

## THE EFFECT SYRIAN WAR ON THE TRADE AND THE ROLE OF SME DEVELOPMENT ORGANIZATION

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### Abstract

In this paper, the effect of the Syrian war on the export of SMEs in Hatay province, located on the Syrian border, is investigated and the role of KOSGEB (SME Development Organization of Turkey) is discussed. For the analysis companies were selected from Hatay. The examined population consists of 1176 exporting enterprises which does export and the sample size was 107 units. Furthermore, an attempt is made to identify the relevant factors causing problems for the SME's, namely if their country of origin, area of activity, export-orientation and export-intensity was a distinctive factor. It was found that export volume and KOSGEB's subsidies was a significant factor in explaining business disruption, but other factors turned out to be irrelevant. This lead to the conclusion that the role and activity of KOSGEB (e.g. detailed company analyses, foreign market analyses, regional research and KOSGEB support) should be expanded to more companies.

**Kulcsszavak:** SME, Support, International, Trade

**JEL besorolás:** F13, F23, F42

**LCC:** HD2340.8-2346.5

### Introduction

Before the Arab Spring; Turkey planned various reforms to deepen trade relations with countries such as Iraq, Jordan and Syria to accelerate economic growth. These countries, like other Arab countries, were also planning to liberalise agricultural trade, reduce non-tariff measures, and improve transport logistics with Turkey. These reforms were important for encouraging regional trade and creating a new economic zone (Ianchovichina & Ivanic, 2014). Turkey, Syria, Jordan and Lebanon signed the Close Neighbors Economic and Trade Partnership Council (CNETAC) joint declaration for the establishment of a regional trade agreement in July 2010 (Fattah, 2011).

However, in 2011 political transitions started in most of the Arab countries and riots broke out. Similar events also occurred in Syria. Protest turned into riots that quickly turned into a civil war and caused widespread problems in neighboring countries. The war has created numerous humanitarian, social and economic problems, halted the regional trade integration process and thus undermined development (Özpek & Demirağ, 2014). The province of Hatay, located in the southern part of Turkey on the Syrian border, was similarly to other provinces, affected by the ongoing turmoil in Syria since April 2011. The fact that Hatay was a part of Syria until 1939 implies common ethnic, cultural and religious characteristics, and that many families have relatives on both sides of the border, has a significant effect on the situation. Hatay, the main

beneficiary of the increase in trade between Turkey-Syria over the past decade, faced serious economic downturn. However, in some areas, after two years of turmoil, Hatay started to recover.

One reason for the Turkey-Syria trade was starting newly. The free trade agreement between Turkey and Syria signed in January 2007 and a visa-free regime began in August 2009. Second, Hatay businessmen found new opportunities in the Syrian crisis. Third, Syria's GDP is greater than 30 years ago due to Turkey, Turkey was cheaper than Syria, so they gained habit to visit. KOSGEB is one of the government institutions which provide economic support for SMEs. While providing this support, KOSGEB uses different instrument. It can be counted as support for domestic fairs, international business trips, matching support, consultancy, training, logistic and SME Development Program.

In this study first the background of the political events is discussed. Afterwards an overview of the scope and methodology of the research is given, followed by the results detailing the impact of war on the export of small and medium-sized enterprises operating in the province of Hatay. The conclusions summarize the results obtained.

### **Literature Review**

Akgündüz et al. (2015) make use of an international computable general-equilibrium framework with a new element on six Levant nations, which are the Arab Republic of Egypt, Iraq, Jordan, Lebanon, the Syrian Arab Republic, and Turkey, to quantify the direct and oblique financial impacts of the Syrian conflict and the improvement of the Islamic State at the Levant. Syria and Iraq undergo the brunt of the direct financial prices, at the same time as the alternative Levant nations lose in per capita but not in mixture terms. The spread of the Islamic State harms regional trade. It contributes to varying degrees to direct costs in all Levantine economies and doubles welfare losses in the case of Syria and Iraq. All these countries have obvious opportunities to expand intra-Levant trade and to harvest the associated gains in economic efficiency and diversity. Average welfare effects are not indicative of domestic incidents, which are ranging between workers, landowners, and capitalists.

The civil war in Syria has resulted in a massive refugee crisis in the neighboring countries. By the end of 2013 more than half a million people sought refuge in Turkey's cities and entered refugee camps in Turkey. We examine how the Syrian refugee inflow in Turkey has affected food and housing prices, employment costs, and inner migration patterns in areas of Turkey where refugees are being accommodated. Refugee camps are located near the Syrian border, which allows us to apply the relaxation of nearby Turkey as a management group with a distinction-in-distinction method to research the effect on neighborhood economies. Our findings advise that housing and to a lesser extent food costs increased, however, the employment costs of natives in numerous professions, companies are in large part unaffected. The incumbent indigenous people remain steadfast, considering the limited migration out of the region. There is a significant decrease in immigration to areas hosting refugees. However, the decrease in internal migration is less than tenth of the refugee influx. This shows that there is little evidence of refugees crowding out indigenous people in local labor markets (Esen & Oğuş, 2017). The Syrian civil conflict led to mass migration out of Syria into the neighboring countries. Turkey has acquired the finest quantity of refugees from Syria. The Syrian refugees initially settled in refugee camps in southeastern Turkey. As the Syrian war intensified and lengthened, the variety of Syrian refugees in Turkey extended and the Syrian populace started to move to the neighboring provinces and commenced to have significant impact on the nearby economy. In 2016, Syrian refugees were allowed to get a work permit and to disperse

geographically. This paper investigates the effect of Syrian refugees on the local labor market. Panel statistics for the years 2004 thru 2016 are applied for 26 areas in Turkey. Syrian refugees were found to cause growing unemployment and reduction in casual and formal employment (Carpio et al. 2015).

Civil war has resulted in more than four million refugees fleeing the country in Syria. Turkey hosts 1.8 million of them as refugee. That makes Turkey the largest refugee-hosting country in the world. This article describes how to assess the impact on the labor market conditions in Turkey. Recently available data of Syrian refugees on their 2014 distribution in the lower regions of Turkey is combined with Turkey Labor Force Survey. The influx of refugees additionally creates higher-salary formal jobs, bearing in mind the occupational upgrading of Turkish workers. Average Turkish wages have increased mostly because the employment patterns were modified due to the influx of refugees. (Akgündüz et al. 2018) examined how the Syrian refugee inflows into Turkey affected the organization to access and performance. To estimate the causal effects, we use instrumental variables, difference-in-differences, and artificially manipulated methodologies. The consequences suggest that hosting refugees is favorable for firms. Total company access does now no longer appear to be considerably affected. However, there's a widespread increase in within the variety of recent foreign-owned firms. In line with the growth in new foreign-owned firms, there are a few indications of an increase in gross profits and net sales.

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### **Objective, Importance, Scope and of the Research**

In the followings we will analyze how the civil war in Syria affects the exports of SMEs operating in Hatay, how SMEs' view this situation, how can the problems be solved, and what role KOSGEB could play in solving these problems. As it is known, exports are important not only for the development of countries but also for the development of cities. Increasing sales in foreign market has a positive effect on both national and regional development in recent times when competition is increasing on a daily basis. The purpose of this research is to examine the current situation of SMEs, to determine the effects of war, to reveal the problems encountered, and to take the opinions of SMEs on what ways KOSGEB should provide support in this regard and to offer a solution.

Foreign trade with Syria has an important place in both economic and social areas in Hatay. However, the outbreak of the civil war in Syria had a number of negative effects on Hatay in foreign trade, as in many other areas. Resolving these adverse effects is important both in terms of increasing exports and stimulating the regional economy. The fact that this study directly reaches the enterprises operating in the Hatay region and can directly express the problems, opinions and suggestions of the enterprises, and the ability to provide rapid solutions by directly communicating to KOSGEB, one of the most authoritative institutions that can produce solutions, shows the importance of this research. Due to the high number of SMEs operating in Hatay and the low possibility of reaching all of these SMEs, the study was limited to 1176 enterprises registered to the Hatay Exporters Union and actively exporting, and these 1176 enterprises were selected as the population. While determining the sample size, considering the population, it was seen that at least 89 questionnaires with 95% confidence level and 10% margin of error would be sufficient, and a total of 107 questionnaires were included in the study.

The method of the research was determined as directing surveys to enterprises registered to Hatay Exporters Union and actively exporting and answering relevant questions by these enterprises. The interpretation of the research is based on the responses of 107 companies that reflect the population. A total of 27 questions were asked to companies and these questions were divided into 5 parts. Questions from 1 to 10 in part 1 are about identifying the companies, question 11 is for understanding if Question 11 in parts 2 is for understanding whether exports to Syria are affected by the war, Question 12-a, b, c in parts 3. Questions, d, e, f, g, and h are the questions of 13-a, b, c, d, e, f and g in parts 4 to understand the problems faced by the operators in exports after the Syrian War. The 14th question in parts 5 to analyze expectations of companies from KOSGEB and to understand their opinions of enterprises on increasing exports from KOSGEB.

The research hypotheses are established as follows:

- H1:** There are differences among the problems of SMEs depending on whether the company origin is Syrian or not.
- H2:** There are differences between the problems of SMEs that have exported to Syria or not in the last 10 years.
- H3:** There are differences between the problems of SMEs according to the sectors.
- H4:** There are differences among the problems according to foreign trade volumes.
- H5:** There is a correlation between the problems faced by the SMEs in exports and meeting the expectations of KOSGEB for increasing exports.

## **Material and Methods**

Reliability analysis of the scales is important to see whether the questionnaires are healthy or not. Reliability is generally denoted by  $\alpha$  and the value of  $\alpha$  is between 0 and 1. The meanings of the  $\alpha$  value are as follows (L. J. Cronbach, 1951) (L. Cronbach & Shavelson, 2004).

- $0 \leq \alpha < 0.4$  is not reliable,
- $0.4 \alpha < 0.6$  reliability is low,
- $0.6 \alpha < 0.8$  is reliable,
- $0.8 \alpha < 1$  is highly reliable.

T Test, ANOVA Analysis and Tukey Analysis are the analysis methods used to understand whether there is a significant difference between groups. T test is the test that compares two means and tells whether the means are different from each other. In other words, it reveals whether the emerging differences occurred by chance or not (Student, 1908).

ANOVA analysis is a method used to see whether there is a significant difference between the averages of two or more groups (Hinkelmann & Kempthorne, 2007). ANOVA analysis generally evaluates whether there is a difference between groups. Tukey analysis is an analysis method that evaluates these groups individually (Lindman, 1974).

Correlation analysis is used to understand the existence of a linear relationship between two variables. If there is a relationship between these two variables, it also gives information about the strength and direction of this relationship. The significance level should be less than 5% for a significant correlation. If the correlation coefficient is negative, there is an inverse relationship between the two variables, and a positive relationship in the opposite case (Soper et al., 1917).

## Results

By aiming not to create long pages, descriptive table of companies was not given here. The analysis of other questions can be seen below.

**Table 1: Problems faced by SMEs in exports after the Syrian War.**

	Decreasing or ending of export		difficulties in finding new markets		Financial problems occurred after the war		logistics costs	
	Fq.	%	Fq.	%	Fq.	%	Fq.	%
Strongly disagree	11	10,3	10	9,3	10	9,3	7	6,5
Disagree	8	7,5	6	5,6	7	6,5	8	7,5
Partially agree	19	17,8	18	16,8	13	12,1	13	12,1
Agree	29	27,1	33	30,8	31	29,0	30	28,0
Strongly agree	40	37,4	40	37,4	46	43,0	49	45,8
Total	107	100,0	107	100,0	107	100,0	107	100,0

Source: Own calculation based available on data

As seen in table 1 and table 2, These questions are for understanding the problems faced by companies after the last Syrian war. Approximately 65% of the companies answered the question "Our exports started to decrease or ended after the war" I agree or strongly agree. Therefore, it can be said that the war that took place in Syria affected a large part of the businesses. To the question "There were difficulties in finding new markets after the war", approximately 68% of the enterprises answered "I agree or strongly agree". This shows that most of the companies had difficulty finding a new post-war market. Companies were asked if they had financial problems after the war. A very small portion of businesses, approximately 10%, stated that they do not have financial problems. This result shows that most of the companies faced post-war financial problems.

**Table 2: Problems faced by SMEs in exports after the Syrian War. (Continues)**

	raw material and intermediate goods costs increased		Insufficient (financial) government support		unfair competition created by Syrian origin enterprises		low quality product problem produced by Syrian origin companies		sufficient KOSGEB support	
	Fq.	%	Fq.	%	Fq.	%	Fq.	%	Fq.	%
Strongly disagree	10	9,3	33	30,8	11	10,3	10	9,3	34	31,8
Disagree	10	9,3	36	33,6	6	5,6	6	5,6	28	26,2
Partially agree	13	12,1	12	11,2	18	16,8	12	11,2	20	18,7
Agree	37	34,6	13	12,1	27	25,2	38	35,5	15	14
Strongly agree	37	34,6	13	12,1	45	42,1	41	38,3	10	9,3
Total	107	100	107	100	107	100	107	100	107	100

Source: Own calculation based available on data

There were some changes in logistics costs due to the inability to use the Syria line after the war. The enterprises were asked whether these changes "increased the logistics costs after the war". 79 of the 107 participants answered "I strongly agree or agree" to the relevant question and stated that the logistics costs were greatly affected by the war. The enterprises in Hatay were importing cheap intermediate goods or raw materials from Syria. For this reason, the question "whether the intermediate goods costs of raw materials increased after the war" was asked to the enterprises. 34.6% of the enterprises answered this question as I strongly agree, 34.6% of them agree, 12.1% of them partially agree, 9.3% of them do not agree and 9.3% of them strongly disagree. These results show us that the raw material costs of most of the enterprises have increased. Businesses were asked whether "enough (financially) state support was received after the war". 64.4% of the enterprises stated that they could not get enough state support after the war. After the war, Turkey has established a company originating in Syria. These companies create unfair competition due to reasons such as unregistered employment of the company, illegal employment and tax evasion. Therefore, enterprises with "After the war, the companies established in Turkey not originating in Syria is causing unfair competition" was asked. Only 15.8% of the enterprises participating in the survey indicate that there is no unfair competition, and the majority, excluding this group, think that it is unfair competition. Products produced by companies of Syrian origin are generally cheaper. This is because the products are generally of poor quality. The question "After the war, low-quality products manufactured by the Syria originating companies established in Turkey affected exports negatively and damaged the country's image and create a bad reputation." was asked to companies. 74.8% of the companies answered strongly agree or agree to the survey, and the general opinion was that Syrian companies created a bad reputation by damaging the image of the country for exports. The enterprises were asked whether they received enough KOSGEB support after the war. 31.8% of the enterprises strongly disagree, 26.2% disagree, 18.7% partially agree, 14% agree, 9,3% answered strongly agree. The results showed that the enterprises did not have enough government KOSGEB support.

**Table 3: Expectations from KOSGEB for increasing exports**

	detailed company analysis		conduct market analyzes		special support Hatay		Increasing the scope and amount of logistics support	
	Fq.	%	Fq.	%	Fq.	%	Fq.	%
Strongly disagree	10	9,3	5	4,7	5	4,7	4	3,7
Disagree	5	4,7	6	5,6	2	1,9	5	4,7
Partially agree	27	25,2	20	18,7	14	13,1	14	13,1
Agree	27	25,2	38	35,5	30	28,0	26	24,3
Strongly agree	38	35,5	38	35,5	56	52,3	58	54,2
Total	107	100,0	107	100,0	107	100,0	107	100,0

Source: Own calculation based available on data

**Table 4: Expectations from KOSGEB for increasing exports (Continues)**

	Preparing reports by conducting research in the region		Facilitating The process of benefiting from support		increasing the promotion of support	
	Fq.	%	Fq.	%	Fq.	%
Strongly disagree	4	3,7	4	3,7	6	5,6
Disagree	5	4,7	2	1,9	13	12,1
Partially agree	14	13,1	12	11,2	19	17,8
Agree	26	24,3	25	23,4	25	23,4
Strongly agree	58	54,2	64	59,8	44	41,1
Total	107	100,0	107	100,0	107	100,0

Source: Own calculation based available on data

In the table 3 and table 4, it was aimed to analyze the expectations of the enterprises for the solution of the problems from KOSGEB. For this purpose, the enterprises were asked to evaluate the "doing detailed company analysis by KOSGEB, determining the needs of the companies and providing suggestion to companies". More than half of the enterprises, that is about 60%, answer this question as I partially agree or agree, and they welcome the idea of detailed analyzes conducted by KOSGEB. More than half of the enterprises, that is about 60%, answer this question as I partially agree or agree, and they welcome the idea of detailed analyzes conducted by KOSGEB. Another question is the idea of market analyzes conducted by KOSGEB and giving recommendations for exports. Only about 7% answered this idea as strongly disagree or disagree. Therefore, supply analyzes to be made by KOSGEB are important for businesses. Hatay is one of the provinces most affected by the war, as it is a province adjacent to the Syrian border. Therefore, it is important to give some extra support to this city. In this context, the enterprises were asked whether there is a need for special support (credit, machinery equipment, etc.) in Hatay for increasing exports by KOSGEB. Approximately 80% of the participants gave the answer "I partially agree or agree" to this question and leaned towards the idea of providing special support to Hatay. Another issue is how to find a solution for increasing the logistics costs of SMEs. For this reason, the question "whether to increase the scope and amount of logistics support or not" has been asked to the enterprises. 58 enterprises answered strongly agree, 26 companies agree, 1 enterprise partly agree, 5 businesses disagree, 4 enterprises strongly disagree with the idea of increasing the scope and amount of logistics support. Most of the enterprises think that expanding the scope of logistics support and increasing its amount would be beneficial for them. It is important to work on the problems that arose in the region due to the war in order to resolve the problems quickly. In this context, the issue of "Preparing reports by KOSGEB by conducting research in the region" was asked to the enterprises. Approximately 79% of the enterprises answer this question as I definitely agree or agree and think that the preparation of reports by KOSGEB will solve their problems. 64 of the 107 enterprises that answered the questionnaire definitely think that the process should be facilitated, while 25 think it should be facilitated. This result shows that most of the enterprises experience some difficulties in the process of getting support. Finally, the enterprises were asked whether it is necessary to increase the promotion of KOSGEB supporters (TV, newspaper, etc.). 5.6% strongly disagree, 12.1% disagree, 17.8% partially agree, 23.4% agree, and 41.1% strongly agree with the idea of increasing support promotions, and the general opinion is to increase KOSGEB promotions.

### ***Reliability analysis***

When we look at the table 5 below, it can be said that the questions are quite reliable since the  $\alpha$  value is 0.915.

**Table 5: Reliability Analysis**

<b>Cronbach's Alpha</b>	<b>Number of Questions</b>
,915	16

*Source: Own calculation based available on data*

### ***T Test Results***

In the Analysis of the problems according to whether the Companies is of Syrian origin or not, SMEs were divided into 2 groups according to whether they originate from Syria or not. However, no significant difference was detected between the 2 groups.

In the Analysis of the problems of SMEs according to exporting or not exporting to Syria in the last 10 years, SMEs divided into 2 groups as exporting / not exporting to Syria within 10 years

and their problem were analyzed. However, no significant difference was detected between the 2 groups.

***ANOVA Test and Tukey Test***

After the Syrian War, the problems which companies faced in exports were examined by considering the sectors in which the companies operate. However, in terms of sectors, no significant difference was detected in the problems encountered.

**Table 6: Analysis of SMEs' problems according to their foreign trade volume (ANOVA)**

		N	Mean	Std. Deviation	Std. Error	f	p
Decreasing or ending of export	0-.499.000\$	60	41,833	0,98276	0,12687	6,515	0
	500.000- 999.999 \$	22	29,545	155,769	0,3321		
	1.000.000- 4.999.999\$	20	34	150,088	0,33561		
	5.000.000\$ and more	5	32	0,83666	0,37417		
	Total	107	37,383	131,276	0,12691		
difficulties in finding new markets	0-.499.000\$	60	41,833	0,96536	0,12463	5,194	0,002
	500.000- 999.999 \$	22	30,909	154,023	0,32838		
	1.000.000- 4.999.999\$	20	36,5	142,441	0,31851		
	5.000.000\$ and more	5	32	0,83666	0,37417		
	Total	107	38,131	125,991	0,1218		
Financial problems occurred after the war	0-.499.000\$	60	42,667	0,89947	0,11612	5,404	0,002
	500.000- 999.999 \$	22	30,909	160,087	0,34131		
	1.000.000- 4.999.999\$	20	38	157,614	0,35244		
	5.000.000\$ and more	5	34	0,89443	0,4		
	Total	107	38,972	128,808	0,12452		
logistics costs	0-.499.000\$	60	42,333	0,90884	0,11733	4,681	0,004
	500.000- 999.999 \$	22	31,818	153,177	0,32657		
	1.000.000- 4.999.999\$	20	40,5	131,689	0,29447		
	5.000.000\$ and more	5	44	134,164	0,6		
	Total	107	39,907	121,698	0,11765		
raw material and intermediate goods costs increased	0-.499.000\$	60	41,5	0,91735	0,11843	7,114	0
	500.000- 999.999 \$	22	28,182	153,177	0,32657		
	1.000.000- 4.999.999\$	20	35,5	143,178	0,32016		
	5.000.000\$ and more	5	40	122,474	0,54772		
	Total	107	37,57	128,004	0,12375		
sufficient (financial) government support	0-.499.000\$	60	24,167	138,137	0,17833	0,323	0,809
	500.000- 999.999 \$	22	25	133,631	0,2849		
	1.000.000- 4.999.999\$	20	22	139,925	0,31288		
	5.000.000\$ and more	5	28	130,384	0,5831		
	Total	107	24,112	135,948	0,13143		
unfair competition created by Syrian origin enterprises.	0-.499.000\$	60	42,167	0,97584	0,12598	6,632	0
	500.000- 999.999 \$	22	29,091	154,023	0,32838		
	1.000.000- 4.999.999\$	20	38,5	153,125	0,3424		
	5.000.000\$ and more	5	32	0,83666	0,37417		
	Total	107	38,318	131,383	0,12701		
low quality product problem produced by Syrian origin companies	0-.499.000\$	60	42,167	0,88474	0,11422	4,788	0,004
	500.000- 999.999 \$	22	31,364	152,114	0,32431		
	1.000.000- 4.999.999\$	20	38	150,787	0,33717		
	5.000.000\$ and more	5	34	134,164	0,6		
	Total	107	38,785	124,923	0,12077		
sufficient KOSGEB support	0-.499.000\$	60	27,167	132,884	0,17155	2,488	0,065
	500.000- 999.999 \$	22	21,364	116,682	0,24877		
	1.000.000- 4.999.999\$	20	19	125,237	0,28004		
	5.000.000\$ and more	5	24	151,658	0,67823		
	Total	107	24,299	131,832	0,12745		

*Source: Own calculation based available on data*



After the Syrian War, the problems companies faced in exports were analyzed according to the foreign trade volumes of the companies. Except for the question of whether enough (financially) government support was received after the war and whether enough KOSGEB support was received after the war, a significant difference was found between the groups in other questions. This significant difference is at the level of 1%. Although there was a significant difference between the groups, tukey analysis was applied to see which groups had a significant difference. The problems with significant differences between the groups were given below. After the Syrian War, the problems companies faced in exports were analyzed according to the net sales revenues of the businesses. However, in terms of sectors, no significant difference was detected in the problems encountered.

**Table 7: Analysis of SMEs' problems according to their foreign trade volumes. (Tukey)**

		N	Mean	Std. Error	Sig
Decreasing or ending of export	0-.499.000\$	500.000- 999.999 \$	41,833	,12687	.001
	500.000- 999.999 \$	0-.499.000\$	-1,22879*	.30431	.001
difficulties in finding new markets	0-.499.000\$	500.000- 999.999 \$	1,09242*	.29690	.002
	500.000- 999.999 \$	0-.499.000\$	-1,09242*	.29690	.002
Financial problems occurred after the war	0-.499.000\$	500.000- 999.999 \$	1,17576*	.30273	.001
	500.000- 999.999 \$	0-.499.000\$	-1,17576*	.30273	.001
logistics costs	0-.499.000\$	500.000- 999.999 \$	1,05152*	.28866	.002
	500.000- 999.999 \$	0-.499.000\$	-1,05152*	.28866	.002
raw material and intermediate goods costs increased	0-.499.000\$	500.000- 999.999 \$	1,33182*	.29457	.000
	500.000- 999.999 \$	0-.499.000\$	-1,33182*	.29457	.000
sufficient (financial) government support	0-.499.000\$	500.000- 999.999 \$	1,30758*	.30412	.000
	500.000- 999.999 \$	0-.499.000\$	-1,30758*	.30412	.000
unfair competition created by Syrian origin enterprises.	0-.499.000\$	500.000- 999.999 \$	1,08030*	.29590	.002
	500.000- 999.999 \$	0-.499.000\$	-1,08030*	.29590	.002

*Source: Own calculation based available on data*

In the Tukey analysis, it was seen that the significant differences were between companies which have foreign trade of 0-.499.000 \$ and 500.000- 999.999 \$.

**Correlations Analysis**

In this context, in order to increase exports, it has been analyzed whether there is a relationship between the average of the expectations from KOSGEB and the average of the problems faced by the enterprises in exports.

**Table 8: Correlations Analysis**

Correlations			
		The average of expectations from KOSGEB for increasing exports	average of problems faced by companies in exports
The average of expectations from KOSGEB for increasing exports	Pearson Correlation	1	,423**
	Sig. (2-tailed)		.000
	N	107	107
average of problems faced by companies in exports	Pearson Correlation	,423**	1
	Sig. (2-tailed)	.000	
	N	107	107

\*\* . Correlation is significant at the 0.01 level (2-tailed).

*Source: Own calculation based available on data*

As a result of the analysis, at the level of 1% significance, it was seen that there is a relationship between the average of expectations from KOSGEB and the average of the problems faced by the companies in export, and this relationship was positive. 1 unit improvement made by KOSGEB to increase exports will provide a 42.3% improvement in the problems faced by enterprises in exports.

The results of the research hypotheses are as follows.

**Table 9: Results of the Research Hypotheses**

<b>Hypothesis</b>	<b>Result</b>
H <sub>1</sub> : There are differences among the problems of SMEs depending on whether the company origin is Syrian or not.	<b>Rejected</b>
H <sub>2</sub> : There are differences between the problems of SMEs that have exported to Syria or not in the last 10 years.	<b>Rejected</b>
H <sub>3</sub> : There are differences between the problems of SMEs according to the sectors.	<b>Rejected</b>
H <sub>4</sub> : There are differences among the problems according to foreign trade volumes.	<b>Accepted</b>
H <sub>5</sub> : There is a correlation between the problems faced by the SMEs in exports and meeting the expectations of KOSGEB for increasing exports.	<b>Accepted</b>

*Source: Own calculation based available on data*

## **Conclusion**

The civil war emerged in Syria affected Turkey as it affected other countries both economically and socially. In order to eliminate the negative effects of the war, KOSGEB, like many public institutions, needs to take responsibilities. The fact that there is a correlation between the problems faced by the enterprises in exports and meeting the expectations of KOSGEB for increasing exports shows that KOSGEB plays a key role in solving the problems. The civil war emerged in Syria affected Turkey as it affected other countries both economically and socially. In order to eliminate the negative effects of the war, KOSGEB, like many public institutions, need to take responsibilities.

KOSGEB generally provides financial support and has a system based on companies to choose the appropriate support for themselves. However, in the surveys conducted, most of the enterprises think that business analyzes should be made by KOSGEB. Considering that most of the companies operating in Hatay are small, it was found that enterprises need consultancy services. Therefore, consultancy service offered by KOSGEB in the region is important. Professional consultancy services will help companies to choose the most effective support for themselves. The analysis of the survey revealed that one of the biggest problems faced by companies operating in the province of Hatay was the problem of finding new markets. Although KOSGEB supports international business trips, it seemed that this was not sufficient. Therefore, as mentioned previously, analysis should be carried out to find appropriate markets where companies can sell their product.

It is another fact that companies in Hatay experience financial problems after the war in Syria. Therefore, it is important to provide support such as credit subsidies for companies that really need it and will make investments. Subsidies should not be provided unconditionally as some companies do not need these and would simply spend it inefficiently.

It was not possible for some of the companies exporting to different countries to transit through Syria after the war. Therefore, companies tried to deliver their products either by finding different routes or by different means of transportation. This created extra costs for companies

and this cost was a major problem. Therefore, companies operating in the region had problems with their logistics costs and think that the expansion of the scope and amount of logistics subsidies provided by KOSGEB would be beneficial.

Apart from the individual problems of the enterprises some problems became common in the region and cannot be resolved. For example, Syrian enterprises operating in the region and working informally create unfair competition as they avoid taxes. Similarly, Syrian companies producing cheap but poor quality products can adversely affect companies that can already find new markets. These and similar common problems need to be solved. KOSGEB is the institution that can prepare the most comprehensive and effective report on this issue due to its skilled personnel and thorough knowledge of the market. Therefore, regional companies expect KOSGEB to carry out studies on this issue and to report this problem to the relevant authorities. Considering that KOSGEB is such an effective and powerful institution, it should be considered quite normal for companies to expect a solution from KOSGEB. However, companies participating in the survey stated that they have difficulties in benefiting from KOSGEB support. Therefore, the support process should be facilitated for businesses in the region.

The enterprises that answered the questionnaire were of the opinion that it is also important to improve KOSGEB's public presence. Therefore, increasing KOSGEB promotions, placing billboard, TV and radio advertisements will contribute to the revival of the regional economy. The analysis found that the volume of foreign trade is an important distinguishing factor when business operation disturbances are analyzed. Therefore, grants or subsidies should be prioritized and given to companies with larger foreign trade volumes. The fact that there is a correlation between the problems faced by the enterprises in exports and meeting the expectations of KOSGEB for increasing exports shows that KOSGEB plays a key role in solving the problems.

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