

# Chapter 12

## Women Entrepreneurs in Turkey: The Empirical Analysis of Microcredit Applications and Economic Growth Relations

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### **ABSTRACT**

*Women entrepreneurship is explained by the women-owned business that create economic value. Since there are potential differences between men and women entrepreneurships, this study aims to provide a detailed analysis of how micro-credits help women entrepreneurship in development and economic growth. The data used for this research is obtained from Grameen Microfinance and Statistical Institute. The obtained data is analysed to examine the relationship between women entrepreneurships and economic development. Firstly, a model is developed to test the influence of unit of used microcredit in Turkey and unit change in the number of women who work in their own business. The impact of micro-credit in Turkey on women's employment is analysed with regression analysis. Secondly, the ARDL bounds testing approach model is employed to investigate the influence of number of women entrepreneurships and economic growth. This relation elicits the contribution of micro-credits to Turkey's economy.*

## **1. INTRODUCTION**

The majority of women in the world and Turkey did not have chance to obtain equal opportunities in education and social life because of social and cultural limitations. This influenced their existence in the business world as compared to men's position. When women's ratio in the entire world population and their contribution to the world economy are compared, women's contribution to gross domestic product (GDP) is found less than it is expected (Hammawa and Hashim, 2016). According to Soysal (2010), an individual's societal behaviour patterns, quality and level of education, general economic conditions have significantly affected entrepreneurship. A great number of developing or developed countries have supported women entrepreneurship since the 2000s with various programmes that aim to get benefit from the idle women labor force. Micro-credit practices aim to support self-employment of (primarily) women and other disadvantaged groups (such as immigrants and minorities) to benefit from this idle labour, consequently to avoid poverty. The micro-credit practices have been started in the 2000s in Turkey while in 1970s in the world. They have been becoming more and more important and speeding up in recent years. In the literature, the relationship between micro-credit and women entrepreneurship has been analysed by using qualitative research, mainly conducting case studies (e.g. Maïtrot and Nino-2017; Seenivasan, 2015; Hulme, and Maitrot, 2014). Some of these studies have not supported the expected results of micro-finance, and are not influenced enough to trigger development. Although these studies in the literature provide valuable insights, they are limited to small sampling. Despite providing precious contribution, the existing literature is limited with narrow samples that only consist of local results. Therefore, micro-credits for women entrepreneurship and consequently its economical results were not correlated with macro data. The objective of this study is to analyse the impact of triggering factors of micro-credits on women entrepreneurship, hence, its influence on economic development by benefitting quantitative methods. On the contrary to the majority of studies (e.g. Hulme and Maitrot, 2014; Copestake et al., 2015), micro-credit is not a way to aim to alleviate the absolute poverty, however, micro-credits are discussed as determinant for women entrepreneurships who find opportunities. The findings of this study show that micro-credit has a significant impact on triggering women entrepreneurship on development and economic growth. These findings contradict to the arguments in the previous studies (e.g. Robinson and Watson, 2001; Kevane ve Wydick, 2001; Karnani, 2007).

## **2. LITERATURE**

### **2.1. Women Entrepreneurships**

The studies that examined the correlation between entrepreneurship and economic growth generally reveal a positive correlation. Therefore, entrepreneurships are seen as 'locomotive of country development' (Karlsson et al., 2009). Entrepreneurship is essential for continuity of communal process according to demand approach to economic development and defined as the person who discovers opportunities in any environment and gathers all the factors together to derive profit as seen in entrepreneurship literature (Kuratko, 2009). From a broader perspective, entrepreneurship is a process that starts a business, owns a business, improves and grows business (Bridge, 1998, p.35). Although entrepreneurship has been started to research as a business phenomenon in 1960s in USA, studies on women entrepreneurship have been neglected until 1990s in the literature (Loza, 2017). The reasons behind the lack of previous studies on

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