportation	3. Marketing support to touristic accommodation and manufacturing sectors
	4. The understanding of co-operation between businesses should be improved in Manufacturing and Trade sectors
Better Regulation	Investment for Entrepreneurship
1. Determination and announcement of the official definition for micro, small and medium size enterprises with regard to the survey results	1. Comprehensive and long lasting policies for sectors
2. Classification of manufacturing and trading enterprises according to trading purposed import activity	2. Long lasting and transparent policies for SMEs
3. Encouragement of enterprises with more than 6 employees to Limited company	3. Better incentive systems
4. Simplification of the bureaucracy leading to many transactions in different departments	4. Integration of innovative investments by different kinds of partnerships into the incentive systems
5. Preference on government employment should be balanced with the private sector	5. Project development support
6. Period for verdicts in court cases should be shortened and formalities/documentations eased	6. for Clustering: qualified personnel, cheap finance and grants, and comprehensive and long lasting policies should be harmonized
7. Electricity costs should be reconsidered	
8. Role of Development Bank should be enlarged to provide sectoral and different finance programs	
9. Enterprises with 1-19 employees should be the priority in bureaucracy	

Table 53. Stakeholder Policies for the development of SMEs in the northern part of Cyprus

The policy areas listed in the table are further explained in detail with my professional contribution in the *List for Stakeholder Policies* in Turkish.

As can be seen, the conclusions of this study provides generalized analysis of the actions needed for the development of SMEs in manufacturing, trade and touristic accommodation sectors to support the development of the private sector in the northern part of Cyprus. Thus, the conclusions provide a roadmap of a private sector development approach in general.

6.4. RECOMMENDATIONS

Recommendations for the actions and policies in 6.3. are separately made in the *List of Stakeholder Actions* and *List of Stakeholder Policies* in Turkish. In addition to this, specific recommendations are also made for a SME Development Strategy in Appendix 11. However, this section aims to provide the summary of these recommendations together with the discussion in Appendix 12. Therefore, the followings are the summary of the overall recommendations:

Ministry of Economics, Ministry of Finance and relevant Civil Society Organizations:

- a. Develop SME Policy with respect to sectoral policies
- b. National definition for SMEs should be developed and proposition is:
 - i. Micro: 1-5 employees.
They are 20% of the survey sample and 89% in the whole population
 - ii. Small: 6-19 employees.
They are 41% of the survey sample, important findings in questions 19 and 20 and cross tabulation analysis
 - iii. Medium: 19-49 employees.
They are 24% of the survey sample, and 49 employee threshold in SME definitions both in the EU and World Bank
 - iv. Large: 50 and above employees
They are 15% of the survey sample

Prime Ministry, Ministry of Economics, Ministry of Finance and representative Civil Society Organizations:

- c. SME Board should be established and guide the overall actions and policies

- d. Harmonized strategy should be followed in planning human resources, financing tools and medium term policies
- e. Incentive Law should be reconsidered, Competition Law should be enforced and harmonization with the EU rules for Single Market should be safeguarded.
- f. Reconsider Taxation system for the benefit of SMEs

Ministry of Education and representative Civil Society Organizations:

- g. Certification programmes should be implemented for the tourism sector
- h. Campaigns and reforms schools in vocational schools

Ministry of Economics:

- i. Classification of SMEs in manufacturing and trade sectors according to the business operations
- j. Political and technical support in overseas actions, transportation and marketing

Business Support Organizations and Donors:

- k. Support for establishing corporate governance in SMEs
- l. Trainings for qualified middle managers
- m. Training of workers
- n. Marketing support

Development Bank and Donors:

- o. Grant programmes and financial credit scores by the Development Bank

- p. Business Plan financing and support to SMEs in project development

Ministry of Economics and State Planning Office:

- q. Focus on building clusters in manufacturing and trade
- r. There is a need to follow a strategic approach regarding the actions and policies specified in 6.3. according to the SME Development Strategy in Appendix 11.
- s. The following strategies of the target-oriented support strategy of UNIDO (UNIDO, 2005) should be considered as:
- Rural and women entrepreneurship in micro (1-5 employees proposed by the survey results) enterprises to encourage moving from survivalist into growth mode
 - Cluster and network development in small (6-19 employees proposed by the survey results) enterprises to encourage creation of the “missing middle”
 - Promotion of corporate social responsibility, business partnerships and innovation and export consortia in medium (19-49 employees proposed by the survey results) enterprises to encourage competitive insertion into national and global value chains

Ministry of Finance and Central Bank:

- t. Financing costs should be decreased by central and commercial banks and funds should be effectively managed by the government for the benefit of SMEs.
- u. Effective use of Credit Guarantee Fund and financial stability fund

All stakeholders:

- v. Common understanding for the 10 principles of the EU Small Business Act (European Commission, 2008) that are elaborated further in SME Development Strategy in Appendix 11.

6.5. SUGGESTIONS FOR FURTHER RESEARCH

The following suggestions are the summary of the discussion in Appendix 12. The researcher suggests:

- Separate surveys shall be undertaken for other sub-sectors of the private sector in order to distinguish between the different action needs of the sub-sectors.
- More in-depth interviews with SMEs shall be conducted on a sector basis so that the unique conditions described in Chapter 1 about different needs shall be elaborated upon further.
- Structured dialogue (Christakis, A., and Bausch, K., 2006) approach shall be used in focus group studies for further research.
- Case studies shall also be used in the case of research into a particular type of SME in single sector.
- Further research studies can be undertaken for each of the main actions given in the SME Development Strategy in Appendix 11.

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APPENDICES

1. Abbreviations

Acquis: European Union law, *acquis communautaire*

ANOVA: Analysis of Variance

APEC: Asia Pacific Economic Co-operation

B2B: Business to Business

CDP: Capacity Development Program

E-commerce: Electronic Commerce

EU: European Union

GDP: Gross Domestic Product

GNI: Gross National Income

GNP: Gross National Product

IT: Information Technology

ICT: Information and Communication Technology

NGO: Non-Governmental Organization

OECD: Organization for Economic Co-operation and Development

PFF: Partnership for the Future Programme

R&D: Research and Development

SME: Small and Medium Size Enterprise

TL: Turkish Lira

UNDP: United Nations Development Programme

UNIDO: United Nations Industrial Development Organization

UNOPS: United Nations Office for Project Services

US: United States

USAID: United States Agency for International Development

2. Main Economic and Social Indicators for the northern part of Cyprus

	2000	2001	2002	2003	2004	2005	2006	2007
GNP (Million \$)	1.039,9	908,8	941,4	1.283,7	1.765,2	2.327,8	2.845,2	3.598,8
Real Growth Rate (%)	-0,6	-5,4	6,9	11,4	15,4	13,5	13,2	1,5
GNP Per Capita (\$)	4.978	4.303	4.409	5.949	8.095	10.567	11.837	14.765
Inflation Rate (%)	53,2	76,8	24,5	12,6	11,6	2,7	19,2	9,4
Budget Deficit (Million \$) ¹	136,7	146,1	225,1	176,9	104,2	185,3	287,3	221,2
Bank Deposits (Million \$) ²	802,7	805,4	1.153,5	1.785,9	2.355,8	2.707,4	3.330,4	4.239,2
Foreign Exchange Reserves (Million \$)	631,9	722,6	941,6	1.222,6	1.544,6	1.597,6	2.030,9	2.072,1
Export (Million \$)	50,4	34,6	45,4	50,8	62,0	68,1	68,1	83,7
Import (Million \$)	424,9	272,0	309,6	477,8	853,1	1.255,5	1.376,2	1.539,2
Foreign Trade Balance (Million \$)	-374,5	-237,4	-264,2	-427,0	-791,1	-1.187,4	1.308,1	-1.455,5
Export / Import(%)	11,9	12,7	14,7	10,6	7,3	5,4	4,9	5,4
Tourist Arrivals	432.953	365.097	425.556	469.867	599.012	652.779	715.74	791.036
Turkey	347.712	277.739	316.193	340.083	434.744	488.023	572.63	634.580
Other	85.241	87.358	109.363	129.784	164.268	164.756	143.11	156.456
Net Tourism Revenues (Million \$)	198,3	93,7	114,1	178,8	288,3	328,8	303,2	381,0
Employment ³	89.327	90.366	93.114	98.860	86.914	85.583	91.815	89.787
Number of Unemployed ³	1.166	1.500	1.535	1.375	9.678	7.665	9.552	9.361
Unemployment Rate (%) ³	1,29	1,63	1,62	1,37	10,00	8,20	9,40	9,40
Population	208.886	211.191	213.491	215.790	218.066	220.289	257,513 ¹¹	268.011
Population Increase Rate (%)	1,1	1,1	1,1	1,1	1,1	1,0	16,9	4,1
Population Density	64,4	65,1	65,9	66,6	67,3	68,0	79,4	82,7
Crude Birth Rate (Per Thousand)	16,0	15,0	15,0	15,0	16,0	16,0	14,9	15,0
Crude Death Rate (Per Thousand)	8,0	8,0	8,0	8,0	8,0	7,0	6,7	6,8
Natural Increase Rate (%)	0,8	0,7	0,7	0,7	0,8	0,9	0,8	0,9
Infant Mortality Rate (Per Thousand Live Birth)	10,0	10,0	10,0	10,0	10,0	9,0	15,8	15,0
Total Fertility Rate	1,9	1,8	1,8	1,8	1,9	1,9	1,8	1,8
Life Expectancy at Birth (Year) ⁴								
Male	70,9	71,0	71,0	71,0	71,0	71,0	71,4	71,5
Female	75,1	75,6	75,6	75,6	75,6	75,6	76,0	76,2
Enrolment Ratio (%)								
Pre-School	100	100	100	100	100	100	100	100
Primary School	100	100	100	100	100	100	100	100
Junior High School	100	100	100	100	100	100	100	100
General and Technical High School	80	86	86	95	94	95	84	
Higher Education	54	59	68	72	78	80	75	
Health Expenditure / GNP (%)	3,0	2,3	2,8	3,3	3,0	2,0	3,4	3,9
Health Expenditure / Budget (%)	5,9	5,6	5,0	6,1	6,0	6,0	7,2	8,6
Persons Per Doctor	600	590	497	501	517	491	539	529
Persons Per Dentist	2.080	2.091	1.866	1.919	1.896	1.777	1.922	2.062
Persons Per Nurse ⁵	468	457	492	426	419	420	394	398
Persons Per Bed	186	193	192	175	169	170	188	194
Beds Per Nurse ⁶	2	2	2	2	2	2	2	2
Beds Per 10000 Person	54	52	52	57	59	59	53	51
Net Electricity Consumption (Million KWH) ⁷	609,5	592,9	601,7	616,0	705,7	797,9	855,3	955,9
Electricity Consumption Per Capita (KWH)	2.918	2.807	2.818	2.854	3.236	3.622	3.321	3.567
Oil Product Consumption Per Capita (Lt) ⁸	780	730	746	817	971	1.191	991	916
Automobile Per 1000 Person ⁹	402	407	415	432	475	518	495	500
Telephone Per 1000 Person	416	408	411	421	445	455	399	404
Cellular Phone Per 1000 Person	684	678	691	831	1.009	1.321	1.359	1.414

Table 54. Main Economic and Social Indicators

3. Semi-structured Interview with the representative organizations

Opening remark;

Before starting the questions, I would like to state that this interview is being conducted for my doctorate research project in professional studies in Middlesex University and the research aims to elaborate more about the actions needed for supporting the development of SMEs in the northern part of Cyprus and makes recommendations about policy making in support services for the development of SMEs. Therefore, please, consider this context while replying to the following semi-structured questions and feel free to raise any issue which you might see crucial in supporting the development of SMEs in the northern part of Cyprus.

Questions;

1. How do you perceive the **actions** being undertaken to support the development of SMEs in the northern part of Cyprus? What is your general view on the development of SMEs? And **supporting** the development?
2. What about **Finance** ? Can the SMEs in the northern part have access to finance, what about banks and banking system, and also credits, risk and venture capital for SMEs ?
3. What kind of actions should we take in **Legislation** ? How can we develop SME friendly regulations, standards and tax systems ? Or what actions should be taken in existing legislation in order to support SME development?
4. One of the most important issues for SMEs is **entrepreneurship**. How do you see entrepreneurship in northern SMEs? What can we do in gender, incubation, finance and start-up issues in developing entrepreneurship in SMEs? And how about regulation and business support ?

5. How do you see the **Networks** for SMEs? What is your concern on clusters and cluster development, supply chain, exports and consortia and also on cross-border linkage?
6. How do you perceive the **industrial** policy in the northern part of Cyprus? By what and how shall we develop product and service quality and machinery in SMEs? Standardization, infrastructure, HR, taxes...
7. What about **Marketing, Transportation** and **Support** services for SMEs ? How can all these can be utilized to support the development of SMEs in trade, tourism and industry sectors?
8. What shall we do or how shall we improve **infrastructure, investment** and **trade** to enable SMEs grow internationally or build their capacities?
9. What is your concern on institutional **support** to SMEs and issues in **Human Resource** development ? How can all these can be utilized to support the development of SMEs?
10. How do you see **ICT** level of SMEs? How can we develop ICT usage and applications in supporting the development of SMEs? What can you say about process improvement and b2b technologies for SMEs? What should be done in ICT to boost the development of SMEs? Regulation, standards, finance and bus support for ICT?
11. How can SMEs become **innovative** ? What actions shall be taken in start-up, technology transfer, venture and taxes issues for Innovation process in SMEs ? what about state aid, finance, human resources and bus support for innovation ?
12. What is your concern on the private sector **market** of SMEs? How can we develop SMEs by applying political and social dialogue, encouraging sustainable development and Corporate Social Responsibility ? What about

business partnerships and standardization for SMEs in the market?

Regulation and policies for the market ?

13. Can you please indicate the most important **top 3 actions** and/or measures and **top 3 policy** generation needs for the development of SMEs in the northern part of Cyprus?
14. what about the influence of the **EU adaptation, internationalization, transportation and trading** ? Any business **constraints** ?Are there any other issues you would like to raise which might have particular importance on the actions to be taken by the stakeholders in order to support the development of SMEs in the northern part of Cyprus ?
15. What is your final concern and thoughts within the context of this interview, any closing remarks ?

I would like to present my special thanks for the views and issues you have developed and the contribution you have just made to the research by your precious knowledge and ideas.

Thank you very much for your co-operation and time....

4. Coding and analysis of preliminary interviews with the representative organizations

Before stating the overall findings stemming from the common views of the interviewee, it is useful to understand the expressions of interviewee according to relevant codes.

Code 1: General view on actions for the development of SMEs in northern part of Cyprus;

Sunat Atun expresses his view on code 1 that;

- Government has no systematic policy for SMEs and they are even not aware of the importance of SMEs.
- He criticizes that service production is still not seen as factor of production within the limited support actions of development bank as well.
- He puts emphasis on supporting the development of special interest tourism and explains the existing contradiction between development bank's support criteria and the nature of special interest tourism businesses.
- He finishes this code by again saying that systematic chains are not connected within the government and they only apply daily policies.

Erdil Nami expresses his views on code 1 that;

- SMEs are in positive development atmosphere with the help of IT, computers and adaptation of second generation who have good level education
- Unsolved issue of Cyprus problem brings risks and minimizes prediction capabilities especially for investment and entrepreneurship
- Despite of goodwill, government has not geared the structure for the development of SMEs and SMEs can't find contact of bureaucracy

Ayse Donmezer expresses her views on code 1 that;

- There is no SME policy, no industry policy and thus scattered functions of minimal incentives
- Government applies daily policies

- There is a need of SME Board and one-stop agency should also be provided for SMEs

Turhan Beydagli expresses his views on code 1 that;

- Being and staying as SME in such a small scale economy is normal
- Governments put unachievable expectations to sectors although they know the capabilities of SMEs
- Infrastructure and trade needs were omitted

Hurrem Tulga expresses his views on code 1 that;

- Small businesses face tremendous amount of internal and external competition
- There is nothing done to support the development of SMEs

Tastan Altuner expresses his views on code 1 that;

- SMEs have disadvantage due to transportation costs and competition from cheap products import such as china
- SMEs sustaining their positions are the ones filling needs that are not supplied by imports
- There disadvantage of small scale economy
- It is logical to establish autonomous SME Board under SME Policy to present one stop agency to SMEs

Fatma Kinis expresses her views on code 1 that;

- There is no proper definition for categorizing small businesses
- Most are micro enterprise there is mistake of applying terms as if they are small businesses
- Most are family businesses, have small capitals, experience collateral problems, marketing problem due to small closed market and problems adaptation of know-how for quality
- We neither have economic policy nor SME policy because of unstable economic conditions in northern part of Cyprus and it is very difficult to predict and develop precise strategy
- At least, we can have some general concepts like EU SME Charter which shall also guide to make arrangements for SMEs such as to give investment incentive, vat deduction, tax deduction in collateral, machinery incentive

Mustafa Gunduz expresses his views on code 1 that;

- There is insufficient actions to support the development of SMEs and there is no unit for SMEs within the structure of the government

- Support form international organizations are not well coordinated and targeted and dont provide efficient results
- Most are micro businesses and northern part of Cyprus has unique characteristic
- There are disadvantages due to polticial and structural situation and there is need of designin tailor made actions to support SMEs
- Government has no clear policy and is even not efforting to produce one
- SME Board shall be beneficial if it is organized by a law and includes high level of private sector representation

Code 2: Finance for the development of SMEs in northern part of Cyprus;

Sunat Atun for code 2;

- Finance opportunities to micro and small business are very rare in government's scope of finance support
- Commercial banks gives credit on high interests concerning economic and political instability
- Businesses should provide physical collateral
- There is no basel II and rating systems adapted, no leasing law (especially for industrial sector), no credit guarantee fund,
- Balance sheet and other accounting report are not up to these standards

Erdil Nami for code 2;

- Banks mostly don't consider the feasibility point but collateral issue for the projects
- Government should provide counter guarantee system to overcome this issue

Ayse Donmezer for code 2;

- SMEs are hesitant to bank finance because of high interest rate, risk in repayment and collateral issues
- Banks don't assess projects on feasibility but on its collateral thus financing doesn't put support to the development of SMEs
- Balance sheet and profit-loss reports should be considered by the Treasury Ministry
- Demand on credits are met by 60% and banks are reluctant to work with any guarantee fund system
- We need to fully understand the level of need of finance and agree on regulating financing system with the banks

Turhan Beydagli for code 2;

- unstable currency and uninjection of deposits back to the economy prevented it to consider interest and period issues in finance
- property issue is still problem in providing collateral
- credit guarantee fund may be used to overcome this and the assessment on crediting shall be done on feasibility of the projects
- financing institutions may have valid concerns in some issues and adapting systems like basel 2 and ratings shall be used in project assessment

Hurrem Tulga for code 2;

- it is not possible to direct finance before identifying the types and classes of self employed and micro businesses
- precise policy is also needed before planning the issues in finance
- financing should be developed to tourism sector and to industry sector which is supporting the tourism
- competitive capability of the nature of the businesses is inevitable to be concern for financing

Tastan Altuner for code 2;

- SMEs only have the opportunity of bank credits in 2 types, one from development bank and two from the commercial banks
- There is no venture capital or guarantee systems
- Hardworking SMEs shall access to finance
- Problem is with the interest rate. Currency and the economy provides higher risks
- Credit guarantee system shall not solve the problem because still the costs of interest which is deposit assurance fund tax (1%), munzam karşılıks (10%), bank insurance tax over credit interest (3%) are high
- Concerning the structure of the economy, banks need to have collaterals
- Economic, political and structural conditions prevent to assess projects only on its feasibility and business plan issues
- External YTL exchange rate and inflation fluctuations are also reason for this
- Self owned or micro businesses use overdraft limits and installed 3 year credits but still commercial interest and conditions are valid for these

Fatma Kinis for code 2;

- there is credit opportunities for big investments and self-employed of micro business but not really for small and medium sized enterprises
- once there used to be a guarantee company established by the government to overcome collateral problem but abolished
- this guarantee company can be revised and revitalized by isolating from politics
- commercial banks are hesitant because they need to protect the money of depositors and don't have project assessment on feasibility

- source of finance and issues in collateral need to be solved
- identification and classification of SMEs should be done together with identification of their needs before planning finance

Mustafa Gunduz for code 2;

- we have every component of the cake but we can not get all these components together to make the cake
- deposits don't go to investments but mainly to consumer credits
- this is due to isolation problem, high risks in economy and limited market potential
- benefit of providing finance is doubtful by not solving issues in all these
- there is collateral issue and property problems in collateral
- we need tailor made credit guarantee system isolated from politics

Code 3: Legislation for the development of SMEs in northern part of Cyprus;

Sunat Atun for code 3;

- taxes shall be reconsidered for SMEs
- corporate tax is high
- bureaucracy puts burden on investors
- infrastructure problems in industry areas and ports
- laws coming from British colonial law should be updated

Erdil Nami for code 3;

- we don't have sufficient legislation for encouraging SME development
- tax law, competition law, dumping and anti-dumping law, transparency and equal pay issues are missing
- property limits for foreign investors is a problem and urges technics to avert laws
- transparent and public regulations needed for micro businesses
- self employed professionals should be made to have accounting and citizens receiving services from them should be able to present this expenses for deduction in income tax
- this is at a level that if it is done the budget shall also be balanced in the country

Ayşe Donmezer for code 3;

- something like EU SME Charter should be developed
- complex tax law shall be revised
- energy problems, infrastructure, lack of labour, social charges, vocational training should all be addressed in developing legislation

- independent SME Board, under prime ministry and responsible to parliament, shall guide structuring the legislation
- it can also work on things like cut red tape of EU

Turhan Beydagli for code 3;

- legislation is not SME development friendly
- taxation system is not performance assessment
- many departments for different issues make SMEs to get confused
- there is legislative ground for the NGOs established by SMEs
- too many contact points and formalities make SMEs to stay small or to go informal
- departments for different issues should get organized first and then face SMEs by the help of SME Board as one contact

Hurrem Tulga for code 3;

- self employed businesses are treated same as big business and there is not enough contact point in rural areas
- enterprises are obliged to rush from one department to another
- unfair taxation system focusing on smaller businesses rather than big ones
- there should classification in tax system

Tastan Altuner for code 3;

- many contacts with municipality, tax office, chambers, registrar office, work permits etc. shall be decreased to one central contact point for SMEs
- leasing law is in parliament but there is doubt on what extent shall it bring benefits under existing economic and market conditions where there is no alternatives to changeover for leases
- currently we have similar system which is called "icar satis" for machinery and vehicles.
- Competition law will not bring any change.
- Social insurance and provident fund charges are slightly high bringing extra cost of employees with additional 20%
- Corporate tax and income tax totally makes 23% which is similar to the world standards and tax classification would not bring any benefits for the nature of the small businesses
- Different tools for high transportation cost and finding external markets for produced products should be developed

Fatma Kinis for code 3;

- there is no classification of taxes except for the ones who are götürü usülü responsible. And the ones who are incentivised by the state.

- Classification within the Incentive Law shall be developed for SMEs as well
- State development bank also has same limitations stemming from its law such that we can't fund more than 50% of projects concerning that the receiver is a SME, law shall be revised concerning SMEs
- Currently we use higher purchase, "ıcar satıř", but if there would be a leasing law it could be much more comprehensive and broad alternatives
- At first, there should be policy agreed by all

Mustafa Gunduz for code 3;

- legislation is not developed concerning the SMEs
- incentive law is not comprehending SMEs, social security system is unsustainable,
- EU adaptation shall urge to develop legislation
- There are many segments for VAT law which should be minimized and revised concerning input, export stages
- Inheritance law should be updated
- Parties benefiting from the deficiencies of existing legislation should change and update their mentality

Code 4: Entrepreneurship for the development of SMEs in northern part of Cyprus;

Sunat Atun for code 4;

- Financing instruments should be developed for entrepreneurs
- Business support shall be supplied for start-ups training about tax, trade, accounting and transactions issues
- Social tax exemptions shall be given during incubation
- Incentives shall be given for specific areas under specific sectors

Erdil Nami for code 4;

- Entrepreneurship is the most important of all
- Transportation and communication issues should be developed to encourage exports which is inevitable
- Reunification shall increase the potential of market for more than 1 million
- Industries supporting the competitive sectors should be supported

Ayse Donmezer for code 4;

- Regulations should support young entrepreneurs to develop niche markets
- Research and Development should be encouraged

- There should meaningful incentives rather than direct subsidy
- Incentives developed should also be monitored and updated periodically
- Incubation Centre alternatives should be investigated

Turhan Beydagli for code 4;

- Instability inhibits entrepreneurship
- Education system is not leading to develop entrepreneurs
- Technology used should be encouraged for entrepreneurship

Hurrem Tulga for code 4;

- we have entrepreneurship because of unemployment, where there is 1 business per 20 people in northern part of Cyprus (1per100 world standard)
- social taxes should be changed for service providing micro businesses

Tastan Altuner for code 4;

- turkish cypriot people have entrepreneurship spirit
- young and women entrepreneurship should be financed and encouraged
- bureaucracy is not coaching but judging about entrepreneurship attempts
- labour discrepancy between government and private sector should be minimized

Fatma Kinis for code 4;

- young entrepreneurs are mainly directed by the family
- public sector opportunities may discourage entrepreneurship in private sector

Mustafa Gunduz for code 4;

- entrepreneurship spirit is very positive
- but statistics say that there are many small businesses but small capacities of these small businesses are underutilized as well
- public sector prevent private entrepreneurship
- there is no generic implementation apart from incentives for investment by planning office

Code 5: Clustering and networks for the development of SMEs in northern part of

Cyprus;

Sunat Atun for code 5;

- High level SME Board (at the level of Undersecretary) should coordinate all these activities
- There is sincere disconnections for the networking issue
- There is information networks in other countries but we have nothing
- Cross-border linkage is very crucial concerning the potential of the market with 250,000 people which is inadequate for sustainable development

Erdil Nami for code 5;

- Upper needs of tourism, education and construction sectors should be identified before developing clusters
- Product development for centralized border activities shall improve networking between SMEs

Ayşe Donmezer for code 5;

- clustering is the most difficult part
- networking needs specialization but our SMEs tend to work in different sectors regarding the characteristics of existing market
- the only opportunity is with the tourism sector where there might be networking between small scale touristic businesses

Turhan Beydaglı for code 5;

- this issue depends on the conditions
- technical bureaucrats have not showed enough capacity for encouraging this issue

Hurrem Tulga for code 5;

- this is the most difficult problem of us
- since the capital has not been forwarded to cross borders, it produced a kind of monopolistic atmosphere in domestic market
- the model of China shall be applied where SMEs can specialize on particular sectors and other organizations shall coordinate cross border activities for them
- this needs sincere policy and incentives development

Tastan Altuner for code 5;

- there is no partnership culture within the SMEs
- they can benefit more by driving the domestic market if they collaborate and act unifiedly

Fatma Kinis for code 5;

- When we apply certain incentives for particular sectors under this issue, immediately SMEs create more supply than aggregate demand and tend to pressure politically
- This creates vicious cycle
- This is due to the scale of the market
- Clustering needs export as well and incentivizing this should be specific and planned before hand

Mustafa Gunduz for code 5;

- this needs exporting and openness to abroad
- we try to coordinate all of our subsectors under this issue but the domestic competition between SMEs inhibits our activities
- SMEs should not see themselves solely as competitors and stuck to the interests acquired due to this improper market of northern Cyprus
- An NGO for the IT sector took 2 years to be established and our owner managed SMEs have no time for this issues

Code 6: Industrial policy, marketing and infrastructure for the development of

SMEs in northern part of Cyprus;

Sunat Atun for code 6;

- In small island economies industrial production is not advantageous economic activity and things like banking, tourism, shipping etc. are more valid
- All of the raw materials depend of imports
- Service sectors should be incentivised but industrial one should not be protected under free market
- SMEs don't have separate marketing departments and tourism sector need country wise marketing as well
- There higher costs on freight of transportation issue
- Government needs to reform to be able to provide more support services to SMEs
- Government demand high amounts for electricity supply
- Telecommunication infrastructure should be improved

Erdil Nami for code 6;

Not available.

Ayşe Donmezer for code 6;

- totally agree with the things you have identified
- the industrial policy should include tourism, education and IT as services sectors
- none of the sectors achieve to undertake proper marketing
- incentives for marketing should be selective and to the point
- Research and development shall also be supported

Turhan Beydaglı for code 6;

- we are not producing the supply to be presented but trying to coordinate only according to the demand
- this is same with the tourism sector, we left all our indigenous characteristics apart and try to adapt to temporary demand
- this is the reason why the MasterPlan wasn't legalized since 1998
- and MasterPlans should include taxation, incentives, standardization etc. as you said
- electricity is high cost for tourism sector
- sustainability should be considered according to the economic, environmental and social factors

Hürrem Tulga for code 6;

- We only have special taxes for particular industries not a policy at all
- Government hasn't focused on self-sufficiency till now
- We have decreasing number of vocational education schools
- We need technical vocational education law
- We don't have international marketing due to existing limitations on trade and transportation
- there is a need of restructuring in Industrial Zones, every businesses got mixed up

Taştan Altun for code 6;

- electricity, telecommunication, internet and telephony capacities are poor
- this brings additional costs

Fatma Kinis for code 6;

- domestic market potential creates limited scale for industries

- we have different trends in periods
- access to Turkey market should be developed
- Industrial zone areas need retreatment
- Accreditation for state laboratory is another problem

Mustafa Gunduz for code 6;

- there is a need for clear policy
- we have periodically changing over of ministries for political reasons
- there is lack of proper planning of infrastructure synchronized to the development

Code 7: Human resource for the development of SMEs in northern part of Cyprus;

Sunat Atun for code 7;

- lack of qualified middle management employee is the problem of all sectors
- we have specialized university graduates or unqualified high school graduates but nothing in between
- reform needs to be initiated from education system and needs policy development

Erdil Nami for code 7;

- lack of planning in education system has created a long lasting deficiency in this issue
- we have many unemployed university graduates but not qualified technicians
- NGOs and government should undertake a comprehensive analysis in order to identify the needs of labour sector and develop plans for it accordingly

Ayse Donmezer for code 7;

- the existing preference for public sector makes private sector employment a temporary step and creates huge discrepancies
- retirement system and public employment should all be reconsidered

Turhan Beydagli for code 7;

- there is nothing on education for qualified middle management personnel
- public sector is preferred more than private sector due to working hours, social allowances, etc.

- periodical demand in tourism sector hasn't allowed permanent employment opportunities within the sector
- activities to register informal sector unfortunately benefited the foreign employees rather than our citizens on the island

Hurrem Tulga for code 7;

- we need vocational education law
- we need identification of technical occupations within this law as well

Tastan Altuner for code 7;

- it seems high level of education is statistics but most of secondary school and university graduates don't undertake professional development
- we need specific and occupational identification by regulation
- public sector employment has no initiative oriented understanding but only an output delegation
- qualified people who can contribute to the development of economy is forwarded to public sectors

Fatma Kinis for code 7;

- industrialists big complaint is on lack of qualified technical workers
- every high school graduate has chance to become university graduates as well
- there is no one interested in middle technical occupations

Mustafa Gunduz for code 7;

- there is lack of middle employees both in terms of qualification and quantity
- this is due to wrong education system and huge university sector which makes almost all Cypriots graduates as mass production
- vocational schools are totally ignored

Code 8: ICT for the development of SMEs in northern part of Cyprus;

Sunat Atun for code 8;

- we need to present low costs and adequate infrastructure opportunities to SMEs
- awareness and cross border access is needed to urge usage of ICT
- of course ICT depends on the scale of businesses and needs supply oriented economic understanding

Erdil Nami for code 8;

- not available

Ayse Donmezer for code 8;

- infrastructure needs to be upgraded
- Awareness activities should be provided to SMEs
- R&D shall be incentivized
- Accounting and stock softwares shall be encouraged
- Employment for ICT shall be incentivized

Turhan Beydagli for code 8;

- ICT usage needs new brains and infrastructure
- Hotels marketing themselves on internet have decreased their dependency on agencies by 60%
- 25 % English tourists travel by direct internet access
- ICT shall benefit us overcoming isolation where individual tourist incoming has also increased by 35% in northern Cyprus

Hurrem Tulga for code 8;

- cost is big issue for ICT usage
- depends on the scale of business
- sometimes it is logical to outsource

Tastan Altuner for code 8;

- there is good level of ICT investment which will continue to happen for long periods
- ICT needs to be incentivized

Fatma Kinis for code 8;

- ICT usage depends on the scale of business
- We provide loans on ICT investments
- IT companies are also provided credits

Mustafa Gunduz for code 8;

- there is good level of ICT but it will be further more increased when second generation takes over the management of our businesses
- improvements in internet infrastructure is giving hope

Code 9: Innovation for the development of SMEs in northern part of Cyprus:

Sunat Atun for code 9;

- SMEs in industrial production are not innovative because they are protected and don't have international sales access
- It needs integration of universities and industries through R&D supported by proper finance
- Economy needs to become mature in order to be able to develop innovation policy
- We need stages of price, quality, international access beforehand

Erdil Nami for code 9;

- we need tax incentives in order to encourage innovation within SMEs
- because innovation is costly
- government should bring tax relief or credits for innovation by clear scopes and systems

Ayse Donmezer for code 9;

- there is no innovation in our part
- greek side is in 46th rank in innovation and needs to increase competitiveness of tourism and service sectors
- R&D is needed for innovation
- Universities should collaborate with industries

Turhan Beydagli for code 9;

Not available

Hurrem Tulga for code 9;

- what you have identified is very right but innovation also depends on the scale of market
- it is costly and needs qualified personnel

Tastan Altuner for code 9;

- nothing to say about innovation in northern Cyprus.

Fatma Kinis for code 9;

- we don't have innovation in northern Cyprus
- nobody dares to take this risk in a economy where even the investment projects are unpredictable

- credit guarantee fund shall be used only for venture capital but is still very difficult to predict about

Mustafa Gunduz for code 9;

- we are trying to trigger innovation, we have partnered in the formation of TechnoPark in Famagusta
- 7-8 companies are doing interesting things there but we couldn't match these with industry yet
- Universities should break their shelves towards businesses for innovation

Code 10: Top 3 Actions and top 3 Policies for the development of SMEs in northern

part of Cyprus;

Sunat Atun for code 10;

- Actions:
 1. regulations to enrich financial instruments
 2. legislation on trade should be upgraded according to up to date standards
 3. education for sectoral needs and middle management
- Policies:
 1. government should shrink by leaving the position of being producer and employer
 2. taxation policy should be reconsidered
 3. incentivization of uncompetitive sectors should abolished

Erdil Nami for code 10;

- Actions:
 1. Finance system with guarantee for SME credits should be developed
 2. SME Board should include civil society
 3. easing of bureaucracy towards practical beneficiary
- Policy:
 1. government should develop a clear SME Policy and announce it
 2. government should bring tax allowance for each of new employment by SMEs
 3. government should develop a SME Board to provide one-stop agency to SMEs for quick response purposes

Ayşe Donmezer for code 10;

- Actions:
 1. determine the finance and incentive system
 2. develop a dynamic SME Board for these
 3. improve investment climate
- Policies:
 1. determine long term SME Policy
 2. acceptance of the policy by the market

3. transparency and implementation

Turhan Beydagli for code 10;

- Actions:
 1. tourism policy should be developed as a country policy which can allow proper organization of actors
 2. there should be an autonomous tourism organization
 3. government should stay only as regulatory and auditory
- Policies:
 1. increasing competitiveness with quality and niche products
 2. cheap loans for aging hotels
 3. legal establishment to sustain management of organization

Hurrem Tulga for code 10;

- Actions:
 1. electricity
 2. industrial zone areas
 3. study to identify sustainable businesses
- Policy:
 1. Specialization by work division as in China
 2. credits according to this work division within businesses
 3. costs in basic needs (social taxes, health etc.)

Tastan Altuner for code 10;

- Actions:
 1. one stop agency to establish business
 2. decreasing cost of finance by decreasing deposit assurance tax, munzam karsılık etc.
 3. decreasing cost in employment (social tax, provident tax allowances for new starting personnel)
- Policies:
 1. government should develop a sincere policy
 2. direct flights for tourism
 3. development in education sector

Fatma Kinis for code 10;

- Actions:
 1. revision of incentives law and state development bank law
 2. revitalization of guarantee organization
 3. education system should be revised and resources for finances should be developed (such faiz farkı fonu)
- Policies:
 1. SME definition and SME Policy
 2. long term legal arrangement according to the policy
 3. information and communicating 1 and 2 to SMEs

Mustafa Gunduz for code 10;

- Actions:
 1. incentivizing export freight costs to make fob prices cnf price untill achieving capacity development

- 2. social security reform in public sector to encourage private sector
 - 3. SME Board and SME Policy
- Policies:
- 1. providing openness to abroad access in order to sustain fair import and export competition medium for our small but inelastic SMEs
 - 2. structural change in organization of public sector to allow private sector to lead
 - 3. proper and adequate organizing of all

5. Semi-structured interview with the SMEs

Opening remark;

Before starting the questions, I would like to state that this interview is being conducted basing on my doctorate research project in professional studies in Middlesex University and the research aims to elaborate more about the **actions** needed for supporting the development of SMEs in northern part of Cyprus and recommend about **policy** making in support services for the development of SMEs. Therefore, please, consider this context while replying the following semi-structured questions and feel free to raise any issue which you might see crucial in supporting the development of SMEs in northern part of Cyprus.

The first part of the interview is questions for Policies ;

1. How do you perceive the **SME policies** being undertaken to support the development of SMEs in northern part of Cyprus? Do you think that authorities establish **adequate** policies for SMEs in (tourism or industry or trade; relevant one) sector ?
2. Do you think that North Cyprus should design and implement comprehensive and **well-accepted SME Policy** ? and what about establishment of a **SME Board** to enable one-stop agency for SMEs which shall have proper management and capabilities ?
3. Do you think that the policies should be **long-term, transparent** and organized **properly** to include all these activities in harmony ?
4. Do you agree with **stopping incentives** to uncompetitive sectors ? what shall be done to increase **quality** and **niche** products as well as establishing specialization by **work division** within complementary sectors ? (maybe a clustering approach)

5. What about **Tax Policy** ? any allowances for new **employment** and decrease in **basic costs** shall work ?
6. How do you perceive the **role of government** ? do you see it as **competitor** ? what about **employee preferences** ?
7. Do you need **cheap loans** ? and should loan/credits be **designed** according to interaction within **work division** of complementary sectors ?
8. What about transportation and **direct flights** ? openness to **international trade** and activities ?

The second part of the interview is questions for Actions ;

9. What do you need to be done concerning **financial instruments** and **regulations**?
 - i. systems for incentives?
 - ii. guarantees (credit guarantee system)?
 - iii. upgrade in what legislations ?
 - iv. incentive law?
 - v. Role of state development bank ?
10. In which areas do you need;
 - i. cheap and long-term loans ?
 - ii. short-term credits ?
 - iii. your collateral ?
 - iv. project finance over feasibility ?
 - v. interest cost ?
 - vi. venture and/or risk capital ?
11. Role of SME Policy to be driven by **SME Board** ?
 - i. representation and level of organization ?
 - ii. tourism organization ?

iii. one-stop agency role ?

iv. capacities/ services ?

12. Do you need **tax allowances** for;

i. employment (or for trial period)

ii. social security reform ? and your expectations ?

iii. export freights ? and/or international transport ?

iv. ICT ?

13. Do see any need in establishing industrial and/or regional **zones** for particular **sectors**? and concern on resources such as **electricity**, **water** and **communication** ?

14. What do you need to be done in **education** sector ?

i. vocational/technical education ?

ii. special trainings for sectors ?

iii. vocational law and titles ?

15. what needs to be done to ease the **bureaucracy** and in what **fields** ? any need in **investment climate** ?

16. Can you please indicate the most important **top 3 actions** and/or measures and **top 3 policy** generation needs for the development of SMEs in northern part of Cyprus?

17. Any other final things you would like to add ?

I would like to present my special thanks for the views and issues you have developed and the contribution you have just made to the research by your precious knowledge and ideas.

Thank you very much for your cooperation and time....

6. Coding and analysis of interviews with the representative sample of SMEs

Before stating the overall findings stemming from the common views of the interviewee, it is useful to understand the expressions of interviewee according to relevant codes.

Code 1: Developing financial instruments and regulations including systems for incentives, guarantees, legislation upgrade, incentive law and state development bank law;

Mr Salih Ozler, Manufacturing for code 1:

- SMEs are the most efficient businesses in small island economy.
- Since they are family businesses, the biggest problem they face during investment is collateral.
- SME inquiring at the Development Bank is mostly discouraged with the procedures faced
- Interest difference fund shall be established so that private banks can provide finance from the accumulation of deposits to the businesses that they are already familiar with
- State itself shall be guarantee instead of the collateral for investment and production purposes
- Investments suitable for the conditions in the country should be encourage by fast and minimum bureaucracy
- finance policies should be arranged to support cooperation between sub sectors doing work division
- if both finance and production are not in cooperation then it will be difficult to compete with external competitors

Mrs Senay Eyupoglu, Manufacturing for code 1:

- both commercial banks and development bank evaluates application for credit on collateral basis but they should look first in the areas where the credit is aimed to be used at
- Statistical information from SPO should easily be reached by the investors so that healthier assumptions can be made
- Banks should ask for Feasibility and Business Plans while giving credits
- There should be special organization to assist SMEs for feasibility reports, Business Plans, Budgets and Market research
- Allocation of the credit installments should be eased in the procedures
- Development Bank should specifically investigate the content of the project rather than directing the applicant to suit in the existing scopes for credits
- Development Bank should always provide cheaper loans than the free market
- Prices of credits from the Banks are high both in overdrafts and loans and individual attempts to lower credit costs and extend maturities are not proving success and this can only be done if businesses jointly forms their needs and cooperation issues

Mr Turgay Ergun, Manufacturing, for code 1:

- government incentives provided by SPO are on time maturity basis
- in case of reaching maturity and/or urgent needs of businesses, there should be another long procedures followed for incentives which is mostly not preferred and businesses don't attempt to get incentives
- credits are based on collateral or bank guarantee in the country and businesses with lower financial strength can not find opportunity for this
- Trying controlled credit guarantee system shall bring financial relief to the small businesses
- Minimization of bureaucracy during crediting is needed

Taner Yolcu, Manufacturing&Trade, for code 1;

- businesses should have right choices for the resources in order to undertake investment or improvement for renewing and renovation
- collateral is indeed a stationery work and we have to look at the conditions for funding resources
- interest % and maturity in commercial banks, development bank should be compared together with % level of collateral and its % allocation for crediting.
- For example 500,000 stg collateral of 10 years is not suitable for a 100,000\$ of machinery credit. This collateral should be used in a project where cash circulation is much higher. And for 100,000\$ we should use annual collaterals and other alternatives for long term maturity.
- Development bank is a bank in the end and tends to guarantee itself for credits

Mr Mehmet Barut, Trade, for code 1:

- there should be less bureaucracy, paperwork and speed decision making
- raw materials should be accepted as guarantee
- interests should be lower interests, long repayment periods
- more Grants must be made available for small businesses
- renewal of ISO certification for lendings to small businesses

Mr Coskun Bundak, Trade, for code 1:

- firstly we have to consider funding systems and establish factoring and leasing businesses in the northern part of Cyprus
- development bank is not used efficiently for the country trade and is spent in endless congestion

Mr Yucel Dolmaci, Trade, for code 1:

- regulation for credit systems should be faster

- identification of the areas and the eligibility for the credits should be done beforehand
- credits should not be given if the project has risk of not being implemented fully in order to minimize waste of resources
- ease of the guarantees:
 - o immovable properties are evaluated under market value and are provided with 60% value of credits. This should be changed so that the properties are assessed on market value and project should be provided credit at 80% of this value
- permissions for the projects should be handled by one agency, YAGA is positive for that
- people should not track the bureaucracy but the government itself should follow-up activities and reach solutions efficiently
- development bank should be 100% transparent, giving information about the credits given and their repayments. This is a public benefit organization whose assembly is the people of country.
- Judicial decision making in courts takes couple of years which discourages investors in northern part of Cyprus
- Funding policies should be designed to encourage work division and cooperation of sectors but these can be decided considering the conditions of the project and can not be generalized.

Mr Ergun Sever, Trade, for code 1:

- SMEs become more important when we consider the amount of population and enterprising in the northern part of Cyprus
- Besides financial support, government should also guide about attractive investment areas. This is one of the main functions of SPO.
- There should be group guarantee (muteselsil kefalet) system for suitable partnerships besides collaterals. There should be a revision on the bi-law of development bank for this purposes
- Bank should monitor and evaluate the usage, investments and return of the credit that it issues even after the evaluation they do before giving the credit
- Development bank should act like an investment guide

- we lack cooperation and partnerships. Finance and credit policies should encourage cooperation and partnerships

Mr Mehmet Dolmaci, Hotelier, for code 1;

- considering the big competitors of Turkey, Greece, Spain, Bulgaria etc. I think our tourism strategy should be on special interest tourism
- water and energy resources are scarce and expensive and adding transportation costs above all, we don't have chance for mass tourism
- there should be incentives for high quality service, boutique hotels serving for high income tourists with high prices and effective marketing
- we have reached 20,000 bed capacity which fuls our needs and more incentives to increase bed capacity should not be implemented
- instead, we should assist existing ones with lower funds to increase their service quality and contribute employment
- besides increasing bed quality, we should also support development of sub sectors such as airport, restaurants, taxis, buses, roads and environment by other incentive systems
- in parallel to development of tourism, assisting light manufacturing sectors such as shampoo, towels, soaps, food, agri products etc. should also be encouraged to increase quality
- Development Bank is ver political under its current situation
- We should develop a system with participation of civil society organizations in order to channel funds to right points
- It is not possible to force commercial banks under free competition but activities of development bank will influence the other banks' approaches as well
- Finance should definitely be designed to encourage cooperation between sectors undertakin collaborative work division

Mr Ali Mirillo, Hotelier, for code 1;

- there are some financial incentives for tourism but these are not enough

- financial incentives to increase the standards in hotels should be provided with zero cost
- they take all your assets as collateral and you have nothing left for other credits
- legal infrastructure for this aims investors from Turkey
- development bank caused many small businesses to approach at bankruptcy point and most are defencing cases in courts nowadays. There is no credits for operations and renovation
- financial credits and loans are undertaken according to political party memberships and don't cover future plans
- I think financial policies should be politics free and professionally run by SME Board

Mr Salahi Uckan, Hotelier, for code 1;

- we can implement the examples they do in Antalya. They provided lands and loans with 0 interest and 10 year payment free conditions where after it only the capital amount was paid back in 20 years.
- they also established Dalaman airport which is 20 minutes to the location
- we should work on this kind of investments as well as incentivized flights for northern part of Cyprus
- we should adapt to world standards for incentive systems
- greek side provides subsidies to decrease flight prices
- I agree with above. If we need 10000 tons of lemon for the tourism annually this should be made under planned production facilities and supported by EU funds

Code 2: Areas for different kind of finance methods as cheap loans, short term credits, business plan, venture etc;

Mr Salih Ozler, Manufacturing for code 2:

- These shall be used in promoting services sector and production linked to it

- This should be undertaken as soon as possible considering the fact that we may face sudden agreement on Cyprus problem as we did during opening of the gates between the both sides

Mrs Senay Eyupoglu, Manufacturing for code 2:

- SMEs in production and services sectors need above mentioned issues
- All kind of businesses doing production should be provided short term credits.
- Areas in production which suits with the characteristics of the culture and of the country should be supported as well as the ones which have exports potential

Mr Turgay Ergun, Manufacturing for code 2:

- we need credits for equipment/machinery and raw material purchase
- for equipment/machinery it should be long-term but for raw material it can be short term credits to lower the interest cost

Taner Yolcu, Manufacturing&Trade, for code 2;

- I prefer credit for operations and cheap loans.
- However, cheap loans are not that trade effective and I may also think about short term credits for this purpose due to its fast return
- Collateral is a difficult process and shall be used for long term and high amount of loans
- Collateral provides advantage for LCs as well
- Crediting over Feasibility and Business Plan can only be done with proper Balance Sheet systems
- I prefer joint ventures for big projects and it gives sharing of risk and investment cost while providing opportunity for increasing strength of the business. I decided to bid as joint venture for the EU tenders

Mr Coskun Bundak, Trade, for code 2:

- construction and vehicle trading sectors need such issues

- manufacturing which does production also need this kind of issues
- areas where there is high ownership turnover such as boutiques and floweries

Mr Yucel Dolmaci, Trade, for code 2:

- these should be designed according to different kind of projects
- credits should be provided only to the ones which have returns
- agriculture shouldn't be credited if we have drought
- husbandry shouldn't be credited if we have excess of meat and milk

Mr Ergun Sever, Trade, for code 2:

- the private needs of the businesses are not primary indeed
- feasibility reports showing availability of the investment, profitability and rate of returns is very important.
- SMEs need proper feasibility reports
- Other funds of capital provided by the investor determines the ratio of other needs

Mr Mehmet Dolmaci, Hotelier, for code 2;

- financing should be designed to support activities for special interest tourism and high income tourists
- our investment activities mainly started after 1974 and there have been major tourism investments made in between 1980-1990. we should focus on regaining these businesses into the economy and motivate business owners.
- this shall be done by providing cheap loans, long term loans, finance on business plans as well as risk capital in order to regain these businesses which seem to be dropping out from the sector

Mr Ali Mirillo, Hotelier, for code 2;

- I don't need any credits for my business
- We are surviving to pay the loan we got from the development bank and have no opportunity for a new one

- That's why we can not upgrade our hotel to desired standards and we even lose customers because of that

Mr Salahi Uckan, Hotelier, for code 2;

- property collateral is not meaningful indeed
- we should evaluate employment, rate of return, tax returns in investment projects and this is one of the mistakes in incentive systems
- foreign investors are creating improper competition and such investments should be allowed in case of real economic and government needs.
- Having foreign investments even when we don't have internal rivalry to get stronger in fact causes loss of many sectors
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Code 3: SME Policy, SME Board, as one stop agency including definitions, management and announcement/acceptance;

Mr Salih Ozler, Manufacturing for code 3:

- SME Board should be independent from the Politics
- Boards are composed of ministry coordinators when we look at the recently drafted laws by the government
- This should be focused on developing new policies and solution providing to the problems without being disconnected from the other relevant parties
- People working for this should be the experts on the issues
- There is one policy, where ministers provide SME credits to their relatives
- Yes to SME Board.
- I don't accept any organizations where the politicians will form the majority
- Chamber of Industry, Association of Shopkeepers and Artisans, universities and relevant other vocational institutions shall work on

- establishing a SME Policy for it which can be supported by finance from the government which wouldn't have the major control
- Policies should be long-lasting, transparent and parallel to the general policy

Mrs Senay Eyupoglu, Manufacturing for code 3:

- SME Board shall be useful if its composition is established right and its management is professional
- Similar other sectoral organizations are unsuccessful because they don't develop policies but are used only for political purposes
- SME Board should be independent from the politics
- It can be one-stop agency for public works, provide positive and negative experience info from the knowledge it will gain
- It can guide investors and forward accumulated information in SPO to others as well
- Assist investors in developing projects
- There is no Policy! When there is trend in certain sector investors swap into that sector and they mostly face dissatisfaction
- Authorities should guide for the sectors which are rentable for investments and they should have policies on sector basis
- Competition law should be established for healthy development of the sectors
- Development of single SME policy which will be accepted by all parties is very hard under these circumstances
- SME Board shall take responsibility of the works that are routinely done in relevant departments
- Expert staff shall also provide consultancy and trainings as well as matching unemployed with business in search of worker
- It is very difficult to estimate long-term issues in Cyprus. SMEs undertake short term plans and this heavily depends on the Cyprus Problem and the EU process

Mr Turgay Ergun, Manufacturing for code 3:

- most of the investor groups such as manufacturers and hoteliers found their own associations for lobbying purposes
- SME Board shall combine and deal with the common problems of SMEs with more sound and contribute to the managers of these family businesses which have no bureaucratic contacts

Taner Yolcu, Manufacturing&Trade, for code 3;

- it is beneficial for SMEs to work with chambers of Commerce and Industry
- reliability and success records of the firms shall be monitored more easily
- we can take information about the feasibility and reliability of a project from Constructors Union
- SME Board should be the single decision maker about the amount of credits to be used
- There is definitely not a SME Policy and should be developed
- Banks and required reserves shall provide sectors rediscount credits
- Development bank and other UN resources shall also be used, I don't agree it to be one-stop agency
- It can be more efficient if the SME criteria, exemptions, maturity levels etc. are all clearly defined
- SMEs should not be under the authority and monitoring of 4.th country bureaucrats

Mr Coskun Bundak, Trade, for code 3:

- SME Board is very useful for the country
- Before this, there should be trainings, conferences and information delivered about the profitable sectors to the ones seeking to invest in northern part of Cyprus
- There should be also guidance provided to existent investors which are in bad and easily affected situation in order to advise them to shift into different kind of sectors
- Because everyone invests in a sector without undertaking market research, feasibility etc.

Mr Yucel Dolmaci, Trade, for code 3:

- SME Board is possible. Its composition shall be 7 representatives from:
 - o Ministries of economics and finance, departments of industry and trade, chambers for industry and trade, shopkeepers and artisans, consumer rights union
- SME Board shall:
 - o Give permissions so that we don't have 5 kebab house in one street. Undertake management of small scale industry zones. Provide incentives and input for evaluation of credits.
 - o Provide trainings
 - o Guide to adapt standards
 - o Support marketing efforts
 - o Improve foreign capital attraction
- daily and political decisions don't provide long lasting results
- planning and implementation changes day by day
- policies should be 100% transparent

Mr Ergun Sever, Trade, for code 3:

- A separate SME Board for small businesses is much more convenient
- It can meet other boards of Trade, Industry, Tourism chambers at a superior level organization
- Functions of each chamber or boards as well as the superior umbrella organization should be determined by law and regulations.
- I am not sure if there is a politician who knows about the importance of SMEs in northern part of Cyprus
- There are even not enough personnel to produce policies for the sectors
- There should a reform in the government where employments are not made according to individual political needs but to the needs of economy and public services
- Definitely a SME Policy should be established
- SME Board is useful in being one-stop door for businesses

- Since our economy is very small the capital amount is also very small and investors don't prefer to pay high amounts for project development
- Therefore, SME Board together with SPO can assist the investor in project development and project and feasibility cost shall be minimized
- Short term SME policies are similar to short term credits and it reminds bankruptcies
- Policies should long-term, justified and active as it can be improved as a progress process
- SME Board under legal authority should be established to organize cooperation of businesses, partnerships, finance and project development activities for the benefit of productivity and employment in the economy

Mr Mehmet Dolmaci, Hotelier, for code 3;

- this kind of establishment is needed to get rid of humble bureaucracy
- the economic platform formed by Hoteliers Association, chambers of Commerce and Industry etc. can found the seed for this
- SME Board should be legally authorized and represented by the private sector as well
- People from the practice in sector minimizes risks and are organized better
- SME Board should undertake auditing, guiding, permissions, penalties, incentives and contribute to the regulations developed by the government
- There is no Policy for SMEs in tourism sector
- Noone has produced anything yet
- Each of the SME represents a family in northern part of Cyprus and a policy is needed at first to prevent brain drain to outside
- SME Board as one-stop agency service centre is very beneficial for SMEs to get rid of improper competition and bureaucracy burden
- Not only the SME policy but also all of other policies need to be long lasting, transparent and harmonizing the activities

- SME Board or the government should communicate all policies to all segments
- SMEs play major role for family businesses and as well as preventing brain drain to outside

Mr Ali Mirillo, Hotelier, for code 3;

- there should be representatives from each sector who can contribute to efficient decision making
- having one point for bureaucracy will be very practical and cost minimizing
- SME Board should provide services to SMEs
- In today's structure we face barriers rather than services
- we are not supporting any policy of current government. They only focus on what to do in order to be able to pay this month's wages. They don't have time to think about SMEs
- It is too late for SME Policy but SME Board is needed to solve bureaucracy and other problems
- we need instant provision of services in order to enable SMEs to stand on
- SME Policy should be the country policy as long lasting, transparent, politics free and communicated to all
- Country policies should be consistent and not change when governments change

Mr Salahi Uckan, Hotelier, for code 3;

- bureaucracy is our biggest problem. Establishment of such organization provides many easiness
- Its status should be independent and should be managed by sectoral experts
- not only bureaucratic services but also trainings and consultings should be given
- it should provide information about EU policies and undertake warnings if needed

- had we have SME Board in the past we would not have the problems we have with development bank today
- SME Board shall be established under umbrella organization but expertise should cover sectors
- There is no tourism policy. We only have tourism chats which change when governments change
- We should have definition for tourism before establishing a policy
- There should special study to establish Tourism vision for the country which shall guide us for 20-30 years.
- Totally agree on long lasting, transparent and harmonizing policies
- We should also discuss alternative tourism strategies apart from 5 star hotels

Code 4: Revise taxation policy, allowances for new employment and decrease in costs of basic needs/Social tax allowances for employment, social security reform, export freights, industrial zones and electricity;

Mr Salih Ozler, Manufacturing for code 4:

- There are additional costs due to being unrecognized country, an island, having lack of qualified middle workers, being very small economy
- These are added with 4% stopage tax and high level of minimum wage
- It is very difficult to produce and compete with internal and neighbouring markets
- There should be exemptions and incentives adapted to us as they do for the eastern part of Turkey
- There is not much to say as we use taxes to contribute to the monetary deficits of the budget
- If this occurs due to population policies then the costs shouldn't be paid by the private sector and the community in general
- Income tax, corporate tax and taxes on investments should be reconsidered by decreasing the rates and promoting registration of unofficial economy

- People shouldn't be discouraged by "Resen" Tax
- VAT should be abolished on all of the production tools.
- Qota should be used on imports for the products that foots the economy up

Mrs Senay Eyupoglu, Manufacturing for code 4:

- Common Social Security law should be applied fully to discourage the attraction for government employment
- Private sector shall be incentivized especially for the individuals who establish their own businesses for social security/provident fund payments
- Enforcement of having audited accounts shall be abolished for small businesses under certain gross sales value
- Due to heavy load on taxes for the employment, many small bsuinesses tend not to show their actual payments and undertake two different accounting system; one for the auditor and one for real intercatations. This is indeed not helping businesses for true and efficient management and this issue should be investigated more and the system should be revised accordingly
- Technological items should be provided exemptions during investments and depreciation calculations should not include computers as these are annual expenses in real terms
- Taxation policy should be developed basing on the principle of getting more from the one who earns more and less from the one who earns less
- There should tax exemption below certain gross sales value, for new business enterprizing,
- Small bsuinesses should be able to pay on monthly basis
- Number of tax rates on wage classes should be reconsidered and increased
- Production sector and new employments can pay lower taxes
- Transparency of allocation of tax revenues by the government should be established
- There should not be revisions made in the same accounting year

- Regional business database should be used to guide the new investments
- Government can provide temporary office places to minimize fixed expenses
- Small businesses producing the same product unprofitably shall be encouraged to join forces and work under common organization professionally

Mr Turgay Ergun, Manufacturing for code 4:

- 28% of social tax payment for the worker is very high amount for our country. Lowering of these rates and/or incentivizing of employments shall increase employment as well
- We stand on one of the most expensive routes in the transportation issue and there is not much to do for that. We will still be expensive even if we abolish our closed economy system
- Heavy industry is a dream and we can only put incentives for the businesses using modern technology in order to increase our competitiveness in comparatively advantageous products
- There shall be restrictions on goods import and cost items with customs charges and additional fund fees

Taner Yolcu, Manufacturing&Trade, for code 4;

- Universities shall collaborate with businesses by contributing to employment of qualified personnel through financial support in order to improve corporate governance in the businesses
- VAT exemption or partly exemption of income tax for machinery and equipment purchases shall be used
- Licensing of the software used in businesses shall also be improved through such SME support actions
- There are plenty of indirect taxes. We pay the taxes of wages from the pocket and also pay charges in each step of our activities;
 - o Work permission for vehicles 'B'
 - o Road Taxes

- Vehicle tests
- Stopage in advance
- VAT
- Membership fees to associations and chambers
- Provident fund fees (both of employer and employee contributions)
- Workplace permit fees
- Fuel storage permit fees
- Lightening, cleaning fees
- Property taxes
- Etc.

Mr Mehmet Barut, Trade, for code 4:

- Corporate Tax stifles risk-taking and enterprising in small businesses
- Therefore tax for this class of businesses must take account of profit as a ratio of sales rather than total amount of profit
- Tax holidays must switchly applied often which a low rate of tax allowing enough funds to be ploughed back for expansion

Mr Coskun Bundak, Trade, for code 4:

- our taxation system minimizes our competitive strength
- customs and similar taxes put additional burden on our costs and limits cheap price sales
- considering fixed prices and low level of customer potential the trade in country is heading to die
- we are obliged to cheap labour force due to high taxes and high social security, provident fund fees in overheads
- all these factors should be redesigned according to the benefits of the country

Mr Yucel Dolmaci, Trade, for code 4:

- 2 year tax exemption for all project who are incentivized
- Proper and full payment of social security fees should be sustained
- Adaptation to EU norms in the imports

- Expansion of excise duties
- increasing of property tax for the ones above certain m²
- sustaining transportation costs to equal it up to world standards
- gathering of different kind of taxes and rearrangement to simplify transactions efforts for one tax is even higher than the tax amount in some fees and these should be abolished
- taxes on dead investments, big houses, luxury yatches, tobacco, alcohol and casinos etc. should be increased
- expenses in education and health should be decreased
- image of the country should be improved.
- Penalties and sentences for guilty/committing crimes should be increased

Mr Ergun Sever, Trade, for code 4:

- demanding too many taxes is not the skill
- taxes (direct, indirect) increases the costs
- all of the tax system should be reconsidered and revised
- indirect taxes should be minimized
- there should be revision on corporate and profit taxes so that businesses are able to use part of profit before tax for investment and improvement purposes
- and SME Board together with government should audit usage of this amount
- tax policies should encourage the eagerness to work
- income makers should not feel themselves as payers to tax
- taxes should not include the amount of profit that is allocated for investments

Mr Mehmet Dolmaci, Hotelier, for code 4;

- considering the benefits of SMEs for employment, they should be assisted by the tax system against big business in order to be competitive
- all kind of technological investments should also be encouraged by tax and customs systems
- Tax policy shall be used in order to design the sector

- Proper tax regulations shall eliminate employment pressure on government
- Government shall pay and/or decrease the wages or tax payment for personnel in hotels during off seasons in winter as they do in southern part of Cyprus
- Government shall put exemption on taxes and social payments in case of employments that comes over 12 month period

Mr Ali Mirillo, Hotelier, for code 4;

- government increases taxes it chooses in order to increase government income
- taxes on transportation should be zero in order to provide cheap and quality transportation for the ones coming from abroad
- there should be tax free technology purchase opportunities
- government should collect taxes from every sector accordingly and encourage tax free technology use
- Tax policy is very dramatic today
- SMEs are under heavy burden as well as “resen” tax which makes them to become smaller
- the real income maker sectors are exempted from many taxes and they pay very low amount of taxes
- Taxes should be paid but it should be based on Justice principle applied to all

Mr Salahi Uckan, Hotelier, for code 4;

- greek side don't take taxes for the employment in incentivized hotels
- there should be tax exemptions at the same rate of employment creation in the investments
- funds should also be abolished in case of investment exemptions
- burden on personnel and electricity expenses should be decreased
- we say that we are in ceasefire situation but on the other hand we tend to say that everyone will pay what he/she owes. This is a contradicting phenomenon

Code 5: Infrastructure and industrial zones;

Mr Salih Ozler, Manufacturing for code 5:

- we should think about the tourism which is the locomotive sector and about the zones to be established for what kind of tourism products
- electricity, water and communication are vital for whatever we decide to do
- competitive electricity costs should be dealt
- communication services is in the trend of lowering prices due to increasing competition
- water is in shortage and we need to develop immediate remedies. Losses in the distribution lines should be handled at once

Mrs Senay Eyupoglu, Manufacturing for code 5:

- If the existing industrial zones are used according their plans there might not be need for additional ones. Although the Industry Department collects fees for infrastructure still the works for road development are not finished.
- Industry department should search for the ones who receives plots for investment purposes but use them only for trade as showrooms and implement the rules of regulations which sets principles of possession

Mr Turgay Ergun, Manufacturing for code 5:

- being very small country makes it useless to establish regional or sectoral balances
- I think each should be provided incentives at its own place rather than establishing separate sectoral zones

Taner Yolcu, Manufacturing&Trade, for code 5;

- Environmental Impact Assessment report is obligatory for every investment and projects
- There shall be a country wide report developed so that we will not need to redevelop the similar reports for each of our projects and

investments. The country report shall guide about the areas that are physically arranged for different kind of investments.

- However, for infrastructure there will be additional research in the area that will be chosen for particular investment purposes
- I don't agree that doing industrial investments is clever in northern part of Cyprus.

Mr Coskun Bundak, Trade, for code 5:

- when we trade in such a small scale market, competition naturally increases
- placing of similar businesses in the same sectors at the same avenue is good but we shouldn't forget about monopolization as well
- our taxes are indeed for roads, water, electricity, health and education but we are not getting efficient returns for these and there is not much done in order to develop restrictive regulations and structures

Mr Yucel Dolmaci, Trade, for code 5:

- there is need for zones
- Alaykoy Industrial Zone should be put in service at once, establishing zones around the Famgusta port where the land prices are much cheaper than Dubai and Hong Kong for warehouse stocks that can serve for transit trade without altering touristic characteristics.
- Electricity should be run with professional and rentable organization. There is political influence and nepotism
- Water is a very big problem:
 - o Artificial raining shall be tried
 - o Existing resources should be used more efficiently
 - o Desalination from the seawater shall be used without forgetting saltation problem
 - o Transfer of outside water with tankers
 - o Pipeline for bringing outside water
- communication is not in bad trend

Mr Ergun Sever, Trade, for code 5:

- industrial zones should be reconsidered to be reorganized
- businesses in industrial zones should be provided new fees with cheaper electricity, water, communication costs
- and this shall also be arranged depending on the number of workers at the business

Mr Mehmet Dolmaci, Hotelier, for code 5;

- there is need for industrial zones.
- All of the unrelated businesses (mechanics, plumbers, constructors) in the touristic areas should be transferred to special zones
- Water and electricity are big problems. Alternative energy of windmill electricity, desalination and waste water treatment should be incentivized
- Infrastructure is a problem but shall be improved by fast efforts

Mr Ali Mirillo, Hotelier, for code 5;

- industrial zones are always required
- if we will have casinos for gambling then we should collect all these in middle of Mesaria and leave resorts to take place at the coastline
- one of the major infrastructure deficiencies are electricity, water and environmental pollution
- there are less resources allocated for infrastructure and we face worse conditions in the future

Mr Salahi Uckan, Hotelier, for code 5;

- uncontrolled construction and environmental pollution affect tourism badly.
- Even minor changes in hotels shall make dissatisfaction in loyal customers
- Permissions for pools in apartments should be abolished

- Electricity is costly

-

Code 6: Education system and trainings for sectors and vocations;

Mr Salih Ozler, Manufacturing for code 6:

- ministry of Education is working on MEYAP project which is good
- should be assisting to solve qualified middle workers problem
- EU projects on this issue shall provide good results as well

Mrs Senay Eyupoglu, Manufacturing for code 6:

- there should be trainings to train managers about the importance of annual budgets and business plans
- there shall be free trainings to teach about computerized applications for daily works, market research and innovation
- to teach about the rules and regulations for sectors
- education system should be designed such that vocations should be introduced to students until they grow up at stage to make decision about their jobs
- strict rules for internships during university education should be established forwarding the students specifically to the businesses in their fields

Mr Turgay Ergun, Manufacturing for code 6:

- special trainings for the needs of sectors have been used before which had provided lots of benefits
- government shall gather information about the needs of SMEs so that it can provide trainings for the vocations where the employment is guaranteed and by this way SMEs shall get the technical personnel they require and government shall provide employment opportunities to the public

Taner Yolcu, Manufacturing&Trade, for code 6;

- SMEs need not to do anything for this !
- Chambers of Industry and Commerce are already undertaking training efforts at certain levels
- This is an lower level work which is in the mission of chambers.

Mr Coskun Bundak, Trade, for code 6:

- we should start with preventing univeristy education to be a way of escaping from military service
- we should also prove to all that technical and artisan people are not mistaken but they earn more for their labour in the market
- teachers play an important role in this but considering today's structure we see that it is almost impossible

Mr Yucel Dolmaci, Trade, for code 6:

- standards in schools giving education for producing qualified middle workers should be increased
- quality of the teachers is low
- vocational trainings should also be provided scholarships
- teacher strikes should be made to be decided seriously with higher participation in decision making for the strike

Mr Ergun Sever, Trade, for code 6:

- the first factor to improve development of the businesses is Human
- people should be trained according to the vocations
- education field should adapt the principle of 'producing while learning and learning while producing'. Japan is far ahead in this philosophy
- village institutes were established on the philosophy in the past

Mr Mehmet Dolmaci, Hotelier, for code 6;

- unfortunately education is one of our big problems
- the system should be revisited and privatization should be discussed

- technical and vocational faculties should be encouraged after secondary education and no more than 50% of students should attend regular lycee
- population should be designed to have 50% technical people and we should increase attractiveness and number of technical schools

Mr Ali Mirillo, Hotelier, for code 6;

- it is impossible to find trained personnel
- trainings that are currently undertaken don't have practical learning for skill and knowledge development
- education system should be revised and vocational/technical education should base on practical learning

Mr Salahi Uckan, Hotelier, for code 6;

- students graduating from tourism schools don't have required expertise in the hotels. This should be done in parallel to the world standards in hoteliers sector
- personnel should be trained about local cuisine, traditional culture and cyriot way of hospitality
- hotel owners and managers should be trained about professional management and marketing topics

Code 7: Easing of bureaucracy and investment climate:

Mr Salih Ozler, Manufacturing for code 7:

- they should beleieve in the people who invests to produce in this country
- if you spend all of your time on proving that you are not going to do anything wrong, fraud or counterfeiting then there is not left for the real work
- process at the state side should immediately be started and finalized in an efficient manner. if there is case for misleading then penalties should be implemented.

- Anything useful should be used to minimize production costs

Mrs Senay Eyupoglu, Manufacturing for code 7:

- more corporate governance should be established for systematic working of public servants and disconnection between the departments should be solved
- Government lags behind in providing public services considering today's computer technology
- Investments in buildings for the government should shift to personnel trainings and computer infrastructure

Mr Turgay Ergun, Manufacturing for code 7:

- starting from the beginning bureaucracy can not reach the speed of the investor and causes loss of time meaninglessly.
- Even an import permission can last for days to be received
- We are obliged to do additional employment only for the above mentioned issues and experience unnecessary costs

Taner Yolcu, Manufacturing&Trade, for code 7;

- this is very complicated in northern part of Cyprus
- habits of the status-qou is existent where council of ministers or other lower level servants are not doing much for this
- for example, Title registration office, city planning department, tax office and telecommunication departments are all in very complicated situation
- SMEs should be provided with documentation that can be used for the above mentioned organizations in order to eliminate the resentment of the work with them
- I think each firm should have a risk report including sector, financial track, employment, resources, inventory and assets information

Mr Mehmet Barut, Trade, for code 7:

- training of civil servants
- accepting declarations of individuals rather than double checking with costly mechanisms
- forms must be made simple

Mr Coskun Bundak, Trade, for code 7:

- ease of bureaucracy can not be done only with revising regulations but needs increasing the knowledge, efficiency, and mentality of the civil servants
- bureaucracy needs to be;
 - o not preventive
 - o not blocking
 - o informative
 - o not lazy
 - o hard working
 - o efficient

Mr Yucel Dolmaci, Trade, for code 7:

- SME Board shall support all these issues as positive step
- Existing YAGA is also good

Mr Ergun Sever, Trade, for code 7:

- the number of authorities where to undertake applications should be decreased to 1
- official applications should be made with single form to a single authority
- cheap infrastructure (land, road, water, electricity) and credits are needed for improved investment atmosphere

Mr Mehmet Dolmaci, Hotelier, for code 7;

- bureaucracy stays to be one of major wounds in our lives
- given current law and regulations there is no room to improve it
- ease of bureaucracy shall be privatization and service procurement by the government

- government should get rid of the work for school, hospital, construction in permissions and auditing by transferring them to private professionals

Mr Ali Mirillo, Hotelier, for code 7;

- flexibility is needed for certain topics and all transactions should be gathered under one umbrella in order to ease bureaucracy
- there should be profit making businesses in order to improve investment climate
- we need tourists from abroad because we have limited population

Mr Salahi Uckan, Hotelier, for code 7;

- there is no common aim for investments. Authorities dealing with investments have no common vision for coordination
- Vision differences within the bureaucracy causes not to have coordination with other sectors for tourism
-

Code 8: Stop incentivizing uncompetitive sectors, increase quality and niche products and allow work division within businesses;

Mr Salih Ozler, Manufacturing for code 8:

- should be stopped if they are not strategic and inevitable for the country
- cost is very important
- work division for cooperation of sub sectors should be explained them as this would lead to specialization and increase in income both in production and sales

Mrs Senay Eyupoglu, Manufacturing for code 8:

- uncompetitive sectors in production should not be incentivized
- Production of products which are Cypriot characters and have original values should only be incentivized
- Clustering can be difficult in very small scale economies where each other survive with each other's customer

- Identification of sectors which have exports potential and establishing incentives for these
- Stakeholder discussions should be made to investigate more about increasing economic boost under given situation in Cyprus

Taner Yolcu, Manufacturing&Trade, for code 8;

- there have been credits given to inefficient investments with very low rate of returns in the past. Eg. Credits for dormitories
- there should be supports to the sectors assisting the tourism sector during giving incentives to tourism investments. For example, transportation and promotion shall be undertaken with professional groups
- sub sectors which supports tourism such as Fisheries should also be provided with the same incentives
- and there should be one office dealing with these activities

Mr Coskun Bundak, Trade, for code 8:

- there should be a research done for the import-exports firms in order to identify practices that shall support production

Mr Yucel Dolmaci, Trade, for code 8:

- yess for clustering
- bottlenecks shall be overcome with quality and price effective marketing of the products
- each subject should be evaluated within its concept

Mr Ergun Sever, Trade, for code 8:

- the main aim of the incentives should be to increase employment
- they should aim to make increase in GDP
- they should not be abolished if the overall aim is above

Mr Mehmet Dolmaci, Hotelier, for code 8;

- apart from competition, it is important to put incentives for producing products at high standards.
- Incentives shall act like design and roadmap mechanisms
- Special interest tourism against mass tourism and total quality development against bed capacity should be incentivized.

Mr Ali Mirillo, Hotelier, for code 8;

- sectors that are competitive and covering general public should be incentivized rather than uncompetitive and closed sectors
- No any SME can survive without quality and quality should be the only condition
- Today all SMEs tend to stand on their feet rather having clustering approach
- Clustering shall trigger improvement but it can be explained to all so that we become more aware and knowledged

Mr Salahi Uckan, Hotelier, for code 8;

- there should be efficiency and competitiveness analysis done for each of the sectors
- scientific identification of internal sectors less vulnerable to external effects is needed which should be followed by coordination and establishment of organization for this
- we should adapt to be self sufficient and we can get assistance from EU for this purpose
- casino tourism leaves nothing to local economy but also causes high prices by fulling flights
-

Code 9: Shrink government by leaving production and employment, abolish public preference over private sector:

Mr Salih Ozler, Manufacturing for code 9:

- government acts like Deli Dumrul

- It still imports sugar, rice, produces yoghurt, hallomi, ice cream, runs hotels etc.
- Workers prefer government
- They are paid three times more than the ones in private sector for time of 1/3 working hours

Mrs Senay Eyupoglu, Manufacturing for code 9:

- government is big in the economy and not only the workers but also the business owners prefer to have government job
- government is competitor of the private sector as a job provider
- government employment has fixed income, low working hours, no tax office pressure, precise retirement process as advantages
- one diploma is enough to get job in the government where you need to have maybe masters diploma, job knowledge, success for the private sector and you have job security at government even if you don't work as required where you have no job guarantee in the private sector
- this leads to unqualified university graduates who wish to work for the government
- public enterprises should be privatized (milk, halloumi, communications, agricultural businesses) in order to reshift above mentioned situation

Mr Turgay Ergun, Manufacturing for code 9:

- the biggest competitor for employment is the government
- we have lost our workers to government and municipalities during the previous 2 years
- workers prefer government because of relaxed working hours, high wages and guarantee of retirement

Mr Mehmet Barut, Trade, for code 9:

- government should:
 - o support

- provide cheap finance
- provide infrastructure
- provide marketing assistance
- encourage with tax concessions
- provide non-repayable grants

Mr Yucel Dolmaci, Trade, for code 9:

- yess gorvenment is our competitor
- wages should be balanced between the government and private sector
- social rights should also be balanced
- a manager retiring from the government receives 5000 YTL pension and 100,000 YTL of reward for 30 years of labour while a manager retiring from the private sector receives 2200 YTL and low amount of provident fund for 40 years of labour.
- This is a crime conducted by the government as improper competition

Mr Ergun Sever, Trade, for code 9:

- government should act like guide
- I think government is not competitor but also a legal preventer
- this is even contributed by paperwork, unresponse to problems and tax policies
- the competition is the instinct to do better

Mr Mehmet Dolmaci, Hotelier, for code 9;

- government is an inefficient tourism manager who is feed from our common case with improper competition
- community in general pays for all of the government's mismanagement
- government charges low prices in hotels that it manages and makes us pay the loss. This is not acceptable

Mr Ali Mirillo, Hotelier, for code 9;

- government is big competitor of the private sector

- every citizen tries to be public employee rather than working for the private sector
- working people prefer government employment and don't want to work at the private sector

Mr Salahi Uckan, Hotelier, for code 9;

- government is the biggest load on the private sector
- it is in old fashion and humble situation altogether with taxes, political, economy, education, employment policies
-

Code 10: Direct flights and openness to abroad trade and activities;

Mr Salih Ozler, Manufacturing for code 10:

- Freight cost is doubled due to unrecognition. The cost differences in freight for production and exports shall be supported by a fund formed
- Direct flights are important both for costing and timing
- The biggest competitor is Turkey where there are incentives and minimum wage 1/3 of ours
- Therefore exports is very difficult
- Can you guess about the costs and efforts given by a SME to participate in an international fair?
- We should believe in production and establish policies that targets products which are suitable for the country and citizens characteristics
- If every government tries to do its own policies or even not do anything, then we face the situation of today's

Mrs Senay Eyupoglu, Manufacturing for code 10:

- transportation is very important for us
- we need direct flights to lower our high transportation costs but this is linked to the Cyprus Problem
- temporary solutions are ver short term actions
- I believe that solution of the Cyprus Problem will solve most of our problems.

Mr Yucel Dolmaci, Trade, for code 10:

- there is political solution need to eliminate instability
- possible Turkish-Greek partnership to have common EU membership
- or recognition of TRNC for EU membership
- or recognition of TRNC under Turkey province to be adapted to EU customs union agreement

Mr Ergun Sever, Trade, for code 10:

- there can be no proper exchange of information, goods and raw materials, sales, effective tourism and place benefits without transportation
- the biggest problem in northern part of Cyprus is inefficient transportation and increase in costs due to indirect transportation

Mr Mehmet Dolmaci, Hotelier, for code 10;

- direct flights is what we desire and would have considerable effects
- but having no direct flights is not that big problem as exaggerated. The real problems are with late announcement of price lists, unconfirmed flights, high price policy and old fashion marketing activities
- if we develop a good product we can easily reach outside markets with right marketing strategies

Mr Ali Mirillo, Hotelier, for code 10;

- we use transportation and direct flights as excuses for our mismanagement and inefficient works
- country shall not be economically developed without competitive prices no matter if we have direct or indirect transportation

Mr Salahi Uckan, Hotelier, for code 10;

- we have no development chance due to Cyprus problem, problems in transportation, prices, economic instability, demographic changes

- Charter flights are important and should be implemented at once because they are more effective with more traveller transportation
- If this is given, then the sector can deal with marketing efforts supported by our characteristics of history, environment, sea etc.
- Sports facilities can also contribute tourism

ACTIONS

- **Cyprus Problem should be solved and we should have consistent atmosphere**
- **Consumer potential should be increased by improving tourism and direct transportation of tourists**
- **Attraction for government employment should be abolished**
- **Quick decision making and not heavy conditions on financial support**
- **Opportunities for ICT usage**
- **Establishment and announcement of crystal clear criteria for SMEs**
- **Trainings**
- **Cheap finance**
- **Established infrastructure**
- **Elimination of improper competition**
- **Root revisions in the finance sector**
- **Informative and protective actions for the investors**
- **Political solution in the island**
- **Effective marketing**
- **New investment areas**

- **Well trained employees are needed in cooperative enterprises**
- **Trainings to adapt auditors to new economic conditions for cooperative enterprises**
- **Exemption of indirect taxes on cooperatives which have mission of service and cheap products rather than profit**
- **Competition law to prevent improper competition created by big abroad investors in tourism should be enforced**
- **Promotion and marketing activities needed to inc number of tourists and thus of the market size**
- **Costs of inputs for SMEs should be decreased to enable competitiveness**
- **Fixed expenses should be consistent without increases**
- **Interest free foreign currency credits for renovation and investments**
- **Importance for in house trainings**
- **Resentment and psychological demotivation in local investors should be eliminated**
- **Permissions to foreign airliners to improve tourist arrivals**
- **Qualified labour and road, water, electricity should be immediately prepared**
- **Criminal events should be decreased**

- **POLICIES**

- **Decisions made by the government which have influence on SMEs should be timed properly and not undertaken in the same year period**
 - **Ambiguity in regulations developed by the government should be abolished**
 - **Decision directly affecting costs should not be instantly made (worker expenses, electricity, gas prices and vat, customs charges)**
- **Efforts should be undertaken to increase efficiency of the businesses**
 - **Investigation of potential need in sectors before approving new investments**
 - **Tax rates should be developed on sectoral basis with incentives**
 - **Chambers of Commerce and Industry should provide consulting services to businesses**
- **Effective two-way working of the Greenline Regulation**
- **Finance**
- **Taxation**
- **Marketing assistance**
- **Establishing Business Ethics**
- **Elimination of improper competition**
- **Finance and taxation systems**
- **Political solution and elimination of instability**
- **Marketing efforts**

- **Transit Trade and new investment areas (services, tourism etc.)**
- **Training of qualified personnel**
- **Policies to decrease costs**
- **Incentives for project development of investments and partnerships**
- **Measures to ease transportation and its prices together with marketing activities to increase market size**
- **Incentives for existing businesses up to a level of 60% occupancy in the country which should be minimum for granting incentives for new bed capacities**
- **Precautions to prevent improper competition**
- **Transportation should be competitive**
- **Conservation of biodiversity and environmental beauties**
- **Training and producing knowledgeable personnel**
- **Political stability should be set up in order to bring tourists**
- **Touristic potential (history, nature, sea etc.) should be under conservation for tourism vision**
- **Incentive policies for existing local hotels to bring them at profitable situation**

6.1. Scoring of the Findings

Code 1: Developing financial instruments and regulations including systems for incentives, guarantees, legislation upgrade, incentive law and state development bank law

CODE	Findings: Proposed action Areas	Score	Action Area
Code 1: Developing financial instruments and regulations including systems for incentives, guarantees, legislation upgrade, incentive law and state development bank law	Collateral problem / %of collateral	7	Financing
	minimization of bureacracy/fast / procedures eased/intra gov. co-ordination	7	Policy Generation
	Development Bank procedures/ aims / bi-law	6	Regulation
	financial policy designed to support work division / co-operation	5	Policy Generation
	credits over Business Plans and feasibility	4	Financing
	State guarantee for inv. and production+ need for credit guarantee system + group guarantees	3	State aid
	Need for SME support / guide org.	3	Capacity Building and Support
	commercial banks credit cost and maturities	3	Financing
	Transparent policies of the Development Bank	3	Policy Generation

Table 55. Analysis of interviews with representative sample of SMEs for Code 1

Code 2: Areas for different kind of finance methods as cheap loans, short term credits, business plan, venture etc;

CODE	Findings: Proposed action Areas	Score	Action Area
Code 2: Areas for different kind of finance methods as cheap loans, short term credits, business plan, venture etc;	Designed according to project areas / proper balance sheet systems for true feasibilities / return over feasibility	4	Financing
	promoting services sector and production linked to it / husbandry and agriculture should not be credited if we have drought and excess of milk	3	Financing

Table 56. Analysis of interviews with representative sample of SMEs for Code 2

Code 3: SME Policy, SME Board, as one stop agency including definitions, management and announcement/acceptance;

CODE	Findings: Proposed action Areas	Score	Action Area
Code 3: SME Policy, SME Board, as one stop agency including definitions, management and announcement/acceptance;	consultancy and training services by SME Board / family business support	8	Capacity Building and Support
	SME Board needed	7	Regulation
	SME Board should have legal representative management	7	Regulation
	Policies should be long-lasting, transparent and parallel to the general policy	7	Policy Generation
	there is no SME policy	7	Policy Generation
	one-stop agency for public works	6	Regulation
	People working should be experts	5	Regulation
	SME Board independent from politics	4	Regulation
	Relevant stakeholders to work on designing SME policy	4	Policy Generation
Assist investors in developing projects	4	Capacity Building and Support	

Table 57. Analysis of interviews with representative sample of SMEs for Code 3

Code 4: Revise taxation policy, allowances for new employment and decrease in costs of basic needs/Social tax allowances for employment, social security reform, export freights, industrial zones and electricity;

CODE	Findings: Proposed action Areas	Score	Action Area
Code 4: Revise taxation policy, allowances for new employment and decrease in costs of basic needs/Social tax allowances for employment, social security reform, export freights, industrial zones and electricity;	incentives to individuals who establish their own businesses for social security/provident fund payments + tax exemption below certain gross sales value, for new business enterprizing + high amount of social tax payments for workers	6	Entrepreneurship and Tax
	unrecognition + island economy + transportation provide additional costs	5	State aid
	Technological items should be provided exemptions during investments + depreciation calculations should not include computers as these are annual expenses in real terms	5	Tax
	Income tax, corporate tax and taxes on investments should be reconsidered by decreasing the rates and promoting registration of unofficial economy and exempted for incentivized projects	4	Tax
	people should not be discouraged by Resen Tax	3	Tax
	Too many indirect taxes + and rearrangement to simplify	3	Tax
	revision of the whole tax system	3	Tax

Table 58. Analysis of interviews with representative sample of SMEs for Code 4

Code 5: Infrastructure and industrial zones;

CODE	Findings: Proposed action Areas	Score	Action Area
Code 5: Infrastructure and industrial zones;	Electricity cost should be dealt / electricity to be run by professional and feasible organization / cheaper electricity needed / electricity is problem, alternative methods should be used	6	Infrastructure
	zones for different tourism products / environment report to guide about areas for different kinds of investments / there is need for zones / - industrial zones are always required	5	Clustering and Networking
	water is in short supply / water is very big problem and needs substantial projects / water is problem and water treatment should be used	4	Infrastructure
	environmental pollution is problem	3	Infrastructure

Table 59. Analysis of interviews with representative sample of SMEs for Code 5

Code 6: Education system and trainings for sectors and vocations;

CODE	Findings: Proposed action Areas	Score	Action Area
Code 6: Education system and training for sectors and vocations;	MEYAP project is good / vocations should be introduced to students / prove to all that technical and artisan people are not mistaken but they earn more for their labour / standards in schools giving education for producing qualified middle workers should be increased	4	Policy Generation
	qualified middle level worker problem / it is impossible to find trained personnel / students graduating from tourism schools don't have required expertise in the hotels	3	Human Resources
	vocational trainings should also be provided scholarships / people should be trained according to the vocations / technical and vocational faculties should be encouraged	3	Policy Generation
	education system should be revised and vocational/technical education should be based on practical learning /education field should adapt the principle of 'producing while learning and learning while producing' / the system should be revisited	3	Policy Generation

Table 60. Analysis of interviews with representative sample of SMEs for Code 6

Code 7: Easing of bureaucracy and investment climate;

CODE	Findings: Proposed action Areas	Score	Action Area
Code 7: Easing of bureaucracy and investment climate;	process on the state side should immediately be started and finalized in an efficient manner / more corporate governance should be established for systematic working of public servants and disconnection between the departments should be solved / bureaucracy can not reach the speed of the investor and causes loss of time meaninglessly / this is very complicated in northern part of Cyprus / bureaucracy stays to be one of major wounds in our lives	5	Regulation
	they should believe in the people who invest to produce and you spend all of your time on proving that you are not going to do anything wrong / cheap infrastructure (land, road, water, electricity) and credits are needed for improved investment atmosphere / YAGA is good / Authorities dealing with investments have no common vision for co-ordination	4	Regulation
	Investments in buildings for the government should shift to personnel training and computer infrastructure / needs increasing the knowledge, efficiency, and mentality of the civil servants / training of civil servants	3	Human Resources
	SMEs should be provided with documentation that can be used for the above mentioned organizations in order to eliminate the resentment / forms must be made simple / official applications should be made with single form to a single authority	3	Regulation
	SME Board shall support all these issues as positive step / the number of authorities where to undertake applications should be decreased to 1 / flexibility is needed for certain topics and all transactions should be gathered under one umbrella in order to ease bureaucracy	3	Regulation

Table 61. Analysis of interviews with representative sample of SMEs for Code 7

Code 8: Stop incentivizing uncompetitive sectors, increase quality and niche products and

allow work division within businesses;

CODE	Findings: Proposed action Areas	Score	Action Area
Code 8: Stop incentivizing uncompetitive sectors, increase quality and niche products and allow work division within businesses;	Production of products which are Cypriot characters and have original values should only be incentivized / there should be supports to the sectors assisting the tourism sector during giving incentives to tourism investments / main aim of the incentives should be to increase employment / put incentives for producing products at high standards / Special interest tourism against mass tourism and total quality development against bed capacity should be incentivized / sectors that are competitive and covering general public should be incentivized	6	Policy Generation and Regulation
	Identification of sectors which have export potential and establishing incentives for these / there should be research done for the import-export firms in order to identify practices that shall support production / each subject should be evaluated within its concept / there should be efficiency and competitiveness analysis done for each of the sectors	4	Policy Generation
	Incentives should be stopped if the sectors are not strategic / uncompetitive sectors in production should not be incentivized / there have been credits given to inefficient investments with very low rate of returns	3	Policy Generation

	Work division for co-operation of sub sectors should be explained to them as this would lead to specialization and increase in income / yess for clustering / Clustering shall trigger improvement but it can be explained to all so that we become more aware and knowledgable	3	Clustering and Networking
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Table 62 Analysis of interviews with representative sample of SMEs for Code 8

Code 9: Shrink government by leaving production and employment, abolish public preference over private sector;

CODE	Findings: Proposed action Areas	Score	Action Area
Code 9: Shrink government by leaving production and employment, abolish public preference over private sector;	Government is big in the economy / government is competitor of the private sector / yess gorvenment is our competitor / I think government is not competitor but also a legal preventer / government is the biggest weight on the private sector	6	Policy Generation
	Workers prefer government / not only the workers but also the business owners prefer to have government job / the biggest competitor for employment is the government / this is a crime conducted by the government as improper competition	5	Human Resources
	Government acts like "Deli Dumrul" and it still imports sugar, rice, produces yoghurt, hallomi, ice cream, runs hotels etc. / public enterprises should be privatized / government is an inefficient tourism manager who feeds from our common case with improper competition /	3	Policy Generation
	They are paid three times more than the ones in private sector for 1/3 of the working hours / government employment has fixed income, low working hours, no tax office pressure, precise retirement process as advantages / workers prefer government because of relaxed working hours, high wages and guarantee of retirement	3	Policy Generation and Regulation

Table 63. Analysis of interviews with representative sample of SMEs for Code 9

Code 10: Direct flights and openness to abroad trade and activities;

CODE	Findings: Proposed action Areas	Score	Action Area
Code 10: Direct flights and openness to overseas trade and activities;	Direct flights are important both for costing and timing / we need direct flights to lower our high transportation costs / costs due to indirect transportation / direct flights is what we desire	4	Policy Generation
	Freight cost is doubled due to unrecognition / transportation is very important for us / there can be no proper exchange of information, goods and raw materials, sales, effective tourism and place benefits without transportation	3	State aid
	We should believe in production and establish policies that target products which are suitable for the country and citizens characteristics / if we develop a good product we can easily reach outside markets with right marketing strategies / Charter flights are important and should be implemented at once because they are more effective with more traveller transportation	3	Policy Generation
	I believe that solution of the Cyprus Problem will solve most of our problems / there is political solution need to eliminate instability / we have no development chance due to Cyprus problem	3	Policy Generation

Table 64. Analysis of interviews with representative sample of SMEs for Code 10

Actions for supporting the development of SMEs:

Actions - Emerging Areas	Score by interviewee	Action Area
Training / Well trained employees are needed / Training to adapt auditors to new economic conditions / Importance for in-house training / Qualified labour	5	Trainings for Human Resource
Quick decision making and not heavy conditions on financial support / Cheap finance / Root revisions in the finance sector / Interest free foreign currency credits for renovation and investments	4	Financing
Informative and protective actions for the investors / New investment areas / Resentment and psychological demotivation in local investors should be eliminated	3	Policy Generation for Investment
Cyprus Problem should be solved and we should have consistent atmosphere / Political solution on the island	2	Political Problem
Consumer potential should be increased by improving tourism and direct transportation of tourists / Permissions to foreign airlines to improve tourist arrivals	2	Transportation
Attraction for government employment should be abolished / Elimination of improper competition	2	Human Resources
Established infrastructure / road, water, electricity should be immediately prepared /	2	Infrastructure
Effective marketing / Promotion and marketing activities needed to increase number of tourists and thus of the market size	2	Marketing
Exemption of indirect taxes / Fixed expenses should be consistent without increases /	2	Tax
Competition law to prevent improper competition created by big overseas investors in tourism should be enforced / Criminal events should be decreased	2	Regulation
Opportunities for ICT usage	1	ICT
Establishment and announcement of crystal clear criteria for SMEs	1	Policy Generation

Table 65. Analysis of interviews with representative sample of SMEs as the most needed actions

Policies for supporting the development of SMEs:

Policies - Emerging Areas	Score by interviewee	Policy Area
Decision directly affecting costs should not be instantly made (worker expenses, electricity, gas prices and vat, customs charges) / Tax rates should be developed on sectoral basis with incentives / Taxation / Taxation system / Policies to decrease costs	5	Taxes for Better Regulation
Ambiguity in regulations developed by the government should be abolished / Effective two-way working of the Greenline Regulation / Establishing Business Ethics / Incentives for existing businesses up to a level of 60% occupancy in the country which should be a minimum for starting incentives for new bed capacities / Incentive policies for existing local hotels to bring them at feasible situation	4	Better Regulation
Chambers of Commerce and Industry should provide consulting services to businesses / Marketing assistance / Marketing efforts / Marketing activities to increase market size	4	Business Constraints
Investigation of potential need in sectors before approving new investments / Transit Trade and new investment areas (services, tourism etc.) / Incentives for project development of investments and partnerships	3	Investment for Entrepreneurship
Finance / Finance system	2	Access to Finance
Political solution and elimination of instability / Political stability should be set up in order to bring tourists	2	Political Problem
Training of qualified personnel / Training and producing knowledgeable personnel	2	Human Resource
Ease transportation / Transportation should be competitive	2	Transportation
Conservation of biodiversity and environmental beauties / Touristic potential (history, nature, sea etc.) should be under conservation for tourism vision	2	Environment for Tourism
Elimination of improper competition / Precautions to prevent improper competition	1	Single Market

Table 66. Analysis of interviews with representative sample of SMEs as the most needed policies

7. Questionnaire for survey with 215 sample of SMEs

**Stakeholder Actions to support the development of SMEs
in the northern part of Cyprus
Doctorate Research**

**Bilinc Dolmaci
Middlesex University**

SME SURVEY QUESTIONNAIRE

Good morning. We are calling you about a survey that is being undertaken by Bilinc Dolmaci for a doctorate research. Shall you put through to any of your company owners, directors or to manager in order to undertake the questionnaire please.

Authorized top level employee:

This survey is undertaken by Mr Bilinc Dolmaci within a personal doctorate research for Middlesex University. Mr Dolmaci is working for The Management Centre in Nicosia as a programme coordinator for the Private Sector and Economic Development Programme. He is undertaking work based doctorate research in professional studies that is run by Middlesex University. The aim of this study is to identify the actions needed to support the development of small businesses in the country. Another aim is to communicate the needs of SMEs which are identified by the SMEs themselves to local and international parties and to contribute to the development of the private sector in the northern part of Cyprus.

Businesses called are selected with random sampling of organizations. The results of the study will be provided as a report to the public through a conference and it aims to shed light to the actions that will be taken for SMEs in the near future through identifying the needs of Turkish Cypriot SMEs. The results of the study will also be summarized as summary report and the needs of SMEs will be communicated to relevant authorities, decision makers, civil society organizations and international organizations. By this way, the researcher aims to contribute to the efforts undertaken for the SMEs in the northern part of Cyprus. This survey is kept

confidential within a server and your name, your company and the feedback you will provide will be confidential to third parties. Also, the analysis for reporting will be conducted without reflecting any name.

Most of the questions are close ended and we need some of your time that is not too long in order to undertake the survey. If you agree to contribute to this SME survey that is done for the first time, we shall immediately start with the questions.

1. Demographic Information

1.1Region:	a. Lefkoşa b. Girne c. Mağusa d. Guzelyurt e. Iskele-karpaz	1.2 Sector:	a. Manufacturing b. Trade c. Touristic accommodation
1.2.1 If sector is a or b: Your main activity area ? a.Manufacturing b.Trade Import c.Trade Export d.Manufacturing and Trade Import e.Manufacturing and Trade Export f.All			
1.3Position:	a. Director b. General Manager c. Vice GM/ Coordinator d. Sales/Marketing Manager e. Finance/Admin Manager f. Prodcution/Technical Manager	1.4Type of organization:	a. Limited liability company b. Sole Trader c. Individual partnership d. Branch or franchise organization
1.5 Type of management:	a. Family business b. Single owner managed business c. Partners managed business (apart from family) d. Board appointed externally	1.6 Employee number:	a. 1-5 b. 6-9 c. 10-19 d. 20-29 e. 30-49 f. 50-79 g. 80-99 e. 100 and above

2. General Questions

2.1. Question about your the most needed activity

There are some subjects listed below, which one of these best assure the development of your SME ?

- a. Cheap finance and grants available to your sector
- b. Regulations more suited to your sector activities
- c. Better qualified people available
- d. Better developed incentive system for your sector
- e. More coherent and long lasting policies for SMEs

2.2. Questions about financing issues

2.2.1. There are some subjects listed below, which one of these is the biggest obstacle you face during your efforts to obtain finance for your organization.

- a. Collateral or guarantee
- b. Speed of decision making and bureaucratic process
- c. Interest rate and maturity conditions in trade banks
- d. Uncertainty of the sectors that is provided with finance
- e. Insufficient transparency in the finance policies of the state
- f. Not having supportive organization to guide for financing

2.2.1.1. Any other obstacle:.....

2.2.2. Have you ever applied for financing from the Development Bank?
 a. Yes b. No (pass to 2.2.5)

2.2.3. Have you succeed to obtain finance by this attempt?
 a. Yes b. No

2.2.4. Which of the following criteria of the Development Bank constitute the biggest obstacle to obtain finance for your organization.

- a. Collateral
- b. Amount of finance
- c. Maturity
- d. Interest rate
- e. Repayment time
- f. Bureaucratic transactions
- g. Quick decision making

2.2.5. Have you had any application to any place for financing renovation or additional investment within the past 3 years?
 a. Yes b. No (pass to 2.3.)

2.2.6. How many applications ?

a.1	b.2	c.3	d.4	e.5	f.6	g. 7 or above
-----	-----	-----	-----	-----	-----	---------------

2.2.7. How many succeed with finance ?

a.1	b.2	c.3	d.4	e.5	f.6	g.all	h. none
-----	-----	-----	-----	-----	-----	-------	---------

2.3. Questions about Human Resources

There are some subjects listed below, which one of these is the biggest obstacle you face at personnel regarding the development of your organization ?

- a. Vocational education state of your staff
- b. Lack of knowledge and experience of your personnel
- c. Lack of qualified middle workers
- d. Lack of qualified middle managers

2.3.1. Any other obstacle:.....

2.4. Questions about Taxation

There are some subjects listed below, which one of these is the biggest obstacle you face in taxation issues regarding the development of your organization ?

- a. Social benefit taxes in Wages
- b. Frequent change of tax rates
- c. Not having tax exemptions for technological equipments and investments
- d. Number of taxes in imports and transportation
- e. Not having sectoral taxation system
- f. Increase in costs due to taxation policies

2.4.1. Any other obstacle:.....

2.5. Questions about Regulation

There are some subjects listed below, which one of these is the biggest obstacle you face legal and regulatory issues regarding the development of your organization?

- a. Having several different departments for undertaking bureaucratic process
- b. Formalities and documentation in bureaucratic transactions
- c. Workers preference for government employment
- d. Type and number of indirect taxes
- e. Duration of having decision in courts
- f. Not identifying investment zones for different kind of sectors
- g. Not having incentives for the development of existing businesses

2.5.1. Any other obstacle:.....

2.6. Questions about the costs

There are some subjects listed below, which one of these is the biggest obstacle you face in dealing with costs ?

- a. Electricity cost
- b. Water problem
- c. Poor vocational education system
- d. Additional costs in transportation and access

- e. Lack of independent umbrella organization to carry out transactions for SMEs
- f. Additional costs arising due political conditions

2.6.1. Any other obstacle:.....

2.7. Questions about the needs of businesses

There are some subjects listed below, which of one these is the biggest obstacle you face in carrying out your operations in an efficient manner ?

- a. Lack of support for the Marketing subjects
- b. Lack of cooperation understanding in businesses
- c. Inadequate knowledge and experience in several subjects
- d. Problems in overseas transportation
- e. Existing political situation about the Cyprus problem
- f. Environmental pollution

2.7.1. Any other obstacle:.....

2.8. Questions about supporting Entrepreneurship

There are some subjects listed below, which one is the most important for you in order to undertake new ventures.

- a. Incentivizing new type of businesses that can be carried out through different kind of partnerships
- b. Identification of new investment areas through sectoral competitiveness analyses
- c. Developing niche products for different customer segments
- d. Support for project development for investments
- e. Having grant or cheap credit programmes
- f. Establishing a SME Board which can serve SMEs
- g. Creation of well accepted SME Policy by participation of stakeholders

2.8.1. Any other important point:.....

2.9. Question about the SME policies

There are some subjects listed below, which one of these is the biggest obstacle you face for sustaining the development of your organization ?

- a. Not developing long term and transparent policies for SMEs
- b. Unidentification of the sectors to be incentivized for investments
- c. Unprotection of the local investors
- d. Bureaucracy in the government departments
- e. Coordination and cooperation between ministries
- f. State owned businesses in some sectors

2.9.1. Any other:.....

Lastly, we have the following questions that can easily be responded as yes, no or don't know answers ;

2.10. Do you need to undertake any vocational trainings for the personnel in the coming one year period ?

- a. yes b. no c. undecided d. Not related with me

2.11. Do you need to obtain any grant or cheap credit for your organization in the coming one year period?

- a. yes b. no c. undecided d. Not related with me

2.12. Do you need to undertake any additional or new investment for your organization in the coming one year period?

- a. yes b. no c. undecided d. Not related with me

2.13. Do you receive sufficient support for Marketing and other topics from the chambers of Commerce and Industry ?

- a. yes b. no c. undecided d. Not related with me

2.14. What is your expectation for the business volume in the coming one year period?

- a. Decrease b. Same c. Growth d. Don't know e. Not related with me

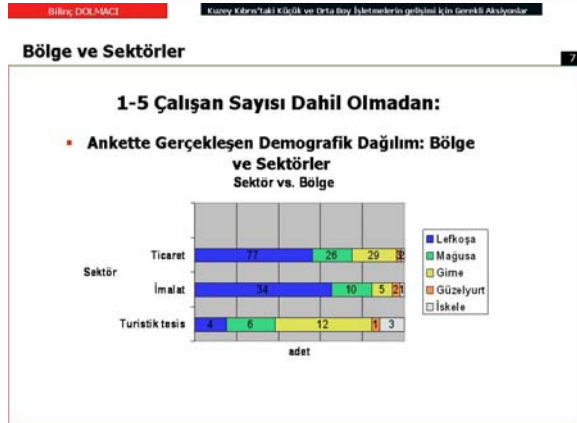
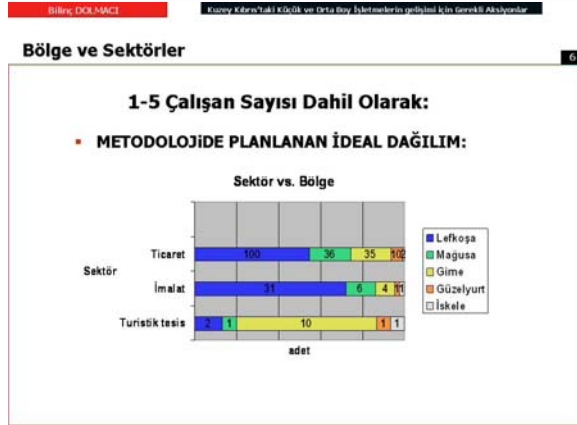
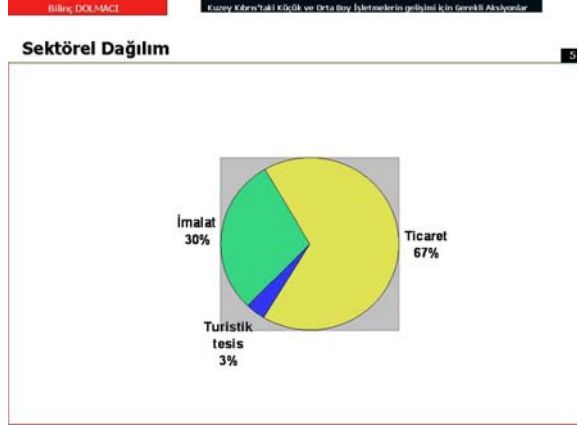
2.15 Is there any other issue that you would like to emphasize about the development of SMEs ?

.....
...

I would like to say that the answers you have provided will be kept confidential to third parties and thank you very much for your cooperation. All the best in your endeavours...

8. Tables of the survey with 215 SMEs

Tables in Turkish:



Bölge ve Sektörler

8

[1] Sektör	[2] Sektör	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Turistik tesis	İmalat	1,15(*)	0,262	0	0,5	1,8
	Ticaret	,99(*)	0,24	0	0,39	1,6
İmalat	Turistik tesis	-1,15(*)	0,262	0	-1,8	-0,5
	Ticaret	-0,16	0,156	0,67	-0,54	0,22
Ticaret	Turistik tesis	-,99(*)	0,24	0	-1,6	-0,39
	İmalat	0,16	0,156	0,67	-0,22	0,54

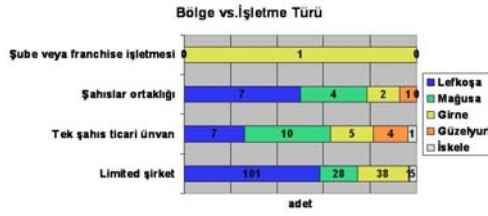
ANOVA
Dependent Variable: Bölge
Tamihane

Turistik tesisten ayrı olarak; İmalat ve Ticaret, Bölge'ye göre istatistiksel olarak farklılık göstermemektedir.

Bölge ve İşletme türü

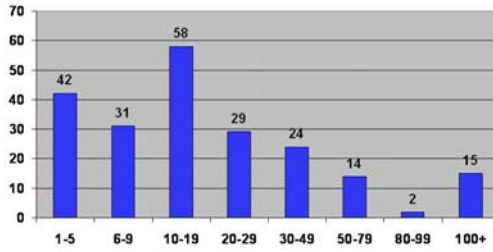
9

Demografik dağılım: Bölge ve İşletme Türü



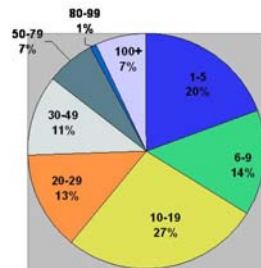
Çalışan Sayısı

10



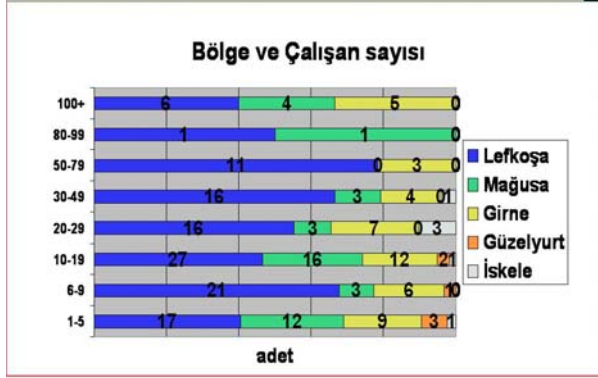
Çalışan Sayısı % Dağılımı

11



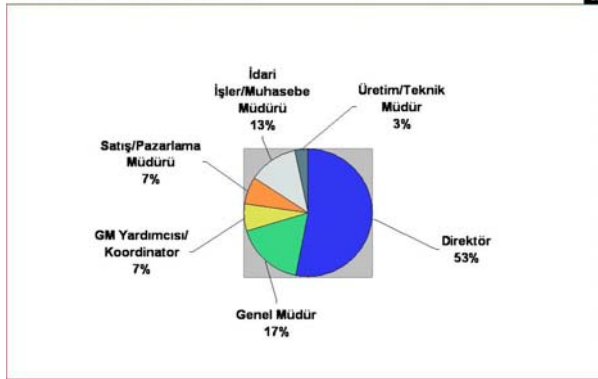
Bölge ve Çalışan sayısı

12



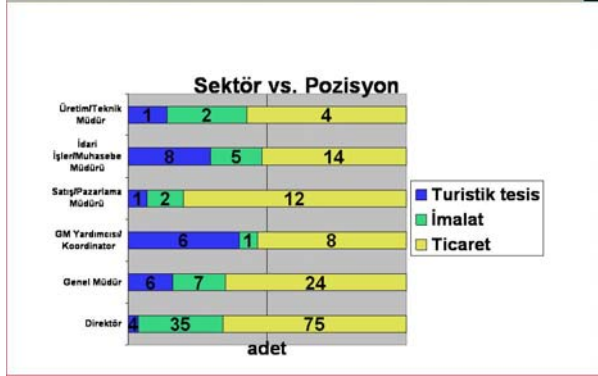
Cevap verenlerin Pozisyonu

13



Sektörler ve Cevap sahibinin Pozisyonu

14



Sektörler ve Pozisyon

15

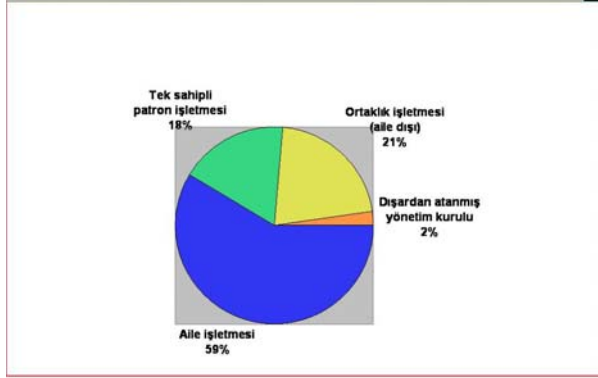
(i) Sektör	(j) Sektör	Mean Difference (i-j)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Turistik tesis	İmalat	1,37(*)	0,376	0,002	0,43	2,3
	Ticaret	1,12(*)	0,337	0,006	0,28	1,97
İmalat	Turistik tesis	-1,37(*)	0,376	0,002	-2,3	-0,43
	Ticaret	-0,24	0,25	0,701	-0,85	0,36
Ticaret	Turistik tesis	-1,12(*)	0,337	0,006	-1,97	-0,28
	İmalat	0,24	0,25	0,701	-0,36	0,85

ANOVA
Dependent Variable: İşyerindeki pozisyonunuz nedir?
Tamtane

Turistik tesisten ayrı olarak, İmalat ve Ticaret cevap verenlerin pozisyonuna göre istatistiksel farklılık göstermemektedir.

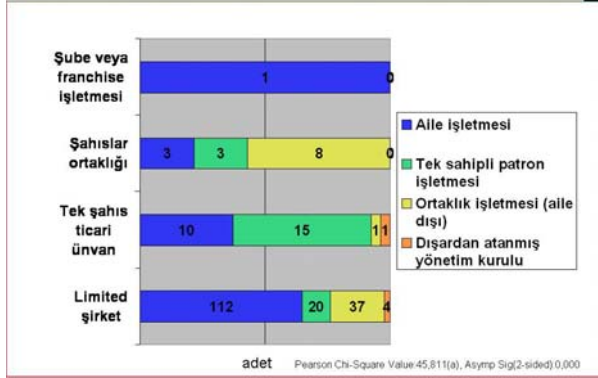
İşletme Yönetim Şekli

16



İşletme Türü ve Yönetim Şekli

17



İşletme türü ve Yönetim şekli

18

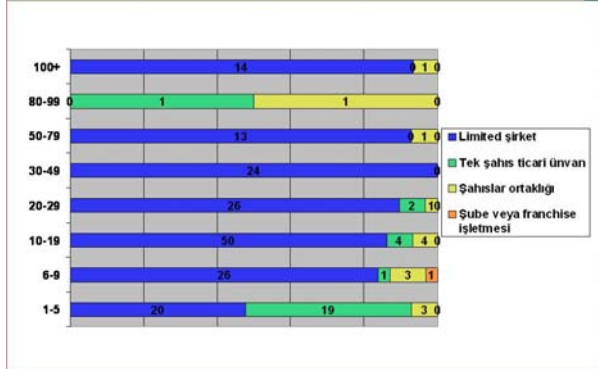
(1) İşletme yönetimi yapınız nedir?	(2) İşletme yönetimi yapınız nedir?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Aile işletmesi	Tek sahipli patron işletmesi	-.40(*)	0,113	0,005	-0,71	-0,09
	Ortaklık işletmesi (aile dışı)	-0,22	0,121	0,379	-0,55	0,11
	Dışardan atanmış yönetim kurulu	-0,05	0,204	1	-0,98	0,88
Tek sahipli patron işletmesi	Aile işletmesi	.40(*)	0,113	0,005	0,09	0,71
	Ortaklık işletmesi (aile dışı)	0,10	0,154	0,806	-0,23	0,6
	Dışardan atanmış yönetim kurulu	0,35	0,226	0,663	-0,49	1,2
Ortaklık işletmesi (aile dışı)	Aile işletmesi	0,22	0,121	0,379	-0,11	0,55
	Tek sahipli patron işletmesi	-0,18	0,154	0,806	-0,6	0,23
	Dışardan atanmış yönetim kurulu	0,17	0,23	0,981	-0,67	1,01
Dışardan atanmış yönetim kurulu	Aile işletmesi	0,05	0,204	1	-0,88	0,98
	Tek sahipli patron işletmesi	-0,35	0,226	0,663	-1,2	0,49
	Ortaklık işletmesi (aile dışı)	-0,17	0,23	0,981	-1,01	0,67

Aile işletmesi ve Tek sahipli patron işletmesinin dışında kalanlarda işletme türüne göre istatistiksel farklılaşma yok

Anova: Dependent Variable: İşletmeniz size sayacağım seçenekler arasında hangi türe girer? Tamhane

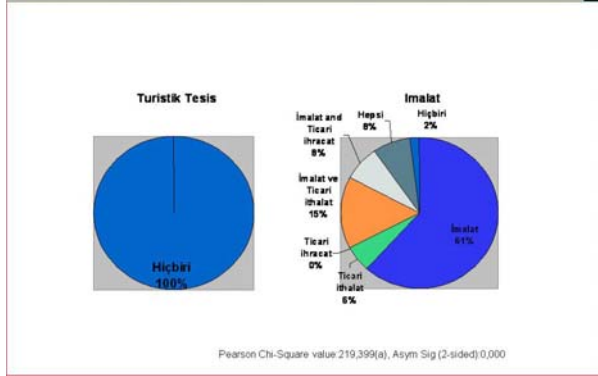
İşletme türü ve Çalışan Sayısı

19



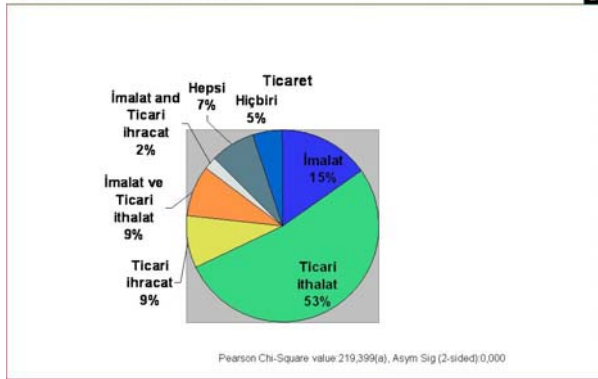
Ana faaliyet alanı ve Sektör

20



Ana faaliyet alanı ve Sektör

21



Sektörler ve Ana faaliyet alanı

22

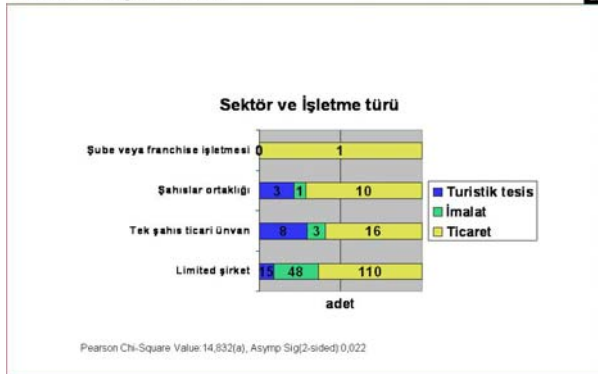
() Sektör	() Sektör	Mean Difference (I - J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Turistik tesis	İmalat	-4,67(*)	0,263	0	-4,92	-4,42
	Ticaret	-4,20(*)	0,141	0	-3,94	-4,46
İmalat	Turistik tesis	-4,67(*)	0,263	0	-5,32	-4,02
	Ticaret	-0,4	0,299	0,466	-1,12	0,33
Ticaret	Turistik tesis	-4,20(*)	0,141	0	-4,62	-3,94
	İmalat	0,4	0,299	0,466	-0,33	1,12

ANOVA
Dependent Variable: Ana faaliyet alanınız hangisidir?
Tarihane

Turistik tesisten ayrı olarak, İmalat ve Ticaret cevap verenlerin ana faaliyet alanına göre istatistiksel farklılık göstermemektedir.

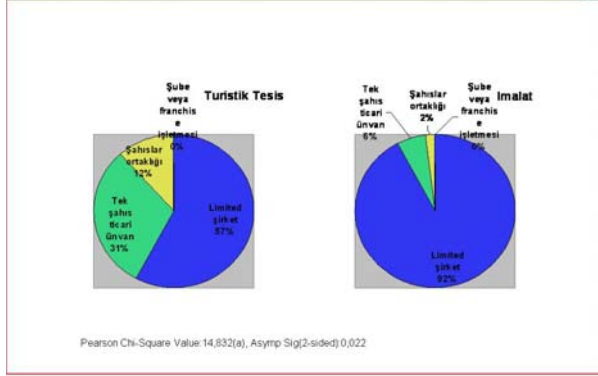
Sektör ve İşletme türü

23



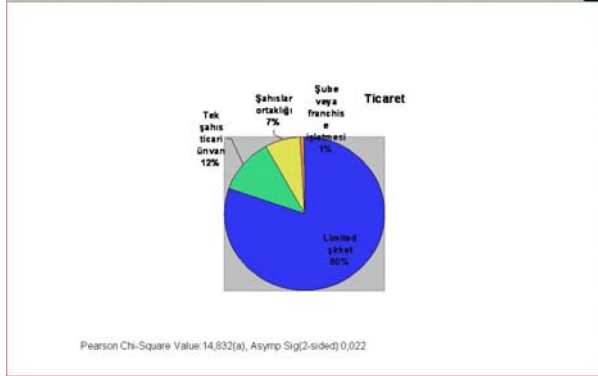
İşletme türü ve Sektör

24



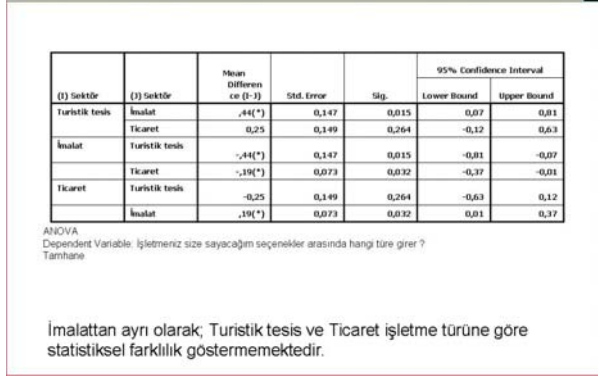
İşletme türü ve Sektör

25



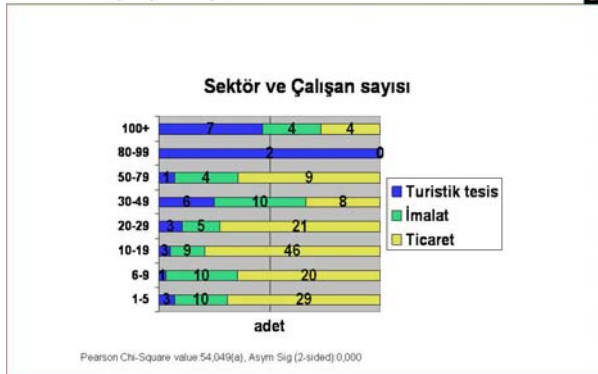
İşletme türü ve Sektör

26



Sektör ve Çalışan Sayısı

27



Sektör ve Çalışan sayısı

28

(I) Sektör	(II) Sektör	Mean Difference (I - II)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Turistik tesis	İmalat	1,56(*)	0,551	0,021	0,19	2,92
	Ticaret	2,03(*)	0,491	0,001	0,79	3,20
İmalat	Turistik tesis	-1,56(*)	0,551	0,021	-2,92	-0,19
	Ticaret	0,48	0,319	0,364	-0,3	1,25
Ticaret	Turistik tesis	-2,03(*)	0,491	0,001	-3,20	-0,79
	İmalat	-0,48	0,319	0,364	-1,25	0,3

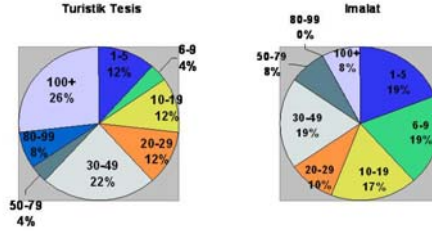
ANOVA

Dependent Variable: İşletmedeki çalışan sayısı nedir ?
Tamhane

Turistik tesisten ayrı olarak, İmalat ve Ticaret işyerindeki çalışan sayısına göre istatistiksel farklılık göstermemektedir.

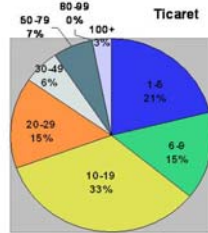
Çalışan Sayısı ve Sektör

29



Çalışan Sayısı ve Sektör

30



Bölge ve Çalışan Sayısı

31

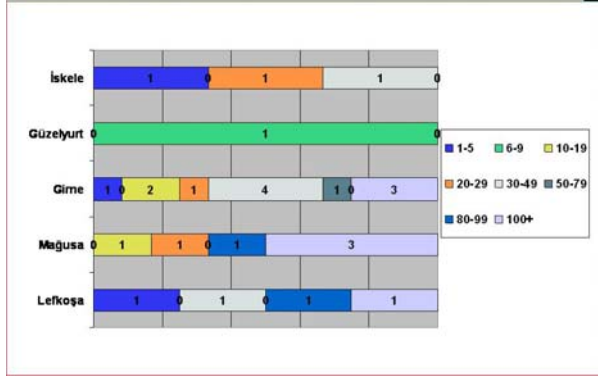
Dependent Variable	(I) Sektör	(II) Sektör	Mean Difference (I - II)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Bölge	Turistik tesis	İmalat	1,15(*)	0,262	0	0,5	1,8
		Ticaret	,99(*)	0,24	0,001	0,39	1,6
	İmalat	Turistik tesis	-1,15(*)	0,262	0	-1,8	-0,5
		Ticaret	-0,16	0,156	0,668	-0,54	0,22
	Ticaret	Turistik tesis	-,99(*)	0,24	0,001	-1,6	-0,39
		İmalat	0,16	0,156	0,668	-0,22	0,54
İşletmedeki çalışan sayısı nedir?	Turistik tesis	İmalat	1,56(*)	0,551	0,021	0,19	2,92
		Ticaret	2,03(*)	0,491	0,001	0,79	3,20
	İmalat	Turistik tesis	-1,56(*)	0,551	0,021	-2,92	-0,19
		Ticaret	0,48	0,319	0,364	-0,3	1,25
	Ticaret	Turistik tesis	-2,03(*)	0,491	0,001	-3,20	-0,79
		İmalat	-0,48	0,319	0,364	-1,25	0,3

ANOVA, Tamhane

Bölgede ve Çalışan sayısında: Turistik tesis diğerlerinden istatistiksel olarak farklılaşma gösteriyor

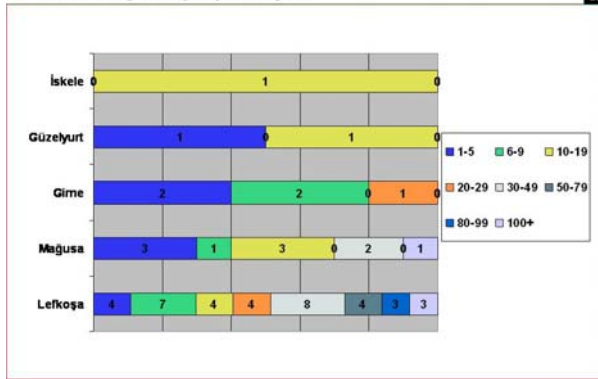
Turistik tesis: Bölge ve Çalışan Sayısı

32



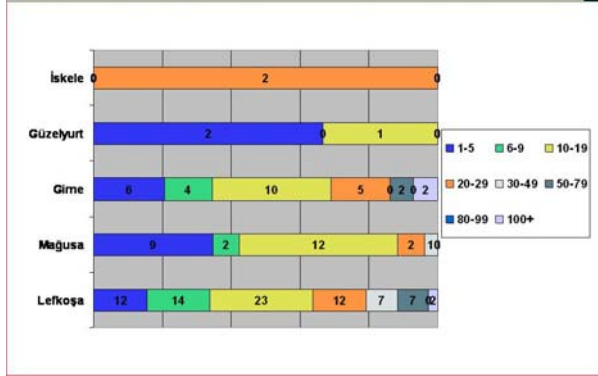
İmalat: Bölge ve Çalışan Sayısı

33



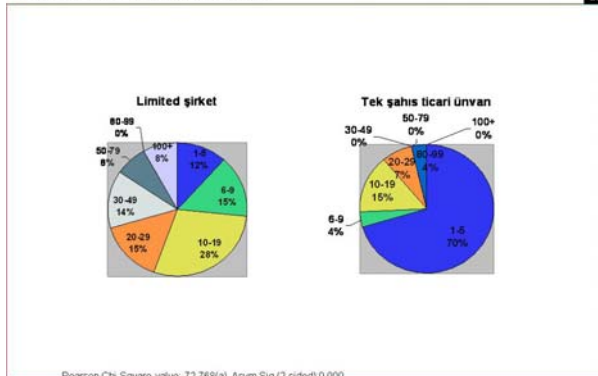
Ticaret: Bölge ve Çalışan Sayısı

34



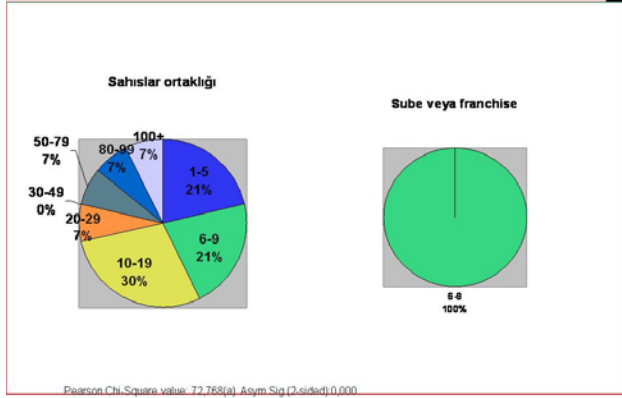
İşletme türü ve Çalışan Sayısı

35



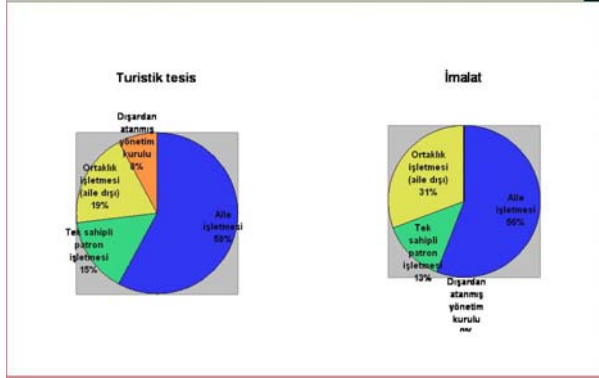
İşletme türü ve Çalışan Sayısı

36



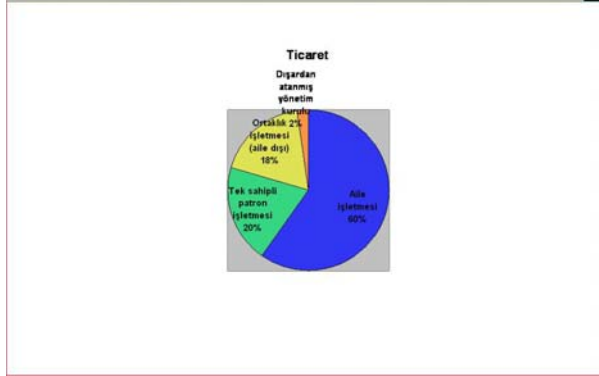
Sektörler ve Yönetim yapısı

37



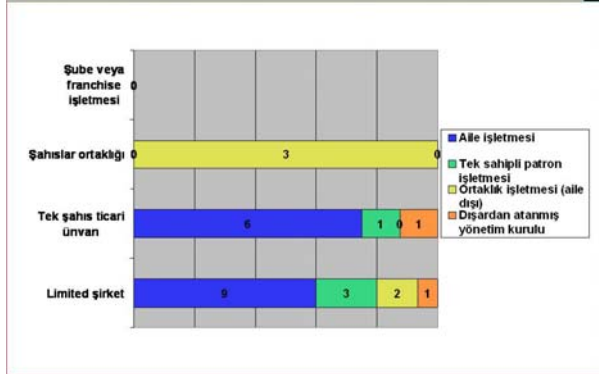
Sektörler ve Yönetim yapısı

38



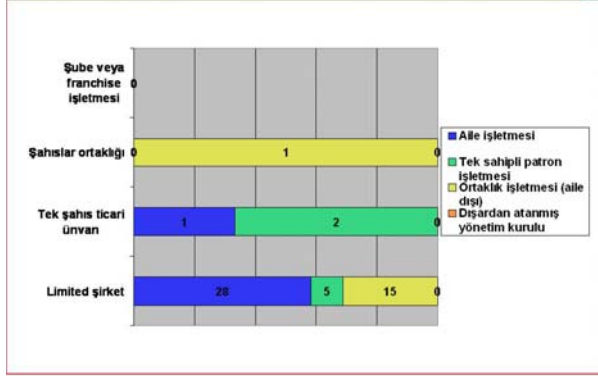
Turistik tesis: İşletme türü ve Yönetim yapısı

39



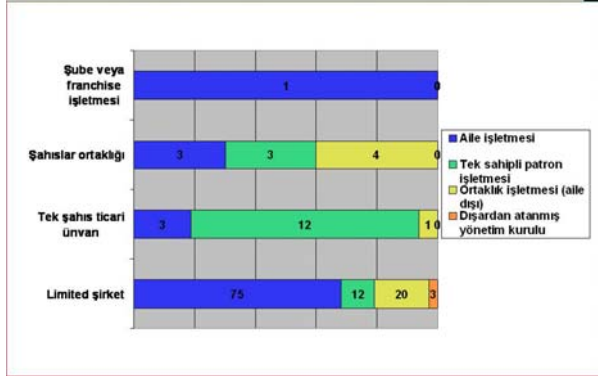
İmalat: İşletme türü ve Yönetim yapısı

40



Ticaret: İşletme türü ve Yönetim yapısı

41



Çalışan Sayısı ve Yönetim Yapısı

42

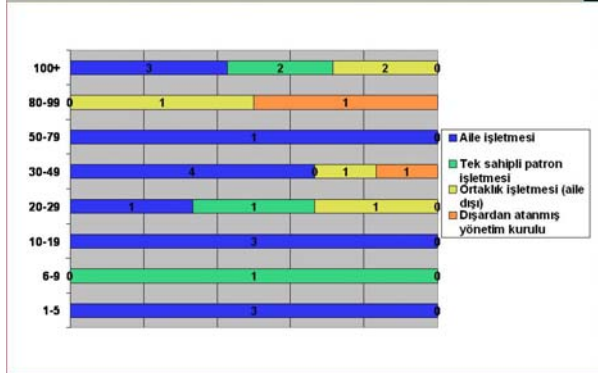
(0) İşletme yönetimi yapısını nedir?	(1) İşletme yönetimi yapısını nedir?	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Aile işletmesi	Tek sahipli patron işletmesi	0,9	0,335	0,056	-0,01	1,81
	Ortaklık işletmesi (aile dışı)	-0,78	0,363	0,195	-1,76	0,21
	Dışardan atanmış yönetim kurulu	-1,03	1,088	0,952	-6,12	4,07
Tek sahipli patron işletmesi	Aile işletmesi	-0,9	0,335	0,056	-1,81	0,01
	Ortaklık işletmesi (aile dışı)	-1,68(*)	0,442	0,002	-2,87	-0,49
	Dışardan atanmış yönetim kurulu	-1,93	1,117	0,623	-6,83	2,97
Ortaklık işletmesi (aile dışı)	Aile işletmesi	0,78	0,363	0,195	-0,21	1,76
	Tek sahipli patron işletmesi	1,68(*)	0,442	0,002	0,49	2,87
	Dışardan atanmış yönetim kurulu	-0,25	1,126	1	-5,1	4,6
Dışardan atanmış yönetim kurulu	Aile işletmesi	1,03	1,088	0,952	-4,07	6,12
	Tek sahipli patron işletmesi	1,93	1,117	0,623	-2,97	6,83
	Ortaklık işletmesi (aile dışı)	0,25	1,126	1	-4,6	5,1

ANOVA, Dependent Variable: İşletme türü, Çalışan sayısı nedir? Tanımlama

Tek sahipli patron işletmesi ile ortaklık işletmesi (aile dışı) arasında çalışan sayısına göre istatistiksel farklılaşma var

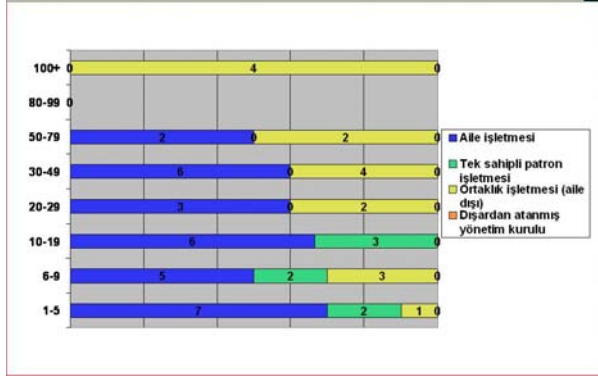
Turistik tesis: Yönetim yapısı ve Çalışan sayısı

43



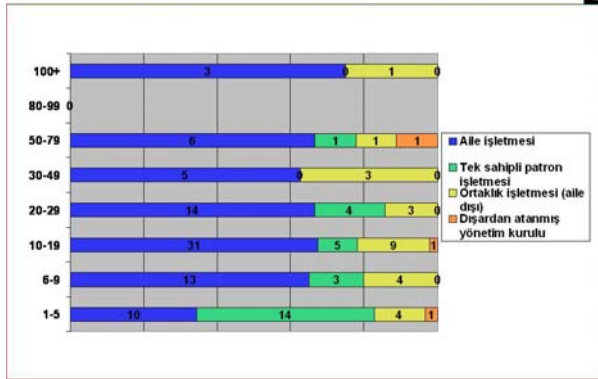
İmalat: Yönetim yapısı ve Çalışan sayısı

44



Ticaret: Yönetim yapısı ve Çalışan sayısı

45



Anket Soruları

46

- * İşletmenizin gelişimini sağlamak için;
- 1. En çok ihtiyaç duyduğunuz ? (kontrol 1)
- 2. Yeni girişimler gerçekleştirilmede en önemli unsur ?
- 3. Finansman sağlama girişiminde en büyük engel ?
- 4. Kalkınma Bankasına girişiminiz oldu mu?
- 5. Kaçında başarılı oldunuz?
- 6. Kalkınma Bankası kriterlerinden hangisi en büyük engeli teşkil eder?
- 7. Son 3 yılda renovasyon (yenileme) veya ek yatırım yapmak için herhangi bir yere finansman başvurunuz oldu mu?
- 8. Kaç başvurunuz oldu? Kaç başarılı oldu?
- 9. Hangisi personelinizde karşınıza en büyük engel olarak çıkıyor?
- 10. Hangisi vergi uygulamalarında karşınıza en büyük engel olarak çıkıyor?

Anket Soruları

47

- * İşletmenizin gelişimini sağlamak için;
- 11. Hangisi mevzuat ve yasal uygulamalarda karşınıza en büyük engel olarak çıkıyor?
- 12. Hangisi maliyetlerde karşınıza en büyük engel olarak çıkıyor?
- 13. Hangisi işlerinizin verimli yürütmede karşınıza en büyük engel olarak çıkıyor?
- 14. Hangisi işletmenizin gelişim sağlamlığında karşınıza en büyük engel olarak çıkıyor? (kontrol 2)
- 15. Önümüzdeki bir yıl içerisinde personelinize mesleki eğitimler aldırma ihtiyacınız var mı ?
- 16. Önümüzdeki bir yıl içerisinde işletmenize düşük maliyetli kredi veya hibe alma ihtiyacınız var mı ?
- 17. Önümüzdeki bir yıl içerisinde işletmenize ek veya yeni yatırım yapma ihtiyacınız var mı ?
- 18. Pazarlama ve diğer konularda Ticaret ve Sanayi Odasından yeterli destek alabiliyor musunuz ?
- 19. Önümüzdeki bir yıl içerisinde iş hacminizdeki beklentiniz nedir ?

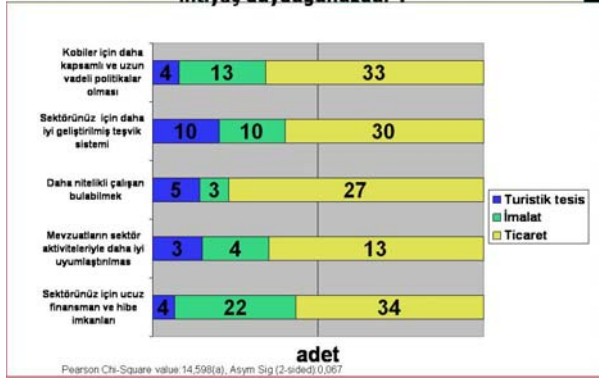
Hangisi işletmenizin gelişimini sağlamak için en çok ihtiyaç duyduğunuzdur ?

48



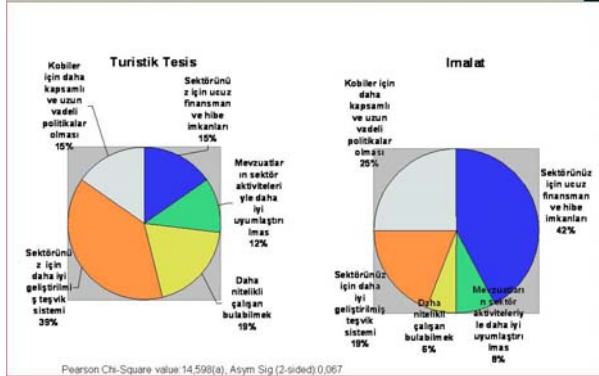
Hangisi işletmenizin gelişimini sağlamak için en çok ihtiyaç duyduğunuzdur ?

49



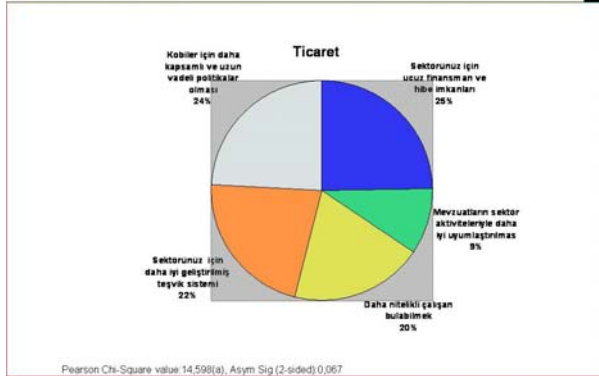
En çok ihtiyaç ve Sektörler

50



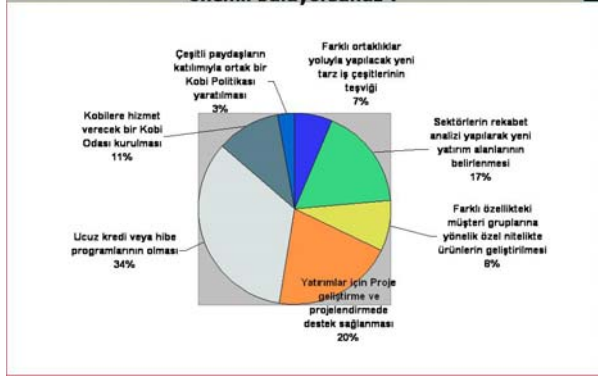
En çok ihtiyaç ve Sektörler

51



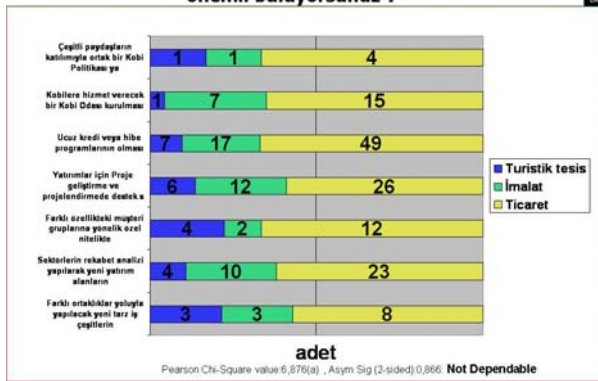
Hangisini yeni girişimler gerçekleştirmek açısından en önemli buluyorsunuz ?

52



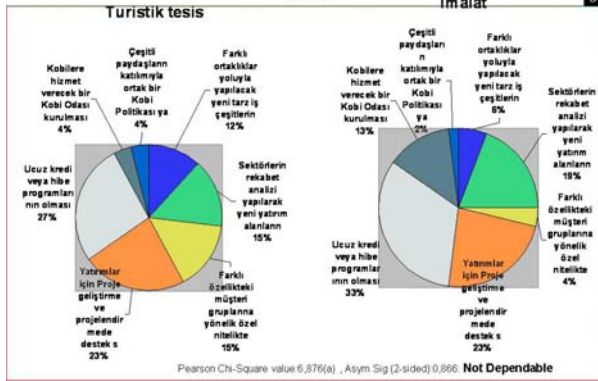
Hangisini yeni girişimler gerçekleştirmek açısından en önemli buluyorsunuz ?

53



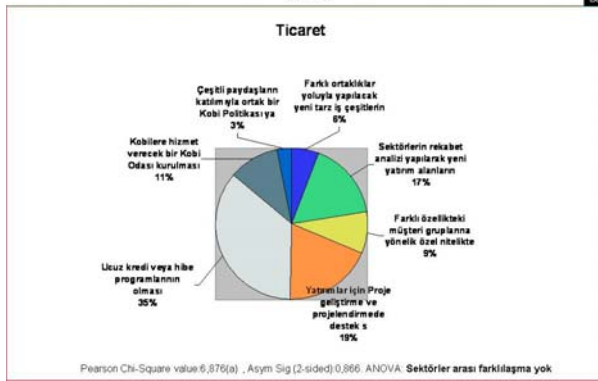
Sektörler ve yeni girişim geliştirmek için en önemli unsur

54



Sektörler ve yeni girişim geliştirmek için en önemli unsur

55



Yönetim Şekli ve Yeni girişimler için önemli unsur

56



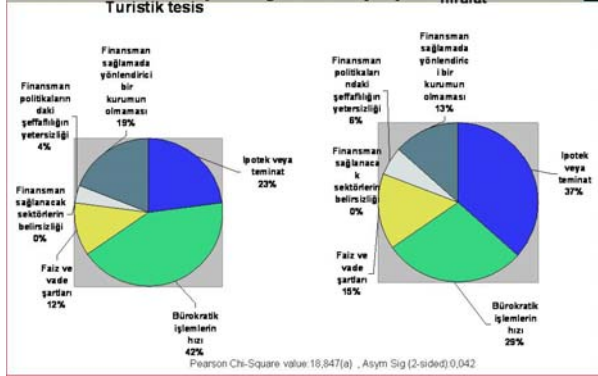
Hangisi işletmenize finansman sağlama girişimleri esnasında karşınıza en büyük engel olarak çıkıyor ?

57



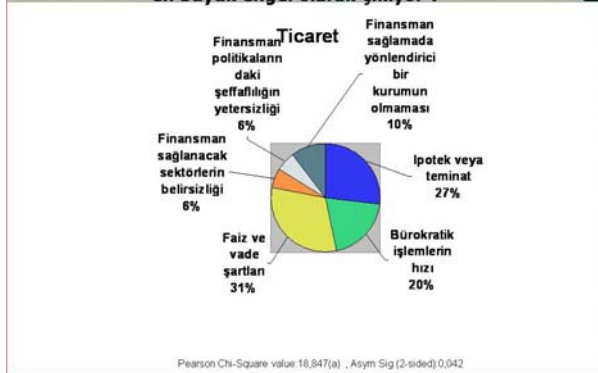
Finansman sağlama girişimleri esnasında karşınıza en büyük engel olarak çıkıyor ?

58



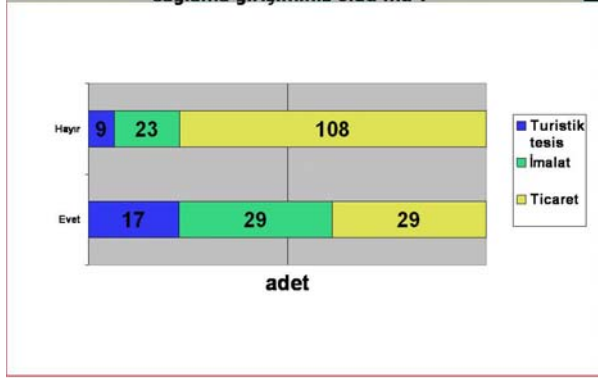
Finansman sağlama girişimleri esnasında karşınıza en büyük engel olarak çıkıyor ?

59



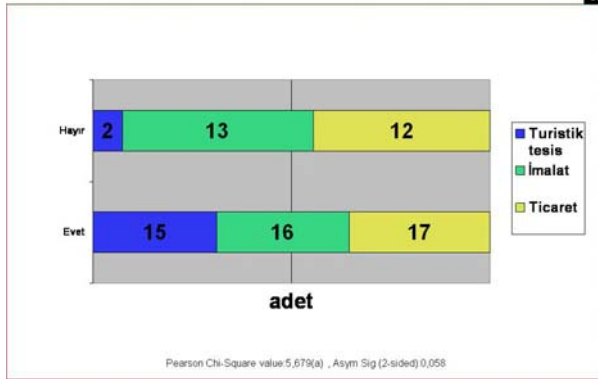
Kalkınma Bankası'ndan şimdiye kadar hiç finansman sağlama girişiminiz oldu mu ?

60



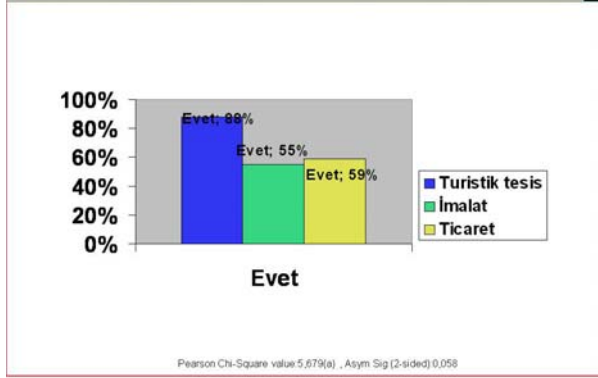
Bu girişim sonucunda finansman sağlayabildiniz mi ?

61



Başvuranların finansman sağlayabilme oranı

62



Sektör: Finansman sağlama ve sağlamada en büyük engel

63

Dependent Variable	[i] Sektör	[j] Sektör	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Bu girişim sonucunda finansman sağlayabildiniz mi ?	Turistik tesis	İmalat	-,33(*)	0,124	0,031	-,64	-,02
		Ticaret	-,03	0,123	0,06	-,6	0,01
	İmalat	Turistik tesis	,33(*)	0,124	0,031	0,02	0,64
		Ticaret	0,03	0,132	0,991	-,29	0,36
	Ticaret	Turistik tesis	0,3	0,123	0,06	-,01	0,6
		İmalat	-,03	0,132	0,991	-,36	0,29
Kalkınma Bankasının finansman sağlama kriterlerinden herhangi birini finansman sağlama konusunda en büyük engel teşkil	Turistik tesis	İmalat	0,55	0,61	0,752	-,97	2,07
		Ticaret	1,24	0,618	0,146	-,03	2,78
	İmalat	Turistik tesis	-,55	0,61	0,752	-,207	0,97
		Ticaret	0,69	0,61	0,6	-,01	2,19
	Ticaret	Turistik tesis	-,24	0,618	0,146	-,278	0,3
		İmalat	-,69	0,61	0,6	-,219	0,81

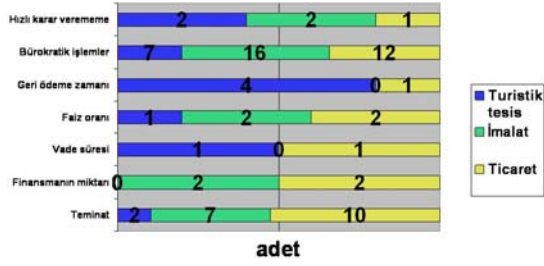
Statistiksel olarak:

Finansman sağlamada: Turistik tesis diğerlerinden farklı

Finansman sağlamada en büyük engelde: İmalat diğerlerinden farklı

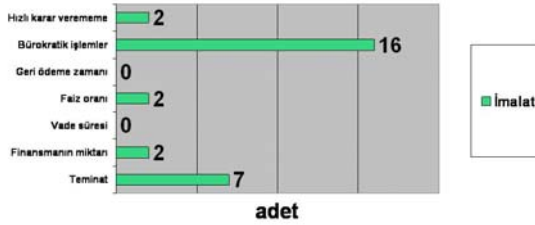
Kalkınma Bankasının finansman sağlama kriterlerinden hangisi sizce finansman sağlama konusunda en büyük engeli teşkil eder ?

64



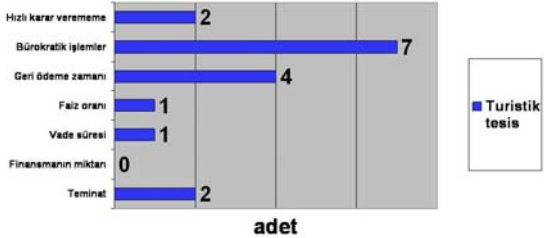
Kalkınma Bankasının finansman sağlama kriterlerinden hangisi sizce finansman sağlama konusunda en büyük engeli teşkil eder ?

65



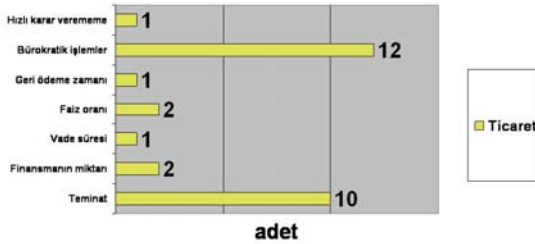
Kalkınma Bankasının finansman sağlama kriterlerinden hangisi sizce finansman sağlama konusunda en büyük engeli teşkil eder ?

66



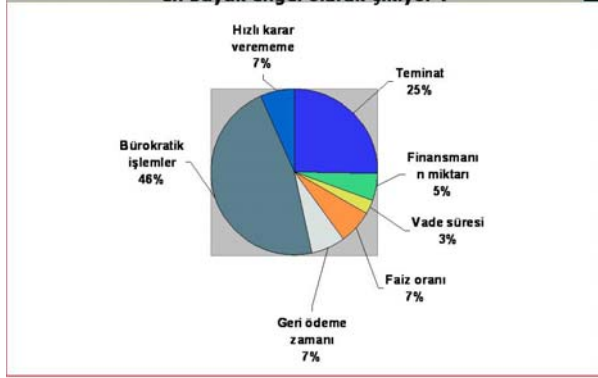
Kalkınma Bankasının finansman sağlama kriterlerinden hangisi sizce finansman sağlama konusunda en büyük engeli teşkil eder ?

67



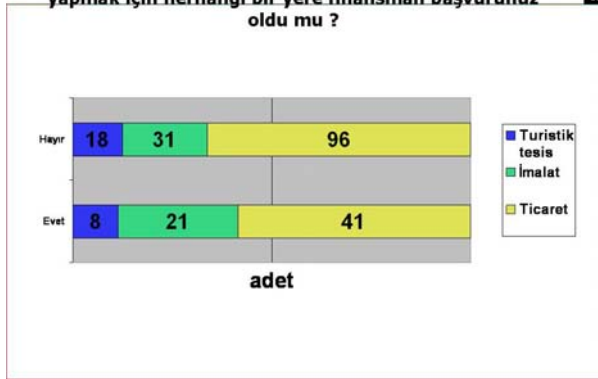
Finansman sağlama girişimleri esnasında karşınıza en büyük engel olarak çıkıyor ?

68



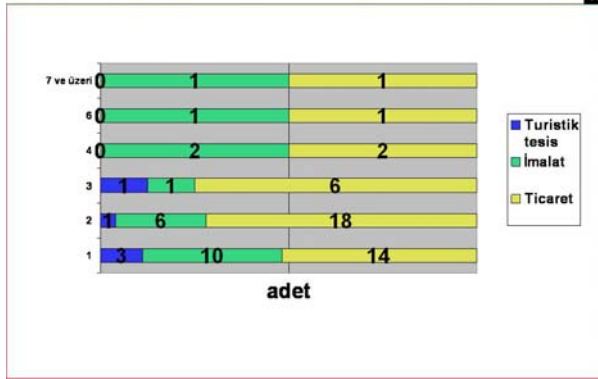
Son 3 yılda renovasyon (yenileme) veya ek yatırım yapmak için herhangi bir yere finansman başvurunuz oldu mu ?

69



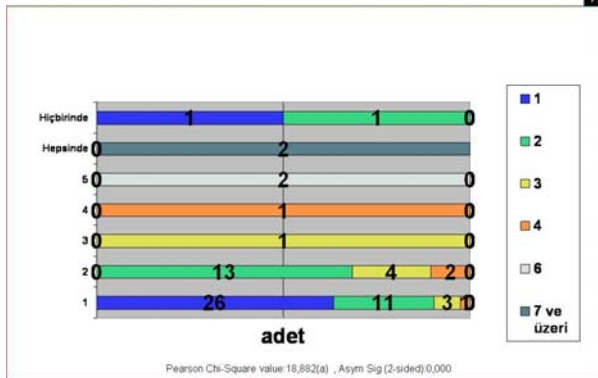
Kaç başvurunuz oldu ?

70



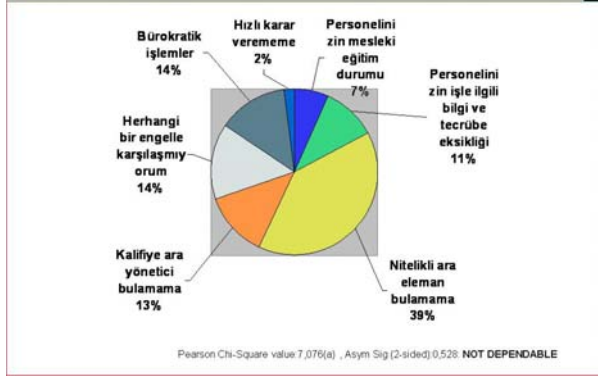
Kaçında finansman bulmayı başardınız ?

71



Personelinizle ilgili karşınıza çıkan en büyük engel ?

72



Personelinizle ilgili karşınıza çıkan en büyük engel ve Sektörler

73

({}) Sektör	({}) Sektör	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Turistik tesis	İmalat	-0,58	0,24	0,058	-1,17	0,01
	Ticaret	-0,3	0,211	0,418	-0,82	0,23
İmalat	Turistik tesis	0,58	0,24	0,058	-0,01	1,17
	Ticaret	0,28	0,18	0,329	-0,16	0,72
Ticaret	Turistik tesis	0,3	0,211	0,418	-0,23	0,82
	İmalat	-0,28	0,18	0,329	-0,72	0,16

ANOVA

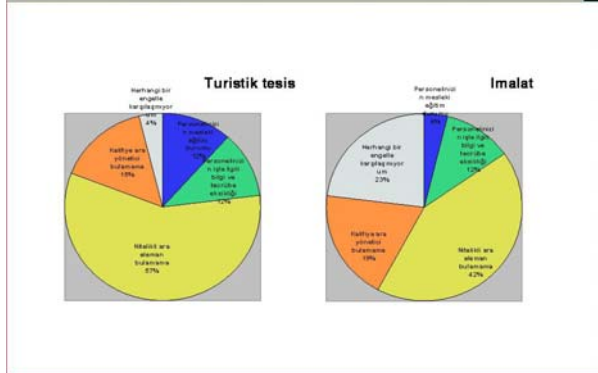
Dependent Variable: İşletmelerin gelişimi açısından size ekuyacağım konular arasında personelinizle ilgili karşınıza çıkan en büyük engel

Tamhane

İmalatın Turistik tesise göre olan cevapları dışında istatistiksel olarak herhangi bir farklılaşma yok

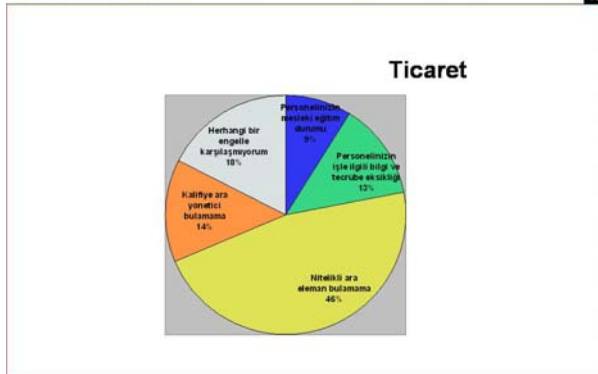
Personel: İmalat ve Turistik tesis

74



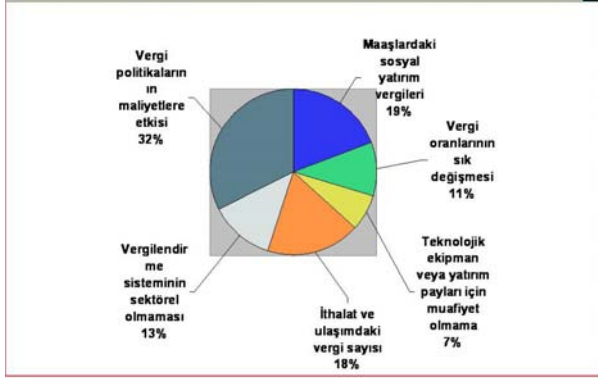
Personel: Ticaret

75



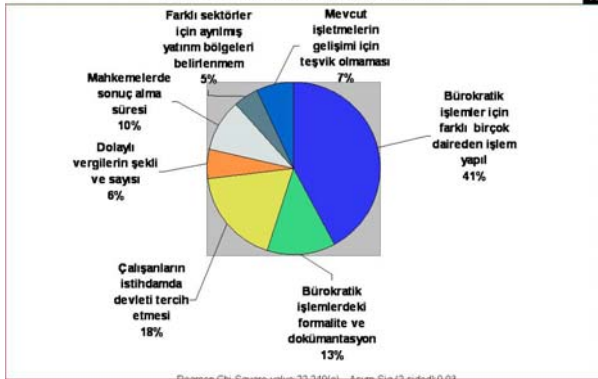
Vergi uygulamalarında hangisi en büyük engel olarak karşınıza çıkıyor ?

76



Hangisi mevzuat ve yasal uygulamalarda en büyük engel olarak karşınıza çıkıyor ?

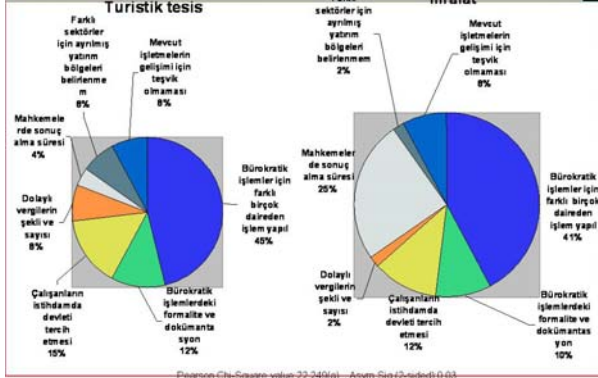
77



Pearson Chi-Square value: 22.246 (df=1) - Asym. Sig. (2-sided): 0.03

Hangisi mevzuat ve yasal uygulamalarda en büyük engel olarak karşınıza çıkıyor?

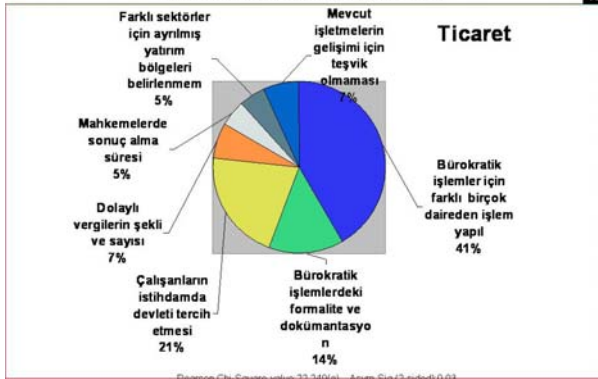
78



Pearson Chi-Square value: 22.246 (df=1) - Asym. Sig. (2-sided): 0.03

Hangisi mevzuat ve yasal uygulamalarda en büyük engel olarak karşınıza çıkıyor?

79



Pearson Chi-Square value: 22.246 (df=1) - Asym. Sig. (2-sided): 0.03

Hangisi maliyetlerle ilgili en büyük engel olarak karşınıza çıkıyor ve Sektör

60

0) Sektör	1) Sektör	Mean Difference (P-7)	Std. Error	Sig.	95% Confidence Interval	
					Lower bound	Upper bound
Turistik tesis	İmalat	-1,1	0,525	0,12	-2,39	0,2
	Ticaret	-1,60(*)	0,499	0,004	-2,76	-0,45
İmalat	Turistik tesis	1,1	0,525	0,12	-0,2	2,39
	Ticaret	-0,51	0,398	0,405	-1,38	0,36
Ticaret	Turistik tesis	1,60(*)	0,499	0,004	0,45	2,76
	İmalat	0,51	0,398	0,405	-0,36	1,38

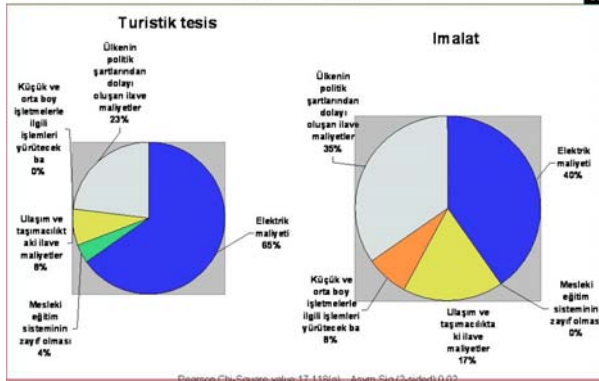
ANOVA

Dependent Variable: İşletmenin gelişimi açısından hangisi maliyetlerle ilgili en büyük engel olarak karşınıza çıkıyor? Tamtane

Ticaret ve Turistik tesis dışında sektörler arasında istatistiksel farklılaşma yok

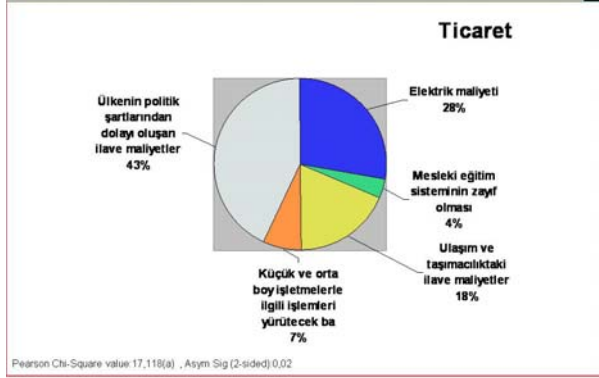
Hangisi maliyetlerle ilgili en büyük engel olarak karşınıza çıkıyor ?

61



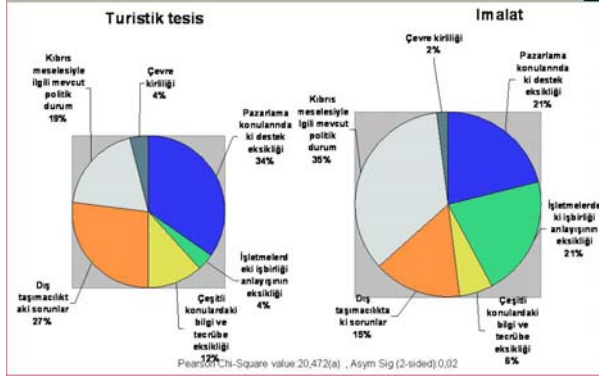
Hangisi maliyetlerle ilgili en büyük engel olarak karşınıza çıkıyor ?

62



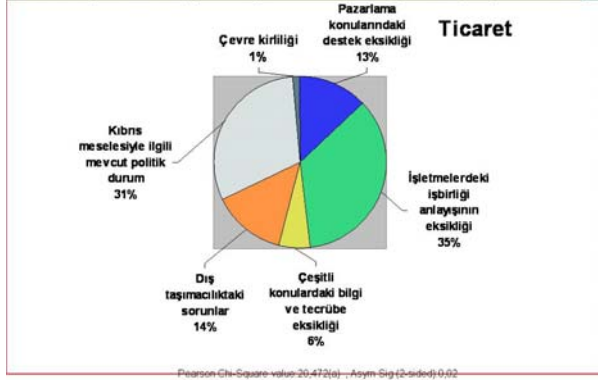
İşlerinizin daha verimli yürütülmesi ile ilgili hangisi en büyük engel olarak karşınıza çıkıyor ?

63



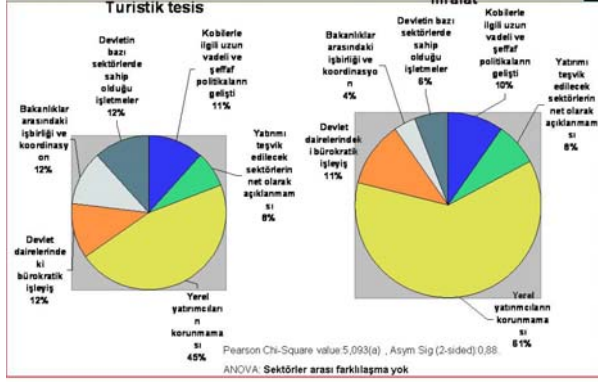
İşletmelerinizin daha verimli yürütülmesi ile ilgili hangisi en büyük engel olarak karşınıza çıkıyor ?

64



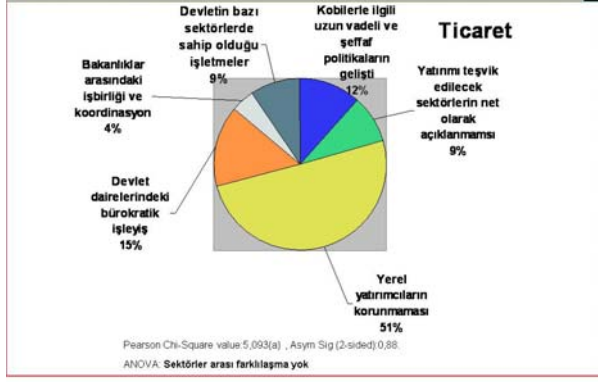
Hangisi işletmenizin gelişim sağlanmasında en büyük engel olarak karşınıza çıkıyor ?

65



Hangisi işletmenizin gelişim sağlanmasında en büyük engel olarak karşınıza çıkıyor ?

66



Hangisi işletmenizin gelişim sağlanmasında en büyük engel olarak karşınıza çıkıyor ?

67



Kontrol Soruları - Karşılaştırmaları

88

- Soru 1: En çok ihtiyaç sorusu
- Soru 14: En büyük engel sorusu
- Güvenirlilik: %95

Kontrol Sorusu 1

89

- En çok ihtiyaç

En çok ihtiyaç ve Finansman sağlamada engel

90

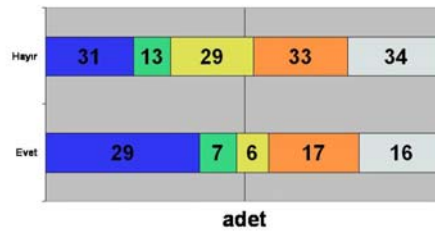


Pearson Chi-Square value:31,372(a) , Asym Sig (2-sided):0,05

- Sektörünüz için uzun finansman ve hibe imkanları
- Mevzuatların sektör aktiviteleriyle daha iyi uyumlaştırılması
- Daha nitelikli çalışan bulabilmek
- Sektörünüz için daha iyi geliştirilmiş teşvik sistemi
- Kobiiler için daha kapsamlı ve uzun vadeli politikalar olması

En çok ihtiyaç ve Kalkınma bankasına başvuru

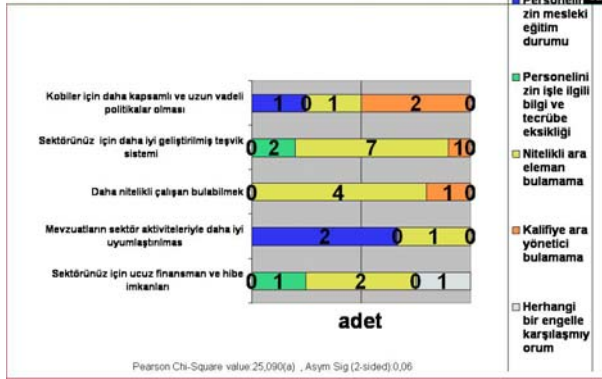
91



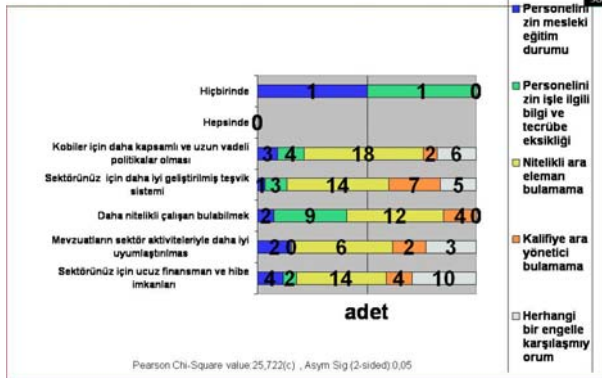
Pearson Chi-Square value:9,828(a) , Asym Sig (2-sided):0,04

- Sektörünüz için uzun finansman ve hibe imkanları
- Mevzuatların sektör aktiviteleriyle daha iyi uyumlaştırılması
- Daha nitelikli çalışan bulabilmek
- Sektörünüz için daha iyi geliştirilmiş teşvik sistemi
- Kobiiler için daha kapsamlı ve uzun vadeli politikalar olması

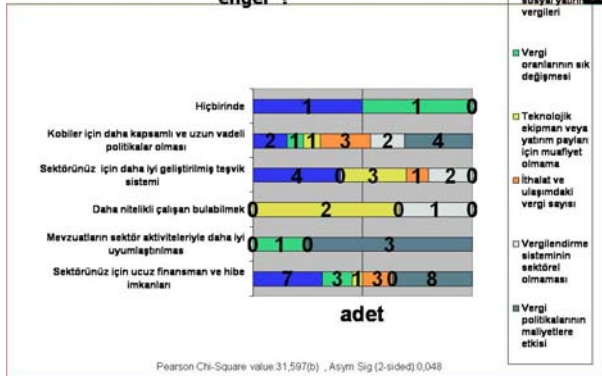
Turistik tesis: En çok ihtiyaç & Personeldeki engel ?



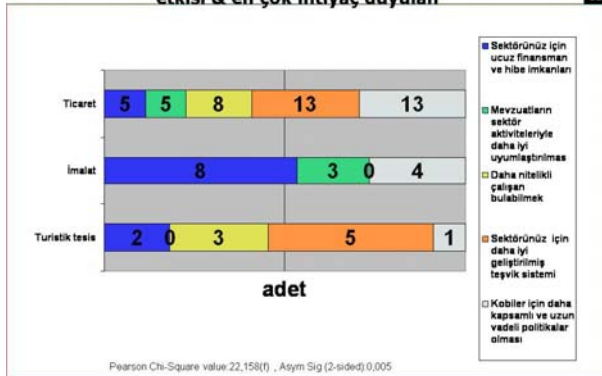
Ticaret: En çok ihtiyaç & Personeldeki engel ?



İmalat: En çok ihtiyaç & Vergi uygulamalarındaki engel ?



Vergi uygulamaları: Vergi politikalarının maliyetlere etkisi & en çok ihtiyaç duyulan



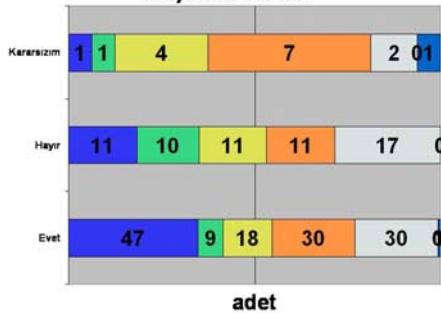
İmalat: En çok ihtiyaç & Yasal ve mevzuat uygulamalarındaki engel ?



Pearson Chi-Square value:47,493(b) , Asym Sig (2-sided):0,003

- Bürokratik işlemler için farklı birçok
- daireden işlem yapılması
- Bürokratik işlemlerdeki formalite ve dokümantasyon
- Çalışanların istihdamda devleti tercih etmesi
- Dolaylı vergilerin şekli ve sayısı
- Mahkemelerde sonuç alma süresi
- Farklı sektörler için ayrılmış yatırım bölgeleri belirlenmemesi
- Mevcut işletmelerin gelişimi için teşvik olmaması

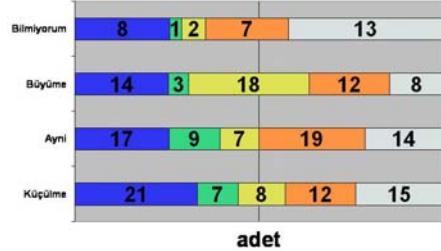
En çok ihtiyaç & Önümüzdeki bir yıl içerisinde işletmenize düşük maliyetli kredi veya hibe alma ihtiyacınız var mı?



Pearson Chi-Square value:21,075(b) , Asym Sig (2-sided):0,049

- Sektörünüz için ucuz finansman ve hibe imkanları
- Mevzuatların sektör aktiviteleriyle daha iyi uyumlaştırılması
- Daha nitelikli çalışan bulabilmek
- Sektörünüz için daha iyi geliştirilmiş teşvik sistemi
- Kobiler için daha kapsamlı ve uzun vadeli politikalar olması
- Farklı sektörler için ayrılmış yatırım bölgeleri belirlenmemesi
- Mevcut işletmelerin gelişimi için teşvik olmaması

En çok ihtiyaç & Önümüzdeki bir yıl içerisinde iş hacminizdeki beklentiniz nedir ?



Pearson Chi-Square value:25,358(a) , Asym Sig (2-sided):0,013

- Sektörünüz için ucuz finansman ve hibe imkanları
- Mevzuatların sektör aktiviteleriyle daha iyi uyumlaştırılması
- Daha nitelikli çalışan bulabilmek
- Sektörünüz için daha iyi geliştirilmiş teşvik sistemi
- Kobiler için daha kapsamlı ve uzun vadeli politikalar olması

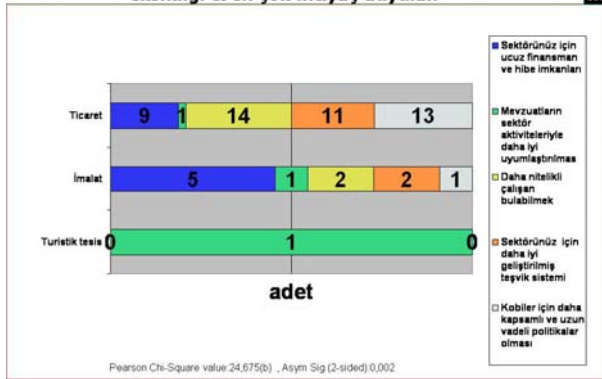
Kontrol Sorusu 2

- Soru 14: En büyük engel

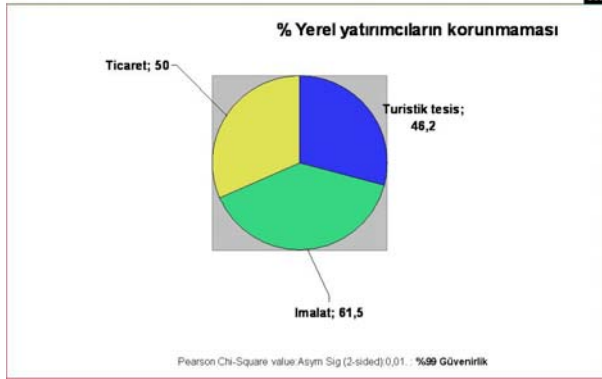
İmalat: En büyük engel & Maliyetlerdeki engel ?



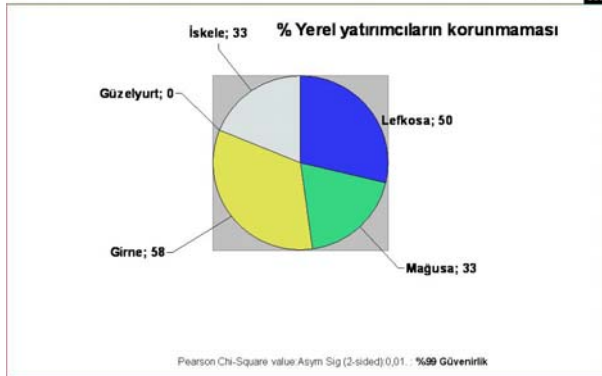
En büyük engel: İşletmelerdeki işbirliği anlayışının eksikliği & en çok ihtiyaç duyulan



Yerel Yatırımcıların korunmaması & Sektörler



Turistik tesis: Yerel Yatırımcıların korunmaması & Bölge

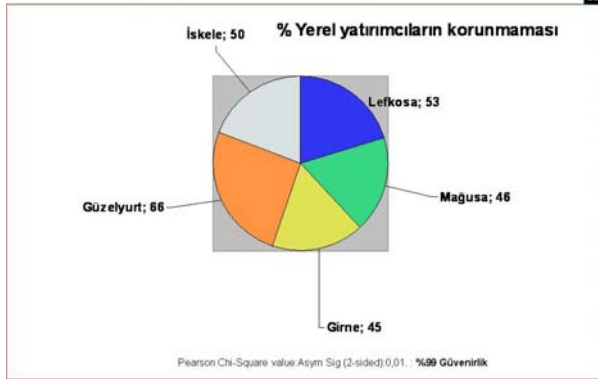


İmalat: Yerel Yatırımcıların korunmaması & Bölge

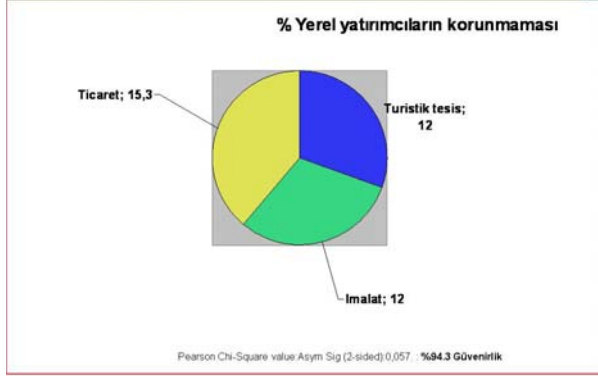
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**Ticaret: Yerel Yatırımcıların korunmaması & Bölge**

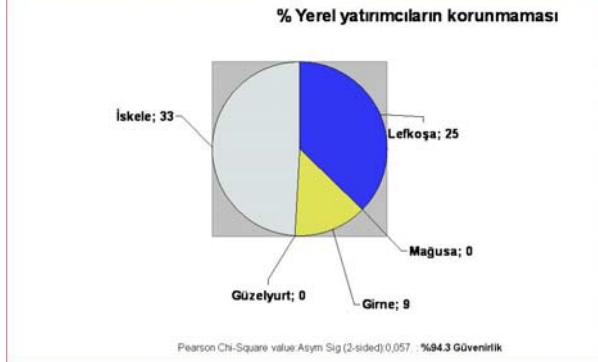
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**Devlet dairelerindeki bürokratik işleyiş & Sektörler**

106

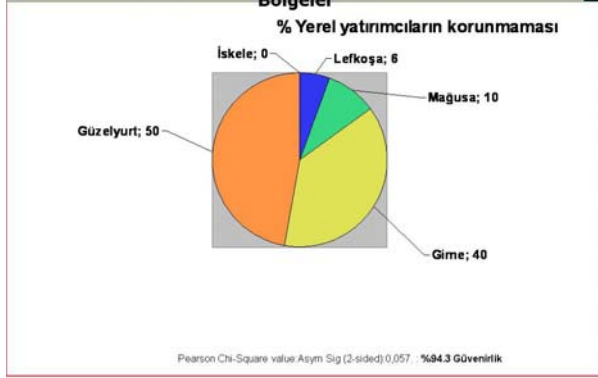
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107



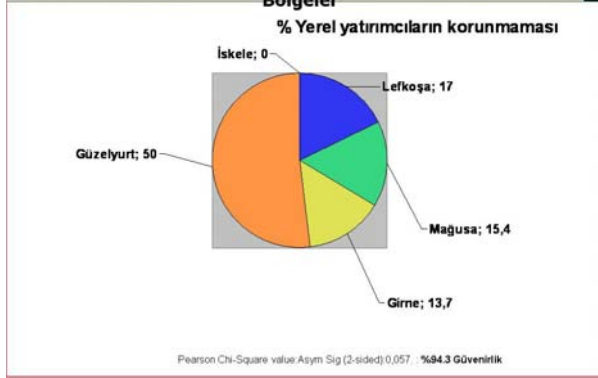
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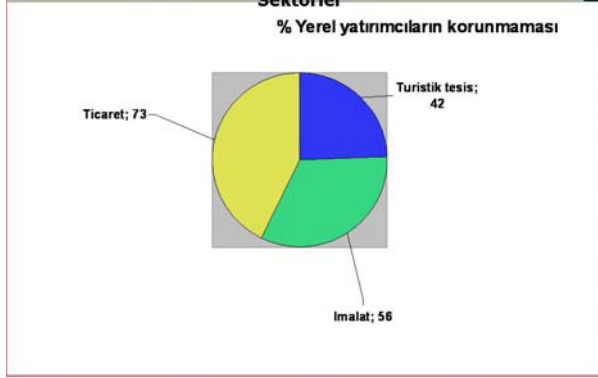
Ticaret:Devlet dairelerindeki bürokratik işleyiş & Bölgeler

109



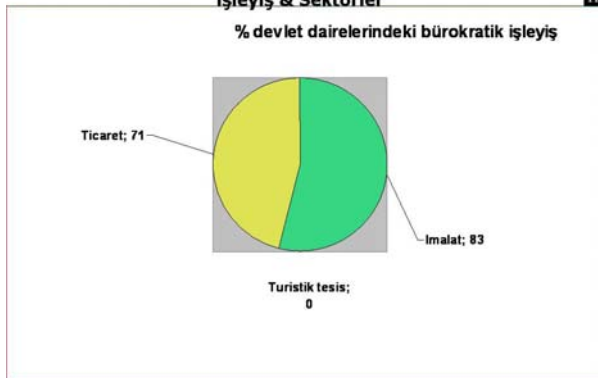
1-19 Çalışan: Yerel yatırımcıların korunmaması & Sektörler

110



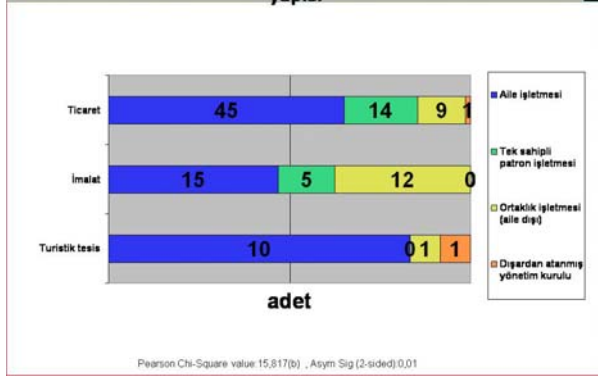
1-19 Çalışan: Devlet dairelerindeki bürokratik işleyiş & Sektörler

111



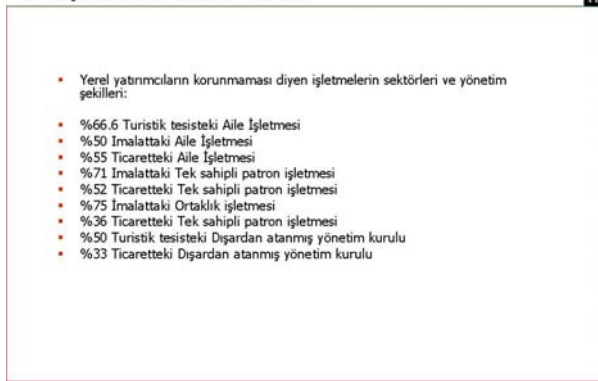
Yerel Yatırımcıların korunması: Sektör & Yönetim yapısı

112



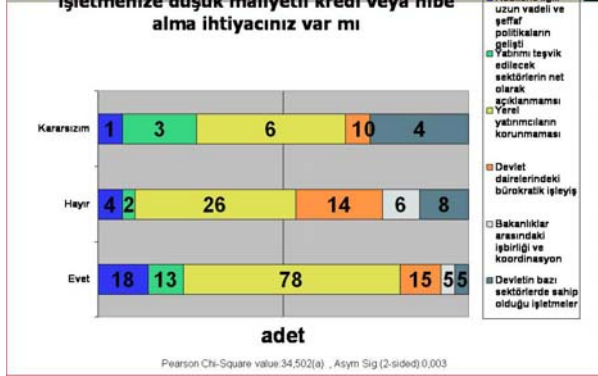
Yerel yatırımcıların korunmaması:

113



En büyük engel: Önümüzdeki bir yıl içerisinde işletmenize düşük maliyetli kredi veya hibe alma ihtiyacınız var mı

114



En büyük engel: Pazarlamada destek eksikliği & en çok ihtiyaç duyulan

115



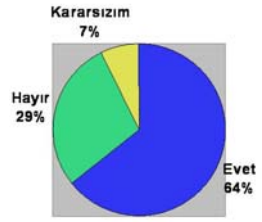
Önümüzdeki bir yıl içerisinde personelinize mesleki eğitimler aldırma ihtiyacı duyuyor musunuz ?

116



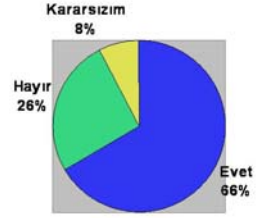
Önümüzdeki bir yıl içerisinde işletmenize düşük maliyetli kredi veya hibe alma ihtiyacınız var mı ?

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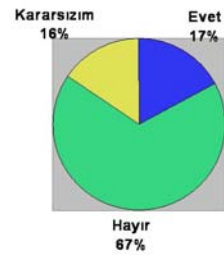
Önümüzdeki bir yıl içerisinde işletmenize ek veya yeni yatırım yapma ihtiyacınız var mı ?

118



Pazarlama ve diğer konularda Ticaret ve Sanayi Odasından yeterli destek alabiliyor musunuz ?

119



Önümüzdeki bir yıl içerisinde iş hacminizdeki beklentiniz nedir ?

120

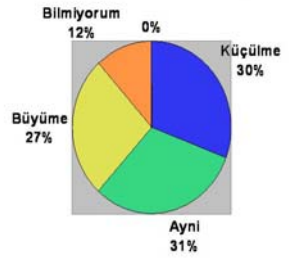
Turistik tesis



Önümüzdeki bir yıl içerisinde iş hacminizdeki beklentiniz nedir ?

121

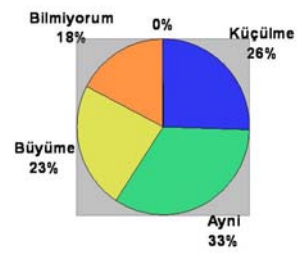
İmalat



Önümüzdeki bir yıl içerisinde iş hacminizdeki beklentiniz nedir ?

122

Ticaret



9. Summary results of the SME Survey

Considering the findings of the SME Survey in 5.2., I can further elaborate the results of the SME survey by developing the following conclusions based on the responses which I have analyzed:

2. Proposition for the definition of SMEs in the northern part of Cyprus:
 - a. Micro: 1-5 employees.
They are 20% of the survey sample and 89% in the whole population
 - b. Small: 6-19 employees.
They are 41% of the survey sample, important findings in questions 19 and 20 and cross tabulation analysis
 - c. Medium: 19-49 employees.
They are 24% of the survey sample, and 49 employee threshold in SME definitions both in the EU and World Bank
 - d. Large: 50 and above employees
They are 15% of the survey sample
3. SMEs in the manufacturing sector should be segmented into two classes:
 - a. Only manufacturing and inner market trade
 - b. Manufacturing and inner market trade and imports for trading purposes
4. It is difficult to distinguish between manufacturing and trade sectors in incentives, finance and policy development. For this, the characteristics and economic value addition of the business shall be concerned.

5. The following topics should be concerned in project development and support activities:
 - a. Family business issue
 - b. Corporate governance in Limited companies
 - c. Owner-managed business

6. SMEs having more than 6 employees (small and above) shall voluntarily be directed to become Limited businesses for sustainable development purposes.

7. All of the three sectors need:
 - a. Cheap finance and grant opportunities
 - b. Comprehensive and long lasting policies
 - c. Better developed incentive systems

8. Touristic accommodation businesses also need:
 - a. Personnel education system according to the needs of the sector

9. The following is needed to encourage new entrepreneurships:
 - a. Cheap finance and grant opportunities should be forwarded to entrepreneurships
 - b. Determination of new investment areas through competitiveness analyses of the sector
 - c. Integration of different partnerships (joint venture) for innovative businesses to the incentive systems
 - d. Support for project development in investment areas

10. During the attempts for Financing:

- a. Bureaucratic transactions should be simpler and faster
 - b. Alternative formulas for collateral and guarantee needs should be developed
 - c. There should be a guiding organization for touristic accommodation sector
 - d. Interest and maturity conditions should be improved for manufacturing and trade sectors
11. During the attempts for financing from the Development Bank:
- a. Bureaucratic transactions should be simpler and faster
 - b. Collateral problem should be solved for manufacturing and trade sectors
 - c. Payback period for touristic accommodation should be increased
12. For Human Resources in all of the three sectors:
- a. Education to have qualified middle workers should be improved by taking into consideration the vocational education system
 - b. Programs for developing qualified middle managers should be implemented
13. For the Taxation system in all of the three sectors:
- a. The system should be revised to become sectoral in the best possible way and ensure cost increases are at a minimum level
 - b. Social tax payments of employees shall be reconsidered or incentivized according to priority sectors
 - c. Simpler and less taxes should be applied during imports and transportation

14. For legislation and Regulations in all of the three sectors:
 - a. The bureaucracy enforcing SMEs to undertake transactions in several government departments should be simplified
 - b. Preference for government employment should be balanced with the private sector
 - c. The period for verdict in court cases should be shorter
 - d. Bureaucratic formalities and documentation should be eased

15. For the Costs in all of the three sectors:
 - a. Electricity costs should be reconsidered
 - b. Additional costs occurring due to political conditions and not by the sectors should be minimized by creating formulas
 - c. Additional costs occurring in transportation and freights due to existing situation should be minimized by developing methods

16. For increasing Efficiency in all of the three sectors:
 - a. The existing situation of the Cyprus problem should be improved
 - b. Problems in overseas transportation should be solved
 - c. Marketing support should be provided for Touristic accommodation and Manufacturing sectors
 - d. The understanding of co-operation between businesses should be improved in Manufacturing and Trade sectors

17. For the development of SMEs in all of the three sectors:
 - a. Protection of local investors should be improved
 - b. Bureaucratic working in government departments should be improved
 - c. Long lasting and transparent policies should be developed for SMEs

18. Negative and unpredicted expectation for the business volume should be considered in all actions in the short term
19. Role of the Development Bank should be enlarged to implement sectoral and diversified financing programs
20. For the SMEs having Growth expectation:
 - a. Cheap finance or grants and qualified personnel support should be provided
21. For the SMEs having the expectation to protect the Same volume:
 - a. Cheap finance or grants and improved incentive systems should be provided
22. For the SMEs having Shrinkage expectation:
 - a. Cheap finance or grants and comprehensive and long lasting policies should be provided
23. In developing an approach for the protection of local investors:
 - a. Electricity cost, additional costs in transportation and costs occurring due to the political situation should be considered
 - b. The first priority should be on Manufacturing, second on Trade and third on touristic accommodation
 - c. The focus should be on SMEs having 1-19 employees in all three sectors
24. In developing the understanding for co-operation between the businesses:

- a. Qualified personnel, cheap finance or grants and long lasting policy systems should all be harmonized
25. In improving the bureaucratic working in government departments:
- a. First priority should be on SMEs with 1-19 employees in Trade sector
 - b. Second priority should be on SMEs with 1-19 employee in Manufacturing and Toursitic accommodation sectors

10. Triangulation of the Survey Results with the Interviews and desktop research

This section aims to undertake a triangulation approach in order to check veracity of the survey results with the interview results and desktop research. I have analyzed the concluding results of the survey in Appendix 9 with the findings of the interviews in Areas vs. Codes Table (Table 24) as mentioned in 3.1.4. Therefore, the following analysis shows the comparison of the results of the two data collection studies with the information gathered during desktop research studies at work in order to see the consistency and reliability within the actions specified in the previous part.

1. Actions

Looking to the findings for *Trainings for Human Resources* through interviews in Areas vs. Codes Table, we see three major areas as:

- Consultancy and training services by SME Board / family business support
- Training of civil servants
- Training of auditors

However, coming to the survey results, we have the following in article 11 in Appendix 9 :

- Education for qualified middle workers should be improved by taking into consideration the vocational education system
- Programs for developing qualified middle managers should be implemented

Another finding in article 4 of Appendix 9 of the survey results, which was about SME support activities, reveals:

- Family business issue
- Corporate governance in Limited companies
- Owner-managed business

Therefore, it is seen that the survey provided specific information for the need in Human Resources as qualified middle workers and managers but more importantly has revealed some issues strengthening the need for Consultancy and Training services by SME Board and for Family Business Support by listing the priority areas as family business, corporate governance in limited companies and owner-managed businesses. The other important result in the survey was about personnel education system according to the needs of the touristic accommodation sector that should also be added to the above mentioned results. The Competitiveness Report 2008-09 (YAGA, KTTO, DPO, 2009) reflects that northern Cyprus has 128th rank amongst 135 countries in *willingness in transfer of authority*. In addition to this, a recent survey by Cyprus Turkish Chamber of Commerce (2009, p.27) shows that the manufacturing SMEs need trainings in overseas marketing (66%), sales techniques (65%), financial analysis (62%), internal market research (61%) and customer satisfaction (59%).

Looking to the findings for **Finance** in Areas vs. Codes Table, we see the major areas as:

- Collateral problem
- Bureaucracy/Quick decision making
- Role of Development Bank
- Support work division
- Cheap finance/credit guarantee
- Financing Business Plan and feasibilities
- Identification of support areas
- SME Board should guide and support for financing
- Commercial banks credit cost and maturities
- Transparent policies and of Development Bank as well
- Credits for renovation and investments

Survey results in article 6 in Appendix 9 summarizes the most needed actions as:

- Cheap finance and grant opportunities
- Comprehensive and long lasting policies
- Better developed incentive systems

Looking to the results for finance in article 9 of the concluding results of the survey in Appendix 9:

- Bureaucratic transactions should be simpler and faster
- Alternative formulas for collateral and guarantee needs should be developed
- There should be a guiding organization for touristic accommodation sector
- Interest and maturity conditions should be improved for manufacturing and trade sectors

It is seen that simple and faster bureaucracy, cheap finance and grants, transparent and long lasting policies, collateral problem, need for guiding organization for touristic accommodation sector, credit cost and maturities are again emphasized by the survey results similar to the findings of the interviews in Areas vs. Codes Table. Additionally, The Competitiveness Report 2008-09 (YAGA, KTTO, DPO, 2009) reflects that northern Cyprus has 133th rank amongst 135 countries in *access to bank credits*. Cyprus Turkish Chamber of Commerce (2009, p.20) says in its recent survey that 62% of manufacturing SMEs have 5-15% increase in the prices of their products due to the costs in bank credits. World Bank (2006) report indicates that only 4% of the total bank credits was for SMEs in 2005.

Considering the results for Development Bank in article 10 of the survey results in Appendix 9:

- Bureaucratic transactions should be simpler and faster
- Collateral problem should be solved for manufacturing and trade sectors
- Payback period for touristic accommodation should be increased

and, the result in article 18 which shows that:

- Role of the Development Bank should be enlarged to implement sectoral and diversified financing programs

Again, we again see the common results with the interviews in terms of collateral, bureaucracy and maturity. In addition to this, the role of the Development Bank is also emphasized by the survey results similar to the findings in interviews in Areas vs. Codes Table.

Coming to the findings for ***Policy Generation for Investments*** in Areas vs. Codes

Table, we have the following findings:

- There is no SME Policy
- Policies should be long lasting and transparent
- Informative and protective actions for investors
- Common vision for co-ordination
- Identification of sectors for incentives
- New investment areas
- Resentment in local investors
- Government is big competitor in the economy

Looking to the concluding results of the survey in article 8 in Appendix 9 that shows the issues for new entrepreneurships as:

- Cheap finance and grant opportunities should be forwarded to entrepreneurships
- Determination of new investment areas through competitiveness analyses of the sector
- Integration of different partnerships (joint venture) for innovative businesses to the incentive systems
- Support for project development in investment areas

and, looking for the development of SMEs in all of the three sectors in article 16:

- Protection of local investors should be improved
- Bureaucratic working in government departments should be improved
- Long lasting and transparent policies should be developed for SMEs

We see a strong emphasis on developing long lasting and transparent policies in both sections. Investment areas and sectors, vision for co-ordination and bureaucracy are also the other two common issues for investment. The final interesting result is about protection of local investors that was also highlighted in interview results as informative and protective actions for investors and resentment in local investors. Therefore, looking to the approach for the protection of local investors in article 22 of the concluding results of the survey, the focus areas under this theme are:

- Electricity cost, additional costs in transportation and costs occurring due to the political situation should be considered
- The first priority should be on Manufacturing, second on Trade and third on touristic accommodation
- The focus should be on SMEs having 1-19 employees in all three sectors

Overall, it is seen that the survey results managed to provide detailed results in terms of specific action areas for policy generation for investments.

2. Policies

Looking to the findings for **Taxation** in Areas vs. Codes Table, we see the major areas as:

- Tax policies to decrease costs
- Exemptions for social tax payments
- State aid for macro limitations
- Technology exemptions
- Income, corporate taxes and taxes on investments
- Taxation system
- Electricity cost
- Instant change of taxes
- Sectoral base taxes

Comparing this with the survey results for taxation in article 12 in Appendix 9:

- The system should be revised to become sectoral in the best possible way and ensure cost increases are at a minimum level
- Social tax payments of employees shall be reconsidered or incentivized according to priority sectors
- Simpler and less taxes should be applied during imports and transportation

and, with the results for costs in article 14:

- Electricity costs should be reconsidered
- Additional costs occurring due to political conditions and not by the sectors should be minimized by creating formulas
- Additional costs occurring in transportation and freights due to existing situation should be minimized by developing methods

Again, we see consistent results with the interviews where the electricity cost, costs due to political conditions and macro limitations, sectoral taxes, social tax payments and taxation system during transportation and imports are again highlighted by the survey results. Additionally, The Competitiveness Report 2008-09 (YAGA, KTTO,

DPO, 2009) says that the Tax Regulation is the *2nd most problematic factor* for businesses.

Looking to the findings for **Better Regulation** in Areas vs. Codes Table, we have a long list as:

- SME Board needed
- SME Board should have legal representative management
- One stop agency
- Establish Business Ethics
- People discouraged by “Resen” Tax
- Too many indirect taxes need to simplify
- Sectoral zones
- Water problem
- Vocational education system
- Inefficient working and bureaucracy
- Simplified documentation
- SME Board as umbrella
- Ambiguity in regulations
- Withdraw incentives for uncompetitive sectors
- Effective Greenline Regulation
- Incentives for existing hotels
- Labour market conditions benefiting government employment
- Legal benefits of government employment
- State aid for transportation

Considering the results for legislation and regulation of the survey in article 13 in

Appendix 9:

- The bureaucracy enforcing SMEs to undertake transactions in several government departments should be simplified
- Preference for government employment should be balanced with the private sector
- The period for verdict in court cases should be shorter
- Bureaucratic formalities and documentation should be eased

And the result in article 24 for improving bureaucracy:

- First priority should be on SMEs with 1-19 employees in Trade sector
- Second priority should be on SMEs with 1-19 employee in Manufacturing and Touristic accommodation sectors

We see three major areas that are highlighted by the survey results as bureaucracy in several departments, preference on government employment, and simplified

documentation, which are common in the interview findings. The Competitiveness Report 2008-09 (YAGA, KTTO, DPO, 2009) says that the bureaucracy is the *1st most problematic factor* for the businesses. For example, Doing Business in northern Cyprus Report of YAGA (2008) shows that establishment of a business needs 18 procedures and 42 days. The other recommendation of the Competitiveness Report is to increase the efficiency at public work to minimize the preference for inefficient employment in the public sector.

Additionally, survey results put period of cases in courts and the priority for businesses with 1-19 employees as additional needs for policy development in regulations for SMEs.

Doing business in northern Cyprus Report (2008) shows that 34 procedures and 585 days is needed for a verdict in court case that costs 10.2% of the demand at average rate.

In addition to this, looking to the concluding survey results in articles 1, 2 and 5 in Appendix 9, we see:

- Determination and announcement of the official definition for micro, small and medium size enterprises with regard to the survey results in article 1,
- Classification of manufacturing and trading enterprises according to trading purposed import activity
- Encouragement of enterprises with more than 6 employees to Limited company

all of which should also be considered in regulation for SMEs in the northern part of Cyprus.

Looking to the ***Business Constraints*** in Areas vs. Codes Table we have:

- Consultancy Services to businesses
- Marketing support
- Environmental pollution
- Lack of qualified personnel
- Communicate benefits of clustering
- Cost of transportation
- Political solution

Comparing the results to increase the efficiency in SMEs in article 15 in Appendix 9:

- The existing situation of the Cyprus problem should be improved
- Problems in overseas transportation should be solved
- Marketing support should be provided for Touristic accommodation and Manufacturing sectors
- The understanding of co-operation between businesses should be improved in Manufacturing and Trade sectors

We see that the survey results have highlighted four areas of business constraints as political solution, transportation, marketing support for hotels and manufacturers and clustering, or in other words co-operation understanding, within the SMEs in manufacturing and trade sectors. Doing Business in northern Cyprus Report (YAGA, 2008) explains that indirect shipping over Mersin port adds around of 1000\$ to the cost of transportation. Also, World Bank (2006) report indicates that the problems resulting from the political isolation are overwhelming and one of the major problems is trade openness.

In addition to this, the survey result in article 23 reveals that

- Qualified personnel, cheap finance or grants and long lasting policy systems should all be harmonized

in developing the understanding for co-operation between the businesses.

Cyprus Turkish Chamber of Commerce (2009, p.24) says in its recent survey that Cyprus problem is ranked by manufacturing SMEs as the first obstacle where transportation is ranked as the second and not having ability to provide competitive prices as the third obstacle in exportation.

Looking to the policies for ***Investment for Entrepreneurship*** in Areas vs. Codes

Table we have the followings:

- Incentives for project development and partnership
- Stakeholders work to design SME Policy
- Assist investors in project development
- Encourage vocational education
- Research Competitiveness of sectors
- New Investment Areas
- Publicly owned enterprises

- Niche Products for outside markets

And recalling the survey results in article 8 in Appendix 9:

- Cheap finance and grant opportunities should be forwarded to entrepreneurships
- Determination of new investment areas through competitiveness analyses of the sector
- Integration of different partnerships (joint venture) for innovative businesses to the incentive systems
- Support for project development in investment areas

We see that the survey results have provided two common actions with the interviews in terms of support for project development and determination of new investment areas through competitiveness analyses of sectors. However, another two results emphasized by the survey are that cheap finance and grant opportunities should be forwarded to entrepreneurships and integration of different partnerships (joint venture) for innovative businesses to the incentive systems are also needed for investments in creating new entrepreneurships.

Overall, triangulation of the concluding survey results with the findings of the pilot interview study shows that the two studies have provided similar results in most of the action areas for SMEs which means that consistency was reached throughout the research. More importantly, survey results have also managed to provide additional factors that describe specific focus areas for the generic action areas which were developed in Areas vs. Codes Table of the interview analysis.

11. SME Development Strategy

Introduction

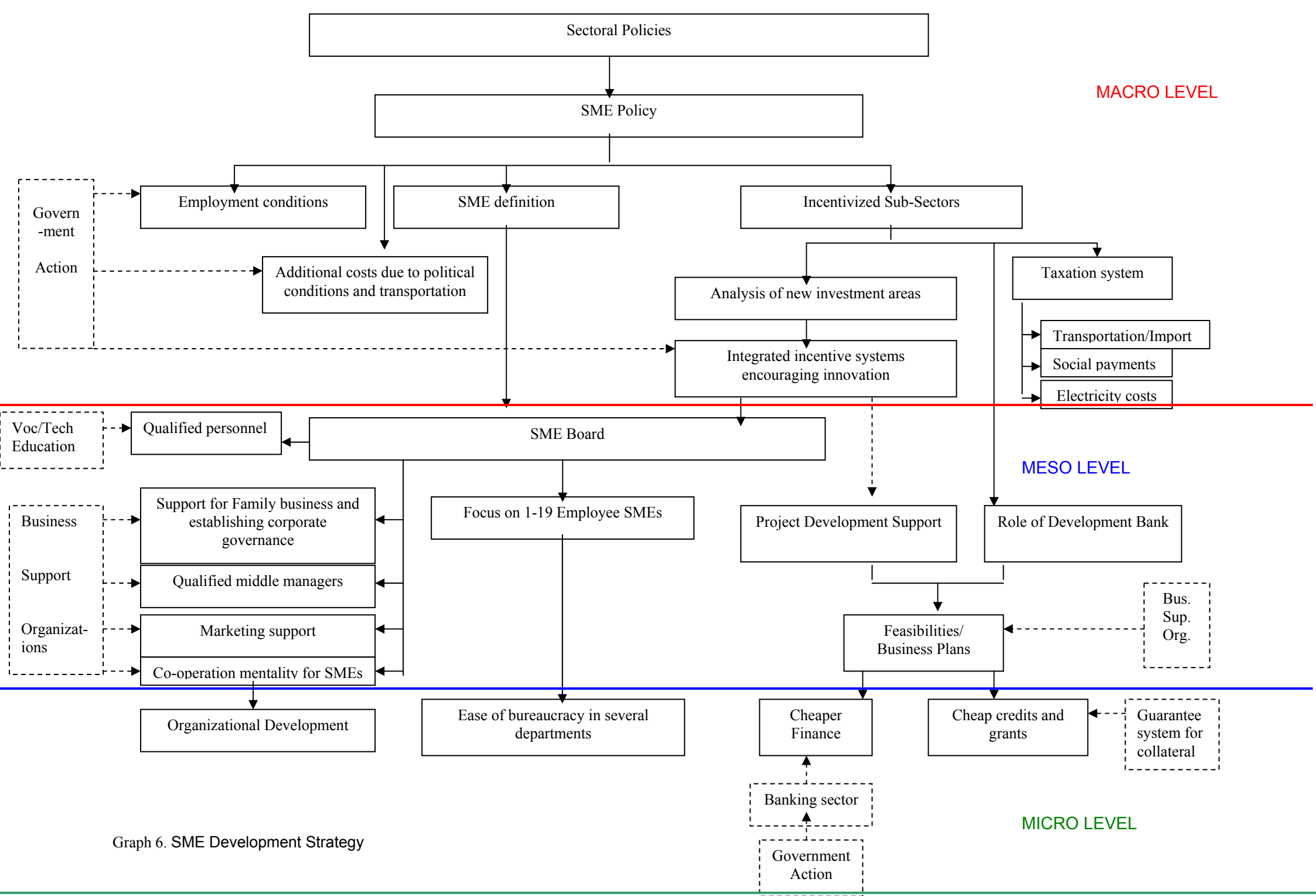
Regarding the conclusions of the study, the researcher revisited the knowledge in the literature review and recalled the Donor Committee on Small Enterprise Development (1997, p.6) who advises to:

- Break down the broad heading of business development service into specific activities at:
 - Micro level (at the level of SMEs)
 - Meso level (at the level of business development institutions)
 - Macro level (at the level of policy and regulation)

Therefore, the actions and policies described in the conclusion tables in 6.1. need to be further elaborated according to the approach of the Donor Committee on Small Enterprises. For this, the researcher developed a logical diagram of the actions for SMEs and developed a linkage of activities that are inter-connected to each other. This will help the stakeholders and relevant policy makers to see clear but comprehensive diagram of the actions needed for the development of SMEs in a strategic order of flowcharts.

Actions at the upper most level, such as developing Sectoral policies and SME Policy are the macro level needs. These are followed by actions at meso level such as the roles of intermediaries and key organizations that complement the ones at macro level. And, of course, actions at micro level, i.e. in SMEs, which are direct SME support actions are also elaborated upon in the strategy so that a fruitful outcome can be reached from the overall strategic actions.

The following SME Development Strategy is developed to formulate all of the conclusions of the research study under a schematic approach, as:



Graph 6. SME Development Strategy

Looking to the actions identified at macro, meso and micro levels, the researcher developed this SME Development Strategy as a roadmap for a comprehensive support model for the Turkish Cypriot SMEs.

Macro Level actions:

It is seen that the sectoral policies are needed in order to develop a long lasting SME policy which will be relevant to these policies for the sectors in the northern part of Cyprus. The SME Policy will guide:

1. Incentive system,
2. SME definition,
3. Political conditions and external burdens,
4. and, Employment conditions

to be revised and/or developed according to the policy framework. It is explained that there is a need for direct government action for balancing the government employment conditions with the private sector and for additional costs imposed externally to SMEs due to political conditions and indirect transportation process.

The Policy should consider the first principle of EU Small Business Act which is to:

- Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded

In addition to this, minimization of burden due to political conditions and externalities should also consider the following prospects of the Act:

- Help SMEs to benefit more from the opportunities offered by the Single Market
- Encourage and support SMEs to benefit from the growth of markets

Taxation system with respect to transportation and imports process, social payments of employees and electricity cost should be reconsidered according to

the incentivized sub sectors. Taxation system should also safeguard the following principle of the EU Small Business Act:

- Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance

In parallel to this, analysis of new investment areas should guide for the integration of incentives to encourage innovation under the selective sub sectors that will be embedded in the incentive system at macro level. Again, government action is needed for the integration and harmonization of the incentives in the above mentioned manner. During this process the following principle of the EU Small Business Act should be considered at all levels:

- Design rules according to the “Think Small First” principle

Meso level actions:

SME Board should be established within the framework of the SME policy and SME definition. The aims of the Board should also refer to the integrated incentive systems to encourage innovation within the SMEs.

Looking to the action areas of the Board, we see a threefold approach:

1. Support and guidance for qualified personnel for SMEs in co-operation with the Vocational Education Department
2. Co-ordination, guidance and support for family business and corporate governance issues, trainings for qualified middle managers, marketing and developing co-operation mentality for SMEs in co-operation with the Business Support Organizations

These should also consider the following principle of the EU Small Business Act:

- Promote the upgrading of skills in SMEs and all forms of innovation

3. Additional bureaucratic support mainly for SMEs with 1-19 employees as one-stop agency

This is an crucial action which can contribute to the following principles of the Act:

- Make public administrations responsive to SMEs' needs
- Adapt public policy tools to SME needs: facilitate SMEs' participation in public procurement and better use State Aid possibilities for SMEs

In parallel to the SME Board and actions listed above, there is a need to improve the role of the Development Bank according to the incentive system for sub-sectors. In addition to this, project development support should also be provided to SMEs looking for innovation under integrated incentive systems. The reason for leaving the project development support unconnected to other organizations is that this action can be undertaken by any relevant organization such as business support companies, SME Board, Development Bank or representative civil society organizations (chambers etc.) regardless of the sector. By this way, a competitive atmosphere shall be safeguarded and possible bias for this action can be minimized.

Again, project development support and the focus of the Development Bank should be the Business Plans for SMEs which analyzes the feasibility of the projects for the SMEs. This activity shall guide the SMEs to pursue the following principle of the EU Small Business Act:

- Enable SMEs to turn environmental challenges into opportunities

Micro level actions:

The activities to be carried out by the business support organizations in coordination with the SME Board as listed in item 2. should all focus on achieving organizational development in SMEs at micro level. It should also be noted that the actions in this category are sensitive. It is a learning that only minimal impact on SMEs can be achieved without proper and quality services which, in return, can sometimes create discouraging reflex for the SMEs against such support actions.

The role of the SME Board mainly for SMEs with 1-19 employees should focus on easing of the bureaucracy at micro level where SMEs need to undertake interactions in several departments.

Business Plan approach should lead to the opportunities for cheaper finance at the micro level. For this, government action is needed to encourage commercial banks to provide cheaper financial instruments for the SMEs. The other important role of the business plans is on the cheap credit or grant opportunities which will be subsidized by the Credit Guarantee System in order to eliminate collateral problem. It is recommended that Development Bank shall play important role both in encouraging finance over Business Plan and allocation of guarantee system according to this process. This activity should consider the following principle of the EU Small Business Act:

- Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions

Considering the samples of the research in touristic accommodation, manufacturing and trade sectors which consist of 82% of the SMEs in the northern part of Cyprus

as the main driving force of the private sector (as mentioned in Chapter 1 and 2), this strategic approach shall contribute to form the backbone for the overall private sector development policy in the northern part of Cyprus.

Recalling the concluding remark in Literature Review section, where it was mentioned that the linkage between internal and external factors for SMEs as well as strategic level approach should all be considered as interdependent in the northern part of Cyprus in page 75, the importance and relevance of the discussion in the literature review becomes more evident with the proposed SME Development Strategy in this chapter.

Role of Stakeholders

It is also recommended that each of the actions and policies described in the SME Development Strategy should be taken into consideration one by one so that in-depth analysis and detailed sub-actions for each of the single action and policy shall be developed as a continuation process of this study. For this:

- Policy makers shall establish dialogue with the civil society and private sector in order to develop the policies that will be well accepted by the relevant stakeholders.
- Government action is needed for improper employment conditions, burden on SMEs due to political conditions and cheaper finance at the Council of Ministers level in order to undertake immediate interventions.
- State Planning Office, together with the Ministries of Economics and Tourism, need to undertake studies to revise the incentive systems.

- Ministry of Finance needs to reconsider taxation system and electricity costs for the benefit of SMEs.
- Government should co-operate with the representative civil society organizations to form the SME Board and make it functional for relatively smaller businesses.
- International funding organizations, such as the USAID and EU, should take into consideration the need for the support in family business, marketing, qualified workers and managers and clustering issues.
- Banking sector should act in a competitive manner in order to provide better finance opportunities and encourage Business Plan development amongst SMEs.
- In addition to this, business support organizations play a critical role as intermediaries which should have the capacity to deliver the needed services in co-ordination with the public and civil society organizations.

In this way, comprehensive and detailed action plans for each of the main actions and policies described in the Strategy shall be developed as separate projects to support the implementation of the strategy in real terms. Such an approach will benefit authorities and representative organizations in the civil society to establish synergy and effective collaboration for supporting the development of SMEs in the northern part of Cyprus.

12. Research Objectives and Suggestlons

1. Research Objectives Revisited

Recalling the research objectives in Chapter 2;

The I have managed to undertake successful research study in parallel to his professional work at The Management Centre. The process was very efficient together with the parallel projects and services undertaken by myself at this workplace. This research process provided many inputs to other reports prepared for professional purposes and the professional experience and expertise gained contributed to the process which was reflected in the relevant knowledge and skills gained in the working medium.

Personal and professional gain and my employer organization is elaborated upon more in Reflection on Research Process in Appendix 13.

Coming back to the specific objectives of the research:

- List of Stakeholder Actions:

Although it was aimed to produce a single paper for the List of Stakeholder Actions, I managed to develop policies in the medium term as *List of Stakeholders Policies* in addition to the actions needed in the short term as *List of Stakeholder Actions*. The actions and policies concluded in this section are further explained in Turkish through the two papers so that dissemination of the detailed information for relevant stakeholders is also strengthened during the process.

For this, conclusions of the research in 6.1. were listed as the Prioritized Actions in the two lists. What is more, I have also decided to undertake additional study in order to provide explanations to the aforementioned conclusions in the two

booklets and provided reflection on recommendations for each of the conclusion headlines in the stakeholder lists. It was also noted that some of the actions emerging from the interview findings were not reflected in the overall conclusions and, thus, not in the Prioritized Actions. Regarding this, I decided to list such findings as the second priority actions annexed to both of the, *List of Stakeholder Actions* and *List of Stakeholder Policies*.

- Guide for supporting Turkish Cypriot SMEs

I have also managed to develop Guidelines for Supporting Turkish Cypriot SMEs based on the knowledge acquired by this research, which was further contributed to by the experience and learning gained from the professional work and expertise. The Guidelines aim to provide information mainly for the interventions and programmes on SME support and, thus, should be considered as a part of the overall output of the whole research actions. It is also important to note that all of these three papers have data complementary to each other.

- National Conference:

As the analysis of the SME survey was completed with 126 slides of a Powerpoint presentation, it became impossible to deliver this presentation through a public conference as planned in Chapter 2. Recalling the last stage for analysis in 3.1.4. of Chapter 3, which was to compare the survey results with the interview results, I managed to reach conclusions that could also be delivered through a public conference. For this, conclusions of the 126 slided results of the survey were summarized in 24 points. The findings in these 24 points were compared to the actions and policy areas in Areas vs. Codes Table, which were the results of interview analyses as an input for the design of the survey questionnaire, so that consistent conclusions were reached in the end.

Coming back to the conference, I managed to prepare a 35 slide powerpoint presentation to deliver the summary of the conclusions provided in the *List of Stakeholder Actions* and *List of Stakeholder Policies*. The conference was announced through different announcements in three newspapers, as well as through a press release prepared by myself and disseminated by The Management Centre. The Conference took place on 24th July, 2009 at the Turkish Cypriot Chamber of Commerce. Three TV cameras and five newspaper reporters were present together with thirty participants. Multi spectrum participation was reached from some retired, top professionals, businessmen, the State Development Bank, Investment Development Agency, Turkish Cypriot Chamber of Commerce, Young Businessmen Association, USAID programs, Eastern Mediterranean University, and other interested individuals. I had the opportunity to present the results and get feedback from the audience. It is important to note that there has not been any provocation or objections revealed opposed to the results, where most of the comments agreed with the conclusions and even contributed to action areas of the conclusions. Concurrently, I provided examples of the actions being carried out at the work place, The Management Centre, in order to better deliver the benefits of work based learning as a professional worker. In addition to this, the President of The Management Centre presented a concluding speech contributing to the work based learning process.

Overall, I received positive feedback at the end of the conference and even received a project development proposal from one of the lecturers in Eastern Mediterranean University and a meeting request from the Investment Development Agency in the northern part of Cyprus. Deputy General Manager of the Development Bank had also showed interest in the research and expressed her wish to read the Summary Report. A live connection to the news in national channel was also realized right after the conference and the news

about the conference were presented in three newspapers in the next couple of days following the conference.

Revisions to the *List of Stakeholder Actions* and *List of Stakeholder Policies* were made after the feedback from the conference and the booklets were disseminated to the following list at the end of this part.

- Summary Report:

After the conference, I prepared the Summary Report of the research by providing key findings and results of the research process together with the key issues of the Literature Review section. Conclusions of the research were explicitly delivered in the Summary Report in order to provide the needs for the development of SMEs to stakeholders with more emphasis.

The Lists, Guidelines and Summary Report were disseminated to:

- Turkish Cypriot Chamber of Commerce
- Cyprus Turkish Chamber of Industry
- Young Businessmen Association
- USAID
- Turkish Cypriot Hoteliers Association
- Turkish Cypriot Chamber of Shopkeepers and Artisans
- Ministry of Economics and Energy
- Ministry of Finance
- Banks Union
- State Development Bank
- State Planning Organization
- Turkish Cypriot Investment Development Agency
- Capacity Development Program-USAID
- EU Coordination Centre
- Kibris Newspaper
- Havadis Newspaper
- Yeniduzen Newspaper
- Republican Turkish Party
- Social Democratic Party
- Democratic Party

I have received positive feedback from the dissemination process such that: Directors from Investment Agency and Capacity Development Program responded by saying that the data provided in the papers “*will certainly support the efforts*” focusing on SMEs in Cyprus. Principal Clerk of the Ministry of Finance has also presented his special thanks for the papers. Secretary General of the Republican Turkish Party expressed his enthusiasm for the booklets to be used in policy generation as well. Following this, Capacity Development Program requested project ideas for its 2010 interventions one week after the submission of the reports and I produced a list of 9 project ideas as seen in Appendix 14.

I have also produced short articles from the outputs of the study which will be published on newspapers in order to maximize the outreach of the results to the public.

The booklets are also copied by the employer organization, The Management Centre, so that further dissemination to relevant stakeholders and interested people will also be undertaken at the work place. Website of the Centre will also be used for dissemination of outputs through electronic downloading via internet.

Therefore, the two lists of Stakeholder Actions and Policies, Guidelines for Supporting Turkish Cypriot SMEs and the Summary Report should all be read as complementary outcomes of the overall research study.

2. Suggestions

I have made my recommendations for the specific actions and policies in the List of Stakeholders Actions and List of Stakeholder Policies in Turkish.

In addition to this, I have also managed to make additional suggestions for the SME Development Strategy in Appendix 11.

On the other hand, I would also like to make some additional suggestions at the macro level covering the overall research results as follows:

1. It is important to recall the target-oriented support strategy of UNIDO (UNIDO, 2005) from the Literature Review in Chapter 2 so that the proposed SME Development Strategy, as a conclusion of this study, can be elaborated upon more together with all other stakeholders. It is recommended that the following strategies of UNIDO are considered during the meso and micro level actions of the SME Development Strategy:

- Rural and women entrepreneurship in micro (1-5 employees proposed by the survey results) enterprises to encourage moving from survivalist into growth mode
- Cluster and network development in small (6-19 employees proposed by the survey results) enterprises to encourage creation of the “missing middle”
- Promotion of corporate social responsibility, business partnerships and innovation and export consortia in medium (19-49 employees proposed by the survey results) enterprises to encourage competitive insertion into national and global value chains

2. It is also recommended that relevant stakeholders in the SME Development Strategy have common understanding for the EU Small Business Act (European Commission, 2008) which sets out 10 principles to guide the conception and implementation of policies and actions. This is important in creating a positive and mutual synergy between stakeholders that can lead to efficient implementation of the proposed actions.

3. For the financial instruments, it can further be suggested that recently established Credit Guarantee Fund, which has income from deposit savings insurance and financial stability fund (mainly from import charges), can effectively be used in overcoming problems and creating new approach for SME finance in the northern part of Cyprus. Rediscount credit interest rates of the Central Bank can also be re-considered for the benefit of SMEs. It is also suggested that Interest Difference Fund should be more effective and efficient for the SMEs during the implementation of the SME Development Strategy.

4. For regulations, effective implementation of the recently passed Competition Law should also be initiated together with all other requirements for effective harmonization with the EU rules for Single Market. The Incentive Law is oriented on large investments but it should also include selective incentive and support systems for SMEs by taking into account the results of the research and the proposed SME Development Strategy.

In addition to the above mentioned suggestions, I would also like to make recommendations for further studies as:

5. It is suggested that further studies can undertake separate surveys for other sub-sectors of the private sector in order to distinguish between the different action needs of the sub-sectors. By this way, the proposed SME Development Strategy shall also be modified to include any action that may arise from such studies.

6. The other suggestion is that more in-depth interviews with SMEs shall be conducted on a sector basis so that the unique conditions described in Chapter

1 about different needs shall be elaborated upon further. This is important to note, because the economic and political conditions create a unique and non stable conditions for the SMEs in the northern part of Cyprus.

7. Focus group studies shall also be used in further researches. Such studies are already being used by the researcher in his professional work and the recommended methodology is the structured dialogue (Christakis, A., and Bausch, K., 2006) approach explained by Alexander Christakis who is a well known methodologist in dialogue design.
8. Case studies shall also be used in the case of research into a particular type of SME in single sector. This kind of research method will also provide deep and rooted cause analysis for the issues that have influence on the development of SMEs. Recalling the conclusion of classification of manufacturing and trading enterprises according to trading purposed import activity it is recommended that such case studies are undertaken in selective sub sectors of the manufacturing sector so that more informative and reliable data for such classification can be produced.
9. Recalling earlier recommendation for a SME Development Strategy in Appendix 11, it is also suggested that further research studies can be undertaken for one of the main actions given in the strategy, because each of the main actions concluded by this research are indeed other research areas within themselves and need to be studied further on a single basis. In this way, the knowledge contribution to the development of SMEs shall be improved in the northern part of Cyprus.

13. Critical Commentary

1. General

I have gone through an intense period in terms of professional and academic life during the previous four years. The research study for the DProf programme was carried out in parallel to the professional development in the working medium. This has put outstanding impact on the level of personal development both in terms of intellectual and skills capacity. Personally, both in the SME support services and in the employer organization, I have reached the level of executive roles. The other important dimension of this process is that the projects carried out at work during the implementation of the research study put complementary progress on the level of professional development and my title in the market became senior consultant in 2009 which was only a project coordinator in 2004.

The knowledge gained through this research study was reflected in all aspects of the projects implemented in the working medium. In addition to this, the professional and personal development led to the promotions at the employer organization, The Management Centre.

The following sections describe the impact of the research study on the professional and personal development of the researcher.

2. Impact on the Employer Organization

I have started to work for The Management Centre as Project Coordinator for the Private Sector in 2004. My background in the field of management was my MBA

degree and past working experience. As a junior coordinator, my adaptation process to the organization was very swift and I have also started to take initiatives to develop new services for the private sector in late 2004. The lack of proper management in SMEs was one of my findings during the initial years of my career even before this research study. Therefore, one example of these initiatives was to introduce ISO management system consultancy services by support from a key consultant from Turkey. I have gone through an active learning process for ISO 9001 Quality Management System through learning by doing approach and in one and a half year I became competent enough to provide consultancy service on my own. This is important to note, because the service of management consultancy was a crucial step where I have started to deepen my knowledge and abilities in SME support. From 2004 to 2009 I have delivered this service in a sustainable manner with increased quality.

In 2007, I was promoted to be the Quality Manager of The Management Centre. This provided the opportunity to implement my learning through the ISO consultancy service at the employer organization as well. I worked together with the Executive Director to develop new organizational chart and procedures for effective internal working and operations of the Centre. This process took approximately a year for the system to be established and certified by ISO 9001 certificate. I still have the title of Quality Manager and I supervise the ISO system to undertake continuous improvement in the The Management Centre.

The DProf process, which was to identify action needs for the development of SMEs in the northern part of Cyprus, provided multiple inputs in the design and implementation of ISO management systems both in the clients and in the Management Centre. My findings in business constraints, policy development, human resources, regulations and interdependent influence of micro and meso

level factors for the SMEs contributed to my approach during the establishment of ISO management system for clients and the Centre so that I became talented to develop customized systems within the organizations to improve their long term benefits from the ISO system.

The increased capacity has also contributed to the quality of the consultancy service from the view of SME clients through which some of the clients demanded continuous consultancy service even after the certification as explained in 3.

The recent development in my career was to be appointed as Secretary General to the Board of Directors of The Management Centre in 2009. This was followed mainly after the impact I created during the last phases of the DProf programme and after the public conference of the research study in July 2009. One example of this is my interview with the President of Young Businessmen Association during the AYES project in 2008 where I explained the knowledge I gained from the DProf program and persuaded him to register in DProf. He is the Minister of Economics at the moment and is a DProf student. Thus, professional development in the management field and increased personal capacity have all led to such promotion in The Management Centre, which is one of the important milestones in my career.

The Centre has undergone a growth process from 2004 to 2009 and all of my colleagues have changed since my employment. Therefore, a new approach was put during the establishment of ISO system and the projects were organized under Programmes in the organizational chart. Following this, I became Coordinator of the Organizational and Economic Development (OED) Programme in 2008.

One of the other roles in The Management Centre is on strategic planning process of the Centre. Personally, I supported the Executive Director in planning,

coordinating and implementing the spidergram and swot methodologies in the Centre. This process took one year and included participation of all employees as the stakeholders of the Strategic Plan. I documented the 2009-2012 Strategic Plan of the Centre and currently I monitor the implementation of the plan with the Executive Director. This activity is a profound contribution to the institutionalization of the Centre and reflection of professional and personal development in the field of management. By this way, I applied the methodologies gained, such as SWOT, in some of the client organizations in order to develop customized services by using the knowledge gained through the research study as well. This gave me the opportunity to establish deep diagnosis and recommendations in the client organizations during delivering management consultancy service.

The other important impact on The Management Centre was to recruit, coach and educate a junior consultant for the Centre. In 2008, young engineer with M.Sc in Chemistry was employed to work for my programme. I have delivered him trainings on management systems and my support service which was tailored with the relevant results of the DProf research at that time. So, I started coaching him during the activities. I delivered on job training in the client firms, introduced my business plan methodology, in-house trainings on ISO and project development. By this way, I managed to educate a junior consultant for The Management Centre in one year. This process was also assisted by my findings on the SME needs through the research study that had the multiplier effect on the level of impact created during the services.

The following three activities, even they were out of the scope of my OED programme, were also reflection from the knowledge gained through the research study that had considerable impact on the Management Centre indirectly as:

One of my findings is the training for middle level managers in SMEs as described in the conclusions for the short term actions table in Chapter 6. I had the opportunity to develop a project proposal to an EU grant on labour market development in the northern part of Cyprus. The relevance and objectives of the project proposal stem from my findings in the research study. The project proposal was awarded with 50,000 euro grant and is being implemented by the Vocational Education programme of The Management Centre.

The second activity was the Consultancy and Training Needs Survey. The research department of the Centre intended to undertake such survey to provide data for all programmes. I played a major role during the design of the questionnaire for the consultancy needs of the private sector and advised the colleagues on these issues. The results of the survey were separately analysed by my colleagues. I prepared a report on the consultancy needs of the private sector and presented it both to the top management of the Centre and in the Literature Review section of the research study. Competence gained in the research actions in DProf contributed to this activity very much.

The other proposal developed for rural development grants of the EU was named as Shaping the future of Dikmen Municipal Region. This project proposal was inspired by my ISO management system and Business Plan activities in SMEs. The proposed project included strategic plan development for the Dikmen Municipality together with establishment of ISO 9001 and PR systems. The methodology and activities developed in the project proposal were reflected from my knowledge gained through working and research experience. The project was awarded 250,000 euro and is in the contract stage.

3. Key Accomplishments in the work field

In 2008, I was assigned to a new intervention by USAID by the help of the performance showed during the research study. The new programme was called Capacity Development (3 million Euro) and was subcontracted to World Learning. I was appointed as consultant during the needs analysis phase of the Capacity Development Programme. My role included guidance for local actions, interviews and facilitation of focus group studies. I worked with an international expert during this process and undertook many interviews and focus group meetings for the private sector. The knowledge gained during the DProf program was very helpful for me in guiding the international expert during the needs analysis period. Organization of interviews with representative organizations similar to the ones in the research was coordinated by myself and focus group studies with selective SMEs from different sectors on family businesses, training needs etc. were also additional studies carried out during this project. I have also contributed to the needs analysis report of the Capacity Development Programme that was submitted to USAID. My contribution had not only been from the results of the activities with the international expert but also from the knowledge I gained during the DProf programme as well.

The needs analysis part of the Capacity Development Program was evaluated as successful by the USAID and today The Management Centre is subcontracted to run two of its interventions, Active Teaching Skills in Vocational Schools and ECDL Certification to increase potential employment opportunities of students in Vocational Schools. The needs analysis part contributed to my efforts in developing the Guidelines for supporting SMEs and I have reflected my learning in the Guidelines which was one of the objectives of the research study. More importantly, the results

of the research study were harmonized with the reflection so that I have developed more comprehensive Guidelines by considering the needs in actions and policies for the development of SMEs. At the moment, I am managing the two projects in cooperation with the Program Manager of the Capacity Development Program, Vocational Education Department and Eastern Mediterranean University. Total budget for the two projects is around 400,000 euro.

I have also undertaken 20 ISO Management systems services to several SMEs in different sectors in parallel to DProf programme. The findings and results of the research process was very helpful for me to develop customized approach for Turkish Cypriot SMEs during the management consultancy service. Business constraints, needs in the human resources, needs in the regulation and political context of the research were embedded in my scope during the establishment of ISO management system standards in the organizations. This is to say, I tend to undertake tailor made systems in individual clients so that maximum outcome is targeted from the service. The importance and effectiveness of this approach was evident when two of my elite companies demanded continuous management consultancy service after ISO certification. By this way, I managed to open a new and sustainable service for the Management Centre to deliver long term continuous consultancy services.

Apart from ISO standards, Business Plan development service was another important role in my work portfolio. Up to now, there have been 43 Business Plans developed for SMEs; 19 of them were for the incentives under the Incentives Law and 15 succeeded (above 100m\$), 18 were for EU grants and 16 succeeded (880,000 euro) and 4 were for private purpose. It is very important to note that the overall knowledge in the research study is contributory to this service as well. Relevance sections of the business plans as well as their objectives were supported by the

data that was gathered during the DProf research and it was mainly used as knowledge in developing background section of the business plans.

Relevant Projects along the research:

The other projects coordinated by myself, which were not influenced directly from the results of the research study, but which are very relevant in terms of their scope and activity areas are:

Bi-communal economic research projects and conferences such as Simultaneous Adoption of Euro on both sides of the Green Line in 2007, The Future of the Tourism Industry in Cyprus in 2008, and Fiscal Federalism in a united Cyprus in 2009. We have managed to form different bi-communal group of academicians from both sides of the island in each project and coordinated their activities to undertake a common economic research and a report that was delivered through public conferences. The last study on fiscal federalism was a breakthrough for myself. I have managed to undertake analysis of different presentations and drafted an Executive Summary of the conference report which was approved by the key speakers. In fact, the knowledge gained during DProf programme and experience gained during the services at work has substantially improved my competence on the economic research topics and thus had a complementary effect on this kind of work as well.

One of the other interesting accomplishments was another bi-communal project. I was the co-manager of the project that was called Action For Young Enterprizers in Cypruse together with a professor in Cyprus International Institute of Management in the southern part of Cyprus. The project was about the Business Plan Competition for university students in Cyprus. I delivered two trainings on business

plan development and SME management during the project and delivered advisory service to the business plan groups in the northern part of Cyprus. The training contents and the advisory service were developed through my knowledge gained in the research study as well.

The other important achievement is the role in Central Bank's Economic Orientation and Expectations Survey. The Management Centre is contracted to undertake this survey on 3 month basis and I am assigned as the private sector expert to assist the research specialist in the Centre.

It is also important to explain about the other key project areas where my title is promoted to be private sector expert. One of this is a new consortium developed by different firms from Europe for the Service Procurement tender of the EU in private sector development. I have worked with the Managing Director of the leading organization in Germany to develop the tender proposal that worths around 3,4m euros and entitled by the Management Centre as the local private sector expert in the tender proposal. The aim of this tender is to generate private sector development startegy which highlights the importance of the SME Development Strategy as recommended in the research study. It is important to note that the outcome of this research study and its Summary Report will also be beneficial not only for myself to develop new projects but also for international donors aiming to support the SMEs in the northern part of Cyprus. Again, one of the objectives of this research study which was to provide data to international donors is undertaken as an effective example of the desired impact.

The most recent project that I am coordinating is about the Economic Interdependence of the both sides in Cyprus. The project is tendered as a common project of the both chambers of the Turkish and Greek Cypriots. I have managed to

form group of bi-communal economists and developed a project proposal with a fellow in University of Nicosia.

The other roles at the Management Centre include support for market research for SMEs, recruitment services for SMEs and for the Management Centre itself where I evaluate the CV applications and attend at the interviews with the candidates. I use the knowledge I gained for the SMEs and management to test the capacity of the candidates during the interviews.

I am also responsible for coordinating and undertaking final approval of the project proposals that are submitted by the Centre to EU which is again a good reflection of professional development at the work place.

Of course one of the important impact factors during the process was press articles. I have managed to deliver number of articles on different subjects to the newspapers as seen in the Appendix 14. Today, due to high demand, I am in the process of developing summary of the results of the research in Turkish which will be published in the biggest newspaper as a series of articles.

4. Summary of the learning areas

- Abilities in project development, project management, leadership in tasks, business and contractual developments.
- Re-organization and re-engineering skills gained during ISO consultancy and feasibility studies for investors.
- Ability to work with SME owners and employees on site for establishment and improvement of management processes within the organization by exploiting methods of strategic planning,

financial planning, quality management standards, business plans and continuous management consultancy service. (21 companies)

- Experience and skills in undertaking focus group studies with representative organizations such as family businesses, restaurateurs association, special tourism organizations, hoteliers etc. Support for donor designed interventions.
- Feasibility studies and business planning services for investors and SMEs which shall include market research.(41 companies)
- Grant application project for SMEs and others (31 organizations)
- Employment and interviewing skills gained during recruitment services.
- Close contacts with economic development department, industry department, vocational education department and CSOs such Chamber of Commerce, Chamber of Industry etc.
- Quality Management, feasibility studies, management topics and ISO trainings, small business (SME) consultancy, project development, strategic planning, management analysis and assessment, research skills.
- Ability to deliver comprehensive management consultancy and guidance in practical, theoretical and real terms. ISO 9000 and ISO 22000 knowledge.
- Proposal Writing for EU projects.
- Ability to establish dialogue and understanding with actors in private and public sectors. Skills to communicate to persons with lowest and highest social level in any medium. Understanding of different ideology and expectations, managing conflicts and protecting objectivity principle.

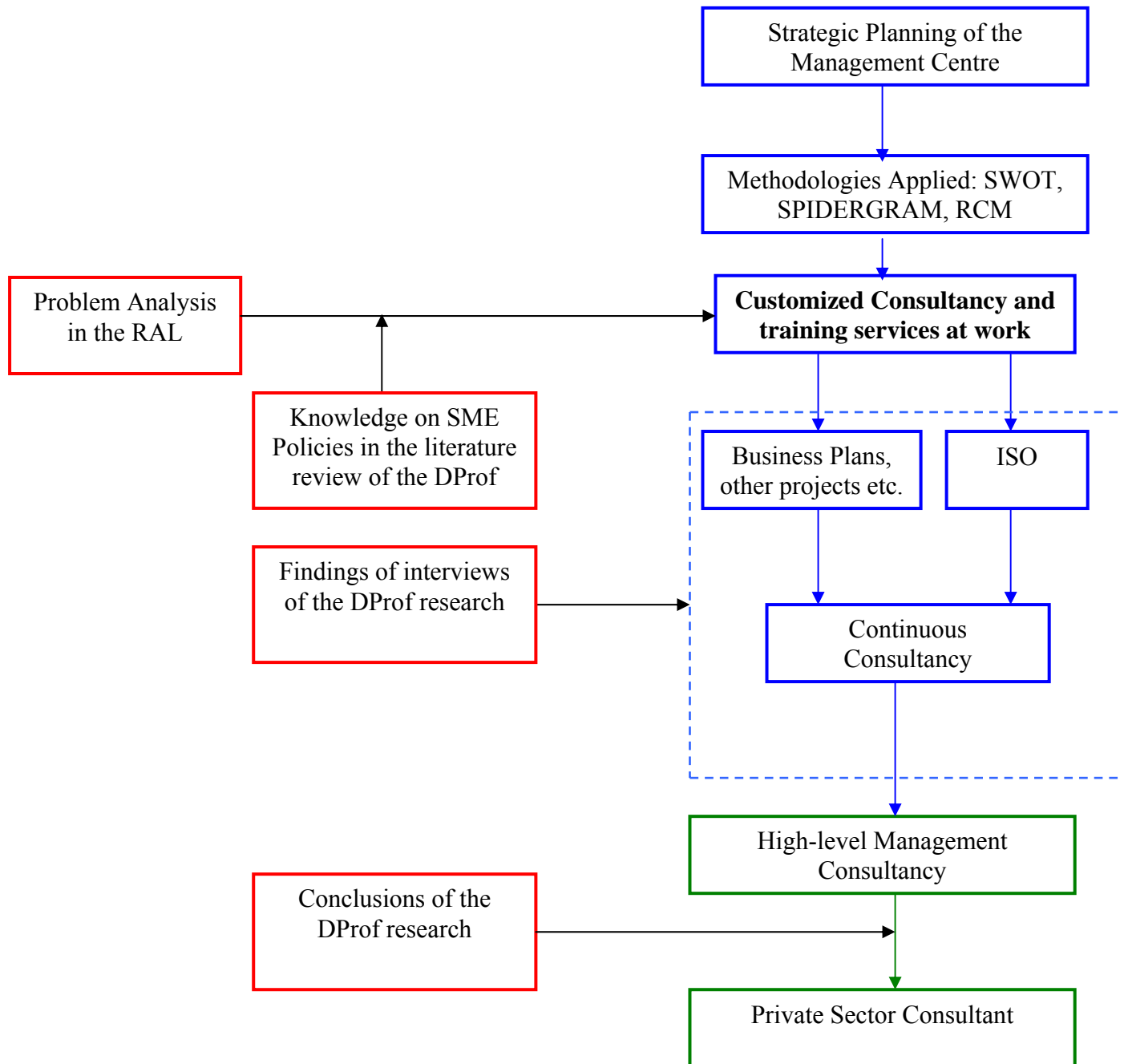
- Briefing and guidance for foreign institutions and individuals in volunteer activities. Acting as consultant in needs assessment activities of international donors.
- Skills and abilities gained and developed during consultancy services on the site and cooperation with other organizations.
- Ability in establishing relations with foreign parties and provide guidance.

As seen, the process of DProf in parallel to the professional development has provided complementary increase in technical capacity and knowledge that leads to career development in the long run.

5. Learning process and level 5 descriptors

The following diagram aims to explain the learning process together with the knowledge gained through professional experience and DProf study.

Flowchart of the Learning



Graph 7. Flowchart of the learning process

It is seen that the DProf study has provided knowledge and learning in three steps. First was due to knowledge gained in the literature review section which coincided with the process of learning other important methodologies, such as SWOT, that were administered at the work place. Combination of the methodologies' implementation in the organizations with the reflected knowledge from the literature has not only developed insight capacity to undertake customized approach during the management consultancy but also improved the skills to diagnose and orient for the training of the employees as well. Capacity to act as management consultant in broader terms to provide services to the directors of the SMEs was also improved by the continuous consultancy service.

Following this, the results of the interview analysis of the DProf study opened vision to establish mutual medium for co-operation with the opinion makers and leading intellectuals both in the private sector and in the international funding organizations.

Conclusions of the research provided an understanding to establish assessment on the SME development in a comprehensive manner where the capacity to establish dialogue and co-operation between the public, private and civil society organizations has been developed in the last two years. Combination of this capacity with the experiential learning at the high level management consultancy has been a breakthrough to act as a private sector consultant in local and international projects and tenders. This was followed with the promotion to be the Secretary General of the Board at the employer organization that reflects not only the gained knowledge and capacity but also the abilities to undertake representative responsibilities as well.

Knowledge and understanding

Knowledge gained to understand SME policies and strategies better during literature review and interview stages of the project that has enhanced the level of analysis in the complex professional practice which is management consultancy for SMEs. This has not only built a depth in combining the theoretical knowledge with the real life factors but also enhanced the ability to comprehend more about the conditions and problems faced by the SMEs in the northern part of Cyprus.

The research process has developed knowledge in evaluating methodological approaches together with data collection techniques. I have managed to combine qualitative data from interviews with the quantitative data from the SME survey through triangulation in order to use research and development methods efficiently. This process improved my knowledge in survey design, analysis and reporting.

The other level of understanding throughout the research was developed for the different level of needs and factors on SME development. I have successfully managed to balance conflicting areas for different kind of stakeholders. For instance, collateral issue is one of the musts for the Development Bank as a financing institution but a problem for SMEs. On the other hand, having no business plans of SMEs for funding is a problem for the Development Bank. Here, I managed to input both of the collateral and business plan topics into the questionnaire and analysis parts in order to formulate solutions in dialogue with different parties.

Cognitive Skills

The analysis and synthesis of complex information as the results of the study has developed my cognitive skills. I have realized this when I started to develop SME Development Strategy in Appendix 11 where I tried to redefine the knowledge in order to develop an approach for the formulation of action areas for the SMEs. This was also a surprising stage for me when I noticed that additional skills were also developed due to end of the research project.

This research has provided a new paradigm on SME development in the northern part of Cyprus through reflecting my own practice and other stakeholders' views which has developed the ability to communicate at all levels, from a minister to a single worker on site. What is more, dissemination of the conclusions and recommendations of this study will also contribute to other stakeholders' actions for SMEs.

The other strength gained is for the planning and management of learning. This project has built considerable knowledge and abilities for me to design, manage, implement and analyse different forms of research projects at professional work as explained in parts 2 and 3. One of the other dimensions of the strength gained is on getting aware of political implications of the study which in fact was part of the impact planned and achieved. Conclusions and recommendations during the dissemination part highly targeted encouraging actions at political level and create an impact on all stakeholders.

Skills in developing critique and commentary was improved during literature review and analysis part in Chapter 5. Evaluation and assessment of different SME policies with respect to the case of SMEs in the northern part of Cyprus was undertaken in the literature review which has provided basis for the data collection stages. Analyses of the data collection together with triangulation process improved my skills in justifying previous evaluations and develop recommendations for improvement in practical world as well.

Practical Skills

This research process together with its knowledge, learning and skills has considerably enhanced my professional capacity. The reflection for the skills gained can be summarized as:

- Guidance for SMEs to analyse and explain more about the external and internal factors influencing their development

- Providing more and comprehensive input in the methodologies applied for the SME services such as Strategic Planning and swot matrix factors (strengths, weaknesses, opportunities, threats)
- Effective consultations with relevant authorities and donors and CSOs (objective and comprehensive understanding for establishing new cooperation and ventures)
- Achieving Differentiation in Management Consultancy Services
- Improvement in Academic background on SME development topics
- Having Faster and Delicate analysis and decision making for SMEs and relevant efforts
- Act as a common point for reliable advisory for all stakeholders
- Creating High demand from clients for advisory and services
- Act like Business Leader and Private Sector Consultant

The research process has also developed skills in the use of resources efficiently such as time, academic support, finance needs, materials and dissemination needs. The research has also provided a breakthrough in my career where I managed to present the results in a national conference, develop articles in papers and related magazines and undertake media coverage activities for the services at work such as ISO certificates and EU funding for SMEs. All these have developed skills in providing papers and presentations to other interested people and public as well. Of course, DProf process has also improved my leadership skills to act autonomous within my professional and academic practice and has increased the level of responsibilities in parallel to career development at work place as well.

14. Supporting documents for reflection on progress

Promotion to be the Secretary General of the Board at The Management Centre:

Page of 1

Bilinc Dolmaci

From: Bulent Kanol [bkanol@mc-med.eu]
Sent: Cuma 24 Temmuz 2009 12:26
To: Bilinc Dolmaci; Bulent Kanol; Elif Tefik; Izlem Sonmez; Kemal Mut; Laura Le Cornu; Mediha Yusuf Mehmet Toptanci; Memduh Erismen; Muharrem Amcazade; Mustafa Inal; Serra Garip; Seygi Erdem; Suziye Turccag; Tanyel Oktar
Subject: MC Board

Dear all,

This is to inform you that after the VI. General Assembly of the Management Centre of the Mediterranean, the Board of the MC has been recomposed as follows:

Bulent Kanol	Chairman	(Executive Director)
Mustafa Inal	Member	(Director of Finance and Administration)
Aysun Celiker	Member	(Director)
Bilinc Dolmaci	Secretary	

I am very glad to continue leading MC with your support in this new term as Chairman and Executive Director and would like to welcome Bilinc to the Board as our new (young and dynamic!!) company secretary. I think he deserved this position with all his efforts towards institutionalization of the MC.

BK

—
Bulent Kanol PhD
Executive Director
The Management Centre of the Mediterranean
www.mc-med.eu

Notice:

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24.07.2009



12 Ekim
2008

Eko Kibris

DOLAR	EURO	STERLIN
10.10.2008 1.4330	10.10.2008 1.9360	10.10.2008 2.4500
★	★	★
09.10.2008 1.4200	09.10.2008 1.9300	09.10.2008 2.5100

İş dünyasına profesyonel destek

Danışmanlık hizmeti veren, araştırmalar yapıp eğitim veren Management Centre koordinatörlerinden Bilinç Dolmacı ile iş dünyasını masaya yatırdık.

destek

Management Centre'da Özel Sektör ve Ekonomik Gelişim Programı Koordinatörü olarak çalışan Bilinç Dolmacı ile Kuzey Kıbrıs iş dünyasına kapsamlı bir bakış atıldı. İşletmelerdeki sorunları, sektördeki eğilimleri, analiz ve önerileri star Kıbrıs okurları için masaya yatırdık...

Middlesex Üniversitesi'nde Kuzey Kıbrıs'taki Kobiler üzerine doktora çalışması yapan Dolmacı, 10 yıl Türkiye'de GSM mühendisi olarak çalıştıktan sonra heş yıla yakın bir zamandır Management Centre'da küçük işletmeler, yönetim, sürdürülebilirlik gelişim ve Ada ekonomisi üzerine çalışmaları yapıyor ve işletme sahiplerine bazı önerilerde bulunuyor...

ARAŞTIRMA YETERSİZ

■ **Star Kıbrıs:** KKTC işletmelerine genel bakışınız nasıl?

Dolmacı: Ülkemizde özel sektör işletmeleri AB normlarına göre Kobiler sınıflandırılmaya başlandı. Özel kurumların %90-95'inin 10 kişi altında ve ancak 4%'inin 10-50 kişi arası istihdamda sahip olman yanında küçük ada ekonomisinin getirdiği unsurlardan biridir.

AB normlarına göre işletmelerimizin çok büyük bir oranı mikro, %4'ü küçük ve %1'i de orta ölçekli kurumlardır. Bu durumda ekonomi içerisinde gerçek anlamda özel sektör tarafından yaratılan sektörler olarak endüstri (15%), turizm (50%) ve turizm işletmelerini (18%) ilave ederek mevcut işletmelerimizin sektörel dağılımı hakkında da bir fikir sahibi olabiliriz.

Ta ki, bu aşamada ülkedeki kobiler hakkında derinleşmeye araştırmaların yeterli kadar yapılmaması, kamu baskısında daha kesin ve objektif yorumlarda bulunulmasını zorlayan bir açıdır.

Ülkemizdeki işletmelerimizin, mikro/çocuklukta ve küçük ölçekli de orta ölçekli geçmek konusunda sıkıntıları yaşadığını görmekteyiz. Bu fenomen nitelikli ana eleman azlığı, kaynak yönetimi gibi işsel konular yanında, pazar ve pazarlardaki talep, ulaşımla ve dış



ticaret gibi dışsal faktörleri ilişkilendirilebilir. Bir başka önemli nokta ise işletmelerimizde sile şirketleri oluşuyor ve kurumsallaşma sürecinde bu gerçeğin sikını yaratma olgunluğun yitmesi. İşletmelerimizin mevcut duruma ulaşabiliyor ve gelişebilir olmaları ve böylece dönük olmak dayanabilmeleri çok önemli unsurlardan biridir. Derleyen yıllarda aryan know-how ve teknoloji ile beraber yeni nesil çalışanların işletmelerde yer alması daha da önem verilebilir.

PLANLAMA

■ **S.K:** İşletmelere verilen hizmetleriniz nasıl?

B.D: The Management Centre olarak bizlerin sağladığı hizmetler üç ana başlık altında toplanabilir. Bunlar danışmanlık, eğitim ve araştırma hizmetleridir.

Danışmanlık hizmetlerimiz içerisinde yönetim danışmanlığı yanında ISO sistemlerinin uygulanmasında kurulmuş, yöneticilere yönelik fiizibilite çalışmaları, stratejik planlama ve istihdam hizmeti gibi konular yer alır.

Eğitimlerimiz sektörüne açık ve kuruma özel olmak üzere iki şekilde yapılmaktadır. Yöneticilik alanına girer her konuda ve öğrenim birçoğünü ve sektördeki, bilgisayar uygulamaları muhasebe, satış, pazarlama, microsoft ofis uygulamaları, kurumsallaşma gibi konulardan oluşur.

Araştırma hizmetleri ise pazar araştırması, müşteri odaklı, medya araştırması, tiraj ve yönelik araştırmalar

şeklinde gerçekleştirebiliriz. Yine anketler merkezimiz bünyesinde bulunan bilgisayar destekli Call-Centre aracılığıyla telefon anketleri yapılabilmektedir.

■ **S.K:** Hizmet verirken karşılaştığınız sorunlar nelerdir?

B.D: Ben bu soruyu işletmelere yaratan sorunlar değil de zaten işletmelerde varolan sıkıntılardan dolayı karşılaşılan zorluklar olarak algılıyorum.

Birincisi, bir aşama kaydetmek isteyen ve yönetimize standart belir-

lemek isteyen işletmelerimiz maalesef nitelikli ana eleman sıkıntısı yaşıyor. Bu durumu gerçek teknik donanımlı destek çalışmaları gerçekleştirilebilirken ara yönetim elemanları olarak yaşıyoruz. Bu kritik iki nokta küçük işletmelerin orta ölçekli geçmelerindeki en büyük sıkıntılardan biridir.

İkincisi, planlama ve profesyonel yönetim eksikliğidir. İşletmelerde 1, 2 veya 5 yıllık planlar bulunmamaktadır, ayrıca yeteli veri analizlerinin yapılmaması ve buna ek olarak da günlük konuların ağırlıklı olduğu bir yönetim alışkanlığının bulunmaması sorunu derinleştirilmektedir. Hence buna politik veya pazardaki belirsizlikleri bahane olarak göstermek kaçınmak cevap vermek olur ve analize çalışılmayan sürdürülebilir gelişiminin üstünü bypass etmek anlamına gelir id bu tilke işletmelerimiz için kritik bir noktadır. Çoğu işletmeler zamanlarının %80'ini günlük konuların ayırma ve yalnız %20'sini kasa, orta veya uzun vade vizyon ve planlamaya ayırmaktadır. Normal yönetim biliminin sorumluluğu olan yöneticiler için bu araçlar bizdeki tam tersidir.

Üçüncü bahsettiğim iki ana konu üzerinde odaklanmak ve gerek danışmanlık gerekse eğitim hizmetleriyle bu iki ana konuda gelişme kaydetmek bizler için elzemdir.

EĞİTİM ÇOK ÖNEMLİ

■ **S.K:** İşletmelere verdiğiniz önemi ve tavsiyeler nelerdir?

B.D: Öncelikle profesyonel destek almakta çekinmemeleri gerektiğini vurgulamak isterim. Çünkü hazır göz ardı edilebilecek küçük konuların müdahaleci büyük olabilmektedir. Dolayısıyla, gerçek yönetim alanında, gerekse de herhangi teknik veya genel bir konuda eğitim ve danışmanlık almak, işletmelerimize bir şey kaybettirmez nicele kazanır. Bu durumu özellikle AB'ye geçiş sürecinde sağlıklı yaşamak birçok ülke vardır. Herhangi bir konuda öğrenen bir göz mantıklı olma katkıları sağlanmaktadır. Diğer bir önerim, planlama-yatırım aşamasında dışarıya, tercihiye değer veren ve olabildiğince bilimsel olmaya çalışmalarıdır.

Articles in the press mentioning about the EU SME Grant program and the success of the economic development programme. Mr Dolmaci explains that The Management Centre has managed to have 7 business plans prepared for applicant SMEs awarded for total of around 300,000 euro by the EU.

AB'den KOBİ programı

Kırsal Kalkışımın Ekonomik ve Üretim Güçlendirme Araştırma Enstitüsü Başkanı Dr. Mustafa Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor. Dr. Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor. Dr. Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor.



Dr. Mustafa Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor.

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KOBİ destek programlarına AB ilgisi



Dr. Mustafa Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor. Dr. Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor.

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Alihan Dolmaci, The Management Centre Başkanı

Görünje artık KKTG'de

Dr. Mustafa Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor. Dr. Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor.

Çapraz Pazarı Sektörüne

Dr. Mustafa Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor. Dr. Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor.

Yeni bir dönem

Dr. Mustafa Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor. Dr. Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor.

AB hibe programında 55 başvurudan 14'üne onay

Dr. Mustafa Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor. Dr. Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor.

300 BİN EURO'LUK HİBE

Dr. Mustafa Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor. Dr. Kızılcasız, AB'den KOBİ Hibe Programı'nın başarılı bir şekilde uygulanmasını sağladığını belirtiyor.



Obama'nın ekonomik kararları ilk kez AB'den pakete onay

AB'den pakete onay
ABD Başkanı Barack Obama'nın Amerika'da imzaladığı ilk kez AB'ye sunduğu ekonomik kararları ilk kez AB'den pakete onay...

AB'den 14 KOBİ destek projesine onay

LİMA - Kıbrıs'da faaliyet gösteren 14 KOBİ destek projesine AB'den onay alındı. AB Komisyonu tarafından onaylanan projeler, Kıbrıs'ta faaliyet gösteren küçük ve orta ölçekli işletmelerin rekabet gücünü artırmaya yönelik olarak hazırlanmıştır. Proje bütçesi toplam 14 milyon avrodur. AB Komisyonu tarafından onaylanan projeler, Kıbrıs'ta faaliyet gösteren küçük ve orta ölçekli işletmelerin rekabet gücünü artırmaya yönelik olarak hazırlanmıştır. Proje bütçesi toplam 14 milyon avrodur.

300 bin Euro'ya kadar destek
KOBİ destek programı kapsamında işletmelerin rekabet gücünü artırmaya yönelik olarak hazırlanan projelere destek sağlanacaktır. Destek miktarı işletmelerin faaliyet alanına göre değişmektedir.

Leke Beldeye Başkan Mehmet Zafar hükümetin ÇMİK evsine de oturuldukları ilgili altyapı kararı değerlendirildi.

Seçime yönelik bir karar

Leke Beldeye Başkan Mehmet Zafar, ÇMİK evsine de oturuldukları ilgili altyapı kararı değerlendirildi. Başkan Zafar, seçimlere yönelik olarak hazırlanan projelere destek sağlanacağını belirtti. Proje bütçesi toplam 14 milyon avrodur.

TİSK: Önlem paketinin gecikmesi düşündürücü

Türkiye İşveren Sendikası Genel Sekreteri Mustafa TİSK, önlem paketinin gecikmesi düşündürücü olduğunu belirtti. TİSK, önlem paketinin hızlıca hayata geçirilmesini istedi. Paketin gecikmesi, işverenlerin ve çalışanların haklarını korumak için önlemlerin alınmasını gerektireceğini belirtti.

Sayısal Loto çekildi

Sayısal Loto çekildi. Çekiliş sonuçları şu şekildedir: 12, 23, 25, 30 ve 7'ye eşit bir miktar çekildi. Sayısal Loto çekilişi, 14 Ocak 2009 tarihinde saat 20:00'te yapıldı. Çekiliş sonuçları şu şekildedir: 12, 23, 25, 30 ve 7'ye eşit bir miktar çekildi.

Sembol	DÖVİZ		BİST-100	
	Alın	Satın	Alın	Satın
ABD Doları	1,6453	1,6452	1,6452	1,6452
Amerikan Doları 100 TL	1,3828	1,3827	1,3828	1,3828
Özellikle Kıbrıs 100 TL	0,28120	0,28120	0,28120	0,28120
Euro	2,1079	2,1081	2,1084	2,1081
İngiliz Sterlini	2,5717	2,5701	2,5700	2,5672
İsviçre Francı	1,4066	1,4157	1,4045	1,4078
İspanyol Lirası	1,8999	0,16662	0,19445	0,17207
Kanada Doları	1,3253	1,3333	1,3304	1,3334
Korey Doları	5,5961	5,6231	5,6128	5,6133
Norveç Kronu	0,23979	0,2410	0,23962	0,24192
Suudi Arabistan Riyali	0,13808	0,13809	0,13808	0,14119
100 Japon Yeni	1,7504	1,7505	1,7509	1,8023

Sembol	Değer
ÇMİK Dolar	3,500000000000000
ÇMİK Euro	1,000000000000000
ÇMİK ABD Doları	1,000000000000000
ÇMİK İsviçre Francı	1,000000000000000
ÇMİK Kanada Doları	1,000000000000000
ÇMİK Japon Yeni	1,000000000000000

ULUÇAY YEDEK PARÇA

JAPON Arabaları Yedek Parça Satış Merkezi
Kazalı Araba Alınır.

Aşağıdaki Araçların TÜM PARÇALARI
Bulunmaktadır.

Nissan March	AK-12
Mitsubishi Colt	Z25A
Toyota Funcargo	NCP20
Toyota Vitz	SCP10
Honda Fit	GD1

(Hava Yastığı, Ön Cam, Yan Masajiyet, Tavan, vs..)

TÜM KIBRIS'ta en Uygun Fiyatlı
ORJİNAL Japon Yedek Parçalar

Parçaların Hiçbiri Su Hasarlı Değildir ve
PARA İADE GARANTİLİDİR.

Sporiz Üstüne Parça Geçirilirlik.

Tepebaşı Sokak, Tözün Temizleme
Karşısı, Küçük Sanayi - Gazimagusa
e-mail: ulucaycy@ulucaygroup.com

Tel : 366 8800 - 366 8899
Fax: 386 8885
Cep: 0933 860 3444
0542 854 5755

KOBİ destek programına AB ilgisi

KIBRIS KOBİ destek programına AB ilgisi. AB Komisyonu tarafından onaylanan projelere destek sağlanacaktır. Destek miktarı işletmelerin faaliyet alanına göre değişmektedir.

İskele'de kan bağıışı
ÇMİK İskele İlçe Örgütü, İthalatçılarla Dışa Dönük İşletmelerin İşbirliği ve Kar. Denetimindeki KOBİ'lerin İktisadi İstikrarını Sağlamak İçin İşbirliği İçin Kararlıdır.

UBP'de komiteler iş başında
UBP'nin 14. Olağan Kurultusu, 14 Ocak 2009 tarihinde saat 19:00'te yapıldı. Kurultu, 14 Ocak 2009 tarihinde saat 21:00'te sona erdi.

The following Feedback letter on the SME Grant program was prepared and sent to the EU Commission and it was also explained during a follow-up meeting with the EU officials:



Work Based Learning
at Middlesex University

02/04/2009

Ref No: MC/OED/BD156

Scope: Improve SME's Competitiveness Grant Scheme (EuropeAid/127303/C/ACT/CY)

Dear Sir/Madam,

The Management Centre has been supplying consultancy services to private sector companies and to the organizations that are in search of professional advice in the field of management and development. In regard to the recent "Improve SME's Competitiveness" Grant Application program of deadline 19 September 2008 of the European Commission, our experts in the field have worked on several projects for our clients. Some of the issues our experts have pointed out worth mentioning so as to help to improve the application process for the following Call for Proposals:

Our consultants have raised the following topics to be significantly intricate about the application process:

1. The Grant Application Form (Annex A) has been designed to the needs of the NGOs and does not respond to the needs of SMEs that;
 - **1.4. Summary: Target Groups and Final Beneficiaries** is NGO originate and need to be designed for private sector companies.
 - **1.7 Description of the Action and its Effectiveness and 1.8 Methodology:** Includes replication of information and the information required is NGO originated.
 - **1.9 Duration of the Action:** The Action is restricted to a maximum of 12 months. However, the Business Plans commonly covers 3-5 years of Financial, Personnel and Marketing Plans. If the *Action* will only cover the tendering, purchase and transportation of the equipments for Fields B and C, then that will make the information asked in *1.9*. too detailed and unnecessary. Clarification is required.
 - **2. Profile:** All subtitles need to be redesigned according to the needs of SMEs
 - **3. Capacity to Manage and Implement Actions:** Needs adjusting for SMEs and parts relating to NGOs removed.
 - **The Field** of the application (whether A, B or C) is not included in the Grant Application Form.
2. The Guidelines for Grant Applicants requires the preparation of a Business Plan for Applications under Fields B and C. However, under the Evaluation Grid (section 3.4), the weight of the Business Plan on the Overall Score is 5 out of 100. The method of the evaluation of the applications and the weigh of the Business Plan on the overall evaluation should be clearer.

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Under the issues raised above, the following **recommendations** are made:

1. The obligation of a Business Plan for Field B and Field C applications is found to be very successful and appropriate. However, for those applications requiring a Business Plan, a new Grant Application Form should be introduced that would only include:
 - Detailed Information about the Applicant
 - Eligibility of the Applicant according to the priorities of the Call Guidelines
 - The Objective and a very brief Description of the Action.
2. For the applications under Field A, the Grant Application Form (Annex A) should be redesigned that would include the information necessary to evaluate a private sector company and the unrelated sections removed.
3. Under Field B, the limitation of the Grant amount to 20% of the annual gross sales value of the preceding year can also be considered to be increased. It has been experienced that, a considerable number of SMEs that are in need of fixed capital investment are eligible to 30.000 Euros to 50.000 Euros of contribution from the European Commission due to their low gross sales income. This amount has been found to be insufficient to make significant investment in modernisation and capacity increase purposes. Having an increase of the 20% value will have more impact on companies that are relatively disadvantaged.

Management Centre has identified the following needs and constraints of the businesses in the northern part of Cyprus that would help to design programmes to contribute to the development of the businesses.

The needs are;

- Support for niche markets
- EU adaptation
- Standardization
- Qualified Personnel
- Vocational trainings and Language
- ICT
- Marketing

The constraints are;

- Market size
- Reach to Outsize markets
- Transportation costs
- Finance
- HR
- Raw material Stock Costs
- High Tax Rates
- Technology
- Family Business Problems
- Lack of Competition

Many of the businesses are of micro scale (1-5 persons) and it is recommended that clustering of these businesses should be promoted. Flexible service industries should also be promoted to adapt their organization and services according to the changing needs of the small island economy.

Mr Bilinc Dolmaci

Program Coordinator,
Organizational and Economic
Development Programme,
Management Centre

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Article to warn and inform public about the abuse of the ISO systems for non-accredited certification and inappropriate consultancy works:

KITREB'in hizmet içi eğitim çalışmaları sürüyor

Kıbrıs Tıbbi Belgelendirme Birliği (KITREB), hizmet içi eğitim çalışmalarını sürdürüyor. Her ay farklı bir konu ve farklı bir konseptle gerçekleştirilen eğitimler, bir sonraki ay için hazırlanıyor. Bu ayda da bu yılın eğitimleri, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor.

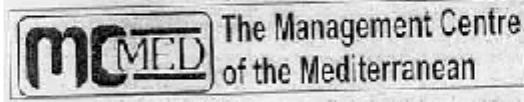
Üzümün değerli
Günyüzü, üzümün değerli olduğunu belirtiyor. Üzümün, sadece meyvesiyle değil, tohumlarıyla da değerli olduğunu söylüyor. Üzümün, sadece meyvesiyle değil, tohumlarıyla da değerli olduğunu söylüyor. Üzümün, sadece meyvesiyle değil, tohumlarıyla da değerli olduğunu söylüyor.

Kıbrıs'ta eğitim
Kıbrıs'ta eğitim çalışmalarını sürdüren KITREB, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor.

Yöneticilik Merkezi İşleri uyardı:

"Kalite Belgelendirme" disiplin altına alınmalı

(LHA) - KKTTC'nin "Yabancı Sistemler" belgelendirmesi konusunda bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor.

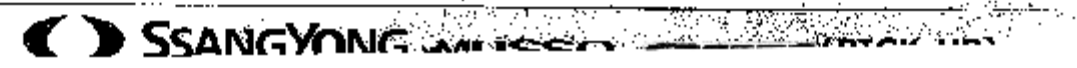


MCMED
The Management Centre of the Mediterranean

Devlet yönetimi
Devlet yönetimi, kalite belgelendirmesi konusunda bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor.

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Mükemmellik - KIBBO - KTYO
Mükemmellik, KIBBO ve KTYO tarafından hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor. Eğitimler, bir sonraki ay için hazırlanıyor.



"Discipline needed in Certification for ISO systems"

News in the press which explains the standardization of companies for ISO certificates.

16

YENİDÜZEN

GÜNCEL

25 MAYIS 2009 PAZARTESİ



Gelinliklerimiz de avrupalı oldu

Krizle alırdımdan cesaretle yatırımını sürdüren İhsanemiz hem bölgesel hem de küresel rekabete ayak uydurma gayretlerinden de geri durmuyor. Kıbrıs Türk Kültüründe vazgeçilmez bir yeri olan 'düğün-demek' işleri de Yarım Gelinlik sayesinde artık Avrupalı oldu.

Danışmanlık sektöründe kurumsal yapıya özel önem vererek çalışan The Management Centre (Yöneticilik Merkezi) ile işbirliği yapan evlilik ve

düğün sektörünün çeyrek asrı aşan deneyimli kuruluşu Yarım Ltd. bir ilke imza atarak ISO 9001 Kalite Yönetim Sistemi Belgesi aldı.

Müşteri odaklı hizmet anlayışını benimseyerek, düğün - açılış organizasyonları, gelinlik, abiye kıyafet dikimi ve düğünle ilgili tüm hizmetleri sunmaya devam eden Yarım Ltd'ye 4 ayı aşan bir çalışma, hazırlık ve sınav devresi sonunda AB'de geçerli ISO 9001 Kalite Yönetim Sistemi

Belgesi verildi. Management Centre danışmanlarının da hazır bulunduğu bir etkinlikte ISO 9001 Kalite Yönetim Belgesi'ni alan Yarım Ltd. yetkilileri, sektörde çığır yükseltmek için bir ilke gerçekleştiriminin bunu yaparken de güvenilir, kurumsal bir firmayla çalışmanın haklı gururunu yaşadıklarını, bugüne kadar olduğu gibi bundan sonra da kaliteye ve müşteri mutluluğuna özel önem vererek çalışmalarını bildiriler. (Lha)

Önder
ALIŞVERİŞ MERKEZİ

Dünyanın En Güzelleri
Önder'de!
Dünya Plajlarıyla
Aynı Anda
Kıbrıs Plajlarında!

İspanema ★ Gisele Bündchen

Haftanın 7 Günü Açığız

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TWIGY

Çocuklara Mera Süt Sürprizi



Süt Haftası ülkemizde çeşitli etkinliklerle kutlanmaya devam ediyor.

Mera Süt, dün başlayan Süt Haftası'nda "sağlıklı büyüyen mutlu nesiller için süt" sloganıyla çocuklara çeşitli sürprizler hazırladı. Sivil Toplum Örgütleriyle işbirliği yaparak bazı ilkokullara süt dağıtımına sponsorluk yapan Mera, Lefkoşa ve Girne Lemar Cineplex Sinemaları'nda gösterimde olan yalnız çocuklar değil büyüklerin de rağbet ettiği Türkçe Dublajlı "Lilli ve Sihirli Kitabı"ni seyretmeye gelen çocuklara özel sürprizler hazırladı. Dileyen her çocuğa ve ailesine yeni özel ambalajında Mera Süt dağıtılan etkinlik çerçevesinde filmi başlamasından önce Palyaçok gösterisiyle neşeli dakikalar yaşayan çocukların yüz ve ellerine de zararlı katkı maddesi içermeyen boyalarla çizimler yapıldı.

"Lilli ve Sihirli Kitabı" Lemar Cineplex Lefkoşa'da 25 ve 26 Mayıs'ta 14.15'te, Girne'de 23 - 24 - 27 ve 28 Mayıs'ta 14.15, 17.15 ve 20.50 seanslarında gösterimde olacak. (Lha)



Yarım Ltd which produces wedding dress.

"2. İş Yasaktır" grubu, kamu görevlilerinin ikinci iş yapmasını tartıştı

Tatar: Her ay 3 milyon TL ek mesai ödüyoruz

Kamu görevlilerinin ikinci iş yapmasını tartıştı. Her ay 3 milyon TL ek mesai ödüyoruz. Kamu görevlilerinin ikinci iş yapmasını tartıştı. Her ay 3 milyon TL ek mesai ödüyoruz. Kamu görevlilerinin ikinci iş yapmasını tartıştı. Her ay 3 milyon TL ek mesai ödüyoruz.

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Arkadaş Pastanesi, iki kalite belgesini birlikte aldı

Hedef; müşteriye en iyi hizmeti vermek

Arkadaş Pastanesi, iki kalite belgesini birlikte aldı. Hedef; müşteriye en iyi hizmeti vermek. Arkadaş Pastanesi, iki kalite belgesini birlikte aldı. Hedef; müşteriye en iyi hizmeti vermek.



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Arkadas Patisserie which produces confectionery as a wholesaler and retailer.

Kuzey Kıbrıs Turkcell çevreye katkılarını sürdürüyor

Kuzey Kıbrıs'ta sürdürülen çevre projeleri kapsamında Kuzey Kıbrıs Türk Telekom (Turkcell) tarafından düzenlenen 'Kuzey Kıbrıs Çevre Günü' etkinliği kapsamında, şirketin çalışanları tarafından düzenlenen çevre temizliği etkinliği gerçekleştirildi.

Şirketin 100'den fazla çalışanı tarafından düzenlenen etkinlikte, şirketin çevre temizliği için gerçekleştirdiği projelere katkıları sürdürüyor.



Metropol'den alışveriş yaptı, BMW araba kazandı

Kuzey Kıbrıs'ta düzenlenen alışveriş etkinliği kapsamında, Metropol'den alışveriş yapanlar arasında yapılan çekilişle kazananın BMW araba kazandığı öğrenildi.

BMW'nin bir ödülüne kazananın BMW araba kazandığı öğrenildi.

BMW'nin bir ödülüne kazananın BMW araba kazandığı öğrenildi.



YDÜ'de amatör denizci kursu düzenleniyor

Türkiye Cumhuriyeti Başbakanlık Denizcilik Müsteşarlığı, Deniz İşletmecileri Derneği (DİD) tarafından düzenlenen amatör denizci kursu düzenleniyor.

Kursun amacı, denizcilik alanında çalışan ve çalışmaya planlayan kişilerin denizcilik alanındaki bilgilerini artırmaktır.



Pizza Vira, ... ses verdi

Pizza Vira, Kuzey Kıbrıs'ta düzenlenen alışveriş etkinliği kapsamında, Metropol'den alışveriş yapanlar arasında yapılan çekilişle kazananın BMW araba kazandığı öğrenildi.

Pizza Vira, Kuzey Kıbrıs'ta düzenlenen alışveriş etkinliği kapsamında, Metropol'den alışveriş yapanlar arasında yapılan çekilişle kazananın BMW araba kazandığı öğrenildi.

Pizza Vira reception for certification ceremony.

Cumhuriyeti önceki dakikalarını Rumlar 1964 yılında silahlı zoru ile gasp ettiler. Kası bir süre sonra ülkenizi bu "ULUSLARARASI SUÇT" arayınız. Yüzde otuz nüfusunuza İtina reh-ditleri ile katkılarını süksunluk bir ülkeyi Avrupalı ülkelerimiz ile beraber yılınca tanzimuz.

En sonunda da bu yama ülkeye Avrupa Birliği'ne tam üye yaptınız. Hemen de yıllarca hakları çiğnenen Kıbrıs Tü-kları lüç dıgıtınlarından demokrasinin öndesi diye bilinen ülkelerin, çalınmış bir devletin lursunu ödüllendirmesine yapılan bir hntz Rumları Avrupa Birliği'ne taşıdı.

Ö Avrupa Birliği ile yarın müvөө müfualu üye bir ülke ile yüz milyon mltlyalı üye bir ülkenin eşit sayılılığı her topluluk. Türkiye'ne de üye olmak istediği ama en büyük üye ülkesini bile kararlarını "VİTÖP" edebileceği Avrupa Birliği, Sorunları dıgıtınılmıeden "ÖLELÜ BİTTİLERİN" karabonu olmasına mahkum bir Avrupa Birliği.

Avrupalı dostlarımız, Kıbrıs Türkleri'nin ve Türkiye'nin çıkarlarını en azından, "ULUSLARARASI HUKUKT" ve "İNSAN HAKLARINI" hiç düşünmeden, gözde mazru cahilnüz bir ülkeyi içlerini aldıdır.

Sayın Schöcker, Kıbrıs'ta ordun zamanında bir imzayma yapılması için taraflara başka yspeneye çalıyormunuz. Bu zamanı ve hakkı gıgıtınımızın başımıza ulaşman en büyük dıgıtınız.

Yalnız unutmayınız ki, boğuntku Rum Lideri EOKA terör örgütüylest bir "KOMİTACIDIR". Bu ögglir 1950'lyalızede içlerinde çocuk ve kadınları da-olduğu mazru İngilizleri ve Amerikalıları sokaklarda şırtınları vınyıyordu.

Yunan cumhurbaşkanı Kıbrıs'ta yürütmüş oklağı durduktan sonra, 17 Temmuz 1974'de teşvilli

"İDEALLERİNİ YITIRMIŞ KOMİK BİR SOSYALİST PARTİ" gırlılığında seçilmiş.

Bizans kalıntısı "KURUM ORJİDOKS" ülkesinin ise cemaati üzerindeki marifetlerini istihfama birimlerininiz sizlere duyurmamız olmasa olmasız.

Rum papazlar her pazar kiliselerde Kıbrıs'ın tek bir çakıl taşına göz daktığı Türk'ün katman içilmesinin "STİVAP" olduğunu vıaz ediyolar. Bu nedenle Türklerle hak verecek Rum lidelerini vey halime! Kim papazlarca "AFORÖZ EDİLMEK" ve vıgırken "CEHENNEMLİK" olmak ister ki?

Sayın Ronald Schöcker Avukatular ile birlikte ülkeniz AB'D, Kırsay Kıbrıs Türk Cumhuriyeti'nin itibarını yükseltir ve tizerimizdeki ambargoları kaldırılmaz. Papacopları'ın tek kızıştığı şeyi yurmuş olsakınız ki, ancak zaman dıbe geliz ve müzakere masasına oturuz. Hede bir de KİFİC'i tanıyarakınız gibi yaparsanız sizin de istediğiniz gibi Kıbrıs problemini sılısız çözüllü. Özetle: HIRŞIYI SİZİN GELİNİZDE.

Aksi halde, sizlerin yapıdığı "KURUM BASKILARI" kork yoldu yaparsanız, Rum mulları müzakerelere başlamıyacak bile... HİÇ UNUTULANMAYINIZ... Tek varolu müzakere zaman olamaz...

GÖRÜŞMEYİ İRE OTURMAK İÇİN PASKE YAZMAYI DÜŞÜNÜYÜZ İNİZ. İKİNCİ TARAF OLAN RİZLİRE GELİNİZ, LİDERLERİMİZ MÜZAKERELERE BAŞLAMAYA ZATEN İLAZDİRLER. AMA BİZLER ANNNAN PLANINI KABUL-ETTİKTEN SONRA VERİCEK NEYİMİZ KALDI KI? ÖZÜMÜN ANAHTARININ RİMLERDE OLDUĞUNUMUTMAYINIZ. Hoşça kalınız. ADEMİT SANVER

zanlılar

Gözetim

Gazeteci Ali Osman Tabak'ın aracının yedeğizilmesinde olayıyla ilgili olarak 9 kişi tutuklandı.

Az önce gazeteci yazarlarından Ali Osman Tabak'ın ar BY 720 plakalı araçta evin önüne park

halindeydi. Ancak bir süre sonra

Ali Osman Tabak'ın aracına bomba konuldu. Bu olayla ilgili olarak aralarında, Cih gazetesinin sahibi Mustafa Akmanlı, Uzbeyit ile birlikte günü Hile'de düzenlenen operasyonda "büyük bankacılık faaliyetleri" sahnelemlikle para toplanıma" gibi bir başka suçlardan tutuklanan Yusuf Kaya ve kumulları Hüseyin Çiğli, Abdülkadir Ömer Çıbakkı, Özmen Vurdu ile Aytaç K. Bilenli Gezer tutuklanarak, mahkemeye

Mahkeme öncesinde Zanlı 1 Mustafa Akmanlı'nın savunmasını istilenen Aytaç Mustafa Asena ve polis görevlileri arasında tartışmalar yaşandı. Asena, polis, Asena farklı gerekçelerle tutuklayarak, başta bu mahkemeye çıkarıldığı için, dava gıdőségli söylendi.

Mahkeme, gındet yetkisi olduğunda dolazıldının hükmü de bu meseleyle ilgili olarak

Polisin suçlanmasına göre, 17 Mayıs 2006 tarihinde, Çarşın'da Çarşın Tıkışaya, B6 Soylusu'dan aldığı araca karışık olarak 5:50 Sırtın'ın parı verildiği iddia eden parayı tahsil etmek için öncelikle gıdöki Mustafa Akmanlı, Aytaç Kurtay ve Bül. Gezer komisi yerine gıdeteriz, Metin Soylu, gıdögünde imek ve Ermer Dıd'ın bölü sıkıp dıap edikten sonra şiddet tehdidinde bulunup olay yerinden kaçı.

Dokuz kişi mahkemede

Olayla ilgili olarak gıdö altın zaman Mustafa Akmanlı, Emın Özbekli, Yusuf Kaya, Bu Çiğli, Abdülkadir Yıldız, Ümit Çıbakkı, A Kurtay, Bilenli Gezer ve Özmen Vurdu ile Lefkoşa Küya Mahkemesi'ne çıkarıldı. Saat 12.00'de başlayan oturumda, Çarşın Davaları Yargıcı Ömer Guran'ın başkanlığında, Zanlı 1 Mustafa Akmanlı, Zanlı 2 Aytaç Kurtay, Zanlı 3 Bilenli Gezer ve Zanlı 4 Emın Özbekli'nin avukatlığını Mustafa Asena Zanlı 5 Hüseyin Çiğli, Zanlı 6 Abdülkadir ve Zanlı 7 Ümit Çıbakkı'na avukatlığını Şerifoğlı ve Zanlı 8 Yusuf Kaya ile Zanlı 9 Özmen Vurdu'nun savunmasını ise Aytaç Önel üstlendi. Mahkeme açına, Sayın İler Keşmeoğlu, Tahkikat Memuru Tekin Söylencez 1 rakun olarak dıdetti.

Tekin Söylencez, mahkemeye vıdıldığı yer itibarında, olayın önceki günü yani 16 Mayıs 2006 tarihinde, Kışık Kaymaklı'da sakın gazeteci yazar Ali Osman Tabak'ın aracı karışılmasını önünde park halinde duran, B6 plakalı beyaz Honda Civic marka aracın sö belerleği üzerine padayıcı madde dınn bir u dınamite yerleştirildiğini söyledi. Söylencez, dınamite bağlı bulunan 40 cm uzunluğunda mesleğimizin çalıstırıldığı aracı, bunu yapı meşul kişilerin suçlarından dıında, bir lin kendiliğinden söndüğünü ve patlamamın gıdögizilmesinde suçlu olduğunu

Söylencez, yitirtilen tahakkara, Puc'ın ve Yusuf Kaya'ın göz alınımlı olduğunu ve



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TEŞEKKÜR

Firmamız bünyesinde

ISO 9001:2000 Kalite Yönetim Sistemi'nin

kurulması ve belgelendirilmesi için

The Management Centre

(Yöneticilik Merkezi)'nin

bizlere sağladığı danışmanlık ve

eğitim hizmetlerine teşekkür eder,

mutluluğumuzu siz değerli

halkımızla paylaşıyoruz.





The Management Centre
of the Mediterranean

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E-MAIL: info@mc-med.org

Darem Trading Ltd giving thanks for the honourable service of the Management Centre for ISO 9001 certification.

THE MANAGEMENT CENTRE

(YÖNETİCİLİK MERKEZİ'NE
TEŞEKKÜR

ŞİRKETİMİZ BÜNYESİNDE THE MANAGEMENT
CENTRE İLE MÜŞTEREK YAPTIĞIMIZ ÇALIŞMA VE
HAZIRLIKLAR NETİCESİNDE 2005 YILINDA,

ISO 9001:2000

ULUSLAR ARASI KALİTE YÖNETİM SİSTEMİ

BELGESİNİ ALMAYA HAK KAZANMIŞTIK.28.02.2006
TARİHİNDE YAPILAN 2 GÜNLÜK DENETİMİMİZİ DE
BAŞARIYLA TAMAMLAMIŞ BULUNMAKTAYIZ. BİZE

GÖRE ÖNEMLİ OLAN BÖYLESİNE 2 BÜYÜK
BAŞARIYA, BİZLERİ EĞİTEREK HAZIRLAYAN

'THE MANAGEMENT CENTRE'

YÖNETİM VE EĞİTMENLERİNE TEŞEKKÜR EDEREK
MUTLULUĞUMUZU PAYLAŞIYORUZ.

SAYGILARIMIZLA.

ERMATAŞ LTD.

CERTIFICATE OF REGISTRATION



MOODY INTERNATIONAL CERTIFICATION

*This is to certify that the
Quality Management Systems of:*

BU BELGE ALA TAYİN EDERİZ Kİ

ERMATAŞ LTD.

*have been assessed and registered against
the following quality assurance standard:*
**KALİTE YÖNETİM SİSTEMİ ALGİCİDİ BELİRLENEN KALİTE GÜVENÇE STANDARTINA GÖRE
TETKİK VE TESCİL EDİLMİŞTİR.**

BS EN ISO 9001 : 2000

*The scope of the registration is detailed on the
certificate schedule bearing this certificate number:*
TESCİL KAPSAMINI ARAÇINDA VERİLEN BELGE TAYİN KARARINI İZLE İZME BELİRTİLMİŞTİR.

Certificate Number : **Belge Numarası : 28218**
Issue Date : **Tarih : 01.04.2005**
Expiry Date : **Geçerlilik Tarihi : 31.03.2008**
For the Company
For the Governing Board



The use of the Accreditation Mark indicates conformity with a standard of

Ermataş Ltd. Giving thanks for the honourable service of the Management
Centre for ISO 9001 certification.

The official letter of the Companies Registrar Office reflecting the lack of capacity for statistics which reflects the difficulty of having basic data about the SMEs in the northern part of Cyprus:



**KUZEY KIBRIS TÜRK CUMHURİYETİ
EKONOMİ VE TURİZM BAKANLIĞI**

RESMİ KABZ MEMURLUĞU VE MUKAYYİTLİK DAİRESİ

Sayı: RKD. 0.00- 1-29/264.....
Konu:

Lefkoşa, 12 Mart 2009

Sn. Bülent Kanol

İlgi: 1.03.2009 tarih ve MC/WBL/UV 146 sayılı yazınız.

Mukayyitliğimiz kayıtlarında yapılan araştırmada, **12.03.2009** tarihi itibarı ile **13707** adet limited şirket, **7658** adet ticari unvan, **1501** adet kolektif ve/veya komandit şirket, **253** adet yabancı şirket ve **119** adet uluslararası şirket olduğu tespit edilmiştir. İlgi yazınıza konu diğer istemiş olduğunuz bilgiler, bilgisayar sistemimizin yetersiz olmasından dolayı saptanamamıştır.

Bilgi edinilmesini saygı ile rica ederim.


Cennet ARIK
Şirketler Mukayyidi



MD/GB-GY

Tel. 0392 22 84345- 22 89031 – 22 90067 – 22 90068
Adres: Şhi. Asteğmen İdris Doğan Sk. (B ve C Blok) Doğu Blok .efkc

Fax. 0392 22 72205

The last sentence says:

“our computer system does not have the capacity to produce the other details that you have requested”

The following report was prepared for CDP upon its request for project ideas for 2010 interventions one week after the submission of the reports of the research study which shows the impact of the study and professional development as a private sector consultant:

ACTION IDEAS FOR CDP
Bilinc Dolmaci
18.02.2010

The following action areas are developed from the knowledge gained at work over the 7 years and through the reports of the work based learning doctorate research, which were presented before:

It is beneficial to look for the most visible needs of the private sector together with the business constraints in order to better understand the conditions as following:

Needs: Support for niche markets, EU adaptation, Standardization, Qualified personnel, Vocational Training, ICT and Marketing

Constraints: Market size, reach to overseas markets, transportation cost, finance, human resources, raw material stock cost, high tax rates, technology, family business problems, lack of proper competition

Keeping in mind the above mentioned issues, the following actions are proposed:

1. Supporting Labour Force for Touristic Accommodation Sector

Tourism sector has been the most important service sector in the economy with a share of around 5% in GDP and has comparative advantage to other sectors with regard to the small island conditions. It is also important to note that the performance of the net tourism income (381m\$-2007) tends in the same manner with the number and the performance (no. of hosting) of the hotels. Therefore, hoteliers sector plays a crucial role for the economy.

One of the big problems faced in hoteliers sector is to find personnel according to the needs of the touristic accommodation sector. Unfortunately, the vocational education system is poor in meeting this need. For this, authorities organized a certification program (kursu katil isin hazir) in the recent years but this effort has not produced the desired outcome. Looking to today's statistics, it is understood that the most disadvantaged section in hoteliers sector is the businesses with 1-50 employees, i.e. SMEs.

Suggested actions:

- HR needs analysis for qualified personnel in hoteliers sector
- Support for vocational schools to upgrade curriculum in tourism branches according to sectoral needs
- Implementation of the curriculum at one pilot school under with a promotion of "reform school" campaign
- Meetings and visibility events for the school and sector representatives to improve the synergy

2. Upgrading of Curriculum for Vocational Schools to meet the sectors needs

It is a well known fact that vocational and technical education has been disregarded for many years and students became more higher education oriented. However, looking to the labour market needs, today we see that the private sector lacks employment in qualified technical and supervisory staff. There is a strong need to satisfy the gap for technical labour in order to support development of businesses in the private sector.

Suggested actions:

- Needs analysis for technical qualifications for vocational school graduates according to the market needs. This process should include,
- Chamber of Artisans who is responsible for job title certification of out of school labour force.
- Curriculum update of vocational schools and Chamber's training institute
- Pilot trainings for a pilot group which will create a matching example of student vis a vis employer together with visibility actions

3. Entrepreneurship Development

One of the important difficulty faced in entrepreneurship is the collateral problem. Unfortunately, the financial institutions provide start up or investment credits based on financial guarantee and/or immovable collateral. This system prevents the spirit of entrepreneurship to flourish and to create dynamism especially in young graduates. Special focus shall be on rural and women entrepreneurs (1-5 employees) to encourage moving from survivalist to growth mode.

Suggested action:

- Business Plan competition for young or jobless university graduates
- Trainings of business plan development
- Mentoring for candidates who will develop plans
- Selection of 10 plans
- Award of around 10,000-15,000 euro grant for the selected plans
- Consultancy during implementation of the plans
- Visibility actions for the success stories

4. Clustering for missing middle

One of the today's strategies in supporting small businesses is to promote clustering. Considering the scarce resources of the small island together with a limited market size, clustering approach becomes more important for the development of SMEs especially with 6-19 employees. Such businesses live in the dilemma of staying small with minimum risk versus growing to create competitive advantages. Local policies and strategies are not satisfying this problem. The only example developed so far has been the "industrial zones" which were dedicated to manufacturing businesses. However, other important activities like restaurants, entertainment, shopping centres, souvenirs, historical&artistic shops, exhibitions, food products, eco tourism sites, etc. have never been considered under this theme. Of course, this issue is costly and has very dependent factors. However, we have many successful examples in terms incubation centres in other countries. A pilot project for a selected business group shall be developed in order to provide venue, single secretariat, accounting etc. like business support activities in order to create a model and promote the benefits of clustering for businesses in small islands.

Suggested actions:

- Research and determination of target business sectors
- Collaboration agreements and sponsors by relevant stakeholders
- Coordination and support for organization of venue and set up
- Selection of business to be participant
- Assignment of accountancy
- Management Consulting for the businesses
- Visibility action for success stories

5. Overseas marketing for efficient exports and tourism

One of the problems of SMEs is the lack of competence to undertake efficient national and international marketing. This problem is very obvious in SMEs with 19-49 employees in tourism and manufacturing sectors.

Suggested actions:

- trainings on strategic marketing
- consultancy on marketing activities at national and international level
- market researches
- seminars on information sharing and support for Fair participations (half is already financed by industry department)

- support for package, brochure etc. design

6. Quality Managers for SMEs

One of the severe problems within businesses is about the quality of services and products. There has been a prolonged discussion about the cost of establishing the needs for quality in return to the gains under given constraints and market size. However, it is a well known fact that market economy is based on free competition and this provides the need for businesses to improve quality of their products and services in order to be able to compete and undertake continuous improvement. Although the existing political situation creates a unique condition for SMEs, it is inevitable to stay away from competition (wrt. Greek side and EU countries) that influences everyday life.

Therefore, SMEs should learn to adapt and implement the needs of sustaining service and product quality in order to be competitive in the market. For this, key personnel in SMEs play important role and they should be addressed.

This action aims to train key staff of SMEs about the Quality and the very basic standard of ISO 9001 Quality Management. This will allow SMEs to adapt themselves to the most recent quality needs within their management system and improve the competence for quality philosophy.

Suggested actions:

- selection of 50 employees from selective SMEs
- 5 days training on ISO system
- Consultancy to Quality Managers for implementation of quality needs
- Certification of SMEs for ISO
- Ceremony and visibility action

7. Food Safety Managers for SMEs

Food sector is one of the high risk areas and has direct influence on health and environment. For this, there has been a special focus on this sector for many years by different international organizations. Local and international standards are used to define the rules and basics in food safety. HACCP standards were used until 2006 when ISO 22000 was published by ISO. Since then, ISO 22000 is used not only in food producing businesses but also in food processing, carrying and selling businesses as well.

There is draft law in the process of parliament at the moment and this will force the businesses to adapt themselves to ISO standards. One of the requirements of the standard is the employment Food Safety Managers within businesses to be responsible for the management of the system.

Suggested actions:

- selection of 50 employees from selective SMEs wrt. food sector
- 5 days training on ISO system
- Consultancy to Quality Managers for implementation of quality needs
- Certification of SMEs for ISO
- Ceremony and visibility action

8. Feasible Investments for SMEs

SMEs face considerable problems during planning and assessing investments due to above mentioned constraints and needs in the market. It is a common tendency that most entrepreneurs follow a popular single example as a success model and try to do the same business hoping that they will reach the same level of success as the first example. We have experienced the consequences of this tendency during the construction boom in the previous years which has led to many distortions in different sub sectors.

Therefore, SMEs pursuing growth by undertaking investment should learn more about investment assessment methods so that they will be able to undertake literal systems for this purpose. This will help SMEs to avoid high risk investments and conduct feasible and reliable investments for their businesses.

Suggested actions:

- selection of 50 SMEs relevant to growth mode
- 5 days training on feasibility tools

- Consultancy to SMEs on developing feasibility reports and decision making
- Implementation of the investment
- Assessment of success of the investment

9. Strategic Planning for SMEs

One of the problems faced by SMEs is about strategic planning. Focus group studies during the needs assessment phase of the CDP project expressed the common issues for this as:

Written long term plans, education, operations control, roles and responsibilities.

Therefore, it is clear that strategic planning plays an important role for SMEs especially in transferring from small to medium and medium to large categories. This will not only provide a tool for monitoring of top management but also a tool for creating ownership of employees who will be participants in the strategic planning process as well.

Suggested actions:

- Selection of SMEs from the two groups in terms of 19-49 employee and 50-100 employee
- 5 day Trainings on strategic planning
- 2 day SWOT workshops with each company
- Consultancy for SMEs during preparation of the strategic plans
- 6 month mentoring for the implementation of of the plans by SMEs